

Revising management competencies: ensuring cross-cultural validity

ROTHMANS INTERNATIONAL

An in-depth evaluation has led to significant improvements in the cultural sensitivity of Rothmans International's management competencies; Marjolaine Boutet, John Milsom and Colin Mercer – three of those centrally involved in the process – report.

Even prior to the announcement last year of its merger with British American Tobacco, Rothmans International was a global organisation, selling tobacco products in over 160 distinct markets, and employing 20,000 people across four continents. Since the 1950s, the company had grown through acquisition, and developed a large number of joint ventures and partnerships with other commercial organisations. This growth strategy contributed to the development of a diverse workforce, and in order to manage such diversity many regions were afforded significant autonomy in the achievement of company objectives.

However, by the early 1990s it was recognised that although the diversity within the organisation was undoubtedly of value, it was also inhibiting the company's ability to perform in the increasingly competitive tobacco marketplace. One of the challenges identified concerned the number of different approaches used to develop Rothmans' managerial talent. In response, a worldwide initiative on management development was implemented, built on a framework of behavioural competencies.

The original competency framework developed and used by Rothmans included eight managerial competencies. Each competency was defined in terms of a title, a definition, and behavioural indicators describing performance at three levels: "strength", "effectiveness", and "needs to develop". Box 1 at right describes the titles and definitions of the "original eight" competencies, while box 2 on p.13 provides an example of the performance levels for one of these competencies. The competencies were launched in 1992, initially being applied to senior managers, before being rolled out to the rest of the company's managers.

1. Rothmans' original management competencies

| Title | Definition |
|---|--|
| Leadership | Develops and communicates a vision of what success will look like and gains people's commitment to its achievement. |
| Problem analysis and decision-making | Analyses complex situations by breaking them down into manageable parts, and making appropriate decisions based on the analysis. |
| Conceptual thinking | Identifies links between situations that are not obviously related. It also involves using creative or inductive reasoning to identify key issues and alternative solutions. |
| Influencing skills | Involves effectively persuading, convincing or impressing others in order to get their agreement to a course of action. It also involves an understanding of and a sensitivity to both organisation and individual people issues, and an awareness of the power relationships in the organisation. |
| People development | A fundamental commitment to identify the development needs of individuals and provide feedback, coaching and appropriate development opportunities. |
| Flexibility | Adapts one's personal approach and works effectively within a variety of situations, and with various individuals, groups and cultures. |
| Teamwork | Works cooperatively with others within and across business units, towards a common objective. |
| Achievement motivation | Shows concern for delivering superior performance and competing against a standard of excellence. Is a self-starter who will generate initiatives and take calculated risks. It involves both setting demanding goals and showing persistence in achieving them. |

2. Example of original behavioural anchors

| COMPETENCIES | Needs to develop | Effective | Strength |
|--|--|--|--|
| | Performance does not yet meet standard and suggests an opportunity to improve. | Performance is effective and meets Rothmans' standards. Effective competencies are viewed as positive and do not need to be discussed at length. | Performance would be considered a benchmark for Rothmans. This person would be used as a role model when coaching or counselling others. |
| Leadership: Develops and communicates a vision of what success will look like and gains people's commitment to its achievement. | <ul style="list-style-type: none"> ■ Tends to rely on formal authority to get things done ■ Does not always provide team with necessary information ■ Generally does not value the ideas and contributions of the team ■ Sets unclear objectives and communicates these poorly ■ Generally does not monitor the performance of others ■ Sets or applies standards inconsistently | <ul style="list-style-type: none"> ■ Makes sure everyone in the team has the opportunity to contribute ■ Keeps team informed of changes and decisions which affect their work ■ Accepts responsibility for poor as well as good team performance ■ Develops control systems to monitor performance ■ Sets and communicates stretching but achievable performance objectives | <ul style="list-style-type: none"> ■ Creates and communicates a clear picture of what success will look like ■ Develops enthusiasm and commitment to the organisation's goals and values ■ Translates the overall strategy into something meaningful and tangible for own team ■ Monitors long-term performance, and provides feedback on issues or concerns in performance output ■ Confronts others openly and directly about performance problems ■ Takes tough decisions when addressing performance issues and is prepared to stand by them |

the development of a discrete “communication” competency, and a need to increase the emphasis placed upon commercial acumen and the ability to manage change.

