Culturally Intelligent Organizations: Towards Success in Global Business World

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Business in the global context calls for an understanding of diversity and cross-cultural concerns and issues that need to be carefully addressed to ensure that organizations function effectively. Culturally Intelligent organizations are those that completely realize cultural differences and reflect upon ways in which they may be able to function effectively across international boundaries. The present paper aims to deliberate upon the recent developments in the domain of Cultural Intelligence critically analyzing the challenges faced by such organizations in training their employees in becoming culturally intelligent while incorporating trust engagement, influence, authenticity and positive intent variables towards culturally synergistic solutions.

Keywords: Cultural Intelligence, Cross-Cultural Issues, Globalization, Cultural Synergy, Organizations

1. Introduction

The dissolving of international boundaries as a result of globalization has made the world become smaller and ‘flat’ in many ways (Friedman, 2005). Still cultural differences and cultural diversity remains a challenge to be faced by individuals and organizations at the global level. Managers recognize cultural differences when they realize that people from diverse cultures behave differently and that those differences affect the way in which their organizations function (Adler, 2007). The preceding argument also establishes the need for having a fair knowledge about the context/s as also be culturally aware in the global frame of reference. Organizations now have a multicultural makeup in terms of its employees, customers or suppliers, etc., and the gradual increase of cross-cultural interactions enhances the need to effectively manage the cultural obstacles in order to obtain a competitive advantage. Consequentially, it improves managing and efficiently handling people on a global scale and inevitably has repercussions in terms of motivation, leadership, productivity, authority, etc. (Higgs, 1996; Selmer, 2002).

In order to manage this global interconnectedness as well as gaining a competitive advantage by leveraging cultural diversity to bridge the gaps (Arora and Rohmetra, 2010) in international business functioning, a key managerial competency is needed for dealing effectively with people from different cultural backgrounds. This managerial and behavioural competency that is needed to accommodate in the context of successful handling or intercultural and cross-cultural interactions is known as “Cultural Intelligence”. Cultural Intelligence (CQ) is a person’s capability to function effectively in situations characterized by cultural diversity. It aims at providing a new insight into the social skills and development of mental frameworks that facilitate the bridging of cultural differences.

When managers develop the capability of acknowledging cultural differences, they become capable of lowering the cultural barriers that may be created and predict what others are thinking and how they shall react to their behavioural patterns. From such multicultural experiences individuals and managers in organizations also learn the art of harnessing the power of cultural diversity. Cultural Intelligence (CQ) is the ability to understand the alliance between cultural issues on one hand and business issues on the other. The intricate task lies in understanding both the issues and putting them together without losing out on whom you’re dealing with in the process.

2. Cultural Intelligence: The Journey and Recent Developments

Cultural Intelligence (CQ) is defined as a person’s capability to adapt effectively to new cultural contexts (Earley, 2002; Earley & Ang, 2003). This definition draws on the constituent elements of Cultural Intelligence as cognitive (including meta-cognitive), motivational and behavioural. However, this capability only reflects upon one segment of the networked capabilities. Cultural Intelligence is constituted by the ability to acclimatize oneself and consecutively adapt oneself in the context of cross-border interactions. Thus, Cultural Intelligence involves understanding the fundamentals of intercultural interactions, developing a mindful approach to them, and finally building adaptive skills and a repertoire of behaviours so that one is effective in different intercultural situations (Thomas & Inkson, 2004).

Situation that are characterized by cultural diversity often need to be dealt with circumspectly in order to facilitate effective communication that involves individuals from dissimilar cultural backgrounds like customers, employees, suppliers and others. At this juncture, Cultural Intelligence acts as a seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures in just the way that the compatriots and colleagues would, even to mirror them (Earley & Mosakowski, 2004). Understanding the importance of working in multicultural settings and realizing the advantages that diversity brings
with it, necessitates reflecting on such a capability akin to Cultural Intelligence (CQ) which is a system of interacting knowledge and skills, linked by cultural meta-cognition that shapes the cultural aspects of their environment (Thomas et al., 2008). Thus, Cultural Intelligence (CQ) is the ability to interact effectively with people who are culturally different (Thomas, 2006).

As culture comprises of values, beliefs, attitudes and basic underlying assumptions, managing those who are culturally different is a notoriously complicated task. The behaviours and perspectives of those in culturally unfamiliar situations may sometimes be felt as random, peculiar and incongruous. CQ reflects a person’s capability to gather, interpret, and act upon these radically different cues to function effectively across cultural settings or in a multicultural situation (Earley & Peterson, 2004). Thus, the successful adaptation of individuals to new cultural settings is an outcome of CQ which enables managers to function and manage effectively in unfamiliar settings attributable to the cultural context (Earley, Ang & Tan, 2006; Ang et al., 2007). The following paragraphs are dedicated to understand the journey as well as developments of Cultural Intelligence in different types of multicultural organizations and institutions. This literature review brings forward an insightful reflection about how multiculturalism in organizations is facilitated as an asset if organizations become culturally intelligent.

Tan (2004) identifies the concept of Cultural Intelligence (CQ) to be composed of an intersection of three components. In his opinion culturally intelligent individuals are those who initially learn to make adjustments in an unfamiliar culture that requires cultural strategic thinking associated with both learning and acquiring cultural knowledge (declarative and procedural) which are critical to success. Secondly, managers working in an intercultural context need to energize themselves in order to stay motivated. Lastly, appropriate display of actions that are dynamic and flexible to match the changing nature of the work environment, are necessary for ensuring success in the contemporary business environment. Organizations like IBM, Lloyds TBS, Levi Strauss, Lufthansa, etc., have realized how culturally intelligent individuals can frame better organizations.

