

Cultural Intelligence

by P. Christopher Earley and Elaine Mosakowski

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You see them at international airports like Heathrow: posters advertising the global bank HSBC that show a grasshopper and the message “USA—Pest. China—Pet. Northern Thailand—Appetizer.”

Taxonomists pinned down the scientific definition of the family Acrididae more than two centuries ago. But culture is so powerful it can affect how even a lowly insect is perceived. So it should come as no surprise that the human actions, gestures, and speech patterns a person encounters in a foreign business setting are subject to an even wider range of interpretations, including ones that can make misunderstandings likely and cooperation impossible. But occasionally an outsider has a seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures in just the way that person’s compatriots and colleagues would, even to mirror them. **We call that *cultural intelligence* or *CQ*.** In a world where crossing boundaries is routine, CQ becomes a vitally important aptitude and skill, and not just for international bankers and borrowers.

Cultural intelligence: an outsider’s seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures the way that person’s compatriots would.

Companies, too, have cultures, often very distinctive; anyone who joins a new company spends the first few weeks deciphering its cultural code. Within any large company there are sparring subcultures as well: The sales force can't talk to the engineers, and the PR people lose patience with the lawyers. Departments, divisions, professions, geographical regions—each has a constellation of manners, meanings, histories, and values that will confuse the interloper and cause him or her to stumble. Unless, that is, he or she has a high CQ.

Cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off. A person with high emotional intelligence grasps what makes us human and at the same time what makes each of us different from one another. A person with high cultural intelligence can somehow tease out of a person's or group's behavior those features that would be true of all people and all groups, those peculiar to this person or this group, and those that are neither universal nor idiosyncratic. The vast realm that lies between those two poles is culture.

An American expatriate manager we know had his cultural intelligence tested while serving on a design team that included two German engineers. As other team members floated their ideas, the engineers condemned them repeatedly as stunted or immature or worse. The manager concluded that Germans in general are rude and aggressive.

A modicum of cultural intelligence would have helped the American realize he was mistakenly equating the merit of an idea with the merit of the person presenting it and that the Germans were able to make a sharp distinction between the two. A manager with even subtler powers of discernment might have tried to determine how much of the two Germans' behavior was arguably German and how much was explained by the fact that they were engineers.

An expatriate manager who was merely emotionally intelligent would probably have empathized with the team members whose ideas were being criticized, modulated his or her spontaneous reaction to the engineers' conduct, and proposed a new style of discussion that preserved candor but spared feelings, if indeed anyone's feelings had

been hurt. But without being able to tell how much of the engineers' behavior was idiosyncratic and how much was culturally determined, he or she would not have known how to influence their actions or how easy it would be to do that.

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One critical element that cultural intelligence and emotional intelligence do share is, in psychologist Daniel Goleman's words, "a propensity to suspend judgment—to think before acting." For someone richly endowed with CQ, the suspension might take hours or days, while someone with low CQ might have to take weeks or months. In either case, it involves using your senses to

register all the ways that the personalities interacting in front of you are different from those in your home culture yet similar to one another. Only when conduct you have actually observed begins to settle into patterns can you safely begin to anticipate how these people will react in the next situation. The inferences you draw in this manner will be free of the hazards of stereotyping.

The people who are socially the most successful among their peers often have the greatest difficulty making sense of, and then being accepted by, cultural strangers. Those who fully embody the habits and norms of their native culture may be the most alien when they enter a culture not their own. Sometimes, people who are somewhat detached from their own culture can more easily adopt the mores and even the body language of an unfamiliar host. They're used to being observers and making a conscious effort to fit in.

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Although some aspects of cultural intelligence are innate, anyone reasonably alert, motivated, and poised can attain an acceptable level of cultural intelligence, as we have learned from surveying 2,000 managers in 60 countries and training many others. Given the number of cross-functional assignments, job transfers, new employers, and distant postings most corporate managers are likely to experience in the course of a career, low CQ can turn out to be an inherent disadvantage.

The Three Sources of Cultural Intelligence

Can it really be that some managers are socially intelligent in their own settings but ineffective in culturally novel ones? The experience of Peter, a sales manager at a California medical devices group acquired by Eli Lilly Pharmaceuticals, is not unusual. At the devices company, the atmosphere had been mercenary and competitive; the best-performing employees could make as much in performance bonuses as in salary. Senior managers hounded unproductive salespeople to perform better.

