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CULTURAL INTELIGENCE – A CORE SKILL IN GLOBAL BUSINESS

INTELIGENȚA CULTURALĂ – COMPETENȚA FUNDAMENTALĂ ÎN AFACERILE GLOBALE

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Abstract: *În contextul globalizării și al mobilității crescute a fortei de muncă, interactiunile dintre persoane din culturi diferite au devenit tot mai frecente. Acest lucru face ca inteligența culturală (CQ) să fie o competență esențială în mediul de afaceri actual. Organizațiile se confruntă cu provocarea de a gestiona diversitatea culturală și de a îmbunătăți comunicarea între angajați cu valori și stiluri diferite. Scopul cercetării este de a evidenția roll inteligenței culturale în succesul profesional și de a identifica metode prin care aceasta poate fi dezvoltată. Studiul urmărește, de asemenea, să completeze golurile existente în întelegerea comportamentului uman în contexte multiculturale. Cercetarea se bazează pe o combinatie de metode teoretice și practice. Au fost analizate surse de specialitate, completate de studii de caz și observații calitative. De asemenea, au fost utilizate instrumente cantitative, precum chestionare standardizate, pentru a evalua relația dintre CQ și performanță. Rezultatele arată că inteligența culturală este un factor important al succesului în mediile internaționale. Persoanele cu un nivel ridicat de CQ comunică mai eficient, negociază mai bine și se adaptează mai ușor la situații noi. În plus, acestea contribuie la reducerea conflictelor și la crearea unui mediu de lucru mai productiv și colaborativ.*

***Key words*:** inteligență culturală , business internațional, management intercultural, diversitate culturală, afaceri globale
JEL CLASSIFICATION: F5

INTRODUCTION

Cultural intelligence (CQ) is defined as an individual's capability to function and manage effectively in culturally diverse settings. In today's global business environment, CQ has become essential because international assignments continue to fail at a rate of 40%, with a single failed assignment costing organizations up to USD 1.25 million. Cultural intelligence (CQ) is a multi-faceted capability consisting of metacognitive, cognitive, motivational, and behavioral dimensions that allow individuals to adapt effectively to new cultural contexts. It is highly relevant in globalization because while the internet has made the world "one click away," cultural differences remain the primary reason 70% of international ventures fail. Without CQ, experienced leaders often find that their "professional intuition" fails them across borders, as signals of confidence may be perceived as arrogance or respectful patience as disengagement. The purpose of this paper is to bridge the gap in literature by demonstrating how CQ serves as a core enabler of inclusive leadership and overall organizational success. The research objectives include identifying the links between leader CQ and organizational performance and determining the ROI of CQ training for global teams. Ultimately, CQ is positioned not just as a soft skill, but as a critical risk-mitigation strategy for global firms.

CORE CONTENT

Literature review: Authors Earley and Ang (2003) define CQ as a person's capability to adapt successfully to new cultural settings, distinguishing it from IQ and EQ. The four main components of CQ are Motivational (drive to adapt), Cognitive (knowledge of norms), Metacognitive (strategy and awareness), and Behavioral (action and flexibility). Theories of cross-cultural management often build on Hofstede's six culture variations and Hall's context-communication factors. Previous studies

highlight that CQ is a powerful predictor of intercultural negotiation effectiveness, surpassing cognitive ability and personality traits in diverse settings. A significant gap exists in the literature regarding the direct impact of leader CQ on total organizational performance, as most research has historically focused only on individual or team-level outcomes. Research methodology: This research employs a mixed-methods approach. It includes qualitative bibliometric analysis using VOSviewer software to map keywords across 832 publications from the Web of Science Core Collection. Additionally, it incorporates quantitative empirical research through a survey-analytical approach involving executives from knowledge-based companies, analyzed via Structural Equation Modeling (SEM). These methods were chosen to provide both a comprehensive overview of the academic field and empirical validation of theoretical models. Limitations include a reliance on self-report measures of CQ and a potential geographic bias in sampling. Results in discussion: The Role of Cultural Intelligence is that it influences international business success by improving decision-making and reducing communication barriers in multicultural environments. For managers, it is a "main competence driver" that facilitates agile responses to permanent disruption. It also effects Leadership and Team Performance: High leader CQ is significantly linked to better decision-making, higher team trust, and improved organizational performance in multicultural environments. Effective Negotiation: Negotiators with high CQ are better at sequencing "integrative information behaviors," which leads to higher joint profits and more cooperative outcomes. Core of Inclusive Leadership: By 2026, CQ is recognized as a core competence for inclusive leadership, enabling leaders to manage heterogeneous groups while respecting individual uniqueness and avoiding bias. Cultural intelligence allows leaders to walk into any room in the world and build trust by navigating differences with curiosity, humility, and strategic awareness. For example, companies like Amazon use diversity and inclusion data to drive change, yet failures still occur; for instance, Home Depot and Kingfisher both failed in China because they missed the mark on local consumer culture. Real-world case studies show that tech startups expanding into Asia improved product delivery by 22% after implementing cross-cultural agility training. Organizations with inclusive cultures supported by CQ are 6x more likely to be innovative and 8x more likely to achieve better business outcomes. Research demonstrates that 92% of companies using a CQ approach saw increased revenues within 18 months. At the same time developing CQ is difficult because it requires a shift in one's identity and leadership reflexes, not just memorizing etiquette. Barriers include the "weakest link" effect in dyads, where the lower-scoring negotiator often dictates the level of integrative success. Experienced leaders often rely on a "professional sixth sense" for reading rooms and managing relationships that is finely tuned to their home culture. When crossing borders, this intuition often stops working because the underlying cultural code has shifted. For example, behaviors intended to project respectful patience may be interpreted as disengagement, while signals of confidence may be perceived as arrogance. Multicultural teams often face friction due to deeply ingrained preferences for how work should be conducted and communicated. For example, communication Styles can be different: tensions arise between cultures that prefer direct communication and structured timelines versus those that prioritize relational dynamics and flexible timelines.