Ng et al. (2005) discussed the potential of CQ to be accommodated in military leadership development. The role of military forces has now been revised and their presence is expected in situations other than war. As they now function with culturally diverse command troops and teams, they need to be trained consequently in the context of cross-cultural awareness and acquaint themselves with Cultural Intelligence in order to successfully handle intercultural interactions. The authors also devised a framework to facilitate in developing a comprehensive guide for the cultural education curriculum and training programme for the military personnel.

Ang & Ng (2005) have talked about Cultural and Network Intelligence as two crucial aspects for equipping people with the desired leadership qualities to transform SAF into 3G military force. While network intelligence is expounded to be essential for creating mental maps of present networks along with their goals, resources and configuration failing an individual cannot strategically position himself in the network. Cultural Intelligence enables to equip them with the appropriate knowledge, strategy, behaviour and motivation to function effectively in the cross-cultural context and develop a broader, open-minded and global mindset to acquire from others belonging to diverse cultural backgrounds.

Janssens & Brett (2006) have developed a culturally intelligent fusion model of collaboration for global teams that facilitates to increase the possibility of such teams to take creative and realistic decisions. As these global teams consist of members who are different in their cultural backgrounds as well as in their approach towards making decisions (Maznevski & Di Stefano, 2000), the fusion model establishes to extract information and enable political decision making simultaneously while formal interventions are recommended in order to counter balance the unequal power relations among global team members. The fusion model of collaboration is based upon the principles of dominant coalition as well as the integration and/or identity and establishes the generation of superior solutions to handle global problems.

Sternberg & Grigorenko (2006) discuss the relevance of understanding intelligence in its cultural context. Incorporating the theory of successful intelligence that uses the implicit and explicit theories of intelligence, the authors seek to point out that intelligence must be understood in a cultural context as what seems to be intelligent in one culture may be very different from what is intelligent in another culture (Berry, 1974). Successful intelligence, on one hand, is applicable within one culture while Cultural Intelligence, on the other hand, is applicable across cultures. An individual can be relatively successful across cultures but may be highly successful and intelligent within any one of those cultures. As a consequence, the cultural views of intelligence help in understanding the concept of intelligence in a much broader way.

Turner & Trompenaars (2006) have presented the credibility of the concept of CQ. In their opinion, it is of vital significance to identify the critiques of this concept and understand the possibility of existence of such a concept. Three major critiques or objections are said to be underlying the concept of Cultural Intelligence. These are:

i) “Cultures are entirely relative in their values. No better way of understanding culture as an issue, or other cultures, can possibly exist. These merely are.”

ii) “Cultural studies are a form of post-modernism and are, as such, a backward step. We need to return to scientific objectivity and verifiable propositions.”

iii) “All attempts to categorize cultures are crude stereotypes inferred from the most superficial features of those cultures, which miss entirely deeper and more subtle meanings.”

The answer to the first objection lies in the ‘synergy hypothesis’ which explains the measure of extent to which the contrasting values can be synergized. The answer to the second objective lies with the ‘complementary hypothesis’. It provides that even though cultures are different that look upon a phenomenon to help see varying perspectives as well as realities, as two opposed ends, yet these cultures and viewpoints converge in a fuller description. Cultural Intelligence seeks to establish respect for both. The solution to the third objection is explained with the ‘latency hypothesis’ which states that
cultures comprise of dominant and latent values, which are complimentary ends. One end is presented at the surface of culture and the contrasting value tends to be latent within that culture that finds its way out through indirect expression. The role of Cultural Intelligence, here, seeks to permit latent values to the surface and qualify its dominant values.

Earley, Ang & Tan (2006) and Earley & Mosakowski (2005) define Cultural Intelligence as “an outsider’s seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures the way that person’s compatriots would”. They posit that Cultural Intelligence is a composition of the body, heart and head that drives an individual’s emotional/motivational, physical and cognitive capabilities to work in an intercultural environment. They also discuss that managers fit in at least one of the six profile of Cultural Intelligence provided by them. Firstly, the provincial profile elaborates on those individuals who function effectively with other from similar cultural backgrounds though they are uncomfortable in situations where they came across individuals from unfamiliar cultural backgrounds. Secondly, the analyst profile deals with accommodating oneself to a number of learning strategies that would decipher the rules and expectations of a foreign culture. Next is the natural profile that is based upon intuition instead of a systematic learning style. The ambassador profile handles individuals who are not really aware of the culture where they interact though they are convincing enough to communicate that they belongs to that culture. The mimic profile bears immense control over his actions as well as behaviour which facilitates putting the parties in the interaction at ease, builds trust and enhances communication. Lastly, the chameleon is associated with higher levels of all the three components of CQ which is quite uncommon. Such individuals may sometimes be mistaken for the native of the country primarily because of the insider’s skills and outsider’s perspectives possessed by them.

Thomas (2006) establishes the concept of Cultural Intelligence wherein mindfulness plays an eminent role in integrating facets of knowledge, along with behavioural capability which he regards as the three primary components of Cultural Intelligence (CQ). The knowledge component of culture deals with the understanding or knowledge of cultures and the basic principles involved in cross-cultural interactions comprising of content as well as process knowledge. Mindfulness is fundamentally a heightened awareness of an enhanced attention to current experience or present reality (Brown & Ryan, 2003). Adapting to Ting-Toomey (1999), the author uses mindfulness as a key component that acts as an interlink between knowledge and behaviour. The author has also proposed a developmental model of CQ which suggests that CQ exists on a continuum that develops overtime. It begins with acquiring knowledge, gaining alternative perspectives through mindfulness and accommodating this knowledge through behavioural capability. This iterative process may be regarded as one with a series of S curves (Govindarajan & Gupta, 2001).

