

# Enhancing Expatriate Leadership Effectiveness through Cultural Intelligence: a Qualitative Investigation into Australian Business Leader-Managers Working in China

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## Abstract

The need for cross-cultural leadership effectiveness presents a major challenge for Western businesses operating in China. Many existing studies in the field are based upon the various dimensions of culture and emphasize cultural influences upon the effectiveness of expatriate leadership. Nevertheless, an understanding of cultural differences and cultural dimensions in a general sense is not enough on its own to achieve expatriate leadership effectiveness in the Western-Chinese cross-cultural context. There is a clear need for detailed, primary research that seeks to identify and understand effective implementation of cross-cultural management and leadership. This empirical study aims to address this gap by investigating the importance of, and the implementation of, cultural intelligence (CQ) as a key component of cross-cultural leadership capabilities within the context of Western-Chinese cultural differences.

Based on information and insights gathered through a series of in-depth interviews with 32 Western expatriate managers (among them are 26 Australian expatriates) and 19 local Chinese managers, who represent top and middle level executives working in Australian businesses in different industries in China, this study proposes that expatriate leaders' CQ can positively impact cross-cultural leadership effectiveness, and thus contribute significantly to the success of Australian businesses operating in China. The study has pragmatic value, given the large and increasing interest in doing business in China among Western firms. Within that context, Western expatriate managers will increasingly give attention to improving their CQ in their daily business practice.

In further research, the collected data will be analyzed in greater depth and breadth, to investigate key factors additional to CQ which significantly contribute to expatriate leadership effectiveness. Moreover, the further development of this study will highlight its practical value. The author intends to design a consulting model based upon the key findings, and thereby provide an effective application tool to assist Western, especially Australian expatriate, leaders to enhance their cross-cultural leadership effectiveness.

## Introduction

This century is the era of globalization of the world economy. Foreign direct investment (FDI) has been playing a significant role in this process. China has become the world's third largest trading economy and the fastest growing one (Zhang, 2005) since its accession to the World Trade Organization (WTO) on 11 December, 2001. As a result, China is considered to be one of the most attractive destinations for FDI.

Australian investment is an active one among this large scale FDI in China. Due to the strong complementary commercial relationship between the two countries, Australian investment in China has grown rapidly and expanded considerably over recent years. This rapid growth brings great opportunities, yet it also creates challenges. One of most difficult challenges is to maximize expatriate leadership effectiveness in the cross-cultural situation of Australian investment businesses in China.

In regards to the question of western expatriate managerial efficiency in China, cross-cultural management competency is discussed and highlighted by many researchers. Pan and Zhang (2004) attempt to clarify Chinese cultural characteristics by applying Hofstede's (1980; 2001) cultural dimensions and their impact on managerial performances. Sergeant and Frenkel (1998) emphasize the importance of the application of knowledge of cultural differences to enhance expatriate managerial effectiveness. Li and Kleiner (2001) conversely suggest personnel localization is the solution to cultural conflicts in achieving business success in China through an analysis of expatriate-local relationship and their role in organizational effectiveness.

The cultural differences between China and Australia and their influence on the effectiveness of the organization have also been studied. Australia has a western, Anglo-Celtic cultural background and China follows Confucian culture. The cultural differences between Australian and Chinese can lead to different management styles and practices (Wang & Clegg, 2002). Hutchings (2002) points out that Australian organizations should pay more attention to the cross-cultural preparation and adaptability in expatriate selection. In their later research, Hutchings and Murray (2002; 2003) argue that the significance of Chinese cultural attributes is determined by company size and the individual expatriate's length of service in China. Liang and Whiteley (2003) also believe that searching for cultural synergy and optimizing cultural interactions are more rational and practical for Australian businesses in China.

While these existing studies focus on cultural influences as a complicating factor in the effectiveness of foreign businesses in China, they give less attention to expatriate managerial competencies relevant to leadership dynamics within the context of cultural differences. Clearly there is a need for genuine, primary, empirical research into the challenges of expatriate management effectiveness in China both from a cross-cultural perspective and from a leadership perspective.

This empirical study aims to address this gap by investigating the importance of, and the implementation of, cultural intelligence (CQ) as a key component of cross-cultural leadership capabilities within the context of Western-Chinese cultural differences. The result proposes that expatriate leaders' CQ can positively impact cross-cultural leadership effectiveness, and thus contribute significantly to the success of Australian businesses operating in China.