Feedback was also received at a more general level that some behaviours and competencies were proving difficult to apply in certain regions of the world. This suggested a need to thoroughly revalidate the competencies, and a major study was begun in 1998 to research this subject in partnership with occupational psychologists from HR consultancy Wickland Westcott. The remit of this project was to:

- (a) evaluate the content of the competencies against the future needs of the business;
- (b) validate competencies of the company across the different countries in which Rothmans operates; and
- (c) simplify the competency approach making it more user-friendly.

Box 3 on p.14 summarises the overall process employed to meet these objectives.

In addition to the development of managerial competencies, between 1995 and 1998 “functional” competencies were also defined. These competencies were designed to capture the specific behaviours required for effective performance within each of the functions (eg HR and marketing) that were not already covered by the management competencies. This meant that any role within Rothmans could be profiled against eight to 16 different competencies. By 1998 competencies were playing a key role in Rothmans’ HR processes. They were fully integrated into its performance management and recruitment systems, and were widely perceived within the company as helping to address the need for a consistent approach to the development of managerial talent.

THE NEED FOR CHANGE

With the benefit of six years’ experience in the use of management competencies, and following the development of additional functional competencies, it was recognised that the original management competency framework needed to be revised. Specific needs included

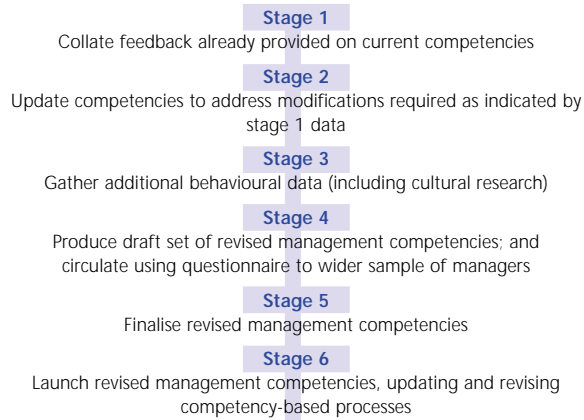
CROSS-CULTURAL VALIDATION

The first step in the cross-cultural validation of the management competencies was to review the wealth of feedback already provided from within the business. Additional data was then gathered in a comprehensive review of the cultural requirements of the different Rothmans’ regions (stage 3 of the process described in box 3). This review included gathering data from a range of sources from inside and outside of the business, with particular attention paid to Rothmans’ Asian markets, using the following methods:

- Reviewing published research and literature.
- Benchmarking Rothmans against other multinational organisations.
- Running focus groups with line and HR managers working within China, Hong Kong, Malaysia, Singapore, Japan and Korea.

Once this data had been gathered, the key implications for the Rothmans’ management competencies were summarised and the areas requiring modification clearly defined. This summary was then

3. The revalidation process



used to guide the revision of Rothmans’ existing competencies, and as a checklist to ensure any subsequent changes made to the competencies did not compromise their relevance across cultures. Once a second draft of the competencies, incorporating changes prompted by the cultural research, had been developed, it was circulated around the business using a standard questionnaire format. Data obtained from this last validation stage were then used to finalise the competencies before they were relaunched at the end of 1998.

“CULTURAL” RESEARCH FINDINGS

(1) Published research and literature

Two models of national culture were identified from the literature research. Trompenaars (1996) identified seven dimensions, while Hofstede (1984) described cultural differences in terms of four similar dimensions.

