



# **CULTURAL INTELLIGENCE THE COMPETITIVE EDGE FOR BUSINESSES CROSSING AFRICAN BORDERS**

By Ryno Nel and Alex Mziray

## ACKNOWLEDGEMENT

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## ABSTRACT

The ability to interact effectively in multiple cultures is not a skill possessed by all; yet, it is becoming more important in today's global business world. Recently, this skill has been labelled cultural intelligence (CQ), and has caught the attention of business leaders and researchers alike. While previous studies have examined potential outcomes of cultural intelligence, possible antecedents are examined herein. This report generates some insight regarding the impact of cultural exposure on CQ, as well as developing an understanding of how the depth of cultural exposure influences a person's cultural intelligence.

We have looked at CQ in four areas from our experiences in travels across the four countries during the program;

**Hiring people:** Mauritian companies we visited prefer to hire a mixture of local and expat staff. This has been a recipe that has worked well. The MD of UBA Bank in Senegal explained that gender or age doesn't matter, but that they look for people who are dedicated and that have driven to learn and do well. "Competence, attitude and the ability to learn" were the qualities that the Mauritians, Senegalese, South African and American participants and lecturers highlighted the most.

**Enabling people:** There are various assessment tools and learning programs available to assess and elevate levels of Cultural Intelligence. Omnicane was a traditional sugar cane mill but the stakeholders found that their traditional markets for their product came under threat from cheaper suppliers that mass produce product of a lower, but acceptable quality. Our visit to this business made a huge impact on all the members of this program and no doubt a number of thinking partners will refer to aspects of what they saw at Omnicane in their paper and Next Talk.

What was of specific interest to us was the fact that the stakeholders empowered everyone in the business to play a role in re-designing and adding their input in the process of saving their business and in the process coming up with a model of ingenuity, that we have never seen before.

**Street Smarts:** At the initial session in Johannesburg, the Managing Director of Alexander Forbes explained well the importance of street smarts and how this concept can be used to prove and disapprove research concepts and due diligence work performed when one wants to invest in a new country. His main concept was "lead with street smarts and then follow with the book smarts".

When investing in a new African territory, despite doing a lot of research, it is still important to start small and prove on the ground what works and what doesn't.

**Diversity of cultures:** Mauritius is a very good example of a country consisting of diverse cultures. We experienced firsthand, the richness which the various cultures bring to the Mauritian society and we had to ask ourselves why it looked somewhat different from our experiences in our own countries.

From the experience gathered during the program, it is evident that CQ is a critical skill for African business leaders, and it seems likely that CQ intelligence will become increasingly important. It is expected that, because of the need for expansion into different regions and to the rise of diversity in the workforce, CQ will increasingly have an influence on appointments and promotions of staff on the African continent.

Cultural Awareness and Intelligence is vital for those who are based in different countries and especially so for those who regularly work in different countries or regions. Ignorance in this regard could lead to becoming one of the Flying Dead - people who fly around Africa, stop every now and then and are expected to deliver, with no real idea where they are (and, increasingly, who they are).

## INTRODUCTION

### 1.1 CULTURE

Some time ago HSBC used a photo of a grasshopper in an ad campaign. The narrative under the photo said: USA – Pest; China – Pet; Northern Thailand – Appetizer.

What causes the 3 different views of the same insect? – It's Culture off course and in an African context, Northern Thailand can be replaced by Cameroon, Zambia or Uganda because grasshoppers are consumed by people in most of the countries in our continent.

If culture can cause such different views of a simple grasshopper, how different can human actions, gestures and speech be interpreted.

In simple terms culture refers to the ideas, customs, and social behaviour of people or society.

Corporate culture refers to the beliefs and behaviours that determine how a company's employees and management interact in business and handle themselves outside of business interactions.

Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. A company's culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, and treatment of clients, client satisfaction and every other aspect of operations.

### 1.2 THE ONION MODEL OF CULTURE

There are many ways to visualise the concept of culture, but one of the most popular models is based on an onion. The Onion Model of Culture shows how culture has a number of layers. There are a number of interpretations of this model but the simplest one consists of four key layers. The outer layers represent cultural artefacts or symbols such as flags, architecture or traditional clothing.

Heroes make up the second layer and icons such as Julius Nyerere, Nelson Mandela and numerous others represent many of their own African countries' cultural values and beliefs.

The third layer is composed of common rituals and traditions. This could include how people greet each other,

eat meals, get married or practise their religion.

Finally in the centre of the onion are the underlying values and cultural assumptions which influence all of the other layers. These beliefs, norms and attitudes are much harder to recognise without a deeper analysis and thorough understanding of each of the outer layers and how they interact.

