

Cultural intelligence as a prism between workforce diversity and performance in organization

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The aim of the paper is to integrate conceptualizations of workforce diversity and cultural intelligence into one model for future estimations of their effect on organizational performance. We propose an integrative model based on a metaphor of cultural intelligence as a link-deflecting prism between workforce diversity and performance, and several suggestions from a managerial point of view.

In theory and in practice comparatively little attention has been paid to the advantages and hidden potentials of diversity. The most common and acknowledged approach to tackling diversity is promoting fair employment practices. However, there are other views. According to Tsui and Gutek (1999: 145), there are two approaches to why diversity needs to be embraced: first, it is socially responsible and desirable to give people from all social categories equal opportunities (equality approach) and second, it is economically wise because diversity has a hidden potential (managing diversity approach). In our article we concentrate on the second approach stating that diversity needs to be managed to give organizations an advantage.

Workforce diversity and its relationships with group and innovation performance

Workforce diversity can be defined as “a characteristic of a social grouping (i.e., group, organization, society) that reflects the degree to which there are objective or subjective differences between people within the group” (Van Knippenberg, Schippers, 2007: 519). Following Jehn, Northcraft and Neale (1999), we distinguish between three types of workgroup diversity: social category, informational and value diversity (see the figure below). Social category diversity can in its turn be divided into three types: 1) diversity of generic demographic attributes, which are easily detectable (age, gender, race), 2) background attributes (education, experience, tenure), and 3) hitherto vaguely defined diversity, which is based on people’s self-categorization (e.g. social identity, cultural identity, ethnic identity). What is important in social categorization perspective is that differences between workgroup members may engender the classification of others as either ingroup/similar or outgroup/dissimilar; and these categorizations may disrupt group process (van Knippenberg, Schippers, 2007).

There are plenty of studies linking demographic diversity and group and innovation performance. For example, Nahapiet and Ghoshal (1998) have found that demographic diversity undermines group creativity and innovation because it undermines, in general, group cohesion and thereby the processes and performance requiring high levels of cohesiveness (Nahapiet and Ghoshal, 1998, cf. Bechtoldt et al., 2007). On the other hand, it can also mean diversity of perspectives and ideas for creativity, innovation and performance (Chemers et al., 1995). However, few scholars have considered the probability that these findings may have to do more with other, deeper level phenomena, such as diverse viewpoints stemming from different cultural backgrounds, different values and attitudes. We regard it as a substantial shortcoming that needs a closer look, which we elaborate on further in the article.

Heterogeneity of functional background was found to be associated with innovation (e.g. Ancona, Caldwell, 1992, Wiersema, Bantel, 1992; cf. Tsui, Egan, Xin, 1995). Availability of multiple resources and skills causes members of diverse groups to be more innovative and creative in problem-solving than members of homogeneous groups (Earley, Mosakowski, 2000; Rink, Ellemers, 2006). We see the functional background diversity as closely related to and to large extent overlapping with informational diversity. The latter reflects differences in knowledge, expertise, and perspectives that may help work groups reach higher quality and more creative and innovative outcomes (van Knippenberg, Schippers, 2007). In support of this statement Souder and Jenssen

(1999) assert that diversity of knowledge that different individuals possess is an important source and facet of organizational innovation. Informational diversity is more task- or job-related (Jehn et al., 1999) and therefore, should be examined in the specific situations.

Social identity is important, because it influences group interaction (e.g. Tajfel, Turner, 1986; cf. Jehn et al., 1999). More than an objective characteristic of a group, diversity is a subjective phenomenon, created by group members themselves who on the basis of their different social identities categorize others as similar or dissimilar: “A group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity” (O’Reilly, Williams, Barsade, 1998: 186). It implies the importance of this type of workforce diversity. Nemeth (1986) claimed that minority views can stimulate consideration of non-obvious alternatives and interaction with persistent minority viewpoints stimulates creative thought processes, while Rink and Ellemers (2007) warn us that presence of social category differences (e.g. in gender or ethnic background) is likely to create uncertainty.

