

# EVALUATION OF INTERCULTURAL COMPETENCY IN ORGANIZATIONAL CULTURE: ANALYSIS OF THE EXAMPLE OF LATVIA

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## Abstract

The purpose of this paper is to evaluate intercultural competency of employees in multicultural organizational cultures. The paper is an application to build an international research meta-story about intercultural competency in several countries. The particular study is an example of Latvia. From the design/methodology/approach point of view, a survey questionnaire on intercultural competency of employees is used. Speaking of elements of intercultural competency that respondents consider most important, these are language skills, ability to learn from experiences, adaptability, flexibility, as well as understanding of other cultures. More than 30% of respondents believe that improved intercultural competency would improve their organization's abilities to reach its goals and build partnerships with organizations from other countries. Respondents are open for communication with other cultures. They are ready to learn and respect the cultural differences. On the other hand, the research encompasses organizational subculture restriction. Research does not include all factors of internal environment. The study will affect research on human resource management, organizational culture, climate for creativity and innovation, as well as job engagement.

**Key words:** intercultural competency, culture, organizational culture.

**Classification JEL:** M12 – Personnel Management.

## 1. Introduction

In today's society, an organization is a socially multicultural environment. Growth trends of multicultural values are becoming more pronounced in the view of increased globalization processes. In such a changing environment, employee performance is dependent on their individual ability to adapt, development opportunities and expertise, including intercultural competencies that enable the organizational competitiveness and sustainability in general.

In Hitchin's system classification, social systems are treated as such, where the relationship and value of staff is of a particular importance. Individual and organizational values of mutual harmony are largely determined by the organization's identity (*Hitchin, 1992*). P. Drucker believes that at present as well as in the future there is no question of what is the sole and proper organization type, because organization is only a tool, which is irrelevant without humans. It is a moral as well as social phenomenon (*Drucker, 2003; Drucker, 2005*).

The issue of intercultural competence is most directly related to research-relevant themes of management science, which promote competitiveness and sustainability. First of all, these are the internal factors of organization's environment: human resource management, organizational culture, climate for creativity and innovation, as well as job engagement. Each of these topics is a dimension of serious research in near or far future, not forgetting that tomorrow starts not only today but also yesterday. This, then, is the authors' philosophical framework of sustainability awareness. Some of these topics are at least insufficiently explored in the Baltic States. In the interest of this article are all of the mentioned themes. Therefore, the theoretical part of the article is an attempt to show the link between intercultural competency and the topics mentioned earlier.

The study aims to investigate the intercultural competency model of staff subculture in various organizations. One of the main limitations of this study is the lack of perspective from management subculture.

## 2. Theoretical description of culture, organizational culture and intercultural competency

Culture is an ambiguous phenomenon. This ambiguity is also indicated by the large number of different definitions. American social anthropologists A. Kroeber and K. Kluckhohn among the first compiled and analyzed various definitions of culture. They identified 164 definitions (*Kroeber & Kluckhohn, 1952*). Today, the figure is around 250 definitions (Herring, 2007). When explaining culture, the context is always important. It can be explained from various perspectives - philosophical, sociological, ethnographic, political, etc. Social anthropologists, for example, explain culture as the shape of human existence with a very wide range of content: culture is everyone's activities, results of the activities, also thinking, ideas, behavior, human values and attitudes (*Ferraro, 2006*).

Ambiguity (and complexity) of a culture is reflected in its universality. Latvian philosophers M. Kūle and R. Kūlis believe that there is no form of human existence or action, to which word 'culture' could not be added (*Kūle & Kūlis, 1998*). Culture is the self-assertion, self-expression of a personality. Such understanding of culture is unifying between various sciences, including management science in relation to organizational culture. In any case, such explanation of culture is unifying for the so-called social sciences and management science.

Core of a culture is based on values (*Hofstede & Hofstede, 2005; Kets de Vries, 2001*). Socio-anthropological explanation and culture as a value system is in tune with the understanding of the theoretical and methodological basis of competence dimensions.

Organizational culture is a reflection of all internal environmental factors and it plays a crucial role in implementing the organization's strategy. Studies in management science have shown that successful managers in 70% of the cases mention effective culture as a decisive element, when assessing the role of individual internal environment factors of the organization's success (*Heskett, 2012*).

