

## CULTURAL INTELLIGENCE – FICTION OR REALITY?

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**Abstract:** *In today's global world cultural intelligence is an imperative, mainly in business. When Christopher Earley and Soon Ang introduced the concept of cultural intelligence at the beginning of this century and defined it as "a person's capability to function effectively in situations characterized by cultural diversity", they offered a new look at the management and leadership skills in international context. Are the Slovak enterprises aware of the need to be culturally intelligent to succeed at an international level of business? Within the research on cultural intelligence in project VEGA number 1/0781/11 – Culturally Intelligent Organization as the Next Level of the Learning Organization – we are currently measuring the cultural quotient of Slovak managers on basis of the 20-item four factor CQ scale created by the Cultural Intelligence Center in Michigan, the USA, to offer the implications to Slovak managers.*

**Keywords:** *cultural intelligence, cultural quotient, intercultural communication, managers, SMEs*

**JEL Classification:** *M12, M14*

### 1. THEORETICAL IMPLICATIONS TO CULTURAL INTELLIGENCE

The term intelligence has been used for many years to indicate the ability to acquire and apply knowledge and skills. In general we may say that the term "intelligent" means the given person is smart in acquiring and understanding the new information and at the same time in applying the gathered information and skills in practical life. However, since Howard Gardner, an American developmental psychologist, put forward the theory of multiple intelligences back in 1983 in his book *Frames of Mind: The Theory of Multiple Intelligences* (Gardner, 1983), there has been a different view of who we can consider intelligent and in which context. Gardner suggests that there is a whole range of cognitive abilities while the correlations between them are not very significant. One person may easily learn mathematics and its principles while another may have troubles to process the mathematical operations. However, according to Gardner this does not mean the second person is unintelligent for not being analytical or logical enough. He or she may be learning the same skill through a completely different method or understanding, possibly at a deeper and more fundamental level than person number one, which would mean his or her mathematical intelligence is even higher than the person who learned faster. Apart from this logical-mathematical intelligence, Gardner defines the following intelligences: spatial, linguistic, bodily-kinesthetic, musical, interpersonal, intrapersonal, naturalistic and existential (Gardner, 1983). Gardner has been criticized for using the term intelligence to name the abilities and aptitudes, however, his research opened up new horizons stating that the traditional interpretation of intelligence fails to take into consideration all forms of mental qualities, not only the ones measured by the IQ. As it can be easily understood from the names of the intelligences, the first five (logical-mathematical, spatial, linguistic, bodily-kinesthetic and musical) concern primarily the individual himself and apply in learning in five different ways that the individual can benefit from. The interpersonal

and intrapersonal intelligences relate to interactions of the individual with the others and with himself. Finally, the naturalistic and existential intelligences are related to the surrounding environment of the individual and one's concern with ultimate issues. It should be noted here that there is another candidate for being potentially included in Gardner's list of intelligences and that is moral intelligence (Smith, 2002, 2008). However, Gardner is reluctant in adding moral intelligence into the list as he argues that researchers have not yet captured the essentials of the moral domain as an instance of human intelligence.

For the purposes of our research and conclusions it needs to be pointed out that in his book *Frames of Mind* Gardner himself places emphasis on the role of culture, stating inseparability of one's intellect from their cultural setting. He claims that both culture and intellect are individual constructs which shape and at the same time constrain each other. His interest was to inspire anthropologists to develop a model of how intellectual competencies of an individual may be fostered in different cultural settings (Gardner, 1983, p. 10). Therefore Gardner's research and theory of multiple intelligences is extremely significant for our research into cultural intelligence.

Of Gardner's intelligences the interpersonal and intrapersonal intelligences appear to be most closely related to the area of our research, i.e. the emotional intelligence and the cultural intelligence. As Gardner defines the interpersonal intelligence as "*the capacity to understand the intentions, motivation and desires of other people which allows people to work effectively with others*", and intrapersonal intelligence as "*having a deep understanding of the self, one's strengths and weaknesses, uniqueness and ability to predict one's own reactions and emotions*" (Smith, 2002, 2008), these definitions greatly correspond with how Daniel Goleman defines the emotional intelligence as: "*managing one's feelings so that they are expressed appropriately and effectively, enabling people to work together toward their common goals*" (Goleman, 1995).