Ang, Van Dyne & Koh (2006) in their research have established the relationship between Big Five personality traits and the four dimensions of CQ with a sample of business undergraduates from Singapore which is a multicultural nation. The results established significant links between conscientiousness and meta-cognitive CQ, agreeableness and emotional stability with behavioural CQ, extraversion with cognitive, motivational, and behavioural CQ and openness with all four factors of Cultural Intelligence. As openness to experience was observed to establish relationships with all four factors of CQ, it is regarded as a crucial personality trait that associates itself with functioning effectively in diverse and multicultural settings.

Ng & Earley (2006) have revealed that in organizational psychology literature, extensive research has been presented in the domain of culture and intelligence, though research in the context of the synthesis of the two constructs is limited. The authors have, therefore, worked towards describing the two constructs independently and later presented a framework to reconcile them by the medium of two approaches broadly named as:

- The cultural variation of intelligence (e.g., Berry, 1974; Ferguson, 1956; Sternberg, 1985) and
- Cultural Intelligence (Earley, 2002; Earley & Ang, 2003; Thomas & Inkson, 2004).

Brislin, Worthley & Macnab (2006) have reflected upon the various complementary meanings of Cultural Intelligence. They point out that it can either explain the behaviours to be considered intelligent from the diverse perspectives of individuals of different cultural backgrounds and may comprise of instant application of information that is learnt previously in other cultures as well as slow but deliberate consideration of alternative ways of performing or behaving in other cultures or it may consider the adaptability skills of individuals that facilitate easy adjustment with minimal stress where greater intercultural interactions take place. Both the elements in terms of behaviours and skills are harmonious as individuals seeking to become sensitive to others can identify intelligence in the context of its definition or as demonstrated in other cultures and simultaneously adapt to a gamut of behaviours during intercultural encounters.

Triandis (2006) points out that in organizations where intercultural interactions are expected, such interactions can become successful only when organizations are culturally intelligent. The author reveals certain attributes that needed to be imbibed in oneself in order to become culturally intelligent. Firstly, culturally intelligent individuals learn to suspend judgments based upon a number of multiple cues as conclusions can’t be framed merely upon the nationality or ethnicity of an individual and may also consider certain personality attributes. Secondly, culturally intelligent individuals lay immense significance to situations. Moreover, they need to be trained in order to overcome ethnocentrism which is possible only by providing a great deal of training. The third approach that is adopted in the said frame of reference is participation in various activities that enhance the understanding of culture (Hofstede, Hofstede, & Pedersen, 2003). Even behavioural modification training (Paige & Martin, 1996) enhances the probability of desirable and appropriate behaviours and decreases the chances of undesirable behaviours. Examining the positive as well as negative aspects of one’s own culture as well as cultures around us enhances the level of Cultural Intelligence in organizations.

Temper, Tay & Chandrasekar (2006) have explored the relationship of motivational Cultural Intelligence with realistic previews in the context of cross-cultural adjustment with regard to work, general as well as interaction adjustment of the
global professionals (HR and global managers in Singapore). The results indicated a positive relationship between motivational CQ and the three criteria for adjustment while controlling for age, gender and time in the host country, and prior international assignment. The study elucidated the significance of motivational CQ in comprehending cross-cultural adjustment.

Ang et al. (2007) have worked upon enhancing the theoretical precision of Cultural Intelligence (CQ) by testing the four dimensions of CQ (metacognitive, cognitive, motivational and behavioral) against three intercultural effectiveness outcomes namely cultural judgment and decision making, cultural adaptation and task performance in multicultural settings. The authors have cross-validated the Cultural Intelligence Scale (CQS) across samples, time and country. They conducted three eminent studies in educational settings where samples were drawn from the US and Singapore. The results indicated that metacognitive CQ and cognitive CQ predicted cultural judgment and decision making; motivational CQ and behavioral CQ predicted cultural adaptation, whilst metacognitive CQ and behavioral CQ predicted task performance.

Plum (2007) draws attention by highlighting that Cultural Intelligence is a composition of three dimensions corresponding to the classical division between emotion, understanding and action. The emotional dimension is a crucial aspect of CQ that is associated with the feeling component and generates motivation to achieve a fruitful intercultural encounter. This dimension, also referred to as intercultural engagement, signifies the attitudes of individuals towards differences facilitating the flexibility to change during such an encounter. The cognitive dimension deals with the rationality part. It enables to develop the appropriate mental structures that facilitate thinking, understanding along with judging the inter-cultural encounters based on the conceptual frameworks together with language. The third dimension is indicative of the actions that are involved in an intercultural encounter. It is associated with the various types of interpersonal communication skills and is responsible for bringing the other two dimensions into play by developing the content of communication. This dimension is also referred to as intercultural communication. All the above mentioned dimensions hold significant relevance in the context of gaining a deeper insight into the intercultural encounter in order to enhance the overall outcome.

Lee & Sukoco (2007) have dealt with issues of expatriate adjustment in the context of the intervening role played by personality as well as CQ. This empirical investigation conducted on 200 Taiwanese expatriates substantiated the impact of personality traits on Cultural Intelligence as well as adjustment. The results of this research confirmed the results of Ang et al. (2006) that the level of an individual’s Cultural Intelligence can be determined by personality traits. The results also pointed out that adjustment of expatriates may be enhanced when they try to adapt themselves appropriately in a different culture. Also, pre-departure training as well as cognitive and experiential training favorably enhances the possibility of expatriates to appropriately adapt to a new & unfamiliar environment. Moody (2007) in his study, found openness to experience to be the most significant predictor of CQ which was followed by conscientiousness. In another study conducted by Oolders, Chernyshenko, & Stark (2008) in New Zealand, relationships were estimated between the sub-facets of openness to experience (intellectual efficiency, ingenuity, curiosity, aesthetics, tolerance, and depth) and Cultural Intelligence (CQ) and the results indicated significant relationships between all the subjects to CQ. However, tolerance and curiosity were identified to be most strongly related to CQ.

