

Cultural Intelligence at the Workplace

David Stepat



Contents

- Cultural Intelligence: An Introduction
- Why is cultural intelligence important?
- Cultural intelligence capabilities
- Cultural intelligence when doing business in Asia
- German vs Chinese culture
- Case study
- The head, body, heart concept

*"Cultural intelligence is not just a 'nice-to-have' skill in today's global economy; it's a '**must-have**' competency for leaders and their teams.*

Understanding and embracing the nuances of different cultures enables businesses to communicate more effectively, build trust, and drive success across borders.

As a leader, it's crucial to recognize that the world is interconnected and that tapping into the power of cultural intelligence can make a real difference in achieving sustainable growth and creating value for all stakeholders."

-- Andrea Jung, (former) CEO of Avon Products and
(current) CEO of Grameen America

Cultural Intelligence: An Introduction

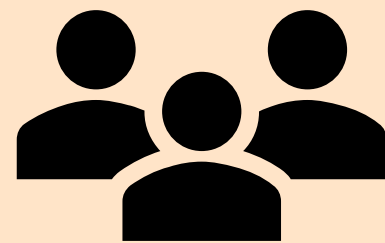
Also known as Cultural Quotient (CQ)

- Cultural intelligence (CQ) plays a pivotal role in facilitating the success of leaders, managers, and individuals within an organization by enabling them to excel in culturally diverse environments.
- Cultural intelligence pertains to our adeptness in actively listening, discerning, and effectively engaging with individuals from distinct and diverse backgrounds.
- The success of partnerships, teams, and enterprises hinges upon the cultivation and enhancement of the ability to engage effectively within an array of culturally diverse environments.

Why is CQ important?

Business Standard

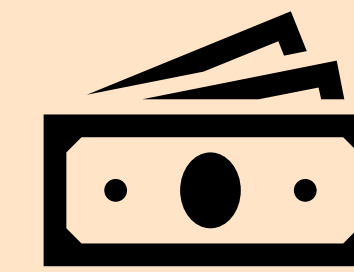
“90 per cent of leading executives from 68 countries believe finding effective cross-cultural personnel is a top management challenge”



70% of international ventures fail due to cultural differences.



40% of managers on international assignments prematurely terminate their contracts. **99%** suggest cultural disparities are primary factor, not job skills.



Unsuccessful expatriate assignments cost firms approximately **USD 250,000 to over \$1.25 million** (including relocation, downtime etc)



Cultural Intelligence Capabilities

These capabilities resemble emotional and social intelligence tests tailored for cultural challenges.

CQ DRIVE



Your level of interest, persistence, and confidence during multicultural interactions.

CQ KNOWLEDGE



Your understanding about how cultures are similar and different.

CQ ACTION



Your ability to adapt when relating and working in multicultural contexts.

CQ STRATEGY



Your awareness and ability to plan for multicultural interactions.

Cultural intelligence when doing business in Asia

- When executed well, cultural intelligence is a key factor in unlocking new markets and conducting trade.
- Doing business in the Asia Pacific region is sometimes about culturalising the commerce, not commercialising the culture.
- Knowing important cultural holidays and understanding whether to bow or shake hands in a greeting are useful parcels of knowledge.
- Culture is not only limited to countries or ethnicities but also exists within companies



Cultural intelligence isn't enough

Walking the diversity talk is key

APAC is home to 60% of the world's population and more than 2,300 languages and dialects.

