

Impact of Cross Culture Training on Business Due Diligence in the corporate sector - *A diagnostic study*

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Abstract

The definition of organizational effectiveness has changed drastically over the last decade. Operating in a global environment throws up unfamiliar challenges. The people are unfamiliar, and, their work ethics are unfamiliar. Once these gaps are delicately bridged, business synergy would become a practical reality. The result: a rising interest in cross cultural training for employees.

Cross cultural training programs aim at bringing an awareness of the cultural differences and prepare individuals and groups to interact with business associates across borders more effectively. The impact of culture shock is reduced and conflicts due to misunderstandings are avoided.

Keywords: Organizational effectiveness, cross cultural training, misunderstandings

1. Introduction

The milestones and ambitions of organizations are expanding like never before. Companies are no longer satisfied with achieving leadership in local geographical territories because the world is now their 'oyster'! The unfamiliarity of people, language, the different work ethics and the manner in which these need to be delicately bridged are causing organizations to look at cross cultural training with a lot of rising interest. And, this trend is not limited to organizations based in the West.

With shrinking boundaries and multi-cultural employees, the importance is growing fast. Present day business needs and globalization requires constant movement of people across national borders. Cultural barriers should not be a hindrance.

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They should be overcome by using sound organizational practices.

There has been many an instance where, the misunderstandings arising out of interaction between two or more cultural groups have caused project to be dropped and business deals to be cancelled.

Cross cultural training programs aim at reducing the gaps amongst multi cultural interactions and in making business synergy a practical reality.

1.1 Significance of the study:

The present day business scenario requires a thorough understanding of the sensitivity to culture and commands a considerable amount of managerial attention and resources. Leaders and Managers across the globe are expected to demonstrate the competency in cross cultural effectiveness. In order to ensure personal and professional success, individuals must be more flexible in adapting to the different practices of different cultures.

Cross cultural training basically involves sensitizing people on how to get 'onto the same wavelength' with those they are communicating with. In different parts of the world, people do things differently. These people could be – our colleagues in our company, a customer, business partner or a sales prospect. The reason cultural training is so important, is that, 'people buy people first'. The business follows afterwards. If we do not connect right at the beginning, it is very difficult to conduct business effectively. For example, when dealing with Japanese companies, respect is very important. There is also a very elaborate procedure for giving and receiving business cards. If we break this protocol, we are seen as very rude or manner less persons, someone that

Illustration 1

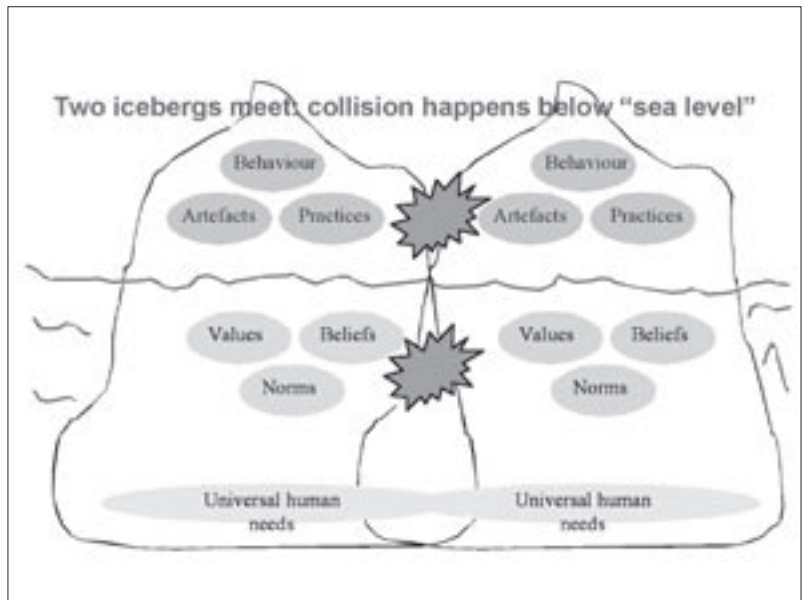
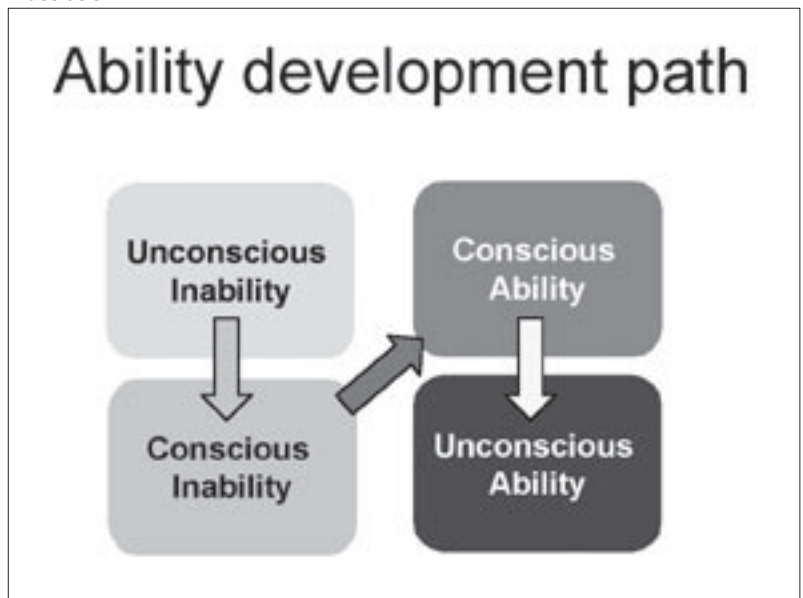