Cultural awareness and cross-cultural training can help anyone working in diverse cultural environments see past the outer layers and understand the why, what and how behind each of them. When doing business in Japan, for example, people will avoid making direct eye contact with anyone more senior than them. A culturally aware individual will understand or at least sense that this is because of important Japanese values such as honour, respect and hierarchy and it is essential for anyone doing business in Japan and with Japanese companies.

Country-specific cross-cultural training programmes such as Communicaid's "Doing Business in Japan" will increase the understanding of the cultural values and how these values influence the Japanese business culture. Understanding the cultural values and their impact will help you ensure that your international business ventures are a success.

## 2 CULTURAL INTELLIGENCE

### 2.1 AN EVOLUTION OF INTELLIGENCE

Cultural Intelligence (CQ) is the natural evolution from the now well-established notions of Intelligence Quotient (IQ) and Emotional Intelligence (EQ). Good leaders need all three if they are to lead effectively.

In their paper in The Harvard Business Review of October 2004, P. Christopher Early and Elaine Mosakowski says Cultural Intelligence or CQ is an "outsider's seemingly natural ability to interpret someone's unfamiliar and ambiguous gestures in a way that only that person's compatriots would, even to mirror them". In our modern world and on the African continent, CQ is a vitally important skill.

A high level of CQ will help such an outsider or newcomer to fit into their new environment with much more ease.

EQ is a skill that helps us understand what makes people different from each other.

CQ takes this a step further and is a skill that can analyse behaviour and help us with discerning the following:

- What is true of all people or groups (universal) – for instance all cultures are happy when a baby is born – this is of course true in the Massai or Zulu culture
- What is different about this person or group (distinctive) – African Cultures in general have more emotionally intense rituals when it comes to funerals if one compares it to the European culture
- What is not universal, nor distinctive – **what lies between these two boundaries is culture**

IQ and EQ share one very important element, which is an ability to suspend judgement or to think before speaking or acting. In the case of EQ you use all your senses to determine how the behaviour you observe is different from what you see in your own Culture, yet similar to one another. A person with high levels of Cultural Intelligence will then be able to make conclusions that are not stereotypical.

Early and Mosakowski have surveyed 2 000 managers in 60 countries and have found that although some elements of CQ are instinctive, anyone who is reasonably alert, motivated and poised can attain acceptable levels of Cultural Intelligence. They have found that the 3 components of Cultural Intelligence are: the cognitive (Head); the physical (Body); the emotional / motivational (Heart).

### HEAD

Reading and enquiring about a Culture are limited ways to learn more about a new Culture one is due to be confronted by. One should rather devise learning strategies that will assist in determining what makes this new culture different, but the same as one's own. This implies that a newcomer must be aware of and must think about finding ways to analyse and interpret their new environment's Cultural differences and similarities.

Professor S, who is originally from Ghana, but has worked all over Africa and Europe, is a great example of this. He planned his learning strategy and looked for distinctive Cultural clues to assist him in setting his course, when he wanted to launch a new academic program in South Africa. He knew he had to look for an element that is unique to the country that speaks to all of its citizens. He got this when he found the Big National Debate, being the legacy of Apartheid and the inequality it caused.

### BODY

Showing that you understand a new Culture will not win over your foreign colleagues or counterparts, your actions and behaviour must show that you are immersing yourself to some extent. When one adopts another person's habits and mannerisms you start to understand what it is like to be them.

Research by Professor Jeffrey Sanchez-Burks have shown that where a job applicant and a recruiter are from different cultural backgrounds, a job applicant who realistically mimic some of the behaviour of the recruiter are made a job offer more often than those who don't adapt their behaviour.

We have seen a good example of this in Senegal, where the local people genuinely display a lot of honour towards visitors and guests from other countries. In our study group we have a gentleman from Mauritius who very often immerses himself in the culture of the countries we visited. While in Senegal it was obvious by observing our friend from Mauritius, that by displaying the same behaviour, he was able to make a very good connection with the local people, be it at the market or at a cocktail evening where we were hosting senior staff from local Senegalese banks and entrepreneurs.

### HEART

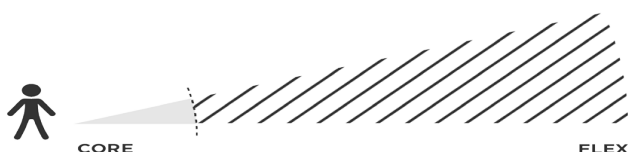
To adapt and flourish in a new culture is difficult and one might have to overcome many setbacks before becoming successful. Confidence in your own ability is very important and according to Early and Mosakowski confidence is rooted in mastery of a set of circumstances or a task. "A person who doesn't ever view themselves capable of understanding people from unfamiliar cultures will often give up after their efforts meet with hostility or incomprehension." However a person with higher motivation will reengage with more heart and vigour, even after setbacks.

