

Cultural Intelligence and Leadership Effectiveness in Sustainable Global Environment: A Comprehensive Review

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ABSTRACT

In this growing globalized economy, leaders need global mindset and multicultural effectiveness to sustain this competitive environment. In today's culture, Cultural Intelligence (CQ) has become the most crucial one of the factors to communicate effectively and smooth functioning of organizations working in cross-cultural environments. Cultural intelligence (CQ) is a skill, the ability of an individual to understand and relate to another person with oneself. This is a comprehensive review paper which focuses on conceptualization of CQ and Leadership, exploring the role of cultural intelligence (CQ) in enhancing leadership effectiveness by collecting and summarizing the existing literature review available in the same domain. The current body of research on cultural intelligence will be augmented by this study. In order to increase knowledge and develop a deeper understanding of CQ in the development of successful leaders worldwide, this paper also addresses its limitations, suggestions, and future research prospects.

Keywords- Cultural Intelligence, Global Environment, Globalization, Leadership Effectiveness, Sustainability.

1. INTRODUCTION

By letting go of a rigid or fixed mindset, it enables people to understand cultural situations, events, and behaviors within their own frame of reference. (Thomas, 2006) developed the cultural intelligence model, which shows how knowledge, mindfulness, and skills can be used in concert to help a person achieve CQ. People who are culturally intelligent can use their knowledge to comprehend various facets of cultural phenomena that they encounter; they use mindful cognitive strategies that allow them to observe and interpret any given situation; and they build a skill set that they can adapt to fit a variety of situations before displaying the proper behaviors. Today's global business environment most urgently requires these skills. The concept of a "borderless world," "shrinking time," and "shrinking space"—meant that the emergence of globalization required increased interaction between diverse societies, as needs and desires appeared to be becoming increasingly similar. International leaders face difficulties because of cultural diversity, even though it appears that globalization has made needs and desires more similar worldwide (Friedman, 2005). Past research indicated the following cultural diversity for multicultural domestic work (Tsui, A. S., & Gutek, 1999); multinational work teams (Earley, P. C., & Gibson, 2002); global leaders (Ang et al., 2006); and those in overseas work assignments (Bhaskar-shrinivas et al., 2005). Globalization is a multifaceted problem with consequences to the political process, society, and the economy that extend beyond national boundaries. As a result, there is a growing need for experience and expertise in working in culturally diverse environments. The cultural background of a team can have both advantageous and disadvantageous effects (Ng, Kok-Yee Van Dyne, Linn Ang, 2012). Because of this, there is a high demand for leaders who possess the abilities needed to manage teams with a variety of cultural

backgrounds (Ang et al., 2011; Groves, 2011). One concept that is "driven by the practicality of the globalization at the workplace" is cultural intelligence (CQ), which is a gauge of a person's capacity to work and lead, productively in environments with a variation of cultural backgrounds (Soon Ang, 2008).

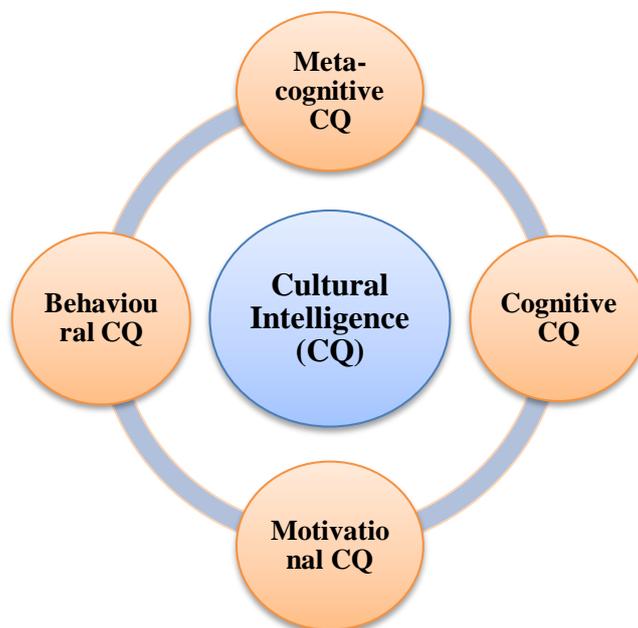


Figure 1 Dimensions of Cultural Intelligence (CQ)

