Original Research Paper

Cultural Intelligence: Key Benefits to Individuals, Teams and Organizations

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Abstract: This paper provides an overview of the empirical research on cultural intelligence, with a special focus on discussing key practical benefits to individuals, teams and organizations. The importance of cultural intelligence training is also highlighted.

Keywords: Cultural Intelligence, Benefits, Training

Introduction

Cultural intelligence (CQ) has been defined as an individual capability to effectively function in culturally-diverse situations (Ang and Van Dyne, 2015; Earley and Ang, 2003). This overall capability or competence is composed of four inter-related capabilities: CQ drive or motivational CQ (i.e., the ability to direct and sustain energy, as well as the confidence to adapt to cross-cultural situations), CQ knowledge or cognitive CQ (i.e., the knowledge and understanding regarding cultures, including their similarities and differences), CQ strategy or metacognitive CQ (i.e., the ability to plan, remain aware and monitor thought processes, in order to understand intercultural situations) and CQ action or behavioral CQ (i.e., the ability to modify verbal and non-verbal behaviors in intercultural settings) (Ang *et al*., 2015; Livermore, 2015; Van Dyne *et al*., 2012). *These capabilities meaningfully complement each other to support behavioral flexibility within cross-cultural settings.* CQ applies to different cultures as well as subcultures, so it helps individuals and organizations to improve work performance in highly diverse and/or global organizational settings (Livermore, 2016; Malek and Budhwar, 2013; Rockstuhl *et al*., 2011).

CQ is a malleable competence that can be increased through training and coaching, combined with self-assessments and individual development plans (in a way that augments the effects of each of these activities). In addition, after taking part in a CQ training program, individuals and teams are in a better position to further their own intercultural competence via on-the-job experiences (e.g., working in a multi-cultural team, undertaking an international assignment, engaging in international negotiations to open up new markets or expand sales to key international customers) (Imai and Gelfand, 2010; Livermore, 2011; Raver and Van Dyne, 2017).

Comprehensive reviews of cultural intelligence research have been provided in recent years (Ang *et al*., 2011; Leung *et al*., 2014; Ng *et al*., 2012; Fang *et al*., 2018; Ott and Michailova, 2018). The goal of this paper is to review and discuss key practical benefits of cultural intelligence to individuals, teams and organizations. In addition, the importance of providing cross-cultural training for organizational leaders and employees is underscored, given the need to adequately prepare them to fully leverage these benefits (Bartel-Radic and Giannelloni, 2017; Barrera, 2010; Bird *et al*., 2010).

Cultural Intelligence: Key Benefits

An extensive amount of empirical research has been carried out since the concept of cultural intelligence was originally proposed by Earley and Ang (2003). One of the key issues that has been studied during the past fifteen years is the impact of cultural intelligence on specific outcomes that are relevant for the workplace (Ang and Van Dyne, 2015; Ott and Michailova, 2018). Benefits associated with an individual's high CQ include the ability to effectively perform in situations that are culturally-diverse (e.g., working on a project with culturally-diverse colleagues) or that have a global component (e.g., working with suppliers or customers in international markets) (Fang *et al*., 2018). This ability to perform effectively also applies to work contexts involving other types of diversity (e.g., inter-generational or gender diversity) (Groves and Feyerherm, 2011; Livermore, 2015).

From existing research, it is possible to conclude that individuals and teams with high CQ will experience a number of specific benefits that have been described as *psychological outcomes* (e.g., effective intercultural

adjustment; improved cultural judgment; greater interpersonal trust), *behavioral outcomes* (e.g., improved decision-making; higher levels of idea-sharing, information-sharing and creative collaboration among teams) and *performance outcomes* (e.g., effective intercultural negotiations; increased work performance) (Gelfand *et al*., 2015; Leung *et al*., 2014). Aside from the positive impact of these individual and team-related outcomes, organizations can derive additional benefits such as an increase in profitability and cost savings (due to, for example, the adoption of more innovative methods); greater expansion into international markets; better service that is tailored to the specific needs of different groups of customers and more effective Human Resources practices to attract and manage talent within the context of an increasingly diverse and global workforce (Ang *et al*., 2011; Livermore, 2015; 2016). In the following sections, this paper will review and discuss key CQ benefits for individuals, teams and organizations.

