The relationship between cultural competence and organizational performance (The case study of West Azarbaijan Tax Affairs Administration)

Akbar Akbarzadeh¹, Yousef Pashazadeh²

¹ M.A. Student of Public Administration, Islamic Azad University, Mahabad Branch, Mahabad, Iran
² Assistant Professor, Islamic Azad University, Urmia Branch, Department of Management, Urmia, Iran

Corresponding author email: akbar.akbarzadeh65@gmail.com

ABSTRACT: The current study aims to investigate the relationship between cultural competence and organizational performance (the case of West Azarbaijan Tax Administration). The study is applied, descriptive and survey in terms of the goal, the quality of data collection and the quality of implementation. The statistical society comprises of all staff working at West Azarbaijan Tax Administration to be 663 people among whom 278 people were chosen as the sample using Cochran method, the questionnaire made up the body of data collection categorized by 40 items whose validity was acceptable and its reliability was obtained 0.846 using Cronbach alpha coefficient. In order to make statistical analysis, SPSS software was employed. Descriptive as well as inferential statistics were made using the obtained data from the questionnaire. Also, Kolmogorov-Smirnov (K-S) test was employed to find out the normal or non-normal state of variables distribution. In addition, Spearman correlation coefficient was used in statistical analysis. The study results indicated that there was a significant relationship between different subscales of cultural competence and organizational performance.

Keywords: Cultural competence; organizational performance; West Azarbaijan Tax administration

INTRODUCTION

Culture is said to be the method of life in every community affected by diverse factors which are not the same in all societies. In this sense, culture involves all behaviors to be learned throughout the social life which would be transferred among the generations. In this regard, culture does not only deal with language, industrial affairs, art, science, law, government, ethics and religion, but also it has to do with the structures, instruments, equipment, machines and communication systems (Davis, 1994, 6-8).

Organizational performance and cultural competence are the two terms which necessitate comprehensive attitude to their building block factors in order to attain success among which is human resource. Observing the ethics on the part of the human resource would aid improving organizational performance and establishing organizational culture.

Developing organizational performance would bring about synergy which would support the development plan and establishing supreme organizational opportunities. Governments and organizations as well as institutions take their ever-increasing efforts in this regard. The improvement of performance is attained through exploring and getting informed of the amount of success and achieving the goals, identifying the incoming challenges of organizations and reflection from the amount of implementation on determined policies. All above-mentioned factors are not feasible but measuring and evaluation (Rahimi, 2006).

Review of the related literature

The concept of culture

Culture is said to be the method of life in every community affected by diverse factors which are not the same in all societies. In this sense, culture involves all behaviors to be learned throughout the social life which would be transferred among the generations. In this regard, culture does not only deal with language, industrial affairs, art, science, law, government, ethics and religion, but also it has to do with the structures, instruments, equipment, machines and communication systems (Karami, 2010, p. 27). Culture has to do with the values through
which the organizational-based affairs are accomplished or it is related to assumptions and fundamental beliefs to be common among the members of organization. One would declare based on the definitions of culture that the main field in each organizational culture is the existence of systems encompassing common meanings and concepts among the organization members or society. There are several patterns of beliefs, symbols, concepts, epics and traditions to be formed gradually throughout the time (Alvani and Danai Fard, 2005, p. 381).

**Competence**

The terms competence pertain to modifying the set of behaviors which reflect the unit integration of knowledge, abilities and motifs. Competence is a measurable characteristic of a person to be related to effective performance in career, organization and specific culture (Handiway, 2006).

**Cultural competence patterns**

Cultural competence patterns has been defined as the ability to do the tasks in the field of the assumed career based on the determined standards. In fact, cultural competence patterns involves the measurable patterns which encompasses skills and assumed behaviors to do the tasks as successful. Normally, effective patterns is ought to be “exclusive” (i.e. each cultural competence would be attributed to specific characteristic), to be integrated internally (i.e. cultural competences of each characteristic should be similar to one another and different from other competencies), to be comprehensive (i.e. there should be important characteristic in each patterns), to be constant (i.e. the competencies should not be transferrable easily to characteristic) and to be irrelevant. In fact, clear and outstanding structure should be devised for competencies’ patterns to be utilized for discussing, integrating the systems and human resources (such as choosing, developing, treating, and evaluating the performance) (Haunstein, 2000:186).

