

# Building Global Business Relationships

## The Roles of Social Capital, Emotional Competence, and Intercultural Communication Skill

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Our ancestors up through our grandfathers, and possibly including even our parents, could pretty much take for granted human relationships in the workplace. Most likely, the people with whom they were working were also the people with whom they shared a physical community. They encountered colleagues, subordinates, even bosses and owners, in neighborhood stores, public transportation, places of worship, school events, and other local gatherings. Even in cases where out-of-workplace encounters were infrequent, most people working side-by-side at least shared a set of social and cultural expectations that were largely or entirely congruent. In such a business milieu, what is now labeled **social capital** needed little or no thoughtful attention. Social capital, almost like the air they breathed, simply existed.

### Contemporary Transformations in the World of Work

From the dawn of business through our grandfathers' era, there was no efficient way for humans to interact with one another except face-to-face. It is only within the past 100 years that affordable, efficient means of communicating over great distances have become widely available. And it is only within our lifetimes that three key transformations within the world of work have made it advisable, for the first time ever, to pay thoughtful, skill-focused attention to the human-relationship aspects of doing business:

**1. Business is increasingly globalized:** More and more, active participants in business transactions are operating out of home bases that are distant from each other. In the 21st century, those distances can be as much as half-a-world away. People are in distant time zones and different nations. Equally important, they are born, raised, educated, and employed in different national and ethnic cultures.

**2. Business is increasingly knowledge-based:** Knowledge is supplanting land, labor, and financial capital as a source of competitive advantage. Knowledge creation, knowledge

transmission, and knowledge application are all complex, lengthy, and often creative processes that necessarily involve the intellects of several human beings who have, to some extent, an on-going cooperative relationship with each other.

**3. Talent is increasingly mobile:** Several factors are combining to generate high mobility of talent, especially of “knowledge workers.” They are in high demand, and their supply chains circle the globe. High volatility characterizes the modern business environment, with numerous start-ups, combinations, break-ups, and failures disrupting stable employment patterns. The concept of loyalty in employer-employee relations is weak, mentally freeing talented people to change jobs often. Relocation is easier and more affordable than ever. Furthermore, knowledge worker mobility occurs not only among firms but also within firms, with people often being requested by their employer to relocate nationally and internationally.

As a consequence of these three factors, managers and professionals in the modern workplace are being expected to do value-enhancing work *in collaboration with mere acquaintances*, that is, others with whom they have never shared a physical community. . .and sometimes with whom they've never shared a country, a culture, or even a continent! And yet, the nature of their work is of a type that requires, in the context of a sustained human relationship, a “meeting of the minds” that intends to accomplish something far more complex and grand than merely extracting or assembling, shipping or delivering.

Those who study the world of work are recognizing that positive, sustained human relationships, the bedrock of business effectiveness, are at risk as never before when they link diverse cultural groups and span global distances. If we want to be consistently successful across culture and distance in the 21st century, we'll need to pause and pay attention to the “how” of building business relationships.

## What Is Social Capital?

Several types of business “capital” have been described. Among these are. . .

- **financial capital:** The money, investments, property, and equipment of the firm.
- **human capital:** The people in the firm and their abilities, knowledge, skills, experience, etc.
- **customer capital:** The predisposition of customers to continue doing business with the firm.
- **organization capital:** The systems, structures, and processes of the firm's infrastructure.
- **reputation capital:** The image of the firm in the communities in which it does business.<sup>1</sup>

To these resources that make business possible, **social capital** is now being added for the reasons outlined on the previous page. The World Bank defines social capital as “the norms and

social relations embedded in social structures that enable people to coordinate action to achieve desired goals.” Robert Putnam, the Harvard political scientist, says that social capital “refers to features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit.”<sup>2</sup>

A moment’s reflection is all that’s required to recognize that social capital is as critical to the existence and success of a business as are the other five types of capital listed above. That’s *always* been the case. The reason it’s suddenly become noteworthy is that the world of work is being transformed around us.

## **An Approach to Building Global Business Relationships**

When it comes to building business relationships *across cultures and distance*, it is useful to be informed by three perspectives on business relationships.

