Global Leadership, IQ and Global Quotient

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The present paper aims to identify and explore the role of cultural values and global mindset in successful international leadership and the effects of global mindset improvement on supporting leaders to provide optimum solutions to challenging situations. The investigation of extensive scholarly works highlighted that the importance of global mindset to global leadership (GL) has received only limited attention. This article suggests that analytical intelligence (IQ), emotional intelligence (EI) and leadership behavior are complemented by cultural intelligence (CQ) in achieving a highly performant global leadership.

INTRODUCTION

Under the empire of globalization, a world where any move spreads in a domino game hard to image a decade ago (Adler, 2006), successful leaders are regarded as critical human assets for companies that seek to gain or aim to expand their international reach (Conner, 2000). The past twenty years have been marked by the efforts of the academic community and business arena to decipher, understand and develop the competencies required by the continuously changing globalized environment (Caligiuri & Di Santo, 2001; Chin et al., 2001; Cseh, 2002; McCall & Hollenbeck, 2002; Bird & Osland, 2004; Jokinen, 2005; Mendenhall, 2006; Bartlett & Ghoshal, 2008; Osland & Bird, 2008; Watkins & Cseh, 2009).

The new realities driven by globalization require that international leaders develop their ability to rapidly react to changes and manage the complex interpersonal relationships in order to reach excellence amid ambiguity driven by cultural differences in values, patterns, attitudes and behaviours (Earley, 2002; Earley & Ang, 2003; Ng et al., 2009a, 2009b).

Global operations are different from domestic activities; while the “whats” maintain, the “hows” need to be tailored to country specific factors (McCall and Hollenbeck, 2002). The main driver of differences in “hows” is related to cultural patterns. Extensive scholarly works (inter alia, Deal et al., 2003; Javidan et al., 2010) describe the ability to handle such cultural differences as one of the essential skills needed for a successful international leader.

The complex study of Beechler and Javidan (2007) emphasized a practically endless list of global leadership competencies, to the point they become useless. The authors presented global intelligence as the interplay between a manager’s knowledge, cognitive skills and psychological traits that offer the possibility to influence the various stakeholders. They analyzed the global mindset from the perspective of a multidimensional notion illustrating the mixture of “an individual orientation towards the external environment and the underlying openness to ideas and experiences” (Beechler and Javidan, 2007, p.154).

Mendenhall et al. (2008) stressed that the critical differences between global leaders and leaders refer to the increased uncertainty and substantial contextual changes the former experience. In order to achieve excellence, all managers must be open to ongoing learning and reshape their capacity to deal with paradox, perplexity and ambiguity.
The western Enlightenment tradition calibrated intelligence with the help of IQ. It was, and still is, the most notorious criteria of leadership and general abilities in western scholarly works (Chen and Gaynier, 2005). In the 1990s, emotional quotient became increasingly popular (Goleman, 1995). In addition to the critical need for IQ and EI, global managers experience the challenge of developing a new array of skills that give content to cultural intelligence (Earley, 2002).

Despite rich evidences on the significant role of intelligence quotient in the facilitation of successful performing of tasks, an entire plethora of academic papers highlighted the precedence of emotional intelligence over IQ. As described by Lynn (2002), excellence and intellectual brightness are highly important components in human resource practices, but cannot be treated separately and considered sufficient to solve challenging managerial issues.

Considerable academic researches documented the relationship between cultural characteristics and leadership excellence in various countries. In addition, we note the large array of studies that identified and investigated the cultural values and traits in targeted regions (Hofstede, 2001; House et al., 2004; Hadgis, 2005). Extensive analyses by specialists (inter alia, Thomas & Inkson, 2003; Walker et al., 2003; Peterson, 2004) emphasize that cultural competencies and cultural intelligence are the prerequisites for reaching a successful leadership in a world with rules rewritten by globalization. Despite all efforts of organizations to improve their understanding of cross-cultural leadership abilities, scientific papers on cultural intelligence are surprisingly limited (Groves and Feyerherm, 2011).

The literature and practical experiences have demonstrated that a refined understanding of international relationships is essential for companies to operate effectively in today’s global business environment. The parameters of this perception are closely connected to the possession of international abilities within an organization (Gupta and Govindarajan, 2002).