Feedback and Decision-Making is also really important: Some cultures may value consensus and harmony in group decisions, whereas others may lean toward open debate and fast iteration. Power and Hierarchy differ from culture to culture. Differences in power distance can lead to confusion in leadership, where some employees may feel micromanaged by a leader's involvement, while others feel excluded if not consulted. In multicultural settings, high CQ is directly associated with improved organizational performance. It helps leaders better understand new situations, reduce communication barriers, and respond more effectively to rapid economic and cultural changes. Cultural intelligence, often referred to as cultural quotient (CQ), is defined as an individual's capability to function and manage effectively in culturally diverse settings. Introduced by researchers P. Christopher Earley and Soon Ang in 2003, it is a multi-faceted form of intelligence that allows people to interact across cultures with sensitivity and effectiveness. Unlike personality traits, CQ is a

malleable and trainable capability that can be developed through experience, education, and focused training.

Cultural intelligence is composed of several key dimensions that influence how individuals interact in international environments. These components help explain why some managers are more effective in global business than others. The main elements of cultural intelligence are presented in Table 1.

Table 1. Components of Cultural Intelligence and Their Role in Global Business

Component (Dimension)	**Definition and Key Focus**	**Specific Role in Global Business**
Metacognitivee CQ (CQ Strategy)	The mental capability to acquire and understand cultural knowledge, including planning, monitoring, and checking assumptions during intercultural encounters.	Predicts task performance in multicultural work settings. It also significantly explains variance incultural judgment and decision-making (CJDM).
Cognitive CQ (CQ Knowledge)	Knowledge of norms, practices, and conventions in different cultures, such as legal systems, economic patterns, and religious beliefs.	Provides the empirical context needed to process information more efficiently in new cultural situations. Works with Metacognitive CQ to improve decision-making.
Motivational CQ (CQ Drive)	The ability to direct energy and effort toward learning about and functioning in cross-cultural situations. involves intrinsic interest and self-efficacy	The primary determinant for intercultural adjustment (general, work, and interactional). In negotiations, it drives integrative information behaviors, which directly predict higher joint profits
Behavioral CQ (CQ Action)	The capability to exhibit appropriate verbal and nonverbal actions (e.g., tone, gestures, facial expressions) when interacting with people from different backgrounds.	Predicts both task performance and adjustment to new cultures. It specifically facilitates cooperative relationship management and rapport-building during global negotiations.

Source: developed by the author

CONCLUSION

Cultural intelligence (CQ) is no longer merely a “nice-to-have” interpersonal skill but has evolved into a critical risk-mitigation strategy and a structural imperative for the modern global economy. The 40% failure rate observed over the last four decades is primarily driven by a lack of cultural capability and relational adaptation. A single failed assignment can cost up to USD 1.25 million. Leader CQ improves organizational performance and is the core competence of inclusive leadership. In international business negotiations, high CQ predicts higher joint profits. CQ is a malleable and trainable capability that allows individuals to adapt their behaviors to build trust in any cultural context. Organizations should integrate CQ into the entire employee lifecycle. Strategic Selection and Hiring: Incorporate CQ assessments into the selection process for global roles. Integrated Training and Development: Focus on motivational CQ (CQ Drive) and embed development in the workflow. Building Inclusive and Agile Cultures: Prioritize psychological safety and clear communication norms. Future-Proofing through Middle Management: Strengthen middle management capacity and combine CQ with AI adoption strategies.

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