

Culture Shock

By Jean McEnery and Gaston DesHarnais

Many business leaders focus on the functional skills needed in international work, overlooking the importance of cultural knowledge. But most expatriate failures are not caused by job-related problems. How can HRD specialists meet the challenge of cross-cultural training?

For Liz Wallace, the assignment sounded like an opportunity that could make her career. The promotion to vice-president of her hotel chain's Mexican division would give her valuable experience and exposure. The only drawback was that she would have to start next month—it wasn't much time to prepare.

Liz wished she remembered more from her two semesters of college Spanish, 20 years earlier. But her boss assured her that it wouldn't matter; English was the corporate language. Besides, the whole world speaks it.

Her husband, George, was supportive. Liz had agreed eight years earlier to move here to Chicago, when he was offered an opportunity too good to pass up. Now he would do the same for her. He just wished he had more time to make some professional contacts in the new city.

Liz's company sent her to a three-day seminar on Working in Foreign Cultures, and reimbursed her for the three-week crash course in Spanish for Business that she took on her own

time. The company rented a house for the family, and provided information on English-language schools for Liz and George's 14-year-old daughter.

Six weeks later, the family was in Guadalajara. Six months later, they were back in Chicago.

What went wrong? Liz's qualifications for the job were impeccable. She knew the hotel business inside and out. She had the experience and skills

Having the right people in the right places at the right times could be the key to a company's success

for top management. In fact, she had performed well in the new job. Like many failed expatriate managers, Liz's problems had more to do with her adaptation to the unfamiliar culture than with her professional expertise.

Knowing the ropes

Functional expertise is the most important criterion in selecting and preparing employees for international work. At least, that's the opinion of managers and professionals involved in international work, according to a recent survey. That is also the

approach most U.S. companies take, says the same survey. But that approach underemphasizes the impact of an unfamiliar culture on the organization, the job, and the individual.

It has become increasingly important for companies to prepare employees to function in international markets. In 1980, more than 200 *Fortune* 500 companies generated at least 20 percent of their sales abroad. Exports increased from 4.8 percent of the gross national product in 1960 to 9.6 percent in 1981.

Competition has escalated. In many industries, the performance of a few expatriate managers can make or break an organization. Having the right people in the right places at the right times could be the key to a company's success in the international arena.

In 1987, the United States had a trade deficit of \$166 billion, larger than that of any other nation, including Brazil, Mexico, and Argentina.

Ironically, as the United States' economic performance on the global level appears to be declining, some organizations feel less pressure to prepare employees for international work. Perhaps because the number of expatriates has declined over the past few decades, there has been a lack of information and research regarding cross-cultural training.

But international trade is increasing.

McEnery and DesHarnais are associate professors in the department of management, Eastern Michigan University, Ypsilanti, MI 48197. The U.S. Department of Education helped pay for this study.

Although many employees will not physically move to another country, they will have to work with others internationally via travel and electronic communication.

People draw on a combination of personal characteristics and functional skills in order to adjust to their jobs. That is particularly true for managers and professionals, who are most likely to work internationally. They learn how to "fit into" the organization through communication with superiors, peers, and subordinates, who show them "the ropes" they need to do their jobs well.

Imagine that you are in a foreign country. You do not have adequate language skills to learn "the ropes," the information and insights from co-workers about how the organization really works and how people really think. Even if you do know the language, it may not be enough. If you do not understand the culture, you may not appreciate the messages behind the words.

Whether an employee is required to move to Saudi Arabia or just work with Saudis from a base in the United States, he or she will cope with unique issues in accomplishing the demands of the job. Both situations increase the ambiguity in performing functional duties. If the employee does not obtain and use information about the unfamiliar culture, then motivation and productivity are likely to be low.

Common contexts

Culture is a set of social norms and responses that conditions the behavior of a group of people. The professional who works internationally must consider not only the job and the organization, but the culture as well. Say you are a salesperson from the United States, trying to sell a product in Latin America. In Latin American cultures, social relationships must be developed before you can do business. If you do not understand that approach, you will alienate potential clients. Sales will be nonexistent.

When business associates have a common culture, they have a common context for communication; their communication is likely to be effective. When a person works within an unfamiliar culture, the environment beyond the job becomes critical. The culture affects all components of the work environment. Regardless of functional ability, an employee may be ineffective because of an inability or an unwillingness to work in an unfamiliar culture.

The literature abounds with anecdotal evidence of faux pas and errors of judgment that have lost the United States potential friends, customers, and business partners. Most spring from a lack of knowledge or sensitivity to the language, customs, and beliefs of other cultures.

