MEASURING INTERCULTURAL COMPETENCE AT AN ORGANIZATIONAL LEVEL:

Mapping and developing Intercultural Viability™ to thrive in a context of unpredictable change

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INTRODUCTION

This article reports on a pilot research project conducted with four member organizations of ValoreD that assessed their probability of adapting to future internal and external changing social conditions. The results are derived from a new instrument called the *Intercultural Viability Indicator* (IVI), which uses a "quantum measurement" to assess the effectiveness of how individuals relate to groups in the organization regarding issues of intercultural relations. Based on this innovative measurement, the IVI can predict the probability that the organization will remain viable in future social contexts involving new and more complex intercultural relations among colleagues and/or with clients/partners.

The article explores the strong parallels between intercultural effectiveness and a more general ability to adapt to, and even thrive in changing conditions. Comparing the results anonymously across the four organizations involved in the study, we also include some recommendations to increase *Intercultural Viability* linked to the results of the different organizations.

WHY FOCUS ON ORGANIZATIONAL INTERCULTURAL COMPETENCE?

A key role of leadership is to maintain the long-term sustainability of their organization. However, while their strategic teams make predictions to prepare for the future, there is a very high probability that these predictions will be wrong, since organizations are experiencing an exponential rate of change that is inherently unpredictable. When we face unknown and unknowable futures, neither attempts to place bets on possible future scenarios nor calls to 'stay flexible' provide reliable guidance.

To complicate matters, most discussions of exponential change focus on technology and ignore equally fast-changing social relations. For instance, internet-based media have generated surprising amounts of social change, globalization has ignited class and race conflict, geopolitical shifts have opened up new trading and supply chain relationships and closed down others, M&A activity creates shifting configurations of diverse people and the Covid-19 pandemic has unexpectedly caused massive changes in work habits.

In the face of these kinds of social change, some organizations will be unable to adapt – they will go extinct. Other organizations will remain viable, in other words they will have the capacity to survive and thrive in constantly changing social contexts.

The way cultural diversity is dealt with in organizations, in practical day-to-day behavior, will be a key predictor of viability, since intercultural competence represents one way to

prepare for unknown conditions. This organizational intercultural competence[1] or, as we define it, Intercultural Viability™, brings with it a range of business-critical advantages, including:

- ✓ organization-wide agility in responding to unpredictable changes in the external environment
- ✓ the capacity to innovate by tapping into the value of diverse perspectives
- ✓ the entrepreneurship[2] that comes from an increased ability to navigate across changing contexts
- ✓ fast execution of projects on a global scale through trust-based collaboration – even at a distance.

For example, the capacity to innovate by tapping into the value of diverse perspectives is key to organizational viability. Research[3] has shown that compared to mono cultural groups, culturally diverse groups can either significantly increase or decrease effective outcomes when focused on tasks requiring innovative approaches. The potential value from a multicultural team only emerges when team leaders acknowledge and support team diversity as a valuable asset. Leaders who either ignore or suppress diversity as a 'problem' are the main contributing factor in teams with low innovation performance. This research suggests that organizations with a higher incidence of ethno-relative behavior across the workforce, especially in people management roles, will favor the conditions for innovative thinking.

Milton Bennett[4] (2019) builds the business case for focusing on cultural diversity as a key contributor to overall organizational viability in a fast-changing global business context. He shows how the capacity to move between cultural perspectives readies us to shift across changing contexts with the aim of reconciling dilemmas intrinsic to ethnocentrism: how to establish both security and adjustment to change, how to combine 'my way' with 'your way' and how to make unity and diversity interactive, rather than mutually exclusive.

Hampden-Turner's work[5] over the last 30 years on reconciling dilemmas in values across cultures, and more recently Heracleous[6] with his Janus Strategy, have focused on how organizations can only become viable if they integrate opposites in tension, such as structure and flexibility, quality and speed, planning for change or reacting quickly to change. An organization that brings together members from a wider range of cultural backgrounds has a higher likelihood of finding ways to reconcile the business dilemmas it faces, but only if it has the capacity to behave in more ethnorelative ways. Intercultural competence is the key to unlocking synergies within the organization.

