Expatriation: The cross-cultural issues and design of training for coping

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Introduction

The trend of globalization is providing opportunities for Indian firms to reach foreign markets. The business model of many upcoming industries like the information technology sector is dependent heavily on the foreign markets. This increases the need of professionals working in foreign cultural settings. The merger and acquisition activity especially the cross-border acquisitions have reached much higher levels. The trend of acquisitions is not only restricted to the new sectors like Information Technology, Telecom and Business Process Outsourcing, but core sector companies like Manufacturing (For Example: Bharat Forge acquiring Carl Dan Peddinghaus in Germany) and Mining (For Example: Sterlite group acquiring mines in Australia) have observed spurt in such activities too. The sheer size of certain deals in the range of 200-300 Million dollars (acquisition of Tetley, UK, Flag Telecom in Bermuda) indicates global aspirations of the Indian firms. The Pharmaceutical companies have widened their reach in world market with examples like Ranbaxy and DRL having presence in many countries. The globalization dreams present a new challenge for the Indian firms; the challenge to develop competent managers who would be able to work in new environments efficiently and will act as a bridge between the parent company and its subsidiaries. The globalization will also bring new employees to the Indian firms, the ones with different origin, language and national culture adding complexities to the culture of Indian organizations. The firms thus need to develop systems and processes not only to train managers for expatriate assignments but also to handle cultural diversity. This task can be achieved by well designed cross-cultural training programs which will help employees in coping up with the stress and cultural shock while dealing with a new culture. The need for cross-cultural training will be for both: Indian expatriates and employees dealing with expatriates of other origins. The cross-cultural training will also be required for the Indian companies getting into Business Process Outsourcing as the clients belong to culturally different environments. Working effectively in cross-cultural context is becoming vital competence for aspiring managers (Harris and Kumra, 2000). The present article attempts to define the possible sources of cross-cultural differences, its impact on business practices, competencies required for the expatriates, evolution of
cross-cultural training, issues to be considered while developing cross-cultural training and different ways of training the employees.

**Determinants of cultural differences:**

There have been many attempts to define cultures and what differentiates them. The study by Hofstede (1981, in Hofstede, 2001) defined and differentiated between cultures on various dimensions – viz. collectivism vs. individualism, power distance, uncertainty avoidance, masculinity vs. feminism and long vs. short term orientation. The author classified a number of countries on these parameters. These parameters can be defined as:

1. Power distance: *degree of inequality in power between a less powerful individual and a more powerful one in which they belong to same social system.*
2. Masculinity vs. feminism: *refers to the distribution of emotional roles between the genders. It opposes a tough masculine to tender feminine society.*
3. Uncertainty avoidance: *is the extent to which a culture programs its members to feel either comfortable or uncomfortable in unstructured situations.*
4. Individualism vs. collectivism: *is the degree to which individuals are supposed to look after themselves or remain integrated into groups usually around the family*
5. Long term vs. short-term orientation: *refers to the extent to which a culture programs its members to accept delayed gratification of their material, social and emotional needs.*

The differences in cultural values were shown by the study of Hofstede (2001), which involves 60, plus countries where each one of them was classified on these parameters. These cultural differences may effect motivational factors, collectivism at work place, organizational structure design etc. Various studies have tried to study these differences. The difference in cultures has been associated with perceptions and paradoxes. The study by Osland and Bird (2000) lists down the paradoxes and the reasons for them. The paradoxes arise because of perceptual schemas (cultural myopia and lack of experience), theoretical limitations emic and etic studies which present one sided views of the cultures (From inside and outside the culture while ignoring the other ones.). The other reasons for misunderstandings are tendency for observers to confuse individual and group values, unresolved cultural issues, role differences and real vs. espoused values. The cultural differences and varying approaches lead to significant
difference in business practices which must be recognized by the trainers and employees receiving expatriate assignment.

