

The effects of cultural intelligence on expatriate and leadership



1. 0 Introduction

With the effect of globalization and the introduction of the “ Open Door” policy in China in the late 1970s, China has undergone rapid growth in economy with an average annual growth rate of 9 per cent since 1980 (Selmer, 2006a). It is now considered the world’s third largest trading economy and the fastest growing one since its accession to the WTO in 2001 (Deng and Gibson, 2008). This is why China is regarded as one of the most attractive destinations for FDI and thus, making them the world’s second largest recipient of FDI with a huge inflow worth US\$ 21034. 42 billion in 2008 (Daly and Zhang, 2010). This has brought about an increase in the number of multinational corporations in the country and along with it, an extended amount of expatriates (Zhou and Qin, 2009). This is because there is an increasing need for expatriates to establish new international markets, spread and sustain corporate culture, facilitate organizational coordination and control, transfer of technology, knowledge and skills and also become a source of competitive advantage (Brown, 1994; Huang and Lawler, 2005) (as cited in Subramaniam et al., 2010). Therefore, it is important to ensure the effectiveness of expatriation in order to achieve the objectives and avoid high costs associated to its failure.

However, the success rate of expatriates posted to China is rather low (Zhou and Qin, 2009). In fact, China has the highest expatriation failure rate in Asia (Wu, 2008). According to Li and Kleiner (2001), this is most likely because of the huge cultural differences that exist between China and most of the Western countries, the ones that invested the most in China, and a lack of cultural intelligence among expatriates to overcome the barriers of cultural

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differences. As defined by Earley and Ang (2003), cultural intelligence (CQ) is an individual's capability to interact effectively with people across cultures. It holds great promise to explain why some people interact, adjust and lead more effectively in foreign cultures than others (Ang and Van Dyne, 2008). However, the awareness of the concept's significance for expatriate and leadership effectiveness remains at an early stage.

Therefore, this study aims to highlight the theoretical based predictions of CQ by examining the relationships between CQ and the two main criterion of expatriate effectiveness (i. e, cross-cultural adjustment and job performance) and leadership effectiveness in a sample of expatriates working in China. Furthermore, this study also examines the role of cross-cultural training as a moderator for the influence of CQ on both expatriate and leadership effectiveness. By having a clear understanding of the effects of CQ on both expatriate and leadership effectiveness together with the moderating role of cross-cultural training, it would aid management and human resource professional in minimizing expatriation failure by designing training programs that incorporates the dimensions of CQ and appropriate selection criteria for expatriates.

Research Objectives

1. To examine whether cultural intelligence has positive effects on expatriate effectiveness.
2. To investigate whether cultural intelligence has positive effects on expatriates' leadership effectiveness.

3. To determine whether cross-cultural training moderates the relationship between cultural intelligence and (a) expatriate effectiveness (b) leadership effectiveness.

Research Questions

1. Does cultural intelligence have positive effect on expatriate effectiveness?
2. Does cultural intelligence have positive effect on expatriates' leadership effectiveness?
3. Does cultural intelligence moderated by cross-cultural training enhance (a) expatriate effectiveness (b) leadership effectiveness?

Hypotheses

1. There is a positive relationship between cultural intelligence and expatriate effectiveness.
 - 1a. There is a positive relationship between cultural intelligence and expatriates' cross-cultural adjustment.
 - 1b. There is a positive relationship between cultural intelligence and expatriates' job performance.
2. There is a positive relationship between cultural intelligence and expatriates' leadership effectiveness.
3. The level of cross-cultural training for expatriates will moderate the influence of cultural intelligence on (a) expatriate effectiveness and (b) leadership effectiveness.

2.0 Cultural Intelligence (CQ)

The concept of cultural intelligence is actually a theoretical extension of the theory of multiple intelligences grounded in the established stream of intelligence research (Gardner, 1993) (as cited in Subramaniam et al., 2010). It is a relatively new idea that builds on earlier intelligence concepts such as the intelligence quotient (IQ) and emotional intelligence (EQ), but that incorporates the capability to interact effectively across culture (Thomas and Inkson, 2009). CQ refers to an individual's capability for successful adaptation to new and foreign cultural environment and ability to function effortlessly and effectively in situations portrayed by cultural diversity (Earley & Ang, 2003; Ang et al., 2007). This concept is developed to address the query of why certain people could function more effectively in culturally diverse settings and some fail to adjust to and understand the new cultures.