The model of emotional intelligence as introduced by Daniel Goleman outlines five main domains through which it displays: self-awareness, self-regulation, social skills, empathy and motivation. With each of these domains Goleman includes a set of emotional competencies, which, according to the author, are learned capabilities that must be worked on and developed, rather than mere talents. What Goleman states is that individuals are born with a general emotional intelligence which determines their potential to learn these emotional competencies. (Goleman, 1995)

Both Gardner's and Goleman's definitions suggest the individual's capacity to deal with own emotions and relationships with other people, which led us to further development of the idea and its applications in the business sphere within our research project VEGA 1/0781/11 "Culturally intelligent organization as the next level of the learning organization". As the title suggests, we are concerned with measuring the cultural intelligence which we consider an extension of the emotional intelligence as applied in culturally diverse environments.

The concept of the cultural intelligence was first defined by Christopher Earley and Soon Ang (2003) as: *"a person's capability to function effectively in situations characterized by cultural diversity"*. Christopher Earley and Elaine Mosakowski later on described cultural intelligence in October 2004 issue of Harvard business Review (Earley, Mosakowski, 2004) and since then the cultural intelligence has been gaining popularity throughout the business world. David Livermore suggests that having a high IQ or EQ is not enough in today's global and multicultural business environment. Through the concept of cultural intelligence he shows a different way to approach the challenges and opportunities in today's global economy (Benčíková, 2011).

## 2. CULTURAL INTELLIGENCE AND ITS MANIFESTATION

The concept of cultural intelligence, which was coined and developed in the first decade of the 21<sup>st</sup> century, suggests that knowledge of one's cultural intelligence provides insights into his or her capabilities to cope with multicultural situations, and enables to engage in intercultural interactions appropriately and perform effectively in culturally diverse work groups (Earley, Ang, 2003). In relation to the cognitive intelligence (measured by the intelligence quotient – IQ) and the emotional intelligence (measured by the emotional quotient – EQ) cultural intelligence can be considered an extension of the two by focusing on specific capabilities that are important for high quality personal relationships and effectiveness in culturally diverse situations.

Emotional intelligence is different from the cultural intelligence in a way of focusing on the general ability to perceive and manage emotions without considering the cultural context an individual is surrounded by. To prove the justifiability of cultural intelligence it needs to be emphasized that according to researchers Soon Ang and Linn VanDyne the ability to encode and decode emotions in the home culture does not automatically transfer to unfamiliar cultures (Ang, VanDyne, 2008, p. 9). Simply said, cultural intelligence focuses on a specific domain – intercultural situations and settings. Therefore a person with high EQ in one cultural context may not function at the

same level of emotional intelligence in another culture. On the other hand, it needs to be stressed that cultural quotient is culture-free. This means that it refers to a general set of capabilities with relevance to situations characterized by cultural diversity without being related to only one particular culture or nation (Malá, 2012) as it refers to a general set of capabilities with relevance to situations characterized by cultural diversity without being related to only one particular nation or cultural group.

Cultural intelligence is developed within three different levels: through cognitive, physical and motivational means. The cognitive aspect is represented by the head, which suggests that through learning about one's own culture and other cultures, awareness of existence of cultural diversity as well as through acquiring intercultural information, an individual may increase the cognitive understanding which is fundamental to functioning in an intercultural environment. The physical aspect – body language, paralinguistic and other manifestations of non-verbal communication determines how an individual is able to blend within an intercultural environment and physically adjust to it. The third component of the cultural intelligence is motivation, i.e. internal motivation to adapt, perform and adjust successfully to culturally diverse situations (Benčíková, 2011).

All three components of the cultural intelligence manifest through four different areas or factors, as created and defined by the Cultural Intelligence Center (CIC) at Michigan State University: CQ strategy, CQ knowledge, CQ motivation and CQ behavior ([www.culturalq.com](http://www.culturalq.com)). Researchers at the CIC have developed a 20-item four factor CQ scale to assess cultural intelligence while all responses are based on the 7 level Likert scale, from number 1 (strongly disagree) to number 7 (strongly agree). For the purposes of our research we have decided to use this assessment tool to measure the cultural intelligence of Slovak managers of small and medium enterprises. The 20-item four factor CQ scale is shown in table 1.

CQ strategy represents the metacognitive component of cultural intelligence. It reflects the processes people use to acquire and understand cultural knowledge, e.g. strategizing before stepping into an intercultural situation or adjusting one's mental maps in case the experiences differ from our expectations. Metacognitive CQ is therefore not based on knowledge of the other cultures. CQ knowledge is an individual's understanding of how cultures are similar and how they are different. It reflects general knowledge about cultures, their values, economic and legal systems, religious beliefs, and the language. Motivational factor of the CQ means a direction of energy which people apply toward learning about the intercultural situations and what effort they put into functioning in them. Motivation is demonstrated through drive and confidence. Behavioral CQ includes capability to adapt one's verbal and nonverbal behavior so it is appropriate for interaction with other cultures. It has a lot in common with adaptability of a person to different conditions.

