# ‘Do I Trust You More If I Think You Are Culturally Intelligent?’

**An investigation on trust-building between Expatriate Leaders and Host Country Nationals and the role Cultural Intelligence plays in the trust-building process**

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# Abstract

This thesis investigates the trust-building process between expatriate leaders and host country nationals (HCNs) and the role of cultural intelligence (CQ) in the trust-building process. 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 sustained 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 of unlocking the psyche of these increasingly independent HCN leaders, frequently positioned as their local successors in the near future. This study explores how behaviours arising from this emerging power dynamic contribute to the trust-building process.

Unlike past trust investigations that have focused heavily on quantitative research, this study contributes to the theory of trust-building by deconstructing, through a qualitative, phenomenological methodology, the two constructs, trust and CQ, via a collection of individual experiences, cognitive perceptions and emotional behaviours that are evoked by perceptions of each other's trustworthiness and cultural intelligence.

The first major finding is that the starting point for trust-formation is **a clear demonstration of competence** by both the expatriate leaders and HCNs to secure mutual cognitive credibility and to legitimise the expatriate leader's role and position. This emphasis on competence has not featured strongly in past expatriate literatures, which have tended to downplay the importance of competence in favour of personality traits as the main differentiating factor to expatriate effectiveness.

The second important finding is that while cognitive capacity is shown to have higher potency than previous literature has acknowledged, this is only the starting point. Interpersonal trust relationships from this Chinese study could only be sustained in the longer term when the expatriate leader felt motivated into demonstrating behaviours that exemplify 买人心 or ***'buying people's hearts.'*** This term is often cited by participants in this study to describe the art of winning the hearts and minds of the local HCNs to secure loyalty and trust. The findings explore to what extent participants believed that CQ, defined as an individual's capability to effectively operate in a cross-cultural environment, was an important contributor to the ability to '*buy people's hearts.*'

The third important finding is the value of **language fluency** juxtaposed against one's ethnicity. While previous literatures concur on the importance of speaking the native language to dramatically improve one's effectiveness in a foreign environment, this study shows that being able to speak the language as a native, in the case of the '海归－*hai gui*' or '*sea turtles*' (returning mainland Chinese) or overseas Chinese leaders (of Chinese descent), does not guarantee that trust can be built more easily. On the contrary, the study has found that leaders who do not speak the native language, but demonstrate keenness to learn it and embrace the culture positively might generate more trust from HCNs.

The results of this study provide some guidance to improving the selection and matching of expatriate leaders and HCNs by emphasising competence, an individual's inner motivation and role clarity for both parties at the start of the assignment. The results suggest a more relevant cross-cultural training model that is capable of leveraging both HCNs and expatriate leaders' perceptions.

The findings of this study are exploratory in nature and may not be generalisable as they may be specific only to MNCs operating in China. Nonetheless, they call for future research to better understand the phenomenon of trust-building and the potency of CQ in dyadic relationships across both additional geographies and alternative populations.

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## Glossary of Terms and Definitions

| | |
|---|---|
| MNCs | Multi-National Corporations, referring to international companies that have local operations in different geographies |
| HCN | Host Country Nationals, referring to local employees working in MNCs. In this study, this term refers to those at the mid-level to top-level managers and directors who report directly to their respective expatriate leaders within the Greater China region. They are local executives with "Manager" or "Director" titles that are currently working or have worked with a senior expatriate leader for more than six months to ensure adequate exposure to each other's working interactions. |
| EL | Expatriate leaders in this research study refer to all senior expatriate executives who are currently leading or have led a significant business unit within the MNC office incorporated in China. This reference is quite common in China, and they currently hold or have held the title of "Director" or "Head" of divisions and/or directly supervise at least five HCN managers or directors in their respective teams within the Greater China region (Mainland China, Hong Kong and Taiwan).. ELs have P&L (profit and loss) accountabilities or manage financial budgets of an entire department or division of their organizations. |
| Putonghua | Official language in China |
| Hai Gui | 'Sea turtle' in Putonghua, referring to Mainland Chinese returnees who have spent a considerable amount of time overseas, studying and/or working before returning home to China to work |
| Overseas Chinese | Refers to people of Chinese descent, living elsewhere and not in Mainland China |

| | |
|---|---|
| Localisation | A trend where expatriates are switched from traditional expatriate compensation package to a local compensation package after a certain period in the host country. In China, it is common practice now to convert an expatriate on assignment from expatriate terms to the local terms where he will be subject to local taxation and much of the expatriate benefits such as medical cover, free schooling, accommodation, driver, etc., are either reduced in place of taxable cash compensation or eradicated completely. |
| HR | Human Resources |
| Cultural Distance | Measures the overall distance in national culture between home country and host country. Reflects a difference in cultural values and significant difference in other environmental variables such as language and socio-political conditions. |
| Dyads | In this study, the term “dyad” is used to denote the one-on-one interpersonal relationship between twoindividual, in this case, the expatriate leader and each of his or her HCN subordinate. |

# Declaration

This thesis presents work carried out by myself and does not incorporate, without acknowledgment, any material previously submitted for a degree or diploma in any university. To the best of my knowledge it does not contain any materials previously published or written by another person except where due reference is made in the text; and all substantive contributions by others to the work presented, including jointly authored publications, are clearly acknowledged.

Ang Fenny

Date: September 30, 2012

## Dedication

This thesis is dedicated to my precious daughter Elizabeth Tan, world citizen and globetrotter, and her equally well-travelled best friend, Shiqin Ong. No doubt, you already possess such wisdom to traverse across this increasingly small world, as you navigate deftly in your international school playground. You have inspired me, little ones, and I hope my journey at this late an age, inspires you in turn, to never, ever, stop learning and discovering more about yourselves and the world we live in.

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This journey is indeed spiritual and emotional, and would not have come to its conclusion without the indispensable help from my dear husband who had to suffer through hastily prepared, not-so-tasty dinners and dishes to wash, sort out our child's homework and “just go play with her!” Thank you.

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# Chapter 1 Introduction

## 1.1 Research summary

This research employed a qualitative approach to examine the social dynamics between expatriate leaders and their host country national (HCN) employees, by focusing on the trust-building process as a key input into the relationship.

Specifically, the research:

- Positioned **trust-building** as a key element of work interaction between expatriate and host country nationals, and as an antecedent to expatriate adjustment.
- Uncovered how expatriate leaders and host country national employees form **perceptions** of each other's trustworthiness, which further fuel and shape the trust-building process, and ultimately assist the acculturation process of both parties.
- Used a relatively new construct called **cultural intelligence (CQ)** as a multi-faceted lens to investigate the trust-building process and examined how the expatriate leader's cognitive processes, emotions and motivations are being translated into actions or behaviours, and how these behaviours are perceived by host country national employees.

## 1.2 Research problem and contribution to date

> *One must be fond of people and trust them if one is not to make a mess of life. - E.M. Forster, The Nation, July 16, 1938*

The present study is based on the view that people from all walks of life are searching for meaning and intuitively believe that trust is essential in their daily interactions with people. As Lewis and Weigert (1985) said, "Trust is indispensable in social relationships." (p. 968)

Today, trust literature has spanned over five decades and across various disciplines. Social and behavioural scientists, psychologists and researchers of negotiations and conflict management, business and organisational leadership have proposed various theories of trust. They have debated on its nature and origin, examined the conditions in which trust is created and have investigated its applications and outcomes in various disciplines. In recent years, trust has been upheld as a construct in its own right, deserving specific attention and a place in contemporary organisational research (Kramer, 1999; Dirks & Ferrin, 2002).

### *1.2.1 Defining trust*

Trust is defined in many ways in literature but increasingly, two streams of thought are emerging: (1) trust is a set of beliefs and expectations, and (2) trust is a willingness to act on those beliefs (Doney, Cannon & Mullen, 1998; McKnight, Cummings & Chervany, 1998; Dirks & Ferrin, 2002; Lewicki, Tomlinson & Gillespie, 2006). However, there is little consensus on what these beliefs are or how these expectations are formed (Doney, Cannon & Mullen, 1998).

Rousseau (1998) consolidated the definition of trust across various disciplines and succinctly defined it as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another." (p. 395)

In line with these definitions, it seems that in order for trust to exist, an element of risk is involved, which is weighed up against the trustor's beliefs and expectations of the trustee.

### *1.2.2 Interpersonal Trust and leadership skills*

The business world has long recognised the importance of employees' placing trust in their leaders , i.e. interpersonal trust in leadership, and the role it plays in increasing overall managerial effectiveness, building effective teams and delivering business outcomes (e.g.(Dirks & Ferrin, 2000; Mayer & Gavin, 2005). A person holding a leadership position is expected in the business world to provide supervision and management of resources, which includes good governance, internal and external customer, government and other external relations, the interal processes and associated tasks, projects, financial budgets, teams and individuals at hand (herein, referred to as "managerial effectiveness"). Business leaders are thought to increase their managerial effectiveness if they possess or acquire interpersonal skills to build trust in the employees within his or her span of control. (Podsakoff, 1996; Brower et al., 2009)

There is vast literature in contemporary organisational research alone, which documents empirical evidence of the importance of trust in leadership and its relationship to various antecedents and conditions leading to trust or business outcomes. The general consensus, at least in most of Western literature, is that trust mediates the relationship between leadership and successful leadership outcomes (Casimir et al., 2006). However, there are still competing perspectives on how trust-building processes come about, particularly in hierarchical dyads and group settings, how trust in leadership shapes workplace behaviours and outcomes, and its relationship to leadership effectiveness (Mayer, Davis & Schoorman, 1995; McAllister, 1995; Rousseau et al., 1998; Mayer & Gavin, 2005).

### *1.2.3 Trust and interpersonal effectiveness*

Notwithstanding the above, a close look at the literature available indicates that one of the major recurring themes seems to be that trust is a function of personal characteristics

of the leader in the trust-building situation. For example, research conducted by Kouzes and Posner (2005) over 20 years found that 'trust' was one of the most consistent responses to the question: "What are the personal values, traits or characteristics you feel are most crucial in a person you would willingly follow?" (p. 359)

> *If people are going to willingly follow someone, whether it is into battle or into the boardroom, they first want to assure themselves that the person in worthy of their trust. (Kouzes M. and Posner Z, 2005, p. 359)*

In addition, leadership theories such as the Leader-Member Exchange theory (Brower, Schoorman & Tan, 2000) and the charismatic leadership theory (House, 2004) have also recognised that trust is a crucial element in the dyadic relationships between leaders and followers.

### *1.2.4 Where does trust begin?*

When trying to locate where trust begins, researchers are saying that it begins with the supervisor (Mayer, Davis & Schoorman, 1995; Whitener et al., 1998; Krosgaard, Brodt & Whitener, 2002; Kranas et al., 2007). However, trust is also bottom-up since in order for a supervisor to make a decision to trust his employees, he is bound by the employees' positive behaviours in the workplace, his own predisposition to trust or distrust and his perception of his employees' trustworthiness. Hence, the decision to trust evokes both the rational mental processing and the emotional psyche of the trustor (Lewis & Weigert, 1985; McAllister, 1995; Mayer & Gavin, 2005; Kranas et al., 2007) (Kranas et al., 2007).

### *1.2.5 Trust is a perception*

Researchers have at least agreed that trust is in the eyes of the beholder; it is a perception of belief that the trustor holds of the trustee (Deutsch, 1958; Mayer, Davis & Schoorman, 1995; Rousseau et al., 1998; Kramer, 1999; Dirks & Ferrin, 2002; Lewicki, Tomlinson & Gillespie, 2006). Dirks and Ferrin's (2002) meta-analysis study across more than 30 years of trust literature concluded that in a leader-follower relationship "trust is a belief or perception held by the follower and is measured accordingly; it is not a property of the relationship or the leader *per se*." (p. 612)

In addition, the perception of the leader's trustworthiness is formed based on the follower's propensity to trust, the personal characteristics and competence of the leader, and the socio-context of that relationship (Kramer, 1999).

Simply put, trust does not exist except in the realms of people's minds. Being simply told that one is trusted is meaningless and will not lead to reciprocal trust unless one actually feels trusted (Wang and Deng, 2009).

If trust-building is indeed a leadership attribute that is critical for leadership success, then it would benefit from being studied from the perceptions of others. As Lord (2000) said, "If leadership resides, at least in part, in the minds of followers, then it is imperative to discover what followers are thinking." (p. 551)

Hence, the first contribution of this research aims to deconstruct the entire trust-building process and study the effects of expatriate leaders shaping their behaviours to build trusting relationships with HCN employees, and how employees interpret these behaviours as a precursor to accepting the risk of being vulnerable in the trust-building process.

### *1.2.6 Placement of trust*

A decision to trust someone is not an entirely rational and cognitive action. It involves more than just mentally weighing the costs or risks of trusting the other party against the justifiable benefits of fully expecting the goodwill returned. Emotional, motivational and social influences come to play. Personal world views, social orientation towards people and society in general, innermost desires to trust or current state of motivation play a significant part in turning the intention to trust into actual behaviours. These behaviours should be commensurate with the perception of the other person's worthiness of trust (Kramer, 1999).

Trust is not a uni-directional phenomenon − it takes two hands to clap, or to trust, in this instance. Researchers have found that the more the trustor and trustee share the same norms and values, the greater the chance of developing a trusting relationship between

the two parties (Hofstede, 1991; Doney, Cannon & Mullen, 1998; Fulop & Wang, 2007). The same can be said about historically shared experiences of trust (or distrust) in the past between trustors and trustees (Kramer, 1999).

### *1.2.7 Trust drives performance outcomes*

There is, however, a significant difference between trusting and cooperating with one another. In situations where cooperation leads to either a mutual outcome or absence of punishment, there appear to be no risks involved, nor are there any risks of vulnerability that need to be overcome (Yamagishi, 2000; Mayer & Gavin, 2005). In culturally implicit leadership theories, it has been observed that some cultures may not rank trust highly against follower performance: trust may have varying moderating effects in the leadership-performance relationships from culture to culture (Casimir et al., 2006). In such situations, one could argue that cooperation can be obtained without really building any trust (Mayer, Davis & Schoorman, 1995): "You can cooperate with someone who you don't really trust" (p. 713).

In light of this argument, it is pertinent to examine to what extent trust needs to be present to drive the behavioural, attitudinal and performance outcomes in the workplace. How do people build trust in diverse workplaces? Do they simply focus on obtaining cooperation from others in order to achieve common organisational outcomes and corporate goals?

### *1.2.8 Trust is a leap of faith*

Deutsch (1958) stated that the act of trusting needs to go beyond a hundred percent predictability and to a certain extent, it is a leap of faith. To take that leap of faith, one has to consider the trustor and trustee's overlapping values and socio-background, the trustor's propensity to trust, and the trustor's perception of the trustee's ability, benevolence and integrity (Dirks & Ferrin, 2002; Mayer & Gavin, 2005).

It would be true to say that taking a leap of faith, taking risks and being vulnerable are difficult things to do, considering that people tend to want to give a good impression to

others, preserve good credibility and reputation, which in turn, dictate behaviours, particularly in a workplace setting.

### *1.2.9 Trust and cross-cultural context*

The issue of taking risks and being vulnerable in trust development as discussed in the previous section, is compounded by cross-cultural situations where the 'collective programming' (Hofstede, 1980) of both parties results in varying norms and values, perceptions and prejudices, which then define how trustors will place trust in another (Doney, Cannon & Mullen, 1998; Hofstede, Pedersen & Hofstede, 2002; Casimir et al., 2006).

In initiating trust in a foreign workplace, for example, a leader may choose to demonstrate his trust in his team by, for instance, empowering the team to make a joint decision on something relatively non-risky, with the anticipation of being proven right in the placement of trust, through the team's performance outcomes. In another example, however, a person may choose to suspend judgment or to start with a position of distrust, and anticipate to be proven wrong. Whether individuals begin a relationship with high trust or low trust or no trust, how they initiate trust is a function of their social and historical backgrounds and their current situational contexts (Whitener et al., 1998; Lewicki, Tomlinson & Gillespie, 2006). In addition, what constitutes trust, how one 'earns' it, how one evaluates what trustworthiness is and how certain characteristics of trust in leadership are perceived, may differ from culture to culture, and is therefore emic in nature (Yamagishi & Yamagishi, 1994; Doney, Cannon & Mullen, 1998; Tan & Chee, 2005; Toko et al., 2006). As many cross-cultural researchers have attested in their studies,cultures play a role in moderating the trust-initiation and trust-building processes between supervisors or leaders and local employees to yield effective workplace behaviours and outcomes (Yamagishi & Yamagishi, 1994; Doney, Cannon & Mullen, 1998; Banai & Reisel, 1999; Tan & Chee, 2005; Casimir et al., 2006; Fulop & Wang, 2007; Kranas et al., 2007). For example, Kranas (2007), using Project Globe's (House, Javidan & Dorfman, 2001) power distance and collectivist-individualist dichotomies to examine the trust relationship between supervisor and employees in cross-cultural settings, found that trust is more prevalent in dyadic relationships in

collectivist countries like China than in individualistic ones like the USA (Kranas et al., 2007). In another similar study, Yamagishi et al. (1994) postulated that the trust-building process between leaders and followers is moderated in different cultures. Their research provided empirical evidence that Americans generally trust more than their Japanese counterparts, and predicted that people from societies dominated by individualistic cultures where an individual's autonomy and independence takes prominence, are more likely to engender trust in others than those who come from more collectivistic cultures which place importance in interdependence, social harmony and status quo (Vignoles, Gheorghiu & Smith, 2009). In more recent studies, researchers have put Yamagishi's theory to the test and applied it across 31 nations. Results were consistent in showing that individuals of different nationalities emanate and engender trust differently at varying degrees (Vignoles, Gheorghiu & Smith, 2009).

Still on the topic of trust being perceived differently across cultures, Tan and Chee (2005) examined trust as an eastern phenomenon, particularly in a Confucian context and found that trustworthiness is perceived to be different, depending on roles and rank. They also discovered that Confucian-influenced societies such as Singapore, view trust more as affective (emotional, relationship-based), rather than cognitive (rational, logic-based) in nature.

In the end, the level of risk that followers are willing to take to be vulnerable in building a trusting relationship with their leaders may not only be culture-bound but is also highly dependent on the followers' perceptions of the consequences of poor risk, especially where their careers and longevity in the organisation may be impacted. Hence, it is critical for the foreign leader not only to be able to understand these concerns in the local context, but to also have the ability to influence and shape the followers' risk-taking process of trusting the leader.

### *1.2.10 Globalisation and landscape effectiveness*

The phenomenon of trust-building can quickly be observed to be culture-bound, against the backdrop of globalisation. As the economic world becomes more 'borderless' and the workplace is increasingly more diverse and virtual, more executives are now

required to be ‘global managers.’ They are taking up expatriate posts across different national borders and having people of different nationalities report to them, as well as reporting themselves to leaders from different countries. Expatriates find themselves delicately managing the tension between exerting central, Head Office control and exuding ‘local flavour,’ thus assuring Head Office that they have sufficient control over its expansion and operation in differing markets across the globe.

In the past, studies were focused on the alarmingly large percentage of premature return statistics in expatriate adjustment literature (Tung, 1981; Black & Porter, 1991; Caligiuri, 2000b; Kraimer, Wayne & Jaworski, 2001; Littrell, 2002; Johnson, Chang & Lord, 2006). While the absolute percentage of ‘expatriate failure’ and what really constitutes expatriate failure is now being held in question (Hutchings, 2003; Harzing & Christensen, 2004), the more important issue on which cross-cultural researchers and HR practitioners are still focusing, is how to make expatriates more successful and relevant in a cross-cultural context.

### *1.2.11 The role of host country nationals*

Increasingly, cross-cultural management researchers (e.g. Aycan, 1997; Black, Mendenhall and Oddou, 1991; Florkowski, 1999, Toh and DeNisi, 2005) have agreed that interaction with host country nationals (HCNs) is a predictor of expatriate performance and job outcomes.

According to Paik & Sohn (2000), the extent of expatriate success is primarily based on how the goals and values of subsidiary managers are consistent with the parent company. Expatriates may be considered as having failed in their tour of duty because of “.... difficulties in dealing with host country workforce.” (p. 61)

This calls for more attention in understanding expatriates’ adjustment to the new environment and their leadership effectiveness in working with local people to deliver work outcomes is paramount to success in their international assignment.

While there is no single silver bullet that prescribes expatriates' inter-cultural effectiveness, researchers have pointed to the need to increase inter-cultural effectiveness as expatriates work with local teams to optimise productivity and to facilitate knowledge transfer between expatriate leaders and the local organisation (Hutchings, 2003; Harzing & Christensen, 2004). This is aligned with the ongoing localisation efforts that organisations are embarking on as the business becomes more mature and local leaders are called upon to assume leadership positions as part of their succession planning programs.

Expatriate leaders need to be inter-culturally effective when trying to leverage their working relationships with HCNs in the local operations. There is a need to delicately balance the tension between an organisation's expectations of the expatriate leaders to promote central control and ensure consistency across the board by aligning local and global strategies, and the aspirations of local operations to keep its activities local and relevant to its home markets and requirements (Maurer & Li, 2006).

One of the key influencing factors to inter-cultural effectiveness is the ability to build and gain trust (McConnell, 1974; Asherman, Bing & Laroche, 2000; Javidan et al., 2006; Castletonpartners & TCO, 2007; Ang & Van Dyne, 2008; Rockstuhl & Ng, 2008).

### *1.2.12 Inter-cultural effectiveness and individual differences*

Cross-cultural leadership studies have been conducted in the recent years to try to distil the key competences required for expatriate leaders to succeed in a cross-cultural context (Castletonpartners & TCO, 2007; Deng & Gibson, 2009). A growing number of studies (Tung, 1998; Caligiuri, 2000a; Caligiuri, 2000b; Gabel, Dolan & Cerdin, 2005; Shaffer et al., 2006) have focused on uncovering significant relationships between individual factors and expatriates' leadership effectiveness, such as the Big Five personality traits, emotional intelligence and cross-cultural competences. Despite these studies, the empirical evidence of such individual differences being the main contributory factor to expatriates' leadership effectiveness remains elusive.