2. LITERATURE REVIEW

2.1 Cultural Intelligence (CQ)

Based on Sternberg's (1986) "multiple loci" of intelligence argument, Earley and Ang (2003) conceptualized CQ as a multidimensional construct. Sternberg suggested that metacognition, cognition, motivation, and behaviour are the four distinct loci of intelligence that exist within an individual and that an in-depth understanding of intelligence necessitates taking into account each locus. The four dimensions of cultural intelligence (also known as the four factors of CQ) are metacognitive, cognitive, behavioural, and motivational. Earley and Ang (2003) adopted the multiple loci argument to characterize cultural intelligence as a consolidated multifaceted construct. Van Dyne and colleagues (2012) advanced more detailed sub dimensions in a significant conceptual refinement to enable a better expressed conceptual focus for each CQ factor.

Table 1 Definition of CQ by Different Authors

Definition	Author & Sources
<ul style="list-style-type: none"> ✓ Mental ability ✓ Motivational ability ✓ Behavioural ability 	(Presbitero, 2016)
<ul style="list-style-type: none"> ✓ Ability to sense, intellect and behave effectively ✓ Effective behavior in culturally diverse situations. 	(P. C. E. Ang, 2003)
<ul style="list-style-type: none"> ✓ Ability to adapt effectively to new cultural settings 	(Ng et al., 2006)

✓ Capability to work effectively in diverse culture	(S. Ang et al., 2007)
✓ Ability to observe, incorporate, and reason ✓ Appropriate action on cultural cues in culturally diverse situations	(P. C. E. Ang, 2003)
✓ Awareness & motivation about other cultures and their cultural differences ✓ Adaptation and adjustments whenever necessary according to varied situations.	(Dyne et al., 2012)

Source: Author's Work

2.1.1 Metacognitive CQ- The level of conscious cultural awareness that an individual holds during interactions with other cultures is known as the CQ factor. Higher-level cognitive techniques that allow people to develop new rules and algorithms for social interactions in culturally foreign contexts constitute metacognitive CQ. Three sub dimensions of metacognitive CQ were identified by Van Dyne and colleagues (2012) - planning (i.e., preparing for cross-cultural interactions), consciousness (i.e., being aware of how culture affects oneself, other people, and the situation in real time), and examining (i.e., reevaluating presumptions and changing conceptual frameworks when actual experiences deviate from expectations).

Individuals who possess a high metacognitive cognitive quotient are inclined to be intentional and purposeful in cross-cultural relationships. They are more likely to pay attention to important signs, hold off on making decisions until they have enough information to make an informed decision, and modify their initial assumptions in light of additional information during the conversation.

2.1.2 Cognitive CQ- In contrast to metacognitive CQ, which concentrates solely on higher-order cognitive processes, cognitive CQ is a reflection of knowledge gained from education and life experiences regarding norms, customs, and diverse practices across cultures. It is the extent to which a person is aware of their own cultural background and how that background shapes their surroundings.

2.1.3 Motivational CQ- The third dimension of CQ is motivational CQ which relates to a person's feeling and desire to learn from different cultures and applying it effectively in multicultural diverse situations and environment. People with high motivational CQ like interactions with people of different cultural backgrounds which result in high cultural novelty and strong self efficacy in cross culture context.

2.1.4 Behavioural CQ- The last and the fourth dimension of CQ is behavioral CQ, is an ability of a person to adapt and execute ethically appropriate behaviour with people when interacting with individuals from diverse backgrounds (Ward et al., 2011).

2.2 Leadership

There were few credible generalizations in the literature when we first began studying leadership in the mid-1980s, aside from tidbits like "leaders appear to be slightly taller and slightly smarter than their subordinates." (Stogdill, 1948). We have been assembling a leadership perspective which seems to make sense to us ever since. Since they are leaders by definition, people in charge of organizations and their units are usually included in definitions of leadership. For a moment, think carefully about the skills needed to climb the ranks of a large bureaucratic organization. Think about leadership from

a different perspective for a while by considering human origins. Humans became social animals because there is safety in numbers. There was intense competition among the various hominid groups for control of resources during the 2 million years of human history. For example, during his invasion of Persia, Genghis Khan slaughtered the local population (Schmieder, 2000).