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[1] We define 'competence' at an organizational level as the coordination of probability that certain desired behaviors will occur; in this case, *organizational intercultural competence* is the likelihood an organization will coordinate the probability of its members in adapting to changing social conditions.
[2] Concept of Contextual Intelligence in Mayo, A & Nohria N, (2005) In Their Time: the Greatest Business Leaders of the 20th century. Harvard Business Review Press

[3] Research by Dr Carol Kovach at the Graduate School of Management, UCLA
[4] Bennett, M (2019) Enhancing Organizational Performance in Fast-Change Global Contexts,
[5] Hampden-Turner, C (1990) Charting the corporate mind: from dilemma to strategy, Oxford: Basil Blackwell
[6] Heracleous, L (2020) Janus Strategy, KDP

In dealing with dynamics of changing social contexts, many organizations are making claims for successfully turning their access to cultural diversity into an asset. A search on Google for 'we value diversity' reveals over 3.5 million results. If we refine it to 'we value cultural diversity' we get over 230,000 results. However, there has been no practical scientific way of verifying these claims. Even if we estimate that only 10% of these results refer to assertions from specific organizations, that's 23,000 organizations making unsubstantiated statements. While there are many tools to evaluate individual intercultural competence, there are no instruments, to our knowledge, that measure intercultural competence at an organizational level. We all know the mantra that the whole (organization) is more (or less) than the sum of the parts. Therefore, a process of aggregating individual behavior does not give a good indication of the intercultural competence of the group.

At present leaders in organizations cannot access strategically important insights into how they are shaping up to survive and thrive in a context of consistent, unpredictable and systemic change within their operating context. How can they focus on building an organizational culture which intentionally coordinates itself to maximize the probability of intercultural effectiveness – along with all the benefits mentioned above - without a way to measure this capacity?

WHAT IS THE INTERCULTURAL VIABILITY INDICATOR?[7]

It is an anonymous web-based questionnaire with a demographic section, an initial single 7-item self-assessment section and eight other assessment sections. These sections ask respondents to state the extent to which they notice around them in the organization certain behaviors in typical business contexts, e.g. virtual meetings, social encounters, written communication etc. The 7 different behavioral options offered in each section relate directly to Bennett's highly reliable and validated 6-stage DMIS (Developmental Model of Intercultural Sensitivity)[8]. The model shows how people's experience of difference develops from ethnocentric to more ethnorelative stages. The more 'advanced' our stage of collective intercultural sensitivity, the more we will increase the odds of being 'Interculturally Viable'; the more interculturally viable we are, the higher the chances to adjust and innovate in constantly changing contexts where collaborative interaction across a multicultural organization is required.

Using a breakthrough measurement strategy derived from quantum physics and Bennett's globally recognized developmental model, the IVI uniquely assesses the relative probability of future intercultural competence in an organization. The IVI does this by focusing on the perceptual relationship between individuals and group behavior. The quality of that relationship in terms of some particular concepts is what indicates the group's Intercultural Viability.

[7] For a detailed explanation of the instrument and its development, components and its underlying methodology read: Bennett, M (2020) – The Intercultural Viability Indicator[TM]: Constructivist Assessment of Organizational Intercultural Competence, (forthcoming) Journal of Intercultural Communication & Interaction Research

[8] For details on Bennett's DMIS go to the IDRI website or Read Bennet, M. (2017) Developmental Model of Intercultural Sensitivity. In Kim, Y (Ed) International encyclopedia of intercultural communication. Wiley.

The IVI is not meant to be a description of either individuals or organizations. Rather, it a description of probability – specifically, the probability that an organization will be able to adapt to changing social conditions in a multicultural environment. So Intercultural Viability cannot be determined by any direct measurement, since such a measurement would only describe the current condition and not the probability that another condition could be generated when needed.

The *Intercultural Viability Indicator* provides a single report for top leadership with results and a debriefing process to explore responses to the following questions:

- **OVERALL INTERCULTURAL VIABILITY (IVS).** What is our organization's overall level of *Intercultural Viability* – how probable is it that we have a general capacity to adapt to our changing multicultural environment in the future, compared to other organizations?

- **CONTEXTUAL VIABILITY (CVS).** In each of the specific 8 business contexts, how does our *Intercultural Viability* compare to other organizations?

- **GROUP DEVELOPMENT SCALE (GDS)** How, on average, do respondents perceive the intercultural behavior of others around them in the organization across 8 business contexts?

- **INDIVIDUAL DEVELOPMENT SCALE (IDS)** How do individual respondents on average see their own intercultural stage of development compared to respondents in other organizations?

- **TARGETING INTERVENTION.** How can we target specific interventions to increase the likelihood that we can collectively flourish, especially where our cultural diversity can become a significant positive factor in an environment of unpredictable change?