**How do people and practices differ across cultures:**

The differences in cultures lead to significant differences in the way people react to a stimulus. The motivational needs of the managers and executives vary across the cultures. The motivational factors that work in India may not be relevant in China, hence the expatriates will need to understand the basic differences in the employee behavior. The production facilities of firms may be similar across all the subsidiaries but the employee behavior in these facilities may not remain the same. One of the relevant examples in this context is failure of Japanese management technique like Quality Circles in India. The study by Neelankavil, Mathur and Zhang (1999) that analyzed India, Philippines, USA and China for managerial performance and motivational factors in two different studies found different managerial values, value dimensions and comparative management. India was found closer to USA than China although the geographical distance is much lesser. For example for American managers drive and ambition were important for success which is not the case in China. These countries differ in their scores of individualism with USA (91) and china (7) and the other two falling in between. Similarly the study of motivational factors found opportunity for advancement and financial rewards to be least important while these factors were nearly very important for employees in the other countries. The study by Peters and Lipit (1978) found USA employees different from those in Latin American countries like Columbia, Peru and Chile, even within the Latin American countries there was a difference between Columbia and Peru (good pay as the highest ranked motivator) and Chile (creativity as the highest ranked motivator). The culture differences effect the managerial decisions related to performance appraisals in multicultural workplaces and decisions in international business context (Lee and Karakowsky, 2001).

Along with the business practices and values significant amount of research have been conducted in the context of cross-cultural negotiations. The cross-cultural differences in the negotiation game can be conceptualized along four basic dimensions: collectivism-individualism, power distance, communication context, and the conception of time (Cohen, 1997- as cited by Bazerman, Curhan, Moore and Valley, 2000). The
time factor becomes important in the context of cross border acquisitions as people belonging to different cultures have different perceptions related to time, while in some cultures people prefer to start and finish meeting on time (Example: USA), in other people may prefer to take time of their own (Example: Latin America) (Mayfield, Mayfield, Martin, Herbig, 1997). The time factor also refers to relationship dynamics of negotiations. While in a more collectivist culture, people may prefer to develop relationships during negotiations, people in more individualistic culture like USA may not prefer to bring relationship dimension in the negotiations (Mayfield, Mayfield, Martin, Herbig, 1997). The study by Gulbrow and Herbig (1999), found that the negotiators from more collectivist culture would devote more time to non-task negotiating activities and positioning activities. Similarly the people from high power distance cultures were found to spend less time compromising and less persuasion was observed in people from more masculine culture. The analysis by George, Jones and Gonzalez (1998) lists three categories of differences which can affect the negotiator emotions, these include: individual differences (affective dispositions, experiences in previous cross-cultural negotiations), cross-cultural differences (Internalized cultural values and norms, Emotional expressions, Linguistic style) and contextual differences (Relationship between the negotiating partners, level of trust and conditions surrounding the negotiations). The norms and values related to the negotiations differ according to the culture, for example the study by Weiss and Stripp (1985, as referred to by George, Jones and Gonzalez, 1998) lists differences in the negotiations norms as: perceptions about negotiation to be strategic or synergetic, criteria for selecting the negotiator, importance given to relationship building, concern for protocol and formality etc. The way emotions are expressed in the various cultures may differ, for example the face expressions and hand gestures may convey different meanings in different culture. The study by Weber and Hsee (1998), points towards significant differences in the risk perceptions across cultures that might play an important role during business negotiations across countries.

**Impact of dealing with a different culture**

The cultural change leads to cultural shock (McEnery and DesHarnais, 1990), which is a mental state of stress caused by acute changes in the culture. The expatriates tend to feel lonely because all of a sudden every thing changes including the work environment,
peers, processes and to an extent organizational culture and value system. The employees react by comparing the new culture to their own values and beliefs and at times are unable to accept the vast difference between the two. The process of encountering and accepting the new changes or in other words process of acculturation can be classified in four stages (Nicola, 1993)

- **Initial stage of elation and optimism**
- **Period of frustration, depression and confusion**
- **Gradual improvement of mood leading to optimism and satisfaction**
- **Mastery stage**

