

Making the Case for Intercultural Coaching and Training

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“To say that the world is getting smaller is a cliché. To say that ultimately the only effective way to deal with it is through the development of intercultural skills is profound and revolutionary.”

— David S. Hoopes in *Global Guide to International Business*

A logical spin-off of the globalization of business and the increasing diversity of the workforce has been the development of the intercultural service profession. Fifty years ago the study of cultural differences was mostly of interest to anthropologists, missionaries, and diplomats. Today understanding and managing the impact of these differences are vital concerns of most international corporations and organizations. Prior to about 1980, cross-cultural orientation was delivered mostly to non-profit or governmental organizations. From 1980 to 1990, the market for corporate intercultural coaching and training emerged and expanded. In the post-1990 period, the profession matured considerably and the services gained increasing acceptance and sophistication. The range of alternatives now available is a diverse, and often bewildering, array of programs, products, materials and tools delivered in many different modes and formats.

Few international human resource managers have not been approached by vendors of intercultural seminars, coaching, videotapes, simulations, workbooks, CDs and, more recently, on-line orientation programs. In addition to sorting through this cornucopia of options and assessing their potential payoff, buyers must present persuasive rationale to the decision-makers that approve the purchase of such services and products. Even HR managers who are fully convinced that a particular resource is worthwhile often face skepticism and resistance on the part of their colleagues. Therefore, they need to be able to make the case for intercultural services and products. The basic justifications hinge on doing the right thing for employees, partners, clients, and other stakeholders, plus, doing the smart thing for the benefit of the company or organization.

The “Common Sense” Appeal

International human resource managers generally recognize that employees functioning in different cultural settings require new knowledge, skills and attitudes in order to succeed at work and be happy in their new environments. Providers who promote the use of intercultural services and products sometimes insist that is just “common sense” to give people the tools they need to do their jobs well. Although it is difficult to disagree with this assertion, prospective purchasers generally need much more tangible and specific justifications that go beyond simplistic “common sense.” The following are a few of the major rationales.

¹ Further edited in 2004 at GROVEWELL to reflect this firm’s belief that *coaching* is the most effective intercultural service.

Human Impact

A familiar claim is that providing expatriate employees and their families cross-cultural coaching or training helps them avoid much of the suffering and stress that are part of the challenge of adapting to life and work in a foreign country. Settler International, a worldwide relocation assistance company, reports that the divorce rate among expatriates is forty percent higher than that of their domestic counterparts and their children have fifty percent higher school dropout rate. These statistics reflect the negative human impact an international assignment can have. There are abundant and sad stories brought home by returning expatriates to validate this concern.

Some of the symptoms of what is commonly called culture shock include:

- Negative feelings about the local culture and people including irritability, hostility, and defensiveness
- Homesickness, nervousness, depression, uncharacteristic mood swings, anxiety, and anger
- Withdrawal, heavy dependence, aggressiveness, domineering behavior, inappropriate attention-seeking
- Self-damaging behavior such as sexual adventurism and alcohol or drug abuse
- Indecisiveness, inflexibility, close-mindedness, hypersensitivity to criticism, impatience, and boastfulness
- Ridicule or excessive criticism of local counterparts and co-workers

Most of these unfortunate outcomes can be prevented or dramatically lessened with proper assessment, selection, counseling, coaching, training, and support.

Increased Acceptance and Usage

The use of intercultural services has steadily grown. A survey of major U.S. international firms by the Center for Research and Education in 1981 indicated that thirty-three percent of the respondents purchased intercultural programs for their outbound expatriates. Runzheimer International ten years later reported a figure of forty-three percent. The 2001 Global Relocation Trends Survey by GMAC Global Relocation Services, National Foreign Trade Council, and SHRM Global Forum reported sixty-nine percent of the one hundred fifty companies responding offer at least one day of cross-cultural training (fifty percent provide two days).

The fact that these programs have grown so rapidly in popularity reflects the conviction of the users that intercultural training meets a real need and offers a value-added contribution to their organization's and corporation's international endeavors and enterprises. Positive feedback from satisfied trainees has driven this dramatic expansion. The 2001 GMAC/NFTC/SHRM survey reported that eighty percent of the respondents rated their programs of "great or high" value. In 1998, Prudential Relocation International reported that eighty-nine percent of expatriates surveyed felt cross-cultural preparation should be made mandatory by their companies. The increased acceptance and usage of intercultural services is a strong "selling point" in their favor. Furthermore, failing to utilize a generally recognized asset may be ceding competitive advantage to those who do.

