

# Intercultural Management Quarterly

*Integrating Culture and Management in Global Organizations*



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# Cultural Intelligence: Why Every Leader Needs It

by David Livermore, Linn Van Dyne,  
and Soon Ang

For many business leaders, cultural awareness and understanding is considered a soft skill that can be taken lightly compared to hard skills like market research, negotiation strategies, and business development acumen. But a leader's ability to do any of these tasks successfully in a multicultural context quickly becomes a bottom-line issue when dealing with real people in real situations. Thankfully, there's an emerging body of research<sup>1</sup> that provides tangible ways to assess and develop *cultural intelligence*, or *CQ*—the capability to function effectively across various cultural contexts.

Cultural intelligence is rooted in more than a decade of rigorous academic research<sup>2</sup> across dozens of different cultures. It has led to a whole new way of approaching cross-border management, diversity training, and virtual team development. Previously, the predominant approach to cultural competence was to teach people about specific cultures and assume that knowledge would translate into sensitivity and effectiveness in intercultural contexts. In contrast, our findings indicate that a leader's cultural intelligence is largely a *personal capability* rooted in the individual's internal motivation, thinking, consciousness, and adaptability. Research demonstrates that CQ is a capability that can be assessed and developed with promising results for those who manage with cultural intelligence. We begin by reviewing the four capabilities of cultural intelligence and then we describe ways leaders can assess and develop this CQ capability in themselves and others.

## The Four Capabilities of Culturally Intelligent Leaders

Leaders with high CQ can effectively adapt their leadership style to fit multicultural situations involving customers, suppliers, and associates from diverse backgrounds. They demonstrate strength in four distinct CQ capabilities (*Drive, Knowledge, Strategy, and Action*). Leaders need all four capabilities, because focusing on one without the others can actually result in increased cultural ignorance rather than enhanced cultural intelligence. This is because CQ requires an overall repertoire of adaptive capabilities. The four CQ capabilities are:

**1. Drive: Showing interest, confidence, and drive to adapt cross-culturally.** CQ Drive is the leader's level of interest, motivation, and confidence to adapt cross-culturally. This refers to whether or not you have the confidence and drive to work through the challenges and conflict that often accompany intercultural work. The ability to be personally engaged and to persevere through intercultural challenges is one of the most novel aspects of cultural intelligence. Many intercultural training approaches simply *assume* that people are motivated to gain cross-cultural capabilities. Yet employees often approach diversity training apathetically, and employees headed out on international assignments are often more concerned about moving their families overseas and getting settled than they are about developing cultural understanding. Without ample motivation, there is little point in spending time and money on training.

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*Doug, an American with a multinational firm who was sent to manage a team in Bangkok, describes how little he paid attention to the cultural training he received before moving to Thailand. It wasn't that he didn't care. It's just that he was overwhelmed getting ready for the move and he found the training overly theoretical and too focused upon cultural stereotypes. But he definitely wanted to succeed.*

CQ Drive includes intrinsic motivation (the degree to which you derive enjoyment from culturally diverse situations), extrinsic motivation (the more tangible benefits you gain from culturally diverse experiences), and self-efficacy (your confidence that you will be effective in an intercultural encounter). All three of these motivational dynamics play a role in how leaders approach multicultural situations. Stop and examine your motivation for doing cross-cultural work. Your CQ Drive is strongly related to your effectiveness in new cultural contexts.

**2. Knowledge: Understanding intercultural issues and differences.** CQ Knowledge is the cognitive dimension of cultural intelligence. It refers to the leader's level of understanding about culture and culture's role in shaping the way to do business when different cultures are involved. Your CQ Knowledge is based upon the degree to which you understand the idea of culture and how it influences the way you think and behave. It also includes your overall understanding of the ways cultures vary from one context to the next.