As stated by Ang and Van Dyne (2008) in the Handbook on Cultural Intelligence, CQ has a few distinct features that separate it from other types of intelligence. It is an individual capability and not an aspect of personality or personal interests but a set of capabilities that leads to specific outcomes such as decision-making, performance, and adjustment in culturally diverse settings (Ang et al., 2007). Apart from that, cultural intelligence could also be learnt and enhanced through changes based on people's interactions, efforts and experiences (Thomas and Inkson, 2009). Furthermore, it is also a specific individual difference capability that focuses on culturally relevant capabilities (Van Dyne et al., 2007). Most important feature of all is that, cultural intelligence is not culture-specific. This means that it does not focus on the capability to function effectively in specific intercultural context but

instead, focuses on the more general capability to function effectively in all culturally diverse situations, be it in China, Japan or anywhere else in the world (Ng and Earley, 2006).

Since cultural intelligence is a subjective term, different researchers have come up with slightly different aspects of what constitute the concept of cultural intelligence. Earley and Ang (2003) drew cultural intelligence as a multidimensional structure that consists of cognitive, meta-cognitive, motivational and behavioural aspects. Cognitive CQ refers to an individual's knowledge to perceive and understand the new cultures based on various types of cues while meta-cognitive CQ is defined as one's knowledge and processes used to acquire and understand information relating to culture. Motivational CQ is defined as one's self-motivation and commitment to adapt and adjust to a new cultural environment. Finally, behavioural CQ refers to the capability of a person in generating the appropriate behavioural actions needed to reflect cognition and motivation.

On the other hand, Thomas and Inkson (2009) defined cultural intelligence as a multifaceted competency consisting of cultural knowledge, practice of mindfulness and the repertoire of behavioural skills. First, the culturally intelligent person requires knowledge of culture and the fundamental principles of cross-cultural interactions. Second, there is a need to practice mindfulness, the ability to pay attention in a reflective and creative way to cues in the cross-cultural situations encountered and to one's own knowledge and feelings. Third, based on knowledge and mindfulness, the culturally intelligent person develops cross-cultural skills that allow him or her to choose the appropriate behaviour from a well-developed repertoire of

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behaviours that are correct for different intercultural situations and becomes competent across a wide range of situations.

3.0 Cultural Intelligence and Expatriate Effectiveness

According to XXX, expatriation is successful or effective when the expatriates are able to meet the objectives of their international assignment and gain job satisfaction from it (Managing cultural...the green book or the white one anything). There are two main determinants of expatriate effectiveness, the extent of expatriates' cross-cultural adjustment and the level of their job performance (Kumar et al., 2008). This means that if expatriates are not well adjusted in the host country and could not perform in the workplace, there is a high possibility of expatriation failure as both these elements serve as its predictors.

Expatriation failure is defined as the premature return of an expatriate from an international assignment (Luthans and Farner, 2002) and inability of expatriates in meeting the assignment objectives (Harzing and Christensen, 2004). Expatriation failure is a bad news for a company because the costs associated to managing expatriates are relatively high in terms of employment expenses, poor management and poor productivity (Kaye and Taylor, 1997). Besides, there are also other possible implications of expatriation failure such as loss opportunities, damaged reputation and relationship, reduced productivity, demoralizing and expatriates suffer beyond normal cultural transition stress in their private life (Shen, 2005).

Therefore, it is important to ensure the success of expatriation and in order to do so; there is a need to look at the determinants of expatriate

effectiveness and the main factor affecting them. Many studies have shown <https://assignbuster.com/the-effects-of-cultural-intelligence-on-expatriate-and-leadership/>

that an overwhelming majority of the failures is attributed to the expatriate's inability to adapt to the new culture (Oudenhoven et al., 2001; Luthans and Farner, 2002; Thomas and Inkson, 2009). Hence, it is theoretically believed that individuals with higher cultural intelligence would lead to higher expatriate effectiveness as they can more easily navigate and understand unfamiliar cultures and better adapt themselves in new cultural environment (Che Rose et al., 2008).

