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# CONTEXTUAL COMPETENCE

*KURT MOTAMEDI*

## **Abstract:**

In a fast changing complex world, leaders and their organizations find themselves dealing with unprecedented uncertainty and ambiguity. To achieve success they must sort through disjointed changing information, make prudent decisions and take appropriate timely action. Contextual intelligence helps sort through available information, make sense of possibilities and choose the best course of action. Contextual competence goes beyond contextual intelligence and requires astute action to plan, resource, execute and achieve desirable results. Contextual competence requires action learning, innovative thinking, ability to take agile action. This paper explores some key dimensions of contextual competence and its importance in leading and managing during unpredictable changing conditions.

## **Keywords:**

Contextual Intelligence, Complexity, Action, Change

**JEL Classification:** M10

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## Introduction

We are facing tumultuous emerging environmental events impacted by disruptive technologies, increase rates of innovation, global population growth, demographic shifts, ecological challenges, social change, political upheavals, wars, economic uncertainty, and a growing pool of vociferous stakeholders demanding change and improvements. In describing contextual challenges, Zhao (2013) writes,

Underlying the rise of aggressive stakeholders is a set of contextual challenges that [organizations] need to understand and then adjust their strategies to deal with them accordingly. These challenges, concerns, crises and drivers for action are embedded in the social and political environments beyond the company's misdeed. P.495

The growing environmental complexity and uncertainty is comprised of transorganizational interactions and cross impacts across the field (Motamedi, 2012, 2014) resulting in crises, disruptions and chaos. The pressure to innovate can have a stimulating impact adding to instability and disarray or can dampen insecurities, alleviate confusion and bring about more stability. There are many transorganizational sources generating stimulants for disruptions and contextual rapid shifts. There is an unprecedented urge for societies, organizations and leaders to anticipate and respond mindfully and quickly to contextual transorganizational shifts (Motamedi, 1977) to achieve positive timely results.

This article presents and assimilates the concepts relating to contextual competence embodying contextual intelligence and effective formulation and management of desirable outcomes.

Contextual Competence = Contextual Intelligence + Positive Action Results

It begins with a presentation of concepts underlying contextual intelligence as a construct that includes the ability to recognize and diagnose the many contextual factors impacting and forming the situation, event or circumstance. It proceeds with the discussion of ways to think and act purposefully while being mindful of underlying values and assumptions which may enhance or retard effective action toward achieving desirable results.

Contextual intelligence helps to comprehend a situation, the sources and impact of changes, and identify organizational, institutional and stakeholder clusters, goals and relations. It explores the goals, needs, expectations, conflicts, resources and dynamics of the setting. Contextual intelligence examines assumptions, underlying values, preferences, sentiments and relational dynamics including hopes, fears and trust.

Contextual competence comprises of contextual intelligence combined with knowledge, abilities and aptitude to plan, manage and achieve favorable change results. It uses contextual intelligence and knowledge to capitalize on opportunities and avert unnecessary risks. It examines, validates and renews the vision, is core to strategic planning, designs the underlying processes, structures and agile controls for managing efforts toward achieving specified desirable timely outcomes.

Contextual competence is an essential ingredient of effective strategic management. It incorporates contextual intelligence for purposeful action and much more.

### **Contextual Intelligence**

We begin with the notion of contextual intelligence as the ability and aptitude to grasp and understand the key dynamic events in a situation and their cross impacts and significance. Kutz (2008, 21) defines context to be

the background in which an event takes place... any set of circumstances surrounding an event... an event is imperative to a correct interpretation p.21

He broadens the concept of context to contextual ethos comprising of interactions of real and perceived, psychological, social, physical, and metaphysical and such things as geography, genders, industries, job roles or titles, attitudes, beliefs, values, politics, cultures, symbols, organizational climate, the past, the preferred future, and personal ethics. They are settings that at the outset are often assumed, not fully explicated, not well defined and illusive.

The correct grasp, valid analysis and adroit understanding of the context are key to contextual intelligence. They provide the ultimate construct interpreting events and situations, their impacts and significance. Sternberg (1985) proposes that intelligence is composed of three aspects; Analytical, Creative and Contextual Intelligence. Analytical intelligence involves reasoning and processing of information. Creative intelligence involves experience and integration of unrelated facts and events to form new insights and understandings. Contextual intelligence is an interactive process that involves both adapting and modifying an environment toward a desired goal. It is most closely related to practical knowledge.