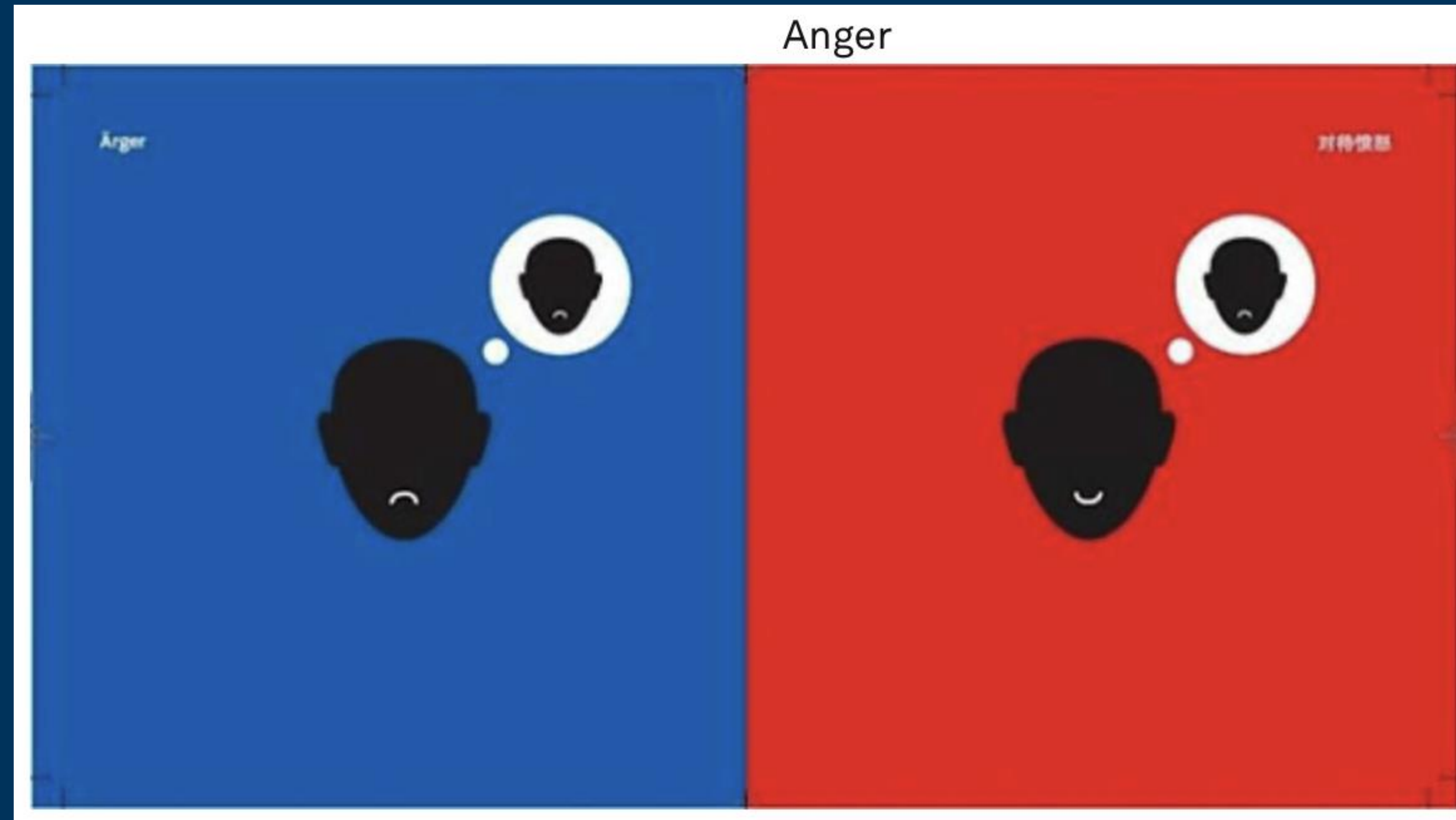
Companies that are **diverse, equitable, and inclusive (DEI)** are better able to respond to challenges, win top talent, and meet the needs of different customer bases.

More leaders in Asia Pacific are receptive to the mounting body of evidence that diversity and inclusion improves financial performance.

