Defining and Understanding Organization Multicultural Competence

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In a continually changing and evolving business environment, the competitiveness of organizations rest upon the core competencies that organization possesses. The core competence of many organizations is complex, involving entire organization. One of the most important factors regarding its transformation into a constituent is globalization and international competition. The globalization of the business environment is resulting in an ever-increasing number of multiple cultural interactions in the organization workplace. Understanding the influence of cultural interactions in organizational settings is now a fundamental requirement of effective management. Organization multicultural competence is one of the core competence constituents arising from above mentioned factors.

This paper is concerned with the formulation of a framework for understanding and defining organization multicultural competence. Based on the competence definition from a structural view-point, organization multicultural competence model was formed and its constituents were identified.

Keywords: organization competence, individual competence, multicultural competence, the model of organization multicultural competence.

Introduction

Rapid economy globalization insists on organizations capability to operate in different cultural settings, despite with whom – employees, consumers, partners, competitors, or en block. It is necessary to acknowledge the growing complexity of inter- and intra-organizational connections and identities and to think about organizations and multiple cultures in a globalizing business context.

There are many discussions on organization core competence that should ensure successful competition in the market, however recently traditional organization competence conception, that includes ability of an organization to sustain coordinated deployments of assets and capabilities in ways that help the organization achieve its goals, is not sufficient for working in cross-cultural space. Traditional organization competence model should be extended by including the concept of cross-cultural competence. Cross-cultural competence would be an organization competitive advantage while operating in different cultural settings.

There are many interesting works in the cross-cultural competence research area (Black, Mendenhall, 1990; Lambert, 1994; Dodd, 1998; Leiba-O’Sullivan, 1999; Kealey, 2000; Howard-Hamilton, 2003), but only individual cross-cultural competence is analyzed in all of them. Whereas organization cross-cultural competence, that should include organization politics, strategy, structure and analyze how to develop individual cross-cultural competence systematically, is not emphasized.

Striving to define and redefine cross-cultural competence has resulted in a wide variation of terminology, such as cross-cultural, intercultural, global, international, multicultural competence. To provide one term – organization multicultural competence, - which brings greater clarity to the idea of organization competence in the environment with multiple cultures, would be a value of this paper as well.

The aim of the article is to define the conception of organization multicultural competence and to present the model of organization multicultural competence.

The object of the survey is organization multicultural competence.

The methods of the survey are nonfiction and special literature analysis and synthesis, the generalization of the researches results.

The conception of organization competence

The business environment is continually changing and evolving. Due to three key, related trends – intensified competition, aggressive cost management and downsizing, and the proliferation of 360-degree feedbacks systems, interest in competence conception, development and its models will continue to grow (Lucia and Lepsinger, 1999). In the superheated struggle for competitive advantage, many organizations have focused on people as the key to success. Individual competence models are highly useful in ensuring that employees are doing the right things, and such models help organization align internal behaviours and skills with the strategic direction of the company as a whole. Therefore, at first individual competence will be discussed, because it is necessary to know what individual competences we need before talking about organization competence, which in principle is a tool pointed towards the development of individual competences.

The idea of management (individual) competences is drawn from the basic assumptions of the skills approach in social psychology that suggests we can understand social action by looking at its component parts. The factors involved in “skilled performance” are therefore (Argyle, 1967):

- the motivation to perform (as well as the attitudes towards the performance and subject of the performance);
- knowledge and understanding of what is required;
- the ability (capability) to translate knowledge into specific behaviour;
• the performance itself which provides evidence that the above three factors are present.

Recent competence conception remained similar to skills approach.

Queeney (1997) summarized a traditional view of individual competence. According to the researcher, competence has three components: knowledge, skills and abilities. In addition to these capabilities, there is context, a factor that has received a little consideration in the past, but "in order to be a competent practitioner, a professional must be able to employ knowledge, skills, and performance abilities within a specific context, or practice setting".

