

Intercultural Competence Will Save the Day

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Editors' Note: A U.S. headquartered company the author calls MFM Inc. sure wasn't ready for the breakdowns that proliferated between their Polish and Indian teams when it established a global research and customer service center in Eastern Europe with support from the few-years-old Indian center.

The India-Poland teams at MFM partnered and shared in revenue goals as well as project deliverables. Over time, the myriad cultural misunderstandings emerging between the Polish and Indian team members led to missed deliverables and quality gaps that had customers complaining to MFM's senior business leaders.

Things got so bad, in fact, that on conference calls with the customer the Polish and Indian members of MFM openly argued with one another.

This was a case of cultural differences being much more than about dietary preferences between kielbasa or chapatti. In fact, the differences were so profound they went beyond interpersonal dislikes. The lack of understanding and the inability to manage the diversity of this global team was undermining the company's ability to deliver on business promises.

Today's wild economic globalization is generating hundreds of thousands of business interactions across cultures that are simmering under the surface or blowing up in major conflagrations. This is as true for U.S.- and European-based multinationals as it is for the multinationals rising out of the emerging countries.

Of course, diversity and inclusion strategies and practices come into play as D&I contextualizes itself to address global diversity issues. But, let us make it plain: Without intercultural competence to manage these differences, both diversity and inclusion and the business practices they are intended to support will fail.

But those who seize the need to build the intercultural competence of their employees and to embed it into their systems and processes will have a powerful competitive advantage, argues chapter author Monica Francois Marcel.

Here she explains the business case for intercultural competence and how to go about developing it throughout organizations.

Business case for intercultural competence

The best way to illustrate why intercultural competence will save the day for global companies is to review the case study of a multinational that nearly failed, and yet is now soaring because it turned its initial neglect of intercultural competence into a cornerstone of its entire globalization strategy.

See if this sounds familiar: After the dysfunctions began to take their toll at MFM, the company conducted a cultural audit through a series of interviews with the Indian and Polish team. The audit surfaced story after story of not only cultural misunderstandings, but also mistrust and project breakdowns. The common reciprocal complaints heard were the

Poles mistrusting the quality of their Indian counterparts' contributions, and the Indians finding the communication style of their Polish counterparts overly harsh, at times even demoralizing.

Ironically, many of the India-Poland cross-border issues uncovered were reminiscent of what MFM had experienced in the early years of opening its India-U.S. collaborations. Then, as now, the data revealed that a profound lack of understanding was present regarding the local context of one's cross-border team members at MFM, regardless of whether that team member sat in Poland, India, or the United States. And in the misunderstanding, judgmental stereotyping was running rampant.

If this part of the MFM case frames what it looks like when a company is operating without intercultural competence, what then does it look like *with* intercultural competence? Before we go further, let's define, *intercultural competence*. In his book, *The Inclusion Paradox*, Andres Tapia lays out the following definition: "The ability to discern and take into account ones' own and others' worldviews, to be able to solve problems, make decisions, and resolve conflicts in ways that optimize cultural differences for better, longer lasting, and more creative solutions." Looking at intercultural competence in this context, we see it as skill-based, long term in nature, and focusing on aptitude over attitude. When truly embedded in an individual or an organization, intercultural competence becomes sustainable and portable across contexts; once built it can be leveraged in any new cultures encountered.

Consider again MFM's crosscultural experiences—first with India, and then during new experiences with Poland. When it first began operating in India several years earlier, MFM had experienced a series of crosscultural breakdowns between all its U.S.-India teams almost identical to the ones that surfaced years later between the Polish and the India teams.

After undergoing quite a bit of relational and business pain in establishing its India center, MFM realized it needed to build intercultural competence deeply into the organization. So MFM engaged its India-based and U.S.-based business leaders to help set strategic priorities in partnership with the company's global chief diversity officer.

MFM worked at defining what cultural competence would look like for everyone, from individual contributors to project managers to people managers to business leaders in both the United States and India. A multi-stage framework for measuring culturally competent behaviors was also put in place, and members of these India-U.S. cross-cultural teams were prioritized for intercultural competence building initiatives as they were put together and launched. The result was a much improved atmosphere of collaboration for teams that held through all initiatives.

Ironically, this powerful lesson did not carry over seamlessly when the center was opened in Poland. The Americans actually *did* pay attention to their own cultural competence in relating to the Poles, similar to the way they learned to relate to the Indian teams. But their blind spot was not taking into account the horizontal cultural dynamics between the Poles and the Indians!

