Cross-cultural training: The importance of investing in people

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Cross-cultural Training: The Importance of Investing in People

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Abstract:
Major international companies have established themselves in the United Arab Emirates (UAE) market by setting up their regional headquarters in Dubai. These international companies want to be in a growing market in a country where their companies are recognised and affiliated with a positive image. In addition, many companies have moved to the UAE for financial reasons as well. The UAE is an expanding regional market with the potential for future growth. However, there are cultural differences between Australia (and western countries generally) and the UAE (Middle Eastern). It is easy to have genuine and honest misunderstandings and, hence, it is simple to make innocent and sometimes mistakes. What those companies do not realise is that if they do not appropriately train and prepare their expatriates for their overseas assignments the expatriates are more likely to experience difficulties that can have a serious impact on their employees’ effectiveness and on the company’s activities.
This study considers project managers in the UAE, their experiences, their training and their needs and requirements. A survey of 100 Australian project managers based in the UAE was carried out to discover the dimensions of the cultural business environment.. The survey was followed by six case studies of senior management in large companies involved in project management, construction and property in the UAE. The results of these research investigations are summarised in this paper and recommendations on overcoming the deficiencies identified are discussed. Developing cross cultural training programs in line with the recommendations made in this research could lead companies to gaining a greater market share in the UAE and being recognised as an industry leader. Hence, investing in people is more likely to give the greatest return.

Keywords:
cross-cultural training, expatriates, investing in people, United Arab Emirates.

1 Introduction to Cross cultural training

In 1980 Hofstede carried out a study of top-ranking goals for professional technical personnel from a large variety of countries. In this study ‘training’ was ranked as number the one (1), priority (Luthans and Doh, 2009:74).
Mendenhall and Oddou (1985) as well as Stroh and Caliugiuri (1998) have pointed out that for developmental and functional reasons successful expatriate assignments are invaluable to companies. This may explain why expatriate management literature has paid a great deal of attention to the management of cross cultural adjustment of expatriates (Black and Gregerson, 1992). It is understandable that the expatriate management literature focuses on expatriate training and adjustment when so many expatriates fail. Expatriates are regarded as having failed in their overseas assignment if they return early from their assignment (Adler, 2001). There are also the non-financial effects of failure; things such as loss of business opportunities and damage to the company’s reputation (Black and Gregersen, 1991; Naumann, 1993). Nevertheless, one should not forget that there are also psychological issues associated with failure; the expatriate most likely suffers lower self-confidence and damaged self-esteem (Mendenhall et al., 1985; Tung, 1987).
2 The Literature Review

Some researchers such as Shaffer and Harrison (1998) suggest that if the expatriate does not adjust to their life and to their international assignment satisfactorily they will be unable to function well and they almost certainly will return home or back to the parent company prematurely. Adjustment problems can be minimised through careful selection and training. Cross-cultural training as well as language training is especially important (Forster, 2000).

Stroh et al (1994) as well as Kramer et al (2001) support this argument by explaining that expatriates are more likely to complete their overseas assignment if they are prepared, which in return will lead to the expatriate being better adjusted to a foreign environment and more likely to successfully complete their overseas assignment. Mendenhall et al., (1985) categorized and introduced three (3) skills which are necessary for an expatriate to be successful in a cross cultural setting:

1. The self dimension
2. The relationship dimension
3. The perception dimension

2.1 Self Dimension

The self dimension refers to expatriate skills which enable him/her to be self effective in stress management, mental health and psychological well-being. Bandura (1977) also believed that expatriates need to believe that they are able to effectively deal with foreign surroundings. Mendenhall et al., (1985) add that expatriates need to be self-effective even when they may be experiencing uncertainty. A lot of researchers agree that people with high self-efficacy levels tend to be more persistent in learning and adopting new behaviors. Nicholson (1984) points out that those particular individuals adjust more quickly and are more successful in a foreign environment, because they are willing and are persistent to learn new behaviours.

2.2 Relationship dimension

The relationship dimension entails a variety of skills, which will enable an expatriate to be able to interact with ease with host nationals (Mendenhall et al, 1985). In addition, possessing relational skills can decrease the uncertainty related to an unfamiliar environment.

2.3 Perception dimension

The perception dimension constitutes a range of cognitive abilities, which help the expatriate evaluate the new unfamiliar environment. Mendenhall et al., (1985) believe that the greater the individual’s perception skills the easier it is for them to understand the foreign culture and interpret it correctly. Additionally, perception skills help expatriates understand what is appropriate and what inappropriate behavior is and understand that it is of high significance when working in an environment such as the UAE.