LITERATURE REVIEW

Scholars have suggested that the leadership paradigm that governed the 20th century needs to be refined to reflect an innovative way of thinking/behaving to meet best the requirements of a highly interconnected, competitive and dynamic global society (Jeanet, 2000; Werhane, 2007; Bartlett & Ghoshal, 2008; Adler, 2009). Nowadays, the corporate environment requires a superior quality of interrelationships, collective understanding and improved outcomes in the working arena (Ashraf et al., 2014). After an extensive investigation of scholarly works focused on leadership competencies, Jokinen (2005) highlighted the lack of consensus regarding clear definitions and classifications of fundamental concepts such as “global”, “leadership”, or “competency”.

Although in the last decade the importance of having successful global leaders has become more obvious than ever (Adler and Bartholomew, 1992; Brake et al., 1995; Brake, 1997; Bonnstetter, 1999; Morrison, 2000; Suutari, 2002), researchers agree there is a considerable gap between the transnational human resource requirements of international strategies and their achievement (Adler and Bartholomew, 1992; Morrison et al., 1999; Engle et al., 2001). In addition, diversity and uncertainty increasingly mark the domestic environment, as companies enjoy worldwide reach (Jokinen, 2005).

According to McCall and Hollenbeck (2002), the development of global capabilities should rely on the foreign business strategy that establishes what kind of global presence is optimal, the number and grouping of international assignments, task forces, projects and other kind of relationships that exist.

The study of relevant works in the literature showed an issue of missing unanimity related to global leadership capabilities. Some researchers (inter alia, Thaler-Certer, 2000; Kets de Vries & Florent-Treacy, 2002) stressed that successful domestic managers have the same competencies as global ones, but that highly performing international leaders are able to use and retain these abilities to solve completely unfamiliar issues. Although Kets de Vries and Florent-Treacy (2002) argued that emotional intelligence is a major attribute of a highly performing global leader, the authors have provided no clear definition of this characteristic.

The results of the literature review composition by Kokinen (2005) indicate that the most important leadership abilities include self-awareness, engagement in professional improvement and inquisitiveness.
These competencies are treated as essential prerequisites, and driving factors for the development of a broader array of other capabilities. Cognitive abilities influence the way leaders experience and interpret the business environment. They also calibrate the amount of new knowledge and the effectiveness of learning from those interpretations and practical contact with challenging situations. Wills and Barham (1994) described cognitive complexity as a fundamental competence of successful global leadership. The international business arena is usually marked by rising uncertainty and ambiguity. Given that, routine solutions provided by old knowledge are not the best option to consider (Gregersen et al., 1998). Instead, relevant intelligence and findings offered by past experiences need to be redesigned to create innovative solutions.

Additionally, in a dynamic global context, leaders must possess divergent thinking abilities and skills to switch rapidly concentration focus from one issue to another (Mintzberg, 1975), quickly recognize patterns and identify critical facts and atypical behaviors, enjoy high speed of closure and multiple intelligences. Despite the importance of traditional IQ as the academic community and practitioners have come to know, it does not take outstanding capabilities to have high intellect in other areas. The literature offers multiple evidences that promote IQ, emotional intelligence or both as predictors of global leadership performance. The most relevant leadership theories-behavioral, trait, situational, contextual, or contingent constructs, do not yield a clearly articulated answer to the requirements of contextual intelligence as a component of crossing cultures that can be defined, learned, calibrated and improved (Service and Loudon, 2012).

Academic studies and practical experiences pinpoint the need for an extensive understanding of IQ in order to achieve superior leadership performances across cultures at an ever-increasing pace. Many authors (inter alia, Sternberg, 1996, 2003; Brooks, 2011; Hall, 2011) attached only a limited importance to the traditional IQ and replace it with a concept known as “successful intelligence”.

Service and Loudon (2012) extended the notion to a contextual intelligence (GLO) that can guarantee cross-cultural and different contextual fit effectiveness. The authors have built a global leadership quotient (GLQ) describing a type of intelligence similar to IQ, emotional intelligence and leadership quotient that can be used as a benchmark for assessment, strategic development and ongoing training. Lee (2005) research showed that many companies that seek international expansion face difficulties when selecting and managing the most appropriate individuals. In addition, Yukl (2013) noted that as globalization is changing demographic patterns, it becomes increasingly important for leaders to understand how to manage employees with different values, beliefs and expectations.

