

When in Rome do as the Romans do or not? Cultural Intelligence and Cross-Cultural Learning

Muhammad Adnan Waseem^{1*}

Naveed Hasan²

ABSTRACT

Cultural intelligence, does it come naturally, or one has to learn it. The answer is a bit of both. Adaptation of a culture in a new environment is pertinent for the newcomers in society. Collaborations among different countries for different purposes (i.e. economic, commercial, social, etc.) also require an understanding of home-country and host-country cultures i.e. China Pakistan Economic Corridor (CPEC). Just like countries and societies, organizations also enjoy different cultures and the need for adaptation increases when it involves some organizational scenario. The focus of this study is mainly on the pertinence and utilization of cultural adaptation in settings that are novel to the new-comers. The current study has generated a conceptual discussion on cultural intelligence while understanding its role and significance in settings where cross-cultural learning is adopted. A thorough discussion is generated on the standing of cultural learning and the importance of cultural intelligence along with the theoretical developments in the area. A practical example of Australian investment in the Chinese market is shared followed by concluding the study. Findings of this study are significant for organizations as well as countries with workforce serving from various countries having diverse cultures.

JEL Classification: N90, O34, Z10

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INTRODUCTION

Human beings around the globe are categorized into various clusters and communities, existing in different regions, countries and continents. Due to the less availability of the internet and other communication links, previously, people were not able to know each other in a way that they can manage some relationships with fellow-beings (Waseem, Mujtaba & Kamal, 2013). With the invention of contemporary technologies, among which the fast speed internet is the most noteworthy one, learning and knowing about each other has become significantly easy. It has become very easy to understand the secrets of the universe as well as learning about different cultures around the globe.

With the passage of time globalization is becoming a very common factor where physical borders are being replaced with virtual borders and different nations/countries are becoming more inter-dependent (Kamal, Waseem & Mujtaba, 2013). Resultantly, this phenomenon has given a strong expression to the idea that the nations and the corporate enterprises, who are in the process of developing and expanding themselves internationally, need understanding

1-National University of Sciences and Technology (NUST), Islamabad, Pakistan,

2-University of Gujrat, Pakistan.

*Corresponding Author Email: adnan.waseem@nbs.nust.edu.pk

various cultures, customs and the traditions of that particular nation or society. For example, when Toyota started its operations in US market, it faced backlash as Toyota's organizational culture was collectivistic and the country where they started operating has an individualistic culture. Soon Toyota realized that if they want to succeed in the international market, they have to adopt the local culture inside and outside the organization. It shows that the transformation/expansion of a national company/brand to a multinational company/brand requires a deep understanding of the host cultures.

In classical literature, initially, culture was defined by Tylor (1871, p. 1) asserting as "culture is that complex whole which includes knowledge, beliefs, art, morals, laws, customs, and any other capabilities and habits acquired by man as a member of society." Around the globe, every individual seeks guidance from various life patterns based on which people interact, behave, respond as well as socialize with other individuals. There might be some differences among these life patterns amongst various individuals and researchers like Parncutt (2019) and many others named it behavior modernity which is under research for almost 50,000 years. Individuals are inclined to learn and understand the life patterns and associated ways of life from each other such as how to become associated with a culture that is not being adopted by an individual previously and managing knowledge about that culture (Onosu, 2020; Waseem, 2013). Learning and understanding the phenomenon of cross-cultural setting is extremely important since it provides new prospects for the expatriates and opens up intellect of feeling-at-home (Bredow & Hames, 2019).

Researchers are of the view that not everybody is alike to understand, acquire as well as embrace a culture that is new to him/her (Noh, 2020) because the ability to accept a new culture differs among individuals and societies (Armstrong & Li, 2017). In professional and organizational terminologies, cultural intelligence is considered as the aptitude and capacity to communicate and the capability to perform commendably in a multicultural setting (Kang et al., 2019).

The current study has critically analyzed that how an individual's or an organization's level of cultural intelligence bids its part in cross-cultural learning since individuals as well as organizations emerging from varying countries/nations have fluctuating sentiments, feelings and alignments towards learning a specific culture. For example for some culturally sensitive people, it becomes difficult to survive in a different culture as well as they are more reluctant to learn/adopt a new culture. This study aims to look at various facets of cultural intelligence having a vibrant role in the learning and understanding of cross-cultural settings.

