Global Leadership Competence: A Cultural Intelligence Perspective

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ABSTRACT

Globalization is demanding new leadership competencies. This paper discusses the increased complexity of the task and relationship functions of leadership and argues that the 21st century requires high levels of cultural intelligence (CQ). The authors expand Hollander’s leadership concepts, emphasizing the importance of culture and propose a developmental model of Global Leadership Competence.

Keywords: Globalization, Leadership, Culture, CQ, Task, Relationship

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Introduction

Leadership is a complex process involving the interactions of leaders, followers and situations. This paper argues that in addition to high levels of intellectual intelligence (IQ), and emotional intelligence (EQ), twenty-first century leaders also need cultural intelligence (CQ) to navigate the unique complexity of a global environment. We modify Hollander’s approach (1978), depicting the Leaders-Followers-Situation dynamic, by introducing task, relationship and the three intelligences, IQ, EQ and CQ. Further, we propose a model of global cultural development called the Global Leadership Competency model that will help leaders in their developmental path to effective global leadership.

The following Leadership Process Framework (Figure 1) expands Hollander’s original framework to capture and depict a dynamically organic system of interconnectedness. Leaders and followers interact within and across boundaries. Similarly, situations independent of leaders and followers (such as unrelated market forces) can affect leader and follower dynamics. Situations can also engulf leaders and followers (e.g., natural disasters or radically new market forces that render industries extinct).

Followers generally outnumber leaders and their greater numbers inherently indicate a diversity of needs, skills, and abilities. Therefore, in the diagram they are depicted as a larger circle relative to the leaders’ circle. The largest circle is drawn with dotted lines to indicate the magnitude, uncertainty, complexity and fluidity of situations (which can also include other leaders and followers). While there are many factors that contribute to the dynamics of a human system (e.g., leaders, followers and situations), task and relationship interactions are highly influenced by the leaders’ IQ, EQ and CQ.

Figure 1: Leadership Process Framework

The Complexity of Leadership Process

Viewed from an historical perspective, leaders, followers and situational dynamics have always existed, but the emphasis on the role, importance, and impact of each element has changed over time (Hooper and Potter, 2000; Higgs, 2003). The focus has largely been on leaders and has
evolved from simplistic command and control leadership styles to transactional exchange, to transformational (Bass, 1998; Avolio, 1999; Tejeda, 2001).

Studies of leaders and leadership in recent decades have given us multiple perspectives as well as deepened our insight into the leadership process. The three elements are a critical part of the leadership equation (Hughes, 2006). While working with followers of diverse backgrounds and job characteristics in given situational variables, there are two basic categories of activity that shape leader’s effectiveness: task and relationship.

Through extensive leadership research (Halpin & Winer, 1957; Blake, Mouton, Barnes, Greiner, 1964; Fleischman, 1973), task and relationship are distinguished in two dimensions: “Initiating Structure” (task behavior) and “Consideration” (relationship behavior). Task behavior is the extent to which a leader engages in one-way communication, explaining what each follower is to do, as well as when, where, and how tasks are to be accomplished. Tasks emphasize deadlines, structure projects, and standardize procedures: the desired outcomes as well as the desired means are all concerns in the leadership process. To cope with such high task demands, leaders are expected to be equipped with high IQ attributes such as analytical, logical and reasoning skills. Such “rational” behavior was highly valued in the industrial age. Many organizations generally base leader selection on high IQ (Neisser et al., 1996; Ree & Earles, 1992, 1993).

Relationship behavior or “Consideration” is the extent to which a leader engages in two-way communication by providing socio-emotional support, ‘psychological strokes,’ and facilitating behavior. Industrialization has, for over a century, emphasized mechanization, efficiency, time management and any approach that would result in high levels of productivity by employees. People were viewed and treated mechanistically, resulting in unprecedented social and health problems and alienation (Weiner, 1954; Braverman, 1974; Morgan, 1997). Even theories concerning relationship (Fiedler, 1967; Evans, 1970; Hersey and Blanchard, 1977) in the second half of the twentieth century departed little from the emphasis on tasks and productivity.

