

HOW CULTURALLY INTELLIGENT ARE SLOVAK SMALL AND MEDIUM BUSINESS?

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Abstract

Having opened up to international markets, Slovak small and medium businesses are facing new challenges. To be successful in global environment, the businesses must be prepared to face situations characterized by cultural diversity. It has become absolutely inevitable for them to build up the cultural awareness and develop a certain level of intercultural competitiveness. The concept of cultural intelligence (CQ), which was created in the USA in 2003, brings up new ways how to view and measure the quality of intercultural knowledge and skills of individuals by measuring the four components the CQ is based on: CQ strategy, CQ knowledge, CQ motivation and CQ behavior. Encompassing these four factors, the overall CQ values may help Slovak managers realize their best intercultural qualities and their deficiencies to be improved and further developed. The pilot phase of the research into CQ of Slovak managers has been carried out within the project VEGA 1/0781/11 – Culturally Intelligent Organization as the Next Level of the Learning Organization in spring 2013 and will continue in the following months. The analysis has brought very interesting findings which we present in this paper together with the recommendations of application of CQ measuring scale into Slovak business culture.

Key words: cultural intelligence, intercultural knowledge and skills, small and medium businesses, managers

JEL Code: M12, M14

Introduction

The times when a business could be satisfied with its success on the local market are long gone. We are living in a global world in every sense of the world and our local competencies are no more satisfactory to survive in the competitive business environment. Globalization requires business leaders who can manage effectively in multicultural environments (Ng, Van Dyne, Ang, 2009b). Having opened up to the European and other international markets, Slovak small and medium businesses are facing new challenges. (Mura et al., 2012). To be

successful in this truly global environment and maintain their position within the global markets, the businesses must be prepared to face situations characterized by cultural diversity. According to Mura and Gašparíková (2010), Mura and Buleca (2012) while several decades ago the goal of an opening business was to fill in the gaps in the local market and increase the market share locally, these days businesses are pushed by the international competition to taking actions over the border, expand into the European, or even global, market and survive. It has become absolutely inevitable for the businesses to build up cultural awareness and develop a satisfactory level of intercultural competitiveness to reach the global goals. To be aware of the cultural diversity means to be aware of one's own cultural background, values and attitudes. We cannot learn the differences and tolerance towards them if we are not aware of our own ways and behaviors and the reasons for acting certain way.

The business practice seems to have realized the importance of intercultural dialogue and therefore the global managers are being trained to succeed in negotiations at an international level. A form of preparation for the business reality is undoubtedly education of future managers. At university level the number of preparatory courses which include the intercultural aspects of business life is rising. Programs specializing in intercultural relations in business are being created to prepare the future managers for successful carriers. Even the educational market for current managers offers development courses where they are trained to perceive the cultural differences and communicate efficiently in culturally diverse settings. People in business realize that it is not mere knowledge of their field that brings success; it is the added value in managers' qualities and skills which gets the company far ahead of the competitors.

Historically the focus of intercultural training has been on preparing individuals (managers) to work in a different culture. It is common practice these days that companies assign managers to move from one country to another or work in a multicultural environment (Earley, Peterson, 2004). It is a great challenge for a person to leave the relative stability of home culture and start working in a new, unknown environment. This issue has brought up numerous discussions about how to prepare managers for functioning in culturally diverse settings and how to determine their readiness for such challenging assignments. In our paper we suggest that it is not merely the high values of cognitive intelligence, as measured by the intelligence quotient (IQ) that are a prerequisite to better adjustment to diversity (Minárová, Malá, Benčíková, 2011). The importance of cultural adjustment has been subject to many researches having brought up a very convincing argument that there is a cultural aspect of an individual's intelligence which determines the potential of his/her adaptability and

perseverance in functioning in other than the home environment. Therefore we have brought up the idea of exploring other than solely cognitive aspects of intelligence, i.e. the emotional intelligence, as defined by Daniel Goleman (Goleman, 2008), and cultural intelligence the concept of which was created just a decade ago by Christopher Earley and Elaine Mosakowski (Earley, Mosakowski, 2004).