For companies, it is considered a formidable challenge to expand globally and managing with the cultures around the globe. Every nation has a different set of orientations and management styles (Wilczewski, Söderberg & Gut, 2019). It is possible that a mode/style of management is considered appropriate in a country but not considered appropriate in another country and there might be variations in management and leadership styles based on gender and several other factors (Wilczewski et al., 2019). For example, in Sweden managers opt to be more democratic since there is more openness and transparency in that society. But the countries where there is lesser openness in the society, democratic management style may not work effectively. Such as Mexico, where managers opt for autocratic style, employees may seek guidance from their immediate bosses before making any decision (Bredow & Hames, 2019). To comprehend various management styles in different cultures, theory X, theory Y and

theory Z offered a more structured understanding of the phenomenon (Noh, 2020).

For achieving global market competitiveness, organizations opt to develop an approach showing that employees are committed to the goals and objectives of the company. If the cultural values do not provide employees' commitment to the organizational goals, companies should modify their selected approach and their training programs so that they can provide an environment where employees can show a higher level of commitment to their work (Bird & Mendenhall, 2016). Just like countries, companies also develop their organizational culture (Waseem, Shafiq & Hijazi, 2012). Multinational companies have to develop an environment where local employees can learn the organizational culture and expatriate employees can learn the local culture and how to deal with the local customers and meet their expectations and organizational goals (Chan, Huang & Ng, 2008).

Individuals from one generation develop, form, learn, manage and adopt the culture and transfer these adaptations to the coming generations in the shape of norms, values, practices, traditions and customs (Ali, Qudus, Waseem & Zaman, 2012; Bird & Mendenhall, 2016). A culture that is non-native to the individuals, their level of adaptation varies as everyone is not equally adaptive to a new culture and performing effectively and efficiently in a new culture varies from person to person. To understand and measure the varying phenomenon of adaptation and working commendably in varying cultures; Ang and Dyne (2008) established a tool of assessment that checks individuals based on their cultural intelligence also called CQ.

Principally understanding one's richness of cultural learning and cultural intelligence is based on the fundamental underlying forces of any culture and prevailing system (Waseem, Mujtaba & Shakir, 2013). To learn a culture, one has to understand the fundamental underlying forces of that culture. In the domain of cultural dynamics, Greet Hofstede (1908-1970) has presented an excellent work and developed cultural dimensions which include "power distance", "uncertainty avoidance", "individualism/collectivism", and "masculinity". Cultural dimensions by Greet Hofstede have proven to be extremely helpful in understanding the differences among various cultures and countries.

Cultural Learning

With huge technological engrossment and effects of globalization, the whole universe has become a global village - becoming smaller and smaller over time. Due to increased globalization, Foreign Direct Investment has also become a new normal and contributing to the increased learning of different cultures around the globe (Zhang, 2005). Companies are expanding themselves globally resulting in an increased need for cultural understanding of host countries. As it is considered pertinent for the success of any organization to have a better understanding of local customs and traditions.

Before having a thorough analysis of the culture and cultural learning, it is considered pertinent to first get to know that how to define a culture. Culture is considered as a pure consolidation of norms and values of a society which serves as a guide to respond and interact in a given region or society. Culture is learned and instilled, known as a set-up and the configurations of a specific behavior that is learned and adapted by an individual. It provides the ability to the individuals to make sense out of their world, and it is alien only to the outsiders (Bird & Mendenhall, 2016).

Cultural learning which is also considered as the transmission of culture states that how individuals from a particular culture transfer information as well as embrace the customs and traditions and new methods of doing business. Theory of cultural evolution, organizational citizenship behavior and organizational learning theory also provide basis for understanding and learning of a specific culture. For example theory of cultural evolution states that learning of a specific culture is not exclusively based on hereditary features. Cultural learning owes extremely slight linkages with the inherited features because it is more dominantly based on the society where one lives (Chang, Miranda, Tong, Pei, Bin & Jing, 2011).

The progression towards enculturation lets a new entrant to a specific society learn various aspects of a culture. Cultural learning also allows people of a society to learn the abilities which otherwise were not possible to seek independence in their life (Joy & Kolb, 2009). Differences in cultural learning are found in various aspects of life, for instance, style of learning, adaptation, academic motivation, traditionalism and sense of accomplishment (Chang et al., 2011). Learning of culture is reliant on diverse elements such as being able to build compassion with the situation, innovation, how to communicate, imitation of how others behave are few among others (Ang & Dyne, 2008).

Cultural Learning in Organizational Context

An employee, who is not having a frequent match with his/her organization, can cause a severe problem for the firm and for the self too, maybe in the shape of stress (Iqbal & Waseem, 2012). Joy and Kolb (2009) supported this by mentioning that organizational managers intending to employ revised practices of organizational working, such as Total Quality Management, are looking for employees having compatibility with the organizational culture and compassionate to support the significant beliefs of the organization. Organizational success is also based on the presence of such employees who are compatible and compassionate about the organizational culture and their absence can affect the organizational goals negatively. A researcher like Wilczewski et al. (2019) further added that if firms keep on working with the employees having low esteem for cultural learning and not having an open understanding of the organization's culture, the desired outcomes of the organizations will not be achieved. They further added that employees' motivation to learn and fit in a new culture is very much vital for the improvement of business performance.

