

Cultural Intelligence and Openness: Essential Elements of Effective Global Leadership

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Globalisation has enabled organisations to operate in the international arena and capitalise on global talent pools. In this new environment, effective global leadership is required to manage a culturally diverse workforce. We argue that cultural intelligence (CQ) and openness are essential elements of effective global leadership. We believe that global leaders who possess these traits are likely to be more effective in global organisations.

Field of Research: Cultural Diversity, Leadership, Management

1. Introduction

Globalisation has 'flattened the world' and there is no escaping this major change in societal and business circumstances (Friedman, 2005; Greider, 1998; Sirkin et al, 2008). Globalisation may be defined as the sharply accelerated nearly worldwide integration of trade, finance, technology, production systems and information (Coghill, 1997). It involves the disappearance of cultural borders and the rise of a new 'borderless world' (Ohmae, 2005). As a result of globalisation, the workforce has become increasingly diverse with respect to national and cultural origins. Technology has been the great enabler for this third wave of globalisation (Friedman, 2005). It has enabled organisations to conduct business anywhere and to expand operations beyond their national borders for both customers and employees. Business process outsourcing, world sourcing, off-shoring and near-shoring are all possible because of technology (Sirkin et al, 2008). Today, work assignments are increasingly performed by teams consisting of members that are located in different countries (Shapiro et al, 2005). Organisations with the capacity to manage cultural issues will out-perform those who are less able to manage these issues (Ang & Inkpen, 2008; Thomas & Inkson, 2004). Global leadership can play a significant role in managing this international workforce.

Leadership theory has been developed mainly in a western context and has not fully recognised the unique characteristics required for effective global leadership. According to Earley and Ang (2003), global leaders who successfully work across borders are considered to have a high level of 'cultural intelligence' (often referred to as CQ). Global leaders with high cultural intelligence also exhibit a personality trait known as 'openness' (Ang, Van Dyne & Koh, 2006). This theoretical research paper examines the importance of cultural intelligence and openness as essential components of effective global leadership.

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2. Globalisation and Effective Global Leadership

The traditional evolution of a company from a domestic, to an international, to a multi-national, to a global business, is no longer the necessary path (Brake, Walker & Walker, 1995). Companies are global from their initial set-up (Travis, 2007). Not only is the market for products and services global but so is the market for the talent required to run these companies. Additionally, the competitors are also global. The implication for organisations operating in this intensified global environment is that they are “competing with everyone from everywhere for everything” (Sirkin et al, 2008).

Yet globalisation is not about cultural homogenisation or the whole globe becoming culturally one. There may be a push towards cultural uniformity, uniform lifestyles, uniformity of thought and even uniformity of organisation, but the world remains a vastly varied place, an intricate patchwork of cultures, religions and communities, which require negotiations where there are differences (Coghill, 1997; Grunding et al, 2007). Although the world has seemed to become ‘flatter’ and smaller, increasing cultural diversity has created challenges for individuals and organisations. These differences make the world not so flat after all (Ang et al, 2007). There is a considerable amount of research that demonstrates the challenges of cultural diversity for multicultural teams, global leaders and overseas work assignments (Ang et al, 2007; Cox, 2001; Landis & Bhagat, 1996; Trompenaars & Hampden-Turner, 2004). Researchers have also examined organisations, their structure, their culture and their effectiveness (Drucker, 2004; Morgan, 1997; Schein, 1999). Similarly, there has been a great deal of research into culture and intelligence which, until recently, has been more in parallel rather than interwoven (Ng & Earley, 2006).

Cultural intelligence (CQ), as conceptualised by Earley and Ang (2003), is defined as “a person’s capacity to function effectively in situations characterised by cultural diversity”. These authors draw on the literature on ‘multiple intelligences’ (Gardner, 1983) and Cultural Studies (Hall, 1976; Hofstede, 1980; Trompenaars, 1993) to provide a framework to explain why some are more successful than others in operating in culturally diverse environments. Although advances in technology, particularly in computing and communication, have reduced distances and made the world ‘flat’ (Friedman, 2005), this has not resulted in either a homogenous or uniform workforce or business operating environment. This cultural diversity affects the ability to communicate and conduct business transactions quickly across national borders and around the world (Friedman, 2005; Rapaille, 2006). Employees increasingly find themselves working in culturally diverse, geographically dispersed, multi-national teams and business is being conducted in increasingly culturally diverse environments both domestically and internationally (Ang et al, 2007; Shapiro et al, 2005).

