Cultural Intelligence Of Managers And Its Effect On Quality Of Leader-member Exchange Relationships

Balasubramanian Lakshmi Narayanan	Dr.D.Nirmala
Ph.D Research Scholar &²Assistant Professor, Department of Social Work, Bharathidasan University, Tiruchirappalli 620 023, Tamil Nadu	Ph.D Research Scholar &²Assistant Professor, Department of Social Work, Bharathidasan University, Tiruchirappalli 620 023, Tamil Nadu

ABSTRACT *Several researches have proved the importance of quality of leader-member exchange relationships. Good quality of leader-member exchange relationships drives the productivity of the organization and the employees' performance. India being one of the culturally diverse nations with multiple languages and cultures, the need for cultural intelligence of employees and managers and their quality of work relationships is imperative for the success of an organization. The current study attempted to assess the cultural intelligence of managers and its effect on quality of leader-member exchange relationships in three telecommunications companies in India. The key findings of the study suggest that there is a strong relationship between cultural intelligence and the leader-member exchange. The findings and suggestions for future studies are discussed in detail.*

Introduction:

As globalization of economies requires the businesses to expand their operations across different continents, the necessity to understand and to respond to the different cultural needs have become vital to the success of the multinational organizations. Understanding of different cultures and to be culturally attuned in a multicultural working environment is becoming a prerequisite to be employed in most of the multinational organizations. India being one of the culturally diverse nations with multiple languages and cultures, the need for CQ of employees and managers and their quality of work relationship is imperative for the success of an organization. Several researches have proved the importance of quality of LMX relationships. A good quality LMX relationship drives the productivity of the organization and the employees' performance.

The current study attempts to find the effect of CQ on the quality of LMX relationships as perceived by the leaders in the telecom industry in India.

Review of Literature

Leader-Member Exchange (LMX) relationship
The LMX approach was originally called as the Vertical Dyad Linkage (VDL) theory (Dansereau, Cashman, & Graen, 1973). Later in the year 1982, it was renamed as Leader-Member Exchange (LMX) theory (Graen, Novak, & Sommerkamp, 1982). Leader-member exchange is defined as the quality of the working relationship between an employee and his or her immediate supervisor (H.Javaheri et al., 2013)

According to Dienesch and Liden, 1986, in various LMXs, role-making will lead to differentiated role definitions. The basic notion on positive effects of LMX theory is explained based on the followers' responses to the leaders' treatment (Liden et.al, 1997). The LMX approach categorizes the followers into two groups, namely in-group and out-group. In-group members exhibit a high trust, cooperation, and support formal and informal rewards. The out-group is the second category that exhibits a low level of trust, support, interaction and performance. According to Graen & Cashman, 1975, these 2 group

memberships are formed quickly in an organization and tend to remain stable once it is formed.

Cultural Intelligence (CQ)

Cultural intelligence (CQ) refers to the individual's capability to function effectively in culturally diverse settings (Ang& Van Dyne, 2008; Earley & Ang, 2003). Metacognitive, cognitive, motivational and behavioral components form part of the four dimensional cultural intelligence (CQ) model (Earley and Ang. 2003). According to Earley and Ang, 2003, metacognitive CQ focus on higher-order cognitive processes, where cognitive CQ reveals the knowledge of different cultures acquired through experience and education. The capability to direct attention and energy to learn about functioning in culturally diverse settings is referred as motivational CQ. Behavioral CQ explains the capability to mingle in diverse cultural settings by exhibiting appropriate verbal and non-verbal actions.

Importance of the Study

In a social working environment, a higher CQ is expected to encourage quality LMX relationships. Leaders with employees spread across multiple cities or countries are required to manage their employees with cultural sensitivities on different people as well as performance issues. The level of trust and interactions between the leaders and the in-group, out-group may be greatly influenced by the CQ of the leaders. Individual with high metacognitive CQ can build good relationships with their peers, while higher cognitive CQ helps individuals to perform in different cultural settings. Individuals with higher behavioral and motivational CQ are able to adapt to the different cultural settings that improves their performance and effective relationships with colleague (Earley and Ang, 2003). Based on the above review of literature, it is evident that CQ is a key factor in improving the relationship between leaders and followers in culturally diverse working environment.