One of our group fellow delegates is a Zimbabwean by birth. He has worked for extended periods of time in Zimbabwe, South Africa, Angola, Malawi and Nigeria. During our time together we have heard him say on numerous occasions that he had to keep on trying to observe, interpret and understand the cultures of the various countries he was deployed in. His successes only came because of his resilience and perseverance to adapt his behaviour to the critical aspects of the foreign cultures he experienced.

## 2.2 CQ IN PRACTICE: CORE AND FLEX®

Understanding what Core and Flex are, and how they work, is the key to developing CQ.

Our Core comprises the things that define us: our own personal 'over my dead body' list. These are things that won't change (or won't change easily). Their solidity is our strength.



In our Flex are things that we can choose to change - things that we can adapt to circumstances, or to other people or other cultures. Their fluidity is equally our strength.

Core and Flex cover more than just our principles - they also account for everything from spirit and identity to behaviours and habits - from grand beliefs to small actions.

In Tanzania we greet people who are older than us, with the word Shikamoo - this literally means "You are older than me and I respect you". This happens across gender lines and across tribes.

Once we've worked out what is Core and what is Flex for us, we need to keep them in review. Testing, weeding and transplanting to make sure that the right things are in the right places. And our Flex is actually Flexing. A well-defined Core and Flex, kept under constant review is key to Cultural Intelligence because it equips us with the ability to experience new situations and adapt to other people without fear of losing ourselves - changing and accommodating without ever compromising on what matters.

Keeping our Core and Flex under review also helps to keep our biases under control. Although it can be sometimes tough to admit, we all hold biases in one form or another. They are the knots in our Core that we know should not be there. And for those of us who have experienced prejudice ourselves, it is especially important to scrutinize our Core for biases (because we have them too) and move them to Flex. They need to face the light and air. They need to be regularly dusted down, examined and tested. Because, for leaders, they produce blind spots and they cause us to miss opportunities.

## 3 MEASURING CULTURAL INTELLIGENCE

CQ differs from IQ in the fact that it cannot be quantified by a score. There is no simple Cultural Intelligence scale by which to measure ourselves against, and indeed it is unhelpful to think of CQ as a number.

Instead we should think of Cultural Intelligence as being something which we can continuously improve and develop over the duration of our lives. The difficulty is in acquiring it. We do this through our experiences, but also with knowledge imparted by other people whom we trust - and who trust us enough to give us their knowledge.

### Diagnosing Cultural Intelligence

The tool we include here is only one of many that are available to assess levels of Cultural Intelligence. We include this specific tool as an example because we found it user friendly and easy to understand. The tool allows one to assess the 3 facets of Cultural Intelligence (Head, Body, Heart). This can help to determine one's strong and weak points. Attaining a high absolute score is not the objective.

### Diagnosing Your Cultural Intelligence

These statements reflect different facets of cultural intelligence. For each set, add up your scores and divide by four to produce an average. Our work with large groups of managers shows that for purposes of your own development, it is most useful to think about your three scores in comparison to one another. Generally, an average of less than 3 would indicate an area calling for improvement, while an average of greater than 4.5 reflects a true CQ strength.

Rate the extent to which you agree with each statement, using the scale:  
1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

_____	Before I interact with people from a new culture, I ask myself what I hope to achieve.	
_____	If I encounter something unexpected while working in a new culture, I use this experience to figure out new ways to approach other cultures in the future.	
_____	I plan how I'm going to relate to people from a different culture before I meet them.	
+	_____	When I come into a new cultural situation, I can immediately sense whether something is going well or something is wrong.
<b>Total</b>	_____ ÷ 4 = <input type="text"/> <b>Cognitive CQ</b>	

_____	It's easy for me to change my body language (for example, eye contact or posture) to suit people from a different culture.	
_____	I can alter my expression when a cultural encounter requires it.	
_____	I modify my speech style (for example, accent or tone) to suit people from a different culture.	
+	_____	I easily change the way I act when a cross-cultural encounter seems to require it.
<b>Total</b>	_____ ÷ 4 = <input type="text"/> <b>Physical CQ</b>	

_____	I have confidence that I can deal well with people from a different culture.	
_____	I am certain that I can befriend people whose cultural backgrounds are different from mine.	
_____	I can adapt to the lifestyle of a different culture with relative ease.	
+	_____	I am confident that I can deal with a cultural situation that's unfamiliar.
<b>Total</b>	_____ ÷ 4 = <input type="text"/> <b>Emotional/ motivational CQ</b>	

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### Diagnosing Your Cultural Intelligence

### 3.1 CULTURAL INTELLIGENCE PROFILES

Most managers fit at least one of the following six profiles. By answering the questions in the exhibit, you can decide which one describes you best.

