Significance of Cross Cultural Training (CCT) in A Multinational Environment

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ABSTRACT

The scarcest are not concentrate within financial resources rather it begin to lies human resources and the ability to compete and survive has become linked with the human capital and its capacity to offer active responses are often read in the present economic context. Globalization resulted competition for both the organizations and the human resource. More specifically cross-cultural training in an international context is an important factor for the global managers to operate at their full capacities at different countries with improved adjustment and performance efficiency. Besides, effectiveness of cross cultural training (CCT) familiarize the host country’s appropriate norms and behaviors, increase awareness and influences the participants'/trainees’ self-confidence, interpersonal relationships with any nationals and various cultural perceptions. Undoubtedly, training improve the greater level of self-efficacy which influences the effort in producing and executing the desired behaviors, thus employee should be serious of CCT situations with confidence and a single strategy is not enough to cover all the aspects of training during formation and implementation stage. The use of CCT in the corporate setting is very limited, however, primarily because such training is considered unnecessary or ineffective by most top management. Through the sequential process in this article described, expatriate managers can enhance their cross-cultural aptitude and awareness, gain substantive knowledge, and develop appropriate skills for functioning effectively in other cultures. In addition to that, MNCs can maximize returns from their human resources by implementing such CCT programs in accordance with strategic plans.

INTRODUCTION

Training was considered as the fundamental policy for organizational accomplishment. Universities, professional associations, public administrations, and firms have undertaken research in various contexts for supporting and promoting training. As more and more firms increasingly invest in the training and development program (Garcia 2005). In all of these accounts, it is the employees’ beliefs, assumptions, and norms that are subject to manipulation since it is the people who make the difference. Peters and Waterman (1982, pg 8) dwell with enthusiasm on the way the concierge at the Four Seasons hotel remembers guests’ names, the cleanliness of McDonald’s, IBM’s engagement with its customers, the rallies of the Tupperware sellers and the quality products of Procter and Gamble. It is “the individual human being (who) still counts” and what that human being counts to do is feel enthusiasm, devotion and pride in their product or service (Grugulis forthcoming). On the other sides, Copeland and Griggs (1985) have estimated that the direct costs to U.S. firms of failed expatriate assignments is over $2 billion a year excluding the damage of corporate reputations or lost business opportunities. Strategic Alliances makes the business world smaller through merger and acquisition and continuous attention is required to minimize the cultural differences. This would bring the success to the leaders to receive success through its local employee or expatriates training on cross cultural issues. Harris and Brewster (1999) recommend that a technically competent manager would be technically competent - regardless of the location, domestic or international. HR department could provide the realization of the human and social side of competent staff to contribute more for the same company. Thus, cross cultural training (CCT) with improved and timely adjusted issues lead to better performance in the global arena for both individuals and firms.
However, importance of cross cultural training minimizes a lot when a realistic recruitment and orientation messages is made for an expatriate new or ambiguous settings. (Phillips, 1998). Global assignments are differing by the variance of cultures, values and other characteristics in terms of the host country and the expatriate’s home country. Alignment between the cross cultural training and cross cultural adjustment of any employee is related to the performance on its foreign partner's assignment. But misfit is negatively related to the premature termination of the assignment (Caligiuri, 1997). Therefore, CCT would educate the employees about the host country’s appropriate norms and behaviors and training outcome, knowledge and skills of expatriates would help the others to operate effectively in future unfamiliar host culture.

METHODOLOGY

The paper was prepared based on the secondary data from the academic literature and scholarly journals. The concept of the CCT to develop and implement the “Training Strategy” and an appropriate controlling and monitoring function were used. In addition to that comparisons of this concept with the “HR Strategy” in various environments were applied to highlight the strategic importance of training in a competitive business environment. The need for the strategy differs and depends with the kind of training types was revealed by using the Off-the-Job training component. Furthermore, using a number of guiding principles it was tried to prove that a single strategy cannot be implemented across entire organization level to support the assignment discussion.

OBJECTIVES OF THE ARTICLE

The objective of this article is as follows:

1. To provide a practical framework prescribing the structure, sequence, and content of CCT programs, only from cultural “Generalizable and Specific” perspective
2. To offer broad guidelines only for the MNC, to align these programs with cross-border corporate and staffing strategies.