It is crucial that international players know how to do business in the target

countries or with people of the target cultures. According to the manager of international human resources at a major electronics company, the cost of training employees to work internationally is inconsequential, compared to the risk of sending inexperienced or untrained people.

But the preparation that most U.S. corporations provide is inadequate. The rate of failure (of coming home before the assignment is completed) is high among U.S. expatriates, ranging from 20 percent to 50 percent. That costs companies between \$55,000 and \$150,000 per expatriate failure, for a total of about \$2 billion a year.

Getting them ready

Despite the alternative, training such managers and professionals to function internationally does not seem to be a high priority for many companies. Between 50 percent and 60 percent of corporations that do business abroad do not provide any preparation for employees.

Most of the companies that do offer training provide only brief environmental summaries and some cultural and language preparation. It is estimated that 57 percent of such training lasts a week or less, 29 percent lasts two to three weeks, and 14 percent lasts one month. Japanese and European firms offer more extensive training and have lower expatriate failure rates than firms in the United States.

Even the U.S. companies that do provide expatriate training tend to ignore the needs of the employee's family. The failure of the spouse and other family members to adapt to the new environment is a major contributing factor to expatriate failure. A company may have several reasons for not offering preparation for the employee's family:

- the belief that such training is not effective;
- a lack of time before the expatriate departs;
- the short duration of the assignment;
- the perception of top management that such preparation is unnecessary.

Many managers believe that international expertise can be learned only through experience. They see business travel and overseas assignments as the only important factors; other preparation, such as training programs and formal education, are considered

Figure 1—Types of contact required of international positions

Type of Contact	Mean	Standard Deviation	Chi Square	Level of Significance
Travel in another country	4.2	1.2	27.6	.000
Verbal contact with employees in another country	4.1	1.5	37.6	.000
Verbal contact with customers in another country	4.1	1.2	14.6	.002
Written contact with employees or customers in another country	4.1	1.3	27.3	.000
Relocation to another country	2.5	1.5	7.6	.106 NS

Forty respondents rated the types of international contact required on their jobs, using a five-point scale (1=definitely not required; 5=definitely required).

Figure 2—Importance of skills in international positions

Type of Skill	Mean	Standard Deviation	Chi Square	Level of Significance
Functional	4.6	.87	41.0	.000
Knowledge of business practices in relevant country	4.3	1.00	18.2	.000
Human relations	4.2	.98	11.7	.009
Foreign language	4.0	.99	8.7	.034
Cultural knowledge	3.9	1.00	4.8	.183 NS

Forty respondents rated the importance of different types of skills to success in international work. They used a five-point scale (1=definitely not important; 5=definitely important).

irrelevant. At one company, a professional who was being interviewed for an international assignment did not even think to mention that he had a doctorate; he did not consider it important.

A major stumbling block in preparing individuals for international work is the lack of research into the kinds of preparation that increase international success. Some research supports the premise that international knowledge does facilitate adaptation. A study by R.L. Tung found that the Japanese are better at living and working in foreign environments, probably because of greater attention by organizations to selection, training, and support during expatriate assignments.

The following factors are important when working in an unfamiliar culture or working with people from an unfamiliar culture:

■ **Technical competence.** There is little doubt that this factor is highly valued in organizations. In one survey, 45 percent of managers felt that technical skills were most important, and that international expertise was important but not critical. Many companies select expatriates by focusing on technical competence and willingness to go abroad, with little attention to other factors.

■ **Personal characteristics.** Flexibility, adaptability, tolerance of ambiguity, empathy, high self-esteem, and interpersonal skills are all important.

■ **Language skills.** Experts disagree over the need to possess foreign-language skills. Most surveys suggest that such skills are considered useful but not necessary. In a survey of 200 firms that conduct business abroad,

fewer than half believed that language skills were important. Only 20 percent required language skills before sending employees abroad. (See the box, "Language Arts," for more on language skills.)

■ **Knowledge of the host culture.** Such knowledge includes knowledge of the language, as well as an understanding of the culture's legal and educational systems, politics, economics, heritage, social structure, and social business practices.

■ **Family and personal issues.** Such factors may be critical in the adjustment of expatriates to their new jobs and environments. Fewer than one-third of expatriate failures are considered job-related. Research suggests that the primary reasons for expatriate failure are the lack of interpersonal skills, and factors relating to the family situation that disrupt adaptation.

For example, the expatriate and his or her spouse may expect that both partners will continue their careers. That may be impossible in the new environment. Children, especially teenagers, may find social adaptation difficult. Such situations make the family vulnerable to internal conflict at a time when the unfamiliar culture has already contributed significant pressures.