Effective global leadership is essential to manage this cultural diversity. According to Caligiuri and Tarique (2009) effective global leaders are good at working with colleagues from other countries. These leaders are able to interact well with internal and external clients from other countries and can often speak another language. They are highly skilled in supervising employees who are of different nationalities. They are capable of developing a strategic business plan on a worldwide basis and can manage a global budget. Effective global leaders are good at negotiating in

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other countries with people from other counties. They are highly skilled in managing foreign suppliers or vendors and can manage risk on a worldwide basis. Based on these global work activities, Caligiuri and Tarique (2009) developed a ten item scale to measure global leadership effectiveness.

3. Cultural Intelligence

Cultural intelligence, or CQ (Cultural Quotient) as it is sometimes called, is not a strict mathematical derivation as is the intelligence quotient (IQ) which is derived from one of several different standardized tests designed to assess intelligence (Mackintosh, 1998). Cultural intelligence (CQ) is intended to provide an answer to why some people adapt readily and successfully to different cultures whereas others do not. Cultural intelligence (CQ) is not the same as emotional intelligence (EQ). Emotional intelligence (EI) describes the ability to identify, assess, manage and control the emotions of one's self, of others, and of groups (Bradberry & Greaves, 2009). Truly effective leaders have a high level of self-awareness, self-regulation, motivation, empathy and social skill (Goleman, 1995).

As Earley and Ang (2003) point out, there are many individuals who operate very well within their own culture and are high in emotional intelligence but do not adjust well to other cultures. They continue to point out that this is not simply a problem of personal style mismatch. For example, when a person with an extroverted personal style, living in a reticent style culture, is introduced into an extroverted cultural environment, there is no guarantee that s/he will adapt well simply because s/he has a better cultural fit. Similarly they give an example of a manager whose empathetic and inclusive style was not sufficient to enable him to read cultural cues. His inclusive behaviour undermined the authority of his senior managers with their subordinates. It may be argued that the manager's social intelligence was culture specific and did not translate to the new culture.

Berry (2003) also argued that intelligence is culturally-based and demonstrated that intelligence tests tended to have a strong cultural bias. This is consistent with Gardner (1983) who also emphasised that social or cultural valuing of an ability is required, in order to include it as part of intelligence. More recently, cultural bias in surveys has been examined by Culpepper & Zimmerman (2006). These authors found evidence of extreme response bias (the tendency to use "1"s and "7"s more often on a seven-point scale) among Hispanic respondents and also the tendency to avoid using the mid-point of the scale.

Research indicates that the construct of cultural intelligence is not an adaptation or variation of social or emotional intelligence. Earley and Erez (1997) showed that what is regarded as emotionally intelligent in one culture is not necessarily regarded as emotionally intelligent in another. Earley and Ang (2003) illustrate this through their example of leadership and speech making. The style of public speaking which will arouse emotions varies greatly in different cultures. In cultures that are not emotionally expressive, the style of successful speech making is very restrained compared to the speeches of leaders in more emotionally expressive cultures. Due to their emotional intelligence, these leaders and speech makers have an understanding of what is successful in their domain, as do the individuals with whom

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they are communicating, who have personal as well as culturally derived expectations.

Cultural intelligence is distinguished from emotional intelligence in that it is not culture specific. Social intelligence, which is similar to emotional intelligence, is described by Salovey and Mayer (1990) as the ability to understand and manage people. As the content and processes of social interaction are not universal across cultures, social intelligence must be culture specific to some extent if not culture bound. Cultural intelligence is not a subset of either emotional intelligence or social intelligence but rather it is a separate ability. It is the ability to adjust to a variety of cultural environments and circumstances and situations or multicultural situations. Cultural intelligence is 'the capability to interact effectively with people from different cultural backgrounds' (Thomas and Inkson, 2004).

The model developed by Thomas and Inkson's (2004) has three components: Knowledge, Mindfulness and Behavioural Skills, as illustrated in the following three intersecting circles diagram (see Figure 1). More specifically, one must have a sufficient level of knowledge in order to understand cross-cultural differences; one must have the mindfulness to be able to monitor and comprehend cross-cultural situations; and finally, one must have the ability to adapt their behaviour in accordance to whatever is appropriate for various cross-cultural situations. Having these three traits creates a foundation for one to have a high level of cultural intelligence (Thomas & Inkson, 2004).

