Asian Human Resource Management and Intercultural Competence

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Abstract

While intercultural competence is an emerging topic in international HRM, it is of less importance so far in Asian HRM. Meanwhile, Asian entrepreneurs do seem to act competently in cross-cultural environments. Where Western scholars have claimed that intercultural competence does not come naturally, the current success of Asian businesses non-Asian regions can be partly explained from the interculturally competent behavior of its international professionals. This behavior is related to intrinsic and authentic Asian values aimed at "unity" or "harmony". The Eastern mind-set is focused on relations prior to the tasks, and once a relationship has been established, the opportunities for collaboration will arise. By adhering to the principles of ancient philosophies, Asian entrepreneurs have pragmatically resolved conflicts of interest. This seems to reverse Allport's contact hypothesis that a shared goal and intergroup collaboration is required for improvement of the understanding of the other. What we witness is that once the technological and informational hurdles have been taken, adherence to authentic Asian behavioral guidelines forms a good starting point for effective international business.

1 Introduction

Successful multinational enterprises (MNE's) in the global marketplace—including Asian ones—need to rely increasingly on one of the key products of contemporary international human resource management (IHRM): the global professional. The global professional is unlike the expatriate manager. Where the expat manager transfers knowledge and values (mostly one-dimensional), the global professional

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creates new knowledge and meaning, carefully balancing local responsiveness with global integration and standardization. The global professional is the one coordinating and integrating the relevant corporate activities and human resources into a worldwide network. The required behavior of the global professional resonates well with the characteristics of Asian business: pragmatic, and constantly aiming at a "best fit". The global professional is capability driven, like a member of quality circles, and is accepting complexity and interdependency, like a responsible member of a collective. The competencies of the global professional further encompass foreign language skills, ease with mobility, and a sound understanding of worldwide business (Adler 2008). Most importantly, the global professional is *interculturally* competent; he/she possesses the capability "to embody and enact intercultural sensitivity, can discriminate cultural differences and navigate these differences in communication across borders" (Bennett 2013). This chapter further explores the concept of intercultural competence and the relevance of it for successful International HRM, particularly in the Asian business expansion context.

2   Intercultural Competence (IC)

The field of intercultural studies knows many frameworks, models, and theories describing intercultural intelligence, intercultural sensitivity, intercultural communication, and intercultural competence—to name the most popular terms. Spitzberg and Changnon (2009) discussed about 20 theories and models, with the concept of intercultural competence largely traced back to the 1970s. The authors did not, however, conclude with a final definition of intercultural competence. They stated instead that the multiple theories and models "display both considerable similarity, [like] motivation, knowledge, skills, context, and outcomes, yet [also] extensive diversity at the level of specific conceptual subcomponents". What the authors found remarkable is the absence of psychological and emotional aspects, as if people only act rationally and cognitively when dealing with cultural differences. The authors further complained that adaptability is predominantly being treated as a personal trait while adaptability is by definition a *process of variability*. This makes it a puzzling "consistent predisposition to behave inconsistently". A final serious concern has been the potential ethnocentricity of the models, which is predominantly a concern regarding their bias toward Western individuality and prioritizing assertiveness skills. According to the authors, some scholars did find it remarkable that most models focus on the individual, and on individual traits, while practically all models assume interaction and would thus need to be relational. Based on contributions from scholars from the Asian region, for example, questions have been raised as to what extent the competencies are located in the interaction itself, rather than in the individual.

The latter resonates well with Bennett's (2013) discussion of a constructivist intercultural perspective when addressing the conceptual focus of various scholars in the field. According to him, the term intercultural refers "to a particular kind of interaction or communication among people, one in which differences in cultures play a role in the *creation of meaning*" (italics added). Hence the interculturality of

behavior is a construct and can only be known from the interaction. The German scholar Rathje (2007), however, claimed that such clarity of the concept is "super-ficial". According to Rathje, proponents of such effectiveness criterion turn IC into an instrument, a means; IC apparently leads to the achievement of a goal (shared meaning, or understanding). Such an approach disregards the difference between competence and performance or "successful interaction", as much as it ignores, says Rathje, the fact that no group or culture can claim coherence. Instead, intercultural competence should be understood "as the ability to bring about normality and therefore cohesion". The existing internal differentiation within groups, or cultures, should lead to a concept of intercultural competence as a human capability to become familiar with the normality of differences rather than adaptation to an assumed coherent set of values and norms. The success of Asian business across borders may largely be based on Rathje's principle: not assuming coherence in values and norms, but solemnly focusing on the required familiarity with differences; hence "glue" rather than a "mould".

