

DIGITALES ARCHIV

ZBW – Leibniz-Informationszentrum Wirtschaft
ZBW – Leibniz Information Centre for Economics

Paiuc, Dan

Article

The impact of cultural intelligence on multinational leadership : a semantic review

Provided in Cooperation with:

National University of Political Studies and Public Administration, Bucharest

Reference: Paiuc, Dan (2021). The impact of cultural intelligence on multinational leadership : a semantic review. In: Management dynamics in the knowledge economy 9 (1/31), S. 81 - 93.
<http://www.managementdynamics.ro/index.php/journal/article/download/408/356>.
doi:10.2478/mdke-2021-0006.

This Version is available at:

<http://hdl.handle.net/11159/6045>

Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics
Düsternbrooker Weg 120
24105 Kiel (Germany)
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)
<https://www.zbw.eu/econis-archiv/>

Standard-Nutzungsbedingungen:

Dieses Dokument darf zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden. Sie dürfen dieses Dokument nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen. Sofern für das Dokument eine Open-Content-Lizenz verwendet wurde, so gelten abweichend von diesen Nutzungsbedingungen die in der Lizenz gewährten Nutzungsrechte.

<https://zbw.eu/econis-archiv/termsfuse>

Terms of use:

This document may be saved and copied for your personal and scholarly purposes. You are not to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public. If the document is made available under a Creative Commons Licence you may exercise further usage rights as specified in the licence.

The Impact of Cultural Intelligence on Multinational Leadership: A Semantic Review

Dan PAIUC

National University of Political and Administrative Studies SNSPA, 30A Expoziției Blvd., 102104 Bucharest, RO; dan.paiuc@facultateademangement.ro

Abstract: Never before the need to function efficiently in multicultural contexts has been more apparent than today as, in our global and interconnected world, cultural intelligence (CQ) has become the central pillar of efficient leadership. Therefore, the objective of this paper is to critically analyze the specific literature on cultural intelligence and its modeling role for performant leadership and to identify gaps or inconsistencies of research employing this concept to contribute to its revamping. Based on a systematic review, we have structured this article into four directions of conceptual clarification, which could improve the current notions and applicability of CQ. The first two sections investigate and present the existing conflicting definitions and models of culture and cultural intelligence and move towards the common ground in our new challenging economic context. The third direction particularly questions the validity of the actual cultural intelligence scales and will try to point the need to develop new adapted measuring tools. The last one focuses on the limitations and new influencing factors of the link between cultural intelligence and efficient leadership, considering that globalization, the digital revolution, immigration, circular economy, or artificial intelligence are shaping a new operating business model. Our conceptual research is based on a systematic approach to literature and a critical analysis of the main concepts and ideas dealing with cultural intelligence. The findings, regrouped around inconsistencies, show that the new economic reality might impact the existing academic theories regarding the link between cultural intelligence and multinational leadership. The research limits are bordered by emotional intelligence (EQ), an individual parameter, and main leadership success factors. However, our present work will develop an understanding of the cultural intelligence impact on multinational leadership and opens the gate for future research questions and challenges arising from this study's findings.

Keywords: cultural intelligence; multicultural leadership; global management; international business; digital leadership.

Introduction

Since the World Health Organization announced on March 11, 2020, the COVID-19 pandemic, the work from home (and work from anywhere) phenomenon has conquered the planet and pushed multicultural leadership (ML) to become, in a variety of contexts, the new norm. Even if the trend was settled way before by the workers' increased mobility and the fact that the typical workforce is now more likely to comprise individuals from different cultures and countries. Nevertheless, if one were to ask about the intellectual foundations of ML, one would be faced with a puzzle of a limited number of articles, books, and models on global management and multicultural leadership. In opposition to the substantial literature published and popularized on topics such as general management and leadership. This can also be one reason why in the early years of the new millennium, 70% of the international ventures were doomed to fail because of cultural differences (Yan & Luo, 2001). Coming back to more recent events, we see that the lesson is still not learned and that the culture shock is still impacting some of the biggest retailers with international ambitions. In 2014 the company Kingfisher, with British origins, sold its 39 B&Q outlets and permanently exited China (Rankin, 2014). The American giant Home Depot closed by 2012 the last 7 of its 12 Chinese stores. In 2015 Target, headquartered in Minneapolis, closed all 133 of its Canadian stores only after two years of operations with a total net loss of \$2 billion.

How to cite

Paiuc, D. (2021). The Impact of Cultural Intelligence on Multinational Leadership: A Semantic Review. *Management Dynamics in the Knowledge Economy*. 9(1), 81-93, DOI 10.2478/mdke-2021-0006

ISSN: 2392-8042 (online)

www.managementdynamics.ro

<https://content.sciendo.com/view/journals/mdke/mdke-overview.xml>

Furthermore, coming closer to the Eastern Europe geography, Baumax, Obi, and Praktiker, three specialized retailers with German and Austrian roots, exited defeated the Romanian d-i-y market around 2015. They were all missing the mark both on consumer and employee's needs and culture as per their annual reports (Cornell, 2015).