The notion of cultural intelligence that emerged into the business literature (Earley, 2002; Earley & Ang, 2003) may provide indications of whose time has come. The construct essentially refers to the capacity to manage effectively relationships within various cultures (Earley & Ang, 2003; Ang et al., 2007; Thomas et al., 2008). Concepts that illustrate this approach such as global mindset or cross-cultural abilities have existed for some time (Thomas, 2006). However, the efforts to shed light on this multifaceted notion are still in infancy (Ang et al., 2007). Earley and Mosakowski (2004) described two types of cultural intelligence: organizational CQ and CQ related to geographic/ethnic culture. Zecca et al. (2013) analyzed the characteristics of critical variables a leader must understand before performing any operation in a culture with new and different patterns and habits. Essentially, successful global leaders should tailor and align their activities with cultural demands (Muczyk and Holt, 2008). And although cultural preferences are relative, a complementary approach illumine an underlying cultural intelligence (Hampden and Trompenaars, 2006).

Extensive academic analyses pinpoint the strategic importance of investments in improving CQ among organizations leaders, as a source of competitive advantages in a global business arena (Earley & Petersen, 2004; Ang & Inkpen, 2008; Rose et al., 2010). Previous investigations examined the impact of personality features (Ang et al., 2006) and international experience (Crowne, 2008) on cultural intelligence. Although some leaders learn from the valuable insight provided by scholarly efforts, other fail at a high cost (Hill, 2001). However, much less is known about the connection between learning capacity and international experience (Spreitzer et al., 1997). This topic requires more in-depth
exploration so that organizations can make use of their costly international endeavor to improve global leadership abilities (Kohonen, 2005).

There is a common belief in the literature that international experience is essential for leaders that seek success in a highly interconnected business world (Bisoux, 2011; Phan, 2011). The integration of technologies, industries, markets, states, relationship and interests is a main characteristic of the XXI century workplace (Potoker, 2011). In line with Shinn (2011) description of a successful global leader, the manager of tomorrow is an individual who can go beyond boundaries and disciplines and explore cultural and international patterns. Based on previous theoretical constructs on intelligence indicators such as cognitive intelligence (IQ), social intelligence (SQ) and emotional intelligence, Early (2002) described that a leader’s ability to adapt to unfamiliar cultural environments depends on three dominant factors: cognitive, motivational and behavioral (Figure 1).

**FIGURE 1**

**CULTURAL INTELLIGENCE**

The CQ model and its extensions build by Thomas (2006), Thomas et al. (2008) and Thomas and Inkson (2009) highlighted that the mixture of knowledge, mindfulness and competencies help global leaders improve their CQ level. Culturally intelligent managers have the ability to use their knowledge to face the multiple dimensions of cultural habits that interfere with their activities. They apply cognitive strategies to identify and solve any issue and build an array of skills that can be tailored and translated into appropriate behaviors to face a wide range of situations (Thomas & Inkson, 2009; Tuleja, 2014). These are the most relevant abilities of a successful global leader.

Chin and Gaynier (2005) stressed that in addition to significant levels of IQ and emotional intelligence, XXI century global leaders abilities have to be complemented by CQ to navigate the uniqueness of the international environment. The authors improved the *global competency model* (GLC) designed to support managers’ efforts in achieving global leadership excellence.

The GLC model provides guidelines that conceptualize the steps of cultural intelligence development (Figure 2). First introduced by Chin et al. (2001), the model reflects the ranking of competency elements. Chin et al. (2001) suggested an evolitional path of global leadership from a low hierarchic stage of ignorance to an ideal superior degree of competence: adaptability.
The abilities investigated for each stage are in line with the EQ research of Goleman (1995) and with Kegan (1982) adult development model. The elements of competence described from low to high include ignorance, awareness, understanding, appreciation, acceptance, internalization, transformation. Chin (2005) refined the model and replaced transformation with adaptation, in accordance to the construct of Silverthorne (2000) that reveals a powerful connection between adaptability and effective global leadership. The author also delineated acceptance and internalization and stressed the latter is a distinct evolitional step.

