Chapter 20
The Foundation of Cultural Intelligence:
Human Capital

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ABSTRACT

Globalization has expanded the domain of human capital requirements. Besides the traditional human capital requirements of technical knowledge and skills, the experience and skills associated with working in culturally diverse settings are becoming increasingly important (Tran, 2008). This additional human capital dimension—cosmopolitan human capital—is the focus of this chapter and the reason to study cultural intelligence, because they are so inextricably interlinked. Cosmopolitan human capital as a conceptualization has been expanded to include cosmopolitan human capital so as to include international experiences and cultural intelligence capabilities. Tomasello (2001) has argued that culture is what, in large part, separates human from animal intelligence. Tomasello (2001) states that humans have evolved as they have in part because of their cultural adaptions, which in turn develop from their ability even in infancy from about nine months onward to understand others as intentional agents. As such, the purpose of the chapter includes the foundation of cultural intelligence as it relates to human capital, and it concludes with recommendations on how to assess and evaluate whether an organization possesses human capital. The chapter will also assist organizations with evaluating whether they are equipped with developing human capital for competitive advantages based on 11 different types of intelligence.

INTRODUCTION

The challenges of working with people from different cultures are well-documented in management research (Ng, Van Dyne, & Ang, 2012). Although these challenges were largely constrained within the expatriate population a couple of decades ago, rapid globalization has resulted in a much larger group of employees being faced with cross-cultural issues in daily work (Tran, 2008). Kanter (1995) argued that for organizations to become world class in today's global economy, they must develop a new breed of managers who can see beyond surface-level cultural differences. Despite the

need to better understand and operationalize the abilities, until the 21st century very little research had addressed the gap this new breed of managers needed to possess.

Even in the research on adult intelligence, which increasingly recognizes there are multiple forms of intelligence critical or solving different kinds of problems [beyond the traditional focus on academic and cognitive problems (Gardner, 1993, 1999)], there was no focus on the ability to solve problems specifically in the cultural realm. For instance, considerable research attention has been focused on social intelligence (Thorndick & Stein, 1937) targeted at interpersonal relations, emotional intelligence [EQ (Mayer & Salovey, 1993)] targeted at understanding one's and others' emotions, and practical intelligence (Sternberg, 1997) targeted at solving practical problems. However, none of these nonacademic intelligences focus on the ability to solve cross-cultural problems.

This gap prompt Early and Ang's (2003) work on cultural intelligence (CQ) which draws on Sternberg and Detterman's (1986) integrative theoretical framework on multiple loci of intelligences, to propose a set of capabilities comprising mental, motivational, and behavioral components that focus specifically on resolving cross-cultural problems. As such, the purpose of the chapter includes the foundation of cultural intelligence as it relates to human capital, and concludes with recommendation on how to assess and evaluate whether an organization possesses human capital. The chapter will also assist organizations with evaluating whether they are equipped with developing human capital for competitive advantages based on 11 different types of intelligence.

FOUNDATION OF CULTURAL INTELLIGENCE (CQ)

In the history of research on cross-cultural competency, the construct of CQ has been described as a "new kid on the scientific block" (Gelfand, Imai,

& Fehr, 2008, p. 376). Despite its relatively short history, CQ has undergone a remarkable journey of growth. The concept was first formally introduced by Early and Ang 2003 in their book, *Cultural Intelligence: Individual Interactions Across Cultures*. Ng, Van Dyne, and Ang organized the first symposium on CQ as the Academy of Management annual meeting in 2004. The following year, Ng et al. published a special issue devoted to the conceptualization and empirical investigation of CQ in *Group and Organization Management*. In the same year, Ng et al. organized the first Global Conference on Cultural Intelligence which started a diverse network of researchers from different cultures and different disciplines who continue to exchange ideas and work collaboratively to advance the research on CQ to this day.

In 2007, Ang et al. published the first article on the measurements and predictive validity of CQ in *Management and Organization Review*. By offering a validated scale to assess individuals' CQ, this article triggered exponential growth in empirical studies on CQ across diverse disciplines, including cross-cultural applied linguistics (Rogers, 2008), military operations (Ang & Ng, 2005; Ng, Ramaya, Teo, & Wong, 2005; Selmeski, 2007), United Nations peacekeeping operations (Seiler, 2007), immigrants (Leung & Li, 2008), international missionary work (Livermore, 2006, 2008), and mental health counseling (Goh, Koch, & Sanger, 2008).

In 2008, Ang and Van Dyne published the *Handbook of Cultural Intelligence: Theory, Measurement, and Applications* which comprises 24 conceptual and empirical contributions from scholars from different cultural and disciplinary backgrounds. In 2009, Livermore wrote *Leading With Cultural Intelligence: The New Secret to Success*, a practical book that translated academic research on CQ to easily accessible materials and useful recommendations for business leaders and students alike. More recently, Livermore (2011) published a new book, *The Cultural Intelligence Difference: Master the One Skill You Can't Do*

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