ROLE OF FOREIGN LANGUAGE EDUCATION IN FORMATION OF COMPANY INTELLECTUAL CAPITAL

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Abstract

Transformation of economy, in which intellectual capital is becoming a key factor, means the transition to a new structure of product and service cost. At present one of the peculiarities containing in every product and service is presence of knowledge component. It means that intellectual work, knowledge, skills and cross-cultural communication skills are becoming factors of creating extra cost, competitiveness and economic development of a company.

Key words: intellectual capital, human capital, foreign language education.

Introduction

Modern activity of a company is an activity of its managers, economists, design engineers, accountants, engineers, designers, HR specialists, marketing specialists, IT specialists, etc. Success of this activity on domestic and foreign markets depends on effective use of knowledge, experience, capabilities, and skills of employees, their education and training, competent communications with partners and clients. All these compose intellectual capital.

The term intellectual capital spread widely at the end of 20th century. The main expert in this sphere is considered Tomas A. Stuart. He was the first who researched the nature of intellectual capital. He developed his concept in articles made him world - famous. In his book “Intellectual capital” Tomas A. Stuart writes that knowledge is considered to be of greater value and possess larger power than natural recourses, giant enterprises or trustworthy bank account. Wall-Mart, Microsoft and Toyota became leaders not because they were richer than Sears, IBM or General Motors, vice versa. But they had something more valuable than tangible or financial assets. They had intellectual capital [4]. According to Tomas A. Stuart’s opinion intellectual capital means knowledge of employees that ensures competitiveness of a company on the market [4].

Intellectual capital is a term for identification of intangible assets of a company which are necessary for its successful activity and strengthening competitive advantage. There is no a common view of the essence and structure of intellectual capital, nevertheless the majority of researchers single out three components of it. They are human capital, consumer (market, client, partner) capital and organizational (internal, structural) capital of a company.

Human capital is a part of intellectual capital which has relevance to staff. It includes knowledge, practical skills, experience, creative and intellect capability of employees, their moral values, labour culture and cross-cultural communication skills.

Organizational (internal, structural) capital of a company has relevance to the organization of a company activity. Organizational (internal, structural) capital of a company is responsible for the use of intellectual capital. Its sphere is technologies, procedures, management systems, hardware and software, organizational structure and corporate culture.

Consumer (market, client, partner) capital is assembled from connections and stable relations with clients and consumers. Trademark is a bright example of one of the forms of consumer (market, client, partner) capital which with the help of its reputation brings allowance to the consumer (market, client, partner) capital. It means that popular trademark brings revenue to the company.

All these components of intellectual capital: human capital, consumer (market, client, partner) capital and organizational (internal, structural) capital of a company are closely connected. Tomas A. Stuart investigated the nature of intellectual capital gives bright examples of importance of human capital personified in all employees of a company. In 1996 the company AT&T decided to cut down 40 hundred employees. The consultant Tom De Mapco calculated that such mass cutting down would bring from 4 to 8 billions of written off human capital. This is absolute equal with the loss of more than 1/3 cost of...
all company property, including plants and equipment [4, 6]. Robert Zemsky, professor of University of Pennsylvania and co-director of the national center on the Educational Quality of the Workforce – EQW with the economist Lisa Lynch from the Fletcher Business School at Tufts University and with Peter Cappelli, management professor, investigated labour productivity dependence on education [5]. They analyzed more than three thousand one hundred workers places, studied annual reports for 1995, repulsing industry name, equipment age and number of staff. At the end of the study they came to the conclusion that 10% improvement of education standard increased productivity by 8.6%. Tomas A. Stuart compared labour productivity after 10% improvement of education standard with the same increase of basic assets, it increased only by 3.4%. Thereby we can come to the conclusion that revenue after investment into human capital is almost tripled than revenue after investment into basic assets [4]. The idea that human capital is becoming more important in the period of economy transformation is traced in papers of other scientists too.

V. Skvortsova writes that in the 50s of 20 century technologies and products were considered to be science intensive and research scientific work in them ranked only 7-10%, at the end of 20 century percentage ratio increased to 50%; and in capital structure of a firm a growth of intellectual assets unit weight was traced which reached 40-60% [3]. There exist a lot of evidences of human assets value for a company. Key goal of a company is to increase capital. One of the ways to achieve the goal is to invite talented University graduates, who are well-educated, creative, good decision-makers, are able to be of great benefit to a company.