THE 4 ORGANIZATIONS

The results from the four organizations who conducted the IVI are reported below anonymously (Organization A, B, C & D). The total sample size from each were very different, ranging from 56 to 294 respondents. The demographic samples from each organization were also diverse. For example, in the case of Organization A, the sample was predominantly senior in both position and age and everyone had lived or worked abroad for at least 12 months. In all four organizational samples, almost half the respondents had received some kind of intercultural training.

GENERAL FINDINGS

The Valore-D organizational samples along with the 6 previously collected samples and three leadership teams have to date reached over 1000 data points. Having conducted a wide range of statistical analyses on the data, we found the following interesting correlations:

- ✓ There is no correlation between **GENDER** and any of the Intercultural Viability scales. We can conclude that intercultural sensitivity is not a gender-specific quality. Groups with more men than women (or vice versa) is not relevant to explaining why the group had higher or lower levels of Intercultural Viability.

- ✓ There is a strong effect of **AGE** on both personal perceptions of having more advanced Intercultural Development (IDS) and, even more strongly, on Intercultural Viability Scores (IVS). We can conclude that intercultural sensitivity tends to increase with age and that younger people are not more interculturally sensitive for generational reasons. We could hypothesize that intercultural sensitivity is strongly related to life experience.

- ✓ **LIVING ABROAD** (defined as living and/or working 12 months or more in a different culture over the age of 18) is strongly and significantly correlated with both individual intercultural development and Intercultural Viability (IV).

- ✓ Of all the variables, **INTERCULTURAL TRAINING** (no specific criteria of duration or type of training are requested in the IVI questionnaire) was most strongly correlated with individual intercultural development and Intercultural Viability (IV). We speculate that intercultural training is a key to translating life experience (age and living abroad) into organizational behavior that is interculturally viable.

- ✓ So far in the total of 10 organizations and 3 leadership teams included in the IVI process to date we are seeing that the Intercultural Viability Score (IVS) is linked to **A BASIC ORGANIZATIONAL CAPACITY** that is not dependent on the type of organization (e.g. consulting, manufacturing, technology, services, transport, etc).

- ✓ So far it also appears that the IVI is equally valid in both international and domestic diversity contexts.

COMPARATIVE RESULTS

Overall Intercultural Viability Score (IVS)

This overall IV score indicates the relative "fitness" of the group or organization for adapting to changing multicultural social conditions.

Below (fig 1) we can see each of the 4 organizations in the Valore-D associate network compared to the baseline[9] and the extent to which each is above or below average in their overall Intercultural Viability Score (IVS).

While Organization A was made up of expats with significant international experience abroad, higher than average age and seniority levels, Organization C represented a much broader cross section of the company's population. Therefore, while the group from Organization A is significantly above the average of companies in the database, when

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[9] The baseline '0' is the midpoint of a standardized normal distribution of all the organizations in the IVI database

this limited group of expats is analyzed, it is unclear if there is a similar level of intercultural viability when we look more widely or more deeply in the organization. Organization C, on the other hand, shows an even higher and more systemic level of Intercultural Viability.
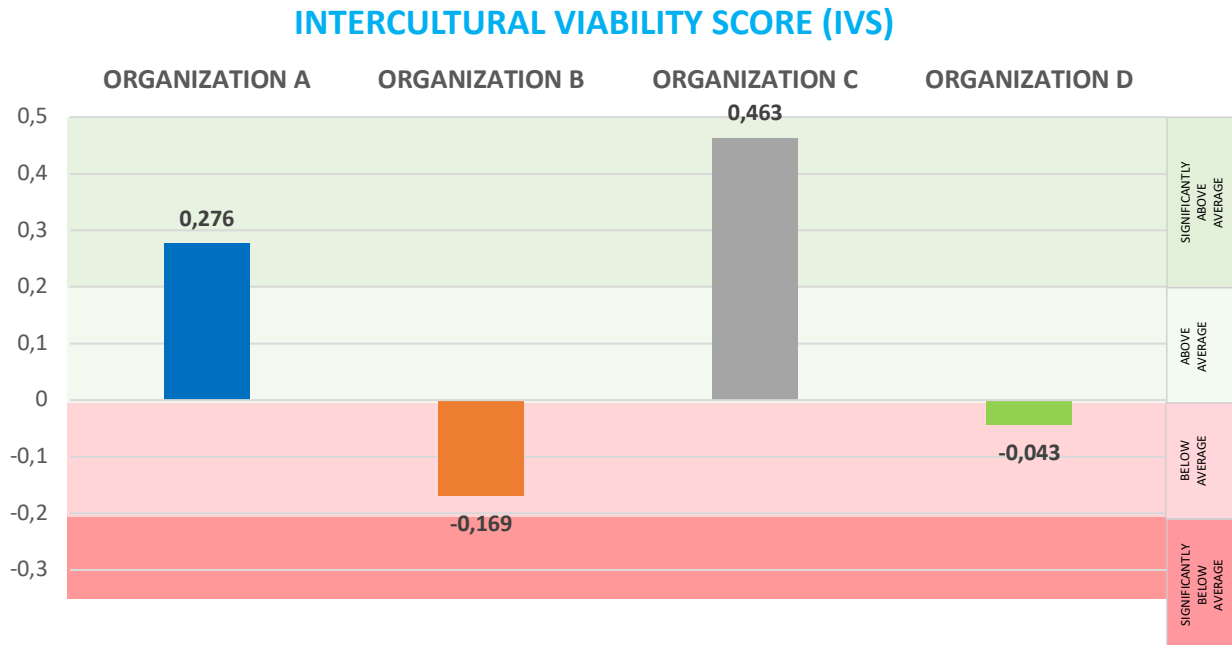
INTERCULTURAL VIABILITY SCORE (IVS)