Value diversity is a workforce diversity category that uses an attribute situated at the deeper levels of human conscience and thus, is less observable, which becomes evident only after getting to know a person well (Jackson et al., 1995, cf. van Knippenberg, Schippers, 2007). Schein (1997) in his systematization of interactions between values and other “hidden” elements of culture has explained well the way values impact behavior of individuals: on the deepest level of consciousness there are basic assumptions, which are taken for granted and treated as nonnegotiable. At the next level basic assumptions manifest themselves in espoused values, attitudes and beliefs, which compile more conscious, yet still non-observable at the everyday-basis level. These values, attitudes and beliefs manifest themselves in behavioral norms and observed everyday behavior. This is the point when cultural diversity becomes most evident to people from other cultures. Starting with the same set of basic assumptions, the greater the number of potentially divergent factors within the cultural unit (e.g. ethnicity, language, religion, etc.), the more one can expect variety in espoused values and attitudes and, finally, in observed behavior (Schein, 1997). Therefore, values may have a more lasting though less traceable effect on the behavior, which is more difficult to detect and to map out. In short, value diversity can be considered as the essence and the fundamental source of cultural diversity and thus it is most directly linked to the concept of cultural intelligence.

In organizations, values influence individual’s behavior and expectations about behavior of others (Mead, 1994). O’Reilly, Chatman and Caldwell (1991) have shown that new employees, whose individual values differed from the mean values of others in their work groups or small organizations, were less satisfied, demonstrated lower organizational commitment, and were more likely to quit. Yet, it was also found that contact between workers from diverse backgrounds leads to the development of novel solutions to the tasks at hand (Jehn et al., 1999; Watson et al., 1993) and overall, value differences between team- and network members are beneficial to innovation performance (Möller, Svahn, 2004).

In the recent years there is a large amount of research done, exploring the effects of workforce diversity. It is seen both as a challenge and as an opportunity for organizations (Chemers, Costanzo, Oskamp, 1995, Williams, O’Reilly, 1998). Many researchers focus on diversity within specific teams, e.g. top management teams and therefore workforce diversity often is referred to more narrowly as work team diversity. There is also evidence that management team diversity predicts organizational outcomes, including innovation and strategic direction (see for references Sessa, Jackson, 1995). This way group performance is intertwined with innovation performance.

Yet, the review of forty years of diversity research by Williams and O’Reilly (1998) as well as meta analyses by Webber and Donahue (2001) and Jackson, Joshi and Erhardt (2003) and the most recent review covering years 1997-2005 by van Knippenberg and Schippers (2007) concluded that there are no consistent main effects of diversity on organizational performance and they may vary from very negative to extremely positive. We can conclude that there certainly are potential advantages in diversity; it is the matter of individual as well as organizational capability to identify and extract

them. We believe that the concept of cultural intelligence is useful to provide the basis for approaching this issue.

Cultural intelligence (CQ)

Cultural intelligence can be defined as an individual's capability to function and manage effectively in culturally diverse settings that can be developed and enhanced through interventions (Ang et al, 2007). Brislin et al (2006) describe culturally intelligent individuals as people who are skillful at recognizing behaviors that are influenced by culture. Creating a way to make sense of culturally different situations is an important aspect in developing cultural intelligence. Culturally intelligent managers create a new mental framework for understanding what they experience and see, that is why cultural thinking is also what psychologists call higher-order thinking, because it refers to how we learn, not just what we learn (Tan, 2004). Triandis (2006) argues that one of the most important attributes in achieving CQ is the habit to suspend judgments until enough information becomes available.

The roots of cultural intelligence studies lay in early (1960s) organizational research on culture and intelligence. Later scholars have tried to integrate these concepts resulting with two existing approaches (Ng, Earley, 2006). First approach concentrates on cultural variation of intelligence (Berry, 1974, Sternberg, 1985; cf. Ng, Earley, 2006) and the second, more recent approach focuses on the concept of cultural intelligence (Earley, 2002). Cultural variation theory emphasizes that the concept of intelligence is culture bounded; its meaning, development, display and assessment are all embedded in cultural context (Berry, Ward, 2006) while cultural intelligence is claimed to be culture free concept that highlights the ability to adapt effectively in different cultural contexts. Indeed, these two concepts are interrelated, as culturally intelligent individuals need to understand what intelligent behaviors constitute in different cultures (Ng, Earley, 2006). We concentrate on the second approach, that is cultural intelligence approach because of its impact on today's global workplace where the ability to adapt with different people from different cultural backgrounds is of great importance.

