

## The Effect of Managers' Cultural Intelligence on Attracting Foreign Tourists: Case Study

Hadi Teimouri<sup>1</sup>, Farnaz Afshar Hoojaghan<sup>2</sup>, Kouroush Jenab<sup>3</sup> & Sam Khoury<sup>4</sup>

### Abstract

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The Ever-increasing development of the tourism industry in the world and its effect on all economic, social, cultural, and political aspects of societies has doubled the importance of research in this regard. The aim of the present study is to explore the effect of managers' cultural intelligence on attracting foreign tourists. It is applicable from an objective aspect and descriptive-field from a methodological aspect. The statistical population included all foreign tourists in Shiraz during the time period of June-August 2015 and a random sampling method was employed for sampling. The sample size was estimated equal to 180. Having distributed the questionnaires, 166 questionnaires were acceptable and considered as the basis of conducting the research. Validity of the questionnaire was confirmed via face validity and its reliability was determined using Cronbach's alpha coefficient. More than 70% for all variables under study showed the suitable reliability of the questionnaire. Also, structural equation modeling was employed to test the hypotheses. The results indicated that there is a positive and significant relationship between dimensions of managers' cultural intelligence and attracting foreign tourists.

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**Keywords:** Cultural Intelligence, Dimensions of Cultural Intelligence, Tourism; Structural equation modeling

### 1. Introduction

Tourism is a social activity which includes human behavior, use of the resources, interaction with others, economics, and the environment. Generally, it is whatever is associated with tourists and the related services to them (Tripathi, Choudhary, & Agrawal, 2010).

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<sup>1</sup> Management Department, University of Isfahan, Isfahan, Iran

<sup>2</sup> Management Department, University of Isfahan, Isfahan, Iran

<sup>3</sup> College of Aeronautics, Embry-Riddle Aeronautical University, Daytona Beach, FL, USA

<sup>4</sup> College of Business, Athens State University, Athens, AL, USA

If the tourism industry is developed proportional to social purposes, it will lead to total welfare in the society and this issue emphasizes the necessity of tourism and its development (Meliou&Maroudas, 2010). Generally speaking, it is a complicated economic activity that has influenced all dimensions of human life (Milenkovska, 2011).

The current globalization phenomenon has apparently created a smaller and flatter world by eliminating distances and boundaries. Some theoreticians believe that globalization destroys cultural distinctions as the world proceeds towards integration. Certainly, globalization is not a one-dimensional phenomenon and is an economic, political, and cultural process. Whenever the world moves towards integration, the importance of understanding cultural differences is increased. Some others believe that fading of geographical borders decreases cultural differences among the nations and also shows them more remarkably, because people have different cultural backgrounds across the world and this is required to understand cultural issues, values, and norms. Cultural intelligence as a new field of intelligence deals with the ability to operate under different cultural circumstances (Van Dyne et al., 2012). On the other side, different cultural environments prepare people for living and working in various cultural environments. Cultural intelligence is based on capabilities that can be enhanced through training, experience, and exercise (Sahin, Gurbuz&Koksal, 2014) and those who use cultural intelligence and conflict solutions will find an opportunity to create a path (Ramirez, 2010). Thus, the present study explores the effect of managers' cultural intelligence on attracting foreign tourists.

## **Theoretical concepts**

### **Cultural intelligence**

The term cultural intelligence was first proposed by Earley and Ang, researchers of the London Business School. They defined cultural intelligence as the ability to learn new patterns in cultural interactions and offer proper behavioral responses to these patterns (Earley&Ang, 2003).

According to them, when faced with new cultural situations it is difficult to find familiar signs and signals that can be helpful in making efficient relationships.

In these cases, the individual has to create a common cognitive framework given the current information even if this framework does not perceive local behaviors and norms adequately. Those who have high cultural intelligence can create such a framework (MacNab, 2012).