1 Intelligence in the work of a manager

Each modern organization puts emphasis on flexibility, team work and focusing on the customers. Therefore, qualities of emotional intelligence play an extremely important role and are prerequisite to success in such organization. Self-awareness, managing one's destructive emotions and empathy are nowadays being considered as soon as at hiring people, mainly to work in leading positions.

Currently we are witnessing revolutionary changes and this brings higher requirements for such personal qualities which determine success at both the workplace and personal life. People – leaders and managers – started to be evaluated according to new criteria where professional knowledge and the cognitive intelligence (IQ) do not play the most important role. It is the emotional intelligence (EQ) that matters more. This fact is evident mainly through research and work of Daniel Goleman, the author of the concept of emotional intelligence, who has written numerous publications in this field, or in the works of Richard E. Boyatzis.

The level of emotional intelligence corresponds to the extent how much an individual is capable of managing five basic disciplines: self-awareness, motivation, self-regulation, empathy and adaptability in relation to the environment. Those who find it difficult to control and understand their emotions are significantly disadvantaged. In a way we can consider them 'emotionally illiterate', and deaf and blind to reality which surrounds us. For some individuals this deafness towards the inner signals is accompanied by indifference to the messages their own bodies are giving them in the form of chronic headaches or backaches, or feelings of anxiety. Many people in fact lack the ability to listen to these messages and this could be the result of not having enough trust in their own abilities, or lack of self-confidence (Minárová, 2012).

Emotional intelligence consists of several soft skills. The individual components of emotional intelligence, as defined by Daniel Goleman (2008), can be divided into personality traits and social skills. The personality traits, according to Goleman, are self-awareness, self-

regulation and self-motivation. Social skills are empathy and the art of interpersonal relations. Within the first phase of our research project VEGA 1/0781/11 ‘Culturally intelligent organization as the next level of the learning organization’ we focused on the emotional intelligence of Slovak managers which represented a foundation for the second phase of research – measuring the cultural intelligence of the same target group. We claim that there is a relation between the abilities which both intelligences represent. As it has been said above, Goleman defined five main domains of emotional intelligence (EQ) which we related to the four cultural intelligence (CQ) factors. We claim that while the emotional intelligence is primarily oriented on general abilities which are important in dealing with emotions, the cultural intelligence applies these abilities into culturally diverse situations and intercultural or multicultural environments (Ang, Van Dyne, 2008).

According to Van Dyne, Ng and Ang (2009a), the conceptualization of CQ is based on Sternberg and Detterman’s (1986) framework of multiple intelligences, which integrates different perspectives of intelligence to propose four complementary ways of conceptualizing individual level intelligence which are: metacognitive, cognitive, motivational and behavioral components of the CQ.

Moynihan, Peterson and Earley (2006) argue that CQ, an individual's capability to adapt to different cultural contexts, can be enhanced through experience working in a multinational team, suggesting that CQ is not simply a stable individual difference.

This justifies the importance of the second phase of our research, which is measuring the cultural intelligence of Slovak managers of small and medium enterprises. In the following chapter we describe the research that has been conducted so far. We plan to continue in measuring the CQ of Slovak managers within the following months and for the purpose of this paper we are using the results we have obtained up to present day.

2 Measuring cultural intelligence of Slovak managers

The research we are currently conducting in measuring the cultural intelligence of Slovak managers of SMEs is planned for the period of 2013 and will be completed in the end of the year. Our main objective is to measure the cultural intelligence quotient (CQ) of Slovak managers of SMEs at all managerial levels and suggest how knowing the value of CQ may help Slovak small and medium business to become more successful and efficient by applying the findings into their company culture, and/or into training managers in the field of intercultural relations and cultural intelligence. One of the secondary goals we have set to

ourselves is to compare the values of the CQ of two groups of managers. The first group (G1) is managers who are in direct contact with a foreign culture or cultures, or, alternatively, work in a multicultural environment within their organization. The second group (G2) is represented by managers who operate only or primarily in the Slovak market or in mono-cultural environment, i.e. do not have direct contact with foreign clients, partners or colleagues of different nationalities. This means absence of diversity and no need to adapt to otherness.

