

## INTRODUCTION: POSITIONING CULTURAL INTELLIGENCE IN THE GLOBAL ECONOMY

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Imagine a world where you could just depend on yourself and your community for all that you need. In this imaginary world, you would never need to venture out of your community, society, or country. If you find it difficult to visualize such a world, it is because such a world does not exist in reality. The world we live in has experienced waves of dramatic, even disruptive changes since the advent of globalization. And globalization is here to stay, whether we like it or not. The concept of the “global village,” first coined in the 1960s by the well-known media scholar Marshall McLuhan, is now a reality. People from distant and different cultures are now increasingly interconnected owing to advances in technology and telecommunications.

Globalization has rendered geographic boundaries porous, sometimes even insignificant. It has increased permeability of all kinds of borders — physical borders such as time and space, nation-states and economies, and industries and organizations, as well as less tangible borders such as cultural norms or assumptions about how “we” do things “here.” Complex global matrix relationships and communication technology have moved borders and boundaries directly into the workplace today. Workforces in most countries are increasingly heterogeneous and diverse. Increased interdependence between nation-states leads to more encounters among people from different cultures. Viewed in this context, we can define globalization as a large-scale, interactive social process in which people increasingly interrelate, communicate, and work in an increasingly culturally diverse workplace, both within and outside the organization.

Consequently, it is urgent to build individual and organizational capacity to meet the social, relational, and communication needs thrown up by globalization.

Among the twenty-first-century skills frequently talked about are the ability to adapt constantly to different people from diverse cultures and the ability to manage the interconnectedness of today's world. Interactions in the global workplace require individuals to be sensitive to different cultures, capable of analyzing them as they are encountered, identifying what is required of people from other cultures, and engaging in appropriate interactions with them. To be able to do all this, individuals need to have cultural intelligence, a concept we will explain later in this chapter.

The sense of a shrinking world has heightened feelings of vulnerability, as people from different cultures and ideologies have to learn how to live with each other or pay a heavy price for the inability to understand and respect one another. In these difficult times of the aftermath of the September 11 tragedy, of horrendous conflicts between the Israelis and the Palestinians, and of a war on terrorism being conducted around the globe, it seems obvious that something needs to be done for people to understand one another better. The actions of one party toward another are often misunderstood and misconstrued by the other party. We need only look to the press to feel overwhelmed with the difficulties that confront people as they deal across national and cultural boundaries. Our need to understand one another extends into the global perspective on business as well. This need is reflected in many ways, including how people work in cultures different from their own and how to run effective multinational teams by negotiating across national boundaries or forming joint ventures for companies' mutual benefit. Increasingly, people work in international teams and divisions, thanks to the global nature of work. However, business is populated with numerous tales of ineffective global managers who failed to grasp important nuances of their host culture. The result of such inability to adapt and understand local culture is significant and costly to organizations.

Cultural diversity affects individuals in the workplace and affects both the internal and external environments faced by people at work. According to Nancy Adler, a well-known scholar on international management, "Whether organizations produce in multiple countries or only export to them, whether employees work as expatriates or only travel abroad, whether legal ownership involves joint ventures, wholly owned subsidiaries, or strategic alliances, global firms must manage despite the added complexity of working in many countries simultaneously" (Adler, 2002: 15).

Thus, it is important to know how to manage culturally diverse, cross-cultural, and geographically dispersed organizations. Globalization has reshaped human and social interactions in the workplace. You need cultural intelligence even if you

never leave home. Cultural intelligence is needed to manage the stress of culture shock and the consequent frustration and confusion that typically result from clashes of cultural differences. Cultural intelligence is essential in facilitating effective cross-cultural adjustment.

In positioning cultural intelligence as a key concept in the global economy, several questions that concern both individuals and organizations can be raised:

- How do individuals develop their ability to adapt effectively across different cultures?
- Why do some individuals possess superior capacity to deal with the challenges of working in different cultures?
- How do individuals reach full productive potential working in culturally diverse work environments in their home countries and overseas?
- How do organizations build the capacity for effective global work assignments in different locations around the world?
- How do organizations optimize individual and collective performance by harnessing the cultural diversity of their people across the world?

In this book, we tackle these questions by explaining what cultural intelligence is and showing how it is applied in the workplace.