A cultural web identified by Johnson (1988), one of the main social scientists in the domain of cultural learning, classified various elements of culture which are supposed to be understood by the employees at all levels more importantly those employed in cross-cultural settings. These essential elements might contain shared features which include the following:

- Power Structure
- Routines and Rituals
- Myths and Stories
- Organizational Structure
- The Paradigm
- Control Systems
- Symbols

Cross-Cultural Learning

For more than 40 years, researchers from the domain of social sciences have intensively concentrated on the skills and abilities required for the success of employees working expatriate (Wilczewski et al., 2019). Researchers like Deng and Gibson (2011) and Dinges and Baldwin (1996) conducted comprehensive research to understand the issues related to success in a cross-culture setup. These reviews produced a numerous set of expertise required for the success of expatriates in a setup where cross-cultural settings are employed. Even though these extensive studies provided some guidelines, this domain needs more explanations as, previously, classical researchers have established a catalog of required abilities and expertise for the success of expatriates, still there is a need for a vibrant framework in this area.

For expatriates, cultural learning can be previewed under the theory of experiential learning by Kolb (1984) which is considered as among the key remains and also among the extensively utilized theories mentioning how organizational leaders can understand and develop the skills from their own organizational experiences. Theory of Experiential Learning is constantly being used in various specialized domains such as general management, academics, psychology, medical sciences, engineering, computer sciences, law as well as accounting (Kolb & Kolb, 2002). Studies from the previous decade or so have shown that the theory of experiential learning has directly or indirectly benefited almost 1,800 researchers (Kolb & Kolb, 2002). ELT developed major divisions among learning abilities, learning skills, adaptive flexibility and learning styles.

Based on the above arguments and explanations, it could be stated that there exist several reasons and motives that generate an association between learning in a cross-cultural setup and ELT.

- Theory of Experiential Learning offers wide-ranging expertise which are very much useful and essential to learning in a cross-cultural setup.
- Humanistic values related to Experiential Learning Theory also offer a different slant to understand the differences among personalities which can further be handy in self-actualization and personal development.
- Experiential Learning Theory is also considered as an established approach for developing a scheme that should be testable from the projected categorizations.
- Significance of Experiential Learning Theory for the learning of cross-cultural environment is found to be appropriate since it gives vibrant emphasis on the collaborative nature of fit between a person and his/her society.

Cultural Intelligence

Concerning the earlier discussion about cultural learning, it depends upon several different variables and the ability to learn is one of those variables. Everyone does not have the same level of ability to learn and adapt. For the top management of an organization, it is very pertinent to have an environment where learning and adaptation of cultural norms and values are highly regarded. Organizational leaders, having low familiarity with the existing organizational culture seem to be unable to have a positive contribution to the success of their organizations. It is also important to understand that only learning cultural values is not sufficient, organizational productivity is very much dependent on the personal ability to relate and adopting those cultural values.

Even though there exist various challenges to dig out a better technique for understanding and implementing the diverse approaches towards the management in a cross-cultural scenario, it can also be applied in other domains of an organization such as leadership. Social scientists like Thomas and Inkson (2004) described another viewpoint that contributed positively in the management of diverse viewpoints in the scenarios of cross-cultural settings, which is identified as CQ or cultural intelligence.

Earley and Ang (2003) have stated that cultural Intelligence is “a person’s capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context” (p. 9). The above stated explanation describes that the individual dissimilarities, unique capabilities as well as their existence in specific cultural settings are embraced by individuals and earlier those individuals were completely not aware of those cultural settings. They further added that the basis of cultural intelligence lies upon three closely inter-linked aspects:

- Motivational Aspects
- Behavioral Aspects
- Cognitive Aspects

Motivational aspects of cultural intelligence describe an individual’s internal inspirations and volunteer obligations to understand the new cultural settings. Cognitive aspects are an individual’s ability to understand as well as recognize the settings in a new culture whose basis lies on several dimensions of cultural indications. Behavioral aspects state a person’s ability for exhibiting actions/behaviors anticipated to appropriately regenerate cognition and motivation (Earley & Ang, 2003).

