

# CHAPTER 1

## A THEORETICAL DISCUSSION ON THE RELATIONSHIP BETWEEN CULTURAL INTELLIGENCE AND EFFECTIVE LEADERSHIP<sup>1</sup>

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### INTRODUCTION

The business environment has changed a lot in the past few years and borders have become meaningless leading to the interaction of people from different nationalities and backgrounds. Business is no longer limited to borders which makes it inevitable for people from different cultural settings to interact. Factors such as globalization, recent advancements in technology, the internet, and demographic variations have affected the way people do business. Businesses have become global and people are able to sell their products to any country regardless of the distance. The most important thing is the understanding of the partners doing business and their customers.

Global organizations appreciate the differences emerging from cultural diversity and see it as driving the success of the organization (Lisak & Erez, 2015). Cultural diversity leads to the increase of innovation and creativity in organizations since people from different cultural settings can bring different viewpoints to the organizations. However, organizations are facing challenges in trying to create synergy among their employees who are from various cultural and geographical settings. The lack of synergy among the leaders and subordinates negatively affects the efficiency of the organization in meeting its targets (Ely, 2004). If the leaders and subordinates are not able to understand each other due to their cultural differences, then the organization won't be able to meet its goals.

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The understanding and appreciation of cultural diversity also affect organizational strategies when doing business in a foreign country. For example, McDonald's has to understand the needs of people in the United States and Turkey because they are not the same due to factors affecting cultures such as religion and tradition.

Various scholars have studied the characteristics of culturally diverse environments and the challenges in trying to find solutions to combat several problems. These studies have come to the conclusion that the main way to handle these problems is for a global organization to be led by individuals who understand, have the urge to learn and appreciate the values of different cultures (Lisak & Erez, 2015; Butler et al., 2012; Ely, 2004). It is thus important for organizations to select leaders who are culturally intelligent enough to lead a global organization. These leaders should be able to understand, embrace, be curious, and learn the culture of those they are leading to successfully contribute to the goals of the organization (Jehn & Bezrukova, 2004).

In this context, the objective of this chapter is to discuss the underlying mechanisms of the relationship between cultural intelligence and effective leadership. Through a literature review, some factors that affect the effectiveness of leadership and the characteristics of cultural intelligence are explained. Then, the crucial role of cultural intelligence in the practice of effective leadership is underscored.

## **CULTURAL INTELLIGENCE**

Cultural Intelligence has gained importance in social sciences in the past few years (Ng & Earley, 2006). With a world that is slowly becoming a global village, the interaction of people from different cultures has become inevitable. It is because of this reason that managers have to reset their mental programming towards being open to managing and understanding people from diverse cultures. The way people from different cultures work and move about at workplaces may differ. This is more of being able to tune yourself like a radio into different stations. The ability to shift smoothly between these stations is what determines the ability of a manager to lead and manage a diverse organization smoothly. The Literature on intelligence defines this ability as cultural intelligence which is fairly a new construct in cross-cultural management studies.

At its core, cultural intelligence is the ability to adapt to different cultural settings smoothly and swiftly without facing any problems. In the literature, various definitions of cultural intelligence can be found although they have

the same core meaning (Thomas et al., 2008). Some researchers view cultural intelligence as a special form of general intelligence, while others believe that it is a distinct construct that differs from general intelligence (Dyne et al., 2015; Sternberg, 2015; Sternberg & Grigorenko, 2006). Thus, scholars have come up with different definitions for cultural intelligence. For example, Earley and Mosakowski (2004) define cultural intelligence as the ability to tease out a person's or group's behaviors including those that would be right for all people and all groups, those peculiar to a specific person or group, and those that are neither universal nor idiosyncratic. They also define cultural intelligence as the natural ability of an outsider to understand someone's unfamiliar actions and gestures as though he or she is from that cultural setting. Hence, cultural intelligence is a kind of ability of an individual to work effectively in a culturally diverse organization. As a consequence, cultural intelligence is different from general intelligence (IQ) or emotional intelligence (EI) in that cultural intelligence reflects the ability of a person to adapt to cultural differences (Earley & Peterson, 2004). Others, such as Sternberg et al. (2022) define cultural intelligence as the ability to adapt to problems that arise from interactions with people who possess different cultural views. Problems may be observed when people from different cultural settings are brought together, not because of the person's character but rather due to their cultural background.