At Lilly's Indianapolis headquarters, to which Peter was transferred, the sales staff received bonuses that accounted for only a small percentage of total compensation. Furthermore, criticism was restrained and confrontation kept to a minimum. To motivate people, Lilly management encouraged them. Peter commented, "Back in L.A., I knew how to handle myself and how to manage my sales team. I'd push them and confront them if they weren't performing, and they'd respond. If you look at my evaluations, you'll see that I was very successful and people respected me. Here in Indianapolis, they don't like my style, and they seem to avoid the challenges that I put to them. I just can't seem to get things done as well here as I did in California."

Peter's problem was threefold. First, he didn't comprehend how much the landscape had changed. Second, he was unable to make his behavior consistent with that of everyone around him. And third, when he recognized that the arrangement wasn't working, he became disheartened.

Peter's three difficulties correspond to the **three components of cultural intelligence: the cognitive; the physical; and the emotional/motivational.** Cultural intelligence resides in the body and the heart, as well as the head. Although most managers are not equally strong in all three areas, each faculty is seriously hampered without the other two.

Head.

Rote learning about the beliefs, customs, and taboos of foreign cultures, the approach corporate training programs tend to favor, will never prepare a person for every situation that arises, nor will it prevent terrible gaffes. However, inquiring about the meaning of some custom will often prove unavailing because natives may be reticent about explaining themselves to strangers, or they may have little practice looking at their own culture analytically.

Instead, a newcomer needs to devise what we call learning strategies. Although most people find it difficult to discover a point of entry into alien cultures, whose very coherence can make them seem like separate, parallel worlds, an individual with high cognitive CQ notices clues to a culture's shared understandings. These can appear in any form and any context but somehow indicate a line of interpretation worth pursuing.

An Irish manager at an international advertising firm was working with a new client, a German construction and engineering company. Devin's experience with executives in the German retail clothing industry was that they were reasonably flexible about deadlines and receptive to highly imaginative proposals for an advertising campaign. He had also worked with executives of a British construction and engineering company, whom he found to be strict about deadlines and intent on a media campaign that stressed the firm's technical expertise and the cost savings it offered.

Devin was unsure how to proceed. Should he assume that the German construction company would take after the German clothing retailer or, instead, the British construction company? He resolved to observe the new client's representative closely and draw general conclusions about the firm and its culture from his behavior, just as he had done in the other two cases. Unfortunately, the client sent a new representative to

every meeting. Many came from different business units and had grown up in different countries. Instead of equating the first representative's behavior with the client's corporate culture, Devin looked for consistencies in the various individuals' traits. Eventually he determined that they were all punctual, deadline-oriented, and tolerant of unconventional advertising messages. From that, he was able to infer much about the character of their employer.

Body.

You will not disarm your foreign hosts, guests, or colleagues simply by showing you understand their culture; your actions and demeanor must prove that you have already to some extent entered their world. Whether it's the way you shake hands or order a coffee, evidence of an ability to mirror the customs and gestures of the people around you will prove that you esteem them well enough to want to be like them. By adopting people's habits and mannerisms, you eventually come to understand in the most elemental way what it is like to be them. They, in turn, become more trusting and open. University of Michigan professor Jeffrey Sanchez-Burks's research on cultural barriers in business found that job candidates who adopted some of the mannerisms of recruiters with cultural backgrounds different from their own were more likely to be made an offer.

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This won't happen if a person suffers from a deep-seated reservation about the called-for behavior or lacks the physical poise to pull it off. Henri, a French manager at Aegis, a media corporation, followed the national custom of greeting his female clients with a hug and a kiss on both cheeks. Although Melanie, a British aerospace manager, understood that in France such familiarity was *de rigueur* in a professional setting, she couldn't

suppress her discomfort when it happened to her, and she recoiled. Inability to receive and reciprocate gestures that are culturally characteristic reflects a low level of cultural intelligence's physical component.

In another instance, a Hispanic community leader in Los Angeles and an Anglo-American businessman fell into conversation at a charity event. As the former moved closer, the latter backed away. It took nearly 30 minutes of waltzing around the room for the community leader to realize that "Anglos" were not comfortable standing in such close physical proximity.

Heart.

Adapting to a new culture involves overcoming obstacles and setbacks. People can do that only if they believe in their own efficacy. If they persevered in the face of challenging situations in the past, their confidence grew. Confidence is always rooted in mastery of a particular task or set of circumstances.

