



Will I Trust You More If I Think You Are Culturally Intelligent?

By Fenny Ang

As the economies of the developed world continue to splutter in the face of global economic crisis, many executives of multi-national corporations (MNCs) decide to move to the emerging markets where their local subsidiaries are still making profits. Those who are already in host countries with still-booming economies such as China and India have expressed reluctance to return to their home countries. This makes it a personal motivation for the incoming and existing expatriates to stay relevant in the hosting countries by discovering ways to build and sustain relationships with their host country nationals (HCNs).

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This article shares key findings of an investigation of the trust-building process between expatriate leaders and HCNs, and the role of Cultural Intelligence (CQ) in building trust. The investigation is set in China where trust formation at the workplace remains a “black box” to many, and navigating successfully with the locals to build sustaining relationships may require special skills.

China is an economy where trust building through emotions-based relationships and personal connections is the dominant strategy used by locals to build relationships, and expatriate leaders are expected to learn how to similarly engender trust with their HCNs. They face the challenge to unlock the psyche of these increasingly independent HCN leaders, frequently positioned as their local successors in the near future. The research employed a qualitative approach with one-on-one interviews with 12 expatriate leaders and 34 HCNs conducted across seven MNCs in Shanghai, China, in 2011.

Research findings:

1. Trust development begins with demonstration of competence

The first major finding is that trust formation begins when the expatriate leaders and HCNs have demonstrated very quickly that both parties are trustworthy from the perspective of each other's work competences and credentials.

Most participants (n=34) stated that the key criterion to trusting the other party is to witness whether the other person demonstrates the right competences and the expertise to do the job well. Competences can either mean the technical skills that you are supposed to bring on board or leadership competences and business acumen that are required to manage the work teams and customers effectively. The findings show that both expatriate leaders and HCNs expect the same demonstration of competence right at the beginning of the relationship.

Establishing credibility with the team is particularly important to the expatriate leader, in order to quickly legitimize his own role and position because HCNs now possess newfound confidence in their own abilities due to the country's exponential growth, better education and various organizational exposures and work experiences. In China where there

is increasing focus to build up local talent within the MNCs, there is definitely a sense of scepticism that an expatriate is needed to fill certain positions in the local entity. Hence, expatriate leaders who are brought in to fill these positions need to prove themselves and show that they deserve the roles. As one HCN manager aptly said, *“I am not a junior staff. I have experience; I can define...if he or she is qualified to coach me.”*

It is interesting to note that most HCN participants express similar sentiments as those expressed below about working with someone they don't necessarily trust because they perceive the leader as not knowing what he is talking about, lacks content and is like an empty vessel; i.e. all talk and no action.

“Oh, he's that guy, he's bluffing. I mean he has no knowledge in this industry and he told something to me it's very stupid...he's just talking, talking ... he doesn't know...Actually other people are saying he's dumb.”
(P-HCN2)

Meanwhile, expatriate participants measure trustworthiness on whether the local staff delivers results on a timely and consistent manner. While many researchers opine that trust develops over time, the initial trust formation is immediately triggered, depending on whether the person displays his abilities from the outset to the satisfaction of his staff or leader.

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“So it’s difficult for me to trust him... because you know trust is not always about when somebody lies to you or not. It’s about do they deliver.” (X-EL3)

As time elapses and the frequency and nature of interaction intensifies, the need to demonstrate integrity in word and deed also becomes important. This finding is consistent with Mayer’s (1995) framework of trust which suggested that in order to make a decision of trust, the trustor needs to consider the outward demonstration of these three factors of trustworthiness; i.e. ability, benevolence and integrity (Mayer, Davis & Schoorman, 1995), starting with ability.

- **CQ Motivation (CQ3)** – “Why Would You Want to Do It?” A look at motivations that ultimately drive your responses.
- **CQ Behaviours (CQ4)** – “What Do You Do?” Your outward actions and responses to adapt effectively in a cross-cultural situation.

An HCN manager succinctly describes such culturally intelligent behaviours which breed emotional trust as 买人心 or “buying people’s hearts.” This term is often used in China to describe the art of winning the hearts and minds of people to secure loyalty and trust.

In the interviews, some expatriate leaders use

and provide examples of the behaviours exhibited to substantiate their ratings, some key characteristics emerged to describe leaders with low, medium and high CQ. See Table 1 (right) for a quick appreciation of some “heart-buying” behaviours that nurture trust building between HCNs and expatriate leaders:

These aggregated responses form some emerging themes that are worth reviewing. For instance:

a) Local culture knowledge is not critical

HCNs do not necessarily think that an expatriate leader with strong local cultural knowledge will automatically build better trust relationships with them. They generally do not expect their expatriate leaders to understand local culture but should have enough market insights to “understand the changes in the market landscape” as well as audit, compliance and regulatory requirements that are imposed by the Chinese government. They advised that time is better spent in understanding the workforce psyche, i.e. what motivates local people, how their upbringing shapes them to be who they are and how they represent themselves at the workplace, as a key to building relationships of trust with the HCNs.

b) Socializing with locals helps to build emotional trust but “you are not one of us.”