The four above described components of cultural intelligence can be represented by the following four attitudes towards intercultural issues and situations: 'I strategize' (CQ strategy), 'I know' (CQ knowledge), 'I want' (CQ motivation) and 'I do/I make it happen' (CQ behavior).

**Table 1** 20-item Four Factor Cultural Intelligence Scale

<b>CQ Strategy:</b>	
MC1	I am conscious of the cultural knowledge I use when interacting with people with different cultural backgrounds.
MC2	I adjust my cultural knowledge as I interact with people from a culture that is unfamiliar to me.
MC3	I am conscious of the cultural knowledge I apply to cross-cultural interactions.
MC4	I check the accuracy of my cultural knowledge as I interact with people from different cultures.
<b>CQ Knowledge:</b>	
COG1	I know the legal and economic systems of other cultures.
COG2	I know the rules (e.g., vocabulary, grammar) of other languages.
COG3	I know the cultural values and religious beliefs of other cultures.
COG4	I know the marriage systems of other cultures.
COG5	I know the arts and crafts of other cultures.
COG6	I know the rules for expressing non-verbal behaviors in other cultures.
<b>CQ Motivation:</b>	
MOT1	I enjoy interacting with people from different cultures.
MOT2	I am confident that I can socialize with locals in a culture that is unfamiliar to me.
MOT3	I am sure I can deal with the stresses of adjusting to a culture that is new to me.
MOT4	I enjoy living in cultures that are unfamiliar to me.
MOT5	I am confident that I can get accustomed to the shopping conditions in a different culture.
<b>CQ Behavior:</b>	
BEH1	I change my verbal behavior (e.g., accent, tone) when a cross-cultural interaction requires it.
BEH2	I use pause and silence differently to suit different cross-cultural situations.
BEH3	I vary the rate of my speaking when a cross-cultural situation requires it.
BEH4	I change my non-verbal behavior when a cross-cultural interaction requires it.
BEH5	I alter my facial expressions when a cross-cultural interaction requires it.

Source: <http://culturalq.com/images/20itemscale.pdf>

### 3. RESEARCH ON MEASURING CULTURAL INTELLIGENCE IN SLOVAK SMES

In the first phase of project VEGA 1/0781/11 “Culturally intelligent organization as the next level of the learning organization” we conducted a research focused on the emotional intelligence of Slovak managers which represented a foundation for the second phase of research – measuring the cultural intelligence of Slovak managers of small and medium enterprises. We claim that there is a close relation in between the abilities which both intelligences represent. Since the emotional intelligence aspect is considered and accepted as very important in the work of managers in a learning organization (Minárová, 2012), we have formulated an assumption that the cultural intelligence of managers will be of no less importance, mainly for managers who operate on an international level. As it has been said above, Goleman defined five main domains of emotional intelligence (EQ) which we related to the four cultural intelligence (CQ) factors. We claim that while the emotional intelligence focuses on general abilities necessary to deal with emotions, the cultural intelligence applies them to culturally diverse situations and intercultural or multicultural environments. In the following table we illustrate how the EQ domains and CQ factors overlap in skills, abilities and behaviors which characterize them.

**Table 2** Relation between emotional intelligence and cultural intelligence

Emotional intelligence domains	Description	Cultural intelligence factors
self-awareness	⇔ recognizing and understanding emotions recognizing and understanding differences ⇔	CQ knowledge
self-regulation	⇔ ability to manage and modify one's emotions ability to cope with and adapt to diversity ⇔	CQ behavior
motivation	⇔ capacity and motivation to pursue goals with persistence capacity and motivation to persist in coping with diversity ⇔	CQ motivation
empathy	⇔ ability to relate to other people's emotions ability to relate to other ways and not to judge them ⇔ ⇔ altering behavior according to emotional reactions of others adjusting behavior to culturally different environments ⇔	CQ strategy CQ behavior
social skills	⇔ ability to manage relationships and build rapport ability to deal with and adapt to culturally diverse environments ⇔	CQ behavior

Source: own elaboration

From the table above it can be concluded that the emotional and the cultural intelligences have many similar foundations. This justifies the importance and significance of our research in which we consider cultural intelligence to be an extension to the emotional intelligence and apply it in business sphere. The following lines provide description of the current phase of our research, hypothesis, sampling and the findings of the pilot research that has been completed in March 2013 for the purposes of this paper, as well as outcomes which provide the basis for further steps of applications of cultural intelligence phenomenon in business.