A person who doesn't believe herself capable of understanding people from unfamiliar cultures will often give up after her efforts meet with hostility or incomprehension. By contrast, a person with high motivation will, upon confronting obstacles, setbacks, or even failure, reengage with greater vigor. To stay motivated, highly efficacious people do not depend on obtaining rewards, which may be unconventional or long delayed.

Hyong Moon had experience leading racially mixed teams of designers at GM, but when he headed up a product design and development team that included representatives from the sales, production, marketing, R&D, engineering, and finance departments, things did not go smoothly. The sales manager, for example, objected to the safety engineer's attempt to add features such as side-impact air bags because they would boost the car's price excessively. The conflict became so intense and so public that a senior manager had to intervene. Although many managers would have felt chastened after that, Moon struggled even harder to gain control, which he eventually did by convincing the sales manager that the air bags could make the car more marketable. Although he had no experience with cross-functional teams, his successes with single-function teams had

given him the confidence to persevere. He commented, “I’d seen these types of disagreements in other teams, and I’d been able to help team members overcome their differences, so I knew I could do it again.”

How Head, Body, and Heart Work Together

At the end of 1997, U.S.-based Merrill Lynch acquired UK-based Mercury Asset Management. At the time of the merger, Mercury was a decorous, understated, hierarchical company known for doing business in the manner of an earlier generation. Merrill, by contrast, was informal, fast-paced, aggressive, and entrepreneurial. Both companies had employees of many nationalities. Visiting Mercury about six months after the merger announcement, we were greeted by Chris, a Mercury personnel manager dressed in khakis and a knit shirt. Surprised by the deviation from his usual uniform of gray or navy pinstripes, we asked him what had happened. He told us that Merrill had instituted casual Fridays in its own offices and then extended the policy on a volunteer basis to its UK sites.

Chris understood the policy as Merrill’s attempt to reduce hierarchical distinctions both within and between the companies. The intention, he thought, was to draw the two enterprises closer together. Chris also identified a liking for casual dress as probably an American cultural trait.

Not all Mercury managers were receptive to the change, however. Some went along with casual Fridays for a few weeks, then gave up. Others never doffed their more formal attire, viewing the new policy as a victory of carelessness over prudence and an attempt by Merrill to impose its identity on Mercury, whose professional dignity would suffer as a result. In short, the Mercury resisters did not understand the impulse behind the change (head); they could not bring themselves to alter their appearance (body); and they had been in the Mercury environment for so long that they lacked the motivation (heart) to see the experiment through. To put it even more simply, they dreaded being mistaken for Merrill executives.

Diagnosing Your Cultural Intelligence

Rate the extent to which you agree with each statement, using the scale:
1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

Total _____ ÷ 4 = **Cognitive CQ**

Total _____ $\div 4 =$ **Physical CQ**

Total _____ $\div 4 =$ Emotional/
motivational CQ

Cultural Intelligence Profiles

Most managers fit at least one of the following six profiles. By answering the questions in the exhibit, you can decide which one describes you best.

The provincial can be quite effective when working with people of similar background but runs into trouble when venturing farther afield. A young engineer at Chevrolet's truck division received positive evaluations of his technical abilities as well as his interpersonal skills. Soon he was asked to lead a team at Saturn, an autonomous division of GM. He was not able to adjust to Saturn's highly participative approach to teamwork—he mistakenly assumed it would be as orderly and deferential as Chevy's. Eventually, he was sent back to Chevy's truck division.

The analyst methodically deciphers a foreign culture's rules and expectations by resorting to a variety of elaborate learning strategies. The most common form of analyst realizes pretty quickly he is in alien territory but then ascertains, usually in stages, the nature of the patterns at work and how he should interact with them. Deirdre, for example, works as a broadcast director for a London-based company. Her principal responsibility is negotiating contracts with broadcast media owners. In June 2002, her company decided that all units should adopt a single negotiating strategy, and it was Deirdre's job to make sure this happened. Instead of forcing a showdown with the managers who resisted, she held one-on-one meetings in which she probed their reasons for resisting, got them together to share ideas, and revised the negotiating strategy to incorporate approaches they had found successful. The revised strategy was more culturally flexible than the original proposal—and the managers chose to cooperate.

The natural relies entirely on his intuition rather than on a systematic learning style. He is rarely steered wrong by first impressions. Donald, a brand manager for Unilever, commented, "As part of my job, I need to judge people from a wide variety of cultural backgrounds and understand their needs quickly. When I come into a new situation, I watch everyone for a few minutes and then I get a general sense of what is going on and

how I need to act. I'm not really sure how I do it, but it seems to work." When facing ambiguous multicultural situations that he must take control of, the natural may falter because he has never had to improvise learning strategies or cope with feelings of disorientation.