Despite initially being caught off-guard, once it had its déjà-vu moment, MFM was able to quickly mobilize and leverage for the India-Poland team the cultural tools and frameworks

built for and proven successful earlier for the U.S.-India teams. Precisely because MFM had already put these intercultural competence, tools, and processes in place organizationally, MFM was able to deploy its strategy for building intercultural competence with Poland much *earlier* in the lifecycle of that operation, and much more quickly, than was true with the launch of the India Center.

This shorter turnaround time for the Poland project resulted largely from the portable nature and sustainable quality of the intercultural strategy MFM had built. The organizational frame for building intercultural competence was readily adapted to help MFM succeed with whatever “new” culture—in this case, Poland—it was now absorbing into the larger global operation.

Building Intercultural Competence

Inventorying the critical “mix” of cultures that impact your global organization is an important step, as is clarifying what it means for your organization to navigate its particular cultural mix with competence. In MFM’s story, the role of national culture differences revealed themselves clearly as the managers and teams in the United States, Poland, and India each tended to apply their own national worldviews and contexts, without necessarily considering or addressing the conflicting needs of the other cultures involved.

A few companies equate “culture” with *nationality*, as in the nationality of the headquarters operations or the national origin of its global workforce. Best practice companies, however, know a multitude of cultures that go beyond national cultures impact any organization both internally and externally. These cultures can be organizational cultures, generational, regional, LGBT, gender, religious, language-based, nation of origin, ethnic cultures, etc. Understanding how to successfully navigate these various cultures is an imperative for surviving first, then thriving, in today’s diverse, global marketplace.

Examples of cultural groups typically having a major impact on global companies are provided in Tables A and B. Table A shares how cultures external to the organization (for example, the marketplace or customer base) can impact business goals, and Table B shares examples of how cultures internal to the organization can have an impact.

Table A: Cultures impacting a company’s external business case for intercultural competence

Cultural Group	Example of culture’s impact on the company’s business case	Example of business opportunity present if intercultural competence is leveraged with this cultural group
Gender	<i>Buying power of Asian-American professional women is at an all time high</i>	<i>A study of cultural influences shaping this group’s buying patterns, or focus groups with customers representing this demographic, is used to uncover market segment strategies.</i>
Regional:	<i>Low brand identification among Quebecois customers in Canada</i>	<i>French-language based television advertising and marketing campaigns are added to those in English, to build brand recognition and increase nationwide market penetration.</i>
Sexual Orientation:	<i>The UK’s LGBT community presents an opportunity to gain customer loyalty without impacting other market segments in a negative way</i>	<i>Promotions (LGBT loyalty rates), targeted advertising in national gay publications, and charitable contributions are used to anchor LGBT-friendly initiatives. LGBT sensitivity training is launched (from managers to front line.)</i>

Table B: Cultures impacting a company’s internal business case for intercultural competence

Cultural Group	Example of culture’s impact on the company’s business case	Example of business opportunity present if intercultural competence is leveraged with this cultural group
Organizational:	<i>Leadership from the acquired company has been trained to value work styles that conflict with the acquiring company’s corporate culture</i>	<i>Due diligence is done to identify cultural gaps in what constitutes ‘good performance’ in both companies, then a task force including members of the legacy organization is charged with updating and implementing new leadership expectations that bridge the corporate culture gap</i>
Regional Origin:	<i>Salespeople from northern India face obstacles selling to customers in Southern India</i>	<i>Salespeople based in Southern India prep colleagues from Delhi prior to customer visits to familiarize them with the local requirements and key phrases in the local language</i>
Generation:	<i>Annual turnover of high potential employees under age 30 in China is more than 60 percent a year in some industries</i>	<i>Young, high-potentials are targeted for training and development opportunities with a minimum commitment to ongoing employment required upon their return</i>
Nation of Origin:	<i>More than a dozen national cultures are represented at a particular UAE location of a Danish-headquartered company, and each group would like to have celebrations on the day of their national holidays</i>	<i>An HR team (or employee resource group) is created to recommend options for HR and leave policies that allow for employee flex days as needed; reward and recognition budgets are aligned to celebrate key holidays during working hours</i>
Religion:	<i>Top performers who are Muslim and who wear head garb have been leaving a German company and joining the competition</i>	<i>Network groups and mentoring programs are established to help retain top performers from the Muslim community and help them identify visible career paths</i>
Ethnic:	<i>Manager candidates in South Africa are increasingly available from the black African population, a group whose members the company has not sought out in the past</i>	<i>Black Africans are recruited aggressively in order to make the company an employer of choice with this important segment of the local workforce</i>

