Measuring Cultural Intelligence: Implications and Opportunities

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Abstract

Cultural intelligence is an ability that varies with individuals and explains differences in intercultural effectiveness. This ability is difficult to assess, yet managers must be able to measure it in order to determine which employees are talented at working across cultural contexts and with people from different cultures. In this article I describe the development of a new measure of cultural intelligence and how managers can use it to inform and support a number of management decisions such as international staffing and leadership of cross-cultural teams or projects.[1]

Measuring Cultural Intelligence: Implications and Opportunities

Both domestic and international organizations increasingly face a knowledge based competitive environment.[2] Concurrently their workforces are increasingly culturally diverse. As a result, the human aspect of management becomes paramount for success. This means employees must be skilled at navigating cultural differences in management behavior and managers must be able to assess this ability among employees. Consider the following situations:

The merger of Daimler- Benz with Chrysler Corporation was touted as a "marriage made in heaven" resulting in an automobile company ranked third in the world in terms of revenue and fifth in number of units sold. However it wasn't long before the marriage made in heaven resulted in divorce. Differences in the cultures and management styles of the two firms proved too difficult to overcome and within 19 months two American CEOs were dismissed and German management took over. Daimler's management team had tried to administer the Chrysler division

as if it were a German company. The resulting chaos caused Chrysler to be sold to a private equity firm at cost to Daimler of around $5 billion.[3]

Executives of a U.S. technology company have been meeting regularly with engineers of a large Chinese electronics firm to present their idea for a joint venture. They notice that different engineers seem to be attending each meeting and that their questions are becoming more technical, making it difficult for the Americans to answer without giving away trade secrets. Not realizing that such questioning is commonplace in China and considered good business practice, the Americans walk away from a potentially very lucrative deal.

In California, a human resources manager sits in her office. She is interviewing candidates for factory work. A young dark skinned man walks into her office after knocking briefly. He does not look at the manager but walks to the nearest chair and, without waiting to be invited, sits down. He looks down at the floor. The manager is appalled at such graceless behavior. Not understanding that this behavior would be perfectly appropriate in the young man's culture, and even though he is well qualified, he is unlikely to be hired.[4]

People fail in intercultural situations in all sorts of ways, such as the following:
- Being unaware of key features and biases of our own culture.
- Feeling threatened or uneasy when interacting with people who are culturally different.
- Being unable to understand or explain the behavior of others who are culturally different.
- Failing to apply knowledge about one culture to a different culture.
- Being unable to adjust to living and working in another culture.
- Being unable to develop long-term relationships with people from other cultures.

We know that people vary in their ability to deal effectively with the cultural aspects of their environment. However, accurately measuring this ability is a first step to improving and leveraging this skill.

The search for that certain global something that makes some individuals more effective interculturally than others has a long history. The search can be traced back at least to the selection of Peace Corps volunteers in the 1960s.[5] Based on characteristics thought to help the sojourner cope with new social norms, values and languages past research focused on determining an *overseas type.* Gradually the focus shifted to a search for appropriate skill or

behavioral dimensions, which has resulted in the numerous inventories of skills or competencies available today.[6] More recently, in a move away from dimensional approaches, international management research has drawn on cognitive theory to provide a link between societal context and behavior.[7] By recognizing that cultural differences in what people have in memory drive behavior at different times, we realized that there might exist a more general type of mental ability that influences intercultural effectiveness. The name that has been given to this type of mental development is *cultural intelligence.*[8]

Defining and Measuring Cultural Intelligence

The measurement of cultural intelligence described here is the result of a decade long program of research by an international team of scholars. It started with a decision about what should be included in its definition and how these elements developed and combined. Cultural intelligence is a system of interacting knowledge and skills, linked by an active attention and awareness to the cultural aspects of the environment called cultural metacognition that allows people to interact effectively with the cultural aspects of their environment.[9] Intelligence is commonly defined as the abilities necessary for adaptation to an environmental context. Cultural intelligence is this ability as applied to a specific aspect of the environment – the cultural context. Defining this ability as a type of intelligence has two advantages. First, it substitutes well-studied ideas in cognitive psychology for popular, but less well specified concepts such as global mindset. Second, it indicates that cultural intelligence is separate from the environmental and institutional influences on intercultural effectiveness. Cultural intelligence consists of knowledge and skills developed in specific cultural (intercultural) contexts, but is dependent on the culture general process of cultural metacognition to produce culturally intelligent behavior.