Oberg (1960, cited by Caligiuri et.al. (2001)) described four stages of adjustment: Stage I, the initial, or honeymoon stage; Stage II, the disillusionment, or culture shock stage; Stage III, the adjustment, or adaptation stage; and Stage IV, the mastery stage. The honeymoon stage is a period lasting less than two months. Here the employee is thrilled with the new experience. The culture shock stage occurs as the individual copes seriously with living in the new culture on a daily basis, as a lack of understanding of the culture inhibits awareness of what is appropriate, or inappropriate, behavior in the new cultural environment, resulting in confusion, frustration, tension and depression. The frustration occurs as the person begins to realize that past behaviors are inappropriate in the host culture but has not yet learned what behaviors to substitute. The adjustment stage is characterized by increased ability to adapt in the new culture; and, in the mastery stage, adjustment is about as complete as possible, and anxiety is largely gone. Rhinesmith (1970), classified reactions to a different culture in three categories that are flight, fight and adaptation. The flight here characterizes reactions like rejecting new culture and people and withdrawing from any opportunity of interacting with new people or situations that cause discomfort. The Fight is approaching new culture with hostility and term adaptation is used for people who undertake the process of understanding the difference and adjusting to the new culture.

**Defining Expatriate Competencies:**

The expatriates need to perform the same set of functions but in a completely different environment which can cause lot of stress to the person. The cultural stress will have significant impact on various aspects of the job related behavior. Most of the expatriate
failures are related lack of adjustment in new culture. Hence while defining the competencies for the expatriates human resource professionals also need to assess the soft skills of employees which will be handy in the new environment like tolerance of cultural difference, ability to adapt new culture and interpersonal relationships. The cross-cultural skills required for successful expatriate assignment can be listed broadly as (Hofstede, 2001):

- The capacity to communicate respect
- The capacity to be non judgmental
- The capacity to understand relativity of one’s own knowledge and perception
- The capacity to display empathy
- The capacity to be flexible
- Tolerance for ambiguity

The focus is clearly on the soft skills and emotional maturity. The people undertaking foreign assignments must be mature and stable enough to accept the existence of cultural differences. They should also be able to understand the context of various situations and happening, which calls for objective evaluation of a situation without bringing in one’s own biases and perceptions. The cross-cultural competencies have can be viewed as combination of three different dimensions (Black and Mendenhall, 1990) that are self-maintenance dimension (mental health, psychological well-being, stress reduction and self confidence), relationship dimension (ability to foster relationship with the people of host nations and perceptual dimension (perceptions of host nation’s culture and its social systems. Thus perceptions have been given an important role in defining competencies. Most often employees tend to make perceptions based little information they receive through the media or stories. This leads to general stereotyping causing formation of wrong notions about the host culture. The employee should instead form opinions and beliefs related to the host nation only after spending considerable amount of time over there. The events which are used to form these perceptions should be seen in depth using the back ground information like social value system, political system and cultural values. Only then a clear picture of host nation culture will emerge. The employees on expatriate assignments must be able to decode various verbal and non-verbal ways of communication used in the new culture and work in unstructured and ambiguous
situations (Demers, 2002). The expatriate employees should have capabilities to deal with alienation and isolation, willingness to communicate and empathy for people of other cultures (Mendenhall and Odou, 1986). The competencies required for expatriate assignments have been classified under categories of stable and dynamic competencies in the paper by Sullivan (1999). The author has broken the dimensions proposed by Black and Mendenhall (1990) in stable and dynamic components. The components are listed in the following table:

<table>
<thead>
<tr>
<th>Type of competency</th>
<th>Self Maintenance</th>
<th>Relationship</th>
<th>Perceptual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable</td>
<td>Emotional stability</td>
<td>Extraversion, agreeableness</td>
<td>Openness to experience, Conscientiousness</td>
</tr>
<tr>
<td>Dynamic</td>
<td>Cultural Knowledge, Self maintenance and self-efficacy, stress management skill</td>
<td>Conflict resolution skills, Conceptual cultural knowledge</td>
<td>Perceptual questioning skills</td>
</tr>
</tbody>
</table>

Hence the employees should have the ability to question the perceptions and resolve conflicts arising out of the cultural differences. The stress management skills have been given importance because the cultural differences and lack of proper socialization along with cultural shock causes stress on the expatriates. The stress might also arise from living at a distance from the family.