Once the business case and particular cultural mix have been identified, best practice companies also focus on communicating a clear message regarding the importance of intercultural competence within the organization. CEO townhalls, blogs, newsletters, and intranet channels are used to deliver the message both internally and externally (for example, to customers, suppliers, industry leaders, and talent recruiters). These communications need to have a compelling answer to the following questions:

- What is the opportunity (or business case) for building and leveraging intercultural competence—in financial terms and in qualitative/differentiation terms?
- Why will the company invest significant amounts of time and money on building and then sustaining intercultural competence?
- What will company priorities be regarding cultural understanding—different business units, different locations, different staff levels?

With the commitment and goals of intercultural competence clear to all—there are two seemingly contradictory rules for building intercultural competence in a global

organization. But both rules are true, and the key lies in understanding the nuance between the two:

1. Rule #1—Training is but one way to build intercultural competence, and often is overemphasized.
2. Rule #2—Training is critical. You can't achieve any meaningful level of intercultural competence without it.

Training is critical, but it must be the right amount and right kind of training, and the tipping point must be carefully monitored. Beyond training, best practice organizations build intercultural competence by tapping into on-the-job experiences that deliver meaningful crosscultural encounters, and by introducing intercultural competence as a framework for making operational decisions.

Cultural competence in key functional areas can provide powerful reach within an organization. Consider, for example, the pivotal role and thus, the positive impact of culturally competent recruiters and hiring managers, culturally competent sales people and compliance officers, or culturally competent people managers or project leads. By creating a link to a company's operational and organizational development frameworks, intercultural competence can be promoted in ways that extend the reach far beyond what a half-day or even week long training session can do. See Sidebars B and C for more examples of how best practice companies have embedded intercultural competence into an organization's DNA and business practices. Rather than just learning some tidbits about another culture, the name of the game is deep application of intercultural competence to enhance and evolve business and human resources processes to meet today's new marketplace and global diversity talent challenges.

Alongside these embedded approaches, training is critical to building intercultural competence.

Let's explore what a holistic learning and development (L&D) five-dimensional framework looks like for building, leveraging, and sustaining intercultural competence across an organization:

1. **Recognize that everyone needs intercultural competence.** We are all cultural beings, with identities that represent a blend of the cultural groups we belong to (national, organizational, regional, gender, etc.). Most people also are more likely than not to perceive their own cultural experiences as more real than others—sometimes so much so that they fail to 'see' their own culture as culture at all, but rather as 'just the way things are.' This introduces both blind spots and opportunities for growth.

Thus, a solid framework for building, leveraging, and sustaining intercultural competence begins with the concept that everyone needs intercultural competence and everyone—even the most experienced—should participate in helping the organization to build capacity in this area. Best practice organizations are sure to include a role for everyone in the L&D strategy, from individual contributors to project managers and from people managers to business leaders, and even senior executives and sometimes board members.

2. **Segment audiences and determine the desired behavioral outcomes.** For example, many companies segment their intercultural competence-related L&D efforts by level, business unit, geography, and role. For each segment, they then determine what culturally competent behaviors look like in your organization for this segment.
3. **Set priorities based on the organization’s business case for intercultural competence.** Priorities will dictate where to target L&D resources first to produce the greatest organizational impact. For example, many companies tend to start rolling out intercultural competence training with:
 - ...business leaders and managers, before the general population. In this way, managers experience the learning and frameworks before their direct reports, and are better positioned to positively reinforce key concepts and ensure they are applied on the job.
 - ...headquarters country operations, thereby modeling the need for intercultural competence and also making primary the need to identify where headquarter-centric approaches may permeate an organization’s corporate culture and undermine efforts at true cross-cultural collaboration and inclusion.
 - ...newly opening locations, where opportunities to introduce goals for intercultural competence can be embedded into other onboarding messages.
 - ...particular business units or particular roles, where intercultural competence might prove a particular advantage. For example, some companies prioritize cultural training for teams involved in product or regulatory approvals in new world regions, or those charged with seeking out (and understanding) opportunities presented by new or emerging market segments.
4. **Define requirements and content for intercultural competence-building programs.** What are the necessary learning outcomes, and what are the knowledge, skills, and abilities (KSAs) that will be at the core of any content? Also consider what can be assumed regarding prerequisites and knowledge builds for these groups. Attention to these questions helps companies make decisions regarding what programs are needed, and whether their organization is best positioned to design its own, leverage existing programs, or go out to the intercultural marketplace to find the required solutions.
5. **Develop a plan to include lower priority targets in the L&D strategy, to ensure they are not left behind or “forgotten.”** Where might there be opportunities, for example, to infuse intercultural competence frameworks into existing L&D programs, such as new employee orientation, sales training, or annual code of conduct e-learning? The principle that “everyone needs intercultural competence” remains true even for people in the organization who are not prioritized for L&D initiatives.