Cultural intelligence is an unobservable attribute of individuals but is reflected in its three subordinate facets of cultural knowledge, cross-cultural skills, and cultural metacognition. Its measurement must therefore address these three underlying facets. Cultural knowledge is both specific knowledge about other cultures and general knowledge about the effect of culture on one's own nature and the nature of others. Cross cultural skills are those skills that have been shown to have a positive relationship with intercultural effectiveness. These abilities are relational skills, tolerance for uncertainty, adaptability, empathy, and perceptual acuity, all of which must be assessed in a measure of culture intelligence. The final facet is cultural metacognition, which includes a) an awareness of the cultural context, b) conscious analysis of the influence of the cultural context, and c) planning courses of action in

different cultural contexts.[10] To be useful to management practice it was important to be able to measure cultural intelligence in a reliable and valid manner. The original instrument created to measure cultural intelligence involved a matrix of assessment approaches contained in an on line delivery system. While sophisticated, this measure was very complex to administer and to score, which limited its acceptance and utility. However, based on research conducted with this instrument, it was possible to construct a 10 item scale (called the SFCQ)[11] that captures the three elements of cultural knowledge, cultural skills, and cultural metacognition. The validity of the scale was established with 3526 participants in 14 samples and five language groups (English, French, Indonesian, Turkish, and traditional Chinese) around the world.[12] The brevity and ease of administration of this new instrument (see Note # 1 for availability of the scale) allows a wide range of applications in international management, as discussed ahead.

Cultural Intelligence and Management Behavior
Research with the SFCQ shows that cultural intelligence predicts:
- overall intercultural effectiveness
- socio cultural acculturation and adaptation
- the ability to develop long-term relationships with cultural different others
- the ability to make accurate attributions for the behavior of culturally different others, and
- job performance in a culturally diverse environment.[13]

The ability to predict effectiveness in working with people from different cultures and in culturally diverse situations has numerous management implications. First, and perhaps most obvious, is the usefulness of assessing cultural intelligence in selecting individuals for overseas assignments. The costs and high failure rates of expatriates is well documented.[14] Yet, many organizations continue to rely heavily on expatriates to carry out critical roles in their international operations.[15] The SFCQ's relationship to outcomes associated with overseas effectiveness, such as the ability to develop long term relationships with people from different cultures, bodes well for its inclusion as an element of the selection process. As with any psychometric instrument it should not be used as the sole predictor of effectiveness in cross cultural situations.

In addition to its use as a selection instrument for overseas assignments, the SFCQ can be an important tool in managing multicultural teams. We have long known that multicultural teams have higher potential than purely monocultural teams, particularly in creative decision making tasks.[16] However, multicultural teams often have lower performance because of their

inability to overcome cultural differences. Individuals with high levels of cultural intelligence can perform an important function in helping these teams to be more effective. Effective performance in multicultural teams depends on the full exchange of ideas among members. Culturally intelligent individuals can use their skills to encourage teammates to listen and talk to each other. They can also mediate the high levels of relationship and process related conflict often experienced by these teams.[17] Finally, cultural intelligence allows these individuals to bridge across cultural differences and reduce the time that culturally diverse teams take to reach a conclusion. Use of the SFCQ can help in identifying individuals capable of playing these bridging, integrating and mediating roles in multicultural teams.

Another area where cultural intelligence can be a distinct advantage is in negotiating across cultures. Culture affects a) the behavior of people involved in the negotiation, b) the process through which the negotiation proceeds, and c) the negotiation situation.[18] In our research with the SFCQ we found that culturally intelligent people are more likely to make correct determinations for the reasons why people who were culturally different behaved as they did. In negotiations, understanding the way in which individuals define the negotiation task, the behavioral scripts on which they base their interactions, and their goals for the negotiation can be crucial in negotiating effectively.[19] Thus the culturally intelligent person is at a distinct advantage.

We have long known that significant contact with people from other cultures has some positive benefits. An important finding in the research with the SFCQ is that having multicultural experience is related to cultural intelligence. The number of countries in which a person has lived, the number they visited and the number of languages they speak are all positively related to cultural intelligence. Understanding how people become cultural intelligent allows organizations to develop training programs that model the way in which cultural intelligence develops. The SFCQ allows us to measure the effect of multicultural experience. Organizations, through well thought out experiential programs, can systematically increase the cultural intelligence of their workforce.[20]

Conclusion

As organizations increasing face both a global knowledge based competitive environment and a more culturally diverse workforce success becomes increasingly dependent on individuals who thrive in this context. Recently we have come to understand that a specific type of ability called cultural intelligence is related to the intercultural effectiveness that is required. Here I have described a new instrument to measure this ability (the

SFCQ) that resulted from a sustained program of research. The SFCQ captures cultural knowledge, cross cultural skills and a higher order mental ability called cultural metacognition. Research with this instrument suggests that it can be helpful in a number of management areas including the selection of individuals for overseas assignments, in the management of multicultural teams, and in enhancing cross-cultural negotiation. Furthermore, by understanding how cultural intelligence develops, it is possible for organizations to develop experiential programs that increase the cultural intelligence of their workforce.