Beyene (2007), in a study of cross-cultural interactions between native English speakers and non-native English speakers in a French multinational firm, demonstrated that after controlling the ability of employees to speak multiple languages it was observed that the non-native English speaking employees with higher levels of CQ had greater and frequent interactions with the native English speaking employees.

Ward & Fischer (2008) tested the mediation model of personality, CQ and cross-cultural adaptation by using a sample of 346 international students recruited through a New Zealand University’s international orientation program. A structured model of cross-cultural adaptation with direct path from emotional stability to general adjustment as well as mediated paths from cultural empathy, flexibility, open mindedness and social initiative through motivational CQ, were tested by the research. The results demonstrated that flexibility alone was mediated by motivational CQ though limited support was provided for Ang et al. (2004) mediation model of personality, CQ and cross-cultural adaptation. It also suggested that motivational CQ enhances general adjustment as well as cross-cultural adaptation. Social initiatives along with emotional stability were also revealed to have direct effect on the adaptation outcome. Cultural empathy and open mindedness were positively correlated with motivational CQ whereas it did not establish significant relationships with CQ after controlling for flexibility.

Sauer (2008) in a study of 125 Black South African (BSA) leaders and 295 White South African (WSA) leaders assessed the Cultural Intelligence levels of the two groups. The results indicated significantly higher CQ scores for BSA over WSA restoring primarily to the collectivist BSA culture, the South African history (apartheid) and exposure to multiple cultures, as the main reasons for greater CQ levels in BSA. Ethnic group and age are regarded as the main determinants of CQ in the research framework. In another study of managers in South Africa and Netherlands, Bergh (2008) established that the two groups were relatively similar in the context of cross-cultural interactions as well as Cultural Intelligence while scoring high in terms of both ‘Cultural identity’ and ‘Willingness to learn about other cultures’ and scoring moderately in the context of ‘Adaptability to multi-cultural settings’.

Rockstuhl & Ng (2008) studied the dyads within multicultural teams and found that the interpersonal trust between the partners was observed when (a) the focal persons had higher metacognitive and cognitive CQ; (b) partners had higher levels of behavioural CQ and most importantly (c) when the parties belonged to diverse cultural backgrounds. Thus, the impact of CQ on interpersonal trust was evidently identified in culturally diverse dyads than in case of culturally homogeneous dyads which justifies the applicability of the construct of CQ in multicultural settings. Similar results were put forward by Chua &
Morris (2009) in a study of executives of diverse cultural backgrounds. They demonstrated that CQ enhanced affect based trust (and not cognitive based trust) among the members of culturally diverse professional work groups or networks though the impact of CQ was not observed in the context of idea-sharing behaviours in such networks.

Ang & Van Dyne (2008) have presented the conceptualization of Cultural Intelligence by highlighting the four factors of Cultural Intelligence (CQ) and positioning it in a homological network and placing it in the broader domain of individual difference eliciting the role that CQ plays towards individual effectiveness. The homological network establishes four major relationships. Firstly, it is proposed that there is an indirect relationship between distal individual differences and individual effectiveness through state like individual differences on the four factors of CQ. Secondly, the four factors of CQ significantly affect the intervening variables in the form of the subjective perception of cultural encounters held by the individuals along with their participation and involvement in intercultural activities that facilitate individuals to acquire the required knowledge and skills in order to perform effectively in intercultural situations. Thirdly, the homological network works upon the other possible contributions of the cognitive abilities of individual to what individual outcomes are foreseen at the times of intercultural situations. Lastly, the significance of context is recognized that affects the affiliation between Cultural Intelligence (CQ) and intermediate outcomes.

Thomas et al. (2008) have drawn upon the conceptualization of Cultural Intelligence (CQ) and presented the concept of CQ as a system of interacting abilities that facilitate in producing culturally intelligent behaviour. Cultural Intelligence here has been defined as ‘a system of interacting knowledge and skills, linked by cultural metacognition that allows people to adapt to, select, and shape the cultural aspects of their environment’. Culturally intelligent behaviour, according to the authors, is supposed to dwell out of cultural knowledge and skills along with cultural metacognition.

Deng & Gibson (2008) have elicited the significance and implementation of Cultural Intelligence as an essential component of cross-cultural leadership capabilities with reference to the Western-Chinese cultural differences. On the basis of the inferences drawn from the personal interviews conducted with western expatriates and Chinese managers who represented the top and middle-level executives, it was inferred that the CQ capability held by the expatriate leaders can positively influence cross-cultural leadership effectiveness. Cultural awareness, motivational cultural adaptation as well as behavioural skills contribute towards leadership effectiveness in multicultural workplaces along with cross-cultural communication.

Kumar, Rose & Subramaniam (2008) contribute to the Cultural Intelligence literature by providing theoretical support in the context of the relationship between Cultural Intelligence and expatriate effectiveness outcomes. It enriches the literature on expatriate management and presents an in-depth analysis for the mechanism that holds CQ and personality traits responsible for expatriate assignment effectiveness.

Menon & Narayanan (2008) have discussed the significance of accommodating the concept of Cultural Intelligence as a strategic model for the globalized economy especially in the context of globalized delivery systems like production, financing, marketing or even human resources. The top management needs to comprehend the need for bridging cultural differences. A strategy like Cultural Intelligence enables managers to function effectively in globalized organizations.