**Defining Cross-cultural training and its objectives**

The cross-cultural training in general can be defined as “Any intervention aimed at increasing an individual’s capability to cope with and work in foreign environment” (Tung, 1981, in Zakaria, 2000). Hence cross-cultural training involves all the methods like lectures, simulation etc. used to make the person familiar with a different culture.

The term cross-cultural training hence is broad enough to include differences in areas like language abilities, business etiquettes, beliefs and values, social system, negotiating styles etc. of any culture. The cross-cultural has also been defined as “Formal methods to prepare people for more effective interpersonal relations and job success when they
interact extensively with individuals from cultures other than their own” (Brislin and Yoshida, 1994). The term job success here seems to be slightly ambiguous, as the factors defining success on an expatriate assignment can include organizational values, earning respect from peers and subordinates, technical skills, interpersonal and relationship management skills etc. The advantages from cross-cultural training have been listed as following (Zakaria, 2000: 2):

1. A means for constant switching from an automatic, home culture international management mode to a culturally adaptable and acceptable one
2. An aid to improve coping with unexpected events and cultural shock in a new culture
3. A means to reduce uncertainty of interactions with foreign nationals
4. A means for enhancing expatriates coping abilities

Hence cross-cultural training can be seen as a tool for improving the corporate culture and practices by constantly learning through induction of foreign nationals in the organizations. Further the cross-cultural training will help to reduce the psychological stress and cultural shock which often lead to failure of expatriates.

The process of expatriation - the cultural issues: A model for analysis
Design of cross-cultural training:

The issues or focus points are very important in the cross-cultural as it is required to choose between culture specific or culture general training, which areas of the culture to focus upon and what are the personal requirements of the person who might have to deal with a situation like this or who is shifting to a different culture for work. The study by Hun and Jenkins (1998) mentions following issues for the cross-cultural training:

- Different aspects of time like punctuality- The time factor here involve two dimensions that are punctuality and relationship dimension. While in some cultures like USA starting and ending on time are very important in others like South American countries that may be considered exceptional. Some cultures prefer to take time for relationship building, which may not be acceptable at all in others. Hence cross-cultural barriers related to time need to be taken care of.

- Linguistic barriers- The English is being used for most transactions but then usage of English tends to change with the country contexts. For example the pronunciation in India is significantly different from the American way. Secondly certain terms may have different meaning in different languages; hence context also plays an important role. In case of countries with different language the expatriates must be trained in opening dialogues and discussions with the help of translators.

- Different business practices, like conduct in meeting and unstructured and open discussion. Hofstede’s (2001) dimensions like power distance can play an important role in situations like conduct during the meetings. In cultures with lower power distance the employees may tend to call their bosses with their first names while this may be impossible in cultures with higher power distances. Hence developing a first hand knowledge about the practices is very important.

- Cultural stress (ambiguity and difference of perceptions)- The training should also involve methods to counter stress and to interpret situations. The expatriates will have to understand the situations on their own and then form perceptions. The training should avoid any kind of stereotyping where trainees may be lead to believe certain things about any culture. The culture may broadly explain value
system of a community or country but every individual is different. Hence any individual with a pre-formed notion about the culture will be shocked to see people different from his beliefs leading to lot of confusion and stress.

- Body language and greetings- The way emotions are expressed in the various cultures may differ, for example the face expressions and hand gestures may convey different meanings in different culture.

