Leading with Cultural Intelligence

The New Secret to Success

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INTRODUCTION

Cultural intelligence (CQ) is a set of skills that facilitates effective cross-cultural management. Instead of learning the intricacies of the culture and practices of every nation, CQ provides a broad-based model that helps leaders build trust with foreign colleagues, negotiate contracts with international organizations, and manage diversity in the domestic workplace.

The CQ model is based on four components: 1) cultural drive, 2) cultural knowledge, 3) cultural strategy, and 4) cultural action. Together, these four dimensions of cultural intelligence enhance the effectiveness of leadership in a global world.

The Importance of Cultural Intelligence

The skills to lead effectively and confidently in diverse cultures and the sensitivity to lead with respect are important for top executives in multinational organizations, as well as any leaders who are exposed to a multitude of cultures on a daily basis. This cultural intelligence can enhance performance in a number of ways: reducing the time it takes to complete a job, decreasing frustration and confusion, and ultimately increasing revenue. Cultural intelligence is particularly important for five reasons:

1. Understanding different customers. As Chinese, Indian, and other foreign economies rapidly expand, the number of overseas customers will continue to increase. Knowledge of local culture is essential to effectively serve customers in emerging international markets.

2. Management of multicultural teams. Communication with diverse employees, both in the local workforce and abroad, is crucial to an organization’s ability to succeed. Employees and clients are located around the globe, and CQ helps the
leader to adapt policies and strategies to apply to various cultural groups.

3. Recruiting and developing talent. There is strong competition for good employees, and many companies now recruit globally. In addition, cultural issues can make it difficult to retain employees from different nations and ethnicities. CQ increases an organization’s ability to find, grow, and retain cross-cultural talent.

4. Adapting the leadership approach to different cultures. Cultures respond differently to various leadership styles, and CQ is necessary to tailor the leadership approach to be the most effective in a given culture. For example, in Germany managers involve employees in decision making, while in Saudi Arabia managers are more effective if they make independent authoritative decisions.

5. Showing respect. Cultural intelligence increases the capacity to treat others with honor, dignity, and kindness. CQ is not only necessary for higher profits and a competitive edge, but it helps to communicate respect for people from other cultures.

Cultural intelligence is different from other theories on global leadership in a number of key ways. The cultural intelligence concept is based on research and tests in multiple cultures. Cultural intelligence in 25 countries was measured and analyzed to determine which methods are the most effective. CQ is linked to the theory of intelligences research, meaning that it is connected to motivational, cognitive, meta-cognitive, and behavioral studies. Cultural intelligence focuses on behavior learned through education and experience, not inherent personality characteristics that are difficult to change. Cultural intelligence acknowledges that personal interests, thoughts, and behavior influence the leader’s individual interaction in a cross-cultural situation. Accordingly, it emphasizes an overall understanding of other cultures, and it does not require comprehensive knowledge of specific information about every individual culture.

The Four Components of Cultural Intelligence

Cultural intelligence is based on four components: drive, knowledge, strategy, and action. Cultural drive is the motivation generated by a personal enjoy-

**KEY CONCEPTS**

Cultural intelligence (CQ) is a set of skills that facilitates effective cross-cultural management. The CQ model is based on four components:

1. Cultural drive can be developed by an interest in unfamiliar food, appreciation for foreign art, and participation in sports in another country. Motivation can also come from an awareness of the personal, professional, and humanitarian benefits of cultural intelligence.

2. Cultural knowledge requires awareness of how people in other cultures think and act, their core cultural values, and an understanding of the way cultures address basic needs.

3. Cultural strategy involves actively thinking and adapting behavior to plan for new cross-cultural situations. CQ strategy comes from an awareness of one’s surroundings, application of the knowledge gained from awareness to new situations, and checking to make sure that interpretations are accurate and plans are effective.

4. Cultural action entails using verbal behavior, non-verbal behavior, and speech to effectively communicate in a cross-cultural environment. It is developed by adapting communication to a new cultural context, changing negotiation tactics, and knowing when adaptation is not appropriate.

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ment of engaging in cross-cultural activities. Cultural knowledge is an understanding of cultural systems and cultural norms and values. Cultural strategy uses cultural knowledge to plan for a particular cross-cultural encounter. Cultural strategy also requires monitoring the cross-cultural approach to determine if the strategy is effective. Cultural action involves tailoring verbal and non-verbal communication to meet performance goals.