HCNs measure their expatriate leader’s CQ based on the frequency and depth of socializing with the locals and the willingness to learn the local language. HCNs rate highly their expatriate leaders who spend personal time with them and equate this investment with being caring and willing to adapt to the local style of mixing business with pleasure.

Conversely, HCNs rate expatriate leaders quite low (CQ less than 5) when they observed that the leader seldom “hangs out with them” and keeps to himself. In the case of other expatriate leaders with similar behaviours but who demonstrated an interest in learning the native language and using a few basic words in their daily interactions, HCNs tended to rate them at a medium level (CQ= 5 to 7), as if to award them for taking the trouble to learn a difficult language. Note, however, that expatriate leaders who speak the native language were not necessarily given a high CQ score.

Also note that no matter how these expatriate

HCNs rate highly their expatriate leaders who spend personal time with them and equate this investment with being caring and willing to adapt to the local style.

2. Successful expatriate leaders use CQ to “Buy People’s Hearts”

The second important finding is that expatriate leaders who are able to demonstrate culturally-intelligent behaviours that exemplify “from the heart” are perceived as being more culturally intelligent and are more likely to succeed in earning emotions-based trust from their HCN staff.

To begin the discussion on this second finding, let us review the definition of CQ:

Cultural intelligence or “CQ” is defined as a person’s capability to effectively operate in a cross-cultural environment (Ang et al., 2007; Ang, Van Dyne & Tan, 2011). This CQ capability has four dimensions, which interplay to be effective in cross-cultural situations:

- **CQ Knowledge (CQ1)** – “What Do You Know?” The cultural information you know in your head, such as local cultures, norms and practices.
- **CQ Meta-knowledge (CQ2)** – “What Do You Plan to Do?” Your higher-level thinking processes that help you pull together your cultural information and past cross-cultural experiences to form your plan of action, repertoire and perspective.

vocabulary like “logical decisions” or “long-term plans” or “strategy drives action” to describe how they foster trust in their teams and bring about business outcomes effectively. When asked if he spends time to build deeper relationships with his local staff, one expatriate leader said, “I don’t have the time. They are all matured professionals. They don’t need me to baby them!”

In contrast, HCNs frequently use the Chinese word, “Xin” or “heart” in describing their trust-building experiences with expatriate leaders. One local manager said, “It’s your ability to play the “Inner Heart’s War” (心理战) well in order to satisfy your clients.” Another local manager said, “You must be willing to buy people’s hearts (买人心). She just doesn’t do it.”

One enlightened expatriate leader observed the following:

So, if you are not clear in terms of the direction and also understand the heartbeat of the people, then you may be in trouble. They are less likely to follow you. (Z-EL2)

When participants were asked to rate their expatriate leaders of their CQ from 1 to 10

leaders demonstrate willingness to emotional invest in time and effort to assimilate with the locals, the HCNs will not view them to be “one of us,” despite being able to understand the subtleties of the culture or the language and mannerisms of the people. One HCN leader remarked that there is no need for expatriate leaders to try to be Chinese, as the value the expatriate leaders bring to the table does not depend on actually becoming Chinese.

The value is not that you become Chinese; the value is you really understand Chinese, and you know who the right person you can work with is.
(Z-HCN11)

c) Long-term stay in China conveys long-term commitment

A few expatriate leaders enjoyed high CQ ratings because they have lived in China for more than 15 years and have expressed their long-term commitment to China, both in business and with their families. Their mastery in the native language and financial investments in China’s properties, for example, lead the HCNs to believe that they are also committed to investing long term in the HCNs’ careers and well-being. These HCNs would reciprocate the commitment with personal loyalty and trust.

Ultimately, it appears that what matters most to HCNs is how much personal attention a leader pays to the individual staff and understanding their individual psyche, beyond the clichéd stereotypes that are based on national culture or ethnicity, or even personality traits. The quality of the interpersonal trust relationships depends on how much emotional investment has been made by both parties that is based on the “heart.”

the expatriate’s adjustment in the cross-cultural environment. The data from this study has shown that the ability to acquire and develop CQ to adapt effectively in cross-cultural environments depends largely on one’s personality that is shaped from childhood, self-efficacy and motivation to embrace a new culture as one’s own. This research shows that HCNs perceive expatriate leaders to be more culturally intelligent if they dem-

The quality of the interpersonal trust relationships depends on how much emotional investment has been made by both parties that is based on the “heart.”

