



Effectiveness of Cross Cultural Communication

Prepared for Accenture
May 31, 2006

methodology & sample

methodology & sample

Methodology

- ▶ **Accenture commissioned Sandy Radoff Associates to conduct an online survey about cross-cultural issues that occur when working with low-cost offshore service providers. A total of 200 VP and higher-level executives from large (\$1 billion+) companies were interviewed between May 12th and May 21st, 2006.**

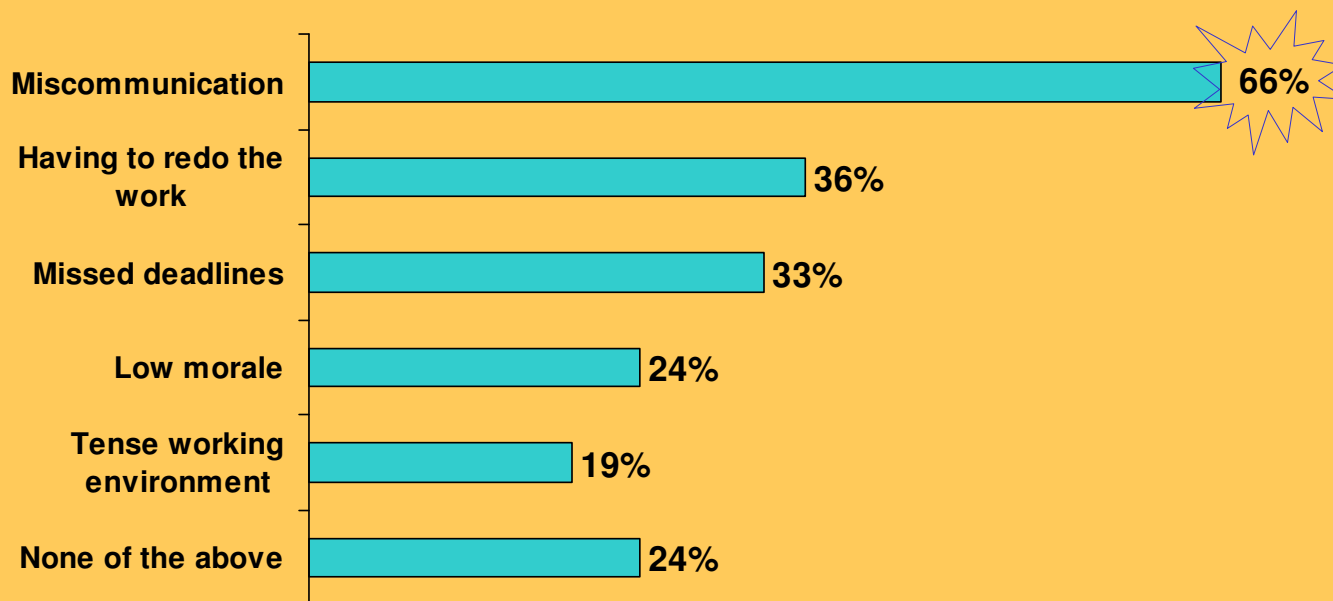
Sample

- ▶ **200 respondents from companies who use low-cost offshore service providers**
 - **Job Titles: C-suite, VPs, Owners and Department heads and Directors**
 - **Industries: Multiple industries (excluding business consulting/professional services, education and non-profit/trade association)**
 - **Company revenue: \$1billion or more**

