The Formation and Management of Organizational Competence Based on Cross-Cultural Perspective

Kristina Kersiene, Asta Savaneviciene

Kaunas University of Technology
Laisves av. 55, LT-44309, Kaunas, Lithuania
e-mail: kristina.kersiene@stud.ktu.lt, asta.savaneviciene@ktu.lt

The focus of the paper is to explore the main principles of the formation and management of organizational competence based on cross-cultural perspective.

The evolutionary trajectory of organizational competence conception, including its formation and management, follows the path from the static to the more dynamic; from the rationalistic to a more interpretative approach; from the functional to a more structural approach; from the technology-based to a more social-learning-based approach; from the isolated and fragmentated to a systems approach; from a single to a multi-disciplinary approach. In today’s market competitive advantage can be ensured only by particular mutually coordinated competences that correspond to organization strategy. This reference and recent organizational competence conception there competence is treated as newly created and developed rather than already existing resources (Hong, Ståhle, 2005) are the base assumptions for analyzing the principles of organizational competence formation and management.

Further on the new approach consideration was taken - from cross-cultural management perspective. The necessity of forming and effectively managing organizational competence in cross-cultural context is rapidly growing alongside the internationalization of business that becomes so complex and chaotic as well as changing management theories and practices. Cross-cultural setting is involved as directly influencing organizational competence and its competitiveness. This new theoretical approach to the formation and management of organizational competence based on cross-cultural perspective is a multidimensional synthesis of recent advances and insights into new integrated theory in the area of international management that give rise to five aspects treated as principles that should be evaluated while forming organizational competence in cross-cultural context. These principles are explained, systematized and presented as a model in this paper.

Keywords: organizational competence, organizational cross-cultural competence, principles of organizational competence formation and management, human resources management, cross-cultural management, sense-making, cultural synergy.

Introduction

There are many discussions on organizational competence that should ensure successful competition in the market. Some authors analyze the evolution of competence theory (Escrig-Tena, Bou-Llusar, 2005; Hong, Stähle, 2005), others - competence typologies and approaches (Baker et al., 1997; Drejer, 2001; Lado et al., 1992; Leonard-Barton, 1995), and the others - competence building, leveraging and maintenance (Sanchez, 2001).

This paper is in line with the idea that separate isolated organizational competences in today’s market are provided with minimum possibilities to ensure competitive advantage for the organization (Dulewitz, 1991). This can be ensured by particular mutually coordinated competences that correspond organization strategy. Thus, it is important to define the principles of the formation and management of organizational competence, revealing the essence of such complex, wide-scope, complicated and controversial activity.

Cross-cultural setting is a particularly significant aspect in modern business, directly influencing organizational competence and its competitiveness. Rapid economics globalization demands that organizations improve their capability to operate in different cultural settings. 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. Focusing on management approaches from the perspective of people and culture will allow us to understand the influence of national and ethnic cultures on organizational functioning (Adler, 2002).

The way organizational competence is formed considering cross-cultural perspective – is one of the unanswered issues in this new research area. Adler (2002), Söderberg and Holden (2002), Trompenaars and Hampden-Turner (1998) demonstrate that cross-cultural management is an important competitive advantage resource. Organizations can form cross-cultural competences, which are specific and create both knowledge and cultural synergy (Adler, 2002; Debebe, 2002; Escrig-Tena, Bou-Llusar, 2005).

The aim of the paper is to explore the main principles of the formation and management of organizational competence based on cross-cultural perspective.

The object of the survey is the formation and management of organizational cross-cultural competence.

The methods of the survey are nonfiction and special literature analysis and synthesis, the generalization of the researches results, modeling.
The principles of organizational competence formation and management

There are many different conceptual views of organizational competence and their related management perspectives. They include individual or employee competence (Argyle, 1967; Boyatzis, 1982; Leiba-O’Sullivan, 1999; Lucia, Lepsinger, 1999; McClelland, 1973; Queeney, 1997; Savaneviciene et al., 2008), core competence (Prahalad, Hamel 1990), capabilities-based competition (Stalk et al., 1992), competence-based strategic management (Sanchez, Heene 1997), inter organizational or network competence (Ritter et al., 2002), knowledge and competence management (Hong, Ståhle 2005). Each view touches a common issue that is critical to competence management and also offers different perspectives, such as what constitutes organizational competence. The term “competence” exhibits different aspects in varying contexts (psychology, law, etc.) (Heyse, Erpenbeck, 2004), although in general, competence can be treated as self-organizational disposition (Grote et al., 2006; Heyse, Erpenbeck, 2004). Stuart, Lindsay, (1997) define “organizational competence” as the ability of an organization to sustain coordinated deployments of assets and capabilities in ways that help the organization achieve its goals. It also includes the skills of individuals who can blend their expertise with others in innovative ways.