One of the most basic definitions of organizational culture belongs to Bower who defines it as the way of 'doing things' (*Bower, 1966*). Similar is Brache's (2002) definition. Heskett (2012) emphasizes Bower's definitions role in defining behaviour – behavioral dimension. Employee behavior in turn reflects the organization's basic assumptions about people, their thinking – cognitive dimension (authors) and actions – skills (authors), as well as beliefs, values and attitudes – emotional dimension (authors).

Evaluating opinions of various authors, it can be concluded that in general organizational culture is defined as a set of shared values and assumptions, a system of thinking that characterizes the organization and its members. Such opinion is expressed by leading researchers (*Scholz, 1987; Taormina, 2004; Hofstede, 1991; Hofstede, McCrae, 2004; Hall, 1976; Constantine, 1986; Barret, 2008; Cameron & Quinn, 2006; Quinn, 1988; Vanaerde & Jowrnee, 2003*). Research also highlights the impact of national culture on organizational culture (*Triandis, 1994; Hofstede & Hofstede, 2005*).

E. Schein is the author of the most well-known definition of organizational culture. It was developed by summarizing and analyzing descriptions of organizational culture by various authors. In Schein's opinion organizational culture is "a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems," (*Schein, 2010, p. 18*).

Organizational culture exists in two main subcultures: staff and management. This article analyzes the intercultural competence in staff subculture.

Study described in this article is based on the theoretical model of intercultural competency, in which competence is described in three dimensions (see Figure 1).

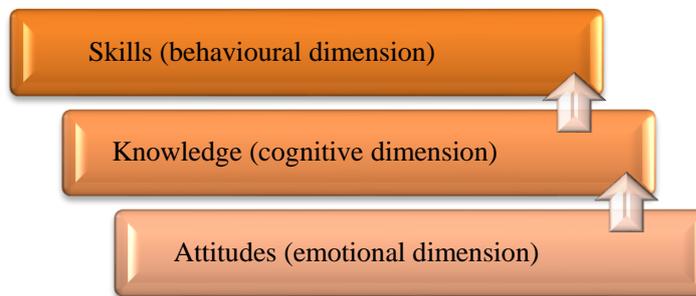


Figure 1. Dimensions of intercultural competency (own study)

Intercultural competency is based on the attitude – emotional dimension, which is formed mainly by respecting the values of other cultures and fostering tolerance. Cognitive dimension is formed by the learning process, but the behavioral dimension is formed by experiences (Chen & Naquin, 2006). It is important to note that this concept is universal – it can be attributed to the professional learning, studying school subjects, etc. In fact, the model reflects the value system. Values determine attitudes towards people, work, and organization.

Attitude is usually defined as assessment of other people, things, rules, processes (Warr, 2002). Values not only are basis of attitude, but also influence knowledge and behavior, thereby contributing to employee integration in the organization, helping to accept their role (Louis, 1980). Attitude as evaluation includes three aspects:

- Affective (emotions acquired through experiences, feelings towards objects, concepts);
- Cognitive (positive or negative views toward objects, opinions);
- Behavioral (reflected through action in respect to the objects, opinions), (Warr, 2002).

The emotional dimension is closely related to motivation, which in turn affects cognitive and behavioral dimension and the well-being of employees.

Amabile distinguishes between internal and external motivation. Attitude determines both types of motivation. However, the internal motivation plays a greater role in the development of competence dimensions, including creative thinking and creativity (Amabile, 1985; Amabile, 1993). A similar view, in particular related to carrying out intellectual and creative work, is expressed by Pink and Gratone (Pink, 2009; Gratone, 2004).

The concept of the three competence dimensions can also be viewed from the organizational climate for creativity perspective. Climate is situational attribute. It is characterized by subjectivity – people's perception of the situation in the organization: their thinking – cognitive dimension (authors), feelings – attitude dimension (authors), behavior – behavioral dimension (authors). The climate is more sensitive to the form and methods of power used by management of the organization. Climate is easily manipulated and influenced in comparison with the organizational culture (Denison, 1996).