### *1.2.13 Inter-cultural effectiveness and cultural intelligence*

Another emergent construct that is increasingly researched and may shed more light on the 'X' factor which contributes to expatriates' inter-cultural effectiveness is cultural intelligence or CQ (Earley & Ang, 2003). Cultural intelligence is a relatively new multi-faceted construct that Earley and Ang (2003) attempted to use to explain why some expatriate leaders are more successful than others in functioning in cross-cultural environments. The authors defined cultural intelligence as: "A person's capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context." (p. 9)

Empirical studies have claimed that CQ can significantly influence inter-cultural effectiveness and expatriate outcomes. CQ is regarded as a differentiating factor that separates strong expatriate performers from failed ones, and, unlike IQ, is said to be an attribute that can be learned over time.

Cultural intelligence is said to be both a culture-free (Hogan & Holland, 2003) and culture-bound construct (Triandis, 2006). This means that while the concept of having cultural intelligence to function effectively in cross-cultural environments is universal, the operationalisation of cultural intelligence; i.e. behaviour, is culture-bound. For example, people generally recognise that they need to adapt their non-verbal behaviours according to the specific cultural context in order to be effective. However, how individuals adapt their non-verbal behaviours and subsequently, how those behaviours are perceived by others depends on the cultural boundaries, internal values and personal beliefs that govern that interaction at that particular moment.

While more empirical studies need to be conducted to further validate and expand the theoretical model of CQ, the researcher believes there is value in this study to advance a more emic understanding of what cultural intelligence means in the context of trust-building from the perspectives of local employees, thus extending the understanding of CQ in the context of cross-cultural relationships.

Hence, the second contribution of the present research aims to look at the role of CQ as a catalyst in the trust-building process, in influencing the manifestation of the expatriate leaders' behaviours and subsequently the perceptions and interpretation of these behaviours by HCN employees in deciding to trust their leader. Understanding the role of CQ in building trusting relationships in multi-cultural contexts is key to unlocking the 'secrets' of effective working relationships in multi-cultural teams.

### *1.2.14 Trust and CQ*

It is with this background that the present research is undertaken; i.e. with the intention of turning the spotlight specifically on the interpersonal trust dynamics that impact the working relationship between expatriate leaders and host country nationals, and to investigate how CQ influences inter-cultural effectiveness, which in turn, helps to facilitate the knowledge and value transfer between expatriate leaders and HCNs. This means that while the central theme of this research focuses on uncovering the trust building phenomenon between a hierarchical pair, the role of CQ as a catalytic force is examined in parallel.

This current research takes a different glimpse at both the trustor and the trustee's subjective points of view in building a sustainable trust relationship. Instead of focusing on investigating empirical relationships between the trust construct and the various antecedents, consequences and outcomes, or merely conducting theory-testing, attention is focused on the qualitative enquiry of the trust-building phenomenon in a cross-cultural environment. This enquiry is conducted in response to scholars in the trust and CQ arenas in order to employ more qualitative methods and contribute to the knowledge of these two disciplines (Dirks & Ferrin, 2002; Gelfand, Imai & Fehr, 2008). As the leader interacts with host country nationals, this research attempts to delve into what motivates him, given the prior knowledge he has obtained from cognitive ways learned from other experiences, and how the leader plans his behaviours to adapt more effectively in an alien culture to bring about trust in the workplace.

## 1.3 Thesis title and topic

'**Do I Trust You More If I Think You Are Culturally Intelligent?**' – This is a qualitative research into the trust-building process between expatriate leaders and their Host Country National (HCN) employees, and how the expatriate leaders' cultural intelligence (CQ) helps shape employees' perceptions and influences the trust-building process.

## 1.4 Research aims

The research aims are two-fold:

- to analyse how HCN employees interpret their expatriate leader's behaviours as a precursor to the development of trust between them.
- to examine how CQ, when manifested through the leader's behaviours, plays a role in shaping the trust-building process between expatriate leaders and HCN employees.

This research strives to complement current empirical studies on cultural intelligence and interpersonal trust to include the understanding of individual experiences, meanings, cognitive perceptions and emotions that are evoked by these two constructs in cross-cultural contexts.

## 1.5 Theoretical foundation

As mentioned earlier, the existing trust models have primarily addressed antecedents and outcomes of trust. The empirical correlation of trust as a construct with the other variables have been extensively examined. There are however, still limited qualitative studies to understanding the phenomenon of trust, particularly in the face of cross-cultural differences; i.e. how does one consider the risks and take that leap of faith to trust, and given that trust is an intention, how is the trust intention turned into concrete trusting behaviours.

### 1.5.1 Factors of trustworthiness: Mayer's model of trust

In brief, this research is largely based on Mayer et al.'s (1995) theoretical framework of trust as illustrated in Figure 1 – Mayer et al.'s Model of Trust (1995) below, with a specific focus on the factors of perceived trustworthiness – Ability, Benevolence and Integrity – and the perception of risk in making the decision to trust.

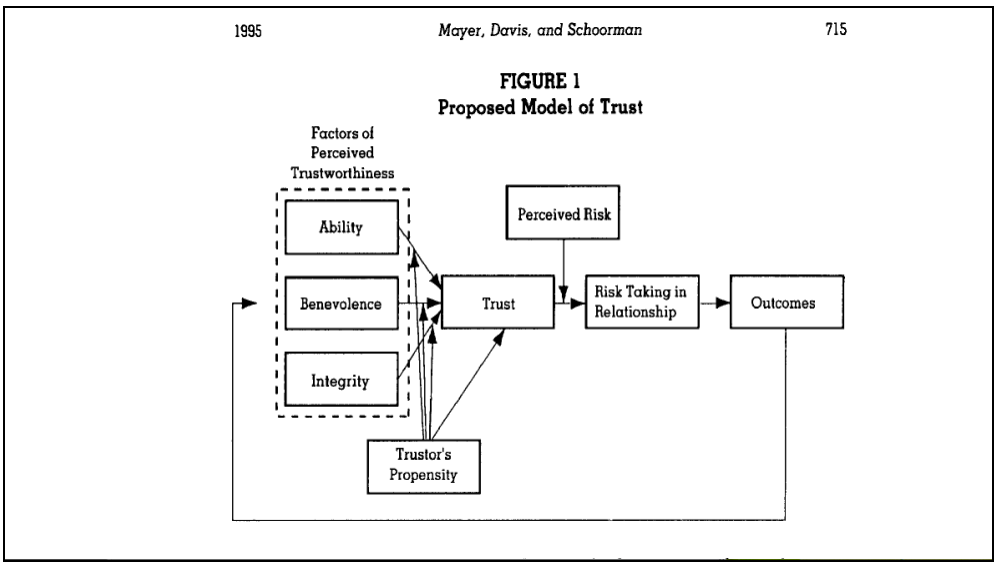


Figure 1: Mayer et al.'s Model of Trust (1995, p. 715)

While this framework looks at trust only from a cognitive basis, it is useful to understand the perceptions of the leader's character and traits (e.g. ability, benevolence and integrity), and how these perceptions influence the follower's decision to trust and subsequently, contribute to desired work behaviours and attitudes. In this thesis, affect-based trust will also be examined in the light of the factors of trustworthiness, for trust can be seen as more than just a cognitive decision (Lewis & Weigert, 1985; Young & Daniel, 2003; Tan & Chee, 2005).

### 1.5.2 Cross-cultural lens: Shaw's categorisation theory

In order to position this research in the cross-cultural context, Shaw's (1990) Categorisation Theory (p.633), and Earley and Ang's Cultural Intelligence Model (2003) have been used as a pair of cross-cultural lenses to examine how perceptions are

categorised mentally to guide outward behaviours. Through the operationalisation of CQ, this research has attempted to deconstruct the phenomenon of trust-building between the expatriate leader and the HCN employees.

Shaw's Leader and Situational Categorisation Theory (1990) in Figure 2 below states that employees categorise a person as a leader or non-leader based on (a) behaviours exhibited that 'typify' leadership behaviours, (b) congruence to the perceivers' (employees') mental schema of leadership, and (c) whether the behaviours exhibited are truly reflective of the individual's personal values rather than situation-based.

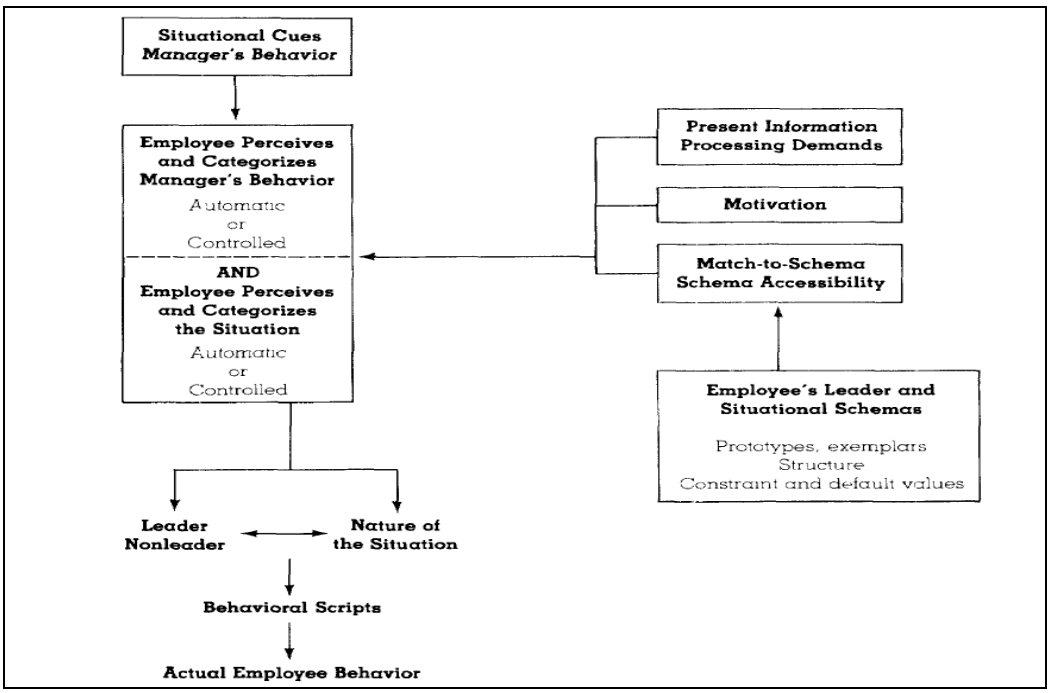


Figure 2: Leader and Situational Categorisation Theory (Shaw, 1990)

In addition, the categorisation may be influenced by situational, contextual and personal factors which transcend cultural distance (Lord, 2000). Using this model, the researcher posits that these factors could be motivational in nature or trust-related, in that they influence (a) – (c) and the eventual acceptance or rejection of the leadership. For example, consider the expatriate-HCN employee context: congruence with the employee's mental schema can be facilitated or influenced by the trust that has been built between the expatriate and the HCN employee. HCN employees who trust the expatriate leader are likely to be more motivated towards matching up observed behaviours to their own mental schema, even if these behaviours are not readily

accessible. This one-on-one trusting relationship is more likely to influence the perception and evaluation of the leader, especially when the information about the leader does not, in the beginning, match the mental schema of the employee. To motivate employees to go beyond initial rejection and move towards schema accuracy, an element of trust between both parties is required (Shaw, 1990).

### *1.5.3 Cultural intelligence (CQ) theory*

The cultural intelligence theory (Earley & Ang, 2003) encompasses cognitive and meta-cognitive, behavioural and motivational dimensions; i.e. what an expatriate leader would think, feel or do in cross-cultural circumstances. Cultural intelligence researchers claim that CQ is an aptitude and can grow over time.

According to Earley and Ang (2003), CQ is a multi-dimensional construct comprising metacognitive, cognitive, motivational and behavioural dimensions. CQ is defined as "an individual's capability to function and manage effectively in culturally diverse settings" (p. 9). The metacognitive CQ is related to the higher order cognitive processes that one engages in acquiring and understanding cultural knowledge, including knowledge of and having control over individual thought processes relating to culture. The cognitive CQ reflects knowledge of norms and cultural practices that are acquired from personal experiences and education. Motivational CQ refers to the ability to direct attention and energy towards functioning successfully in cross-cultural settings. Behavioural CQ is related to the verbal and non-verbal actions demonstrated in cross-cultural interactions. These facets are conceptually different capabilities that may or may not correlate with each other but aggregate into a total CQ.

### *1.5.4 New framework is required*

To examine the peculiarities of the trust-building process between expatriate leaders and HCN employees in a cross-cultural context, and to understand how cultural intelligence (CQ) can moderate the process, a new theoretical framework needs to be in place. The development of the proposed new framework, based on existing theories governing trust, perception and personality will be discussed in detail in Chapter 5: Discussion and

Conclusion, together with data results and emerging themes discussed in Chapter 4, in order to contribute to a new framework.

The proposed new theoretical framework for this thesis posits that cultural intelligence is an effective catalyst in the trust-building process. This is because CQ's catalytic role helps cement the nature of such relationships. Expatriate leaders can build trust more effectively by utilising their cultural intelligence to understand and positively influence the HCN employee's schema-matching process. The culturally-intelligent expatriate leader will then decide when and how to modify his behaviours to be consistent with the HCN employees' values and beliefs associated with trustworthiness, and thus to gain trust.

In this research, it is also proposed that cultural intelligence is an important catalyst that facilitates the employees' re-categorisation of their cognitive schemas even if there is a mismatch in the process at the initial stages of working together to build trust. Cultural intelligence can also be seen as a predictor to HCN employees' perceptions of the expatriate leader's trustworthy behaviours to be effective.

The trust-building processes, along with the corresponding schema re-matching and perception processes at the level of the individual HCN employee, are culture-specific, but are also influenced by personal, motivational, political and other situational factors. It is also argued that these processes take time and commitment on both sides – the expatriate leader and the HCN employees.

## 1.6 Research questions

This research endeavours to bring to light some answers to the following questions, which arose from literature gaps on trust and expatriate leadership.

- How do expatriate leaders build trust with host country nationals in an inter-cultural context?
- How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?

- How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

The existing literature contribution and potential gaps leading to these questions shall be examined in detail in Chapter 2: Literature Review.

## 1.7 Research contribution

The results of this research are aimed to provide a theoretical contribution to trust and expatriate literature. In brief, the first contribution of this research aims to deconstruct the entire trust-building process in order to study (a) the effects of expatriate leaders shaping their behaviours to build trusting relationships with HCN employees, and (b) how employees interpret these behaviours as a precursor to accepting the risk of being vulnerable in the trust-building process.

The second contribution of this research aims to look at the role of CQ as a catalyst in the trust-building process, in influencing the manifestation of the expatriate leaders' behaviours and subsequently the perceptions and interpretation of these behaviours by HCN employees in deciding to trust their leader.

From the human resource management point of view, this study hopes to provide insight into improving the selection and matching of expatriate leaders and host country nationals, as well as to suggest a more relevant cross-cultural training model that truly prepares both the expatriates and host country nationals in adjusting to each other and working towards a common goal.

## 1.8 The research context

This research was conducted within the multi-national corporations (MNCs) sector in China. As described later in this section, this is the sector in which the complex socio-dynamics and intricacy of inter-relationships between expatriate leaders and host country nationals are most pronounced. The following text will explain how the

phenomenon of trust-building is manifested dramatically in a cross-cultural context where MNCs in China are currently undergoing tremendous challenges.

The Post-Lehman world has forced many multi-national corporations (MNCs) to repatriate their expatriates in droves, to cope with the financial crisis, and inadvertently, this has changed the expatriate landscape. The Economist (2011), for example, has reported a sharp decline in expatriate numbers in Asia.

> *Back in the days when cushy jobs for foreigners were plentiful in Asia, Western expats used to get called FILTH—'failed in London, trying Hong Kong'. Now, though, they may end up as FISHTAILS—'failed in Shanghai, trying again in London'. This is because employers in Asia, despite strong demand for managers and professionals, increasingly choose to hire locals, not outsiders. http://www.economist.com/node/18277181 [Accessed March 18, 2011]*

While the global economy is currently limping back from the major financial meltdown, and MNCs continue to re-evaluate the amount of investments around the world, the Foreign Direct Investment (FDI) Confidence Index (Laudicina, Gott & Pohl, 2010) has shown that money is still pouring into emerging markets like China, India, Brazil, Indonesia and Vietnam.

MNCs in these emerging markets are important because they now constitute over 10% of the world's total GDP and about 30% of the world's total exports (Guislain & Kusek, 2010). A recent United Nations report (UNCTAD, 2010) showed that emerging markets attracted over 50% of the world’s foreign direct investment (USD 1.12 trillion) in 2010 and, for the first time, outperformed developed economies. Therefore, expatriate leaders will continue to be sent to their foreign subsidiaries as a way of consolidating Head Office control, given that these sizable investments need to be protected.

On the other side of the coin, the economic instability and uncertainties in countries of origin such as USA, UK and other parts of Europe that are still facing the unforgivable onslaught of the economic crisis makes it more difficult for expatriates to want to go home. Only 5% of UK expatriates surveyed in emerging markets, for example, wanted to return (Smith, 2009 ). Many expressed the preference to stay where they were, in still-booming economies like India and China, for instance (Smith, 2009 ). This made it

a personal motivation for expatriates to perform even better and fight for the chance to 'stay put.'

In China alone, data from Ministry of Commerce of the People's Republic of China and AT Kerney research showed that FDI inflow into China stood between USD 92-108 million in 2009, bucking the downward trend of global FDI (Laudicina, Gott & Pohl, 2010). Expatriates are generally coming out of the global economic crisis unscathed, compared to their counterparts stationed in various parts of Europe or the USA.

China has just been declared as the second largest GDP behind the USA and financial pundits claim that it is set to surpass the USA by the year 2020. This translates into a persisting trend of expatriate assignments, albeit with changes in the profiles of these expatriate leaders. The number of working visas issued to working expatriates exploded from a mere 5,000 in 2000 to 160,000 in 2009 (Chua, 2010). However, the question of return on investment (ROI) on expatriate assignments has never been more pertinent. Companies like Accenture, IBM, Dow and other MNCs are regularly measuring financial metrics (e.g. volume of sales and profit margins) against the cost of bringing in expatriates to operations in China, and rapidly making changes when the ROIs are not satisfactory or sustainable.

In addition, another phenomenon has been observed. Newfound confidence in powerhouses like India and China due to exponential growth in the last decade, has promoted the locals-first mentality, along with tapping into third country nationals to man their expatriate postings and curb the financial crisis.

The China Daily (2009) the largest English newspaper in China, recently reported that early repatriation is as high as 50% although the Year 2008 financial crisis played a major part in contributing to the statistics. Similarly, Beijing Today (Huang, 2010) has reported that the number of expatriates in senior executive positions in emerging markets such as China, India, Brazil and Russia, has declined from 56% a decade ago to just 12%. These trends are indicative of the locals-first mentality, although people are still looking to China for employment opportunities in the wake of the financial crisis and China's newly-minted position as the second largest world economy. This has also

created an interesting trend in the Chinese employment market where supply outweighs demand, with the return of overseas Chinese people and the hiring of third country nationals who can speak the language and are perceived to be less distant in cultural differences, when compared with their Western counterparts (Jing, 2009; Leary, 2011).

The newly coined term 'Halfpat' in the expatriate community refers to the available talent pool of expatriates already based in China and cheaper and easier to manage (Paul, 2008). Table 1 below illustrates and summarises the changing trends of expatriates in China (Wong, 2009):

Table 1: Expatriate Evolution: Expats in numbers (Wong, Citiweekend, July 6, 2009)

| |
|---|
| **200,000:** The estimated number of foreigners currently in Shanghai. In 2006, the number was 120,000. |
| **USD 173,575:** Average annual salary of an expat senior manager in China, compared to the 'Halfpat' salary of USD 140,651 for the same position in 2008. |
| **21%:** Percentage of traditional expats (who relocate from overseas) in the total expat population in China in 2008. |
| **11.3%:** Percentage of companies planning to hire more expats in China in 2009. A decade ago, it was 56%. |
| **51.7%:** Percentage of companies who plan on maintaining their total number of expats in China in 2009, with 35 % planning on decreasing. |
| **11%:** Percentage drop in expat premiums (i.e. cost of living allowance, housing assistance) since 2001 to 2008 in China. |

In summary, there is a shift in the landscape of expatriates and the corresponding demographics of these foreign leaders who are seconded to China to work alongside local employees. Yet, according to Brookfield's Global Relocation Services Report (2011), while China received the largest number of expatriates after the USA, it is also ranked as the country with the highest assignment failure rate. It is therefore imperative to understand the context behind the failure rate, and from a practical point of view, to discern ways in which to remedy this situation.

This research is rooted within the abovementioned context of MNCs in China. By employing the cultural intelligence lens to examine the trust-building phenomenon between the two target groups (expatriate leaders and HCNs) and the subjects'

perceptions of trust of each other, it is hoped that this qualitative enquiry will uncover key learning elements in increasing inter-cultural effectiveness between expatriate leaders operating in China and their host country nationals.

## 1.9 Research design and methodology

This research takes a qualitative, phenomenological **interpretive approach** to exploring personal experiences of expatriate leaders in building trust with HCN employees, and examining the role of cultural intelligence as a catalyst of the trust-building process. The methodology focuses on capturing personal perspectives of HCN employees on the behaviours and events which trigger their willingness to trust their expatriate leaders, at what point they do so, and whether their perceptions of the degree of cultural intelligence of their expatriate leaders influence the process in which they place their trust in these leaders.

The above methodological approach reflects the approach taken by Mores and Richards (2002) to question and understand the meaning of the phenomena being studied from the perspective of lived experience.

> *Experience is considered to be an individual's perceptions of his or her presence in the world at the moment when things, truths or values are constituted. (p.44)*

There are two branches of phenomenology – descriptive and interpretive. In descriptive phenomenology, the researcher brackets all prior knowledge and maintains an objective stance in presenting the essential features of phenomena.

In interpretive phenomenology, the researcher assigns meaning to the phenomenon as understands it, and uncovers concealed meanings from the words of participants. He brings his own subjectivity, bias and experiences to interpret the situation and context being studied (Maggs-Rapport, 2000).

### *1.9.1 Target population and sample*

**Study Population: Multi-National Corporations (MNCs) in China**

This population of MNCs has been chosen because the researcher believes that the phenomenon of trust-building in a cross-cultural environment would be most clearly observed in MNCs where there is adequate tension and daily interactions between foreign leaders and local staff. Given the prior justifications made in the Research Context Section (Section 1.8) about the increasing presence of MNCs in China, there is indeed a dire need to understand and address the expatriate-local employee dynamics as MNCs rapidly expand their footprints in China. In addition, there is still limited research focus into this MNC sector (Caprar, 2011).