3. CQ is malleable but only to the extent of your motivation and personality

The **third important finding** is that CQ can be changed but only to the extent of the person’s motivational level and ability to self-reflect and use CQ effectively.

A malleable CQ is a characteristic that can be acquired or improved through time to help in

onstrate openness and flexibility. But can a person who is not inclined to be open and flexible learn to overcome his innate personality in order to build better trust relationships at the workplace? Even if he/she could learn to be more open and flexible, would the expatriate leader be motivated enough to want to engage in emotional investment activities with the HCNs, such as “buying of hearts” in the first place?

TABLE 1: CQ CHARACTERISTICS – HCNS’ PERCEPTIONS OF THEIR EXPATRIATE LEADERS’ CQ LEVEL IN BUILDING TRUST RELATIONSHIPS		
Low CQ (CQ=1-4)	Medium CQ (CQ=5-7)	High CQ (CQ = 8-10)
<ul style="list-style-type: none">• “He’s very stupid, everybody knows.”• “Doesn’t adapt. Only does what he wants to do.”• “Maintains own culture identity and personality.”• “It’s work, work, work.”• “Doesn’t spend a lot of time on local people, China, culture.”• “Doesn’t join us in our outings.”• “Doesn’t learn the language.”• “Thinks too highly of himself.”• “Very calculative and doesn’t take other people’s feelings and situations into consideration when making decisions.”• “Does not pass any knowledge to his subordinates.”• “Personality too strong, aggressive, or abrasive. Too direct.”	<ul style="list-style-type: none">• “Willing to change his mind, to adapt, to work with us.”• “Willing to teach us how to deal with office politics.”• “Gives advice on our career but not too much. Doesn’t control too much, or give freedom.”• “Friendly personality; not too “sharp at the edges.” Doesn’t rub people the wrong way. Strong but not too strong.”• “Holds onto his/her beliefs; doesn’t adjust his or her own moral compass.”	<ul style="list-style-type: none">• “Inspiring leaders, who motivate with the right words.”• “Able to sense incremental emotional changes in you, adapts to what you are feeling.”• “Very perceptive, very empathetic.”• “Speaks the language — as a symbol of commitment and making the effort to adapt to local conditions.”• “Must demonstrate a commitment to China.”• “Observes first before acting.”• “Understands the change in the market landscape.”• “Do as the Romans do.”• “Adapts the way he/she communicates with others.”• “Socializes with the locals like going to karaoke and singing, drinking, networking with other locals.”• “Able to dig out background information or issues when resolving problems, and gives a balanced view when making decisions.”

When engaging in behaviours to “buy people’s hearts,” it is the Motivational Intelligence (CQ3), the sub-construct that directs energy and activates the person’s intention to act in certain directions that serves as the emotional key to unlock the trust-building process.

HR could use CQ instruments that are now in the public domain to assess and baseline the potential assignee in terms of his capacity for cultural adaptation.

Hence, the success of expatriate leader in engaging culturally intelligent behaviours to win the trust of HCNs may be highly dependent on whether he is motivated to want to engage in those behaviours in the first place.

CQ development is also dependent on the person’s ability to reflect and observe his new encounters, and to look inwardly on his own motivation and intentions to embrace or reject the new cross-cultural experiences. Being reflexive and able to re-categorize one’s own encounters and baselines requires certain skills and motivational commitment, not to mention a kind of personality and disposition to take the time to reflect. Executives, especially those who are ambitious and pressed for time, may find reflection and observation to be a luxury and do not devote time to these activities.

However, self-awareness and awareness of others’ differences are deemed to be very critical to increasing effectiveness in cross-cultural adaptation (Rathbun, 2009; Livermore, 2010). Two contrasting comments from two expatriate leaders from the same company illustrate this clearly:

In this comparison, EL1 and EL2 have differing views about whether the issue is simply a matter of personality differences or certain fundamental cultural differences in the HCN groups they managed (See Table 2).

EL1 is of the opinion that everyone has to cope with personality differences, regardless of whether the team is in Canada or China. He has been in China for about six months and suggests that his management style has not changed from when he was operating in Canada. He believed that whether in Canada or in China, people have different types of personalities.

EL2 observes and reflects on the subtle differences across the seemingly homogenous Chinese team over time. He has allowed his views to be changed particularly because he has had more than two decades of experience working across cultures, hence he is more

humble and circumspect that there is much he still does not know.

“I think the biggest thing that helped me after working at multiple countries in the last 20 years is that I stopped putting people in straight jackets. This is what they are ... this is how they do ... and that took a while.” EL2

It may not be a coincidence that EL2’s CQ self-rating is at mid-range whereas his HCNs rated him at CQ=9. By contrast, EL1’s CQ self-rating is high, whereas his HCN rated him at mid-range.

