

# Cracking the Code of Cultural Intelligence

How to Lead Across  
Cultural Borders



**School for CEOs**  
the alchemy of leadership





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# Cracking the Code of Cultural Intelligence

## How to Lead Across Cultural Borders

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### FOREWORD

*“Culture eats strategy for breakfast”*. This quote, attributed to Peter Drucker, has become even more salient in the current environment where organisations are becoming increasingly multicultural.

Businesses look very different to the way they looked only a few years ago and they are filled with colleagues from a variety of cultural backgrounds – be they ethnicity, religion, social class or generation. Consequently, the 21st-century leader has to be equipped with a new skill – that of Cultural Intelligence.

The School for CEOs defines culture as an individual’s internal beliefs, shaped by experiences and people. It is our belief that many of the lessons learnt in this study are applicable in supporting leaders’ cultural intelligence broadly.

Earley and Ang (2003) defined cultural intelligence as being able to interact and connect with people from different cultural backgrounds. For example, colleagues from different regions may have different ways of living and working from your own.

International research studies have concluded that cultural background plays a significant role in shaping an individual’s values and belief

systems. With this in mind School for CEOs were curious to understand how well leaders understood cultural nuance and were able to adapt their leadership style accordingly.

We also wanted to better understand cultural intelligence and how it contributes to inclusive leadership, asking ourselves the following questions:

How do leaders apply cultural intelligence when navigating complex cultural differences?

How might their own cultural beliefs and biases influence their perceptions of other cultures and how they behave?

How can leaders further develop their cultural intelligence and become more inclusive?

This research helps us to answer these questions both qualitatively and quantitatively. We are grateful to all our participants for their input, and we look forward to sharing our findings through this report.

# ABC

## School for CEOs and Inclusive Leadership

**School for CEOs supports leaders across a variety of different sectors.** In preparing leaders for senior roles, the School helps individuals and teams understand the impact of inclusion and identify actions they can take to nurture an inclusive culture in their teams and organisations.

The School for CEOs approach to developing inclusive leadership is rooted in a proprietary ABC Model. The model represents three core elements that underpin inclusive leadership: Accountability, Behaviour and Curiosity.

### Accountability

Leaders who approach their roles with humility, recognise that they will make mistakes and are willing to accept and learn from them. Inclusive cultures are accelerated in organisations when leaders are prepared to hold others to account and allow people to call out their own behaviours if they are not inclusive.

### Behaviour

Leader role modelling is the single most powerful lever in enabling organisational culture change. Leaders will set a powerful example by knowing and adopting behaviours that make others feel respected, valued, and supported to succeed at work.

### Curiosity

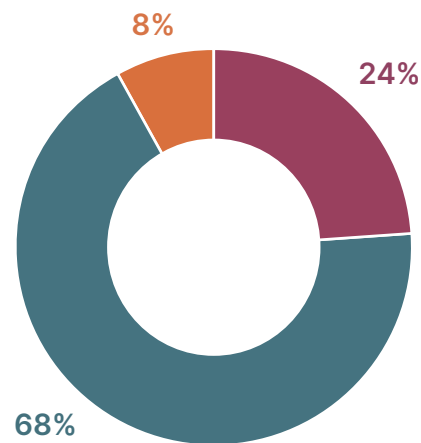
Curious leaders develop heightened self-awareness. They are more aware of their personal biases, and how these impact their behaviour, and they are motivated to understand different cultures and how they come together. These leaders adjust their behaviour to their environment and have a growth mindset anchored in their curiosity.

# Executive Summary

We invited business leaders to answer a short survey, which scored their overall cultural intelligence. Following this, we interviewed a select sample of contributors to deepen our understanding of cultural intelligence in leaders. The survey revealed that overall, 24% of contributors had high levels of perceived cultural intelligence, 68% had moderate levels and 8% had low levels of cultural intelligence.

## Cultural Intelligence Scores

- High Cultural Intelligence (24%)
- Moderate Cultural Intelligence (68%)
- Low Cultural Intelligence (8%)