Van Dyne, Ang & Koh (2008, 2009) have discussed the development as well as the validation of CQS (Cultural Intelligence Scale). Based upon the operational definitions of the four dimensions of CQ, the initial scale consisted of 40 items which was tested with 576 business school undergraduates in Singapore. The results indicated that while metacognitive CQ and cognitive CQ enabled in predicting cultural judgment and decision making and explained variance by 4%, motivational and behavioural CQ explained variance in interactional adjustment by 5% and motivational and behavioural CQ explained variance in mental well being by 6%.

Crowne (2008) investigated into the various antecedents of Cultural Intelligence. As many of the previous studies integrated to determine the possible outcomes of CQ, this study aimed at understanding the potential antecedents that could lead to Cultural Intelligence. The findings indicate that certain types of exposures to different cultures like education abroad, employment abroad, vacation abroad and other experiences as well, enhance the Cultural Intelligence of individuals. Also, the level of exposure from these experiences augments the level of Cultural Intelligence (CQ). These findings are quite crucial for those organizations that hire, promote, train and prepare managers for international assignments. The study also revealed that international work experience predicted all CQ factors but motivational CQ. Also, Shannon & Begley (2008) established that international work experience in terms of the number of countries that the individuals worked in, predicted metacognitive as well as motivational CQ. The work of Tay, Westman & Chia (2008) reflected that the length of international work experience was only related to cognitive CQ. Furthermore, it pointed out that this relationship between international work experience and CQ was found to be stronger for individuals with lower need for control as those with low need for control capitalized on their previous work experiences and did not undergo much of pre-departure training. Tarique & Takeuchi (2008) identified that all the factors of CQ were predicted by the number of countries visited by the individuals, although cognitive CQ and metacognitive CQ were predicted by the length of stay.

Ang & Inkpen (2008) have discussed the significance of firm-level CQ in the context of international business ventures like off shoring. Three types of capabilities have been assessed that constitute the firm-level Cultural Intelligence namely: managerial, competitive and structural capabilities. Managerial Cultural Intelligence refers to the possession of CQ by the managers of a firm especially when held by the top management team or the project managers in an offshoring venture. Competitive CQ may be regarded as the meta-capability (Teece, 2007) that draws on the technical or operational capabilities which facilitate in integrating the knowledge assets within and between the firms as well as their international partners (Kogut & Zander, 1992; Grant, 1996). The structural CQ, stresses on the development of structural norms that determine the inter-organizational interface along with considering the potential faultiness that could occur at the interface.
Janssens & Cappellen (2008) have contextualized Cultural Intelligence with special focus on the global managers, who have been differentiated from the traditional expatriate managers as they possess a position with cross-border responsibility and need to have a world view rather than a nationwide perspective. By conducting in-depth interviews with global managers it was assessed that these managers need to be culturally intelligent in order to appropriately handle the diverse business perspectives of those with whom they interact. As the global managers come across short-term but highly frequent intercultural interactions, cognitive, metacognitive and behavioral CQ holds significant implications for them. Also, culturally intelligent global managers must be able to strategically adopt the communication tools corresponding to the facets of the message being sent. The behavioral, motivational as well as metacognitive dimensions of CQ enable to determine the nature of managers. Consequently, culturally intelligent colleagues can appropriately maintain their cultural ways of functioning while looking for synergistic solutions in the context of functioning across cultural boundaries (Adler & Barthalomew, 1992).

Research work in the context of identifying the impact of Cultural Intelligence on social networks, has also been conducted. Fehr & Kuo (2008) conducted a study with a culturally diverse sample of students who studied and lived in the United States and a sample of American students who had taken up a study-abroad program. The results of the study indicated that CQ was responsible for predicting the development of social networks in the sample, after controlling for international experience, host country language fluency, and cultural distance. Another study conducted by Gjertsen, Torp, Koh & Tan (2010) with a sample of 87 engineers from 12 countries in a multinational company in Singapore demonstrated that the homophily in social friendship networks was negatively predicted by Cultural Intelligence (CQ) after controlling for gender, age, rank and organization tenure. However, an individual’s rank as well as tenure demonstrated greater advice network predictability.

Certain studies have dealt with the impact of international experience gained through specific programs for the development of CQ. In a study conducted by Shokef & Erez (2008) of individuals participating in virtual multicultural teams comprising of members of five different nations and lasting for four weeks, it was observed that their level of meta-cognitive, motivational and behavioural CQ was significantly augmented. MacNab (2011) in his study demonstrated that a program design based upon experiential learning and social contact principles positively influences the CQ of the participants. Moreover, greater time spent while interacting with others from diverse cultural backgrounds also affected the rate of CQ development. This was also supported by Crawford-Mathis (2010) who identified that volunteers in a service project in Belize who spent a lot of time to interact with the locals enhanced their level of CQ. Similarly, Crowne (2007) revealed that individuals who stayed at the hostels as well as ate with the locals of the country, enhanced the possibility of attaining greater levels of CQ as they spent more time with the locals in comparison to those who stayed at the expatriate compounds. Even Wilson & Stewart (2009) elicited that individuals who experienced the overseas service learning through international service programs for the first time displayed the highest development in their level of CQ.

Ng, Van Dyne & Ang (2009) have presented the role of Cultural Intelligence (CQ) in the form of a strategic selection tool for managers keeping in mind the altered nature of international assignments which is even more challenging. The authors seek to provide an insight into the use of CQ as a selection tool along with strengthening the relationship that exists between experience and effectiveness of the employees in the context of the international responsibilities held by them.

Koh, Joseph & Ang (2009) have presented the need and relevance of Cultural Intelligence for the global IT workforce and substantiates on its necessity to function effectively in the global work environment. Stevens & Campion (1994) suggested five team competencies that are needed for effective team performance. These are: conflict resolution, collaborative problem solving, communication, goal setting and performance management and planning along with task coordination. As a consequence of differences in culture, global IT professionals face challenging situations due to which goal and task achievement becomes a little complicated.