While acknowledging all the above, Deardorff's (2009) definition of intercul-tural competence "as effective and appropriate behavior and communication in intercultural situations" can be seen as relatively popular in the field. In this definition, appropriateness must be understood as the avoidance of violating valued rules, and effectiveness as the achievement of valued objectives. Comparably, Bennett (2008) defined intercultural competence as "a set of cognitive, affective, and behavioral skills and characteristics that support effective and appropriate interaction in a variety of cultural contexts". In both definitions the *combination* of effectiveness and appropriateness is being stressed, since one can be highly effective in a fully inappropriate manner, as well as very appropriate and not achieve anything. In this chapter, we will take behavioral effectiveness and appro-priateness in multiple (cultural) contexts as our leading understanding of intercul-tural competence.

3 The Relevance of Intercultural Competence in International HRM

From the times of the Industrial Revolution, Human Resource Management has evolved from traditional personnel management, via HR practices based on the Human Relations School, into Strategic and International HRM today. Current HRM is rooted in socio-technical approaches (holistic, participatory, self-regulatory, and "TQM"), and is increasingly enriched with so-called complex adaptive systems approaches (dynamic, emergent, open process, self-reflective, self-renewal, and "changing while changing"). The recent developments take place—by definition—in global context: the demand to change while changing is driven by the demands from the outer world (global markets, global stakeholders, and global challenges, like access to rare earth minerals). According to Briscoe et al. (2012) comparative International HRM refers to the investigation of the diverse HRM policies and practices that exist across our countries and regions.

The comparison is mostly based on the *divergence* and *convergence* framework: to what extent do policies and practices need to be different, or can they be similar. For instance, can we use our Performance Management System, developed at our headquarters in the UK, for the assessment of our management in Vietnam? Not surprisingly, the "truth" often lies in the middle, and is sometimes referred to as crossvergence. With the shift to free and open market policies and practices, the Asian Region also needs to find answers to the above strategic questions. Connected to this, others have introduced an additional dimension of *hard* vs. *soft* divergence or convergence, claiming soft convergence as the most likely outcome of HRM transitions in the East (Warner 2000).

Rapid changes over the past decades in areas like education, technology, and communication have also had its impact on typical Asian business issues, including government ownership of enterprises, job security/lifetime employment, leadership and management styles, and labor legislation, to name a few. Typically emerging from this process in the Asian region is a hybrid, or "dual" HRM system. Regulated systems seem to go hand in hand with free market based policies and practices. Employment and promotion based on relationship and seniority is being applied along with merit- and performance-based systems. Dilemmas in Chinese MNC's between embracing international reward practices and maintaining close control over traditional reward practices are being resolved by simply doing both (Kramar and Seyd 2012).

What Asian HR is experiencing relates to what has been acknowledged in literature as a general lack of HR talent around the globe. The globally integrated market, and with that the globally integrated enterprise, is very different from the "regular" MNE. The vast global diversity of HR policies and practices, of labor legislation, of traditions and cultures, of corporate structures and operations, etc., has turned IHRM into a very complex and difficult functional field of expertise. The HR officer who oversees this complexity is very hard to find, leave alone finding one who can deal with it. Current HR expertise by definition is not comprehensive. Take employee relations as an example, who could possibly have an up-to-date overview of all the rights and benefits of workers across 100+ countries? HR managers at MNE's currently try to resolve such issues by contracting specialized expertise from centers of excellence or consultancy firms. Yet the access to information is not the key issue; the design and use of HR systems that can process the information in order to add value is.