CQ is regarded as multidimensional concept. According to Earley and Ang (2003), CQ is conceptualized to comprise four dimensions: metacognition (cognitive strategies to acquire and develop coping strategies), cognition (knowledge about different cultures), motivation (desire and self efficacy), and behavior (repertoire of culturally appropriate behaviors). Metacognitive CQ reflects the mental processes that people use to acquire and understand cultural knowledge (Ang et al, 2007), this can be summarized as "knowledge of knowledge". Those with high metacognitive CQ are constantly aware of others cultural preferences before and during interactions (Ibid). Cognitive CQ refers to knowledge of other cultural norms and customs obtained from education and experiences. Motivational CQ is an ability to orient attention and energy to gather knowledge for constructive functioning in cross-cultural situations. It triggers attention and effort, stimulates and channels an individual's cultural knowledge and strategies into guided action in novel cultural experiences (Templer et al, 2006). Behavioral CQ refers to what people do rather than what they think in these situations (Sternberg, 1986; cf. Ang et al., 2007) and reflects behavioral capability to exhibit flexible actions that are culturally appropriate (Ang et al., 2007).

Earley and Ang (2003) regarded motivational CQ as a critical CQ component and a key element in the adaptation to new cultural environments. Crowne (2008) studied how previous experiences abroad influence CQ and found that education and employment in different cultures increases cognitive and behavioral aspects of CQ while motivational CQ was higher for those who visited more countries for vacation and other purposes. In this context the results show that the best way to develop CQ is through engaging in activities involving intimate cross-cultural interaction, while passive activities are significantly less effective in nurturing CQ (Ng, Neo, 2007). Ang et al. (2007) found that motivational and behavioral CQ are related to general adjustment in a sample of executives with international work scope. Their findings suggest that cognitive CQ and metacognitive CQ are positively related to intercultural judgment and decision making. This means

that people who have cognitive capabilities and cultural knowledge are more readily making accurate judgments and decisions in culturally diverse settings.

An integration of diversity and cultural intelligence conceptualizations

Although developing the CQ concept was triggered mainly by the need to cope with difficulties arising in cross-cultural encounters, we believe it can be applied also with respect to other differences, such as gender culture, generation’s culture etc. as well as tackling with differences on other demographic attributes. As mentioned above, people tend to notice initially only the differences in the surface-level attributes, such as age, gender, race and ethnicity (referring to demographic diversity). However, under other circumstances or when people get to know each other better, this attribute might not be the most salient and most important marker of diversity (Williams, O’Reilly, 1998). In order to pass through the stage of understanding this faster and to avoid hurting others’ feelings, developing metacognitive, cognitive, motivational and behavioral CQ will be of help. In this paper we approach diversity within the above considered workforce diversity framework linking it with performance in organization and using the metaphor of prism for estimating the potential effects of CQ (see the figure below).

The model is derived from the multilevel approaches of these concepts. Value diversity is positioned at the bottom-line of the other diversity types, as it becomes salient after a certain period of time. According to synergy hypothesis, also referred to in cultural diversity literature (Triandis, 2006), contrasting values are potentially synergistic and cultures can benefit from it. The power of synergy lies in the idea that when solving problems, groups are often smarter than the smartest people within them (Surowiecki, 2004). Thus, it was found that mix of cultural values would be extremely helpful in fostering the success of new product development and that complementary values are best suited for innovation processes (Nakata, Sivakumar, 1996; Hauser, 1998). Janssens and Brett (2006) further suggest that at team level the blending and coexistence of unique differences can be engaged to arrive at creatively realistic solutions that can be implemented across the whole global organization. If so, then the capability to function effectively in these diverse settings, which is defined as CQ by Ang et al. (2007), may provide a great tool for identifying these benefits.

As referred to above, the effects of different types of diversity can be both positive and negative (marked as + and – in the figure). When cultural intelligence is present in an organization and applied to tackle them, it works as a prism and these effects, like rays of light deflect and become positive. Thus we suggest that even the otherwise negative effects of diversity may be turned into advantages. At the same time, CQ itself is influenced by individual and collective experiences and its dimension of cognition (cultural knowledge and understanding) impacts on cultural judgment and decision making. Motivation dimension influences cultural adaptation, which further may influence behavior.

