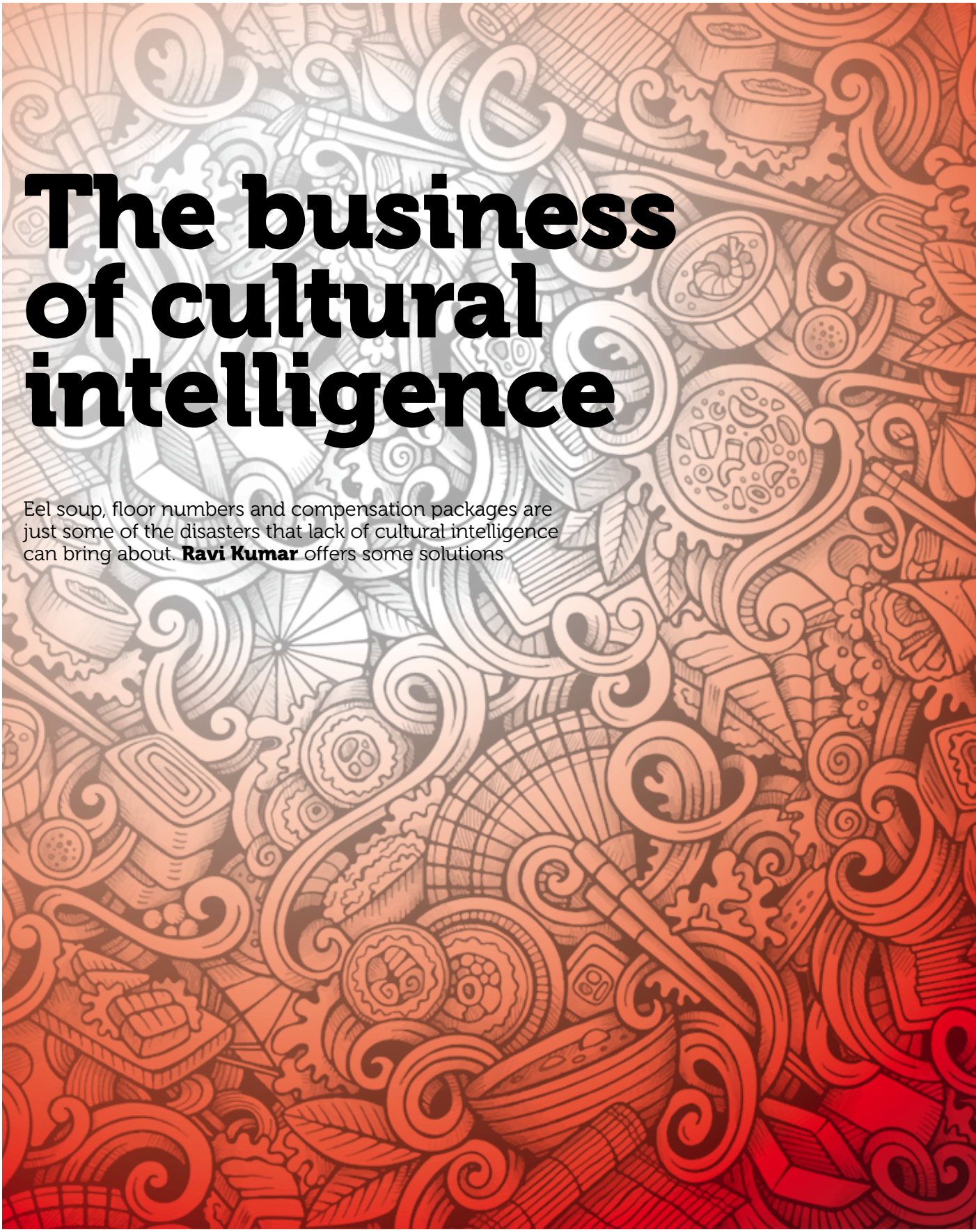
The business of cultural intelligence

Eel soup, floor numbers and compensation packages are just some of the disasters that lack of cultural intelligence can bring about. **Ravi Kumar** offers some solutions



One of HSBC's most memorable advertising campaigns in the early 2000s positioned the bank as the "world's local bank". In a series of television and print advertisements, the international bank highlighted the importance of local knowledge.

In one TV advertisement, an Englishman appeared with a group of Chinese businessmen. Everyone had a bowl of eel soup in front of them.

The Englishman winced at the exotic meal as his companions ate heartily. He then proceeded to finish up every last drop of his dish. His Chinese host ordered a second and bigger serving of the same dish for him, much to his anxiety. He slurped up, reluctantly, the second service. His host, meanwhile, ordered another, even bigger, serving for him.

At the end of the advertisement, we see the kitchen staff struggling with a giant eel to be presented to the Englishman.

The voice-over announced: "The English believes it's a slur on your host's food if you don't clear your plate. Whereas the Chinese feel you question their generosity if you do so".

