

# Cultural Intelligence for Knowledge Transfer Teams

Discussion Paper  
August 2014



By Dr. Tom Verghese

# Cultural Synergies



## Cultural Synergies

Cultural Synergies improves individual, team and organisational performance when working across distance, culture and time. We guide our clients through the challenges confronting them today and prepare them for tomorrow.

Cultural Synergies is a trusted and respected consultancy that works to support the development and sustainability of organisational cultural intelligence. We are committed to working partnerships with our clients that add value and consistently exceed expectations.

Outcomes are achieved by working within national and organisational cultures that organisations work within and across; and through taking practical, creative and innovative approaches that incorporate the diversities that exist.

Established in 1992, Cultural Synergies has a long history that spans the globe and has an extensive client base of Fortune 500 companies from a diverse range of industries and global organisations.

For further information please visit [www.culturalsynergies.com](http://www.culturalsynergies.com)

**This discussion paper offers helpful advice around initiatives that should be considered when embarking on a cross border Knowledge Transfer project. To dive deeper into action planning or any of the areas covered in this paper, Cultural Synergies welcomes the opportunity to share our expertise and experience with you.**

Many thanks to Emma Thompson and Valda Lavoipierre for their contributions to this discussion paper.

# Cultural Synergies



## Introduction

Technology has flattened the world. It has enabled organisations to move some of their operations from high to low cost countries. Outsourcing was formally identified as a business strategy in the late 1980's – early 1990's. Manufacturers have been outsourcing production to places such as China - 'the factory for the world' since the mid 90's.

India, on the other hand has become the 'back office of the world'. India's command of the English language and their educational system has enabled Indian organisations such as Infosys and Wipro to become multinationals catering for the IT needs of the world. Accenture, IBM and Hewlett-Packard have large workforces in India providing global consulting and technical support. Over the past decade in the Asia Pacific region, countries such as the Philippines, Malaysia, Vietnam and Pakistan have joined the fray. This is a phenomenon that continues to grow.

Included in this phenomenon is the Knowledge Transfer (KT) process, it is an integral part of the outsource/offshore equation. Much of the knowledge transfer that is currently occurring originates from high cost countries such as Australia, United Kingdom, United States and Japan, to low cost countries such as India, China, Malaysia, Turkey, Poland and the Philippines. KT is a broad term encompassing a range of activities that include the sharing of expertise, knowledge, business practices and intellectual property. This process requires one party (the sender) to pass on their knowledge of particular processes to another party (the receiver), in such a manner that the receiving party can replicate the practices. Reduced costs, increased productivity, competitiveness and innovation are arguably the four key motivations for KT practices.

The intention is usually clear as to why an organisation is engaging in KT processes but the execution of the transfer commonly tends to be fraught with problems. After the business case has been established, the partner organisation selected, the KT stages are ready to proceed. Unfortunately, there tends to be a 'gap' between the plan and the execution, partly often due to an underestimation of the complexities of the 'people' factor. Cross culture issues have been identified as one of the top challenges in terms of global outsourcing. (State of the Outsourcing Industry 2013" KPMG April 2013).

All too frequently organisations assume that if the procedures are well written and documented, the KT should be reasonably straightforward for trained professionals to manage. The fact that this occurs across cultures, involves language variations, different time zones, working in virtual settings and comprises of minimal or no face-to-face contact, are frequently overlooked. Not surprisingly, strategy and execution within the KT teams tend to be burdened with a lack of cultural understanding and sensitivity.

# Cultural Synergies



Hence, this paper will approach KT from a cultural perspective. It will provide an overview of outsourcing and offshoring and highlight some of the cultural challenges involved. This paper will also offer some strategies to support successful KT projects.

## What is Offshoring and Outsourcing?

Often there is confusion around the differences between offshoring and outsourcing. Outsourcing involves transferring jobs to other entities, while offshoring is the process of moving part of a company's processes or services overseas. It either involves setting up a subsidiary overseas or engaging a third party whereby work is contracted out to an external organisation.

Offshoring refers to the tendency among many U.S., Japanese and Western European firms to send both knowledge-based and manufacturing work to third-party firms in other nations.

Outsourcing is the hiring of an outside company to perform a task that would otherwise be performed internally by an organization.

## Why Offshore/Outsource?

According to a recent KPMG study the core areas of strategic focus when outsourcing include accessing superior talent (70%), gaining access to superior technology (62%) and improving analytical capabilities (62%). (State of the Outsourcing Industry 2013- KPMG).