results

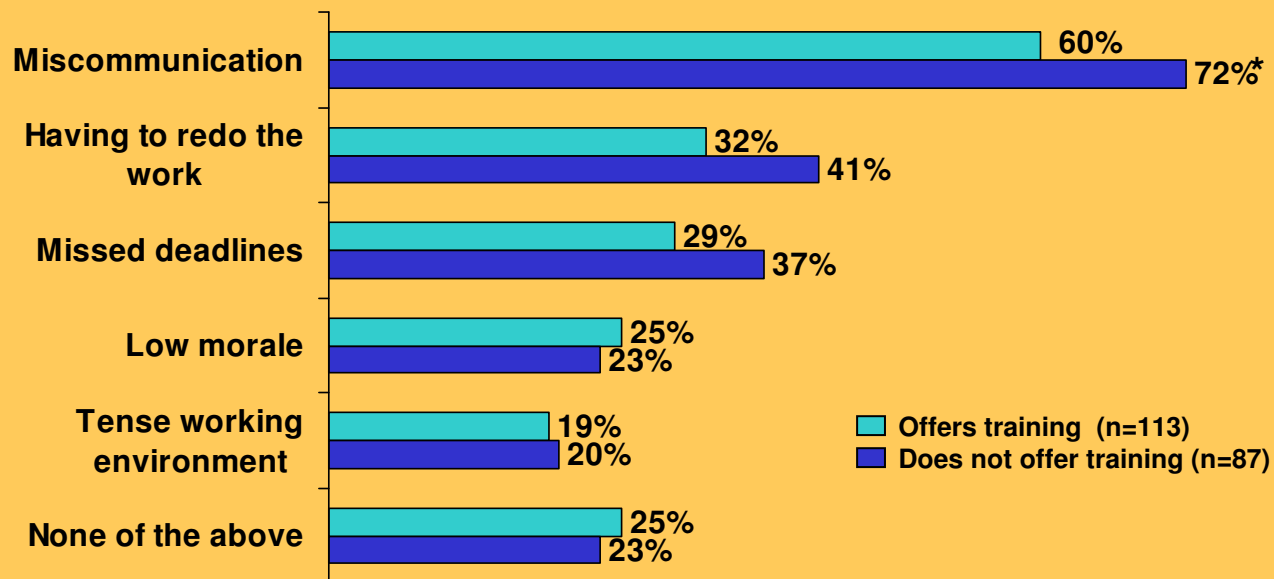
issues with offshore providers

- ▶ Respondents report that by far the biggest issue in working with offshore providers is miscommunication.



issues with offshore providers

- ▶ Respondents from companies that do not offer cross-cultural training report a significantly greater incidence of problems with miscommunication than companies that do offer training.

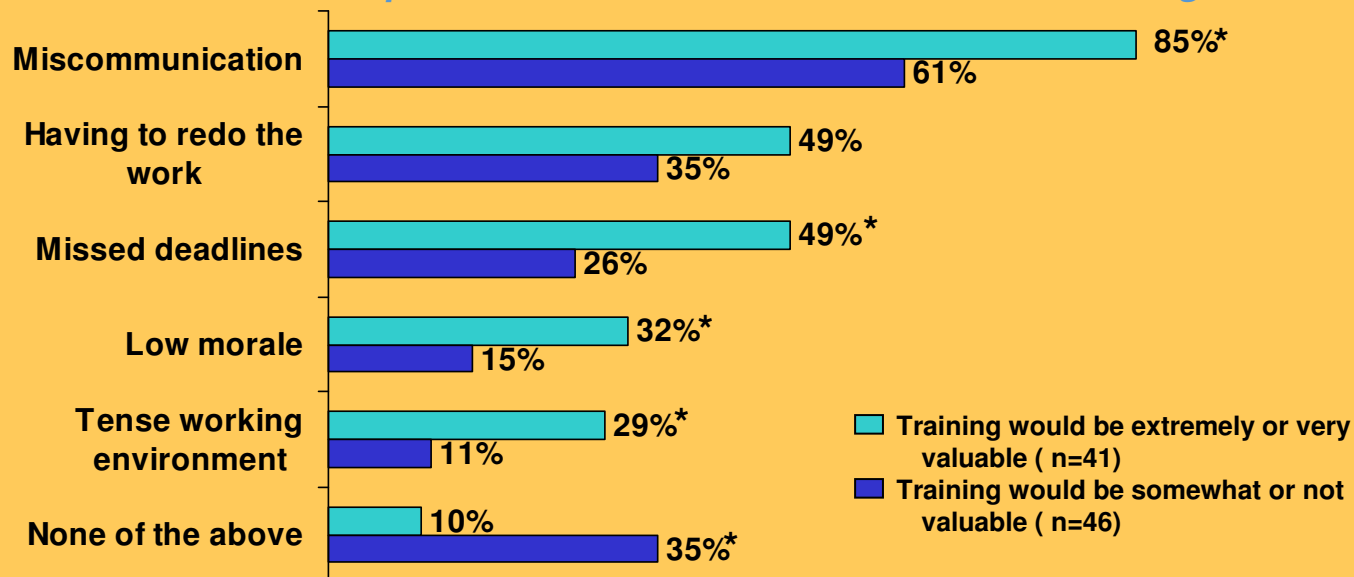


* Statistically significant difference between companies that offer training and those that do not.

issues with offshore providers

- ▶ Among respondents from companies that do not offer cross-cultural training, those who believe training would be extremely or very valuable also reported a significantly higher incidence of issues with offshore providers.