While Livermore believes that individual education and experience influence the level of cross-cultural sensitivity, he acknowledges that certain abilities and skills predictably increase the strength of the four CQ dimensions, and consequently enhance the ability to function in different cultures. For example, extroverts may have a higher level of cultural drive, knowledge, and action. A natural openness to new experiences will promote all four dimensions. Ultimately, however, past experience and future learning opportunities can improve the ability to develop cultural intelligence. A history of cross-cultural assignments, college and post-graduate education, and experience working with multicultural teams can all lead to higher cultural intelligence.

The cultural intelligence scale (CQS) is an assessment tool designed to measure mastery of the four dimensions of cultural intelligence. The CQS is a questionnaire that is administered at two levels: an individual assessment and a peer assessment. Thus, the CQS considers an individual’s own perception of their accomplishments and gauges how others rate one’s level of cultural intelligence. The CQS can be used to assess capacity to fill a position overseas, to conduct diversity training, and even just for personal development.

Leaders are needed who can help teams form a local identity while still retaining the values of the organization as a whole.

The CQS rates each of the four dimensions and then averages the four results to obtain a score. While all four dimensions of cultural intelligence can be developed simultaneously to increase one’s CQ score, Livermore suggests that the learning process should be viewed as a cyclical progression. Cultural drive provides the motivation to pursue cross-cultural knowledge. The knowledge forms an understanding of basic cross-cultural issues. This understanding is the foundation for the development of strategy, which enhances the ability to engage in action. Positive results from action generate motivation to begin the cycle again. Ideally, each time that the cycle is repeated, one’s cultural intelligence skills will become more effective, and the CQS score will increase.

Drive

The four-step approach to developing cultural intelligence starts with generating drive. Inherent in the motivation to pursue cross-cultural activities is an appreciation for the value of people from different cultures. Diversity training teaches one how to talk to others with respect, but it is fundamental to build a genuine respect for differences. Cultural drive provides motivation to adapt to these cross-cultural differences. Leaders with high drive are excited by new experiences and energized by visiting new places. Drive gives them the ambition to perform effectively under sometimes challenging conditions. CQ drive can be developed in five ways:

1. **Be honest with yourself.** Acknowledge biases, fear, and even a lack of interest in cross-cultural work.
Leading with Cultural Intelligence

Recognizing prejudice allows one to control how it affects actions and communications. Assessing the reasons for one's lack of motivation can help identify other aspects of cross-cultural work that are more interesting.

Without adequate drive and confidence, leaders will continue to struggle in cross-cultural work.

2. **Raise your confidence level.** Having confidence in one's ability to effectuate a positive outcome affects one's ability to achieve goals. Without such confidence, a leader may be reluctant to pursue cross-cultural situations that are unfamiliar or challenging.

3. **Eat local food and socialize.** Livermore advises people to try at least a few bites of the local cuisine. Trying something different opens up new culinary experiences and often helps connect with people and integrate into the culture. In addition, food, arts, and sports are common interests that can motivate one to try new experiences. However, Livermore cautions that eating and socializing in an unfamiliar environment may be challenging, particularly for introverts. He advises that occasional withdrawal to spend time in a more familiar social context is necessary to “recharge.”

4. **Focus on the rewarding experiences.** An executive who is adept at cross-cultural leadership may benefit from career advancement and an enhanced ability to think creatively. Cultural intelligence can open up personal and professional opportunities through global networking. Leaders with effective cross-cultural skills are in high demand and command higher salaries. The potential benefits of becoming more culturally intelligent provide motivation to increase one's cultural intelligence level.

5. **Pursue the “triple bottom line,” fiscal profit, human welfare, and environmental responsibility.** Companies operating in foreign markets have to make a profit, but they also have an opportunity to positively influence and help developing nations. An altruistic motivation can help one see the big picture, overcome any fears or bias, and persevere to succeed in a foreign environment.

Overall, the “best practices” for developing cultural drive include thoroughly understanding the economic disadvantages of operating in a global world without cultural intelligence, and also appreciating the capacity of cultural intelligence to make the world a better place. Drive and confidence come from embracing all opportunities to gain international experience, and connecting that experience with personal interests.