Scientific literature highlights three main principles in the formation and management of organizational competence (Fletcher, 1997; Grote et al., 2006; Heyse, Erpenbeck 2004; McKenzie, Winkelen 2004):
1. organizational competences determination;
2. organizational competences system formation, human resources management (HRM) instruments systemization and application;
3. organizational competences system monitoring.

Organizational Competences Determination

The competence determination process aims at continuously improving competencies so that the organization is capable of persistent high performance. As Fletcher (1997) and Sydänmaanlakka (2002) state, this process starts with the definition of the organization’s vision, mission, values, strategy and objectives. It is necessary to define the purpose of the organization and what kind of competence it needs to reach its aims. According to Sanchez (2001), the most important characteristics of knowledge for the purposes of creating organizational competence are whether some knowledge exists only in the mind of an individual, is shared among participants in a work group, or is recognized and used at the level of the overall organization. In this manner, corporation-wide strategic competence is divided into concrete competence areas and competencies on the different levels of the organization. Competence areas are defined on the team or project level, where the focal concern is on a group’s ability to work together towards a common goal (Hong, Ståhle 2005). The next phase is the establishment of competencies and the implementation of the development plans on an individual level. Individual competence focuses on the personal and cognitive traits of so-called competent managers or employees related to their job performance and has three components: knowledge, skills and abilities (Andersen, 2001; Lucia, Lepsinger, 1999; Queeney, 1997).

Previous literature has identified various ways of categorizing competencies (Hall, 1992). Escrig-Tena and Bou-Llusar (2005) state that seeking to sustain the organization competitive advantage, is the best reference in competence classification proposed by Lado et al. (1992), because it is constructed on the basis of distinguishing the activities that cover the whole process of generating value to obtain results. This classification distinguishes between four main types of competences: managerial, input-based, transformational, and output-based.

Based on the opinions of the other researchers (Bouquet, Birkinshaw, 2008; De Wever et al., 2005; Prevot, 2005), we interpolate the principle of organizational competences determination with two additional assumptions for competences determination, as well as the constituents of overall organizational competence. In order that organization could attain specific competences, e.g. input-based competences, it must be distinguished by particular characteristics. Commonly occurring among them are, inter- or intra firm interactions as well as inter organizational and intra organizational networks – interpreted as channels through which resources can be exchanged and that influence an organization’s development of capabilities (De Wever et al., 2005; Prevot, 2005). On this basis, one of the conceptual views of organizational competence – inter organizational or network competence that particularly stresses on the role of inter organizational relations and interaction in the development of the firm’s competence is available (Hong, Ståhle, 2005). Consequently, the definition of organizational characteristics is the first important additional aspect in organizational competence formation and management process. In defining competence components we shall apply Drejer’s (2001) structural approach to competence. Structural competence substantiation was analyzed by the author, distinguishing four generic elements of competence: technology, human beings, organizational structure, and organizational culture, and relations between them. This tendency from the functional to a more structural approach is relevant to the formation and management of organizational competence.

HRM Instruments Integration while Forming Organizational Competence

Organizational competence model functioning ensures the integration of HRM instruments in the system (Fletcher, 1997; Kazlauskaite, Bucuniene, 2008; Lado, Wilson, 1994; Sydänmaanlakka, 2002). The advantage of the relationship between HRM and competence is obvious – it can help the organization to enhance competitive advantage, develop better quality in products and services, increase productivity, assist with large-scale organization change, align HRM practices with the mission, vision, values, or the business strategies or objectives of the organization (Dubois, Rothwell, 2004).

The principle of HRM instruments integration should be extended because in a continually changing business
environment, it is necessary not only to know the organization’s competences, but also what the tools are for achieving such competences. Also, various management methods, not only HR instruments are also required for the formation of organizational competence, beginning with the organizational strategy up to the employee’s competence formation instruments.

Organizational Competences System Monitoring

Monitoring is required for organizations to become truly knowledgeable (McKenzie, Winkelen, 2004) as well as competent. Once organizational competence has been defined, listed, and classified, management methods involved in its formation process, including HRM instruments, are necessary to understand how the competence formation and management activities in the organization can be measured and monitored to give the necessary feedback for informed decisions about current actions and future investments.

Monitoring can be described as a consecutive process which seeks to identify how organizational competence is developing. According to McKenzie and Winkelen (2004), monitoring involves two conflicting pulls: paying attention to generating insights into the current performance of intellectual capital that ensures stability, and paying attention to generating foresight as to the organization’s capability to adapt to change. It is necessary to include ways of monitoring the strength of the stabilizing mechanisms and the drivers for change to adapt to the balance, as the turbulence of the external environment changes.