#### 3.1 Objectives, hypothesis, sampling and research methods

The main objective of our research of cultural intelligence is to measure the cultural intelligence of Slovak managers of SMEs at all managerial levels and suggest how knowing the value of CQ may help Slovak small and medium business to become more successful and efficient by applying the findings into their company culture, and/or into training managers in the field of cultural intelligence. One of the secondary goals is to compare the values of the CQ of managers who are in direct contact with a foreign culture or cultures or work in a multicultural environment with those who operate only in the Slovak market or in mono-cultural environment.

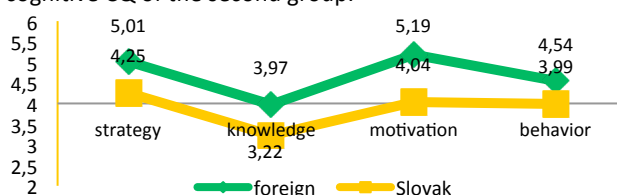
This is the main focus of the current phase of our research into cultural intelligence of Slovak managers of SMEs which is aimed at two different groups of respondents. The first target group is managers in Slovak SMEs which operate at an international level. This means the managers are in contact with other cultures, either through external business partners or by internal factors, i.e. working in a multicultural environment within the company. The second group of respondents is managers who operate in the Slovak market, have only or mainly Slovak partners and work in mono-cultural environment within their company. Since we have two different target groups, we have formulated hypothesis 1 ( $H_1$ ) as follows: Slovak managers of SMEs who are in contact with other cultures have higher values of CQ compared to Slovak managers of SMEs whose business is conducted within the Slovak market. For the purposes of our research of cultural intelligence we have used the 20-item Four Factor Cultural Intelligence Scale created by the Cultural Intelligence Center, Michigan, USA. The scale was translated into the Slovak language and distributed among managers of Slovak and international/multinational businesses in the Slovak Republic. Our sample of managers was chosen randomly with the use of simple random sampling mainly due to the reason that our sample (Slovak managers of SMEs at all levels of management) was quite large. We have combined this method with convenience sampling in a way of addressing the respondents who were available and not proactively seeking out the target subjects of our research. The reason for the choice of convenience sampling method was that the students of our Bachelor's English study program of Business Economics and Management, as well as the students of the Master's Study program of Corporate Economics, who were assigned to address the respondents, came from different part of Slovakia and had opportunity to address respondents primarily in their regions. As it has been said above, the main research method we have used was the questionnaire (the 20 item CQ scale) containing 20 questions which was distributed with the help of students but also by the researchers themselves. We have decided to involve students in the research as this provided us more opportunities to access all regions of the Slovak republic and address some respondents personally. When personal contact was chosen, respondents had a chance to discuss the concepts with the students or researches and provide them with valuable feedback which proved interest in the cultural intelligence, mainly with those respondents who work with other cultures on a daily basis and therefore understand the importance of abilities, skills, knowledge and personal qualities CQ is encompassing.

### 3.2 Analysis and results of the research

The current phase of the research will be finalized in May/June 2013. By that time we plan to address the total number of 300 respondents – managers of Slovak SMEs at different levels of management, from lower to top managers. For the purposes of this paper we have used the information gained from the total number of 134 addressed respondents, while 120 were sent the link to an online questionnaire and asked to complete it, and 14 respondents were visited personally and the data was filled in the online questionnaire by the researchers. The data was collected in February and March 2013. We have received 106 responses,

which represents 79.1% return. Therefore it may be claimed that our sample is representative. Out of 100 total respondents who filled in the questionnaire, 62 were managers working in international or multinational companies operating in Slovakia or Slovak companies having foreign business partners, which represented the first group significant for our research (foreign). Examples of companies we addressed the respondents in are: Orange, IMB, Proctor and Gamble and Meopta. 44 respondents were managers working in Slovak companies who do not have foreign business partners and are not in direct contact with other cultures in their work. These represented the second group (Slovak). The aim was to compare the CQ values of both groups to prove hypothesis 1: Slovak managers of SMEs who are in contact with other cultures have higher values of CQ compared to Slovak managers of SMEs whose business is conducted within the Slovak market.