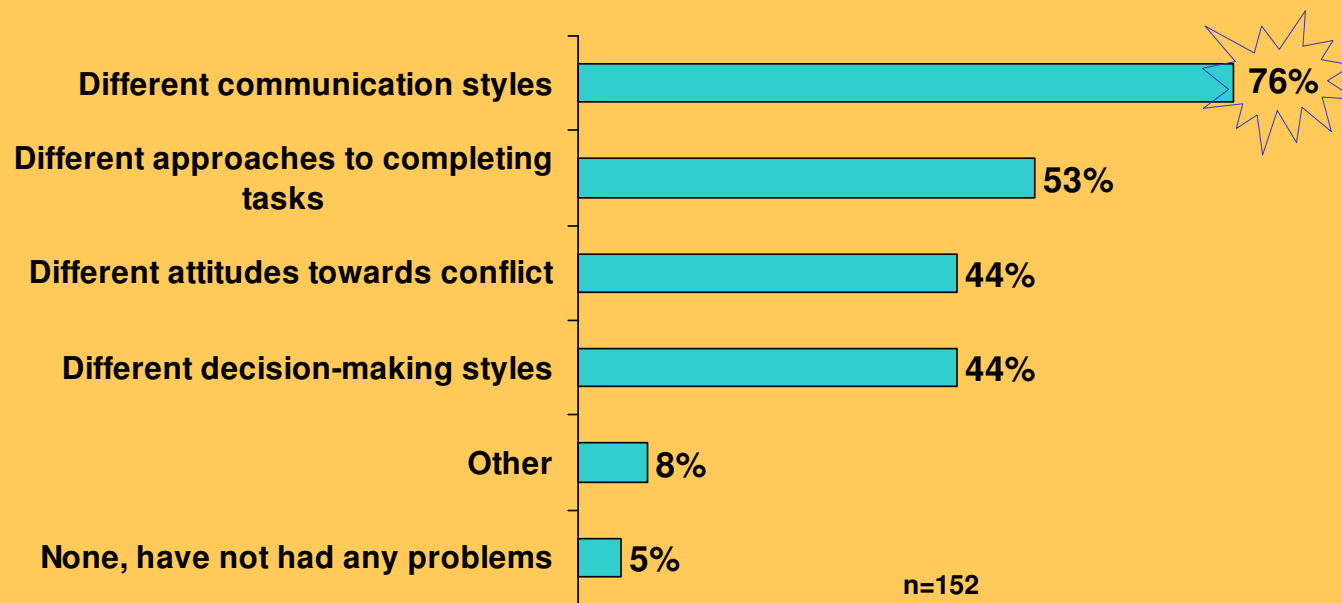
Companies that do not offer cross-cultural training:



* Statistically significant difference between respondents who believe training would be extremely or very valuable vs. those who do not.

causes of problems*

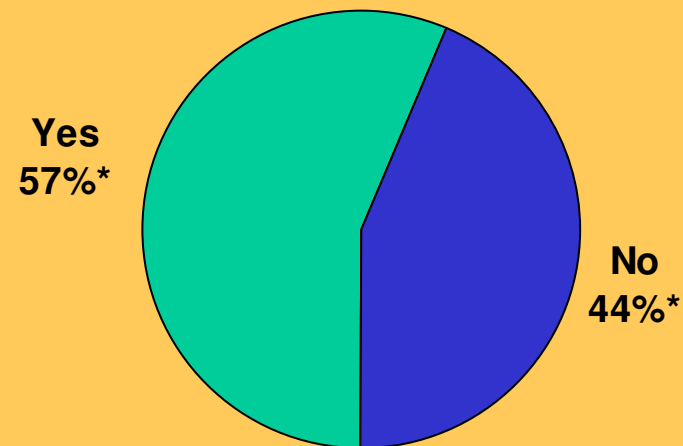
- ▶ Different communication styles stand out as the most common cultural issue that causes problems between onshore and offshore workers.