Two additional aspects should be evaluated: what processes exist while forming organizational competence, and how is the system of organizational competence formation and management integrated in the organization. While analyzing the processes in organization that combine interpretation and activity, Hong and Stähle (2005) distinguish interpretative approach to competence from sense-making mode that sees it as the meaning that work takes on for employees (Sandberg, 2000).

The integration of principles of competence formation and management into organization is based on the abovementioned Lado et al. (1992) competences typology. This typology embraces the competences that stem from the process of transformation, and the competences derived from the outputs that result from these transformation activities, together with the managerial competencies in the whole process of acquisition and the later transformation of inputs into outputs.

In summary, the multi-disciplinary analysis of organizational competence theories and conceptions give rise to the following questions that should be evaluated while forming and managing organizational competence:
1. to define the characteristics of organization, that create conditions for organizational competence formation;
2. to investigate organizational abilities;
3. to determine the management methods applied in organizations while seeking to form organizational competence;
4. to define the processes that exist in organizations while forming organizational competence;
5. to integrate the elements of organizational competence formation and management into organization.

Based on cross-cultural perspective, distinctive organizational cross-cultural competence formation and management concept interpretation that is unique and meets strategic expectations of a particular organization is presented further.

The peculiarities of the formation and management of organizational competence based on cross-cultural perspective

There are many interesting works in the competence research area. However, recent concepts about traditional organizational competence, that includes the ability of an organization to sustain coordinated deployments of assets and capabilities in ways that help the organization achieve its goals, are not sufficient for working in a cross-cultural space. According to Adler (2002), focusing on management approaches from the perspective of people and culture will allow us to understand the influence of national and ethic cultures on organizational functioning. Traditional organizational competence models should be extended with cross-cultural perspective. It would be an organization’s competitive advantage while operating in different cultural settings.

Nine different concepts are presented, which correspond to the competences associated with cross-cultural management.

Conditions of the Formation and Management of Organizational Competence Based on Cross-Cultural Perspective

Integrated network

The network view adds an extra dimension to the way an organization can identify, develop, protect and deploy resources and capabilities in order to achieve a competitive advantage. Literature on networks focuses on the role of networks – specifically referring to inter-organizational ties such as alliances, joint ventures, business relationships, etc. – when explaining differences in organization behavior and performance (De Wever et al., 2005). From a network approach, the way for a firm to identify, develop, protect and deploy resources and capabilities is to make use of all its relationships with outsiders (its network). Through their networks, they gain assistance in their internationalization process on many levels. Stark and Vedres (2006) survey new research in the sociology of development that similarly addresses network conceptions of organizations – from networks of “developmental associations” (Evans, 1995), to “global commodity chains” (Gereffi, Fonda, 1992), as well as to new conceptions of multinational corporations as trans national networks (Bartlett, Ghoshal, 2002). The latter view is significant while analyzing competences in cross-cultural aspect. Based on this, there are available four differently operating organizational structures:

1. the main function of subsidiaries is to deliver organization products and to carry out headquarters strategies;
2. subsidiaries perform according to the headquarters’ instructions, though flexible to the local environment;
3. decentralized structure with independently acting subsidiaries;
4. integrated network of different but equivalent subsidiaries, where there are large flows of resources, people and information among them.

The choice of the structure determines the option of different competences. Bartlett and Ghoshal (2002) state the integrated network structure is necessary for the organizations operating on transnational scale. In this kind of structure, assets are widely dispersed, not so much to improve response to local market needs, but to act as sensors of new consumer, competitor and technological trends. Additionally, dispersion enables organizations to take advantage of international differences in the cost of resources, and to reduce their exposure to political and economical risk. Relationships between operating units are interdependent, and it becomes necessary for product, functional and geographic groups to collaborate if they are to achieve their own interests. Ritter and Gemünden (2003) indicate four organizational antecedents that have an impact on an organizational competence through networks: access to resources, network orientation of human resource management, integration of intra organizational communication, and openness of corporate culture. According to this, integrated network structure could be considered an ideal for the formation of organizational cross-cultural competence.

The influence of cultural orientation on the formation and management of organizational cross-cultural competence

It is obvious that national cultural differences are critical in investigating the cultural diversity influence on international organizations; however the actual influence of culture is dependent on organizational approach, development level, industry, or world economy (Adler, 2002). Different authors (Adler, 2002; Adler, Ghadar, 1990; Bartlett, Ghoshal, 2002; Fish, Wood, 1997; Ghemawat, 2008; Heenan, Perlmutter, 1979) present organization development typologies by different titles, though similar in content. Organization cultural orientation is notably expressed in Heenan and Perlmutter’s (1979) typology of organizations according to ethnocentric, polycentric, regiocentric and geocentric approaches. This typology allows to define different relative importance variables of cultural diversity and thus to apply particular suitable organizational and HRM methods on worldwide scale.

