A Framework of Cultural Intelligence in Context to Leaders, Teams & Organizations

Aditi Sharma Dogra
Gautam Buddh University, Greater Noida, India

Varsha Dixit
Gautam Buddh University, Greater Noida, India

Follow this and additional works at: https://managementdynamics.researchcommons.org/journal

Part of the Business Commons

Recommended Citation
DOI: https://doi.org/10.57198/2583-4932.1058
Available at: https://managementdynamics.researchcommons.org/journal/vol17/iss1/1

This Research Article is brought to you for free and open access by Management Dynamics. It has been accepted for inclusion in Management Dynamics by an authorized editor of Management Dynamics.
A FRAMEWORK OF CULTURAL INTELLIGENCE IN CONTEXT TO LEADERS, TEAMS & ORGANIZATIONS

Ms. Aditi Sharma Dogra*
Dr. Varsha Dixit**

ABSTRACT

Rapid globalization has led to richness in diversity of workforce in today’s organization. Borderless economy has resulted in imparting international experience and exposure to the workforce further enabling them to handle international projects or assignments effectively. There is an essence of competent Leaders who can lead such diverse teams to drive the organization towards growth with varying environment. In this paper, an attempt has been made to develop a conceptual model based on the challenging issue of whether today’s organization be called a culturally intelligent organization. This is done by building and integrating various constructs to study the relationship between Leader CQ, Team CQ and Organization CQ. This paper also gives an overview of the existing concepts related to it. The paper further discusses the variables and sub variables in detail which can provide a boost to the performance of managers as well as the teams in international arena.

Keywords: Globalization, Leader CQ, Team CQ, Organization CQ, Team Diversity, Borderless Economy.

*Research Scholar, GautamBuddh University, Greater Noida, E-mail - adysharma.sharma@gmail.com
**Assistant Professor, GautamBuddh University, Grater Noida, e-mail - varsha@gbu.ac.in
INTRODUCTION

Organizations of today are working in a completely volatile environment and comprises of competent leaders as well as workforce to face the stiff competition. The competitive environment demands the leaders as well as diverse teams to understand the growing complexity of the challenges of differentiation and the need to integrate the same. The organization’s survival completely depends on how the leaders as well as the teams associated with them are able to handle cross cultural situations. Culture plays a pivotal role for any organization operating globally. Understanding of existing differences can provide an organization a competitive advantage along with its managers and team members. Many researchers are working to bridge the gap caused due to cultural differences at workplace and has helped to bring a new domain of intelligence known as Cultural Intelligence, Cultural Quotient or CQ. Earley & Ang (2003). The term cultural intelligence and the abbreviation "CQ" was developed by Ang Soon and Van Dyne Linn (2006). Cultural Intelligence plays a vital role in understanding the advantages of a workforce which is diverse in nature. Cultural Intelligence can be defined as how well a person can communicate, adjust and adapt to different cultural setting by using his/her cognitive, metacognitive, behavioral and motivational aspects. Ang et al. (2006). Ang, Van Dyne, & Livermore (2007) describe four CQ capabilities: meta-cognition (CQ Strategy), cognition (CQ Knowledge), behavior (CQ Action) and motivation (CQ Drive). Cultural Intelligence helps leaders as well as the teams to understand the cross cultural differences better and gives them an insight to manage and leverage out of cross cultural interactions so as to make their organization culturally intelligent.

Though there are various papers which have discussed the benefits of cultural intelligence in the organizations but there has been very few descriptive as well as empirical papers which have tried to link Leader CQ and Team CQ with Organization CQ. Groves and Feyerherm, 2011; Ibrahim Yitmen , 2013; Ang & Inkpen , 2008). Some scholars like Groves and Feyerherm 2011 have tried to study the relationship between Leader CQ on leader performance as well as team performance by collecting data from culturally diverse organizational leaders and teams. The aim of this research is to integrate conceptualizations of Leader CQ and Team CQ into one model for estimation of their effect on Organization CQ.

LITERATURE REVIEW

This world consists of diversity in many ways that includes diversity of opinions, ideas, views, thoughts, experiences, education and beliefs. The global organizations and the Leaders associated with them are striving hard to strengthen their workforce by imparting knowledge related to cultural differences. The prime focus of the organizations is to synchronize the capability of diverse workforce or teams’ paramount for success.