* Sample includes respondents who report issues working with offshore providers.

cross-cultural communication training

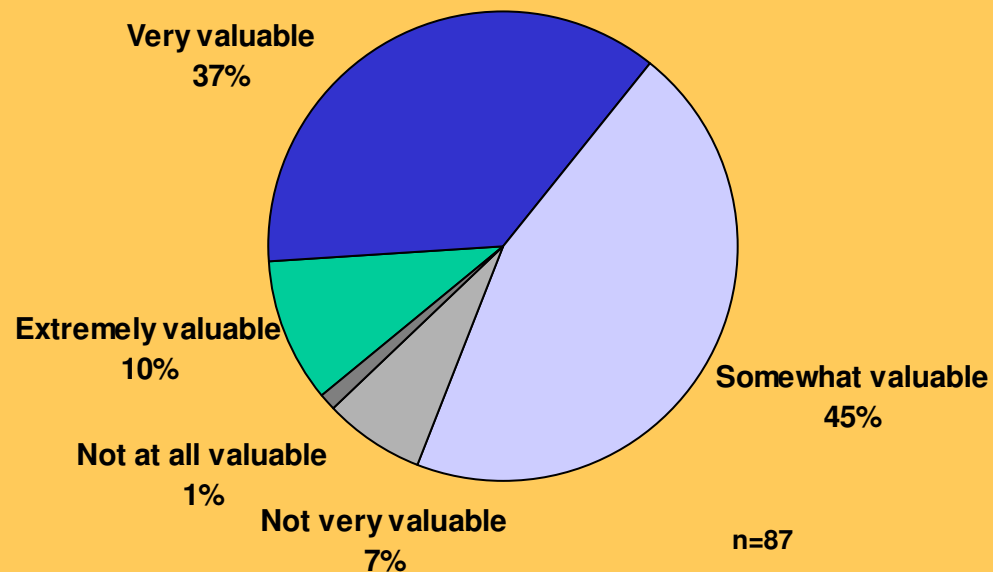
- ▶ Fifty-seven percent of respondents work at companies which offer cross-cultural communication training.



*Numbers do not add to 100 percent due to rounding.

value of cross-cultural communication training*

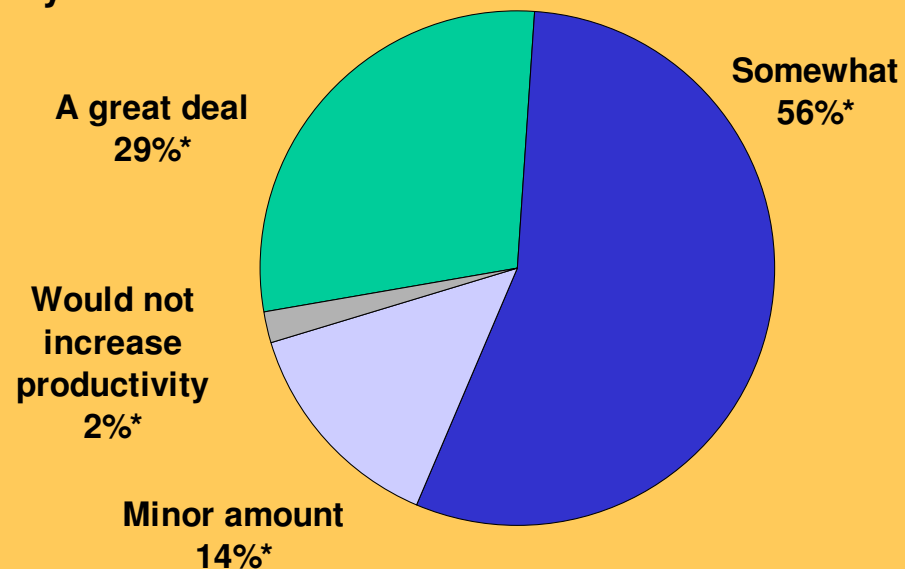
- ▶ Among respondents whose companies do not offer cross-cultural communication training nearly one-half (47 percent) believe the training would be extremely or very valuable.



* Sample includes respondents whose companies do not currently offer cross-cultural communication training.

impact of training on productivity

- ▶ Over one-quarter (29 percent) believe that cross-cultural training would increase offshore worker productivity a great deal. An additional 56 percent believe such training would somewhat help.
- ▶ Only two percent of respondents thought that training would not increase productivity.