Managing the dilemma of local and global contexts for intercultural competence

At times a company’s global standards do not resonate with the local context, and vice versa. Best practice organizations learn how to successfully manage the dilemma posed by

simultaneous local and global contexts, and know managing this dilemma is a critical step in building sustainable intercultural competence.

We will explore this concept with the example of non-discrimination policies regarding LGBT employees. As many countries have no or limited protections for members of the LGBT communities, some companies might fear being perceived as ‘too ethnocentric’ when implementing global standards regarding respect for its workplace- and customer-based members of the LGBT community. Best practice organizations tend to position respect for the LGBT community as part of the company’s core corporate values—which may be a different standard than the local context, but which is nonetheless part of the company’s global business case for successfully including any and all cultures (including LGBT cultures) having an important impact on the company’s business objectives for its workplace and customer-base. If conditions are not conducive to exploring other issues that some find sensitive in a local culture context (for example, race, gender, class, religion, immigration status)—these themes can likewise be carefully and successfully explored by best practice organizations when positioned as part of the company’s global business case for diversity, inclusion, and cultural competence.

Let’s return a final time to the MFM case study to explore other aspects of managing the global versus local dilemma facing many companies. When MFM started operations in India and Poland, much about the global corporate culture appealed to the local workforce and was eagerly adopted; MFM’s prestigious brand and well-tested systems provided a strong structure around which these newer operations in India and Poland could grow.

Still, other corporate initiatives soon revealed themselves as not so much ‘global,’ but as having a U.S.-headquarters bias. This bias went previously unnoticed since so much of MFM’s global operations were heavily centered in North America. But with a critical mass of employees now located in other world regions, certain ethnocentric policies and standards started to emerge. For example, in interviews with employees from Poland it was revealed that a U.S. manager, who was accustomed to requiring overtime in North America to meet client deadlines, now required his team in Poland to work over their Easter weekend. However unpalatable working over Easter weekend may have been to many in North America, it was neither illegal nor unfathomable. But to MFM’s Poland operation, it was unfathomable, unreasonable, and unheard of. The backlash from this ethnocentric U.S. manager’s consequences was profound, leaving Polish members to report feeling overworked and undervalued. This inevitably spilled over to escalate the conflict brewing with their India-based counterparts.

After rounds of training and other programming designed to build intercultural competence across the organization, employees began surfacing other areas where MFM’s global corporate culture revealed itself as somewhat U.S.-centric and in conflict with local conditions. Armed with growing levels of intercultural competence, MFM’s global business leadership began using an Indian or Polish cultural filter or ‘lens’ to review operational and policy decisions and explore necessary modifications, before institutionalizing them in the new locations—everything from performance management systems and career paths, to shared services and employee transportation was assessed for how the MFM global standard would play out locally. For example, after a review of the traditional career ladders and promotion systems in place for many years with one business unit, modifications to these career paths were made in India to allow for faster step increases than were the norm in the United States or Canada, a necessity given local Indian market conditions. Many other

such modifications were made as MFM sought to apply its growing organizational intercultural competence to be more successful and competitive globally.

The MFM experience demonstrates several best practices, such as leveraging local representatives (presently in-country) to point out cultural gaps between global corporate standards and local needs. Such knowledgeable in-country partners are well-suited to support strategies for building intercultural competence that is sustainable and effective in supporting the business case.

Enablers of Intercultural Competence

Let us close this chapter with a look at “enablers.” These are tools and best practices that companies have used with repeated success in their journeys to build, leverage, and sustain organizational levels of intercultural competence.