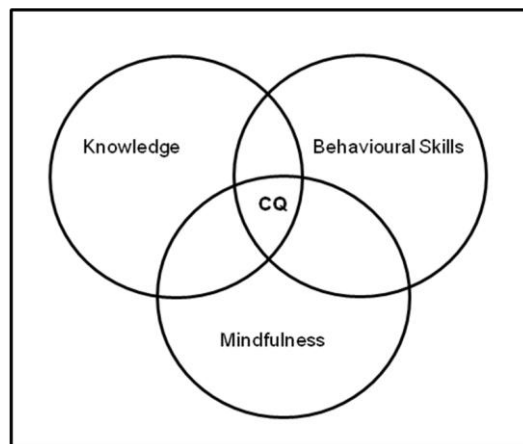


Figure 1: Three circle diagram
(Thomas & Inkson, 2004)

The three components interact to build on each other. The first component being knowledge of culture, what culture is and what it is not, how cultures vary, how culture affects behaviour, and the principles of cross cultural interactions. Part of this knowledge is derived from observation of other cultures (and one's own) which leads to their concept of mindfulness and being aware of differences in a non-judgemental way. They introduce the concept of 'Cultural Cruise Control' to describe how unaware people usually are with respect to knowledge of other cultures.

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The mindfulness component is employed to develop the skill and ability to choose the appropriate behaviour, which improves knowledge and informs mindfulness with a resulting improvement in the skills of people engaged in global business.

The behavioural skills component indicates that the individuals must adapt their behaviour to cultural norms and combine the new norms that they have learned into their new knowledge bank, to be used in future situations. Developing cultural intelligence is an ongoing process and is reinforced with each new cultural experience (Thomas & Inkson, 2004).

Earley and Ang (2003) put forward the construct of cultural intelligence as a multi-factorial concept containing cognitive, motivational and behavioural components. The three components have increased to four due to the separation of the cognitive and metacognitive factors. The four components described by Ang et al (2007) are as follows:

Metacognitive intelligence refers to control of cognition, that is, the processes used by individuals to acquire and understand knowledge. These processes include planning, monitoring and revising mental models of cultural norms. Individuals with highly developed metacognition are readily aware of the cultural preferences of others, both before and during interactions.

Cognitive Intelligence refers to knowledge structures and is consistent with Ackerman's (1996) intelligence-as-knowledge concept, which argues that knowledge is an important part of the intellect. Cognitive intelligence includes knowledge of the social, legal and economic systems of different cultures and an understanding of the similarities and differences between them.

Motivational intelligence refers to the mental capacity of being able to direct and sustain energy when engaged in a particular task or situation and being able to recognise that motivational capabilities are critical to 'real world' problem-solving (Ceci, 1996). In the cultural intelligence construct, this occurs as an interest in and confidence with cross cultural effectiveness (Bandura, 2002).

Behavioural intelligence refers to outward manifestations or overt actions: what people do rather than what they think (Sternberg, 1986). In addition, understanding and motivation need to be combined with the ability to speak and act appropriately in culturally diverse settings.

4. Openness: A Big Five Personality Dimension

The Big Five model is a comprehensive, empirical, data-driven research finding which presents a robust taxonomy of personality (Digman, 1990). The Big Five dimensions are neuroticism, extraversion, agreeableness, conscientiousness and openness. Reviews of the personality literature have concluded that these personality dimensions are systematically linked to a variety of job performance criteria (Goldberg, 1993). The Big Five have been replicated in a variety of different languages and cultures, such as China (Trull & Geary, 1997). The Big Five structure has also been tested across several cultures using an international English language scale (Thompson, 2008). Recent work has found relationships between cultural

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factors, Individualism, Power Distance, Masculinity, and Uncertainty Avoidance (Hofstede, 1980) with the average Big Five country scores (McCrae & Terracciano, 2005).