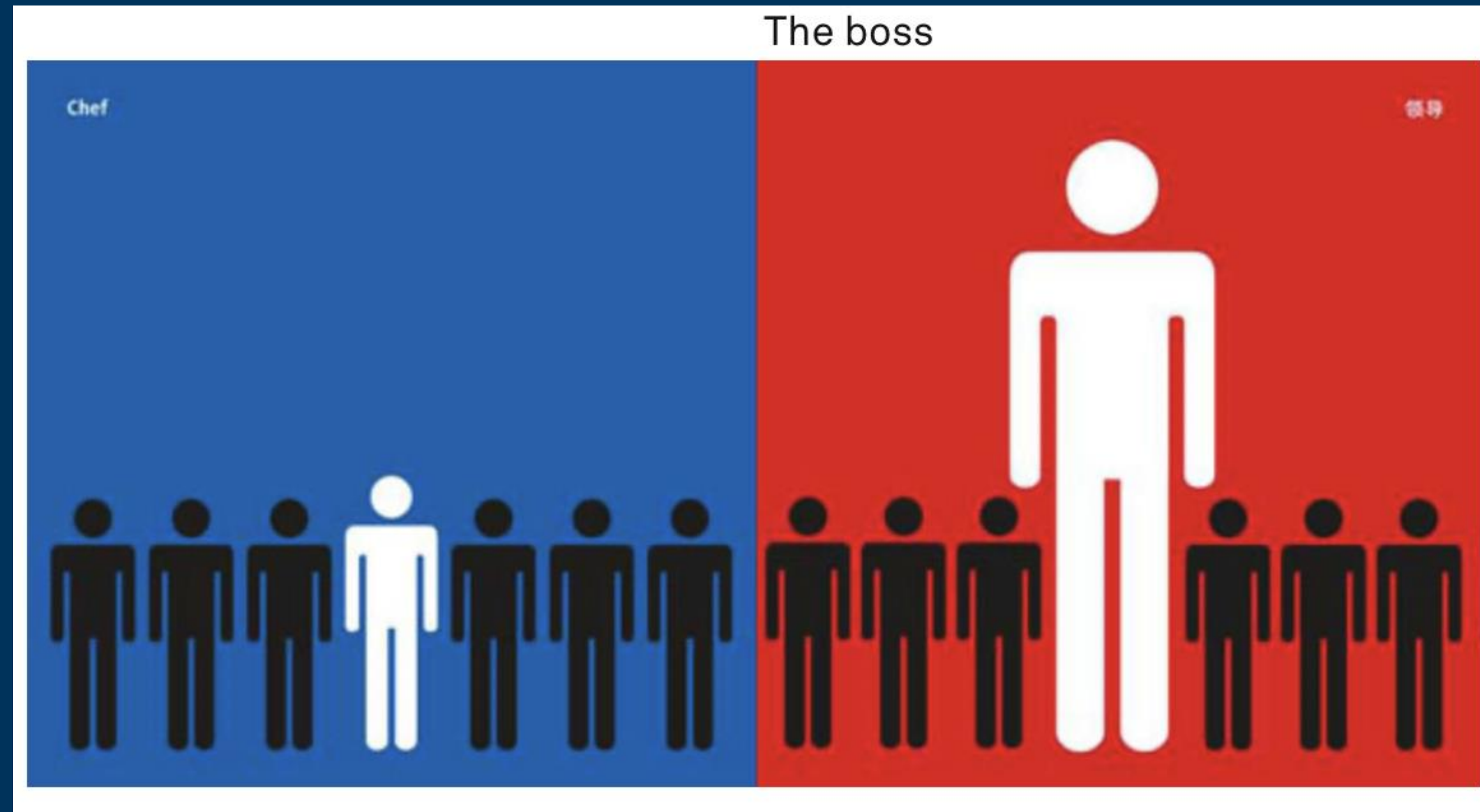
What diversity means for APAC companies:

1. Gender initiatives take center stage
2. LGBTQ inclusion is slowly gaining ground
3. Support for employees with disabilities is increasing
4. Inclusion of cultural minorities
5. Multigenerational inclusion