3. 1 Cultural Intelligence and Cross-Cultural Adjustment

As one of the main predictors of expatriate effectiveness, there is a heightened need to look into the extent of expatriates' cross-cultural adjustment in the host country. Black (1990) defined cross-cultural adjustment as the " degree of psychological comfort and familiarity an individual has for the new environment" (as cited in Waxin and Panaccio, 2005). Besides that, three specific facets of cross-cultural adjustment have also been distinguished in the literature of Black (1989), work, interaction and general adjustment (as cited in Ng and Earley, 2006). The first facet is work adjustment, which requires expatriates to fit into the local work culture, expectations and requirement in the host country, changes in the organization, leadership style and his or her duties. The second facet is interaction adjustment that involves the comfort of expatriates in engaging in interpersonal relations with host community and social norms. The third facet is general adjustment, which involves overall adaptation to living in the foreign culture such as customs, norms, services and living standards (Black et al., 1991) (as cited in Zhou and Qin, 2009).

According to Jan Selmer (2006b), the major challenges faced by western expatriates in China when trying to adjust themselves in the local context are cultural differences and communication barriers. These cultural differences can be seen from Hofstede (1980)'s four cultural dimensions, which provide a useful characterization of Chinese culture (as cited in Kaye and Taylor, 1997). China is illustrated as a culture with high collectivism, where people seek contentment in the harmony of the group, high power distance, where there exist high degree of obedience, conformity and autocratic decision making in the workplace and high level of uncertainty avoidance, where people would avoid taking risks and are motivated by stability and security (Kaye and Taylor, 1997). Besides that, there are a few significant cultural norms in China that are quite distinct from the rest of the world such as ' mian zhi' (face) and ' guan xi' (relationship), which are often discussed about in many literatures (Sergeant and Frenkel, 1998). Both ' mian zhi' and ' guan xi' may be foreign to expatriates from different cultural background but they are important aspects of Chinese culture. Due to all these distinct cultural differences, Jan Selmer (2006b) pointed out that, western expatriates that made up a large number of the total expatriates in China, would experience high degree of cross-cultural adjustment in China. There is another research by Jan Selmer (1999) that showed the cross-cultural adjustment pattern of western expatriates in China. According to her research, the process of adjusting to a foreign culture is said to follow a U-curve comprising of three main phases; an initial stage of elation and optimism, followed by a period of irritability, frustration and confusion which is also known as culture shock and finally a gradual adjustment to the new environment.

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Since cultural intelligence is a person's capability to adapt effectively to new cultural environment, high CQ is expected to enhance cross-cultural adjustment among expatriates in China. Thomas and Inkson (2009) have pointed out that cultural intelligence would help expatriates to overcome the barriers of cultural differences, which causes them to be unaware of the key features and biases of their own culture, feel threatened or uneasy when interacting with people who are culturally different and unable to recognize when their own cultural orientation influences their behaviour.

The four dimensions of cultural intelligence are expected to be related to expatriates' cross-cultural adjustment in the following ways. According to Ang et al., (2007), people with high meta-cognitive CQ would be consciously aware of others' cultural preferences, constantly question their own cultural assumptions and adjust their mentality before, during and after the interactions. Therefore, when applied to expatriates, this would prevent them from stereotyping and instead, engage in making sense of the general cross-cultural situations which would then facilitates their adjustment to the new culture (Kumar et al, 2008).

Second, cognitive CQ which represent a person's knowledge of cultural differences, is an important determinant of one's ability to minimize misunderstandings with someone from another culture (Wiseman et al., 1989) (as cited in Subramaniam et al., 2010). Therefore, expatriates with high cognitive CQ are most likely able to adjust themselves in new cultural context, as they are more knowledgeable about the features of other cultures (Subramaniam et al., 2010).