The same situation goes for workplaces with people from different cultures. The speed at which people work or the way they plan their schedule may be affected by their background and cultural setting. A Japanese may be used to doing things very fast while a Kenyan takes his or her time while doing chores. However, the most important thing is that they both complete their responsibilities in the given time frame. An understanding and deep comprehension of such situations is the basis of cultural intelligence (CQ) which equips managers with skills to overcome workplace problems that derive from cultural diversity. Managers can overcome such problems by creating a workplace environment where diversity and culture flourish, and differences are solved through dialogue.

### **Components of Cultural Intelligence**

Dyne et al. (2012) came up with a four-factor construct of cultural intelligence comprising metacognition, cognitive, motivational, and behavioral intelligence factors based on the multi-loci theory of intelligence. Sternberg's (1988) studies focused on finding ways to understand individual-level intelligence by synthesizing disparate and previously disconnected views on intelligence. Most

research conducted in the field of cultural intelligence in the last ten years has focused on these four factors (Dyne et al., 2015).

Metacognitive and cognitive cultural intelligence dimensions deal with the mental capabilities of an individual to think, learn, and strategize. Motivational cultural intelligence acknowledges the cognitive processes of self-efficacy, confidence, and alignment with one's personal values. And, behavioral cultural intelligence deals with the behavioral capacity to have a repertoire of skills and display various types of verbal and non-verbal actions (Dyne et al., 2012). An explanation of the four factors of cultural intelligence is made in the following sections.

### ***Metacognitive Cultural Intelligence***

Metacognition is a term introduced by John Flavell who claims that metacognition is the knowledge that one has about his or her personal process of thinking (Flavell, 1979). Flavell is seen as the father of the field of metacognition. Metacognition involves the ability to control your thinking by using high-level strategies such as awareness, planning, and checking (Flavell, 1979; O'Neil & Abedi, 1996; Dyne et al., 2012). Using these strategies allows an individual to be able to control his or her thinking effectively by developing heuristics for social interactions (Briñol & DeMarree, 2012). In the cultural context, metacognitive cultural intelligence refers to the ability to execute cognitive processing during cross-cultural interactions. It involves the self-regulation and self-reflection of the actions people take when dealing with others from different cultural settings. It is an important foundation for anyone since it lays a basis for how people think to solve a problem and formulate strategies to get on well with others from different cultures (Dyne et al., 2012).

People with a high metacognitive cultural intelligence level can have heightened consciousness of how their culture influences their interactions with people and interpretations of problems that arise from cross-cultural interactions (Triandis, 2006). They have values such as self-awareness, other awareness, and awareness of situations (Endsley, 2017). They know how to plan and prepare for intercultural settings before entering a space with people from different cultural backgrounds. They display isomorphic attributions whereby they consistently check whether their behavior is consistent with others (Triandis, 2006). They also question their assumptions, plan ahead, and adjust their mental structures based on the assumptions they have about culturally diverse settings. Managers who have a high level of metacognitive cultural intelligence tend to understand

better how different cultural structures function. Metacognition paves the way for managers to master information and solve problems quickly. They are able to solve problems that occur due to cultural differences in their organizations by displaying metacognitive values such as awareness, planning, and checking. A manager with a high metacognitive cultural intelligence level has to be aware that there are differences in the cultural beliefs of his or her workers. They plan their actions and orders according to the analysis they made in the first step. They check whether their assumptions are correct, if not they should adjust their strategies accordingly (Dyne et al., 2012).

### ***Cognitive Cultural Intelligence***

Cognitive cultural intelligence refers to the complete knowledge that one has about cultural settings, norms, and practices emerging from interactions with diverse cultural environments. It is basically the knowledge about diverse cultures that is stored in an individual's memory. This knowledge is crucial and comes into practice once an individual is in that specific cultural setting. Cognitive cultural intelligence helps an individual understand the elements that constitute different cultures and appreciate the differences that are engraved into each culture (Ang et al., 2007). It functions for individuals to make sense of similarities and differences of cultures. For example, the fact that people in a specific region don't shake hands is important for someone who interacts with them. When an individual with a high cognitive cultural intelligence level meets someone from this region, he or she already knows that he or she shouldn't shake hands with them, but rather greet them in the way they do. Through training, an individual can improve his or her cognitive cultural intelligence level. However, experiences can play an important role as well. In a fast-changing world, the information obtained by individuals must be updated frequently. Thus, it is important for an individual to be able to reformulate and reorganize his or her knowledge and thinking about a culture already stored in his or her memory (Gitonga & Zhang, 2016).