Increased Intercultural Adjustment

Individuals with high CQ show better emotional and psychological adjustment to situations involving different or unfamiliar cultures (and subcultures). This helps individuals experience less burnout and have higher resilience (i.e., the ability to bounce back and recover in stressful situations) when working across cultures/subcultures. Culturally intelligent individuals show greater perseverance in tough situations, as well as higher levels of stamina and productivity. In addition, individuals with high CQ can adjust more easily to uncertain, complex and shifting work demands which are typically encountered in intercultural situations (e.g., working in multi-cultural team) (Guomundsdottir, 2015; Lin *et al*., 2012; Malek and Budhwar, 2013; Moon *et al*., 2012; Tay *et al*., 2015; Tuleja, 2017).

Improved Cultural Judgment and Decision-Making

Culturally intelligent individuals are better equipped to understand and evaluate situations that include multiple perspectives and to make high-quality decisions within intercultural contexts. Cultural intelligence helps individuals and teams to cooperate in finding effective/mutually acceptable solutions that address different priorities and perspectives (Ang *et al*., 2007; Van Dyne *et al*., 2010; Ng *et al*., 2009).

Greater Effectiveness in Intercultural Negotiations

Individuals and teams engaged in international negotiations (e.g., international contract negotiations) often face complex and lengthy discussions in order to reach an agreement. Whether these discussions involve diverse company colleagues, clients or suppliers, individuals and teams with high CQ show more patience and greater ability

to persist and collaborate across cultures and borders, in order to negotiate and develop favorable, 'win-win' agreements. These positive results come from their ability to better understand and incorporate diverse perspectives into the negotiation process (Imai and Gelfand, 2010; Chua *et al*., 2012; Groves *et al*., 2015).

Higher Levels of Trust, Idea-sharing, Information-Sharing and Creative Collaboration

In spite of the great potential of diversity to enhance creativity and innovation for individuals and organizations, the evidence suggests that heterogeneous multicultural teams tend to underperform homogeneous ones, unless team members have a good amount of intercultural competence. Individuals and teams with high CQ are more capable of trusting each other, which leads to higher levels of information-sharing and idea-sharing. Consequently, culturally intelligent individuals and teams engage in more creative collaboration and come up with more innovative solutions. It is noteworthy that CQ helps to reduce the perceived interpersonal risks of speaking up among culturally-diverse teams of work colleagues and/or partners. Culturally intelligent individuals and teams are more likely to experience greater psychological safety, due to the positive association of CQ with higher trust (teams with high CQ also show faster acceptance and integration of team members, as well as greater team cohesion). The significant association between cultural intelligence and trust can be explained by CQ's role in attenuating social categorization processes that negatively impact interpersonal interactions among culturally-diverse individuals and teams (e.g., individuals categorizing others as belonging to either in-groups or outgroups). (Chen and Lin, 2013; Chua *et al*., 2012; Flaherty, 2015; Janssens and Brett, 2006; Livermore, 2016; Mor *et al*., 2013).

Increased Work Performance

Individuals with high CQ perform better when their leader or subordinate comes from a different cultural background, as compared to individuals with low CQ. Similarly, multicultural teams with high CQ outperform teams with low CQ. There are a number of studies supporting this positive relationship between cultural intelligence and work performance within a variety of intercultural contexts. For example, high CQ positively impacts task performance in culturally-diverse settings, adaptive performance (i.e., proficiency in changing one's behavior to fit the demands of the environment or the specific situation), global leadership effectiveness, sales performance in international or cross-cultural contexts and export performance (Groves and Feyerherm, 2011; Oolders *et al*., 2015; Presbitero, 2016; Wang 2016).

Conclusion

Organizations that invest in cultural intelligence training can increase work performance of culturally-diverse individuals and teams. CQ training can be of special value to organizations that want to improve the collaboration and work effectiveness of global teams (e.g., geographically dispersed teams), to strengthen specific diversity and inclusion initiatives (e.g., accelerate leadership development among women and minorities) and to further support learning and development goals for different groups of employees. Considering the growing adaptive challenges associated with the so-called VUCA (i.e., volatility, uncertainty, complexity and ambiguity) world, cultural intelligence training can help promote the development of key 'future skills' in individuals and teams, such as adaptability/flexibility, teamwork and collaboration, resilience and creativity and innovation. (Pearse, 2017; Tuleja, 2017; Van Dyne *et al.*, 2017; Morris *et al.*, 2014; WEF, 2018).

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Ethics

This article is original and only contains unpublished material.

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