There are also huge HR implications, not just in terms of selection and preparation of expatriate leaders to adjust and operate effectively and quickly in host countries, but also in preparing local teams to work effectively with foreign leaders from the outset.

In addition, the researcher of the current study has reasonable access to this sector, as she was most recently involved in the business development of MNCs in China in her previous capacity as the senior managing consultant for the MNC sector in one of the participating companies. As such, the purposive sampling method has been employed. Together with the data collection methods, procedures and instruments applied, this method will be discussed in detail in Chapter 3: Study Design and Methodology.

This research strived to gain understanding of the trust-building process from two different perspectives – that of the trustor (initiator of trust) and the trustee. While the term “dyad” is used to denote the interpersonal relationship between the trustor and trustee, it is not examined as a unit of analysis. Rather, the data analysis and interpretation focuses the two broad dichotomies, i.e. expatriate leaders as one dichotomy, and HCNs as another.

Data has been collected via one-on-one interviews with identified expatriate leaders and their corresponding HCN employees who responded positively to the invitation to participate in this research.

## 1.10 Researcher's assumptions

The researcher has formulated the research questions on the basis of the perspective that values and beliefs are central to how one perceives and interprets various events. In addition, the researcher's ontological assumptions have determined the research design based on the view that reality is subjective, not scientific or absolute. She has assumed that reality is perceived and interpreted by individuals based on their lived experiences, and can be efficiently communicated and decoded via the context of individual interviews. The process of uncovering meaning is also contingent on her own values and beliefs in interpreting the realities that her interviewees shared with her.

## 1.11 Thesis structure

The thesis is structured according to five chapters, namely:

**Chapter One**, which provides the introduction, research background and context of the study and introduces the three research questions that underscore this study. Chapter One also establishes the basis for understanding the research problem, the standpoints of existing literature contributions, and defines the objectives and proposed contribution of this research study.

**Chapter Two,** which reviews the literature in the three disciplines; i.e. trust literature, cross-cultural leadership and expatriate literature, and cultural intelligence literature. The discussion examines the major points of convergence and identifies potential literature gaps that lead to the research questions.

**Chapter Three** details the study design and methodology employed in this research. Considerable discussion is dedicated to explaining and justifying the phenomenological methodology employed in this study in order to answer the research questions. This chapter also describes the process of sample selection, data collection, analysis and interpretation.

**Chapter Four** presents the data findings in accordance with the methods discussed in Chapter Three. In this chapter, key emerging themes are distilled and framed according to the three research questions.

**Chapter Five** concludes the thesis by distilling the researcher's interpretation of the data findings into key conclusions, in answer to the three research questions. The final sections describe a proposed new framework for harnessing the potency of CQ in the trust-building process, to improve expatriate success and expatriate leader-HCN relationships.

# Chapter 2 Literature Review

## 2.1 Introduction

In the previous chapter (Chapter 1), the researcher provided an overview of the various research literatures that help underpin this research. This chapter delves more deeply into these literatures, to acknowledge the existing contributions, locate the potential gaps across the various theoretical approaches, and arrive at specific research questions to be investigated in this thesis. The researcher will endeavour to review the overlapping literatures using three lenses – trust literature, expatriate literature and personality theories. Each is briefly outlined below before being examined in detailed sections throughout the chapter.

### *2.1.1 Chapter objectives*

The aim of this chapter is to provide, through selective reference to some of the literatures and through the three mentioned lenses above, **a clearer understanding** of the following points**.**

- A definition of trust in general and the trust-building process within hierarchical relationships, its formation and development stages between expatriate leaders and HCNs.
- The role of culture in shaping the trust process and corresponding adjustment and effectiveness between expatriate leaders and HCNs in the workplace.
- Various personality and perception theories and how these shape a person's judgment of another's trustworthiness, particularly in a cross-cultural context; what happens in the trust-building process when the perceptions of a person do not match that person's own mental schema.

- Existing theories on expatriate leadership effectiveness and adjustments in a cross-cultural environment, and to specifically explore how the personality theories including that of cultural intelligence may contribute to expatriate success in building interpersonal trust relationships with the host country nationals, in a foreign environment.

### *2.1.2 Chapter flow*

The literature review chapter will examine three strands of literature underpinning this study, beginning with trust literature with a specific focus in trust in leadership, i.e. understanding trust formation and development in hierarchical interactions in the workplace. The second strand of literature will delve into evolution of expatriate adjusment and cross-cultural leadership literatures that form the foundation of understanding expatriate –HCN interactions. Lastly, the chapter will move into a discussion on percepto-cognitive theories that examine theoretical frameworks on perceptions in leadership and trustworthiness within the cross cultural context, and factors that influence these perceptions between people in the workplace.

In each section, the researcher will first discuss the contributions to date within various literatures and the theoretical frameworks that guide this research. Throughout the discussion, the researcher will draw attention to existing links across the various literatures, and postulate some potential literature gaps that may further extend the existing literature links across disciplines. Specifically, the discussion will endeavour to converge the three lens of expatriate-HCN interactions, trust and percepto-cognitive theories into the focal point of this study, which is the trust building phenomenon within an expatriate-HCN hierarchical relationship, which leads to the examination of CQ as a catalytic influence in perceptions of trustworthiness and leadership effectiveness in a cross cultural context. The remainder of the discussion aims to crystallise the gaps that have led to the research questions addressed in the present work.

Figure 3 - Literature Review: Points of Convergence illustrates how literature review is to be presented in this chapter.

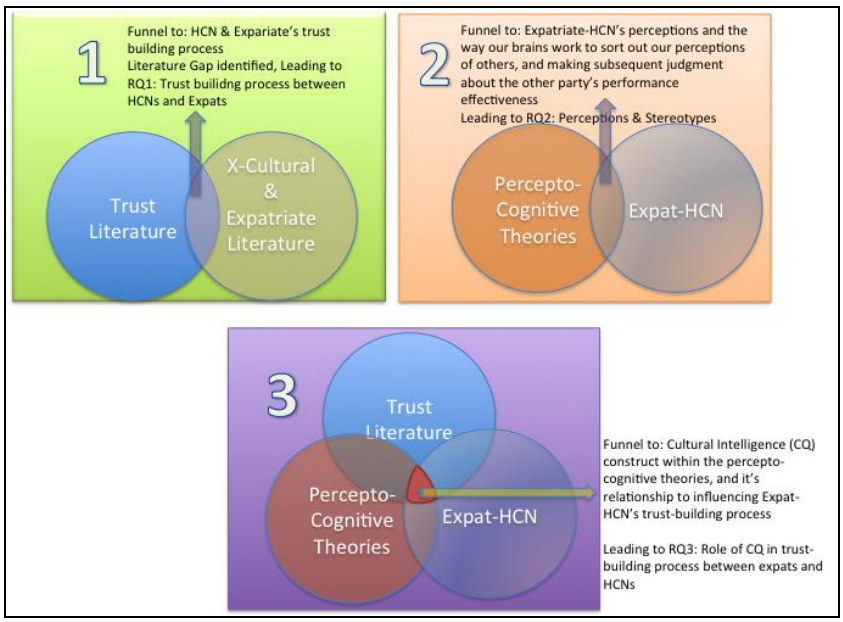


Figure 3 - Literature Review: Points of Convergence

This chapter will conclude with an iteration of the research questions that stem from the literature gaps identified, and will lead into the following Chapter 3: Study Design and Methodology.

## 2.2 Trust literature: Current contribution and discussion

Trust literature spans across more than 50 years of research and covers many disciplines but there is no complete agreement on the absolute definition of trust. What remains clear is that trust is a multi-faceted construct that can be broadly viewed, from a macro analysis of societal and organisational dynamics to a micro level of analysis of internal cognitive and affective processes within an individual (Rousseau et al., 1998). An economist, for one, will look at trust from an institutional or calculative-based standpoint; i.e. weighing the economical costs and benefits of trust, or more plainly speaking, what one stands to lose if one does not trust and what one can gain if one does. Psychologists look at trust in the context of an individual's characteristics and the associated cognitive and emotional processes which affect interpersonal relationships; sociologists see trust as a social entity within the larger societal context, while organisational researchers view trust as a critical component in leadership to achieve business outcomes such as employee loyalty, job performance and organisational

commitment behaviours (Rousseau et al., 1998; Dirks & Ferrin, 2002; Mayer & Gavin, 2005).

Even in the organisational realm of study, Rousseau (1998) likened the examination of the multi-faceted trust construct to "riding the organisational elevator." (p. 394) This means that the examination can be from the highest level of institutional and social eco-system within the organisation, down to groups and teams, to in- versus out-group dynamics, all the way down to one-on-one relationships and to the very intrapersonal psychological level where individual perceptions, expectations, intentions and motivations reside in the cognitive and affective processes.

### *2.2.1 Points of convergence*

There are several other points of convergence that we need to look at across the broad literature which form the tenets of this current research thesis:

#### 2.2.1.1 Trust definition

Even though the definition and the placement of trust have also been long debated across various disciplines, there is a general consensus about what trust means, namely, to have a willingness to be vulnerable (Mayer, Davis & Schoorman, 1995). Rousseau et al. (1998) have succinctly positioned the concept of trust:

> *…a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another. (p.395)*

The key word here is 'intention;' i.e. the willingness to act on the belief that there will be reciprocal acts of goodwill between parties. To be willing to be vulnerable, trust needs to go beyond predictability and to a certain extent, it is a leap of faith (Deutsch, 1958).

#### 2.2.1.2 Pre-conditions to trust

Taking that leap of faith implies that there is risk involved and therefore, there is a sense of interdependence between the trustor (the party who entrusts) and the trustee (the party who is entrusted) to achieve the positive outcomes planned upfront. In other words, risk and inter-dependence are pre-conditions to trust (Deutsch, 1958). This differentiates trust from cooperation, as one does not need to trust someone in order to cooperate with him or her. One may be coerced into cooperating with another person and one does so out of fear, but that does not translate into trust, which is the scope of the present discussion (Yamagishi, 2000).

In the business world, people frequently need to depend on each other and trust each other to jointly achieve organisational outcomes. That requires minimising risks by calculating carefully the cost of not trusting against the benefits of doing so, without necessarily putting oneself at risk in a vulnerable position. The other party's trustworthiness must be predicted as closely as possible to minimise the risk exposure, while still taking that leap of faith mentioned above.

While there are some researchers who treat trust as synonymous to trustworthiness, most agree and adopt Mayer's integrative model of trust where trustworthiness is separate from the trust construct itself (McKnight, Cummings & Chervany, 1998; LePine, Scott & Colquitt, 2007). Mayer et al.'s view is that trustworthiness, alongside trust propensity (how predisposed is one to trust in general) are simply antecedents or factors that one would consider when making the decision or the 'leap of faith' to trust another person (Mayer, Davis & Schoorman, 1995).

#### 2.2.1.3 Trust is in the eyes of the beholder

Another common agreement across disciplines is the observation that trust resides in the minds of the other (Dirks & Ferrin, 2002). To take that leap of faith to trust someone, one has to consider the trustor's propensity to trust, and the trustor's perception of the trustee's trustworthiness; i.e. his ability, benevolence and integrity. (Mayer, Davis &

Schoorman, 1995; Dirks & Ferrin, 2002; Mayer & Gavin, 2005). The perceptions of trustworthiness will be more fully addressed in Section 2.2.3.

#### 2.2.1.4 Where the divergences lie

One contention across disciplines is whether trust is a judgement one makes based on emotions or logic or both. Is trust primarily an affective or rational decision? According to Lewicki, Tomlimson and Gillespie, (2006), there are basically two camps of thought: the behavioural tradition that looks at trust as a decision based on rational choice, and the psychological tradition that views trust as an intrapersonal decision that involves the interaction of cognitive and emotional aspects, where motivation and expectations come into play. This research agrees with contemporary social constructivists that trust is a social experience in which emotional, cognitive and behavioural dimensions of the individual players intersect with the larger social context (Lewis & Weigert, 1985). Individuals do not interact in a vacuum but rather, in a specific social context that is dynamic in nature. Social and environment factors such as organisation culture, societal expectations, workplace practices and norms would inadvertently affect the trust experience.

Another contention is the measurements of trust – like love, how can trust be quantified? The manifestations of love may well be largely measureable (e.g. how many times a wife receives flowers from her husband) but arguably love, as a concept cannot be measured. The same must be true of trust.

The point that this researcher wishes to stress is that it is not simply a matter of distilling trust to the point of measuring it, but rather, to hold up the trust construct to investigate how trust comes about, and how it evolves over time. In this context, the researcher also finds contention in the nature of trust and its point of initiation; i.e. does trust begin at zero, low or high levels? Is trust in single or separate continuums? What causes the level of trust and distrust to change? Organisational researchers observe that trust changes over time; i.e. it ebbs and flows in different phases of the relationship. Social psychologists tend to view trust as static; in other words, one can take a snapshot of trust at a specific point in time to investigate the various relationships to antecedents

and outcomes. Their position is that you either trust or distrust another person where trust-distrust is in a single continuum (Lewicki, Tomlinson & Gillespie, 2006).

To organisational researchers, trust as a multi-faceted construct, is researched as a cause, an effect or an interacting factor within a causal relationship. These researchers view trust as being dynamic and are interested in looking at the genesis of trust, how it stabilises or erodes within a relationship, what antecedents play a role in leading up to trust, what outcomes can trust lead to, and how trust as a relational variable, can help to moderate or mediate interpersonal or institutional relationships (Lewicki, Tomlinson & Gillespie, 2006).

In the following section, the researcher will focus the discussion on interpersonal hierarchical relationships within the organisational realm in order to sharpen the focus of the discussion into the heart of this research; i.e. to explore the trust-building process between hierarchical relationships. Subsequently in Section 2.2.5, the discussion will be further directed into the cross-cultural context.

### *2.2.2 Trust in hierarchical relationships: Building interpersonal trust between leaders and followers*

Interpersonal trust has long been recognised as a significant construct in leadership theories (Podsakoff, 1996). Most organisational trust researchers posit that trust between leader and followers in an organisation is interpersonal in nature, while sociologists hold the view that the trust in the leader is a product of the very organisational system in which the leader and followers are situated (Brasher et al., 2003). While there is enough research to support either of these opinions, the researcher of this study ventures to state that while organisational systems are important in shaping a person's trust in his leader, the process by which an individual allows himself to be vulnerable and take the risk of placing his trust on his leader is very relational and interpersonal. Being vulnerable and taking risks evokes emotive, individual responses. The individual must desire to be vulnerable in order to take the leap of faith to trust another. It is also a function of an individual's personality and his propensity to trust that will guide the intensity in which he decides to trust another person.

Furthermore, the interaction of affective (emotional) and cognitive (reasoning) processes within the hearts and minds of followers and leader are mainly dyadic in nature and are iterative in building trust and cooperation between the dyadic parties (McAllister, 1995; Whitener et al., 1998; Krosgaard, Brodt & Whitener, 2002).

As organisations become flatter and more globalised, emphasis on trust in organisations and its leaders across the globe is expanding. As mentioned, trust is well recognised as a critical leadership quality to ensure leadership effectiveness. A leader's effectiveness is highly dependent on the ability to gain and build trust in his subordinates, and the complexity of the trust-building effort is compounded by the fact that organisations are becoming more geographically dispersed. Organisations are increasingly operating across borders, and virtual teaming is the working model of the future. Hence, there is great impetus for leaders to build and gain trust amongst people in teams, particularly across geographic boundaries.

As an example of this movement, the Thunderbird School of Global Management's GLOBE Project is a well-known cross-cultural project, that has examined leadership and culture in 62 countries (House, Javidan & Dorfman, 2001). The project has yielded significant findings of nine cultural and six leadership dimensions that are common and transcend across cultures, as well as dimensions that are culturally-implicit leading to what the authors claim is conclusive evidence that a follower's trust in the leader is the basis for charismatic leadership (House et al., 2002; House, 2004). The researcher will cover the culturally-implicit leadership dimensions in a later section when the discussion focuses on the cross-cultural leadership literature and discusses trust-building in the cross-cultural context. Suffice to say at this point that one of the common leadership traits that are considered key is the leader's capacity to engender interpersonal trust with his followers.

#### 2.2.2.1 Where does trust reside?

Eden and Leviathan (1975) posited, "Leadership factors are in the mind of the respondent. " (p.741) Nonetheless more than 30 years on, academic discussions are still raging on where the locus of leadership lies – the leader or the follower (Lord, 2000).

Contemporary cognitive leadership studies have taken to this line of thought and considered that if leadership resides in part in the minds of the employees, it is imperative to start considering what the employees are really thinking about leadership.

In the same vein, the locus of trust or trustworthiness is commonly agreed to reside in the minds of the followers, as was discussed briefly in Section 2.1. It is therefore prudent to look more closely at what are the perceptive factors that help one to gauge another's trustworthiness in a hierarchical relationship within the workplace.

### *2.2.3 Do I trust you? A closer look at our perceptions of trustworthiness between leader and followers*

More leadership and trust models have been developed in recent years to examine the interpersonal dyadic relationships, particularly in the context of organisations (Whitener et al., 1998; Lewicki, Tomlinson & Gillespie, 2006). Trust, in such a dyadic context, is a subjective measure that lies within the mind of an individual. However, the existence and the development process of that interpersonal trust are not the same for the leader or the follower. In this case, the trust in a leader is treated as a separate construct from that of a follower; hence there are two perceptions from the actors involved (Brower, Schoorman & Tan, 2000).

In addition to the role perspective, the meta-analysis of organisational trust literature across 40 years conducted by Dirks and Ferrin (2002) suggested that there are basically two perspectives to the nature of trust; i.e. character-based and relationship-based. The character-based perspective relies on the employees' perception of the supervisor's trustworthiness and willingness to be vulnerable to engage in subsequent risk taking behaviours that are commensurate with the extent of trustworthiness the employee perceives in his supervisor. The relationship-based perspective is based on how an employee views the nature of the relationship between himself and his supervisor, and the subsequent flow of social exchange, goodwill and mutual obligation that takes place in the leader-follower relationship, in the context of good citizenship in the workplace.

In both perspectives, Dirks and Ferrin (2002) assert that "trust is a belief or perception held by the follower and is measured accordingly; it is not a property of the relationship or the leader per se. " (p. 612)

In their study, the researchers found empirical evidence for the positive relationship and impact of interpersonal trust to work attitudes, job performance and organisation citizen behaviours. However, no investigation was conducted on what actually happens in the process of trust-building that results in a change in work attitudes, job performance and behaviours in the workplace.

#### 2.2.3.1 Trust is character-based

Let us explore the first perspective; i.e. character-based trust, which Mayer and his colleagues (1995) have deconstructed into a parsimonious model. In their model, they proposed that trust begins with the point of contact where the trustor and trustee judge each other's character based on three factors of perceived trustworthiness – ability (to do one's job), benevolence (kindness and goodwill) and integrity (principled or value-based).

The trustor's willingness or his propensity to trust will then drive his decision to take on the risk of trusting the other party, by engaging in risk-taking behaviours, to achieve an outcome, while assuming that the other will reciprocate with goodwill. In Mayer's model, the arrival at the decision is largely cognitive and rational. On the other spectrum, MCallister (1995) conducted an interesting study, which was one of the pioneering investigations that differentiates between cognitive-based and affective-based trust. In that seminal study, which later spurs other researchers to endeavour to locate where trust decisions are made, MCallister (1995) found that affective-based trust is more enduring and sustaining, when compared to cognitive-based trust.

LePine and his colleagues, guided by MCallister's seminal findings to extend Mayer's theory (2007) to conclude that when making trust decisions, both the heart and the mind are engaged. While job performance and integrity are linked to a more logical, cognitive-based trust, a person's character and his benevolence are more affective-

based. This means that one has to know how to engage the mind as well as the heart to build trust (LePine, Scott & Colquitt, 2007). A similar study by Chua et al. (2008) also found similar findings in that in different work contexts, the head and the heart are engaged differently; where the nature of the relationship is predicated by a reliant economic tie or is task-related in nature, the results show that cognitive-based trust has a higher significance than affect-based trust. However, if the relationship is mainly advice-based, that is one party seeks out career or task advice and has no direct hierarchical relationship between the two parties, then affect-based trust seems more prominent.

Again, in these empirical studies, the researchers are only focused on the extent to which the different antecedents spark off the trust process, the nature of the trust relationship in relation to predefined antecendents, and to what degree the observed work outcomes are related to the antecedents. While current perception theories do shed light into the cognitive and emotive processes, much remains unknown about how perceptions translate into willingness to trust and finally, demonstrate trusting behaviours to yield certain outcomes. Little attention is being paid to how perceptions are formed in one's mind; how one reacts emotionally to observed behaviours which form perceptions in the trustor's mind; how the perceptions ultimately influence the risk-taking behaviours resulting from observations and emotional responses. This research hopes to bridge this gap by weaving the various theories discussed here into the qualitative methodology employed in the study (see Chapter 3: Study Design and Methodology for more details.)

In Mayer's model, trustworthiness is not one- or two-dimensional in nature, but rather a continuum where the perception of trustworthiness can increase or decrease over time depending on the context at hand, and the willingness to trust or otherwise will be linked to that perception of trustworthiness (Mayer, Davis & Schoorman, 1995).

Even in the presence of data to support or negate trustworthiness, one can only judge the extent to which the other can be trusted, but that does not constitute trust itself. Hence, trust propensity acts to allow the leap of faith to trust beyond any sense of logic and experience. Lewis and Weigert (1985) said, "The cognitive element in trust is

characterised by a cognitive ‘leap‘ beyond the expectations that reason and experience alone would warrant − they simply serve as the platform from which the leap is made. ” (p. 971)

#### 2.2.3.2 Trust is relationship-based

In the second perspective of trust, the key component refers to a leader-follower relationship that has to do with the role and hierarchy, and how the follower perceives the nature of the relationship with his leader. Its dyadic nature examines the social exchanges as each party in the dyadic relationship begins to shape its own role and that of the other, by means of power assertion (as defined by the leader’s position in the organisation), reciprocity of goodwill and iteration of behaviours that demonstrate trustworthiness (Dirks & Ferrin, 2002).

