

Attitudes of Bank Managers towards the Effect of Cultural Intelligence on Organizational Climate and the Process of Strategy Activation: With Special Reference to Commercial Banks in Erbil, Kurdistan Region

Hussein Ahmad Mustafa

The College of Administration and Economics, Salahaddin University- Erbil

Kirkuk Road, Erbil, Kurdistan Region, Zipcode: 44002, Iraq

E-mail: hussein.mustafa@su.edu.krd

Kosret Muhemed Ebabekir

The College of Administration and Economics, Salahaddin University- Erbil

Kirkuk Road, Erbil; Kurdistan Region, Zipcode: 44002, Iraq

E-mail: kosret.ebabekir@su.edu.krd

Gibraeel Ahmed Ismael

The College of Administration and Economics, Salahaddin University- Erbil

Kirkuk Road, Erbil; Kurdistan Region, Zipcode: 44002, Iraq

E-mail: gibraeel.ismael@su.edu.krd

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Abstract

The purpose of this research is to examine the attitudes of bank managers towards the effect of cultural intelligence on organizational climate and the process of strategy activation. A survey instrument comprising six constructs (cultural intelligence capabilities: metacognitive, cognitive, motivational, behavioral capabilities, organizational climate, and strategy activation) was designed and administered to managers within 18 commercial banks in Erbil, the capital city of Iraqi Kurdistan Region. The empirical data were analyzed by using

(PLS-SEM) path modeling to hypotheses testing. The research findings confirmed a positive and significant correlation between cultural intelligence key elements (metacognitive, cognitive, motivational, and behavioral capabilities), and organizational climate. The findings indicated that cultural intelligence contributes to improving the organizational climate within commercial banks. The improved organizational climate within commercial banks, contributes to improving the process of strategy activation. This research contributes to improves the literature by representing that cultural intelligence stands as the base for improving organizational climate; thus, the improved organizational climate (as a result of cultural intelligence) contributes to improving the process of strategy activation.

Keywords: Cultural intelligence, Organizational climate, and Strategy activation process

1. Introduction

Nowadays, businesses, in particular, commercial banks' needs individuals to know about diverse cultures and can work with people of diverse cultural backgrounds and establish effective communication. Cultural intelligence supports an appropriate organizational climate and with precise and quick considerate of different cultural elements. Cultural intelligence is necessary for individuals and organizations since the world is modern and different; organizations understand the rate of bridging cultures for both organizational and personal success. Cultural intelligence CQ examines received the attention of many researchers because of the relational effects, which are characterized directly in the process of strategy activation (Hussein, 2012). However, this depending on awareness level by managers, particularly as they are concerned with searching for the causes of failure or organizational success. Cultural intelligence, in any organization, offers the toolset to manage a diverse staff from various cultural backgrounds, mainly within an organizational context (Ruth & Netzer, 2019). The organizational climate's construct also received significant attention from the researchers over the last three decades (Dawson et al., 2008). The organizational climate has conceptualized at both levels of analysis, individual and organizational. So, organizational climate occurred when emotional climate perceptions were shared between work unit employees. Mudafar (2017), examined the cultural intelligence and organizational climate, as a result, found a significant positive correlation between the level of the cultural intelligence of public schools and organizational climate. The primary purpose of this research was to examine the attitudes of bank managers towards the effect of cultural intelligence on the organizational climate and the process of strategy activation. The researchers also analyzed how well and significance the cultural intelligence and the organizational climate in commercial banks in Erbil, Kurdistan Region, to develop the process of strategy activation. The remainder of the research is structured as follows. In Section 2, we addressed the literature review, research model, and hypotheses development, and in Section 3, we presented the research methodology. While Section 4, contains analysis results. Section 5, covers discussions on empirical findings; finally, Section 6, includes conclusion, recommendations, and suggestions for future research.

2. Literature Review

2.1 Cultural Intelligence

Cultural intelligence plays a significant role as the talents and capabilities, thus, defined as a person's or employee's capabilities to adequately familiarize themselves with new cultural settings associated with the values and beliefs of a particular community or culture. It is a form of intelligence that pays to culturally adaptive behaviors (Earley & Ang, 2003; Dangmei, 2016). Cultural Intelligence is recently mentioned as a measurable area for individual teams in which people can be ranked according to the amount of this attribute they possess (Earley, 2002, p. 24). In the same regard, Alon & Higgins (2005) proposed that cultural intelligence is vastly significant for expatriates employed on intercontinental projects within modern organizations. Cultural intelligence is conceptualized within four essential elements, which are effective intercultural interaction as metacognitive, cognitive, motivational, and