Cultural intelligence (CQ)

Cultural Intelligence may be defined as a person's ability to understand the cultural differences and to be able to manage the same in various cross cultural setting. (Ang et al, 2007). It is considered to be a kind of mental process which comprises of what, when, why and how related to culture. Cultural Intelligence provides a platform to an individual to seek answers to the questions related to cultural differences and further gives an insight to an individual to think, understand and behave in a cross cultural environment. Triandis (2006) argues that CQ can be achieved by an individual if he/she avoids being judgmental until enough information is not gathered.
A FRAMEWORK OF CULTURAL INTELLIGENCE IN CONTEXT TO LEADERS, TEAMS & ORGANIZATIONS

The foundation of Cultural Intelligence was laid in the beginning of 1960's and the offshoots of the same are cultural relativism theory (Berry, 1974, Sternberg, 1985; cf. Ng, Earley, 2006) and the concept of cultural intelligence (Earley, 2002). There are two approaches i.e. culture relativism and cultural intelligence approach. The culture relativism approach states that intelligence is one of the function of an individual's own cultural, social and ecological background so it is centered around a culture. (Berry, 1974). Cultural Intelligence approach considers intelligence in a general way and believes that it is the ability that can be transferred across any culture. Thus if a person has high cultural intelligence he can effectively perform not just within but across any culture. (Ng & Earley, 2006). The cultural relativism theory is knitted around the concept of culture which means that this approach is culture bounded whereas cultural intelligence is said to be free from the concept of culture and can be applied in context to other cultures. It is not culture specific concept. These two concepts are interrelated, as culturally intelligent individuals need to understand what intelligent behaviors constitute in different cultures (Ng, Earley, 2006). In this paper, second approach has been taken, that is cultural intelligence approach because of its impact on today's global workplace where the ability to adapt with different people from different cultural backgrounds is of great importance.

CQ is regarded as multidimensional concept. According to Earley and Ang (2003) CQ is conceptualized to comprise four dimensions:

- Meta cognition
- Cognition
- Motivation
- Behavior

Metacognitive is defined as a mental process in which an individual tries to procure and understand knowledge related to culture without having prior education or experience about the same. Cognitive is defined as knowledge about the cultural differences and norms through education and experience. Motivational is defined as a source of stimulation for an individual which further helps him/her to streamline the knowledge of cultural differences into right action. Behavioral refers to how individuals act and think in these cross-cultural situations. It encompasses various elements of verbal and nonverbal.

The concept of CQ has been defined in many different ways by many renowned scholars. There have been various research done on individual CQ. The study done by Ang et al (2007) on a sample of executives suggest that the dimensions of CQ, motivational and behavioral are closely connected to general adjustment. Further he found out that the cognitive and meta cognitive helps improvise decision making of individuals in culturally diverse setting.

Some scholars like Ang, Van Dyne and Koh (2006) have tried to study the relationship between Big Five (Costa, Mcgrae 1988) and CQ. The major finding was that the Big Five was positively connected to all the four dimensions of CQ.

According to a researcher, manager’s behaviors were studied on the basis of task and relationship and the finding was that the managers who are relationship centered are able to avoid and counter problems related to cultural differences.

Cultural intelligence and teams

Global teams and individuals who do not know how to effectively communicate, identify with, and resolve conflicts across cultures are likely to be in danger of being trapped such as losing cross-cultural
business opportunities, encountering reluctance to share valuable ideas when a culture is not understood, and potentially losing business (Janssens & Brett, 2006). Members of culturally intelligent teams hold diverse cultural identities, affecting their understanding, interpretation, and manner of responding to various situations. (Erez & Earley, 1993, Shokef & Erez, 2006). These global teams are connected together due to social cohesiveness beyond national cultures. Cultural intelligent teams consist of individuals from different cultures working together on activities that span national borders (Snell, Snow, Davidson, & Hambrick, 1998). The composition and the communication of the traditional teams differ with the team who are high in CQ. Team with higher CQ’s are a pool of global talent especially formed of experts possessing specialized skills situated in different places to meet organizational goals.

There are studies that have proved that the individuals who have worked in such teams have a higher CQ level compared to the members’ initial CQ level. (Shokef & Erez, 2006). Members of such teams build a global identity which is also present in individuals who are a part of virtual teams. Global identity is stronger in individuals working in global organizations. Team CQ is related to the four facets of the concept of CQ i.e. metacognitive, cognitive, behavioral and motivational. In terms of the relationship between the four constructs and the team members, once an individual feels confident about the ability to engage in cross cultural interactions, he or she feels much more satisfied to being a member of groups operating in the global environment. Some of the studies have proved that more the members high in CQ, the better will be the team performance.