### ***Motivational Cultural Intelligence***

Motivational cultural intelligence refers to the urge to learn a new culture and the differences that come with it (Gitonga & Zhang, 2016). It relates to the propensity of a person to adapt to a new cultural setting by having the urge to learn more about it (Earley & Peterson, 2004). Motivational cultural intelligence provides an individual with the agentic control that facilitates obstacles, such as uncertainty and anxiety that occur due to interactions with people from different cultural backgrounds. Some individuals have the eagerness to work through

these obstacles, while some do not. Those who don't have motivational cultural intelligence are unmotivated and unengaged at all costs (Ang et al., 2006).

Motivational cultural intelligence is measured by the strength of drive a person has toward multicultural interactions. Drive in cultural intelligence shows the level of interest of an individual during intercultural interactions. Individuals with high a cultural intelligence drive level have a high motivation to learn a new culture and easily adapt to different cultural settings. Individuals who have agentic feelings and are able to foresee the benefits of cultural diversity are able to have a drive for interactions that are effective (Brooks & Schweitzer, 2011). They exhibit cultural intelligence facets, such as self-efficacy, persistence, enhancement, confidence, and mindfulness (Johnson et al., 2006; Stogdill, 1974; Bandura, 1995). These facets are directly or indirectly affected by both internal and external factors (Johnson et al., 2006). Although there are many factors affecting motivational cultural intelligence, Dyne et al. (2012) have argued that sub-dimensions of motivational cultural intelligence can be self-efficacy, intrinsic interest, and extrinsic interest. Self-efficacy is defined as the self-determination and perception of an individual's abilities to achieve his or her objectives (Bandura, 1995). In terms of cultural perspective, self-efficacy is defined as the confidence needed to adjust to diverse cultural settings (Eccles & Wigfield, 2002). Individuals with a high self-efficacy level have a sense of confidence when interacting with people from diverse cultures because they have an efficacious feeling toward different cultures (Vancouver et al., 2008). Hence, how a manager feels, thinks, and behaves when managing people from unfamiliar cultural situations can be determined by his or her level of self-efficacy. Intrinsic interest shows the degree to which an individual derives personal enjoyment during culturally diverse interactions (Dyne et al., 2012). Some individuals enjoy working with people from different cultures which gives them the motivation to learn more about cultures, while others are reluctant in such cases. Individuals with a high intrinsic interest level tend to enjoy more intercultural settings, thus making them less bored and more interested. Intrinsic interest is totally self-generated since it doesn't depend on others or any situation (Dyne et al., 2012). On the other hand, extrinsic interest shows the benefits a person can derive from intercultural interactions (Dyne et al., 2012; Ryan & Deci, 2000). Rather than doing something for enjoyment as in the case of intrinsic interest, the motivation behind extrinsic interest is the instrumental value that comes with it (Ryan & Deci, 2000). In a culturally diverse work environment, an individual who has a high extrinsic interest level value aims at tangible benefits such as promotion and work assignments in different

countries (Dyne et al., 2012). Leaders who have such attributes can climb the hierarchy ladder and manage people from different regions since their main aim is getting tangible benefits from their intercultural interactions.

### ***Behavioral Cultural Intelligence***

Behavioral cultural intelligence refers to the ability of an individual to display a variety of behaviors both verbal and non-verbal when dealing with people from different cultural settings (Ang et al., 2007). Culturally intelligent individuals and leaders need to pay attention to both verbal and non-verbal actions. As Ng and Earley (2006, p. 83) noted, “When we meet strangers from other cultures for the first time, their outward appearances and overt behaviors are the most immediately obvious features, not their hidden thoughts and feelings.” People from different contexts communicate in different ways which requires people to display specific behaviours. This is the first thing that an individual observes when he or she meets with people from different cultures. This gives a general idea about people from a specific culture whereby appropriate behaviors can be displayed. Basically, individuals judge others according to what they see on the surface rather than inner-self. Thus, the actions an individual exhibits are the true face of a specific culture (Ng & Earley, 2006). People from different cultures display different verbal and non-verbal behaviors according to their beliefs which are embedded in their cultural backgrounds. Thus behavioral cultural intelligence allows individuals to exhibit actions that will lead to minimal misinterpretation and misunderstanding (Eccles & Wigfield, 2002). Misinterpretation of communication is the main source of cross-cultural misunderstandings when people from different countries work together. Communication skills are the core of behavioral cultural intelligence since they help individuals with flexibility in encounters. Behavioral cultural intelligence enables individuals to know when to get used to a culture different than his or her culture and when not to. Even though it is almost impossible to learn all the dos and don'ts of different cultures, there are some red-line actions that shouldn't be exhibited at all when interacting with individuals from different cultures. Knowing these red lines is what makes individuals culturally intelligent (Fujimoto et al., 2004).