Although both models are relevant to competency work, attention was focused on the implications identified by Hofstede’s model, due to the relevance of the four dimensions to Rothmans’ existing management competencies (see box 4 at right for a summary of the dimensions contained within the two models). The four dimensions that comprise Hofstede’s model are “power distance”, “individualism vs collectivism”, “uncertainty avoidance”, and “masculinity vs femininity”. Each dimension is described below.

Power distance refers to the willingness with which people accept the unequal distribution of power and status within institutions and organisations. Societies with large power distances tend to demon-

strate a high level of differentiation between the status of superiors and subordinates, while “small power distance societies” see all levels of employee as being equally entitled to respect, and status as being unimportant. Consequently, managers within small power distance societies may expect to be asked to justify their decisions or requests to subordinates, whereas within high power distance societies managers’ decisions would be more likely to be accepted without further justification.

Individualism vs collectivism refers to the extent to which people see themselves as being individuals as opposed to members of a group. Individualistic societies typically value autonomy, and a willingness to stand up for your own views, while collectivist societies value loyalty and harmony within groups, and expect organisations to defend the interests of group members (eg employees).

Uncertainty avoidance refers to the extent to which societies feel comfortable in situations of uncertainty and ambiguity. Strong uncertainty avoidance societies look to consistency, rules and standardisation to control the discomfort experienced when faced with uncertain situations. Weak uncertainty-avoidance societies are more comfortable working without guidelines and rules, with managers valuing the opportunity to apply a more flexible approach to management, and demonstrate a greater tolerance towards those who deviate from protocol.

Femininity vs masculinity. Feminine societies, it is suggested, value “working to live”, being motivated by working in an enjoyable environment, and preferring to make decisions based on intuition.

4. Two models of national culture

| Model | Key dimensions |
|--------------------|--|
| Hofstede (1984) | Large vs small power distance Individualism vs collectivism Strong vs weak uncertainty avoidance Femininity vs masculinity |
| Trompenaars (1996) | Universalism vs particularism Individualism vs collectivism Achievement vs ascription Affective vs neutral Specific vs diffuse Internal vs external control Orientation towards time |

5. Comparison of Hofstede’s cultural model and Rothmans’ competencies

| Hofstede scale | Alignment of original competency definitions and competencies affected | Evaluation of cultural fit |
|---|---|--|
| <p>■ Power distance</p> | <p>Rothmans’ original competencies are aligned with the characteristics of “small power-distance societies” .</p> <p>Competencies affected:</p> <ul style="list-style-type: none"> ■ Leadership ■ Decision-making (<i>especially re risk-taking</i>) | <p>The behaviours contained in the affected competencies are most likely to be compatible with northern European, North American and Australian cultures. Some incompatibility is predicted with southern European cultures.</p> <p>Significant incompatibility is predicted with Asian countries, whose cultures tend to score highly on the power distance scale.</p> |
| <p>■ Individualism vs collectivism</p> | <p>Rothmans’ original competencies are aligned with the characteristics of “high individualism” .</p> <p>Competencies affected:</p> <ul style="list-style-type: none"> ■ Leadership (<i>especially harmony and trust</i>) ■ Decision-making ■ Influencing skills ■ People development | <p>Competency behaviours are most compatible with North American cultures as well as the cultures of the UK, Netherlands, Australia and New Zealand. Some incompatibility with southern European cultures.</p> <p>Significant incompatibility is predicted with Asian countries, whose cultures tend to score towards the “collectivist” end of this scale.</p> |
| <p>■ Uncertainty avoidance</p> | <p>Rothmans’ original competencies are aligned with the characteristics of “low uncertainty-avoidance societies” .</p> <p>Competencies affected:</p> <ul style="list-style-type: none"> ■ Flexibility ■ Decision-making (<i>especially concerning risk-taking</i>) | <p>Competency behaviours are most compatible with North American cultures as well as the cultures of the UK, South Africa, Australia, New Zealand and some Asian countries such as Malaysia, Indonesia and Hong Kong.</p> <p>Significant incompatibility is predicted with southern European cultures, such as those of Italy, Spain and Greece, plus also the cultures of France, Belgium and Japan, whose cultures score more highly on the “uncertainty avoidance” scale.</p> |
| <p>■ Femininity vs masculinity</p> | <p>Rothmans’ original competencies tend towards “high masculinity” .</p> <p>Competencies affected:</p> <ul style="list-style-type: none"> ■ Achievement motivation | <p>Competency behaviours are most compatible with the cultures of the USA, Australia, New Zealand, Greece, Italy, Germany, South Africa and the UK.</p> <p>No significant incompatibility is predicted, as most countries’ cultures are clustered on or around the mid-point of this dimension, with a slight skew towards the masculine end of the scale.</p> |

