

Cultural Intelligence and Leadership Effectiveness in Global Workplaces

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Abstract

Dealing with workplace diversity is the major challenge of global leaders. The objective of this study is to study the impact of cultural intelligence on global leadership effectiveness. In this conceptual study, we describe major advances and emerging patterns in the research domain of global leadership and impact of cultural intelligence on the effectiveness of global leaders in cross-cultural workplaces over the last several years. The finding of the study is that cultural intelligence is a prime factor in deciding the success of global leaders in cross-cultural workplaces.

Keywords: Cultural Intelligence, Global Leadership, Cross-Cultural Workplace

Introduction

Globalization demands new leadership competencies as it is a non-cohesive influencing process in order to interact effectively with followers from different cultural backgrounds. It is to be considered that dealing with cultural diversity is a key factor when studying the effectiveness of global leadership in global contexts. After Hofstede's framework of cultural dimensions, there is a significant progress over the last several years in the study of cross-cultural leadership research to identify the relationship between managing cultural differences and organizational effectiveness. This study synthesizes the studies on the impact of cultural intelligence and its various dimensions on global leadership effectiveness in global workplaces.

Global leaders need to master various intelligence like cognitive intelligence, emotional intelligence and social intelligence and more importantly cultural intelligence (Templer, Tay, & Chandrasekar, 2006). Cultural intelligence is a person's ability to deal effectively in cross-cultural contexts including organizational, ethnic, national, and other cultures (Van Dyne et al., 2012). Cultural intelligence develops a general perspective about various cultural norms, practices, and values that result in more effective leadership. This study synthesizes the studies on the impact of cultural intelligence in the success of global managers by analyzing the various dimension of cultural intelligence and the contribution of each dimension towards global leadership success.

Leadership Approaches, Global Leadership and Challenges

Leadership is the ability and capacity to influence others and is the exercise of authority and making decisions (Bass, 1990). The research on leadership has evolved through several phases from trait theory which focused the physical traits and characteristics of leaders, then shifted toward the differences in behavioral approaches and finally contingent theories which suggests that the outcome of leadership is contingent on the situation that the situational variables moderate the effectiveness of the leadership styles.

From years, the leadership researchers have tried to identify that what constitutes effective leadership based on which various leadership theories have been formed. The traditional 'the great man' theory was popularized

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by Scottish writer Thomas Carlyle (Wynn, 2004), which is based on the assumption that 'the history of the world is but the biography of great men', reflecting his belief that heroes shape history through both their personal attributes and divine inspiration. Later the trait theory was presented by Stogdill (1974) based on the assumptions that People are born with inherited traits and some traits are particularly suited to leadership. The modern behavioral leadership researchers assumed that to determine what effective leaders do, how they delegate tasks, how they communicate with and try to motivate their followers or employees, so as the leaders can be made, rather than being born and successful leadership is based indefinable, learnable behavior. Further Blake & Mouton (1982) developed the Leadership Grid, focusing on the production and employee orientations based on a leader's concern for people (relationships) and production (tasks) which was identified in the Ohio State and Michigan University studies. Similarly, role theory of leadership is a theoretical approach which borrows many concepts from the sociological role theory and applies these ideas to leader-follower relations which understands leadership within a group as a result of a process of differentiation by which group members achieve group aims faster and whereby they meet their individual needs (Gibb, 1958). Lewin, Lippitt, & White (1939) recognized that the need to make decisions is the key factor that determines a leader's choice of leadership style and identified three styles of leadership decision-making, the autocratic; the leader takes decisions without consulting with others, the democratic; the leader involves the people in the decision-making and the laissez-faire; the leader allows people to make their own decisions and has minimal role in decision-making. Likert (1961) identified four main styles of leadership based upon the degree to which people are involved in the decision, namely exploitive authoritative leader who has a low concern for people and uses such methods as threats and other fear-based methods to achieve conformance, benevolent authoritative leader who adds concern for people to an authoritative position, consultative leader who makes genuine efforts to listen carefully to ideas of subordinates and participative leader who makes maximum use of participative methods. The Contingency Model of leadership was created in the mid-1960s by Fred Fiedler. The situational contingency theory

holds that group effectiveness depends on an appropriate match between a leader's style and the demands of the situation (Fiedler, 1964). Transactional leadership theory also known as managerial leadership was first introduced by Max Weber in 1947 and then by Bernard Bass in 1981. Transactional leadership theory focuses on supervision, organization, and performance; transactional leadership is a style of leadership in which leaders promote compliance by followers through both rewards and punishments (B.M. Bass, 1985). The transformational leadership which was initially introduced by James V. Downton and further developed by James MacGregor Burns is a style of leadership where a leader works with subordinates to identify needed change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of a group (B. M Bass, 1985).