The article begins with a brief review of literature on the linkage between CQ and expatriate leadership effectiveness from a theoretical perspective, followed by a description of the qualitative methodology employed in the study. The findings and discussion are then presented and the article concludes with implications and recommendations for further research.

## Literature Review

Most cross-cultural leadership research is conducted and based upon dimensionalities of culture (Hofstede, 2001; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Trompenaars & Hampden-Turner, 2002). Clearly the study of cultural dimensions has been of particular value in relation to beginning the project of reaching a deeper understanding of the situations that face leaders who are working in cultures that are unfamiliar to them. However, merely understanding cultural differences is far from achieving leadership effectiveness in cross-cultural social contexts. Hence there is a challenge in seeking the best way to understand and implement the dimension approach to cross-cultural management, which also can be applied to the leadership domain. As a consequence, researchers (Earley & Ang, 2003; Peterson, 2004; David C. Thomas & Inkson, 2004) have begun to present a new perspective in effectively managing cross-cultural differences: the perspective of cultural intelligence (CQ).

CQ is 'a person's capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context' (Earley & Ang, 2003). This definition introduces the dynamic nature of the concept, in that CQ is significantly constituted by an individual's difference and characteristics, and the cultural environment supposed to be effectively adapted to is unfamiliar to a person. According to Earley and Ang (2003), cultural intelligence comprises three interactive fundamental components: cognitive, motivational and behavioral.

- 1) The Cognitive component refers to one's specific knowledge to perceive and understand about a new culture based on various types of cues provided.
- 2) The Motivational component refers to one's self-motivation and commitment to adapt and adjust a new culture environment.
- 3) The Behavioral component refers to the capability of a person to generate the behaviors / actions needed to appropriately reflect cognition and motivation.

Early and Ang's (2003) CQ model emphasizes the interactive linkage of the three components. CQ requires one to perceive, understand, oblige and act to adapt to a new cultural setting. A person with high CQ is capable to keep learning in a new cultural environment, and he is interested in dealing with new cultures; in addition, and more importantly, without successful execution, a person's CQ is hard to be realized. CQ requires effective behavioral adjustment to a new culture, not just one's 'thoughts, intentions, or wishes' .

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Similarly, Thomas and Inkson (2004) demonstrate that CQ involves (1) knowledge: understanding the fundamentals of intercultural interaction, (2) mindfulness: developing a mindful approach to intercultural interactions, and (3) behavioral skills: building adaptive skills and a range of behaviors so that one is effective in different intercultural situations.

In fact, CQ is not a new concept in cross-cultural study but a new perspective focusing more on cultural adaptation. Similarly, Hofstede (1997) states that an effective intercultural communication requires three phases: awareness, knowledge, and skills. With awareness, one may be able observe the relevant clues about the relativity of the culture; Knowledge is about other culture's symbols, heroes, and rituals, 'while we may never share their values, we may at least obtain an intellectual grasp of where their values differ from ours'; Skills are practices based on awareness and knowledge to adapt in the new environment. In the same way, Peterson (2004) recommends three steps to improve one's CQ: (1) learn knowledge about facets and cultural traits, (2) to build awareness of self and others; (3) to adjust behaviors.

Clearly the first attribute of CQ is the knowledge of the culture, for instance, the cultural dimensions identified by Hofstede (1980; 2001) or Trompenaars and Hampden-Turner (1998) or House et al.(2004) provide the fundamental knowledge required to understand the cultural differences.

Like culture itself, however, CQ is not inherent. Rather, CQ is a basis by which the cognitive, motivational, and behavioral components of effective intercultural adaptation can be comprehended and consequently, learned (Bailey, 2004). Hence Peterson (2004) discusses CQ in term of the abilities / skills of cultural adaptation. He defines CQ as 'the ability to engage in a set of behaviors that uses skills (i.e. language or interpersonal skills) and qualities (e.g., tolerance for ambiguity, flexibility) that are tuned appropriately to the culture-based values and attitudes of the people with whom one interacts' (Peterson, 2004). Based on Howard Gardner's (1984) multiple intelligences theory, Peterson (2004) identifies four dimensions of CQ: (1) Linguistic Intelligence refers to the language skills needed to interact with people from other cultures, but one does not have to speak a second language fluently to have cultural intelligence; (2) Spatial Intelligence refers to the ability to adapt spatial behaviors in other cultural settings; (3) Intrapersonal Intelligence refers to the ability to know one's own cultural style, that is, self-awareness. (4) Interpersonal Intelligence refers to the ability to respond appropriately to others.

