

IMPROVING CULTURAL INTELLIGENCE AS MANAGEMENT IMPROVEMENT SOURCE

Daniel MALUTAN¹

ABSTRACT

Globalization is a reality for Romania. Alignment to this trend by integration is a real one. The accession to the European Union is a key strategic step and the question of management practices reform both at EU level, as well as for our country, as part of the European Union, is one of great interest. Some businesses fail, closing their gates, while others thrive. There may be many causes, but what caught my attention is the cultural intelligence level at the two categories, „host" and „guest".

The Romanian manager experiencing the effect of economic globalization identifies cultural differences in management between the climate where he lives and is accustomed to and the climate brought by the newcomer. The approach is dual, from him as a guest towards the host, but also the host towards the guest. Synergy can achieve peak heights when the knowledge of both parties is the highest, the required awareness of movements will synchronize to the highest cultural intelligence.

KEYWORDS: *Management, globalization, management improvement source, cultural intelligence, Culture globalization, knowledge about cultures,*

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1. INTRODUCTION

1.1 Globalization and its effect on management

Globalization defined as a process of expansion, deepening and acceleration of global interconnection, appeared as a term in the 60s, being launched by the Canadian Professor Marshall McLuhan from the University of Toronto and the American specialist in problems of communism Zbigniew Brzezinski from the University of Columbia.

„The world of tomorrow - Peter Drucker said - will definitely be different. The persons who do not adapt must expect big unpleasant surprises".

Resulted from large-scale mergers, globalization has become a dominant characteristic phenomenon of the contemporary world and it distinguishes itself by the following:

Financial globalization

Besides the fact that it facilitates the concentration of capital in the major industrial groups, financial globalization is considered the factor generating global financial crisis. The national strategy is severely affected by the lack of decision tools, due to the fact that the decisions are

¹ Babes-Bolyai University Cluj Napoca, Faculty of Economics and Business Administrations,
Email:daniel.malutan@gmail.com

taken by other bodies that supervise the market.

Economic globalization

The economic component is the most dynamic form of globalization and it is based on the "ideology of unique thinking, stating that now only one economic policy is possible and that only market criteria and neoliberalism (competitiveness, productivity, free trade, profitability etc.) allow a society to survive on a planet that has become a competitive jungle".

Economic globalization favors the emergence of giant monopolies, oligopolies, and, in this context, the possibility of protecting the local market disappears. Once the borders disappear, there are new players on the market. They favor companies that already exist on the market and will give them the opportunity to improve their position, to the prejudice of the new entrants.

The concentration of power among multinational corporations is a dangerous factor and even splitting the world's regions on specialized areas of industrial or agricultural production.

Labor market globalization

Besides creating jobs offered by multinational companies, a pronounced polarization of professional development and improvement is being created. From the competitiveness point of view, the multinationals will be looking for countries with low salaries, well or less technologized and sometimes with a tradition in the field. The vast majority of companies will penetrate into other areas through an easy principle called copy-paste. In this way, an added value is brought to the economy, by infusion of know, on the one hand, but, to the same extent, all traditional values are ignored. The largest social and professional category that is marginalized in this process is the middle class, contractors and top management.

Culture globalization

Globalization is a process of eliminating distance and borders. The step towards taking over cultural values from developed countries through specific marketing and communication channels is very small. *I give an example: Valentine Day which is well promoted by American structures in opposition to „Dragobetele", a celebration forgotten and non- promoted and after the First World War, the cinematographic market was invaded by Hollywood productions, to the prejudice of the local ones.*

Political globalization

Political globalization, as part of a multi-dimensional process, reflects the supremacy of the neoliberal ideology where the market economy and the prevalence of the Western democratic model in a country's internal decisions and decisions between countries have triumphed. At the same time, with the fall of communism in 1989, democracy (worldwide) put an end to the division of the world. This was also facilitated by the benefits of technological globalization.

The phenomenon of globalization is a further stage of the general process of political, economic, financial and cultural development of humanity. For the moment it is difficult to talk with some certainty about the long-term effects of the globalization process on the international community but, even now, it is clear that the globalization process has

both a positive and a negative impact. The positive side of this process is that the interaction between countries will increase, which in its turn, will offer new possibilities for the development of human civilization, especially in the economic sphere.

„Stopping globalization is about as easy as stopping a charging elephant with a feather" (Peterson, 2004, p 7).

1.2 Cultural intelligence

If you analyze a cosmopolitan city like New York, London, Amsterdam, Vancouver or Paris, you may be surprised by the diversity of the people you meet: ethnicity, religion, different education, lifestyle, simply said their different cultures. People are involved in various businesses throughout the world, at continental or national level, implying an interaction with human diversity.