The three-dimensional theoretical concept of intercultural competence offered in this study is associated with the strategic human resource management. Human resource

management in management science is defined as „coherent, interdependent and integrated system of attitudes, practices and means, which help to implement organizations strategic goals,” (Pikturnaite & Jagminas, 2010). Authors of the quote also refer to researchers, who highlight the cognitive dimension.

One of the functions of organizational culture and climate is internal staff integration, which inevitably includes intercultural competency.

Many studies in management science conventionally conclude that employee engagement has a significant impact on performance of the organization and its ability to reach goals, both – financial and non – financial. According to Albrecht (2010), employee engagement is one of the main sources of increased employee commitment and performance. Kahn, who is largely credited for introducing the concept of personal engagement at work, defines employee engagement as “the harnessing of organization members selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances,” (Kahn, 1990).

Different studies around the world have been conducted to find out what are the main factors influencing employee engagement in organizations. Authors agree that managers and leaders within the organization are responsible for developing and maintaining different organizational culture values, including engagement. Among factors that influence employee engagement, authors mention personal interest, intrinsic rewards, extrinsic rewards, clarity of roles, challenging goals, as well as match between personal and organizational values (Heskett, 2012; Kahn, 1992; Deci, 1975; Kerr, 1975; Tyler, 1999; Latham, 2007; Bindl & Parker, 2010).

However, according to majority of authors, key factors leading people to experience a culture for employee engagement is the degree to which employees have trust in the organization and its management. Without trust engagement cannot exist (Macey, 2009).

In general, trust is about how positively people feel others will act for them and with them in the future. When people trust others (including management in organizational context), they believe that others can be counted on to protect them and work in their favour, even when they are not there to see if this in fact happens. Trust is all about believing that you can count on others to do what’s right for you, regardless of whether you can confirm that they have (Dirks, 2006).

In the theoretical part of this article authors outline the prospective research model for intercultural competence dimensions (see Figure 2).

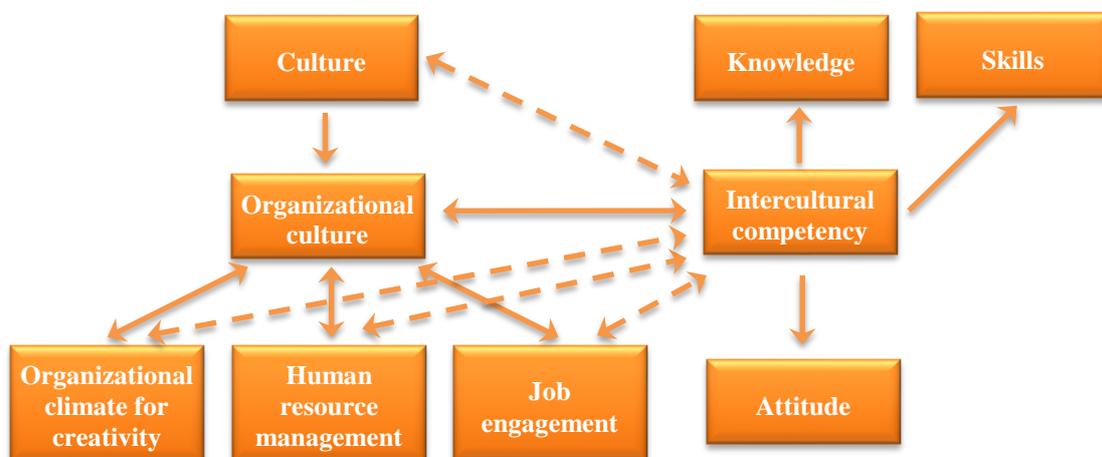


Figure 2. The prospective research model for intercultural competence dimensions (own study)

The prospective study could also evaluate correlation of each individual dimension with the topics of management science. This article only reviews and analyzes the intercultural competence and its dimensions of the business, without tying it to any of the themes reflected in Figure 2. However, it is the authors' current research circle.

### 3. Research methodology

To find out respondents' views on their intercultural competency (knowledge, skills and attitudes) a quantitative research method was used. The survey was conducted by using an online resource. Questionnaire consists of eight multiple choice type questions and two 5-point Likert scale type questions, where statements are evaluated from absolute agreement (5 points) to absolute disagreement (1 point). In total, the 5-point Likert scale type questions contained 58 statements about different aspects of respondent's intercultural competency.