**Knowledge**

The second step in developing overall cultural intelligence is cultural knowledge. Knowledge is an awareness of how people in other cultures think and act. It is an understanding of how cultures differ. According to Livermore, there are four ways to gain cultural knowledge:

1. **Understand the impact of other cultures on individual perception, thoughts, and actions.** Culture is a collection of shared norms, customs, and values. Culture varies among nations, and it is important to develop an understanding of shared cultural traits and values and systems that are unique to a culture. Obvious manifestations of culture include food, clothing, and art. Below the surface, culture also includes beliefs and feelings. Cultural knowledge includes the capacity to distinguish between behavior that is universal to all people, behavior that is influenced by culture, and behavior that stems from individual personality characteristics.

2. **Understand the way cultures address basic needs.** These cultural systems include:

   - **Economic Systems.** An economic system is a cultural system designed to meet a society’s need for food and shelter. Understanding whether the economic system is socialist or capitalist, and understanding the basic mechanics of the type of system will greatly enhance successful cross-cultural work experiences. For instance, an understanding of the economic system will guide human resource policies such as compensation and benefits. It also guides action in
that leadership strategy in a capitalist culture may use competition as motivation, while urging cooperation is a more successful motivator in socialist cultures.

- **Family systems.** Family systems may be based on the immediate nuclear family. Alternatively, in kinship based systems, the household includes the extended family. The type of family system dictates what relationships are important. For example, in cultures with kinship systems, companies are often operated by generations of family members. A foreign entity seeking to do business with one of these companies may need to collaborate with the family to gain cooperation and approval from the head of the company.

- **Educational systems.** Educational systems direct what teaching methods work, and they define what sources of information are important. In formal educational systems, academic research may be well respected, while in informal systems conventional wisdom is more important. Knowing the system in place is essential to design training programs and to create strategies to implement new ideas.

- **Legal and political systems.** Legal systems are developed to maintain order and protect rights. Knowledge of the system, whether formal or informal, is crucial to negotiate with officials and to successfully conduct business in a culture. For example, giving a gift to an official is expected in some cultures, but in other cultures it may constitute a criminal offense.

- **Religious systems.** Religious systems vary greatly. Some are based on a rational scientific belief system, while others take a more spiritual approach. The former systems tend to emphasize hard work and individual responsibility, while the latter systems typically have a more supernatural view of good and evil. Cultural knowledge includes avoidance of practices that would be considered offensive, and a study of how religious beliefs affect business decisions. It does not require abandoning one’s own religious convictions, but instead it necessitates understanding and respecting the beliefs of others.

- **Artistic systems.** Some artistic systems are based on precise boundaries and categories, while art in other cultures may be more fluid and flexible. Websites, symbols, icons, and logos need to be tailored to the aesthetics of the culture. In addition, it is important to become knowledgeable about cultural icons. For example, lions are revered in China. Inappropriately using the symbol of a lion for marketing purposes in China may be offensive.

Cultural intelligence is a transformative model of cross-cultural behavior and leadership rather than a model built primarily on behavior modification strategies.

3. **Learn the core cultural values.** Although common stereotypes are not universally applicable, they provide a foundation for building cultural knowledge. Livermore uses five scales to measure differences in core cultural values: time, context, individualism, power distance, and uncertainty avoidance.

- **Time.** Great Britain uses clock-based timekeeping that focuses on punctuality. On the contrary, Mexico uses event-based timekeeping, where spontaneity is valued and events take place when the time is right rather than arbitrarily affixing an hour of the day.

- **Context.** Australia has a high-context rating, while China has a low-context rating. In Australia, common history obviates the need for detailed explanations, but in China people are more diverse and explicit instructions and directions are displayed.

- **Individualism.** Thailand scores a 20 on the individualism scale and the United States scores a 91. In the United States, commitment to do what is best for the individual is most
important, and people want to stand out. In Thailand, collectivism is more important than individualism. Emphasis is on loyalty to the group, and people want to blend in. This distinction is particularly important in rewarding employees. In an individualist culture, public recognition of an employee’s performance is a positive motivator, whereas in a collective culture, designating an employee of the month is less effective than providing recognition for the group or team.