In general, a number of researchers in the field (Bibikova & Kotelnikov, 2004; Earley & Ang, 2003; Earley & Mosakowski, 2004; Janssens & Brett, 2006; Peterson, 2004; David C. Thomas & Inkson, 2004; Triandis, 2006) claim that CQ can help leaders successfully deal with different national, organizational, and professional cultures. Nonetheless, as a relatively new entrant in the field of leadership research, there is a clear need for more thorough empirical research based on the theory of CQ, given its increasing significance for cross-cultural leadership, and the extent to which it remains unexplored territory for business researchers.

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## **Research Methodology**

This study seeks to gain an understanding of leadership practices in a particular industry within a particular context, that is, Australian businesses operating in Mainland China. Hence it is crucial to gain a great deal of information about deep understanding of these business organizations. Thus the experience and viewpoints of the individuals working in these organizations become a very rich resource to inform the researcher's understandings. A qualitative research approach enables the researcher not only to understand and explain the personal experience of individuals but also to experience research issues from the participants' perspective, consequently the researcher may use a combination of methods to gain a broad understanding regarding the research questions (Ticehurst & Veal, 2000). Given these considerations, a qualitative methodology was employed for data collection in this study. The investigator conducted a series of semi-structured in-depth interviews with 32 western expatriate managers (including 26 Australians, 2 Australian Hong Kong Chinese, 1 Irish, 1 English, 1 American, and 1 New Zealander) and 19 local Chinese managers working in Australian businesses operating in Shanghai and Beijing from November to December 2004.

Interviewees were selected and recruited from *AustCham (The Australian Chambers of Commerce in China) Directory of Australian Businesses in China*. Both expatriate and Chinese participants represent top and middle level executives of Australian businesses operating in China in different industries, such as minerals and energy, manufacturing, consulting, building and construction, banking, legal services, and education. The expatriate participants have been living and working in China from 2 months to 16 years, and were on average in their 40's. Participation in this study was voluntary. Participants' anonymity and confidentiality were assured. Given that the Australian business executive community in China is not a large one and the respondents' identities can be easily recognized, direct quotations from the respondents are not coded in this article. The coding of respondents will be employed in the author's thesis.

Subject to the respondents' consent, the interviews were digitally recorded and later transcribed word by word. In regards to key factors of leadership effectiveness from the Australian-Chinese cross-cultural perspective, within each interview, respondents were asked how they define effective leadership, and what they believe are the keys to successful leadership in Australian-Chinese cross-cultural workplaces. Furthermore, the individual interviews of expatriate managers gathered information both about their successful experiences and their frustrations, whilst focus group interviews with Chinese local managers obtained employees' perceptions on the same issues. The interviewer asked questions generally in the order as designed, but also followed the interviewees' logic. As a result, the interviewees were encouraged to provide detailed descriptions and explanations about the topics which they discussed.

## **Findings**

During the interviews, most respondents' answers naturally led to culturally relevant issues in regards to the cross-cultural leadership effectiveness, as they were asked to identify typical cultural differences between Australians and Chinese, and the most effective ways to deal with these cultural differences. Nonetheless, rather than emphasizing the influence of cultural differences and presenting their cultural shock, respondents suggested that expatriate leaders' *cultural awareness*, *motivational cultural adaptation* and their *behavioral skills* do significantly contribute to leadership effectiveness in cross-cultural workplaces, and these elements all reveal key facets of CQ. In addition, effective cross-cultural communication between the expatriate leaders and their local followers is an important way not only to understand but also to adapt to the host culture, and communication becomes a considerable indication of expatriate leaders' CQ.

### **Cultural Awareness**

Culturally intelligent expatriate leaders usually have high personal interest in new cultures (Earley & Ang, 2003), and an understanding of the expectations of local followers (David C. Thomas & Inkson, 2004) as well as certain reasoning skills to help their culturally perspicacious understanding or culturally strategic thinking (Earley, Ang, & Tan, 2006). Most Chinese interviewees highlighted that it is important that their expatriate managers have a 'willingness' to appreciate Chinese culture, to have an open mind to understand, to respect and to accept specific cultural habits or backgrounds of the local staff and their ways of doing things.

Meanwhile, many expatriate managers also emphasized the importance of a deep level of understanding of Chinese culture and some cultural differences, for example, understanding China's education system, which is fundamentally different from that offered in most western countries such as Europe, Australia, or America. Below are some typical opinions and suggestions that were made when the expatriate managers were asked how they improve their cultural awareness.