The relevance of the *concept* of intercultural competence for International HRM is the focus on the capability of workers to enact appropriately and effectively in a variety of contexts without prior in-depth knowledge of each context. The relevance of the *outcome* of intercultural competence for International HRM is that interculturally competent workers are able to embrace complexity, ambiguity, and uncertainty as perfectly normal conditions for professional relations, and business success (Rathje 2007). In the past decades, IHRM would focus on the adjustment, adaptation, and performance of the expatriate worker. Preparation of expatriate workers would typically be a combination of a culture-specific "do's & don'ts" training, plus a language course. Global professionals, however, know that

acquiring in-depth cultural knowledge will be unrealistic for the vast variety of cultures that they will be dealing with, as well as for the relatively superficial nature of most of their cross-cultural contacts. They know they are far better off with cultural (self-)awareness, and a mind-set that will enable them to shift perspectives whenever needed or helpful, irrespective which culture is at stake. In the "my way – your way" framework, global professionals know how and when to let go, when to compromise, and when to seek synergy (win-win). Global professionals know that their intercultural competence is rooted in the conviction that cultures are dynamic, and not a fixed set of norms and values: each interaction is a new opportunity to create new meaning.

Borrowing from language studies, the above move can be described as a change in attention from *emic* (culture-specific) to *etic* (culture-general) descriptions of cultural behaviors (Bennett 2013). The first is helpful in describing unique features, but the latter is indispensible for relevant comparison; global professionals understand the *mechanisms* of culture. Moving toward a more etic understanding of culture has also enabled important shifts in power and dominance. Where the expatriate manager had often been positioned to reconfirm corporate hierarchy and structure (mostly based on cultural dominance), the global professional is aware of the (moral) equality of various cultural approaches, of his or her interdependency, and of the need to make dominance subordinate to effective collaboration. Yet, how would one become a global professional?

4   Developing Intercultural Competence

For Bennett (2013), with reference to cognitive constructivism, the most basic theoretical concept underlying intercultural competence development has been that experience is being constructed, including cross-cultural experience. One can have an intercultural experience without noticing it, which will typically happen when people lack the required categories for constructing it as an intercultural experience. Why do these people in Vietnam not simply learn how our Performance Management System works! In a similar vein, Lou and Weber Bosley (2012), with reference to the constructivist scholars Berger and Luckmann (1966), wrote that if we do not expose ourselves to the new and the different, "the chances of *grasping the dialectics* [of humans being both creator and subject of reality] and how it impacts our thoughts, feelings, choices, behaviors, and so forth are indeed slim". People simply need to learn how perception constructs the reality that we see.

Directly connected is Bennett's (2004) notion of cognitive complexity: "more cognitively complex people can make finer discriminations among phenomena in a particular domain". Bennett makes this clear with the example of the wine connoisseur recognizing, and describing, more different wines than an average person. When our categories for cultural differences become more complex, our perceptions become more culturally sensitive. A greater intercultural sensitivity may result in greater intercultural competence since people are now equipped with an ability to take another perspective when communicating. The chance that it will

happen increases when people gain the ability of creating alternative (cultural) experiences as compared to their own (mono-cultural) default experiences, often popularly referred to as an intercultural worldview or global mind-set. People will start doing this when pressure is building to develop greater competence in intercultural matters, for instance in dealing with multicultural teams or workforces that do not deliver. In brief, intercultural competence starts with the ability to construe other worldviews than one's default own, meaning the ability to embrace an increased cognitive complexity. In doing so, people acquire alternative worldviews as part of intercultural sensitivity, which again is an assumed requisite for effective *and* appropriate communication in various contexts.

Other scholars also have highlighted effectiveness and appropriateness as core behavioral components of intercultural interaction. For instance, Offermann and Phan (2002) wrote about cultural intelligence as the ability to function effectively in a diverse context where the assumptions, values, and traditions of one's upbringing are not uniformly shared with those with whom one needs to work. Effective responding will likely require as much understanding of self as of other. The authors see cultural intelligence as a meta-intelligence: as an ability to enact a variety of intelligences *outside the frame of reference in which they were developed*; "cultural intelligence is what allows us to transcend our cultural programming and function effectively in cross-cultural situations".