Brooks Peterson, the founder of Across Cultures, argues that cultural intelligence is the sum of the knowledge about cultures, awareness of yourself and others, and specific skills as behaviors (Peterson, 2018). Focusing more on the business area, several studies regrouped in the "Handbook of Cultural Intelligence: Theory, Measurement, and Applications" (Ang Soon & Linn Van Dyne, 2015, p. XV) consider that cultural intelligence is "an individual's capability to function effectively in situations characterized by cultural diversity with relevance not only to individuals but also to organizations". However, three aspects should require more in-depth analyses and, ultimately, an adaptation of the existing theory. The first is to re-check the so-called "*geography of thoughts*" in this new flexible border context where *labor* migration is becoming more and more a norm (World Migration Report 2020, 2020). The second raises the question if there is or not a role played by gender, race, and class structures in the definition of practical CQ. The third is represented by the ethical issues raised by the CQ, mostly within multinational leadership as per (Peterson, 2018, p. 126) "how far might you be prepared to flex to accept the style of the others?".

To concretize all the above theories and measure an individual's ability to understand, act and manage efficiently in culturally diverse settings, a cultural intelligence scale (CQS) was created by Ang Soon in 2007 and updated in 2015 (Ang Soon & Linn Van Dyne, 2015). Despite relative consensus on its short term added value and immediate applicability controversies such as the ones concerning: the impact of the personality types on CQ (Ang et al., 2006), the ignored context, the conflict avoidance premises, and the real capability of massively learning or increasing CQ (Blasco et al., 2012) - still remain. To execute our analyses, we have ignored the first hypothesis of (Blasco et al., 2012) that CQ might not exist at all.

Furthermore, 90% of the leaders of the most important companies from 68 countries have identified multicultural leadership as being the main priority of the top management teams for the next century (Palmer, 2006), and 45% of the Chinese business leaders surveyed considered CQ challenges as the main barrier in strategic expansion and partnering with Western companies (Carroll, 2013). However, globalization, the circular economy, and the digital revolution are creating and polishing day by day a global identity that might be trying to shape individualities with the mold of the company's culture as a reverse process.

After this introduction, we will perform a critical literature review, starting with a short overview of the concept of culture and its analytical complications, continuing with cultural intelligence and CQS, and concluding with the link between CQ and efficient multinational leadership. As we present a conceptual article, we will approach the main CQ concepts and ideas from a critical perspective and underline the missing as well as the new opportunities. Our paper closes with a conclusion of its central findings, the limitations attached to our systematic review with a particular focus on future challenges and new needed research tracks.

Definitions and semantic models for CQ

While anthropologists, sociologists, and historians are working for centuries to establish the most accurate definition of culture, 500 years BCE, Confucius has summarized the main idea that all people are the same and only their habits are different. In this context and, simplifying the analyses, culture refers to a range of learned behaviors and comportment practices regardless of whether people engage in it consciously or not (Kemmelmeyer & Kusano, 2018).

The anthropologist Edward T. Hall is best noted since 1966, when his first edition of the book *The Hidden Dimension* was published, for presenting three principal categories of how cultures differ: context (low context communication vs high-context communication), space (low territoriality vs high territoriality), and time (monochronic vs polychronic) (Hall, 1990). Despite the bi-polarization, specific to those times, and over-generalization, Hall's oversimplifying culture definition represents a good starting point for further analyses and theories.

The Dutch researcher Geert Hofstede, who started his sociological studies in the late 1960s using 100000 IBM employees from 40 countries (Peterson, 2018), identifies six dimensions of every national culture: individualism vs collectivism, masculinity vs femininity, high power distance vs low power distance, high uncertainty avoidance vs low uncertainty avoidance, long term pragmatic orientation vs short term normative orientation and indulgence vs restraint. The cultural dimensions represent independent preferences for one state of affairs over another that distinguish countries - rather than individuals - from each other. Even if the countries scores on these dimensions are relative because of all individuals' uniqueness - the Hofstede geographical approach, alongside his country comparison tool: *the cultural compass* - is one of the most studied and developed models while researching CQ. As per Hofstede, culture is "the collective programming of the mind" (Hofstede, 2010, p.6) with three software levels that operate in every person: human nature, culture, and personality. The main criticism that can be raised is that cultures do not equate with nations, and it is difficult to say that one nation - which consists of different ethnic units - has one single culture. In plus, Hofstede assumed cultural values are stable over time while globalization shapes a new path with more similarities than differences. Even if the perfect definition of the culture is still to be found and agreed upon, its importance is nevertheless hugely recognized. As per (Livermore, 2009) culture is an elusive and dynamic concept that shapes everything, while James Clifford states that "culture is a deeply compromised idea I cannot yet do without" (Clifford, 1988, p.10).

Cultural intelligence is a relatively new concept developed by the research done by Earley and Soon Ang (2003). All this is having in mind that the Binet-Simon Scale, which became the basis for modern IQ testing, was created in 1905. Cultural intelligence is not a business destination but rather an ability to serve as guidance in the increasingly globalized leadership world (Livermore, 2015). Thus, no one will reach the end of this journey as CQ is not finite (Peterson, 2018), but with some effort, individual and global performance should be improved. According to Livermore, a culturally intelligent person will have skills within CQ Drive (interest, drive, and confidence to adapt to multicultural situations), CQ Knowledge (understanding about how cultures are similar and different), CQ Strategy (awareness and ability to plan for multicultural interactions) and CQ Action (ability to adapt when relating and working interculturally). Our global economy and digital revolution push the CQ Action acceleration too often without letting the time to develop CQ Knowledge properly and to prepare CQ Strategy, all this with devastating leadership examples (British retailer Debenhams exited Romania two times in 2013 and 2017 before announcing his official international bankruptcy in 2020).

