CULTURAL INTELLIGENCE: EXPLORING THE RELATIONSHIP BETWEEN LEADER CULTURAL INTELLIGENCE, TEAM DIVERSITY AND TEAM PERFORMANCE

Ms. Aditi Sharma Dogra  
Research Scholar  
Gautam Buddha University  
Greater Noida  
adsharma.sharma@gmail.com

Dr. Varsha Dixit  
Assistant Professor  
Gautam Buddha University  
Greater Noida  
varsha@gbu.ac.in

ABSTRACT:

Leadership today is a challenge due to volatile environment and dynamic workforce. As organizations are becoming borderless and the workforce are working cross border, it is important to understand why some individuals function more effectively than others in culturally diverse situations. To date, very few studies have examined the relationship between leader cultural intelligence and team performance. The objective of this research paper is to explore the relationship between Leader cultural intelligence, team diversity and team performance. This paper tries to build a conceptual framework establishing a relation between Leader Cultural Intelligence, Team Diversity and Team Performance. It is not only that the organizations are global nowadays but the people who are global that has resulted into the origin of Cultural Intelligence. This paper gives a snapshot of various studies that have been done based on this and hence gives a proposed model which can be undertaken in future.

Keywords: Leader Cultural Intelligence, Globalization, Team Diversity, Team Performance

INTRODUCTION

The blend of a diverse workforce along with the potential of a Leader enables any organization to operate globally. Understanding the need or demands of a competent workforce and leaders raises a concern to understand the key factor i.e.
culture which binds leadership, workforce diversity and global organization together. The knowledge of culture can drive the organizational resources, strategies, plans as well as products to an international level. This has led to the rise of the concept of CQ or Cultural Intelligence developed by Ang Soon and Van Dyne Linn (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 can be defined as an individual’s capability to understand, adjust and adapt in various cultural situations. It is the mental framework of an individual which makes him/her more conscious towards the existing cultural differences and drives him/her to act accordingly. Cultural Intelligence helps in better understanding of the existing cultural differences and allows the individual to engage in intercultural interactions. Cultural Intelligence further helps to bridge gaps that can occur due to cultural differences present at an individual level as well as at the team level in an organization.

Diversity comprises of similarities and differences in age, gender, opinions, experience, education, nationality and even values in an individual. Organizations are more inclined towards building a heterogeneous team rather than the homogeneous ones. The differences in ideas and exposure leads to creation of ideas to solve problems of any kind or nature. The significance of diversity is that an organization becomes a pride owner of a pool of diversified ideas which further helps it to take better decisions and avert risks. Groves and Feyerhem (2011). Workforce diversity is divided into three: Informational Diversity, Social category Diversity and Value Diversity. Jehn, North craft and Neale (1999) as illustrated in Figure 1.

Performance has been defined as a method in which team members are concerned about accomplishing the expected goals and turn out the desired outcomes (Salas, Cooke & Rosen 2008). Team Performance can be measured in terms of conflicts and innovation. Following Jehn and Mannix (2001) three types of conflict are examined: Task, Process and Relationship conflict.
Task Conflict: It is an awareness of differences in viewpoints and opinions pertaining to a group task. Jehn and Mannix (2001)

Relationship Conflict: It is an awareness of interpersonal incompatibilities including affective components such as feelings, tension and friction. Jehn and Mannix (2001).

Process Conflict: it is defined as an awareness of controversies about how task accomplishment would proceed. Jehn et.al (1999).

West and Farr, (1989) define innovation as ‘the intentional introduction and application within a role, group or organization of concepts, processes, merchandise or procedures, unaccustomed to the unit of adoption, designed to considerably benefit role performance, the group, the organization or the broader society’ (p. 16). Relatively few studies have centered at the level-of- analysis of the work group. This can be a notable disadvantage since it’s often the case that an innovation is originated and subsequently developed by a team into routinized practice within organizations (West and Farr, 1990; Anderson and King, 1993). For instance, a management team might initiate changes in organization procedures; a marketing team might modify approaches to advertising product lines; and an assembly team might institute new and improved ways of product manufacture.

SIGNIFICANCE OF CULTURAL INTELLIGENCE

Dynamic organizations of today cannot afford to neglect the benefits delivered by cultural intelligence and so they insist on designing and imparting training programs in international management. The leaders are well acquainted with the fact that the survival of a team or an organization solely depends on synchronizing the benefits derived from diversity and deep understanding of cultural differences, cultural intelligence helps to leverage out of the same.