However, even if expatriates have those three skills, in order to succeed in the UAE they will need to have suitable cross-cultural training. Cross-cultural training aims to assist expatriates enhance their knowledge and skills, which in turn will help the expatriate practice in an unfamiliar host country and to be more productive (Brewster and Pickard, 1994; Kealey and Protheroe, 1996; Harris and Brewster 1999).

According to Black and Mendenhall (1990) there is strong evidence that suggests that cross-cultural training is a critical factor in the preparation of expatriates on their overseas assignments. Tung (1979) suggests that the best and most effective cross-cultural training would have to be specific and should focus on a particular population and situation. For this reason it would be logical for Australian companies and organizations to provide their employees with specific cross-cultural
training, which deals in detail with the UAE population and project management with reference back to Australian practice and attitudes.

This cross-cultural program would have to focus exclusively on the UAE culture, religion, and on how to practice project management in the UAE environment. This would have to cover laws in the UAE, leadership and ethics. Emiratis take business personally so it makes sense to learn as much as possible about the host country’s culture in order to be able to avoid misunderstandings and conflict. There are three phases of expatriate training; the pre-departure phase, on-site phase and the repatriation phase (Dunbar and Katcher, 1990). Many researchers in the area of cross culture agree that in order for expatriates to succeed in their overseas assignments they should have either pre-departure and/or on-site training (Warren and Adler, 1977; Tung, 1982; Black et al., 1990; Weaver, 1998; Gudykunst et al., 1996; Ferraro, 1998; Caligiuri et al, 2001).

3 Research Methodology

This research commenced with an extensive literature review on cross-cultural training. The literature review led the author to believe that there is a lack of cross-cultural training provided to Australian expatriates who are working, or are about to commence work in the UAE. To analyse this proposition the authors designed an online survey, which was distributed to human resources managers and project managers already working in the UAE. Once the online survey was analysed it indicated that there was a lack of cross-cultural training provided to those expatriates. To gain a better picture as to why this was the case and to find out what could be done to help expatriates the authors decided to conduct six in-depth case studies to better understand expatriates and their training needs.

All six case studies are based on Australian companies that have spread internationally including to the UAE. The reason for choosing Australian companies was that this research focused on Australian project managers working and living in the UAE, and was limited to this defined population.

Once all the information from the case studies was collected, analysis of the case studies revealed that although the UAE had a large expatriate population of about 80 per cent, most expatriates live in segregated communities. In addition, the case study results confirmed the earlier survey; Australian expatriates were lacking cross-cultural training. The results and recommendations will be discussed in detail in the next section.

4 Results

Most respondents did not receive any cross-cultural training and the ones that received some type of assignment preparation claimed that it was not adequate. More importantly the case studies enabled the authors to make recommendations on what type of cross-cultural training should be offered, how it should be delivered and when it should be delivered to the expatriates for the best effect.

4.1 Expatriate preparation

The majority of the large expatriate population tend to congregate with people with a similar language and culture. For instance, Australians have their social private clubs, luxury beach clubs, sports clubs, bars and this is where they socialise with other Australians. Executive expatriates live in villas with pools, and they send their children to private schools, whereas the low paid manual workers, who are usually from India, Pakistan and the Philippines, live in bleak workers’ compounds. The type of employment and salary levels ensures everyone moves in their own circles. Nevertheless, both well paid and low paid workers still need to adjust to an unfamiliar environment.

After analysing the relationships between host nationals and expatriates, Caligiuri (2002) reported that greater interaction with host nationals positively relates to cross-cultural adjustment. However,
as demonstrated in Hofstede’s (2003) findings the Arab World is very different to Australia. This indicates that interaction with host nationals could be challenging. Hofstede (2003) points out that with an uncertainty avoidance (UAI) of 68 out of 100 and great power distance (PDI) of 80 out of 100, are the predominant characteristics for the Arab region. This indicates that it is anticipated that traditional leaders separate themselves from the group and issue complete and specific directives. This is due to the fact that these societies are more likely to pursue a caste or a class system that does not permit significant upward mobility of its people. They are also highly rule-oriented with laws, rules, regulations and controls in order to diminish the amount of uncertainty, while discrimination of power and wealth have been allowed to grow within the society. If one were to combine those two dimensions a situation would arise where the people on the top (the leaders) would have ultimate authority and power.

