

Analysis the Relationship between Cultural Intelligence and Transformational Leadership *(The Case of Managers at the trade office)*

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Abstract

Problem statement: *Transformational leadership is one of the modern ideas in the field of organizational leadership. On the other hand the ability to communicate with employees and understand the cultural differences between them in a multicultural environment is One of the key skills that managers need to them in the nowadays organizations. These skills are introduced as cultural intelligence in organizations that are ability to respond to many challenges in multicultural environments.*

Approach: *This article was aimed to analysis the relationship between cultural intelligence and transformational leadership. in order to collecting data the questionnaire had been used. These questioners were distributed between 152 managers at the trade office in the city of Qom. in order to analyzing data and concluding results, SPSS and Amos graphics used and then one sample Kolmogorov-smirnov and Pearson correlation used. Also our research was based on structural equation model.*

Results: *The result indicated that there was positive significant relationship between cultural intelligence with transformational leadership (0/99). Also there was positive significant relationship between each dimension of cultural intelligence with transformational leadership.*

Conclusion/Recommendations: *The findings show that cultural intelligence is a basic factor in transformational leadership and confirming the main hypothesis of this study also represents the existence of a positive and meaningful relation between cultural intelligence and transformational leadership. Furthermore, the results show that the teams which have a high variety and a high possibility of creating opposition, having cultural intelligence could be effective in the managers' trend to use transformational leadership method.*

Key Words: cultural intelligence, Metacognitive cultural intelligence, Cognitive cultural intelligence, Motivational cultural intelligence, Behavioral cultural intelligence, transformational leadership, structural equation model

1. Introduction

Today world is field of continuous changes that make it different from the past, and these changes need some managers and employees who can adapt themselves with the changes.

In the current world where can be considered as a limitless world, organizations have to be active in different world cultures. Therefore, in modern organizations we need some managers who distinguish the cultural differences well and have a high ability in making proper interaction with other cultures. Here, it's the cultural intelligence which helps the organizations. It should be noticed that many managers who are successful in cultural environment would encounter with efficiency and effectiveness by entering a strange environment while some others, by changing the cultural environment, are able to adapt their performance with the new conditions easily (Triandis, 2006:22).

On the other hand, in the world competition field, many of the organizations have changed their leadership style from a transactional leadership approach to a transformational one so that they could achieve their goals and strategies (Ismail et al., 2011:93). So one of the subjects which the managers should change along changing the conditions is their leadership method and the next subject is learning the proper and new capabilities that one of them is cultural intelligence. This matter is not out of mind that the managers with high cultural intelligence tend to the close and powerful behavior methods. Therefore, the aim of this article is analyzing the role of cultural intelligence in leadership in the environments with high cultural variety.

2. Literature Reviews

2.1. Transformational leadership: Leading the inspiring process and motivating the followers in the direction of a common aim or the ability of influencing, motivating and stimulating others in the direction of doing extraordinary actions is in the way that leaders want (Iwuh, 2010:139). In organization environment, leadership is as a main power which is probable to determine the organization competitiveness in the world economic environment (Ismail et al., 2011:92). Since the leadership quality is directly related to the organization's success (Luton, 2010:78), so this discussion has allocated a great amount of studies in management and organization field in academic and university assemblies to itself. Demand theory, conditional leadership, exchanging leader approach –follower, way theory- goal, transactional leadership and transformational leadership are different approaches of leadership (Somech, 2006:138). Some researchers also categorize the leadership behaviors and discussion into two groups, transactional leadership and transformational leadership (Ismail et al., 2011:93).

Transformational leadership is an important discussion about leadership which has been under the consideration of researchers and has been studied vastly in recent years. One of the most important leadership theories in management literature is transformational leadership which has been theorized in order to improve the operation of organization or team by simulating employees to go beyond the personal goals for the sake of team or organization (Lee et al., 2011:693). The concept of transformational leadership has root in Downtown's studies; it means that when he was looking for comparing the transactional leadership with the transformational leadership to find out the differences between ordinary, corrective, rebel and revolutionary leaders (Nguniet et al., 2006:153). But for the first time, this concept was introduced systematically and basically by James Macgregor Bronez and was developed by Bass (Gill et al., 2010:267). Inspiring leadership is a term which some researchers have used as the synonym of the transformational leadership (Nilsen et al., 2009:1238).