Besides that, expatriates with high motivational CQ is also expected to be successful in adapting themselves cross-culturally. This is because they have intrinsic interest in other cultures and would then initiate effort, persist in their efforts and finally perform better (Ang et al., 2006). Furthermore, expatriates with high motivational CQ also has strong self-efficacy (Ng et al., 2008) which causes them to not only persevere but also set goals and expectations such that they will proactively seek for new and practical strategies to facilitate them during intercultural situations (Earley and Ang, 2003).

Finally, behavioural CQ should also contribute to better cross-cultural adjustment among expatriates because individuals high in it have the capability to alter their behaviour in response to cultural cues (Earley and Ang, 2003). Since cultures vary in their social norms for appropriate behaviours, the ability to display a flexible range of behaviours is vital to generate positive notions and foster effective relationships with others in this culturally diverse environment (Livermore, 2010). This would then help facilitates expatriates in interaction adjustment because when they are flexible, the chances of them offending anyone with their actions and behaviours would be lower, thus, enabling them to fit in and be better adjusted (Subramaniam et al., 2010).

3. 2 Cultural Intelligence and Job Performance

Besides cross-cultural adjustment, job performance of an expatriate is also another predictor of expatriate effectiveness. According to Campbell (1999), job performance is a function of knowledge, skills, abilities and motivation directed at role-prescribed behaviour, such as formal job responsibilities
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(XXX, 200x). Since CQ is a capability that would enable expatriates to understand and perform according to their role expectations in a culturally sensitive and appropriate manner, all four aspects of CQ should have a positive relationship with job performance.

As stated by XXX in his/her/their research, expatriates with high meta-cognitive CQ would have better job performance because they know when and how to apply their cultural knowledge. This would enable them to have a more precise understanding of the expected role behaviours in situations characterized by cultural diversity. Meanwhile, cognitive CQ facilitates expatriates in performing better at workplace by having a more accurate understanding of their role expectations. However, Hall (1993) says that there is no relationship between meta-cognitive and cognitive CQ and job performance because cognitive capabilities do not necessarily translate into actions and behaviours.

Motivational CQ should also positively affect expatriates' job performance because its sub dimensions of self-efficacy and intrinsic motivation could enhance expatriates' persistent effort toward their task in different cross-cultural settings. With such persistency, expatriates would tend to practice new behaviours and this often results in better performance.

Lastly, expatriates with high behavioural CQ should also display higher level of job performance. This is because they are capable of flexing their verbal and nonverbal behaviours in meeting the expectations of others in the workplace. According to Black et al (1999), this behavioural and cultural flexibility of an expatriate helps enhance their job performance. Besides that,

there is also empirical evidence by XXX that demonstrated that behavioural CQ significantly predicts job performance among expatriates.

- CQ as a prism between workforce diversity and perf in a modern org
- the joint effect of personality and workplace social exchange relationships in predicting task perf and citizen perf
- studying the relationship between CQ and employee's perf
- others

Role conflict, a variable that has been found to be an important predictor of job dissatisfaction (e. g. Iverson and Deery, 1997) takes on a special meaning in an expatriate context as expatriates have to reconcile the different demands of home and host organizations

4. 0 Cultural Intelligence and Leadership Effectiveness

According to Li and Kleiner (2001) and Elenkov and Manev (2009), most expatriates are usually of the managerial level and therefore, are required to lead as a manager in the host country for several purposes. These purposes include providing new visions to the company, leading new projects, transferring knowledge or skills as well as maintaining control over subsidiaries spread across the globe. Since China is a country with long history and was made up of many small countries during the warring period, many subcultures may exist within their overarching culture. This has made the understanding of cultural differences and cultural dimensions in general, insufficient to achieve expatriate leadership effectiveness. Joseph-Young

(2009) defined leadership effectiveness as a leader's ability to build and strengthen relationships with employees, lead and advocate change in diverse cultures and build and lead high performing multicultural teams. Therefore, leaders must be able to understand how people from different cultures view them and interpret their actions (Yukl, 2002) as successful leadership behaviours may vary within different cultural environment (House et al., 2004).

Previous studies have shown positive relationships between emotional intelligence (EQ) and leadership effectiveness (Reilly and Karounos, 2009; xxx-from the courseguide example) but limited studies have been conducted on the linkage between CQ and leadership effectiveness. Therefore in this study, CQ is expected to have positive impacts on expatriates' leadership effectiveness because it enhances expatriate leaders' cultural awareness and sensitivity, motivational cultural adaptation and adaptive behavioural skills.