The ambassador, like many political appointees, may not know much about the culture he has just entered, but he convincingly communicates his certainty that he belongs there. Among the managers of multinational companies we have studied, the ambassador is the most common type. His confidence is a very powerful component of his cultural intelligence. Some of it may be derived from watching how other managers have succeeded in comparable situations. The ambassador must have the humility to know what he doesn't know—that is, to know how to avoid underestimating cultural differences, even though doing so will inflict a degree of discomfort.

The mimic has a high degree of control over his actions and behavior, if not a great deal of insight into the significance of the cultural cues he picks up. Mimicry definitely puts hosts and guests at ease, facilitates communication, and builds trust. Mimicry is not, however, the same as pure imitation, which can be interpreted as mocking. Ming, a manager at the Shanghai regional power authority, relates, "When I deal with foreigners, I try to adopt their style of speaking and interacting. I find that simple things like keeping the right distance from the other person or making eye contact or speaking English at a speed that matches the other person's puts them at ease and makes it easier to make a connection. This really makes a difference to newcomers to China because they often are a bit threatened by the place."

The chameleon possesses high levels of all three CQ components and is a very uncommon managerial type. He or she even may be mistaken for a native of the country. More important, chameleons don't generate any of the ripples that unassimilated foreigners inevitably do. Some are able to achieve results that natives cannot, due to their insider's skills and outsider's perspective. We found that only about 5% of the managers we surveyed belonged in this remarkable category.

One of them is Nigel, a British entrepreneur who has started businesses in Australia, France, and Germany. The son of diplomats, Nigel grew up all over the world. Most of his childhood, however, was spent in Saudi Arabia. After several successes of his own, some venture capitalists asked him to represent them in dealings with the founder of a money-losing Pakistani start-up.

To the founder, his company existed chiefly to employ members of his extended family and, secondarily, the citizens of Lahore. The VCs, naturally, had a different idea. They were tired of losses and wanted Nigel to persuade the founder to close down the business.

Upon relocating to Lahore, Nigel realized that the interests of family and community were not aligned. So he called in several community leaders, who agreed to meet with managers and try to convince them that the larger community of Lahore would be hurt if potential investors came to view it as full of businesspeople unconcerned with a company's solvency. Nigel's Saudi upbringing had made him aware of Islamic principles of personal responsibility to the wider community, while his British origins tempered what in another person's hands might have been the mechanical application of those tenets. Throughout the negotiations, he displayed an authoritative style appropriate to the Pakistani setting. In relatively short order, the managers and the family agreed to terminate operations.

Many managers, of course, are a hybrid of two or more of the types. We discovered in our survey of more than 2,000 managers that even more prevalent than the ambassador was a hybrid of that type and the analyst. One example was a female African-American manager in Cairo named Brenda, who was insulted when a small group of young, well-meaning Egyptian males greeted her with a phrase they'd learned from rap music.

"I turned on my heel, went right up to the group and began upbraiding them as strongly as my Arabic would allow," she said. "When I'd had my say, I stormed off to meet a friend."

“After I had walked about half a block, I registered the shocked look on their faces as they listened to my words. I then realized they must have thought they were greeting me in a friendly way. So I went back to talk to the group. They asked me why I was so angry, I explained, they apologized profusely, and we all sat down and had tea and an interesting talk about how the wrong words can easily cause trouble. During our conversation, I brought up a number of examples of how Arabic expressions uttered in the wrong way or by the wrong person could spark an equivalent reaction in them. After spending about an hour with them, I had some new friends.”

Brenda’s narrative illustrates the complexities and the perils of cross-cultural interactions. The young men had provoked her by trying, ineptly, to ingratiate themselves by using a bit of current slang from her native land. Forgetting in her anger that she was the stranger, she berated them for what was an act of cultural ignorance, not malice. Culturally uninformed mimicry got the young men in trouble; Brenda’s—and the men’s—cognitive flexibility and willingness to reengage got them out of it.

Cultivating Your Cultural Intelligence

Unlike other aspects of personality, cultural intelligence can be developed in psychologically healthy and professionally competent people. In our work with Deutsche Bank, we introduced a program to improve managers’ work relationships with outsourcing partners in India. We developed a two-and-a-half day program that first identified a participant’s strengths and weaknesses and then provided a series of steps, which we outline below, to enhance their CQ.