Transformational leadership has been defined as influencing the followers by developing more and improving the followers' goals and preparing them by trusting in the operation more than the determined expectations in implicit or explicit agreements (Liu et al., 2010:193). Transformational leadership involves that an individual shows himself/herself in a role which is seeking to get the followers' trust and sureness (Zafra et al., 2008:41). Transformational leadership brings a condition to the mind which in the leader has the ability to inspire trust, loyalty and admire in his followers and they prefer their personal interests to the group's interests (Zagorsek et al., 2009:151). Transformational leaders stimulate their inferiors by guiding the challenges timely, and providing their personal improvement field. The ability of these leaders in stimulating their followers to do the works more than what was expected at the beginning is the main essence of this method about leadership (Shani&Somech, 2011:458). Transformational leaders change their followers' values, beliefs, attitudes, and perception for a greater collective aim because they tend to act beyond the determined minimal from the side of organization (Shani&Somech, 2011:358). Transformational leader draws clear perspective, creates trust among followers, and is completely engaged in obtaining common goal (Northouse, 2007:5).

In a study, Nguni et al. investigated the effect of transformational leadership and exchanging on job satisfaction, organizational agreement, and organizational citizenship behaviors of elementary-school teachers in Tanzania.

Regression analysis showed that the transformational leadership dimensions have a strong effect on job satisfaction, organizational agreement, and teachers' organizational citizenship behaviors. Also it was shown that although exchange leadership is also related to the mentioned variables, in comparison with transformational leadership it's a weaker predictor for these variables (Nguni et al., 2006:169).

Since the present study is based on Raferti and Griffin model, so the different dimensions of transformational leadership are explained from the viewpoint of these knowledgeable:

1. Vision: Explaining an idea image of future based on organization values.
2. Inspirational communication: Giving positive and encouraging messages about organization and the matters which provide stimulation and trust.
3. Supportive leadership: The tool of paying attention to followers and considering their personal needs.
4. Intellectual stimulation: Improving the employees' benefits and their awareness of problems and increasing their ability in thinking about the problem, but with more recent methods.
5. Personal recognition: Assigning some rewards like admire and thanks for the trouble to obtain the determined aims.

2.2. Cultural intelligence

For the first time, the concept of cultural intelligence was introduced by Early and Ang, the researchers of London Business University. They both defined the cultural intelligence as so: "one's ability in the direction of successful adaptation with the new cultural environments which is usually different from one's cultural text" (Early & Ang, 2003:27). Human acts, intimations and patterns of one's speaking need more developed changes when he/she encounters with the global business regime. This subject increases the probability of incomprehension and makes cooperation impossible. But sometimes, a foreigner apparently has such a natural ability that can interpret the ambiguous and unclear implications like the culture's natives and colleagues and reflect them like an honest mirror. This talent is called cultural intelligence which is often shown by CQ (Early & Mosakowski, 2004:141). Cultural intelligence confirms the transactional realities and concentrates on intercultural fields (Cavanaugh & Gooderham, 2007:17). Cultural intelligence is the perception of individuals' appearance and essence intellectually and practically. Also it gives us a framework and language to perceive the differences in order to invest on them, not tolerate or ignore those (Plum et al., 2007:3). A person, who has a high cultural intelligence, has learning ability in new cultural environment and enjoys encountering new cultures (Deng & Gibson, 2008:184).

The necessity of establishing effective intercultural communications and solving oppositions is having cultural intelligence including the individuals' ability for personal growth through continuous learning of cultural background and different perceptions. Early and Align define cultural intelligence as an individual's ability for effective adjustment with modern cultural models. Researchers say that the cultural intelligence of the people who have healthy spirit and are powerful from job and profession aspect, is improvable and trainable. Cultural intelligence involves recognition talent, perception and management standards of life in society, social institutes, aesthetic values in society, formal and informal languages, cultural beliefs and worldview of the most people of a society. In other words, this intelligence indicates the ability and talent of ambiguous social and cultural conditions and denotes creating and adjusting common concepts in social environment.