4. 1 Cultural Awareness and Sensitivity

According to the research conducted by Deng and Gibson (2008), most Chinese interviewees stressed the importance of expatriate managers in having willingness to appreciate Chinese culture and an open mind to understand, respect and accept specific cultural habits or backgrounds of the local staff to ensure effective interaction in workplace. Therefore, culturally intelligent managers are required because they tend to have high personal interest in new cultures, deep understanding of the expectations of local followers as well as good reasoning skills to aid their culturally strategic thinking mind, which are in line with the characteristics put forward by the <https://assignbuster.com/the-effects-of-cultural-intelligence-on-expatriate-and-leadership/>

Chinese. Besides that, high cultural intelligence also enables managers to pay attention to the situations and identify the reasons why things are done in certain ways. This would then cause them to not jump into conclusions from only few clues but obtain more information before making any judgements. Furthermore, it also enables managers to resolve conflicts that arise from cultural differences more effectively (Ramirez, 2010).

Cultural intelligence is also said to positively affect leadership effectiveness because managers with high CQ tend to be more alert to possible nuances in culture and are willing to acquire the knowledge about local customs, language and norms. This cultural sensitivity of expatriate managers is the most significant characteristic for leading people from different cultures as cultural stereotypes hardly ever provide entirely reliable guidance for dealing with others.

4. 2 Motivational Cultural Adaptation

As stated by Livermore (2010), it is necessary and important for an expatriate manager to have high motivational CQ in order to have interest, confidence and drive in adapting cross-culturally. This is because it allows expatriate managers to have more patience, tolerance and persistence, all which are vital in ensuring that they successfully adapt to the local culture. Besides, it also allows them to be more resilient to setbacks and challenges and as a result is more likely to learn from the experiences to hone their leadership skills. Furthermore, by being better adapt to both the national and organizational culture in the host country, expatriate managers would be able to connect better with their employees and thus, increase their influence in the workplace.

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4.3 Adaptive Behavioural Skills

Cultural Intelligence is also expected to positively affect expatriates leadership effectiveness because behavioural CQ enables expatriates to adjust their behaviours and adapt their leadership styles in accordance to the intercultural situations. This is of particularly importance to expatriate managers because the acceptable and effective leadership styles vary from region to region and from one organization to another. The preferred leadership style in one culture may be perceived as a weakness in another. Therefore, it is important for expatriate managers to have the flexibility to enact the appropriate leadership style in any given situation (Alon and Higgins, 2005; Ng et al., 2009; Deng and Gibson, 2008).

Adopt a cultural-general approach

Furthermore, in dealing simultaneously with multiple cultures, managers need to develop a 'cultural general' approach. Rather than a thorough knowledge of one particular culture, international managers need to be aware of the cues signalling culture differences be they national, corporate or functional. According to this approach, it is important to identify which dimensions of culture may be relevant, rather than knowing the central tendencies of each particular country represented in meetings, or encounters in the course of a day's work. This approach contrasts with the 'cultural specific' approach typically offered in training expatriates in the past.

While programs preparing expatriates for international assignments sometimes included language training, international managers cannot hope to master all the languages they need. But still, it is important, as one Dutch <https://assignbuster.com/the-effects-of-cultural-intelligence-on-expatriate-and-leadership/>

banker observed, ' to learn a language - any language- simply to give yourself another perspective of the world. International managers must also learn to communicate more effectively, avoiding slang, pausing frequently and speaking slowly and clearly.