Since we have two different target groups, in this phase of our research we have formulated hypothesis 1 (H₁) as follows: Slovak managers of SMEs who are in contact with other cultures have higher values of CQ compared to Slovak managers of SMEs whose business is conducted within the Slovak market. We assume that the differences will be significant mainly in the motivation factor of CQ.

For the purposes of our research of cultural intelligence we have used the 20-item Four Factor Cultural Intelligence Scale (Table 1) created by the Cultural Intelligence Center, Michigan, USA.

Tab. 1: 20-item Four Factor Cultural Intelligence Scale

CQ Strategy:	
MC1	I am conscious of the cultural knowledge I use when interacting with people with different cultural backgrounds.
MC2	I adjust my cultural knowledge as I interact with people from a culture that is unfamiliar to me.
MC3	I am conscious of the cultural knowledge I apply to cross-cultural interactions.
MC4	I check the accuracy of my cultural knowledge as I interact with people from different cultures.
CQ Knowledge:	
COG1	I know the legal and economic systems of other cultures.
COG2	I know the rules (e.g., vocabulary, grammar) of other languages.
COG3	I know the cultural values and religious beliefs of other cultures.
COG4	I know the marriage systems of other cultures.
COG5	I know the arts and crafts of other cultures.
COG6	I know the rules for expressing non-verbal behaviors in other cultures.
CQ Motivation:	
MOT1	I enjoy interacting with people from different cultures.
MOT2	I am confident that I can socialize with locals in a culture that is unfamiliar to me.
MOT3	I am sure I can deal with the stresses of adjusting to a culture that is new to me.
MOT4	I enjoy living in cultures that are unfamiliar to me.
MOT5	I am confident that I can get accustomed to the shopping conditions in a different culture.
CQ Behavior:	
BEH1	I change my verbal behavior (e.g., accent, tone) when a cross-cultural interaction requires it.
BEH2	I use pause and silence differently to suit different cross-cultural situations.
BEH3	I vary the rate of my speaking when a cross-cultural situation requires it.
BEH4	I change my non-verbal behavior when a cross-cultural interaction requires it.
BEH5	I alter my facial expressions when a cross-cultural interaction requires it.

Source: own elaboration based on <http://culturalq.com/images/20itemscale.pdf>

The scale consists of 20 statements which are grouped in four different areas – factors that the cultural intelligence consists of: the metacognitive factor or CQ strategy (4 statements), the cognitive factor or CQ knowledge (6 statements), the motivational factor or

CQ motivation (5 statements) and the behavioral factor or CQ behavior (5 statements). Respondents were asked to express their level of agreement with the 20 given statements from complete disagreement which was represented by value 1 on the 7-point Likert scale, to complete agreement which was value 7. We have decided to use the seven point Likert scale as it was proposed and used in the original research conducted by American researchers.

The Cultural Intelligence Scale was translated into the Slovak language and distributed among managers of Slovak and international/multinational businesses across the Slovak Republic. To choose the sample of respondents we used the simple random sampling method. This was mainly due to the fact that our potential target sample (Slovak managers of SMEs at all levels of management) was quite large. Having included students of our bachelor's and master's English programs at the Department of Corporate Economics and Management, we decided to combine this method with convenience sampling so as to address the respondents who were available and not proactively seek out the target subjects of our research. The students who were assigned to address the respondents came from different parts of Slovakia and therefore had opportunity to address respondents primarily in their regions. The main research method we used was the questionnaire (the 20 item CQ scale mentioned above), which was distributed with the help of students but also by the researchers themselves.

Altogether we have addressed 250 respondents so far and have received 208 valid responses, which represent 83% return. Another 250 respondents will be addressed within the following months. To distribute the questionnaire we used two ways of addressing the respondents. Most respondents were sent the link to the online questionnaire and asked to fill in this online version which we created by means of Google docs. There was a small number of respondents (24) who we have addressed personally, having close working relations with them. This enabled the respondents – managers to discuss the concepts with the researchers and thus provide researchers with valuable feedback. During these meetings Slovak managers, mainly those who work and/or communicate with people of other cultures on a daily basis, showed interest in the concept of cultural intelligence and its applications in their future work.