## **A SHIFT IN THINKING ABOUT INTELLIGENCE IN THE WORKPLACE**

Some people argue that if we can just understand why other people act as they do, we might improve how people relate to one another. That is, the secret to helping people get along with one another is a type of human problem-solving. This idea stems largely from the field of psychology and it emphasizes a crucial part of human thought: intelligence. Simply stated, intelligence refers to a person's capacity to solve problems and adapt to diverse circumstances. This ability to adapt to varying circumstances shows an important new flavor to the study of intelligence — it isn't just a reflection of a person's problem-solving, mathematical, or reading skills. Certain individuals seem actually to have an enhanced ability for people-to-people discourse. Just as some people are very capable of solving complex mathematical problems, others are highly adept at figuring out the real power broker at any party or social event. Some have an uncanny ability to judge the mood of another person or to calm down the most agitated person. Some have a knack for picking up languages or musical instruments. And some can pick up a complicated literary

treatise spouting the most recent iteration of logic or philosophy and read and internalize it with ease.

Despite abundant interest and timely relevance in global affairs, there remains a large gap in our understanding of personal adjustment to new countries and foreign peoples. Our approach provides a new understanding for the age-old problem of the sojourner (a traveler whose stay in another country, while purposeful and voluntary, is temporary): why is it that some people adjust relatively easily, quickly, and thoroughly to new cultures, whereas others can't? There are many anecdotes about managers who show great empathy within their own culture — who display high emotional and social intelligence — yet don't adjust well to new cultures. In contrast, some of the most effective global managers seem somewhat out of place in their own countries.

Why shouldn't a manager who has high emotional and social intelligence be able to move among cultures with great ease? Take, as an example, an American manager who ran a *maquiladora* in Mexico, on the Arizona border, for a large consumer electronics company. This manager was viewed by his American employees in Arizona as understanding and sympathetic, with good insight into his employees' interests and needs. After being assigned to the plant in Mexico, he decided that he'd get to know his key managers (subordinates) better by inviting his two top managers (who were Mexican) to his home in Arizona for a weekend visit to meet his wife and family. He thought that this would give his managers the opportunity to get to know him more personally and would show them how much he valued their contributions to the factory. However, the managers politely turned down his initial invitation. He waited a few weeks and then extended an invitation again. Again his managers turned him down. After refusing the invitation numerous times, the two managers finally (after a period of several months) acquiesced and visited his home. The next week he returned to the factory only to find that both managers had resigned. How could such a thing happen? Had he offended them during the visit? Were they insulted by the relative opulence of his household? Had the lowered status difference reflected in the visit offended them? These were the various possibilities that he mulled over in his mind as he attempted to contact them and ask them to return to the company.

After a number of calls one of the two managers agreed to return to his job. When the American asked this manager what he had done (or left undone) to offend his guests, his manager replied that he had not done anything to them. They had, in fact, enjoyed the visit, but it made it hard for them to maintain control of their employees at the factory floor. The American asked why; he had assumed that "mingling" with the "boss" would raise their social capital and enhance their pres-

tige and face. The Mexican manager said that the opposite was true. By lowering the power differential between himself and his Mexican managers, the American sent a signal to the employees that there was no significant power differential within the company. As a result, the power base of the Mexican managers (who relied on cultural values of strong power and authority) was undermined. (We wish to thank Mary Teagarden for this example.) Under this circumstance, they felt that they had no recourse except to leave. Although this American manager has great empathy and social intelligence within his own culture, he was unable to discern and interpret the cues provided by individuals from outside it. Obviously, the managers' rejection of the invitation on several occasions was a strong signal, but he hadn't paid attention to it. What the manager was lacking was an awareness and understanding of different cultural practices. More important, he wasn't able to figure these things out himself, which is an important part of CQ. CQ is a characteristic unique to each person; that is, each individual can be thought of as having a unique CQ, and this ability is based upon unique experiences.

So how is our idea of cultural intelligence different from related ideas popular in the management press, such as emotional or social intelligence? Emotional intelligence presumes that a person is familiar with his own culture and (often unconsciously) uses a familiar situation as a way of acting and reacting with others. Cultural intelligence picks up where emotional intelligence leaves off: dealing with people and situations in unfamiliar surroundings.