Research Methodology
Objectives of the study:

The objective of the study is to find the effect of CQ on managers' perceived quality of LMX. The study attempts to understand the socio-demographic characteristics of   the

respondents.

Hypotheses

1. There is a significant difference among the economic condition and CQ of the respondents.
2. There is a significant association between the age group and CQ of the respondents.
3. There is a significant association between the educational qualification and CQ of the respondents.
4. There is a significant difference among the number of states and CQ of the respondents.
5. There is a significant correlation between the CQ and the quality of LMX.

Universe & Sample

The study was conducted in telecommunication companies in India. Through adopting non-random 36 respondents were chosen by applying purposive sampling method.

Research Design

Descriptive Research Design was used.

Statistical tests used

The above hypotheses were tested using statistical tests such as chi-square test, correlations test and ANOVA.

Tools of Data Collection

Leader-Member Exchange (LMX-7) and Cultural Intelligence (CQ) 20 item measures were used to measure the relationship of quality of leader-member exchange as perceived by the managers and the CQ of the managers. Both the scales were combined into one questionnaire that included socio-demographic questions. An online survey portal surveymonkey.com was used to gather the data from the survey participants.

Leader-Member Exchange (LMX-7)

The researcher used the 7-item instrument (Scandura & Graen, 1984) to measure the quality of leader-member exchange relationships as perceived by the managers, which is the most widely used measure since 1984. This scale is designed with five-point multiple-choice responses. Reliability of LMX-7 scale with cronbach's alpha test for this study is 0.908.

Cultural Intelligence (CQ)

The CQ scale developed by Soon Ang et.al (2007) was used to measure the cultural intelligence of the respondents. It is a 20 item with five point Likert scale. The cronbach's alpha reliability of the CQ is 0.963 for the current study.

Results and Discussions

Socio-demographic characteristics of the respondents

Majority (63.9%) of the respondents are in the age group of 36 to 45 years, One third (33.3%) of the respondents belonged to 26 to 35 years old and a meager (2.8%) of the respondents belonged to 46 to 55 years old. More than half (55.6%) of the respondents are Post Graduates. More than one-third (38.9%) of the respondents are Graduates, a meager (2.8%) of the respondents are Diploma holders and another (2.8%) of the respondents are Doctorates. Vast majority (91.7%) of the respondents are married and (8.3%) of the respondents are unmarried. Majority (61.1%) of the respondents are moderately satisfied and more than one-third (38.9%) of the respondents are highly satisfied regarding their economic condition

Table 1
Level of quality of LMX as perceived by the managers.

Level of quality of LMX	Frequency	Percent
Very High	16	44.4
High	15	41.7
Moderate	4	11.1
Low	1	2.8
Total	36	100

Less than half (44.4%) of the respondents have high level of quality of LMX relationships. About eleven (11%) per cent of the respondents have a moderate level of quality of LMX. Meager (2.8%) of respondents have low level of quality of LMX relationships.

Table 2
Distribution of respondents by their level of CQ

Level of CQ	Frequency	Percent
Very High	24	66.7
High	7	19.4
Moderate	4	11.1
Low	1	2.8
Total	36	100

Majority (66.7%) of the respondents has very high level of CQ, while close to one fifth (19.4%) of the respondents has high level of CQ. About eleven (11.1%) of the respondents have moderate CQ. Meager (2.8%) of the respondents have low level of CQ.

Table 3
One way analysis of variance among the level of economic condition and CQ of the respondents

Economic Status	N	Mean	Std. Deviation	Sum of Squares	df	Mean Square	Statistical inference
Between Groups				2.922	1	2.922	F = 4.948
Highly satisfying	14	1.1429	.36314				df = 1/34
Moderately satisfying	22	1.7273	.93513				.033 < .05
Within Groups				20.078	34	.591	Significant

Analysis of variance was applied to test the difference among the economic condition and CQ of the respondents. The calculated value (4.948) is higher than the table value at 5% level of significance. Since the calculate value is higher than the table value, it is inferred that there is a significant difference among the economic condition and CQ of the respondents. Hence the research hypothesis is accepted and null hypothesis is rejected. The mean score (MS = 1.7273) in the surveyed sample reveals that CQ is higher among the respondents those who are moderately satisfied in their economic conditions.

The researcher infers that the group that is moderately satisfied in their economic condition might be more open to know the different culture and be more culturally sensitive than the group that is highly satisfied in their personal economic conditions.