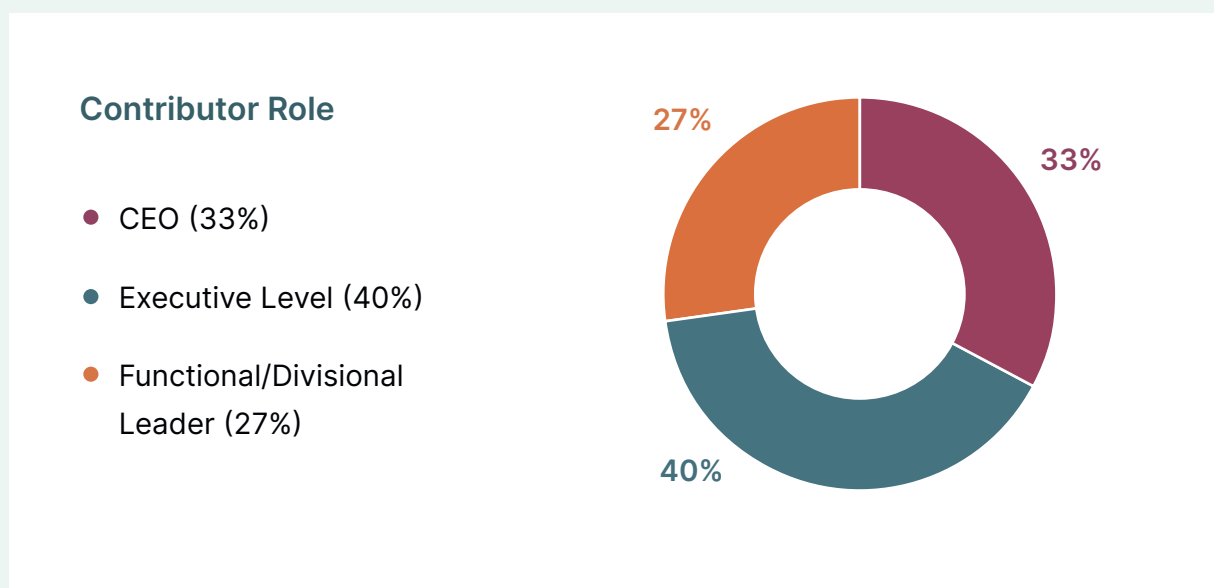




- **Both our survey and subsequent interviews indicated that the greater the exposure to cross-cultural environments, the greater the individual's cultural intelligence.** We found that leaders who had lived and worked in different countries throughout their careers were able to use these experiences to understand cultural differences in their teams. These leaders were curious about the cultures of their diverse colleagues and had the confidence to ask questions about cultural differences. They were eager to deepen their understanding of their new environment and teams and did so using their curiosity and inquisitiveness.
- **There was a strong correlation between self-awareness and cultural intelligence** and contributors with high levels of cultural intelligence also scored highly on self-awareness. Analysis of the data revealed that the more self-aware the leader, the more likely they are to invest time and energy into deepening their understanding of multicultural environments. Additionally, they were likely to revise their assumptions and beliefs when necessary to enable them to adapt to different circumstances and situations.
- **We discovered that leaders' cultural intelligence scores were influenced by the multicultural nature of their team(s) and that the more culturally diverse the team, the higher the leader's cultural intelligence.** This point was reinforced during our interviews when leaders with high levels of cultural intelligence often attributed these high scores to the multicultural composition of their team.
- **With organisations becoming more diverse and the cultural landscape more complex, leaders will need to continually develop their cultural intelligence.** We recommend that leaders become comfortable being held to account by colleagues. They should act as role models and show humility, being prepared to learn or unlearn behaviours. Leaders should also be curious and continue to develop their self-awareness, be open to trying new things and seek out the cultural diversity in their own backyards, as well as further afield.

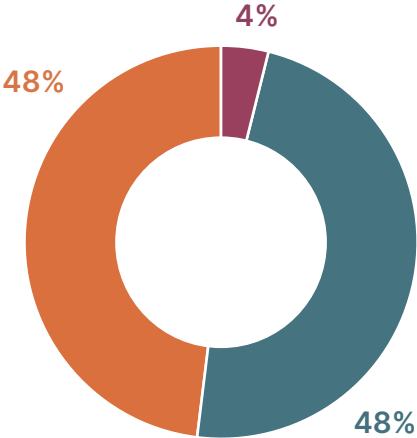
# Contributors

We surveyed over 200 senior executives from UK and international organisations, focusing primarily on the top three leadership tiers (CEO, Executive Level, and Functional /Divisional Leader). We used the cultural intelligence scale developed by Van Dyne, Ang and Koh (2005) to determine the perceived cultural intelligence scores of leaders. We then invited a select group of contributors to participate in in-depth interviews to better understand their experiences. To further substantiate our findings, this research also investigated self-awareness in relation to cultural intelligence using the self-awareness scale developed by Ashley and Reiter-Palmon (2012).



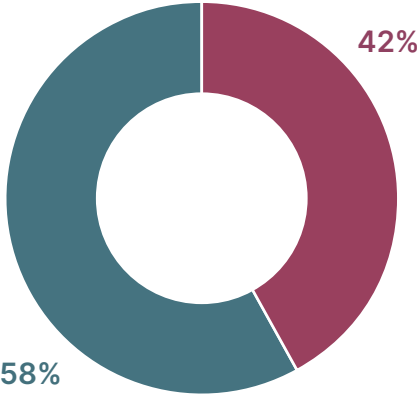


### Contributor Age



- 20-35 (4%)
- 36-50 (48%)
- 51+ (48%)

### Contributor Gender Distribution



- Females & Marginalised Genders (42%)
- Males (58%)

### Participants with team members based in more than one geographic location\*

- Yes (59%)
- No (41%)