Cultural intelligence captures a person's adjustment to new cultures. Thus, we define cultural intelligence as *a person's capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context.*

Cultural intelligence consists of three key parts, including what you think and how you solve problems (cultural strategic thinking); whether or not you are energized and persistent in your actions (motivation); and whether you can act in certain ways (behavior). Cultural strategic thinking refers to the general thinking skills that you use to understand how and why people act as they do in a new culture. This understanding captures not just what people in another culture believe or value, but also the procedures and routines that people are supposed to use as they work and act. The ideas that we have about a new culture concerning what people believe or value is called *declarative knowledge*, or knowledge about the state of things. For example, if I know that in Bali children are named according to their birth order, this is declarative knowledge. Think of it as knowledge of facts. However, if I know that in China after a toast (*gan bei*) you empty your glass, this is knowledge of procedures, or *procedural knowledge*. The cultural strategic thinking part of cultural intelligence has two components: *cultural knowledge* and *cultural*

*thinking and learning.* Cultural knowledge captures both the facts that we hold about another culture as well as our knowledge of how things operate. Related to this is how we gain this knowledge in the first place, which we refer to as cultural thinking and learning. This kind of cultural thinking and learning, called metacognition by the psychologists, has also been referred to as “thinking about thinking” or “learning to learn.” So these two elements work together; cultural strategic thinking guides the strategies we use to acquire knowledge about country-specific information. Clearly, both types of knowledge are critical to success.

Creating a way to make sense of new and radically different situations is important for cultural intelligence. A culturally intelligent manager isn’t just learning the ways in which people act and behave in a new place. Although learning about a new situation is important, he or she must create a new mental framework for understanding what he or she experiences and sees. Psychologists call this higher level of learning *higher-order thinking* or *cultural strategic thinking*, and it refers to how we learn, not just what we learn. In approaches such as emotional or social intelligence, people use their existing knowledge of how things function in their culture to decide how and when to act in any particular situation.

As important as it may be, “learning to learn” about new situations isn’t enough if you consider the challenge of managing people in a foreign country. It requires motivation as well. A manager might understand what is happening and why in a cross-cultural encounter but choose to ignore the situation or not feel confident to act. A German manager working on a multinational team with both German and Brazilian members commented:

When I first joined the team I was very frustrated by my Brazilian colleagues. We would schedule a meeting for 9 a.m., and they would show up at anywhere from 9:30 to 11 a.m.! It just didn’t seem that they cared about the meeting and our team. I mentioned this to them several times, but it just didn’t seem to have an effect upon them. Later, I just gave up and focused on my own work outside of the team.

This manager certainly knew what was going on in his team, but he had become so frustrated with his experiences that he became unmotivated and stopped trying. The second element of a culturally intelligent manager is confidence and motivation.

Personal motivation isn’t enough either, if you think about it. Certain actions not within a person’s current repertoire (inventory of actions that you already know how to do) may be needed for an appropriate response in a new culture, as we will discuss later in this chapter. Simple examples abound from the anecdotes of international managers — e.g., the proper way to shake someone’s hand in Ghana (involving a finger click at the end of the handshake) and how to eat a local exotic delicacy without showing hesitation or disgust.

The difficulty is that many of these actions are easily overlooked, yet they have a cumulative impact on the quality of our interactions with others. One manager from Canada relayed the story of meeting a group of managers from a Mexican joint venture. He noticed that after several minutes of talking with his Mexican counterpart that they had moved around the meeting room as if they had been engaged in a dance! He later realized that as they spoke, the Mexican manager would draw closer to the Canadian manager. As he did so, the Canadian manager would unconsciously draw back. As one manager approached, the other manager backed away as if they were two magnets with a common charge. After moving around their conference room in this cultural waltz, the Canadian manager realized what he was doing and purposely stopped moving back. A person's aversion to particular foods or facility for languages (e.g., some people just cannot hear the tones in Chinese or Thai very well) reflects this third component of a culturally intelligent manager; such a person is able to adopt new actions when they are needed.