Illustration 2



they would really not want to interact with, too much.

Most organizations may not have confronted this complex issue of culture and also the need to leverage culture to establish and maintain a competitive advantage. Leaders may have lacked a reliable database that could help in the development of

specific, business and management applications.

There have been several efforts by researchers such as Edward T Hall and Geert Hofstede to introduce the cross cultural diversity to the present day manager. A visible lack of data on the impact that cross cultural training has on organizations has prompted the choice of topic.

1.2 Literature review:

This research paper sets off the investigation adding to the work carried out by notable cultural anthropologists, sociologists and social researchers such as Edward T Hall (1990), Clifford Geertz (1973), Geertz Hofstede (1980), Charles Hampden-Turner and Alfons Trompenaars (1993) and others. Several research based books mention the cultural diversity based on the iceberg model which is shown in *illustration 1*.

There are two clashes that happen as suggested by the iceberg model, which are also very well supported by the learning from practice. While the clash above the surface of water- the ones that are plainly visible may be avoided quite easily, it is not easy to avoid the clashes which are unseen and hidden as suggested by the under-water point. A well oriented training is found to reduce the severity to a large extent. It must always be remembered that a crisis brings out the best as well as the worst in people. People working in teams roll up their sleeves to get over the crisis and all differences are forgotten. Observance of the behavior patterns during a crisis has been one of the key points in the design of the training program on cross culture.

1.3 A few insights:

In the present global scenario and in the context of global outsourcing, the boundaries are shrinking and the cultural barriers will have to disappear fast, to enable different cultural groups to work together effectively. Let's take a look at the fundamental changes that people go through during a learning process. Outlined in the four blocks shown in *Illustration 2* are the summarized changes.

The analogy that one may think of is as follows- When one is very young (a baby), we are unable to identify a car,