Cultural intelligence is the individual ability to perceive, interpret, and effectively act in the conditions having cultural variety (Early & Peterson, 2004:107). Cultural intelligence is the key of success in Today's world. For the work group's effective operations, the group, itself, should develop cultural intelligence. Dissimilar groups have greater success and greater failure potential in comparison with single-cultural groups. The strategy they should use is maximizing the positive effects of cultural variety and minimizing its negative effects (Thomas & Inkson, 2008:234). Cultural intelligence is a new dimension of intelligence that has a very close relationship with different work environments. Cultural intelligence lets individuals identify how others think and how they react to behavioral patterns. As a result, it reduces the intercultural communication barriers and gives individuals the authority to manage cultural variety (Fayyazi, Jan nesari & Ahmadi, 1385:42).

Cultural intelligence is the individual ability for effective activity and management in various cultural fields including behavior, stimulation, cognitive and metacognitive components applying in cultural judgment and decision-making, cultural accordance and operation (Ang et al., 2007:338).

Cultural intelligence focusing on the special abilities which are necessary for qualitative individual relationships and effectiveness in different cultural conditions, is concentrating on another aspect of cognitive intelligence, and cultural intelligence includes personal views that is useful to conform to the cross-cultural interactions and conditions and successful attendance in multicultural work groups. For cultural environment, it's necessary for the cultural managers to reinforce their cultural intelligence components and activity stimulation in three cognitive physical an emotional dimensions. In Today's world where there are cultural varieties throughout it, good relationships have been changed into greater challenge. Recognition valuing and supporting these differences could maximize every individual's profit at his/her workplace (Bibikova&Kotelnikov, 2006:3). Cultural intelligence helps people to be sensitive in front of various cultures and analyze the new cultures which they encounter (Imai &Gelfand, 2007:12).

Cultural intelligence is personal ability which causes people to act effectively in different cultural circumstances (Crowne, 2008:394). This intelligence causes individuals to remove the cultural barriers easier and solve the intercultural problems better. Cultural intelligence enables us to distinguish the cultural differences through knowledge and awareness and behave correctly in different cultures (Naiechi&Abbasalizadeh, 1386:22). Ang et al. (2007) investigated the effects and measurement of cultural intelligence on cultural judgment and decision-making, cultural correspondence and operation with two studies on the administrators from different nationalities and foreign employees. They found out two behavior and strategy components affect the operation (Ang et al., 2007:304). In an experimental research entitled cultural variety and workgroup effectiveness, Thomas concluded that group's cultural variety, group members' social-cultural norms and relative cultural gap among cultural members affect workgroup efficiency, and similar cultural groups had higher operation comparing to dissimilar cultural groups (Thomas, 1999:256). In most studies done on cultural intelligence, a four factor model has been used which includes: strategy, knowledge, behavior, and stimulation:

1. Metacognitive cultural intelligence: It means how an individual understands the cross-cultural experiences. This cognition is the representative of the processes which individuals apply to get and perceive cultural knowledge. This important event happens when individuals use for their and others' mental processes. Metacognitive cultural intelligence includes compiling strategy before cross-cultural encounter, studying the assumptions of encounter time and adjusting mental plans in the case of differing experiences with expectations.
2. Cognitive cultural intelligence: this intelligence shows the perceptions of individuals about cultural differences and similarities and also represents the general knowledge and a person's cognitive and mental plans about other cultures (Moynihan, 2006:311). The cognitive aspect of cultural intelligence includes recognizing legal and economic systems, social interaction norms, religion beliefs and language of other cultures.
3. Motivational cultural intelligence: It shows individuals' interest in testing other cultures and interacts with people having different cultures. This motivation includes individuals' internal value for self-confidence and multicultural interactions which let individuals act efficiently in different cultural conditions.
4. Behavioral cultural intelligence: This behavior includes individuals' ability to adapt verbal and non-verbal behaviors which are suitable to encounter different cultures. Cultural intelligence behaviors include a series of logic behavioral responses which are applied in different conditions and are improvable and adjustable fitting a special interaction.

Hypothesis 1: There is a positive and meaningful relationship between managers' cultural intelligence and transformational leadership method.

Hypothesis 2:There is a positive and meaningful relationship between managers' metacognitive cultural intelligence and transformational leadership method.

Hypothesis 3: There is a positive and meaningful relationship between managers' cognitive cultural intelligence and transformational leadership method.