Still, how do people learn to become interculturally competent? There is serious doubt that being in a multicultural environment automatically will lead to intercultural learning. Rather, there are serious indications that it does not; "intercultural competence is not considered a naturally occurring phenomenon" (Vande Berg and Paige 2009). Bennett (2012) wrote: "increasing evidence shows that simple cross-cultural contact is not particularly valuable in itself". Offermann and Phan (2002) spoke about Pakistanis who, after a lifetime in Britain, still scored on power distance and uncertainty avoidance like Pakistanis in Pakistan.

Meanwhile, many professionals—also in the field of HR—still believe that frequent encounters with people from other cultural backgrounds will automatically lead to an increased intercultural sensitivity and to the desired competence for dealing with cultural diversity. Allport's (1954) contact hypothesis, or Intergroup Contact Theory (ICT), already refuted this popular belief. He postulated that increased exposure *only under certain conditions* would decrease prejudice and stereotypical thinking and improve the understanding of the other. The conditions include equality of group status, commonality in goals, and intergroup cooperation. Pettigrew and Tropp (2006) tested Allport's theory and found that Allport's conditions must be split into essential ones and facilitating ones, and must be seen as interrelated. Status difference, goals, and cooperation must not be observed independently but rather in their interrelatedness.

5   Intercultural Competence and Asian HRM

As can be read from the above, most of the concepts of intercultural competence, and of intercultural competence development, have a Western (Anglo-Saxon) origin. They have predominantly been designed and tested in Western countries and found to be (sufficiently) reliable. But are these concepts also valid outside the Western context? Or does application of these models in a non-Western corporate setting merely result in "corporate rain dancing" or complete ineffectiveness (Trompenaars and Woolliams 2009)? So, what is the relevance of intercultural competence for HR in an Asian context? How much of use is the awareness of the (moral) equality of various cultural approaches in a culture with a supposedly high power distance? How helpful is a conviction that cultures are dynamic in an environment where traditions are highly valued?

Part of the answer lies in acknowledging that the Asian cultures that we refer to are far more diverse and complex than the descriptions we normally find in our Western textbooks. The young, internet-savvy and entrepreneurial generations in many Asian countries are not seeking life-long employment but instead investing heavily in their personal employability by maintaining their personal skills. More in general, because of its reifying effects, it is high time we stop classifying cultures along the cultural dimensions that have been made popular by authors like Hofstede and Trompenaars. Asian cultures are no longer just collectivist.

Another part of the answer may lie in simply acknowledging that many Western descriptions of elements of intercultural competence have been known in other cultures—including many Asian cultures—for decades or even thousands of years, obviously articulated in its own authentic cultural context. Empathy enhancement and sensitivity cultivation are but two human practices (or virtues) that Chinese authors refer to for regulating and fostering human interaction, based on ancient Tai Chi principles (Chen and Starosta 2003). What in Western text is being portrayed as "dialectics" or "constructivist theory" (see above) has for a long time been understood in Chinese context as the dynamics of yin and yang: expressing the intrinsic interdependence and interdetermination of relations. In a similar vein, "Zhong dao" is known as appropriateness, or adjusting one's communication to the situation long before "we" connected cultural (self-) awareness or appropriateness to intercultural competence. Would it be too far-fetched to say that the Chinese "software of the mind" is by itself more equipped for the capabilities needed for intercultural interaction?

A third possible part of the answer could be that the assumed paradigmatic contradiction between East and West are being perceived as less contradicting, or as less insurmountable by Eastern people than they are by Western people. Or put differently, that the Asian mind-set is better equipped for reconciling what appears to be contradicting than a Western mind-set since it is better fitting with the general cultural trait of fostering harmony and balance (China), or with oneness and a divine consciousness (India). For the latter, even though a country, India has all the characteristics of a continent with its people conversant with navigating its vast varieties—pluralism within India is larger than in the whole of the EU. The very

fabric of India is polycultural; a single Indian is holding many simultaneous identities, and many Indians have more in common with foreigners than with other Indians (Manian and Naidu 2009). Empathy and perspective-taking does not need to be taught; it is ingrained.