“Masculine” societies will value “living to work”, being motivated by having clear objectives, and preferring to make decisions based on hard data. Whether societies are masculine or feminine is proposed to be dependent upon the extent to which societies differentiate between the roles of the sexes. Where cultures support traditional social stereotypes of masculine and feminine behaviour, the fact that the men typically outnumber women within institutions means that the masculine mentality of assertiveness and results-focus becomes accepted as the norm. Societies with low social differentiation will be more accepting, tolerant and supportive of men demonstrating stereotypically feminine behaviours, resulting in the development of a culture that is more interested in the consideration of others’ needs and well-being.

In order to assess the cultural implications of Hofstede’s model on Rothmans’ competencies, each of his factors was compared with each of the company’s competencies, and areas of potential conflict were identified.

For example, analysis of the behavioural indicators under the Leadership competency indicated that the behaviour: “Keeps team informed of changes and decisions which affect their work” was in line with the values and expectations likely to be held by people brought up in cultures that score low on the “power distance” scale. It therefore follows that this behaviour would also be incompatible with the values and expectations of people from cultures with high

scores on the same scale. As Hofstede has also rated a large number of different cultures against each of his model's four scales, it was then possible to identify specific countries where the application of this behaviour may be expected to conflict with established values, expectations and behaviour.

To continue the example of Leadership and "power distance": Singapore, Indonesia and Malaysia score highly on the Hofstede "power distance" dimension, and were therefore identified as likely to have cultures that would be incompatible with the Leadership behaviour described above.

The full results of this analysis are summarised in box 5 on p.15. Overall, the results supported the view that the design of the original competencies was more in line with the values and expectations of north-western European cultures than those of other important regions in which Rothmans operates. The values and expectations of Asian cultures were found to have been the least likely to be reflected or accommodated in the original competencies.

(2) Benchmarking

In the review of current practice, few examples were found of multinational organisations that had implemented a single set of behavioural competencies across their entire organisation. Rather, a majority of management competency dictionaries have been developed by national companies or nationally-defined divisions of multinational organisations.

The most common approach to the development of competencies applied cross-culturally by multinational organisations has been to set values (sometimes accompanied by a broadly-defined behavioural framework), and to then let regions define their own, more detailed competencies to fit within these values.

Where multinational organisations have empowered local regions to deliberately modify their competencies to recognise cultural differences, most do not find the need to change the competency titles or definitions, deciding only to tailor some of the behaviours. **Ford Motor Company**, **ICI** and **British Petroleum** are three examples of companies that have accommodated cultural differences in this way.

Companies such as **Glaxo Wellcome**, **Ericsson** and **Unilever** are examples of organisations that have implemented a single set of "high

level" competencies worldwide without modification. The relevance of the competencies has been maintained across cultures by these organisations through the inclusion of fewer, shorter and more generic behavioural indicators, and allowing local managers to flex the interpretation of the competencies across regions.

(3) Internal data

The research conducted into the views and experiences of Rothmans' managers obtained specific feedback against the existing competencies. The data was gathered using critical incident interviews and focus groups (Flanagan, 1954) from representatives of Rothmans' operations within China, Hong Kong, Malaysia, Singapore, Japan and Korea.

