Embedding Cultural Intelligence in the 21\textsuperscript{st} Century Workforce

The pressure to build authentic global networks and cultivate an appreciation and respect for cultural differences has driven cultural intelligence to the forefront of diversity and inclusion.

Cultural intelligence has become a critical differentiator and requisite skill set in an increasingly competitive economy. International migration, restructuring of jobs and organizations, and global market expansion present new challenges and opportunities: when cultures interact, they converge on some aspects, but their unique characteristics can also amplify. Today’s leaders must effectively manage people and projects across varying geographic and cultural contexts, and simultaneously integrate the work styles and expectations of different generations, nationalities, and cultures.

In a recent SHRM report, 90% of executives from 68 countries cited ‘cross-cultural management’ as their top challenge in working across borders.

Success in an expanding global marketplace and increasingly diverse US work environment requires new competencies, the ability to lead across boundaries, and the need for sustainable cultures that are conducive to change and adaptation. Cultural intelligence – or CQ - requires developing skills to effectively communicate and interact across a range of multinational, multicultural and multilingual settings. Leaders with CQ have advanced knowledge of traditions, nationalities, corporate cultures and disciplines that can impact the business, and are able to effectively navigate through multiple cultural frameworks.

Ideally, developing cultural intelligence should not be isolated to company executives and employees working in international settings. To be competitive, today’s business leaders must integrate cultural intelligence across all functions and embed the approach as a core element in the company’s strategic business plan.

Global companies increasingly rely on international markets and talent pools, and advances in technology mean the best talent can be recruited, regardless of where they live. A diverse workforce provides first-hand insights to the motivations and preferences of a broad range of customers. One study found that a team with a member who shares a client’s ethnicity is 152% more likely to understand that client than a team without someone from that background.

By 2055, the US will be a nation without a majority racial or ethnic group.

The white population is projected to increase only 1\% from 2015 to 2065. The white population, now 62% of the US population, will decline to less than 50% by 2050.

By 2060, there will be 77 million blacks in the US, comprising nearly 19% of the population. The black immigrant population in the US was 4.2 million in 2016, an increase of 71% since 2000.

The nation’s Latino population is projected to grow to 119 million and comprise 29% of the US population by 2060. US Latino GDP is growing 70\% faster that the US non-Latino GDP. Latinos accounted for 70\% of US workforce growth in the first half of this decade.

Today, 59\% of Asian Americans were born in another country. Asians are projected to become the largest immigrant group in the US, surpassing Hispanics by 2055.

One in four young adults in the US speaks a language other than English at home.

10 million American adults identify as LGBT. Millennials comprise 58\% of self-identified LGBT Americans. In 2017, 40\% of self-identified LGBT adults are people of color.

More than 300 languages are spoken in the US; approximately 60 million Americans speak a language other than English at home.
However, working on a team that is made up of a number of different nationalities and responding to the needs of an increasingly diverse consumer base present significant challenges to the way in which today’s employees work and communicate. Companies that invest in developing cultural competence in the workforce enable effective communication and consistent professional performance across cultural differences.

Conversely, lack of cultural awareness and knowledge can lead employees to behave in a way that is culturally inappropriate. Cultural barriers such as language can play a large role in the success or failure of global teams, and approaches and solutions that are effective in one part of the world may not be effective in another. When companies invest in developing cultural competencies, they are more innovative and adaptable to respond to cultural changes. Not considering cultural differences can lead to the loss of sales and contracts, damaged reputations, and broken partnerships.

According to the SHRM report, 70% of international ventures fail because of cultural differences. One study reported that 45% of Chinese business leaders surveyed considered cultural challenges to be one of the biggest barriers to successfully acquiring or partnering with Western businesses.

In today’s innovation economy, vast amounts of time, money and other resources are invested in building out the global brand. But companies that don’t also invest in developing cultural competence run the risk of unintentionally damaging their brand and reputation by making decisions or behaving in ways that unintentionally alienate or offend cultural groups. Companies with global reach must customize their brand messaging to the target demographics of the local communities in which they operate. This requires developing cultural fluency and awareness of different regional nuances and how different markets communicate and do business.

A study of business executives found that strengthening company-wide cultural intelligence results in:

• 30% increase in company productivity and efficiency
• 24% increase in competitive market advantage
• 27% increase in profit margin
• 32% increase in international negotiation success
• 25% increase in international clientele base
• 30% increase in employee satisfaction
• 15% decrease in miscommunication

Best practice organizations recognize the importance of building cultural competence in the workforce and provide their employees cultural training, and offer international management development and global leadership programs to prepare key staff to work internationally. The goal of training is not to create a workforce of cultural experts, but to accommodate core cultural differences and leverage the benefits of diverse thinking in day-to-day communications, interactions, and problem-solving.

Effective training programs are an important part of developing cultural competence, but the bigger need is creating a culture where meaningful conversations take place about how to effectively leverage differences in the workplace. Intercultural assessment tools are also an effective mechanism for understanding what areas in the organization need the most attention and establishing an inventory of competencies for baseline benchmarking and comparing progress and performance.

Summary

Effective cross-border and cross-culture communication and collaboration is a critical differentiator of the financial success of companies with international aspirations. Developing cultural intelligence in the workforce can lay the foundation for exploring cultures and global trends and provide greater insight into the global marketplace.
Important Questions to Consider

➢ Have we integrated cultural intelligence and cultural competence development strategies in our overall business strategy?
➢ To what degree do company leaders value, demonstrate and promote culturally intelligent behavior?
➢ To what degree do the practices, policies and messages of the organization reflect a culturally intelligent approach?
➢ What cultures are represented in the organization? What cultures are underrepresented?
➢ To what degree do we have diverse representation from various cultures on our teams? How have we equipped those teams to engage with that diversity?
➢ What training and coaching do we provide? How do we measure the impact of those interventions?
➢ How does the organization consider cultural intelligence when hiring and promoting individuals?
➢ Does our corporate culture accept the differences it invites and embrace the different perspectives that come from increasing our commitment to diverse recruiting?
➢ Do employees understand the way culture shapes how people think and behave? Do they have an overall understanding of how cultures vary?
➢ Why are some individuals able to adeptly move in and out of different cultural frameworks while others cannot?
➢ How much money is spent training on cultural competence and unconscious bias? Do we have a plan for hiring for these skillsets and competencies?
➢ How is the business growing globally? How will building cultural competencies facilitate that growth?
➢ Is the company leveraging the full capability of its global talent pool? What competencies do leaders from each region bring to their own local business functions and success locally?
➢ How do our own biases as leaders impact our assessment of leaders outside your own region?
Recommended Resources

Reading:

Background of CQ. Soon Ang and Linn Van Dyne


Leading with Cultural Intelligence. https://www.saylor.org/site/textbooks/Leading%20with%20Cultural%20Intelligence.pdf


Training:


AMA: http://www.amanet.org/site-search-results.aspx?search_terms=diversity

Cultural Candor: https://www.culturalcandor.com/

Communicaid: https://www.communicaid.com/cross-cultural-training/developing-global-competence/

Toolkits:

Intercultural assessments: Intercultural Adjustment Potential Scale (ICAPS); Multicultural Personality Questionnaire (MPQ); Cultural Intelligence Scale (CQS)

Cultural Awareness Quiz: https://www.culturalcandor.com/cultural-awareness-quiz/