A new survey of international players

We recently gauged businesspeople's perceptions about the necessary preparation for international work. We sent a questionnaire to individuals in Michigan who would be likely to have expertise and experience in international work. The sample was ran-

domly selected from the *Michigan International Business Services Directory* (1984-1985) and the membership roster for the World Trade Club of Detroit (1986-1987).

The response rate of 13 percent (40 returned of 310) seems low; unfortunately, that is common in international research. Bert Faulhaber of Ball State University suggested in an interview that many people do not respond because they don't feel familiar enough with international work. That is particularly disturbing when the population surveyed was chosen for its apparent commitment to and knowledge of the issues.

Demographic data

Our sample was quite diverse in terms of position. Thirteen percent of the respondents had the title of president; the same percentage were vice-presidents. Fifteen percent were directors, 33 percent were managers, and 26 percent held other titles.

Excluding company presidents, most of the respondents were in functional areas related to international work, including business attraction, export/import, marketing, distribution, and personnel. The "other" category included several banking executives, business partners in consulting firms, and account executives.

The types of businesses also varied. Thirty percent of the respondents were from service-related businesses, including marketing, public relations, temporary help, accounting, legal work, and consulting. One-fourth were from companies in the freight or transportation business, and 21 percent were in manufacturing. The rest represented the banking industry, high-tech research and development firms, retail or wholesale companies, and brokerages.

Twenty-five percent of the firms had fewer than 100 employees; 30 percent had more than 10,000 employees. Sixty percent operated foreign subsidiaries. Within subsidiaries, most employees were host-country nationals. The mean percentage of local employees was 98 percent; the range was from 90 percent locals (in 5 percent of those who reported subsidiaries) to 100 percent locals (in 27 percent of those who reported subsidiaries). United States citizens employed in subsidiaries were equally likely to be in top-level management as in staff positions.

On the job

Figure 1 shows the kinds of contact required of the international workers in the sample. Respondents replied on a 5-point scale ranging from 1 (definitely not required) to 5 (definitely required).

Travel in other countries was a common requirement, with a mean of 4.2 on the 5-point scale. Verbal contact with company employees in other countries, verbal contact with customers in other countries, and written contact with employees or customers were the next three types of contact. All were commonly required of respondents in this survey. In contrast, relocation to another country appears to be relatively uncommon.

Figure 2 shows how important certain skills or knowledge are perceived to be in international work. Respondents considered functional or technical skills to be the most important for success. They also considered the following closely related skills to be important:

- knowledge of business practices in the relevant country;
- human-relations skills;
- foreign-language skills.

Respondents rated knowledge of the target culture as the least critical skill.

Those rankings suggest, again, that businesspeople consider success to be strongly related to functional skills. Process skills related to functioning in other cultures are not as strongly valued.

The right background

Respondents also ranked the importance of certain knowledge experiences. They considered them for employees working in international contexts from the United States and for employees being physically transferred to other countries. Figure 3 shows the results.

As usual, functional expertise was considered critical. Foreign-language skills were ranked second in importance, both for employees located in the United States and for employees working abroad. Working with someone with relevant experience was considered more important for employees who are based in the United States. For employees living in other countries, bilingual backgrounds and cultural knowledge were ranked third. Co-op experience, the only factor on

Figure 3—Importance of knowledge and experience for working internationally from a U.S. base, and in a foreign country

Knowledge or Experience	From U.S. Base	In Foreign Country
Technical or functional expertise	2.1	2.3
Foreign-language skill	3.2	2.7
Working with someone who has relevant experience	3.3	3.9
Appropriate bilingual background	3.3	3.2
Knowledge of country's culture	3.7	3.3
Co-op experience in relevant country	4.2	4.0

Forty respondents ranked the six areas of knowledge or expertise. Areas with low mean ranks were considered most important.

the list related to formal education, was ranked last for employees in the United States and abroad.

Respondents were asked which business areas they thought provided good preparation for entry-level international assignments. The results show which areas of expertise were considered appropriate:

- 50 percent cited marketing and sales;
- 20 percent, accounting;
- 15 percent, finance;
- 13 percent, computer operations;
- 8 percent, supervision;
- 5 percent, the management of human resources.

Marketing and sales, with requirements for customer interaction, are obviously considered most appropriate. Such positions require a combination of functional skills and cultural knowledge.

It may be that when job success is clearly contingent on communication skills, foreign-language preparation is valued. For other functional areas, the part of the job that could entail the use of a foreign language may not be considered significant enough to require expertise in the language.

The last two job areas, supervision and human resource management, require communication and process skills, but are not considered appropriate preparation for entry into international work. That attitude corresponds with the results of another

survey, which suggested that the need for language skills depends on an employee's position. It also underscores the perception of functional skills as the most critical ones for international work, and the perception that international expertise is not gained through formal education.