FIGURE 1. Intercultural Viability Scores (IVS)

The Intercultural Viability of both Organization B and D are below average and would benefit from developing levels of intercultural sensitivity to support the organizations in responding to unpredictable changes in social conditions. The types of intervention are outlined below, identified by the other outputs from the IVI, such as the Contextual Viability Scores (CVS).

CONTEXT VIABILITY SCORES (CVS)

As well as comparing the whole organization to a reliable baseline of intercultural viability across many organizations, the IVI identifies specific work contexts such as meetings, informal social interaction or written communication that are relatively stronger or weaker in viability.

With guidance from IVI group assessments, organizations can leverage the value of training and other developmental initiatives by knowing whether to focus on certain types of business context rather than others.

The CVS focuses on the relative level of Intercultural Viability in the following 8 typical business contexts.

1. **MULTILINGUAL:** Activities where multiple languages were being spoken
2. **HOSTING:** Hosting business visitors from other cultures
3. **VISITING:** Visiting people from other cultures for business reasons

4. **COACH & DEVELOP:** Coaching and other development work with other-culture colleagues
5. **VIRTUAL MEETINGS:** Virtual meetings with participants from multiple cultures
6. **INFORMAL SOCIAL:** Informal social meetings among people of different cultures
7. **WRITTEN:** Memos, email, and other written correspondence with recipients from different cultures
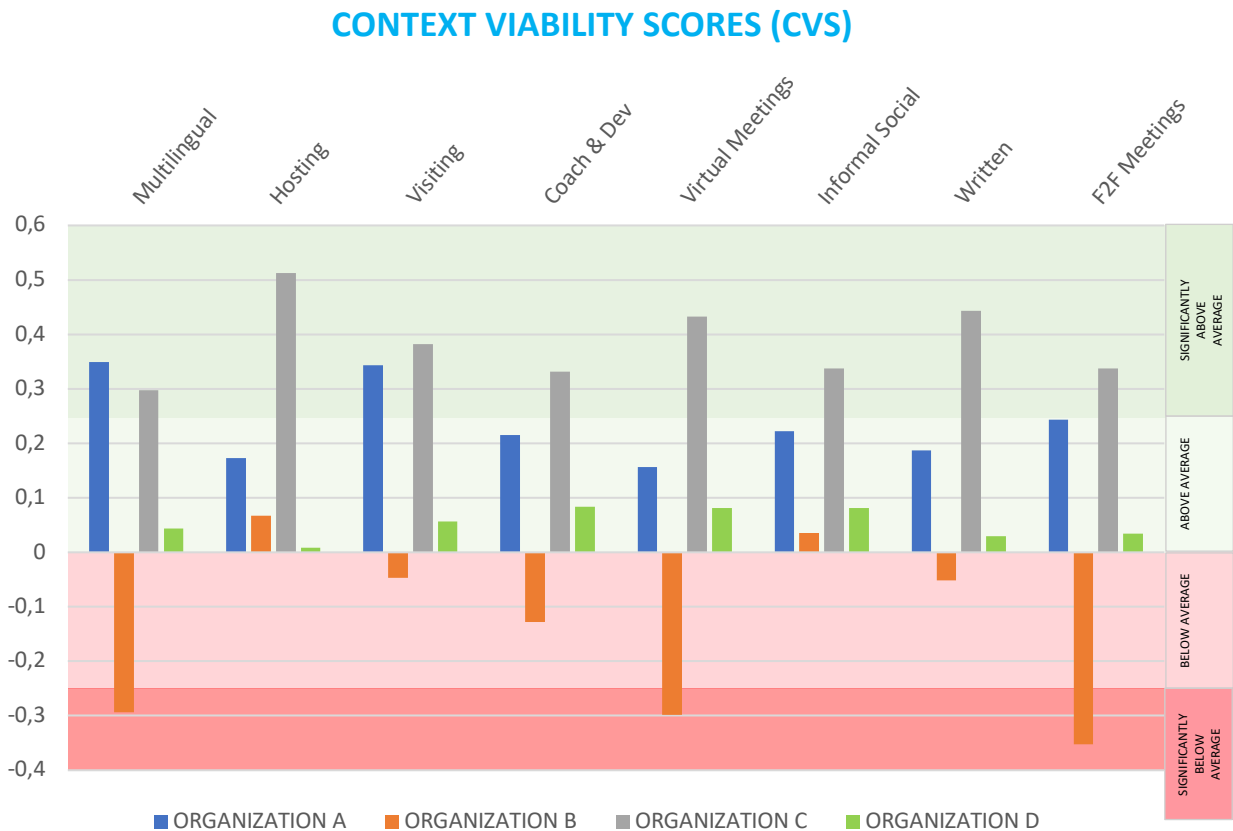8. **F2F MEETINGS:** In situ meetings with participants from multiple cultures