Though the advantages are countless but some of them are-

- Cultural Intelligence helps to strengthen the risk taking capability of the organization across border.
- It assists in channelizing the competitive resources crucial for the performance of an organization.
- It helps in managing and combining the synergies of the diverse workforce and
directing the same towards the growth of an organization.

- It enables an organization as well as leaders to build strategies that further attracts global partners.
- Cultural Intelligence links innovation with performance and reduction of conflicts.

Though there are various papers which have discussed the benefits of workforce diversity and team performance in the organizations Jonas F. Puck et al. (2010), Anne Nederveen Pieterse et al. (2013) but there has been very few descriptive as well as empirical papers which have tried to link Leader CQ with Team Performance and the role of workforce diversity in the same. Kevin S. Groves and Ann E. Feyerherm (2011), Kok-Yee NG and P. Christopher Earley (2006), Kadri Karma and Rebekka Vedina (2009). The aim of this research is to integrate conceptualizations of Leader CQ and Team diversity into one model for estimation of their effect on Team Performance. The topic of research is novice and yet to be explored more. This research is to identify how teams are able to benefit from Leader CQ and enhance team performance.

**LITERATURE REVIEW**

**CULTURAL INTELLIGENCE (CQ)**

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.

The foundation of Cultural Intelligence was laid in the beginning of 1960’s and the offshoots of the same are cultural variation theory (Berry, 1974, Sternberg, 1985; cf. Ng, Earley, 2006) and the concept of cultural intelligence (Earley, 2002). The cultural variation 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.

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.

Many renowned scholars and researchers have made contributions to define the concept of Cultural Intelligence also known as CQ. The study done by And 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 TEAM PERFORMANCE

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). There have been various studies theoretical as well as empirical which have tried to analyze the relation between cultural diversity on performance. (Anne, Knippenberg & Dierendonck, 2013; Rosini, 2015) My research specifically develops a model or a framework explaining how team cultural diversity moderates the relation between Leader CQ and Team Performance.

RESEARCH GAP & HYPOTHESIS DEVELOPMENT

Most of the prior research has focused on individual Cultural Intelligence and Workforce Diversity, but only a few studies have tried to study the impact of Cultural Intelligence on Performance (Kevin S. Groves and Ann E. Feyerherm (2011), Kok-Yee NG and P. Christopher Earley(2006). Kadri Karma and Rebekka Vedina(2009). For this reason research must consider how Workforce Diversity moderates the relationship between Leader CQ and Team Performance. This need is the starting point of this study, which looks at the different constructs of Leader CQ, Workforce Diversity and Team Performance. This study explores the relationship between Leader CQ, Workforce Diversity and Team Performance. The findings from the previous research lead to the following hypothesis, which guides the building of this study.

H1: Workforce Diversity will moderate the relationship between Leader CQ and Team Performance. The Leader CQ and Team Performance will be stronger in teams with greater diversity.

WORKFORCE DIVERSITY

Mostly research on diversity has been centered on surface level diversity which is easily observable such as race, age, gender and nationality. But many scholars are working in order to define the concept of diversity in a better way and further are trying to study the effects of diversity on other variables. Further in continuation to this
suggestion, Jehn, Northcraft and Neale (1999) differentiate between three types of workgroup diversity: social category, informational and value diversity (Refer Figure 1).

There are a lot of studies linking demographic diversity and group and innovation performance. There are a set of scholars who believe that divergent ideas tend to cripple group creativity and innovation. Nahapiet Ghoshal (1998). On the other side some researchers have proven through their work that diversity is the source of creativity and innovation in a group. Diversity of ideas, views, education and experience not only generates new ideas but assists in increasing rate of innovation adoption within a team. There exists different approaches for categorization of diversity. First approach named it surface level and deeper level (Harrison et al 2002) and the second approach classifies it into visible and non-visible differences (Jackson May & Whitney 1995). Heterogeneity of background was found to be related to innovation (e.g. Ancona, Caldwell, 1992, Wiersema, Bantel, 1992; cf. Tsui, Egan, Xin, 1995). The diversity of knowledge of the team members helps to understand the importance of innovation and further enables the group members to discuss and develop ideas. Innovation is highly dependent on the individuals and thus innovation is also a process comprising of a high degree of learning and interaction amongst the team members (Vegt & Janssen 2003). Social Category Diversity includes differences of age, gender and ethnicity which can have positive or negative repercussions at workplace. If members tend to group themselves according to this category they might interact at a higher degrees within the group but can isolate themselves from people of other group. Thus the communication within a group might trigger innovation but can at the same time hamper due to disconnection with the other group. Jehn 1999 brought out a proposition in which he took the positive aspect of social diversity and conflicts (relationship) in a team.