While Brooks Peterson (Peterson, 2018), as mentioned, concentrates CQ around knowledge about cultures, awareness, and specific behaviors skills - David Livermore (Livermore, 2015) - based on the primer work of Ronen and Shenkar (Ronen & Shenkar, 1985) - compiled and ranked the cultural norms and values in 10 clusters that are based on geography but also with the integration of a mix of history, spirituality, and social conduct. The 10 clusters are Anglo (USA, Canada, Australia, England, New Zealand), Arab (UAE, Saudi Arabia, Kuwait, Lebanon,...), Confucian Asia (China, Hong Kong, Japan, South Korea,...), Eastern Europe (Romania, Czech Republic, Hungary, Poland, Russia,...), German Europe (Germany, Austria, Belgium,...), Latin America (Brazil, Chile, Colombia, Mexico,...), Latin Europe (France, Italy, Spain,...), Nordic Europe (Denmark, Finland, Sweden,...), South Asia (India, Philippines, Thailand,...) and Sub-Saharan Africa (Kenya, Namibia, Nigeria,...).

Unfortunately, this last approach cannot incorporate the individual personality nor the actual new *technological* geographies and could be categorized as a relatively conservative and traditional territorial repartition. In support of our mention also came the famous and timeless phrase of (Korzybski, 1933, p.58) "a map is not the *territory*" that here could draw a line between what we see, perceive and describe (even countries boundaries) and the reality. Also, in understanding CQ is important to make the difference between linear and non-linear managerial thinking (Bratianu & Vasilache, 2009; Bratianu et al., 2020).

Most studies mainly focus on identifying the patterns that represent the basis of the cultural « maps ». Cultural geography was even summoned to bring answers. Erin Meyer, professor INSEAD and selected in 2015 by the Thinkers50 On The Radar List as one of the world's up-and-coming business thinkers, identified eight features that, through scalar analysis, would help us understand multicultural efficiency (Meyer, 2016). These features are: communication (low context vs high context), evaluation (negative feedback, direct or indirect), persuasion (based on principles vs applicability), management style (egalitarian vs top-down), trust level (task-based vs relationship-based), disagreement (confrontational vs pacifistic) and planning (linear time vs flexible time); and they are all grouped by country. In reality (Meyer, 2016) puts the world's countries on the scale mentioned above to compare their cultural preferences and specificities in a simplified approach. This analysis's limitations are apparent when looking at this strictly territorial ranking – besides the cultural differences; we also need to consider the individual particularities linked to personality and the fact that business migration and online working facilities shape a different *geography*.

In the fourth edition (Lewis, 2018), the author updates his model of cultural types with almost all the countries of the world and classify it in: multi-active (warm, emotional, loquacious, sociable) – such as Saudi Arabia; linear-active (factual, cold, polite, decisive planners) – such as Germany and the United States and reactive (amiable, accommodating, compromiser) with China as the leading example. The above model could also be based on psychologist Richard E. Nisbett's early work that presented the thinking and perception differences between Asians and Westerners from the cultural perspective (Nisbett, 2004).

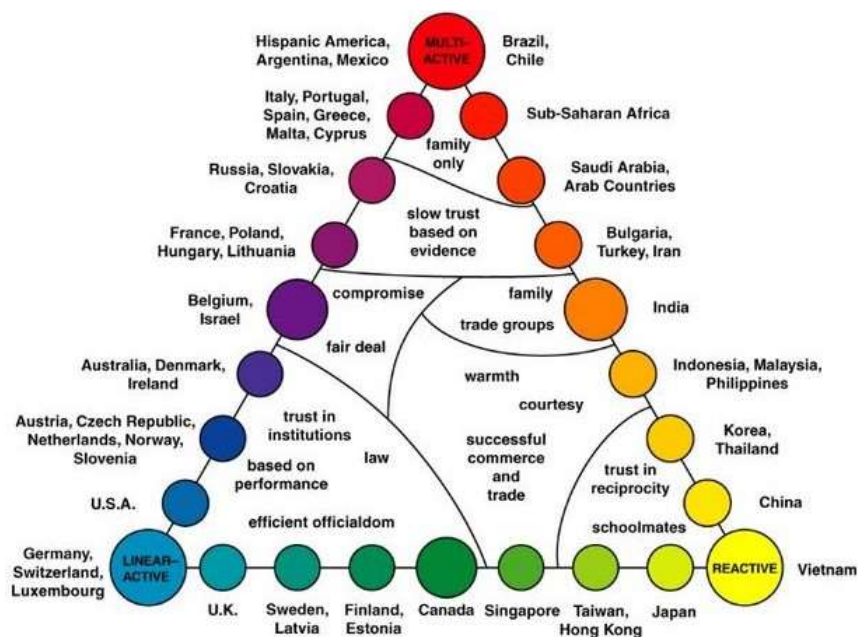


Figure 1. Culture categories by Lewis

(Chandarana, 2011, p. 33)

When tackling the geography of cultural intelligence, we should also consider immigration as one of the main contributors, as, with one migrant in every 30 people (World Migration Report 2020, 2020), it makes a significant contribution in the actual CQ mapping.

However, the global and circular economy's impact is washing day by day, the countries boundaries. Adding to this, the online education that standardizes knowledge and cultures and the *anywhere* work from home phenomenon the above models should be revisited and adapted to the new "*geographical*" reality. The models should also consider the role played by the complexity of knowledge dynamics and the decision-making process (Bratianu & Bejinaru, 2020; Bratianu & Vatamanescu, 2018).