A person’s level of cultural intelligence exhibits his/her comfort in adapting and adjusting to the cultural settings which are new to him/her. It is important to understand that in the absence of thriving execution, it is difficult to comprehend a person’s level of cultural intelligence. However, the only transformation in objectives, aspirations as well as thoughts, do not ensure the accomplishment because there is a need of significant adjustments in behaviors. Bailey (2004) also pointed out the basis of an individual’s cultural intelligence which lies upon:

- Behavioral Skills
- Mindfulness
- Knowledge

Knowledge points out towards the comprehension of the basic communication in relation to the cross-cultural settings; rationality towards the cross-culture is described by the mindfulness whereas skills related to behavior point towards the explicit actions necessary for adjusting proficiently with the cross-cultural settings (Waseem, 2013). On the other hand, it was found that CQ is the application of abilities as well as skills for cultural adaptation (Thomas & Inkson, 2004).

In addition to culture, cultural intelligence is also considered genetically non-transferable. Comparatively, it could be acquired through considering the cognitive, motivational and interactive segments of effective cross-cultural adaptation (Waseem, 2012).

Chinese and Australian Case

Due to the increased focus on globalization, business enterprises are expanding globally, resulting in a rapid increase in foreign direct investment (FDI). Being part of the economic superpowers of the world, China is considered as the rapidly developing economy of the world (Zhang, 2005) and it has glorified it among the most attractive destinations for FDI. Contributing to this huge level of Foreign Direct Investment, Australian investment in China is considered among the most vigorous contributors. Harmonization and mutual commercial relationships between China and Australia are resulting in a greater increase in Australian investment in China. Over the past few years, China has become a favorite venue for Australian investment in China. This increased investment also highlighted few challenges with itself. In addition to others, effective management of expatriates in cross-cultural settings is a key challenge.

Researchers have largely discussed the managerial efficiency of cross-cultural settings in China. Thomas and Inkson (2004) studied the application of cultural dimensions developed by Hofstede (1980, 2001) as well as analyzed the effects of cultural dimensions on the performance of white-collar staff. Additionally, for increased effectiveness of expatriate management, researchers like Wang and Clegg (2002) emphasized the significance of information about the differences in cultures as well as Li and Kleiner (2001) are of the view that the “personnel localization” is known to be the best key for bringing effectiveness among the foreigner employees at managerial positions in Chinese territories.

Since China and Australia, both enjoy different cultures and these differences can have key influences on the effectiveness of the organization. Australia enjoys “Anglo-Celtic” western culture on the other hand teachings of Confucius are dominant in China. Cultural variations between China and Australia may cause a huge influence on the organizations’ managerial styles (Wang & Clegg, 2002). Investors from Australia should emphasize the adaptation of the cross-cultural environment while selecting the expatriates (Hutchings, 2002). Researchers found a direct relation between the adaptability of Chinese local culture and job duration in the Chinese market (Hutchings & Murray, 2003). On the other hand, in their research on cross-cultural settings, Liang and Whiteley (2003) found that cultural collaboration is considered extremely important for the FDI from Australia towards China.

Although culture has a major impact and considered a key concern for investing and doing business in China effectively, very little attention has been offered to the required managerial skills for learning and adapting a new culture. Deng & Gibson (2011) have stated that an increased cultural intelligence can have an encouraging and optimistic effect on cross-cultural effectiveness; as a result, it may contribute significantly to the positive outcomes of Australian investment in the Chinese market.

CONCLUSION

Since culture is a rapidly changing notion and with variation in norms and values, everyone has some sort of cultural differences. Aspects of a culture may vary among individuals and nations. To survive socially and professionally one has to possess an understanding of the culture where he/she is working especially if the culture is non-native. In the corporate sector, especially for those firms working globally, cross-cultural management is very much important. One has to understand and adopt the cultural values of employing an organization because

the culture of each organization may also vary based on each case. Organizations must focus on the cross-cultural training and development of their employees which can ultimately contribute to the organizational success and employees' commitment to the organization.

To learn the culture of an organization in cross-cultural environment, individuals should possess a set of skills and capabilities for adaptation of that culture. It is also found unusual that everyone has identical learning skills and capabilities for the adaptation of a specific culture. For the success of an organization, its employees must effectively adopt the organizational culture and also become part of that specific culture where that organization exists. Level of cultural adaptation is different among individuals, which is also termed as cultural intelligence, and it can be measured accordingly.

An individual's level of cultural intelligence plays an important role in cross-cultural learning which is also obvious in the case of Australian business investment in the Chinese market. Organizations should pay special attention to the improvement of the level of cultural intelligence of their employees, especially those working in decision making positions. This improved level of employees' cultural intelligence might help them in cross-cultural learning resulting in a constructive impact on the overall productivity of any organization. This study could lend potential help to the organizations working globally as they have to keep track of the cultural intelligence of their employees. Formal cultural training can be very useful for the success of multinational organizations and the productivity of their employees.

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