Historically, most organizations’ activity start is based on local or ethnocentric perspective. Management practice, strategies and people, who live in the country, where the headquarters is located, are transferred together with their products and services (Adler, 2002). Some issues involved include (Storey, 1995): effective adaptation overseas takes extended periods of time, the needs and expectations of employees or customers from a particular country are not always appreciated, bias aspect is frequent, etc. Cross-cultural aspect and HRM systems in this stage are considered insignificant.

Cultural differences on a multi-local level become relevant in the search for effective organizational strategy, as well as in the development and marketing of culturally reasonable products and services (Adler, 2002). The polycentric view is taken, where, all countries are considered different and difficult to understand, and thus employees from the host country are employed in a subsidiary of the organization in a foreign country.

On a multinational level, an organization focuses on the price and costs, considered to be the only competitive advantage. Cost competition among different identical products and services disclaim the importance of cultural differences and advantages provided due to cultural sensibility (Adler, 2002). Regiocentric view is applied – intensive relations between regions, influence of regional factors.

The competitive advantage of global (transnational) organizations arises from strategic thinking, mass customization, and out learning one’s competitors (Adler, 2002). Organizations design cultural responsive orientation, accompanied by a rapid, worldwide, least-cost production function. They tailor final products and services and their marketing to discrete market niches. Critical components of this market segmentation are nationality and ethnicity. Culture is critically important in this stage. Geocentric approach prevails, as basis to qualify the best employees from any country for the main positions all over the world. Storey (1995), grounded on Dowling and Schuler (1990), indicates two significant advantages of this approach: firstly, it permits the deployment of global managers for organizations; secondly, it reduces the national identification tendency of managers. In the global stage, the ability to manage cross-cultural interaction, multinational teams, and global alliances becomes fundamental to overall business success. Organization is profane, although is identified with national interests.

Different views can dominate in different levels of development in multinational organizations. Geocentric view is the best assumption for the formation of organizational cross-cultural competence, where successful cultural interaction and synergy are emphasized.

The Competences Associated with Cross-Cultural Management

The conception of organizational cross-cultural competence

An organization’s core competence is complex, involving different organizational activity areas. The most important factors regarding its complexity are globalization and international competition. Besides the other core competencies, organizational cross-cultural competence is more critical as international business becomes more global in scope and more complex in practice; although paradoxically, a global organization tends to adjust more to different cultural settings. While integrating not only into national, but also into organizational cultures, cross-cultural interaction is critical in the success/failure of an international relationship. It determines the relevance of cross-cultural differences and cultural integration in business issues, cultural divergence, knowledge and search for convergence potential.
The major challenge of organizational cross-cultural competence is that it has been largely characterized by being fragmented, functionally based and confusing in its terminology (Chaney, Martin, 2000; Lambert, 1994). The other issue is that many interesting works on competence research (e.g. Black, Mendenhall, 1990; Dodd, 1998; Howard-Hamilton, 2003; Kealey, 2000; Lambert, 1994; Leiba-O’Sullivan, 1999), analyze only individual cross-cultural competence. Whereas organizational cross-cultural competence which should include organization politics, strategy, structure and the analysis of how to develop individual cross-cultural competence systematically, is not emphasized.

The term “cross-cultural competence” is the term we use, after an extensive literature search on the areas of cross-cultural (Black, Mendenhall, 1990; Leiba-O’Sullivan, 1999), intercultural (Dinges, 1983; Dodd, 1998; Kealey, 2000), global or international (Allen, Ruhe, 1997; Bartlett, Ghoshal, 2002; Black, Gregersen, 1999; Lambert, 1994) and multicultural (Howard-Hamilton, 2003) competence that represent separate parallel lines which have not yet merged together and very often are used interchangeably (Chaney, Martin, 2000). Cross-cultural competence can be described as knowledge, skills, abilities and personal characteristics required of an individual for a successful performance in a cross-cultural environment. We have decided to take a structural view-point (Baker et al., 1997; Drejer, 2001; Leonard-Barton, 1995) in defining organizational cross-cultural competence, defining it as the whole complex of particular organization systems and employees’ characteristics ensuring successful activity of an organization in different cultures.

Organizations that acquire cross-cultural competence exhibit international competitiveness when facing multiple cultures and cultural synergy (Søderberg, Holden, 2002). Such organizations create integrated culture, where interaction and adjustment of different cultures is sought in order to create one culture, sharing advantages of separate cultures (Andersen, 2001). Cultural synergy builds upon similarities and fuses differences, resulting in more effective activities and systems. The sharing of diverse perceptions and cultural background can be used to enhance problem solving and improve decision making (Harris, 2004), that leverage the cultural differences among all cultures involved, while respecting each culture (Adler, 2002).