behavioral. Metacognitive represents the mental processes that individuals utilize to attain and understand cultural knowledge, including consciousness and control of the individual thinking process related to culture (Brislin et al., 2006). Some relevant literature indicates the metacognitive as a strategic ability usually distinguished by the individuals involved in planning, highlighting the importance of the CQ through the fact that the success of the planning process requires specific elements, including defining the precise meanings of the concepts and the need to unify them, that controlling cultural interactions would unite efforts through a shared understanding (Ang & Inkpen, 2008). Managers especially understand the importance of CQ and its applications for providing them with the ability to address individuals to accomplish a task, and to know their perceptions of how to match change and the future of the tasks they perform. Cognitive related to the leader's understanding of customs, norms, and values across cultures. Individual knowledge and cognitive structures are significant in cognitive assessment (Ang & Dyne, 2008). Cognitive relates to the cultural aspect of learning how the components of culture, including values, beliefs, and customs, affect public behavior, and direct it in a specific direction. The importance of this concept is particularly evident in teamwork when there is a spectrum of diverse cultures and the impact of this on the capabilities of conscious implementation of the strategy the overall organization (Hussein, 2012).

The cultural learning process takes two main tracks, the first is concerned with the nature of the effects on work relationships, whether with senior or middle management or with peers, and the second track relates to the extent of the values, beliefs, and customs that individuals carry and the extent to which change can occur (Ferraro, 2008). Motivational capabilities associated with an individual's desire to gain social awareness when communicating and maintaining relationships with other people from different cultures. It is related to pleasure in the knowledge challenges of different cultures and the ability to adapt one's behavior to different working conditions in a multicultural context (Baker & Delpechitre, 2016, p. 81). This term includes the causes leading to interaction with and adoption of different cultures, the mental openness, and the vision that this requires cultural differences as a field of learning and not a reason for obstruction. One of the pillars of motivation in the field of culture is the confidence that managers hold and which qualifies them to face multiple challenges, including cultural differences (Livermore, 2008). Behavioral CQ is a type of skill that deals with a person's ability to adopt appropriate procedures for non-verbal and verbal culture (Solomon & Steyn, 2017). The behavioral ability as a critical element of cultural intelligence comprises a series of logical behavioral responses used in different circumstances and are easily modified and improved to suit specific interactions (Ismael et al., 2012). Behavioral abilities are the individual's possibility of verbal expression, apparent behavior, verbal flexibility to interact with others, the ability to maintain contact with people, and those with whom it interacts socially (Early & Mosakowski, 2004). It is believed that behavioral CQ represents an essential function in the various social situations in which it is possible to embody the ability to understand, persuade, and serious dialogue. Communication systems, in general, depend on the quality of the associated and expressed behavior so that the best response to different stimuli is provided.

2.2 Organizational Climate

The organizational climate refers to common employees' perceptions and the sense they attach to the policies, practices, and actions they encounter in their workplaces, besides to behaviors that they notice are rewarded, maintained, and expected (Schneider et al., 2013). As indicated by Allen (2003), the organizational climate has evolved with attention to psychological analysis at the individual level of employees, considering that the climate is a meaningful building that leaves essential implications for understanding human behavior in their workplaces in organizations. The concept of organizational climate differs from organizational culture as the organizational culture is a system of beliefs, values, perceptions, and feelings that constitute the tasks and duties of individuals in the organization and govern the behavior of its members (Stringer, 2002). The organizational climate as a set of measurable characteristics of a work environment that is based on group perceptions of environmental workers and validated to see the level of influence on the motivations, behavior, and performance of human resources (Goraya & Laghari, 2015). Through reviewing the literature on the organizational climate, it appeared that three dimensions had formed the highest level of agreement between researchers, namely (organizational structure, communications, and participation in decision-making). These dimensions were relied on in the current research.

The structure is a procedure in which individuals are distributed in various ways between administrative functions and defines a system of authority, accountability, and relationships between organizational units that determines the form and nature of the work necessary for the organization (Schneider et al., 2013). Communication is the core of the administrative process and its primary means of achieving the goals of the organization. It is a process by which information and ideas are continuously communicated between individuals at all organizational levels, such as managers and employees, that is, a network that connects all members of the organization in the organizational structure with the intent to change events (Hussein, 2012). Participation in decision-making means the extent to which individuals are involved in decisions that are taken within the organization, and it is one of the critical factors that lead to raising the morale of employees, improving work methods, reducing conflict, and deepening their affiliation with the organization (Ishaq, 2012).