Analysis of the data revealed areas of similarity and difference between the countries represented. A key area of difference within the Asian markets studied was China. Focus group data emphasised the extent of the cultural differences that exist within China, in addition to those between China and other Asian or Western markets. It also highlighted the impact that (communist) "party" politics have on the way business is conducted.

Another area of difference identified between the Asian markets concerns the Singaporean view of the "problem analysis and decision-making" competency. Focus group data highlighted that in Singapore significant value is placed upon analysing information in immense detail in order to minimise risk (which is also regarded negatively across the other Asian markets studied). This value conflicts with the competency model behaviours concerned with making rapid, time-critical decisions, and making decisions in situations of uncertainty.

In evaluating the similarities across the data gathered from the Asian markets, three categories of data were identified. Firstly, there were some behaviours that required additional clarity, as the wording used made it difficult for people speaking English as a second language to understand what was intended.

Secondly, some behaviours currently included in the competency set were identified as incompatible with the cultures studied. And thirdly, some gaps in the current competency definitions were identified, indicating a need for additional behaviours to comprehensively describe the requirements of effective performance within those Asian cultures.

continued on p.25 ➤

6. Results of internal research into the competencies' cultural impact

| Competency | Comments gathered from Asian market interviews and focus groups |
|---|--|
| Leadership | <ul style="list-style-type: none"> ■ Behaviours that involve taking a confrontational approach in addressing performance issues are not considered appropriate in an Asian context. ■ Additional behaviours are required on the following topics: <ul style="list-style-type: none"> □ taking a coaching approach to solving performance issues; □ demonstrating openness, trust and fairness; □ leading by example. ■ New behaviours related to “empowering” employees, eg “Gives people latitude to determine how they approach their work and how they can best contribute to the business”, would apply to Asia with the exception of China. The degree of acceptance varies by country, but it appears that all countries are moving towards a less directive style of leadership. |
| Problem analysis and decision-making | <ul style="list-style-type: none"> ■ One of the major differences identified concerns people's reluctance to make decisions without referring to senior management. Further exploration revealed that this is more about the involvement in decision-making than the skills of decision-making per se. The following behaviour was added: “Tailors the involvement of senior players in decision-making to suit the demands of the situation”. ■ Another dimension that needs to be recognised is the inclusion of people and relationship issues as factors to be considered in decision-making. ■ The term “stakeholders” causes confusion; the suggested replacement was “decision-makers”. |
| Conceptual thinking | <ul style="list-style-type: none"> ■ This competency represents a significant problem overall within Asian markets studied. However, it was recognised that managers need to improve in this area. ■ Contrary to common understanding, the focus group raised concerns with behaviours associated with long-term thinking. In the experience of those attending the focus group, Asian thinking is more short-term, and the belief is that long-term objectives are met through the achievement of short-term goals. ■ Behaviour associated with innovation and creativity would also be more difficult to apply, due to the value placed upon taking a sound, practical and pragmatic approach and the risk-averse nature of the Asian cultures studied. |
| Influencing skills | <ul style="list-style-type: none"> ■ This competency is considered critical for management in Asia. Additional key themes suggested include: <ul style="list-style-type: none"> □ the extreme importance of networking with the purpose of building relationships; □ building relationships is a vital prerequisite to persuasion; □ there is a strong tradition of doing people favours in order to build goodwill, or have them returned at a later date. ■ The behaviours relating to “relying on formal authority to get things done” was raised as an important issue. The behaviour is included as negative behaviour in the original management competencies. However, the focus groups stressed that in Asia using formal authority is a legitimate and desirable influencing strategy. |
| People development | <ul style="list-style-type: none"> ■ The major issue with this competency is around the use of the word “feedback”. It is sometimes perceived as negative and not always the right thing to do. However, the term feedback is becoming more acceptable. ■ An additional behaviour was added to recognise the need for a strong link between personal development and career progression. |

Overall, “flexibility”, “teamwork”, and “achievement motivation” were found to be in need of least change. The remaining five competencies (that is, “leadership”, “problem analysis and decision-making”, “conceptual thinking”, “influencing skills” and “people development”) were all found to require moderate or more significant changes. Details of these are summarised in box 6 above.