1. The provincial can be quite effective when working with people of similar background but runs into trouble when venturing farther afield.
2. The analyst methodically deciphers a foreign culture's rules and expectations by resorting to a variety of elaborate learning strategies.
3. The natural relies entirely on his intuition rather than on a systematic learning style. He is rarely steered wrong by first impressions.
4. The ambassador, like many political appointees, may not know much about the culture he has just entered, but he convincingly communicates his certainty that he belongs there. Among the managers of multinational companies we have studied, the ambassador is the most common type.
5. The mimic has a high degree of control over his actions and behavior, if not a great deal of insight into the significance of the cultural cues he picks up. Mimicry definitely puts hosts and guests at ease, facilitates communication, and builds trust.
6. The chameleon possesses high levels of all three CQ components and is a very uncommon managerial type. He or she even may be mistaken for a native of the country. More important, chameleons don't generate any of the ripples that unassimilated foreigners inevitably do. Some are able to achieve results that natives cannot, due to their insider's skills and outsider's perspective. We found that only about 5% of the managers we surveyed belonged in this remarkable category.

### 3.2 Cultivating Cultural Intelligence – 6 Steps to improve levels of CQ

Unlike other aspects of personality, cultural intelligence can be developed in psychologically healthy and professionally competent people. As is the case in the diagnosing of CQ we discussed earlier, there are many methods one can use to cultivate CQ. An example of such a method



is a two-and-a-half day program that was developed for an international bank. This first identified a participant's strengths and weaknesses and then provides a series of steps, which we outline below, to enhance their CQ.

### Step 1.

The individual examines his CQ strengths and weaknesses in order to establish a starting point for subsequent development efforts. Our self-assessment instrument is one approach, but there are others, such as an assessment of a person's behavior in a simulated business encounter and 360-degree feedback on a person's past behavior in an actual situation. Hughes Electronics, for example, staged a cocktail party to evaluate an expatriate manager's grasp of South Korean social etiquette. Ideally, a manager will undergo a variety of assessments.

### Step 2.

The person selects training that focuses on her weaknesses. For example, someone lacking physical CQ might enroll in acting classes. Someone lacking cognitive CQ might work on developing his analogical and inductive reasoning—by, for example, reading several business case studies and distilling their common principles.

### Step 3.

The general training set out above is applied. If motivational CQ is low, a person might be given a series of simple exercises to perform, such as finding out where to buy a newspaper or greeting someone who has arrived to be interviewed. Mastering simple activities such as greetings or transactions with local shopkeepers establishes a solid base from which to move into more demanding activities, such as giving an employee a performance appraisal.

### Step 4.

The individual organizes her personal resources to support the approach she has chosen. Are there people at her organization with the skills to conduct this training, and does her work unit provide support for it? A realistic assessment of her workload and the time available for CQ enhancement is important.

### Step 5.

The person enters the cultural setting he needs to master. He coordinates his plans with others, basing them on his CQ strengths and remaining weaknesses. If his strength is mimicry, for example, he would be among the first in his training group to venture forth. If his strength is analysis, he would first want to observe events unfold and then explain to the others why they followed the pattern they did.

### Step 6.

The individual re-evaluates her newly developed skills and how effective they have been in the new setting, perhaps after collecting 360-degree feedback from colleagues individually or eavesdropping on a casual focus group that was formed to discuss her progress. She may decide to undergo further training in specific areas.

The behavioral aspect of CQ suggests that adaptation is knowing what and how to do (cognitive or head), and having the wherewithal to persevere and exert effort (motivational or heart) as well as having the responses needed for a given situation in one's behavioral repertoire (body). Lacking these specific behaviors, a person must have the capability to acquire them. CQ reflects a person's ability to acquire or adapt behaviors appropriate for a new culture.

## 4 WHY IS CULTURAL INTELLIGENCE IMPORTANT TO BUSINESS SUCCESS?

Big problems can no longer - if they ever could - be solved by one person, one culture, or even one continent, operating alone. So leading across boundaries through collaboration is crucial.

Organizations face challenges internally; requiring their separate divisions - production, sales, marketing, and finance - and their leaders to collaborate. Cities need the public, private and non-profit sectors to find ways to work together more effectively, if they are to use their resources and assets to best effect. Countries and continents face global problems of an order that requires old and new divides to be crossed.

The world is crying out for innovation: new ways, new ideas, new processes, new technologies, and new ventures. The secret of innovation is that it comes best from well-led discord.

Culturally diverse groups - led by leaders with CQ - see things differently. Innovation needs people who actively seek to encourage difference. To prod it, push it, test it, enjoy it and thrive on it. People who want to de-harness - even if they secretly know that they have no real idea where it might take them, just that it won't be where they went before.