The cross-cultural training should have components related to both general orientation and specific skill development (Harrison, 1994). The component of general orientation here consists of self assessment (dealing with change, stress management and identifying attributes) and cultural awareness (general dimensions, national values and work place incidents). The specific development on the other hand consists of knowledge acquisition (area studies, language studies and host attitudes) and skills training (case studies, area simulation and behavior modeling). Hence the training should focus on providing trainee the knowledge about national cultures and attitudes in the host country in the first phase while in second phase the trainee should be made to go through a rigorous process of handling the situations in a simulated environment. This will help the trainee to acquire hands-on experience. The paper by Nicola (1993) suggests following issues for cross-cultural training:

- Feedback
- Getting beyond culturally determined stereotypes
- How to raise and deal with cultural stereotype
- How to counsel employees
- Coaching and team building
- Resolving conflicts (those including various ethnic groups at work place)
- Counseling so as to go beyond all kinds of stereotypes and perceptions.

After the internet revolution things have vastly changed for various organizations. For example many firms use internet as a medium to coordinate between different employees working in different locations as a team like one of the team members would be in India, other one might be in Europe and third one in North America. The group dynamics in these situations becomes very important; hence the employees must also be trained at handling people from diverse cultures at the same time ensuring equal treatment and
opportunities for all. One of the most important factors that is often forgotten while designing the training programs is the requirement of the employees, the design of training program should be made keeping in mind the length of stay in the host country, type of function he will have to perform, degree of socialization required by the employee and the personal characteristics of the employees (extraversion, interpersonal skills etc.). Hence cross-cultural training program should be customized for each employee to certain extend. It’s not only the employee who needs to be trained; the family of employee should also be trained on certain issues like cultural differences. Many firms have started giving due importance to the training of spouse because the socialization of expatriate and job success to a large extent will depend upon socialization of his family.

The training methods:

The cross-cultural training evolved with usage of lecture method (originated from university of Illinois- as referred by Bhawuk and Brislin, 2000). This development was followed by usage of contrast American method which was named as this method was used to train for contrasting cultural experiences. The scenarios and cultural assimilators were later additions to the methods. The self reference criterion method was developed from cultural analysis system developed in 1966. The first usage of the cultural assimilator was on the American soldiers in 1972. The existence of cultural general assimilator is relatively new with usage starting in 1986. The experiential and area simulation were developed in 70’s.

The various cross-cultural training methods can be explained as follows (as described by Bhawuk and Brislin, 2000):

- **Cultural assimilator:** The cultural assimilator is a tool that consists of a number of real life scenarios describing puzzling cross-cultural interactions and expectations. The scenarios here can be defined as critical incidents which describe interactions between host and expatriates which involve misunderstanding related to cultural differences.

- **Contrast American method:** This method involves demonstration of behaviors that are completely opposed to what is seen in the current context of culture. This
was used by Stewart in America to train people going abroad hence was named contrast American.

- **Self reference criterion (SRC):** Unconscious reference to one’s own cultural values in communication with people who are from other cultures. This method was developed by Lee (1966), who proposed 4 step procedure to overcome self reference criteria. The first step involves defining any problem of situation in terms of the expatriate’s own culture, followed by definition in the terms of host culture. The bias created by SRC is analyzed and removed in third stage which is followed by solution of the simplified business problem.

- **Area simulation:** The simulation is creating natural situation of interaction with people from other culture. This can be achieved using some actors who will interact with the trainee according to some predefined script.

- **Cultural self awareness model:** The cultural awareness model includes usage of video tapes with themes and role plays. If the trainee is able to understand how his culture is different he would be able to accept the differences encountered in the real life interactions in a better manner.