Organizational cross-cultural competences

Traditionally, organizational competence is made up of core competence and other competence. Core competence creates and maintains the competitiveness of the organization. Other competence is also indispensable but is not unique. Core or other competence is often a rather general, abstract entity divided into separate competence areas and is usually a combination of technologies and processes. Competence areas consist of smaller units of tools, methods and sub processes which can be divided into concrete competencies (Sydänmaanlakka, 2002).

The summary of opinions of different authors shows that in the case of organizational cross-cultural competence, the following competences are critical:

1. ability to adopt in different cultural environment;
2. ability to absorb spread and create knowledge;
3. ability to execute successful international assignments.

Ability to adopt in different cultural environment. The researches in cross-cultural management area show that management views, values and behavior differ according to national cultures. “The universal best approach” in how to manage an organization does not exist as national cultural differences, among other factors, sometimes requires different management practices. Adler (2002), Hofstede (2001), Jackson (2002), Laurent (1983), Trompenaars and Hampden-Turner (1998) applied cultural perspective to organization surveys, where it is acknowledged that cultures are different and this exclusiveness is reflected in the way organizations are managed. Management and organization cannot be isolated from their particular cultural setting (Myloni et al., 2004). Management principles and practices are based on cultural beliefs that reflect basic assumptions and values of national culture, influencing organizations. In cases when organizations wish to transfer their management principles to subsidiaries in other countries, negative aftermath occurs. Research in this field were summarized by Brock and Siskovick (2007), Myloni et al. (2004), Thomsen (2008) which state that majority of multinational organizations adapt to some extent to national cultures of subsidiaries and their activity is significantly more efficient in comparison to subsidiaries, that are managed irrespective of the cultural peculiarities of the country.

However, whether management principles and practices are transferred or not to the subsidiary in a foreign country, are for the major part, dependent on the subsidiaries’ institutional setting. Individuals’ behavior can be partly explained by social structures, which allow freedom of actions or put restraints on individuals through their roles and positions inside the institution. Also, social structures influence the functions of the mentioned institutions in the overall inner social system (Fay, 1996). Empirical studies show that institutional systems influence the size, structure etc, while forming the organization (Scott, 1995). The extent, to which organizations are able to carry out the transfer of management and practices to the subsidiary country, is dependent on the national business systems of the subsidiary and its institutions (Ferner, 1997; Kostova, 1999). In cases where the institutional structure is open and flexible, managing only several formal institutions, it is likely that organizations seeking to transfer own management practices into such mentioned country, shall not meet any obstacles. On the contrary, in cases where institutions are cohesive, integrated with powerful, legal regulations and with established characteristic business systems, organizations are obliged to adapt to the local practices in subsidiary country (Myloni et al., 2004).

Ability to absorb, spread and create knowledge. While seeking to develop cross-cultural competence, it is necessary to direct flows of information, values, experience and power in the global economy towards critical points of interchange – nodes and linkages in network terminology – where those flows pass from one cultural ambience to another. As the flows enter a new ambience, their significance and potential for informing or
initiating action are subject to change according to dominant cultural attributes to be found there: language, worldview, value systems and assumptions (Berrel et al., 2001; Bonache et al., 2001; Iles et al., 2004; Rodriguez et al., 2003). Accordingly, it can be argued that organizational cross-cultural competence formation and management involves knowledge transfer, organizational learning and networking.

**Ability to execute successful international assignments.** A manager on international assignment confronts one of the most difficult situations in cultural differences. Managers overseas continue to play a very important role in managing today’s global organizations (Thomas, 2001). Organizations and expatriate employees are concerned with the success of an international assignment. Research in this area is focused primarily on three outcomes of the expatriate experience. The most frequently used measure of expatriate success (failure) is turnover, or more specifically, the premature return of expatriates to their home country (Black, Gregersen, 1999). It is of special concern to firms because of the extra costs of maintaining these employees. The second major focus of research on expatriate success is the ability of the expatriate to overcome culture shock and adjust to the new cultural environment. The overall adjustment includes three dimensions of adjustment: general living adjustment, work adjustment, and interaction adjustment (Black, Gregersen, 1999; Black, Mendenhall, 1990; Bonache et al., 2001). According to Lysgaard (1955), the overall adjustment follows a U-shaped pattern (Hofstede, 2001). Task performance is the third major indicator of expatriate performance. A distinctive feature of the expatriate role is the requirement of home-office superiors and host nationals (Thomas, 2001).