In total 210 respondents filled in the survey questionnaire. More than half of respondents are working students, aged 25 or younger. Majority of respondents are working in medium sized or large organizations in private sector, and their work experience is 5 years or more.

### 4. Research results

Based on the above described survey, 66% of respondents communicate with people from other countries several times per quarter. 50% of respondents travel outside their country for work, while less than half of respondents travel for work-unrelated reasons more often than once a year.

When it comes to communication with people from other countries, 65% of respondents communicate with people from other Baltic states (Estonia and Lithuania). More than 30% of respondents also communicate with people from Scandinavian countries (Sweden, Norway, Denmark), Eastern Europe (e.g. Russia, Ukraine, Belarus), as well as Western Europe (e.g. France, Germany), (see Figure 3).

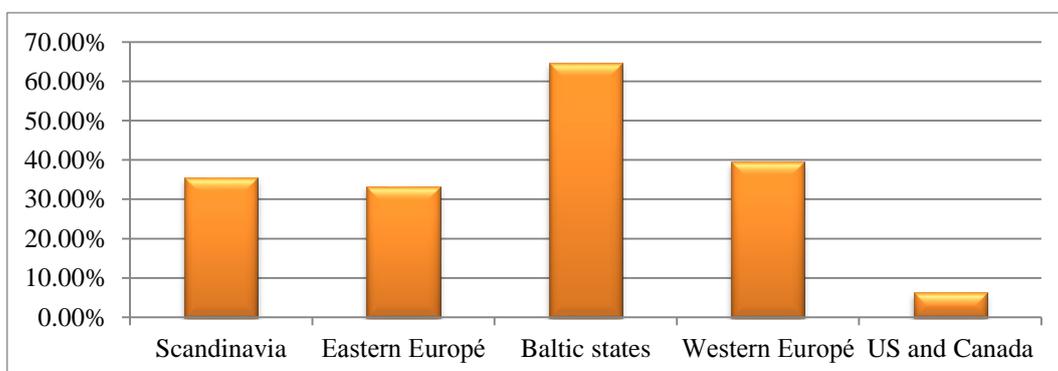


Figure 3. Regions that respondents communicate the most with (own study)

Speaking of elements of intercultural competency that respondents consider most important (see Figure 4), these are language skills, ability to learn from experiences, adaptability, flexibility, as well as understanding of other cultures.