Table 4
Distribution of respondents by association between the age group and educational qualification with the level of CQ

Variables	Level of CQ					Statistical Inference
	Very High (n=24)	High (n=7)	Moderate (n=4)	Low (n=1)	Very Low (n=0)	
Age group						
a) 26 - 35 years	5	4	2	1	0	χ^2 = 6.190 df = 6 P> 0.05 Not Significant
b) 36 - 45 years	18	3	2	0	0	
c) 46 - 55 years	1	0	0	0	0	
Educational Qualification						
a) Diploma	0	0	1	0	0	χ^2 = 11.369 df = 9 P> 0.05 Not Significant
b) Graduation	9	2	2	1	0	
c) Post-Graduation	14	5	1	0	0	
d) Doctorate	1	0	0	0	0	

Chi-square test was applied to find the association between the age group and educational qualification with the level of CQ of the respondents. It is observed that the calculated values (6.190 and 11.369) are less than the table value at 5% significance level. Since p > 0.05, it is concluded that there are no significant association between the level of CQ and age group and educational qualification of the respondents.

Table 5
One way analysis of variance between gender, years of experience, number of states worked for and the CQ of the respondents

Variable	N	Mean	Std. Deviation	Sum of Squares	df	Mean Square	Statistical inference
No of states worked							
Between Groups				5.368	3	1.789	F = 3.247
Only in my home location	10	2.1000	1.1005				
2 to 3 States/ UT/ Countries	14	1.2857	.4688				df = 3/32
4 to 6 States/ UT/Countries	8	1.3750	.74402				.035 < .05
More than 6 States/ UT/Countries	4	1.0000	.0000	17.632	32	.551	Significant
Within Groups							

Analysis of variance was applied to test the difference among the number of states worked and CQ of the respondents. The calculated value (3.247) is higher than the table value at 5% level of significance. Since the calculate value is higher than the table value, it is inferred that there is a significant difference among the number of states worked and CQ of the respondents. Hence the research hypothesis is accepted and null hypothesis is rejected.

In the surveyed sample, the mean score (MS=2.1) from the group that worked only in their home town suggests a higher CQ compared to the other group. The researcher infers that the group that worked from their home location could have had the opportunity to work in their headquarters, where the interactions with the colleagues from the different locations and culture are a higher possibility.

Table 6
Correlations between the CQ and the quality of LMX

Means, Standard Deviations and Correlations								
Variable	Mean	SD	1	2	3	4	5	6
1. LMX	4.14	0.351	1					
2. Motivational CQ	1.75	0.841	.412	1				
3. Cognitive CQ	2.36	0.798	.530**	.692**	1			
4. Metacognitive CQ	1.72	0.849	.229	.780**	.490**	1		
5. Behavioral CQ	2	0.956	.256	.640**	.299	.810**	1	
6. Overall CQ	1.5	0.811	.452**	.817**	.728**	.789**	.700**	1
. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

Pearson product-moment correlation coefficient test was applied to identify the correlations between the CQ, its four dimensions and the quality of LMX as perceived by the managers. There was a positive correlation of overall CQ, one of its dimensions cognitive CQ and the quality of LMX as perceived by the managers at 0.01 level (2-tailed). Motivational CQ and the quality of LMX also are positively correlated at the 0.05 level (2-tailed). No significant differences between the CQ and the quality of LMX is inferred, as p is greater than 0.05 (p>0.05).

Findings related to Socio-demographic characteristics

Majority (63.9%) of the respondents are in the age group of 36 to 45 years. More than half (55.6%) of the respondents are Post Graduates. Vast majority (91.7%) of the respondents is married and majority (61.1%) of the respondents is moderately satisfied on their personal economic condition.

Major Findings related to the hypotheses

1.　There is a significant difference among the economic condition and CQ of the respondents.
2.　There is no significant association between the age group and CQ of the respondents.
3.　There is no significant association between the educational qualification and CQ of the respondents.
4.　There is a significant difference among the number of states and CQ of the respondents.
5.　There is a significant correlation between the CQ and the quality of LMX.