This means that it isn't enough to understand why young male college students hold one another's hands during class lecture in China or why German MBA students look repeatedly to their watches in anticipation of the onset of class; one must be motivated to adapt and adjust to a new culture. Without proper motivation and a willingness to engage the world, you won't adjust. We will look at several aspects of motivation, including self-confidence (efficacy), setting goals and targets, and self-assessments of personal identity and values. Self-confidence provides you with energy to push ahead, goals provide direction and guidance, and personal identity and values are your anchor in the storm of life. Think about a Korean manager, who said about his experiences on a multinational team: "They were trying not to listen to me, sometimes they changed the subject after I spoke, they were not paying attention; I think it went on for at least one or two months while I was trying to improve my speaking and listening, and this was a bad experience. Later, I just gave up trying to speak." In this example, our manager was able to understand what was going on and why, but he was unmotivated to try and deal with the cultural situation. His attitude reflected his own low motivation; furthermore, he lacked the confidence to work effectively, so he disengaged from his team. CQ means knowing *and* trying.

The final piece of CQ is a person's ability to "do the right thing," or engage in action that is adaptive. The action component is often neglected in most of the current work on intelligence — an unfortunate oversight. We suppose that this is because psychologists often pigeonhole their work, and so-called cognitive and behavioral psychologies have their own independent supporters. From a management perspective, it seems to us that separating what a person thinks from what he or she does is woefully short-sighted. Ultimately, business requires action, not

simply intention. But we are not talking about CQ as something stagnant when it comes to behavior. A person's actions are dynamic, and he or she must adjust to the changing nature of the work environment. It's not enough to have a "potential" for action; potential realized through one's actions partly determines CQ.

To summarize, cultural intelligence reflects an intersection of three paths — what I think about a new culture (direction), whether am I motivated and feel confident to act (energization), and whether I create the actions needed for the situation (adaptation). To us, cultural intelligence isn't meaningful unless it means that actions are completed. As in the adage of "deeds versus intentions," CQ reflects a person's ability to enact actions needed in a particular culture. A person may know what to do and feel motivated to act, but without appropriate action, it will all be for naught. For example, suppose you have are visiting your friends in Germany and they take you to a nice restaurant. They kindly order the food for you, and you are served what appears to be a healthy portion of meat. Not wanting to risk acquiring BSE from tainted beef, you politely ask your hosts the origins of the beef, explaining your concerns. Your hosts laugh heartily at this, pointing out that you have no worries whatsoever because you haven't been served beef — you've gotten a nice cut of horsemeat (a delicacy gaining popularity in Europe as a result of BSE scares, foot-and-mouth disease, and other plagues of the twenty-first century). Despite your understanding of why you've gotten horsemeat and your desire (motivation) not to offend your hosts, you find yourself unable to eat dinner. This example reflects one type of difficulty arising from cultural encounters owing to the behavior or action facet of CQ. That is, many of our reactions in cultural settings are sufficiently ingrained that we may find it very difficult to overcome them. There may be other instances in which we're unable to do the expected action, such as trying to master the nuances of a new language. The first author (a nonnative Chinese speaker who has attempted to acquire bits of Mandarin) recalls an incident concerning a well-intentioned colleague who had prepared a careful speech (all in Chinese) to show his Chinese colleagues his appreciation for their hosting him and his family in China. At the end of the fifteen-minute speech the American shook hands with his hosts. Later that evening (well out of earshot of the American, so as to avoid offending him), one of the Chinese professors commented, "I really appreciated his trying to give his speech, but I had absolutely no idea what he was saying." As it turns out, the American seemed completely incapable of producing the appropriate tones during his speech even though he had the correct syllables. Without effective execution, the best of intentions won't translate into effective action, and a person's CQ will not be realized. CQ requires effective adaptation to cultural circumstance, not merely intentions or wishes.



## Cultural Intelligence as Competitive Advantage and Strategic Capability

More and more organizations and individuals are seeing cultural intelligence as a competitive advantage and strategic capability. In the following sections, we present evidence that different corporations are already oriented toward cultural intelligence and are enjoying the benefits realized by hiring individuals who are culturally intelligent and by including cultural intelligence as a core part of the organization's corporate strategy.

IBM firmly believes that cross-cultural competence is the glue that enables cohesiveness and collective performance. In the high-performance environment of the global marketplace, cultural intelligence is a strategic capability of leaders and managers. Organizations and individuals who see the strategic value of cultural intelligence are able to effectively leverage cultural differences for competitive advantage and achieve competitive superiority in the global marketplace.