*When Doug got to Bangkok, he quickly discovered that leading and motivating his mostly Asian team wasn't coming easily. And he had a reputation for being a phenomenal negotiator. But his negotiations kept getting stalled. Even though he had extensive management experience, he was losing confidence in his ability to be a good leader there.*

One of the most important parts of CQ Knowledge is a macro-level understanding of cultural systems and the cultural norms and values associated with different societies. In order to lead effectively you need to understand ways that communication styles, predominant religious

beliefs, gender role expectations, etc. can differ across cultures. In addition, general knowledge about different types of economic, business, legal, and political systems that exist throughout the world is important. And you need a core understanding of culture, language patterns and non-verbal behaviors. This kind of knowledge helps build your confidence when working in a new cultural environment.

The other important part of CQ Knowledge is knowing how culture influences your effectiveness in specific domains. For example, being an effective global leader in business looks different from being an effective leader of a multicultural university. And working across borders for an information technology company requires a different application of cultural understanding than

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## **Developing cultural intelligence takes more than just the gut-level sixth sense promoted in leadership circles.**

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working across borders for a charitable organization or on a military initiative. This kind of specialized, domain-specific cultural knowledge combined with a macro understanding of cultural issues is a crucial part of leading with cultural intelligence.

CQ Knowledge is the area that is most often emphasized in typical approaches to intercultural competency. A large and growing training and consulting industry focuses on teaching leaders about general cultural values. While valuable on its own, the information that stems from CQ Knowledge has to be combined with the other three capabilities of CQ or its relevance to the real demands of leadership is questionable and potentially detrimental.

**3. Strategy: Making sense of culturally diverse experiences and planning accordingly.** CQ Strategy refers to the leader's level of awareness and ability to strategize when crossing cultures. This capability involves slowing the pace long enough to carefully observe what is going on inside our own and other people's heads. It is the ability to think about our own thought processes and draw

## Cultural Intelligence...

upon our cultural knowledge to understand a different cultural context and solve problems in that situation. It includes whether we can use our cultural knowledge to plan an appropriate strategy, accurately interpret what is going on in an intercultural situation, and check to see if our expectations are accurate or need to be adjusted.

*Doug has always used a leadership style focused upon developing individuals to pursue their personal goals and to “lead themselves”. He was aware that this was a countercultural approach in Asia. But he had no interest in becoming a highly directive leader. So he had to develop a strategy for how to be true to himself while effectively leading a team with values different from his.*

Seasoned leaders often jump into meetings and new situations with little planning. This works fine when meeting with colleagues or clients from a similar cultural background. By drawing upon emotional intelligence and leadership experience, we can get away with “winging it” because we know how to respond to cues and how to talk about various projects. When meetings involve individuals from different cultural contexts, however, many of the rules change. Relying upon our ability to intuitively respond to cues in these more novel situations is dangerous. That is where CQ Strategy comes in.

CQ Strategy includes planning, awareness, and checking. Planning is taking the time to prepare for an intercultural encounter—anticipating how to approach the people, topic, and situation. Awareness means being in tune with what is going on in one’s self and others. Checking is the monitoring we do as we engage in interactions to see if the plans and expectations we had were appropriate. It is comparing what we expected with our actual experience. CQ Strategy emphasizes implementation, and it is the lynchpin between understanding cultural issues and actually being able to use that understanding to manage effectively.

**4. Action: Changing verbal and nonverbal actions appropriately when interacting cross-culturally.** Finally, CQ Action is the leader’s ability to act appropriately in a wide range of cultural situations. It influences

whether we can actually accomplish our performance goals effectively in light of different cultural situations. One of the most important aspects of CQ Action is knowing when to adapt to another culture and when not to do so. A leader with high CQ learns which actions will and won’t enhance effectiveness and acts upon that understanding. Thus, CQ Action involves flexible behaviors tailored to the specific cultural context.

