

# The Neglected Role of Cultural Sensitivity in International Business

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Companies expanding globally, and the search firms recruiting executives for these global enterprises, face two problems: identifying the attributes of a successful global manager, and finding executives with those attributes.

Executives entrusted with overseas or foreign responsibilities have usually been selected on fairly obvious criteria: language ability, ethnic origin, or the much sought-after record of international experience. Thus international search has been defined by, for example, recruiting a Polish émigré in Montreal to work for a French company's office in Moscow. And such executives, everyone agrees, are scarce.

Yet the checkered performance of trans-border business and the continued frustrations experienced by many global managers suggest that the selection criteria applied to global business management are missing something.

## **A Shifting Profile: Global to Cross-Cultural**

Today's global business is evolving. The traditional bases on which companies have expanded into foreign markets – technological innovation, cost advantage, capital backing, and in some cases, political-military influence – are no longer readily or unilaterally available to any one competitor.

Markets are crowded with competitors from different corners of the globe, each armed with decreasing competitive advantages. As a result, collaboration among foreign partners is becoming more frequent. Even the universal brand has come under assault: "local conditions" in individual markets are increasingly defining the design and marketing of global products.

In today's global markets, the unique value systems and behavior patterns – what we call culture – of business partners and customers play a critical role both in day-to-day operations and strategy. Consequently, globally competing companies need and seek the cross-cultural manager.

Two characteristics define the cross-cultural manager: first, the ability to perceive subtle, but profound, differences in cultural values and behaviors among all stakeholders (business partners, employees, bosses, vendors, and customers), and second, the ability to maneuver through these cultural differences with sensitivity, tolerance, and agility.

Companies that do not recognize the importance of cultural differences and the implications for the cross-cultural profile of global management will continue to experience a high failure rate in cross-border partnerships and expansions. Moreover, such companies will not reap the additional benefits that cross-cultural managers can contribute toward transforming domestic businesses to meet the challenge of diversity in the U.S. workplace.

## **Understanding Cultural Differences**

Our experience in international search and selection at Rurak & Associates has led us to compile a set of "dualities" – diametrically opposed values that crystallize the differences in assumptions and behavior among different cultures. Understanding these differences helps us, our clients, and our candidates to be more sensitive in managing cross-cultural relationships. The following four are examples:

*Contract vs. Trust:* Americans expect to bind an agreement on paper. A contract is the goal in virtually all our business dealings. The U.S. is a legalistic nation. We have always codified our societal arrangements on paper, starting with the Mayflower Compact and the Constitution, whose ongoing interpretation is permanently entrusted to one of the three anchors of government: the Supreme Court. By contrast, many other cultures view the written contract as the culmination of a process of defining and building trust. For many non-American cultures, the contract is not the goal, but the consequence, or the derivative, of an evolving relationship. Foreign business partners come from societies less perfect in terms of contractual continuity. Constitutions change, sometimes frequently. France, for example, has had five Republics founded on separate constitutions in as many years as the U.S. has had one. And, in this century alone, Russia has had four constitutions under the communists and a fifth dramatically disregarded by Yeltsin.

A contract, even a social contract that defines the very foundation of all political and commercial life, can easily be perceived as ephemeral in many foreign countries.

*Pragmatism vs. Ideology:* Americans have a reputation for pragmatism and a talent for implementation: “Go for it” epitomizes the drive to act and to accomplish quickly. From grass roots activities – car pools, babysitting co-ops, and neighborhood block parties – to nationwide mobilizations like MADD, Americans organize easily and effectively. More importantly, we organize spontaneously and unhierarchically. Team work is a ubiquitous concept in American life and is seen as a critical ingredient to success. But, teams, which enjoy such popularity in our commercial and social lives, are effective because Americans enjoy homogeneity of cultural assumptions. After all, 70 percent of our population considers itself belonging to the same, broadly-defined middle class.

