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THE NEED FOR CROSS-CULTURAL TRAINING IN SE ASIA PRIOR TO THE ESTABLISHMENT OF THE AEC

Abstract:

Recently, globalization of world economies has increased rapidly and a large number of multinational companies have emerged. Population growth, technological advancements in communication systems, hyper-commercialization, interdependent financial networks, near constant transportation improvements, corporate consolidation via mergers and acquisitions and the adoption of English as the lingua franca have all led to an increase in cross border employment realities. Essentially, the world has become one giant marketplace and Asia, with the largest global population, is preparing for the ASEAN Economic Community (AEC). The economic integration is not limited to capital goods, information or technology. The internationalization of the human workforce has become a center point for organizations looking to expand to overseas markets. The AEC is yet another example of the pace of rapid globalization in Asia. Multinational corporations are necessarily becoming culturally diverse. This increase in organizational diversity creates many problems for both the local labor as well as the expatriate management in SE Asia. Living in a new cultural environment, expatriates face challenges and make adjustments in their lifestyles in order to work effectively in their host culture. These challenges often result in early return from an overseas assignment which results in a costly reassignment burden for the companies involved. Cross cultural training has been suggested as a necessary vehicle to facilitate cross-cultural behavior and management and therefore decrease the number of unsuccessful or unproductive expatriates.

Introduction

Over the last 30 years, globalization of world economies has increased rapidly and a large number of multinational companies have emerged. Population growth, technological advancements in communication systems, hyper-commercialization, interdependent financial networks, near constant transportation improvements, corporate consolidation via mergers and acquisitions and the adoption of English as the lingua franca have all led to an increase in cross border employment realities. Essentially, the world has become one giant marketplace and Asia, with the largest global population, is preparing for the ASEAN Economic Community (AEC). The economic integration is not limited to capital goods, information or technology. The internationalization of the human workforce has become a center point for organizations looking to expand to overseas markets. The AEC is yet another example of the pace of rapid globalization in Asia (Czinkota & Ronkaimen, 2008), yet Asia is also experiencing a normalization of career mobility (Cappellan & Janssens, 2010). Multinational corporations are necessarily becoming culturally diverse. This increase in organizational diversity creates many problems for both the local labor as well as the expatriate management in SE Asia. Richardson and McKenna (2002) referred to expatriates as professionals who are living in an overseas country on a temporary basis, but normally for more than one year. Living in a new cultural environment, expatriates face challenges and make adjustments in their lifestyles in order to work effectively in their host culture (Ward & Rana-Deuba, 2000; Zakaria, 2000). These challenges often result in early return from an overseas assignment which results in a costly reassignment burden for the companies involved. Littrell and Salas (2005) claimed that up to 50% of expatriates quit or return prior to accomplishing their assigned tasks. Additionally, over half of those that do not return early function below their normal level of productivity (Black & Gregersen, 1999; Deshpande, 1992). As said, these early returns are not only detrimental for individuals and families, they also cost the multinational corporations involved. The direct cost per company has been estimated to be as high as US$150,000 per employee. For US firms alone this equates to nearly 2 billion USD annually. Cross cultural training has been suggested as a necessary vehicle to facilitate cross-cultural behavior and management and therefore decrease the number of unsuccessful or unproductive expatriates.

Broadly defined, cross cultural training is the use of human resources to facilitate knowledge and develop or increase certain skills in a multicultural environment. This educative process focuses on promoting intercultural learning through the acquisition of behavioral, cognitive and affective competency required for effective cross-cultural interactions. This is not limited to mannerisms or understanding expectations of polite behavior within any given cultural milieu. Success requires developing empathy and the ability to think and act differently. This essentially means the development of an attitudinal change as opposed to simply acquiring information related to the history or demographics of any particular nation thus promoting a cultural sensitive situational

leadership model among expatriates within ASEAN. This paper will provide a brief description of the AEC and an overview of the cultural indicators commonly used to compare ASEAN nations and the remaining non-ASEAN but economically and geographically relevant China and India (ASEAN +2).

What is the AEC and what will happen?

The ASEAN Economic Community (AEC) is one of the three pillars forming the new ASEAN Community Councils. The goal is to attain regional economic integration by 2015. The areas of cooperation include human resources development and capacity building recognition of professional qualifications, consultation on economic and financial policies, trade financing infrastructure and communications connectivity, electronic transactions through e-ASEAN industrial integration to promote regional sourcing and enhancing private sector involvement for the building of AEC (AEC Blueprint, 2010). In short, the AEC is designed to transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital. Conceptually, this author understands two key areas of necessary development for those corporate entities interested in maximizing the benefits made accessible through the AEC; hard and soft infrastructure development.

Infrastructure development

It is essential that members of the AEC make definitive strides to establish essential infrastructure. There have been discussions regarding the establishment of more high-speed rail systems linking key nations in ASEAN. Other member states, such as Vietnam, have developed multiple ports along the coast to facilitate shipping among ASEAN partners. Indeed China (non-ASEAN) has been most vocal in these propositions involving massive investment in both the development of hard infrastructure such as roads, ports, airports and rail systems.