Teams high in CQ and multicultural in nature are much more creative, innovative and effective than the single cultural teams. They use their similarities to bridge the differences. A team undergoes transition every time a new member joins the team and the new members use the culture of the new team as well as their own culture as behavioral guides in cross cultural interactions.

Organizational cultural intelligence

Organizational CQ is a key driver for success in global arena and this domain has been the subject of latest study supported by some existing literature (Akgun, Keskin, Byrne, & Aren, 2007; Teece, Pisano, & Shuen, 1997), (Ang & Inkpen 2008). Cross cultural environments are characterized by dynamic complexity (Lane, Maznevski, & Mendenhall, 2004). The dynamic complexity and capriciousness incross cultural contexts require firms to possess dynamic capability, but specific to culturally diverse situations. According to Sapienza et al. (2006) the greater the organization’s tends to accumulate foreign market experience, the more its management can make resource commitments to cross border activities. Further organizations can develop capabilities in international markets the can be leveraged to help their core business in domestic market.

International experience for an organization comprises of experience with transnational operations and in specific foreign markets and industries. Experience represents knowledge that could be turned into a capability. (Yadong Luo, 2000). The experience with transition economies and Asian markets allows Coca cola to move into new markets easily. It was the first U.S. firm to have entered North Korea. According to the Uppsala stage model (Johanson, J. & Vahlne, J.E. 1977) more emphasis is laid upon learning, for example familiarization with other national cultures which acts as the driving force behind the internationalization of an organization. Knowledge becomes the key ingredient or a critical resource since the knowledge needed to operate in any country cannot be acquired easily.

The contracts in the paper are based on the research work of scholars like Ang & Imkpen 2008; Ibrahim Yitmen 2013; Moon 2010 and Lima & Wood 2015.

The constructs to study organizational cultural intelligence are Organizational Human Capital,
Organizational Routines & Structures, Organizational Competitive Resources and Organizational Strategic/Trading Partners (Refer Figure 1).

CONCEPTUAL MODEL AND HYPOTHESIS DEVELOPMENT

The conceptual framework is an integration model based on the research work of Ang & Van Dyne (2003), Moon (2010); Teece et al. (1997); Adler & Kwon (2002); Dyer & Nobeoka, (2000); Kang et al. (2007); Yli-Renko et al. (2001); Ang & Inkpen (2008); Sapienza et al. (2006) and Ibrahim Yitmen (2013). The model tries to explain that an organization can be called a culturally intelligent one if it has got leaders as well as teams which are culturally intelligent that means they have an exposure to work in cross cultural environment. This model though seems to be very basic but presents a new and interesting relation between the three main constructs which has not been taken up conceptually or empirically together.

![Figure 1 A Framework of Leader CQ, Team CQ & Organizational CQ](Image)

The constructs of the model (Figure 1) are as follows:

1. Leader Cultural Intelligence comprises of four dimensions (Earley and Ang, 2003)
   - Meta cognition (cognitive strategies to acquire and develop coping strategies),
   - Cognition (knowledge about different cultures),
   - Motivation (desire and self-efficacy), and
• Behavior (repertoire of culturally appropriate behaviors).

2. Team Cultural Intelligence
• Meta cognition (cognitive strategies to acquire and develop coping strategies),
• Cognition (knowledge about different cultures),
• Motivation (desire and self-efficacy), and
• Behavior (repertoire of culturally appropriate behaviors).

3. Organization Cultural Intelligence consists of four major constructs based on the work of (Teece et al; Moon, 2010; Ibrahim Yitmen, 2013) Adler & Kwon (2002); Dyer & Nobeoka, (2000); Kang et al. (2007); Yli-Renko et al. (2001); Ang & Inkpen (2008) and Sapienza et al. (2006).

- Organizational Human Capital

Any organization Leaders as well as Teams are a valuable resource and an important asset. If an organization has a set of people who are culturally intelligent than the organization would be able to compete in this global environment, will be able to build strategies and attract talent from across the globe. Thus Organizational Human Capital can be defined as people working within the organization who through their diverse education, experience and exposure of various cultural differences can build opportunities for the organization.

- Organizational Routines & Structures

It means how an organization with the help of culturally intelligent people designs and develops routines and plans in hierarchical relations. There are many different types of structures present at micro and macro level within the organization. For instance horizontal, vertical, centralized or decentralized. Leader CQ and Team CQ would help such organizations to choose the right plan so as to head in the direction leading towards growth.