2.3 Strategy Activation Process

As investigated by many researchers like (Gollan, 2001; Keyton, 2005; Christopher & Ghoshal, 2012; and Hussein, 2012), strategy activation is designed from management style, the system of communication, culture, appropriate structure, and resources allocation. The management style refers to the method or vision by which the organizations' goals and strategies are achieved. Management in general and top management, in particular, exercise multiple roles, including the role of guidance and advice monitoring), and the formulation of a comprehensive strategy, what this role represents the importance of determining the course of the various administrative, organizational processes, and the associated determination of work policies (Christopher & Ghoshal, 2012). Communications represent the process of transferring decisions and directives from the top management level to the rest of the

organizational levels through their multiplicity, at the same time reversing the responses of the various departments to those decisions and directives that provide the senior management the opportunity to examine the approved strategy and the possibility of modification or change in line with the requirements set goals (Hussein, 2012). Culture consists of beliefs, values, customs, traditions, organization legacy, its symbols, and the common language among the members of the organization and what this represents the identity of the organization.

The unified strategies, and therefore the behavior of employees, is directed rationally and in line with senior management vision and the organization's mission (Keyton, 2005). The structure as the pillars represented in normative, official, and complexity occupy the distinguished position in any organization is its backbone. Through being an organic structure or mechanical structure, the degree of flexibility is determined by many organizational aspects that stand at the forefront of implementing the intended strategy. Whenever the strategy follows the structure, the elements of failure will be available in many circumstances, but if the structure is flexible and follows the strategy, opportunities for expansion and match the requirements of the external environment and rapid fluctuations in it will be available, allowing the organization opportunities to excel in competition and enhance the market share, which is a guarantee of success and growth (Gollan, 2001). The various organizations struggle to ensure access to the various resources, human, financial, and material, as they represent the core of operations, and without their availability, the organizations will face a lack of various opportunities that may not be repeated. Therefore, the organizations' departments give the topic of supply great importance, especially when it comes to the matter is critical or scarce resources. The fundamental issue of resources is not only obtaining them, but also allocating them in an appropriate manner (Hussein, 2012).

2.4 Research Model and Hypotheses Development

The research purpose was to build a model that examines the attitudes of bank managers towards the effect of cultural intelligence and the organizational climate in the process of strategy activation. Figure 1, below reveals the research model. The model comprises six constructs. These variables, or constructs, are cultural intelligence CQ as identified by four key capabilities, namely, metacognitive MET, cognitive COG, motivational MOT, and behavioral capabilities BEH (Earley & Ang, 2003). Organizational climate OC as measured through organizational structure, communications, and participation in decision-making (Hussein, 2012; Mudafar, 2017), and the process of strategy activation SA, as examined by many researchers such as (Gollan, 2001; Keyton, 2005; Christopher & Ghoshal, 2012; and Hussein, 2012), strategy activation is designed from as management style, the system of communication, culture, appropriate structure, and resources allocation.

Hussein (2012), in this research, examined cultural intelligence and strategy activation. The results of the research found that cultural intelligence has a significant effect on strategic activation, according to the research samples. Dangmei (2016), in this research, investigated cultural intelligence, as bridging the cultural differences in the emerging markets. The researcher, argued that when cultural diversity is appropriately handled by including cultural

intelligence in the organizations, it will be a competitive advantage. Organizations operating in the cross-border business now need to include cultural intelligence to overcome the challenges of cultural differences in the emerging markets. Mudafar (2017), investigated the cultural intelligence and organizational climate in Jordan. The research found that all dimensions of cultural intelligence (metacognitive capabilities, cognitive capabilities, motivational capabilities, and behavioral capabilities) have a significant positive relationship with organizational climate. Accordingly, the following hypotheses were developed.

H1: Cultural intelligence (metacognitive capabilities) positively and significantly contributes to improves the organizational climate.

H2: Cultural intelligence (cognitive capabilities) positively and significantly contributes to improves the organizational climate.

H3: Cultural intelligence (motivational capabilities) positively and significantly contributes to improves the organizational climate.

H4: Cultural intelligence (behavioral capabilities) positively and significantly contributes to improves the organizational climate.

H5: The improved organizational climate (as a result of cultural intelligence) positively and significantly contributes to the successful application of the strategy activation process.