I think it is about trying to learn as much about that situation as you possibly can... it is a matter of really trying to find out and understand as much as possible.

Having some knowledge of how Chinese people think and work is very important.

At least to understand part of the culture and the reasons why things are done in certain ways is very important.

On a deeper level is understanding where people are coming from, why they do things, why they do not do things... So I have made great efforts to understand.

Understanding the cultural differences and what the other drivers are for that individual or for the culture.

To understand the social knit of the community and the people is very important and the history obviously.

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There is no way you can completely understand it. I think just having some elements of it and being able to understand some of it – you are still daily left thinking: I wonder why that ended up that way? At the end of the day, it's all about respect and understanding that there is a difference.

Yet, rather than identifying the cultural characteristics of China and distinguishing Chinese culture from Australian or Western culture, the expatriate respondents do not tend to emphasize China as a particular cultural norm. They argued that 'people make differences'. For example:

Again, it does not matter that you are in China or anywhere else, it is human condition.

People sometimes want to label things as being Western style or Chinese style or some other style when they really should be looking at what is effective style.

I think there are a lot more similarities between Chinese people and Australian people than there are differences. I think the basic human position is the same.

They explained,

I find in any culture in the world, if you use good manners and respect other people, and then when you look at situations and apply common sense, you can usually work your way through almost any situation. Human beings are human beings anywhere in the world...Basically, we all have similar aspirations. It is not hard to understand that human being motivation. If you treat people the way you expect to be treated yourself, you usually make progress.

People have educated, people that we have working with us have a similar objective in life which is to learn, develop, and establish a successful career are fundamentally the same. People in Australia have that. So that is very, very similar. People want to be paid for what they do. They want to be respected within the workplace. They want to be respected professional and make contribution for how they work together. It's no different.

To tell the truth, I do not think that there is too much difference when look at on an individual basis. I do not think there is any real difference. But it is definitely the case that in any cross-cultural environment, when there are difficulties or when there are basic issues that need to be dealt with in the office, the first instinct of most people is to retreat into a group (in term of cultural background).

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## Motivational Cultural Adaptation

Culturally intelligent leaders identify cultural differences through knowledge and mindfulness and have the ability to act appropriately for the situation across cultures (David C. Thomas & Inkson, 2004). It is necessary for an expatriate manager to find a balance between different cultures, and to be self-motivated to adapt to the culture, as some interviewees stated,

You got to get balance between western values and Chinese values. I do not think you should dismiss Chinese values and I do not think you should throw away your own values either. You have to mix them.

There is definitely a historical and cultural background different. Just deal with it, you cannot just ignore it.

If you just want to do things in your own way, you will never really be going to develop.

You have to understand that you are the one who is different, not the whole world or not the whole country. So you need to sit back and you need to watch and you need to learn and you need to not make rash decisions or bold moves in the first few weeks. Don't be scared of it. Don't be worried that it is different. Just watch, listen and learn and be careful how you tread for the first little while and then slowly roll out your personality and your thoughts and your skills when you feel it's appropriate to do so. It's as simple as that really.

What I do not try to do is changing people... I am trying to find ways of working that require minimal changes from the people I have to work with... So the person that has to change most is me because I have to find ways that I am comfortable putting up with these frustrations.

In other words, expatriate leaders' interest in dealing with new cultures as well as their perceived capability of doing so are very important (Earley & Ang, 2003). Some of the interviewees pointed out,

So you are operating in another culture and if you are not comfortable in the culture, it is going to affect the way you do business. If you have a passion for the culture, it makes life a lot easier... that do have a passion for working here, living here, enjoy living in another culture and being a part of what is really a very dynamic society. Dynamic not just in terms of business, but in terms of society, the changes here are just so devastatingly fast. It is an exiting place to live in that regard.

If you are open to new things, can accept other people's values, and are willing to listen... that improves your chances of success.

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Moreover, most expatriate interviewees repeated words such as ‘patience’, ‘tolerance’, and ‘persistence’ when they talked about cultural adaptation. For example,

It takes time to adapt. It is a learning process.

I think clearly you have to be tolerant, patient and understand that you cannot be sure of anything.

### **Adaptive Behavioral Skills**

An expatriate leader with high CQ has the capability of learning the appropriate cues in the host culture setting as well as the capability of adapting their behavioral repertoire responses (Earley & Ang, 2003). One interviewee, with over ten years working and living experience in China, a fluent Mandarin speaker, said,

I think as a leader here, first and foremost, you know you have to recognize that there is a different role to play. You have to change your body language, the way you work with people, and talk to people.