One relevant theory here is the Leader-Member (LMX) theory which proposes that in this dynamic, trust is not necessarily equal or mutual, and that the nature and quality of trust a leader has for his follower is not the same as the follower’s for his leader, depending on whose perspective one is considering (Brower, Schoorman & Tan, 2000).

LMX theory differs from other interpersonal leadership theories in that it proposes that every individual is unique and therefore, a leader manages relationship exchanges differently, rather than having a general set of tools to manage the relationships with his or her employees within a team. The concept of similarity attractions, and in-group versus out-group relationships (Orbuch & Sprecher, 2003) govern this difference in the quality of the relationship, and addresses the leader’s and followers’ particular motivation to enhance and advance the relationship, or otherwise.

According to the LMX theory, an individual’s characteristics or personality influence the initial impression but as the relationship develops, the leader will test the follower with tasks that are simple in the beginning, but become more complex as the confidence of the leader in the follower’s competence grows. With the complexity and range of the iterative process of task assignment and task completion increasing, the role between the two actors consolidates and routine sets in. This is the development of trust

according to the LMX theory, and is consistent with the assumption that trust evolves over time (Lewicki, Tomlinson & Gillespie, 2006). The LMX theory examines the quality of an interpersonal relationship in a continuum and assumes the relationship will either develop into one that reflects loyalty, commitment or trust beyond one's employment contract, or on the other continuum, to stagnate or deteriorate to the point of employee fulfilling the contract expectations and nothing more (Brower, Schoorman & Tan, 2000). This point of trust evolvement within a timeframe and the iterative processes across the continuum is an important starting point and forms the key assumption for this research; i.e. that trust will evolve, even though first impressions count a great deal.

The LMX theory also relies heavily on social cognition theories and theories of perception in which the 'truth' lies in the mind of each person. The theory claims that the perceptions of truth concerning each other's ability or competence, benevolence and integrity will drive the behaviours of the trustor and trustee.

#### *Third party trust*

Other trust researchers believe that the role of gossip/rumours or a third party's role is also influential in amplifying the trustor's initial judgment to trust or not to trust, particularly where new and unfamiliar people are concerned (Kramer, 1999; Ferrin, Dirks & Shah, 2006). This complements history-based trust where a trustor makes an initial character judgment to trust a trustee, depending on prior experiences that are similar in nature, and then confirms or disconfirms his judgment with third party stories which serve as relevant information to supplement a trustor's judgment of the trustee's trustworthiness (Ferrin, Dirks & Shah, 2006). However, there is limited literature that expands on how the mental and emotional processes are affected to confirm or disconfirm, based on information received externally, in order to build the trust with each other or otherwise.

### *2.2.4 Where does trust begin and how does trust evolve in hierarchical relationships?*

Earlier sections have discussed the definition of trust, perceptions of trustworthiness and the nature of interpersonal trust in hierarchical dyads in a work setting. Dirks and Ferrin (2002), in their meta-analysis of literature on trust in leadership, asserted that many quantitative researches in the past have focused on the correlations and causal relationships amongst these antecedents and outcomes (Young & Daniel, 2003). For example, literature provides concrete evidence that trust in leadership correlates with positive job satisfaction, improved citizenship behaviours and employee loyalty. However, how this trust process evolves to influence the quality of trust and the outcomes of trust has not been extensively researched in either the qualitative or quantitative realms to date.

In this section, the discussion will focus on the actual mechanics of the trust-building process; i.e. what actually happens in the beginning of the process and how the relationship catalyses from a formal working relationship between supervisor and subordinates to a deeper relationship based on trust. The researcher will draw on existing research that focuses on trust-formation in the organisational context to provide some familiar frameworks but will also endeavour to identify the existing gaps in understanding more fully the phenomenon of trust. Perhaps the best way to start the discussion is to focus on trust-formation.

#### 2.2.4.1 Starting point to trust – Is it emotional or rational?

As Lewis and Weigert (1985) stated, "We cognitively choose whom we will trust in which respects and under which circumstances, and we base the choice on what we take to be 'good reasons,' constituting evidence of trustworthiness ". (p. 970) However, because trust only meaningfully exists when there is risk, trustors do not know with absolute certainty how the trustee will respond *a priori* (Mayer, Davis & Schoorman, 1995).

Two viewpoints would appear to coexist. McAllister (1995) investigated the role of emotions as another aspect of placing a certain degree of trust or distrust in the early

formative stage of trust relationships in hierachical dyads. This was a seminal work, which spearheaded other researchers to examine the role of affect-based trust in the workplace. McAllister's (1995) work was in contrast to the rational assessment proposed by Mayer et al (1995) which is based on a trustee's ability, benevolence and integrity. In Mayer et al.'s (1995) approach, trustors base their trust assessment on rational beliefs about the trustee's trustworthiness. To further strengthen the argument that emotions do play a role in trust formation, Lewis and Weigert (1995) also asserted that there is a place for emotional bonds to influence the development of trust in the workplace, in addition to cognitive reasoning. With emotions, comes the concept of 'intrinsic value' of the relationship, despite economists and traditional management researchers maintaining that it is the 'transactional value' of benefits and deterrents to trust.

This researcher agrees with MCallister (1995), Lewis and Weigert (1995) and Young's (2003) views that both emotions and cognition have a place in trust-formation in a dyadic relationship, because in the researcher's opinion, where there is risk and vulnerability, emotions will play a significant part. As Young and Daniel (2003) asserted, "Affect-based trust relationships affect the expressive qualities of interpersonal behaviour " (p.140) which explains the trust phenomenon much more richly than in a more shallow 'business-like' and clinical explanation of causal maps and correlations.

#### 2.2.4.2 Starting point to trust: Do we trust first or suspend all judgment or begin from a place of distrust?

Lewicki, Tomlinson and Gillespie (2006) reviewed the trust literature to understand how trust-formation comes about and found that there are two traditions of thought. The researcher, guided by Lewicki et al.'s analysis (2006), will summarise the key points of contention and convergence here, and will discuss the basis adopted in this study.

Researchers are divided on where trust begins; i.e. whether it is at zero level, at a low/high trust or low/high distrust level, whether trust-distrust is a single construct within a single continuum or whether the two elements are completely separate

(McKnight, Cummings & Chervany, 1998). While researchers have not agreed on these approaches to interpersonal development (Lewicki, Tomlinson & Gillespie, 2006), they can be grouped more or less in two schools of thought:

The **cognitive, behavioural tradition** (Lewicki, Tomlinson & Gillespie, 2006) purports that trust is manifested as an observed choice being made rationally to cooperate or not with the other party, in a given context. In this approach, the trust level begins at zero when there is no information available to judge trustworthiness at the beginning. As time goes by, trust grows or declines depending on the quality of cooperation between the two parties, as well as each party's internal motivation guiding behaviours to engender trust, or otherwise.

In the **psychological tradition** (Lewicki, Tomlinson & Gillespie, 2006) three different approaches are adopted, both cognitive and affective perspectives are brought into play to determine one's willingness to be vulnerable and manifest behaviours to signify trust in the other party. In the uni-dimensional approach within the psychological tradition, trust either begins at zero, or at a moderate-high initial trust level, or there may be even initial distrust. In this approach trust-distrust is placed in a single continuum and one continues to trust or not, depending on the behaviours that are demonstrated; i.e. risk taking behaviours, the personality of the trustee, the role the trustee holds and the organisational structures and culture. Factors that influence the trust-distrust decision are frequently based on personality, cognitive and social categorisation processes, roles assigned and systemic structures governing the hierarchical relationship (McKnight, Cummings & Chervany, 1998; Kramer, 2009).

In the two-dimensional approach, Lewicki et al. (2006) observed that trust and distrust are considered two separate continuums and relationships can begin with low trust or low distrust, due to the lack of information about the other (p.1004). The last approach, called Transformational Approach has extended the theory that trust begins at a calculative-based stage where the cost of not trusting is weighed against the benefits or rewards of trusting. Here, trust is believed to vary in kind and its nature transforms over time. As time passes and both parties have a chance to know each other's personalities and characters better. Mutual demonstrations and frequency of behaviours of

trustworthiness are observed and knowledge-based trust develops. Through self-selection and allowing for time, the trustor's prediction of the trustee's trustworthiness is further enhanced or deteriorated. In this approach, trust and distrust are separate constructs; i.e. if a person who has a low level trust for the other person, it does not mean that the other person is distrusted (Lewicki, Tomlinson & Gillespie, 2006). Table 2 provides a summary of the four approaches to trust development as discussed above.

Table 2: Theoretical Approaches to Trust Development (Lewicki, Tomlinson & Gillespie, 2006, p. 994)

| | | Psychological Approaches | | |
|---|---|---|---|---|
| | Behavioural Approach | Unidimensional | Two-Dimensional | Transformational |
| When does trust begin? | Trust begins at zero when no prior information is available. Trust initiated by cooperative acts by the other, or indication of his motivational orientation | Trust begins at zero or at moderate-high initial trust; initial distrust is also possible. Factors influencing trust level may include personality, cognitive and social categorisation processes, role-based behaviours, trustee reputation and institution-based structures | Trust and distrust begins at low levels when there is no information available about the other party. Trust-distrust dichotomies are separate constructs. Factors influencing trust and distrust levels may include the breadth and depth of relationship or structure of interdependence in the relationship | Trust begins at a calculative-based stage. Trust initiated by reputation, structures that provide rewards for trustworthiness and deterrents for defection. Trust grows with positive relationship history, increased knowledge and predictability of the other and further develops as emotional bond deepens and values shared. |

This research assumes the **psychological, transformational approach** to trust initiation and assumes that trust and distrust are separate constructs. It is not within the scope of this research to examine distrust.

#### 2.2.4.3 Who initiates the trust-formation process? Why?

While investigating a dyad relationship between supervisor and subordinate, researchers have found that the quality and level of trust depends on either a top-down or bottom-up approach (Kranas et al., 2007; Werbel & Henriques, 2009). From a hierarchical (top-down) point of view, a supervisor's trust bestowed upon his employees would be

different in terms of risk and vulnerability. Managers in positions of power are most likely to be the people who should and would initiate trusting relationships as part of the social exchange processes (Whitener et al., 1998). From a motivational standpoint and in the tradition of calculus-based trust stage, managers weigh up the costs and benefits of trusting their employees by initiating trusting behaviours. This may be achieved for instance, by empowering employees to complete a task without excessive supervision in order to obtain, among others, a reciprocated behaviour of trustworthiness in their employees (Werbel & Henriques, 2009). Therefore, it seems that there is a cognitive decision by the leader to initiate trust, possibly in a limited delegation of a small set task. The leader's trust in the employee will gradually be increased as the employee starts to 'earn' the leader's trust by demonstrating he can deliver effectively. Delegation, according to the LMX theory (Werbel & Henriques, 2009), is a positive step to build incremental trust as well as to 'test' the employee's ability to carry out the responsibilities according to the leader's expectations. Within this limited context, the employee also feels that he is empowered to do his job and decides to gradually invest his emotions in the relationship and trust his leader to reciprocate his effort and investment.

#### *Leader initiates trust and reaps positive benefits*

According to Kranas et al, (2007) an employee's trust in his boss will influence his own workplace behaviour, which makes the leader's job of building up a nurturing and positive environment in the workplace all the more important.

Based on the evidence provided in the abovementioned research, it seems prudent for competent supervisors to want to initiate that process to generate goodwill immediately, start empowering people and generally boost morale. Employees who respond will be rewarded with recognition, better quality relationships with their bosses, and will sustain positive workplace behaviours in general.

This means that the principled stand the leader takes at the initial trust-formation stage is critical to project the right perception of trust to the employee. There are two options to consider:

**Option One** is to trust first, immediately delegate a small, limited task to demonstrate trusting behaviour, and to assess if the trust is placed well at the end of the task. In this option, the trustor (leader) and trustee (employee) in a new relationship, will have a better understanding of the work scope at hand, and have reasonable time to interact with each other to either reinforce or negate their own perceptions and character judgment and proceed to deepen or reduce the trust-building intensity.

**Option Two** is to begin at a place of distrust (or suspend judgment) first, in order to manage one's own expectations about the outcome. In both options, the delegation behaviour is demonstrated but the key question is, will the employee be discerning enough to have perceived that his supervisor trusted him in the first place? In addition, does that cause him to feel empowered and trusted to complete the modest task, and motivate him to do his best, to gain more trust from his supervisor in the future? Or, as this researcher suspects, has the employee detected that his supervisor did not really trust him and that the delegation behaviour was intended to test the employee's abilities before he is entrusted to do bigger tasks. It can turn into a psychological game, but it must be noted that the focus here is about 'perceptions of trust' of the other party, and not the actual act of trust placement itself. This research will focus on employees' perceptions of trust because of their leader's trust-distrust behaviours in such instances, and the actions that lead to that trust-formation stage on both sides.

The next section describes the different stages of trust development. To this end, the researcher will use Lewicki et al.'s (2006) model to explore the various stages, to set the stage for discussion of the data and emerging themes from this research.

***Lewicki et al.'s (2006) model of interpersonal trust development***

In this section, the researcher will describe Lewicki et al.'s (2006) model (p. 7008) which was developed specifically for the business context. The model (See Figure 4) is based on a hypothetical situation, which is relevant to this research in order to understand trust-formation and the accompanying cognitive, and emotional processing as trust evolves over time.

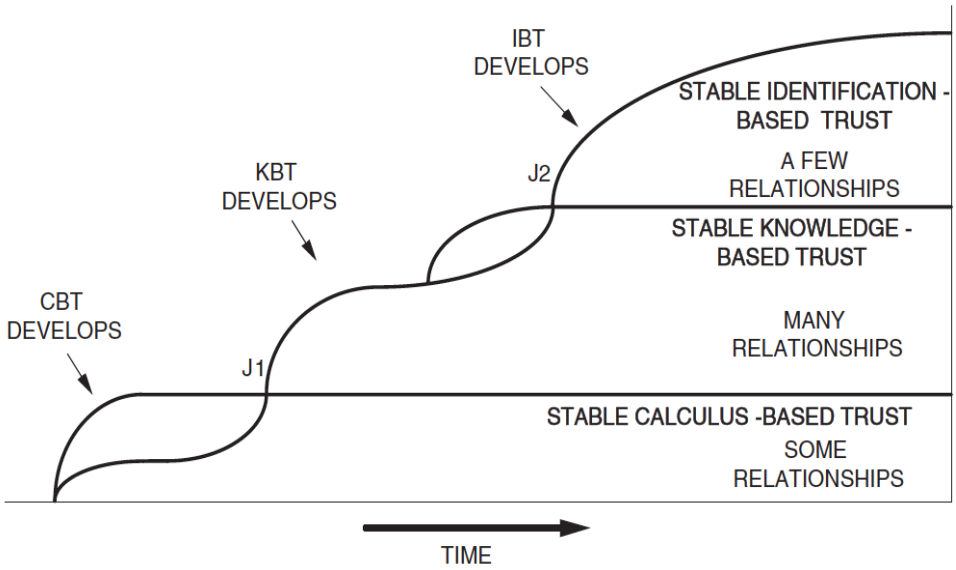


Figure 4: Lewicki and Bunker's Stages of Trust Development (2006, p.7008)

In the case of Option One described earlier, the leader and employee start at the first stage of trust-formation; i.e. the **Calculus-based Trust (CBT).** Here the leader calculates the costs and benefits of trusting his new employee and the employee makes that cognitive decision as well. The leader and follower, depending on their individual predispositions to trust and their personalities, will then decide cognitively to either suspend judgment (trust level=0) or begin the relationship with the position of moderate or even high trust.

When the new employee earns his leader's trust by exhibiting positive behaviours such as consistent quality and timely delivery of his work, and taking proactive steps to continuously his work, his leader would be encouraged and more confident to delegate and further empower the employee. At this point, the trust stage evolves into **Knowledge-based Trust (KBT).** This is the stage where the leader can consistently

expect a certain level of performance from this employee, poor or otherwise, and conversely, the employee can expect consistent behaviours of trust and delegation, or lack of, from his leader because of his own performance. Here, risk and uncertainty are managed to the lowest level by both sides, and in return, predictability and reliability are present to take the relationship to the next level. In summary, many relationships can develop to the stage where a leader, based on observation and knowledge accumulated over time about his employees, will consistently trust or distrust more, and empower less or more. In the same way, the employee can intuitively feel whether his leader trusts him or not as he gathers more knowledge and comprehensive experience of how the leader treats him in terms of delegation and empowerment.

The next stage is more selective, to which only few relationships within the workplace will advance. Here the transformation of the nature of the leader-employee relationship is more pronounced and intentional. With time each party decides emotionally to invest more significantly in terms of time and emotions, such as getting to know the other party better, outside of the immediate scope of work. The relationship develops to the **Identification-Based Trust (IBT)** stage. Here similarity in terms of values, principles and interest held by these individuals may be more important in the development of trust. Frequently comments such as 'We are now friends' are heard when describing the nature of the leader-employee relationship.

In the researcher's opinion, the advancement from stage to stage is more effective since the initial stage starts at an intellectual level and is transactional in nature. This is due to the principles of taking a 'leap of faith' and the willingness of both parties to take the risk of being vulnerable, to go beyond just addressing the work scope and issues at hand. It requires emotional investment and motivation or internal drive to take that step. It follows the principle of trust being a psychological state, and therefore, takes into account that emotions are integral to making the decision to trust. It is also understood that it has to be reciprocal otherwise the advancement of trust to a more emotive state will not happen or will not be stable over time. Given that earlier in this text trust development in a dyad has been seen to unfold in a multi-faceted social and relational context, as well as a cross-cultural context, it is now pertinent to investigate how trust development unfolds in a cross-cultural context.

In the next section, the cross-cultural lens will overlap onto the previous discussions on pre-conditions to trust, trust-formation and evolution of the trust-building process, in order to review the common denominators and significant differences that past literature has uncovered to identify potential gaps in the intersections of these literatures. These gaps have given rise to the research questions that the researcher endeavours to answer in this study.

### *2.2.5 Through the cultural lens in interpersonal trust-building*

Thus far, trust literature has revealed several key points of convergence across various disciplines; i.e. trust is broadly defined as a psychological phenomenon, which involves a leap of faith in the presence of risk and vulnerability (Deutsch, 1958). There is a correlation between trust in the workplace and specific outcomes including job satisfaction, performance, loyalty and commitment to organisation. Trust is in the eye of the beholder, and the quality of trust in hierarchical dyads differs from leader to follower. Trust is influenced by several factors such as the propensity to trust, perceptions of trustworthiness such as the trustee's ability, benevolence and integrity, and the individual's perception of risk (Dirks & Ferrin, 2002).

What is less documented is to what extent trust affects the antecedents, process and outcomes of trust-building when a cultural lens is superimposed on this trust phenomenon. (Yamagishi & Yamagishi, 1994; Doney, Cannon & Mullen, 1998). As Doney et al. (1998) said, "Although anecdotal evidence suggests cross-cultural difference in the way trust develops, there has been little theoretical guidance about the reasons for such difference." (p.617)

It is becoming more relevant to examine trust-building in cross-cultural contexts because in an increasingly globalised and integrated world, many global leaders are finding themselves having to report to supervisors of different nationalities, and having to manage local teams in different countries, as corporations expand their regional diaspora in all corners of the globe. The question to be ascertained is to what extent is the trust-building process, particularly in hierarchical dyads, different in a cross-cultural context.

#### 2.2.5.1 Propensity to trust – The influence of national cultures

Firstly, the various factors leading to trust, one of which is our propensity to trust, should be revisited. While the psychological state of trust is considered universal, cross-cultural researchers have claimed that propensity to trust may be connected to national culture (Doney, Cannon & Mullen, 1998). Here, the authors (1998) regarded 'national culture' not as limited geographic boundaries, but rather a label to distinguish a society's unique characteristics, "shared by a large number of people conditioned by similar background, education and life experiences" (p. 607).

Yamagishi's (1994) research on the emancipation theory of trust juxtaposed in-group trust development between Americans and Japanese, and found evidence that Americans, being from individualistic countries are more likely to foster trust when compared to the Japanese who tend to be from collectivistic cultures. The author explained that the difference in trust levels observed in different cultural groups is attributed mainly to dimensions in individualism-collectivism, a dichotomy purported by Hofstede's landmark cross-cultural study (1980). Vignoles et al. (2009) expanded Yamagishi's research to include 31 other countries and found consistency in the findings, concluding that national culture, particularly from the perspective of the individualism-collectivism dimension, influenced the development of trust.

Similarly, in Casimir et al.'s (2006) research, which investigated the mediating effects of trust in hierarchical relationships in Australian and Chinese companies, found that Australian followers reported significantly higher levels of trust in their leaders than the Chinese counterparts. It seems that this particular research uncovered that developing trust in Chinese culture may be more difficult for Chinese leaders. The researchers postulated that there are differences in trust levels in these two cultural groups. Cultural groups which are considered to be high in power distance and high in collectivism (e.g. China) may tend to view others as a threat, and may not trust that easily. In contrast, cultural groups such as Australia, which are low in power distance and high in individualism, believe that trust influences leadership and performance (Casimir et al., 2006).

#### 2.2.5.2 Similarity attracts

Doney, Cannon and Mullen's (1998) research asserted that the reason why some relationships have a better chance of building trust and others fail to do so is largely due to whether the trustor and trustee share similar values and background. This transcends the simple categorisation of ethnicity or nationality, but rather, looks at the probable attraction between the two parties due to similarities in values, educational background, philosophy on life and the like, as each party assesses each other's trustworthiness before plunging into a relationship of trust. In this case, trust evolves from an initial calculative phase to one of intentionality and motivation for both parties to trust each other as long as one perceives the goodwill of the other.

Interestingly, Selmer (1996) found that local Chinese employees prefer to work with leaders from different nationalities than with their own local Chinese leaders, as they perceive the former would provide more support to them in their careers than local leaders would.

Another research conducted by Banai and Reisel (1999) found that trust between leaders and followers of similar nationality, in a largely domestic (homogeneous) environment is significantly higher than trust between leaders and followers of similar or differing nationalities, in a cross-cultural (heterogeneous) environment. Interesting to note though, is that they found no significant difference in trust levels between leader-follower dyads of similar-nationality pairing and dissimilar-nationality pairing, in the cross-cultural environment.

