



DEVELOPING CULTURAL INTELLIGENCE

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In the summer of 2005, the number of tower cranes piercing the bright blue sky in Dubai, United Arab Emirates (UAE), was astounding. At 110°F and 90 percent humidity, construction cranked along at a break-neck pace. In only one of several such developments, there were more than 80 condominiums under construction around the newly dredged harbor.

This, in a country where less than 10 percent of the population is native. Juxtaposed between Europe, Asia, and Africa, the opportunities for an international construction company seem unlimited. One can hardly watch a Discovery Channel show on megastructures and not see something being built in Dubai.

While many opportunities exist to build a multinational business and the barriers to doing so are shrinking, the challenges of blending multinational operations remain. Construction-specific and general economic data from sources such as the Bureau of Economic Activity attest to the globalization of the economy, along with the historical and projected growth of firms with ownership in other countries. Fueled by the explosion of infrastructure and technology, this change significantly impacts the construction industry in all sectors, including

design, manufacturing, and contracting.

This article seeks to identify some of the trends associated with the international growth and expansion boom, point out some of the people-related challenges, define the concept of cultural intelligence, and relay what some companies with significant multinational presence are doing to develop cultural intelligence in their companies.

Historical and projected growth rates

The following are some quick facts about the international growth and expansion trend:

- The August 22 - 29, 2005, issue of *Engineering News-Record (ENR)* noted that there was a 20 percent increase in the amount of work performed by international firms outside of their home country.
- U.S. companies' employment in foreign affiliates increased 40.5 percent from 1990 to 2000.
- Foreign companies' employment in U.S. affiliates increased 35.8 percent from 1990 to 2000.¹

While these numbers reveal an increase in the numbers associated with international work, the operations of U.S. multinational

corporations remain concentrated in the U.S. Their domestic operations consistently account for approximately three-quarters of their output, investment, and employment.²

Europe remains the largest international market, with \$60.3 billion in construction revenue produced by international firms, a 29.2 percent increase from 2003. Asia and the Middle East are at about half of that volume, with \$30.5 billion and \$25.4 billion, respectively; however, Asia only experienced 16.7 percent growth, while the Middle East experienced a huge 54.8 percent change.³

Growth drivers

More regional than global factors drive this growth. The increase in the price of oil has resulted in higher profits for many of the oil-producing countries. The UAE and other countries are pouring these profits back into the local economy in the form of industrial, tourism, and infrastructure expansion. Asia is seeing tremendous growth from outsourcing and offshoring opportunities as multinational companies explore ways to innovate, streamline, and reduce costs by moving elements of their businesses overseas or complete manufacturing operations offshore. India's growth as a call center has been well documented. In fact, Indian call centers are struggling to

handle this growth as turnover in some of the call centers is incredibly high. Even so, their ability to train native Indians to communicate with Americans demonstrates Thomas Friedman's premise in his 2005 book, *The World is Flat*. Friedman notes:

...no matter what your profession – doctor, lawyer, architect, accountant – if you are an American, you better be good at the touchy-feely service stuff because anything that can be digitized can be outsourced to either the smartest or the cheapest producer or both....Everyone has to focus on their value-add.

As a member of the World Trade Organization and host for the 2008 summer Olympics, China's explosive growth has influenced the price of construction materials worldwide, but it has also provided an opportunity for firms from all over the world to go to China to participate in megaprojects as well as smaller, traditional projects.

In the United States, where only a small percentage of the largest international contractors and design firms are headquartered, \$22.8 billion of \$1.03 trillion total U.S. construction work was performed by internationally owned firms.⁴

Modes of growth

Some growth is occurring as companies pursue larger projects such as build, operate, and transfer (BOT) projects. These megaprojects require firms with significant financial resources to fund them over long periods of time. They attract companies from all over the world to participate in the bidding process.

