



# **A STUDY ON THE RELATIONSHIP BETWEEN CULTURAL INTELLIGENCE AND EMPLOYEE ENGAGEMENT IN PRIVATE SECTOR BANKS**

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## **Abstract**

This paper explores the relationship between cultural intelligence (CQ) and employee engagement within the private sector banks. Cultural intelligence, defined as the capability to relate and work effectively in culturally diverse situations, has become increasingly important in today's globalized business environment. Employee engagement, a key driver of organizational success, refers to the emotional commitment and involvement of employees in their work. This study investigates how the four dimensions of cultural intelligence—metacognitive, cognitive, motivational, and behavioural—impact various aspects of employee engagement, such as vigor, dedication, and absorption. The research draws on data from private sector banks, analyzing how employees with higher levels of cultural intelligence tend to exhibit greater engagement due to their ability to navigate diverse teams, communicate effectively, and demonstrate cultural sensitivity. Findings indicate a strong positive correlation between cultural intelligence and employee engagement, suggesting that fostering CQ within the workforce may enhance organizational performance, employee retention, and job satisfaction. The study concludes by recommending strategies for private sector banks to develop cultural intelligence in employees as a means to boost engagement and overall workplace productivity.

**Keywords:** *Cultural Intelligence (CQ), Meta Cognition, Cognition, Motivation, Behavioural, Employee Engagement, Private Sector Banks, Globalized Business Environment, Workforce Diversity, Organizational Performance.*

## 1. INTRODUCTION

In the contemporary landscape of global business, organizations are increasingly confronted with the challenges and opportunities presented by cultural diversity within their workforces. As globalization continues to reshape economic interactions, businesses are no longer confined to local markets; they are expanding their operations across national borders, establishing multinational corporations, and creating teams that span multiple cultures. This cultural amalgamation enriches

organizations with varied perspectives, insights, and innovative ideas, which can lead to enhanced creativity and problem-solving capabilities. However, this diversity also introduces complexities, as differences in communication styles, values, and work ethics can result in misunderstandings, conflicts, and reduced collaboration among team members. Consequently, the ability to navigate and thrive in such culturally diverse environments has become paramount.

At the forefront of these capabilities is cultural intelligence (CQ), a concept that has gained significant traction in recent years. CQ is defined as the capability to function effectively in culturally diverse settings, comprising four distinct dimensions: metacognitive, cognitive, motivational, and behavioral intelligence. Metacognitive CQ involves awareness of one's own cultural assumptions and the ability to adapt one's thinking to navigate cultural differences. Cognitive CQ refers to knowledge of cultural norms and practices, while motivational CQ relates to the interest and confidence to engage in intercultural interactions. Lastly, behavioral CQ encompasses the ability to exhibit appropriate verbal and non-verbal actions in cross-cultural situations. The interplay of these dimensions allows individuals to engage with colleagues from different cultural backgrounds, fostering smoother communication and collaboration.

Simultaneously, employee engagement has emerged as a critical factor influencing organizational performance and success. Engaged employees are emotionally committed to their work, exhibiting enthusiasm, dedication, and a strong sense of belonging within their organizations. They are more likely to contribute proactively, demonstrate higher productivity, and remain with their organizations, reducing turnover rates. Conversely, disengaged employees often lead to lower morale, decreased productivity, and increased attrition, which can severely impact an organization's bottom line. As such, fostering employee engagement has become a priority for many organizations, especially in environments characterized by cultural diversity.

The relationship between cultural intelligence and employee engagement is a crucial area of study in understanding how organizations can thrive in today's complex business environment. Research suggests that employees with high CQ are better equipped to navigate the challenges of working in multicultural

teams, resulting in enhanced engagement. These employees can bridge cultural gaps, adapt to diverse communication styles, and foster an inclusive atmosphere where all team members feel valued and understood. As a result, they are more likely to experience job satisfaction and remain committed to their organization's goals.

Understanding how CQ influences employee engagement requires a closer examination of the dynamics within culturally diverse teams. Cultural differences can manifest in various ways, including differences in leadership styles, decision-making processes, and conflict resolution strategies. Employees who lack CQ may struggle to interpret these differences effectively, leading to frustration and disengagement. In contrast, employees with high CQ can appreciate and leverage these cultural distinctions, turning potential conflicts into opportunities for collaboration and creativity.

Moreover, the role of leadership in this context cannot be overstated. Leaders with high levels of cultural intelligence are instrumental in creating an inclusive organizational culture that values diversity. Such leaders are more adept at recognizing the unique contributions of each team member and fostering a collaborative environment where diverse perspectives are welcomed. They can guide their teams through the complexities of cultural differences, using their CQ to navigate challenges and promote engagement among team members. Effective leadership not only enhances employee morale but also drives performance, innovation, and organizational success.