APPLYING THIS LEARNING

Following the completion of the research, Rothmans' management competencies were redesigned. Attention was paid to the detail of each individual behaviour to address each of the specific issues described against the original competencies in boxes 5 and 6. Of

course, not every piece of data was incorporated and, in some cases – where there was clear evidence that a culturally incompatible behaviour was required to improve business performance – the decision was made to include it.

For example, behaviours connected with being prepared to take risks and learn through making mistakes were viewed as critical, and included in the revised “people development” competency (renamed “people performance and development”), despite the fact that the “low uncertainty avoidance” tone of these behaviours was known to conflict with certain cultures. Critically, where behaviours that might clash with the culture of specific countries

7. Example from the revised competencies

| Definition | Themes | Key behaviours |
|--|---|--|
| <p>Team leadership</p> <p>Sets direction, mobilises effort and gains commitment to achieve business objectives. This involves developing a culture of ownership, trust and accessibility.</p> | <ul style="list-style-type: none"> ■ Setting direction ■ Gaining commitment ■ Empowerment ■ Personal visibility | <ol style="list-style-type: none"> 1. Leads by example, developing enthusiasm and commitment to the organisation's goals and values. 2. Translates the overall strategy into something meaningful and tangible for own team. 3. Aligns the organisation with Rothmans' strategic priorities, allocating resources to support their achievement 4. Harnesses the expertise and contributions of diverse individuals within and across functions. 5. Delegates activities and responsibilities to maximise the team performance. 6. Makes sure everyone in the team has the opportunity to contribute. 7. Encourages individuals to be accountable and to identify their best contribution to the business. 8. Accepts responsibility for poor as well as good team performance. 9. Makes self accessible and approachable to others. 10. Identifies and removes obstacles preventing team from reaching their objectives. |

were included, provisions were made in the launch of the competencies to pre-empt any cultural objections and explain the reasoning behind the inclusion of those potentially contentious behaviours.

Additionally, the following broad principles were also agreed, to facilitate the cross-cultural applicability of the revised competencies:

1. The competency framework has been designed to be applicable across all of the markets in which Rothmans currently operates (that is, regions are not encouraged to “opt out” of assessing or developing specific competencies on the grounds of cultural fit).
2. Emphasis will be placed during the launch of the competencies on developing people’s understanding of the definitions of the competencies, with the behaviours provided only as examples (that is, it is accepted that not all behaviours will fit all cultures perfectly, although the competency as a whole will still be relevant).
3. The wording of the behaviours was revised to be kept as broad as possible, permitting local interpretation of each competency within the bounds of the definition provided.

The output from the process was a dictionary of 12 management competencies plus three to eight functional competencies for each function, defined in terms of a title, definition, four to six “key themes” (included to help convey the true meaning of the competency without being too prescriptive), and behavioural indicators describing examples of effective performance at one level. Box 7 above provides an example of the revised competencies (including both structure and content).

CONCLUSION

Early reactions to the new model were positive, and managers have provided encouraging feedback on the revised management competencies wherever they have been introduced. In addition to the cultural developments made, other changes implemented include the simplification of the framework from three levels to one – this development has also significantly improved the ease with which the framework may be applied in a variety of markets.

The next challenge will be to apply the findings of this work in the development of the new merged organisation’s performance management systems. Rothmans’ experience in cultural diversity is bound to be an advantage in this important work, and it is hoped that many of the lessons learned through the evaluation of geographical or national cultures will prove fruitful in the integration of two global companies, each with its own organisational culture.

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