

The Value of **Cultural Competence**

Culturally competent employees are the difference between successful global operations and gridlock, angst and disappointment.

By Neal Goodman

What would a typical chief diversity officer say if the CEO asked, "How is the office of diversity and inclusion helping us penetrate emerging markets?" Few CDOs have a full suite of solutions, but they can provide strategic guidance to help their organizations meet the growing challenges of global expansion.

There are numerous cases where a lack of understanding about cultural norms resulted in mistrust and failed business opportunities. For example, high sales of Mattel's Barbie doll in China did not materialize as expected. Part of the problem was that the Chinese prefer cute dolls like Hello Kitty rather than the sexier Barbie. In Japan, eBay did not generate expected sales because leaders did not take into account that the Japanese prefer to pay with cash.

Cultural competence can be a critical piece of a diversity and inclusion platform because employees, suppliers and markets are more global than in the past. Cultural competence can help employees from different cultures see scenarios from multiple perspectives and encourages them to ask the right questions. The rewards are increased productivity, innovation and sales.

The New Reality

A geographically dispersed, culturally diverse workforce and marketplace is the new reality. Global businesses and organizations need culturally competent members and an environment that promotes mutual respect and creative collaboration to derive the most from their talent.

Roy Chua of Harvard's research on creativity and innovation and the book *The Innovator's DNA* by Jeffrey Dyer, Hal Gregersen, and Clayton Christensen conclude that employees with multi-cultural social networks



and exposure to other cultures are more creative and likely to come up with innovations for their organizations. However, exposure alone does not make this happen.

Exposure to new cultures and to multicultural social networks and teams is more likely to have positive consequences if those involved have been properly trained to understand and appreciate fundamental cultural differences and values that impact workplace relationships. Factors such as communication style, management style and approaches to diversity and inclusion are as varied as cultures.

The chief diversity officer must become a major advocate of cultural competence and build alliances with all leaders across the organization who support associates, vendors, markets and clients from diverse cultures. The office of diversity and inclusion should be a center of excellence for cultural competence.

To learn how to design and execute cultural competence programs as a key element of diversity and inclusion initiatives, here are some practices from culturally competent organizations.

Build cultural competence into employees' professional development goals.

Organizations such as Johnson & Johnson and Hilton Hotels & Resorts that use a competency-based professional development assessment process have added cultural competence or global mindset to their list of required competencies. Even without such a mandate, increasingly, companies such as Novartis and American Express are offering a basic cross-cultural competence course to all employees at all levels. A core course to meet this requirement should cover:

- Cultural awareness of self and others.
- The consequences of cultural assumptions.
- Ways to promote effective working relations.
- Styles of doing business around the world.
- Cultural differences in communication styles.
- The impact of virtual communications on intercultural understanding.
- An overview for each major region.
- An action planning session with clear timelines and metrics to implement the new practices based on a culturally competent platform.

Most programs also feature a cross-cultural diagnostic assessment tool that allows participants to gauge their cultural

style and a process to develop strategies to bridge cultural differences. Often the diagnostic tools are completed prior to a program, and the participants bring their results with them. Or, the diagnostic tool is done live, and the results are immediately posted for all to see.

Create country- or culture-specific expertise and training. Employees working with specific countries need in-depth, cross-cultural training on the nuances of the relevant cultures, including:

- Communication style.
- Approaches to risk-taking.
- Negotiation style.
- Ways to promote effective working relations with representatives of the country, contrasting styles of doing business between each of the relevant countries.
- An in-depth regional and historical overview of the country and its relationship to its neighbors.
- Functional topics as needed such as labor unions, quality/standards, work habits, intellectual property and holidays.

Companies such as Dolby Laboratories, ConocoPhillips and Novartis have such programs on countries ranging from China, the U.S., The Netherlands, India, Brazil and Saudi Arabia.

Build global cultural competence into the leadership track. By now all diversity departments should have a strategic leadership track or program to address the developmental needs of current and potential leaders. If they don't, they need to put this in place first, and cultural competence can help make the case.

The key role for the office of diversity and inclusion is to create a track for global leadership, which requires unique competencies.

Global leaders need to be able to create personal and organizational action plans for effective intercultural leadership in the global/virtual workplace. This includes not only an understanding of globalization, diversity and cross-cultural differences, but also an intuitive grasp of the areas in which misunderstandings are likely to occur so leaders can proactively forecast and develop appropriate strategies.

An effective global leader must be able to view the same situation from multiple perspectives simultaneously to respond effectively to each culture's needs. Global leaders must demonstrate an inclusive, collaborative style that enhances open dialogue with local leaders. They must do more listening than commanding.

A good example of this is the Genesis Park program at PricewaterhouseCoopers (PwC). In this program, cohorts of 50 future PwC leaders from more than 20 countries are

On the Web

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brought to a foreign country for 10 weeks and taught how to use cultural competence to work in multicultural teams, build skills they will need as leaders and explore the country.