Global leadership is the ability to bring significant positive change in global workplaces developing teams which are built on trust and mutual respect and arranging organizational structures and processes in a context involving cross-cultural stakeholders, authority, and an organizational culture inclusive of social, geographical, and cultural complexities (Caligiuri, 2006) this article suggests that managers differentially benefit from a given intercultural training or developmental experience - depending on their individual aptitudes (i.e., knowledge, skills, abilities, and other personality characteristics). Global leadership is characterized by a work context with diversity, more frequent boundary spanning, need for extensive knowledge management system on functions and nations, more stakeholders with expectations and believes to understand and consider in decision-making, a more challenging range of competing tensions within and outside the organization, high complexity of decisions and effects and more challenging ethical dilemmas (Pless, Maak, & Stahl, 2011).

Mendenhall, Reiche, Bird, & Osland (2012) submitted that global leadership can be developed through acquiring certain capabilities and characteristics in order to be effective and to overcome the challenges of global workplaces. Mendenhall et al. (2012) observed that global leadership is a multi-dimensional construct with six core dimensions of competencies; they are cross-

cultural relationship skills and cultural sensitivity, traits, values and resilience to stress, cognitive orientation and cognitive complexity, global business expertise and global business savvy, global organizing expertise and ability to build partnerships and visioning and ability to instill values. Leadership researchers pointed out that certain qualities for successful global leaders; they are honesty and integrity (Jokinen, 2005), compromising both personal and company standards and preferences with a few notable exceptions (Mendenhall et al., 2012), adopting a nonlinear process of global leadership development that involves cognitive aspects like engaging in activities that build intellectual awareness and knowledge, effective aspects like enhancing emotional awareness and effective growth and behavioral aspects like building skills and changing behavior (Mendenhall et al., 2012). The global leadership can be developed through individual and organizational global leadership competencies by hiring diverse employees and managers, developing social networks across cultures, and creating cross-border teams and projects and expatriate assignments (Gu & Tubbs, 2001).

The leadership challenges faced in a cross-cultural workplace are significantly more composite and demanding than those in a domestic workplace because of the pressures to adapt with incomplete understandings of the contexts and ethical dilemmas in an increasingly complex and interconnected world (Pless et al., 2011). The global leaders have to meet changes, demands, and expectation of stakeholders and other participants in a global business environment and have to contribute to the creation of economic and societal progress in a globally responsible and sustainable way (Pless et al., 2011). To deal effectively with wider issues related to cultural, social, ecological, and ethical issues in the global context is a real challenge for global leaders ensuring principle driven and ethically sound behavior both at home and abroad and being responsive to the legitimate expectations of a diverse group of stakeholders (Pless et al., 2011) balancing needs for global incorporation and local responsiveness like ensuring consistency in managerial decision-making while being sensitive to local cultural norms and conditions and developing an organizational culture featured with cultural empathy, adaptability, global mind-set, moral judgment, the capacity to balance contradictions and a sound mutual understanding of

matters of global justice and fairness (Pless et al., 2011).

Cultural Intelligence

Cultural intelligence (CQ), is an individual's ability to deal effectively in culturally diverse settings (Ang et al., 2007). As emotional intelligence deals with the ability to work effectively by controlling efficiently the emotions of self and others, general intelligence is 'the capability to reason correctly with concepts and solve problems, Cultural intelligence is to adapt effectively to new cultural settings' (Ang et al., 2007).

Cultural intelligence has four components (Ang et al., 2007; L. Van Dyne et al., 2012) namely Meta-cognitive CQ which is an individual's cultural consciousness, deep information processing and strategies during interactions across cultural contexts (L. Van Dyne, Ang, & Koh, 2008), Cognitive CQ is an individual's awareness and knowledge of cultural norms, expectations, practices, and knowledge of cultural similarities and differences in cross-cultural contexts (L. Van Dyne et al., 2008), Motivational CQ is a person's ability to direct energy and attention toward cultural differences to experience other cultures and interacting with people from different cultures. Motivational CQ is developed from intrinsic values desire, drive, efficacy and confidence of people to work, live, and interact with new cultural environments (L. Van Dyne et al., 2008). Behavioral CQ is an individual's ability to manage and regulate cross-cultural behavior and the intelligence to adopt suitable verbal and non-verbal actions in cross-cultural contexts to avoid disrespect, confusion, and neglect which may occur due to lack of awareness regarding cross-cultural expectations (Ang et al., 2007).

Conceptual Framework

The authors suggest that Cultural Intelligence (CQ) which has four dimensions; Motivational CQ, Cognitive CQ, Meta-Cognitive CQ and Behavioral CQ, has the significant impact on global leadership development leadership development and global leadership effectiveness in cross-cultural workplaces. We propose that global managers - who possess a higher level of Cultural Intelligence have a dynamic skill to lead with desirable leadership qualities and behave according to the expectation of the

participants in a cross-cultural context. The theoretical model presents that the coupling of Cultural Intelligence with even conceptually distinct the leadership styles can create most desirable result favorable results in global workplaces.