CONTEXT VIABILITY SCORES (CVS)

Figure 2. Context Viability Scores (CVS)

If scores are higher than average compared to the baseline there is greater probability that the organization will be able to generate new adaptive behavior in that context to changing conditions in a multicultural environment. So, for instance, the CVS of Organization C is significantly above the baseline in the context of Hosting Visitors. This would mean the organization would very probably be able to generate appropriate and effective conditions for new configurations of multicultural groups that had not up to now been encountered.

In quantum terms, it would mean that the interaction of perceived individual-level and group-level intercultural competence would very likely collapse the group behavior in that context into appropriate new conditions. In other words, if we expect to see a certain behavior, we increase the probability that it will actually occur. The more people there are in an organization who are looking for more developed intercultural behavior, the higher the probability those behaviors will show up in others around them. Intercultural Viability is a kind of self-fulfilling prophesy.

In Organization B we can see the CVS for both Virtual Meetings and F2F Meetings is significantly below average. This implies that, whenever new configurations of diverse individuals meet, Organization B is very unlikely (compared to other organizations) to benefit from the synergy effects of cultural diversity in the context of meetings and potential productivity could be impeded. Meetings would be a higher priority developmental area, than, say, Hosting Visitors where their CVS is above average.

Both the IVS and the CV scores focus on future probability. They measure our collective potential viability, since these scores integrate the relational dynamics between perception of self and perception of others.

By seeing where their own organization deviates from the norm (the baseline) relative to the distribution of other organizations, leaders can evaluate their organizational Intercultural Viability (IVS) as well as segmenting this viability into specific types of business context (CVS). Initiatives can then be targeted at creating conditions to increase both the overall and context specific probability of Intercultural Viability.

GROUP DEVELOPMENTAL SCALE (GDS)