**Cultural competence**

Cultural competence includes the understanding of people’s inner and outer aspects from thought and operation point of view. Also, it provides the linguistic framework so that it would be easy to understand the differences where one would make development and not to be tolerated or ignored (Plum et al, 2007). People who enjoy higher levels of cultural competency are able to learn new concepts in new cultural environment who take pleasure when confronting new cultures (Deng & Gibson, 2008; 184).

Cultural competency involves the capability of people to develop individually through counting on learning and understanding cultural heritages, traditions, customs and deferent values. Earley and Ang (2004) define cultural competence as the capability of people to adjust significantly to novel cultural forms and assume that cultural competence structure is related to other competencies such as emotional and social competencies (Harris & Lievence, 2004).

**Organizational performance**

Nowadays, the business is in challenge to be developed through establishing consistent competitive advantage by means of improving organizational performance. Previous studies have relied heavily on the organizational performance based on the financial performance although financial indexes are not somehow correlated with long0term goals of a business and cannot bring about advantage for organizations in severe competitive state. The expenses are taken into account as the fundamental element of performance, however, performance encompasses each competitive and non-financial goal such as thoughtfulness, adaptability and quality (Thomas D.C. & Inkson, 2008).

**Local studies**

Hosein Darbish et al. (2013) conduced a research titled “investigating the relationship between cultural intelligence and occupational performance of nurses”. The study results indicated the relationship between cultural intelligence and performance in nurses through the correlation between behavioral cultural intelligence and performance in nurses. Also, it was found in this study that motivation and behavior subscales of cultural intelligence would predict the performance in nurses. Gender was not said to have any effect on cultural intelligence in nurses.

Poran Raeisi at al. (2010) carried out a study on investigating the cultural intelligence in public and private hospitals and their relationship with staff performance in Cultural Management Journal. The results manifested that there was a significant relationship between cultural intelligence and performance in public hospitals of Shahid Modares and Lale. Several studies have focused on cultural intelligence solely in the form of existed and optimum culture (Darayi, 1380) and their relationships with efficiency variables (Hatam et al. 2008), leadership style (Danayi,
2006) and efficacy as well as efficiency (Dihision, 2005). Few studies have been conducted in relation to the effect of organizational culture intelligence on staff organizational performance, however, a number of studies have reported positive correlation between organizational cultural intelligence and performance.

The comparison of teachers’ and instructors’ perspectives regarding each performance aspect of managers on account of gender and experience of working has indicated non-significance difference state, however, the comparison of their ideas on account of the level of education manifested that teachers enjoying master of art degree have evaluated the administrative behavior of managers less compared to those teachers possessing diploma and associate’s degree. In overall categorization, managers’ administrative performance and professional performance are ranked as the first and the fifth categorized by 3.48 and 2.68 averages, respectively.

Review of international studies
 Sigler and Pearson (2000) conducted a research titled “investigating the relationship between organizational culture and perception of empowerment”. They concluded in this study that there was a significant relationship between organizational culture and perception of its empowerment.
 Dan Danison (2000) carried out a study entitled the relationship between organizational culture and organizational efficiency. Initially, frameworks were provided for the relating organizational culture and organization efficiency followed by investigating the quality of this relationship through analyzing the assumed hypotheses. The quantitative results indicated that the behaviors measures to be obtained by means of survey were good estimators of financial performance in the following years for the organization. The case studies to be conducted in this field have to do with understanding the existing culture backgrounds in each organization through exploring the historical background, the quality of their formation and the analysis of advantages as well as limitations related to organizational culture. The integration of these two approaches provides both the quantitative reasons and understanding the organizational culture and efficiency.

Research hypotheses
 Cognitive subscale of organizational culture has significant relationship with organizational performance.
 Metacognitive subscale of organizational culture has significant relationship with organizational performance.
 Motivational subscale of organizational culture has significant relationship with organizational performance.
 Behavioral subscale of organizational culture has significant relationship with organizational performance.

METHOD

All staff working at West Azarbaijan Tax Administration comprise the statistical population in this study who embark on doing the required affairs so as to attain the organization goals. There are two main sections including tax staff and administrative staff whose population is 663 and the questionnaire has been distributed among 287 of the. In order to gather the data in this research, BSC Cultural Intelligence questionnaire of Ang et al. (2004) was used to be developed by Caplan and Norton in 1990. Finally, the questionnaire including 40 regular items on Likert five scale was defined ranging from 1 (very low) to 5 (very high).