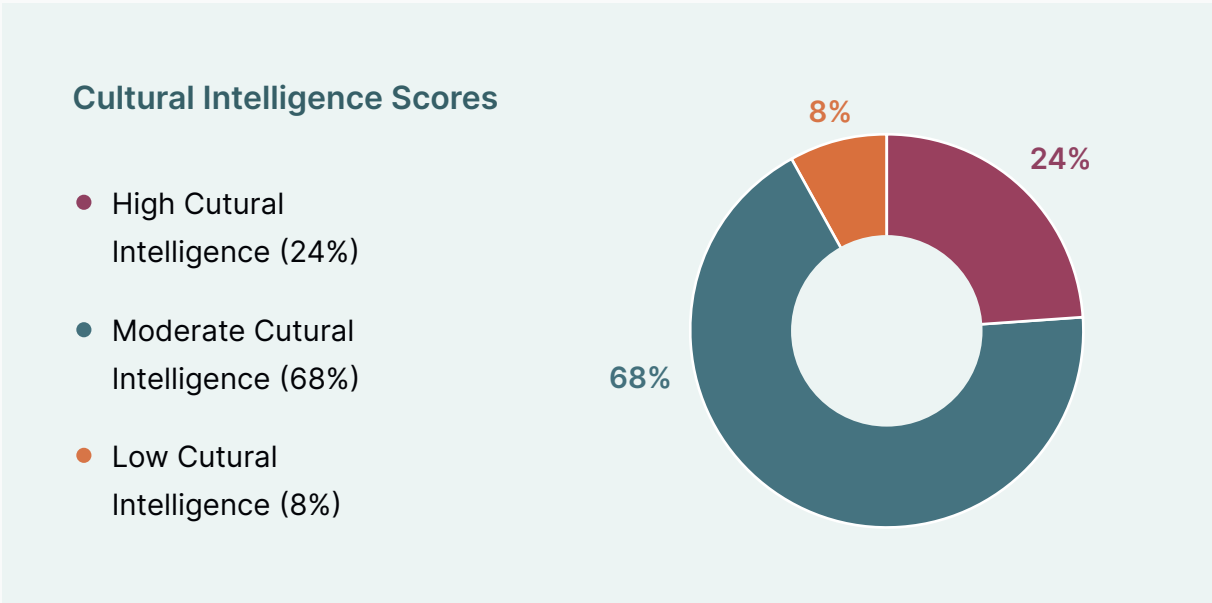
\*Due to cultural proximities, the United Kingdom was considered as one country for this research

# Findings

## How culturally intelligent are leaders?

Results showed that just under a quarter of contributors obtained high cultural intelligence scores and the majority of contributors obtained moderate scores.

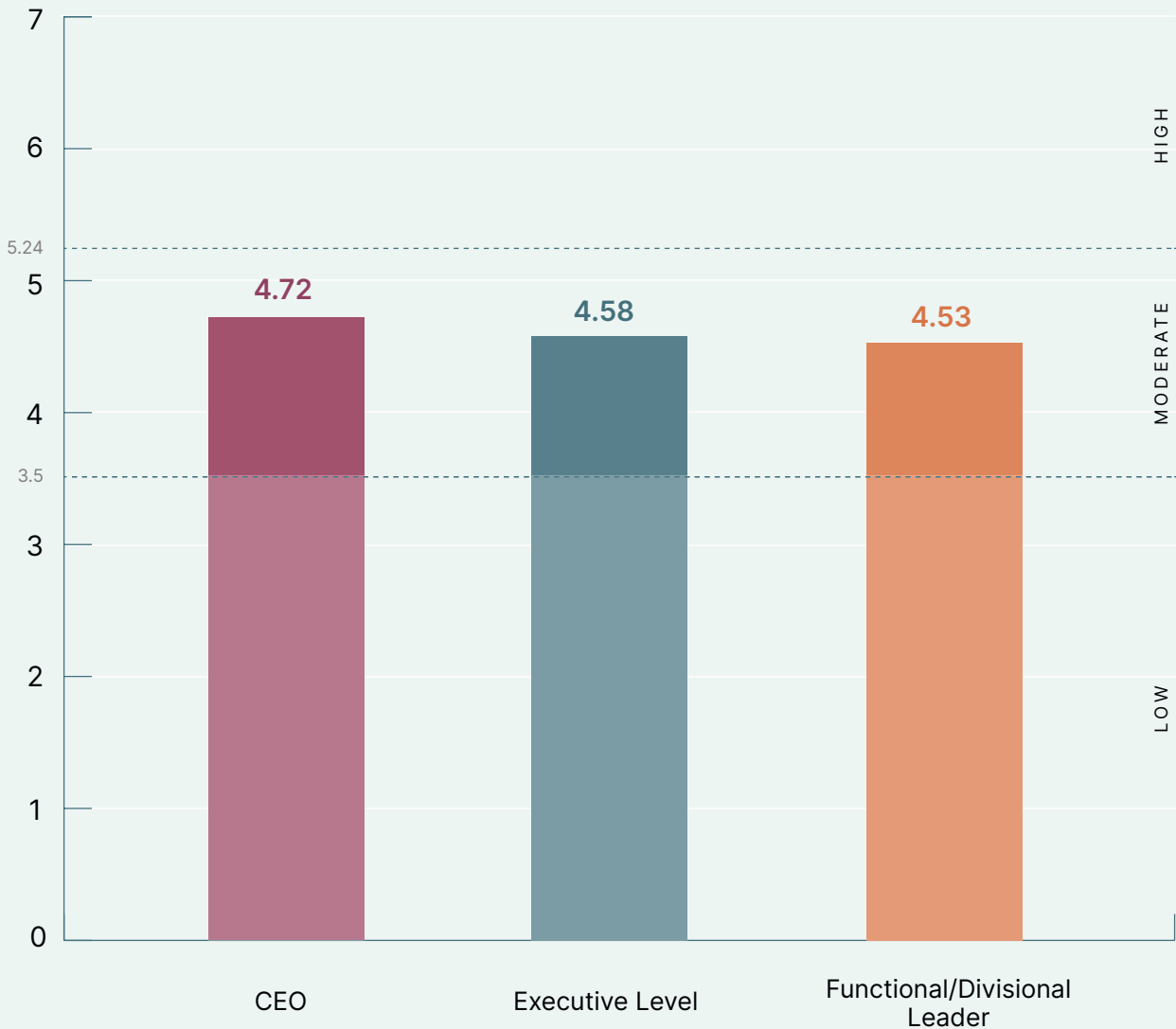
There was no significant difference in cultural intelligence scores between males and females and marginalised genders.