21st Century Leadership Imperative

The concept of relationship began to change in the 1960s. The dehumanizing elements of the industrial age began to shift as the work of psychologists such as Sigmund Freud and Carl Jung gained ascendance. Their psychodynamic approach recognized that human beings, whether leaders or followers, have qualities and needs in common, regardless of rank. Further, despite a western bias in favor of reason, there is growing awareness that we all function using our emotions (Calne, 1999; Muramatsu and Hanoch, 2004). A second compelling phenomenon is that workers, particularly those in western countries, have high needs for self-actualization in work and life (Hofstede, 1980). They are no longer simply working to live. They live to work, and work must be fulfilling. Interconnectivity and mutual influence exist inherently amongst people working or living together. In order to gain respect, trust and support from subordinates, leading by feel (emotional intelligence) has become even more important for leaders than in past ages (Goleman, 2004).

Task and human relationships are increasingly occurring beyond a company’s local territory or with other nations of different cultures, resulting in an increasing demand for new leadership competencies and behaviors in order to cope effectively with global conditions. There are also situational changes in expanding from a local to an international environment.
Kegan (1994) goes further, arguing that modern culture’s demands on people require a more complex consciousness than ever before. The most complex organism in any system is invariably the human being (Potter, undated). Unquestionably, effective management of relationships is the key to effective leadership (Hollander, 1978; Goleman et. al., 1999).

Increasing social, cultural and business complexity necessitates change in the nature of competent leadership. Leadership must address human needs and unlock human potential by transforming human behavior. Leaders themselves must be capable of having a transcendent impact on the individuals who work in their organizations (Potter, undated).

Tasks are principally intellectual and rational (IQ) activities. To use an information technology analogy, they might be thought of as the hardware of human activity. Relationships are an emotional (EQ) activity, the software of human activity. Cultural intelligence (CQ) encompasses IQ and EQ. CQ entails the capacity to decipher, interpret and integrate both rational and emotional behaviors, while comprehending the deeper meaning (and meaning-making) of life. Leaders with high CQ are able to adapt to new global environments as well as effectively interact with people of diverse cultures (Earley and Ang, 2003).

In summary, the western Enlightenment tradition valued intelligence as measured by IQ. It was (and still is) the recognized criteria of leadership and general competence in western business research literature. In the 1990s, emotional intelligence (EQ) began to gain ascendance (Goleman, 1995). In addition to the vital need for high IQ and EQ, global leaders are now facing an unprecedented challenge to develop a new set of competencies. That new class of competencies is cultural intelligence.

Why Cultural Intelligence is Important

In corporations of the past, the presence of cultural dynamics often went unnoticed. It is not unusual, even today, for people in organizations to say, "that’s the ways we do things here…” unaware as they say it, of the importance of the unwritten rules and habits that constitute organizational culture. Culture and the values associated with it, have always existed in organizations. In the past, the word “culture” was regarded as an abstruse concept concerning creativity and aesthetics, relevant to “the Arts” not the business world (Bell, 1996). Despite a century of study, it is only recently that culture is being widely recognized as critical to organizational transformation and leadership success.

Today, few leaders question the fact that their organizations have a culture. Realizing the significance of the role culture plays in their organization's profitability and overall performance, leaders in every sector are expending more attention on defining and highlighting the shared values and guiding principles for their organizations.

Concurrently, the advancement of electronic technology has allowed an increasing number of nations to join the world marketplace, creating a diverse and complex global environment that requires organizations to engage in adaptive strategies in order to remain competitive. This new environment affords challenges and expanded opportunities, while heralding change, competitive pressures, complexities and confusion (Fishman, 2005; Friedman, 2005).