The GLC model highlights the that a superior level of international management function is not only desirable, but in fact required for achieving excellence in a globalized business environment. It has to be noted that the GLC model is not merely a leadership model; rather, it is centered on the nature of cultural abilities or literacy needed to be a successful global leader.

Although the concept of CQ and its measuring instruments have been heavily researched through substantial theoretical and empirical analyses (Early & Ang, 2003; Ang & Van Dyne, 2008; Ng et al., 2009; Moon, 2010), the investigation of CQ as a global leadership ability is still at an early stage. Moreover, scholarly works that explored the unique impact of managers CQ on the performance outcomes beyond other contemporary leadership competencies, for instance emotional intelligence, are very scarce (inter alia, Ward et al., 2009; Chun et al., 2010). Despite extensive examination of CQ as a key indicator of global assignment effectiveness (Kim et al., 2008), integration in cross-border teams (Flaherty, 2008), and expatriate adjustment and outcomes (Shaffer & Miller, 2008), the CQ arena largely lacks empirical investigations.

Hofstede (2001) was the first to strongly highlight the need to research the cultural characteristics of nationalities. The analysis of cultural differences was neglected in the evolution of trading between countries. The context complicates when multinational companies decide to participate to joint ventures and engage in mergers, acquisitions and strategic alliances at a global level (Hofstede et al., 2002). The findings of Hofstede (2002) revealed the significant failure rate of international ventures between firms from different parts of the world with various cultural habits. In addition, Hitt et al. (2007) emphasized the importance of a global mindset for the successful management and competition in worldwide markets.
Given the current business realities, global markets require leaders of excellence with the ability to handle substantial uncertainty, complexity and diversity and proper knowledge of complex social, cultural and institutional constructs.

Extensive academic studies have proposed the global mindset as a vital construct for a global leader to achieve mastery and increase performance (Kedia & Mukherji, 1999; Black & Gregersen, 2000; Oddou et al., 2000; Pucik, 2006).

Global mindset is a notion that refers to holistic abilities and is usually associated with the prerequisites of successful leaders. Although the literature has created several frameworks of global mindset, we note the absence of a consensus. Despite the significant amount of analyses that claimed the role of a global mindset in leadership performance, when it comes to empirical research, only a limited number of authors focused on this subject. While the vast majority of scholarly works has explored the antecedents and evolution of global mindset, the importance of the concept has generated only narrow interest to the academic community and it has not been empirically established yet (Vakilbashi et al., 2014).

Many authors stress the importance of local culture as a determinant of leadership performance and styles (Den et al., 1999; Koopman et al., 1999; Hofstede et al., 2002; House et al., 2004; Scandura and Dorfman, 2004). From the cultural intelligence perspective, global managers increasingly face the need to dominate local mindset, go beyond cultural restrictions, cooperate with counterparties from different nations and manage socially diverse relationships. Levy et al. (2007) argued that the best solution to deal with these issues is to escape from an ethnocentric mindset and build a global mindset embedding CQ, understanding of other cultures and international business vision.

Rhinesmith (1996) illustrated 24 competencies that a global leader should have and classified them by scope as they connect to the company strategy, structure, corporate culture and staff. Kottolli (2007) study linked the global mindset with both people and organizations. From the perspective of individuals, Levy et al (2007) described global mindset as a multi-faceted notion that encompasses “a highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both the global and local levels” (p. 244).

Transnational competitors recognize the importance of having powerful leaders with a global mindset (Yan et al., 2002; Earley and Peterson, 2004; Crowne, 2008). Businesses are in search of highly trained individuals whose abilities would allow them to successfully work across multiple cultures and achieve substantial performances. Given the critical role of a global mindset for both the academic community and the business environment, the methods of acquiring and further improving it has been extensively investigated (Somerville, 1998; Gupta & Govindarajan, 2002; Thomas & Inkson, 2004; Earley & Peterson, 2004; Ang & Inkpen, 2008; Shapiro et al., 2008).

Although the techniques for designing a global mindset are various, researchers reveal that international assignments are one of the most powerful methods to develop the competencies and knowledge required by a successful leadership (Gregersen et al., 1998; Crowne, 2008). According to Sambharya (1998), foreign assignments are usually treated as surrogates for a global mindset. However, not every foreign assignment ends with the accomplishment by the manager of the company-established goals.