A number of factors related to one measure or another of expatriate success have been examined. These include individual, organizational, and environmental variables (Yan et al., 2002), which after systematic use, can ensure a successful international assignment and thus contribute to the formation of the organizational cross-cultural competence.

**HR Instruments Integration while Forming and Managing Organizational Cross-Cultural Competence**

HRM is strategically significant in the aspect of the formation and management of organizational cross-cultural competence. Whereas business strategy defines the general direction and objectives for the organization, HRM strategy defines what kind of human resources the organization needs in order to achieve the targets set (Sydämaanlakka, 2002). The main strategic line for continuous cross-cultural competence development is cultural integration strategy. This is a novel thing in competence management: a definition of competence with cross-cultural aspect, in the precise context of the organization strategy.

**Cultural integration strategy**

Cross cultural differences in business arise due to the fact that organizations in their national and organizational cultural environment, apply to their business partners, established attitudes, expectations, work methods and behavior that are treated as totally accepted and universal norms; ignoring the established cultural traditions and value systems of other countries and organizations (Hagemann, 2000). In cases where the organizations do not figure out the main cross cultural differences and their influence, the so-called culture risk issue arises, and, instead of seeking cultural integration, organizations treat varying cultures as incompatible. Cultural risk can be stipulated by objective factors such as evident national differences, different development of organizations or forms of relationship, as well as subjective factors, for example, managers’ subjective view to cultural integration potentials.

Integrated culture is an optimal integration approach (Andersen, 2001; Nahavandi, Malekzadeh, 1988). The interaction and adjustment of both cultures should be sought for in order to create one culture sharing advantages of both cultures. The strength of both cultures must be recognized and cultural differences must be evaluated as the potential growths of the total alliance value. The success depends on how one organization treats its partner’s culture as attractive and which aspects it should retain. Therefore, specific cultural peculiarities do not interfere with the internalization of organization; on the contrary, they can be treated as cultural synergy achievement possibility. Accepting that cross-cultural competence is one of the constituent parts of an organization’s core competence as a result of globalization and international competition, then the organization which adopts cross-cultural competence would have a strategic platform from which to work that would allow easy movement to take advantage of a tactical opportunity.

Cultural integration strategy can be managed by employing HRM methods. Since cross cultural differences depend on human assumptions, norms and values, human resources management emerges as the main mediator of cultural integration and developer of cross cultural competencies in organizations.

**HRM, focused on the formation of organizational cross-cultural competence**

While developing organizational cross-cultural competence, HRM strategy must be based on the general cultural integration strategy, yet be able to influence the wider strategy of the organization. HRM deals with a wide range of HR issues, from the number of appropriate HR functions, to more complex issues like international assignments, competence models, etc. When cross-cultural competencies on individual level are identified, an organization can focus its human resources management functions on the behaviors that have the most relevance to successful performance and cross-cultural adjustment (Lucia, Lepsinger, 1999; McKenzie, Winkelen, 2004; Schuler et al., 1993). As McKenzie and Winkelen (2004) state, recruitment can increase cultural diversity by moderating external hiring (including, for example, any position from any country) to bring in new ideas and deepen knowledge in strategically important areas. In the process of selection, it is important to look for people who correspond to the defined cross-cultural competencies that
increase the likelihood of hiring people who will succeed in cross-cultural adjustment. Based on individual cross-cultural competence models, job descriptions should be adopted. Training and development oriented to organizational cross-cultural competence formation, enables individuals to focus on the skills, knowledge, abilities and characteristics that have the most impact on cross-cultural adjustment; helps to distinguish between competences that are trainable, e.g. dynamic and those that are more difficult to develop, e.g. stable; ensures that training and development opportunities are aligned with organization cultural integration strategy; and promotes a culture that values cultural sensitivity, and encourages participation in relevant development opportunities such as international assignments, cross-cultural teams, etc. Adopting a competency based approach for performance management (Dubois, Rothwell, 2004) to cross-cultural perspective, provides a shared understanding of what will be monitored and measured, which is focused on gaining information about an individual’s behavior in different cultural environments, recognizing individual and team knowledge sharing, encouraging the acquisition of cultural knowledge and skills that are of value to the cross-cultural adaptation, and negotiating long term goals that require significant individual cross-cultural competence development. Motivation and reward functions help to establish compensation practices that attract talented individuals, provide challenging work in different cultural areas, recognize contributions in organization cultural integration strategy and flexibility in working patterns, as well as reward cross-cultural team performance.

Thus, as Schuler et al. (1993) state, HRM functions can completely respond to the challenges that organizations face in different cultural settings.