Neuroticism represents individual differences in adjustment and emotional stability. Costa and McCrae (1992) state that individuals high on neuroticism tend to experience a number of negative emotions including anxiety, hostility, depression, self-consciousness, impulsiveness, and vulnerability. On the other hand, people who score low on neuroticism can be characterized as self-confident, calm, even tempered and relaxed. Extraversion describes the extent to which people are assertive, dominant, energetic, active, talkative, and enthusiastic (Costa & McCrae, 1992). People who score high on Extraversion tend to be cheerful, enjoy interacting with people and large groups, and seek excitement and stimulation. People who score low on Extraversion prefer to spend more time alone and are characterized as reserved, quiet, and independent. Agreeableness assesses one's interpersonal orientation. Individuals high on Agreeableness can be characterized as trusting, forgiving, caring, altruistic, and gullible. The high end of Agreeableness represents someone who has cooperative values and a preference for positive interpersonal relationships. Someone at the low end of the dimension can be characterized as manipulative, self-centred, suspicious, and ruthless (Costa & McCrae, 1992; Digman, 1990). Conscientiousness indicates an individual's degree of organisation, persistence, hard work, and motivation in the pursuit of goal accomplishment. Some researchers have viewed this construct as an indicator of volition or the ability to work hard (Barrick & Mount, 1991). It has been the most consistent personality predictor of job performance across all types of work and occupations (Barrick, Mount & Judge, 2001). Many scholars regard Conscientiousness as a broad personality dimension that is composed of two primary facets: achievement motivation and dependability (Mount & Barrick, 1995).

Openness to experience is a personality dimension that characterizes someone who is intellectually curious and tends to seek new experiences and explore novel ideas. Someone high on openness can be described as creative, innovative, imaginative, reflective, and untraditional. Someone low on openness can be characterized as conventional, narrow in interests, and unanalytical. Openness is positively correlated with intelligence, especially aspects of intelligence related to creativity, such as divergent thinking (McCrae, 1987). Openness tends to be normally distributed with a small number of individuals scoring extremely high or low on the trait, and most people scoring near the average. Silverthorne (2001) examined effective and ineffective leaders in the US, Taiwan and Thailand using the Big Five personality factors model. His study showed that the trait of openness is not a differentiator between effective and ineffective leaders in some Asian countries, specifically China and Thailand. While the results of his study indicate that leaders in these Asian countries do not exhibit the trait of openness, it is possible that such leaders may not be successful as global leaders. Global leadership requires the leader to operate effectively across different cultures and a high degree of openness is a pre-requisite for success.

5. Cultural Intelligence and Openness

Researchers generally agree that the Big Five taxonomy of personality is important because of its ability to classify personality traits (Ang, Van Dyne & Koh, 2006). The correlation of these personality factors with the four components of cultural intelligence provides valuable information as to the relationship between personality and cultural intelligence.

Ang, Van Dyne and Koh (2006) found that there were correlations between the Big Five personality factors and each of the components of cultural intelligence. The most important finding was that the factor of openness was positively correlated to all four of the components of cultural intelligence. They concluded that 'openness to experience' is a crucial personality characteristic that is related to a person's capability to function effectively in diverse cultural settings. They further stated that this result was contrary to previous findings relating to openness which found that there was no correlation between openness and job performance. Their explanation for the difference in findings was that previous studies did not focus on well-defined tasks or situations. They add that given the changing nature of work and work environments in a globalised operating environment "adaptive performance has emerged as a new form of work performance and that adaptive performance is likely to be a requirement of culturally diverse workplaces and operating environments" (Ang, Van Dyne & Koh 2006). In addition to humility and integrity, Thomas and Inkson (2004) have suggested that openness is an attribute of CQ in individuals. Our analysis of the research indicates that both cultural intelligence and openness are important components of effective global leadership.

6. Conclusion

We believe that over the next decade, the impact of globalisation will intensify. While current leadership theories provide a useful framework, developing effective global leaders requires a deep understanding of skills essential for success in cross-cultural environments. In this research paper, we examined the concept of cultural intelligence. Our research indicated that cultural intelligence is not the same as emotional intelligence or social intelligence. We also found that the Big Five personal dimension called openness is essential for effective global leadership. Future research can test the link between cultural intelligence, openness and effective global leadership empirically. In a borderless world, leaders will have to think globally in order to be successful. Yet global leaders will also be required to understand and appreciate cultural needs and expectations. We believe that global leaders who have a high level of cultural intelligence and openness will be extremely effective in this new global environment.

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