Author

David C. Thomas (PhD University of South Carolina) is the Beedie Professor of International Management at Simon Fraser University. He is the author of a dozen books including the bestselling Cultural Intelligence: Living and Working Globally, (2009, Berrett-Koehler Publishers). His book Cross-Cultural Management Essential Concepts (2008, Sage Publications) was the winner of the R. Wayne Pace Human Resource Development book of the year award for 2008. In addition, he has recently edited (with Peter B. Smith and Mark Peterson) The Handbook of Cross-Cultural Management Research from Sage Publications. His research on cross-cultural interactions in organizational settings has appeared in the leading journals in the field. He currently serves on the editorial boards of the Journal of International Business Studies, the Journal of Organizational Behavior, the International Journal of Cross-Cultural Management, and the European Journal of Cross-Cultural Competence and Management. Dr Thomas has consulted on cultural diversity issues with numerous organizations including, Tech Resources, Rio Tinto Group, Sun Microsystems, the Canadian Police College, the Royal Canadian Mounted Police, Citizenship and Immigration Canada, and Correctional Service Canada. email: dcthomas@sfu.ca

Endnotes

1. The development and validation of this new scale was originally reported in Thomas, D.C., Liao, Y., Aycan, Z., Cerdin, J.L., Pekerti, A.A., Ravlin, E.C., Stahl, G.K., Lazarova, M.B., Fock, H., Arli, D., Moeller, M., Okimoto, T.G., & van de Vijver, F. (2015). Cultural intelligence: A theory-based, short form measure. *Journal of International Business Studies, 46*(9), 1099-1118.
2. Doz, Y., Santos, J., & Williamson, P.J. (2001). *From global to metanational: How companies win in the knowledge economy.* Boston, MA: Harvard Business Press.
3. See Weber, R.A., & Camerer, C.F. (2003). Cultural conflict and merger failure: An experimental approach. *Management Science, 49*(4), 400-415.
4. Adapted from Thomas, D.C., & Inkson, K. (2017). *Cultural intelligence: Surviving and thriving in the global village.* San Francisco, CA: Berrett-Koehler.
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7. See Peterson, M.F., & Wood, R.E. (2008). Cognitive structures and processes in cross-cultural management. In Smith, P.B., Peterson, M. & Thomas, D.C. (Eds.), *Handbook of cross-cultural management research,* (pp. 15–34). Thousand Oaks, CA: Sage.

8. First introduced by Earley, P.C. (2002). Redefining interactions across cultures and organizations: Moving forward with cultural intelligence. In Staw, B. & Kramer, R.M. (Eds.), *Research in Organizational Behavior*, *24*, 271–299.

9. See Thomas, D.C., Elron, E., Stahl, G., Ekelund, B.Z., Ravlin, E.C., Cerdin, J., Poelmans, S., Brislin, R., Pekerti, A., Aycan, Z., Maznevski, M., Au, K. & Lazarova, M.B. (2008). Cultural intelligence: Domain and assessment. *International Journal of Cross-Cultural Management, 8*(2), 123–143.

10. Thomas, D.C., Stahl, G., Ravlin, E.C., Poelmans, S., Pekerti, A., Maznevski, M., Lazarova, M.B., Elron, E., Ekelund, B.Z., Cerdin, J., Brislin, R., Aycan, & Au, K. 2012. Development of the cultural intelligence assessment. *Advances in Global Leadership, 7*, 155-178.

11. Short Form Cultural Intelligence Scale (SFCQ)

12. Thomas, D.C., Liao, Y., Aycan, Z., Cerdin, J.L., Pekerti, A.A., Ravlin, E.C., Stahl, G.K., Lazarova, M.B., Fock, H., Arli, D., Moeller, M., Okimoto, T.G., & van de Vijver, F. (2015). Cultural intelligence: A theory-based, short form measure. *Journal of International Business Studies, 46*(9), 1099-1118.

13. Thomas, D.C., Liao, Y., Aycan, Z., Cerdin, J.L., Pekerti, A.A., Ravlin, E.C., Stahl, G.K., Lazarova, M.B., Fock, H., Arli, D., Moeller, M., Okimoto, T.G., & van de Vijver, F. (2015). Cultural intelligence: A theory-based, short form measure. *Journal of International Business Studies, 46*(9), 1099-1118.

14. Thomas, D. C., & Lazorva, M. B. (2013). *Essentials of international human resource management: Managing people globally*. Thousand Oaks, CA: Sage.

15. See Mobility Trends Survey Report (2016). Woodbridge IL: Brookfield Global Relocation Services.

16. See Stahl, G. K., Maznevski, M. L., Voigt, A., & Jonsen, K. (2010). Unraveling the effects of cultural diversity in teams: A meta-analysis of research on multicultural work groups. *Journal of International Business Studies, 41*(4), 690-709.

17. See Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *Academy of Management Journal*, *44*(2), 238-251.

18. See Brett, J. (2014). *Negotiating globally* (3rd ed). San Francisco: Jossey-Bass.

19. See Gelfand, M. J., & McCusker, C. (2001). *Culture, metaphor and negotiation. Handbook of cross-cultural management*. Boston: Blackwell.

20. For an example see Pless, N. M., Maak, T., & Stahl, G. K. (2011). Developing responsible global leaders through international service-learning programs: The Ulysses experience. *Academy of Management Learning & Education, 10*(2), 237-260.