As organizations continue to embrace cultural diversity, it becomes imperative to equip employees and leaders with the skills needed to thrive in such environments. This involves investing in training programs that focus on developing cultural intelligence and fostering an understanding of the benefits of diversity. Such initiatives can enhance employees' awareness of their own cultural biases, promote empathy towards others, and encourage open communication. Additionally, organizations can implement policies and practices that support an inclusive culture, thereby enhancing employee engagement and satisfaction.

While the existing literature highlights the positive relationship between CQ and employee engagement, there remain gaps in our understanding of this dynamic. Most studies have focused on specific aspects of CQ or have examined the relationship in limited contexts. Further research is needed to explore the various dimensions of CQ in greater depth and to investigate how these dimensions influence employee engagement across different sectors and organizational contexts. Additionally, understanding how contextual factors, such as organizational culture, industry characteristics, and regional differences, impact this relationship can provide valuable insights for practitioners and researchers alike.

In conclusion, the interplay between cultural intelligence and employee engagement is a critical area of focus for organizations operating in today's globalized business environment. As cultural diversity becomes increasingly prevalent in the workplace, organizations must prioritize the development of cultural intelligence among their employees and leaders to foster an engaged and motivated workforce. By leveraging the benefits of cultural diversity and enhancing employee engagement, organizations can position themselves for success in an ever-evolving global landscape. Through ongoing research and investment in cultural intelligence initiatives, organizations can cultivate inclusive environments that promote collaboration, innovation, and high levels of employee engagement, ultimately driving performance and achieving strategic goals.

## 2. REVIEW OF LITERATURE

The concept of cultural intelligence (CQ) was first introduced by **Earley and Ang (2003)**, emphasizing its importance in cross-cultural interactions, especially in diverse work environments. Since then, studies have expanded the understanding of CQ and its role in workplace dynamics.

**Ang et al. (2007)** conducted a pivotal study linking cultural intelligence (CQ) to enhanced performance in multicultural environments. They found that individuals with higher levels of CQ were more effective in navigating cultural differences, adapting to diverse work settings, and achieving better task performance, especially in international or cross-cultural contexts.

**Rockstuhl et al. (2011)** emphasized the significant role of cultural intelligence (CQ) in leadership effectiveness within multinational organizations. Their study found that leaders with high CQ were better equipped to manage culturally diverse teams, make informed decisions, and foster collaboration, ultimately leading to improved leadership performance in global environments.

Further, **Van Dyne et al. (2012)** demonstrated that high CQ positively impacts employee engagement, especially in culturally diverse teams. Research shows that CQ enables individuals to adapt better, improve team collaboration, and enhance job satisfaction. However, gaps remain regarding the direct relationship between CQ and employee engagement, particularly in private sector organizations, warranting further exploration.



### 3. OBJECTIVE OF THE STUDY:

- To determine the level of Cultural Intelligence dimensions among private sector bank employees in Kerala.
- To examine the relationship between Cultural Intelligence and Employee Engagement of private sector bank employees

### 4. RESEARCH METHODOLOGY:

This research focuses on assessing the level of cultural intelligence among employees from various private sector banks in Kerala, with particular emphasis on its multiple dimensions. It also explores how these different aspects of Cultural Intelligence affect employee engagement. The study adopts a Descriptive Research Design and utilizes a Convenient Sampling Technique, selecting a sample of 110 respondents from four largest private sector banks in Kerala: Federal Bank, ICICI Bank, HDFC Bank and Axis Bank. The respondents were selected on the basis that they have at least three years of work experience.

Both primary and secondary sources of data were used for the purpose of study and the primary focus on data collection was through primary sources. A structured questionnaire was used for gathering the research data. The questionnaire was organized into three different sections namely Demographic Profile, Cultural Intelligence and Employee Engagement. Ang et al.'s (2007) scale was used for measuring Cultural Intelligence of the respondents, where different dimensions like Meta-Cognition, Cognition, Motivation and Behavioral components are emphasized. Scales developed by Soane et al. (2012) and Schaufeli & Bakker (2006) were used for evaluating the Employee Engagement. The statements of all the scale variables were presented to the respondents for rating their agreement on five point Likert Scale.

Various statistical techniques were employed for analyzing the collected data with the help of SPSS Software. Mean Score Analysis was applied to determine the level of Cultural Intelligence Dimensions and Correlation Analysis was used as the major statistical tool for examining the relationship between Cultural Intelligence and Employee Engagement among the respondents.