These scores represent the average <u>respondents' perceptions of others around them</u> in the organization across the 8 different business contexts. Respondents use a 5-point scale to specify levels of agreement with DMIS-derived statements about the group, e.g. "When receiving visitors from other cultures, I notice that people around me tend to complain about the inappropriate behavior of the visitors." This example is one of 7 options which are randomized in the questionnaire, but each capturing a typical behavior at that stage in Bennett's Development Model of Intercultural Sensitivity (DMIS), in this case relating to the context of Hosting Visitors.
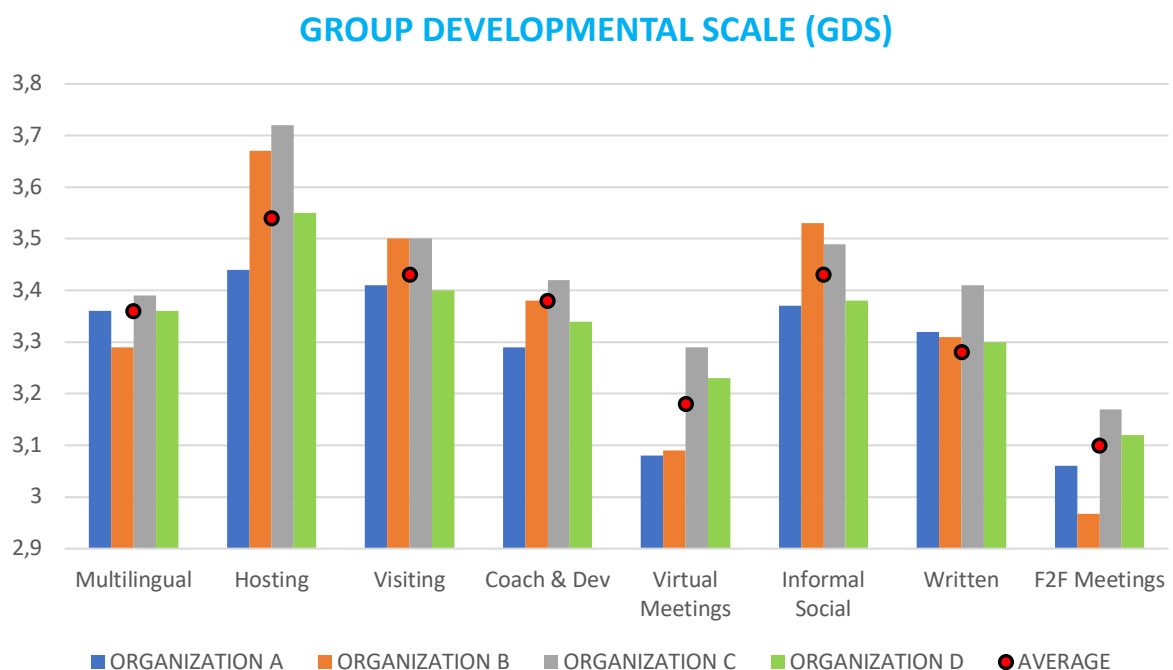

GROUP DEVELOPMENTAL SCALE (GDS)

Figure 3. Group Developmental Scale (GDS), the red dot representing the average across all organizations in the database

The GDS provides insight into which business contexts group intercultural behavior is particularly strong or weak. This can lead to targeted decisions on organization-wide developmental initiatives linked to these contexts and compared to the average across all organizations, show which of the contexts are unusually problematic. In the case of the four organizations associated with Valore-D in this study (Fig. 4), Organization A and B clearly need to focus on intercultural development initiatives around meeting in a f2f and virtual context, whereas Organization C is scoring above average on all the contexts.

INDIVIDUAL DEVELOPMENTAL SCALE (IDS)

This measures how individuals perceive their <u>own intercultural behavior</u>. It is based on a single section in the questionnaire with a 5-point scale of agreement or disagreement across seven statements based on the different Bennett's DMIS positions, e.g. relating to *Minimization:* "When I think of myself in terms of other cultures in the organization, I tend to be comfortable in the knowledge that 'we are all just human'."