He and many other experienced Australian expatriate demonstrated their behavioral cultural intelligence by sharing their experience of dealing with Chinese employees and customers, for instance:

The essence I found that leadership in China is to have very strong sense of occasion. There are certain occasions for certain behaviors expected and appropriate... You have to take a lot of time taking people to one site and having a chat.

It takes several years for foreigners to understand and work with Chinese people, and know what is right, what is wrong, what is true, what is not... So listen to the people, be patient, because it takes time for you to understand business and the culture and start to have your own judgment what is right to do, what is not right to do.

If anything wrong, come and chat, if you have some idea, come and chat. It took me three and half years, because they do not want to do that. It takes time to get the trust from people.

The process of improving expatriate leaders’ CQ essentially involves learning from social experiences, for example, paying attention to and appreciating critical differences in culture and background between oneself and others, recognizing how culture affects behavior and the importance of different behaviors (David C Thomas, 2006). With seven years’ working experience in China, one interviewee suggested a practical cultural adaptation model as below:

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Take the time and listen, if I am puzzled by what someone said or by their particular action, I would always go and discuss with someone else and say well in this particular situation what could be driving that, I always try to understand people better, and you do not know the culture, you do not know the language, and you just try to figure out that on your own, so you really need to focus on your education and talk to people your opinions and your value, Chinese people, and ask them questions and try to learn in that way..... Ask about their family or this or that, I have got very good memory, so that I can remember something about somebody, so they feel the boss really value them and care about them.

He then added that 'listen' is very important,

I think you have to listen to your Chinese colleagues. It does not mean they are right; it does not mean you are wrong. But you got to listen because that is how you learn about the culture; that is how you learn about the colleagues; that is how you improve your emotional intelligence. So, listen, take your time... If you are patient and take the time and demonstrate with your continuing actions, Chinese people will learn to trust you and be prepared to share their opinions with you.

## **Effective Communication and Language**

Most respondents agreed that effective communication is a fundamental element of effective leadership. Communication in a cross-cultural environment encounters many possible barriers to shared understandings since people from different cultures do not share common backgrounds, codes, or conventions (David C. Thomas & Inkson, 2004). The language in communication, however, is considered as the greatest potential barrier by most expatriate interviewees who do not speak Chinese whereas Chinese-speaking expatriate interviewees and English-speaking Chinese interviewees do not regard language as the key to communication. Although some stated:

Communication is always difficult. First barrier here is language.

Clearly the biggest challenge is the language barrier.

I am very open about talking to people... again, to us most things come back to communication, if there is a problem, it is usually because people not communicating not because of the language difficulty.

On the contrary, others believed,

Language is important, but it is a tool, it is only a tool for communication. I know some people do not speak Chinese at all, but they can communicate, they can get messages across.

Language skills are very important, particularly for what I do, but the ability to communicate and the willingness to communicate are more important.

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Culturally intelligent expatriate managers intentionally adapt their own style of language to be in harmony with the vocabulary and style of non-native English speaking local people (David C. Thomas & Inkson, 2004). One interviewee recommended,

When I give a direction or I ask a question... I will ask the question three different times, and I will ask in three different ways and I will not use the same words. I test the question to make sure the question understood.

Peterson (2004) suggests that one of the ways to establish communication is through 'familiar' language. 'Keep it simple' is a most applicable tip in cross-cultural communications. For instance, this interviewee mentioned that he never uses double negative, or words such as 'incorrect' or 'incomplete'.

So you got to try and balance in being more precise in your email and with, making sure that you are using simple language or not complex thoughts of complex words.

Very similarly, two other interviewees also suggested,

So what we do here is speak English, but you speak slowly, use simple words and you have to be prepared to explain.

The importance of speaking very simply, slowly, using simple words and understanding that may be that's the best way of communication.

Furthermore, it is recognized that language is not only an important communication tool between individuals with different cultural background, but also an effective way to understand the culture and people's analogical reasoning behind their behaviors, as two interviewees indicated,

The cultural problems can be overcome and at least identified if the language is working.

I think the very base is knowledge of the language, language gives you insights into culture, business practices, history and most importantly give you insights how Chinese think.

## **Discussion**

The findings demonstrate firstly that CQ is a reality in the lives of the interviews, and secondly that expatriate leaders' CQ plays a significant role in enhancing cross-cultural leadership effectiveness.