### **EFFECTIVE LEADERSHIP**

Leadership is defined in various ways and has been the core of various behavioral studies (Maheshwari & Rai, 2022). However, definitions of leadership may not

fully identify the concept and be common for all situations (Schuetz, 2017). Thus, many researchers tried to define leadership according to their observations on what effective leaders do. Leadership, at its core, is the ability of an individual to direct and influence his or her followers toward set goals (Hoch & Dulebohn, 2017). The term used in most definitions of leadership in literature is “directing”. It is the ability to cause subordinates to act in a particular way or to follow a specific course. Most scholars also define leadership as “influence” especially used in the decision-making process in organizations (Rueden & Vugt, 2015).

Although some people confuse leadership and management, they are different (Schuetz, 2017). Many scholars have studied the difference between being a manager and a leader. Actually, organizational managers are expected to have leadership qualities. Therefore, researchers refer to organizational managers when they say leaders (Shockley-Zalaback, 2019). Accordingly, leaders are organizational managers who have superior influencing characteristics. Managing and leading go hand in hand with each other which makes them directly connected one way or the other (Schuetz, 2017). Schuetz (2017) states that a manager is a person who does things right and has professional education experience in the work, while a leader is a person who knows exactly what and how things should be done right. Effective leadership is a combination of both the qualities of a leader and a manager. An effective leader should be aware of the strengths and weaknesses of each of his or her subordinates while directing them in order to identify areas that have to be improved. He or she should be able to treat his or her subordinates with respect which in return leads to higher productivity and greater loyalty (Fehr et al., 1998).

### **Characteristics of Effective Leaders**

Various scholars and researchers have proposed different factors that influence effective leadership. Some of the factors are common in all the studies. They are:

#### ***Ability to Adapt to New Situations***

The business world is changing at a high rate, whereby it is becoming difficult to adapt to new circumstances. Some changes need the person to adapt fully by quickly understanding and learning the new state (Fujimoto et al., 2000). Leaders are committed to personal and professional growth. They seek new knowledge, stay updated on industry trends, and actively pursue self-improvement. They encourage a learning culture within their team and support others in their development. Effective leaders are flexible and adaptable in the face of change.

They navigate challenges and through resilience, maintain a positive attitude and inspire others to do the same (Fujimoto et al., 2000).

### ***Effective Communication***

Leaders who are effective are excellent communicators. They have the ability to listen actively, provide quick and efficient feedback, and express their opinions clearly. They can easily be approached by their subordinates whenever possible. Effective leaders also convey the set goals of the organization to their subordinates efficiently and help in achieving them (Shockley-Zalabak, 2019). Effective leaders have a clear vision of where they want to go and what they want to achieve. They communicate this vision to their team and align everyone's efforts toward a common purpose (Shockley-Zalabak, 2019). Lowenhaupt (2014) emphasizes the importance of languages leaders use as an important characteristic for effective leadership. How leaders deliver their directives to their subordinates is an important factor for mutual understanding. Effective leaders delegate tasks and responsibilities to their team members by recognizing their expertise and providing opportunities for growth. They empower others by giving them autonomy, guidance, and support to succeed. Effective communication is also a driving force in inspiring and motivating subordinates to perform at their very best (Mayfield & Mayfield, 2002). Through communicating with their teammates, leaders can recognize their strengths and weaknesses, appreciate their achievements, and provide constructive feedback (Lowenhaupt, 2014). There are various communication styles that are used by various leaders. Some well-known styles are analytical, personal, intuitive, and functional communication styles.

#### *Analytical Communication Style*

This communication style favors accuracy and logic. Every decision and action is taken based on real data and facts after thoughtful consideration (Nanus, 1995). Leaders who adopt this style tend to rely on logical reasoning, critical thinking, and evidence-based decision-making to communicate their ideas and influence others. They work with numbers. For example, a leader who uses an analytical communication style will use numbers to explain how sales are going. An analytical communicator generally does not like small talk but prefers getting directly to the point (Shah, 2018).

#### *Intuitive Communication Style*

Leaders who use an intuitive communication style are the complete opposite of leaders using an analytical communication style (Khandelwal & Taneja, 2010).