The higher the score the more interculturally 'developed' the group of respondents perceive themselves to be. The scale is derived from the average of the organizational sample of respondents compared to an average of all respondents in the IVI database (see average level in Fig. 4).
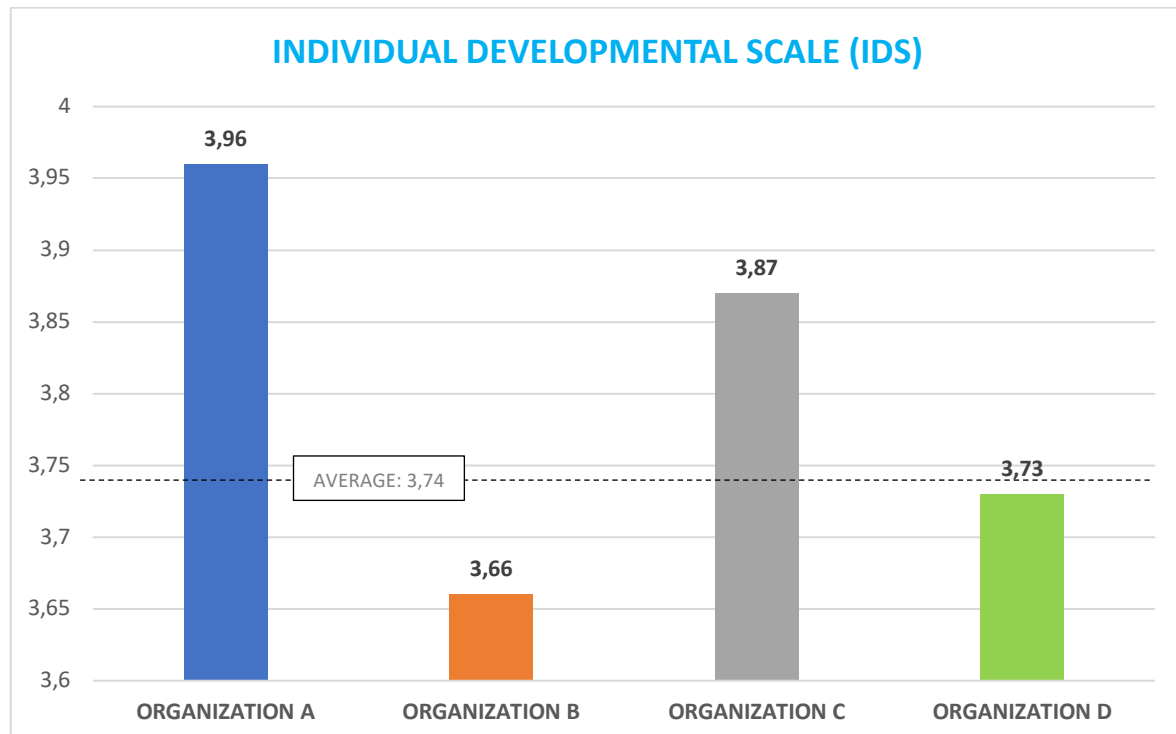

INDIVIDUAL DEVELOPMENTAL SCALE (IDS)

ORGANIZATION A	3,96
ORGANIZATION B	3,66
ORGANIZATION C	3,87
ORGANIZATION D	3,73

AVERAGE: 3,74

FIGURE 4. INDIVIDUAL DEVELOPMENTAL SCALE (IDS)

This output provides insight into the respondent sample as individuals, rather than who they are perceiving around them in the organization and allows the organization to focus on intercultural developmental initiatives for that group. In the case of the four Valore-D contributing organizations, clear Organization B would benefit from intercultural development initiatives aimed at the sample group who responded to the IVI.

By comparing the results of the IDS (bordered in red) with the CDS we can see that on average the sample of respondents in each Valore-D member organization perceive themselves as individually more interculturally developed than those around them in the organization. In fact, when we have applied the IVI to leadership teams, we have found this discrepancy even more noticeable. The conversation to be had with leadership teams in feeding back on the IVI results is around the mismatch between the high probability of coordinating interculturally viable behavior within the team and their need to realize that this probability is not mirrored in the rest of the organization outside the leadership team.
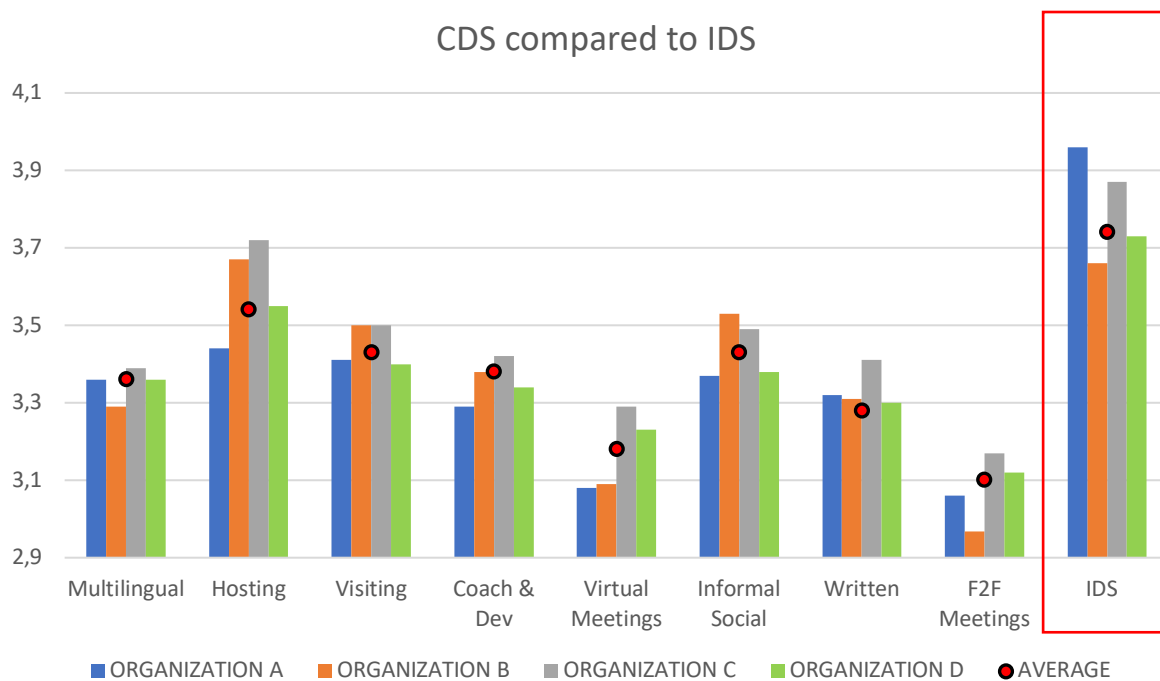