As it can be seen in Table 1, the cultural intelligence is measured within four different factors – CQ strategy (4 questions), CQ knowledge (6 questions), CQ motivation (5 questions) and CQ behavior (5 questions). As the first step of data evaluation we calculated the mean values for individual questions separately for each group (foreign and Slovak) and found out that the mean values of CQ of the first group (foreign) are higher than the mean values of the second group (Slovak) in all 20 questions. To simplify the interpretation of the results we have decided to evaluate the four individual factors of cultural intelligence and compare the total values in each of the four: strategy, knowledge, motivation and behavior in both target groups of respondents. Graph 1 illustrates the differences between the two target groups of respondents (foreign and Slovak) in total values of the CQ of Slovak managers in the four CQ factors. The values shown correspond with the values of the Likert scale with the lowest value of 1 (strong disagreement) and the highest value of 7 (strong agreement). The middle value of 4 represents a critical line separating the positive and negative trend in CQ in both groups. Values above the critical line can be considered high and values below the critical line are low. We can see that the total values of the CQ of managers who are in direct contact with foreign partners or clients are above the neutral value of 4, except for the cognitive factor of CQ where in both groups we have obtained the lowest scores. The second group of managers, who are not in direct contact with other cultures, shows values above 4 in metacognitive and motivational factors of the CQ while in cognitive and behavioral factors the values are below 4. The highest score was obtained in motivational CQ of the first group of managers and the lowest score in cognitive CQ of the second group.



**Figure 1** Total values of CQ of Slovak managers

Source: own elaboration

Our research has proved that there are differences in values of the CQ of Slovak managers who are in direct contact with different cultures and the Slovak managers

who operate only within the Slovak market and with Slovak business partners. We can confirm hypothesis 1 ( $H_1$ ). As shown in Table 3, the biggest difference (1.15 points of the Likert scale) has been noted in the motivational factor, followed by the strategy (0.76) and the knowledge (0.75) factors and the smallest one (0.55) in the behavioral factor.

**Table 3** Differences in CQ values

CQ	MC	COG	MOT	BEH
foreign	5.01	3.97	5.19	4.54
Slovak	4.25	3.22	4.04	3.99
difference	0.76	0.75	1.15	0.55

Source: own elaboration

From these findings we may conclude that Slovak managers who cooperate with foreign business partners and/or work in multicultural working environment enjoy interacting with different cultures and show great deal of confidence in socializing and adapting to culturally diverse settings when compared to Slovak managers who are not in direct contact with different cultures. The second highest score was obtained in metacognitive CQ of the first group, which proves that these managers are conscious of their cultural knowledge they apply in intercultural interaction. The lowest total values of both groups were noted in the cognitive factor of CQ of both groups. This can be interpreted of not being knowledgeable enough of different cultural values, norms and customs.

#### 4. CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH

Slovak managers of small and medium businesses are aware of the existence of the cultural intelligence and its importance for doing business with foreign partners and at the same time its need in multicultural working environments. They show relatively high values of cultural intelligence, mainly in the motivational factor where we have obtained the highest score. Managers who are in

direct contact with other cultures are motivated to cope with stress arising from adjusting to culturally diverse situations. They possess the drive to interact with representatives of other cultures and enjoy living in different than mono-cultural, Slovak, environment. This is a positive trend and proves that the experience resulting from the intercultural interactions brings motivation to interact further. On the other hand, surprisingly for our research team, the lowest scores were obtained in cognitive CQ which means that both groups of managers are on the negative side of the critical line and do not show high enough knowledge of other cultures, their customs, norms, values or rules of verbal and non-verbal behavior. In one of the previous stages of our research we looked into intercultural training of Slovak managers in Slovakia, finding out that from the sample of 57 educational companies who offer training for Slovak managers, only five (8.7%) offer courses aimed at intercultural knowledge. We can conclude that this lack of offer of intercultural oriented courses in the Slovak educational market is part of the reason that managers lag behind in the cognitive aspect of the cultural intelligence. As it was already mentioned above, in our research we have used the 20-item four factor CQ scale as developed by the American researchers. The questions that were asked within our research were of general character and we assume it is partly due to the fact that the questionnaire was created and first used in a highly multicultural society as the American one is. Our further steps will be to adapt the questions to the business environment while maintaining the overall structure of the CQ scale and its four factors. This will allow us to develop a tool for measuring the cultural intelligence in Slovak small and medium businesses which can utilize the knowledge of their CQ scores in their continuous development and become more efficient in the global market.

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