Implications to Practice

The key findings will have implications to HR practice, particularly in the areas of recruitment, selection and training, to prepare for expatriate assignments.

1. Recruitment and selection process

HR practitioners may want to review their selection and interview process to ensure potential assignees have a proven track record in the technical or functional competencies that are required and expected in the host country, so that their credibility is not compromised in the beginning.

In addition, practitioners may want to administer psychometric instruments to identify expatriate leaders with the “right” kind of personality, such as having demonstrated a posture of openness and flexibility, amicable disposition and even a sense of humour. HR could use CQ instruments that are now in the public domain to assess and baseline the potential assignee in terms of his capacity for cultural adaptation. With so much at stake, HR may want to reconsider any assignments where executives score a low CQ rating or at least have a plan of attack to address the issue. Potential assignees would benefit from being assigned to an executive coach who is tasked to walk alongside the executive throughout the earlier periods of assignment, to understand the assignee’s motivation and to help the assignee set his own expectations from a cross-cultural perspective. As part of his engagement with the organization, the coach could impart the techniques of reflecting and journaling to the executives. This process can be made formal and be recognized by the organization and the executive as part of the regular performance review process. The reflection process, when appropriately done, will help to address motivation levels among executives to continue using their CQs to adapt effectively in the workplace to achieve optimal business outcomes.

TABLE 2: COMPARISON OF EXPATRIATE LEADERS’ MANAGEMENT STYLES BY YEARS OF EXPERIENCE	
Expatriate Leader 1 (EL1): <5 years management experience	Expatriate Leader 2 (EL 2): >15 years management experience
“...it’s all about personality, not a lot of difference. Even back in Canada, when I was managing my team, I dealt with different people from different backgrounds, some are more aggressive, some are more introvert. It’s pretty much similar, right?” EL1, Company X	“...So, when I looked at the team, I said all my team is Chinese. But then once you start talking to them, you find out some of them are from Taiwan, some are from Hong Kong, and within them, they’re thinking is also different....The way to approach them is different. That took me probably about 8 to 9 months before I started realizing – hey, not all Chinese are the same. ...” EL2, Company X

2. Pre-departure training and orientation

Pre-departure training could include formal CQ training or at the very least, baseline the assignees' CQ levels and develop a formal training and development plan that can be tracked through the assignment period.

HR practitioners may also want to consider including HCNs' inputs and actively involve HCNs in the pre-departure training and onsite orientation programs, through utilizing virtual visual exchanges of information and through teleconference media such as Skype. HCNs should also have the opportunity to attend CQ workshops and have their own CQ levels assessed, as part of a two-way accountability in ensuring expatriate adjustment. Given that HCNs' roles are becoming more proactive and important in the context of localization, more one-on-one interactions between expatriate leaders and HCNs are encouraged before actual assignment.

3. Impart reflection skills for HCNs and expatriate leaders to encourage self-awareness and awareness of others.

HR practitioners may also want to look for ways to instil the habit of reflection in their workforce through formal and informal learning opportunities, as this is a critical skill that both expatriate leaders and HCNs need to master to sustain their CQ development for mutual trust building.

Conclusion

In summary, the data from this research affirms that trust formation begins when expatriate leader and his HCNs establish their own trustworthiness by demonstrating their competence at work. Then the expatriate leader leverages his CQ consciously or unconsciously to form affective trust that emotionally connects with the HCNs over time.

CQ and its sub-constructs (cognitive, meta-cognitive, motivational and behavioural CQ) all play significant parts in shaping an individual's response to the behavioural inputs at different stages of the trust-building process. It is beneficial to provide cultural awareness training to both expatriate leaders and HCNs to increase CQ levels, improve self-awareness and awareness of others in cross-cultural settings. In creating trust relationships with

HCNs, it would be helpful for expatriate leaders to learn to reflect and manage their Motivational CQ (CQ3). This important skill helps an expatriate leader to be aware of his own set of prejudices and stereotypes, his intentions and motivations to make the decision to trust the other party, which then shapes his behaviours that promote trustworthiness. This will in turn, shape the recipient's decision to reciprocate the gesture to "trust him back."

The findings are still exploratory in nature and may not be generalized because they are specific to MNCs operating in China. **P&S**

Bio

Fenny Ang is an executive coach, based in Jakarta, Indonesia. She is currently working with several FMCG multinational companies to provide cultural awareness and leadership development, performance management training and executive coaching. She spent more than 10 years in Accenture, one of the largest global management consulting company, where she consulted with senior executives in financial services institutions in Malaysia, Singapore, Indonesia, Thailand, Australia and America. She specialises in change management, customer relationship management, mergers and acquisitions, human resources development and organization development.

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