They prefer looking at the greater picture rather than focusing on details such as numbers. For example, instead of saying “Sales increased by 10%”, a leader using an intuitive communication style will say “Sales seem to be increasing” (Sayegh et al., 2004; Burke & Miller, 1999).

#### *Personal Communication Style*

This communication style enhances the direct connection between leaders and subordinates since they are open, straightforward, and emotionally connected to their subordinates (Burke et al., 2006). They usually assess what motivates their co-workers and how their subordinates think. They tend to build deep and emotional relationships with their co-workers (Shah, 2018).

#### *Functional Communication Style*

In this communication style, leaders focus on what should be done and how. They tend to talk more about details, processes, timelines, and plans. They prefer to talk about the process of completing tasks one by one and in detail (Burke et al., 2006).

#### ***Leader Behaviors***

The traits, knowledge, skills, and abilities of a leader determine his or her effectiveness as long as they are appropriately transformed into the behaviors (DuBrin, 2015). Effective leaders understand and establish bonds with their team members on an emotional level. They show empathy, recognize individual strengths and needs, and create a supportive and inclusive work environment. Kerr et al. (1974) and Holtz & Harold (2012) have shown that two behavioral tendencies come into prominence. They are consideration and initiative behaviors. The consideration factor shows the level at which a leader exhibits characteristics such as warmth, friendliness, support, and trust toward his or her subordinates. Leaders who display such behaviors are more likely to be more effective than those who don't. Leaders who have a high level of consideration factor tend to have more subordinates who have high levels of job satisfaction, productivity, and respect (Holtz & Harold, 2012). The initiating factor shows how a leader focuses on setting goals, assigning tasks, planning, clearly explaining expectations, and assigning tasks to his or her subordinates accordingly. Leaders who have a high score in the initiating factor tend to pay more attention to how they plan the tasks and efficiently communicate with them (Kerr et al., 1974).

#### ***Ethics***

Effective leadership is also directly related to ethics. Organizational ethics usually comprise a set of ethical codes that should be followed by everyone working in an

organization. Leaders who follow specific ethics are believed to directly influence their subordinates and create an ethical working climate. Ethical leaders are able to decide what is right or wrong while making decisions (Mayer et al., 2012). Ethical behavior is shaped and determined by both personal and leadership factors (Özbağ, 2016). Personal factors are related to the traits possessed by a person, such as honesty, righteousness, integrity, and trustworthiness (Brown et al., 2005). These traits are reflected in a person's behaviors. If a person has positive traits he or she can display the same positivity in his or her leadership style. Therefore, personal characteristics directly affect ethical leadership behaviors. Leaders who demonstrate integrity, honesty, and consistency earn the trust and respect of their followers. They lead by example, adhere to ethical standards, and take responsibility for their actions (Shah, 2018). It is clear that many leadership behaviors are related to the personal traits and experiences obtained through managerial practices (Bouckennooghe et al., 2014). The most important ethical values that should be displayed by leaders are fairness, righteousness, equity, and Integrity (Shah, 2018). Beyond the organizational code of ethics, there are universal ethical codes that should be followed by every leader. Ethical leaders demonstrate moral values such as being fair, principled, and employee-oriented. The behaviors displayed by leaders will encourage followers to display similar behaviors (Mayer et al., 2012) because leaders are the source of moral direction for their subordinates (Brown et al., 2005).

## **THE RELATIONSHIP BETWEEN CULTURAL INTELLIGENCE AND EFFECTIVE LEADERSHIP**

Interactions and relationships between people from different cultural settings have been increasing due to globalization. Goldsmith (2003) states that people from different cultural backgrounds may need to be led differently which makes understanding cross-cultural leadership studies vital. Globalization has created multicultural teams that are either culturally diverse or dispersed geographically where communication mostly takes place virtually (Stanko & Gibson, 2009). Leading multicultural teams is not the same as leading culturally homogenous teams. Thus, embracing and understanding how to lead culturally diverse teams is an important aspect (Gibson & Gibbs, 2006).

People from different cultures have their own beliefs which influence the way they are to be led. Teams made of homogeneous cultures are easier to lead since there is a mutual understanding between the leader and their subordinates in

terms of cultural context (Hofstede, 2013). Culturally diverse teams, on the other hand, bring a variety of culturally different perspectives to their workplaces. These perspectives affect work rules, procedures, working pace, work hours, and the way decisions are made (Hofstede, 2013). These differences bring challenges to the organization that need to be overcome by leaders. Therefore, leaders must understand and appreciate their team's cultural diversity by building a shared understanding and team unity (Avolio et al., 2000). Lisak and Erez (2015) argue that only leaders who are culturally intelligent can overcome the challenges that come with multicultural organizations. Cultural Intelligence has a huge influence on effective leadership. Various studies have tried to understand the relationship between cultural intelligence and effective leadership. The business world is globally linked and this makes borders invisible. Thus, it is important for leaders to be culturally intelligent if they want to be effective. So, when discussing the effectiveness of leadership cultural intelligence matters (Koopman et al., 1999).