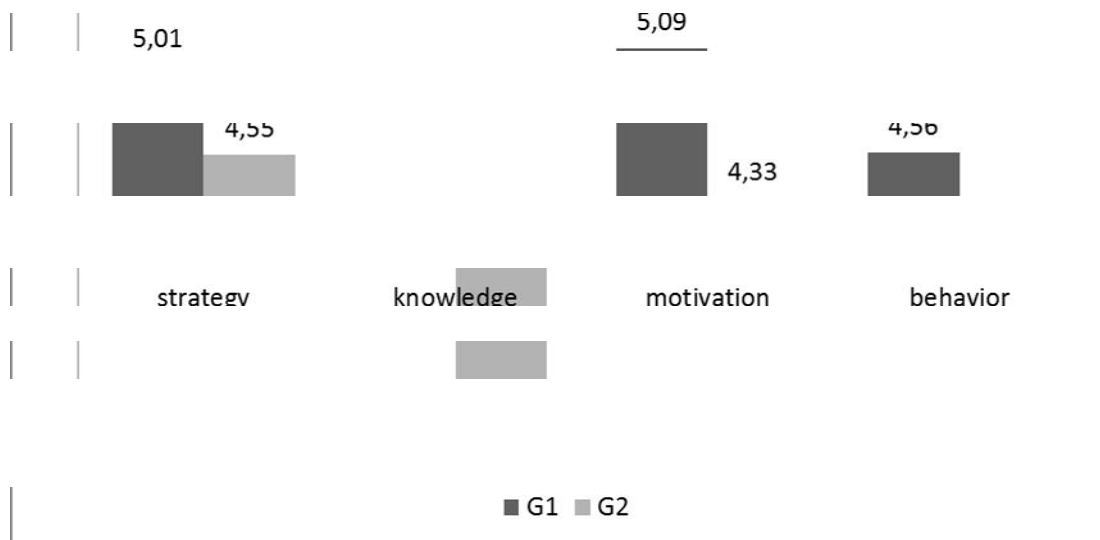
To analyze the scores obtained in the questionnaire we decided to compare respondents from three different points of view. The most important difference we are trying to point out to prove our hypothesis (H₁) is the difference between those respondents who come in direct contact with foreigners (G1) and those who do not (G.2). We were also interested in comparison of male and female respondents, and finally we compared respondents according to their age as follows – younger (18-30 years of age), middle (31-50) and older (51 and more). For the purposes of this paper we provide a simplified evaluation of

the final results which was done by calculating the average scores of individual CQ factors in each category of respondents.

2.1 Comparison of scores of managers who work with foreign cultures and the ones who do not

Figure 1 shows the differences between two groups of respondents (G1 – dealing with foreign cultures within their work and G2 – not dealing with foreign cultures). The middle value of 4 of the 7-point Likert scale represents a critical line which separates two trends. Values below 4 show tendency to disagree with the statements and therefore represent lower values of CQ. Values above 4 mean positive trend – agreement with the statements.

Fig. 1: Average CQ scores of G1 and G2



Source: own elaboration

It is quite significant that in all four factors the first group of managers achieved higher scores than the second group, with the highest obtained average value of 5.09, in the motivation factor. We assume that since these managers are in direct contact with foreign cultures by either working in multicultural environment within their organization or meeting business partners and clients practically on everyday basis, this motivates them to further interactions with representatives of other cultures. When we looked at results for the individual statements in more detail (Table 2), it was statement MOT1 where the highest

value of 5.38 was obtained and the largest difference between values of G1 and G2 was measured (0.97 points).