Protecting Investments at Risk

The cost of relocating employees and their families overseas represents a very large investment. The 2001 GMAC/NFTC/SHRM survey cited above reports that a single expatriate assignment costs a corporation an average of \$1.3 million. This figure is so large because it must take into account salaries, benefits, foreign assignment premiums plus international relocation fees, educational costs, housing, cost of living allowances and foreign taxes. For example, just the annual fees of the international high school in Geneva, Switzerland, range from \$18,000-\$20,000 per student.

If a family fails to adjust to their host-country and must be brought home prematurely, all the costs of sending them and supporting them abroad are wasted. In addition, new expenses are

required to prepare and send their replacements. Likewise, discouraged employees returning prematurely from international assignments drive up the cost of future deployments by giving the impression to other employees that expatriation is risky to one's career and reputation.

Estimates of expatriate attrition rates vary from five to forty percent with most in the twenty to thirty percent range. A survey conducted in 1999 by Cendant International Assignment Services found that of the three hundred companies they contacted, sixty-three percent reported failed expatriate assignments. What is clear is that even a single failed overseas assignment is exceedingly expensive and well worth preventing by proper selection, coaching or training, and support. Protecting the large investment at risk makes good business sense.

Avoiding Cross-Border Business Pitfalls

Another set of rationales for using intercultural services relates to employees who do business in other countries. They not only have to function competently within unfamiliar cultural environments, but they must also act as informal ambassadors. How well they play these two roles often determines the reputation and financial success of a company or organization overseas. If they fail, the cost of their trips and maintenance overseas is wasted. But the major loss is the lack of fulfillment of international business potential. "Horror stories" abound of cross-cultural incompetence contributing to the collapse of major cross-border ventures.

A dramatic example was the failure of Unidata, the European company formed to challenge IBM's domination of the global computer market. It was a high-profile alliance of Dutch, German, and French computer producers. Many multicultural business and technical teams were formed. After several years of acrimonious infighting, the entire venture was dissolved without launching a single product. Another memorable failure was the aborted joint venture of Siemens and Westinghouse. They planned to team up to sell a wide range of industrial automation and control systems worldwide. The project never survived the protracted negotiations. The announced cause, "lack of common ground between the partners," reveals serious cross-cultural misunderstanding and friction. A spectacular case in the automobile industry was the collapse of the proposed merger of the Renault and Volvo companies. According to the January 1994 issue of *Ward's Automotive International*, the deal failed due to "overwhelming cultural differences."

Giving employees intercultural business knowledge and skills and shaping appropriate attitudes through coaching or training can help them avoid the kind of pitfalls that caused these failures. Unfortunately, a survey by the American Society for Training and Development reported in the May 2000 issue of *Training & Development* that seventy percent of American businesspeople going abroad receive no cross-cultural preparation and that "American Companies suffer a more than \$2.5 billion loss yearly resulting from inadequate training and preparation of employees sent overseas." Considering the potential gain and the risk of prohibitive loss in these cases makes providing intercultural services seem like a sound decision.

Preventing Negative Images

Expatriates, international travelers, and home office staff who have cross-border roles and relationships need to create positive personal impressions on their counterparts in other cultures. Failure to do so often defeats their efforts and undermines the missions of their organizations and companies. In most instances, negative images are due to conflicting values and expectations that lead to misinterpretation of one's behaviors or intentions. Rarely are these images consciously or intentionally caused. Unfortunately, they are common.

For example, reactions from people in other countries strongly indicate that more intercultural preparation of U.S. personnel is required. A Czech businessperson is quoted in a February 26, 1997, *U.S.A Today* article as saying that he has seen co-workers driven to tears by the rugged management style of some U.S. companies. In her book *Management in Two Cultures*, Eva Kras quotes a local CFO of a U.S. company's operation in Mexico. He said, "I have great admiration for the technical knowledge and administrative skills of the North Americans. However, when they attempt to impose their methods on U.S., incredible problems arise and we all feel frustrated and resentful, but don't know what to do about it."

An article in the March 10, 1997, issue of *Forbes*, entitled "Damn Yankees," reveals the negative images of U.S. business people in eleven countries. A Colombian executive said, "What drives me crazy is the American need for information--right now! Americans are too straightforward, too direct." The senior vice president of a Japanese company adds, "We would do more business with Americans if there were more consistency, more trust." A Swiss CEO felt that American executives tend to oversell themselves and that they are sometimes too quick to make decisions.