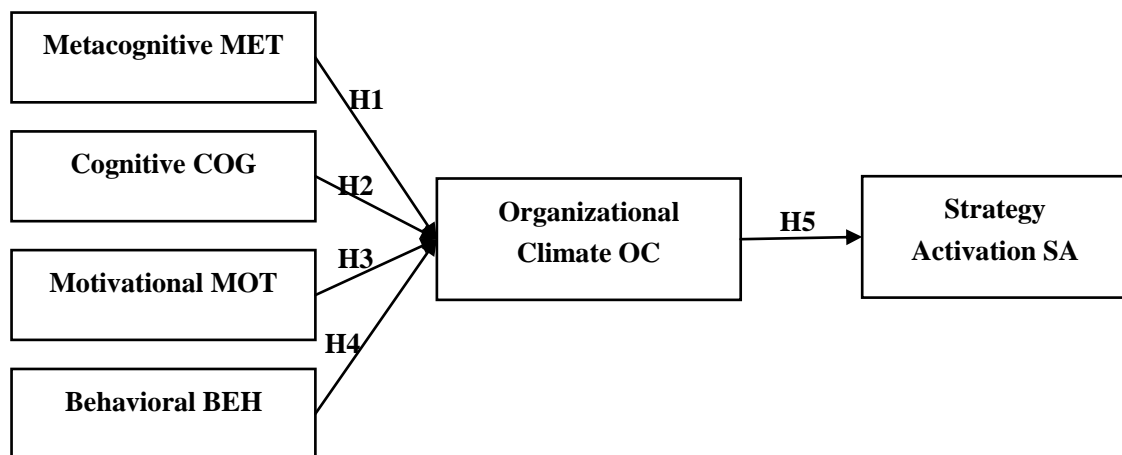


Figure 1. The research model

3. Research Methodology

3.1 Survey Instrument

This research is designed to examine the attitudes of bank managers towards the effect of cultural intelligence on the organizational climate and the process of strategy activation; for collecting empirical data or responses from bank managers as survey samples, a survey instrument is employed. However, for the quantitative research method, the survey is a suitable method for checking the relational effect between the observed variables, and

surveys are frequently used in the social sciences. At the same time, it is an appropriate technique as it supports the research model—the survey questionnaire for this research adapted from published literature. The survey also used the following measuring scale: 7= Completely Agree, 6=Mostly Agree, 5=Somewhat Agree, 4=Neither Agree nor Disagree, 3=Somewhat Disagree, 2=Mostly Disagree, and 1=Completely Disagree, to measure the variables of the research.

3.2 Subjects and Procedure

The researchers administered a survey instrument among managers within 18 commercial banks, those effectively operating in Erbil, the capital city of the Kurdistan Region. Subsequently, one hundred thirty-eight completed forms were obtained for analysis. The results of demographic variables based on 138 survey samples from 18 commercial banks were examined by using a partial least squares structural equation modeling (PLS-SEM); that is a standard investigation method for examining research models, particularly those that have latent variables in their model constructs. Further understanding of the respondents' profile is shown in Table 1 below.

Table 1. Respondents' profile

Profile	Description	Frequency	Percent %	Total
Gender	Male	76	55.07	138
	Female	62	44.93	
Age	Less than 30 years	27	19.56	138
	31-40 years	24	17.40	
	41-50 years	49	35.51	
	51-60	33	23.91	
	61 and above	5	3.62	
Educational Level	Ph.D.	3	2.17	138
	Master degree	13	9.42	
	Higher Diploma	23	16.67	
	Bachelor's degree	99	71.74	
Job Position	General Manager Branch	17	12.32	138
	Manager	18	13.04	
	Department Manager	103	74.64	
Overall Experience in Banking	5-10 years	24	17.39	138
	11-15 years	45	32.61	
	16-20 years	49	35.51	
	21 and More	20	14.49	

The result showed that commercial banks operating in Erbil principally characterized by a higher number of male managers (55.07%, n=76) than female managers (44.93%, n=62). Regarding the respondent's age, (35.51%, n=49) aged from 41 to 50 years, while (23.91%,

n=33) aged from 21 to 30 years; however (19.56%, n=27) participators aged between less than 30 years; also (17.40%, n=24) aged 31-40 years, further (3.62%, n=5) of the total survey sample aged start from 61 and older. As shown in Table 1, the distribution of the respondents according to their educational level, that of the total respondents: (71.74%, n=99) was bachelor degrees holders; (16.67%, n=23) higher diploma; as well as (9.42%, n=13) gained master degrees; lastly, three managers hold Ph.D. The bank managers who participated in the survey were mainly department managers and reached to (74.64%, n=103), followed by branch manager (13.04%, n=18), finally general managers (12.32%, n=17). Regarding the commercial bank managers' overall job experience, it obtained that of the total respondents, (35.51%, n=49) experienced between 16-20 years and followed by (32.61%, n=45) who experienced 11-20 years, whereas (17.39%, n=24) experienced between 5-10 years. Lastly, (14.49%, n=20) of the total survey sample experienced 21 and more, (see Table 1).