## We also analysed the overall cultural intelligence scores across roles:

Across the three leadership tiers, leaders achieved moderate cultural intelligence scores overall. CEOs obtained the highest overall cultural intelligence scores with Executive Level and Functional/Divisional leaders obtaining slightly lower scores. This shows that they are interested in developing their knowledge of different cultures but there is still room for further growth and learning.

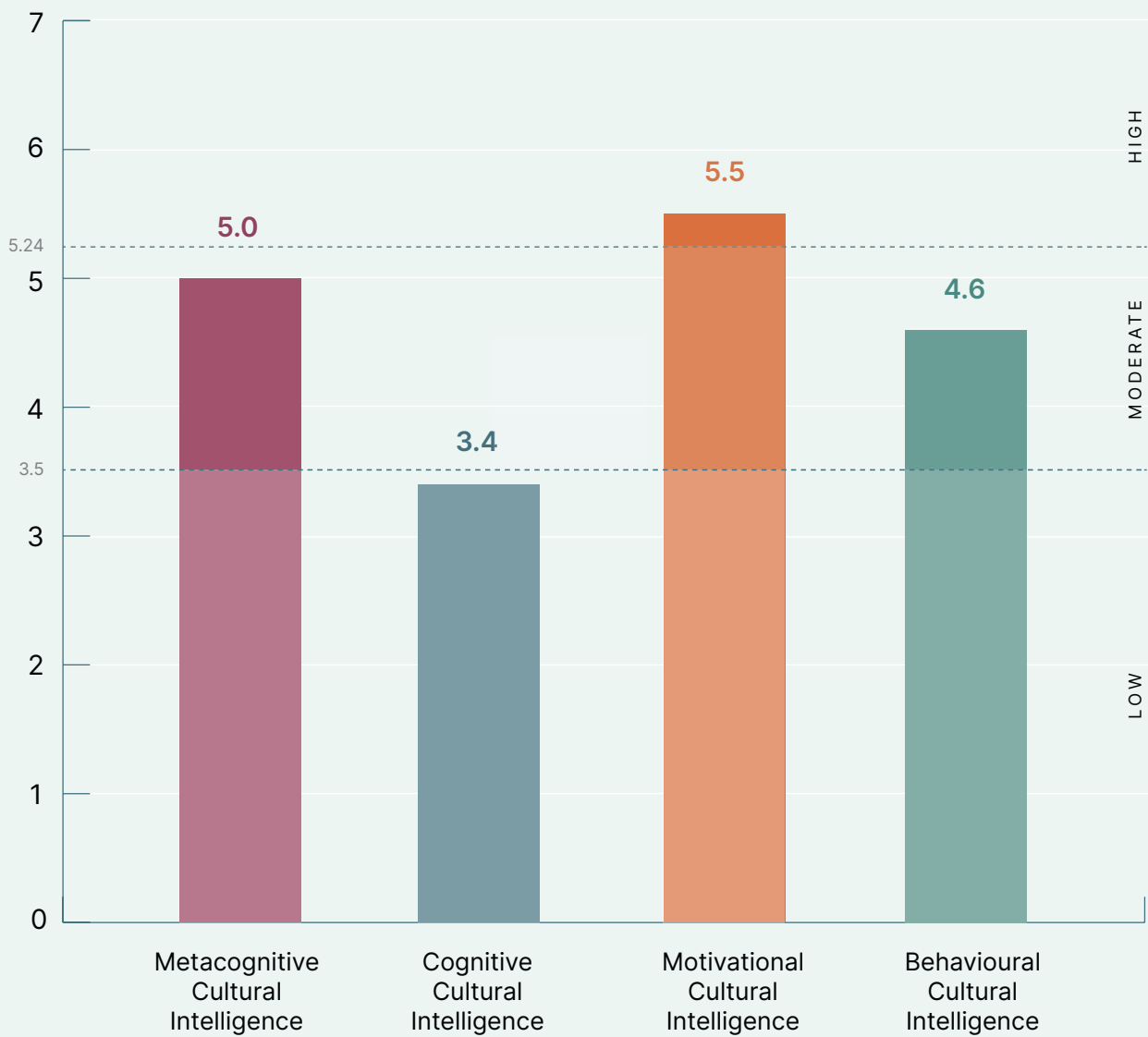
### Cultural Intelligence Across Leaders\*\*