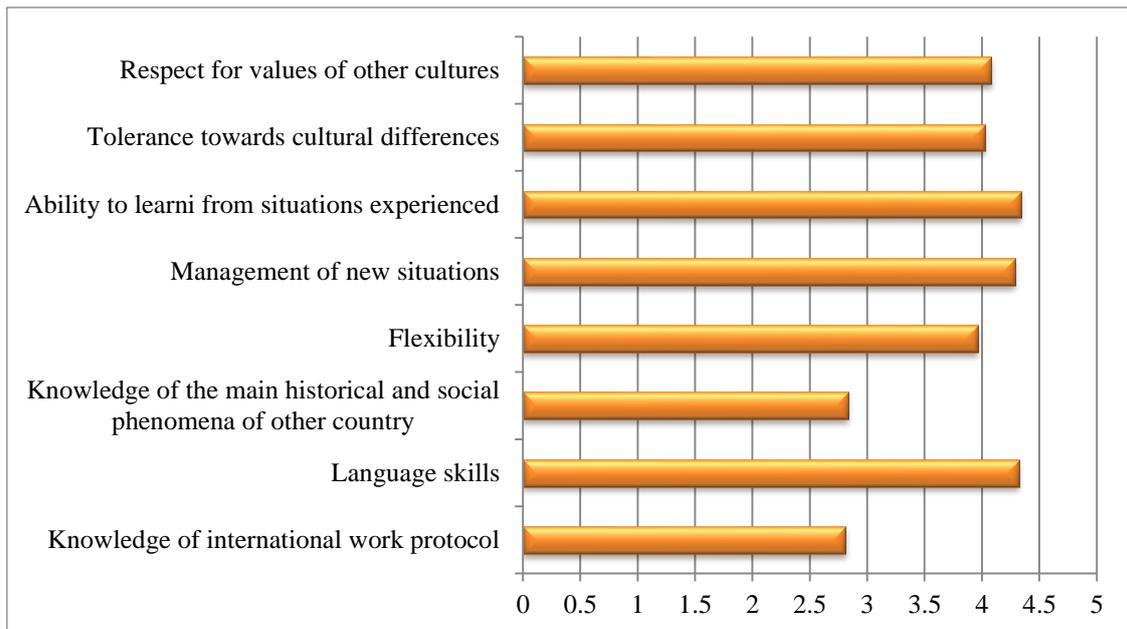


Figure 4. Most important elements of intercultural competency (own study)

Majority of respondents report that they do not receive any specific support from their employer in regards to development of intercultural competency. Development of such skills is often considered their own responsibility (see Figure 5).

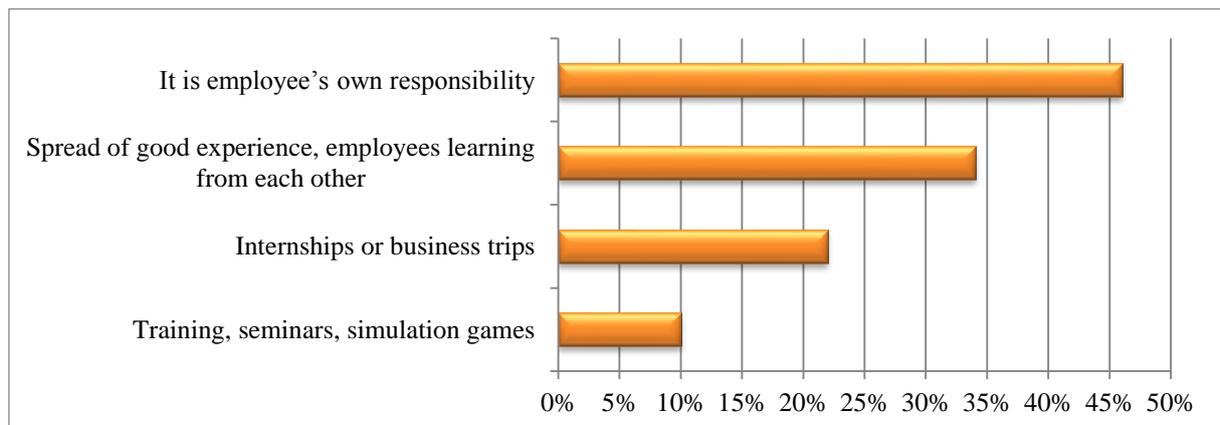


Figure 5. Organizational support for intercultural competency development (own study)

However, most of respondents believe, that improved intercultural competency would foster their possibilities for international carrier (see Figure 6).

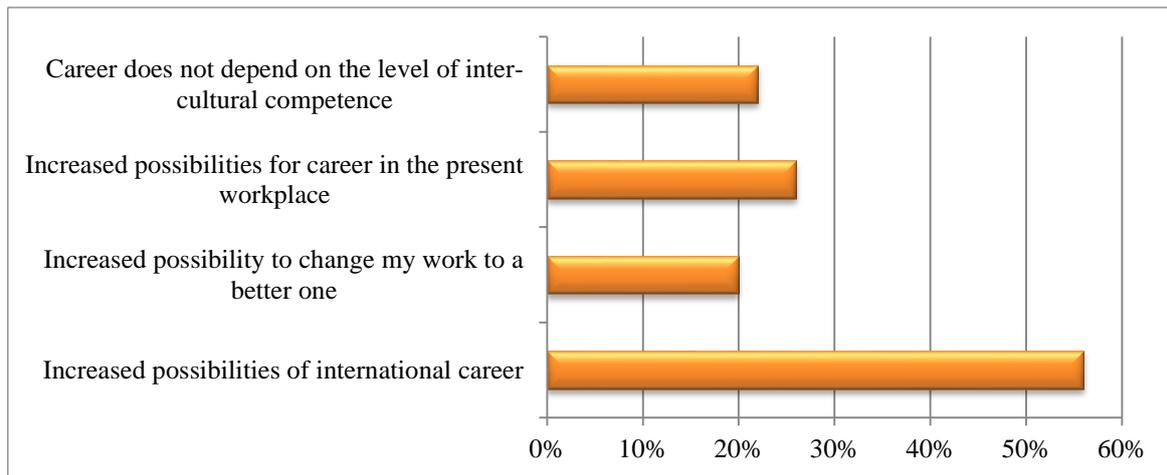


Figure 6. Individual advantages of improved intercultural competency (own study)