RATIONAL BEHIND CROSS CULTURAL TRAINING (CCT) PROGRAMS

One of the greatest challenges facing MNCs is developing expatriate managers who can function successfully within other cultures. An estimated 20 to 40 percent of all expatriates sent on foreign assignments return prematurely (Mendenhall, Dunbar, & Oddou, 1985; Black & Mendenhall, 1989) because of the manager's and/or the spouse's inability to adapt to the new culture (Tung, 1988). As a result, the need for cross-cultural training (CCT) to facilitate effective adjustment and performance is imperative for financial and strategic reasons.

The financial cost of premature returns is high, with some studies estimating the costs of a failed expatriate assignment to be $50,000 to $150,000 (Black & Mendenhall, 1990). The true cost, however, of ill-suited or unprepared expatriates is the missed business opportunities in developing markets abroad (Dunbar & Katcher, 1990). Limited cross-cultural skills of the expatriate managers prevent the MNC from successfully fulfilling its strategic goals. Different phases of cross-border corporate strategies (international, multinational, global, and transnational), the skills needed of expatriates and the degree of cross-cultural interaction increases with each phase, the focus of CCT must be aligned to address the needs of trainees operating within a given strategy. Primarily ethnocentric staffing strategy to a polycentric strategy (Dowling & Schuler, 1990), the involvement of host country nationals and third country nationals in managerial responsibilities and adjustment problems in the workplace due to cultural differences and misunderstandings. As a result, CCT must shift accordingly by providing these individuals with training opportunities comparable to those provided to expatriates. Deshpande and Viswesvaran (1992) in their 20 empirical studies in the area of CCT effectiveness found that CCT has a strong and positive impact on cross-cultural skills.
development, cross-cultural adjustability, and cross-cultural job performance. As a result, top management can be assured that CCT eases the transition and adjustment of an expatriate and family, and improves the expatriate's on-the-job performance (Cavusgil, Yavas, & Bykowicz, 1992), thus saving the organization money in the long run as the number of ineffective managers and premature returnees decreases.

Fortune 500 firms are recognizing the multiple values of CCT and are beginning to include it in the preparation of their expatriate managers (Harris & Moran, 1991). For example, Motorola Inc. has opened a special center for cultural training at its headquarters in Illinois in order to make its managers "trans-culturally competent" (Hagerty, 1993). Similarly, IBM conducts a number of internal cross-cultural executive-development programs, which cover awareness and skills development, helping expand executives' knowledge and understanding of other cultures (Callahan, 1989). A personnel manager with British Petroleum Company in Brussels indicated that, among other benefits, CCT helped BP Oil managers adapt policies to fit varying national needs (Hagerty, 1993). Shell Oil which provided CCT to 800 employees in preparation for assignment to Saudi Arabia, only three employees failed to survive the cultural adjustment (Caudron, 1991). Finally, these positive results have led some executives, to view CCT as a 'strategic' rather than 'beneficent' choice that enables the company to maximize its competitive advantage in today's business world (Kitsuse, 1992).

CROSS CULTURAL TRAINING (CCT) ALIGNMENT WITH OFF-THE-JOB TRAINING IN A MULTINATIONAL ENVIRONMENT

Off-the-job training (OFJT) occurs outside the workplace and includes methods such as lectures, group discussions, role playing, assigned reading, case studies, videotapes and computer based training. This method is costly and firms reluctant to utilize due to the learning occur in a remote situation from real life and learning materials are closely related to the actual physical and mental work activity (Sparkes & Miyake, 2000). Thus, it is really difficult to reflect the real life learning experience with visible outcomes in the form of supplementing the development of intellectual skills. The entire process understand the "why of the process" rather than just the "how the process" under on-the-job training (OJT) of everyday operations.

On the side, strategic positioning of training and development directly promotes organizational business goals and objectives (Figure 1). Key business challenges require that companies rationally evaluate their market position and determine the talent, skills and knowledge to be successful. While the overall responsibility for training and development usually falls under the human resources department, the reporting relationship between HR and the training function varies from company to company.

Figure 1: Trends that Affect Training and Development

| 1. Focus on business needs and performance. |
| 2. Training and development seen as a key change management vehicle. |
| 3. Emphasis on capture, interactive update, storage, protection and use of intellectual capital |
| 5. Development of partnerships for training. |
| 6. Increasing demand for virtual work arrangements. |
| 7. Delivery of training through new technologies. |

Besides, CCT system differs with the organization's strategic approach to worldwide operations. According to the senior vice president in charge of international operations at Fomm Corporation, training goals must be linked directly to the strategic goals of the organization (Callahan, 1989). Firms progress toward cross-border strategies require the skills needed by manager’s change, causing a corresponding need for relevant CCT (Adler & Banholomew, 1992; Dowling & Schuler, 1990; Schuler, Dowling, & De Cieri, 1993).

