

BEHIND THE STATS

SEND THE RIGHT PEOPLE TO THE RIGHT PLACES

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Different business cultures prioritise different skill sets; companies despatching executives to work abroad should take this into account

A failure to take into account different business cultures, and ways of working, when arranging overseas assignments is costing international organisations dear.

Sending senior business executives abroad is an expensive undertaking. Yet research suggests that around 40 per cent of those who take on an expatriate assignment fail, at a cost to their employer of two to four times their annual salary. So what causes this surprisingly high failure rate?

The Global Personality Inventory (GPI) contains data gathered by Personnel Decisions International (PDI) from more than 12,000 managers and executives who have gone through its leadership screening process across the globe. It suggests that the chief cause of the high failure rate for expatriate assignments is the inability of managers to appreciate differences between their own business cultures and foreign work environments. In other words, troubles often arise because of personality-based perceptions rather than substantive business issues.

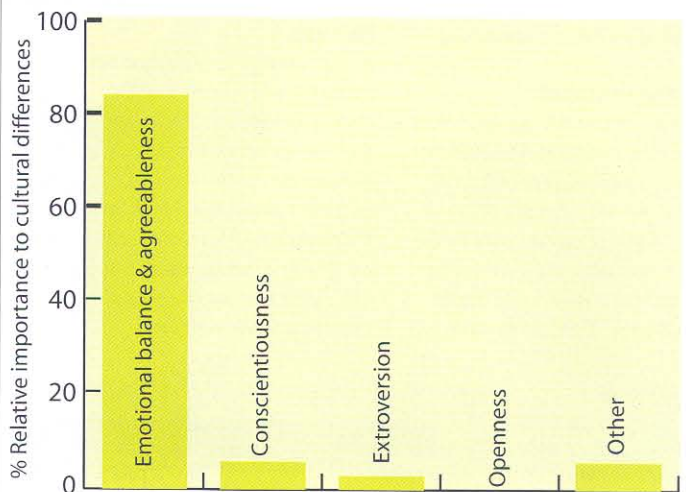
According to the GPI data, "agreeableness" and emotional balance accounted for 85 per cent of differences between managers and executives working across countries (see chart 1). That is, the tendency to seek group harmony versus fostering individuality, or to have quick and deep emotional reactions to events rather than

-muted emotional responses. Problems arise when an individual's own attributes in these areas don't match those of the culture where he or she is sent. A leader who favours individuality will rub up the wrong way co-workers in a country where group needs traditionally take precedence. Likewise, an even-keeled leader in a culture where emotional expression is the norm risks being seen as cold and unfeeling.

By matching individuals' personality traits in these two key areas to the cultural norms of the countries to which they are being assigned, businesses can achieve greater success than by relying on "gut instinct". For example, tackling business problems as a team is common practice in the UK, while working solo is the norm in China. The French most closely match their colleagues in Mexico in business leadership style, placing strong emphasis on individuality. By contrast, Japanese executives are more in tune with their colleagues in Saudi Arabia, with both nationalities placing strong emphasis on maintaining group harmony (see chart 2).

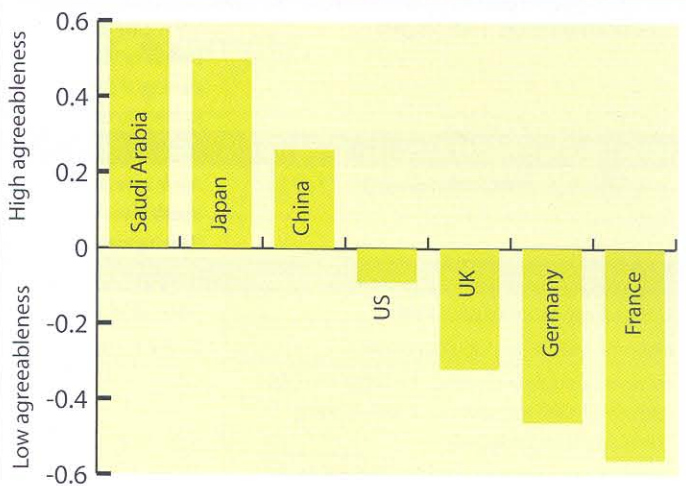
PDI then grouped together similar cultures and drew up a short list of the most valuable managerial skills for potential expatriates. The top six on this list were the ability to act with integrity, to champion change, to build relationships, to demonstrate adaptability, to use sound judgment, and to coach

CHART 1: 'BIG FIVE' BUSINESS PERSONALITY TRAITS CONTRIBUTION TO DIFFERENCES BETWEEN CULTURES



Source: Personnel Decisions International

CHART 2: AGREEABLENESS PRIORITISING HARMONY OR VALUING DIRECTNESS



Source: Personnel Decisions International

and develop others. The two with most significant between-country differences were the ability to act with integrity and to champion change.

The lesson for HR, as well as leaders working across borders, is obvious. Smart businesses will take cultural similarities and differences into account when working across the globe.

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