

CULTURAL BARRIERS & IMPACTS TO THE GLOBAL DELIVERY MODEL

The global sourcing industry has been among one of many industries bringing together peoples from a variety of cultural backgrounds, experiences and preferences, while presenting challenges and situations perhaps in quite unique a fashion as never encountered before across other industries. The necessity to understand and assimilate local cultures within countries of operations has long been pivotal to the success of global corporations across diverse marketplaces. Adaptability and devolution of accountabilities at a local or regional level has been a key criterion defining presence and competitiveness within the context of a particular marketplace, while global standards were deployed to ensure consistency. Today's global corporations act quite locally across various countries and continents while their principal goals surrounding business competitiveness continue to be supplemented by local practices and socio-cultural responses. In the global sourcing space however, the very nature of the business model demands a reverse-order discipline. Incorporating local practices is far from a desired goal. Globalizing such practices and protocols through transformation at a social and behavioral level is the demand placed on global service delivery models, making the entire industry vulnerable to a veritable set of intricately complex issues – primarily socio-cultural – that invariably have a direct bearing on effectiveness of such business models. This paper delves into a few macro-cultural factors that continue to underscore the importance of cultural differences and thence success criteria with global sourcing engagements.

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Introduction

There have been too many failures in the past with outsourcing arrangements, and a veritable set of reasons have been attributed to the complexity of engaging vendors from the global marketplace. One key reason that time and again seems to figure into pivotal reasons for failure has been cultural differences – both corporate and social. So what exactly are the factors that contribute to the seemingly implausible divide emanating from cultural differences? Is it an incongruity with understanding societal practices, or is there something more intrinsic? Brad Rubin makes a compelling point when discussing transitioning of processes to a vendor, which he appropriately terms as “Lost in Translation”. He argues that cultural differences do impose restrictions on the ability of two individuals from different parts of the world to appreciate end-impacts of a knowledge-transfer effort similarly. While it seems appropriate, I find it difficult to accept it as the core reason for most failures. I would rather delve into the more subliminal aspects that drive the congruence of two organizations from distinct corporate environments spread across two continents. Corporate environments foster cultures that can be termed either as exemplary [read GE] or bordering on the insane [read Arthur Andersen]. However generic this understanding may be assumed to be, where locational agnosticism is assumed to be inherent, the ability to translate such understanding in the context of external influencers – general behavior of individuals, business ethics, social compulsions, individual economic aspirations – and conclude homogeneity is nigh difficult.

Barriers Manifested

It's a Globalized World Today – Or Is It?

Working with people in different cultures is simply not as unique a situation as it was ten or twenty years ago. While the degree to which cultures adapt to one another's differences is an argument that anthropologists and historians debate, there is no doubt that in the global business environment there simply is more familiarity with "others" today than there was even just a few years ago. This means that the American manager working in, say Japan, today, will have a very different experience from the American manager who went to Japan twenty years ago. This is not to say that Japanese or American values, belief systems, etc. have changed (that remains questionable). Rather it's that in the unique environment of global business, familiarity has bred, in addition to contempt, a set of behaviors that at least acknowledges differences. Global sourcing surely is one of the key contributors to bridging the gap amongst nations worldwide. Thomas Friedman and Steve Hamm, among various others, have presented compelling arguments which clearly do not invite opposition. Organizations however, have had experiences contrary to their expectations at a more tactical level, particularly in their ability [or otherwise] to deal with their vendors. In particular, examples around communication glitches, reticence towards accepting instructions, retro-fitting solutions etc are numerous.

Most nations in the developing world today are not open economies where red carpets are laid-out to invite peoples from different “open” cultures as easily. For decades they have been established as closed or partially-open nations where exposure to external cultures is at best achieved through access to Hollywood movies. In addition, socio-religious practices embedded in and disseminated through generations of informal teaching [including traditional family teachings] do create different mindsets where “openness” isn't always expected or encouraged. Further, congruence of peoples with cultural, racial, demagogical and tribal homogeneity ensures safety and leads to adoption of behavioral patterns that may not be “inclusive” in nature. This aspect is further enabled or compounded by business environments that are nurtured and cultivated within the aegis of such homogeneity. For e.g. Until a relationship of mutual trust has been established, one is best advised to refrain from talking business with a Chinese businessman. Incorporating global heterogeneity into such business practices takes time, but more importantly it takes an economic transformation within the nation to complement the effort. Since most developing nations are only now stabilizing their economies internally, I think there is a lot of work to be done before such heterogeneity can become a norm.