In addition, more than 30% of respondents believe that improved intercultural competency would improve their organization's abilities to reach its goals and build partnerships with organizations from other countries (Figure 7).

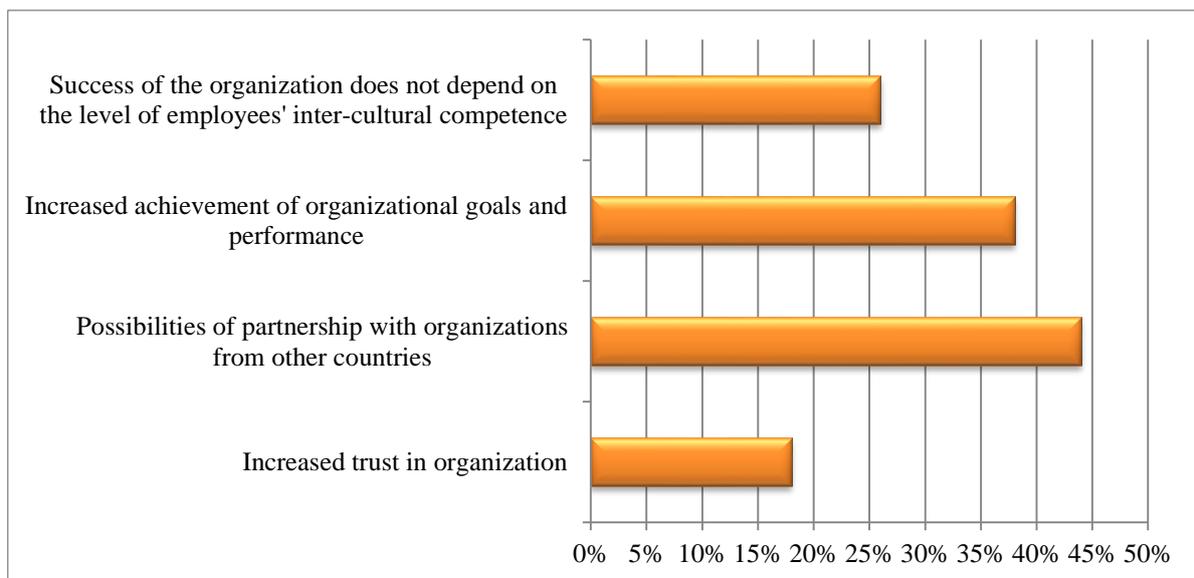


Figure 7. Business advantages of intercultural competency (own study)

Asked to evaluate their own intercultural competences, respondents believe that they are almost perfectly capable to communicate in necessary foreign languages for work purposes. Respondents also evaluate their knowledge about the general etiquette in other countries as relatively good (see Figure 8).