Figure 5. CDS and IDS compared

DEVELOPMENTAL RECOMMENDATIONS FROM THE IVI RESULTS

While each organization is debriefed on the IVI results on the basis of their unique sample group demographics, future strategy and present operating context, based on the set of IVI results above, we can set out four broad recommendations:

1.   AVOID A THINLY SPREAD ROLL OUT OF INTERCULTURAL DEVELOPMENT | Firstly, it is unproductive to 'roll out' intercultural development initiatives widely or randomly across the organization. Nor is it always helpful to start the developmental focus with groups showing lower Individual Development scores (IDS). More advanced intercultural communicators rarely receive

advanced intercultural training as they have been identified as already 'successful'. However, their success is usually the result of years of trial and error leading to tacit intercultural sensitivity. Training based on the Developmental Model of Intercultural Sensitivity (DMIS) would give them a shared theoretical understanding of their own intercultural development process and enable them to <u>intentionally</u> recognize, encourage and spread interculturally effective behaviors in others within their immediate network who are at more ethnocentric stages of development

2. INVEST HEAVILY IN INTERCULTURALLY 'ADVANCED' INFLUENCERS | People tend to do things for three main reasons: because they want to, because they are told to do it or because people in their trusted social network are doing so[10]. The last of these, focusing on horizontal influence, is rarely consciously employed by organizations in the pursuit of behavioral change. However, there may be a far greater impact in having a relatively small number of articulate and interculturally developed individuals who understand the strategic importance of Intercultural Viability and their collective role in spreading it through daily example, encouragement and engagement with peers.

3. RAISE CONSCIOUS INTERCULTURAL COMPETENCE WITHIN THE LEADERSHIP TEAM | The same principle applies to Leadership Teams who we would always recommend completing the IVI, with typically higher Intercultural Viability. This is unsurprising since Leadership Team members frequently have a higher-than-average age (life experience), experience abroad and exposure to intercultural training. Leadership Teams should receive master classes or intercultural coaching to act more consciously as interculturally effective role models for the organization – knowing what behaviors to model and recognize. They could also be made more aware of how they could leverage the higher-than-average intercultural competence of the more interculturally advanced 'international players' across the organization.

4. AUDIT THE INTERCULTURAL SENSITIVITY OF STANDARD PROCESSES ACROSS THE ORGANIZATION | Organizations should review their standard processes and procedures for the flexibility they allow in dealing with cultural differences in unique ways. To what extent are company-wide protocols putting some cultural groups at a disadvantage? Has the organization constructed processes that both coordinate AND allow flexible action within a culturally diverse organization? These could range from meeting guidelines to talent assessment processes which may be ethnocentric.

CONCLUSIONS

Many organizations are looking to data analytics to help them navigate in times of change.[11] The IVI provides clear data on the probability that an organization can maximize the potential of its diverse membership. These data can steer strategic interventions in

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[10] Based on point 45 of The Flipping Point (2020) by Leandro Herrero. Meeting Minds
[11] McKinsey report April 2019: *Why you should apply analytics to your people strategy*

the area of intercultural development which, in turn, can support an organization's viability in unpredictable times.

While the possibilities of the future are rushing toward us, what they actually become depends on how we relate to them[12]. The *Intercultural Viability Indicator* provides a map of how current perceptual relations between individuals and teams predict your organization's viability in that future.

ACKNOWLEDGEMENTS

Intercultural Viability^{TM} is in the process of being trademarked and no use of the term shall be made without the prior consent of Intercultural Viability LLC which owns it.

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[12] Rovelli, C. (2016) *Seven brief lessons in physics.* New York: Riverhead