Indeed, this type of intelligence reflects individual empowerment for effective action and management in places that are culturally diverse. Conditions and elements of cultural intelligence have been identified in order to predict cultural judgments, decision making under different circumstances, cultural adaptation, and enhancement of job performance (Crown, 2013). It is a very important factor that increases quality of relations and is a modern concept in cross-cultural studies that contains a group of inter-related skills, which helps people deal with different cultural conditions (Kim & Van Dyne, 2012). Also, it enables people to employ their cultural knowledge to adjust their behavior and offer responses suitable to foreign cultures besides effective learning of foreign cultures (Hansen et al., 2011).

The necessity to making effective cross-cultural relations is to have cultural intelligence, which is the individuals' ability for personal growth through permanent learning of cultural background and understanding of differences. Cultural intelligence is a new domain of intelligence that has very close relations with different workplaces and enhances effectiveness of the firm, manager, employees and interpersonal interactions in an extensive range of social environments. It also allows people to determine how others think and how they respond to behavioral models. As a result, it decreases cross-cultural communicative barriers and gives people the power of cultural management (Abzari, Etebarian, & Khani, 2010).

When faced with new cultural situations, familiar signs and signals are found with difficulty, which can be helpful in making relation. In these cases, people have to create a common framework given the current information and make relations and obtain information based on that framework. This requires cultural intelligence (Adair, Hideg & Spence, 2013).

## Dimensions of cultural intelligence

Theoreticians have mentioned different dimensions for cultural intelligence. In this study, four dimensions including meta-cognitive, cognitive, motivational, and behavioral dimensions are mentioned for cultural intelligence. They are described as follows:

Cognitive dimension of cultural intelligence shows the level of knowledge and information that people have about foreign cultures. Those who have high cognitive cultural intelligence can distinguish key similarities and differences more effectively among the cultures (Charoensukmongkol, 2015). Meta-cognitive dimension of cultural intelligence shows a higher level of cognition that allows people to control their thinking processes.

This component is highly important for effective cultural training. People who have this capability always check the accuracy of their cultural knowledge before and through cross-cultural interactions to ensure its accuracy (Charoensukmongkol, 2015). Motivational dimension of cultural intelligence shows the individual's tendency to experience other cultures and to make relations with different people. This motivation includes internal value of people for multi-cultural interactions and self-confidence, which allows the individual to act effectively in various cultural situations. In fact, this component indicates the scope of social interaction component or more simply, mixing with foreign cultures. This dimension reflects individual effectiveness and efficiency of people in facing difficulties with regard to cross-cultural oppositions and training in different cultures and traditions and plays a prohibitive role in giving up against the problems (Chen, Liu & Portnoy, 2012).

Behavioral dimension of cultural intelligence shows the capability of the individual in compatibility with suitable verbal and non-verbal behaviors for dealing with various cultures. This dimension contains a group of flexible behavioral responses that are useful in different situations and can be modified and adjusted proportional to a specific interaction or situation (Zhao, F., Deng, L. & Kemp, 2013).

Research has found that CQ positively associated with various cross-cultural outcomes. Table 1 present a summary of some of this research.

**Table 1: CQ and its domains**

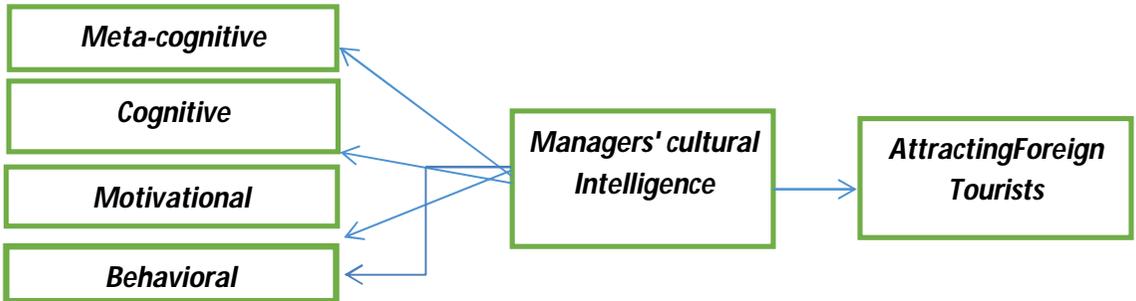
Domain	Description
Adapt expatriates (Fang et al., 2013; Huff, 2013; Zhang, 2013).	Studies have found that CQ significantly enhanced the effectiveness of expatriates to adapt to oversea work assignments.
Performance and leadership effectiveness (Groves and Feyerherm, 2011; Rockstuhl et al., 2011).	Cross-cultural leadership research also found that leaders with high CQ tended to be rated highly by subordinates in terms of performance and leadership effectiveness.
Intercultural negotiation processes (Imai and Gelfand, 2010).	Scholars also provided evidence that CQ significantly enhanced intercultural negotiation processes.
Culturally heterogeneous teams (Adair et al., 2013; Chua et al., 2012; Rockstuhl and Ng, 2008).	Effectiveness in culturally heterogeneous teams and cross-cultural trust-building.
Cultural knowledge (Hansen et al., 2011; Lee & Sukoco, 2010).	CQ allows people not only to learn effectively about foreign cultures but also to use their cultural knowledge to adapt behaviors to produce appropriate responses to foreigners.