A natural consequence of globalization is an increasingly diverse workforce and burgeoning complexity of the social environments within which organizations operate. With many more nations engaging in the global marketplace, each bringing different patterns of
thinking, ways of trading, negotiation styles, and business practices, leaders must have a finely tuned awareness of global perspectives, the capacity for recognizing cultural synergies, and the ability to engage in continuous learning (Senge, 1990; Adler, 1991; Friedman, 2005). In a speech to employees before leaving GE, Jack Welch was quoted as saying,

“The Jack Welch of the future cannot be me. I spent my entire career in the United States. The next head of General Electric will be somebody who spent time in Bombay, in Hong Kong, in Buenos Aires. We have to send our best and brightest overseas and make sure they have the training that will allow them to be the global leaders who will make GE flourish in the future.” (2001)

Indeed, it has become clear that many leaders lack the requisite “global” skills and thus experience confusion, frustration and costly failures (Buckley and Brooke, 1992). These setbacks are largely due to ignorance about the impact of culture (organizational and ethnic cultures) on all levels of the workplace. Furthermore, challenges that are culture-related, such as communication, negotiation, decision-making, team-building and social behaviors are unambiguous. It is evident that no company can afford to neglect the cultural context of leadership and that no manager has the luxury of ignoring cultural differences. In fact, the western value of color blindness, while well-meaning, is misguided, because the unexamined assumption underlying color blindness is that paying attention to color is inherently unfair, possibly racist, “I just see people as people,” when in fact the opposite may well be more valuable.

“Cultural norms, especially in North America, encourage managers to blind themselves to gender, race and ethnicity and see people only as individuals and to judge them according to their professional skills. This approach causes problems because it confuses recognition with judgment (italics added)... To ignore cultural differences is unproductive... Choosing not to see cultural diversity limits our ability to manage it – that is, to minimize the problems it causes while maximizing the advantages it allows... When we blind ourselves to cultural diversity, foreigners become mere projections of ourselves.” (Adler, 1991, pp. 97)

“Projections of ourselves,” (i.e., the other must look and act like me, share my beliefs) because we easily merge professional skills and competence with the normative values which historically have been white and male. Further, peoples’ underlying values and worth are obscured by, often, negative attributions based on physical characteristics of race, ethnicity and gender (Lee, 1995; Aronson, 2004). In this age, managing cultural differences is a key factor in building and sustaining organizational competitiveness and vitality.

Recognizing this, many companies are developing initiatives to train managers in intercultural competence and global management. Examples of success stories such as the British Imperial Chemical Industries (ICI), Toshiba and Motorola reported by Lisa A. Hoecklin in the Economist Intelligence Unit (1993) reveal the importance, need, effectiveness, and impact of cultural competence in the global business development process. In recognizing the cultural differences, British, Japanese, Italian and American corporate leaders are benefiting from identifying, understanding and leveraging their cultural strengths to create competitive advantage. This process helped them to 1) arrive at a shared management philosophy, 2) create a cultural
environment with appropriate communication, motivational factors, information dissemination, decision-making processes, artful negotiation, and 3) develop human resource strategies that include cultural diversity and the formation of task forces and project teams.

Even a technical application such as the Corporate Performance Measurement tool, which offers a systematic approach to the measurement of corporate performance for value creation, provides an integrated view of the relationship between and among value creation, business strategy, business process, and performance measures. There are strong cultural variables in planning, organizing, negotiation, decision-making, conflict resolution and behaviors that affect leadership activity.

Culture is developed, transformed and transmitted through the conscious and unconscious activities of every member in the organization. It is however, the leader's driving force and ability to facilitate preferred mind-sets as well as preserve, create, and transmit the essence of existing culture as he leads his subordinates to new challenges. Culture and leadership augment each other in bringing excellence to the enterprise. (Schein, 1997).

Just as leadership and organizational culture have come to be known as critical to success, we now recognize that culture includes ethnic, racial and national cultures. With globalization, understanding culture is even more important. As Adler states above, ignoring culture is unproductive. Culture is. It exists whether we choose to see and acknowledge it. Ignoring cultural differences is problematic because we confuse recognition with judgment and it is judgment, particularly negative stereotypes, which feed discrimination, and perpetuate economic exclusion.