Brooks Peterson is among the first researchers to reveal the social structure and ethnicity limitations while dealing with CQ and presents his own cultural style indicator constructed in 1996 based on only five parameters: Equality-Hierarchy, Direct-Indirect, Individual-Group, Task-Relationship and Risk-Cautious (Peterson, 2018). He mentions that race, gender, ethnicity, and class structure are still crucial because, in many parts of the world, leaders still need to fit in. It is, in reality, raising a red flag on possible discriminated groups and how this could be reflected in the CQ values. For example, even though the number of women working in public and private sectors in Saudi Arabia increased by almost 300% in the first quarter of 2019, their share in the total working population was less than 7% (Gibbon, 2019). While working in Riyadh, the author himself was the first external member in a management board composed exclusively of men with similar class structure, ethnicity, and even family connections. The good news is that my mandate was, among others, to change this status, and significant steps in this direction were done. As presented by (Jones, 2017) white men account for 72% of corporate leadership within his analyzed Fortune 500 companies. Unfortunately, no significant steps toward change were made after 2017 as of December 31, 2020, among managers in the Amazon United States - 56% identify as white and 71% as men (Amazon website, 2021). All this in opposition to the study results presented by (Furrer et al., 2015) that mentions that women are better equipped to develop CQ and succeed in foreign assignments. However, as a CQ contributor, cultural diversity is starting to become part of the HR agenda, and more and more companies such as Novartis, BlackRock, L'Oréal, Sony, Coca Cola or AstraZeneca (Refinitiv report, 2020) are making it a priority. In this context, we should make sure that CQ development, ambitions, and training are not based on existing biases or disparities linked to gender, race, age, or class structures.

Few authors raised international ethical issues and limitations while dealing with CQ and multinational leadership, but Brooks Peterson's approach is among the most adapted and pertinent (Peterson, 2018). The Corruption Perception Index varies from country to country - having on top of the list with the lowest perception of corruptions countries such as Germany, UK, and Sweden and the bottom of the list with the highest perception of corruptions Iraq, Venezuela, or Angola. For example, Americans value signed contracts, but Asians put a more significant emphasis in business on personal relationships (Peterson, 2018). While being agile is the new leadership trend, flexing to accept the style of others tends to become the norm. In all this ethical context driven by CQ, the raised question is: where our flexibility ends? - as per (Livermore, 2015, p.178), "too much adaptation can generate suspicious and distrust, yet inflexible behavior is sure death for most twenty-first-century leaders and organizations". The good news is that flexibility can be trained to temporarily suspend our judgment, see the situation from the opposing perspective and adapt behavior - but all this is challenged and limited both by personal and organizational performances - with CQ in a moderating role. However, on the other hand, (Presbitero & Calleja, 2019) found that perceived ethical leadership is positively and significantly related to the individual's ethical behavior in multicultural teams. Furthermore, their results show that the leader's perceived CQ serves as a moderator in strengthening the relationship between perceived ethical leadership and individual members' display of ethical behavior within global teams. This can be translated by the fact that developing the ethical part of the CQ could be a game-changer within multinational leadership.

In conclusion, this section tries to build a common ground for future studies that should enhance the CQ definitions with the new *tech* geography, social structures and metrics, and ethical concepts in this new post-pandemic context where the need for responsible use of technology brings to our attention also the freedom vs identity paradigm.

Current controversies regarding CQ measurement

Despite an increasing number of analyses and studies on cultural intelligence, the operationalization, and conceptualization of this multidimensional construct demand further attention.

As previously mentioned, the most popular and used scale for CQ is the 20-item self-rating CQ measure created by Ang Soon in 2007 and updated in 2015 (Ang Soon & Linn Van Dyne, 2015), which is based on four components in line with Sternberg's (1986) multiple-loci of intelligence theory: metacognition; cognition, motivation, and behavior. This can be translated in the fact that according to the scale reasoning, people with higher CQs are regarded as better able to successfully blend into any environment, using more effective business practices, than those with a lower CQ. Before analyzing the scale limits, we have to mention that the model is by far the most used worldwide, with successful validation from Polish healthcare professionals (Barzykowski et al., 2019) till South African students and managers (Solomon & Steyn, 2017).

A first limitation or possible bias cause is the self-rating measure system presented by the classical scale. When the evaluation's stake is linked to future leadership extensions, people usually tend to exaggerate or politically correct to adapt the answers. That is the reason why multinational companies are using a 360 degrees-assessment instead of auto evaluation. In this way, a manager gets in full confidence simultaneous feedback from all his stakeholders (managers, subordinates, and customers). Together with thousands of senior leaders within the Kingfisher group, the author himself was subject to such evaluation done via Gallup, the American analytics and advisory company. Furthermore, the gap between self-evaluation and 360° multi-rater feedback was significant, focusing on improvable proactive bilateral communication (manager-subordinate) as a facilitator to faster adapt to the company's culture and positively influence it. This point was taken into account by the discussed scale creator in 2015 (Ang Soon & Linn Van Dyne, 2015) when an Observer Report Scale was published. Nevertheless - based on the above mentions and the Gallup international expertise and successes - we recommend starting any analyses on the topic with a 360° evaluation approach of the CQ scale and not using the self-evaluation.