2.3 Leadership Effectiveness

The leadership of any organization determines its level of success. It depends largely on how followers and the organization as a whole are impacted by the leader's actions (Yukl, 2006). Examining how well the organization completes its tasks and objectives is the most common method of determining a leader's effectiveness. Effective leaders engage their followers into organizational strategies and planning. The leadership style which leader adopts also plays a crucial role. An important factor influencing a leader's effectiveness is their choice of leadership style (Bruno & Lay, 2008; Hogg et al., 2005; Hur et al., 2011). Effective leaders must have profound connections with their followers since these interactions should improve followers' general well-being and efficiency. These connections may also make the followers feel more bonded to the group through appreciation, trust, commitment and a sense of belonging (Hogg et al., 2005). Compared to other leadership styles, transformational leaders tend to be more productive because of their intimate relationship with their followers.

Productivity and Organisational effectiveness can be guided by leaders who exhibit transformational leadership behaviors. As a result of transformational leadership, followers may be inspired to put in more effort, have higher job satisfaction, perform better than expected, and foster creativity and innovation within the company (Pihie, Z. A. L., Sadeghi, A., & Elias, 2011). Also, it enhances the performance and efficacy of leaders. More is accomplished through transformational leadership than through transactional leadership (Burke et al., 2006; Hur et al., 2011; Judge & Piccolo, 2004). Most earlier studies about leadership have been done in Western countries; very few studies on leadership have been done in developing nations like Malaysia (Lo et al., 2010), especially in higher education institutions (Voon, M. L., Lo, M. C., Ngui, S. K., & Peter, 2010). Considering certain public universities in Malaysia being renamed as research universities, there is a knowledge space regarding the leadership styles of their administrators. Therefore, (Sadeghi, A., & Pihie, 2012) this study examined the leadership styles of academic department heads and how they relate to the efficacy of their leadership.

2.4 CQ in relation with Leadership Effectiveness

In the past, comparable conceptual frameworks and models had been used to assess CQ and its influence on a range of organization-related consequences. Many studies have been conducted regarding the relationship between CQ and effective leadership. A study conducted by (CO Chin, 2006) was to examine cultural quotient (CQ) on leadership effectiveness. This study uses the Global Leadership Competence Model to quantify the effectiveness of global leadership. The categories for global leadership competencies are as follows: ignorance is the lowest category, and the highest competencies are, in that order, awareness, understanding, appreciation, acceptance, internalization, and adaptation (CO Chin, 2006). They discovered that all levels of global leadership competencies are influenced by three CQ attributes: behaviour, motivation, and cognition. Ignorance is the primary cause of a lack of cognitive CQ. The CQ framework created by Earley and Ang was used in a follow-up study to examine the effectiveness of management in relation to the achievement of outsourcing to other countries (Ang, S., & Inkpen, 2008). They suggested and contended that a leader's ability to navigate different cultures could have an impact on the outcome of their decision to outsource work offshore, suggesting that a leader's CQ could have an impact on how effectively they lead in a global setting. Moreover, (Kim, Y. J., & Van Dyne, 2012) applied Contact Theory and Integrated Distinctiveness Theory to experimentally examine the influence of CQ on leadership performance in

executives on overseas assignments. CQ acts as a mediator in this investigation. The study discovered that CQ mediates the influence of previous cross-cultural interactions on potential for international leadership, indicating that CQ is a crucial component of effective leadership in a global context. Using international experience, (Ng, K. Y., Van Dyne, L., & Ang, 2009) investigated the influence of CQ on leadership effectiveness using experience learning theory. It was argued that by translating international experience through experiential learning in a culturally diverse context, leaders can enhance and become more effective with CQ—an essential learning capability (Ng, K. Y., Van Dyne, L., & Ang, 2009). Metacognitive skills were discovered to be one of the core elements of CQ dimensions. It encourages critical thinking about people and situations in a range of cultural contexts, makes the case against strict relying on culturally bound thinking and assumptions, and pushes people to continuously adapt and adjust their approaches in order to attain the desired results in cross-cultural interactions.