Our continent is made up of 54 countries that consist of many more regions and sub regions. Most of our countries have a myriad of cultural groups within and transcending over our borders. We see many mistakes being made when companies use a broad brush approach when entering a territory with a culture which is foreign to them; recent examples were seen in the healthcare and cosmetic industries.

#### **4.1 CQ AND THE AFRICAN EXPANSION**

Today, many businesses can be described as global – even small businesses and entrepreneurs are taking advantage of sophisticated advances in communication technology. And if you are looking to expand your business in Africa and take your company to different regions then Cultural Intelligence is vital.

Jim Sutcliffe is Managing Partner at Arboretum Partners LLP and Chairman of Sun Life Financial in Canada. He stresses the business value of CQ in helping managers to see the wider context in which the company operates:

‘You need CQ to run a business today, because, in the long run, you will make more money with CQ. I know we have all thought business was about products, customers, finances and people, but it’s more than that now. You have to understand the context in which you are operating and the communities you are part of. You have to work with other sectors and, if you are international, in other countries, and you need it not just at the top, but right through the business. Without it, you won’t judge when to stand firm and when to give way, when to spend money, whether you like it or not. Without it, you will walk into impossible, messy situations that are sometimes at least partly of your own making. And, when the solutions do not lie in financial models, better products or new technologies, you will make bad judgments, because none of those things are much use when you are dealing with the media and politics, and you find yourself and your company in the public eye.’

#### **4.2 TRIBAL LOYALTIES**

Corporate Culture in Africa, like in many other parts of the world, can be influenced by tribal loyalty. This could even happen across country borders. We have seen conflict between the Western views of meritocracy and competence vs. Tribal loyalty. Even in very formal structures like corporate businesses, Tribal loyalty can assist in establishing more efficient business structures and relationships.

A good strategy for an outsider who wants to enter a foreign country is to understand the big national conversation. Locals often lose sight of this, but for outsiders it could be quite easy to determine.

During our research and interview process, we met an academic (we’ll call him Professor Chameleon), who demonstrated high levels of cultural Intelligence in such a situation. Professor Chameleon, a foreigner in South Africa, identified the Big National Conversation, as being the legacy of Apartheid and the inequalities it caused. He successfully launched a new academic program by addressing the Big National Conversation. He went out to find deserving and high performing students from specific cultural backgrounds who were disadvantaged, to enroll for the new program. The faculty ensured the students got the support they needed and they achieved top marks on merit. As a result of the profile of the students as well as their results, the program attracted substantial bursar funds from a Government department and the number of Corporates acquired students from the program as graduates as well as permanent employees.

Professor Chameleon could solve for tribal loyalties as well as merit and competence and still launch his program successfully. How do we, who work in foreign countries all over our Continent, become more culturally aware and culturally intelligent? It’s often easier for an outsider, like a SA bank that wants to set up in a new African country, to identify and understand the national narrative, the countries diverse problems and to make a difference in the country.

#### **4.3 XENOPHILLIA vs XENOPHOBIA**

Xenophilia is when a person or a culture is attracted to that which is foreign, especially to foreign people, manners or cultures. Xenophobia is the fear and distrust of that which is perceived to be foreign or strange. This can be a fear of a person, people, group, or a culture.

Mauritian example; we experienced the expressed wish or attraction to be part of the bigger African continent in Mauritius. In a country where we met a number of senior representatives, including the Executive if the Central Bank of Mauritius, on a number of occasions we heard the expressed statement “policy matters”.

This translates to the Mauritian culture of understanding that when you are faced with a problem, strategizing very thoroughly to address this problem and then designing and implementing policies that the whole country is bound



to, in order to address and overcome this problem. The country made itself part of Africa and this is very visible in its policies and future strategy. Mauritians acknowledge that our cultures in Africa are sometimes very different, but, that we are actually the same.

The Mauritian population is so diverse and has been made up of among other Portuguese, French, British, Indian, South East Asian, African and Chinese people and cultures. Then one has to mention the varied religious beliefs including Hindu, Muslim, Christian, Buddhism, and many more. The assumption my partner and I made is that this diversity as well as the Mauritian culture of perseverance have fostered the Mauritian people's high levels of Cultural Intelligence. There is a marked difference between the people of Mauritius's acceptance of Cultural difference and we have heard from Mauritian's that this diversity brings a richness and a strength to their nation.

The Mauritians acknowledge the good organizational and management skill brought by their British roots, the culture of very good service and the culture of diligence and hard work brought by their Indian, Chinese and South East Asian roots and the culture of a strong legal system brought by their French roots. They live as one people and one culture, but from the outside one can clearly see the diversity but also the oneness.

A big part of what makes this country so successful is the fact that it's so welcoming of foreign people and cultures. They know there is strength in diversity if you welcome and honor it.