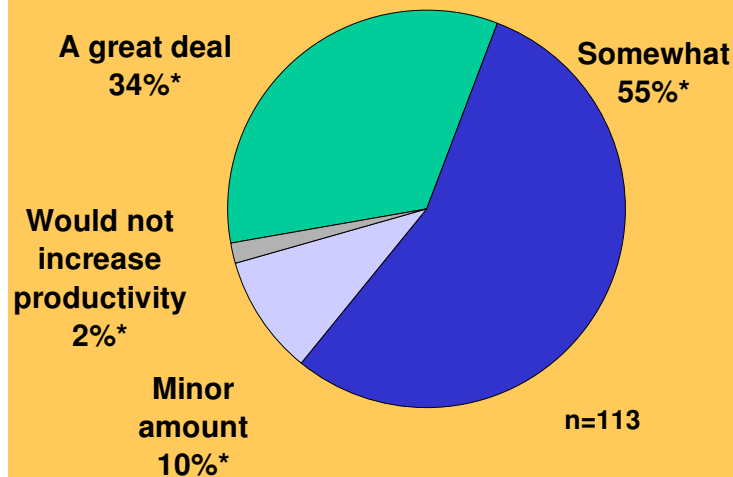


*Numbers do not add to 100 percent due to rounding.

impact of training on productivity

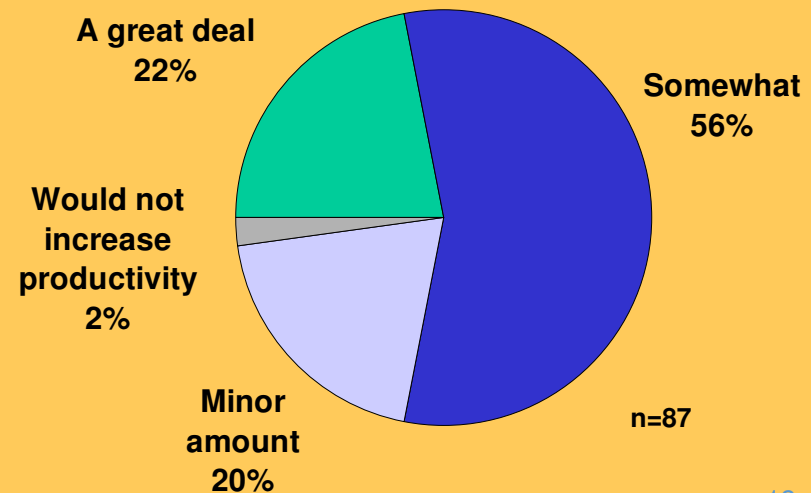
- ▶ **Thirty-four percent of respondents whose companies have cross-cultural communication training believe it increases productivity with offshore workers a great deal, but only 22 percent of respondents whose companies do not offer training believe it would have a great deal of impact of productivity.**

Yes, my company has cross-cultural communications training and it increases productivity with offshore workers...



*Numbers do not add to 100 percent due to rounding.

No, my company does not have cross-cultural communications training, but if it did, productivity with offshore workers would increase...



impact of training on productivity

- ▶ Overall, respondents believe that cross-cultural training increases productivity 26 percent when working with offshore workers. Respondents whose companies have training report a 30 percent productivity increase, and those whose companies do not have training anticipate a 21 percent productivity increase.

All respondents:



26%

Yes, my company has cross-cultural communications training and it increases productivity with offshore workers...



30%

n=111

No, my company does not have cross-cultural communications training, but if it did, productivity with offshore workers would increase...