Illustration 3

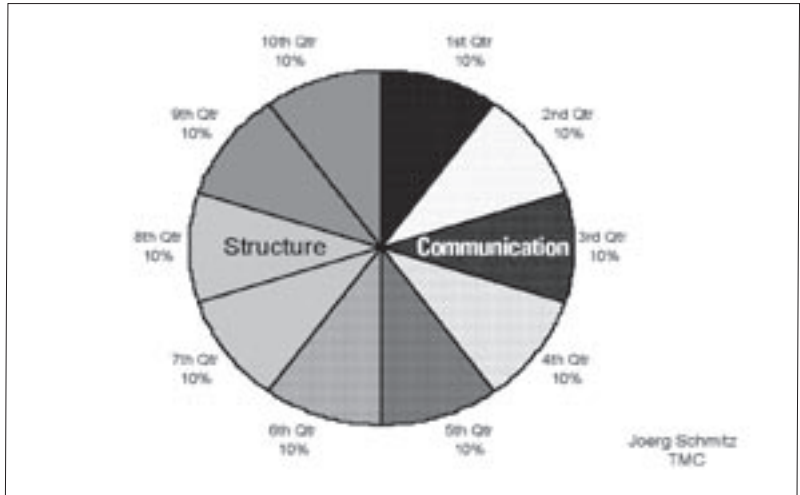
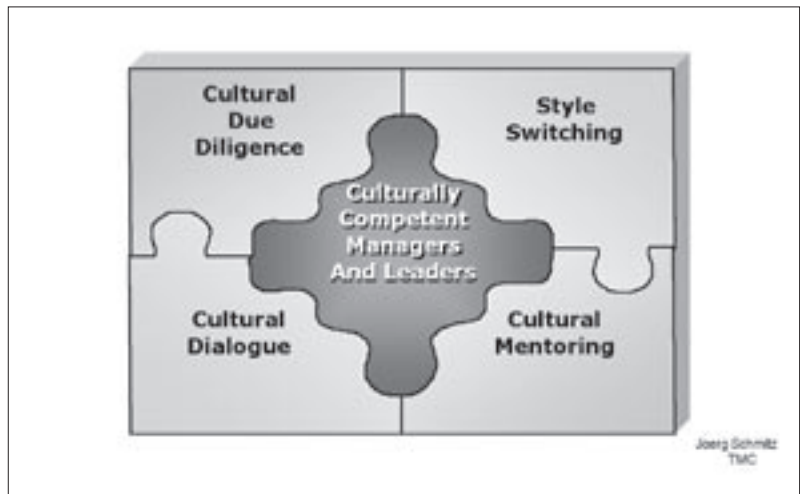


Illustration 4 - CULTURAL ORIENTATION MODEL (TM)



Illustration 5



let alone driving it, which makes it an unconscious inability. Later we pass onto the stage where cars fascinate us and we also learn to identify the brand names. We also wish that we could drive them; however, we are unable to do it which makes it a conscious inability. At the adolescence stage we learn to drive the car, but will have to exert a lot of care to keep it going properly on the road. This becomes a conscious ability. Finally after having learnt to drive a car efficiently on the roads and with growing experience, it becomes an unconscious ability, meaning that it almost becomes a reflex action. Similarly, the existence of cross culture differences and finally learning to manage them can be compared to this process.

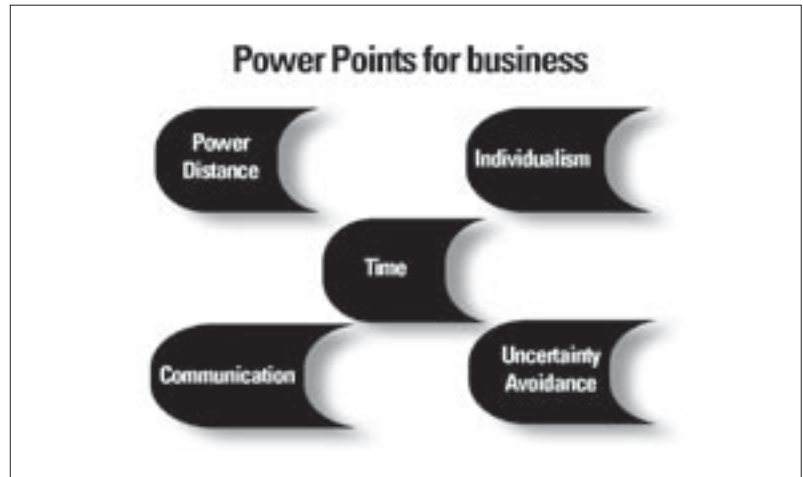
2. An existing study and framework:

The framework shown has been due to the efforts of Joerg Schmitz of the Training Management Corporation, New Jersey, and USA and provides a very good base on which to bring in the nuances of the cross culture training. Each of the 10 aspects of the framework has subdivisions and each nationality has clusters of these subdivisions which become typically characteristic of them. This makes it easier for a global manager to understand the cultural aspects across borders, thus making the manager truly global. (See illustration 3).

Cultural orientations model (TM)

The following attributes are the hallmark of a global manager and helps the manager in acquiring the necessary skills to combat the cultural differences. (Ref Joerg Schmitz, TMC). The concepts come from "The Cultural Orientations Guide" by Joerg Schmitz, published by Princeton Training Press, 5th edition (See illustrations 4 & 5).