In this context, there is a need to understand each party's cultural background and characteristics when doing business. It is also important to note that cultural intelligence doesn't need managers but rather needs leaders. Leaders who are culturally intelligent perform better when working in intercultural settings compared to those who are less culturally intelligent. Specifically, international leaders with high cultural intelligence levels perform better on intercultural tasks, when cognitive ability is controlled (Ang et al., 2007). Moreover, Goldsmith (2003) argues that to display effective leadership, one has to be a global leader who is culturally intelligent and is able to think globally. Not surprisingly, culturally intelligent leaders increase performance when working with people from different cultural settings. Culturally intelligent leaders should have high levels of openness to cultural differences in their teams. They should be able to appreciate these differences and try to understand their subordinates' cultural beliefs. Leaders should view these differences as opportunities to be competitive and be open to learning their dissimilar perspectives (Lisak & Erez, 2015). Likewise, culturally intelligent leaders have the motivation to learn and gain experiences from different cultural settings. They also have high curiosity about other cultures which makes them non-judgmental when they find themselves in such environments (Fujimoto et al., 2004).

On the other hand, leaders who are not culturally intelligent see cultural differences in their organizations as a disadvantage and are not ready to utilize and understand the differences. They see these differences as a threat to their workflow and achieving their organizational goals. They tend to have an emotional

connection with those they share the same culture and leave out those who do not into their cultural settings. Workers who do not fit into the manager's cultural setting feel they are being left out and sidelined in the organization which leads to an emotionally stressed environment for the leader and his or her subordinates (Fujimoto et al., 2000).

Culturally intelligent leaders tend to display effective leadership compared to those who aren't culturally intelligent. A leader who wants to display effective leadership should be able to understand the context of having culturally diverse teams and be able to display a leadership style that embraces everyone in the organization. Culturally intelligent leaders display a sense of belongingness to their multicultural team. They also exhibit tolerance and appreciation of cultural differences that may occur in the organization (Lisak & Erez, 2015). Effective leaders foster diversity in their organizations and use these different perspectives as a supporting tool for creativity and innovation. Openness to cultural differences, having a global identity, and being culturally intelligent are the three factors that affect effective leadership since they have a positive influence on the performance of the organization (Ang et al., 2006). It is for this reason that many organizations see the potential of hiring or developing leaders who are culturally intelligent. Companies such as Starbucks and McDonald's have even created diverse executive positions since effective leadership through diversity is of high importance to organizational growth. They believe that challenging multicultural-related problems in organizations can be done by hiring or developing leaders who are culturally intelligent enough to combat these problems (Shokef & Erez, 2006). The importance of cultural intelligence has become much more appreciated as it has been clearly understood that it is an important factor in exhibiting effective leadership. Human resource management departments in global organizations have started to focus on educating their leaders and employees about norms and behaviors that are connected to a specific culture (Bouckenoghe et al., 2014). These programs help in creating a multicultural vision since they help an individual see the differences and similarities between the values and beliefs of various cultures (Derr et al., 2002). All these arguments indicate a clear connection between cultural intelligence and effective leadership. Accordingly, we propose that A leader who is culturally intelligent is more likely to display effective leadership behaviors and attitudes.

## **CONCLUSION**

It is important for a leader to be culturally intelligent especially in multicultural

environments. Leaders should appreciate the multicultural differences of his or her subordinates and see this as an advantage that can increase innovation and productivity in the organization. This mindset makes a leader get ready to listen, read, and understand different perspectives. Due to the globalization of the world's economy, it is important for a leader to be able to understand the needs and motives of both his or her subordinates and customers. A culturally intelligent leader can set the direction and views in an organization according to the needs and wants of internal and external stakeholders. The differences that occur in the cultural setting of both followers and customers should be managed efficiently by creating an environment where everyone's views are appreciated. A specific organizational culture that embraces cultural diversity should be created by leaders to make the organization very responsive to environmental changes. Overall, it is clear that with globalization, effective leadership is possible by being culturally intelligent.

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