3.3 Data Analysis

In order to analyze the empirical data and research hypotheses testing, we applied smart-PLS version 3, path modeling, and a variance-based SEM. The PLS path modeling displays three vital analyses before hypotheses testing. These are convergent validity and reliability, testing discriminant validity, and analyzing the structural model. For establishing convergent validity as the amount of which a measure correlations between variables positively with an alternate measure of the same construct, the indicators loading values for each of the latent variables should be significant and greater than 0.70; whereas the average variance extracted (AVE) should be higher than 0.50, and the composite reliability (CR) for each of latent variables should be higher than 0.80, (Ringle et al., 2005; Hair et al., 2010). However, to confirm the discriminant validity, the square root of the average variance extracted of a latent variable should be higher than its correlations with all other latent variables LVs (Sarstedt et al., 2017). After the convergence validity and discriminant validity are confirmed or established, we examined the structural model to estimate the R^2 values of the organizational climate, and strategy activation, as the dependent variables. Through the R^2 values, we determine organizational climate, and strategy activation due to cultural intelligence, and it is dimensions. Lastly, the hypotheses tested for acceptance or rejection. According to Hair et al. (2010), the effect of the independent variable on the dependent variables determined by the standardized path coefficients. However, the t-value, and p-value determines the acceptance or rejection of the research hypotheses.

4. Results

4.1 Establishing Reliability and Validity

In this research, the measurement model evaluated by testing convergence validity, reliability, and discernment validity; therefore, we checked the outcomes of all latent variables by the indicators' loadings values, the AVE, and the CR. However, establishing construct validity for this research was essential since the meaning of the construct may vary through empirical data, and respondents might perceive different meanings (Drost, 2011). Thus, the researchers put attention to the data obtaining phase. For content validation, a pilot test of 40 samples replies to the survey was conducted before the primary data collection to measure reliability

and validity. In this process, we eliminated some items and improved the convergent and discriminant validities and the Cronbach's α values. For each indicator loadings of the latent variables, the values ranged from 0.726 to 0.956, which is higher than 0.70. While the values of average variance extracted AVE for all six constructs ranged from 0.609 to 0.833, that shows convergent validity as the values higher than 0.50. The CR index for all variables is ranged from 0.842 to 0.946, that greater than 0.80. Thus, the outcomes positively conformed the convergence validity of the research model. To establish survey reliability, we look at the values of Cronbach's α . Where, the researchers apply a reliability test to find the constancy of the survey instrument. The results of Cronbach's α , for all latent variables in the research, is ranged from 0.821 to 0.923, which all values higher than 0.6, and this indicates that the survey could be considered as highly reliable, (see Table 2).

Table 2. Measurement model

Constructs	Items	Loadings	AVE	Composite reliability	Cronbach's α
Metacognitive (MET)	MET1	0.931	0.680	0.921	0.836
	MET2	0.819			
	MET3	0.786			
	MET4	0.870			
	MET5	0.805			
Cognitive (COG)	COG1	0.937	0.691	0.896	0.851
	COG2	0.854			
	COG3	0.792			
Motivational (MOT)	MOT1	0.794	0.727	0.910	0.880
	MOT2	0.916			
	MOT3	0.907			
	MOT4	0.854			
Behavioral (BEH)	BEH1	0.792	0.809	0.946	0.923
	BEH2	0.956			
	BEH3	0.831			
	BEH4	0.906			
Organizational Structure (OS)	OS1	0.805	0.803	0.911	0.879
	OS2	0.885			
	OS3	0.900			
	OS4	0.859			
	OS5	0.820			
Communications (COM)	COG1	0.827	0.609	0.842	0.821
	COG2	0.851			
	COG3	0.906			
	COM4	0.875			
Participate in	PMD1	0.785			

Making Decisions (PMD)	PMD2	0.903	0.710	0.901	0.877
	PMD3	0.841			
	PMD4	0.883			
	PMD5	0.806			
Ten Indicators of Strategy Activation (SA)	SA1	0.751	0.833	0.931	0.899
	SA2	0.726			
	SA3	0.815			
	SA4	0.785			
	SA5	0.911			
	SA6	0.809			
	SA7	0.790			
	SA8	0.877			
	SA9	0.752			
	SA10	0.896			

4.2 Establishing Discriminant Validity

The discriminant validity of a model constructed measured by assessing the square root of the AVE scores with LVs correlations. In order to measure discriminant validity, the values of the square root of average variance extracted (AVE) should be higher than all inter-factor correlations, as suggested by (Ringle et al., 2005; Hair et al., 2010; and Shaffer et al., 2016). The results confirmed the discriminant validity that AVE root square values are higher than correlations with any other LV of the construct. Thus, we may approve that the research model highly reliable, (see Table 3).