Culture is learned. It is through this learning potential and process that leaders can cultivate this new domain of intelligence known as CQ, which has immense relevance and effects upon an increasingly global and diverse workplace. Nurturing the capability to learn, adjust, and adapt helps raise the level of cultural intelligence.

**Cultural Intelligence Development**

How then is cultural intelligence developed? John Berry (1992) argues that existing research on intelligence fails to capture the essential richness of cultural context. Berry suggests that existing definitions of intelligence are largely western constructs, overly restrictive, and typically tested using western methods, having dubious value in non-western cultures. He suggests that cultural intelligence is best considered “adaptive for the cultural group, in the sense that it develops to permit the group to operate effectively in a particular ecological context; it is also adaptive for the individual, permitting people to operate in their particular cultural and ecological contexts” (pp. 35).

Cultural intelligence reflects a capability to gather and manipulate information, draw inferences, and enact behaviors in response to one’s cultural setting. In order be culturally adaptive, there is a core set of cultural competencies which leaders must master. Adaptation requires skills and capabilities, which include cognition, motivation and behavior. All three of these facets acting in concert are required for high CQ:

- Cognitive Knowledge – The possession of wide-ranging information base about a variety of people and their cultural customs,
- Motivation (healthy self-efficacy, persistence, goals, value questioning and integration),
- Behavioral Adaptability - The capacity to interact in a wide range of situations, environments and diverse groups (Earley and Ang, 2003).

The Global Leadership Competency (GLC) Model offers a roadmap in which to conceptualize the stages of development of cultural intelligence. This model (Figure 2) was first introduced by Chin, Gu, and Tubbs (2001). It consists of a hierarchy of competency factors. Chin and her colleagues posit a developmental path of global leadership from the deficiency stage of ignorance to an ideal high level of competence: adaptability.

Figure 2: Global Leadership Competency (GLC) Model

The competencies described for each developmental level are consistent with Emotional Intelligence research (Goleman, 1995) and with Kegan’s (1982) adult development model. The factors or levels of competence are as follows from low to high: a) ignorance, b) awareness, c) understanding, d) appreciation, e) acceptance, f) internalization, g) transformation. Chin (2005) has since modified the model, replacing transformation with adaptation, consistent with the work of Silverthorne (2000), whose own research indicates a strong link between adaptability and effective leadership across cultures. Chin has also separated acceptance and internalization, arguing that internalization is a distinct developmental level.

The GLC model assumes that ascending to a higher level of global leadership function is not only desirable and attainable, but in fact, required for functional excellence in a global environment. It is important to note that the GLC model is not a leadership model; rather, it focuses on the nature of cultural competence or literacy required to be a high-functioning global leader.
Awareness Level
This is the novice stage; with exposure come vague impressions. They are brief sensations of which people are barely conscious. At this level, there is little or no sense-making, but a dawning awareness of something different and possibly interesting, strange, frightening or annoying.

Understanding Level
At this stage individuals begin to exhibit some conscious effort to learn why people are the way they are and why people do what they do. They display interest in those who are different from themselves. Sanchez et. al. (2000) refers to this as the “transition stage.” This is a stage whereby the individual collects information through reading, observation and real experiences as well as by asking questions to learn more about the new cultural phenomenon.

Appreciation Level
Individuals begin to take a “leap of faith” and experience a genuine tolerance of different points of view. Through understanding the basic differences as well as areas where one thinks, acts, and react similarly, a positive feeling towards the “new” cultural phenomenon begins to form. Individuals not only put up with the “new” culture, but also display a genuine appreciation of and, in some cases, preference for certain aspects of the “new” culture.

Acceptance Level
In this stage, the possibility of interaction between cultures increases appreciably. People are more sophisticated both in terms of recognizing commonalities and in terms of effectively dealing with differences. At this stage, there is the willingness to acquire new patterns of behavior and attitudes. This is a departure from the ethnocentric notion that “my way is the best way and the only way.”