**1. Social Capital:** The recent work on social capital hauls us up short and says, “Hey, this may seem ‘soft’ but, these days, it’s indispensable!”<sup>3</sup>

**2. Emotional Competence:** Most of us recognize that the name of Daniel Goleman has become synonymous with Emotional Intelligence, or “EI.” Actually, the EI perspective can be traced back to 1920 and the celebrated educator E.L. Thorndike of Columbia University, who wrote of “social intelligence” as “the ability to understand and manage men and women, boys and girls – to act wisely in human relations.”<sup>4</sup>

Interest was revived in 1983 by Howard Gardner; in his influential model of multiple intelligences, he included “intrapersonal and interpersonal intelligences.” The term Emotional Quotient, or “EQ,” was coined in 1988 by Reuven Bar-On in his doctoral dissertation; he now defines EI as “an array of emotional and social knowledge and abilities that influence one’s overall capacity to cope with environmental demands.”

Peter Salovey of Yale and John Mayer of the University of New Hampshire wrote a seminal article in 1990 that identified EI as “the ability to monitor one’s own and other’s feelings and emotions, to discriminate among them, and to use this information to guide one’s thinking and action.” It is significant for us that their model has a cognitive emphasis. They argue that a comprehensive EI model cannot only be about feelings and behaviors; it must also include some measure of *thinking about* feelings.

Daniel Goleman, a Harvard-trained psychologist, greatly popularized the concept with his 1995 book, *Emotional Intelligence* (Bantam). Perhaps it caught the fancy of business people because he approached EI as a theory of performance. His is a competency-based model comprising a

discrete set of abilities that integrate affective and cognitive skills, and that is distinct from the set of abilities measured by IQ tests.

Goleman's research and that of others demonstrates that EI is critical for leaders in business settings. Goleman concludes that, for the success of people in the upper levels of any organization, Emotional Intelligence is far more important than either technical skills (e.g., computer programming) or purely cognitive abilities (e.g., logical or mathematical reasoning).<sup>5</sup>

This subsection is entitled "*Emotional Competence*" because Goleman and others came to recognize that Emotional Intelligence is a potential largely or entirely given at birth. No one can upgrade your Emotional Intelligence.<sup>6</sup> But *Emotional Competence* is a *learned* job skill. For Goleman, Emotional Competence is "a learned capacity based on emotional intelligence that results in outstanding performance at work."

This is why I said earlier that "it is significant for us" that the model of Peter Salovey and John Mayer has a cognitive emphasis and addresses *thinking about* feelings. What we can do rather easily is think about feelings, i.e., think about learned skills or "competencies" useful in interacting with others who have feelings. The work of Goleman and others on Emotional Competence is applicable to our needs. . .to some extent.

But not totally. The challenge we face as 21st century business people is interacting with others "across culture and distance." When someone who's studied cultural differences for 40 years – me – reads the works of Goleman, Salovey & Mayer, Gardner, and the others, it soon becomes apparent that all of them, probably without realizing it, were addressing human encounters wholly within the context of U.S. culture. They didn't know of a parallel field of research, scholarship, and professional practice. . . .

**3. Intercultural Communication:** This field arose during the 1950s out of two themes, one broad and public, the other focused and professional. The public theme arose from the memory of WWII and the Holocaust; it took the form of concern about hate and violence between groups. Intellectually, this theme is best represented by Gordon Allport's widely praised book, *The Nature of Prejudice* (Doubleday, 1954). The professional theme was fascination with group-level differences in behavior and a related interest in the adaptation challenges faced by a person from one group who has sustained contact with another group. This was first addressed by anthropologist Edward T. Hall in *The Silent Language* (Doubleday, 1959), which described human differences in nonverbal behavior. This nascent research interest soon came face-to-face with a real-world challenge: the failures of the first Peace Corps Volunteers.

Social scientists soon revealed the root of the PCVs' problem: differences in values between human groups. For example, they found that values such as "progress," which motivated the Peace Corps, were not universally shared. Projecting their own culture's values, Americans had

imagined that poor villagers would intuitively grasp the worth of, say, a more efficient irrigation system. Some villagers, however, had no expectation that life could or should improve. Their polite non-cooperation defeated many volunteers.

Since this beginning more than 40 years ago, intercultural communication researchers, theoreticians, academics, and professionals have variously devoted their energies to. . .

- carrying out social scientific research to reveal the assumptions, values, and habitual patterns of thought and emotion that characterize various human groups (“cultures”);
- showing how these factors influence behaviors in the daily life and work of group members;
- creating conceptual frameworks for describing, and for comparing and contrasting, these factors and behaviors. . .and doing this in terms readily understandable by laypeople;
- understanding the process of adaptation that occurs (or fails to occur) when a person crosses some type of boundary to take up daily life among culturally different others; and
- developing methods – training, coaching, consulting, etc. – to help others learn and apply skills that lead quickly to successful adaptation and thereby to professional success and personal fulfillment in an unfamiliar culture or among others from an unfamiliar culture.