Table 3. Correlations between LVs and Square Roots of AVEs

	LV_1	LV_2	LV_3	LV_4	LV_5	LV_6
MET	0.890					
COG	0.733	0.919				
MOT	0.849	0.858	0.893			
BEH	0.866	0.896	0.817	0.920		
OC	0.787	0.689	0.738	0.819	0.898	
SA	0.750	0.765	0.645	0.737	0.758	0.903

Note. MET= metacognitive, COG= cognitive, MOT= motivational, BEH= behavioral capabilities, OC= organizational climate, and SA= strategy activation. The values in bold indicate the square roots of AVEs.

4.3 Structural Model Assessment and Hypotheses Testing

The statistical exams of the conceptual research model in terms of convergence and discriminant validities, and reliability of the survey instrument established a good fit of the empirical data to the research model, which is a positive indication that the model was ready for hypotheses testing. Consequently, we measured the structural model by assessed the R^2

values for organizational climate (OC), and strategy activation (SA) was 0.49, and 0.30, respectively. Thus, the model's R^2 values have established a significant clarification of the data, and positively confirmed the predictiveness of the research model. The results of the structural model presented that there is a causal relationship between the research variables. The standardized path regression coefficients indicated the effects of the cultural intelligence CQ (metacognitive, cognitive, motivational, and behavioral capabilities) on the organizational climate, and the effect of the organizational climate on strategy activation.

Table 3, demonstrated the path coefficients outcomes, the t-value, and p-value for determining the acceptance or rejection of the study's hypotheses. *H1* stated, "cultural intelligence (metacognitive capabilities) positively and significantly contributes to improves the organizational climate" was accepted ($\beta= 0.60, t=9.30, p= <0.001$). *H2* stated, "cultural intelligence (cognitive capabilities) positively and significantly contributes to improves the organizational climate" was accepted ($\beta= 0.64, t=11.17, p= <0.001$). *H3* stated, "cultural intelligence (motivational capabilities) positively and significantly contributes to improves the organizational climate" was accepted ($\beta= 0.45, t=5.97, p= <0.001$). *H4* stated, "cultural intelligence (behavioral capabilities) positively and significantly contributes to improves the organizational climate" was accepted ($\beta= 0.38, t=5.09, p= <0.001$). *H5* that stated, "the improved organizational climate (as a result of cultural intelligence) positively and significantly contributes to the successful application of the strategy activation process" was accepted ($\beta= 0.34, t=4.86, p= <0.001$).

Table 4. Path Coefficients and t-values

Hypotheses	Path Analysis			Path Coefficient (β)	t-value	p-value	Result
<i>H1</i>	MET	--->	OC	$\beta = 0.60$	9.30	< 0.001	Supported
<i>H2</i>	COG	--->	OC	$\beta = 0.64$	11.17	< 0.001	Supported
<i>H3</i>	MOT	--->	OC	$\beta = 0.45$	5.97	< 0.001	Supported
<i>H4</i>	BEH	--->	OC	$\beta = 0.38$	5.09	< 0.001	Supported
<i>H5</i>	OC	--->	SA	$\beta = 0.34$	4.86	< 0.001	Supported

Note. MET= metacognitive, COG= cognitive, MOT= motivational, BEH= behavioral capabilities, OC= organizational climate, and SA= strategy activation. The values in bold indicate the square roots of AVEs.

5. Discussions of Empirical Findings

In this research, we examined the attitudes of bank managers towards the effect of cultural intelligence on organizational climate and the process of strategy activation. The research model comprised six constructs or LVs. The constructs were cultural intelligence CQ capabilities (metacognitive, cognitive, motivational, and behavioral capabilities), organizational climate, and strategy activation. Through path analysis, the research attempted to test five hypotheses. H1-H4 comprised four cultural intelligence CQ constructs and the organizational climate constructs, stating that cultural intelligence capabilities, i.e., metacognitive, cognitive, motivational, and behavioral capabilities (each separately)

positively and significantly contribute to the improvement of organizational climate within organizations. H5 stated that the improved organizational climate positively and significantly contributes to the successful application of the strategy activation process.

The five research hypotheses tested using the PLS path modeling technique. These findings confirm that cultural intelligence capabilities can improve the organizational climate within business organizations, including commercial banks, by understanding the significance of cultures in financial institutions and cultural interactions. Thus, considering multicultural fit when interacting with clients, as confirmed by (Brislin et al., 2006; Ang & Inkpen, 2008). However, taken into consideration, cultural differences when designing the structure, contribute to improving the organizational climate. Since, cultural intelligence is an individual's capability to familiarize themselves adequately with new cultural frameworks bound to the values and beliefs of a given society or culture (Earley & Ang, 2003). It is vital to measure employees' opinions on how to distribute organizational resources, and carefully follow-up to the nature of the roles when interacting culturally. Cognitive capabilities can also improve the organizational climate by understanding cultural knowledge when interacting with others from different cultural ethics.