### Senegal

We have had a very similar experience in Senegal, where the country is seen as one of the sources of the Pan African vision. On a number of occasions, senior staff from Banks, semi-governmental organisations and entrepreneurs expressed and demonstrated openness and a sincere welcome to us as a diverse group of African visitors. At UAB bank as well as the Pivot agency we were treated with honor and the Senegalese citizens expressed how honored they felt that Bankseta and Duke chose to visit their businesses.

## 4.4 INTERVIEWS ON THE IMPORTANCE OF CULTURAL INTELLIGENCE IN BANKING IN AFRICA

### 22 August 2017

"There are South Africans present on every board of the Countries that make up our Africa division. Each country is run autonomously, but there is an overall *our*

*way* of doing things."

After being in Business Bank in SA, ran Trade finance for Malawi, worked closely with Head of Customer Trade, who was very well experienced and knew the country well. Learnt by observing, doing and reading. Sat in on sales meetings run by head of Wholesale in Africa, where he wasn't directly involved, but did it to observe and assisted Business Banking where he could.

Each Country has its own Strategy, *but nothing referring to Cultural Intelligence or Cultural Awareness.*

Initially the Head of Sales sat with him and discussed each country in detail; the people (nation), staff, how things are done in each country, taboos etc.

His strategy was "not to be the loudest voice in the room"; don't let the local team look bad. Get the local team's input even in your own area of expertise

1. Africa division does not focus specifically on the importance of CQ
2. We don't assess the staff's levels of CQ before deployment
3. No focused CQ preparation before deployment

### Proposal

1. Test CQ in all SA based staff who work with staff in foreign countries
2. Do regular growth and sensitivity training

### 23 August 2017

Banking sector is finding it very difficult to differentiate themselves as a result of Fin-tech etc.

Some areas of possible differentiation are Brand Promise and Brand Positioning. Both these will be assisted by how you identify, empower and equip your staff. Staff in SA must appreciate nuances in countries they serve and work for.

Not only for personnel in country but also for Head Office staff. Enhanced CQ levels will assist risk practices in these markets, especially the people element.

He hasn't seen companies focusing specifically on CQ, but some companies have addressed it by building it into their staff mobility.

Standard Bank does this the best of the SA banks. Perception is they deploy staff for a minimum of 18 months before deploying them in more senior positions in SA and the African continent.

**Must hire the right people.**

Standard Chartered has a strong element of this; they try to hire people with strong international exposure.

**Investment in CQ is important**

1. Elevate Cultural awareness for all staff who deal with Africa Division
2. Talent development strategy must highlight this
3. Must spend time in the country you will be dealing with / serve from a Head office or Regional office basis

**27 July 2017**

To be successful when moving into new country one must understand:

- Cultural situation
- The dominant culture and tribe / s
- What might exacerbate conflicts

Understand where the big national conversation is in the country - This could play a vital role in making you relevant and important. In SA it's the legacy of Apartheid and the inequalities it caused. Examples: Take advantage of the above and tribal loyalties – A university program negotiates bursaries from Department of Public Works in SA for deserving disadvantaged students or placing deserving graduates from the University program with a Corporate such as Eris Properties or Nedbank CIB.

Question: In South Africa, do you hire a graduate because they come from a previous disadvantaged background, or do you hire skill and competence? - Answer: If you know the big national narrative you try to do both at once.

It's often easier for an outsider, to identify and understand the national narrative, the country's diverse problems and to make a difference in the country.

Challenges in a new country:

- Lack of skills
- Not enough people taking it seriously or investing their skills without getting an immediate / personal return

Example of a good opportunity: West African informal banking system – saving for large capital expenses without taking bank loans. Different member of the savings club gets the money pool every month – innovative bank could develop a product that looks like the traditional system.

Western banks are not adaptable or innovative enough to find solutions to these traditional challenges.

## 5 CULTURAL INTELLIGENCE – OUR AFRICAN EXPERIENCES

### 5.1 HIRING PEOPLE - (HR)

During a think tank and feedback session at a bank in Mauritius we heard that they prefer to hire a mixture of local and expat staff. This has been a recipe that has worked for the bank. Arranging teams that are culturally diverse brings depth of thought and robust solutions. The MD of the bank said that they hire mixed gender and age groups, but want people who have shown a propensity to learn and that have a very good work ethic – they must be driven and have the right attitude.

In the past, Mauritian citizens focused more on studies in the accounting and auditing fields, but more diverse academic focus have been implemented and study fields such as technology is now a high priority as well.

The MD of UBA bank in Senegal explained that gender or age doesn't matter, but that they look for people who are dedicated and that are driven to learn and do well. She also said that it was more difficult to do well as a female, but that gender does not play a role in the business she runs in Senegal.