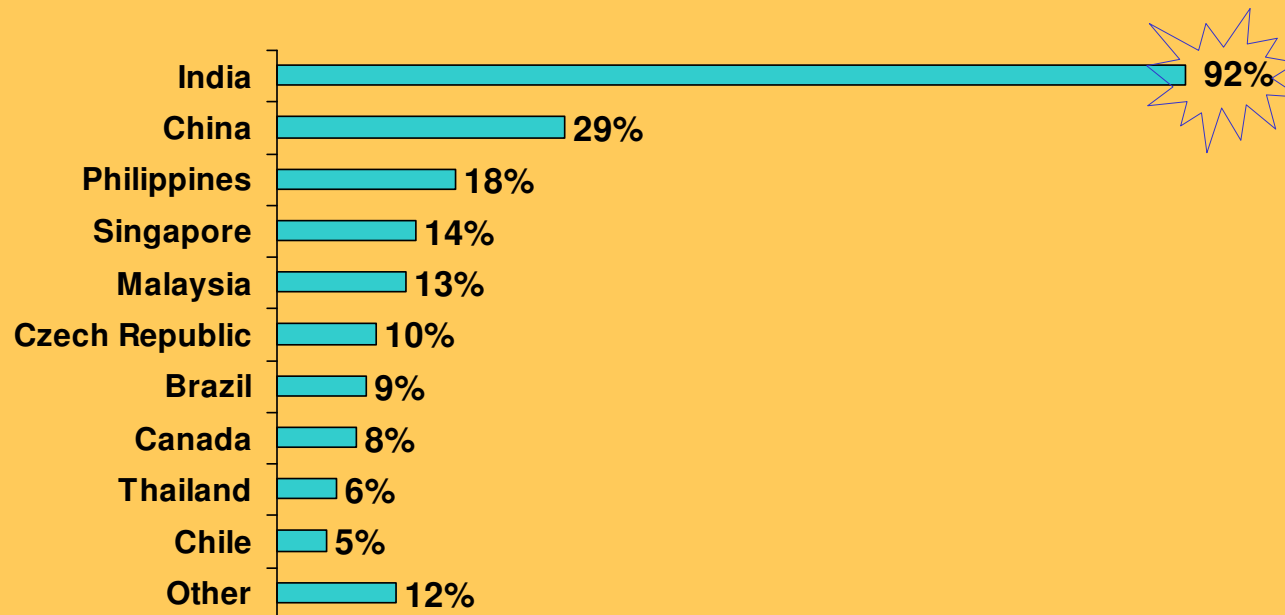


21%

n=85

top countries for low-cost outsourcing

- ▶ India is the most popular country for low-cost outsourcing.



conclusions

conclusions

- ▶ **Miscommunication is the biggest issue respondents face with offshore workers. The problem is significantly greater for respondents from companies that do not offer cross-cultural training.**
 - **Among respondents whose companies do not offer training, those who believe training would be valuable also report a higher incidence of issues with offshore workers.**
- ▶ **Among respondents who report problems with working with offshore workers, different communication styles is the greatest problem by far.**
- ▶ **Over one-half of respondents' companies (57 percent) offer cross-cultural training. Among those whose companies do not offer training, nearly half (47 percent) believe it would be valuable.**
- ▶ **Cross-cultural training can drive productivity with offshore workers "a great deal", according to over one-quarter of respondents. Among respondents whose companies offer cross-cultural training, a greater proportion - over one-third - agree that training drives productivity.**

conclusions, cont.

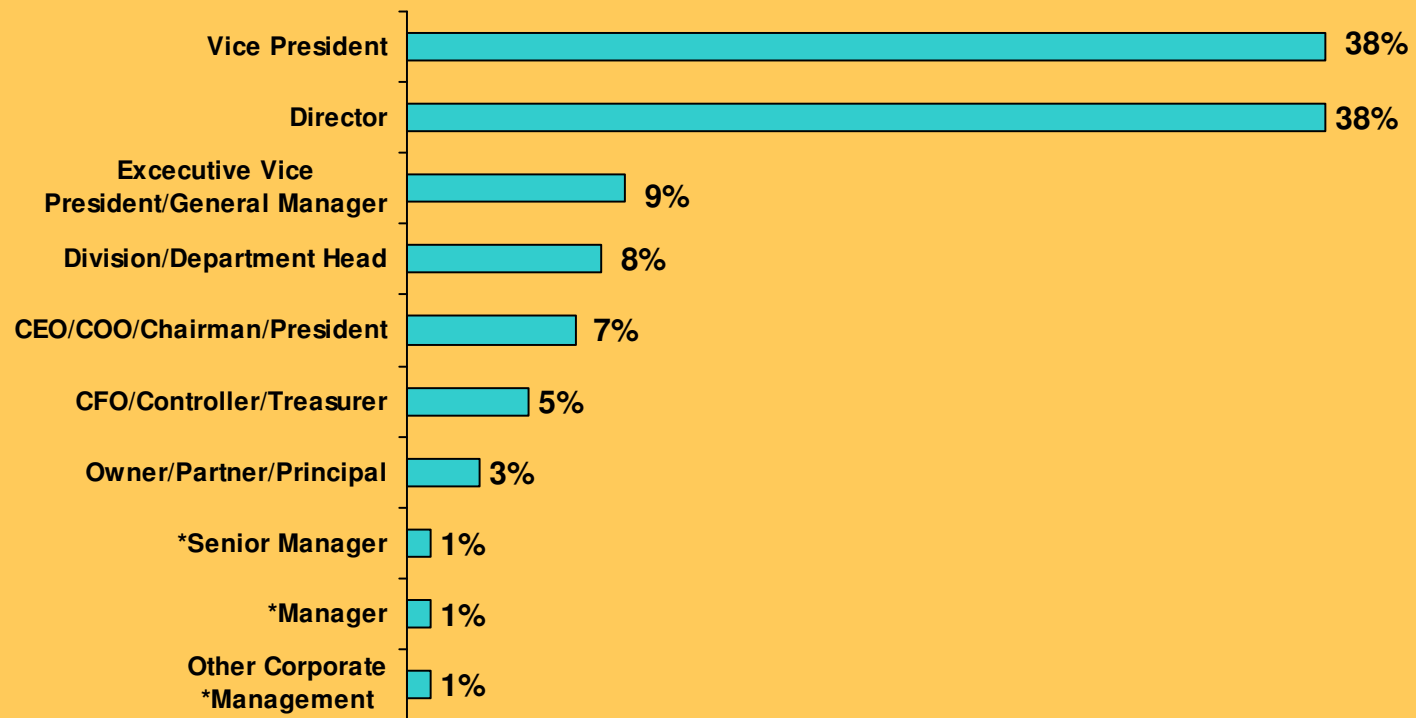
- ▶ **All respondents estimate that training increases productivity 26 percent, while respondents whose companies offer training project a 30 percent productivity increase.**