**Sense-making of Different Cultures – Additional Aspect in Organizational Cross-Cultural Competence Formation and Management**

There is an increasing body of organizational and managerial literature on post merger organizational change. However, Söderberg and Holden (2002) state that there still is little understanding of the micro processes involved when adapting previous systems, practices, beliefs, values and norms and when creating new ones. The collaboration of multiple national, organizational and occupational cultures is purposeful to analyze the basis of sense-making processes, which combine interpretation and activity to the entirety.

While dealing with cultural issues on the organizational level "sense-making" is treated as an ongoing creation of reality that takes form when people make retrospective sense of the situations in which they find themselves (Weick, 1995). In Söderberg and Holden (2002), research on organization integration cultural sense-making processes focus on collective negotiations and discussions in their transnational networks and inter-organizational project groups. This approach highlights features of the very processes in which certain interpretations of the decision-making and the organizational change processes are created, legitimized, and institutionalized. Construction of shared understandings is therefore a managerial tool to provide a basis for meaningful social action in such transnational organizations. It is important to understand how the managers construct and orchestrate their visions, how they develop a common set of values, how they create and communicate corporate stories and advertisements about organization ideas that join the different business units and different national groups of managers and employees, and how they develop a specific corporate brand in an attempt to develop a sense of community internally in the transnational organization, while at the same time differentiating themselves from their competitors in the environment. Narratives play an important role in organizational sense-making processes (Söderberg, Holden, 2002). They help to understand the framework used by key actors to make sense of different actions and events, reveal different goals and worldviews.

**Cultural Synergy**

After the integration of the elements of organizational cross-cultural competence formation and management into organization, cultural synergy expression is likewise similar. Organizational competence system monitoring (Grote et al., 2006; Heyse, Erpenbeck, 2004) means evaluating competence, which is cultural synergy in terms of cross cultural management aspect.

Cultural synergy is defined as one of the cultural diversity management strategies (Adler, 2002). While the other two – seclusion and ethnocentrism – either ignore or minimize cultural differences, cultural synergy treats cultural differences as competitive advantage, where knowledge, values and experience are shared (Söderberg, Holden, 2002).

Cultural synergy, as an approach to managing the impact of cultural diversity, involves a process in which managers from organizational policies, strategies, structures, and practices, based on, but not limited to, the cultural patterns of individual organization members and clients (Adler, 2002). Culturally synergistic organizations create new forms of management and organization that transcend the distinct cultures of their members. This approach recognizes both the similarities and differences among the cultures that compose a global organization and suggests that we neither ignore nor minimize cultural diversity, but rather view it as a resource in designing and developing organizational systems. From a synergistic perspective, cultural diversity is a key resource in all global learning organizations.

Managers in synergistic organizations regularly use diversity as a key resource in solving problems (Harris, 2004). The process of developing culturally synergistic solutions to organizational problems leverage cultural differences among all cultures involved, while respecting each culture’s uniqueness. The synergistic problem-solving process is a systematic process for increasing the options open to executives, managers, and employees working in global business environments as well as in multicultural domestic ones. Treating diversity as a resource rather than a threat has become a challenge to cultural synergistic organizations. It is an essential aspect for responding to the demands of a global market economy, seeking international
competitiveness, extending organizational learning and developing organizational cross-cultural competence.

The model of organizational cross-cultural competence formation and management

Cross-cultural studies presuppose a systems approach, by which any element of the total system called culture should be eligible for analysis, regardless of the discipline that usually deals with such elements (Hofstede, 2000). The application of systematic thinking in management field allows creating conceptual assumptions of obviously different and even controversial ideas correlation, that management theories face for the first time. Based on this attitude, elements of the formation and management of organizational cross-cultural competence were systematized and built as a model, presented in Figure 1.

Figure 1. The Model of Organizational Cross-Cultural Competence Formation and Management

The model lies on the foundation of three organizational competence formation aspects: organizational competence determination, HRM instruments integration and organizational competence system monitoring also involving five newly stated organizational cross-cultural competence formation principles:
1. integrated network structure and geocentric approach of an organization are assigned to organizational characteristics that influence the formation of organizational cross-cultural competence;
2. ability to adopt in different cultural environment, ability to absorb spread and create knowledge, and ability to execute successful international assignments are organizational abilities that form cross-cultural competence;
3. cultural integration strategy and HRM oriented towards organizational cross-cultural competence formation are employed as management instruments;
4. the sense-making of different cultures is organizational cross-cultural formation process;
5. cultural synergy becomes as the result of successful integration of overall organizational cross-cultural competence formation and management.

This model enables us to integrate the aspects most relevant to our understanding of organizational cross-cultural competence formation and management.

Conclusions

This paper surveyed previous research in the field of organizational competence formation and management. The main principles behind the formation and management of organizational competence are presented in the paper. Organizational competence determination, HRM instruments integration and organizational competence system monitoring were distinguished into five principles. This distinction leads to a better understanding of the specificity and peculiarities of organizational competence formation and management.