Based on this evidence it is fair to expect that in leader-follower dyads in a multi-national corporation (MNC) environment, trust relationship levels are not dependent on similarity of ethnicity or cultural group. Other factors like gender, rank or personality may explain perceptions of local employees of foreign or local superiors' supportive behaviours towards them in an MNC environment. The abovementioned researchers opined that in MNC environments, employees may be more open to working with leaders of different nationalities, and build trusting relationships based on factors other

than similarity in ethnicity, compared with employees of domestic organisations who would rather build trusting relationships with leaders of the same ethnicity.

This is important since, with the increase in globalisation and the numbers of global managers being allocated to international assignments, these managers need to have an appreciation of how different cultural groups perceive their leadership styles, and consequently, how the members of the different cultural groups make decisions to form trusting relationships with these global managers.

#### 2.2.5.3 Factors of trustworthiness: A cultural spin

Much of the well-known research in interpersonal trust theories has been primarily from the West (McAllister, 1995; McKnight, Cummings & Chervany, 1998; Kramer, 1999; Mayer & Gavin, 2005; LePine, Scott & Colquitt, 2007). There is consensus that the relationship between trust and trustworthiness is a pre-condition to trust, and trustworthiness is made up of perceived ability, benevolence and integrity. Researchers have explored and evaluated the influence of cognition versus affect in assessing one's trustworthiness, and appear to agree that cognition processes seem to drive the decision to trust in Western societies (Dirks & Ferrin, 2002).

However, recent cross-cultural research has shown that there is more to it than this, in terms of cognition processing in trust decisions. In the last few years, there has been heightened interest in understanding how the meaning and execution of trust is perceived in different cultures in developing countries, particularly in the East (Tan & Chee, 2005).

In Western societies such as the USA or Northern Europe (e.g. Britain or Germany), much focus is based on competencies and performance orientation, where business relationships and trust are concerned. Chinese society in contrast with the West, places much emphasis on harmony, reciprocity and loyalty in the context of building trusting relationships. For example, competence aside, a Chinese manager is supposed to trust his employee, and in turn, will earn loyalty from the latter (Wang & Deng, 2009).

Tan and Chee (2005) for example, found that in Confucian-based societies like Singapore, Taiwan and China, people place much emphasis on relationships and expect more out of them emotionally. The trust people refer to, when making decisions, is more personal and intimate in nature, emotionally motivated, rather than based purely on cognitive reasoning such as reputation or professional conduct (Kranas et al., 2007).

#### 2.2.5.4 Cultural differences in trust in leaders and how we perceive leadership

While certain leadership attributes are universal, people across the globe have different ways of and criteria for judging their leaders' effectiveness (Javidan et al., 2006), as evidenced in the results derived from Project GLOBE (House, Javidan & Dorfman, 2001), which stands for Global Leadership and Organisational Behaviour Effectiveness (GLOBE). GLOBE is based on extensive research on the Implicit Leadership Theory (ILT) which holds that individuals possess a set of beliefs, perceptions or stereotypic views about the competences, personality traits and behaviours that influence leadership effectiveness (Javidan et al., 2006). Given that this research endeavours to examine trust in leadership, particularly in a hierarchical relationship within an inter-cultural context, it is relevant to draw from GLOBE's findings how trust in leadership as a construct is both etic and emic. By superimposing a cultural lens on the ILT, GLOBE researchers have managed to conceptualise six universal leadership attributes and nine cultural dimensions, which they claim are culturally-implicit from one society to another. The extent to which the culturally-implicit leadership attributes shape the trustor's perception of the trustee's trustworthiness may shed some light onto the various prejudices, biases and cultural baggages that an individual holds as he makes trust decisions to engage and/or reciprocate in risk-taking behaviours.

The universal attributes are charismatic/value-based, team oriented, participative, humane-oriented, autonomous and self-protective. The culturally endorsed implicit leadership attributes are: performance orientation, assertiveness, future orientation, humane orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance and uncertainty avoidance.

Table 3: Project GLOBE's (2001) universal leadership attributes and cultural dimensions

| Universal leadership attributes | Culturally-implicit leadership attributes |
|---|---|
| 1. Charismatic or value-based<br>2. Team oriented<br>3. Participative<br>4. Humane-oriented<br>5. Autonomous<br>6. Self protective | 7. Performance orientation<br>8. Assertiveness<br>9. Future orientation<br>10. Humane orientation<br>11. Institutional collectivism<br>12. In-group collectivism<br>13. Gender egalitarianism<br>14. Power distance<br>15. Uncertainty avoidance |

These are claimed to be identified as attributes that are contingent upon national culture; i.e. they may work in one culture, but may not necessarily work in another. For example, while both American and Chinese leaders like to work with people who are performance-oriented, they view 'assertiveness' very differently. In America, assertiveness is a much-revered trait as leaders are expected to communicate directly with others, communicate self-confidence and instil confidence in others. In China, by contrast, that same trait is viewed negatively as leaders like to use a more indirect communication approach to avoid hurting someone's feelings and to 'save face.' Consider this example: if an American leader working in China does not appreciate such differences and continues to uphold his natural instincts to be assertive in a difficult situation, then the local employees may feel they have not been respected or that they have been denigrated, thus reducing or eliminating any chance of building trust between leader and follower (Javidan et al., 2006). Similarly, in perceptions of risk, when making decisions to place trust in another, what is risky for one person may not be risky to another, particularly in the context of a cross-cultural situation. Using GLOBE's category of 'Uncertainty Avoidance,' we find that in individualistic cultures such as the Anglo-Saxon countries (e.g. USA, Europe), leaders prefer to take a less cautious approach and are more likely to take some risks as they see the risk-taking behaviours as mostly their own. However, in collective cultures like Brazil or China for example, where leaders are revered and are considered to be of a different class and breed, risk-taking behaviours are more frowned upon because of the perception that

whatever behaviours one exhibits and risks that one takes, will invariably affect or cause a series of effects on the rest of the community. Therefore, the other peoples' views and reactions need to be taken into consideration more visibly and deliberately than the average American leader, for example.

However, this exertion of a national culture's critical role in shaping trust behaviours in the workplace may be contentious. It is possible that without diminishing the role of national culture in trust-building, there are increasingly, more studies that show that there are also salient influencing factors such as the role of workgroup membership, organisational cultures and work values, as well as leaders' personality traits in impacting trust-building in the cross-cultural workplace (Orbuch & Sprecher, 2003; Chen, He & Zhang, 2004; Loh, Smith & Restubog, 2010).

In other cross-cultural studies, evidence has shown that while manager-subordinate relationships are greatly underpinned by societal factors and cultural variables that shape citizen behaviours and related outcomes, they may just as been driven by organisational requirements as well (Yamagishi & Yamagishi, 1994; Fulop & Wang, 2007; Loh, Smith & Restubog, 2010). Furthermore, the degree of initial trust or distrust one places on the leader or follower can depend on cultural background, personality and predisposition to trust, organisational culture and cognitive processes that lead to judgments to trust or not (McKnight, Cummings & Chervany, 1998). The same applies to different working environments, where trust in leadership is usually shaped by the culture in which the workplace is situated. For example, a rule-based environment (e.g. Singapore) and a governance-based environment (e.g. America) will not drive the same attitudes and performance-related behaviours in domestic or foreign employees (Maurer & Li, 2006).

In summary, this researcher cautions that inferring individual behaviours from cultural studies can be dangerous, as this involves only postulating an individual's behaviours and values from a much-generalised concept of norms and practices that are man-made called culture. Research by Hofstede (1980) and House et al.'s GLOBE project (2001) derived cultural implications from individuals within national cultures. To refer that generalisation back to individuals simply abdicates an individual's role and motivation

in making trust decisions that may or may not be aligned to cultural values. People may become fatalistic and deterministic in their workplace behaviours if they just rely on their own cultural values to determine and shape their individual behaviours and interactions in the workplace. As GLOBE researchers have rightly pointed out, theoretical cultural values and actual cultural practices may not be the same (Javidan et al., 2006; Javidan & Dastmalchian, 2009). In other words, while individuals may very well be a product of their cultural programming, they are not necessarily chained to the cultural values held by their society.

In the next section, the discussion will follow another path to look at one critical role in cross-cultural leadership studies; i.e. the expatriate leader. Investigating the expatriate leader begins with examining the existing expatriate literature, specifically on how expatriate leaders and local followers build interpersonal trust with each other, within the context of expatriation and acculturation. The investigation aims to uncover potential gaps to existing research in order to find meaningful contribution as interpersonal trust and expatriate literatures converge.

## 2.3 Expatriate literature: Current contribution and discussion

Expatriate literature is broad. It covers familiar themes such as:

- expatriate adjustment
- expatriation and repatriation processes
- policy-making (e.g. recruitment and selection, performance management, compensation, training)

The literature converges into cross-cultural leadership theories and of late, into emerging theories on perceptual-cognitive abilities, cognitive thinking, universal and culture-bound personality traits, emotional intelligence and cultural intelligence (Shaw, 1990; Caligiuri, 2000a; Lord, 2000; Caligiuri & Santo, 2001; Ang, Van Dyne & Koh, 2006).

In addition, expatriate literature is examined alongside disciplines such as the inter-cultural communication and negotiation literatures, particularly in the socio-psychological perspective. This angle, proves quite relevant to understanding the concepts of power, influence and trust in the face of inter-cultural negotiations and conflicts, and is very much applicable in cross-cultural business contexts today. (Ting-Toomey & Kurogi, 1998; Kopelman & Olekalns, 1999; Wolfe & Mcginn, 2005).

For the purpose of this thesis, however, the discussion will only focus on expatriate adjustment literature in this section, with specific attention to expatriate leadership effectiveness and how it links into building interpersonal trust with local employees in the workplace. In reviewing the existing contribution in expatriate literature regarding this focus, the researcher will attempt to identify the gap leading to the Research Question 1, on the trust-building process.

### *2.3.1 Expatriate adjustment literature*

Most expatriate literature (eg:Tung, 1981; Mendenhall & Oddou, 1985; Black, Mendenhall & Oddou, 1991; Powell, 1992; Selmer, 1996; Florkowski & Fogel, 1999; Yiu & Saner, 2000; Caligiuri & Santo, 2001; Glick, 2002) starts with the argument that globalisation places tremendous pressure on multi-national companies to produce 'global managers' or expatriates who can adjust fast and perform effectively across geographic/cultural borders. Researchers in these literatures cite statistics on expatriates' failure to adjust as an impetus for change. Tung's (1981) often-cited research, was one of the early works which tried to provide a contingency framework for selecting and training the right expatriates for overseas assignments (Tung, 1981) to arrest the issue of expatriates' premature returns from assignments and increase expatriates' chances of success abroad. Tung called for selection decisions to be made beyond just technical competence, but to consider the degree of local interaction required by the job, individual personality traits and relational abilities and family situation when assigning individuals overseas. Tung's seminal work documented expatriates' reasons for failure, started the systematic examination of the relationship between expatriate adjustment success and personal characteristics, and suggested that expatriate failure can be minimised if pre-departure training of varying rigor and

tailored according to job assignments are made available to expatriates to prepare them for various cross-cultural encounters. Her expatriate selection framework to reduce the cost of expatriate failures abroad formed the foundation for future adjustment theories.

While there is a greater sense of caution in putting a price tag on expatriate failure or cite high failure rates as originally observed, the question still remains about the reasons for expatriate failure (Harzing & Christensen, 2004). Particularly, from a human resource management perspective, the practical challenge remains to find the root causes and the solutions to minimise the rate and cost of expatriate failure. Emerging expatriate researchers (Harzing, 1995) challenged earlier thoughts that expatriate adjustment and expatriate-centred factors are the main contribution to expatriate success or failure.

#### 2.3.1.1 Role of HCNs become increasingly prominent

As expatriate adjustment has evolved into the present day, there is more attention being placed on other factors beyond the expatriates themselves, such as HCNs' roles (Vance & Paik, 2005), and investigations are being conducted into the consequences of adjustments; i.e. workplace satisfaction and loyalty (Shay & Baack, 2006), performance (Caligiuri & Santo, 2001; Shay & Baack, 2004), and influence that the parent company exerts (Aycan, 1997; Sohn & Paik, 2004). The impact of HCNs will be reviewed in the next section in order to understand the link between expatriate adjustment and expatriate effectiveness, and HCNs' roles in establishing the connection for the investigation of the trust-building process.

#### 2.3.1.2 Impact of host country nationals in successful adjustment

Florkowski and Fogel (1999) investigated the impact of host country treatment in Aycan's model (1997) of expatriates' work adjustment, host commitment and parent commitment. The study used expatriates' perceived host ethnocentrism as a proxy for host country treatment, and empirically proved that it has a direct negative effect on work adjustment and commitment to the host country. The study, however, did not make a link between the findings of the relationship between perceived host

ethnocentrism and the actual role of host unit treatment in reducing the expatriates' ability to adjust better at the workplace (Florkowski and Fogel, (1999). In effect, the study focused on cognitive perceptions on the part of the expatriates towards their local colleagues, and postulated the correlation thereafter. This discussion will be continued in Section 2.5 when it delves further into perceptual-cognitive theories that influence expatriate leadership perceptions in host country nationals.

In the abovementioned study, expatriate adjustment was not being looked at as the end itself but one of the critical means to achieving performance effectiveness and overall desired outcome in the organisation.

#### 2.3.1.3 Performance effectiveness and expatriate's work adjustment

Black and Gregersen's Expatriate Adjustment Framework (1991) defined three dimensions of expatriate adjustment, which included work adjustment, the broader interaction adjustment and general adjustment, and the various relationships to factors such as role clarity, prior cross-cultural experience and spouse's adjustment to the new environment. However, this literature review discussion will be limited to expatriate's work adjustment and its relationship to expatriate performance, given that the scope of this research is in the workplace.

What constitutes 'expatriate performance' and to what extent it contributes to an expatriate's adjustment, or if it is even an outcome to expatriate's adjustment remains a contentious topic. Early studies (Mendenhall, Dunbar & Oddou, 1987; Tung, 1987; Black & Gregersen, 1991; Aycan, 1997) have equated premature return rates as a measure of performance failures. Recent researchers (Harzing & Christensen, 2004) charged that an expatriate's sole performance was measured based on how successful he or she was in exerting head office control over the foreign subsidiary unit the expatriate is charged to take care of in his assignment (Sohn & Paik, 2004; Maurer & Li, 2006). Researchers are also divided in deciding to what extent, if at all, the expatriate's adjustment affects workplace performance. For example, Kraimer, Wayne and Jaworski's (2001) study did not yield a positive correlation between performance effectiveness and expatriate adjustment, whereas Shay and Baak's (2006) research on

modes and degree of expatriate work adjustment to performance did. This could be due to a different method in sampling where the former study used supervisor ratings primarily to correlate the relationships, whereas the latter study used ratings from host country nationals.

Regardless, cross-cultural researchers in this field do agree that an expatriate's performance effectiveness goes beyond the technical completion of tasks assigned (Caligiuri & Santo, 2001; Shay & Baack, 2004; Shay & Baack, 2006). Here, there is consensus that an expatriate's performance is both the technical competence the expatriate brings on board to complete a task at hand, and the contextual performance required, by way of blending leadership abilities and social skills, to interact and socialise with host country nationals. More importantly, researchers argue that establishing and building relationships with host country nationals is a key to an expatriate leader's performance, and ultimately, adjustment. In other words, in order for expatriate leaders to be perceived as being effective, they must be regarded as having performed effectively in the local context (Kraimer, Wayne & Jaworski, 2001; Shay & Baack, 2006).

Maurer and Li (2006) proposed that at the macro-level, societal cultural variables such as political, legal and economic factors, will shape the expatriate-HCN relationships, which in turn, "drive attitudes and performance-related behaviours of HCNs in the expatriate's management team" (p. 32). The challenge of building these successful relationships increases if the expatriate and HCNs come from very different cultures with very different societal rules. For example, an expatriate leader from a rule-based governance system like America, and an HCN who comes from a relationship-based governance system like in China will need to understand and appreciate each other's differing work relationship expectations. The American expatriate's performance, in this case, is highly dependent upon his ability to manage the opposing tensions of rule-based expectations of the Western MNC culture, and the relationship-based expectations of local employees (Maurer & Li, 2006) as he works to build and sustain effective working relationships with his HCNs.

#### 2.3.1.4 Future directions

In a recent study, Takeuchi (2010) critically examined expatriate adjustment through multiple viewfinders, beginning with the expatriate's interaction with his or her family nucleus and the resulting work-family conflict that arose, based on the success of adjustment at work. He questioned the macro effects of the parent company 's strategy in relation to its foreign subsidiary, which greatly influenced the decision-making autonomy, interaction mechanisms, set the cross-cultural organisational tone where expatriate is located, and inadvertently, shaped the way in which the expatriate will adjust at work, successfully or otherwise. Takeuchi (2010) also called for future research to examine the role of perceptions that HCNs have regarding their expatriate counterparts, and the inclusion of HCNs in aiding expatriate adjustment. He called for future research to adopt a multi-view perspective, and examine the role and effect of more than one variable at a time, to enable a more holistic view of expatriate adjustment.

### *2.3.2 Expatriate adjustment theories and performance effectiveness – In the eyes of the beholder*

Yet another multi-faceted model is the one proposed by Shay and Baack (1999) which investigated relationships between modes and degrees of expatriate adjustment and how they relate to expatriate effectiveness and performance. The authors argued that in order for expatriates to be considered successful in work adjustment, expatriates must be perceived as effective and performing well in the local context. The novel construct here is that expatriate performance is gauged from HCN employee's perception of the expatriate's task and contextual performance; i.e. in the actual task itself, and in establishing and building working relationships with employees and HCN employees.

As the expatriate adjustment models become more complex, attention can be moved away from understanding the expatriate's actual experience on the ground, and the resulting impact on the local people with whom they work. Shay and Baak's (2004) model, however, has the potential to capture an expatriate's experience as well as experiences of others (in this case, in the form of HCN subordinates' perceptions) in their interaction with the expatriate. An individual can perceive at the cognitive and

meta-cognitive level of what he sees; i.e. the outward manifestation of the expatriate's leadership and interaction behaviours, and then make a judgement of the observed behaviours. Hence, an expatriate's personality traits and characteristics significantly come into play here. The present work will segue to more psychology-based theories that lend themselves well to understanding the expatriate adjustment experience from the perceptions of others in Section 2.5. In the next section, the researcher will highlight an apparent literature gap that can connect the interpersonal trust and expatriate literatures to a common platform of analysis; i.e. in the cross-cultural context, and shine a spotlight on the expatriate-HCN interpersonal relationships to uncover some answers on trust-building processes.

## 2.4 Literature gap in interpersonal trust and expatriate effectiveness leading to RQ1

So far, existing expatriate literature has established that one of the factors contributing to expatriate success is work adjustment, and that adjustment in turn, is dependent on the expatriate's ability to build and sustain relationships with his HCNs.

Another major point made in trust literature is that as expatriate leaders and HCNs negotiate cross-cultural challenges, and form a trust-based relationship between each other, the EL-HCN interpersonal relationship is subject to each party's cultural background, societal norms and values (Hofstede, 1980; Doney, Cannon & Mullen, 1998). Doney, Cannon and Mullen (1998) for example, asserted in their findings that the more trustors and trustees share the same norms and values, the greater the chance of developing a trusting relationship between the two. In a cross-cultural work team where people will most likely have different values and norms underpinning the work team, the challenge is to take that leap of faith, believing that trusting behaviours will be beneficial to the alliance (Carson, 1990; Luo, 2002). In cases where cultural distances are great, the onus is on both the HCN subordinate and the expatriate leader to try to bridge that gap of values and norms perhaps through different paths to trust-building. One consistent pattern across these research studies is the observation that when expatriate leaders try their best to adapt to the local culture, and socialise with host country nationals, the HCNs find it easier to trust them (Bird et al., 1999). However, not

many studies have taken that theoretical leap between expatriate effectiveness and trust development.

Research in this area has also been mostly in the quantitative tradition (Dirks & Ferrin, 2002). To extend this existing literature, the researcher formulated the first research question to examine the trust-building process in a qualitative enquiry mode. This research question attempted to better understand how the foreign supervisor-local subordinate dichotomies in a cross-cultural context, each perceives each other's trustworthiness, why they decide to take the leap of faith, and how they experience risk-taking events that will lead into deeper levels of trust through time.

Hence:

**Research Question 1 (RQ1) - How do expatriate leaders build trust with host country nationals in an inter-cultural context**

In the next section, the researcher will examine literatures on perception theories and how these theories shape our judgment of another person's trustworthiness, and what happens when these perceptions do not match our own mental schema. The discussion will lead into this study's Research Question 2.

## 2.5 The role of perceptual-cognitive theories in expatriate leadership perceptions

In Section 2.3, the discussion ended on whether an expatriate's experience in the workplace is better explained through the eyes of others; i.e. making assessments through the perception of local HCNs, whether the expatriate leader is successfully adjusting in his or her workplace and the extent to which he or she performs well in a new cross-cultural environment.

### *2.5.1 Perceptual-cognitive theory*

According to Yiu and Saner (2000), expatriate effectiveness will be greatly enhanced by the ability to master perceptual-cognitive competencies, in addition to specific managerial knowledge and skills. The authors postulated that the way to negotiate through the ambiguity of the expatriate's role is to understand that specific role in the cultural environmental contexts. To do so, an individual has to have these perceptual-cognitive abilities, which allows him to be able to function simultaneously in both 'field independent' (reliant on internal frames of reference) and 'field dependent' (reliant on external frames of reference) modes in a given cross-cultural situation (p. 322).

This implies the ability to juggle between using an objective, logical and analytical mind to assess the situation at hand, and paying attention to external emotional stimuli and employing effective interpersonal skills to interact with the situation. The greater the cultural distance, as operationalised by Hofstede's (1980) cultural dimensions, the more important is the need to master the integration of these differing cognitive processing skills of field independence and dependence. More significantly, the authors asserted that these perceptual-cognitive abilities could be learned and taught (Yiu & Saner, 2000).

Saner and Yiu's (2000) model assumes the label, 'leadership' and all its connotations to reside within the expatriate leader, and therefore, the mastery of perceptual-cognitive abilities will positively influence HCN employees' perception and acceptance of the expatriate leader's leadership behaviours. This model also assumes that regardless of individual personality, cultural backgrounds and contextual situations, each expatriate will equally and unequivocally be able to switch between field-dependent and field-independent modes to deal with day-to-day interactions or crises. The logical next step of translating these cognitive abilities to actual behaviours that can result in performance effectiveness is not specifically evident even though the authors have linked the mastery of these abilities to managerial effectiveness.