Local Practices & Norms

The ability of the general populace in such nations to accept that cultural practices and norms of societal behavior can be inherently different and at times diametrically opposite to their own is quite limited. Such behavioral patterns can impose significant restrictions in their mindsets, manifesting into responses – both verbal and written – that may not always address expectations appropriately. One particular example always comes to mind – *when companies in the West train their employees who are being deputed to India to oversee a transition, teach how to interpret an Indian's response to a question that expects a close-ended response. The Indians are not conditioned to say yes or no usually; instead a reference or a response “If you say so” is more commonplace.* This surely isn't an indication that the Indian doesn't understand the question. Rather the issue is in his inability to provide an expected response since his cultural upbringing does not permit him to do so. While this may seem quite incongruous, it is strongly recommended that this aspect not be shrugged away as it has a significant impact on the ability of enabling people from two different cultures to work together on complex assignments. Further engagement with the individual can reduce or remove ambiguities between individuals.

Trust – Or Lack of It

For long the human race has believed in placing trust in others within the species. How much we have achieved is a completely different matter though. In the context of global sourcing, Western cultures assume existence of trust from a professional standpoint [which I would define as acknowledgement of each others' capabilities] as a given regardless of where the professional comes from. One cannot be any more far away from the truth in making this assumption. Business environments are driven not as much by corporate policies worldwide as they are by relationships [where the individual comes first]. I am making a case for two broadly different behaviors seen in the world today. The Western professional places explicit trust in the professional capabilities of his colleague, while the Eastern professional places implicit trust in the relationship he has with his colleague. This very nature of trust lends to different definitions of professionalism. Most Asian business environments are driven by a culture where individuals establish trust in each other, through invoking a variety of factors [based on homogeneity expected of the individuals in question, as described above]. It can be as simple as hailing from the same town/ city, or from the same religious affiliation [in Asia religious affiliations are quite extensive and can go beyond just the core religions], or speaking the same dialect. As mutual trust is built over time, professional capabilities get accepted and are sustained for a very long time since the base for such a relationship is personal trust. On the other hand, the Western precept of professional trust placed purely on an individual's competence [regardless of one's social or national association] represents relationships where the individual is separate from the professional.

The above difference is quite important with global sourcing deals as it manifests into restricted expectations. Relationships have to be nurtured through constant communication, mutual flexibility [contractually and otherwise] and shared goals over an extended period of time. However most failed deals have clearly reflected the impatience [across both sides] in working at building the requisite amount of trust [both professional and individual]; rather have focused on an unrelenting pursuit of cost-oriented goals, thereby treading on cultural expectations.

Performance vs. Hierarchy

Given the differences between the Eastern and Western precepts with culture and behavior, one other significant issue that emanates is built-in rigidities [contractually and otherwise] toward performance and competence. In the Eastern precept, corporate cultures are driven by hierarchies where seniority commands unhindered acquiescence from subordinates. It has been argued that such culture can at times foster mediocrity as competence is seen as the exclusive domain of the top management. However the more important and detrimental impact of this precept is that it reduces an organization's ability to focus on the strategic owing to a lack of distributed decision-making and inflexibility to experiment beyond the written word. This translates into an instruction-oriented corporate environment. On the other hand, the Western precept expects performances to be a shared accountability regardless of hierarchy, with concurrent embrace of abilities around decision-making and ownership. In the context therefore with a global sourcing deal the [Western-precept oriented] buyer has to contend with and provide for a very clear-cut set of instructions to the [Eastern-precept oriented] vendor. This in itself isn't bad and at times is necessary since certain industries don't exist in certain countries, and therefore appropriate transfer of knowledge becomes crucial. However more strategic expectations around loftier topline oriented objectives may not necessarily be conducive to be introduced into such cultures quickly or immediately following signature of a contract.

In Conclusion

Cultures and practices are different, and drive behavior of individuals worldwide. While we would rather bask in the glory that globalization is here to stay and has impacted – positively – the nature of businesses and countries, reality is that the falling barriers to trade haven't translated into a similar reduction in barriers imposed by culture and local practices. Hence it becomes very important for the success of global sourcing contracts across borders that the involved entities appreciate, accept and imbibe cultural nuances and practices without dread or derision into their relationships through a concerted management focus, instead of relegating such matters to the domain of human resources alone. Success of global sourcing is not as much with the ability of vendors to reflect competence with provisioning technical or business services [as such competencies are trainable], as it is with the ability of individuals from both sides of the equation to incorporate into themselves flexible and respectful attitudes of cultural acceptance.

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