In the global scramble for talent, organizations aspire to be the employer of choice. They hope to attract, develop, and retain the best talents in their organizations. Organizations such as Novartis and Nike see the competitive advantage of hiring individuals who are culturally intelligent. These organizations also adopt cultural diversity as an integral part of their human resource (HR) agenda. They identify focus areas for cultural diversity and link cultural diversity and the HR business case.

Culturally intelligent individuals who can respond effectively to customers from different cultures would also be welcomed at Lloyds TSB. In fact, Lloyds TSB takes the challenge of improving customer relationship so seriously that they have a diversity strategy to deal with it. The strategy has contributed to increased income streams and better cost management.

Culturally intelligent individuals who are able to leverage cultural diversity to align marketing and product development with consumers can provide a competitive edge in product development and marketing strategies for consumer groups in different countries. Levi Strauss capitalizes on this strategy to grow their business globally. Lufthansa, the German airline, believes that culturally intelligent individuals constitute a precious organizational asset during times of crisis. At Barclays, culturally intelligent individuals will be able to help the organization gain local ownership and commitment in the United Kingdom and beyond.

It is evident that organizations leverage on culturally intelligent individuals to achieve organizational goals and strategies. Individuals who are culturally intelligent provide a source of competitive advantage for global multinational companies.

For instance, culturally intelligent leaders can improve cooperation between employees from different countries and cultures. As the management professor Lynn Offermann suggests, a person's ability to work and adapt in an environment where one's assumptions, values, and traditions differ from those in the local setting reflects cultural intelligence. This adjustment requires skills and abilities very different from those that you might use in your own familiar surroundings.

## OUR APPROACH

In this book, we develop and describe cultural intelligence in a global and cultural setting, focusing on the modern work organization. Our approach to cultural intelligence can be illustrated using a simple example from the first author's experiences in London. I noticed an unusual event while riding the underground rail system. A middle-aged British woman lost all composure and yelled at another patron (a man in his early twenties) because he refused to give up his seat to her very young child after she politely asked him several times to move. I relayed this story to a British friend, and he suggested that the English seem to operate at very different levels of restraint at times. He said that many British are so used to acting in a restrained manner that "when the top blows off, the mountain comes down." (Perhaps it's no coincidence that *Dr. Jekyll and Mr. Hyde*, which portrays a character struggling with the dual nature of his emotions, was written by Robert Louis Stevenson, a prominent British author.) We might speculate why something such as this train situation might have happened, and we might surmise that it is a carryover from the restraints placed on people during Victorian times.

What went wrong in this transportation encounter? If we recall the three questions posed earlier (What is happening and why? Am I motivated to act? Can I do the right thing here?), we can understand where things went awry. First, the train rider failed to understand the intensity and direction of the mother's feelings. He wrongly assumed that he understood her. Second, he wasn't really motivated to deal with the mother and didn't really persevere in the encounter. Third, his inaction was poorly received by the mother.

To predict his cultural intelligence, we have to see whether or not he learned his lesson. He might notice and confirm with his friends that a number of British operate in at least two rather different modes (restraint versus self-abandon) depending upon the situation. Is he motivated to deal more effectively with other commuters the next time he travels by rail? Would he take the right actions the next time (use appropriate etiquette on the train)? Time will tell. Will his next encounter prove more productive? We certainly hope so!

How do these skills in adapting relate to the skills that a manager might use while working with people from his own culture or country? When you are operating in your own familiar social surroundings, it's much easier to know whether you are getting an expected reaction. The real challenge facing a manager who works internationally is that it's virtually impossible to learn everything that you might need to know about a country you are going to work in. Certainly, general knowledge about the country, its people and customs, food, religion, politics, and so on is valuable. However, it's just not practical or possible to learn all, or even most, of the important nuances of a new culture.