Additionally, a high PDI ranking suggests a high level of inequality of power and wealth within the society. This society has a belief that leaders will separate themselves from the group and this condition is accepted by the society as their cultural heritage. For example, Australia is relatively low in this dimension, with an index of 36, compared to the world average of 55. This is indicative of a greater equality between societal levels.

The high UAI ranking indicates that the Arab society has a low level of tolerance for uncertainty. In an effort to minimize or reduce this level of uncertainty, strict rules, laws, policies and regulations have to be, and usually are adopted and implemented. If those rules and regulations are strictly implemented and followed by the society, those people can successfully avoid and/or eliminate the unexpected. As a result most people from this region do not willingly accept change and are extremely risk adverse.

The third highest Hofstede Dimension in Arab countries is the masculinity index (MAS), with a ranking of 52 out of 100. This rank is about average on Hofstede’s dimensions, which can be explained by the fact that when it comes to decision making people from the Arab World are more caring (feminine) then people with western values.

The lowest Hofstede Dimension for the Arab World is the individualism (IDV) ranking at 38 out of 100. The world average ranking for this dimension is 64. This translates into a collectivist society (the Arab World) as compared to individualist culture (Australia) and is apparent in a close long-term commitment to group and family. In a collectivist society loyalty is paramount and overrules most other societal rules.

Australia is the complete opposite when it comes to the IDV dimension. Hofstede’s research indicates that Australia has very high levels of individuality. In fact, Hofstede scored Australia as 90 out of 100, the second highest score of any country in Hofstede’s survey, the United States being the highest with a ranking of 91.

It is obvious from Hofstede’s Dimensions that Australia and the UAE are very different. If expatriates are not prepared and do not attempt to learn and know about the different cultural, social, religious, legal and business rules they can easily fail and be unsuccessful.

It has become increasingly apparent that cross-cultural training is important in preparing expatriates for their overseas assignments. This training has long been advocated as a means of facilitating effective cross-cultural interaction between the expat and the host nationals. In the case where expatriates do not get cross-cultural training or inadequate training they could "fail" in their international assignment. An expatriate is considered to have failed if that individual has not completed the international assignment and if he/she needs to be replaced with a new expatriate. Expatriate failure does not only cause damage to the company, but it can also cause the expatriate to lose his/her job, limit future career prospects and encourage low self-esteem. In order to eliminate expatriate turnover this research has focused on cross-cultural training and preparation of Australian expatriate project managers working in the UAE.

### 4.2 Business and Arabic characteristics

Aside from meeting the challenges of new job responsibilities, Australian project managers also have to adjust to a new and unfamiliar social and business climate as well as a new culture. In this
research adjustment has referred to the process of the expatriate’s ability to fit-in, so that he or she can feel comfortable and at ease with the new surroundings. As discussed earlier, there are many reasons for expatriates to return home prematurely. Some of those issues can be dealt with if appropriate and adequate cross-cultural training is provided. Culture shock, for example, can be minimised if the expatriates are prepared for what to expect and the culture shock can last for a shorter time period when compared to the situation if the expatriate did not get any preparation. The faster the expatriate gets over the culture shock and adjusts, the faster that individual can work at full capacity.

Certain Arabic characteristics need to be studied and expatriates need to appropriately prepare before starting to do business in the UAE. The circular approach to meetings and debate, polychronic time management activities and timing, the emphasis on hospitality, the importance of networking and the preference for making use of contacts, should be learned, understood, appreciated and followed.

4.3 Time and Timing

The Arabs respect westerners who come on time to meetings even if they themselves are late. However, to Arabs time is not as important as to the westerners. In the Arab world there is more emphasis on harmony. This means that in order to maintain harmony being late to meetings, delays and interruptions during meetings are common and are tolerated.

However, the locals do recognise that delays, lateness, interruptions and that time is an unlimited resource can cost them money and perhaps lose them business deals with outsiders. Nevertheless, being time conscious and on time is hard for the Arabs as they cannot do that at the expense of personal relationships. In addition, Arabs are classified as being “polychronic” (multi-time) as opposed to most westerners who are “monochronic” (single-time). This means that the Arabs will have several meetings at the same time, and expatriates need to get used to constant interruptions during meetings.

Arabs put more emphasis on “Timing” than “Time”. Timing cannot be managed as it is sensed. Timing is all about how the parties get along, the mood of the meeting, and trust that must be established in previous visits. This is one more reason why it takes a lot of meetings and a long time to reach an agreement on an issue.