\*\* Participants were scored out of 7 according to the cultural intelligence scale. A score less than 3.5 was low, 3.5-5.24 was moderate and greater than 5.25 was high.

Van Dyne and colleagues further measure cultural intelligence across four key factors:

**Overall Scores Across Cultural Intelligence Factors\*\***



\*\* Participants were scored out of 7 according to the cultural intelligence scale. A score less than 3.5 was low, 3.5-5.24 was moderate and greater than 5.25 was high.



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*Cultural intelligence is the practice of being comfortable with difference. Difference in ideas, perspectives and ultimately people. It is about recognising, seeking out, and then holding the value that comes with diversity of thought – knowing that the only way to achieve that is to have a diversity of people. That might be differences around class, race, nationality, disability, belief, sex, sexuality. It is about relating and working fluently across cultures, recognising that not everyone is like you.*

**The effort put into understanding cultural differences (Motivational Cultural Intelligence).**

Leaders scored highest in this aspect of cultural intelligence. Above all else, our contributors enjoy interacting with people from different cultures. When in unfamiliar cultures they are confident socialising with locals and feel able to adapt to local customs. They relish opportunities to experience different cultures.

**An openness to learning about and being influenced by different cultures (Metacognitive Cultural Intelligence).**

Overall, leaders achieved a moderate score on this. While they endeavour to apply their understanding to different cultural situations, they are less proactive in seeking feedback. Because of this, they don't always know if their adjustments are well received.

**The adjustment of speech and non-verbal communication when interacting with people of different cultures (Behavioural Cultural Intelligence).**

Results showed a moderate score on this factor suggesting that leaders adapt their communication to an extent. This can range from speech (e.g., tone, pace, word choice) to non-verbal behaviour (e.g., facial expressions, body language).

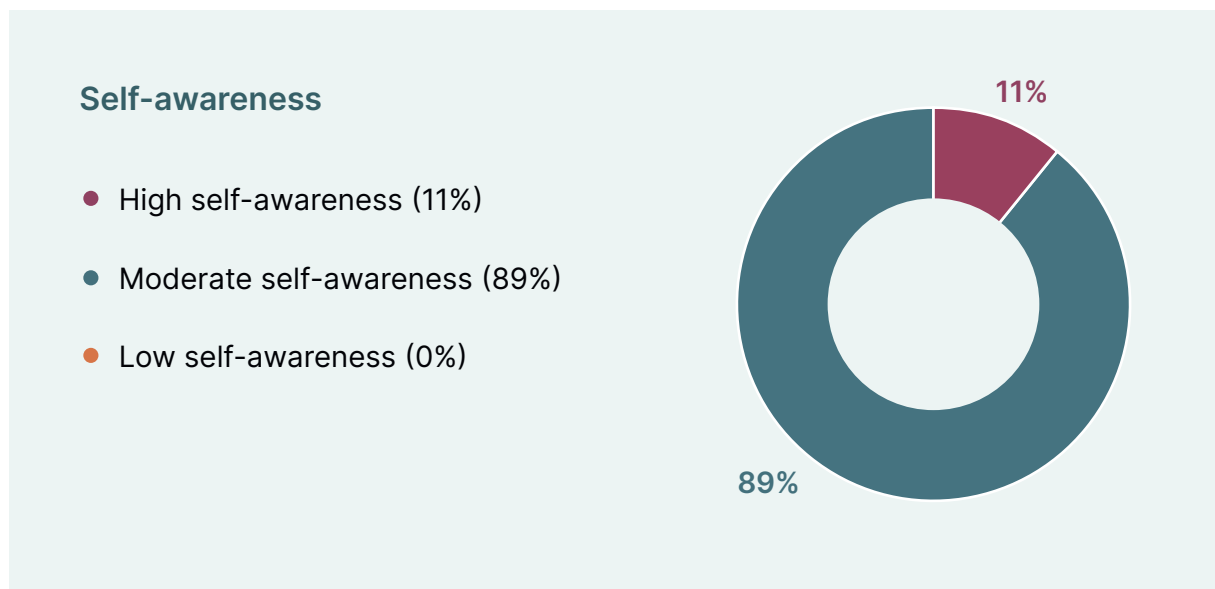
**The knowledge of cultural norms and practices (Cognitive Cultural Intelligence).**