In order to define cultural intelligence, we must rely on three main factors, as they are developed by Brooks Peterson in his book "Cultural Intelligence":

Information (knowledge) about culture;

As regards culture, UNESCO states that it is divided into two components: tangible and intangible. Moreover, in the tangible group we find humanistic culture and scientific culture.

Awareness;

The basic premise is the following: to be aware = to have access to information. Awareness refers to the understanding of: emotions, feelings, multiple connections with life, relationships and connections with the people around, but also with our own self.

It is possible to improve our awareness? Yes, the awareness level can change, but it needs time and strong energy inputs to "destabilize" the old mental balance stability and install a new level of awareness.

Specific competences

The most commonly used definition of competence (and the closest to how it was defined in 1973 by the American psychologist and consultant David McClelland) is that which considers the competence as being the sum of knowledge, skills and attitudes that contribute to a person's ability to efficiently fulfill (at previously agreed standards) job duties and responsibilities (in short, to be efficient).

Cultural intelligence is built on three main pillars: *cultural knowledge* (facts and features) of the specific area, *your, as well as the others' awareness* on ties, connections, conflicts, as well as *specific skills*, i.e. the ability to be effective

„knowledge about cultures(facts and cultural traits)
+Awareness (of yourself and others)
+Specific skills (Competences, behaviors)
=**cultural intelligence**" : (Peterson, 2004, p. 13)

2. MANAGEMENT UNDER THE PRESSURE OF GLOBALIZATION AND CULTURAL INTELLIGENCE INFLUENCES

2.1 Dilemmas and certainties

Globalization is a reality for Romania. Alignment to this trend by integration is a real one. The accession to the European Union is a key strategic step and the question of management practices reform both at EU level, as well as for our country, as part of the European Union, is one of great interest. Some businesses fail, closing their gates, while others thrive. There may be many causes, but what caught my attention is the cultural intelligence level at the two categories, „host" and „guest".

A multinational company headquartered in the Netherlands that penetrates a new geographic area hereinafter referred to as Romania, has three options: to recruit a 100% local management, to bring a foreign management or a mix between the two. Irrespective of the option, the success consists of adapting the two parts to the cultural reality of the area, as well as understanding the new requirements of another cultural center, briefly called "synergies" of both forces.

*Case study: A Dutch company present worldwide as regards its sales is extending its production facility in Romania, ... a Dutch manager confessed: „I do not understand why I do not get feedback from people who report to me in Romania". The Dutch manager leads a department at European level. He also said: „there are people who, in their turn, are part of middle management and during operational meetings they do not offer solutions, unless I challenge them". Moreover, he stated: „I do not get negative feedback"... „Is it about politeness or something else?" When I ask „Did you understand?", the answer is 99% „yes".
But in time I realized that they had not understood."*

We can situate this case study in one of the 5 basic culture scales, according to Brooks Peterson's model:

1. Equality vs. hierarchy,

This scale is indicating that individuals within organizational scenario prefer to interact in mod egalitarian level or more hierarchical ways. The equality style is based on: being self-directed, having flexibility, having freedom to challenge, being flexible, bending the rules (a little), treating men and women in the same way, while hierarchy means : strong limitations, respect but not challenge, enforcing regulations, taking the direction from above, men and women treated differently .

2. Direct vs. indirect,

Direct versus indirect refer to the way people communicate and interact with each other using verbal, nonverbal or written communication. The main issues regarding the direct style are: being more direct in speaking and less concerned about how , openness in confronting with difficulties , engaging in conflicts, expressing views or opinions in a frank manner, saying things clearly and letting no space for interpretation. On the other hand indirect style prefers to focus not just on what is said but also on how it is said, expresses concerns with tact, avoids conflicts, is characterized by diplomacy, counting on the listen to interpretation.

3. Individual vs. group,

People in various societies place importance on belonging to certain groups, on their level of attachment to these groups. Individuality can be defined as "me and myself", by individual initiatives, personal situations, decisions taken individually. Group orientation means : acting for the goals of the group , sharing the guidelines, loyalty to friends, identification with a group, taking decisions as a group and keeping the group membership strong.

4. Task vs. relationship,

This scale refers to the process focused on task, typically Americans, in versus developing business relationships. The task orientation means: moving direct to business, keeping relationships impersonal, superficiality in knowing co-workers, using largely impersonal selection criteria in hiring (score, tests). On the opposite, relationships prefer to establish comfortable relationships in doing business, getting to know better the co- workers, using personal selection criteria.