However, in some cases keeping someone waiting is used to demonstrate power, just like delays on a contract or a project can be a power tactic or a test of character. Expatriates need to learn to be flexible, patient and persistent when they want something done. Additionally, when expatriates are working out a project timeline it needs to be stressed that being conservative will work in the expatriate’s favour and building in a big margin for error is equally important.

4.4 Risk and Decision Making

Most of the UAE, with the exception of Dubai, is very risk averse. Hence, this is why most company headquarters are in Dubai. The Kingdom continues to be the major force governing all aspects of the economy by having a high degree of regulation governing all areas of life and business. The UAE overall is reluctant to accept rapid change.

In the UAE the leader, or the Sheik, is seen as the “father figure” and that is also how he leads, his decisions are final and are rarely ever questioned. The “father” has the absolute power for his decisions and his vision and approach rules and dictates the success and failure of the group. He expects absolute loyalty and any type of criticism is rarely tolerated.

The patriarchal nature of the Arab society means that the delegation of power is rare and precarious for those on the receiving end. In the UAE decision making, power and wealth are concentrated in the hands of a few and they do not like to share it around. This is very obvious when it comes to labour laws and employment contracts, which usually favour the employer and the employees generally have no rights. Despite significant improvements there are still a lot of issues and the International Human Rights Watch has hundreds of cases reported every week.
Most of the labourers and contractors in the UAE are immigrant workers and foreign investors and business contracts leave them exposed, since they give power to the clients (usually an Emirati company).

4.5 Communications

Expatriates working in the UAE come from all over the world. This is why the language of most business is English. It is important, however, to learn some Arabic and master some basic Arabic phrases and expressions; this would be very much appreciated by the Arabs. Learning Arabic numbers the way that are written and spoken would also help expatriates to understand numbers/prices when negotiations are done in Arabic; it is also helpful for the basic task of getting around the city and in office buildings.

In some meetings there are people that do not speak English. In that case a fully accredited translator can be provided by the local chamber of commerce and should be used. Even when a translator is being used it is important to check that both parties understand what is happening. In cross cultural dealings ‘it is not what you said, but what they have heard”. In a foreign country one needs to listen with the ears, eyes and the heart. This means that paying attention to body language is very important in a society such as the UAE. Body language, such as gestures have hidden meanings. Since the Arabs are high context communicators there is a lot of broader meaning to the words that they use. For this reason body language and the mood of the meeting needs to be taken into consideration, not only what has been said. An example would be the word “Inshallah” (God willing) when an Arab says “Inshallah” it could mean a vast number of things, such as “Yes”, “No”, “Maybe”, “Someday”, or “Never”.

Additionally, Arabs do not place much emphasis on written communications as they are a highly verbal society. This can work in the expatriates favour as in face to face meetings the full meaning of what is said versus body language (e.g., eye contact, gestures, facial expressions, etc.) can be observed and at the same time it can be checked for mutual understanding. It is important to become an active listener. This means that when it comes to communication (unlike the west that prefers written communication) the Arabs prefer personal visits, which have the biggest impact, or phone calls when visits are not possible and these have more impact than a series of emails. Emails often get ignored, overlooked or take very long time to be replied to.

Arabs are hospitable and place a great deal of emphasis on outward expressions, and the Emiratis are no different. They love to entertain and this is also a great way to form a bond with the Emiratis. This is why invitations need to be accepted graciously and expatriates should learn appropriate etiquette before attending the event. Once there is a bond established with the Emirati and an expatriate they consider the expatriate as a friend and business dealings can commence.

4.6 Relationships

The Arabs put a big emphasis on relationships and a reliance on absolute trust when they are doing business. This is the basis for doing business in the UAE and this too explains why they do not like to use formal written contracts.

In the UAE it is all about building and maintaining relationships. Once a relationship is established it needs to be nurtured with frequent visits. Business is highly personal and relationships affect everything from negotiations, getting approvals, cutting the red tape, getting things done fast, as well as recruiting and hiring. More than anywhere else preparation is of the highest importance before starting to build relationships in the UAE.

4.7 Training and Learning

Generally research on training has been limited to the U.S., and it is not always applicable to other countries. Therefore, this research has specifically focused on the UAE and Australia. This research
has discovered that cross-cultural training facilitates faster adjustment of Australian project managers in the UAE and contributes to their success.

All six case studies agree that, “yes, cross-cultural training is important”. However, the training that was provided only touched on culture, customs and business. It did not go into enough depth to be helpful. It was more informative than helpful. Additionally, the training which was provided was not specific. It only gave the expatriates brief and superficial information about the UAE.