Recognizing that national cultures are different and this exclusiveness is reflected in the way organizations are managed, the cross-cultural perspective was adopted in the study. The model of organizational cross-culture competence formation provides five newly stated organizational cross-cultural competence formation principles related to organizational competence determination, HRM instruments integration and organizational competence system monitoring.

Theoretically, by suggesting and applying the model, our analysis brings in a new conceptual understanding and clarification of the organizational cross-cultural competence and its formation and management. The conceptual framework that this paper offers may provide guidance for others who might wish to develop the theoretical base as well as do empirical research further.

In the struggle for competitive advantage, treating diversity as a resource rather than a threat has become a challenge to organizations. Cultural diversity is an essential aspect in responding to the demands of a global market economy and seeking international competitiveness. The definition of organizational cross-cultural competence concept and understanding how to form and manage this competence are very important in this context.

References


Marketing, Measuring network competence: some international
Sanchez, R. (2001). Managing Knowledge into
Kristina Keršienė, Asta Savanevičienė
Organizacijos tarpkultūrinės kompetencijos formavimas ir valdymas žvelgiant iš tarpkultūrinės perspektyvos
Santrauka
Straipsnio tikslas - atskleisti pagrindinius organizacijos kompetencijos formavimo ir valdymo principus žvelgiant iš tarpkultūrinės perspektyvos. Šis naudas požiūris pritaikytas dėl spartaus ekonomikos globalizavimo – organizacijos turi nuolat tobulinti savo sugebėjimą dirbti skirtinęs kultūrės aplinkose, neužverkti su kuo – darbuotojais, tėkėjais, klientais, partneriais, konkurentais ar visais kitu. Drauge įdėjant didžiausią įtaką ir gaminant didžiausią įtaką tikslų ir visų kitų reikšmių kompleksinėms. Todėl kompetencijų valdymo kaip mokslinės disciplinos pagrindinis vaidmuo yra ne tik nustatytų esmas, bet naujų kurti reikiamas organizacijos kompetencijas, siekti ilgalaikio konkurencinio pranašumo tarpkultūriniai kontekste. Šis

Kompetencijos svarba siekiant tarpkultūrinio tarpusavyje susijusiems organizacijoms

Kompetencijos formavimas ir valdymas yra svarbus veiksnys siekiant darnios ir konkurencingų organizacijų veiklos, tokius kaip mokslininkų kompetencijos formavimo veiksmai (Ritter ir Gemünden, 2003). Kompetencijos formavimas yra svarbus veiksnys organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo procesuose (Mendenhall, 1990; organizacijos tarpkultūrinės kompetencijos teorijos perspektyva). Tai yra universali problemų srities klausimas, kuris naudoja organizacijų kompetenciją, kuri turėtų būti formuojama ir valdoma šiais principais: (1) organizacijos charakteristikų, kurios sudaro organizacijos kompetencijos formavimo ir valdymo principus, kuriuos naudoja organizacijos, siekiančios formuoti ir valdyti organizacijos kompetenciją nustatymas; (2) procesų, kurie vyksta organizacijose, formuojančių ir valdant organizacijos kompetenciją, apibrėžimas; (3) organizacijos kompetencijos formavimo ir valdymo principų integruojimas, t.y. tikslo detalizavimas leidžia geriau suprasti organizacijos kompetencijos formavimo ir valdymo specifiką bei ypatumus.

Toliau straipsnyje organizacijos kompetenciją nagrinėjama iš tarpkultūrinės perspektyvos. Pagrindinė organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo problema yra tarpusavyje susijusi organizacijų tarpkultūrinės principų skirtumas, kuris naudojamas organizacijų, siekiančių formuoti ir valdyti organizacijos kompetenciją, kurią naudoja organizacijos, siekiančios formuoti ir valdyti organizacijos kompetenciją nustatymas; (4) procesų, kurie vyksta organizacijose, formuojančių ir valdant organizacijos kompetenciją, apibrėžimas; (5) organizacijos kompetencijos formavimo ir valdymo principų integruojimas, t.y. tikslo detalizavimas leidžia geriau suprasti organizacijos kompetencijos formavimo ir valdymo specifiką bei ypatumus.

To, kaip organisacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas leidžia geriau suprasti organizacijos kompetencijos formavimo ir valdymo principus, reiškia, kad organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principai, kurie organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas, yra svarbus veiksnys organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas. Tai apibrėžia organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principus, kurie organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas, yra svarbus veiksnys organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas. Tai apibrėžia organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas. Tai apibrėžia organizacijų tarpkultūrinės kompetencijos formavimo ir valdymo principų integruojimas.