The concept of competence indicates person’s ability to keep a balance between qualifications and specific social conditions (Lauring, 2001). Individual develops his/her competence through all life, in interactions with other people. Therefore competence is concurrent with work environment and human relationships. Competence can be studied only at a particular moment, in a particular place and in a way of particular task. Thus competence is an expression of qualification, which appears in ordinary work and interactions with co-workers.

According to Leiba-O’Sullivan (1999), competence consists of knowledge, skills, ability and other, there other includes both interests and personality interests.

Lucia and Lepsinger (1999) state, competence is the particular combination of knowledge, skills and characteristics needed to effectively perform a role in an organization.

Knowledge is a set of beliefs about causal relationships in the world and an organization (Sanchez, 2001). It is a body of information that has to be mastered by a professional in a particular field (Queeney, 1997). Knowledge helps people do things more effectively and efficiently. Skills are the abilities an individual has to do things (Sanchez, 2001) and enables to utilize the knowledge when performing a particular work or assignment (Queeney, 1997). Knowledge and skills can be either highly tangible and measurable – or a far more complex to matter. Abilities concern the application of knowledge and skills in the practical settings, where judgment is used to deal with real situations (Queeney, 1997). Characteristics of a person are least readily measurable. It can be an aptitude, innate talent, or inclination that suggests a potential to acquire or use a particular kind of skill or knowledge. Competences should include both innate and acquired abilities. It is a pyramid (see figure 1) built on the foundation of inherent talents and incorporating the types of skills and knowledge that can be acquired through learning, effort and experience.

At the top of the pyramid is a specific set of behaviours that are the manifestation of all the innate and acquired abilities.

Organizational competence is a semantic construct providing a reference point for, and giving a meaning to “individual competence”. Competence is defined as a statement of values accorded to another within a particular organization – the value that is placed on an individual who is able to perform and “be” in ways that are highly valued and required by the organization. Stuart and Lindsay (1997) state, organizational competence may be viewed as a “lens” on the world of individual competence and its contributing competences. As a lens it brings these competences into focus and enables their definition.

The link between organization and individual competence is presented in figure 2. On one hand, it is a link between an organization’s strategic objectives, operational objectives and task and behaviour requirements. Strategic objectives are converted to operational objectives and them – to types of tasks. One the types of competence needed by people performing tasks are identified, the behaviour characteristics associated with these competences can be defined. On the other, individual competence create organizational competence and is one of its constituents. Organizational competence is the skills of individuals who can blend their expertise with others in innovative ways. Furthermore, individual competence models can play a vital role in every process of human resources management (Briscoe, 1996) - selection, training and development, appraisal, planning (Lucia, Lepsinger, 1999).

The conception of organization competence continually varied and developed. While summarizing an emergence of the concept of “core competence”, it is necessary to note its prehistory – resource based theory of the firm. This theory, which goes back to the seminal work of Penrose (1959), conceptualizes the firm as a collection of productive resources and view firm grow as a process of using these resources to exploit the firm “productive opportunity” and of increasing the firm resource base. Later this attitude was extended including capabilities. The concept of “core competence” was...
introduced by Prahalad and Hamel (1990). They define competence as “the collective learning of the organization, especially how to coordinate diverse production skills and integrate multiple streams of technology”. The core competence of organization is that which provides its competitive advantage. The creation and development of core competence is a log process, therefore it is difficult to imitate it.

According to Sanches (2001), competence is the ability of an organization to sustain coordinated deployments of assets (i.e. anything tangible or intangible that an organization could use in the pursuit of its goals) and capabilities in ways that help the organization to achieve its goals. Note that this concept of competence has three essential elements: 1) coordination of assets and capabilities; 2) intention in deploying assets and capabilities to specific purposes; and 3) goal-seeking as the driver of organizational action. Competence is thus a property of an organization that depends on three essential factors: 1) organization cross-cultural competence; 2) intention in deploying assets and capabilities in ways that help the organization achieve its goals, and coordinating the use of resources in carrying out those actions.