Another question mark that could be raised on the CQ scale's pertinence is that the context's role is ignored for comfort when taking the self-evaluation. As the testing scale measures the respondents' behavior, we should consider that this naturally varies a lot from situation to situation. More accurate results could be obtained by developing assessment centers with CQ role-play exercises. An added value would also be in this contextualized assessment to relate the questions to the company's ethical background.

A third challenged assumption while using the scale is that a conflict-free working environment and implicit conflict-free communication is a good even ideal status. (Blasco et al., 2012) questions the premises that conflict is antithetical to CQ. As best ideas arise from brainstorming and battling thoughts grounds the proposal of using CQ as a tool to generate conflict-free communication might get the opposite effect and destabilize the so-needed power balance. Effective and efficient multicultural communication does not necessarily and all the time means "world peace".

Another controversial point linked to the CQS in the initial version as presented by (Ang Soon & Linn Van Dyne, 2015), is the fact that the individual differences related to

personality, presented by David Livermore (Livermore, 2009, 2015), are not taken into account at their proper value.



Figure 2. Correlation Between Personality Traits and Cultural Intelligence
(Livermore, 2009, p.85)

Nevertheless, the need to correlate and examine the relationships between the Big Five personality characteristics and the four factors model of CQ was red-flagged (Ang et al., 2006) but not integrated at its required amplitude for the sake of getting a so-called "simplified" process. Even if the study revealed that openness to experience (mainly related to cognitive CQ) is the most important personality characteristic needed to enhance CQ, its place in the CQS is still too limited and insufficiently developed. That is why the additional control questions that usually came together with the CQS test - related to birthplace, education, age, working experience, language abilities, travel experience, ... sometimes bring us more cultural information than the scale itself. The critical CQ analysis done by (Blasco et al., 2012) joined our previous findings by recommending caution when assuming that all human attributes can be trained for business purposes. Each CQ training should be screened by and with the personality and own motivation of the participants to alter their existing frames about differences. Moreover, all this should be in strict connection with the leadership that should understand both human nature and personality differences within a cultural perspective.

Concluding this section with the findings of (Furrer et al., 2015) mentions that most validation studies, including (Ang et al., 2006), rely on samples of respondents with limited cross-cultural *and* leadership experience. Olivier Furrer proves that a two-dimensional scale structure brought him more accurate results and identifies two new valid and reliable dimensions: internalized cultural knowledge and effective cultural flexibility (Furrer et al., 2015).

All the presented limitations and omissions could point to the need to develop new adapted measures and implicitly an updated CQ scale.

Limitations and new influencers of the relation CQ - efficient multicultural leadership

While the concept of leadership has been researched and updated for over 100 years, one of the most used behavior-focused classifications of the leadership styles was done by Craig Pearce (Pearce et al., 2003) with four distinct categories: transactional, transformational, empowering, and directive. (Solomon & Steyn, 2017) states that CQ has the most substantial relationship with empowering leadership that gives more autonomy

and responsibility to teams, encourages their participation in decision making, enhances the meaningfulness of work, and reduces bureaucracy.

As per (Pendell, 2019) and as a commonly agreed idea among a big part of the researchers, the leader makes the difference in nearly every dimension of business success. Gallup's worldwide analysis shows that a manager's quality accounts for 70% of the variance in team engagement. It also points out that the first two significant expectations from the leadership team are to connect the company's purpose to individual and team action and shine a light on others' opinions and make them count. This is due because the most common barriers faced when implementing diversity and inclusion programs are the lack of consistency (38%) and the lack of leadership buy-in (30%), as per (Goldstein, 2021). In other words, in the actual economic context, the team expects the leadership to focus more on its empowering style and show consistency in sharing and implementing the company's culture and support in developing its CQ at the requested level.

With CQ as a critical leadership competency in our globalized world (Rockstuhl et al., 2011), (Nosratabadi et al., 2020) advances and demonstrates the theory that cultural intelligence indirectly affects organizational performance. Or, *globalization* is the new reality of the 21st century, and technological changes, particularly, are driving managers to try new multicultural leadership techniques meant to secure economic prosperity and business development. If we add the "work from home" phenomenon on top of it, we obtain the overall image of new relation CQ-efficient leadership. This reflection is going against the old leadership and non-user-centric school represented here by (Lewis, 2018) which mentions that each society breeds the type of leader it wants because, in a new global economy, agile multicultural managers should have a core common CQ base.

In the book "21 Lessons for the 21st Century", Yuval N. Harari estimates that in 2050 automatic learning, AI and robotics will generate 1 billion unemployed people that will have to re-invent themselves from a professional point of view - as individual humans are likely to be replaced by an integrated network (Harari, 2019). People will also cross more and more frontiers to get a proper and safer job, and immigration could become a new common labor practice. The findings are also supported by the International Organization for Migration, which mentioned in (World Migration Report 2020, 2020) that the share of international migrants in the world's population increased from 2.2% in 1975 to 3.5% in 2019. Moreover, per the International Labor Office Geneva, from the total number of international migrants, 90,7% can be classified as having the working age. (ILO Global Estimates on International Migrant Workers - Results and Methodology, 2018)

Year	Number of migrants	Migrants as a % of the world's population
1975	90,368,010	2.20%
1980	101,983,149	2.30%
1985	113,206,691	2.30%
1990	153,011,473	2.90%
1995	161,316,895	2.80%
2000	173,588,441	2.80%
2005	191,615,574	2.90%
2010	220,781,909	3.20%
2015	248,861,296	3.40%
2019	271,642,105	3.50%

Figure 3. International migrants

(Source: World Migration Report 2020, International Organization for Migration (IOM), 2019 UN DESA, 2008, 2019a, 2019b)

Increasing International migration numbers act to support the transfer of technology and knowledge between countries and communities – powered by 3.8 billion active social media users in 2020 (Bulao, 2021) - and serve as an accelerating base for developing cultural intelligence.