Gupta and Govindarajan (2002) described the global mindset as a mixture of awareness and openness to cultural diversity and markets of leaders with a high capacity to integrate within different environments. As presented by Lovvorn and Chen (2011), a global mindset is an ongoing and continuously evolving process supported by cognitive feedback structures encouraging the search for experiences that enlarge and improve a manager’s mental constructions.

Danuser (2009) described the critical role of developing global attitudes and training international leaders. From an economic standpoint, it is more expensive for companies to send an employee to a foreign assignment as a leader. Hence, ineffective leadership performed by new staff in international markets could endanger the opportunity to compete, hamper the return on investments, increase the risk of losing precious business alternatives and decrease customer loyalty and market share (Vakilbashi et al., 2014).
An international transaction failure facilitates the grounds for managers’ loss of self-esteem, self-confidence and status among staff and engagement with the organization. However, from a social responsibility perspective, companies need powerful leaders with a global mindset that would follow the international ethics and rules related to climate change mitigation and strategies for sustainability and environmental protection.

Given that international experience *per se* is not a driver of the global mindset, Lovvorn and Chen (2011) findings indicated cultural intelligence as a catalyst of the international experience, turning the information obtained from the foreign assignment into valuable knowledge and ultimately into a global mindset.

Kedia and Mukherji (1999) designed a two-tier construct to describe the determinants of a global mindset and by synthetizing the approach of Srinivas (1996), emphasized that its foundation relies on only two elements: knowledge and skills. According to the authors’ vision, knowledge refers to the appreciation of the existence of differences and skills relate to the capacity to transform knowledge into action.

![FIGURE 3 DEVELOPMENT OF A GLOBAL PERSPECTIVE](image)


While explaining the types of knowledge required to build a solid global mindset, Kedia and Mukherji (1999) explored three particular knowledge factors successful leaders must possess:

1) a high understanding of technology, information systems and telecommunications;
2) a fine perception of the social and political elements in different countries - host of the organization’s activities;
3) an evaluation of the role of culture and cross-cultural aspects that influence leadership decisions.

The main underlying skills researched by Kedia and Mukherji (1999) include acculturation and the capacity to improve management to face cross-cultural diversity. By combining knowledge with the appropriate abilities, leaders build a global mindset that enhances overall performance.
The cognitive style of leaders with a global mindset is described by three commonalities (Oddou et al., 2000; Nummela et al., 2004; Osland & Osland, 2006):

1) managers enjoy a superior tolerance to ambiguity and are able to perform well during times of substantial uncertainty;
2) personal abilities array is broad with leaders capable to function with the support of a large number of available tools and underlying networks when faced with the uncertainty of new situations;
3) managers who possess global mindsets have the competencies to handle cross-cultural issues triggered by interactions with counterparties from foreign countries based on a holistic versus an analytic way of thinking;

In light of the relationship between CQ and the effectiveness of global leadership, Manning (2003) noted the vital role of cross-cultural effective leadership and argued that international abilities, particularly related to the capacity to handle rising cultural diversity is a prerequisite of management excellence. Rosen et al. (2000) study returned two important findings. First, the authors revealed that global literacies are the core of leadership universals; second, Rosen et al. (2000) showed that with the increase of the world economic integration, the more significant cultural patterns become. Cultural literacy-understand as the ability to value and turn cultural differences into benefits- is critical among the competencies required by a successful leadership.

The perception of cultural literacy of Rosen et al. (2000) shows many similarities with Earley and Ang (2003) construct of CQ and builds a relationship between this type of intelligence and the leadership of excellence in the global environment. Offermann & Phan (2002) provided additional evidences of this link and showed that cultural consistency between managers and subordinates is related to the superior hierarchy relationships within the company, satisfaction level of the followers and work effectiveness. Similar to the emotional intelligence concept, debates are structured around assessment, training and experience (Alon & Higgins, 2005).
The cognitive intelligence construct generated large debates as a product of nature predominantly or nurture predominantly (Lovvorn and Chen, 2011). According to large academic evidences, a higher IQ is postulated to improve the abilities of an individual related to cultural patterns and differences. However, it is the combination of leaders’ native intelligence, personal motivation and behaviors that drives their ability to possess CQ (Tan, 2004). The predisposition to develop and improve cultural intelligence is given by global leaders’ incentive to persevere when faced with difficulties and failures and it underlies the foundation of CQ.