Ng, Tan & Ang (2009) have reflected upon the composition of global culture capital which comprises of the organizational values of a “global mindset” along with the organizational routines that are adopted in organizations to promote this global mindset by providing cross-cultural training as well as building commitment through an effective reward system. They argue that employees who work with a global mindset are expected to acquire cosmopolitan human capital through international experiences. As such, these authors establish a theoretical link between the cultural capital and Cultural Intelligence (CQ) of its employees. The development of CQ capabilities has been proposed to develop as a result of direct and indirect experiences of the employees.

Ng, Van Dyne & Ang (2009 a,b) have grounded their research on the experiential learning theory (ELT) based upon which they provide that CQ is an essential learning capability that leaders adopt to produce potentially effective experiential learning in culturally diverse situations through their international experiences. The authors propose a model learning theory (ELT) along with the enabling CQ capabilities that are significant for global leaders. The model establishes a cyclical relationship in the four learning stages in experiential learning inclusive of the CQ capabilities. The stages are: concrete experience (motivational and behavioural CQ), reflective observation (cognitive and meta-cognitive CQ), abstract conceptualization (cognitive and metacognitive CQ) and active experimentation (cognitive, metacognitive, motivational and behavioral CQ). While ELT is defined as the “process whereby knowledge is created through the transformation of experience” (Kolb, 1984, p.38), Cultural Intelligence is defined as the ability of an individual to function effectively in culturally diverse or unfamiliar situations.

Ward et al. (2009) have presented the psychometric analysis of Cultural Intelligence (CQ) by conducting three studies. The first study validated the four dimensions of CQ in a large sample comprising of international students. Another study established a strong correlation between emotional intelligence and Cultural Intelligence while it failed to support the CQ scores on incremental validity in predicting psychological, socio-cultural, and academic adaptation in the sample of
international students. The concluding study demonstrated discriminant validity between CQ and a test of general cognitive ability (Raven’s Advanced Progressive matrices) along with establishing convergent validity across CQ scores and multicultural personality questionnaire subscales.

Elenkov & Manev (2009), in a noteworthy piece of research work conducted on senior expatriate leaders, demonstrated the role of Cultural Intelligence as an intermediary between the positive relationship between visionary transformational leadership as well as organizational innovation. Higher CQ magnified the positive influence of leadership on innovation. Another study conducted by Groves & Feyerherm (2011) where a highly diverse sample of working adults was chosen, revealed that Cultural Intelligence of a leader was strongly associated with leader performance as well as team performance in a more heterogeneous group in comparison with the less heterogeneous ones, after controlling the demographic characteristics along with EQ.

Rockstuhl, Ang, Ng, Van Dyne, & Lievens (2009), in a study of multicultural teams, pointed out that self-reported CQ predicted leadership emergence positively after controlling for IQ, EQ, openness to experience, as well international experience. In another study, a sample of graduate students from 35 nationalities was used wherein it was observed that CQ mediated the impact of three way interactions involving home identity, host identity as well as global identity on the perceptions of leadership (Lee, Masuda, & Cardona, 2010).

Karma & Vedina (2009) draw on the potential interlink between CQ and workforce diversity. When managers function in multicultural workgroups, it becomes necessary for them to acquaint themselves with the Cultural Intelligence skills in order to effectively handle intercultural situations. The authors suggest accepting diversity as an organizational value and recruit managers based upon CQ traits to ensure success for the entire organization. Further, the impact of international work experience has also been demonstrated by Li & Mobley (2010). Their research indicated that learning styles influenced the relationship between international experience and Cultural Intelligence such that the relationship was observed to be weaker for those with convergent learning styles while it was stronger for those with divergent learning styles.

Van Dyne et al. (2010) refer to Cultural Intelligence as a capability that enables leaders to develop an overall perspective towards a set of behaviours that help managers and leaders to become more effective in their functioning. The authors provide that Cultural Intelligence is an extension of emotional intelligence, however, focusing upon an individual’s capability to effectively comprehend the cultural context as a significant and additional skill set. It is also pointed out that the foundation of CQ lies in its four different yet interrelated set of capabilities namely metacognitive CQ, cognitive CQ, motivational CQ as well as behavioural CQ.

Ramalu et al. (2010) conducted an empirical investigation to evaluate the impact of CQ on cross-cultural adjustment and job performance among the expatriates in Malaysia. The findings of the study indicated the significance of CQ as a suitable intercultural competency that enhances expatriate’s cross-cultural adjustment as well as job performance during international assignments.

Amuri, Moghimi & Kazemi (2010) established the relationship between CQ and employee performance. It was observed that significant relationship exists between metacognitive, cognitive and motivational CQ and employees’ performance or between CQ and overall employees’ performance. Employees with high metacognitive CQ are capable of understanding when to use their cultural metaphors to apply multiple knowledge structures suiting different conditions. Cognitive CQ enables to have the appropriate conception on job performance. Motivational CQ enhances an individual’s drive to perform a task better and acquire flexible behaviors to meet the expectations of others. Consequently, as knowledge, skills, capabilities and motivation are determinants of performance (Campbell, 1999); CQ facilitates employees to perform effectively while interacting with others of diverse cultural backgrounds.

Rockstuhl et al. (2010) have talked about the concept of CQ in the context of cultural neuroscience that aims to explain the neurological underpinning, that determine cognitive as well as behavioural differences across cultures. Thus, the culturally intelligent brain has been defined as the neurological bases of the capability of an individual to function effectively in the multicultural context (Earley & Ang, 2003).