5. Risk vs. prudence (caution).

Cultures are different in assuming high risks or treating business with caution. From here we can say "who is afraid of water is not eating fish"

Assuming risks means: making decisions quickly, trying new and innovative things, being comfortable with the change of plan; while the caution style refers to: needing more information in order to make a decision, changing slowly, focusing on the past, not changing the plan in the last minute.

The type from the case study is the second scale "directly vs indirectly", indicating how people communicate and interact, face to face, verbally, nonverbally and even in writing. Personality differences certainly affect communication style and cultural intelligence requires adaptation to these differences, looking for other means of communication towards indirect. The difference of direct approach of the Dutch manager can be adjusted to use effective methods to indirect scale, but surely Romanian middle management must also be aware of the fact that a change is needed.

The frustration of the Dutch manager as a guest indicates a low cultural intelligence coefficient that may influence the performance of the middle management. Equally, it may be said that passivity to adaptation towards the style of the Dutch manager can cause failure.

2.2 Improving cultural intelligence

Cultural intelligence is interpreted as the ability to understand usual or unusual contexts, to adapt, to make a person able to distinguish behaviors produced by another culture than those of the individual with whom he/she interacts. Brooks Peterson identified the key factors to improve cultural intelligence, starting from five global cultural scales.

Cultural intelligence is based on experience or knowledge. Interacting with another culture directly or indirectly creates the need for information. Once discovered, the information will be compared with a standard of yourself or of your culture. Once you have identified the potential difference, what is the next step? Awareness! that there are cultural differences, and, in order to perform, it is imperative to adapt styles to the new challenge.

Specific skills are noticed!

The Romanian manager experiencing the effect of economic globalization identifies cultural differences in management between the climate where he lives and is accustomed to and the climate brought by the newcomer. The approach is dual, from him as a guest towards the host, but also the host towards the guest. Synergy can achieve peak heights when the knowledge of both parties is the highest, the required awareness of movements will synchronize to the highest cultural intelligence.

The elements treated by Peterson indicate the minimum need for knowledge. Equality vs. hierarchy, Directly vs. indirectly, Individual vs. group, Task vs. relation, Risk vs. prudence, on a scale of 1 to 10 the level of the guest manager must be found, but also of the host in terms of guest manager. The process is dual, also from the host manager's point of view. There may be major differences due to the standard each uses.

For instance, if one of the managers is in front of a person focused on equality and his/her own style is the same, synergy can give maximum results. If one of the two managers has a predisposition to hierarchy and the other to equality (a Dutch manager predisposed to equality is in this type of situation and the Romanian manager is predisposed to hierarchy) the situation changes radically. Conflicts can appear frequently and ultimately the performance is affected.

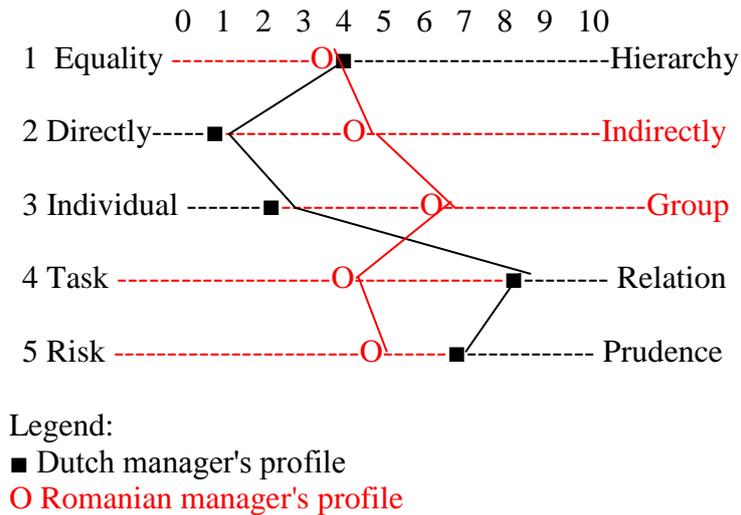


Figure 1. Profile comparative diagram
 Source: adapted from Brooks (2004)

3. CONCLUSIONS

The exchange of ideas and experience with managers originating from other cultures who are facing the same types of problems play an important role in changing and improving the manager. Round tables and seminars represent opportunities for Romanian managers to come in direct contact with what is available in this profession worldwide and to complete their own knowledge and skills.

Obviously, such changes cannot be made immediately, since it is a progressive process that, by its extent, marks the progress of management skills to those performance targets. Adaptation or repositioning in the globalization era is to improve cultural intelligence! Knowledge of organizational and area culture, awareness of the parties about cultural differences, as well as development of personal skills is a source of improving management.

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