Hypothesis 4: There is a positive and meaningful relationship between managers' motivational cultural intelligence and transformational leadership method.

Hypothesis 5: There is a positive and meaningful relationship between managers' behavioral cultural intelligence and transformational leadership method.

3. Materials and Methods

3.1. Sample and data collection

Our statistical society is managers at the trade office in the city of Qom. They are some 450 people. As questions were of multi values and distant scale ones, and since the society was a limited one, we have used Cochran formula to determine the sample volume. First, 30 questionnaires were distributed among the managers. They were gathered then. After that, the standard deviation was measured and the volume of sample was identified. Finally, using the formula, with the %99 certainty, we measured the sample of 152 people in the case.

3.2. Questionnaire design

To gather necessary information, the questionnaire device has been used. This questionnaire has been set with Likert's seven-degree scale from 1 (completely disagree) to 7 (completely agree) and includes 34 questions in two cultural intelligence and transformational leadership parts. Factor validity was used to determine the questionnaire's fair. The factor validity of the questionnaire was confirmed by analyzing the confirmative factor and using AMOS software.

3.3. Reliability and validity

According to Ghauriet *al.* (1995), reliability is the degree to which measure are the free from error. The reliability of research measures using the Crobach alpha coefficient which shows the level of inters-item consistency. Pallant (2007) stated that the scale can be considered reliable when the Cronbach Alpha's value is above 0.7. Hence, the study scales can be implied to use for this research as reliable that shows in Table. 1.

Sullivan and Gilbert (2001) stated that proposed the validity will be occurred when the measurement is reliable. Therefore, the reliability and validity should be a positive relationship in order to indicate perfect validity and reliability.

4. Analysis

4.1. Descriptive analysis

In this study, at first, descriptive statistics has been used to investigate the qualities and characteristics of statistic sample and then perceptive statistics has been used to analyze the collected data (Table. 2).

4.2. Structural equation model

In order to study the research hypotheses better and more exactly and also to accomplish confirmative factor analysis, structural equation modeling has been applied. But at first, the measurement models related to the research variables should have been studied so two single-factor measurement models related to the research variables were investigated and analyzed so that we can conclude whether the using factors in the model are valid and whether the experimental data support the research model or not. According to AMOS software outputs, some improvements were needed in the model to optimize the relative indexes, and then some partial improvements were formed in the models based on the software suggestion. To test and study the proportion and fitness of the models, all valid indexes have been used. Next, two measurement models (may be improved) have been presented related to the model's variables (Table 3 and 4, figure 1 and 2).

About different indexes of fitting model, it is necessary to note that chi-square (CMIN) is considered as one of the most valid and public fitting indexes which are used by researchers. About this indexes, if the level meaningfulness is greater ($\text{sig} > 0/05$) it is the indicator of confirming the model that this result is true for all three above models. The relative chi-square index (CMIN/DF) is also another useful index that some specialists consider the number between 1 to 5 acceptable for the model that the number for the above models is in the regarded domain. About NFI, RFI, IFI, TLI, CFI indexes, 0/9 to 0/95 numbers are considered as a good fitness of data to the model and higher than 0/95 is as a very good fitness of data to the model. In the above models, this indexes show a very good fitness of data to the research models. The more the GFI index is nearer to 1, the fitness of data to the model is better that again this number has been obtained for the research models. But the root mean squared error of approximation (RMSEA) is also one of the most common indexes using mostly in the researches judging about the model. This index is changing between zero to 1 and mostly the number being less than 0/1 is considered acceptable for the model that this value has been also obtained for all of the present models. All these indexes show that the above models have enough validity. When we become sure about the acceptability of the present measurement models in the compiled model, then we start investigating the main and total model.

This model has been presented as Figure 3 and its fitting indexes have been provided in Table 5 which shows the good situation of the model and supporting the research's experimental data of the compiled model. According to the results shown in Table 5, the fitting indexes show an optimal condition for the model. Now that the structural equation models compiled for the study has scientific validity, we start investigating the research hypotheses.