- **Power distance.** Israel scores very low on the power distance scale, and Malaysia scores high. In Israel, there is little distance between managers and employees, and employees freely participate in decision making. Leaders and followers may socialize together. In Malaysia there is a large distance between leaders and followers. In Malaysia, titles confer status and command respect. Managers do not socialize with their subordinates, and leaders are expected to direct and guide with little to no participation from their followers.

- **Uncertainty avoidance.** Russia is much higher than Hong Kong on the uncertainty avoidance scale because people in Russia value predictability over uncertainty and ambiguity. They prefer detailed instructions and timetables for projects. On the low end of the scale, people in places such as Hong Kong work better with loose instructions and flexible deadlines. When working in a country with high uncertainty avoidance, a leader has to give explicit directions, but when working in a country with low uncertainty avoidance, it is preferable to allow the employee to explore ways to accomplish a project.

4. **Understand different languages.** Clear communication is crucial to working in another culture. Learning to use appropriate language is a key element of building cultural knowledge.

As a whole, some practical methods to develop cultural knowledge include learning a new language (learning a few words and phrases is helpful), reading books and news stories about the culture, doing research about the history of a nation, and even just going to the grocery store in a foreign country.

**Strategy**

The third step towards increasing cultural intelligence is implementing cultural strategy. Strategy is the application of cultural understanding to be a more effective leader. It involves actively thinking, adapting behavior, and ultimately becoming more innovative. Leaders with high cultural strategy are adept at planning for new cross-cultural situations. Strategy is developed in three ways:

1. **Awareness.** Setting aside assumptions and routine will allow one to become more conscious of their surroundings and to better distinguish between observations and interpretations. Awareness facilitates interpreting behavior and actions in an unfamiliar environment. It includes both self-awareness, and an awareness of one’s external environment. Awareness is enhanced by spending time with global partners, listening to what they and others have to say, gathering information about other cultures from sources such as the internet and newspapers, and observing cultural trends in art and movies.

2. **Planning.** Apply the knowledge gained from awareness to new situations. Think ahead about how behavior and actions need to be adjusted in a different culture, and recognize patterns in different contexts. For example, planning for a meeting may include determining how much socializing is appropriate in the culture prior to the discussion of business, and ascertaining who should provide direction for the meeting.

3. **Checking.** Make sure interpretations are accurate and plans are effective. Evaluate responses to check whether the applied strategy is working.
Best practices to develop cultural strategy include questioning why things happen a particular way, keeping a journal to become more self aware, enlisting help with planning, and finding someone who can provide cultural guidance.

Action

Cultural action is the fourth dimension of cultural intelligence. Action entails using verbal behavior, nonverbal behavior, and speech to effectively communicate in a cross-cultural environment. A leader with high cultural action is skilled at using drive, knowledge, and strategy to take action that is appropriate under the circumstances. Cultural action is developed in three ways:

1. **Adapt communication.** Adapting communication to a new cultural context requires Drive or motivation to learn to communicate in an effective manner, Knowledge to identify words and topics that are appropriate, and Strategy to develop an effective communication style. The action itself includes words, delivery, and nonverbal action.

   - **Words.** The topics of discussion must be appropriate to the culture. In addition, in some cultures it is appropriate to give direct orders to a subordinate. However, in other cultures it is more appropriate to request assistance. One must know when one has done something that is offensive and an apology is warranted. It is equally important to know how to apologize. One should also know how and when to give and receive compliments.

   - **Delivery.** Knowing the appropriate method of delivery (e.g. in person or by telephone) and style is important. To non English speaking audiences, speak slowly and clearly. Using visual aides such as pictures and graphs can be helpful.

   - **Nonverbal communication.** Different cultures have varying standards for nonverbal communication, such as the distance between people (personal space), touching, body position (sitting, standing, bowing, etc.), gestures, facial expressions, and eye contact. One does not have to become familiar with practices in every culture, but one should be able to observe and adapt to local practices.

2. **Change negotiation tactics.** Successful cross-cultural negotiation requires careful attention to timing, style, flexibility, and respect. Between cultures the amount of time to negotiate a contract varies. In some cultures it is essential to build a relationship first, but in other cultures excessive socializing during negotiations may be perceived as a waste of time. Aggressive negotiation is appropriate in some cultures, whereas listening and enlisting cooperation is a more successful approach in other cultures. It is important to remain flexible in negotiations, and to always act with honor and respect to build trust.