Many companies rely on existing training programs that emphasize critical dos and don'ts in dealing with new cultures or lists of values, practices, and facts. You see them at Heathrow and other international airports: posters advertising the global bank HSBC that show a grasshopper and read, "In the USA, it's a pest. In China, it's a pet. In Thailand, it's an appetizer." Culture is so powerful it can even compound the meaning of even an insect. So it should come as no surprise that the actions, gestures, and speech patterns of human beings in an unfamiliar business setting are subject to an even wider range of interpretations, including some that can make misunderstandings likely and cooperation impossible. As you might expect, these methods have proven to be of limited usefulness, time consuming and tedious to use, and very expensive and difficult to assemble. Given that they are culture specific and country bound, we believe that an entirely new approach is needed, one that recognizes that a different type of understanding and learning determines who can adjust quickly to the challenges of a new country.

What does it take, then, to adapt to a new country and culture? In a new cultural situation many familiar cues and tips may be largely or entirely absent (or present but misleading), and so your natural talents lead you astray. Take a person who gauges another person's feelings and motivation by facial expressions. A smile shows an openness and willingness to move ahead as well as a generally positive mental attitude, doesn't it? Not in Thailand, where a smile may reflect over twenty different thoughts and feelings! Scientists at one time thought that facial expressions universally reflected a person's emotions (a smile is a smile, and it means the person doing the smiling is happy), but we now know that the feelings and thoughts that underlie facial expressions may differ a great deal from person to person.

What can an international traveler do to understand what another person may be thinking or feeling? *He or she must develop a common frame of understanding from available information, even though there may not be an adequate understanding of local practices and norms.* An ability to understand not only the big picture, but a new picture, is one sign of a culturally intelligent manager.

What seems to be lacking in management practice is an integration of the broader cultural and national contexts in which people live and work with this emerging emphasis on cross-border work. To make things even more complex, people from different cultures and/or nations, who do not necessarily share a common way of interpreting and evaluating situations, are more likely to respond dissimilarly to the same context. A work unit consisting of several Malaysian, Thai, and Australian managers will exhibit markedly different reactions to the same organizational intervention compared to a group consisting of Brazilian, American, and German managers.

Thus, our primary focus in this book is the development and presentation of a new approach to global management that can be brought to bear for managers seeking new work opportunities that concern international functioning for people. After completing our book, you will have a personal assessment of your CQ strengths and weaknesses as well as a developmental model showing you how to enhance your CQ. Further, you will have the skills needed to use CQ in developing your subordinates, creating effective multinational teams, and preparing managers for expatriate work.

## **ORGANIZATION OF THE BOOK**

This book is organized into two major sections: Part I (chapters 1–4) is a general introduction to understanding our approach to cultural intelligence; Part II (chapters 5–9) demonstrates ways to put CQ into practice. The appendix gives you an opportunity to assess your own CQ.

### **Part I: Understanding Cultural Intelligence**

In the first section of this book we discuss the value of cultural intelligence and the various bases for it — strategic, motivational, and behavioral. It gives ideas for and examples of critically assessing the areas of strength and weakness in one's own cultural intelligence and provides strategies for playing to the former while at the same time working to improve the latter.

*Chapter 1: What Is Cultural Intelligence and Why Does It Matter?* We begin chapter 1 by providing an overview of the three aspects of cultural intelligence: namely, cultural strategic thinking, motivation, and engaging in effective action. Next, we describe a system we call PRISM to apply cultural-intelligence practices to your work situation. In addition, you will have an opportunity to turn to the appendix to determine your own level of CQ for each of the general facets.

***Chapter 2: Preparing Your Mind: The Cultural Strategic Thinking Basis of CQ.***

We begin chapter 2 with several sample situations for the reader to think about and solve. We illustrate how cultural strategic thinking can help to resolve cultural problems and dilemmas through thinking and reasoning. We explain how the strategies that people use for gaining cultural knowledge are critical for successfully adapting to a new culture.

***Chapter 3: Directing Your Energy: The Motivational Basis of CQ.*** Although it is critical for managers to think rationally and accurately, they must be willing to persevere during difficulties that arise from cross-cultural misunderstandings. That is, personal effort and integrity are the next critical elements of CQ. In our discussion of CQ from a motivational perspective, we discuss one's core values, preferences, and goals as being central to his or her identity. These values and preferences give rise to personal motivation and, in turn, create a sense of personal purpose and direction.