One of the most traditional ways companies expand is to acquire companies in other countries such as Stantec Inc.'s recent acquisition of multidiscipline design firm Dufresne-Henry, a Canadian-headquartered engineering firm with North American and Caribbean operations⁵. Other companies leverage their core competency and travel the world opening new offices as opportunities arise. Finally, engineering firms and contractors are increasingly exploring options in the outsourcing arena as they discover that routine design tasks

or CAD operations can be performed efficiently overseas at a significant savings. Often, those involved are not even aware that their local structural engineering firm is having its structural designs performed in Asia or on some other continent.

Reasons to go

Companies go overseas or multinational for a variety of reasons. The globalization of the worldwide economy makes it easier for companies to take advantage of a number of potential benefits. Some companies go overseas to take advantage of hot markets where higher margins are possible. On the other hand, some companies may pursue a more stable market as a means to minimize risk for a portion of their portfolio. Publicly traded companies that cannot find sufficient work domestically often expand internationally to achieve the growth required to satisfy shareholders.

These companies see the potential efficiencies and savings offered by outsourcing and offshoring. The difference between out-

requirements to support the new overseas manufacturing base.

If a group of McDonald's restaurants in Cape Girardeau, Missouri, can outsource its drive-up window services to a call center in Colorado Springs, Colorado, and save money while making dramatic strides in performance, then who knows what advantages are available for those willing to innovate? Consider this list of items that can be performed remotely:

- Production of mechanical coordination drawings.
- Production of as-builts.
- Routine design of temporary construction shoring, electrical, mechanical, and other systems.
- Operation of customer call centers for large projects.
- Operation of service call centers for facility managers.

But before telling your local customers that you have decided to move to India to help build high-rise condos, consider this: There are still significant challenges and risks posed by working at the international level. From the unpredictability of terrorist activity to the potential for valuation fluctuations, the ability to reasonably predict and therefore manage the risks is difficult. Effectively leading and managing a tremendously diverse group of people also presents a significant challenge.

Necessary Skills

Certain skills and behaviors are needed to be successful in this new business environment. Technology, economics, and politics have shifted, but so have our day-to-day interactions and relationships with people who are culturally different. The range of different cultural backgrounds in the modern business environment, even in construction, is significant and growing. Depending on the market, one's colleagues, business associates, and contacts may represent countries or ethnic groups from all over the world.

This amalgamation of people creates a new and major challenge for everyone who works in globalized business. Whether one's company is owned by a multinational company, is breaking into the world market, or



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sourcing and offshoring is a matter of scale and location. Outsourcing involves moving elements of an operation to another company that can perform the function more efficiently. Outsourcing may be accomplished domestically or by finding offshore providers. Offshoring is associated more often with moving entire operations, like a manufacturing facility, overseas. Outsourcing can be a boon to domestic A/E/C firms looking for an edge, while offshoring can be the source of tremendous construction

is transacting business at home – globalization will have an impact. Many of us find cultural differences hard to deal with. We have a tendency to want everyone to “be like me.”

Crossing the Cultural Barrier

One of the ways we fail to cross the cultural barrier presented in international business is by not being aware of the key features and biases in our own cultures. For example, Americans do not realize that their outgoing manners can be perceived by other cultures as overly aggressive, noisy, and disrespectful. Another way we fail is by being defensive or ill-mannered when interacting with people who are culturally or physically different. Yet another failure preventing us from crossing the cultural barrier, is our tendency to see the behaviors of others through our own cultural lens, leading to misunderstanding and confusion. Finally, we often are unwilling as individuals or organizations to adapt to doing things differently. All these areas produce stress and anxiety and ultimately result in impaired performance and lost business opportunities.

Businesses and individuals can choose how to cross cultural boundaries.

Here are three common paths taken.

Some businesses and individuals expect everyone else to adapt to the “American way” and the English language. Although there is some evidence that our world is converging, many lost opportunities and failed business adventures litter this path.