## Tourism

Tourism is a dynamic and competitive industry that requires permanent adaptation with ever-changing needs of customers in order to create satisfaction, pleasure, and safety (Chang, Backman, & Huang, 2014). Generally, it is a phenomenon that can have a role in economic situations of a city or even its social dynamism. The growing process and enhancement of this industry can be observed in many cities across the world in recent years (Badita, 2013). Tourism is a global force for economic and regional development and its development has led to economic growth. This industry has grown considerably in recent decades as a socio-economic phenomenon. It is not a classified and standard industry, because tourism activities are hidden in activities of other industries (like transportation, telecommunications, settlement, etc.). Thus, when it is examined, we should know which industry and to what extent is dependent on tourism (Hsieh & Kung, 2013).

Globalization of capitalism, population mobility, and IT progress has been effective on tourism development as one of the biggest industries in the world. On the other side, offering high quality services and ensuring customer satisfaction have been recognized as important factors in tourism industry success (Chen et al., 2011).

According to theoretical concepts, the conceptual model is depicted below. The research hypotheses were proposed based on it.



**Figure 1: Conceptual model of the study**

## Methodology

This study is applicable from objective aspect and descriptive-field from methodological aspect. The purpose of this study is to address the effect of managers' cultural intelligence on attracting foreign tourists. The statistical population included all foreign tourists in Shiraz during the time period June-August 2015 and random sampling method was employed for sampling.

The sample size was estimated equal to 180. Having distributed the questionnaires, 166 questionnaires were acceptable and considered as the basis of conducting the research. During the review of the subject literature, the library method such as books and scientific journals was used to collect the necessary data to confirm or refute the hypotheses of the questionnaire. Thus, by study of the subject literature that utilized the views of experts and according to the variables in the research, the questionnaire was designed and after its translation, it was ready for distribution to members of the population. Validity of the questionnaire was confirmed via face validity and its reliability was determined using Cronbach's alpha coefficient. It was more than 70% for all variables under study which showed suitable reliability of the questionnaire. The calculated Cronbach's alpha coefficient for different dimensions of the questionnaire is shown in Table 2. Descriptive statistics including absolute frequency distribution tables, and mean were used to explore and compare the collected data through questionnaire and inferential statistics such as two-sample t-test and variance analysis (ANOVA) were used for data analysis via SPSS software. Also, Amos software was utilized for factor analysis and structural equation modeling.

**Table 2: Cronbach's alpha coefficient of the variables**

<b>Variable</b>	<b>Cronbach's alpha coefficient</b>
<i>Meta-cognitive</i>	<b>0.799</b>
<i>Cognitive</i>	<b>0.719</b>
<i>Motivational</i>	<b>0.788</b>
<i>Behavioral</i>	<b>0.732</b>
<i>Total</i>	<b>0.894</b>

### Data analysis

Demographic characteristics under study are shown in Table 3.