Considering the last generations' evolution and, also backed by (Harari, 2019), the few remaining distinct civilizations tend to melt into a global one. The digital revolution (DR) is making the world “smaller” and shaping a global identity. As per (Peterson, 2018, p.95) DR “gives us access - over *time* and *space* – to the words, thoughts, intentions, images, and sounds of people from just everywhere”. Amazon, Apple, Facebook, and Google are the four most influential companies on the planet (Galloway, 2018), and almost every person in the world, except for infants, connects with at least one of them on daily basis. The new global companies – part of the circular economy - do not have an office in every country but *one in every house*. Exponential growing technological progress driven by digital transformation causes countless new business possibilities to evolve and push leaders to develop new adapted and agile business models to keep pace with the social change. All this is putting the basis of the digital leadership, where again CQ is the main driver (Rüth & Netzer, 2020).

Technology has become a hugely important domino in the culture chain in the last period - as of 2018, 90% of the world's data was generated in the previous two years (Bulao, 2021). Just analyzing the history of technology, we see that technological change is exponential, contrary to the common-sense intuitive linear view. As per (Peterson, 2018, p.92), “the global spread of technology affects what we eat, what we do for work, how we get to our workplace, what we wear, how we spend, what do we do for leisure, whom we talk to and know, what we know about, what we desire, how quickly we communicate, and uncountable other things.” As the organizational culture is the common ground between People, Technology, and Process – as defined by Edgar Schen – one of the perceived risks is that global companies might tend to enhance just the last two mentioned areas (Technology and Process) to build and grow their own company culture while People with different cultural bases could just be pushed to fit in. All this happens while witnessing the possible creation of a single civilization that might encompass the whole world (Harari, 2019).

If technology has made communication easier, artificial intelligence (AI) - as a collection of disruptive technologies- might replace part of it, as 71% of executives believe that AI and machine learning are game-changers for multinational businesses (Bulao, 2021). A survey done by the World Economic Forum's Global Agenda Council on the Future of Software and Society (World Economic Forum's Global Agenda Council, 2016) shows people expect artificial intelligence machines to be part of a company's board of directors by 2026. Similarly, active listening, considered a core skill today, will disappear entirely from the top 10 skills needed in order to thrive in the Fourth Industrial Revolution. Backed also by (Gray, 2016) we can conclude that Cultural and Emotional Intelligence, which does not feature in the top 10 today, will become two of the top skills needed by all. AI might enhance organization leadership by taking the time and low-added value consuming administrative tasks, but to succeed, multinational organizations should concentrate all their creativity, empathy, imagination, and trust capital to develop cultural strategic thinking as the core component of CQ (Earley et al., 2006).

Online education will be able to share cultural values in one click around the world. The work from home system with no more extended restrictions of places, times, and money will become the norm as, per (Peterson, 2018), the actual costs to relocate an individual overseas are estimated between 50.000\$ and 500.000\$. The concepts of “workplace”, “business hours”, and “working time management” are becoming more and more meaningless when people around the globe are almost constantly connected. In this context, developing the proper agile CQ will no longer be an option but a necessity.

Conclusions, possible limitations, and future directions

This conceptual material's originality came from the literature review critics that spotted controversies and brought constructive suggestions and possible improvements to the cultural intelligence in relation to the new *tech* geography, social structure, ethics, and globalization. All this, in the context in which we have demonstrated that CQ is the foundation and strategic link to equity, diversity, and inclusion.

CQ measures and scale have still their place, but after almost 15 years from their creation, we are sure that there are probably more accurate and adapted ways to measure the concept – avoiding the self-evaluation and taking the full benefit of a full 360 degrees feedback. In this context, developing a valid and reliable measure of CQ remains a work in progress.

However, the correlation between improved CQ and the bottom-line profitability of multinational companies should be further studied to properly give economic sense to the efforts of adjusting the CQS. Also, as per our raised red flag, the possible correlation between CQ and personality still needs to be analyzed within multinational leadership. So does the relationship between CQ, EQ and efficient leadership. All this in a context in which more and more companies from the circular economy defines their leadership strategy mostly by *attitude*. In support of this theory came Lego's example of what is expected of a good leader: "energies everyone every day" (LEGO website, 2021). Also, rather than inquiring on the nature of the cultural differences and their impact on leadership, future studies should reverse the analysis and investigate the social and cultural traits that may produce those differences.

The "*politically correct*" and peaceful behavior preached by CQ is not similar to conflict-avoidance and might block creativity and constructive debates, and brainstorming. Furthermore, ignoring the context while evaluation CQ might also deviate us from the real results and trap us into stereotypes and generalizations.

As per the economy becoming more global every day and AI taking over more and more bureaucratic management tasks, the CQ starts to be the must-have skill for any modern leader – as despite the "*single earth culture*" phenomenon, the cultural differences will never disappear. Moreover, these modern leaders will need a new set of inter-cultural tools for daily dealing with CQ *to navigate* and lead across cultural boundaries and up-skill and retrain their people within the Fourth Industrial Revolution.