Normally, core competencies are defined in terms of their functional characteristics, i.e. what are the effects caused by competence, but the elements of a competence and its relations are not defined.

The concept of competence was structured by Drejer (2001). He singled out four generic elements of competence: 1. Technology is often the most visible part of a competence, since it represents the tools that human beings use to do activities. 2. Human beings are to Drejer the most obvious part of competence. 3. Organization refers to the formal managerial systems under which human beings function. For instance, planning and control systems, reward and pay system, communication channels, hierarchy of responsibilities and tasks, and other formal organization manifestations will greatly influence the human beings and their actions. 4. Culture refers to the informal organization of the firm. The organization culture influences the human beings via shared values and norms which guide activities. On other hand, managers and employees behaviour and attitudes further the formation of organization culture. The role and weight of generic elements of competence differ. They depend from each other, so competence must be analyzed as integral system of its elements.

Based on the organization competence definition from a structural view-point the model of organization multicultural competence will be formed.

The conception of multicultural competence

The core competence of many organizations is complex, involving entire organization. One of the most important factors regarding its transformation into a constituent is globalization and international competition. One of the core competence constituents arising from above mentioned factors is organization cross-cultural competence. The human factor issue arises due to the establishment of increasing number of joint-ventures, because the relationship between people from various countries is based on different experience and management practice. While integrating not only into national but also into organizational cultures, cross cultural interaction can be an assumption for both successful and failing international relationship. It determines the relevance of cross cultural differences and cultural integration in business issues, cultural divergence knowledge and search for convergence potential initially analyzing arrangements to develop organization competence while operating in multicultural environment.

In a continually changing business environment it is necessary to know not the competences organization must be characterized by, but what are the tools for reaching such competences. Though, as Sanches (2001) states, no one can manage something that is not defined.

Little research, however, is available on cross-cultural competence. Besides, individual cross-cultural competence, but not organization, is mostly emphasized.

Many attempts have been made to define and redefine cross-cultural competence over the years. This has resulted in a wide variation of terminology and definitions, pointing to a wide range of implications of cultural competence across different disciplines. There are almost as many different opinions on what makes one effective, and conversely, what makes one ineffective in another culture as there are researchers on the subject.

The research in the areas of cross-cultural, intercultural, global, international and multicultural competence represents separate parallel lines which have not yet merged together. While some studies have looked specifically at global knowledge, attitudes, or behaviors, most research looks at some combination of these different traits.

Cross-Cultural Competence. Black and Mendenhall (1990) developed three-dimensional taxonomy of cross-cultural competences:

- Self-maintenance dimension
- Cross-cultural relationship dimension
- Perceptual dimension.

Their taxonomy has received recognition in the international management literature (Deshpande, Viswesvaran, 1992; Leiba-O'Sullivan, 1999). Based on their work, Leiba-O'Sullivan (1999) developed a new perspective on the topic of cross-cultural competence. She framed her investigation within the context of Black and Mendenhall's (1990) study and made a distinction between stable and dynamic competencies as well as added new dimensions to the framework. Leiba-O'Sullivan argues that stable competencies are essential for the acquisition of dynamic competencies, and therefore, she emphasizes their interdependence. Knowledge and skills represent dynamic competencies, because they may be acquired through training, be it training on or off the job. Ability and personality represent stable competencies because they are relatively fixed and may constrain the potential to develop a skill. Leiba-O'Sullivan argues that stable competences are essential for the acquisition of dynamic competences. Further stable competences may be “must-have’s” for cross-cultural adjustment, as opposed to dynamic competences, which may simply be “nice-to-have’s”. Acquiring of these competences is necessary for cross-cultural adjustment.

Intercultural Competence. A comprehensive review of research on intercultural competence was conducted by Dinges (1983). Based on various models of intercultural competence, Dinges extracted the following dimensions of this competence: information processing; capacity for learning and change; communication style; stress tolerance; interpersonal relations; motivation and incentive;
personal development; life stage; and context of situation.