Rapidly learn and unlearn

-constantly challenging basic assumptions and not falling into the comfortable trap of assuming that ' since we have a common corporate or professional culture, we see things the same way'

- means being constantly ready to take on new perspectives and try new approaches

Having a global mindset

- CQ help expatriate managers to gain a global mindset

5.0 The moderating effects of cross-cultural training

According to Tung (1981), cross-cultural training is defined as any procedure used to increase an individual's ability to cope with and work in a foreign environment (as cited in Zakaria, 2000). It is usually given to expatriates to help them interact effectively with people across culture and to predispose them to a rapid adjustment to their new environment. The most sophisticated types of cross-cultural training usually comprise of all three components of intercultural effectiveness, cognitive (e. g. knowledge about the foreign culture), affective (e. g. intercultural sensitivity) and behavioural (e. g. effective intercultural behaviour). All these are similar to the

dimensions of CQ and therefore if incorporated, cross-cultural training should be able to help enhance CQ among expatriate (Ang et al, 2007). Therefore, cross-cultural training is expected to have moderate effects on the relationship between CQ and both expatriate and leadership effectiveness because it helps to develop CQ among expatriates which would then enable them to adjust better cross-culturally, perform at their workplace and lead effectively across culture.

Most studies on cross-cultural training have pointed out that a majority of the training conducted by firms focus on knowledge training, educating individuals on the different behaviours and practices in different cultures such as the importance of ' mian zhi', ' guan xi' and gifts in China (CQ and global IT workforce). This knowledge would help to increase expatriate effectiveness in terms of cross-cultural adjustment as it reduces uncertainty among expatriates by creating realistic expectations with respect to living and working in the host country (Caligiuri et al., 2001).

Earley and Peterson (2004) has outlined training interventions for CQ dimensions which include cognitive structure analysis for examining knowledge structures and enhancing awareness and reflection (cognitive and meta-cognitive CQ) and activities such as role plays and simulations that involves physical, emotional and sensory processes to enhance behavioural flexibility (behavioural CQ). Therefore, if cross-cultural training were to be structured based on these interventions, they are most likely able to help develop higher cultural intelligence among expatriates, which would improve expatriates' cross-cultural adjustment in terms of interaction and general adjustment. This is because it enables them to determine the right and most

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appropriate cultural behaviours to display and ways to carry out their tasks and better in dealing with unforeseen circumstances in the new cultural context.

Apart from that, cross-cultural training also moderates the relationship between cultural intelligence and expatriate effectiveness in terms of job performance. This is because, through the tailored cross-cultural training, expatriates would be able to understand their role expectations and perform their tasks in a better manner. An early meta-analysis by Deshpande and Viswevaran (1992) which examined the effect of cross-cultural training on job performance has also provided support that cross-cultural training has a strong and positive impact on job performance of individuals.

Finally, the moderating effect of cross-cultural training on the relationship between cultural intelligence and leadership effectiveness is that it helps to develop behavioural CQ among expatriate managers that enables them to attain flexibility in terms of leadership styles and behaviours. In the latest publication of Livermore (2010), the author said that this flexibility is a necessity for working across cultures because it helps leaders to adapt their leadership styles according to the cultures and enable them to lead effectively.

6. 0 Conclusion

In summary, the findings of this research

In summary, the findings of this research confirm the view expressed by researchers over the last 20 years, that pre-move cultural training has a

positive effect on adaptation to international assignments. However, this <https://assignbuster.com/the-effects-of-cultural-intelligence-on-expatriate-and-leadership/>

study shows that experimental types of training are the most effective ones. Furthermore, the efficacy of intercultural training is clearly influenced by the magnitude of expatriate's prior international experience. Finally, our research seems to show that the larger the cultural distance between the country of origin and the host country, the more pronounced are the effects of cross-cultural training. Further research is needed for detailed analysis of the effects of cultural distance and cultural characteristics on the efficacy of intercultural training.

experimental training = where the trainer gets the trainees to participate by simulating real life situations.

Theoretical Framework

Expatriate Effectiveness

Leadership Effectiveness

Cross-cultural adjustment

Job performance

Cultural Intelligence

Cross-cultural training

- cultural differences = cultural asymmetries between headquarter country and host country

Why knowing the language is not enough/ understand the culture is not enough

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- many different dialects in china, impossible to learn it all
- there are many different culture in china - north, south, east, west, central/mid. fYall have diff cultures
- that's why you need to CQ to know how to adjust actions and behaviours with cues from people
- furthermore, CQ is not CULTURE-SPECIFIC (applies to any culture)
- The effects of cross-cultural training on the acculturation process of the global workforce

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