It is essential also to consider the limitations of this analytical research as imposed by these methods. Our bibliometric reviews correlated with the snowballing techniques might have missed analyses that fall within the scope. Nevertheless, the author's international leadership expertise is also backing most of the academic researched findings.

Despite these limitations, this paper's strategic and critical analysis highlights a substantial opportunity to develop new perspectives and approaches that can be used in cultural intelligence mapping, design, and applications. As presented, the times are changing, and at least agility should be added to cultural intelligence. By challenging the applicability of the mentioned concepts, the paper provides a theoretical contribution to cross-cultural research. The presented controversies, updates, and omissions should complete the CQ design and developing program. It should be transferred to actual multicultural leaders and students as part of their mandatory skills in the near future.

Acknowledgments: The paper is developed based on an unpublished presentation to the 15th International Conference on Business Excellence, Bucharest University of Economic Studies, 18-19 March 2021, Bucharest, Romania.

References

- Amazon website. (2021). *Our workforce data*.
<https://www.aboutamazon.com/news/workplace/our-workforce-data>
- Ang, S., Van Dyne, L., & Koh, C. (2006). Personality correlates of the four-factor model of cultural intelligence. *Group & Organization Management - GROUP ORGAN MANAGE*, 31, 100–123. <https://doi.org/10.1177/1059601105275267>
- Ang S., Van Dyne. (2015). *Handbook of cultural intelligence: theory, measurement, and applications* (2nd ed.). Routledge.
- Barzykowski, K., Majda, A., Szkup, M., & Przyłęcki, P. (2019). The Polish version of the Cultural Intelligence Scale: assessment of its reliability and validity among healthcare professionals and medical faculty students. *PLOS ONE*, 14(11), e0225240. <https://doi.org/10.1371/journal.pone.0225240>
- Blasco, M., Egholm, L., & Jacobsen, M. (2012). If only cultural chameleons could fly too: A critical discussion of the concept of cultural intelligence. *International Journal of Cross-Cultural Management*, 12, 229–245.
<https://doi.org/10.1177/1470595812439872>
- Bratianu, C., & Bejinaru, R. (2020). Knowledge dynamics: a thermodynamics approach. *Kybernetes*, 49(1), 6-21, <https://doi.org/10.1108/K-02-2019>
- Bratianu, C., & Vatamanescu, E.M. (2018). The entropic knowledge dynamics as a driving force of the decision-making process. *Electronic Journal of Knowledge Management*, 16(1), 1-12.
- Bratianu, C., & Vasilache, S. (2009). Evaluating linear-nonlinear thinking style for knowledge management education. *Management & Marketing*, 4(3), 3-18.
- Bratianu, C., Prelipcean, G., & Bejinaru, R. (2020). Exploring the latent variables which support SMEs to become learning organizations. *Management & Marketing. Challenges for the Knowledge Society*, 15(2), 154-171, <https://doi.org/10.2478/mmcks-2020-0010>
- Bulao, J. (2021). How fast is technology advancing in 2020?
<https://techjury.net/blog/how-fast-is-technology-growing/>
- Carroll, B. (2013). Apco worldwide examine experiences facing Chinese enterprises doing business in United States: joint Study Identifies Key Factors for Success. *China Daily USA*.
- Chandarana, A. (2011). Crossroads of culture. Keynote presentation at *CESSE AGM 2011* in Vancouver. <https://www.slideshare.net/prturner/avinash-chandarana-crossroads-of-culture-cesse-2011>
- Clifford, J. (1988). *The predicament of culture*. Harvard University Press; JSTOR. <http://www.jstor.org/stable/j.ctvjf9x0h>
- Cornell, B. (2015). *Annual report 2015—Target*. Target.
https://corporate.target.com/_media/TargetCorp/annualreports/2015/pdfs/Target-2015-Annual-Report.pdf.
- Earley, P. C., Ang, S., & Tan, J. S. (2006). *CQ: Developing cultural intelligence at work*. Stanford Business Books. <https://books.google.ro/books?id=ThhbZyefMj4C>
- Furrer, O., Bücker, J., & Lin, Y. (2015). Measuring cultural intelligence: a new test of the CQ Scale. *International Journal of Cross-Cultural Management*, 15(3), 259-284. <https://doi.org/10.1177/1470595815606741>
- Galloway, S. (2018). *The FOUR*. Transworld Publishers.
- Gibbon, G. (2019, September 12). Saudi Arabia's female workforce grows by 282% in a year. *Arabian Business*. <https://www.arabianbusiness.com/politics-economics/427914-women-in-workforce-in-saudi-sees-2825-increase>.
- Goldstein, J. (2021, January 25). Diversity and inclusion pole. [LinkedIn]. <https://www.linkedin.com/in/jon-goldstein-358a563/detail/recent-activity/>
- Gray, A. (2016). The 10 skills you need to thrive in the Fourth Industrial Revolution. <https://www.weforum.org/agenda/2016/01/the-10-skills-you-need-to-thrive-in-the-fourth-industrial-revolution/>
- Hall, E. T. (1990). *The hidden dimension*. Anchor.
- Harari, Y. N. (2019). *21 Lessons for the 21st century*. Random House Publishing Group. <https://books.google.ro/books?id=MSKEDwAAQBAJ>