## 5. DATA ANALYSIS AND INTERPRETATION:

Table no. 5.1 Determining the Level of Cultural Intelligence Dimension- Mean Score Analysis

Dimensions of Cultural Intelligence	Variables	Average Mean Score
Meta Cognitive Cultural Intelligence	Consciousness of cultural knowledge	2.741
	Customization of cultural knowledge	
	Checking accuracy of cultural knowledge	
Cognitive Cultural Intelligence	Awareness on the legal and economic implications of cross cultures	3.229
	Awareness on cross cultural languages	
	Awareness on religious beliefs of cross cultures	
	Awareness on cross cultural marriage system	
	Awareness on cross cultural non-verbal behaviors	
Motivation Cultural Intelligence	Peaceful interaction with cross-cultures	3.068
	Confidence in socializing with cross-cultures	
	Manage stresses of cross-cultures	
	Happiness in accommodating cross-cultures	
Behavioral Cultural Intelligence	Flexible verbal behavior on cross cultural interactions	3.169
Maintaining silence to suit cross cultural interactions		
Attitudinal modification during cross cultural interactions		
	Non-verbal behavior modification during cross cultural interactions	
<b>Overall mean score</b>		<b>3.0866</b>

Source: Primary Data

The above table depicts the results of Mean Score Analysis of the level of Cultural Intelligence Dimensions of private sector bank employees in Kerala. Four dimensions of Cultural Intelligence namely, Meta Cognitive Cultural Intelligence, Cognitive Cultural Intelligence, Motivation Cultural Intelligence and Behavioural Cultural Intelligence have been studied. The table shows that Cognitive Cultural Intelligence has the highest average mean score (3.229), indicating moderate awareness of cultural differences, such as legal, economic, and non-verbal behaviours across cultures. Meta-Cognitive Cultural Intelligence has the lowest score (2.741), suggesting individuals may struggle with being aware of and accurately adjusting their cultural knowledge.

The overall mean score across all dimensions is 3.0866, indicating a generally moderate level of cultural intelligence.

### Table no. 5. 2 Relationships between Cultural Intelligence Dimensions and Employee Engagement- Correlation Analysis

H<sub>0</sub>: there is no significant correlation between dimensions of Cultural Intelligence and Employee Engagement

Dimensions of Cultural Intelligence	Employee Engagement	
	p-value	Correlation coefficient
Meta Cognition	0.921	0.08
Cognition	<b>*0.000</b>	0.287
Motivation	<b>*0.000</b>	0.321
Behavioral	<b>*0.000</b>	0.302

\*Significant at 5% level of significance

The p-value of the correlation analysis is below 0.05 for all dimensions except Meta- cognition. Therefore, at a 5% level of significance, the null hypothesis is rejected for the Cognitive, Motivational, and Behavioral dimensions. This indicates that Employee Engagement has a significant positive correlation with employees' Cognitive Cultural Intelligence, Motivational Cultural Intelligence, and Behavioral Cultural Intelligence. However, no significant correlation was found between Employee Engagement and Meta- cognitive Cultural Intelligence.

## 6. DISCUSSION:

The study examined the levels of Cultural Intelligence dimensions among bank employees in Kerala and their relationship with Employee Engagement. The overall Cultural Intelligence level was found to be moderately average, a result consistent with findings from Arthi R (2019) and Sandeep Singh (2019). The mean score analysis shows that the Cognitive Cultural Intelligence has the highest mean score, followed by Behavioral Cultural Intelligence, Motivation Cultural Intelligence and Meta-Cognitive Cultural Intelligence. Additionally, the highest three dimensions like Motivation, Cognition and Behavioral dimensions of Cultural Intelligence revealed to have significant and positive correlation with Employee Engagement. In the case of private sector bank employees, no significant correlation was found between Employee Engagement and Meta Cognitive Cultural Intelligence.

## 7. CONCLUSION:

In this study, the level of Cultural Intelligence was assessed among 110 employees working in top four private sector banks in Kerala. It was found that the level of Cultural Intelligence is moderately average for the employees. A positive relationship between Cultural Intelligence and Employee Engagement was cited, where it can be inferred that higher level of Cultural Intelligence shapes effective and satisfying work engagement for the employees in banking industry, specifically in the private sector.

Developing Cultural Intelligence across its key dimensions strongly influences better enthusiasm in the work environment. It is integral for the private sector banks in the state to implement psychological training programs for enhancing the Cultural Intelligence of employees. Face to face sessions, lecture and workshops can contribute to the training programs for developing and promoting Cultural Intelligence for the employees starting from clerical level to managerial level.

Being a giant employing sector in the country as well as in the state, banking industry in Kerala or exclusively the private sector banks must focus on the key ingredients of employee engagement. Like Emotional Intelligence, Cultural Intelligence is also considered to be crucial for the employees in the competitive working environment. Individuals are not hired just to fill positions; rather their holistic growth must be initiated by the new generation private sector banks to ensure their longevity in the industry.

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