Rockstuhl et al. (2011) while emphasizing the significance of cross-border effectiveness in the contemporary globalized world, have identified CQ as a critical leadership competency that enables managers to effectively handle intercultural situations especially those with cross-border responsibilities. As such, by using multiple intelligences and testing a sample of Swiss military officers having both domestic as well as cross-border leadership responsibilities, it was identified that while general intelligence was a predictor of both domestic and cross-border leadership effectiveness, emotional intelligence strongly predicted domestic leadership effectiveness.

Imai & Gelfand (2010) have touted on the importance of CQ during the intercultural processes and outcomes while controlling for other types of intelligence, personality as well as international experience. In their study of intercultural negotiations between East Asian and American negotiators, it was revealed that the negotiators possessing higher CQ demonstrated greater information behaviors and cooperative relationship management behaviours. Subsequently, these behaviours resulted into the positive prediction of joint profits of the negotiation pairs in process. Additionally, individual’s differences in cognitive ability, openness to experience, EQ, extraversion as well as international experience did not influence the negotiation behavior.

Vedadi, Kheiri & Abbasalizadeh (2010) explicated on the relationship between Cultural Intelligence and achievement need by studying 78 middle and top managers in an Iranian oil and gas company having some form of international exposure. The results of this study pointed out that a positive correlation exists between Cultural Intelligence and achievement need.
Individuals having higher levels of CQ possess greater achievement needs than others and CQ is necessary for ensuring success and conducting business in multicultural environments.

Choi, Moon, & Jung (2010), in a study of Korean expatriates demonstrated that expatriates international non-work experience predicted CQ instead of their work experience. The results also indicated that the goal orientation of the expatriates intermediated in developing CQ from their international non-work experience.

Tay, Rossi & Westman (2010) determined a negative relationship between emotional exhaustion and Cultural Intelligence (CQ), in a study conducted on international business travellers. The authors also pointed out that CQ intervened the influence of family demands that buffer with work in such a way that the impact of family demands on emotional exhaustion was found to be weaker for those with higher levels of Cultural Intelligence.

Smith, Shrestha & Evans (2010) have deliberated on the necessity for B-schools to equip their students with the Cultural Intelligence skills in order to make them capable of working productively across cultural boundaries. They conducted an exploratory research to develop an innovative method to assess the impact of MBA students Cultural Intelligence. For the said purpose, the movie ‘Crash’ was used to determine the CQ of the students at two levels: 1) basic cross-cultural understanding (i.e., knowledge and understanding of cultural concepts and 2) advanced cross-cultural understanding (i.e., ability to explain the occurrence of cross-cultural misunderstandings and conflicts). The results indicated that students performed reasonably well in comprehending the reasons for cross-cultural problems while they did not perform well in the context of their basic understanding of cultural concepts.

Ng, Van Dyne, & Tan (2011) and Ng, Van Dyne, & Ang (2012) have reflected upon the journey of Cultural Intelligence over the past decade highlighting various critical research efforts that have taken place in the past years and have suggested researchers to conduct future research in certain key areas in order to significantly advance current understanding. They provide that greater research is needed in the context of the nomological networks of the four facets of CQ in order to comprehend their nature, functioning as well as interaction. Future research must take into consideration complementary approaches to assess CQ.

Yordanova (2011) verified that an individual’s level of CQ is dependent upon openness to experience in a general analysis. Furthermore, the analysis of the multicultural team performance revealed that a team with clearly defined goals as well as roles is regarded to be more successful. A positive correlation was observed between metacognitive, cognitive and behavioural CQ with an individual’s ability to set goals. Also, the results indicated direct relationship between Cultural Intelligence (CQ) and multicultural team success.

Chen, Liu & Partnoy (2011) conducted a study on real estate sales performance and established a positive relationship between motivational CQ and the agent’s cultural sales which refers to the number of sales transactions with customers from a distinct cultural background. In particular, this study conducted on 305 agents belonging to 26 real estate firms provided that motivational CQ was positively related to their cultural sales.

Van Dyne et al. (2012) have proposed the next wave of Cultural Intelligence (CQ) research by guiding researchers, academicians as well as practitioners to have a deeper insight into each of the four factors of Cultural Intelligence. They have expanded on the conceptualization of Cultural Intelligence delineating the sub-dimensions of the four dimensions of CQ. Based upon psychometric evidence and convergent/discriminant validity of sub-dimensions, the second order 1-factor structures of the four-factors of Cultural Intelligence is presented. Drawing on the existing research on each of the four-dimensions of Cultural Intelligence, the sub-dimensions were identified. Planning, awareness and checking were delineated as the sub-dimensions of meta-cognitive CQ based upon specific research conducted by O’Neil & Abedi (1996) and Pintrich & De Groot (1990). Culture-general knowledge as well as context-specific knowledge have been determined as the two sub-dimensions of cognitive CQ based upon the research work of Cushner & Brislain (1996) and Murdock (1987). Intrinsic and extrinsic interests (Deci & Ryan, 1985) and self-efficacy (Bandura, 2002) have been drawn as the sub-dimensions of motivational CQ. Lastly, flexibility in verbal and non-verbal behaviors along with speech acts (Hall, 1959, 1976; Spencer-Oatey, 2008) refers to the key dimensions of behavioral CQ. This has enabled to refine the theoretical conceptualization of CQ (Ang et al., 2011; Gelfand et al., 2008).

Arora and Rohmetra (2012) have put forth an investigation that seeks to establish the relationship between Cultural Intelligence and customer satisfaction. They have validated the Cultural Intelligence Scale in the hospitality industry in the Indian context and have identified that there exists a strong and positive impact of cultural intelligence on customer satisfaction and productivity in the Indian hospitality industry. By drawing on potential inferences from the response of international clientele visiting the luxury and business five star hotels in India in connection to how they are dealt by the employees in these hotels, they have pointed out the relevance of cross cultural trainings in these hotels that leave a remarkable impact upon the minds of the international clientele and enhance their customer experience.