## The Key to Building Global Business Relationships

The key to building successful relationships may be found at the intersection of three disciplines – Social Capital, Emotional Competence, and Intercultural Communication. The contribution of Social Capital is to remind us forcefully of the importance of maintaining positive relationships with those with whom, *regardless of their distance from us*, we need to work in order to get things done. Insights into how to do that come from the work of Goleman and his forebears on Emotional Competence. But because many critical business relationships now span great distances, the collective blind spot – culture – of the Emotional Competence theorists must be compensated for. The missing piece is provided by the equally valuable work of the Intercultural Communication researchers.

The way I propose to address this is to not discard Goleman’s framework, as it is admirable in numerous ways. Instead, my objective is to enhance and expand on it.

As illustrated by the blue and green notes in the following table, I believe that significant practical progress can be made if we **(a) revisit** four of Goleman’s framework elements, and **(b) add** four new elements to his framework.

## A Framework for Emotional Competencies

Expanded from Figure 3.1 in Cherniss & Goleman, eds., *The Emotionally Intelligent Workplace*, Jossey-Bass, 2001.

	<b>Personal Competencies</b> (intrapersonal)	<b>Social Competencies</b> (interpersonal)
<b>Recognition</b>	<b>Self-Awareness</b> <ul style="list-style-type: none"> <li>- Emotional self-awareness</li> <li>- Accurate self-assessment</li> <li>- Self-confidence [revisit]</li> <li>- <i>Own culture awareness</i> [add]</li> </ul>	<b>Social Awareness</b> <ul style="list-style-type: none"> <li>- Empathy [revisit]</li> <li>- Service orientation</li> <li>- Organizational awareness</li> <li>- <i>Other culture awareness</i> [add]</li> </ul>
<b>Regulation</b>	<b>Self-Management</b> <ul style="list-style-type: none"> <li>- Emotional self-control</li> <li>- Trustworthiness</li> <li>- Conscientiousness</li> <li>- Adaptability [revisit]</li> <li>- Achievement drive</li> <li>- Initiative</li> <li>- <i>Nonjudgmentalness</i> [add]</li> </ul>	<b>Social Skills</b> <ul style="list-style-type: none"> <li>- Developing others</li> <li>- Influence</li> <li>- Communication [revisit]</li> <li>- Conflict management</li> <li>- Visionary leadership</li> <li>- Catalyzing change</li> <li>- Building bonds</li> <li>- Teamwork and collaboration</li> <li>- <i>Respect</i> [add]</li> </ul>

<sup>1</sup> Robert Rosen et al., *Global Literacies: Lessons on Business Leadership in National Cultures*. Simon & Schuster, 2000, p. 340.

<sup>2</sup> Don Cohen & Laurence Prusak, *In Good Company: How Social Capital Makes Organizations Work*. Harvard Business School Press, 2001, p. 3. Putnam's quote is footnoted as follows: Robert Putnam, "Bowling Alone: America's Declining Social Capital," *Journal of Democracy*, Vol. 6, No. 1 (1995), 65-78.

<sup>3</sup> See also Eric L. Lesser, ed., *Knowledge and Social Capital: Foundations and Applications*, Butterworth Heinemann, 2000 (322 pages), featuring articles by 20 authors and co-authors.

<sup>4</sup> This short history is based on Daniel Goleman, "Emotional Intelligence: Issues in Paradigm Building," in Cary Cherniss & Daniel Goleman, eds., *The Emotionally Intelligent Workplace*, Jossey-Bass, 2001, 13-26.

<sup>5</sup> Goleman further notes that EI is not a strong predictor of success in the general population, whereas IQ is. There is no specific EI hurdle that one must clear to enter a profession. But once people are in a given job, role, or profession, EI emerges as a powerful predictor of who succeeds and who does not. In other words, EI is a predictor of outstanding performance and leadership.

<sup>6</sup> This conclusion about the inborn nature of Emotional Intelligence, stated confidently in 2001, is now in doubt. The last 15 years of intercultural, sociocultural, and neurological research is increasingly bringing into question the extent to which cognitive styles are inborn, or are a reflection of the individual's culture.