Social Work Intervention and Suggestions

It is important for leaders and managers in the organizations to understand how to build and maintain a high quality leader-member exchange within their scope of work. When the relationship is good, the in-group members of the organizations go beyond their role and try to contribute to the success of the organizations that in turn help improve the overall business results and the society. Organizations hire best talents from the global market and use them to drive their business globally. However the challenges of coping with the new place and culture become the hurdle not only for the individuals, but also for the organizations. CQ helps individuals to appropriately behave and respond in culturally diverse settings. As CQ helps individuals to maximize their potential as well as their team's performance in multicultural environment, organizations may consider providing adequate training to managers and employees. Service industries have to pay attention to the CQ, as it not only helps improve the quality of LMX within the organization, but also it does help externally to the customers.

Conclusion

The findings of this study have suggested that CQ has significant positive relationship with the quality LMX as perceived by the managers. Researches prove that CQ can be acquired through formal trainings. It is important for the organizations to invest enough resources in the area of CQ of its employees, so as to improve the quality LMX and the productivity of the organization. Future researches may be pursued to identify whether the CQ and the quality of LMX at work place is confined only to the work context or it goes beyond to include the social context. Researchers might also consider investigating the effect of CQ on leadership and managerial effectiveness.

REFERENCE　　1.Ang, S., & Van Dyne, L. (2008). Conceptualization of cultural intelligence: Definition, distinctiveness, and nomological network. In S. Ang& L. Van Dyne (Eds.), Handbook of cultural intelligence: Theory, measurement, and applications (pp. 3-15) | 2.Brett, J., Behfar, K. & Kern, M. 2006, "Managing Multicultural Teams", Harvard business review, vol. 84, no. 11, pp. 84-91. | 3.Dansereau, F., Cashman, J., &Graen, G. (1973) Instrumentality theory and equity theory as complementary approaches in predicting the relationship of leadership and| 4.turnover among managers. Organizational Behavior and Human Performance, 10, 184-200. | 5.Earley, P.C., &Ang, S. (2003). Cultural intelligence: Individual interactions across cultures. Palo Alto, CA: Stanford University Press. | 6.Graen, G., & Cashman, J (1975) A role-making model of leadership in formal organizations: A development approach. In J. G. Hunt & L. L. Larson (Eds.), Leadership | 7.Frontiers (pp. 143-165). Kent, OH: Kent State University Press. | 8.Graen, G., Novak, M., & Sommerkamp, P. (1982) The effects of leader-member exchange and job design on productivity and satisfaction: Testing a dual attachment model. Organizational Behavior and Human Performance, 30,109-131. | 9.H Javaheri, H Safarnia, A Mollahosseini(2013). The impact of cultural intelligence (CQ) on leader-member exchange (LMX), Interdisciplinary Journal of contemporary research in business, 2013 Institute of Interdisciplinary Business Research, January 2013, Vol4, No 9 | 10.Imai, L., & Gelfand, M. J. The culturally intelligent negotiator: The impact of cultural intelligence (CQ) on negotiation sequences and outcomes. Organizational Behavior and Human Decision Processes (2010), doi:10.1016/j.obhdp.2010.02.001 | 11.Liden, R. C., Sparrowe, R. T., & Wayne, S. J. (1997). Leader–member exchange theory: The past and potential for future. In G. R. Ferris (Ed.), Research in personnel and human resources management (Vol. 15, pp.47–119). Greenwich, CT: JAI Press. | 12.Ling Deng, Paul Gibson (2008), A Qualitative Evaluation on the Role of Cultural Intelligence in Cross-Cultural Leadership Effectiveness, International Journal of Leadership Studies, Vol. 3 Iss. 2, 2008, pp. 181-197©2008 School of Global Leadership & Entrepreneurship, Regent University ISSN 1554-3145 | 13.Richard M. Dienesch and Robert C. Liden (1986) Leader-Member Exchange Model of Leadership: A Critique and Further Development. The Academy of Management Review, Vol. 11, No. 3 (Jul., 1986), pp. 618-634 | 14.Soon Ang, Linn Van Dyne, Christine Koh, K. Yee Ng, Klaus J. Templer, Cheryl Tay and | 15.N. Anand Chandrasekar (2007), Cultural Intelligence: Its Measurement and Effects | 16.on Cultural Judgment and Decision Making, Cultural Adaptation and Task Performance. Management and Organization Review 3:3 335–371 doi: 10.1111/j.1740-8784.2007.00082.x