### *2.5.2 Social cognitive theory*

Bandura's (2001) agentic perspective on cognitive processing may be able to lend an explanation on why certain expatriates have better control of their cognitive abilities to interact more effectively in cross-cultural situations than others. He asserts that people in general, are not merely passive products of their environments. Instead, people are "agents who will intentionally make things happen" (p. 2) by reflecting intentionally about their own capabilities against a backdrop of their own current existence, and having the forethought of the future outcomes that drive internal motivation. The persons who are able to 'see' or anticipate a future outcome in their immediate context will make the conscious decision to self-motivate and self-regulate to exercise control over their own personal circumstances. They will attempt to correct or adjust their perception of the current environments and reconstruct their external realities to bring about their desired outcomes as they foresee or perceive them to be. Not everyone has the same perceptive abilities and foresight; the more efficacious and perceptive ones will influence others to change according to their 'rules' and exert control over outcomes. This is in essence, the 'survival of the fittest' game (Bandura, 2001, p. 22).

This researcher also subscribes to this theory and proposes that an effective expatriate leader will have enough self-efficacy and self-awareness to be able to foresee and anticipate a desired outcome in his present context, and wills himself with much intentionality and motivation, to shape and regulate the present context to his own desired outcome. These are survival skills in order to achieve the desired results at the workplace; hence, an expatriate who wants to succeed will make himself regulate and change. Yet, how does one begin to make sense of a new environment and become self-aware enough to recalibrate one's perceptions and behaviours?

### *2.5.3 Newcomer socialisation - Making sense of new environments*

Louis' sense-making model (1980) looks at how newcomers in organisations make sense of the new environment as they experience change, encounter the contrast in their perceptions of what they have subjectively encountered and handle the element of surprise. This model can be adapted for our use here in a cross-cultural environment where the 'newcomer' is the expatriate leaders who will experience the change,

encounter the contrast and the extent to which they can handle the element of surprise will determine their effectiveness and adjustment in the workplace. Expatriate leaders will want to get back to a state of equilibrium where building trust can be predicted with reasonable consistency (Louis, 1980). Hence, local interpretation schemes, predispositions and purposes, past experiences and others' interpretations become the various layers that will interact and shape the expatriate leaders' perception of current realities.

Reality testing is an important sense-making element and Louis (1980) recommends that newcomers should have insiders to help provide them background information and guide them in the interpretation process and assigning meaning to events and surprises. The trust-building process, for instance, will involve reality testing and "managing information that will help avert and/or precipitate surprises together with insider's help" (Louis 1980, p. 243).

To understand more about how we process information and interpret and assign meanings to events and surprises, the researcher presents Shaw's Categorisation Theory (1990) as the basis for understanding about perceptions and corresponding reactions and behaviours of the actors involved (i.e. leader-follower dyads).

### *2.5.4 Categorisation theory & perceptions*

Shaw (1990) observed that there might be a fundamental difference between how employees and leaders of differing cultures collect process, store and use information about each other's behaviours. These culture-bound perceptions will further drive how employees and leaders react and interact with each other, depending on their individual interpretation of behaviours they observed of each other.

Shaw's (1990) cognitive categorisation model of inter-cultural management (see Figure 5) states that employees categorise a person as a leader or non-leader based on (a) behaviours exhibited that 'typify' leadership behaviours, (b) congruence to the perceivers' (employees) mental schema of leadership, and (c) whether the behaviours

exhibited are truly reflective of the individual's personal values rather than situational-based. (p. 631)

This cognitive process of perceptions works both ways; i.e. the leader will also follow a similar process of perceiving and categorising the employee's behaviour, assess his own mental schema of how to perceive what he has observed, and bring out a repertoire of leadership behaviours to manage what he perceives is the employee's behaviour.

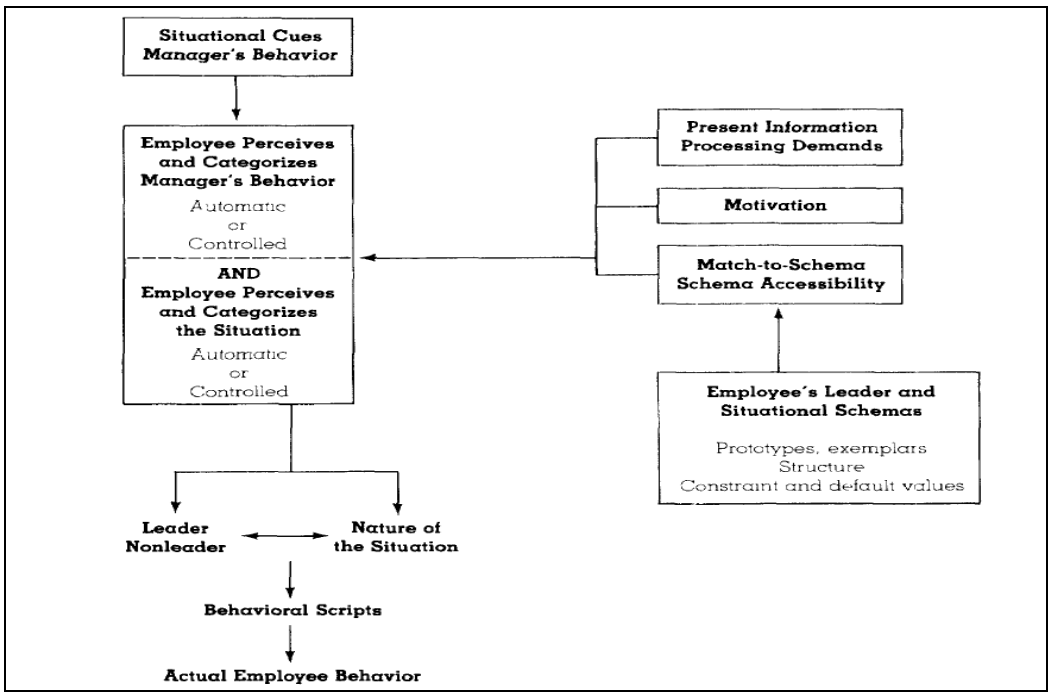


Figure 5: Leader and Situational Categorisation Model (Shaw, 1990), p. 631

A mental schema is a cognitive system that helps people organise and process information cognitively. Over time, this system builds up a filing cabinet that categorises events and experiences, which then allows people to predict and make sense of what they perceive and experience. Similar experiences and perceptions are labelled and in this model, the 'leader' label is formed after numerous encounters of behaviours that constitute 'leader'. This information is accessed every time a typical behaviour is exemplified.

The ‘motivation’ box is important to note as these are factors by which an individual is encouraged or discouraged to hold on to or abandon the existing schema in question, and construct a new schema that is congruent to the behavioural stimuli observed.

### *2.5.5 Categorisation and culture: How does culture influence follower reactions and categorise perceptions and behaviours?*

Lord and Maher’s (1991) connectionist theory examines the relationship between culture and leadership and how culture affects the expatriate leader’s perceptions and behaviours, and vice versa for the local followers. However, culture’s influence on leadership is not static in nature; it intertwines with the various levels of self-concepts, and is dependent on time and context. The connectionist theorists claim “leadership prototypes are actually recreated each time they are used rather than stored and retrieved from long-term memory” (p. 138).

In addition, the categorisation process, as activated by leader behaviour, can also be influenced by situational, contextual and personal factors which transcends cultural (Lord, 2000). These factors could be motivational in nature, or trust-related, whereby they influence how behaviours are being perceived and categorised according to whether they matches the perceiver’s mental schema of leadership, and the eventual acceptance or rejection of the leadership at hand. For example, within the expatriate-HCN employee context, the congruence of employees’ mental schema can be facilitated or influenced by the trust that has been built between the expatriate and HCN employees. HCN employees are likely to be more motivated towards matching up these observed behaviours with their own mental schema, even if they are not readily accessible, if they trust the expatriate. This one-on-one trusting relationship is more likely to influence the perception and evaluation of the leader, especially when the information about the leader does not, in the beginning, match the mental schema of the employee. To motivate them to go beyond the initial rejection and move towards schema accuracy, there first needs to be an element of trust between both parties (Shaw, 1990).

Within Lord's Connectionist Model (1991), the critical component is the self-concept or self-schema, which is shaped by time and a person's experiences. The self-concept reflects an individual's inner psychological being; i.e. how he thinks, feels and behaves, and how his internal drive and motivation influences behaviours and actions, as well as his perceived placement in the society or community in which he lives and experiences life (Lord & Maher, 1991). The self-concept can range from independent to interdependent (relational), to collective as a person assigns cultural meanings to his experiences and social interactions. This point is important, as we look at the dynamic nature of the relationship between leader and follower, particularly in the cross-cultural context. While mental schemas are evoked each time there is input of behaviours, the 'actor' in this case may oscillate between the interdependent-self and the independent-self as he tries to reconcile with the mental schemas for accuracy or otherwise (p.556). This implies that the actors are constantly making a choice of the level of self-concept they will access. Expressed differently, according to Lord and Maher's theory (1991), the actors choose the leadership schemas they will recreate based on the social exchanges between each other and depending on which self-concept they are accessing.

## 2.6 Studies from HCN perspectives on leadership effectiveness

Recent studies on expatriate adjustments and effectiveness have started focussing on HCNs, being the other integral role that has been ignored in the past, in the quest to understand expatriation better (Toh & DeNisi, 2007; Toh & Srinivas, 2011).

### *2.6.1 Perceptions of similarity – Does similarity attract?*

Past studies on expatriate success or effectiveness from an HCN employees' perspective have mostly focused on analysing the perceptions of leadership behavioural differences or leadership style preferences between expatriates of different nationalities, including local managers. Selmer (1996) for example, did a study to look at an HCN employee's preference for expatriate or local bosses, and found that contrary to his hypotheses, expatriates are preferred to local bosses. He hypothesised that expatriates generally do not adjust their leadership styles when working with local employees and that employees, in general, would prefer leaders who exhibit values in their leadership styles

that are congruent to theirs. Selmer's findings showed that all his hypotheses were rejected; instead, he found that his HCN subjects preferred to work with expatriate managers to local managers. Beyond commenting that these findings were inconsistent with prior research findings which indicated that American expatriate managers fared less well than their European counterparts, the question remains as to why the phenomenon occurred; i.e. why locals preferred foreign bosses to local ones. Selmer did not discuss possible effects of indoctrination of American education, for example, or how the work-related attitudes and values of 'modern Chinese' are changing, which would have elicited a healthy discussion of whether Hofstede's (1980) classic national culture model is still applicable in this case. Neither did Selmer explore the question of generalisability of his results with reference to young, Western-educated middle managers in developed Asian economies like Singapore, Taiwan and Japan.

In 2002 in order to address some of these issues, Littrell (2002) replicated Selmer's study. However, his research showed that local subordinates prefer local managers to expatriate managers, contrary to Selmer's findings. It should be noted that Littrell's sample population consisted of expatriates and locals in one hotel chain located in rural China, which was quite different from Selmer's sample. In this researcher's opinion, it is difficult to generalise, given the contradictory results. This may be seen to indicate that there is a need to look more diligently beyond national cultures to examine other contextual factors that may come to play in influencing the way in which local employees, who are more cosmopolitan, interact with expatriate managers. Another aspect to consider would be whether a more Western-based tertiary education, or a more 'open' and cosmopolitan economy, or even history and associated ethnocentrism, play a part in affecting the way expatriates adjust and manage their local workforces.

Suutari et al. (2002) undertook some interesting qualitative research that looked at whether and how Finnish expatriates in Indonesia adjust their styles when interacting with culturally-diverse employees, and whether these local indigenous employees perceive their expatriate leaders' behaviours to be any different from the behaviours of the local leaders. The researchers based their study on the basic premise that cross-cultural leadership consists of two-way interactions between expatriates and locals. The study investigated how cultural expectations between the two are played out. While the

researchers wanted to investigate the dynamics of leadership interactions between expatriate leaders and local subordinates in the face of misunderstanding and conflicts, the choice of interview instrument and the format by which it was conducted did not yield much of either party's responses in that area. Perhaps the research discussion might have been more enriched if the researchers had probed more to understand the meaning and implications of the observed differences and similarities, and the impact on performance and effectiveness. Consequently, no conclusive results are available on the impact of adjustment on the leadership effectiveness in a cross-cultural context.

In a recent study by Toh and Srinivas (2011), the authors conducted a study to analyse the correlation between information sharing and HCNs' perceptions of their expatriate peers' task cohesiveness, defined by Zaccaro (1990) as a "shared orientation to work tasks and unity in accomplishing them" (Toh and Srinivas, 2011, p. 3). The study also investigated the mediating effects of trust between expatriates and HCNs in information-sharing. The results supported their hypothesis that HCNs' perceptions of expatriate peers' task cohesiveness was positively related to willingness to share information between each other, and the information-sharing process is mediated by trust. However, Toh and Srinivas (2011) found no support for their other hypothesis that interpersonal similarities between HCNs and expatriate peers would moderate the relationship between expatriate peers' task cohesiveness and HCNs' trust in the expatriate peer (p. 4). This finding suggests that diversity plays minimal importance in HCNs' placement of trust in their expatriate peers, in relation to HCN's perception of task cohesiveness in the other party. This study seemed to suggest that HCNs need to first trust their expatriate peers, and they will only trust if they perceive their expatriate peers to be more committed and focused to shared work goals, organisational direction and task accomplishment. Only then, are they more willing to share information and knowledge that would help expatriate peers to be more effective in the workplace.

Another interesting study done by Jiang et al (2011) examined whether similarity in culture and ethnic backgrounds between executives and their overseas counterparts would play a positive role in establishing affect-based and cognitive-based trust and the extent to which the affect- and cognition-based trust are positively associated with each other in the context of cultural similiarity-dissimilarity. These researchers found that

executives (overseas Chinese or of Chinese descent) who share similar cultural ethnicity with their Chinese overseas counterparts tend to be more willing to invest emotionally into their overseas counterparts and therefore, shaping their cognitive-based trust decisions more positively. For those overseas business partners who are dissimilar in ethnicity (non Chinese), there is mixed evidence to support their hypothesis that the executives' cognition- and affect-based trust in their overseas business partners is stronger for partners of the same cultural ethnicity than for those of different cultural ethnicity. At best, the study proves that executives place their trust in their overseas business partners emotionally or cognitively in varying degrees, based on not just cultural ethnicity, but company size and age too.

### *2.6.2 Expatriate leaders need HCNs' support to be successful*

This section provides a more in-depth analysis of the HCNs' perspective of expatriate effectiveness and success, and HCNs' role in shaping and contributing to the expatriate leader's success in the workplace. The literature review is examined in the context of the rapid growth of the local talent pool in the countries to which the expatriates are assigned, and the increasing drive to achieve their own local managers' ambitions.

Biswas et al. (2009) postulated that the quality of the relationship between HCNs and expatriate leader is related to each other's perceived cultural similarity, a sense of kinship, and an HCN's sense of being needed by the expatriate leader. This is consistent with the vulnerability that HCNs sense in their expatriate leader. According to Byrne's (1971) Similarity Attraction Theory (Orbuch & Sprecher, 2003), the HCNs' sense of liking and kinship will be invoked should there be a perceived similarity in the target expatriate leader (Budhwar et al., 2009). The more the HCNs like the expatriate leader, the more likely they will be to offer support and help to see the expatriate leader be successful. While research has been carried out on how individuals categorise others based on what they perceive as in-group or out-group, and redirect their behaviours according to these mental labels, many questions remain unanswered on why and how the in-group vs. out-group categorisation happens (Reynolds, Turner & Haslam, 2000; Budhwar et al., 2009).

Cross-cultural researchers who are specifically researching on perceptions of expatriate managers in the eyes of HCNs, frequently find that HCNs are in the position of 'power' in that they are the information brokers and catalysts to bridge the gap of expatriate leaders' non-familiarity of the new culture and environment (Toh & DeNisi, 2007; Budhwar et al., 2009). Yet, the issue of perceptions and prejudices which HCNs hold against expatriate leaders, whether due to skin colour differences, language difficulty, cultural distance and so forth, seem to be exacerbated by some companies' perceived favouritism over expatriate leaders in leadership positions and differential pay policies (Toh & DeNisi, 2007).

In one study (Hailey, 1996), the researcher looked at the various concerns and attitudes of local managers, who are increasingly skilled and competent and located in countries such as Singapore or Hong Kong, where there is enough indigenous talent, who work alongside expatriate managers. The research raised sensitive questions as to why expatriates continue to be employed despite the increasing growth of local talent, what the local managers' perceptions of expatriate pay and appraisal procedures are, and the differences in management styles between local staff and expatriates.

Hailey's (1996) findings showed significant discrepancy between formal explanations and informal perceptions of why expatriates are still being employed despite the readily available local talent. For example, a sense of injustice prevailed when locals were being asked to discuss the differences in salary and benefits between locals and expatriates. Perhaps the unexpressed opinion that they have is that the significant differences between their own pay package and that of the expatriate leaders are not commensurate with what they perceive as the value that the expatriate leader is supposed to bring to the leadership ranks. In the same vein, the HCNs feel they can assume the same leadership roles if only the organisation gives them the opportunity to do so. In their opinion, the gulf caused by salary and benefits, which in turn, calls to question each party's self-worth, has eroded the level of trust that HCNs have of the organisation since they perceive that the organisation does not trust them enough to handle such leadership positions.

Toh and Denisi (2003) echoed Hailey's (1996) findings and claimed that as HCNs become more well-educated, well-travelled and well-trained, they are more likely to expect to be treated the same as an expatriate. However current HR policies, particularly on compensation policies lag behind in this aspect (Toh and Denisi, 2003).

The authors proposed a model, which works to highlight this issue and to help HR recognise HCNs' rightful position as key stakeholders to ensure expatriate-HCN effectiveness.

## 2.7 Literature gap leading to RQ2

The previous sections highlighted several cognitive theories on perception and information processing, and the extent to which these theories may help to explain how expatriate leaders and HCNs perceive each other's behaviour and make a decision to trust the other party.

What is still lacking is perhaps a more qualitative examination as to how these perception theories and leadership schemas interact, in the context of cultural similarity-dissimilarity, and other cultural meaning systems or symbolisms at work (i.e. political, religious and social) to affect and influence the trust-building process between expatriate leader and HCNs at the workplace.

Hence, this research formulates the second research question:

**Research Question 2 (RQ2): How do perceptions and stereotypes influence the trust-building process between expatriate leaders and HCNs?**

Answers to this question will reveal information that will further elucidate the nature and quality of EL-HCN trust relationships, particularly in the wake of HCN's rising power and increasing self-confidence.

Hence, in the next few sections, the discussion will move from a more introspective and cognitive view of perceptions and stereotypes, which led to research question two, into

a discussion on the influence of individual traits and personalities to an expatriate leader's effectiveness, which subsequently influence the trust-building process between the expatriate leader and HCNs. This discussion aims to bridge the literature gap and shapes the research question three on the role of CQ in shaping the trust-building process.

## 2.8 Linking personality and competences to expatriate effectiveness

Earlier in Section 2.3 various theories of expatriate adjustment and expatriate effectiveness literatures were discussed, shifting from examining individual traits that differentiate an effective expatriate leader from an ineffective one (Tung, 1981), to complex, multi-faceted theoretical frameworks of antecedents and outcomes (e.g. (Black, Mendenhall & Oddou, 1991). The review also included the modes and extent of psychological and socio-cultural adjustments, impact of host country treatment, commitment from host country and parent country, (Aycan, 1997; Florkowski & Fogel, 1999), spousal adjustment (Black & Stephens, 1989), and so forth, in relation to an expatriate leaders' effectiveness in the workplace, as defined by the relationships they built in the host country and the business outcomes they generated in the workplace.

In recent years, expatriate literature has gone full circle and currently, researchers are re-examining the role of personality traits (Bird et al., 1999; Ones & Viswesvaran, 1999; Mendenhall & Stahl, 2000; Hogan & Holland, 2003; Shaffer et al., 2006) and various levels of cross-cultural competences (Hofstede, 2001; House et al., 2002; Kouzes & Posner, 2005; Downes, Varner & Musinski, 2007; Ward, Wilson & Fischer, 2011; Bruning, Sonpar & Wang, 2012; Chen, Liu & Portnoy, 2012) and intelligences (Earley & Ang, 2003; Gabel, Dolan & Cerdin, 2005) in explaining expatriate effectiveness.

The following section (Section 2.8.1) examines several key personality theories such as the Big Five Theory (Caligiuri & Santo, 2001). This framework became the groundwork in which many later cross-cultural researchers have referred to, in explaining the immutability of personality traits, and the malleability of other individual

attributes such as competences and cognitive knowledge, in reference to expatriate effectiveness, particularly in building relationships in the cross-cultural context.

### *2.8.1 Trait-like personalities - Big Five Theory*

Dominant among the personality approaches has been the Big Five Theory, widely referred to by inter-cultural researchers to be the predictor of expatriate success (Caligiuri, 2000b; Ang, Van Dyne & Koh, 2006; Shaffer et al., 2006; Downes, Hemmasi & Varner, 2010). This theory is based on the evolutionary personality psychology, which suggests the five personality characteristics - Conscientiousness, Emotional Stability, Agreeableness, Extroversion and Openness - These are seen as universal inborn traits that people possess to procreate and survive in life (Caligiuri, 2000a). Adapting this theory in cross-cultural research, the five characteristics become recognised as stable competences that individuals have to adapt and survive in the cross-cultural ecosystems.

Briefly, Conscientiousness is a personality trait, which describes an individual who is diligent, careful, self-disciplined and dependable. Emotional Stability is another personality trait that describes an individual's calm state of mind and frequently possesses a positive outlook even in stressful events. Agreeableness is the ability to get along well with people, is being at ease, trustful and friendly towards others. Openness or Intellect refers to a personality trait that is very perceptive and aware of self and of others, and is flexible and adaptable to changes in the environment. Lastly, Extroversion describes a personality that is more outgoing, gregarious, can and will exert influence over others around them to build relationships and navigate effectively in social environments for personal success (Caligiuri, 2000a).