4.3. Testing research hypotheses

For this purpose, at first correlation test by SPSS 16 software was used to evaluate the correlations between variables. But at the beginning we should become aware of the normality and abnormality of distributing data so that in the next level, we can choose appropriate statistics (parametric or non-parametric). So at first, monosample of Kolmogorov-Smirnov test was used to gain this aim that the results are shown in Table 6. Because the obtained sig meaningful value is more than 0/05 so the zero hypothesis based on the abnormality of distributing factors wouldn't be confirmed.

According to the results gained from Kolmogorov-Smirnov test, data distribution is normal so parametric test is used to test hypotheses.

Hypothesis 1

- Ho (null): There is no positive and meaningful relationship between managers' cultural intelligence and transformational leadership method.
- H1 (alternative): There is a positive and meaningful relationship between managers' cultural intelligence and transformational leadership method.

Based on the results from Pearson's correlation test, this relation is positive and meaningful with 0/99 safeties and the relation value is 0/422.

Hypothesis 2

- Ho (null): There is no positive and meaningful relationship between managers' metacognitive cultural intelligence and transformational leadership method.
- H1 (alternative): There is a positive and meaningful relationship between managers' metacognitive cultural intelligence and transformational leadership method.

According to the results obtained from Pearson's correlation test, the relation with 0/99 safeties is positive and meaningful and its value is 0/078 which is very weak.

Hypothesis 3

- Ho (null): There is no positive and meaningful relationship between managers' cognitive cultural intelligence and transformational leadership method.
- H1 (alternative): There is a positive and meaningful relationship between managers' cognitive cultural intelligence and transformational leadership method.

According to the results of Pearson's correlation test, the relation with 0/99 safeties is positive and meaningful and its value is 0/410.

Hypothesis 4

- Ho (null): There is no positive and meaningful relationship between managers' motivational cultural intelligence and transformational leadership method.
- H1 (alternative): There is a positive and meaningful relationship between managers' motivational cultural intelligence and transformational leadership method.

According to the results gained from Pearson's correlation test, the relation with 0/99 safeties is positive and meaningful and its value is 0/248.

Hypothesis 5

- Ho (null): There is no positive and meaningful relationship between managers' behavioral cultural intelligence and transformational leadership method.
- H1 (alternative): There is a positive and meaningful relationship between managers' behavioral cultural intelligence and transformational leadership method.

Based on the results of Pearson's correlation test, this relation is positive and meaningful with 0/99 safeties and the value is 0/652.

5. Discussion and Conclusion

In this paper, the relation of cultural intelligence and transformational leadership was analyzed. The findings show that cultural intelligence is a basic factor in transformational leadership and confirming the main hypothesis of this study also represents the existence of a positive and meaningful relation between cultural intelligence and transformational leadership. Furthermore, the results show that the teams which have a high variety and a high possibility of creating opposition, having cultural intelligence could be effective in the managers' trend to use transformational leadership method. Before cross-cultural conflict, studying the assumptions of conflict time, adjusting mental plans, recognizing legal and economic systems, recognizing the norms in social interactions, identifying religious beliefs and other cultures' language, people's interest to test other cultures and interact with people with different cultures and finally adapting verbal and non-verbal behaviors, compiling strategy is effective in the managers using transformational leadership method and these results have been achieved by confirming the secondary hypotheses.

In the organizations which have a high cultural variety and complexity, cultural intelligence helps the organization managers compromise with the different cultural and value qualities and characteristics of their employees. In active organizations in multicultural environments, cultural intelligence beside operational skills could guarantee the organization success, so choosing, educating, and evaluating the managers in such organizations shouldn't be limited to technical and scientific abilities, and the ability to communicate efficiently and specially cultural intelligence should be under consideration as an effective criterion in employing managers in such organizations. Hiring managers with high cultural intelligence in organizations, it would be prevented to load reinforcing cultural intelligence costs (Ang et al., 2006:119).

Also the results of this study show that cultural intelligence could be a respondent for many problems and issues in different social and cultural textures. Considering this kind of intelligence specially in our country which has a high ethnic and cultural variety could be very useful. In addition, evaluating and advancing cultural intelligence in organizations while keeping the present cultural capitals in organizations cause improving their function in changing business environments, so to promote this kind of intelligence in organizations, some suggestion are presented for managers including reviewing the managers' cultural knowledge by themselves, increasing care and wisdom in cross-cultural interactions, identifying other cultures, respecting other cultures, gradual engaging in other culture, the possibility of cross-cultural interactions in real conditions.