- Organizational Competitive Resources

An intelligent organization is one that completely understands the kinds of resources such as operational, R&D, marketing and financial, necessary to compete and can further analyze the risk involved in the same. High Leader CQ and Team will be able to combine various knowledge related to competitive resources so that the organization performs well in global arena.

- Organizational Strategic/Trading Partners

Organization needs to fully understand the relations with the strategic and trading partners and it becomes more critical if the people involved are of different culture. For the expansion of business opportunities across the globe an organization needs to have knowledge regarding legal, political and social differences that can matter while establishing relations with them.

This model shows a relationship between Leader CQ, Team CQ and Organization CQ. Leader CQ has a direct impact on Team as well as Organizational CQ which has been depicted by an arrow. The second crucial relation which has been put under lens is that of the direct relationship between Team CQ on Organizational CQ. The model suggests that Leader CQ and Team CQ plays a significant role in making the organization “more intelligent”. If an organization has a high Leader CQ and Team CQ it will enable the organization to capitalize on the same further having a positive influence on the four constructs of the organizational CQ.
A leader can be a project manager or any member from top echelons such as CEOs handling or working on a project/assignment overseas. Such leaders are called culturally intelligent because they happen to meet diverse people and become more acquainted about the culture general as well as culture specific knowledge. Alon and Higgins (2005) mentioned that a leader’s leading behaviors are moderated by cultural intelligence. A company that has leaders who are culturally intelligent will have individuals who are highly motivated and have the necessary skills and ability to develop cross cultural interpersonal relationships. They are able to adapt to different cultural situations and, thus, are able to influence the behaviors of their teams to perform successfully in globally diverse environments (Ibrahim Yitmen, 2013). A global organization tends to perform better due to managers high in CQ i.e. person who has better control for cognitive ability and international experience. According to Carpenter et al. (2001) CEOs with international assignment experience (IAE) create value for the organization/firm themselves through their control of a valuable, rare, and inimitable resources. Internationally seasoned CEOs are said to be exposed to a different value system, languages, and institutional environments (Ricks et al, 1990) which is likely to reflect in the organization’s performance further enhancing the inter and intra firmorganization reputation. According to Sapienza et al. (2006) a manager’s international experience influences the outcomes of internationalization in three ways. First, knowledge of previous established routines decreases the cost of experimentation with new solutions. Secondly, it reduces the time required to implement the plans. Lastly, this experience provides advantages of building a network that helps to transfer ideas and practices across boundaries. According to some scholars Leaders tend to greatly impact the outcomes of a team. Ang and Inkpen (2008). The leaders with high CQ have the ability to create a climate based on transparent communication pattern within the teams and strong trust on each other. The leaders highlight the importance of change management within the team’s further reducing conflicts that can exist due to pool of similarities and dissimilarities amongst the team members. The Leaders with high CQ help the teams with diversified backgrounds to work together for organizational goals thus enabling the team members to have a deeper sensitivity towards the cross cultural differences that exist within teams. Groves and Feyerhem (2011).

**H1:** High Leader CQ leads to high Team CQ.

A team has to be a multi-cultural or a multinational in which the members are ready to recognize and understand the national cultural differences and incorporate this knowledge into future cross cultural interactions. The organization possessing culturally intelligent top management teams (TMT) or middle level teams are able to cope with fast changing external environment and design strategies to counter international challenges due to wide range of exposure and experience to handle cross cultural situations. (Ang et al., 2007; Groves & Feyerhem, 2011) The relationship between the TMT, strategies and performance have been studied by many scholars who claim that relationship between the three is significant for any organization to operate effectively in global arena. Further TMT’S experience helps the leaders/managers to scan and analyze the volatility of the environment resulting into taking better and competent decisions.

International assignment experience is one of the most crucial factor for a team CQ as it helps in building of a “global mindset” termed by Murtha, Lenway and Bagozzi (1998: 97). The shared experience provides TMTs a greater degree of freedom in managing the complexities of global multimarket competition (Bartlett & Ghoshal, 1989, Prahlad & Doz, 1987, Carpenter et al, 2001). The combination of culturally intelligent human resource and the competitive resources enables an organization to have a cutting edge over the others. Ang & Inkpen (2008).

**H2:** High Leader CQ & Team CQ has positive influence on Org. Human Capital.
**H3:** High Leader CQ & Team CQ has positive influence on Org. Competitive Resources.