- Hofstede, G. (2010). *Cultures and organizations: Software of the Mind—Intercultural Cooperation and Its Importance for Survival* (Third edition). Mc Graw Hill.
- ILO Global Estimates on international migrant workers—Results and methodology. (2018). https://www.ilo.org/global/publications/books/WCMS_652001/lang-en/index.htm
- Jones, S. (2017, June 10). White men account for 72% of corporate leadership at 16 of the Fortune 500 Companies. *Fortune*. <https://fortune.com/2017/06/09/white-men-senior-executives-fortune-500-companies-diversity-data/>
- Kemmelmeier, M., & Kusano, K. (2018). Intercultural competence: teaching it is worthwhile: an evaluation of current status and future directions. In *Cultural competence in applied psychology: An evaluation of current status and future directions* (pp. 621–649). https://doi.org/10.1007/978-3-319-78997-2_25
- Korzybski, A. (1933). A non-Aristotelian system and its necessity for rigour in mathematics and physics. *Science and Sanity*.
- LEGO website. (2021). *Our leadership playground*. <https://www.lego.com/en-au/aboutus/careers/why-join-us/>
- Lewis, R. D. (2018). *When cultures collide: leading across cultures* (4th Edition). Mobius. <https://books.google.ro/books?id=9IBDtAEACAAJ>
- Livermore, D. A. (2009). *Cultural intelligence: improving your CQ to engage our multicultural world*. Baker Publishing Group. <https://books.google.ro/books?id=Za1zBQAAQBAJ>
- Livermore, D. A. (2015). *Leading with cultural intelligence: the real secret to success*. American Management Association. <https://books.google.ro/books?id=JYbQrQEACAAJ>
- Meyer, E. (2016). *The culture map* (INTL ED): *decoding how people think, lead, and get things done across cultures*. PublicAffairs. <https://books.google.ro/books?id=jR45DgAAQBAJ>
- Nisbett, R. (2004). *The geography of thought: how Asians and Westerners think differently...and why*. Free Press. https://books.google.ro/books?id=525HX623L_cC
- Nosratabadi, S., Bahrami, P., Palouzian, K., & Mosavi, A. (2020). Leader cultural intelligence and organizational performance. *Cogent Business & Management*, 7(1), 1809310. <https://doi.org/10.1080/23311975.2020.1809310>
- Palmer, A. (2006). CEO Briefing: corporate priorities for 2006 and beyond. *The Economist*, Economist Intelligence Unit. http://graphics.eiu.com/files/ad_pdfs/ceo_Briefing_UKTI_wp.pdf
- Pearce, C., Sims, H., Cox, J., Ball, G., Schnell, E., Smith, K., & Trevino, L. (2003). Transactors, transformers and beyond: a multi-method development of a theoretical typology of leadership. *Journal of Management Development*, 22, 273–307. <https://doi.org/10.1108/02621710310467587>
- Pendell, R. (2019). 8 Behaviours of the world's best managers. *Workplace*. <https://www.gallup.com/workplace/272681/habits-world-best-managers.aspx>
- Peterson, B. (2018). *Cultural intelligence: a guide to working with people from other cultures*. Independently Published. <https://books.google.ro/books?id=ErXvuQEACAAJ>
- Presbitero, A., & Calleja, M. (2019). Ethical leadership, team leader's cultural intelligence and ethical behavior of team members: Implications for managing human resources in global teams. *Personnel Review*, 48(5), 1381-1392. <https://doi.org/10.1108/PR-01-2018-0016>
- Rankin, J. (2014). Kingfisher sells B&Q China stake as DIY fails to take off. *The Guardian*. <https://www.theguardian.com/business/2014/dec/22/kingfisher-china-diy-bq>
- Refinitiv report. (2020). Top 100 diversity and inclusion companies. <https://www.refinitiv.com/en/sustainable-finance/diversity-and-inclusion-top-100>
- Rockstuhl, T., Seiler, S., Ang, S., Van Dyne, L., & Annen, H. (2011). Beyond general intelligence (IQ) and emotional intelligence (EQ): the role of cultural intelligence (CQ) on cross-border leadership effectiveness in a globalized world. *Journal of Social Issues*, 67. <https://doi.org/10.1111/j.1540-4560.2011.01730.x>

- Ronen, S., & Shenkar, O. (1985). Clustering countries on attitudinal dimensions: a review and synthesis. *Academy of Management Review*, 10, 435–454.
<https://doi.org/10.5465/AMR.1985.4278955>
- Rüth, R., & Netzer, T. (2020). The key elements of cultural intelligence as a driver for digital leadership success. *Leadership, Education, Personality: An Interdisciplinary Journal*, 2. <https://doi.org/10.1365/s42681-019-00005-x>
- Solomon, A., & Steyn, R. (2017). Leadership styles: the role of cultural intelligence. *SA Journal of Industrial Psychology*, 43, 1–12.
- Sternberg, R.J. (1986). *Why intelligent people fail*. Retrieved from:
<http://wilderdom.com/intelligence/WhyIntelligentPeopleFail.html>.
- World Economic Forum's Global Agenda Council. (2016). *The future of software and society*. http://www3.weforum.org/docs/WEF_AM16_Report.pdf
- World Migration Report 2020. (2020). *International Organization for Migration*.
https://publications.iom.int/system/files/pdf/wmr_2020.pdf
- Yan, A., & Luo, Y. (2001). *International joint ventures: theory and practice* (1st ed.).
Routledge.

Received: November 02, 2020

Accepted: February 27, 2021

© 2021 Faculty of Management (SNSPA), Author(s). This is an open-access article licensed under the Creative Commons Attribution-NonCommercial-NoDerivs License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).