Tab. 2: Values of CQ of Slovak managers – G1 and G2

	MCI	MC2	MC3	MC4	COG1	COG2	COG3	COG4	COG5	COG6	MOT1	MOT2	MOT3	MOT4	MOT5	BEH1	BEH2	BEH3	BEH4	BEH5
G1	4,99	5,26	4,99	4,81	3,78	4,45	4,55	3,68	4,26	3,84	5,38	5,01	5,12	4,64	5,28	4,79	4,23	4,78	4,63	4,37
G2	4,46	5,01	4,3	4,42	3,15	3,53	3,62	3,27	3,69	3,13	4,41	4,35	4,56	3,87	4,46	4,2	3,56	4,18	4,34	3,99
diff	0,53	0,25	0,69	0,39	0,63	0,92	0,93	0,41	0,57	0,71	0,97	0,66	0,56	0,77	0,82	0,59	0,67	0,6	0,29	0,38

Source: own elaboration

This clearly indicates the motivation of the first group of respondents to interact with foreigners and the significantly lower motivation of the second group, whose motivation is clearly not enhanced through everyday interactions with other cultures. We may therefore claim that the more experience managers have in dealing with other cultures, the more motivated they are to do it.

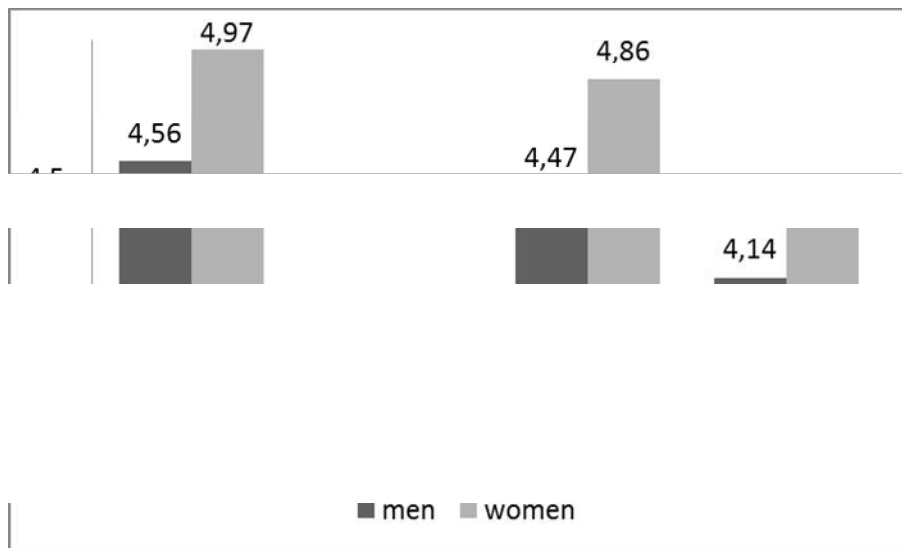
On the other hand, the lowest obtained results were in the cognitive factor of CQ with the lowest value of 3.13 in statement COG6. This finding proves that Slovak managers do not possess extensive enough knowledge of other cultures, their values, norms, habits and behaviors. Unfortunately, according to the results of one of our preliminary researches into training courses for future and current managers, this may be influenced by the lack of preparatory or training courses for managers in the field of intercultural communication and skills, as well as lack of interest in such courses (Benčíková, Minárová, Malá, 2011). What surprises us is the relatively high values of both groups of respondents in the metacognitive CQ factor, which proves that Slovak managers tend to strategize and use the knowledge of other cultures in intercultural interactions. Since our research proved that there is not enough knowledge managers would possess, it is hard to believe that this little knowledge would be strategized with and used in intercultural situations to reach mutual satisfaction. The behavioral factor, as we assume, is interconnected with the motivational factor in a way of giving motivation to adapting one's behavior once an intercultural situation occurs. The results show that respondents of G1, having high values of CQ motivation, are more adaptable and willing to adjust or change their verbal and non-verbal behavior when an intercultural situation requires it, as opposed to G2, who obtained lower scores in both CQ motivation and

CQ behavior. This may be explained as no or little need and motivation to adjust behavior as there is no intercultural situation which would require it.

2.1. Comparison of scores of men and women

We have decided to look at our sample of managers from the point of view of sex to see if there is a significant difference of CQ of men and women managers. We assumed that women would be the ones to possess more CQ knowledge and be more motivated as well as more adaptable than men. Figure 2 shows the average values of both groups in each of the four CQ factors. To our surprise, women's values of CQ knowledge proved to be much lower than men's values while both groups' averages in CQ knowledge stayed below the critical line of 4, i.e. have negative trend. However, in the metacognitive factor women show highest values, which, again, does not correspond with our suggestion of dependence between these two CQ factors, which we explained in subchapter 2.1. Finally, motivation and behavioral factors proved to be stronger on the women's side in them being more motivated to interact with foreigners, as well as to adjust the verbal and non-verbal behavior in intercultural situations, than on the men's side, as we have supposed.