Illustration 6



Culturally competent managers and leaders of today have to possess the competencies shown in the diagram above to be able to move across boundaries and handle cultural differences. Conflicts reduce and teams will be able to work seamlessly. The cultural due diligence is the initial research and study made about different cultures. The style switching is the ability to manage the changes required while dealing with different cultural groups, thus making the differences reduce to a very large extent and vastly reduce the areas of conflict. The cultural dialogue can be set up easily with two or more culturally competent managers or leaders while the Cultural mentoring is effectively done by managers and leaders who have gone through the other three aspects.

3. Orientation to Business:

While all the ten aspects of the cross cultural framework are important, some of them are inherent and some others need change management before being effective. The training methods take into account the need to appraise the managers/leaders about the aspects requiring change and enhance the awareness, as well

the abilities to minimize the clashes due to interactions with different cultural groups. Care however, should be taken to capture the expectations of the group being trained, while also being aware of the cultural nuances of the cultural group(s). The following are the primary "hot buttons" to be considered.

1. Power distance
2. Individualism
3. Time
4. Communication
5. Uncertainty avoidance

3.1 Power Distance:

The power distance is an indicator of the delays that might occur in the flow of communication or orders from a person holding the highest rank to those below and reporting to this person. The power distance varies between cultural groups. There is also a difference seen between organizations, as well as government and non-government organizations. Training brings in the awareness to offset the delays caused by power distance and thereby help avoid the delays caused in business.

Most Asian managers view corporate hierarchies with respect that can

translate into giving the supervisor the center stage in meetings. Actions that symbolize power are more obvious than in Western cultures. Power rather than competence will take center stage.

A sense of obligation towards the customer makes the team stretch and meet the customer's demands. Information regarding slippage in time schedules may take a back seat. Suitable training in this regard would help both the cultural groups interacting to achieve better results while avoiding time delays.

Western cultures are more direct in their dealings and therefore the communication gaps and delays are less. However, there is a difference between the USA and the European countries. Difference are seen amongst the European countries too (See illustrations 6).

3.2 Individualism:

Self or group orientation is the indicator here and helps identify the power points of decision making. It tells us how individuals define their identity. The natures that are defined within are the individualistic or the collectivistic. Most Asians exhibit the collectivistic nature, while those in the western world exhibit an individualistic nature. Translated to business terms – the individualistic person who comes to the discussion table is empowered to take decisions, while, the collectivistic person would need time to get back to the bosses before conveying a decision. The results are obvious – delays caused due to the channel in the collectivistic method. Training brings in the necessary preliminary preparation required for empowering the collectivist or in the creation of a channel for speedy clearances before decision. Business benefits. The 'community' factor

becomes stronger with the distance from home for a collectivist.

3.3 Time:

Across the world the nature of time of time and its use is perceived differently. A lot of misunderstandings arise in business if the concept of time for various cultural groups are not understood. Broadly this maybe classified into two compartments – polychromic and monochromic

While in the first case, less emphasis is placed on schedules and deadlines, the second is deadline driven. Two culturally different groups here would find it very difficult to arrive at a consensus. Imparted training bridges the gap and avoids misunderstandings.

Asians understand two months to be a continuous period where time overlaps. Most of the west sees two months as“60 days”. Chunks of time that are limited and bound.

3.4 Communication:

An indicator of the manner in which individuals express themselves, can be divided into the High context communicator and the Low context communicator. The High context communication uses the indirect form. Trust and relationship comes first. They take affront at being addressed directly and do not take kindly to direct criticism. The Low context communicator is more direct and open to criticism. High context communicators turn out a good job if the entire context of the problem being dealt with is known. The Low context communicator is comfortable working on the need to know basis.

3.5 Uncertainty Avoidance:

This indicates the ability to take risks. If the uncertainty avoidance is HIGH, then the person is more ideological and less pragmatic. They tend to fall back on history,

emphasize ritual behavior, rules and stable employment. LOW uncertainty avoidance indicates that the person is more pragmatic and less ideological. These tend to look at what the future holds for them, and emphasize personal goals.

4. Conclusion

It has been found from experience that a suitable designed training program that takes into account the different cultural groups working together, eliminates most of the misunderstandings. Cost, effort and time are saved, resulting in an efficient delivery of the project on hand. The managers/leaders are culturally competent and understand the weak points better and will be able to filter down the instructions/communications more effectively. This has also erased the boundaries created by culturally different groups/nationalities.

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