This is the lowest-scoring aspect of cultural intelligence which hints towards the complexity of culture as a construct. Not being able to speak the native language, or variations of a language presents a barrier to understanding different cultures. By comparison, leaders believe they have a better understanding of cultural values and beliefs.



## Self-awareness

The analysis showed a significant relationship between self-awareness and cultural intelligence: the more self-aware the leader, the higher their cultural intelligence. This reinforces the importance of curiosity to develop self-awareness and ultimately, cultural intelligence.



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*My own development was in part because I am inquisitive, interested and I would suggest lucky. But as I have developed my thinking, the more the idea of culture and the power that cross-cultural working brings has revealed itself. Once the fire has been ignited it's like the Olympic flame.*



## Team Composition and Cultural Intelligence

Results showed a link between leaders having multicultural teams and cultural intelligence. Leaders in teams where 50% or more of its members were of different nationalities were more culturally intelligent than leaders with less diverse teams.

This could suggest that the more culturally diverse a team is, the more culturally intelligent the leader. Further analysis showed that by looking at the top 10% of high-scoring leaders, 84% of these leaders stated that they had a multicultural team further supporting the link between the two factors.

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*I work in Latin America; my base is in Chile Santiago, but I also work with Peruvians, Brazilians and Colombians. And every culture is different. Most of us speak Spanish. But you have different meanings for different words across the countries and I have to understand people to be able to work with them.*

## Team Geography

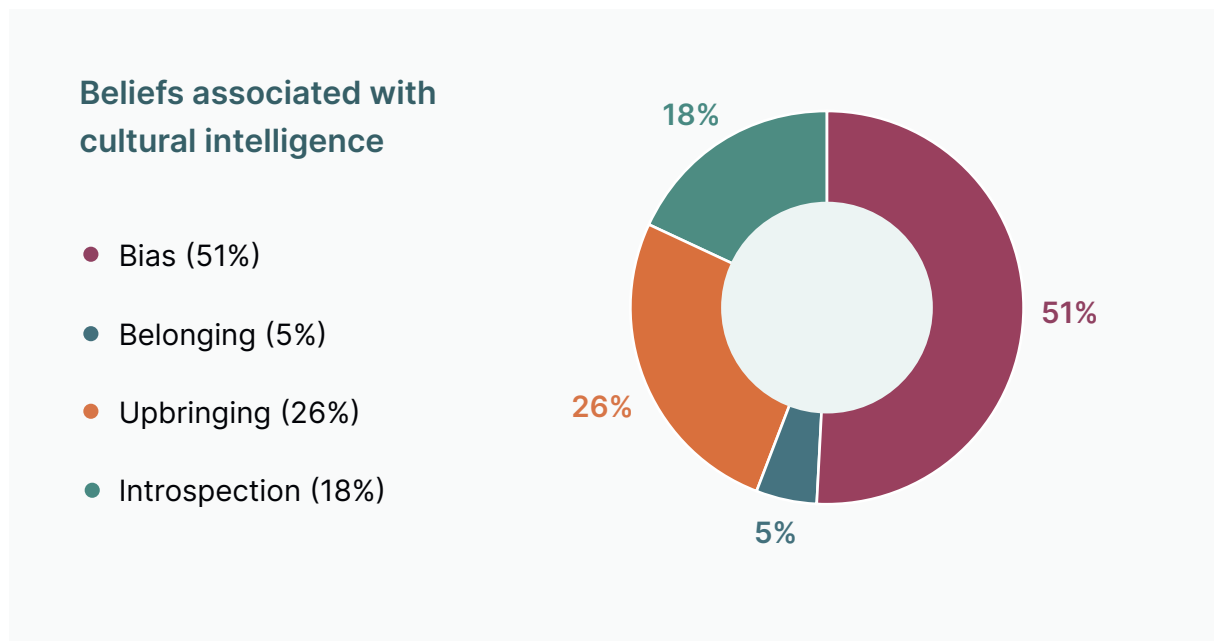
59% of leaders had teams working in multiple geographical locations and 41% did not. Of those who didn't have teams in different geographies, 69% do not view their team as multicultural. This indicates that geographical location could influence perceptions of multiculturalism.