Cultural Intelligence and Global Leadership Effectiveness

CQ is a set of individual capabilities that allows global leaders to learn from their experiences and facilitates the transformation of experience into experiential learning. Leadership researchers (Ang et al., 2007) have confirmed Cultural Intelligence significantly influences cross-cultural and global leadership effectiveness. In a study to explore the importance of firm-level cultural intelligence in the context of international business ventures such as offshoring, Ang & Inkpen (2008) emphasized the importance of the cultural intelligence of top management teams as well as those of the project managers directly responsible for offshoring ventures and the importance of developing culturally intelligent structural norms which govern the inter-organizational interface. Ng (2018) submitted that global leaders having high level of CQ transform their international experiences into positive learning outcomes that improve their global leadership effectiveness and positioned CQ and experiential learning as key factors that affect global leader learning outcomes and is vital reason why some global leaders succeed in their roles and others fail in global workplaces. Crowne (2008) observed that global leadership skills have become increasingly important in the dynamic work environment and cultural intelligence can lead to developing global leadership success. The organizations should not only train the executives for global assignments, but also send them on foreign assignments to be exposed to other cultures to develop CQ skills during internships, training, and expatriation, then successful global leaders should ultimately be developed (Crowne, 2008). High levels of CQ are mandatory for the success of global leadership, so firms should recruit the candidates with multiple global assignments (Crowne, 2008). Elenkov & Manev (2009) submitted high level of cultural intelligence clearly magnifies the positive effect of expatriate leadership on that kind of innovation and the managers

with higher CQ are expected to encourage, motivate, and guide subordinates more successfully, overcome intra organizational challenges, and stimulate organizational innovation. Tuleja (2014) suggested some strategies for developing global leaders such as to understand the way of functioning of organizations in relation to cultural and societal influences, to move from simply having the knowledge to developing mindfulness that affects behavior in cross-cultural workplaces and to stay mindful while working in cross-cultural contexts. Groves & Feyerherm (2011) highlighted the relevance of leader CQ as a competency for leaders of culturally diverse work teams and observed that leader CQ contributes to team member perceptions of both leader performance and team performance on work teams in cross-cultural contexts and the leader CQ explains unique variance in leader performance and team performance beyond leader EQ (Ang et al., 2007). Deng & Gibson (2008) observed that the Cultural Intelligence level of in foreign countries plays a significant role in enhancing cross-cultural leadership effectiveness and in dealing with cultural differences whose absence may lead to conflict of interests, decreased morale and low productivity in workplaces. Ng (2018) recommended that those with higher CQ are more capable to exploit all phases of the experiential learning process and CQ should be used to select people for overseas assignment when organization focus developmental aims as part of the assignment. V. Dyne et al. (2012) found that CQ has a clear effect on individual-level outcomes such as general job performance; comprising task and adaptive performance and performance in specific domains such as negotiation and leadership. Kim & Dyne (2012) observed that prior intercultural contact was positively related to both self- and observer-ratings of CQ and established the mediating role of CQ in linking prior intercultural contact with international leadership potential. Zekânn, Liderlik, Üzerindeki, İşletmelerinde, & Bir (2014) proposed that the leader's higher cultural intelligence level affect cross-cultural leadership effectiveness positively, the effective cross-cultural communication is an important way to understand and adapt to the host culture consequently, the difficulties in the adaptation process begin from the lack of knowing foreign language and appropriate body language which is most important challenge in the process of cultural adaptation is the language.

Dimensions of CQ and Leadership Effectiveness

Stokes (2013) and Ang et al. (2007) examined the relationship between the dimensions of cultural intelligence; meta-cognitive CQ, cognitive CQ, motivational CQ, and behavioral CQ and transformational leadership and found meta-cognitive CQ was the most significant predictor of transformational leadership and Meta-Cognitive CQ along with cognitive CQ are the mental components of the cultural intelligence model. Elenkov & Manev (2009) proved that behavioral and cognitive cultural intelligence is positively related to increased innovation and multicultural team effectiveness and (Ang et al., 2007) observed that behavioral cultural intelligence has been linked to increased intercultural negotiation effectiveness and task performance and Cognitive cultural intelligence has a positive relationship with cultural judgment and decision-making. (Earley & Mosakowski, 2004) developed a global competency model which conceptualizes the stages of development of cultural intelligence from the sequential development process from Ignorance, Awareness, Understanding, Appreciation, Acceptance, Internalization, and Adaptation and submitted that Cognitive CA, motivational CQ and behavioral CQ manifest themselves at all levels of the global leadership competency model in varying degrees. Managers in foreign countries with high motivational CQ show desire, ambition, and ability to generate strategies to deal with working and living in the new cultural environment and the effective cross-cultural communication between the expatriate leader and followers from different cultures is a vital means to adapt to the host culture, thus communication becomes a significant element of expatriate leaders' CQ (Deng & Gibson, 2008). Ang et al. (2007) submitted that global leaders with higher meta-cognitive CQ and behavioral CQ are more effective to fulfill performance expectations at work.