Step 1.

The individual examines his CQ strengths and weaknesses in order to establish a starting point for subsequent development efforts. Our self-assessment instrument is one approach, but there are others, such as an assessment of a person’s behavior in a simulated business encounter and 360-degree feedback on a person’s past behavior in an actual situation. Hughes Electronics, for example, staged a cocktail party to evaluate an expatriate manager’s grasp of South Korean social etiquette. Ideally, a manager will undergo a variety of assessments.

Step 2.

The person selects training that focuses on her weaknesses. For example, someone lacking physical CQ might enroll in acting classes. Someone lacking cognitive CQ might work on developing his analogical and inductive reasoning—by, for example, reading several business case studies and distilling their common principles.

Step 3.

The general training set out above is applied. If motivational CQ is low, a person might be given a series of simple exercises to perform, such as finding out where to buy a newspaper or greeting someone who has arrived to be interviewed. Mastering simple activities such as greetings or transactions with local shopkeepers establishes a solid base from which to move into more demanding activities, such as giving an employee a performance appraisal.

Step 4.

The individual organizes her personal resources to support the approach she has chosen. Are there people at her organization with the skills to conduct this training, and does her work unit provide support for it? A realistic assessment of her workload and the time available for CQ enhancement is important.

Step 5.

The person enters the cultural setting he needs to master. He coordinates his plans with others, basing them on his CQ strengths and remaining weaknesses. If his strength is mimicry, for example, he would be among the first in his training group to venture forth. If his strength is analysis, he would first want to observe events unfold and then explain to the others why they followed the pattern they did.

Step 6.

The individual reevaluates her newly developed skills and how effective they have been in the new setting, perhaps after collecting 360-degree feedback from colleagues individually or eavesdropping on a casual focus group that was formed to discuss her progress. She may decide to undergo further training in specific areas.

In the sidebar “Confidence Training,” we describe how we applied these six steps to the case of Helmut, one of five German managers we helped at their employer’s behest as they coped with new assignments within and outside of Germany.



Confidence Training

Helmut was a manager at a Berlin-based high-tech company who participated in our cultural-intelligence training program at London Business School. Three months earlier, he had been assigned to a large manufacturing facility in southern Germany to supervise the completion of a new plant and guide the local staff through the launch. Helmut came from northern Germany and had never worked in southern Germany; his direct reports had been raised in southern Germany and had worked for the local business unit for an average of seven years.

Helmut was good at developing new learning strategies, and he wasn’t bad at adapting his behavior to his surroundings. But he had low confidence in his ability to cope with his new colleagues. To him, southern Germans were essentially foreigners; he found them “loud, brash, and cliquish.”

To capitalize on his resourcefulness and build his confidence, we placed Helmut in heterogeneous groups of people, whom we encouraged to engage in freewheeling

discussions. We also encouraged him to express his emotions more openly, in the manner of his southern compatriots, and to make more direct eye contact in the course of role-playing exercises.

Helmut's resourcefulness might have impelled him to take on more ambitious tasks than he could quite handle. It was important he get his footing first, so that some subsequent reversal would not paralyze him. To enhance his motivational CQ, we asked him to list ten activities he thought would be part of his daily or weekly routine when he returned to Munich.

By the time Helmut returned to London for his second training session, he had proved to himself he could manage simple encounters like getting a coffee, shopping, and having a drink with colleagues. So we suggested he might be ready for more challenging tasks, such as providing face-to-face personnel appraisals. Even though Helmut was skilled at analyzing people's behavior, he doubted he was equal to this next set of hurdles. We encouraged him to view his analytic skills as giving him an important advantage. For example, Helmut had noticed that Bavarians were extroverted only with people familiar to them. With strangers they could be as formal as any

Prussian. Realizing this allowed him to respond flexibly to either situation instead of being put off balance.

By the time he was asked to lead a quality-improvement team, he had concluded that his leadership style must unfold in two stages—**commanding at the outset, then more personal and inclusive**. On his third visit to London, Helmut reported good relations with the quality improvement team, and the members corroborated his assessment.

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Why can some people act appropriately and effectively in new cultures or among people with unfamiliar backgrounds while others flounder? Our anecdotal and empirical evidence suggests that the answer doesn't lie in tacit knowledge or in emotional or social intelligence. But a person with high CQ, whether cultivated or innate, can understand and master such situations, persevere, and do the right thing when needed.

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