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*My earliest memories are of trying to make sense of the different people and cultures I lived amongst. Migration marks people out as different, so you have to choose how to respond. As a child, that was about trying to fit in, and the only way to do that is to pay more attention to difference in order to blend in.*

## What does cultural intelligence look like?

Leaders described various thoughts and behaviours associated with cultural intelligence. The charts show themes that were raised by leaders:



Leaders recognise that their own beliefs may influence their perceptions of others, and they reflect on this. For some, this means reflecting on personal upbringing and people who have influenced them, and how that shapes their values and beliefs. In turn, leaders can consider how their biases impact their relationships with others.

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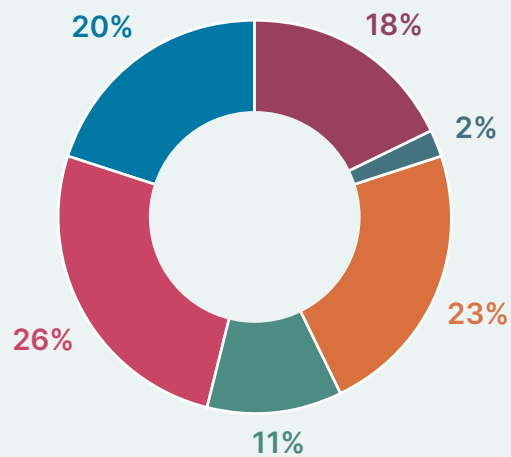
*From mentoring someone from Nigeria I've learnt not to go straight into work. I ask about their family first and then move on to work.*

“

*I've noticed that small talk seems to be more popular in some countries, whereas in others my business associates just want to get straight to the point.*

### Behaviours associated with cultural intelligence

- Communicate (18%)
- Observe (2%)
- Curiosity (23%)
- Research (11%)
- Adaptability/Flexibility (26%)
- Openness (20%)



Leaders believe that cultural intelligence requires self-awareness and the positive relationship between these two factors has already been established.

Participants who scored highly are sensitive to how they interact with others and reflect on privilege. They also talked about adapting their behaviour when working with others from different cultural backgrounds. They believe this creates a greater sense of belonging within their teams and nurtures a welcoming environment for their colleagues.

“

*Self-awareness is fundamental to recognising difference. You must be willing to get it wrong to get it right and have the humility to learn from your mistakes.*

Participants who scored highly are sensitive to how they interact with others and reflect on privilege. They also talked about adapting their behaviour when working with others from different cultural backgrounds. They believe this creates a greater sense of belonging within their teams and nurtures a welcoming environment for their colleagues.

High scorers also demonstrated their curiosity and put this to good effect, for example by doing homework on new cultures that they were about to encounter.

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*Unnecessary questions about people's background or culture often come across as 'othering'. When a person in a position of cultural privilege says things like "so where are you from", those with less power might hear you say "you aren't like me – you are different". There are complex power dynamics in play, and in different settings, it is a good idea to check your privilege; actively recognise that your views reflect the fact that you may be in an inherently advantageous position because of your particular social category. Let others guide the conversation. If they want to tell you about their background, they will.*

“

*I gained an understanding through getting to know the people that worked in our business in those different cultures. I would get on a plane and spend time with them, working together, eating with them, having a drink with them to start to appreciate their culture.*

“

*Words matter. Spell people's names right. Think about what food people might or might not eat. Think about what cultural or religious festivals might be important to your colleagues. Don't make assumptions or cultural generalisations.*



## How do leaders develop cultural intelligence?

Some contributors reflected on how culture is shaped:

*"I don't know if my culture has shaped me or if my experiences have shaped my culture. Being exposed to different cultures has enabled me to feel like I have that flexibility. If I had stayed in the same community, I probably would be more close-minded than I am. So perhaps it's your experience that shapes you rather than where you are raised".*

Culturally intelligent leaders demonstrate humility: they are open to learning from their mistakes and adjusting their behaviours.

*"If you don't meet people where they are and put your own standards aside, you can't move forward together".*

These leaders also take time in their personal lives to learn about other cultures. They would travel to unfamiliar places when possible, to help build relationships.

*"Some of the places we go to are remote and off the beaten track. People are very pleased if someone makes the effort to go out and see them directly as they are."*

Leaders describe active listening as a valuable tool: it enables them to tune into cultural nuances.

*"One thing I do a lot of is look for opportunities to repeat back what somebody has said, just to check that I've really been listening and understand where they might be coming from."*

They take note of intracultural differences that may be attributed to being in different tribes, generations, religions, or genders. For example, when working in Italy, one British leader invited colleagues to address them by their first name. Younger colleagues accepted this, however, older team members preferred not to as this wasn't respectful in their culture.

## Reasons for low cultural intelligence

Lower-scoring contributors felt that a lack of knowledge and personal biases could account for their scores. One example of this was confirmation bias:

*“If I hold a negative belief about someone because of their background or where they’re from, and they behave how I expect them to, this confirms my unconscious bias about them”.*

These leaders don’t always appreciate cultural nuance: some were surprised when an approach that worked in one culture was unsuccessful in another seemingly similar culture.