Fox (2003) selected a list of predictors of intercultural competency in the perspective of different researchers. At first sight these findings are difficult to compare. But careful reading not only the lists but also the supporting explanations reveals that there is much overlap in these lists. By generalizing these findings a predictive ability between indicators and effectiveness outcomes in three parallel areas can be clarified: task performance, intercultural interaction, personal adjustment (Dodd, 1998; Elmer, 1986; Kealey, 2000).

A more recent review of empirical studies of intercultural competence conducted since 1983 was summarized by Dingens and Baldwin (1996). They emphasize the increasing sophistication of design, sampling, measurement and interpretation of the notion of intercultural competence; however, they emphasize that many studies still lack the conceptual framework by which the research has been guided.

The terms competence and effectiveness in an intercultural context are sometimes used synonymously and can be understood in various ways. According to Dodd (1998), intercultural competence factors are the skills and qualities associated with successful outcomes in an intercultural context. You have to know, do or feel certain qualities usually before successful outcomes occur (Dodd, 1998). Kealey refers to effectiveness as the ability to live and work effectively in the cross-cultural setting of overseas assignment (Kealey, 2000). Taylor develops, that intercultural competence is a transformative process whereby the stranger develops an adaptive capacity, altering his or her perspective to effectively understand and accommodate the demands of the host culture (Fox, 2003).

There has been recognition that cross-cultural and intercultural research can and should inform one another (Lambert, 1994).

**Global or International Competence.** The use of competencies model has been widely applied for the identification of competences required by global (international) managers and other key employees. The global (international) manager, who has abilities to explore the environment, feel changes, understand organization possibilities, and prepare valid and profitable plans, is the key in organizations, which are based on knowledge. Because of global market evidence, managers must be competitive while dealing with complex issues and self-sufficient while implementing global initiatives.

Various requirements for global managers were externalized by Black, Gregersen (1999), Allen, Ruhe (1997), Bartlett, Ghoshal (2000), Dessler (2001). Lambert (1994) reviewed the internationalization literature and constructed the concept of global competence, which describes the qualities necessary for professional practice in an international setting. He conceptualized global competence as consisting of five components: world knowledge, world language proficiency, empathy (the ability to recognize validity in other points of view), approval (the ability to appreciate aspects of other cultures), task performance (the ability to achieve specific goals in a different cultural environment). Adler (2002) indicates five competencies for global leader as well: self awareness (the ability to recognize and understand your moods, emotions and drives, as well as their affects on other people), self regulation (the ability to control or redirect disruptive impulses and moods), motivation (strong drive to achieve, optimism and organizational commitment), empathy (the ability to treat people according to their emotional reactions and show cross-cultural sensitivity) and social skill (a proficiency in managing relationships and building networks). According to Bartlett, Ghoshal (2000) global competences consist of abilities to manage competitiveness, complexity, adaptability, multicultural teams, uncertainty and learning.

However, Adler (2001) remarks that what is relevant management attribute for reaching the top in one country may not be seen as relevant in another. So in this case, national cultural peculiarities should be considered.

**Multicultural Competence.** This kind of competence required for a diverse and global society can be found in the literature on relations between cultural groups within the United States context. Multicultural competence consists of knowledge, awareness and skills (Howard-Hamilton, 2003). They include anticipatory anxiousness/anxiety (it is associated with the excitement for example accompanying the birth of a new idea, thus we experience anxiety when we move out of the known into the realm of the unknown), curious with the acquisition of knowledge, epiphany/acceptance with privileged status (to realize that you are a beneficiary of earned or unearned privileges), comfort with self and others (there is a sense of peace with who you are as a racial/ethnic individual). The emphases lay on the statement, that multicultural competence is a lifelong process.