Thus, the management should know the nature of systems that affect other cultures. However, managers should make sure that cultural knowledge is accurate when interacting with people from different cultures, previously confirmed by (Khrokakiwala, 2009). In order to utilize motivational capabilities, the management should adopt incentives as a system of cultural convenience among employees, and motivate cultural diversity. It is essential to maintaining behavioral CQ by following the behavioral changes of employees; hence effective communication between managers and employees plays a significant role in improving organizational climate, which supports the process of strategy activation. Such follows opinions that the behavioral ability as a critical element of cultural intelligence comprises a series of logical behavioral responses that are used in different circumstances and are easily modified and improved to suit specific interactions (Ismael et al., 2012). It is believed that behavioral CQ represents an essential function in the various social situations in which it is possible to embody the ability to understand, influence, and serious dialogue. Communication systems, in general, depend on the quality of the associated and expressed behavior so that the best response to different stimuli is provided. The findings on the effect of organizational climate in the process of strategy activation confirm previous studies that strategy activation is designed from as management style, the system of communication, culture, appropriate structure, and resource allocation (Gollan, 2001; Keyton, 2005; Christopher & Ghoshal, 2012; and Hussein, 2012). Organizational climate is vital to the process of strategy activation as it is the condition to common employees' perceptions and the sense they attach to the policies, practices, and actions they encounter in their workplaces, besides to behaviors that they notice are rewarded, maintained, and expected (Schneider et al., 2013). So, to improve strategy activation, the organizational structure must be flexible, that is, adjustable to face changes and allows a high level of cooperation. Further, the job description should clearly define authorities and responsibilities. Besides, the authority positions between the managers and employees should be precise.

6. Conclusion, Recommendations, and Suggestions for Future Research

This research built a research model to examine attitudes of bank managers towards the effect of cultural intelligence on organizational climate and the process of strategy activation. The findings confirmed a positive and significant linear correlation between cultural intelligence key elements (metacognitive, cognitive, motivational, and behavioral capabilities), and organizational climate. The findings indicated that cultural intelligence contributes to improving the organizational climate within commercial banks. The improved organizational climate within commercial banks, thus, contributes to improving the process of strategy activation. Thus, using modern methods for communication to transmit information vitally. As the primary communication system positively affects employees' job performance, and helps to accomplished quick communication between managers and employees. Though, communications represent the process of transferring decisions and directives from the top management level to the rest of the organizational levels through their multiplicity, at the same time reversing the responses of the various departments to those decisions and directives that provide the senior management the opportunity to examine the approved strategy and the possibility of modification or change in line with the requirements set goals. However, commercial banks and business organizations should involve employees in making decisions related to daily tasks, and allow employees to make daily decisions and take responsibility. Since, participation in decisions making positively affect the process of strategy activation—As well as holding open meetings with employees, allowing them to dialogue without restrictions. As mentioned, the samples for this research were obtained from the commercial banks only, and a larger sample may have produced better susceptibility to the generalization of the outcomes. Therefore, future studies should focus on a larger population sample, or other industries.

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Glossary

PLS: partial least squares.

SEM: structural equation modeling.

CQ: cultural intelligence.

LV: latent variable.

Appendix

Appendix 1. Survey Question

This survey is part of the research, which aimed to examine **Attitudes of Bank Managers Towards the Effect of Cultural Intelligence and the Organizational Climate in the Process of Strategy Activation- with Special Reference to Commercial Banks in Erbil**. We kindly ask you to participate in the survey by selecting the appropriate answer to it is questions. We would also like to inform you that the results will be used for scientific research purposes only.

Thanks in advance

In each part, please read the statement indicate your answer to the statement using the scale below:

7= Completely Agree, 6=Mostly Agree, 5=Somewhat Agree, 4=Neither Agree nor Disagree, 3=Somewhat Disagree, 2=Mostly Disagree, and 1=Completely Disagree.