They also felt that their upbringing may influence how they approach different cultural exchanges. For example, being brought up with limited exposure to different places and people, and only experiencing different cultures later in life, may have contributed to their lower scores.

*“I think it’s more a question of upbringing. All my friends and peers growing up were people like me, and then when I went to university, I found all my friends and peers were very, very different”.*

# Conclusions

Some of our findings confirmed what we already knew or at least suspected:

- 1 Leaders who have a broader range of cultural experiences are more culturally intelligent.**  
**Upbringing, professional experience and leading diverse teams** help develop cultural intelligence. Leaders use these different cultural exchanges to help them increase their knowledge. However, to achieve this, they have to be proactive and engage with others to build their cultural intelligence.
- 2 The more self-aware the leader, the more culturally intelligent they are likely to be.**  
**Leaders who understand their values and how they impact their interactions with others** are more likely to be culturally intelligent. They have humility, which helps them recognise that there is always more they can learn. They are curious about their biases and preconceptions and do not let these inhibit them from building relationships across cultures.
- 3 Open-mindedness and a growth mindset are important in developing cultural intelligence.**  
**Curiosity is important for developing cultural intelligence.** Leaders seek out learning opportunities through people, places, books or online sources. They also look for opportunities to learn in their own communities, appreciating that if they seek to engage in diverse activities, they can create rich learning experiences without boarding a plane.

As we reflect on this research, it reminds us that no one can know everything about a culture and each interaction is unique. The more curious leaders are about different cultures and developing their own learning, the more culturally intelligent and inclusive they will become.

# Recommendations



Our advice to leaders who want to develop their cultural intelligence, guided by our ABC Model of Inclusive Leadership:

## Be Accountable

Some contributors to our research shared that they were surprised when an approach that worked in one culture was unsuccessful in another seemingly similar culture. Showing humility can empower others to support you with constructive challenge. You should be open with your teams when you make a mistake and accept feedback in the spirit with which it is given.

Be prepared to address microaggressions (intentional or unintentional), not letting them fall under the radar. Diversity should be celebrated, not accommodated.

“

*As leaders, we are often encouraged to bring our ‘authentic’ selves to work. It is absolutely the right thing to do. But you should also encourage others to bring their own selves to work and the power dynamics in any workplace mean that people need to be psychologically safe to do so.*

## Role Model Inclusive Behaviours

Set an example and role model inclusive behaviours. Talk about your cultural experiences publicly. When your actions show that you understand and care about cultural nuance people will be encouraged to follow suit and be more open with you.

Culturally intelligent leaders take the time to get to know the people they work with beyond surface-level interactions. Actively listen and show an interest in what your colleagues have to say. But you should also be open to differing opinions, perspectives and behaviours and use these as opportunities to increase or share your understanding. Be prepared to learn but also unlearn behaviours and adapt to the situation.

Leaders should also think before they act. Apply your learnings and know how to respond in different cultural interactions (a state of conscious competence) as opposed to reacting in ‘default mode’ or not being interested in filling these knowledge gaps (a state of unconscious incompetence).

“

*Culturally intelligent leadership doesn’t mean tolerating poor behaviour. Just aim to meet and judge people on values, not identity.*



“

*You don't need to go far away, think about culture locally and seek that difference in your own backyard.*

### **Be Curious**

Leaders should continue to develop self-awareness and embrace the power of curiosity, being deliberate in seeking ways to connect with people from different cultures. Reading books or searching online may be helpful to an extent but does not fully reflect lived experiences. Check your assumptions to build trust. Gaining

cultural intelligence does not necessarily mean that you should travel the world: be open to trying new things and look for cultural diversity in your own communities. Seek conversations with different people in your organisation to feed your curiosity. A lot can be learnt from speaking to people who may be different from you.

## **How School for CEOs can help develop Cultural Intelligence**

We work with organisations to help their leadership populations become more culturally intelligent and consequently, more inclusive. Examples of this include:

### **Reverse Mentoring**

Our research-based approach partners leaders with colleagues from diverse backgrounds to explore different perspectives and experiences of inclusion in a safe and trusting relationship.

### **Inclusive Leadership Coaching**

Using our proprietary ABC 360 tool to conduct an initial diagnostic, this is followed up by a series of 1:1 coaching sessions with a member of our experienced coaching panel.

### **Inclusive Leadership Workshops**

Working with leadership groups, we explore elements of inclusive leadership, such as unconscious bias; privilege; allyship; representation and our own ABC Model to first develop a greater understanding of Inclusive Leadership and its impact within organisations.

### **Keynote Speaking**

We speak at conferences and workshops on Inclusive Leadership to large and small audiences.

Should you wish to find out more about any of these services, please email:

[info@schoolforceos.com](mailto:info@schoolforceos.com).





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