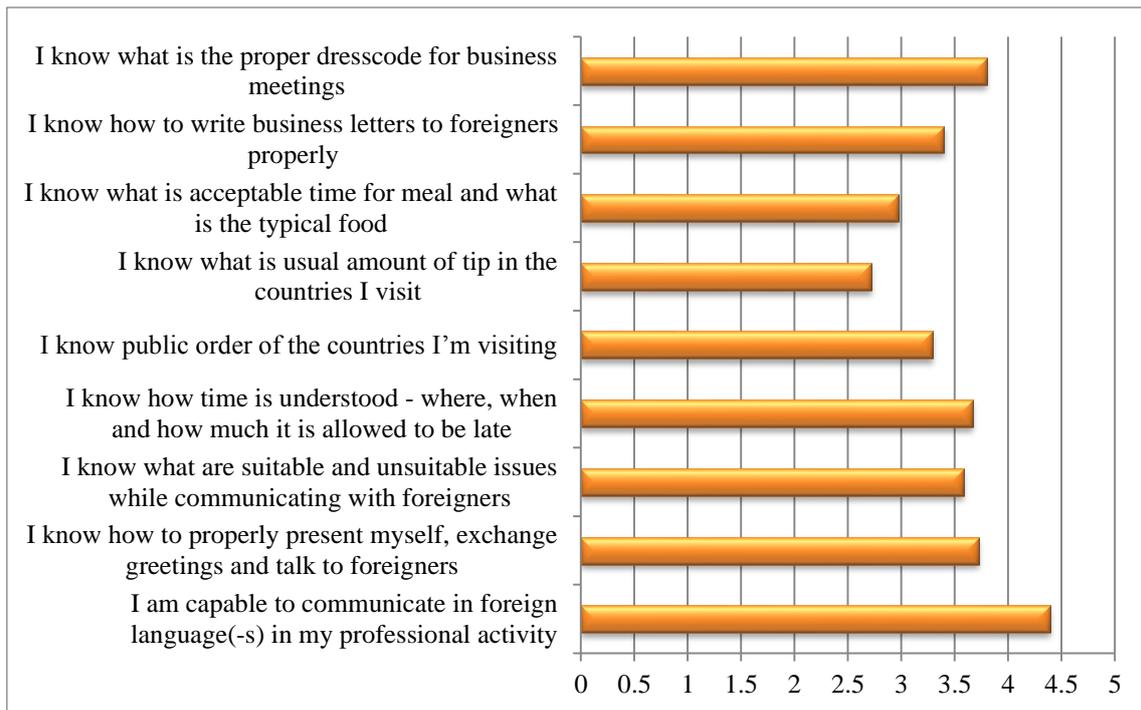


Figure 8. Evaluation of intercultural competency (own study)

However, when evaluating their knowledge about business etiquette and different specific behavioral norms in public places, respondents consider these aspects of intercultural competency average. Most of the necessary improvements are related to knowledge about the specific political and cultural norms, and traditions of specific countries.

Respondents are open for communication with other cultures. They are ready to learn and respect the cultural differences. However, they are not confident that they would be able to sort out different problems that might appear in such communication (see Figure 9).

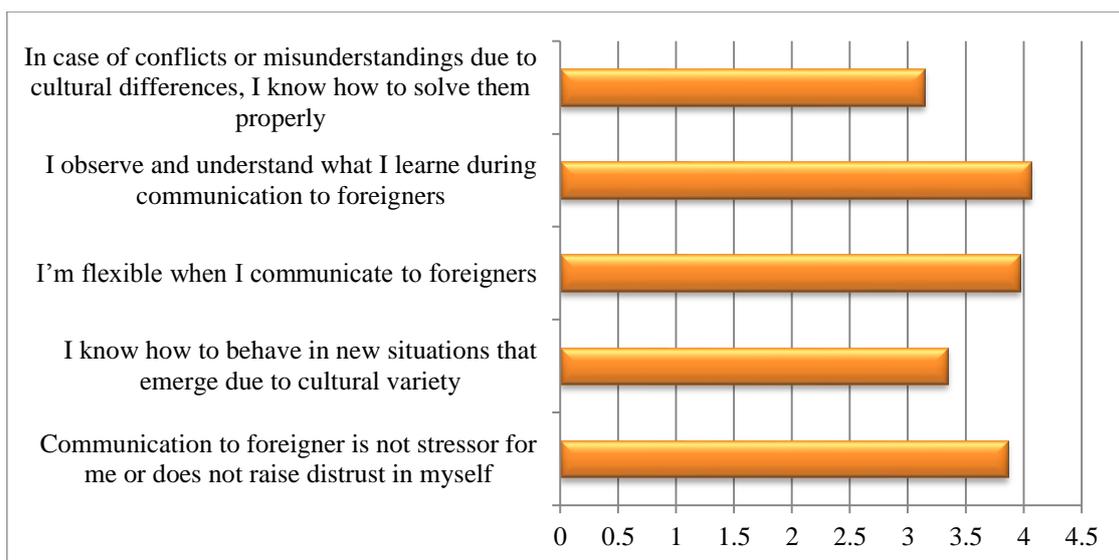


Figure 9. Intercultural communication and conflict resolving skills (own study)

Some of the potentially bigger issues in regards to intercultural competency are language barrier, differences in decision making and temperament, as well as lack of knowledge about specific cultural characteristics of other cultures (see Figure 10).