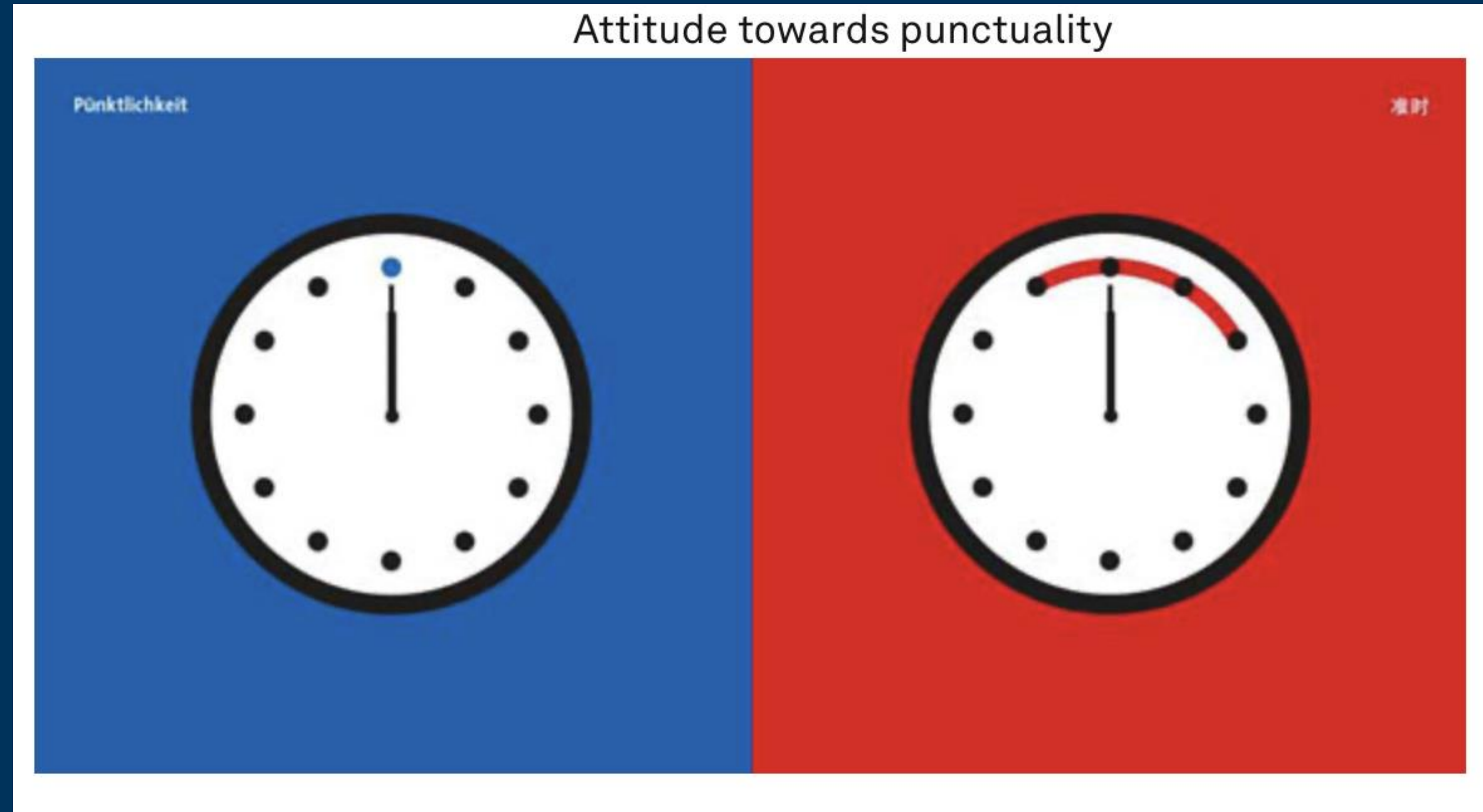
Differences Between Germany and China



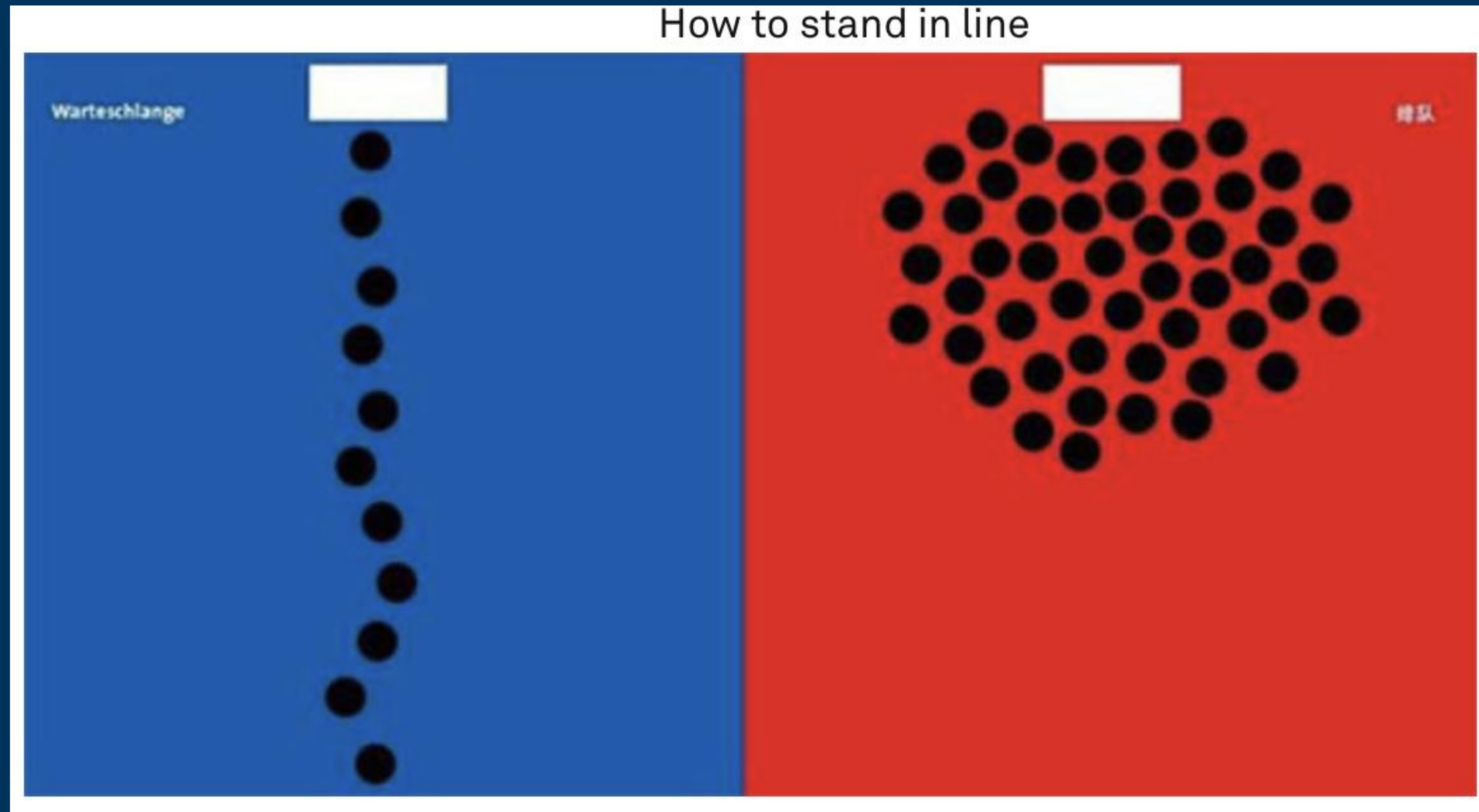
Differences Between Germany and China



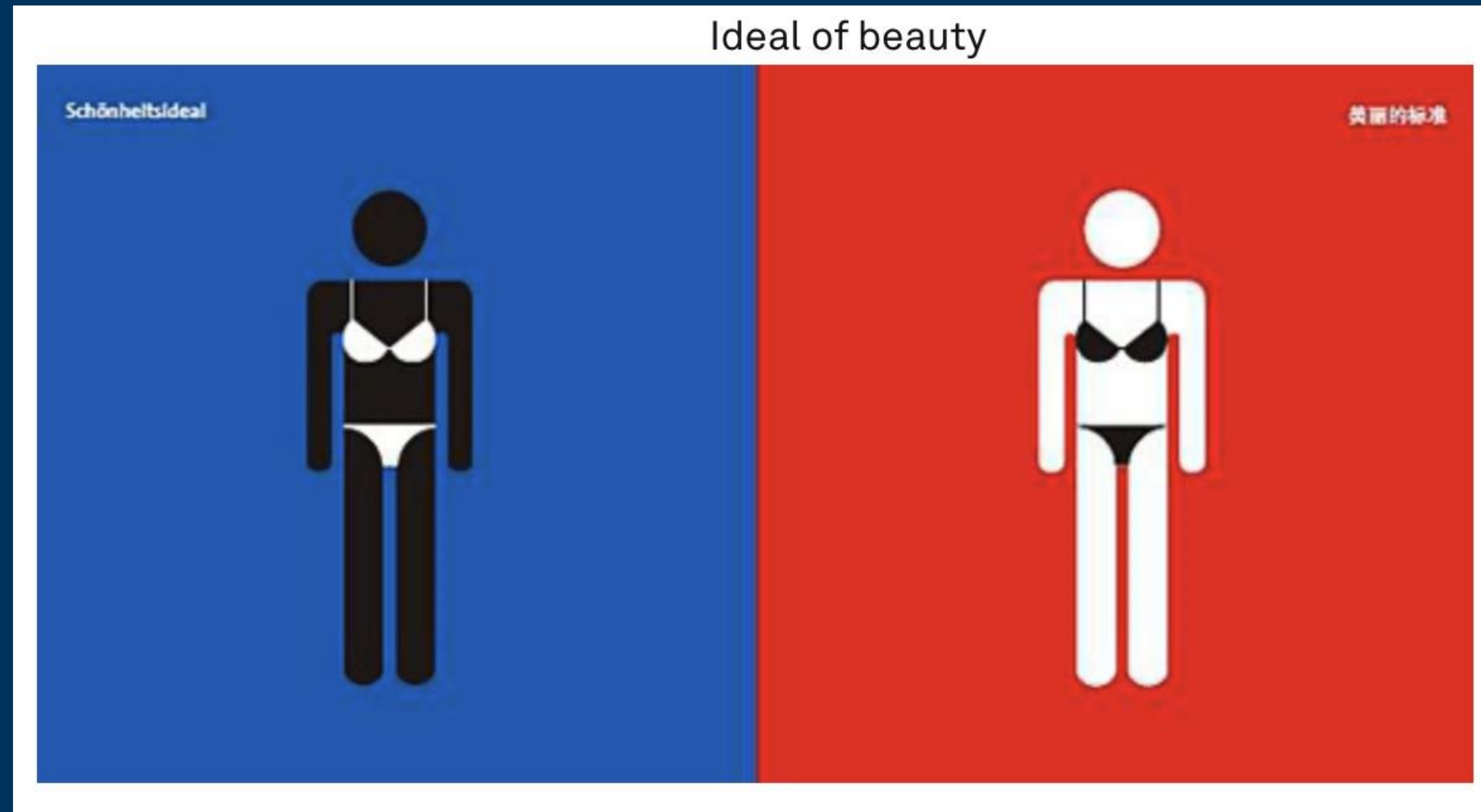
Differences Between Germany and China



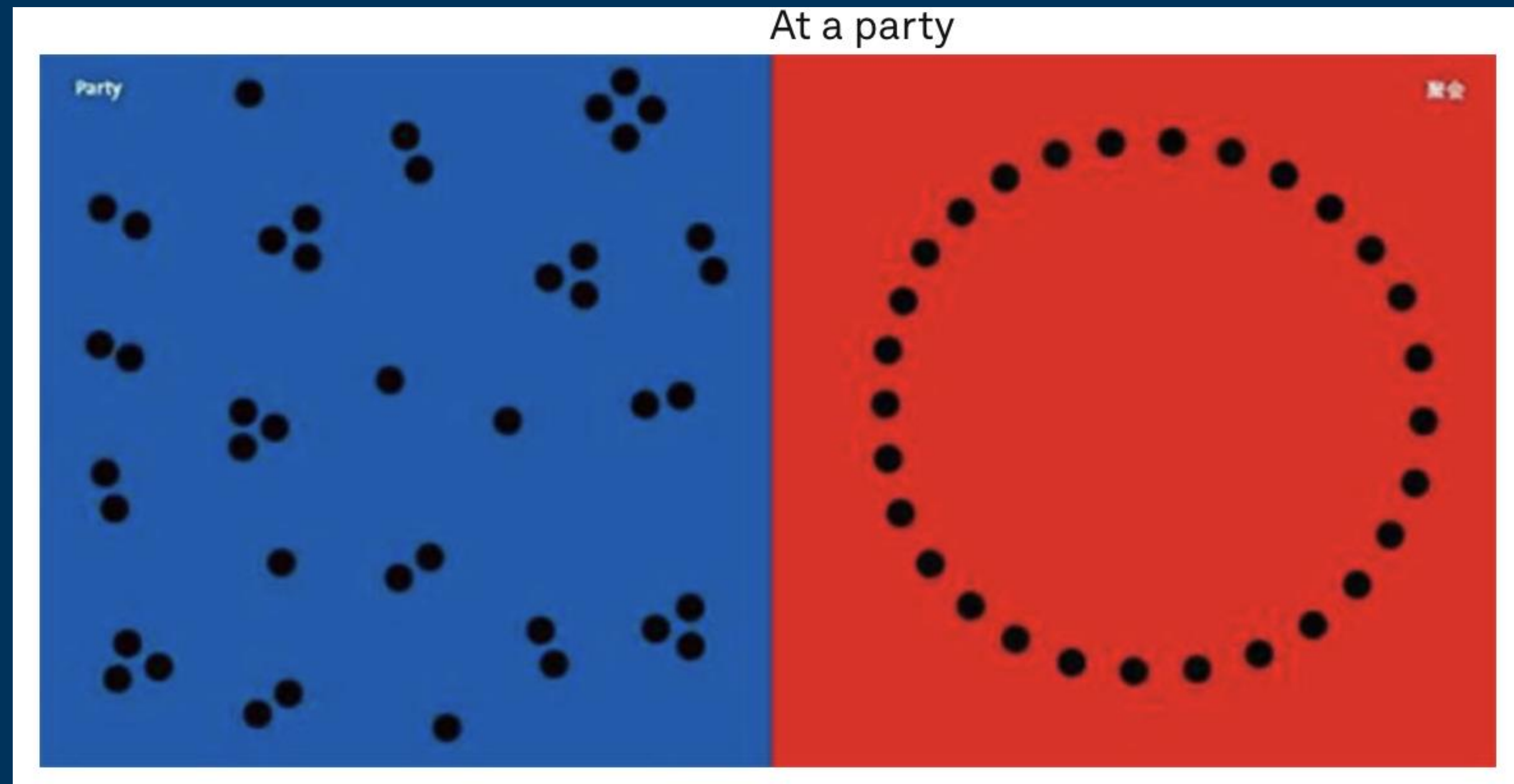
Differences Between Germany and China



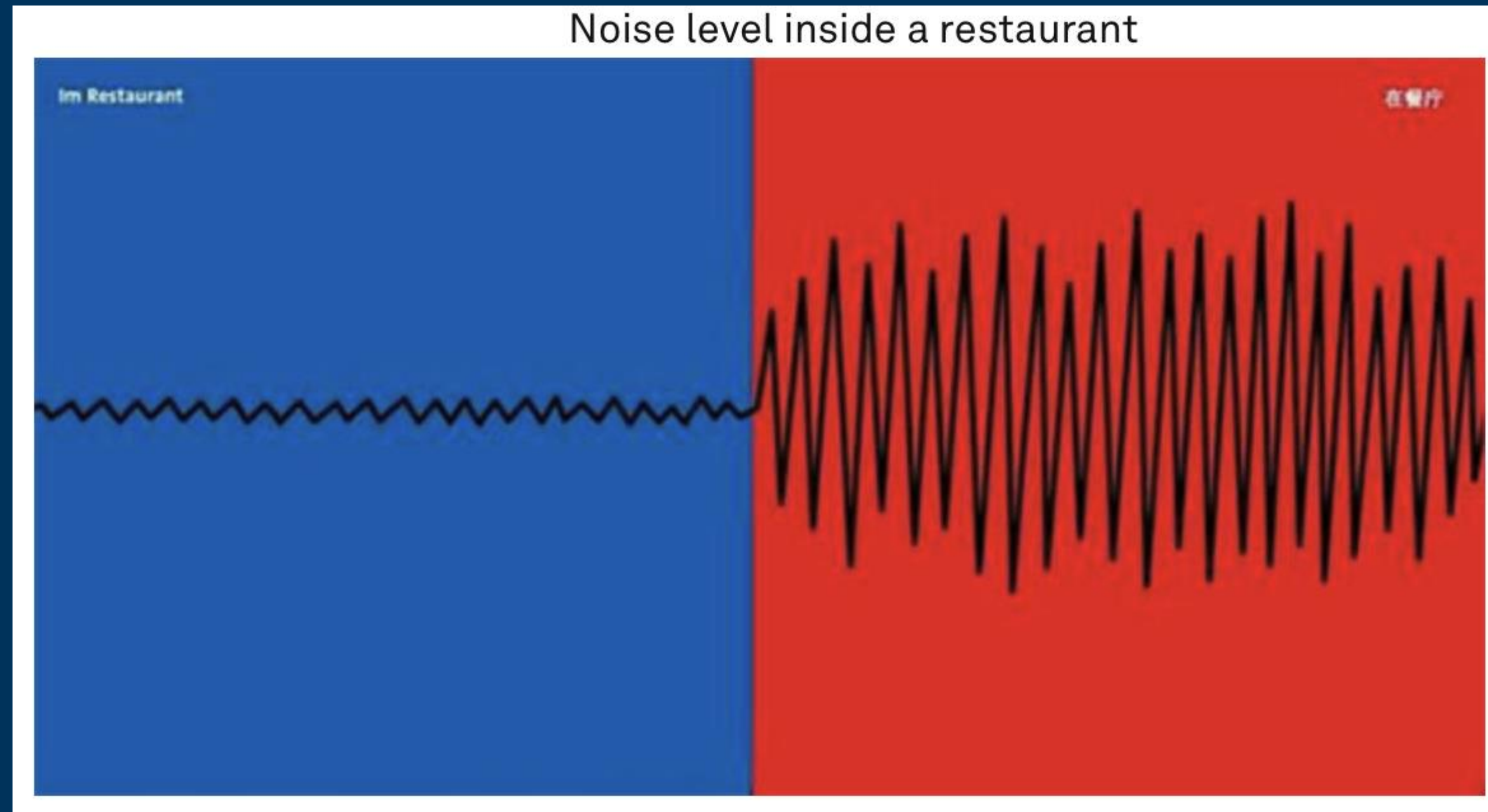
Differences Between Germany and China



Differences Between Germany and China



Differences Between Germany and China



Case Study

Peter, Sales Manager in a US Med-Tech Company

Peter's Cultural Environment

Mercenary and Competitive Atmosphere

- 1.Intense competitiveness characterized the workplace.
- 2.High-performing employees had the potential to earn substantial bonuses, often on par with their base salary.

Performance-Driven Compensation

- 1.Performance bonuses constituted a significant portion of total earnings.
- 2.Exceptional performers could earn as much from bonuses as from their regular salary.

Senior Management Pressure

- 1.Senior managers closely monitored and pressured underperforming sales staff.
- 2.A focus on driving improved performance was a key aspect of the management approach.



Peter's New Job in China

Different Bonus Structure

1. Sales staff in China received a smaller portion of their total compensation as bonuses
2. Performance bonuses were a less significant part of their overall earnings

Management Approach

1. Criticism and confrontation were minimized in the management style
2. The focus was on motivation and encouragement to drive performance

Peter's Struggles

1. Peter found it challenging to adapt his management style from his previous experience.
2. He faced difficulties as his direct and confrontational approach was less accepted in China, impacting his effectiveness



Peter's Problems



Lack of Cultural Awareness (The Head)

1. Peter struggled to comprehend the significant changes in the cultural landscape.
2. He was not fully aware of the cultural differences in his new environment.