**Table 3: Demographic characteristics under study**

Sex	Male 47%			Female 53%		
Age	18-25 10.2%	26-35 28.9%	36-45 28.9%	46-55 17.5%	56-60 9%	Over 60 5.4%
Education	Diploma 6%	Associates 6%		B.A 54.2%	M.A 32.5%	PhD 12%

In terms of demographic characteristics, the statistical sample shows that 53% of respondents were female and 47% were male. In terms of education, 6% had an associates and diploma, 54% had B.A, 32.5% had M.A and 12% had PhD. Ninety six individuals were in the age range 26-45 years old that composed 57.8% of the total sample and were the highest age range. The results of mean values of factors are shown in Table 4.

**Table 4: Results of testing mean of factors**

Test value= 3					
Factors	Confidence interval 95%		Sig (2-tailed)	t-statistic	Mean
	Upper limit	Lower limit			
Meta-cognitive	0.9714	0.8021	0.000	20.862	3.88
Cognitive	1.0470	0.7723	0.000	13.078	3.90
Motivational	1.1012	0.8717	0.000	16.972	3.98
Behavioral	1.1949	0.9889	0.000	20.931	4.09

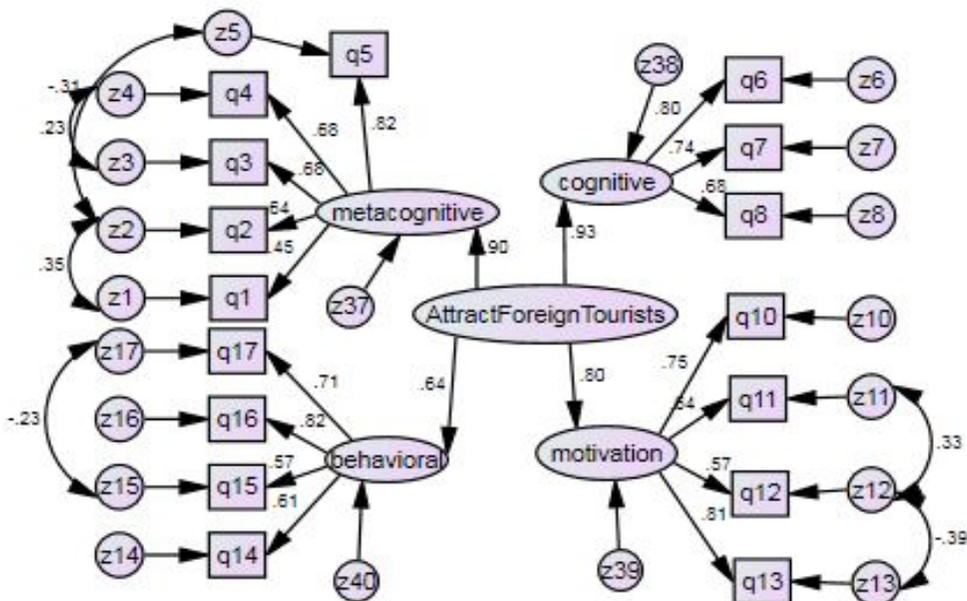
Given that the lower limit and upper limit of all variables are positive, the mean of all variables is more than the average level. It can be concluded that all variables are effective on tourist attraction, because mean of all variables is more than the average level. Hypotheses of the structural model were explored through absolute, comparative, and parsimony fit indexes. The results are shown in Table 5.

**Table 5: Total goodness indexes of measurement models**

Index	CMIN/df	RMR	GFI	CFI	RMSEA
Structure					
Meta-cognitive	1.524	0.016	0.989	0.994	0.056
Cognitive		0.000	1.000	1.000	0.533
Motivational	3.902	0.017	0.988	0.987	0.133
Behavioral	1.397	0.024	0.992	0.995	0.049

**Research model based on structural equations**

The research hypotheses were examined via structural equation modeling and Amos software. The structural equation modeling is shown in Figure2.



**Figure 2: Structural equation modeling of the study**

Also, the results of confirming the research hypotheses are shown in Table 6.