Osman-Gani (2014) has presented a conceptual analysis of the construct of CQ in terms of developing the performance of managers during the international assignments as research in the context of performance issues of international managers is not systematic and exhaustive. He insists upon the inclusion of CQ while carrying out research on various aspects of culturally diverse situations as it facilitates enhancing the intercultural effectiveness outcomes being conceptually as well as empirically distinct from other individual differences. Secondly, he outlines studying the facets of CQ from different perspectives as well as studying different relationships for varying roles, jobs and contexts. Thirdly, CQ has significant implications for intercultural training, which has, to date, focused primarily on knowledge or cognitive training (Earley & Peterson, 2004). Therefore, he suggested, cross-cultural training to be a significant intervention for the purpose of developing capabilities in the said context (Osman-Gani, 2000) and accommodating the different aspects of CQ as the foundation of trainings. Finally, CQ facilitates predicting the strengths and shortcomings of managers, based upon recent empirical research.
(Ang et al., 2007; Ang et al., 2006), on cultural grounds that influence their adjustment and performance in overseas assignments.

3. Challenges in Developing Culturally Intelligent Organizations

As far the construct of CQ is concerned, certain challenges lie on the path of organizations in determining the requisite skills called as the nine megaskills that are of paramount significance. As incorporating CQ into one’s organization is practically not an easy task, it becomes eminent to nurture skill development and training while practicing relevant cognitive and behavioural skills to ensure alignment towards building a culturally intelligent organization and searching for culturally synergistic solutions. The following challenges and megaskills, thus, needed to be recognized by organizations as explained by Bucher & Bucher (2007) are:

- “Understanding My Cultural Identity: Understanding how we identify ourselves and others in the cultural context and perceive the different ways of life.”
- “Checking Cultural Lens: Reflecting upon the cultural similarities and dissimilarities and how culture shapes behavior, attitudes and thinking.”
- “Global Consciousness: Looking at the world from multiple and diverse perspectives and experiencing cross-cultural situations.”
- “Shifting Perspectives: Relating ourselves to other cultures and viewing the perspectives of other cultures.”
- “Intercultural Communication: Interacting with others from dissimilar cultural backgrounds and exchanging views, opinions, ideas, feelings and making sense out of intercultural encounters.”
- “Managing Cross-Cultural Conflicts: Constructively and efficiently handling the cultural conflicts that arise due to the gap that exists between individuals from diverse cultural backgrounds.”
- “Multicultural Teaming: Functioning with others from varying cultural backgrounds to accomplish tasks of the organization.”
- “Dealing with Bias: Identifying areas of bias within ourselves and others and effectively responding to bias.”
- “Understanding the Dynamics of Power: Comprehending the relationship that exists between power and culture and identify the impact of power on how we view the world and associate with others.”


Responding to the need of acknowledging multiculturalism in organizations calls for identifying key variables that can be adjusted to the organization’s framework to build a culturally intelligent organization. In this context, David Livermore has build upon trust, engagement, influence, authenticity and positive intent as few significant variables that must be adjusted to in order to bring about relevant changes in the organization to make it more culturally responsive in terms of cultural intelligence.

- **Trust**: Distrust normally occurs in organizations on account of cultural differences. However, this distrust can gradually be converted into trust if more similarities are realized. In culturally intelligent organizations, managers try and build trust amongst people having different value orientations.

- **Engagement**: Bringing together people from diverse cultural backgrounds totally enhances the possibility of generating innovation into the business and elucidating engagement into your work. When the response, feedback and input of each member of a team/organization coming from diverse cultural background and offering a different perspective is encouraged, it amplifies the productivity levels of managers while boosting their morale that their viewpoint is respected.

- **Influence**: Culturally intelligent organizations encourage the inclusion of people in their organizations who are particularly effective in functioning across cultures. Such managers have the capability of influencing all others around them be it their peers, subordinates, supervisors or customers irrespective of the cultural backgrounds they may belong to. Their efficiency in managing multiple cultures is highlighted by managers to reflect upon how culturally synergistic solutions for organizations may be used.

- **Authenticity**: Culturally intelligent organizations reflect upon the usage of one’s own identity as a ground base for understanding the cultural identity of others. It is not that organization wherein an individual has to only adapt to someone’s culture but one wherein an individual allows for his own cultural space and is flexible enough to adapt themselves to the cultural orientation of others.

- **Positive Intent**: Positive intent is reflected by a culturally intelligent organization by way of creation of a positive culture in the sense that managers and individuals are committed towards assuming their best first.

5. Conclusions and Future Research

It is, thus, concluded that Cultural Intelligence (CQ) provides an opportunity to interact effectively with diverse cultures through sensitivity, adaptability and learning to embrace a diverse cultural heritage that is rewarding, stimulating and empowering. Leveraging differences in the workplace through Cultural Intelligence is a mechanism for change (Arora and Rohmetra, 2010). Despite the newness of the construct, however, researchers in the context of Cultural Intelligence (CQ) have consistently suggested for more research to address both the measurement as well as substantive issues. Different outcome variables have been studied in relation to Cultural Intelligence, although there is a scope to reflect upon other
variables in connection to Cultural Intelligence and in various other industries. The relationship between cultural intelligence and other variables like customer satisfaction, customer loyalty, customer value, service quality, service failure recovery and organizational variables like profitability, productivity, competitive advantage, improved corporate image, positive word of mouth, retained customers, market share, growth, improved revenue and sales, organizational effectiveness may also be studied in other industries wherein the service organizations come across customers or suppliers from unfamiliar cultural backgrounds like the aviation industry, entertainment industry, education industry, banking industry, healthcare industry, business process outsourcing industry or any other multi-national corporations that deals with international clientele.

6. References

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