The best practices to hone cultural action skills include learning from our motivation, cultural understanding, and strategies to appropriately adapt our communication and negotiation practices.

3. **“Know when to flex.”** There are times when it is necessary to adapt behavior to another culture, but a successful cross-cultural leader recognizes that in some circumstances adaptation is not appropriate. For example, too much effort to mimic another culture may be seen as humorous, deceptive, or even offensive. Television and movies create an expectation of how people from different cultures should act, and adapting behavior should be reserved for situations where it is necessary to accomplish an objective.

The best practices to hone cultural action skills include learning the important practices, knowing which actions to avoid, and soliciting feedback. Traveling with another person may help with an assessment of whether actions are appropriate and effective. Domestically, human resource personnel should assess the action level of any potential manager. Companies should encourage diversity and impose strict discipline on any employee using culturally inappropriate or offensive language.
Throughout all four dimensions of CQ, the pursuit of cultural intelligence has to take place on an individual level and at the level of an organization. Cultural intelligence can be developed in daily activities by reading foreign books, attending foreign films, eating at foreign restaurants, learning another language, taking classes, traveling, and going to museums and other cultural events.

**Implementation of Cultural Intelligence**

At the entity level, an organization has to establish CQ goals. Senior leaders have to see cultural intelligence as a priority, and they have to understand how the organization can benefit from cultural intelligence. The entity has to hire personnel with high CQ scores and develop cultural intelligence in other employees. In particular, human resource personnel and managers who travel internationally should possess an interest in different cultures, language skills, the ability to plan for cross-cultural interactions, and the capacity to tailor communication and negotiation methods in different cultural environments. An organization should reward its employees for developing and practicing cultural intelligence.

To succeed in a global world, an organization has to incorporate cultural intelligence in its marketing, research and development, and production. It has to form structures to implement these strategies. For example, McDonald’s markets a vegetarian burger in India to show respect for Hindu beliefs about eating beef, and universities tailor their programs to meet the academic and personal needs of their international students.

Entities have to incorporate cultural intelligence in decision making, and they have to adopt a CQ training plan. Training should be “hands on” and interesting to increase motivation, and it should be targeted to the specific job needs of the employee. As part of the training, employers can engage employees in developing an individual plan to develop cultural intelligence. The employers can offer language and skills classes and coaching and training opportunities to fulfill the individual plan.

Cultural intelligence increases both individual and business success in multicultural situations. Cultural intelligence is comprised of motivation and drive, gathering knowledge and understanding, the ability to think innovatively and strategically, and the capacity to act effectively and with respect. Mastery of these four dimensions of CQ alleviates the stress and fatigue of international travel, and it generates satisfaction from cross-cultural experiences. Similarly, leaders with high CQ scores are better able to make informed decisions on cross-cultural issues, and they have an enhanced capacity to be more flexible in different environments. Overall, cultural intelligence fosters a commitment to diversity that attracts talented employees, and it facilitates expansion and success in the global marketplace.

**Features of the Book**

**Estimated reading time: 4-5 hours, 219 pages**

*Leading with Cultural Intelligence* is relevant to a wide variety of readers, including novice travelers and multinational executives. The book is useful to all leaders, particularly those who lead multicultural teams, those in global leadership positions, managers, researchers and students. It is equally applicable to anyone who wants to understand how to be a more effective leader in a multicultural world.

The book incorporates anecdotes and examples based on David Livermore’s personal experience. It also includes diagrams and pictures that facilitate an understanding of the material.

The book commences with an introduction to the four dimensions of cultural intelligence, and then it describes each dimension in greater detail. It provides a practical overview of how individuals and organizations can become more culturally intelligent, and the book concludes with a summary of the benefits of increasing cultural intelligence at the personal and entity levels. While the four dimensions of cultural intelligence can be pursued simultaneously, they build on each other and initially it is helpful to consider the dimensions in order, from the first to the fourth.

*Leading with Cultural Intelligence* provides step by step instructions on how to become more culturally intelligent.
intelligent. It demonstrates that one need not learn all of the intricacies of every culture, and it shows how the model of cultural intelligence can guide the reader to act appropriately and respectfully in cross-cultural situations.

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