### **Contextual competence**

Contextual intelligence helps in discovering and assessing the reality of a situation, surfacing and examining underlying values, assumptions, norms, preferences; and past, present and future factors impacting the situation. It offers the necessary ability for grasping and understanding the situation and framing the context as a whole including its

internal and its external components and their dynamics. However, it lacks action driven impetus for bringing about desirable change. Contextual competence synergizes and builds on contextual intelligence and provides needed skills and abilities to set direction, plan, implement and achieve desirable outcomes within a contextual setting. Synergy of intelligence combined with purposeful competencies is the essential ingredient of contextual competence.

Sanchez (2004, 519) defines organizational competence as the ability to sustain the coordinated deployment of assets in ways that help a firm achieve its goals. He views competence must include the ability to respond to the dynamic nature of an organization's external environment and of its own internal processes, manage the systemic nature of organizations and their interactions with other organizations, manage cognitive processes of an organization directing organizational assets to specific values-creating activities, manage the holistic nature of an organization as an open system. The goals achievement addresses the multiplicity of intermingling individual and institutional interests that impend and impact any organization. Sanchez' definition of organization competence recognizes the existence of multiple stakeholders and the importance of meeting the expectations of all service providers of essential resources.

Contextual competence may include setting, re-setting, renewing of the vision, overarching goals, developing plans and enabling prudent application of tasks and methods toward realization of the vision and achieving strategic goals specific within the defined context.

It is outcomes driven and provides the ability to appropriately influence, bring about change, resolve social conflicts and manage change (Lewin, 1948). It embraces inquiry, explicit and tacit knowledge (Polanyi, 1976) and use of social relations and cultural dynamics within specific settings which the performers operate. It may extend into the understanding of the historical and philosophical evolution of the goals, relational dynamics, performance context, as well as the formal and informal managerial and political structure, decision-making processes and customs in the setting. It surfaces and elevates the understanding of assumptions, beliefs, values and attitudes of the organizational members at multi-levels.

It synergizes contextual intelligence with developmental purpose. It is action driven and enabling. It includes the abilities, skills to plan, design processes and structures, manage performance, monitoring progress to assure the achievement of desirable outcomes and realization of overarching vision and goals. Building on strategic management, transorganizational development concepts and processes, there is a plethora of abilities that can be helpful in developing a contextually competent organization.

- Generating strategic options to achieve the vision in view of contextual OTSW,
- Renewing and revitalizing the vision, mission and overall purpose in view of the emerging changes and within a given context
- Convening the stakeholders for dialogue around purpose and creation of future ideal states
- Resolving differences and re-awaking values
- Developing and framing situational scenarios
- Assessing each scenario, their complexities and changes
- Specifying the strengths necessary for success in view of opportunities and threats
- Designing the implementation processes and structures specific to a defined context.
- Allocating resources to advance a course of action to achieve effective contextual results.
- Monitoring performance and progress in timely implementation of the chosen strategic options in view of possible contextual shifts and changes.
- Managing the change processes, outcomes and phases in view of shifting contextual variables
- Anticipating and generating on-going knowledge and understanding of possible contextual changes for timely response

A contextually competent practitioner can exert influence and create the settings for forming a valid construction of the situation, facilitate dialogue among stakeholders to come to terms with contextual realities and make appropriate decisions toward achieving desirable outcomes. The practitioner can then see it through by managing the processes to assure a desirable outcome.