“Competence, attitude and the ability to learn” were the qualities that the Mauritians, Senegalese, South African and American participants and lecturers highlighted. This made it clear to my partner and I that these attributes are the stand outs in all the cultures we came across.

During the interviews at our banks it became very clear that the levels of Cultural Intelligence of all staff should be evaluated and be elevated. It was felt that the staff at the head offices and regional offices should not be excluded from these CQ improvement programs as these

staff work with people whose cultures are foreign to them. Better understanding of the different cultures, but more so, an enhanced ability to interact with people of different cultures without fear and prejudice and without denying the differences is needed. When a head office staff member in South Africa has low levels of Cultural Intelligence it will definitely have an inhibiting effect on the cooperation, understanding and output of him or herself as well as most people they work with and serve.

In the limited number of interviews we had learnt that in the banks of the interviewee's there wasn't specific programs to evaluate and elevate Cultural Intelligence of local or expat staff. But most banks had an element of Cultural Intelligence training in their induction programs for staff working in foreign countries.

## **5.2 ENABLING PEOPLE**

There are various assessment tools and learning programs available to assess and elevate levels of Cultural Intelligence, but we have come across Early and Mosakowski's assessment tool and 6 step program to up-skill staff which we discuss elsewhere in our this paper.

During our visit to Mauritius we saw some very good examples of how people were enabled to play a role in the outcome of their own future as well as the future of the company they were part of. Omnicane was a traditional sugar cane mill but the stakeholders found that their traditional markets for their product came under threat from cheaper suppliers that mass produce product of a lower, but acceptable quality. Our visit to this business made a huge impact on all the members of this program and no doubt a number of thinking partners will refer to aspects of what they saw at Omnicane in their paper and Next Talk.

What was of specific interest to my partner and I was the fact that the stakeholders allowed everyone in the business to play a role in re-designing and adding their input in the process of saving their business and in the process coming up with a model of ingenuity, that we have never seen before.

The role players we met were of French, Mauritian Creole and Indian descent. However, through listening to their story it was clear that the largest number of people that were impacted by their current business model were the private sugar growers, their workers and their families, who were mainly Indian. These people all worked together

for the good of the company, themselves and the people they serve through the various products and services the business produces – cultural differences don't play a role at all – it's all about competence, attitude and the ability to learn and improve one self.

The young engineers we met in the state of the art control room of the power plant were of Indian descent and the manager explained to us that a number of these young people were normal labourers previously, but got the chance to up-skill themselves and in the process became very proficient in the modern and complex technology that is being used to manage and run the various aspects of the Omnicane value chain.

## **5.3 STREET SMARTS**

At the initial session in Johannesburg, the CEO of Alexander Forbes explained well the importance of street smarts and how this concept can be used to prove and disapprove research concepts and due diligence work performed when one wants to invest in a new country. His main concept was "lead with street smarts and then follow with the book smarts".

When investing in a new country despite doing several researches done by reputable firms, it is still important to start small and prove on the ground what works and what doesn't. One important factor can be overlooked in research which can negatively impact the investment made. For example, the effectiveness of a legal system can be assessed better on the ground, like how long will a bank take to sale property for a non-performing loan. How long does it take to register a mortgage? A research will assist getting industry average data, but actual experience on the ground is vital. One can easily start small with a prototype and expand more after understanding the environment better. It is easy to write off an investment of \$1 million rather than \$100 million.

Street smarts also speaks to the concept of deliberate learning. When we had the first session in Johnsonburg, we had an opportunity of learning from the street on what customer's want. Interviews with people at the Gautrain station revealed that most banks are pushing for loan products while some customers preferred savings product to achieve a certain goal.

When banks expand into different countries in Africa many institutions use products which worked well from their years of existence rather than researching on the customer

need for that country they are about to expand. Product which worked well in one country may not necessarily work well in another country, and it is important to conduct a thorough research on what customers wants.

One common advice we have received in almost every country we have visited is “get out of your office”. For bankers to achieve African expansion, areas that needs to be looked at are largely agriculture and manufacturing. No one can make huge contributions to these sectors by just sitting in the office.

#### **5.4 DIVERSITY OF CULTURES**

Mauritius is a very good example of a country consisting of diverse cultures. We experienced first-hand, the richness which the various cultures bring to the Mauritian society and we had to ask ourselves why it looked somewhat different from our experiences in our own countries. During our visit to the Apparvasi Ghat World Heritage site we got to understand the diverse culture of Mauritius better.