*Doug is grateful for a team of staff who are fluent in English. He’s learning some basic Thai to get along. But at times, he feels like he has to relearn English too. His assistant needs very explicit, step-by-step directions. And on the rare occasion when she makes a request, he has the hardest time figuring out exactly what she’s asking for.*

CQ Action includes the capability to be flexible in verbal and nonverbal actions. It also includes appropriate flexibility in speech acts—the exact words and phrases we use when we communicate specific types of messages (e.g., offering negative feedback directly or indirectly or knowing how to appropriately make a request). While the demands of today’s intercultural settings make it impossible to master all the dos and don’ts of various cultures, there are certain behaviors that should be modified when we interact with different cultures. For example, Westerners need to learn the importance of carefully studying business cards presented by those from most Asian contexts. Also, some basic verbal and nonverbal behaviors enhance the extent to which others see us as effective. As an example, the verbal tone (e.g., loud vs. soft) in which words are spoken can convey different meanings across cultures. And although it is not necessary for an outsider to master the intricacies of bowing in Japan, appropriate use of touch is something to bear in mind. In sum, almost every approach to intercultural work has insisted on the importance of flexibility. With CQ Action, we now have a way to enhance flexibility.

### Leading with Cultural Intelligence

In order for cultural intelligence to impact the bottom line, leaders need to think strategically about a long-term approach for developing this capability. A few of the key

strategies for leading with cultural intelligence include the following:

**1. Reflect on your own CQ capabilities.** Begin with a commitment to consider your own capabilities for leading across cultures. By thinking through the four capabilities of CQ, consider which area is strongest and weakest for you:

- Drive: What is my level of interest in cross-cultural issues?
- Knowledge: To what degree do I understand how cultures are similar and different?
- Strategy: Am I aware of what is occurring in a cross-cultural situation and am I able to plan accordingly?
- Action: Do I know when I should adapt and when I should not adapt my behavior cross-culturally?

Each of us is stronger in some of these areas than others. Zero in on one specific CQ capability to begin increasing your overall CQ.

**2. Assess and develop the cultural intelligence of others.** Next, utilize the above ideas with your colleagues and with those you manage. Begin by assessing the CQ of strategic leaders and associates who have the most interaction with culturally diverse contexts. Next, add CQ assessment and feedback to ongoing human resources programs for large numbers of employees.

Don't put everyone through the same one-size fits all intercultural training plan. Some have plenty of knowledge but not a lot of motivation. Others are very motivated but aren't quite sure how to translate that into effective behavior. Empower your team and your colleagues to develop personalized CQ development plans based upon their CQ strengths and weaknesses.

Bringing in speakers, offering workshops, and distributing books to offer a common language and vision can be very helpful within this context. Just be sure the education and training fits within a larger plan. And whenever possible, provide personnel with individualized feedback and coaching to help them in this process.

**3. Assess the cross-border effectiveness of the organization as a whole.** Cultural intelligence begins at the personal level. But leading with cultural intelligence must also include an analysis of the organization's practices. Some questions to begin with are: *What is our level of success working internationally or across different ethnic cultures domestically? What is the level of satisfaction from personnel and clients or constituents who come from different cultural backgrounds? To what degree do cultural differences inform our strategic decisions? What is our plan for retaining our core identity or brand while also adapting to various cultures?*

**4. Integrate global effectiveness into your strategic plan.** Rather than simply relegating cross-border effectiveness to the "international sales" division or to the "diversity and inclusion officer", make it part of the overall strategic plan for the organization: *How does culture need to inform the way R&D do their work? How does a globally dispersed workforce or clientele need to shape the way I.S. develops their processes? How will the targets identified at the C-suite level be informed by cross-border issues?*

The demands of leading in an era of escalating globalization are fast and furious. Companies need leaders who have the know-how to quickly adjust to dozens of different cultures on a daily basis. This is a capability that can be developed by any manager, but it takes more than just the gut-level sixth sense that is often promoted in leadership circles. It requires discipline and hard work as well as adaptability for leaders to inspire, innovate, and negotiate effectively in today's increasingly diverse world. And with that hard work, slowly but surely, managers and companies can expect to see the bottom line implications of leading with cultural intelligence. **i**

## Notes

1. Soon Ang and Linn Van Dyne, *Handbook of Cultural Intelligence* (New York: M.E. Sharpe, 2008).
2. A sampling of articles from more than 70 peer-reviewed journals that have included research on cultural intelligence can be found at <http://culturalq.com/researcharticles.html>.