**Table 6: Results of confirming the hypotheses**

Hypothesis	Regression coefficient	Critical value	P	Result
Meta-cognitive on attracting foreign tourists	0.935			Accepted
Cognitive on attracting foreign tourists	0.801	7.112	***	Accepted
Motivational on attracting foreign tourists	0.637	5.218	***	Accepted
Behavioral on attracting foreign tourists	0.896	5.145	***	Accepted

\*\*\*  $p < 0.001$ .

As it is observed, all partial and total goodness indexes of subsets of the first main hypothesis had an acceptable suitability and confirm the model's validity totally and partially ( $P < 0.001$ ); thus, all indexes were confirmed.

In other words, the first subset regarding the effect of meta-cognitive component on attracting foreign tourists was confirmed with regression coefficient equal to 0.935 at the significance level 0.001. Its effect was direct and positive. To put it differently, one unit change in the independent variable creates 0.935 changes in the dependent variable (attracting foreign tourists). The second subset regarding the effect of cognitive component on attracting foreign tourists was confirmed with regression coefficient equal to 0.801 at the significance level 0.001. Its effect was direct and positive. To put it differently, one unit change in the independent variable creates 0.801 changes in the dependent variable (attracting foreign tourists). The third subset regarding the effect of motivational component on attracting foreign tourists was confirmed with regression coefficient equal to 0.637 at the significance level 0.001. Its effect was direct and positive. To put it differently, one unit change in the independent variable creates 0.637 changes in the dependent variable (attracting foreign tourists). The fourth subset regarding the effect of the behavioral component on attracting foreign tourists was confirmed with regression coefficient equal to 0.896 at the significance level 0.001. Its effect was direct and positive. To put it differently, one unit change in the independent variable creates 0.896 changes in the dependent variable (attracting foreign tourists).

## Friedman test

Components of business intelligence were ranked by means of Friedman test. The results are shown in Table 7.

**Table 7: Friedman test**

Chi-square	Degree of freedom	Significance level	Error level	Test result
17.389	3	0.001	0.05	H1Accepted

Considering that the significance level is less than 0.05, H1 is accepted and Friedman test can be used to rank the components of business intelligence. The results of this ranking are displayed in Table 8.

**Table 8: Prioritization of components of business intelligence**

<i>Dimensions</i>	<i>Mean of rank</i>
<i>Behavioral</i>	<i>2.82</i>
<i>Motivational</i>	<i>2.50</i>
<i>Meta-cognitive</i>	<i>2.42</i>
<i>Cognitive</i>	<i>2.16</i>

The results of Friedman test showed that equal conditions among the components of cultural intelligence were behavioral component with mean value equal to 2.82 at the highest rank and meta-cognitive component with mean value equal to 2.26 at the lowest rank in respondents' viewpoint.

## Conclusion and suggestions

Offering services with suitable quality to tourists and prosperity of tourism industry are the important challenges in the current age. Managers in this industry try to develop cultural intelligence in their firms and pave the way to achieve performance excellence via focusing on tourists' needs and cultures and proper reaction to their demands, besides creating competitive advantage. According to the data analysis, the results revealed that managers' cultural intelligence and its components are effective on attracting foreign tourists. Therefore, it is suggested to hire those who have high cultural intelligence.

To this end, using the tests which measure individuals' degree of cultural intelligence in the employment interview will be helpful. Given the effect of meta-cognitive component of managers' cultural intelligence on attracting foreign tourists, it is suggested to tourism industry managers to enhance their familiarity with cultural differences and the legal and economic systems of other cultures. Techniques such as foreign missions, direct interaction with tourists, and studies in this regard will be effective. On the other hand, considering the effect of cognitive component of managers' cultural intelligence on attracting foreign tourists, it is suggested managers enhance their language level and information about cultural, ideological, and religious values of other cultures, their art, and industries as well as tools of non-verbal behaviors.

Given the effect of the motivational component of managers' cultural intelligence on attracting foreign tourists, it is suggested that managers eliminate their internal conflicts with foreign cultures and overcome the contrasts among them, the environment, and foreign cultures. Also, given the effect of the behavioral component of managers' cultural intelligence on attracting foreign tourists, it is suggested managers gain the ability to change verbal and non-verbal behavior, speaking manner, and changes in facial expressions during interaction with tourists.

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