2.5 Globalization World

Globalization and the facilitation of trade and services around the world have made it convenient for multinational companies to continue operating in a huge geographic location. For many businesses, the success of overseas missions is turning into a major source of competitive advantage. Businesses that send workers worldwide benefit from expanding their global marketplaces, sharing, sustaining company culture, providing organizational control and coordination and transferring knowledge, technology and skills (Rose, 2010). Globalization has made it possible for businesses to operate globally and to acquire huge global talent pools. In this new setting, managing a culturally diverse workforce requires effective global leadership. Openness and cultural intelligence (CQ) are the top crucial elements required for efficient leadership on a global scale. These traits will make global leaders more successful in multinational organizations (Siripipatthanakul et al., 2023).

Contrary to the widely accepted notion that globalization is making national cultural differences less important, (Stening, 2006) contends that cultural understanding is becoming more and more crucial. As a result of globalization, doing business has become challenging. People coming from different cultures work together in multicultural organizations that have also been formed because of it. To effectively manage a diverse workforce, organizations now need a new kind of culturally aware manager. In this regard, cultural intelligence is an aid that improves the manager's capacity to communicate with people from diverse cultural backgrounds (Jyoti et al., 2015). Therefore, it is essential for human resource management to incorporate cultural intelligence in order to aggravate leadership effectiveness especially in global business environments.

3. RESULTS

The four main dimensions of CQ are cognitive, meta cognitive, motivational and behavioral. It has been found that leaders with high CQ exhibit flexibility, cultural sensitivity, and appropriate behaviour in a range of contexts, demonstrating their capacity to successfully deal with complex cultural environments. Effective leaders are successful in inspiring their followers, accomplishing organizational objectives, and promoting creativity and efficiency. Multicultural environments are especially well-suited for transformational leadership styles, which emphasizes close bonds of the leaders with followers as well as the capacity to inspire and encourage. Enhancing global leadership competencies through CQ helps leaders perform well in a variety of cultural contexts and enhance organisational results. The need for leaders who have better understanding of CQ and can lead in a variety of culturally diverse workplace has grown as a result of globalization. For global leadership to be effective, openness and cultural intelligence (CQ) are essential. The significance of managers' ability to navigate the organisational and national cultural contexts in which they operate has long been recognized by human resource management (HRM) practitioners, especially senior managers. There has been a lot of focus on choosing and training people to operate in different cultures. Despite

the widespread perception that globalization is making national cultural differences less significant, it is actually becoming more and more crucial to understand cultures.

To oversee a diverse workforce, organizations need a new generation of culturally aware managers. In multinational organizations, leaders who possess these qualities will be more successful.

4. CONCLUSION

According to the author's findings, cultural intelligence (CQ) plays a critical role in improving leadership effectiveness, especially when it comes to global leadership. Better organisational outcomes result from leaders with high CQ's ability to comprehend and negotiate cultural differences. The results emphasize the significance of cultivating CQ as a critical competency for present and future leaders to guarantee successful management in multicultural settings. Also, it has been found that transformational leadership styles or approaches, when supported by high CQ, greatly improve employee satisfaction, innovation, and organisational performance.

5. LIMITATIONS & RECOMMENDATIONS

Based on a review of previous and current literature, the study may have limitations due to possible biases in the studies chosen. The findings' relevance to particular sectors or regional contexts may be hampered due to the restricted research by only the emphasis on global leadership. Since the study is conceptual and comprehensive in nature it lacks primary research and empirical data, which would offer stronger proof of the connection between CQ and leadership effectiveness. There can be a systematic review in future by using specific databases such as Scopus or any other. The author provides recommendations for future study to conduct quantitative assessments or other qualitative study using different methods like interviews, panel discussion or focus group discussion. Further study can also be conducted on particular dimensions of CQ with relation to leadership efficacy. A more comprehensive strategy for developing leaders may be found by investigating how CQ can be integrated with various other leadership models and theories. Because most of the reviewed studies are based in Western contexts, they might not adequately capture the complex nature of CQ and effective leadership in wider or non-Western cultural contexts.

Longitudinal studies are suggested to conduct for examining how leadership outcomes are influenced by the overtime development of CQ. A thorough framework for successful leadership in a globalized world can be obtained by examining the interactions between CQ and other competencies, such as emotional intelligence and global mindset.

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