Inconsistent Behaviour (The Body)

1. Peter found it challenging to align his behavior with the cultural norms and practices of his new surroundings.
2. His actions were not consistent with those of his colleagues.

Emotional Disheartenment (The Heart)

1. When Peter realized that his approach wasn't effective, he became disheartened.
2. He experienced emotional challenges related to adapting to the new culture.

The Head

1. Limitations of Rote Learning

1. Rote learning about foreign cultures, as favoured by corporate training programs, is insufficient.
2. It cannot prepare individuals for every cultural situation or prevent cultural gaffes.

2. Importance of Learning Strategies

1. Instead of rote learning, newcomers should develop learning strategies for understanding foreign cultures.
2. High cognitive Cultural Intelligence (CQ) helps individuals identify clues to shared cultural understandings.

The Body

1.Proving Cultural Understanding

Understanding foreign cultures is not enough; actions and demeanour must demonstrate a willingness to enter their world.

2.Mirroring Customs and Gestures

Adapting behaviours, such as handshakes and ordering coffee, to match those of the local culture shows respect and fosters trust.

3.Deep Understanding Through Habits

Adopting people's habits and mannerisms helps you truly understand what it's like to be them.

4.Physical Component of Cultural Intelligence

Inability to receive and reciprocate culturally characteristic gestures reflects a low level of cultural intelligence

The Heart

1. Belief in Efficacy

1. Adapting to a new culture involves overcoming obstacles and setbacks.
2. Belief in one's own efficacy is crucial for success in navigating unfamiliar cultures.

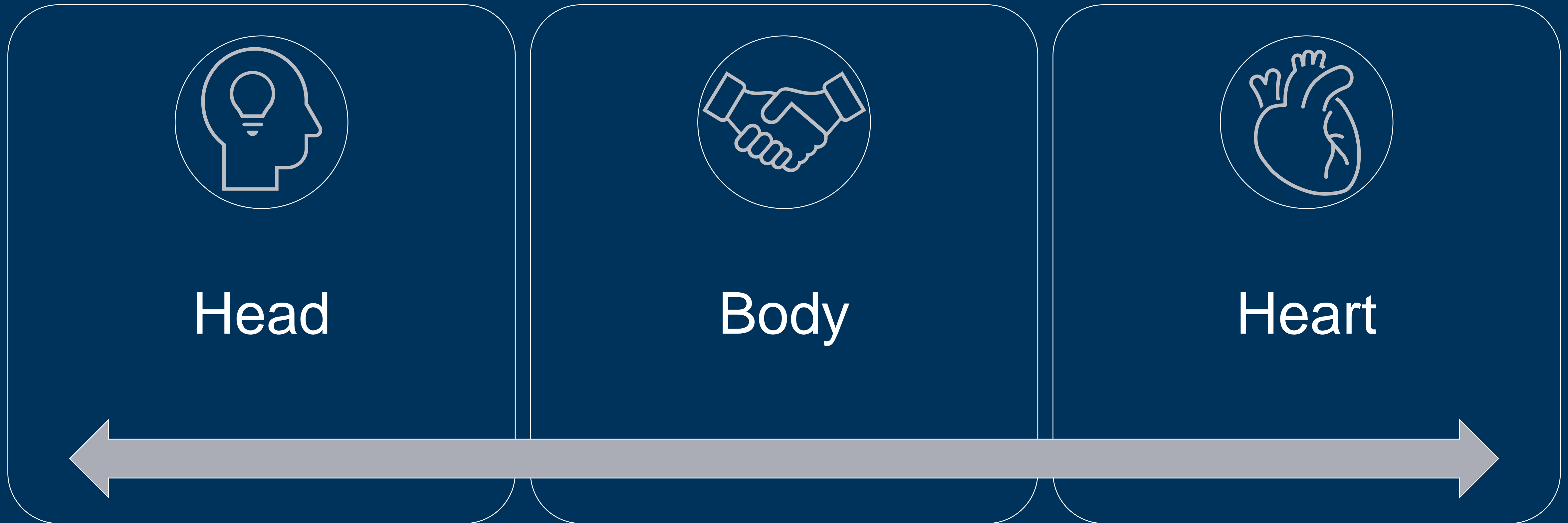
2. Confidence Rooted in Mastery

1. Confidence is built on the mastery of specific tasks or circumstances.
2. Past perseverance in challenging situations enhances confidence.

3. Motivation and Persistence

1. Highly motivated individuals do not easily give up when faced with hostility or incomprehension in cross-cultural interactions.
2. Motivation is not solely dependent on immediate rewards; it often comes from within.

Success in Cultural Intelligence



Based on Christopher Earley's and Soon Ang's Cultural Intelligence: Individual Interactions Across Cultures