Implications

- ▶ **Respondents whose companies offer cross-cultural training recognize the value of training in driving productivity.**
- ▶ **Respondents whose companies do not offer cross-cultural training do not feel as strongly about the benefits training could provide, but exposure to the training may help these employees recognize the benefits.**
- ▶ **Also those respondents who do not currently receive cross-cultural training but believe in its value report a significantly higher incidence of issues with offshore workers.**

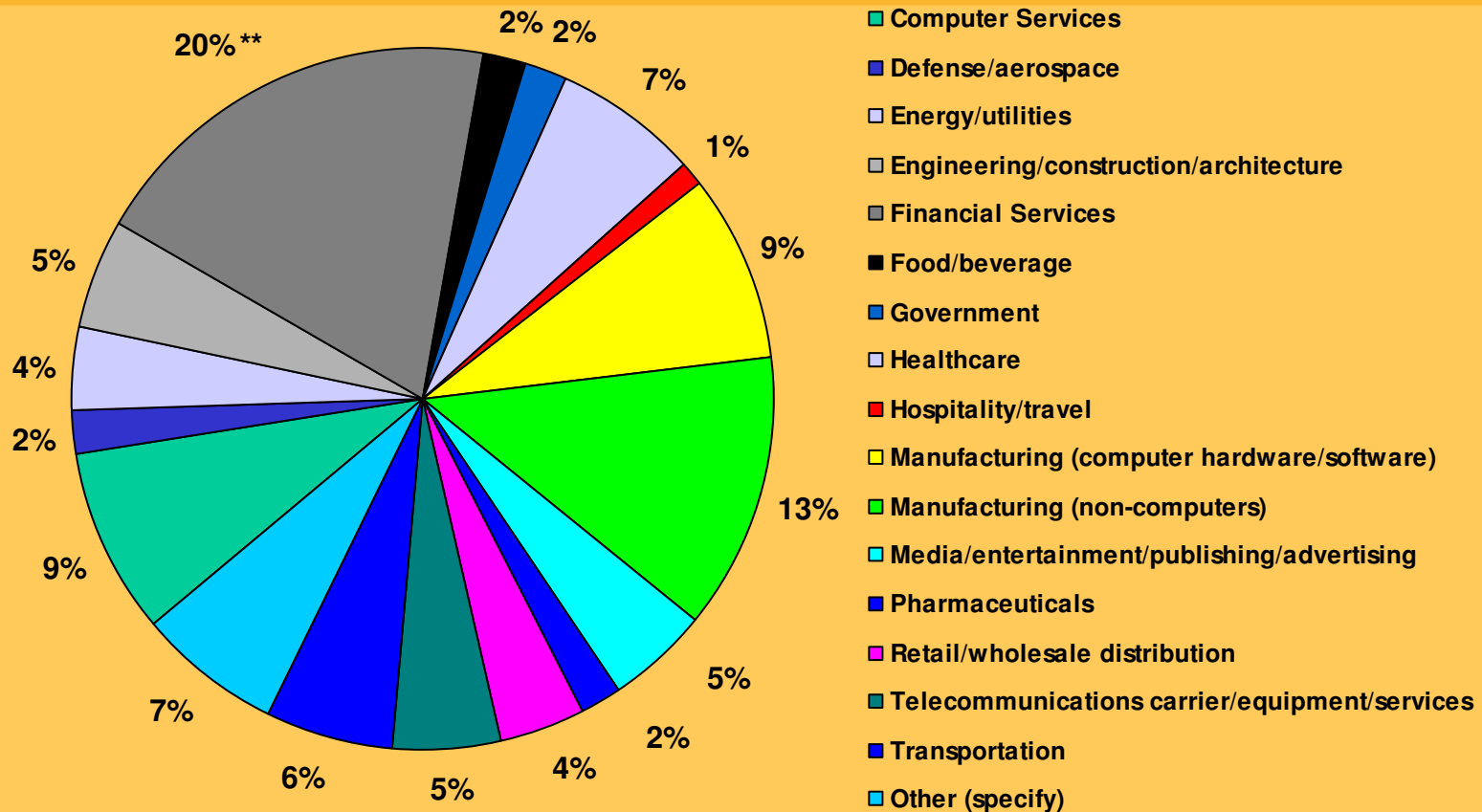