Firms following a multinational strategy operate as a decentralized federation of worldwide units with multiple, locally responsive strategies (Bartlett & Ghoshal, 1989). Rather than relying on formal structures and systems, operating independence is delegated to trusted appointees (Leong & Tan, 1993), who are given considerable autonomy in managing their self-sufficient units (Schuler et al, 1993). Because this strategy focuses on responding to distinct local market needs, Schuler et al. (1993) suggest that strategic HRM issues should correspondingly focus on developing expatriate managers "who can operate units with sensitivity to local conditions under autonomous direction". Such a training program would provide expatriate managers and their families with the knowledge and skills in adjusting to the culture and people of a distinct country.

Firms following an international strategy operate as a coordinated federation of dependent subsidiaries subject to formal systems of control from the parent company, whereas firms following a global strategy integrate domestic and foreign operations into worldwide lines of business that are centrally managed and controlled by headquarters (Bartlett & Ghoshal, 1989; Melin, 1992).

The degree of centralization of decision making and the global scale of production, in both cases the major strategic decisions are made at corporate headquarters and implemented by the local units (Schuler et al., 1993). As a result, strategic HRM issues should correspondingly focus on operating the MNC as a singular global operation (Schuler et al., 1993). CCT thus becomes necessary for managers throughout the firm, not just for prospective expatriates (Adler & Bartholomew, 1992). Therefore, the training program should extend beyond specific development in a single country to global understanding of the world business environment.

In addition, managers need to develop skills in both working with clients and employees from a variety of nations as well as integrating these constituents into a common organizational culture (Adler & Bartholomew, 1992). In order to develop the former skill, managers should be provided with specific development for each country in which the firm operates (including the parent country for host country managers). To accomplish the latter, managers need to draw upon their increased cultural awareness and effectively articulate organizational beliefs and values to their constituents, express strong convictions, and communicate high expectations and confidence. They also must be effective role models and motivators (Trice & Beyer, 1993).

As a result, for firms following an international or global strategy, CCT should not only be supplemented by additional stages of specific development, but also include an additional module on global understanding that focuses on the world business environment, as well as cultural leadership.

Firms following a transnational strategy integrate and manage worldwide activities through strategic alliances among multiple headquarters across several nations. Such a strategy enables the firm to retain local flexibility while achieving global efficiency (Bartlett & Ghoshal, 1992; Dowling and Schuler, 1990). According to Bartlett and Ghoshal (1989), a fundamental prerequisite for the successful implementation of this strategy is a sophisticated HRM system that includes CCT designed to help individuals cope with diversity and complexity. Specifically, managers are needed who can effectively balance both the local and the global perspectives (Schuler et al., 1993). Therefore, CCT efforts should have a common, generalize vision with shared value for managing complexity in contacting and shaping specific management relationship.

To develop these skills, CCT must be planned and delivered by multinational teams as well as offered to multinational participants (Adler & Bartholomew, 1992), as a result, the notion of expatriate management training becomes superseded by transnational management training in which managers throughout the worldwide operations receive a general orientation to cultural diversity, specific development to the relevant parities.
CONCLUSION

For the individual employees, strong cultures hold out the prospect of a new way of being managed. Instead of securing compliance to bureaucratic order or obedience to regulation, the management of culture means that organisations can free employees from petty controls because all are genuinely committed to their firms. This is not freedom from control, but a different type of control. Much of the allure of culture comes from its assumed link with organisational performance. The proponents argue that people work better, harder and more enthusiastically; to the extent that a “company can gain as much as one or two hours of productive work per employee per day” (Deal and Kennedy 1982, p 15). Innovative, entrepreneurial, and competitive companies are successful; bureaucratic, formal ones are not. A comprehensive cross-cultural management training program is valuable and vital for effective cross-cultural performance. Any organizations can provide CCT that will enable expatriate managers and their families to enhance their cross-cultural aptitude and awareness, gain substantive knowledge, and develop appropriate skills for functioning effectively in other cultures. A lack of cross-cultural management training and development may contribute ultimately to a lack of international growth and success. Training in the organization should suit the group’s requirements and organizational environment whether competitive or first mover to process the cross-cultural issues as an important aspect of the training in the current organizational settings.

REFERENCES