A powerful international leader will never wait for guaranteed outcomes; rather, he will return to his own cultural intelligence, innovate, experience failure, learn from mistakes and continue trying (Davies, 1996).

As described by Crowne (2013) cultural exposure and resulting CQ is a source of competitive advantages for any company. Sternberg (2003) argued that success is generated by the interplay between analytical, creative and practical capabilities. Groves and Feyerherm (2011) analyzed a myriad of studies and showed that CQ enhances leadership outcomes in the increasingly globalized business environment.

To perform a leadership of excellence, global managers must be able to understand and handle local cultural patterns and develop superior IQ, EQ and CQ. The graphical representation below illustrates a conceptualization that connects all these three constructs.

**FIGURE 5**
**ELEMENTS OF GLOBAL LEADERSHIP EXCELLENCE**

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Although the scientific investigations focused on global leadership quotient have highlighted the role and implications of various competencies, they have not always been clear on how these abilities influence the performance results. This topic may be intensively explored and debated in other fields, such as psychology.

**CONCLUSION**

The analysis of the relevant literature has highlighted that successful global leadership depends not only on leadership behavior, but also on the interplay of intelligences: cognitive intelligence (IQ),
emotional intelligence and cultural intelligence. Theoretical studies and practical experiences have revealed the critical role of cultural intelligence in achieving global leadership excellence.

Given the highly interconnected business arena and the determinants of successful global leadership, companies need to include emotional and cultural intelligence as a component of their GL programs. Having a global mindset is essential for any leader activating both in the global environment and in the domestic arena.

Scholarly works on global quotient of international leaders have provided dispersed outcomes and thus, more synergistic scientific efforts are needed, complemented by a more extensive theoretical framework, to understand the phenomena and relationships underlying the improvement of the global leadership potential.

The academic interest in CQ has revealed an upward trend since the seminal work of Earley and Ang (2003), who described cultural intelligence as the ability to operate in culturally diverse business environments. The authors provided solid arguments that general capabilities such as IQ, emotional intelligence and social intelligence that involve a familiar cultural context to guide leaders’ cognition and social behaviors, do not hold when managers are engaged in international assignments with different background counterparties.

From a conceptual standpoint, the construct of cultural intelligence needs to be further investigated and operationalized so that it can bring maximum benefits to academic community and business environment. In the absence of multiple measurement instruments to prove its reliability and validity, the development of the concept will be substantially hampered. Only in the last decade, researchers have started to quantitatively develop the notion (Ang et al., 2007). An operationalized framework should offer the means for the scholars and practitioners to evaluate leaders on their potential skills to activate effectively during a foreign assignment. The international assignment parameters could also be assessed.

Companies could make overseas assignments based on the level of CQ exhibited by the individual leader and the degree of complexity and uncertainty that the individual is forecasted to experience during the foreign posting. International leaders face difficulties hard to image a decade ago. Hence, their competencies and those of subordinates needed to function effectively in a highly interconnected business environment characterized by different cultural patterns requires a superior perception and understanding of diversity in all its forms and an active integration of any new incentive into exiting mental layouts. Only by enhancing the level of cultural intelligence, a successful leader can develop a broad global mindset.

The estimation and investigation of the effectiveness of international leaders faced with cross-cultural interactions has never been so important. The construct of CQ, as a mixture of capabilities that may explain why some managers perform better than others, shows substantial promise. The definition of intelligence, in all its dimensions, has been a challenging process, and CQ is similarly problematic.

However, analyses focused on the link between cultural intelligence and successful leadership within a globalized business world are rather limited. We also note the lack of empirical papers and qualitative works to enhance the viability of the theoretical models. In addition, most researchers centered their interest on offering normative recommendations to global leaders and human resource professionals and not on exploring the theoretical and empirical difficulties driven by a rigorous investigation, conceptualization and establishment of the role of a global mindset in achieving leadership performance.

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