In addition, all six case studies agree that on-site departure training is important, but the six case studies also revealed that the training was non-existent, incomplete or insufficient. In fact, the online survey revealed that 76% of respondents did not receive pre-departure training. Additionally, 61.4% of respondents reported that even when they were on-site they did not receive any training. This means that 61.4% of participants did not receive any training at all. Cross-cultural training is vital to the success of expatriates overseas and it should not be ignored by human resource managers and executives. As indicated by the respondents, not providing effective, up-to-date and efficient cross-cultural training could have devastating professional and personal consequences for both the expatriates and their companies.

Many researchers have conducted extensive studies which indicate that there is a positive relationship between cross-cultural training and the expatriate’s ability to faster adapt to the new environment (Black et al., 1990, 1992; Naumann, 1993). In fact, cross-cultural training is critical for expatriates who do not know the host nation’s culture, work ethics and social etiquette. Cross-cultural training can help those individuals not only to adjust faster to the new country, but also to be more efficient, effective and successful in their overseas assignment. Through cross-cultural training expatriates gain a better understanding and more knowledge about the host country and this in return enhances their self-efficacy; it reduces their anxiety levels and allows them to absorb culture shock. It thereby gives them an advantage over someone with no cross-cultural training, because the trained expatriates are familiar with the host country and this facilitates faster cross-cultural adjustment.

The training should include pre-departure training, on-site training and repetition training where every few months a refresher training workshop is offered. Training offers numerous advantages to the expatriate, by helping expatriates deal with culture shock and unexpected events better and it also lessens the uncertainty of interactions with host nationals. It is understandable that companies struggle to develop an appropriate mental frame of reference for their expatriates for dealing with unfamiliar cultures. However, they need to rectify this as expatriates need a frame of reference in the form of cross-cultural training and mentors.

Researchers such as van Reine and Trompenaard (2000) have discovered that different national cultures prefer different learning styles and environment, and the company needs to deliver the training in the most effective manner. However, Waxin (2004:69) also point out that the method of training should be specifically tailored “to the cultural distance between the expatriate’s country of origin and the host country”. Thus, an understanding of Hofstede’s dimensions would assist in this process. In addition, Vance and Paik (2002) point out that for cross-cultural training to be effective it should be consistent with the cultural characteristics of the host country. Companies would also benefit from using their former expatriates as trainers, as those former expatriates have been there, and can put themselves in the shoes of the new expatriates (Harris, et al., 1999). Additionally, the former expatriates can act as mentors. A mentoring, coaching and development system can be developed and new expatriates can be trained in that way.

Most participants in this research have indicated that they prefer hands-on training and that they would like to have a mentor who they can approach and ask for advice when they need help. Cerdin (1996) found that if cross-cultural training is not provided by the companies most expatriates will not attempt to train themselves. So the companies must conduct this training if they wish to see the benefits in their expatriate staff.
4.8 Host country national’s advice for improvements

Research shows that many host country nationals would like to see changes and improvements in some styles of expatriate managers. Those changes include the expatriate manager’s leadership, decision making, communication and group work. In terms of leadership, the following changes would be desirable; expatriate managers need to be friendlier, available, respectful of subordinates and their suggestions. In terms of decision making, the host country nations would like to be involved in the decision making process by those who will be affected by the decisions made and have a clear definition of goals.

In terms of communication; there should be more group problem solving and teamwork as well as exchange of opinions and ideas between managers and subordinates. This indicates that the training approaches used need to reflect both the industrial and the cultural environment.

5 Conclusion

Our world seems to be becoming smaller and more people live and work overseas in countries which are very different to their home country. Hence, there are a vast number of reasons why cross-cultural training is important; it simply is imperative when it comes to helping and supporting expatriates in their development and success overseas. From a company perspective, if their personnel are adequately trained for the overseas assignment they will be more successful and contribute to increasing the overall efficiency and profitability. The company could avoid losing their financial investment and their investment in staff. In addition, the company can overcome the belief that their way of doing things is superior to that of others. The lack of training or no training at all, has been associated with higher expatriate failure rates.

The online survey as well as the six case studies in this research represented a variety of professional fields and activities; not only project management. This gave the authors a better insight into how, and if, expatriates are getting cross-culturally prepared. When asked about cross-cultural training all six case studies have agreed that it is of high importance to provide expatriates with adequate, appropriate and up-to-date cross-cultural training. Additionally, if the recommendations made in this paper are integrated and implemented into the cross-cultural training, it would benefit all parties, the expatriates as well as the companies. International companies need to understand that investing in people gives the greatest and most effective return.

6 References