1. Language education concept

Human capital increases if a company has a great number of well-educated employees and a company makes the most out of the knowledge of its employees. Young people become competent and skilled studying at Universities. They should not only possess the generic competences that will help them to adapt to change, they should develop up-to-date job-related competences that contribute to the motivation, innovation, productivity, competitiveness, job satisfaction and affect the quality of work. Professional competences include knowledge and skills that help employees to analyse a situation, to formulate problems leaking from created situation, to make right decision, to develop plans to handle problems in professional activity successfully.

A foreign language is a means of knowledge, a means of communication, and a tool of development and upbringing [1]. That is why Business English teachers can contribute in development and education of students who are going to work in business sphere. They must develop the competences to the level that equips students for further learning and working life.

Every language is closely connected with the culture of the country. On the one hand a language is a product of culture, a means of communication and a means for expressing culture; on the other hand a language is a part of culture [2]. Hence, the content of linguistic education is culture; the aim of linguistic education is education of a man as an individual and a personality, development of his spiritual forces, capabilities, skills; upbringing of a person morally responsible and socially well-suited [1]. The founder of this language education concept is Lipetsk methodological school, headed by professor Passov, who leads Russian linguistic education center. This concept considers a linguistic education in the content of cross-cultural dialogue. The school offers a new way of mastering skills of cross-cultural communication: culture through language and language through culture [1].

If we think by economical categories, linguistic education and the most significant component of it - cross-cultural communication competence is a product acquired by a student in the process of education, development, upbringing and learning [1]. Mechanism of mastering a cross-cultural communication can be presented in the following way.

![The aim of linguistic education -](image)

![The content of linguistic education](image)

Fig. 1. Mechanism of linguistic education
In Fig. 1. we see that the aim of linguistic education is a formation of homo moralis [1]. Homo moralis is a person who is able to communicate successfully with a person speaking another language, thanks to understanding all cross-cultural nuances and following traditions and peculiarities of intercultural communications. No doubt it can come true through culture awareness. A language in this case is considered to be a part of culture and a means of culture learning.

Education in this mechanism is directed at developing student’s personality. A student is an active subject of the process of education through another culture. He can develop his skills of communication and educational activities himself.

This concept connects closely upbringing with culture because the process of upbringing perfects and enriches student’s spiritual world by means of culture knowledge.

In the process of learning a student improves his skills of speech such as listening, speaking, reading and writing as means of communication. In other words a student gets different competences. Following the mechanism of linguistic education a student is becoming homo moralis, a person, able to communicate successfully with a person speaking another language, and a person, respecting a representative of another culture. This perfectibility can be formed only through culture awareness.

2. Methodological basis of a new up-to-date linguistic educational concept

Methodological basis of this concept is communicative interaction. It means that a content of linguistic education is based on discussion of actual vital problems. By means of this concept a student gets a possibility to use learned and mastered vocabulary and grammar material for expressing his thoughts and attitudes to the actual vital problems, for substantiating and upholding one’s opinion.

In the process of communicative interaction students assimilate technique of communication, etiquette, strategy and tactics of communication. They practise in solving communicative problems. When being deep in an actual vital situation students forget about psychological fear to make mistakes in their speech, their strengths are directed at the expression of thoughts. Thanks to this quality communicating methodology allows students to overcome language difficulties, to get rid of fear to speak a foreign language. It is a perfect tactics for removing cross-cultural communication barriers.

Communicative interaction creates conditions for increasing the level of communication culture. The higher level of people’s interaction communication is the more successful they communicate in any sphere of activity. Day by day students begin to understand the dependence of success in their activity on communication skills.

Moreover a student is a key in the process of education instead of a teacher as it was some years ago. Up-to-date linguistic education must be based on an activity approach, learner–centered approach and competence approach. An activity approach means that education of managers is realized through activity that imitates professional sphere. A learner–centered approach means that a student is an active subject of the process of education and education is directed at developing his personality. A competence approach means a formation of key and professional competences of future managers and a cross-cultural communication competence.

3. Special method used for improving cross-cultural communication skills

In order to form students’ cross-cultural communicative skills and to lead students to adequate understanding a native speaker, teachers can apply a case-study method in their activity. This method is very popular in education of managers. It is realized through activity that imitates professional sphere. This method allows teachers to make the process of developing cross-cultural communication closer to reality by plunging students into the atmosphere of their future profession.

The essence of this method is presenting the main aspects of an economic problem. After studying analytical and statistic materials students get involved in the process of searching different decision-making strategies of the suggested economic problem. All the actions done by students are driven by the desire to participate in the activity and to improve their knowledge and skills.

Case-method gives opportunities to integrate and apply all theoretical knowledge of economic subjects, allows students to get experience in solving real problems in the sphere of management, improves professional competence and cross-cultural communication competence, de-
velops the culture of business communication, teaches to work in a team, forms management capabilities.