- Using the Intercultural Development Inventory® (IDI) with an individual, team, line of business, or entire organization. The IDI’s primary differentiator with regard to supporting intercultural competence is its scientific method of framing blind spots in one’s perception and one’s behaviors when experiencing cultural differences.
- Embedding intercultural competence into organizational development and change management initiatives, for example, when opening new locations, acquiring other companies, or shifting workers from central office locations to home-based offices. Such situations provide tremendous opportunity to leverage the benefits of intercultural competence for the organization.
- Putting intercultural competence related targets into your performance management system and measuring against and/or rewarding against hitting those targets. One company we worked with required managers to develop individual ‘SMART’ goals to which they were required to hold themselves accountable during annual development and performance review cycles with their people manager. Another organization provided a list of “interculturally competent behaviors” aligned with the different parts of the company’s global competency model, and asked managers and team members to choose behaviors that would be their priority action items for the coming quarter.
- Never assuming a particular region or business unit should be exempt from developing intercultural competence because it sees no compelling business case for it (when, more likely, it lacks the tools or skills to articulate such). One company allowed a certain division to go for years without enrolling in the world class programs it was offering to build intercultural competence. As a result, when members of this division found themselves inevitably moving to different roles in the organization their aptitude for working with cultural differences was far below that of their peer group and direct reports.
- Being careful not to train individual contributors before their managers. When this does happen, managers are left in no position to support or enable team members when they return excited by possible solutions to their cross-cultural challenges.

- Paying attention to the cultural context of regulators or customers when launching a new product or entering a new market. We have seen breakthroughs occur when cultural filters were applied to better understand the misgivings of Chinese regulators controlling the approval of a major product launch, or to gage the reluctance of Brazilian consumers to embrace a new brand.
- Training business leaders to be cultural competence champions. A particular business lead comes to mind who, after undergoing extensive cross-cultural training himself, was able to recognize that issues between two of his teams in separate Asian countries resulted from cultural differences; he was able to navigate a successful conflict resolution that addressed the cultural differences of those present and increase his business unit's effectiveness in the process.

CONCLUSION

Building and leveraging intercultural competence is a journey—not a destination. Key to the process is shifting one's thinking from equating culture with nationality to understanding cultures as groups or communities sharing common influences, values, norms, and behaviors.

Done well, a global organization and global diversity leaders in that organization can frame the many types of cultures that present bottom line implications for the company, and effectively answer the question, "What must we do to successfully navigate the cultures having the most impact on our business?" Companies with good answers will secure sustainable futures for themselves and their business.

SIDEBAR A: Ten essential questions before launching

Key Questions to ask before beginning to build and leverage intercultural competence in your organization:

1. *Why would the company invest large amounts of time and money in this area?*
2. *What is intercultural competence for our organization, and how does it differ from any previous models or approaches to, for example, diversity, and how is it different from awareness building?*
3. *How do we link intercultural competence to business goals, role expectations, and other competencies envisioned for the workforce?*
4. *How does this integrate with other training and priorities?*
5. *What resources, subscriptions, and tools does the organization have that can be leveraged to support intercultural competence?*
6. *For each region or business unit, what is the local compelling business case for intercultural competence?*
7. *How do we identify champions and stakeholders to help navigate the local context and business landscape?*
8. *How do we make sure we are not imposing headquarters issues in an ethnocentric way?*
9. *How do we allow a global exchange regarding local experiences?*
10. *How do we sustain, refresh, and continue development of cross-cultural champions over time?*

SIDEBAR B: Examples from organizations that have built intercultural competence into the DNA of their corporate infrastructure [CASE STUDY SIDEBAR] :

- *Culturally Competent Commercial Systems: Salesforce mix, customer segmentations, market saturation rates, customer service surveys*
- *Culturally Competent Feedback Tools: Performance management reviews, 360 assessments, employee engagement surveys, exit interviews about cultural and diversity*
- *Culturally Competent Organizational Development: Competency models, change management, compliance and workforce relations, learning and development*
- *Culturally Competent Reward and Recognition Systems: Performance expectations for individual contributors, managers, and leaders*
- *Culturally Competent Workforce Planning: Recruiting, Career Pathing, Succession Planning, Global Sourcing, Leadership Development*
- *Culturally Competent Compliance and Ethics Programming: Audits of help lines and reporting systems, investigations, risk assessments, employee relations, code of conduct education*

SIDEBAR C: Beyond training—on-the-job experiences that can build intercultural competence

- *Special projects – for example, studying consumer behavior among a specific demographic or geography; joining a task force to revise a company’s code of conduct to reflect local dilemmas*
- *Rotational assignments – for example, taking a short-term assignment in a different country or in a different line of business*
- *Action learning in roles or teams – for example, reporting to a manager born in a different world region or of a different generation*
- *Communities of Practice – for example, joining the Project Management Institute’s “Global Diversity COP”*
- *Employee Resource Groups – for example, participating in educational events regarding what it is like to be a member of the LGBT community or working mother in your organization*