Internalization Level
At this stage, the individual goes beyond making sense of information and actually embarks on a deliberate internalization process with profound positive feelings for the once unknown cultural phenomenon. At this stage, there is a clear sense of self-understanding leading to readiness to act and interact with the locals/nationals in a natural, appropriate and culturally effective manner.

Adaptation
Cultural competence becomes a way of life. It is internalized, to the degree that it is out of one’s consciousness, thus becomes effortless, and second nature. Individuals at this level display and possess the 1) capacity for gathering knowledge about different cultures, 2) drive or motivation and 3) behavioral adaptability ---the capacity to act effectively based upon their knowledge and motivation.

In proposing the GLC Model, Chin and her colleagues challenged the application of western cultural idiosyncrasies such as American individualism, which they believe are counterproductive in many cultural settings, particularly Asia. They are supported by the findings of the GLOBE researchers (2004). Additionally, consistent with contingency theory, the GLC model assumes that as context changes, so must the behaviors of leaders (Chin et al., pp. 2) and, because global leaders are working abroad, the context is very different from their home country’s cultural context.
The competencies described for each developmental level are consistent with Emotional Intelligence research (Goleman, 1995) and with Kegan’s (1982) adult development model. Being an effective leader requires a highly developed emotional intelligence, the basic elements of which are the capacity for self-awareness, self-management, social awareness and relationship management. Emotional intelligence is measured on a four-level scale with an identified target level of competence (Boyatzis, Goleman & Hay Group, 2002). Kegan’s stages of development, deriving from his Constructive Developmental Theory (1982), are based on notions of human development, which are particularly relevant to developing cross-cultural literacy. Kegan’s model describes a helix path of development, a couple steps forward and backward, rather than a simple linear path.

Kegan’s developmental model is not completely analogous to the GLC developmental model in that he begins with the earliest stages of human development, childhood, while the Global Leadership Competency model focuses on the adult. However, the models are similar in key respects. At the base of the GLC pyramid, an individual is in a state of “deficiency” (Chin, p. 4), and with appropriate developmental assistance, moves out of what Kegan would characterize as embeddedness, rises up the pyramid, learning to respond to a complex world, with its inherent paradoxes and learning to manage dis-equilibrium as it is encountered.

Kegan (1994) later added a fifth level called inter-institutional, which he argues is an imperative of the post-modern age, which he believes most people are ill-equipped to achieve. This fifth stage is similar to the adaptation level in the GLC model in that it is also an imperative of the modern age. This fifth stage is characterized by the capacity to integrate the “self” with “other.”

Neither Kegan’s model, nor the GLC model assumes achievement of higher developmental stages is inevitable without effort. Unlike aging, which is inevitable, it is possible to remain at very low levels of development throughout the course of a lifetime. Kegan’s model is analogous to the GLC model in other ways as well: A foreigner in a foreign land lacks language, may need assistance getting around, and is dependent on others in ways not experienced since infancy. As the individual gains exposure, is open to new ideas, and develops new skills, she moves from the imperial self of Kegan’s stage two to the self-in-relation-to-others of Kegan’s stage 4 and so on.

In summary, the GLC model is grounded in sound developmental theory supported by different but related research in the areas of emotional intelligence and adult developmental theory as well as the global leadership studies of the GLOBE project.

Implications

There are a number of implications concerning the models and ideas presented above. We address several below. First, there is ample evidence that the new business paradigm discussed above means that businesses and organizations need to be thinking about training and development in new ways. Long-term linear succession and job development planning are ill-suited the speed of change in organizations of today (Derr et al, 2002).