Fig. 2: Average CQ scores of men and women managers



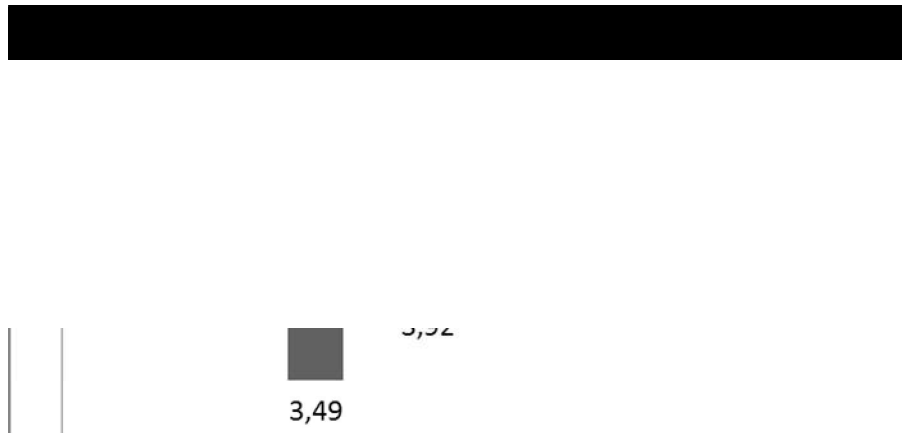
Source: own elaboration

2.2. Comparison of scores of different age groups of managers

It was interesting for us to look at the comparison of values from the point of view of our respondents' age. We simplified the division of respondents by placing them to three groups: younger respondents (between the age of 18-30), middle aged (31-50) and older respondents who are more than 50 years old. Similarly as with previous categorization, we assumed that younger group of managers would show high values of CQ motivation, as their drive to work in multicultural settings as well as to get involved in intercultural interactions appear to be much higher than with older generations.

Looking at the results of this comparison (Figure 3) we see that young managers do show high motivation, however, their willingness to adjust their verbal and non-verbal behaviors proves to be lowest of all three age groups. Similarly, the middle aged group of respondents shows the opposite trend – while their motivation factor has the lowest value of the three groups, their adaptability is highest. This disapproves with our assumption that there is a direct dependence between the CQ motivation and CQ behavior factors. One way to explain this incongruity is to look at the issue from the point of view of having or not having sufficient experience to know what one can expect from potential cultural clashes when in an intercultural interaction.

Fig. 3: Average CQ scores of different age groups of managers



Source: own elaboration

Another surprising fact for us is the very low score of CQ knowledge, again, of the young managers. We would assume that managers who are younger possess a lot of knowledge they had acquired during their studies as well as during personal development trainings that the Slovak educational market offers. However, the opposite is truth and even though the drive and motivation of the young managers is high, their knowledge of other cultures' values, norms, behaviors and habits, does not correspond with the needs of the business practice. It can be said that the institutions of tertiary education, as well as other educational institutions aimed at managers as the target market, are lagging in the offer of courses related to building up cultural awareness and intercultural skills.

Conclusion

On basis of the results of the research we may claim that cultural intelligence is an inevitable part of the personality of managers, mainly those who cooperate with foreign partners, have foreign clients or work in a multicultural environment within their organization. We have found out that even though managers claim that they need and are able to use the intercultural knowledge in business practice, and at the same time are relatively highly motivated to do so, the knowledge they possess is insufficient. Since we have identified a gap in the offer of courses relevant to intercultural communication and relations in the Slovak educational market, we suggest the educational institutions in Slovakia, i.e. Universities and faculties of business orientation, as well as other educational institutions aimed at managers, offer certified courses which focus on development of intercultural knowledge and skills. Nowadays the world is characterized by truly globalized markets and trends and our research has proved the need to develop the cultural intelligence of managers of small and medium enterprises in Slovakia.

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