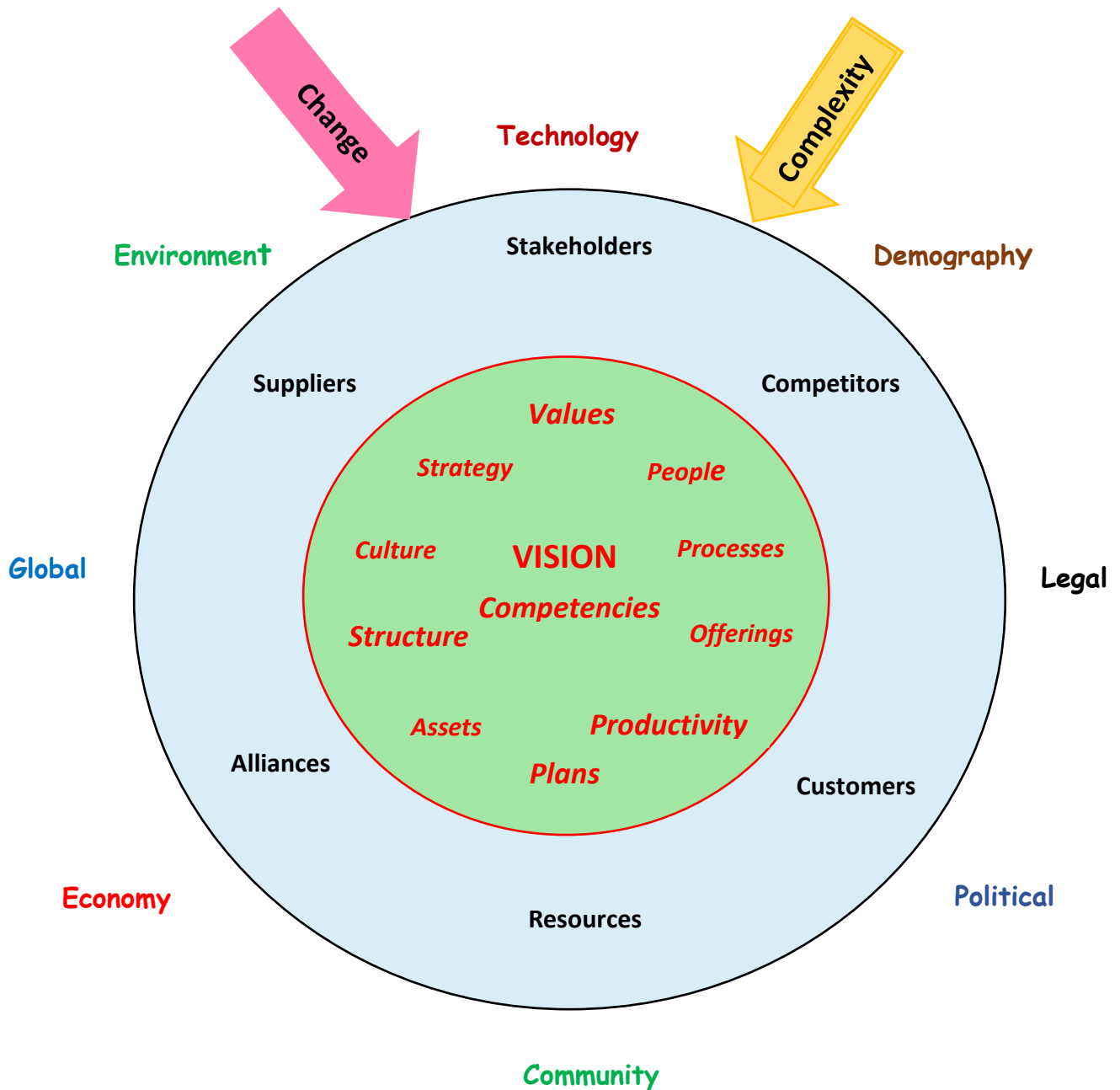
Embedded in the contextual competencies is the ability to conduct research, to instigate multi-lateral dialogue among stakeholders (Freeman and McVea, 2000) and to broaden the view of the situation through appreciation of past, present and future realities and cross impacts of contextual factors implicit and explicit in a given situation. The bias toward action and achievement of desirable result is a potent factor separating contextual competence from mere contextual intelligence.

### **Analyzing contexts**

The most well-known and broadly used framework for analyzing contexts involves the assessment of influencing political, economic social, technological, legal and environmental (PESTLE) forces (Daft, 2012). Commonly, these contextual variables are assessed independently as trends and silos. What is often missing is the assessment of the impacts of each component on the other. To shed light on the emerging complexities

of multi-dimensional forces at play, analyses of their trends and dynamic cross impacts (see Figure 1) are essential.

**Figure 1: Interactive Complex Contexts**



The contextually intelligent approach is to consider the re-iterative cross impacts of forces and clusters of variables on other clusters. Such complex analyses go beyond trend analysis and provide sketches of possible contextual shifts and discontinuities. For

example, a technological innovation such as social media may have varying impacts on each of the other factors as political, economic, social, technological, legal and environmental domains of influence. Hand held devices have had impact on political activities of constituents and voters, economic policy making (such as Obamacare), social dynamics (communication and relations), economic (purchasing, pricing, advertising, balance of trades), technological (many new applications), legal (individual rights and personal identity), and environmental considerations. Each cycle of projections and analysis leads to further cross impacts and consequences. Contextual complexity is very much a part of life and decisions. It is valuable to develop visual contextual maps (Bourne and Walker, 2005) as a first step in contextual intelligence process. Brown, Gould and Foster (2005) propose three activities for creating contextual maps: Identifying key factors, available resources and a comparative framework for assessing performance across multiple contexts. Competent multi-layer dynamic interactions of these variables are important aspect of scenario building and assessment.

Evaluation of context provides the basis for the design and formation of scenarios. Each scenario can be assessed along the opportunities and risks for the focal enterprise. (Mayo and Nohria, 2005) posit that contextual intelligence is the ability to understand an evolving environment. The focus is on scenarios and assessment of the existing and emerging characteristics, components, impacts on specific emerging and existing or evolving opportunities and threats. The ability to identify relevant components of the situation and assess their causality, linkages and interactions with other variables requires contextual intelligence. Contextual intelligence provides good judgment, understanding of past, present and future trends, and formation of consistent and viable contextual scenarios for planned action.