These Big Five characteristics are seen to be trait-like and universal in any culture-specific contexts, regardless of the individuals' nationality or country of assignment (Caligiuri, 2000a). Such an etic approach to these competences may appear to run contrary to ideas propagated by cross-cultural theorists where there is recognition that there are key leadership attributes which are culturally-implicit and the manifestation of these personal characteristics are contextualised in the cultural and socio-economic

environment (Hofstede, 1980; Trompenaars, 1993; House, 2004; Triandis, 2006). For example, based on Hofstede's (1980) four culture dimensions, the perception of openness or agreeableness for a Swede will be vastly different from a Chinese, based on their cultural distance. Cultural distance, here is defined as one of the four dimensions of culture which measures the overall distance in national culture between home country and host country, and at an individual basis, it reflects a difference in cultural values and significant difference in other environmental variables such as language, socio-political and economic conditions. Hence, while 'being open' is considered a universal attribute, the extent to which an individual is open to new ideas and tolerates ambiguity will be different for a Swedish manager (low cultural distance) and a Chinese manager (high cultural distance).

The Big Five Theory argues that an individual's personality is a predictor to expatriate success, in terms of host country national interactions and expatriate adjustment (Caligiuri, 2000b). Caliguiri claims that a leader with naturally predisposed personalities would naturally interact well with host country nationals and thereby increase their success rate in their expatriate assignment. The opposite holds true for an expatriate who may not have the right personality traits, therefore may not be likely to be able to adapt his work and non-work life in the host country, and may not be able to build relationships effectively with HCNs. In this case, the expatriate leader has no choice, it seems, but to surrender to his fate, and proceed to withdraw or terminate the assignment (Caligiuri, 2000a).

Similarly in another study (Caligiuri & Santo, 2001), the authors claimed that "certain personality characteristics, while desirable for global leadership, cannot be developed through global assignment" (p. 22).

This theory seems to lean towards being too deterministic, hence it does not give much room for practitioners to manoeuvre beyond sending only personnel who have been tested to have the right personalities for the international assignment. This would mean having to tap into a much smaller pool of would-be expatriates for global assignments. In addition, since these personalities are immutable, therefore no matter how much pre-departure preparation an expatriate has, he cannot run away from his own personality,

that is either ‘right’ or ‘not right’ for the overseas assignment. In other words, an expatriate leader most likely could not learn to have ‘better’ personality traits to help him do his job well in a cross-cultural environment.

The theory is pervasive particularly across the inter-cultural arena and is generally accepted that innate personalities will most likely predict the expatriate leader’s effectiveness (e.g. Ones and Viswesvaran, 1999, Caligiuri, 2000, 2001a, 2001b, Hogan and Holland 2003, Shaffer et al. 2006, Ang 2006, Bird et al, 2008, Mendenhall, 2006, Downes, Varner and Hemmasi, 2010). However, it gives limited insight to how different or similar leadership behaviours will be when these personalities are ‘acted out’ or whether the expatriate’s intrinsic values and beliefs will also influence the way these personalities are manifested in the leadership behaviours, particularly in different cultural settings. In addition, there is no consideration for the power of motivation, which may make one suppress or overcome his natural personality characteristics to achieve his desired outcome.

#### 2.8.1.1 Individual trait-like personalities and behaviour manifestations

Besides the Big Five’s relationship to expatriate adjustment, another related relationship that expatriate researchers often try to understand is the extent to which certain personalities or individual differences of an expatriate leader will yield certain behaviours at the workplace, which in turn, increase expatriate effectiveness, and ultimately result in good performance outcomes. Hogan and Holland (2003), for example, asserted that personality traits have a direct bearing on work behaviours and predict performance outcomes. Work behaviours, in turn, are predicated by personality dispositions and are context-specific.

According to Johnson, Lenartowicz and Apud (2006), who conducted a meta-analysis of literature across fields such as international business, inter-cultural communications and psychology, cross-cultural competence they now define as “an individual’s effectiveness in drawing upon a set of knowledge, skills and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad” (p. 530). Here, the authors differed from their inter-cultural research

colleagues, in that they asserted that cross-cultural competence is not merely a library of knowledge, skills and attributes that an individual possesses. Rather, it is a behavioural outcome of an individual's ability to access the knowledge, skills and attributes, and adapt his own behaviours accordingly, to interact more effectively with others in a cross-cultural environment (Johnson, Lenartowicz & Apud, 2006).

Earley (2003) who echoed this view, also proposed that even where an individual can tap into his inventory of skills and knowledge, he must first have the internal drive or motivation to do so (Earley & Ang, 2003). This important observation of motivation shall be discussed in a later section (Section 2.8.2.2) when cultural intelligence (CQ), embodied by the cognitive and meta-cognitive competences, behavioural manifestations and motivation, is further examined.

#### 2.8.1.2 Individual trait-like personalities and dynamic competences

Shaffer et al. (2006) conducted two separate research studies, the first of which investigated the direct correlation between broad, stable personality traits like the Big Five (Extroversion, Agreeableness, Conscientiousness, Openness, Emotional Stability), and four culture-specific dynamic competencies, that are potentially malleable over time, such as Cultural Flexibility, Task and People Orientations and Ethnocentrism. The first study, conducted separately with American samples and Hong Kong samples, demonstrated modest correlations between the broad and specific individual competencies across the two samples. While the extents of the correlations are not exactly the same in these two samples, the correlation patterns are generally consistent. This suggests that the five trait-like personalities and four dynamic competencies may be distinct, and are moderated by culture, with some relationships among these variables (p. 116), and both personalities and dynamic competencies are required in the context of ensuring expatriate success.

The second study examined the relationship between the Big Five stable personality traits, the dynamic competencies and expatriate effectiveness, as measured by work adjustment, desire to leave and expatriate's task and contextual performance (Shaffer et al., 2006). Firstly, the study found no significance in the relationship between

Conscientiousness and all criteria for expatriate effectiveness. For the rest of the personality traits - Agreeableness, Openness, Extraversion and Emotional Stability - there are mixed results with reference to the four dynamic, culturally- specific behaviours (Cultural Flexibility, Task and People Orientations and Ethnocentrism).Not one personality trait correlates to all three criteria for expatriate effectiveness, as defined above. For example, emotional stability is a positive predictor of work adjustment and a negative predictor of assignment withdrawal cognitions only. Agreeableness is a positive predictor of interaction only, while Cultural Flexibility is positive predictor of cultural and work adjustments and Task Performance, Task Orientation is positive predictor of work adjustment only and People Orientation is positive predictor of work adjustment, contextual and task performance. However, there was no significance in interaction with locals.

#### 2.8.1.3 Cross-cultural leadership competences

Cross-cultural leadership researchers (Bhaskar-Shrinivas et al., 2005; Mendenhall, 2006; Shaffer et al., 2006; Bird et al., 2010) are constantly trying to define, refine and simplify the purported inter-cultural competence domains that are required for the development of a global organisation's cadre of expatriate leaders to help them adapt effectively in foreign environments. One of the most established topology of leadership domains often referred to in expatriate adjustment literature is the one developed by Mendenhall and Oddou (1985) which was rebranded by Bird et al. (2010) into three broad categories – Perception Management, Relationship Management and Self-Management factors. Bird et al.'s (2010) parsimonious framework of global leadership dimensions may prove useful for cross-cultural research that investigates the cogency of inter-cultural competencies in the expatriate context. Their three dimensions of leadership – Perception Management, Self-Management and Relationship Management – are further unpacked into17 facets, which are summarised in Table 4: Inter-cultural Competence for Global Leaders  for ease of reference.

Table 4: Inter-cultural Competence for Global Leaders (adapted from Bird et al. 2010, pp 814-820)

| Self Management | Perception Management | Relationship Management |
|---|---|---|

| | | |
|---|---|---|
| • Optimism<br>• Self-confidence<br>• Self-identity<br>• Emotional resilience<br>• Non-stress tendency | • Non-judgmentalness<br>• Inquisitiveness<br>• Tolerance of ambiguity<br>• Cosmopolitanism<br>• Category inclusiveness | • Relationship interest<br>• Interpersonal engagement<br>• Emotional sensitivity<br>• Self-awareness<br>• Social flexibility |

Bird et al. (2010) further postulated:

> *…Relationship interest, interpersonal engagement, emotional sensitivity, self-awareness and social flexibility provide foundational competencies that allow for and support mindful communication in inter-cultural context, contribute to the creation and maintenance of trust relationships and facilitate effective participation and leadership of multi-cultural teams (p. 821).*

In the same vein, it is arguable that the facets embedded in the Self-Management and Perception categories are more trait-like and form the foundation competences which an expatriate should ideally have before these foundational competences help to build up the more dynamic competences in the facets within the Relationship Management category. However, it could be implied that the competency development exercise is iterative. Take 'tolerance for ambiguity' for instance. While an expatriate's tolerance for ambiguity, which is a trait-like competence, may not change significantly over time, he can still acquire new relationship management skills to help him be more self-aware, or be more emotionally engaged with the people around him. Competence, such as self-awareness, can be learned and may empower him to be more aware of how his innate personality is perceived by people based on his outward behaviour. Subsequently, depending on his motivation and state of mind, he would decide to exercise more effort in adapting his behaviours to suit the context, even though his innate personality may not change. Black, Morrison and Gregersen (1998), in their interview with Gary Griffith of Marriot Corporation, found that having the skills to manage uncertainty, for example, may not be enough because global leaders are expected to embrace uncertainty whole heartedly and consider it to be challenging and motivating. As Griffith said, "…you must relish the ambiguity of it all" (p. 26).

#### 2.8.1.4 Summarising personality theories

In summary, the studies explored in Sections 2.8.1.1-2.8.1.3 showed that individual differences, be it trait-like personalities or dynamic competencies, can and do play a part in contributing, in some way or another, to an expatriate's adjustment to the culture, interactions with others and work, or reduce withdrawal cognitions and increase performance. However, there is no single stable disposition or individual competency that will 'guarantee' that the expatriate will adjust successfully and effectively in all the three key criteria; i.e. work adjustment, desire to leave and expatriate's task and contextual performance. The challenge for organisations is not to simply identify people with the right stable dispositions to take on global positions, since the talent pool would be limited by the ascribed personality traits as proposed by the Big Five Theory. Rather, efforts are increasing to consolidate global leadership development programs within organisations, against a set of dynamic, individual competences that can be learned and developed over time. However, which competency framework is most comprehensive to adopt? As the various topologies of competency frameworks begin to rationalise and consolidate in the organisational literatures, it is prudent to examine a relatively new theoretical model that claims to affect expatriates' inter-cultural effectiveness in the increasingly globalised world.

The next section will discuss nascent literature on cultural intelligence (CQ), its theory and merits in improving expatriate adjustment, performance and leadership effectiveness, its malleability, and how CQ could be leveraged to build more effective trust relationships in the cross-cultural workplace. CQ is a set of capabilities that differentiates one leader from another, and is the key to unlocking relationships to build interpersonal trust with host country nationals in a cross-cultural environment.

### *2.8.2 Cultural intelligence literature – an emergent theory for cross-cultural adaptation*

Unlike personality theories previously discussed, cultural intelligence (CQ) seems more promising. In contrast to personality trait which are considered stable and immutable, cultural intelligence is said to be an aptitude, malleable and can grow over time (Earley & Ang, 2003). This significant claim has important practical implications because that

would mean that more executives could be trained to be effective global managers as they are assigned to foreign countries, and not be hindered by what is deemed the predictable determinants to expatriate success, such as openness or agreeableness or extraversion. Yet, what is CQ and how does CQ work as a predictor and determinant of an expatriate's success or failure, or as a catalyst to building critical relationships in a cross-cultural workplace?

#### 2.8.2.1 CQ Definition

Cultural intelligence (Earley & Ang, 2003), or CQ for short, is defined as "a person's capability to adapt effectively in new cultural contexts" (p. 9). CQ is a multi-dimensional construct comprising cognitive, meta-cognitive, motivational and behavioural dimensions. The cognitive CQ reflects the knowledge of norms and cultural practices that are acquired from personal experiences and education. The meta-cognitive CQ is related to the higher order cognitive processes that one engages in acquiring and understanding cultural knowledge, including knowledge of and having control over individual thought processes relating to culture. Motivational CQ refers to the ability to direct attention and energy towards functioning successfully in cross-cultural settings. Behavioural CQ is related to the verbal and non-verbal actions demonstrated in cross-cultural interactions. These facets are conceptually different capabilities that may or may not correlate with each other but aggregate into a total CQ (Ang & Van Dyne, 2008).

Sternberg (2008) however, cautioned that Intelligence as a concept cannot be considered outside of cultural contexts. What is considered intelligent in an Anglo-Saxon developed world, for example, is completely different from the Asian or African developing worlds. Intelligence, therefore, is about having the mental flexibility to gauge a situation, which calls for different skills sets to navigate through successfully. He said, "CQ is an underlying knowledge about a culture and applying a broad repertoire of skills relevant in a given cultural setting" (Sternberg, 2008, p. 314). In other words, a person with higher CQ will have a broader repertoire of skills that can be adapted according to the differing cultural settings. That means that these skills need to be learned.

Consistent with Earley and Ang's view (2003) that CQ is both emic and etic, Sternberg (2008) posits that intelligence is partly relative and partly universal. According to CQ theorists, a person who is culturally intelligent can recognise the subtleties of one culture and adapts accordingly, but also recognises that going from one culture to another requires differing adaptation skills. In other words, a person who is deemed intelligent in one culture may not be perceived as operating as intelligently if he does not adapt his skills and behaviours accordingly.

According to Triandis (2006), a person with high CQ will suspend judgment on the person's ethnic and cultural background until information becomes more readily available about the other person. He will only begin predicting and anticipating how the other party will respond in different situations when he has allowed enough time to observe actual behaviours of the other person and allowed for consistency and certain patters of behaviours to develop over time before making the judgment about the other person (Flaherty, 2008).

#### 2.8.2.2 CQ and other variables

With reference to personality theories (e.g. Big Five), CQ theorists (Ang, Van Dyne & Koh, 2006) maintain that trait-like, or stable and innate individual differences that a person possesses, such as being open-minded, or being emotionally stable, or being agreeable, will most likely predict state-like individual differences. This means that a person's innate temperament and personality may influence the choice of behaviours he will choose to exhibit, and the state of mind he may have at a certain period of time. If this were true, then a more open-minded person or a more emotionally stable person will most likely have a higher CQ (Ang, Van Dyne & Koh, 2006). Of the Big Five personality traits, openness is most significantly correlated with CQ and adaptive performance (Ang, et al., 2006, Shaffer et al., 2006).

CQ does not stand on its own, even though it merits being researched as a separate construct. It is also influenced by situational variables, and other intermediate constructs such as subjective perceptions of uncertainty in a new and unfamiliar context (Ang & Van Dyne, 2008).

While CQ research is still at an infancy stage, many studies have been done in the last five years to understand its relationship to cross-cultural leadership theories (Hampden-Turner & Trompenaars, 2006; Triandis, 2006), its antecedents and consequences (Imai & Gelfand, 2010), its relation to international working experiences, and its role as a catalyst of expatriate success, job performance, multi-cultural team building and trust-building (Rockstuhl & Ng, 2008).

In the context of expatriate literature, CQ as a construct is deemed by CQ theorists to be an accurate predictor of expatriate performance and expatriate adjustment outcomes (Kim, Kirkman & Chen, 2008). Research studies have also examined CQ as a partial facet. Cognitive and meta-cognitive CQ predicts outcomes that require higher level cognitive processing such as decision-making and task performance (Mannor, 2008). Motivational CQ predicts coping behaviours such as adjustment and withdrawal from expatriate assignment (Shaffer & Miller, 2008). Behavioural CQ predicts task and contextual performance in the cross-cultural workplace (Ang et al., 2007; Ang & Van Dyne, 2008).

While CQ literature has begun examining its relationship to trust-building in cross-cultural settings, particularly in multi-cultural teams and virtual collaboration settings, CQ has not been extensively investigated within the context of trust, either as an ingredient, a catalyst or channel of trust development in the cross-cultural context (Rockstuhl & Ng, 2008; Imai & Gelfand, 2010). However, Rockstuhl and Ng (2008) conducted one study that examines the effects of CQ on interpersonal trust in a multi-cultural team. The next section discusses the key findings of this study on trust, which will form the foundations of this particular research.

#### 2.8.2.3 Effects of CQ and interpersonal trust

One of the hallmarks of success in managing diversity in cross-cultural teams is the ability to build trust (Earley & Mosakowski, 2000). According to Rockstuhl and Ng (2008), nurturing trust between culturally disparate individuals remains a major challenge as people of different nationalities or ethnic backgrounds may understand work and role expectations very differently, thus giving rise to potential

misunderstandings and suspicions. In their research at the level of one-on-one interactions, the authors have tried to test whether CQ is a moderating factor to the development of interpersonal trust between two culturally diverse members within a multi-cultural team.

The researchers hypothesised that members of the same ethnic background tend to trust each other more, while members who do not share the same ethnic cultural background, show lower trust levels (p. 209). They also hypothesised that the starting point of trust was negative trust. Key findings of this research showed that the various facets of CQ helped to reduce the negative effects that diversity can bring when building trust within a multi-cultural team. For example, focal members or the trustors who have higher cognitive and meta-cognitive CQ reported a higher trust level towards their partners in the team. Behavioural CQ on the part of the partners, on the other hand, seemed to have reduced negative perceptions of their team members regarding their cultural dissimilarities on the onset (Rockstuhl and Ng, 2008, p. 216).

In this study, it seems that the onus is on the focal member to adjust his behaviours and outlooks about the partner; the greater the ability to leverage on his own cognitive and meta-cognitive CQ to reduce the negative trust of the partner, the less likely he will be to make rash judgments based on cultural differences.

#### 2.8.2.4 CQ and cognitive flexibility

CQ researchers agree that meta-cognitive CQ is particularly useful for observing behaviours of others, and planning and devising strategies to cope with the observed behaviours more appropriately in order to achieve the desired outcomes (Wang & Deng, 2009). From a leadership and perception perspective, this flexibility in a leader's meta-cognitive processes enables him to be more self-aware and better at gauging the cultural cues and nuances resulting from local subordinates' behaviours in the cross-cultural workplace, thus enabling him operate more flexibly and effectively in the various one-on-one interpersonal interactions (Lord, 2000).

An individual's cognitive flexibility, though, may largely depend on his perceived cultural distance. The bigger the perceived cultural distance between individuals, the higher the inter-cultural uncertainty may be for the perceiver, and ultimately, this leads to lower cognitive flexibility (Klafehn, Banerjee & Chiu, 2008). In other words, the greater the perceived difference between an individual's own culture and the other culture, the more he will rely on abstract thinking to guide his decision making and judgment.

People with a higher CQ tend to be willing to challenge their own cultural prejudices and assumptions, reflect on their own accuracy of their mental schemas including their cultural assumptions and recalibrating their perceptions of the other party, according to what they observe in their partners during the interactions (Shaw, 1990). Yet there is recognition that the way a person leverages his CQ is a function of the depth and breadth of his multi-cultural experiences and his own psychological makeup. For example, if an individual is more open, he will be more likely to try to reduce the level of uncertainty he feels when perceiving significant cultural distances (Caligiuri & Stahl, 2005).

#### 2.8.2.5 CQ and cultural similarities

The Chinese-Americans, for example, are exposed extensively to two cultures; i.e. their ethnic culture (Chinese) and national, residing culture (American). They may have the advantage of being able to switch effortlessly between 'cultural frames' (i.e. being Chinese or being American) as they code-decode behavioural cues, and choose to demonstrate behaviours or behavioural cues that are consistent with the cultural situation at hand. These people are termed as being bicultural and can switch frames much more easily since they are able to think, act and behave as members of two distinct cultures (Klafehn, Banerjee & Chiu, 2008). Depending on the context, they can rely on their ethnicity or nationality to make certain judgments or actions that will yield more positive results than if they choose the other cultural frame to make decisions (p. 321).

In contrast, some studies have uncovered that similarities in culture and corresponding shorter cultural distance, or even a sharing of similar language, between expatriate leaders and local staff may not make it any easier for expatriate leaders to adjust. Achieving business outcomes and relationship building with local staff may be as challenging (Selmer, 2002b; Shiu et al., 2003; Toh & Srinivas, 2011).

These two contrasting views will be referenced in the present research in its analysis of the data on a special category of Expatriate Leaders, called the *Hai Gui* or the 'Returning Turtles' (referring to the expatriate leaders who return to their homeland China, after years away in countries like America or parts of Europe). Another category of expatriate leader is the Asian Third Country National (TCN); i.e. leaders from areas in Asia such as Singapore, Malaysia, Hong Kong and Taiwan. These expatriates, according to Klafehn et al.'s (2008) claims, have the advantage of bi-cultural frames and therefore an inferred higher CQ (See Chapter 4: Data Analysis for more details).

#### 2.8.2.6 CQ Potency – Is it too good to be true?

Caution must be exercised to not over-emphasise the potency of CQ. CQ researchers claim to have explained outcomes from CQ that exceed those from other cross-cultural competencies, such as higher expatriate adjustment, performance and lower attrition at the workplace. CQ needs to be thought of as a construct, which could be used together with other complementary constructs such as emotional intelligence or IQ to work collectively to bring about the desired outcomes (Gelfand, Imai & Fehr, 2008). In addition, Gelfand, Imai and Fehr (2008) warned that there may be a 'dark side' to CQ; i.e. someone with a high CQ may invoke an ancient Chinese proverb, 'Keep your friends close, keep your enemies even closer,' and try to manipulate the other party to get to a personal outcome (p.382). Chapter 4 - Data Analysis Chapter, of the present research documents some responses which are testimonies of this dark side of CQ.

In addition, given the still-embryonic stage of CQ research, there is not enough discussion on how the various facets of CQ interact with each other, and how one facet is weighed up against the other to yield or predict certain outcomes in varying contexts.

> *Uncovering distinct CQ facet profiles might provide a more nuanced look at facets that is not captured when looking at them in isolation. (Gelfand, Imai & Fehr, 2008)*

There is a conscious call for alternate methods of enquiry to decode the influence and effect CQ has, and the process by which it interacts with the predicted outcomes of performance or adjustments (Rogers, 2008). Hence, this research study is responding to the call for a diversity of methods by using the phenomenological qualitative methodology for the investigation.

## 2.9 Literature gap in personality theories leading to trust-building in a cross-cultural context and RQ3

The key issue is that, in trying to understand the relationships between expatriate adjustment, and performance and effectiveness, the most important factor to consider, as some of these expatriate literatures have shown, is still the question of what takes place within the interpersonal relationships between the expatriate and an HCN employee.

