

## Chapter 21

# Evaluation of Cultural Intelligence in Staff of Industries, Mines and Trades Organizations – Case Study: Semnan Province, Iran

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### ABSTRACT

*This article examines one of the key competencies of the 21st century known as cultural intelligence (CQ). This study investigates the relationship between CQ, organizational culture, and the effectiveness of staff in the industry, mine, and trade organizations of Semnan province in Iran. Using correlational analysis, the statistical population includes a total of 103 people from 141 employees based on personnel department documents. Three questionnaires were used to measure the variables and descriptive and deductive statistics were applied to evaluate and analyze the data. The Pearson correlation coefficient and multivariate regression were used in deductive statistics to obtain the results. The findings show there is a significant relationship between CQ, organizational culture, and effectiveness. Among four cultural intelligence factors, only the knowledge of CQ can predict the effectiveness. The calculated correlation coefficient indicates that the creativity factors and communication pattern have the highest correlation coefficients.*

### 1. INTRODUCTION

Today many organizations have employees from different countries and cultures. Moreover, a product may be designed in one country, manufactured in another country, and finally sold in over 100 countries. This fact has caused increasing dynamic relationships in multi-cultural environments. Hence, differences in language, ethnicity, values, norms, and the way of reading different cultures emerge as potential sources

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of conflict, thus making it difficult to develop appropriate working relationships (Triandis, 2006). These conceptual difficulties led to the introduction of a novel concept in the cognitive field known as cultural intelligence (CQ), which Early and Ang (2003) defined as an individual's capability to adapt effectively in situations characterized by cultural diversity.

Considering the increasing growth of international interactions and the heterogeneity of labor, many management experts have concentrated on identifying and strengthening the capabilities by which people could do their jobs more effectively. Among these capabilities, CQ appears to be a considerable factor to deal with multi-cultural environments more appropriately. CQ can explain individual differences in adapting to new cultural settings (Huff et al., 2014). Another factor which should be considered in multi-cultural environments is organizational culture which is an important tool for organizations to reside in the ideas, values, norms, rituals and beliefs to secure organizational sustainability (Sackmann, 1991). A strong organizational culture plays a role as a reliable compass and as a powerful lever to guide and balance behaviors of members (Wilson & Bates, 2005).

However, the strength of organizational culture will determine its effectiveness (Deal & Kennedy, 1982). Considering all of these factors, strengthening CQ and organizational culture leads to efficiency improvement and a dynamic organization. This article examines the relationships between CQ, organizational culture, and effectiveness of employees. The remainder of the article is organized as follows. Section 2 provide a brief review of the extant literature while Section 3 covers the method, hypotheses, and research findings. The results are discussed in Section 4 and Section 5 includes some practical suggestions.

## **2. LITERATURE REVIEW**

As mentioned earlier, Earley and Ang (2003) defined CQ as a person's capability to adapt effectively to new cultural contexts, and is based on capabilities that can be enhanced via experience, education, and training (Earley & Peterson 2004; Ng et al., 2012). CQ consists of four components: cognitive, meta-cognitive, motivational, and behavioral (Ng & Earley, 2006; Ang & Van Dyne, 2008). The cognitive component of CQ includes general knowledge about norms, practice, and culture (Earley & Ang, 2003), while meta-cognitive CQ is related to an individual's awareness during intercultural interactions (Ng & Earley, 2006). Motivational CQ refers to capability of an individual's drive to learn about presenting and functioning appropriately in other cultures (Ang et al., 2007; Chen et al., 2012). Finally, behavioral CQ is assigned to flexibility in demonstrating appropriate verbal and nonverbal actions during intercultural interactions (Ang et al., 2007).

Organizational culture is an important tool to categorize information and messages and specify behaviors that are acceptable through company policies, activities, and decisions. Sackman (1991) illustrated organizational culture as a tool to create organizational commitment, to provide integration throughout the organization, and to assist the organization adapt to external changes. Many models and theories exist which refer to organizational culture, and most of these theories assume that organizational culture is not measurable (Schein, 2010; Alvesson, 2012). Some researchers believe that although organizational culture is complex and multilevel, its levels are unified (O'Reilly et al. 1991).

Balogh et al. (2011) examined the CQ of college students with respect to organizational culture. They identified the desired organizational culture of students, and studied whether there is any meaningful relationship between student CQ and their preferences for a specific organizational culture. They concluded

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