The study by Caligiuri et. al.,2001 refers to the study by Brislin et al(1983) outlined the frequently used cross-cultural training methodologies during early 90’s: “(1) fact-oriented training; (2) attribution training, associated with the culture assimilator to enable trainees to internalize values and standards of the host culture; (3) cultural awareness training, the study of the trainee’s home culture and its effect on his/her behavior to enable the trainee to understand the nature of cultural differences; (4) cognitive-behavior modification, to assist trainees to be able to obtain rewards and avoid punishment in the host culture; (5) experiential learning, active participation learning about a specific host culture; and (6) interaction learning, for trainees to feel more comfortable with host nationals and to learn details about life in the host country. Language training aids in communications demonstrate an attitude of attempting to learn about the host culture enables one to be polite and permits understanding”.

**The impact of cross-cultural training on the employee performance**

Many research studies have focused on the impact of cross-cultural training on variables like adjustment and performance of the employees. The Meta analysis by Morris and
Robie (2001) found the correlation of cross-cultural studies to be 0.26 for performance and 0.13 for adjustment. This has been totally opposite to the results of the earlier studies like the one by Deshpande and Vishwesveran (1992, in Morris and Robie) found the correlation with performance to be .39 and 0.43 with adjustment. The study by Morris and Robie(2001) examined 16 studies for expatriate adjustment and 25 studies for performance. The authors also cites the results of studies by Black (1988) and Earley (1987) who found the correlation to be 0.42 and 0.57 for adjustment. The correlation with performance in the same studies was 0.08 and 0.79. Hence there is lack of consistency in the results.

The study of Gullahorn and Gullahorn (1966, cited by Caligiuri et. al. 2001) “found that cross-cultural adjustment process leads to a U-shaped curve of adjustment where the bottom of the curve is the strongest point of culture shock. This U-Curve Theory of Adjustment (UCT) has been one of the most consistently used theories, a rare case of theoretical perspective applied to cross-cultural research, although no in-depth and comprehensive reviews of the empirical literature related to UCT exist”. Grove and Torbiorn (1985 cited by Caligiuri et al, 2001) proposed that cross-cultural, or intercultural, training should attempt to bring about changes in three psychological constructs, ‘applicability of behavior, clarity of mental frame of preference, and level of mere adequacy’. The study by Worchel and Mitche (1972, cited by Bhawuk and Brislin, 1992) found use of cultural assimilator to be effective on the American soldiers( in Greece) in enhancing there productivity, adjustment, enjoyment of tour of duty and interpersonal behavior. The literature review by Zakaria (2000) found substantial positive relationship between cross-cultural training and adjustment. He cites works of Bochnar (1982) and Backer (1984) who found cross-cultural training to be useful for cross-cultural interaction. The paper by Caligiuri et.al. (2001) suggests development of training programs that will ensure that expatriates have realistic expectations. The study by Brewster and Pickard (1994) found that cultural training was more effective for younger people and people with no prior experience. Some studies like study of American expatriates in Mexico (Edmund, 2002) did not find a significant relationship between cross-cultural training and expatriate failure rate. Similarly the study by Selmer (2001) of didn’t find relationship between the pre-knowledge about culture and practices of Hong
Kong and their ability to get along with their host country subordinates. In contrast the study by Eschbach, Parker and Stoeberl (2001) found cross-cultural training effective in reducing time required to adjust and achieve cultural proficiency. Hence the studies broadly support the effectiveness of cross-cultural training in improving the expatriate efficiency.

**Conclusion**

It is imperative that employees who are to be expatriated are well informed regarding the challenges they might face in a foreign land. Coping with a foreign culture both organizational and national needs well-planned preparation. A well structured cross-cultural training will help the employees to prepare for coping with the changes in the working styles, beliefs and values they are expected to face. A large degree of uncertainty which an employee might face while moving to a foreign land and culture can be reduced through organizational support in terms of training. The huge costs that an organization might face due to expatriate failure is of high concern. Preparing the employees for a foreign assignment is mutually beneficial to the organization and the employee. For the employees, a well delivered training can help in managing with the new situations, while for the organization this helps in getting the best of the employee in terms of work output through maintaining the employee morale and motivation. With the growing influence of foreign markets and increasing growth prospects for multinational business models, it is of high importance that companies prepare their employees to be fit for global assignments.
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