Second, the Leadership Process Framework was selected because it was robust enough to illustrate the importance and dynamic interplay of IQ, EQ and CQ and because the framework is broad enough to encompass the complexity of the “leader-in-relation.” It is our contention that just as the relationship between leaders, followers and situations is fluid and dynamic, so too will
be the skills required to successfully function in this environment. Relationship management between and among all the various factors require competencies that support leading creatively—a capacity to relate to others, self-awareness, authenticity, achievement orientation and systems awareness. Leaders need to develop adaptively flexible responses to whatever they are confronted with. The rapidity of change requires a high degree of nimbleness. IQ, EQ and CQ are the triumvirate of leadership competencies in the 21st century. Finally, just as important as the competencies themselves, is the leaders’ capacity to manage the “white space”—the dynamic tension between all three.

Third, it is important to recognize that studies of emotional intelligence and transformational leadership demonstrate that the desired attributes tend to be traits traditionally associated with women—empathy, teaming, good relationship management, for example. It is also worth noting that these characteristics tend to be more characteristic of East Asian countries as well (GLOBE, 2004).

Fourth, Earley and Ang’s (2003) three CQ attributes (cognition, motivation and behavior) manifest themselves at all levels of the GLC model in varying degrees. For instance, the lack of knowledge about other cultures is strongly evident at the lowest level of the GLC pyramid. Motivation might manifest itself as the desire to remain blissfully ignorant, thus protecting one’s self-efficacy. As one rises up the through the GLC levels, knowledge increases and motivation factors ostensibly manifest in positive ways (e.g., newfound self-efficacy). This journey may also lead to questioning of long-held values associated with one’s native culture. The more culturally competent one is, the more behaviors can change.

Fifth, developing cultural competence and to a lesser extent emotional intelligence, provides the foundational capabilities for constructive action, including employing one’s intellectual capacities (IQ) in new and creative ways.

Finally, while the focus of this paper is on leaders, the phenomena described are relevant to all people working at almost all levels of organizations and they all benefit from development of cultural competencies. In fact, this is essential, because not only must they have skills to work and live effectively in a global environment, they must share a common social construct with their leaders. In other words, leaders and followers must embark on similar journeys in order for their organizations to thrive. Further, leadership pipelines need to be enriched with people who have already begun to develop these skills. It will be too late if they only begin to acquire them at the senior levels (that is what Jack Welch was referring to in his quote). The good news is that most of the attributes discussed are attainable through training and development (Earley and Ang, 2003).

Limitations and Future Study Direction

The Global Leadership Competency Model is a descriptive model rather than an empirical model. It is a modest attempt to demonstrate the highly complex nature of the interrelatedness between people, tasks, relationships, and situations. The GLC model has thus far been tested only with small sample populations (Bueno, 2003; Gaynier, 2004). It would benefit from a comprehensive qualitative testing combined with quantitative assessments of survey respondents by their direct reports to compare actual leader behaviors with self-reported data. Future research involving the GLC model should also include detailed analysis of the developmental levels of the model, and the identification of specific behavioral indicators.
A third area of study requiring an extensive empirical effort is to address the question, “Are leaders who display the culturally endorsed leadership qualities of their followers actually more effective?” and “by what standards or measures?”

**Conclusion**

In order to interact effectively with diverse followers in given situations, whether they be task or relationship activities, effective global leaders require IQ, EQ and CQ competencies. Cultural Intelligence, while not new, is newly recognized. There is much more research required on how it affects leaders’ communication effectiveness, strategic planning, decision-making, negotiation, conflict resolution, team building and information sharing, while working with diverse cultural groups and in new global settings. To be a competitive player in the global scene, incorporating IQ, EQ and CQ competencies is a necessity.

The GLC model presented in this paper is a heuristic attempt to provide a roadmap from the cultural deficiency stage, not uncommon to an individual in a strange land, to a stage where one feels at ease and is able to function effectively in new cultural environments and people. Heretofore, literature on Cultural Intelligence has focused on the *what* and the *why* of CQ. *How* to acquire cultural intelligence has been less developed. This paper was intended to inspire a conversation and further research about how to understand and acquire cultural intelligence.

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