**“Time and deadlines are valued above everything else”**

**“They never share with us the big picture.”**

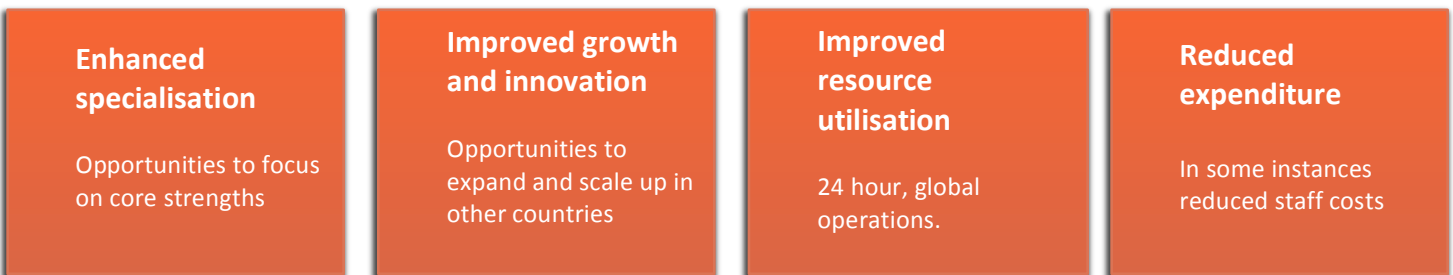
**“They only deliver what is specified, they don’t take any initiative.”**

**“We have different expectations of what constitutes a completed piece of work.”**

**“I am never clear of their expectations”**

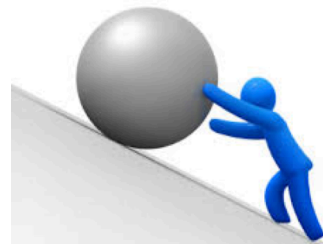
# Cultural Synergies

The core areas of strategic focus when outsourcing are:



## Common Cultural Challenges

- Different communication styles
- Lack of trusted
- Lack of rapport
- No common purpose
- Different attitudes to time
- Different management styles
- Conflict resolution difficulties
- Prejudice and bias
- Racism
- Personal stress and tension
- Lack of cooperation
- Subtle sabotage
- Employment insecurity
- High attrition rates



# Cultural Synergies



The outcomes from these challenges, aside from the financial costs, include missed deadlines, lack of relationships, tensions, loss of valuable staff and knowledge, unhealthy organisational cultures and ongoing unresolved issues. Further, these concerns become exacerbated due to both a lack of awareness about how to work with people from different cultures, culturally diverse management and work styles; as well as an inability to work virtually.

I am not referring here to the cultural tips and techniques sheet that may be given to the local teams; but rather to a deeper understanding of cultural values, norms, mind-sets, belief systems, and ways of working with people of different cultures.

## Cultural challenges for KT Teams

Culture refers to the 'mental programming' that categorises one group of people from another. It is the shared values, rituals, norms and beliefs that create a sense of belonging. An individual's national, organisational and personal cultures' serve as filters in any interaction. Unless there is a high degree of 'self' awareness and 'other' awareness, cross cultural interactions can easily create inadvertent clashes and unintentional stresses for both parties.

Culture directly influences our modes of communication in terms of delivering, interpreting and receiving information. For example, direct versus indirect communication, understanding when a 'yes' is actually a 'no', knowing how to ask questions, the ability to identify and make sense of the things that are not articulated, and how clarification of instructions are sought and interpreted. The appreciation of subtleties in verbal, non-verbal and written communications can be problematic in cross cultural interactions; especially when work is performed overseas with little contact other than by phone or e-mail.

Our culture influences how we deal with conflict and how we avoid conflict. It impacts the manner in which we make decisions, either individually or collaboratively. It affects how we build trust and relationships and the weight of importance that it is given. Trust is particularly important for high context cultures. Western countries tend to place more value on the task rather than the relationship. This is not to say that relationships aren't important to these cultures, they are, however they don't have the same weight or impact on business as they may in countries such as Indonesia or China.

Differences in the standards and quality of work and what completion 'looks like' are culturally determined. I often see this as one of the key challenges that cross border KT teams face because it can often take time for it to be observed and addressed, by which stage the consequences are being felt. It is important for KT teams to have healthy levels of clarity and transparency, with the processes and tools in place to discuss, manage and support teams so that issues can be dealt with in a manner that is satisfactory to all parties involved.