The term “multicultural” is used in Sodenberg and Holden (2002) research. They claim, the concept of culture has been used as if it were equivalent to the nation-state in cross-cultural management, is largely out of phase with new demands on management. Academics and practitioners must take into consideration the multiplicity of various cultural communities existing and co-existing within organizational settings of an internationally operating company (Sodenberg, Holden, 2002). So a new multicultural environment is taking shape.

The areas of cross-cultural, intercultural, global, international and multicultural competences represent parallel focuses in research. Though some of these terms are used in particular research, for example global (international) competence – in the international assignments, very often such terms are used interchangeably (Chaney, Martin, 2000). Comparison of competences is presented in Table 1. According to Kutschker (2002) and Scholz (2000) determination of typical cross-cultural research levels, there is an assumption that different competence areas correspond to different levels. The first level is cross-cultural/intercultural competence. Acquiring global or international competence, cross-cultural /intercultural skills are also necessary. While seeking to obtain multicultural competence, competences from the first and second levels are required as well. Besides it is visible, despite the label of competence area, some iterative competences, required while operating in different cultural settings, can be excluded.

In this paper the term multicultural competence was chosen according to changing paradigms and as the most appropriate term within the context of multicultural environment.

From the numerous definitions of competence provided earlier, it can be concluded that competence can be described as knowledge, skills, abilities and personal characteristics required of a manager for a successful performance in a multicultural environment. After the generalization of researchers’ identified competences, they are indicated in the multicultural competence pyramid of an individual (see figure 3).
The comparison of competences

<table>
<thead>
<tr>
<th>Cross-Cultural Competence</th>
<th>Intercultural Competence</th>
<th>Global or International Competence</th>
<th>Multicultural Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable competences: • emotional stability • extraversion • agreeableness • openness to experience • conscientiousness Dynamic competences: • cultural knowledge • cross-cultural self-maintenance • cross-cultural self-efficacy • stress-management skills • conflict-resolution skills • cross-cultural relationship • perceptual questioning skills</td>
<td>• information processing • capacity for learning and change • communication style • stress tolerance • interpersonal relations • motivation and incentive • personal development • life stage • context of situation</td>
<td>• world knowledge • world language proficiency • empathy • approval • task performance</td>
<td>• anticipatory anxious-ness/anxiety • acquisition of knowledge • acceptance with privileged status • comfort with self and others</td>
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While seeking to acquire multicultural competence it is necessary to have stable competences, i.e. abilities (empathy, approval, task performance, openness to experience) and personal characteristic (emotional stability, extraversion, agreeableness) as well as dynamic competences, i.e. skills (capacity for learning and change, stress-management skills, conflict resolution skills, perceptual questioning skills, cross-cultural relationship) and knowledge (language and cultural knowledge). These competences ensure behaviour for successful cross-cultural adjustment.

The model of organization multicultural competence

Based on previous research (Drejer, 2001; Ng ir Hung, 2001; Leonard-Barton, 1995) it was decided to take a
such perspective, organization multicultural competence can be defined as a system of individuals (informal elements) and management (formal elements) and the interactions of these elements. This is illustrated in figure 4.

![Diagram](image)

**Figure 4.** The model of organization multicultural competence

Technology, though it is the most visible part of competence, is not important in the case of multicultural competence. Besides, technology must be treated as the part of a major system – it does not increasing competitiveness by itself, but only when related with every employee’s knowledge, formal and informal organization, business processes. There is a growing realization that long-term organizational success is more dependent on the manner in which organization exploits its intellectual capital than on any state-of-the-art technological interventions (O’Keeffe, 2003). Leonard-Barton (1995) states, those employees, who interact in formal and informal way, are an essential constituent of a competence: thus pointing to the area of organizational learning and competence development. As Reineke (2002) proposes, our days multicultural management is too focused on awareness building and not concerned enough with the creation of the necessary multicultural, business related competences that are created in a continuous learning process across cultures.