By contrast, our foreign counterparts seem rigid and brittle in their organizations, pigeonholed in paternalistic, hierarchical structures that move slowly and very rarely “go for it.” Foreign societies with feudal heritages have not experienced the leveling struggle with a frontier. What is far more common outside the U.S. (and Japan) are societies with plural and competing value systems. The scores of political parties in Italy, the divisive clashes of “isms” in this century, and the Berlin Wall (that separated an East desperate for economic development and a West rich with assets to invest) are symptomatic of how competing value systems or ideologies, set deep in history, can erect barriers to what would otherwise be rational economic imperatives. Ideologies obstruct Adam Smith’s “invisible hand” which Americans have taken for granted.

*Individual vs. Collectivity:* The U.S. idolizes the rugged individual: the lonely, but resourceful entrepreneur and the intrepid iconoclast. We have many variations of the same image: John Wayne as the rugged, righteous frontiersman; Steve Jobs, the lonely but resourceful entrepreneur; Bill Gates, the unconventional, path-breaking individualist; and the somewhat dated original model for them all, Horatio Alger, the upwardly mobile success story based on hard work. The U.S. concentrates power, in both corporate and political life, in the individual more than we sometimes admit.

Many cultures, however, have established traditions of diffusing power and of shifting alliances among various participants. Decision-making is rarely embodied in one easily identifiable individual. The existence of the group above the individual is more important. To the outside, such collective and diffused decision-making can seem ambiguous and, worse still, perfunctory.

*Social Darwinism vs. Homeostasis:* The U.S. applauds competition and its resultant tumult as the dynamic of vibrancy and growth. Change is desired and promoted.

Our job tenures fluctuate around an average of three years. Career advancement is premised on frequent changes in jobs, employers, and locations. Americans have an almost boundless faith in progress, improvement, and self-betterment. Foreign cultures, however, often have had to wage monumental struggles to achieve and preserve stability. Stability, and often longevity as its symbol, are synonymous with survival. When a competitor in many foreign countries fails, it is seen as a loss to society, not as a lesson learned through failure or a redeployment of economic assets. Changes in products, even with powerful marketing hype, can in some cultures be interpreted not as improvements, but as admissions of failure.

Thinking through these dualities can sensitize an individual to the differences in culture that can divide or obstruct relationships. In some cases, these dualities can also serve as a “scorecard” by which to assess an executive’s sensitivity, timing, style, and approach to relationships in foreign cultures – abilities that transcend the traditional linguistic knowledge and specific market experience.

### **Building Cross Cultural Capability**

Improved assessment and selection techniques are, of course, only part of the solution. To address the critical shortage of cross-cultural management skills, companies must act not only to heighten managerial sensitivity to culture, but also to expand the supply of cross-cultural managers.

On a strategic level, top management must first recognize that “the global village” is not yet a reality. A common business culture does not yet exist to simplify international business proceedings. Because much of the technical language of business is American in origin, and almost universally used, many executives are misled into thinking that the value assumptions behind this language and its business concepts are also shared or

universal. Second, once cultural differences are recognized to be real and important, top management must lead the charge for transitioning their businesses into more diverse and adaptable organizations, populated with the necessary critical mass of cross-cultural managers. And third, top management must guide these initiatives recognizing that cross-cultural management skills are critical beyond the global competitive imperative. They are necessary to raising corporate-wide standards of management behavior, performance, and vision particularly in light of the diversity challenge. For, diversity at home is the cousin to global cross-cultural management.

On the tactical level, Human Resources executives must support the expatriate skills they have already in-house. Too often, executives who have returned from overseas postings find no job upon their return. Too often, the communication between expatriate managers and their colleagues at HQ is neglected. Keeping international assignments in the “fast-track” and strengthening that “track” with attractive career steps that not only reward, but also utilize, the skills acquired overseas will pull in the best of the brightest, some of whom may not have an innate interest in overseas or international jobs.

For our part, the executive search community must go beyond the conventional criteria – the empirical record, the familiarity with customs, and even the knowledge of a particular language or market – to help our clients find executives whose sensitivity to cultural values and differences and whose adaptability, resiliency, and inclusiveness in management style will contribute to managing borderless and culturally diverse businesses. For as borders disappear, diversity both at home and abroad will multiply.

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