Cross-cultural communication in professional spheres is realized through case-method in different forms: monologue (presentation, public speaking), dialogue (business talk, discussion, interview, phone talk), polilogue (negotiations, meeting, business game, seminar, conference, symposium). In real communication all these forms are interconnected.

On the advanced level of improving cross-cultural communication in professional spheres students’ statements can be regarded as a mixture of prepared speech (search for information, thinking of decision-making strategy, making a plan of the statement, writing theses, etc.) and unprepared speech because in the process of business communication students will have to solve the tasks, using the covered language material, both in familiar and unfamiliar situations, relying on the knowledge of economic subjects that have been acquired earlier.

Moreover analysis of the situations connected with actual life economical problems and solving these problems develop students’ professionalism and forms students’ skills
- ability to express thoughts clearly, confidently, logically and correctly;
- ability to generate opinion based on the comprehension of information;
- ability to solve problems offered in the situation successfully;
- ability to cooperate with colleagues for achieving a target;
- ability to build constructive interaction with partners in the process of communication;
- skills of cross-cultural communication taking into account sociocultural norms of behaviour;
- ability to self-educate for successful decision-making of communicative tasks;
- ability to analyze and estimate learning, speech and communicative activity.

Case-method allows students to demonstrate knowledge by means of integration of all subjects and all kind of activities. It develops key and professional competences of future managers and forms cross-cultural communication competence. Thus, case-method equips future managers for further successful working activity, making them competitive on the labour market.

4. Evidence of given recommendations

In the process of forming cross-cultural communication competence in professional spheres the following skills are necessary for getting professional cross-cultural communicative competence. The key elements of professional cross-cultural communicative competence are:

1. communicative (speech) skills, which are formed on the bases of language knowledge and skills, and linguistic aspect of cross-cultural studies:
   a) in speaking: ability to start and keep up business conversation, to defend your point of view, to persuade, to win your partners over, to estimate advantages and disadvantages of the received suggestions, to give arguments;
   b) in writing: ability to record the statement of business partners, to write down the main points of a presentation, fax, business letter;
   c) in reading: ability to read economic articles in newspapers and magazines for complete understanding or finding the necessary information;
   d) in listening: ability to understand authentic speech at a normal pace in real communication with business partners;

2. strategic skills: to participate in professional communication, using different speech strategies (negotiations, public speaking, discussion, report); to lead your own strategy; to adhere to earlier expressed way of behaviour; to build a clear and logical structure of the statement; to establish connections between facts in the process of discussing business matters; to single out the most valuable information.

Experiment and analysis of the research work prove the reliability of the concept "culture through language and language through culture", described in the article. The only condition of this concept is the right methodological basis. By means of the application of the set of approaches: learner-centered, activity, communicative, integrated, and communicative method (case-study) plunging students into the atmosphere of their future profession, we can upgrade the process of education, form successfully the communicative skills of students, encourage stu-
students to improve cross-cultural communication competence.

On Fig. 2 and 3 you can see the results of the analysis of cross-cultural communication skills of students after using and not using the above recommendations. 20 students were tested, 10 students the concept mentioned above and 10 students followed traditional methodology. On Fig. 2 the results of the first group of students are reflected, the data on Fig. 3 illustrate the results of the second group of students.

![Fig. 2. The results of the criteria “Communicative skills in speaking and strategic skills” of the first group of students before (light column) and after (dark column) the application of the author’s recommendations](image1)

![Fig. 3. The results of the criteria “Communicative skills in speaking and strategic skills” of the second group of students before (light column) and at the end (dark column) of the process of traditional education](image2)

### Conclusions

Human capital is one of the components of intellectual capital. It can increase competitive advantage of a company on the market. That is why it is necessary to start the formation of human capital at the University where professional competences of future business are formed. Business English teachers can contribute in development and education of students. The concept of linguistic education “culture through language and language through culture” and communicative methodology can help Business English teachers to form students’ progressive thinking. They are tools for intellectual and professional development of individuals.

Learning cross-cultural communicative behaviour, cultural and sociolinguistic peculiarities of representatives of another speaking culture contributes to shortening a cross-cultural distance and readiness to adapt to another culture. The results of research prove reliability of the concept “culture through language and language through culture” based on communicative methodology. The only aim of Business English teachers is to comprehend this concept, to work out adequate strategy of communication and to master more productive methods of work with students in order to make graduates well-educated, good decision-makers, competitive on the labour market and able to be of great benefit to a company.

### References