demographics

job title



* Respondents who answered only senior manager, manager and other corporate management were not included in the sample.

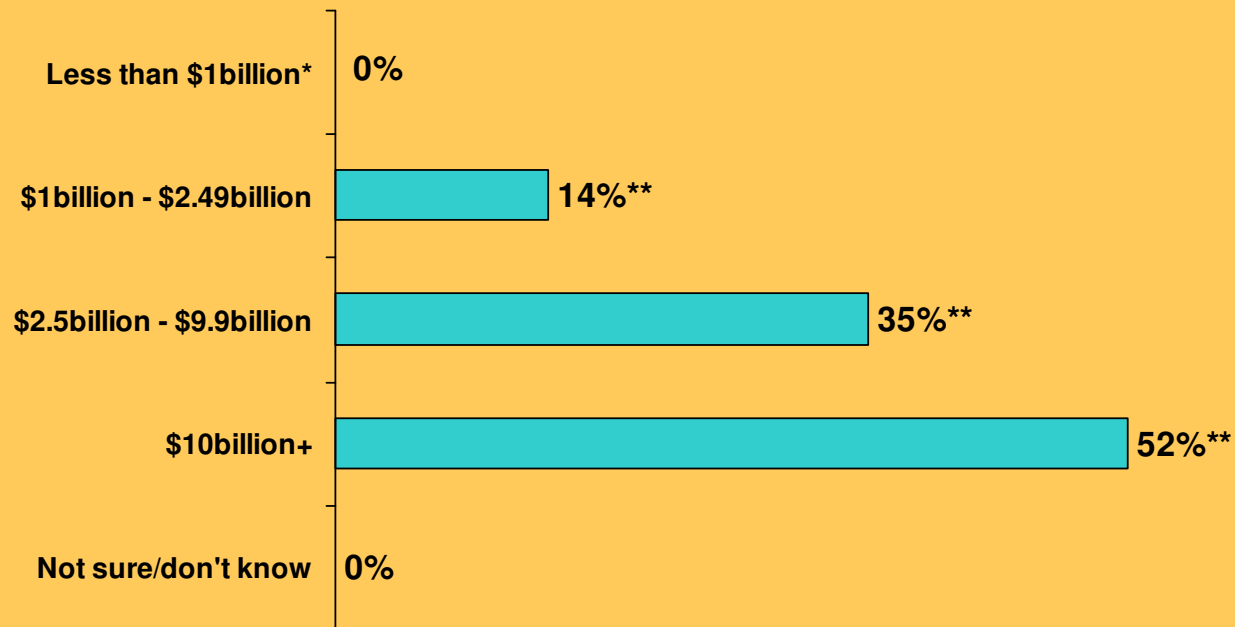
industries*



* Sample includes respondents from business consulting/professional services, education and non-profit/trade association.

** Numbers do not add to 100 percent due to rounding.

company revenue



* Respondents whose companies generate less than \$1billion in revenue were not included in the sample.

** Numbers do not add to 100 percent due to rounding.