An alternate path leads some businesses and individuals to try to understand cultural differences by learning about the new culture. This cultural awareness and its relation to business behavior is an important step in crossing any cultural boundaries. Many businesses use this path to make serious investments in cross-cultural projects. Yet, without further exploration, these projects can encounter huge setbacks due to delays in deliveries, complex government customs issues and work-visa delays, skilled-worker shortages, complicated communication and hiring issues, and unforeseen national festivals and celebrations that can shut down a site for weeks.

The best path leads businesses to become culturally intelligent. This means being skilled and flexible when it comes to understanding a culture, interacting with the culture, and reshaping thinking to be more sympathetic and adaptable to the new culture.

Characteristics of the culturally intelligent

Cultural intelligence is the capability to interact effectively with people from different cultural backgrounds. A person with high cultural intelligence grasps what makes us human and, at the same time, what makes each of us different from one another. A person with high cultural intelligence is able to figure out the behaviors and features of individuals and groups that are true of all people and all groups and, at the same time, to observe and appropriately react to individual situations.

To develop cultural intelligence, we must start with an understanding of ourselves and our own cultural habits. For example, observe how people greet or acknowledge one another. Are there common themes or patterns? Spend time at the airport, sitting and watching the way people are greeted when they come off the plane. Are they greeted differently or the same as your family greets you? Do the greetings vary according to the individual?

Another way to develop cultural intelligence is to rent a foreign film with subtitles and observe what is different and what is the same in the way people greet or acknowledge one another. Or eat at an ethnic restaurant and observe how the wait staff and chefs interact with one other. Do they change language, tone, or pace of speaking from one group of people to another? All of these examples are ways to become more aware of one’s own culture.

Cultural intelligence depends on having keen observation skills. Using these skills to pay attention to the subtleties of human interaction is an important part of becoming culturally intelligent. Even within our own culture we can miss subtle cues of business clients, employees, and family members. Working in a sales environment, missing these cues can mean the difference between closing a deal and missing an opportunity.

Try observing not just what people are saying with their words but what they are saying with their body language and tone. Ask questions about what you are observing. If someone looks at her watch, ask her if she is on a tight schedule. If you notice someone suddenly not maintaining eye contact or switching topics, could it be a subtle cue to something else that you missed?

Visit a local ethnic food market and pay attention to what is going on. Are there non-verbal and verbal cues that you don’t understand? Do you feel uncomfortable and





traditional approaches is a great way to start. Traditional methods emphasize learning about customs and cultures of individual people and groups through reading and language classes. This method also includes providing family support systems for adjusting to living in a new culture. For example, this may include helping a spouse find work and helping children find a comparable school. Nontraditional

approaches include company field trips into cultural environments and providing cultural mentors or coaches in-country. Both of these examples would provide a guided experience into the manners and customs of a culture and help with adaptation to the host culture. The final result would be to express to the host culture an understanding of what it is like to be them.

The construction industry's efforts

Companies move people across cultures for different reasons. These include 1) to develop specific skills that are not readily available within a specific cultural workforce; 2) to provide succession training where formal development and exposure to international opportunities are necessary for advancement; 3) to increase growth capacity and opportunities for individuals to achieve expertise within a company; and 4) to use global exchanges of people and ideas to spread organizational knowledge around the company.

A brief survey of international and multinational companies in the construction industry indicates that companies address the issue of cultural intelligence in many different ways. Our surveyed participants indicated that not every employee is suited for international work. In companies where the movement of individuals around the world has become commonplace, careful screening processes are in place to assess the skills, personality, and suitability of an individual to live and work in another country and culture. Some of these companies have identified certain traits that,

out of place? How might others have that same feeling around you? These exercises suggest ways to fine-tune keen observation skills.