HRD's role

The major difference between this survey and others is an awareness of the importance of foreign-language skills. The Michigan group is more sophisticated than samples used in other surveys; its respondents are directly involved in international work. Unfortunately, even this sophisticated group does not perceive of a strong need for cultural knowledge among managers and professionals doing international work.

Organizations have practical reasons for considering the kinds of development that may be effective for employees with international responsibilities. But the results of this survey suggest that such efforts will not be initiated from upper-level management or from individuals who are involved in international work. Training and development specialists could be proactive in this area, as they have been in many others.

Investigation within their own organizations might involve the following approaches for HRD professionals:

■ As in any developmental intervention, top-management support is critical. Get it by using information about performance areas that can be improved or about costs of expatriate failure that will affect bottom-line performance.

■ Needs analysis should be done on organizational, task, and individual levels. The role of international work should be related to strategic plans, especially in high-tech organizations and others that must rely significantly on human resource expertise.

Task analysis will involve examining jobs that have international implications, whether based in the United States or involving extensive travel or relocation abroad. Jobs that involve customer interaction or adaptation to vastly different cultures should be scrutinized with particular care. Analysis of who needs what preparation will involve not only functional skills, but also language skills, knowledge of the culture, and personal characteristics such as interest in the assignment and eagerness to learn about another culture.

■ If an employee is being relocated, the company may also have to look at his or her family's motivation and ability to adapt. Many organizations are hesitant to confront this issue; training and development has traditionally focused only on employee performance and promotability and bottom-line effectiveness. But research shows that family adaptation, or the lack of it, will affect performance—and thus, the bottom line.

■ The organization must determine the human resource strategy to implement, given the extent of organizational needs. In-house training may be financially viable for only a few companies. Other companies have several alternatives to the expenses of in-house programs.

A first step may be to become familiar with the resources available. For example, the International Society for Intercultural Education, Training, and Research (SIETAR International) has local chapters throughout the United States and the world. It sponsors conferences and workshops, including annual "Training of International Trainers" sessions, and publishes books and other resources on intercultural training.

Other options include university preparation. Companies may be becoming more open to the value of

Language Arts

Language is a critical element of culture. As an expatriate manager without language skills, you must depend on others to interpret the environment.

For example, an industry takeover by the foreign government could cause your company significant financial loss. If you know the country's language, you might be able to foresee such developments by reading local newspapers and talking to nationals about politics.

English may be the "corporate language," but it may not be the language of employees, customers, distributors, and suppliers. Your success could strongly depend on effective communication with those groups.

Fritz Miller works in International Research and Development for RJR Tobacco International. He travels extensively around the world and has learned several languages. In a recent interview, he noted that use of the local language may not always seem critical on the job; it may be easy to find excellent interpreters. But, he said, day-to-day issues can create significant problems for the expatriate who doesn't know the language.

Examples that Miller cited include getting work samples through customers and communicating with the local staff when translators are unavailable.

The importance of language skills varies depending on the expatriate's role and the geographic region, according to a survey by S.J. Kobrin. For example, respondents considered fluency in the language to be important in subsidiaries and in lower-level positions with frequent customer contact. They also thought it was easier to use English in Asia and Europe than in Latin America.

Despite the obvious advantages of being able to communicate in the local tongue, most U.S. companies provide no foreign-language training to workers on international assignments. In fact, most companies refuse to acknowledge the advantages of such training, although studies—including one by Exxon, reported in the May/June 1980 issue of *Personnel*—have found that expatriate effectiveness is best predicted by language skills.

The undervaluing of foreign language skills may be a symptom of our cultural myopia.

academic preparation. Employees with business degrees as well as cultural and language preparation may be good candidates for positions that require international contacts. Organizations might consider liaisons with universities that could provide cultural preparation, or consortiums with other companies whose needs are similar.

■ Companies must deal with several career issues for employees on assignments abroad. They must support such employees, not only in preparation for their assignments, but also during the assignments and repatriation.

■ Evaluation of the effectiveness of developmental and specific training strategies is critical; little empirical work has been done in this area. For instance, research suggests that the most effective techniques for adult learners are experiential ones. But one study found that cognitive techniques

(descriptions of cultural differences) and interpersonal strategies such as role plays facilitated adjustment equally well. Organizations must investigate what will be most effective in their own unique situations.

A golden opportunity

Cross-cultural training may not be developing to its fullest extent because we have been lulled by a sense of false security.

U.S. managers and professionals who work internationally need more preparation. The field presents a golden opportunity for training and development specialists to enhance employee adaptation to other cultures. In turn, successful adaptation can lead to corporate success in the international arena. We must investigate and act. If we do, we can ensure that the skills are available to help U.S. companies compete internationally, now and in the future.