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Cultural awareness is a preliminary element of an expatriate manager's CQ. As noted earlier, rather than discussing Chinese culture and the differences between Chinese culture and Australian culture or Western culture, almost all respondents led the interview conversations to the importance of cultural awareness and adaptation. Interestingly but not surprisingly, when they were asked to identify some typical cultural differences between Chinese culture and Australian culture, most of them even were not able to give immediate or direct answers as expected, and the answers were very various and from very different perspectives. Some interviewees did mention 'face' or 'Guanxi (relationship)', but they rarely specified the significance of these well-known words, which have appeared in many literatures in regards to cross-cultural management in China. Also, those who have been working in different cities in China argued that there are big differences between different cities in China, such as Beijing and Shanghai, or Shanghai and Suzhou (a small city very close to Shanghai in which many foreign invested factories are located). This finding supports the assumption discussed in the beginning of this paper, that is, an understanding of cultural differences and cultural dimensions in a general sense is not enough on its own to achieve expatriate leadership effectiveness. As stated by Earley et al. (2006), culture and country are somehow not necessarily identical. Many subcultures may exist within an overarching culture in one single country; even people within the same subculture do not necessarily see the world in the same way.

Therefore, cultural awareness does not merely mean some fundamental knowledge about a culture, but expatriate leaders' interest in and ability to develop their understanding about that specific culture from cultural cues. On one hand, the expatriate leaders' knowledge and acceptance of cultural differences can be increased with experience, practice, and a positive attitude toward day-to-day learning (Brislin, Worthley, & Macnab, 2006). On the other hand, although the culture possibly gives clues about the mean position of a sample of individuals, it indicates little about the particular individual. Culturally intelligent expatriate managers do not jump to conclusions from only one or two clues but collect more information before making a judgment. They also pay special attention to the situation, and they have the ability to identify the information that is relevant for making a judgment and can integrate this information and situation to make the correct judgment (Triandis, 2006).

The findings also empirically validate the other two critical elements of CQ, that is, the motivation of expatriate managers toward cultural adaptation associated with their behavioral skills or actions to reflect on this motivation. With that motivation, expatriate managers constantly have a keen interest to observe the situation and adjust their behaviors and leadership style to enhance their experience in new cultural situations and thus enable effective cross-cultural leadership. Also, it is worthy noting that a culturally intelligent expatriate manager recognizes his own identities and how they are interrelated but has the flexibility to adjust, reprioritize them, and so on, as the situation demands (Earley et al., 2006).

Significantly, the findings have confirmed that effective cross-cultural communication between the expatriate leader and their local followers is an important way not only to understand but also to adapt to the host culture, thereby communication becomes a considerable measurement of expatriate leaders' CQ. Javidan and House (2001) point out that effective cross-cultural communication involves finding integrated solutions, or at least compromises, which sounds simple, but can be fairly complicated in cross-cultural situations. Expatriate leaders with high CQ may not speak fluently local language, yet their 'host communication competence' enable them to behave and interact appropriately in different cultural environments (Earley & Ang, 2003). Language competence, however, according to the findings, is essential not only to assist effective cross-cultural communication but also to improve expatriate leaders' cultural awareness and thus becomes an effective tool to improve the CQ of expatriate leaders.

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## Conclusion

This study has pragmatic value, given the large and increasing interest in doing business in China among Western firms. An expatriate manager's CQ, as a significant element in cross-cultural leadership effectiveness, should be taken into account by such firms in terms of expatriate selection as well as their pre-arrival and post-arrival training.

The findings of this study also have significant implications for individual Western expatriate managers. CQ is not inherent and it can be learned (Earley & Ang, 2003). Expatriate managers should increasingly give attention to improving their CQ in their daily business practice. It should be noted that as this study proceeds, a series of practical tools such as CQ assessment and CQ training will be developed based upon relevant literature and the collected data.

In further research, the collected data will be analyzed in greater depth and breadth in relation to CQ, and to investigate key factors additional to CQ which significantly contribute to expatriate leadership effectiveness, such as Emotional Intelligence (EQ) and Transformational Leadership, which have been empirically studied and shown to be crucial factors for leadership effectiveness. With regard to CQ, although the present analysis confirms the general features and importance of the concept as it has been articulated in the literature, a further analysis is needed if we are to go beyond those general features. Moreover, the further development of this study will highlight its practical value. The author intends to design a consulting model based upon the key findings, and thereby provide an effective application tool to assist Australian, and other expatriate leaders to enhance their cross-cultural leadership effectiveness in China.

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