### **Direction setting**

Actions void of clear vision, goals, thoughtful planning and consideration of opportunities and risks in a given context can prove to be frivolous and end up aimless and wasteful. Vision and goals without diligent implementation and scrutiny and feedback for improving results are just dreams. Competent contextual direction setting is intelligent and forward looking, it provides information and knowledge for assessing opportunities and risks. A primary requirement for any prudent action is to know how the desired outcomes will serve the overarching vision and mission within a context. Defining and explicating the vision and mission require competency in convening the multi-layers of stakeholders to understand and agree on overall purpose considering the contextual elements and forces at play. Developing a clear purpose is seminal to developing plans and executing them effectively and efficiently. Direction setting builds on contextually relevant and informed information and may take a strategic management stance such as the following:

- What is the general nature of the context?



- Who are the stakeholders', diversity of interests, characteristics, resources and commitment and needs?
- What are the morphological forces and dynamics that will influence, drive and shape future contexts?
- What are the dominant attributes of the present and future contexts?
- What are the focal entities of interest within the domain?
- How fluid and turbulent can and will it be?
- What are the stable, structured and segmented components and features?
- How adaptive to change are they?
- What is the emotional tone?
- What are the appropriate processes for developing and implementing a strategy?
- How to evaluate outcomes and success?
- How and what to plan for the next rounds of transformation and change?

The above outlines some key aspects of working with focal organizations requiring contextual competence. The requisite knowledge, foresight and ability to bring about needed changes built on valid information and contextual intelligence provides safeguards for assuring success in planning and implementing of meaningful change and attaining positive results.

### **Two illustrative cases**

Consider two disparate cases on regarding organizations in evolving and changing industry impacted by technology and another dealing with an academically underperforming child. Each portrays a view of the contextual competence at stake to create success.

Leadership on Line: Barnes & Noble vs. Amazon.com (Ghemawat, 2004) is a classical case comparing two firms which are seemingly in the same industry; book merchants. However, they operate in a different context. One is a player in a virtual mall empowered by online technology, the other a book seller that operates brick and mortar stores, providing in-store customer experiences and uses online technology to augment its business model. The case was written in 2004 at the early stages of digitalization of markets. Clearly, Amazon's contextual competencies proved to be very different than Barnes and Nobles. At the time the case was written, the dominant view was more favorable to Barnes and Noble than Amazon. The view was that Barnes and Nobles' proven business model and hard assets were less risky and superior to Amazon's. It was Jeff Bezos' contextual competence that resulted in building Amazon to its enormous success today.

Tom, a 6<sup>th</sup> grader, was not performing well at school. His career-minded working parents were worried about the child's progress. He was a year younger than his classmates in the same grade. How would one define the context within which to search for the solution, take action and get positive results? Is there something wrong with the child, the school, the teacher, the classmates, the parents? Are there other factors? If the contextual frame is solely focused on the child (i.e., physical, psychological, social factors); then, what kind of contextual frame would be appropriate to use for diagnosis and action that would result in improvements? Should they work with the school counselor, private therapist, pediatrician, or use reward and punishment in hopes of improvement? The list can go on. If private therapy is chosen as an option; then, choices need to be made regarding the child therapy method, type, training, experience, style, intensity, duration, costs, location, transportation, etc. And, how would young Tom respond to therapy and what would be its long and short impacts on him. Contextual competence requires sifting through possibilities, cross impacting concepts, interests, causalities, impacts, etc. in an attempt to construct an intelligent (smart) contextual scenario and related framework to assure that Tom's scholastic performance would actually improve considering his emotional and developmental needs and their consequences. Given the contextual complexity in this case, Tom's parents chose to ignore the problem exposing their weak overall contextual competence.

Embedded in such situations is the ability to be contextually flexible (Logan, 2008) and open to ideas and views. It requires active learning and action research (Lewin, 1946). It is a process to ask the what, why, when, where and who from stakeholders in a situation. Through such processes the inquiry goes beyond the routine logics and views of the phenomenon to describing causes and effects. It may include stories underlying the current thinking and decisions. Such processes may gradually elevate the inquiry into novel explorations of new, existing and past webs of ideas. This leads to a gateway of contextually competent views and facts for understanding the causalities, actions and results.

### **Summary and Conclusion**

This paper introduces the notion of contextual competence. It proposes that in a fast changing complex transorganizational world contextual intelligence is not enough to bring about pressing changes and achieve desirable results. Contextual competence adopts contextual intelligence by incorporating and assessing the situational contextual information. It uses such assessment for revitalizing purposeful action to bring about desirable changes and results.

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