It is neither accurate nor fair to exaggerate the poor image of U.S. people abroad. Many aspects of U.S. "cultural baggage" such as optimism, industriousness, inventiveness, decisiveness, enthusiasm, and friendliness are mentioned in positive ways. Nevertheless, it is worthwhile to be aware of the negative perceptions of foreign counterparts and to equip employees with sufficient intercultural savvy to avoid creating them.

Effectiveness of Intercultural Coaching and Training

Potential buyers of intercultural coaching or training typically ask, "Does it really work?" This is not an easy question to answer definitively because indisputable "hard" data are not available. However, there are a number of studies that strongly suggest these services are effective.

Rabi S. Bhagat and Kristin O. Prien summarized sixteen cross-cultural training studies from 1990 to 1993 in "Cross-Cultural Training in Organizational Contexts," in *Handbook of Intercultural Training, 2nd ed.*, Sage Publications, 1996. They described results such as "Employee perceptions of overseas assignments more positive and lower costs to organizations if training provided," "High levels of trainee retention," "Predeparture training has a significant, positive impact on organizational commitment," and "Individuals reporting more adequate training also report higher levels of job satisfaction." Their conclusion was that "some evidence suggests that training for expatriates will have beneficial consequences for the organization, the individual, and the members of the host country who will come into contact with the expatriate and his or her family."

In a 1991 article in *International Journal of Intercultural Relations (IJIR)*, J. Stewart Black and Mark Mendenhall reported that nine studies showed a positive relation between cross-cultural training and adjustment and that eleven of fifteen studies found a significant positive impact on expatriate performance. Researchers Satish Deshpande and Chockalingam Viswesvaran conducted a "meta analysis" designed to reduce possible margins of error and to control for differences in sampling procedures. They concluded in their 1992 IJIR article that, "Cross-cultural training has a strong and positive impact on cross-cultural skills development, cross-cultural adjustability, and job performance in individuals." They add, "Cross-cultural training in general is effective and this study should remove any doubts that corporate leaders have about the effects of cross-cultural training."

The 2002 Cigna International Expatriate Benefits, National Foreign Trade Council and WorldatWork survey of over seven hundred expatriates found that those who had cross-cultural services were three times as likely to rate their overseas assignments favorably.

Although these studies may not meet a skeptical manager's desire for "proof," collectively they do offer evidence that a reasonable and open-minded executive would find persuasive. This kind of evidence is important help reinforce the point that intercultural services do make a difference.

Global Executives' Testimonials

Shirley Fishman, Assistant Vice President for Executive and International Compensation at Northern Telecom expressed strong support for cross-cultural services. In the April 1, 1996, issue of *Canadian Business Review*, she described a custom-tailored predeparture program she observed for her company's expatriates bound for China. She noted that the overall satisfaction score from program evaluations was ninety-three percent and that the participants felt the training built their confidence and improved their preparedness.

Richard Jackson, Vice President of Personnel for Reynolds International was so pleased with the results of the cross-cultural services received by his company that he agreed to give a "testimonial" on his provider's marketing videotape. Describing a project in Venezuela involving large numbers of expatriates, he said, "We were having a rapid return rate to the United States. Once we got into the program, our return rate dropped to zero and our people made an easier adjustment to living and working in Venezuela." On the same videotape, Jim Fisher, Expatriate Program Coordinator for General Motors said that his company's expatriates always gave positive feedback following the programs.

The Vice President for Organization and Management Development for a major multinational soft drink manufacturer, monitored expatriate attrition rates during the 1990s when his company began using a combination of structured selection procedures and predeparture cross-cultural training. He reported that there were no early returns due to cultural adjustment problems in 223 international assignments. Virginia Hollis, Vice President CIGNA International Expatriate Benefits, stated in a May 23, 2001 news release, "Companies have to spend a little more to take good care of expatriates, but it's a drop in the bucket compared to losing good people." Using testimonials these is an excellent way to convince reluctant or skeptical decision-makers of the value of intercultural coaching and training.

Conclusion

Human Resource managers who seek to present the rationale for intercultural coaching and training can be optimistic and confident. Time is on their side. The inexorable process of globalization will make the need ever more obvious. The evidence in favor of using these resources will be increasingly conclusive as more rigorous research results become available. The growing diversity of the global workforce will generate new supporters who understand and appreciate the importance of these tools in the workplace.



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