***Chapter 4: Presenting Yourself: The Behavioral Basis of CQ.*** The action part of our approach looks at a person's ability to draw from an existing repertoire (or to create new actions) to translate motives into successful action. That is, if someone has analyzed the situation accurately (cultural strategic thinking) and is motivated to respond (motivation), how might he or she actually respond in a culturally appropriate fashion?

## **Part II: Applying CQ to Your Workplace**

In the second section of this book we take the ideas of cultural intelligence and show how they apply to key aspects of managing people in organizations. These topics include leadership, multinational teams, global work assignments, and workplace diversity. There is a thematic flow in this section. We begin by examining how people work with other people from different cultures within and outside the organization (chapters 5 and 6). Then we proceed to look at how cultural intelligence is applied in multinational team and global leadership contexts.

***Chapter 5: Working Effectively in the Culturally Diverse Workplace.*** We begin chapter 5 by highlighting how organizations are dealing with diversity issues in the workplace. Then we show how CQ can be used to improve understanding and enhance work relationships for people working in a culturally diverse workplace.

***Chapter 6: Succeeding in Global Work Assignments.*** In chapter 6 we discuss the potential use of CQ to identify key managers for expatriate work assignments as part of a larger selection and training program. In addition, we describe how a company might raise the CQ of selected personnel through various training techniques.

**Chapter 7: Building High-Performing Global Teams.** In chapter 7 we focus on using the concept of CQ to aid an expatriate manager with a new work assignment on a global team. We describe the role of CQ as an assessment device for a manager to understand where he or she might have difficulties in dealing with people in an international context, with special emphasis on internationally diverse work teams.

**Chapter 8: Leading Globally.** In chapter 8 we look at how CQ can help a manager become a more effective leader in an international context. How does CQ help a manager understand what it takes to lead in various cultures, and does this person tap into universal leadership qualities? Or do cultural strategic thinking and other capabilities mean that leadership is uniquely tailored to each new situation?

**Chapter 9: Summary and Concluding Thoughts.** In this final chapter we recap the nature and importance of CQ for a global company as well as for a domestic company operating in a culturally diverse environment. We return to the PRISM framework for applying a CQ-based program in a global organization, with some concluding comments about the future of global management.

### **Appendix: A Self-Assessment of Your CQ**

In this section you can assess your CQ and obtain a profile of your strengths and weaknesses. This instrument is based on our fieldwork with managers in various international assignments.

### **SUMMARY**

There is a story that one day a powerful and wealthy Chinese businessman went to the market with his servant. This businessman was known to all the market vendors, and everyone knew how important and powerful he was in the province. After browsing in various shops, he happened onto an open market where pottery was sold. He looked at the various pots and plates and noticed one that he found very appealing and purchased it. He motioned for his elderly servant to collect the large, heavy pot and to follow along to the next shop. Unfortunately, as the servant tried to lift the pot, it slipped from his hands and fell to the ground, breaking into many pieces. Upon seeing this, his master came over to the servant, shouting at him and berating him for his feebleness. In addition, the businessman took his cane and began to beat the old servant in front of everyone in the market, calling him a senile old fool and humiliating him. However, it was clear to all the bystanders that the true fool was the businessman who expected his elderly servant to carry such a burden. The real shame was the disgrace of the businessman reprimanding his servant.

manding and punishing his servant in public. The businessman had difficulty doing business after this, and within months he had lost his fortune. Why? Simply because the businessman lost “face” (personal status and prestige) by abusing his servant as he had. If he had forgiven rather than condemned his servant, he would have gained face rather than losing it. Had he shown benevolence rather than malevolence, he would have gained face; although the Chinese don’t readily admit errors if a mistake is obvious, to hide behind one’s error using someone powerless is seen as demeaning and unbecoming. Showing one’s magnificence in such a situation enhances reputation and face for the wrongdoer.

How can we comprehend such complex thinking across such a wide range of cultural settings throughout the world? Are some people more able to do so than others? More important, can we teach managers skills so that they are able to do so? These are the questions that lie at the heart of our book. We attempt to bridge a gap in the management literature concerning why some people fail to adjust to new cultures even if they seem very empathetic and sensitive in their own cultures. We identify the reasons and explain why these reasons matter. Further, we seek to understand the very nature of intelligence and how cultural situations help to shape it. It is through this approach that we believe it is possible to expand and clarify the most fundamental of human characteristics: intelligence.