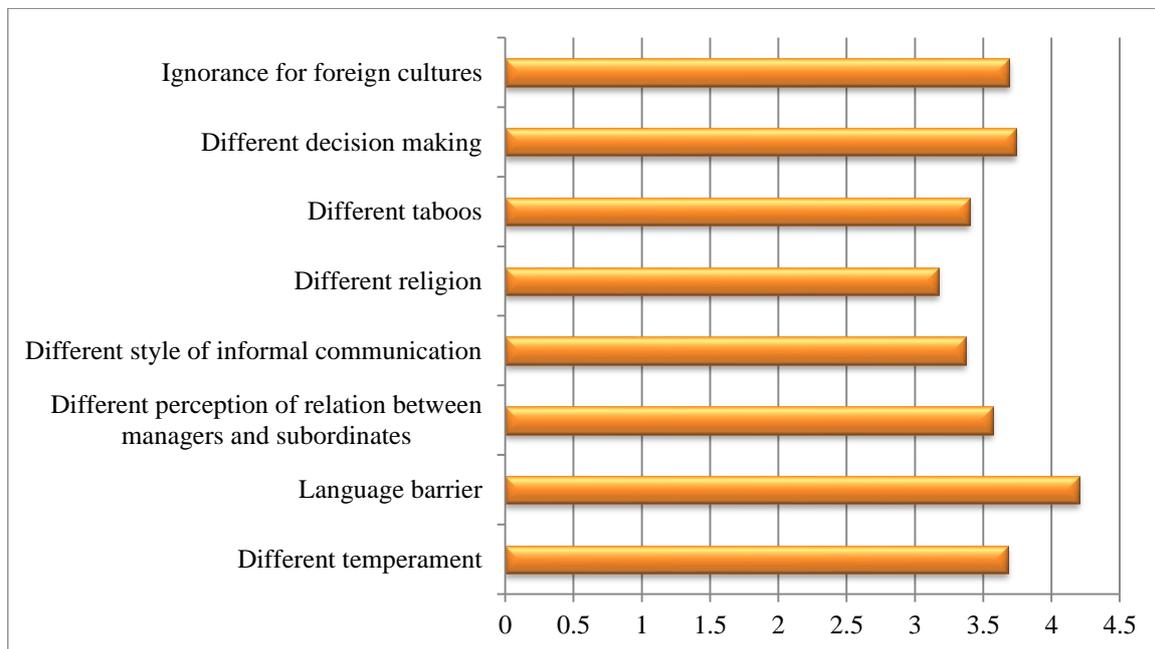


Figure 10: Main issues related to intercultural competency (own study)

## 5. Main conclusions/discussions

Following conclusions can be done based on the research results:

1. Majority of respondents communicate with people from other countries as a part of their work on a regular basis. Almost half of respondents travel for work related purposes at least once a year.
2. Most communication with foreign business partners/customers is done with representatives from other Baltic countries – Estonia and Lithuania.
3. Respondents believe that their intercultural competency is relatively good, especially when it comes to language skills and general etiquette. Respondents feel less confident in regards to unexpected situations that might lead to conflicts.
4. Potential improvements in intercultural competency are considered beneficial for both – individuals and organizations.
5. However, most of employers do not pay enough attention in developing intercultural competency skills in their organizations, leaving the responsibility on employees.
6. Some of the most harming issues related to intercultural competency are language barrier, ignorance for cultural differences, as well as differences in temperaments, and conflict solving strategies.

Considering the importance of the intercultural competency in achieving individual as well as organizational goals, and the current lack of effort from employers' side in fostering development of such competency, it would be necessary to investigate further, what instruments can be used to improve the intercultural competency in organizations in Latvia. Such research could be based on the proposed research model described in this paper.

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