 Many other ASEAN members have discussed plans to upgrade their infrastructure, such as the three highways linking ASEAN - the North/South highway linking South China through Myanmar, Thailand, Lao and Vietnam; the East/West Corridor linking Myanmar, Thailand, Laos, and Vietnam; and the South/South one linking Myanmar's Dawei deep seaport, Thailand's Laem Chabang and Cambodia (ADB Report, 2011). The Thai government has long held discussions with China regarding the high-speed train project linking Laos and Thailand's Nong Khai to the southern border and Malaysia.
However, when one considers the development of regional unions such as NAFTA, the EU and ASEAN it is important not to undermine the significance of soft infrastructure. English speaking countries in ASEAN, such as Singapore, Malaysia and the Philippines

will have an advantage over other nations which have traditionally invested less in English as a second language within their national curriculums. For example, Thailand has not given enough attention to improving English skills throughout its education system and is now in a somewhat weaker position in comparison to countries such as Vietnam who have given increased attention to this and also benefit from having a western alphabet that makes learning of English both reading and writing easier than in Thailand. Other areas of soft infrastructure development include international communication and cross cultural understanding within an ASEAN context. Given the introduction of the AEC, managers will increasingly have to pursue sales opportunities across ASEAN while focusing on cost efficiencies by integrating their operations across the region, managing through lean techniques but also developing effective corporate centralization. This will include extensive travel within AEC countries. In addition, managers will need to develop better cross cultural understanding and awareness if they plan to lead a multinational team. Therefore, it is important that leaders become more sensitive to cross cultural issues and expectations.

Cultural Issues

Many areas of leadership and public administration in Asia are highly centralized (Severino, 2007; Meesing, 1979; Ketudat, 1984). With the development of AEC and regional changes, one can begin to see some movement away from the emphasis on traditional Asian values and social norms (O'Toole, 1995). However, the implementation of a major change will face great resistance. In much of Asia, members of an organization assume that all orders or directives are from a higher position within the organizational hierarchy and are therefore tasks to be completed without questioning necessity or practicality. This lends to a compliance culture (Wheeler et al, 1997). Many of the changes that are expected as a result of the AEC are in conflict with traditional cultural norms in Thailand and other ASEAN nations (Sykes et al. 1997).   The implementation of AEC may be delayed, curtailed and continually postponed as a result of the threats member states see to their traditional culture and the current economic grip by the urban elites within each member state.

Management Styles

Different cultures appreciate and value different leadership techniques. The leadership behavior in the west will not be as well received or as effective in the east. In many western organizations there is a clear boundary between work and life and leaders are aware not to get involved in the personal affairs of their employees. Other cross cultural studies of decision making introduced other important differences of leadership and decision making. For example, Yates and Lee (1996) found that people of East Asian cultures were more confident than Americans that their decisions were right. The authors

suggest that people of South East Asia tend to select what appears to be the first adequate solution as opposed to considering a wide range of alternatives and narrowing down to the best solution. This problem solving preference for convergence rather than divergence can be seen by educators who regularly assign group work or team projects in Asia. Other examples of convergent tendencies can be found in project management and the ASEAN tendency to accept uncertainty which is often displayed in the lack of secondary or back-up systems which can be used when primary systems become inoperable. Other studies such as those by Smith, Wang, and Leung (1997), Radford and associates (1991), Hall, Jiang, Losocco, and Allen (1993) all found that Chinese organizations were more centralized than the Americans. The studies above all pointed to differences in culture, organizational structure and leadership. The need for international communication training and cross cultural behavioral competence is crucial to the organizations which plan to benefit from the AEC.

Training Essentials and Specific Components

While lecture or teacher centered learning is the commonly employed method of education in Asia, it is necessary for the participants involved in this area to receive multi-modal training which include various methods, styles and presentation techniques. This author suggests the pre-training materials which focus on didactic elements be distributed to maximize fact to face training time. This didactic training guide should involve the factual information of the nation, population, labor law, working conditions, traditions, values, the role of the monarchy and cultural differences and is considered the most basic first step in acculturation. This material will provide the base to build on when the actual training seminars begin.

The second aspect of cross cultural training within an ASEAN context involves attribution training designed to help expatriates understand the meaning of host national behavior. This is important as it is commonly assumed that misunderstandings and failures of communication are commonly caused by perceptions of events. The expatriates will learn how to judge behavior based on its' causes and possible explanations from a new perspective. The focus is on 'isomorphic attributions', which is learning how and why employees of the host culture make attributions about a variety of events so that the expatriates become able to make the same attributions and begins to see from the local perspective. Some necessary elements within this section of training include Hofstede's work on cultural differences (1980, 1991, and 1998) while others are country specific:

        a. Power distance
        b. Collectivism vs. individualism
        c. Uncertainty avoidance
        d. Masculinity and femininity (hard vs. soft management)
        e.   High vs. low context communication styles

     f.   Short term vs. long term orientation

     g.   Patriarchy, nepotism, monarchy and social status

     h.   Specific cultural elements unique to that host culture. For example, within the Thai setting an understanding of '*sanuk*' (play) and '*greng-jai*' (consideration) are essential.

A further aspect of this cross cultural training within an ASEAN context involves behavior modification training. This is designed to promote the development of habitual behaviors desired in the host culture. Expatriates will be taught how they can avoid inappropriate behavior and how to exemplify rewarded or encouraged behavior within the host culture. This is primarily done through visualization and discussion. The final aspect of cross cultural training within an ASEAN context should include specific experiential training. This refers to learning by doing. This should include the involvement of Asian nationals who role-play various situations which often cause cross-cultural conflict. Expatriate trainees will at first observe and then interact and become the 'local' in the role-plays. This is the primary method of learning appropriate behavior and the use of local 'actors' within each training session should provide the necessary reality which is missing in the majority of training sessions offered.

Conclusion

In conclusion, due to the clear increase in commercialization and globalization, the formation of the AEC creates multiple opportunities to member states. While many of the national and regional advantages involving hard infrastructure development projects which await budgetary approval processes and cross-national agreements, the necessity of soft infrastructure training needs should not be overlooked by the relevant MNC's currently position themselves in preparation for this regional integration. To maximize employee productivity and organizational benefits, cross cultural training with an ASEAN focus should be considered among leading organizations in the region. This training should eschew traditional teacher centered educative methodology and incorporate practical isomorphic elements with the intention of behavior change.

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