## Cultural Synergies



Decision-making in a hierarchical based culture is vastly different to an equality-based culture. Collective group decision making as opposed to individual decision-making can become problematic when either culture doesn't have an awareness of why or how decisions are or are not made; what those processes entail, how decisions are communicated, the length of time involved in making decisions and understanding when a decision is final, as opposed to fluid. The outcome is usually conflict, frustration, anger, competency concerns and staff turnover to name just a few.

Essentially in any KT project it is the human aspect that needs to be acknowledged, addressed and supported from beginning to end. On the face of it these might appear to be insignificant issues but when people are expected to work virtually, have different national and organizational cultures, coupled with the stresses of working virtually, with little or no relationship and working to deadlines these matters can very quickly become serious problems that can have far reaching, long term effects.

## Cultural Competencies

There will always be a business case for KT projects; most are data driven and factual. It needs to be remembered that the business case appeals to the 'head'. To appeal to the 'heart', the business case needs to be converted to a narrative, a story that essentially explains why the organisation is doing what it is doing, the benefits, the risks, the impact on people, and how eventually it will lead to a stronger and more successful organisation for the future. Explaining the 'story' empowers individuals; it allows them to feel more engaged and willing to contribute. There is a greater sense of value and purpose, when people understand why they do what they do and where they fit into the broader picture. In situations where staff are being displaced this is even more critical. It goes without saying that it needs to be done with care and sensitivity.

It is useful to have a 'visible' champion, someone who can reinforce the story, be available for questions, who can counsel, help, intervene and 'bridge' the cultural divide. Although we often refer to KT projects as team based projects, more often than not the 'team' are working alone, in different locations, in different time zones and within different cultural contexts. The reality is that they aren't really working in what we would assume to be teams on a more general level.

When individuals have a sense of belonging and connectedness with others, when they have the confidence that there is a common, shared goal, there is greater likelihood of trusted relationships and a healthy level of intrinsic motivation. Both of these features are necessary for successful KT project work and become even more so when cross border teams are involved. The shared goal and sense of purpose need to be communicated and reinforced in cultural appropriate modes.

# Cultural Synergies



## Considerations for the KT Journey

- Establish **protocols** and **guidelines** for team meetings that are culturally appropriate and sensitive to all participants at the beginning of the project.
- Allow and accommodate for potential **language** barriers. It will impact the perceived trustworthiness and trust formation. Set ground rules such as the language that meetings will be conducted in. Frustration can occur when side discussions take place in native languages. Ensure that people avoid slang and colloquial terms.
- Use **written tools** to reinforce what was said in meetings and discussions.
- Use **video conferencing** when possible. It helps to build trust and enhances communication when people can see each other.
- Acknowledge public **holidays** and culturally significant days. Consider these when timelines and meetings are in the planning stages.
- Establish **check-points** throughout the KT process that encourage both teams and individuals to review, respond and express what is working well, what isn't working well and a forum for solutions.
- Expose and **articulate expectations**, processes and protocols for virtual teams. Open discussions need to occur around fears, concerns, potential challenges and failures. Strategies for how communication will occur, the protocols for meetings, timings of video and telecons, follow-up procedures to videocons and telecons etc. need to be outlined.
- Develop leader and management **reviews** at regular intervals.
- The provision of **coaching**, mentoring and on-going support to managers and their team leaders. Further to the obvious benefits of these provisions, they are particularly useful in terms of further replications of projects, allowing them to be continuously improved and documented.



# Cultural Synergies



- Provision of cross border **mentoring**. This is also useful in terms of opening the lines of communication across teams.
- **Share** what worked well and what didn't work well between country locations and across organisational divisions. Share the successes as well as the failures and challenges.

## Conclusion

Outsourcing and offshoring can no longer be viewed as a temporary business tactic; it has become part of the growth strategy for many organisations. It is a strategic marketplace tool allowing companies to improve their response times and their competitiveness on a global scale.

Outsourcing is not just about reducing costs; it includes extending the capabilities of the company and its people beyond the traditional boundaries of the organisation. Managers need to develop new skills and capabilities in managing and influencing these extended networks of partners to get things done.

When offshoring or outsourcing projects are in the pipeline, I urge leaders to consider the 'people' aspects that are a critical component of all projects. Without the 'people' component working to its full capacity it won't matter how well prepared or how well the processes and systems are structured and designed, the project will have serious setbacks in terms of timelines and costs.

**Cultural intelligence expands opportunities for collaboration, innovation, effective communication and supports and sustains successful relationships built around trust. These are key criteria for successful KT projects.**