The analysis of statistical data is one of the fundamental steps in different studies and the results are dependent on them. In so doing, frequency, relative frequency percent, central tendency indexes (mean) and scattering indexes (standard deviation) were employed to describe the variables. Later, the data were studied using the obtained results from the questionnaire. Spss software would be used to study the hypotheses by means of inferential statistics tests.

DISCUSSION

The obtained results from this study show that there are 105 female and 173 male from 278 total people in this study which shows that the highest percent of population had to do with male gender. 211 people are married and the highest age mean of the participants is 30-39. The most frequent career status is contract-based and the level of education of many participants is bachelor of art. The results depict that there is a significant relationship between the subscales of cultural competence (cultural intelligence) and organizational performance.

Hypothesis 1: Cognitive subscale of organizational culture has significant relationship with organizational performance.
Table 1. Studying the cognitive subscale of organizational culture relationship with organizational performance

<table>
<thead>
<tr>
<th>Cognitive subscale</th>
<th>Pearson correlation coefficient</th>
<th>Level of significance</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.602</td>
<td>0.000</td>
<td>278</td>
</tr>
</tbody>
</table>

According to table 1 and the obtained analysis, the level of significance is lower than 0.05, so null hypothesis is rejected. This means that there is a relationship between cognitive subscale of organizational culture and organizational performance. Based on Spearman correlation coefficient (0.602), there is a strong and positive correlation between the two variables.

Hypothesis 2: Metacognitive subscale of organizational culture has significant relationship with organizational performance.

Table 2. Studying the metacognitive subscale of organizational culture relationship with organizational performance

<table>
<thead>
<tr>
<th>Metacognitive subscale</th>
<th>Pearson correlation coefficient</th>
<th>Level of significance</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.692</td>
<td>0.000</td>
<td>278</td>
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</tbody>
</table>

According to table 2 and the obtained analysis, the level of significance is lower than 0.05, so null hypothesis is rejected. This means that there is a relationship between metacognitive subscale of organizational culture and organizational performance. Based on Spearman correlation coefficient (0.692), there is a strong and positive correlation between the two variables.

Hypothesis 3: Motivation subscale of organizational culture has significant relationship with organizational performance.

Table 3. Studying the motivation subscale of organizational culture relationship with organizational performance

<table>
<thead>
<tr>
<th>Motivation subscale</th>
<th>Pearson correlation coefficient</th>
<th>Level of significance</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.738</td>
<td>0.000</td>
<td>278</td>
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</tbody>
</table>

According to table 3 and the obtained analysis, the level of significance is lower than 0.05, so null hypothesis is rejected. This means that there is a relationship between motivation subscale of organizational culture and organizational performance. Based on Spearman correlation coefficient (0.738), there is a strong and positive correlation between the two variables.

Hypothesis 4: Behavior subscale of organizational culture has significant relationship with organizational performance.

Table 4. Studying the behavior subscale of organizational culture relationship with organizational performance

<table>
<thead>
<tr>
<th>Behavior subscale</th>
<th>Pearson correlation coefficient</th>
<th>Level of significance</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.792</td>
<td>0.000</td>
<td>278</td>
</tr>
</tbody>
</table>

According to table 4 and the obtained analysis, the level of significance is lower than 0.05, so null hypothesis is rejected. This means that there is a relationship between behavior subscale of organizational culture and organizational performance. Based on Spearman correlation coefficient (0.792), there is a strong and positive correlation between the two variables.
Suggestions

Based on the result of the first hypothesis which shows that the cognitive subscale of organizational culture has a significant relationship with organizational performance, one would say that the organizational performance increases in case the cognitive aspect progresses corporately. It is suggested that the person who enjoys cultural relations with organization understands the relations or continues his career in there.

The second hypothesis indicates that that the metacognitive subscale of organizational culture has a significant relationship with organizational performance. It is recommended that the capability of metacognition is improved among the staff when confronted with cultural complexities through expanding the international business affairs.

The third hypothesis indicates that that the motivational subscale of organizational culture has a significant relationship with organizational performance. Based on this result it is recommend that the attention is drawn toward those people who pursue the way of removing the obstacles through relying on their self-motivated state and that they are placed in a position so that they can aid the organization.

The organizations should consider specific position for improving the cultural intelligence and pave the way for developing the cognitive and behavioral skills of their staff through running formal and informal instructions.

REFERENCES