Global leadership and cultural competence courses are a key element, but also can be a starting point. Making in-

How to Work Together When Cultures Are Far Apart

There are several core cultural differences that impact working relationships. They include:

- Attitude toward hierarchy.
- Attitude toward time and relationships.
- Future or past orientation.
- Preference for risk taking.
- Direct versus indirect communication styles.
- Preference for group versus individual behavior and recognition.
- Attitudes toward the fairness of applying the same rules to all people equally.
- Action oriented versus being oriented.

Understanding these tendencies and learning how to effectively bridge them fosters inclusion in the workplace and excellence in the marketplace. «

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ternational assignments a requisite for a leadership position makes sense in today's global economy.

Link international assignee development programs to diversity and inclusion initiatives. Most international assignees bring a vast amount of cultural wisdom that is rarely tapped by diversity executives.

Further, all expatriates and their family members need in-depth cross-cultural training on working and living in their host countries; this is usually provided before or after the expatriate leaves for the new country. Chevron-Phillips Chemical Co. trains its expats before they leave on assignment or conducts training in the host country.

While the training is best done in person, Skype and other technologies can be used. The expats will need to learn the cultural nuances of their host country, ways to promote effective relations, an in-depth understanding of the country and region, an understanding of how to balance local versus headquarters requirements, strategies to deal with culture shock and an understanding of how diversity and inclusion are practiced in the host country.

Rather than training just the outgoing expats and their families to adapt to their new host culture, cultural diversity training can be provided to the receiving manager, after which the receiving manager and assignee would have an alignment meeting. There would then be an alignment meeting between the assignee and her or his new team. Finally the assignee would be coached during the assignment and the best practices would be captured for all to share. This is driven by the office of diversity and inclusion in companies such as Dow Chemical Co.

Four Ways to Build Trust

To date, there is no substitute for in-person meetings to solidify trust. A firm handshake and a genuine smile are indicators of a leader's sincere effort to build connections and trust in North America. When working across borders, managers must determine the gestures, words and protocol to use to establish and maintain trust.

High-trust relationships build confidence between partners and produce easier conversations, win-win propositions and greater productivity, innovation and engagement. Low trust can cause tension between collaborators and usually can be traced back to a miscommunication, misunderstanding or gap in behavioral expectations.

To build a trusting working relationship across borders, a leader must consider his or her character and competency. Character is the demonstration of integrity, good intent and clear expectations and can be exemplified in the phrase "doing the right thing." Competency is the manifestation of one's talents, skills and abilities and is

about "doing things right."

Cultural competency is about enhancing self-awareness and creating "other-awareness": acknowledging that differences across cultures exist, can be understood and can be used to bridge differences in a respectful, non-threatening way and to form operational agreements that reflect mutually beneficial adaptations.

The four skills of cultural competency are:

- **Cultural due diligence:** Adequately assessing and preparing for the possible effects of culture in preparation for a venture or engagement.
- **Style switching:** The ability to use a broad and flexible repertoire of cultural behavioral skills based on the situation.
- **Cultural dialogue:** The capability to illuminate cultural underpinnings of behavior and performance, close cultural gaps and create cultural synergy through conversation.

Train diverse intercultural teams in concert. Diversity and inclusion can play a pivotal role in the success of multicultural teams. Diverse insights and perspectives can help teams uncover hidden cultural biases and stereotyping that may impact their work and relationships. Cross-cultural competency team-building programs can help to avoid misunderstandings and to establish team trust in the formative stages of team development.

Programs should discuss:

- Team members' mutual perceptions.
- Setting global standards for roles, responsibility, accountability, and leadership and management styles.
- Establishing protocol for virtual and face-to-face communication styles and the development of a communication plan.

Novartis was putting together an IT team made up of employees from the U.S. and India for a three-month project. After the first three weeks, the director of the program wanted to cancel it due to poor results. Instead, one of the cultural diversity specialists brought in a cross-cultural team-building organization to help the team members realize they have different work habits. Americans would ask the Indians to perform a task and once done the Indians would wait to be told what to do next, while the Americans were expecting the Indians to come to them once the task was done. After a day-and-a-half-long cultural competency team-building program, the project was back on schedule.

Strategically utilize employee resource or affinity groups.

Most companies include senior leadership in affinity groups and work closely with these groups on everything from re-

cruiting and retention to marketing strategy for relevant target customer audiences.

IBM, American Express, Eli Lilly and Merck have an excellent track record in globalizing their ERGs, and their companies profit from the input. One Eli Lilly group helped to identify doctors in underserved communities who could nominate patients for clinical trials where these populations were underrepresented.

Compile, organize and share collective cultural intelligence. Corporate intranets, diversity websites and other central repositories can be used to pool an organization's collective cultural intelligence. These Web-based interactive resources should have practical information on all relevant cultures, industry-specific case studies and company-specific intelligence. Further, they should enable and encourage interaction across teams and practices to leverage that intelligence.

Pharmaceutical company Sanofi compiled a cultural diversity profile on each of the major countries where it operates and used the system to capture case studies and best practices so employees working across cultures could learn from each other.

Ensuring employees are culturally competent can mean the difference between successful global operations and gridlock, angst and disappointment. «

Neal Goodman is the president of Global Dynamics, a cross-cultural training, expatriate services and global leadership coaching provider. He can be reached at editor@diversity-executive.com.