A fourth part of the answers relates to the impact of *virtual* cross-cultural interaction from the 90s onward. A survivor of the Tsunami in 2004 stated that what kept him alive on his 'raft' was thinking of his favorite soccer team, Manchester United. Apparently the status of a game played by multinationals in a foreign country can serve as an inspiration for life at the other side of the globe. Values like individual freedom are being embraced across generations, and across nations, increasingly based on examples sourced through the internet (e.g. the recent revolt in Thailand). Western concepts of Eastern cultures are all too often too romantic, or simply out of date. Why would interculturally competent behavior not fit Asian cultures? Where does such a question actually come from?

Yet the most likely answer to the question how intercultural competence relates to Asian HRM is that we do not really know, since there is hardly such a category as Asian HRM. Granted, authors have written about Asian HRM in comparison to Western HRM as more "collaborative" as opposed to "adversarial" (with South Korea as the exception). Yet, in Bangladesh and Vietnam, the introduction of modern HR principles and practices is being crippled by power and corruption with as a key focal point the (low) cost of labor. Taiwan was more or less forced to embrace Western (international) HRM practices due to a prolonged period of high unemployment and pressure from MNEs and FDIs. South Korea had accepted individual performance and competencies as the core principles for HR management in order to become more flexible and cope with international competition—and successfully so. Singapore has been among the early adaptors of performance- and merit-based systems, promoting life-long learning and institutionalizing modern HR techniques. Japan, however, remains relatively slow in modernizing its HR practices even with an economy and demography demanding quick transitions for years in a row. China has only just started moving from traditional personnel management toward international HRM (not denying other immense changes in personnel relations that did occur over the past decades), while the Asian financial crisis and the political handover in 1997 had fuelled a massive transition in HR policies and practices concerning retention and compensation of staff in Hong Kong (Warner 2000).

Still there are common denominators in Asian HRM. In multiple Asian countries, the corporate world is seeking access to the required talents and skills, and starts to acknowledge that when this cannot be sourced, it will need to be actively developed. Likewise many MNEs accept that they will need to break with more traditional systems of employment, retention, and compensation, and will need to find a way of integrating performance and merit systems into their development, compensation, and promotion strategies in order to become or remain competitive in the global marketplace. Producing the required business leadership potential freed from, yet respecting, local governmental ties is another challenging HR topic in various Asian economies.

6   Conclusion

The overall conclusion, however, should be that Asian entrepreneurs meanwhile apply interculturally competent behavior (since effective and sufficiently appropriate) without using any conceptualization of the concept—leave alone conceptualization in Western terminology. Also, while intercultural competence is an emerging topic in International HRM, it is not at all a topic (yet) in Asian HRM. Meanwhile, Asian entrepreneurs do seem to act competently in cross-cultural environments. Where Western scholars have claimed that intercultural competence does not come naturally, the current success of Asian businesses in other cultural environments can be partly explained from the interculturally competent behavior of its international professionals that stem from the intrinsic and authentic Asian values aimed at "oneness" or "harmony": by actively seeking connection with the other prior to action. The Eastern mind-set is focused on relations prior to the tasks, and in West and East alike once a relationship has been established, the opportunities for collaboration will arise. By adhering to the principles of ancient philosophies, Asian entrepreneurs have pragmatically resolved conflicts of interest. This general Asian behavioral trait seems to reverse Allport's contact hypothesis that a shared goal and intergroup collaboration is required for improvement of the understanding of the other. What we witness is that once the technological and informational hurdles have been taken, adherence to authentic Asian behavioral guidelines forms a good starting point for effective international business. Asian HR may embrace this as a key USP for Asian corporate development.

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