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Appendix

Fig. 1: Cultural intelligence model

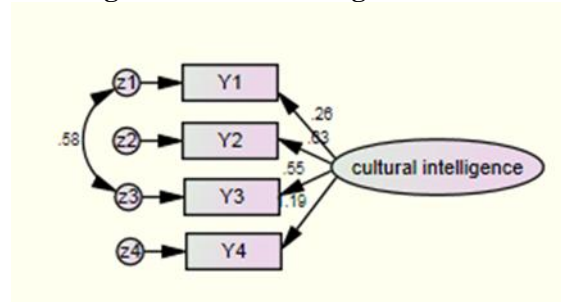


Fig. 2: Transformational leadership model

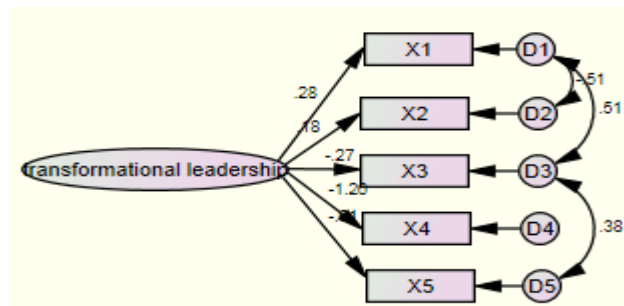


Fig. 3: Final research model

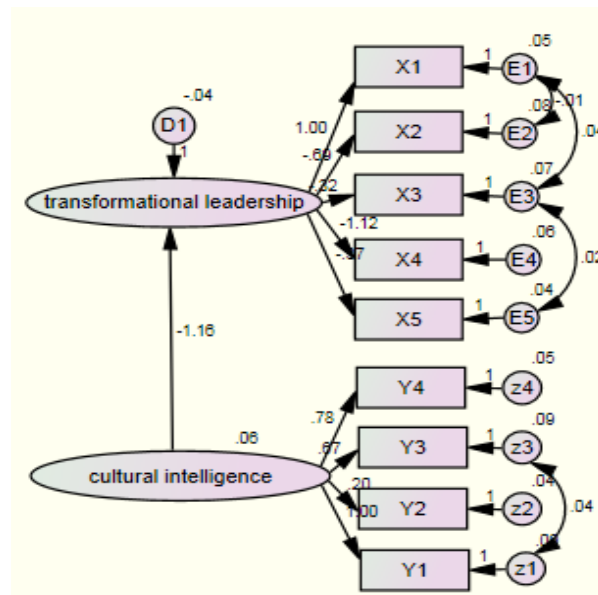


Table. 1: Cronbach’s Alpha

	Transformational leadership	Cultural intelligence	Total Factor
Cronbach's alpha	0/78	0/81	0/83

Table.2 : Abundances and frequencies of participants

Demographic Variables	Categories	Abundance	Frequency
Sex	Female	0	%0
	Male	152	%100
Age	29 or less	33	%21/72
	30 to 39	42	%27/63
	40 to 49	58	%38/15
	50 to 59	19	%12/50
	60 or more	0	%0
Marriage	Single	6	%03/94
	Married	146	%96/06
Education Degree	Diploma	64	%.42/10
	Associate degree	16	%10/53
	B.S.	60	%39/47
	M.S. or more	12	%07/90
Job Background	4 years or less	1	%00/66
	5 to 9 years	39	%25/66
	10 to 14 years	38	%.25
	15 to19 years	24	%15/79
	20 years or more	50	%32/89

Table.3 :Fit indices for cultural intelligence model (n=152 participants)

CMIN	P	CMIN/DF	TLI	CFI	IFI	NFI	RMSEA
293/568	0/000	2/349	0/971	0/963	0/965	0/956	0/268

Table. 4: Fit indices for Transformational leadership model (n=152 participants)

CMIN	P	CMIN/DF	TLI	CFI	IFI	NFI	RMSEA
196/462	0/000	1/246	0/924	0/985	0/986	0/970	0/130

Table. 5: Fit indices for Final model (n=152 participants)

CMIN	P	CMIN/DF	TLI	CFI	IFI	NFI	RMSEA
207/781	0/000	1/906	0/788	0/923	0/927	0/903	0/232