Discussion

This study which synthesizes global leadership development research observes that Cultural Intelligence is significantly related to global leadership effectiveness and highlights the significance of all dimensions of cultural intelligence; Meta-Cognitive CQ, Cognitive CQ,

Motivation CQ and Behavioral CQ in predicting global leadership effectiveness in cross-cultural workplaces. To be effective, global leaders need high levels of motivation, knowledge, cross-cultural strategies and appropriate behavioral adjustments in dealing, working and living in global contexts. This finding also validates the conceptual model on the impact of CQ on global leadership effectiveness. This finding shows that individuals with high level of Cultural Intelligence are able to meet the challenges of working in a complex global environment and are more likely to meet needs and expectations of the people from the different cultural background and the higher the likelihood of dealing effectively with global challenges. As cross-border leaders work simultaneously with systems, processes, and people from multiple cultures; cultural intelligence is a critical competency of effective global leaders and cultural intelligence is a significant predictor of leadership effectiveness, over and above previous experience, personality, and general intelligence.

This study also observes the positive relationship between cultural intelligence and transformational leadership style which has been claimed that charismatic/transformational leadership behavior would facilitate leaders in different cultures to lead effectively by inspiring shared vision and creating exceptional performance (Bernard M. Bass & Avolio, 1990; Earley & Peterson, 2018). Cultural intelligence is a basic factor of transformational leadership and the transformational leaders with high level of Cultural Intelligence can manage conflicts, adjust mental plans, identify legal and economic systems, recognize the norms and ethics in social interactions, identify religious beliefs, values and other cultural expectations, and select appropriate verbal and non-verbal behaviors (Earley & Peterson, 2018). Cultural Intelligence also moderates the relationship between transformational leadership and the level of innovation adoption in the organizations. Thus, Cultural intelligence should be an important consideration in the selection, training of global leaders (Rockinsonszapkiw, 2013).

The leaders with higher level of Cultural Intelligence are assured to meet the qualities of a global leader for effectiveness such as increased level of conflict resolution ability which is essential for the 21st-century leaders when considering the increased interaction with individuals from different cultural backgrounds (Ramirez, 2010) Tay, & Chandrasekar, 2006, the ability to interact effectively

with culturally distinct individuals and to generate appropriate behavior in a new cultural setting and to more fully comprehend the differences between the host culture values and his or her own deeply held beliefs and strengthening the positive relationship between authentic leadership and morally grounded cultural adaptation (Lester, Palmer, & Clapp-smith, 2009). This study recommends that managers differentially benefit from a given intercultural training and offering the right people the right developmental opportunities will produce leaders who can effectively perform global leadership tasks and activities. Cultural Intelligence capabilities are drivers of job performance among global leaders. The analytical intelligence (IQ), the emotional intelligence (EQ), and leadership approaches are moderated by cultural intelligence (CQ) in the formation of global leadership success and increasing globalization will make CQ skills more relevant throughout entire organizations, and virtually everyone in management and global business situations will need to focus on possessing the CQ skills.

The managerial implications of this study focus to prioritize the organizations for developing global high potential programme to identify people who show the potential towards cross-cultural learning, to facilitate expatriate training facilities, to implement effective succession planning, to provide cross-cultural education and feedback and finally to confirm that each higher level manager of the organization personally accepted responsibility for developing culturally intelligent workplaces and global leaders. The senior executives needed to identify and understand cross-cultural challenges and global leadership development issues that might potentially enhance or be barriers to the company's growth such as the global experiences that will best prepare people for senior management positions, cross-cultural skills and behaviors that are needed to be successful in a global company and trending cross-cultural training practices of global leadership development.

Conclusion

This study contributes to the global leadership and cultural intelligence literature by synthesizing academic reviews on the effect of cultural intelligence on global leadership effectiveness. It is concluded that the global leadership development strategy had to be a strategy that would

fit the company's global culture and would require the involvement and commitment of senior management by developing the cultural intelligence level of the employees through various mechanism such as cross-cultural education and training, expatriate work experience, being exposed to different bosses with different styles. Further research is suggested towards the moderation effect of cultural intelligence on the relationship between various leadership styles and leadership effectiveness and on empirical validation of the impact of cross-cultural training programmes on global leadership effectiveness and specific guidance for developing effective global leadership training programmes.

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