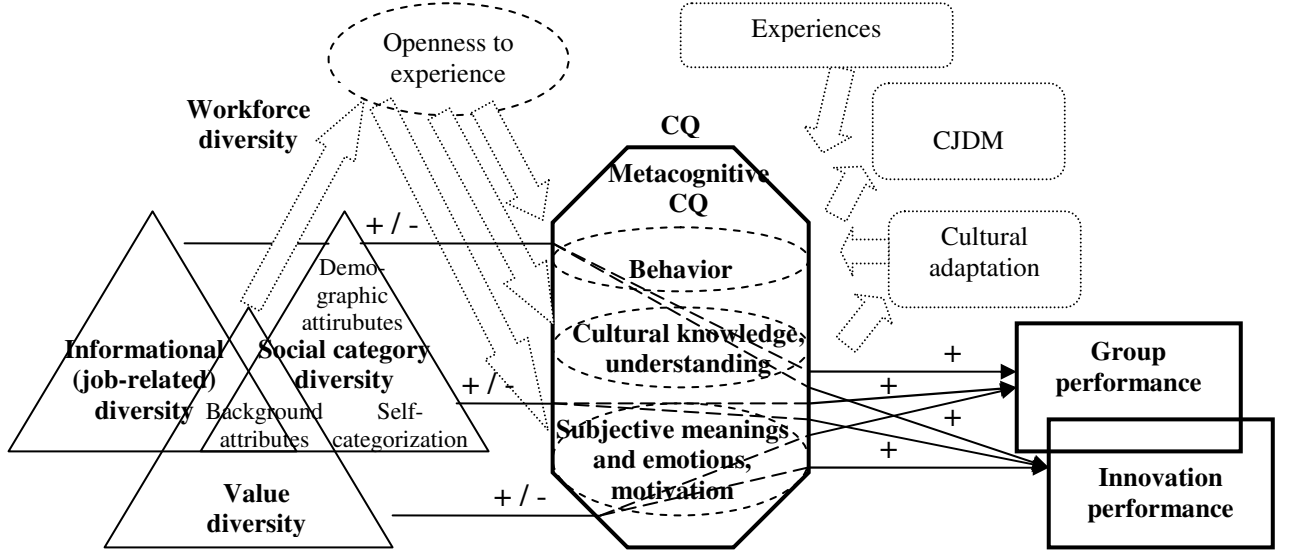




Figure. Cultural intelligence as a link-deflecting prism between diversity and group performance
 Notes: CJDM refers to cultural judgment and decision making;  - relationships found in previous research;  - proposed links.

Overall, openness to experience facilitates this process. Openness is not only a personality trait, but it is also a cultural value. Schwartz (1992) distinguishes between four main motivational domains of values, openness to change being a higher-order motivational domain of values. In its turn, it consists of stimulation and self-direction types of values, such as creativity, freedom, self-respect, varied life, exciting life, being daring, curious and independent. When these values are endorsed in a certain culture, an individual is more open to change and new experiences. Thus, diversity of values provides more chances for these traits to be present in organization and further facilitates the effects of CQ.

Conclusions and implications

As discussed above, workforce diversity may provide a useful organizational resource in today's world, but in order to get advantage of it cultural intelligence is needed. To be effective managers should first of all acknowledge the differences, be able to face them and then act according to this information – that means, they should be culturally intelligent. In order to create a culturally intelligent organization, several aspects should be taken into consideration. Openness to experiences was found to facilitate intercultural group performance and to be related to all CQ dimensions. Openness should be approached from two different angles. On the one hand, it is a personality trait, which can be relatively easily recognized and measured, for example, by using tests when hiring new employees and thus creating their personality traits portfolio. Employees with this trait are probably more adaptable and better accepting differences. On the other hand, openness can represent values learned and endorsed within a certain culture. Then identifying people who allocate the similar importance to these values may help in composing work groups. In addition, if needed, these values may be more or less endorsed or discouraged in organizations by the help of cultivating the according organizational culture.

While certain individual traits is a prerequisite for initiating these processes, further group efforts are needed. For example, for carrying out organizational changes, a crucial first step is valuing and managing diversity training (Cox, 1991). Thus, an emphasis has to lie on understanding the diversity and developing skills for achieving the potential synergy of it. These skills can be achieved through group discussion and activities analysis.

In organizations, organizational members often use a readily detectable attribute that became salient or was made salient in the given situation as the basis for categorization. Applying the metacognitive, cognitive, motivational and behavioral CQ will help to get through the surface and manifestation levels of diversity for tackling with the founding values-based diversity and identifying its potential advantages. Developing the CQ dimensions and skills will help to see beyond the surface level manifestations of diversity and thus understand the other better. Our proposition for further research is to study empirically the hypothesized effects of cultural intelligence. Creating a test for estimating individual as well as organizational CQ, which would estimate employees' personality traits, values and other background characteristics would enable to move on from individual to group and organizational level in measuring and developing CQ.

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