Organization culture should be valued as the one influencing organization management, but not as the element of a competence. After Shein (1985), organizational culture is based on, and derived from, prior experiences, learning, assumptions, beliefs and preoccupations. These are expressed as espoused value statements, and evidenced in demanded competence. Organizational values provide the operating principles and codes of conduct on how to deal with key situations.

Based on the assumption, that one of the constituents of core competence is organization multicultural competence, arising due to globalization and international competition, it can be claimed, organization which adopts multicultural competence would have a strategic platform from which to work that would allow easy movement to take advantage of a tactical opportunity. According to Kendall and Jaccarino (2004) organization strategy should include the following questions: Does organization vision statement include diversity and cultural competence as key goals? Are organizational goals and business objectives aligned to leverage cultural competence? Do people, policies and activities visibly promote cultural competence?

As it has been mentioned earlier, there is a link between organization and individual competence. Since organization competences arise from the talents and skills of individuals, they can also be easily lost or changed. But if a competitor were to acquire some key personnel, these individuals would no longer be working under the same conditions which supported them earlier (Unland, Kleiner, 1996). Hereby, a competence is a part of human resources management system, which includes the employees. To this end in view, human resources management emerges as the main mediator of cultural integration and developer of multicultural competences in organizations.

Multicultural competence of an individual can be developed by using human resources management functions - selection, training and development, appraisal, and motivation. When individual multicultural competences are identified, an organization can focus its human resources management functions on the behaviours that have the most relevance to successful performance and eliminating cultural differences.

Probably, organizations that have multicultural competence acquire competitive advantage when facing multiple cultures. Such organizations create multi culture, where interaction and adjustment of different cultures is seeking in order to create one culture sharing advantages of separate cultures (Andersen, 2001). The conception of cultural synergy is emphasized, where knowledge, values and experience are transferred (Sodenberg, Holden, 2002). Cultural synergy means a development of new solutions to problems that leverage the cultural differences among all cultures involved while respecting each culture’s (Adler, 2002).

Consequently treating diversity as a resource rather than
a threat became a challenge for organizations. It is essential aspect for responding to the demands of a global market economy and seeking international competitiveness. The definition and understanding of organization multicultural competence is very important in this context. Moreover, this will form the basis for further discussing issues related to organization multicultural competence development.

Conclusions

This paper has presented the first attempt to design an organization multicultural competence model which integrates both organization competences and individual competences while operating in multicultural environment. To reach this aim, the following conclusions were determined:

1. While seeking international competitiveness and successful operation in multicultural environment, traditional conception of organization competence is not sufficient. Therefore it was necessary to extend a traditional organization competence model by including the concept of multicultural competence.

2. To reduce the confusion caused by using different labels for the same concept, it has been suggested that “multicultural competence” is a more appropriate term according to changing paradigms and within the context of multicultural environment.

3. Based on the individual competence model and having generalized research results on cultural competence, the following individual multicultural competences were identified: stable competences (abilities: empathy, approval, task performance, openness to experience, and personal characteristic: emotional stability, extraversion, agreeableness) and dynamic competences (skills: capacity for learning and change, stress-management skills, conflict resolution skills, perceptual questioning skills, cross-cultural relationship, and knowledge: language and cultural knowledge). These competences ensure behaviour for a successful cross-cultural adjustment.

4. Based on the organization competence definition from a structural view-point and regarding the link between organization and individual competence, the model of organization multicultural competence was formed, that can be defined as a system of management (cultural integration strategy and human resources management system) and individuals (individual multicultural competence) and the interactions of these elements.

5. Further research is required to test organization multicultural competence model. Of particular interest is the interplay between the elements of this model. After such testing and subsequent refinement, we believe the model will prove a valuable contribution to the better understanding of the different facets of organization multicultural competence and their relationship to practice in both academic and practitioner communities.

References

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organizacijos kompetencijos, kurios iš principo yra priemonė kompetencijos sakarai įvairiose funkcijose. Tai gali būti įtakos darbuotojui, kuris yra reaguojantis į organizacijos tarpkultūrinius konfliktus.  