Another step in the process of developing cultural intelligence is to enhance one's ability to demonstrate appropriate behavioral skills. Behavioral-skill development takes the willingness to be different, to modify patterns of behavior, and to acknowledge that it is about differences rather than right vs. wrong. Behavior changes are the biggest stretch for many people working across cultures. Adjusting to how business is done in different cultures often doesn't result in the same urgent time schedule as other work. Yet, inability or refusal to adjust to other cultures has caused many cross-cultural business transactions to sour.

Tapping into resource books can provide access to information for success. Inviting those from other cultures to one's home can also open a window of opportunity and insight. In a similar way, being invited to the home of someone from another culture can be an insightful experience if one puts his or her first two cultural intelligence skills to work — knowing oneself and using keen observation skills.

Organizational support for cultural intelligence

Organizations wishing to support the development of cultural intelligence must do so intentionally and purposefully on an organizational and individual level. Combining traditional methods with non-

BUILDING ENVELOPE KNOWLEDGE ASSESSMENT

Test your knowledge of slate roofing with the following questions developed by Donald E. Bush Sr., RRC, FRCI, PE, chairman of RCI's RRC Examination Development Subcommittee.

1. What are the three general categories that classify slate roofs?
2. What is a standard slate roof?
3. What is a textural slate roof?
4. What is a graduated slate roof?
5. When forming an open valley on slate roofs, strips of sheet metal are laid in the valley angle and the slate is lapped over the sheet metal on either side, leaving a space between the edges of each slate to channel water down the valley angle. The width of the valley should increase uniformly down the valley. What should be the amount of taper in the valley width?
6. Which type of metal is normally recommended for use in the open valleys of a slate roof?

Answers on page 42

BUILDING ENVELOPE KNOWLEDGE ASSESSMENT

Answers to questions from page 41:

- A. Standard slate roofs**
B. Textural slate roofs
C. Graduated slate roofs
- Standard slate roofs are composed of standard commercial slate, (approximately 3/16 inch thick), having one uniform length and width and having square tails or butts laid to a line.**
- Textural slate roofs are composed of textural slate, which is usually rougher in texture than standard slate. Textural slates are produced with uneven butts and with variations in thickness and size. In general, the term "textural slate" is not applied to slate over 3/8-inch in thickness.**
- Graduated slate roofs combine the artistic features of the textural slate roof with variations, size, and exposures.**
- One inch for every eight feet of length.**
- Stainless steel or copper.**

Reference:

NRCA Roofing and Waterproofing Manual

based on their experience, increase the likelihood that an individual will succeed in a particular situation. Assessments that address these characteristics can help evaluate the success of the investment being made to train and develop a given individual.

Those who seek international assignments must have a desire to work abroad and look upon it as a challenge and a learning opportunity. Attitude, coping skills, flexibility, and adaptability are a few of the characteristics that organizations look for in their assessment processes. The presence of families that share these characteristics can become important elements in the success of those crossing cultures. Families can also act as support systems for mitigating the stress of adapting to new cultures.

For the most part, companies are accessing both formal and informal processes to help their employees and companies be successful in these endeavors. Specifically, they rely on cultural consultants, cultural mentoring programs, executive coaching, internal formal training processes, and external fact-finding trips and informal exchanges. Consultants who specialize in preparing persons for foreign assignment can assist with training on the host culture norms, its history, and day-to-day details of living arrangements, schools, and religious accommodations. Mentor programs include sponsor contacts in the new host country and sometimes mentors in the current country with knowledge of the new country. Fact-finding trips are a relatively inexpensive way to determine if the new location is right for an individual.

Clearly, a company's investment in selection, development, and preparation of individuals for cross-cultural assignments is critical for success. The win for companies is a strong mix of cultural identities,

resulting in a more fully international identity throughout the organization. This positions organizations with greater flexibility and bench strength as they consider new business markets. Conversely, the failure of construction companies to be culturally intelligent costs them not only in their own market potential, but also in the development of multicultural leaders for the future of the industry.

Research indicates that the global marketplace will increasingly need more aware, educated, and culturally intelligent organizations and leaders. 

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