The message was clear: never underestimate local culture.

Even in the finance- and technology-driven 21st century, traditional beliefs rooted in history and culture continue to play a big part. Take, for example, the case of 39 Conduit Road, a luxury residential development in Hong Kong.

Launched in 2009, units at the Mid-Levels property have recorded some of Asia's most expensive property transactions. This is largely connected with the "auspicious" nature the building was perceived to have. Though there are only 46 stories to the buildings, the highest floor is numbered "88", which is one of the most auspicious figures in Chinese culture, meaning "double fortune".

As four is considered unlucky in Chinese and Cantonese culture (phonetically it sounds like the word "death" or "to die"), several inauspicious numbers were omitted in the floor numbering. They are 14, 24, 34, 64, and all floors between 40 and 59. The penultimate floor number is 68, which is followed by 88, the top floor.

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88

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Although there was some criticism of the developer's omission of floor numbering as deceptive marketing, this is an example of a cultural practice specific to Hong Kong. While it could lead to misunderstanding and puzzlement from those unfamiliar with the culture of auspicious numbers, those who were no strangers to such cultural beliefs had no problem with the logic of the floor-numbering system.

The importance of understanding and respecting local cultures is all the more critical in this age of intense globalisation. To be a successful and effective leader, it is no longer enough to possess high IQ or high EQ (emotional quotient), cultural intelligence is now also an important part of the equation.

Simply put, cultural intelligence is a person's or an organisation's ability to work effectively across different cultures. It is measured on a cultural quotient (CQ) scale similar to how one's intelligence quotient (IQ) and emotional quotient (EQ) are measured.

Cultural knowledge can be disseminated to academia, businesses and policymakers to help them make culture-specific decisions with more chance of leading to successful outcomes

In the past decade or so cultural intelligence has been widely accepted in business and leadership circles as having an impact on the effectiveness and success of the individual and/or venture.

Cultural intelligence plays an important role in business because it can help identify and understand differences in culture across countries and societies and understand the impact of these differences on the management of business enterprises. Armed with this understanding, such knowledge can then be disseminated to academia, businesses and policymakers to help them make culture-specific decisions with more chance of leading to successful outcomes.

This approach to business, management and leadership is not just about a "feel good" factor or about giving in to unscientific practices. An organisation with a high CQ will be one that can think out of the box when solutions are needed and its teams are likely to be more effective in problem solving and closing deals because of their ability to adapt to differing operating environments.

Such organisations are also likely to outperform their counterparts through the building of sustainable relationships with local hosts and partners, who are seen as a source of knowledge rather than as adversaries.

The case of a strike by workers at Standard Chartered Bank's South Korean operation is an example of a conflict that arose from a lack of cultural understanding.

In 2011, thousands of workers in the bank's South Korean unit, SC First Bank, went on strike to protest at the parent bank's attempt to implement a performance-based pay system, a widely accepted system in the Western world. But the idea went against the seniority-based compensation system that is common practice in South Korean companies.

Although the bank and the workers' unions eventually negotiated a settlement, the strike caused a suspension of operations at 10% of the bank's branches in South Korea, no doubt eroding the bottom line. It also led to lower ratings by international agencies and closer scrutiny by regulators.

How, then, does one cultivate good cultural intelligence?

The answer is to, first, start young.

To nurture culturally savvy students, Nanyang Business School (NBS) in Singapore, rolled out three undergraduate courses on cultural intelligence. These courses aim to increase students' awareness of their personal cultural values and beliefs as well as their strengths and weaknesses in managing cross-cultural interactions.

Students also learn about the challenges inherent in cross-cultural interactions through various cultural frameworks that explore how cultures differ fundamentally, their impacts on organisational behaviour, and the potential conflict among organisational members of diverse cultural backgrounds.

Through theories and experiential exercises (including overseas exchange and internships) that are coached and mentored, they develop practical skills of cross-cultural communication and adaptation.

10%

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90%

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At postgraduate level, NBS introduced a leadership course – Leading People Globally. It leverages NBS's expertise in cultural intelligence and provides evidence-based principles and techniques drawn from Eastern and Western perspectives. Participants learn about establishing their leadership style, managing teams across diverse cultures and work functions, and influencing and negotiating with others.

Participants from the course benefit from insights on leading co-workers in local and global contexts as well as on situations emerging during intercultural encounters, which are so important in today's global economy.

The Center for Cultural Intelligence and Leadership at NBS, the world's first cultural intelligence centre, has also impacted human capital strategies in global organisations.

One notable example is the Geneva-based International Air Transport Association (IATA), the international trade organisation that governs more than 90% of the word's commercial airlines. IATA has now incorporated cultural intelligence into its core values and performance metrics.

There is no magic bullet when it comes to ensuring our students and leaders of tomorrow become a culturally intelligent workforce of the 21st century. But education, practical skills training, overseas exchanges and internships will go a long way towards nurturing them.

ABOUT THE AUTHOR

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