Organizational CQ requires translating organizational learning into a critical competence by knowledge acquisition, knowledge sharing and knowledge utilization. Leaders as well as teams fulfill the purpose of organization cultural intelligence not only by generating new useful ideas but also through spanning boundaries. Boundary spanning means generating ideas beyond the boundary of an organization by going outside to learn what other companies are doing. This helps an organization to enjoy high probability of success at international assignments. Managerial skills along with international experience are two major elements of organizational capability developed from diverse legal, political, and cultural traditions. Managerial skills are manifested in not only international human resource management but also in the effectiveness of information flow, coordination system, and organizational structure and the efficiency of management, administration and control. Some of the companies such as Amway, Volvo and Hitachi have been working on the same principle thus motivating there overseas managers and workforce. Collective experience has a strong influence on the degree to which capabilities become organizationally embedded. Cultural Intelligence helps an organization build superior efficiency that creates and transfers knowledge across borders. Structure helps to integrate various interrelationships in the hierarchy and the leaders as well as the teams which are working in international organizations tend to attract partners which are located offshore. Ang & Inkpen (2008).

**H4:** High Leader CQ & Team CQ has positive influence on Org. Routines & Structures.

**H5:** High Leader CQ & Team CQ has positive influence on Org. Strategic & Trading Partners.

The model focuses on the importance of Leaders as well as the Teams who actually can guide the organization on the path of Cultural Intelligence. The effect of the various constructs can be taken in consideration for example the impact of Leader CQ’s Metacognitive on Organizational Human Capital. The various sub constructs can surely create a ripple effect on each other which can be studied deeply.

**CONCLUSION**

The employees tend to be the biggest asset of any organization. An organization is made of talent which helps it to acquire resources, build strategies and counter the competitive forces prevalent in the economy. In this paper we discuss how leaders such as CEOs and TMTs through their experience, education and expertise can positively impact the performance of a global organization and helps to build an organization CQ. The increasing importance of cultural intelligence as a strategic tool has prompted us to develop a framework that contributes to the emerging literature. The framework consists of variables that have been the focus of various firms affected by the internationalization. There are various scales to measure the sub dimensions of the given model by researchers. To get success in the global competition organizations increasingly rely upon human assets and further managing human resources has become a critical organizational capability. Organizations with various foreign sub units consist of team and leaders of diverse worldviews and the organization should be competent and capable enough to blend the differences so as to boost its performance. (Mukherjia, Jainb and Sharma, 2016). Previous studies have suggested that many of the global organizations transfer productive knowledge across borders through internalization. Foreign experience generally accumulates with the length of foreign operations. Increased experience heightens a global organizations operational confidence and stimulates its resource commitment to different parts of the world. International managers should focus on knowledge development and experience sharing which further provides the basis for organizational CQ.
CONTRIBUTION TO ACADEMIA AND INDUSTRY & ITS LIMITATIONS

This paper is extremely useful for today's managers/Leaders as well as the teams working in an international arena or MNC's. Organizations need to work towards the latest developments in order to have a cutting edge and thus an attempt through this paper has been made to make the organizations culturally intelligent. Many organizations are composed of heterogeneous workforce thus it is one of the imperative factors which requires to be polished. Cultural Intelligence has been recognized as a mediator between individual and organizational antecedents. (Bovornusvakool, Ardichvilli and Rana, 2015) The limitations are that today also the scenario is that the organizations give importance to performance in numbers and thus requires Leaders to work for the same. Though the organizations are working with various offshore partners but less importance is been given towards the training of the teams that can bridge the gap of cultural differences in the projects. Very few people are found to be working on foreign assignments for a long duration of time which needs to be addressed.

FUTURE SCOPE FOR RESEARCH

Due to competition becoming fiercer, performance in terms of innovation becomes crucial and the shelf life of goods and services decreasing, organizations becomes increasingly dependent on leaders and team who are able to adjust and adapt according to the turbulent environment. There are various descriptive and empirical papers on cultural intelligence but research need to be done on the relationship between leader CQ, team CQ and Organizational CQ. To respond to the growing complexity, diversity in terms of age, gender, education, experience and nationality, and dynamism of the external environment an organization needs to build cultural intelligence within its leaders and teams and should be able to develop new capabilities protecting the existing strengths. Future study needs to be done on how team CQ can increase the performance of the organization. Though the individual level CQ has been measured by the four constructs but research needs to be undertaken on building of organizational CQ.

REFERENCES