The country was uninhabited (except for the Dodo – which is now extinct!) by humans when the Portuguese first set foot on land in July 1500. Later, the French colonized and inhabited the Island and brought slaves from Africa and South East Asia with them, The English followed and brought a period of indentured Indian labor which lasted from 1834 to 1924. More than 400 000 Indian labourers were contacted to work on Mauritius during this time, many of whom settled on the Island permanently. The country didn't belong to one group of people and the diverse cultures lived in reasonable harmony from the start. The fact that no one owned the Island has certainly played a role in the way the cultures live and work together.

The Mauritian people have been faced with a number of crises over the last few decades. They had to overcome the loss of status as a protected trade clearing country. The reduction of the cost of producing sugar and stronger competitors in the sugar market had a massive influence on the country's economy. Notwithstanding these headwinds the people of Mauritius work together for the greater good. There is no visible animosity between the Cultural groups and on our tours of Port Louis and the country side, we observed how people work together and respect each other. The citizens all seem to know the country's policies and it's clear that even if the governing party changes from time to time, certain policies, which are for the good of the Mauritian economy and people, stay in place and are executed on.

It is very common to see a Hindu temple, a Mosque, a Buddhist temple and a Christian church in the same street. We experienced for ourselves how people of diverse cultures live with high levels of Cultural Intelligence with one another on our excursion into the heart of Port Louis. Our visit to the market where people of all cultures intermingle was a highlight for us. But we have to add that this can be experienced in the markets of Dar es Salaam and many other African cities as well.

## **6 CONCLUSION AND RECOMMENDATIONS**

The world is shrinking and leaders from different cultures are finding that they need to work together. Cultures are influenced and evolve as a result of the changes in our planets changing climate, geographical borders, faith diversity, gender influence and an increasing youth population. Add to this the changing world economy and international business sector and it becomes clear that things can become unclear very easily.

By now most of us are very aware of the VUCA principle, our world is indeed Volatile, Uncertain, Complex and Uncertain, and in a global world, where problems cross borders between cultures, our business leaders need and staff who can cross those borders successfully. We need people who can communicate effectively and build the diverse networks necessary to solve messy problems. We need staff that don't shy away from cultural differences, but gravitate towards it, people who don't see heterogeneity as threatening; they see it as creative, exciting, inspiring and enriching. These are the people with Cultural Intelligence.

Yet wherever we go in Africa, we see people who struggle to adapt when they are just being thrown together without being given the assistance of understanding what their own levels of CQ are. During this program and in our research we have come to learn that all people (or at least those people who are employable by international banks like ours) can have their CQ levels assessed and enhanced with surprisingly very little effort.

There is no reason we can see, that CQ evaluation and CQ enhancement programs should not be implemented by banks that deploy staff in foreign territories in Africa.

## 6.1 THE FLYING DEAD CONCEPT

Cultural Intelligence is vital for those who are based in different countries and especially so for those who regularly travel in different countries or regions to work. Otherwise, they risk becoming one of the Flying Dead - people who fly around Africa, stop every now and then and are expected to deliver, with no real idea where they are (and, increasingly, who they are).

Globalization has meant that there are more potential Flying Dead leaders than ever before. Many, of course, would claim to have CQ in abundance. Unfortunately, they measure it in Air Miles.

The real challenge for them is to get enough CQ so that, when they land, they understand where they are and who they're talking to, and then use what they have learned to succeed.

The leaders who fail to do this will just continue collecting stamps on their passports without really touching down anywhere they land, while the ones who do it well will become the bridge-builders who can genuinely change the world.

### **Sir Alan Parker, Chairman, Brunswick Group**

"The world is changing. The role of the powerful, intelligent network is greater than ever, but they only really come alive, they only really catch fire, when leadership and Julia's idea of Cultural Intelligence hits them."

## 6.2 RECOMMENDATIONS OF THE STUDY

Organizations frequently appoint leaders for their IQ. Then,

years later, sack them for their lack of EQ. CQ has become the way to differentiate them.

Julia Middleton in her book *Cultural Intelligence: The competitive edge for leaders crossing borders*, argues that, in the future, companies will increasingly promote for CQ. She defines CQ as "the ability to cross divides and thrive in multiple cultures".

Right now, vast amounts of time and money are being invested all round the world in building global brands and organizations. But where are the global leaders who will lead them? Leaders who can cross cultural boundaries: between east and west, and north and south; between faiths and beliefs; between public, private and voluntary sectors; and between the generations?

### **Rakesh Khurana, Dean, Harvard College**

"In our ever more complex and interconnected world which has no obvious historical parallel, Common Purpose has developed a breakthrough idea about the importance of cultural intelligence (CQ) in order to navigate both this new world and its contradictions. It has important implications and raises questions about our current systems for those of us involved in educating and developing our future global citizens."

## 6.3 LIMITATION OF THE STUDY

The paper is based mainly on our experiences, interviews and the research material available of the subject; however research material on CQ in the African context is very limited.



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