H2: Social category Diversity will positively influence Leader CQ and Team Performance. Informational diversity includes three E’s i.e. education, experience and expertise. Diversity of experience and expertise provides new insight to solve a problem and helps the teams to work on a better solution.
Informational diversity is also related to a task or a job. Teams based on Informational diversity can be formed through various ways in an organization like job rotation or cross functional teams. Study done by Jehn and Mannix (2001) proved that if the team members have a diverse educational background they often disagree with each other on the performance of a given task. Thus he proved that heterogeneous teams suffer from conflicts in comparison to homogeneous teams with similar backgrounds who are able to cope up with the conflicts in a better way. Informational diversity too has its own pros and cons. The team members with high CQ will be able to streamline their differences in a positive way towards performance whereas teams with lower CQ will suffer from stress, conflicts and inability to perform.

**H3:** Informational Diversity will increase Leader CQ and Team Performance.

Value diversity comprises of an individual’s beliefs, attitude and opinion which is hard to trace. It is a kind of diversity which is rather hidden and becomes apparent only when you know a person well. According to Schein, value diversity can be observed in the day to day behavior of the individuals and says that value diversity has a direct impact on cultural intelligence. Value diversity too has a high rate of relatedness with the cultural intelligence it can be easily seen in the behavior of new members of a group in comparison to old members who are well acquainted with the working style and system. A lot of research is being conducted to study the advantages and disadvantages of workforce diversity in an organization. It is considered to be an opportunity as well as a challenge for any global organization.

**FRAMEWORK OF LEADER CQ, WORKFORCE DIVERSITY & TEAM PERFORMANCE**

This section of the paper discusses the framework which consists of three major constructs labelled as Leader CQ, Workforce Diversity and Team Performance (Figure 2). The framework is built depicting a relationship between the various variables. There has been a lot of research work based on individual leader cultural intelligence but the model built here also tries to focus on workforce diversity playing a moderating role between the two. (Refer Fig.2)
The constructs of the model are as follows:

1. **Leader CQ**
   - 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/Workforce Diversity**
   - Social Category Diversity
   - Informational Diversity and
   - Value Diversity

3. **Team Performance**
   - Innovation
   - Conflicts

The proposed model consists of Independent variables (IV) as well as Dependent variables (DV) with various sub variables. Leader CQ can be measured with the help of Ang et al.'s (2007) 20-item self-report scale composed of the four subscales: Meta-Cognitive, Cognitive, Motivational and Behavioral. This 20-item scale has been carefully designed and developed to be used across cultures and time. Leaders with a high level of CQ happen to adjust easily to unfamiliar cultures which further helps to improvise the performance of teams. A diverse team comprises of members holding diversity in terms of age, gender, experience, education and expertise which helps them to perform better in cross cultural setting. Leaders happen to influence team level outcomes, such as rate of innovation adoption by encouraging sharing of new ideas and knowledge within the diverse teams. Leaders with high CQ do have the impact of minimizing conflicts and increase team performance.

**FUTURE SCOPE OF RESEARCH**

There have been various theoretical and empirical research being undertaken to study Leader CQ and Team Cultural Diversity on individual basis. Due to relative newness of the concept of Cultural Intelligence, the models related to the same are not empirically tested in different cultural zones. The current studies been conducted are based on measuring work team diversity but less attention has been given to value diversity which may impact team performance. Future research is needed to develop team performance metrics apart from measuring innovation and conflicts. Another important
area of future research is the extension of Cultural intelligence to higher level of analyses i.e, Team CQ and Organizational CQ. There are many imperative research questions related to cultural intelligence which still remains unanswered.

CONCLUSION
Organizations of today require a wide array of skill set in its leaders so as to outshine and have a competitive advantage over others. So as to perform better the Leaders need to sharpen their cultural intelligence and integrate the same with the performance which further will help them to give right direction to the diverse teams in the organization. This paper tries to build a framework which establishes a relationship between Leader CQ, Team Diversity and Team Performance. This paper highlights the critical role of Cultural Intelligence on Team Performance and the moderating role of team diversity upon them.

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Figure 1 A framework of workforce diversity (based on Jehn et al.’s (1999) typology)
*Workforce Diversity has been addressed as Workgroup Diversity and same would be taken for our study.
Figure 2: A Framework of Leader CQ, Workforce Diversity and Team Performance