Part 1: Cultural Intelligence CQ

<i>Metacognitive MET</i>							
<i>MET1</i>	The managers understand the significance of cultures in financial institutions and the cultural interactions nature.	7	6	5	4	3	2 1
<i>MET2</i>	The multicultural fit is considered when interacting with clients.	7	6	5	4	3	2 1
<i>MET3</i>	Cultural differences are taken into consideration when designing the structure.	7	6	5	4	3	2 1
<i>MET4</i>	The employees' opinions were measured on how to distribute organizational resources.	7	6	5	4	3	2 1
<i>MET5</i>	There is a careful follow-up to the nature of the roles when interacting culturally.	7	6	5	4	3	2 1
<i>Cognitive COG</i>							
<i>COG1</i>	Managers understand cultural knowledge when interacting with others from different cultural ethics.	7	6	5	4	3	2 1
<i>COG2</i>	The management knows the nature of systems that affect other cultures.	7	6	5	4	3	2 1
<i>COG3</i>	Managers make sure that cultural knowledge is accurate when interacting with people from different cultures.	7	6	5	4	3	2 1
<i>Motivational MOT</i>							
<i>MOT1</i>	The management adopts incentives as a system of cultural convenience among employees.	7	6	5	4	3	2 1
<i>MOT2</i>	The cultural diversity in the bank is Motivated.	7	6	5	4	3	2 1
<i>MOT3</i>	Centralization is not the best solution for cultural control in organizations, including commercial banks	7	6	5	4	3	2 1
<i>MOT4</i>	Managers and employees are interested in how resources are distributed.	7	6	5	4	3	2 1
<i>Behavioral BEH</i>							
<i>BEH1</i>	The management follows the behavioral changes of employees.	7	6	5	4	3	2 1
<i>BEH2</i>	There is effective communication between managers and employees.	7	6	5	4	3	2 1
<i>BEH3</i>	The employees' values and habits are studied.	7	6	5	4	3	2 1
<i>BEH4</i>	Rationality in the resource's distribution prevails.	7	6	5	4	3	2 1

Part 2: Organizational Climate OC

Organizational Structure OS								
OS1	The authority positions between the managers and employees are precise.	7	6	5	4	3	2	1
OS2	The job description clearly defined authorities and responsibilities.	7	6	5	4	3	2	1
OS3	The organizational structure is flexible enough, that is, adjustable to face changes.	7	6	5	4	3	2	1
OS4	There is a high level of cooperation between the levels of the organizational structure.	7	6	5	4	3	2	1
OS5	The specializations of managers are appropriate for the tasks and duties of their jobs.	7	6	5	4	3	2	1
Communications COM								
COG1	The modern methods are used for communication to transmit information.	7	6	5	4	3	2	1
COG2	The prevailing communication system positively affects employees' job performance.	7	6	5	4	3	2	1
COG3	Communications are moving in all directions (up-down).	7	6	5	4	3	2	1
COM4	Communication between managers and employees is accomplished very quickly.	7	6	5	4	3	2	1
Participate in Making Decisions								
PMD1	The management is keen on involving employees in making decisions related to daily tasks.	7	6	5	4	3	2	1
PMD2	Employees allowed to make important decisions and take responsibility	7	6	5	4	3	2	1
PMD3	The problems facing work tasks and activities are solved collectively.	7	6	5	4	3	2	1
PMD4	Managers hold open meetings with employees, allowing them to dialogue without restrictions.	7	6	5	4	3	2	1
PMD5	Participation is made in decisions that positively affect job performance.	7	6	5	4	3	2	1

Part 3: Strategy Activation SA

SA1	The bank is characterized by a clear vision, which is realized by achieving the desired goals.	7	6	5	4	3	2	1
SA2	The bank is characterized by using advice and guidance to employees to determine the correct course of work.	7	6	5	4	3	2	1
SA3	The bank has a unique communication system in conveying decisions and directives to all levels in the organization.	7	6	5	4	3	2	1

<i>SA4</i>	Banks pursue to increase the strength and homogeneity of the organizational culture by respecting the beliefs, values, customs, traditions, and languages of the bank's members.	7	6	5	4	3	2	1
<i>SA5</i>	The banks' structure is characterized by being convenient and flexible.	7	6	5	4	3	2	1
<i>SA6</i>	The banks succeeded in increasing its market share and clientele by matching its structure.	7	6	5	4	3	2	1
<i>SA7</i>	The banks keep pace with developments in the environment and optimize the use of available resources to ensure the quality of the outputs.	7	6	5	4	3	2	1
<i>SA8</i>	The management is characterized by the ability to reduce and eliminate waste in the resources allocated to work.	7	6	5	4	3	2	1
<i>SA9</i>	The management accomplishes its work by allocating superior human, financial, and material resources compared to competitors.	7	6	5	4	3	2	1
<i>SA10</i>	The management depends on the accuracy in identifying the strengths and weaknesses, and consequently, the flow of the administrative process is regular according to the desired performance measures.	7	6	5	4	3	2	1

Gender: Male (), Female ().

Age: Less than 30 years (), 31-40 (), 41-50 (), 51-60 (), 61 and above ().

Educational Level: Ph.D. (), Master (), Higher Diploma (), Bachelor ().

Job Position: General Manager (), Branch Manager (), Department Manager ().

Overall Experience in Banking: 5-10 years (), 11-15 (), 16-20 (), 21 and above ().

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