Literature has come full circle from looking simplistically at personal characteristics and selection criteria of expatriate leaders to complicated, multi-faceted adjustment models, which are underscored by socialisation and psycho-social theories, to revisiting the expatriate, the individual yet again, through these personality and cognitive theories.

Based on socialisation and contact theories, the more an expatriate socialises and interacts with HCN employees, the more he will be able to adjust well into the new environment, which in turn, facilitates expatriate work adjustment (eg: Black & Gregersen, 1991; Aycan, 1997; Shay & Baack, 2006). However, anecdotal evidence has shown that although a person may socialise (especially if he has an extraverted personality), it does not mean that trust is being built automatically with HCNs. Nor does it mean that HCNs would implicitly trust this sociable expatriate leader enough to change their initial impression of the leader's behaviours to conclusively make a decision that they would accept and trust his leadership. Recent research studies have also not conclusively proven a causal relationship between work adjustment and expatriate performance (Kraimer, Wayne & Jaworski, 2001; Shay & Baack, 2006).

In addition, past studies have been almost single-sourced and empirical in nature; for example, studies have successfully shown the relationship between interaction with HCN and adjustment success by looking at the amount of contact but not necessarily the process of contact (Caligiuri, 2000b). This, in the researcher's opinion, is a result of the overwhelming empirical studies that focus on correlational statistics to test the various theories but do not attempt to understand the acculturation process as a whole from an interpretive approach.

The preceding sections of this work have looked at the various personality theories and the emergent theory of cultural intelligence to investigate their role in helping expatriate leaders build trust with local HCNs in the workplace. Cultural competences, while much sought after by academic researchers and practitioners alike, are still mired with confusion, particularly in their utilisation (Ang & Van Dyne, 2008). CQ is a promising aspect that over the last decade has proven its construct validity and measurement validity. CQ constitutes the set of capabilities with which expatriates should arm themselves in order to adapt effectively in a foreign environment, and to build relationships with locals.

Looking at the past decade's publications on CQ, it can be immediately seen that the research has been conducted mostly in the quantitative research paradigm, and researchers have been mostly interested in relationships with other variables and empirical evidences of its relationship to a myriad of antecedents and outcomes. This researcher is responding to the call for the need for methodological diversity (Imai & Gelfand, 2010). In addition, there has still only been one study on the effects of CQ in building interpersonal trust in the workplace between expatriates and HCNs, but the investigation was at a peer level, not at a supervisor-subordinate level (Rockstuhl & Ng, 2008). No study has ever been conducted on the role of CQ as a catalyst in influencing the trust-building process within hierarchical dyads, in the cross-cultural context, least of all in the qualitative research tradition.

Hence:

**Research Question 3 (RQ3): How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?**

In answering this question, the present study endeavours to understand the potency of CQ in facilitating the trust-building process, which in turn, would shed some light on the extent of CQ's malleability. It is hoped that this will provide organisations with some practical recommendation to enrich HR policies and better prepare a new cadre of expatriate leaders entering new frontiers.

## 2.10 Chapter summary

This concludes Chapter two of the literature review. Three areas of interest have been examined; i.e. trust literature, expatriate literature and lastly, literature on perceptual-cognitive theories and cultural intelligence (See below Figure 6: Literature Review Summary: Major Points of Convergence) which resulted in the corresponding research questions, are best illustrated in the three boxes of this diagram below:

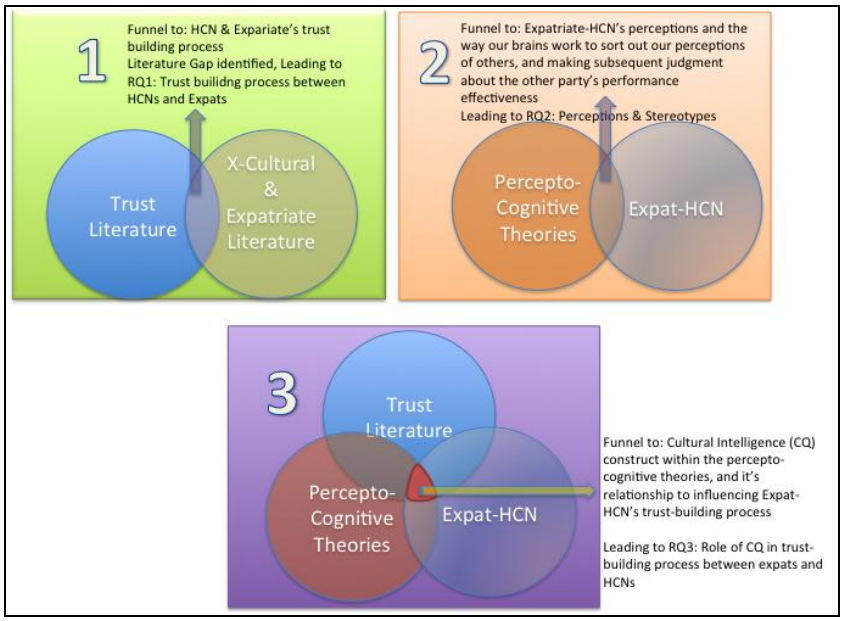


Figure 6: Literature Review Summary: Major Points of Convergence

The chapter began with an examination of both trust and expatriate literatures and established that an expatriate adjustment is dependent on his ability to build and sustain trusting relationships with his HCNs (See Box 1 in Figure 6 above). Existing literatures (Doney, Cannon & Mullen, 1998) show that the more the trustor and the trustee share similarities in values and background, the greater the chance of developing a trust-based relationship over time. However, the success of expatriate adjustment does not lie with the expatriate leader alone. Past literature has alluded to the significant role of the HCNs in engaging with the expatriate leader to form relationships of trust. However, it is neither the perspectives of one party (expatriate) nor the other (HCN) that needs to be focused on solely in understanding expatriate adjustment and expatriate success. Rather,

a fusion of the two perspectives would most likely yield the results desired of understanding the dynamics of these two actor groups in ensuring expatriate success. As Rogers (2008) cautioned, there is an over-emphasis on an individual's ability to absorb and internalise another individual's cultural identity, or systems, in order to adapt effectively in a foreign environment. Rogers proposed that "it is a mix of overlapping cultural identities and systems that individuals must navigate to be culturally intelligent" (p. 247), indicating that in the context of an expatriate leader-HCN dyad, both parties need to be involved.

Therein lies the gap where the mechanics of active engagement and iteration to build trust between expatriate leaders and HCNs, has not been fully explored. This study aims to distil the iterative process of trust-building in expatriate leader-HCN dyads through a qualitative lens.

The next sections of the chapter (Figure 6, Box 2) examined the various perceptual-cognitive theories in the context of the expatriate leader-HCN dyadic relationship to understand how individuals perceive and make sense of the world around them to arrive to a certain truth of reality. The discussion sought to understand better how these perception theories and leadership schemas that individuals hold cognitively would translate into perceptions and judgment of trustworthiness of the other party, as they navigate through the each party's cultural baggage, stereotypes and prejudices in the various stages of trust-building. In particular, a gap exists in trying to distil the forming of perceptions, stereotypes and prejudices as they interact in the context of cultural similarity-dissimilarity, and other cultural meaning systems or symbolisms at work to affect and influence the trust-building process in the context of the expatriate-HCN dyadic relationship expatriate leader-HCN dyad.

The final section (Figure 6, Box 3) located the emergent CQ construct as a positive determinant and catalyst to trust-building in the cross-cultural context. CQ in this study is the convergence point of the intersection between interpersonal trust between hierarchical dyads in a cross-cultural environment.

It is through the convergence of these seemingly separate literatures that the researcher shaped the research study in the hope that the answers to the following questions would be found.

1. How do expatriate leaders build trust with host country nationals in an inter-cultural context?

2. How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?

3. How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

The next chapter, Chapter 3: Study Design and Methodology, will discuss further the qualitative methodology involved, in answer to a methodological gap observed in all three literatures, as well as to channel the discussion into greater detail on the methods and the mechanics of the study, as driven from the abovementioned research questions.

# Chapter 3 Study Design and Methodology

*Qualitative writing may be seen as an active struggle for understanding and recognition of the lived meanings of the life world, and this writing possesses passive and receptive rhetoric dimensions. It requires that we be attentive to other voices, to subtle significations in the way that things and others speak to us. In part, this is achieved through contact with the words of others( (van Manen, 2006)*

## 3.1 Introduction

In the previous chapter, the researcher addressed literature on interpersonal trust between leader and employees, pertaining to cross-cultural leadership, expatriate adjustment literatures and emergent personality theories which link individual personality traits to an expatriate's performance effectiveness. The literature review endeavoured to explore how one's perception of another's trustworthiness will influence the hierarchical relationship between the two individuals, particularly in a cross-cultural context. The literature review also tries to see the connection between cultural intelligence (CQ) as a differentiating factor to one's predisposition to build trust with another person more effectively by way of managing one's own perceptions and perceptions of others cognitively and affectively.

The discussion in this chapter begins by describing the qualitative methodology employed in this research and the corresponding principles of phenomenology. The discussion will also detail the two opposing branches of phenomenology within this methodology, as well as the methodological framework that the researcher selects and employs to answer the research questions. This chapter will include sections, which describe the methods employed for selecting participants, crafting interview protocol, collecting data, and conducting the data analysis and interpretation methods, to answer the research questions in the interpretive phenomenological framework.

To reiterate, the research questions are: (1) How do expatriate leaders build trust with host country nationals in an inter-cultural context? (2) How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs? and (3) How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

The researcher endeavours to explore the meaning of trust as experienced and perceived through three pairs of eyes – that of the researcher, of the expatriate leaders and of the HCNs.

The data, upon which the study was based, comprises accounts and interpretations provided by 12 expatriate leaders and their corresponding 34 HCNs in 7 multi-national companies in Shanghai.

The researcher begins below by explaining how the choice of methodology has been reached, initially as a choice between quantitative versus qualitative methodology. The methodology preferred by the researcher, together with the benefits and limitations of the chosen methodology are then described.

## 3.2 Research methodology – a choice to be made

### *3.2.1 Qualitative vs. quantitative methodologies*

Quantitative research is usually preoccupied with causal relationships and correlations with other variables, description of observed data through predictions and verification and testing, whereas qualitative research probes deeper into human behaviours and seeks to find meaning or 'truth' about reality of the lived experiences (Maggs-Rapport, 2001).

In this study, the researcher wanted to examine the inner workings of the trust-building process, and to investigate the potency of CQ in further facilitating the trust process. She chose to employ the qualitative research methodology to enable a closer look at how individual's perceptions and stereotypes of another person shape and influence the

trust-building phenomenon. Qualitative research does not aim to achieve a degree of generalisation, uniformity or predictability, but rather this mode of enquiry seeks to gain the most complete understanding of the phenomenon in question.

### *3.2.2 Qualitative methodologies – More choices at hand*

There are four distinct methodologies in qualitative research that one could embark on to uncover the 'truth' and understanding of the 'reality' being studied (Wijesinghe, 2009), namely: (1) *Ethnography* which tries to uncover meanings on values and practices in particular cultures, through direct fieldwork and on-the-ground observation within a natural environment (Maggs-Rapport, 2000).

(2) *Descriptive Phenomenology* which strives to identify the essence of the phenomenon by bracketing one's own experience and prejudices, and objectively removing one's own responses and judgment to describe the observed phenomenon (Wimpenny & Gass, 2000; Maggs-Rapport, 2001).

(3) *Grounded Theory* which emphasises the development of a theory from the ground up, based on the data gathered (Wimpenny & Gass, 2000), and

(4) *Interpretive Phenomenology* tries to peel off layers of hidden 'truths' in expressed words and narratives (van Manen, 2006). This method holds the view that both the phenomenon itself and one's own interpretation of the phenomenon form the integral truth, as one is amongst and inseparable from the world of being (Van Manen, 1997; Maggs-Rapport, 2000; Maggs-Rapport, 2001).

### *3.2.3 Phenomenology methodology – Descriptive or interpretative tradition*

Phenomenologists define phenomenology as an enquiry method to understand the meaning of the phenomenon being examined, through the study of lived experiences, recollections of the past and inner reflection of our perceptions about the phenomenon,

in relation to the world around us (McPhail, 1995; Morse & Richards, 2002; Steenbakkers, Leijenhorst & Schuhmann, 2004).

Conklin (2007) said:

> *Meaning making takes place at the intersection of the physical world in which experience transpires and the mental and emotional world of the participant. This person world intersect is where phenomenology seems to best lend itself to discovery. (p. 277)*

There are two branches of phenomenology; i.e. descriptive and interpretive, as summarised earlier in the beginning of this chapter. In Husserlian's descriptive phenomenology, the researcher brackets all prior knowledge and maintains an objective stance in presenting the essential features of phenomena to reveal the 'truth' without any contamination of personal notions and prejudices.

In Heidegger's interpretive phenomenology, however, the researcher assigns meaning to the phenomenon as she understands it, and uncovers concealed meanings from the words of participants. She brings her own subjectivity, bias and experiences to interpret the situation and context being studied. In accordance with the Heideggerian tradition, the researcher is required to acknowledge her presence within the context of the interview process and her participation as an integral part of the world's reality. The researcher cannot help but be implicated in the meaning-making process itself (Gubrium & Hostein, 2000). She cannot take herself out of the equation of what 'truth' is, by virtue of her presence that comes with pre-notions, prejudices and biases that are formed by her own lived experiences, culture and norms in her own cultural eco-system as she interprets and attempts to understand the phenomenon (Wimpenny & Gass, 2000). Therefore, the practical question at hand is whether one can ever unshackle one's 'Self' and rid oneself of past experiences and emotions by bracketing them out and standing outside the system, looking in, as per the objective Husserlian tradition?

The researcher in this study believes she cannot divorce herself from the phenomenon at hand as she believes that she is constantly interacting, interpreting, assessing and judging her reality. To the researcher, reality is the meaning she assigns to every specific event and how she perceives the world around her. Furthermore, the trust

phenomenon is in her repertoire of lived experiences from which she cannot dispassionately disengage herself. She therefore ascribes to Donalek's (2004) view that a research is not truly phenomenological unless the researcher's beliefs, values and how she perceives her own world are incorporated in the data analysis. Therefore, she chose the Heideggerian tradition of interpretive phenomenology in this study to decode the trust-building phenomenon.

### *3.2.4 Why the Heidegger approach is more appropriate*

In the researcher's view, once trust has already been established as being psychological in nature (Lewis & Weigert, 1985), understanding the psychological workings of the mind will need more than empirical methods. The researcher does not wish to build a theory of trust and cultural intelligence around causal relationships and correlations amongst antecedents and outcomes. The researcher is keener to grasp the essence and reality of trust, the interpretation and construction of behaviours, attitudes and thoughts in people's minds when they talk about trust, and how perception and impression management come into play.

Ultimately, the researcher is making a choice between descriptive and interpretive phenomenology from the four types of qualitative methodology described earlier. Given that this researcher gravitates towards the Heideggerian tradition, which espouses that we cannot be disengaged from the reinterpretation and reconstruction of the actual lived experience in the world, (Gubrium and Hostein, 2002), the researcher has resolved to take on a qualitative, phenomenological interpretive approach to answer the three research questions. In so doing, she plans to explore expatriate leaders' personal experiences in building trust with HCN subordinates (RQ1), understand how perceptions and stereotypes influence that trust-building experience (RQ2), and examine the role of cultural intelligence as a catalyst of the trust-building process (RQ3).

This investigation will proceed, not simply from the two different perspectives of the expatriate leaders and HCNs, but will also juxtapose them against her own personal lived experiences. She will strive to make sense of what the data is revealing by

deconstructing and reconstructing meaning together with the participants in their physical, emotional and cognitive worlds, as different elements of reflection of the past are finally pieced together to arrive at a holistic 'truth' of the phenomenon of trust-building.

The researcher will also be capturing personal perspectives of HCN subordinates on what behaviours and events trigger their willingness to trust their expatriate leaders, at what point they do so, and if their perceptions of how culturally intelligent they view their expatriate leaders to be, could influence the process in which they place their trust in their leaders.

The research questions require an investigation which will not simply observe the appearance of the phenomenon of trust from the outside, but will make an in-depth study of the phenomenon and the intricate interactions of two parties, namely the expatriate leader and the HCN. The aim should be to understand the interplay of internal cognitive and affective processes affecting the trust-building processes. This includes the internal mental perceptions, stereotypes and biases that interlock with the cognitive and affective processes that the researcher wants to understand, as one party decides to take the leap of faith to trust the other party (Wijesinghe, 2009).

### *3.2.5 Researcher's assumptions*

The research questions are formulated from the perspective that an individual's own values and beliefs are central to how he perceives and interprets various events around him. In addition, this researcher's ontological assumptions have determined the research design insofar as she believes reality is subjective, dynamic and open to interpretation, as well as being absolute. The researcher assumes that the reality of the phenomenon is perceived and interpreted by individuals based on their lived experiences, and can be efficiently communicated and decoded via the context of individual interviews, which would in turn be transcribed into words and narratives (Lemke, Kelly & Roth, 2006; van Manen, 2006). The process of uncovering meaning is also contingent on the researcher's own values and beliefs in interpreting the realities that her interviewees share with her.

The entire assumption of the validity of this interpretive approach is premised upon participants being likened to trustful actors who can talk openly and honestly about each other in interviews, (Moldoveanu & Baum, 2011) and that the researcher herself cannot be standing outside, looking in, disinterested and disengaged from the lived realities that are reconstructed by the participants in the interviews (Wijesinghe, 2009). In addition, the reality being studied here is temporal and spatial, but the interviews conducted relate to a specifc point in time. Reality for the participants, therefore, is more in retrospect than the 'truth' at that single continuum of time(Conklin, 2007).

## 3.3 Research Methods

### *3.3.1 Interview method*

The researcher here takes the premise that the interview acts as a common platform of shared responsibilities between the interviewer and interviewee to produce and assign meanings to the interactions and conversations between two parties (Gubrium & Hostein, 2000; Lemke, Kelly & Roth, 2006). As the topic of research and line of question that the researcher wants to undertake is more personal in nature, and requires a significant amount of in-depth discussion, a one-on-one interview format is adopted, rather than a focus group.

### *3.3.2 Selection of participants*

This research will focus on obtaining and interpreting two different perspectives of trust building process, i.e. from the expatriate leader's perspective, and from that of the host country national (HCN) subordinates, to better understand the trust building process from the perspectives of the trustor (initiator of trust) and the trustee in a confidential and secure environment.

For logistical and time constraints, data gathering for this study will be restricted to only those expatriate leaders and HCN subordinates who comply with the following definitions:

a) **Expatriate leaders** - In this research study the term refers to all senior expatriate leaders who are currently leading or have led a significant business unit within the MNC office incorporated in China. They currently hold or have held the title of Director and/or directly supervise at least five HCN managers or directors in their respective teams within the Greater China region (Mainland China, Hong Kong and Taiwan).
b) **Host country national (HCN) subordinates** - In this study this term refers to those at the mid-level to top-level managers and directors who report directly to their respective expatriate leaders within the Greater China region. They are local executives with Manager or Director titles that are currently working or have worked with a senior expatriate leader for more than six months to ensure adequate exposure to each other's working interactions.

A conscious decision has been made to only involve the more senior level expatriate leaders and HCN subordinates in this study because these two groups of research subjects have the most relevant and intense inter-cultural, dyadic interactions and will be able to reasonably articulate their emotional and cognitive perspectives relating to the research questions.

The researcher postulates that while she, as the sole interviewer, wished to ensure that a certain amount of objectivity is maintained by for instance, not leading the interviewee in the line of questioning, an absolute truth cannot be gleaned from the interviews. As in the Heideggerian tradition, the researcher will try to uncover a 'truth' that is a reconstruction of the combined truth created by both the interviewer and the interviewee, which probably oscillates between fact and fiction (Gubrium & Hostein, 2000).

### *3.3.3 Study population: Multi-national corporations*

The researcher selected multi-national corporations (MNCs) as the study population as she believes the phenomenon of trust-building in a cross-cultural environment is most clearly observed by analysing the tension and daily interactions between foreign leaders

and local staff. In the researcher's opinion, this study on MNCs is timely for the reasons stated below:

The Post-Lehman world has forced many multi-national corporations (MNCs) to repatriate their expatriates in droves, to cope with the financial crisis, and inadvertently, this has changed the expatriate landscape. The Economist (2011), for example, has reported a sharp decline in expatriate numbers in Asia.

> *Back in the days when cushy jobs for foreigners were plentiful in Asia, Western expats used to get called FILTH—'failed in London, trying Hong Kong'. Now, though, they may end up as FISHTAILS—'failed in Shanghai, trying again in London'. This is because employers in Asia, despite strong demand for managers and professionals, increasingly choose to hire locals, not outsiders. (http://www.economist.com/node/18277181) [Accessed March 18 2011]*

While the global economy is currently limping back from the major financial meltdown, and MNCs continue to re-evaluate the amount of investments around the world, the Foreign Direct Investment (FDI) Confidence Index has shown that money is still pouring into emerging markets like China, India, Brazil, Indonesia and Vietnam (Laudicina, Gott & Pohl, 2010).

MNCs in these emerging markets are important because they now constitute more than 10% of world's total GDP and about 30% of world's total exports (Guislain & Kusek, 2010). A recent United Nations report (UNCTAD, 2010) showed that emerging markets attracted over 50 % of the world's foreign direct investment (USD 1.12 trillion) in 2010 and, for the first time, outperformed developed economies. Therefore, expatriate leaders will be continually sent to their foreign subsidiaries as a way of consolidating Head Office control, given that these sizable investments need to be protected.

In China alone, FDI outflow investment stood between USD 92-108 million in 2009 (Laudicina, Gott & Pohl, 2010), bucking the downward trend of global FDI. Expatriates are generally coming out of the global economic crisis, unscathed, compared to their counterparts stationed in various parts of Europe or USA.

Given the economic swing from developed markets of Europe and the USA to the emerging market of China in recent years, it is most relevant for this study to focus on China. In addition, the researcher herself has been in China for the last four and a half years, working closely with the MNCs there, thus facilitating accessibility.

### *3.3.4 Developing the interview method*

The researcher employed the interviewing method because the research questions she wished to explore allude to perceptions of 'truth;' i.e. how the trust-building process unfolds, the prejudices and perceptions of trustworthiness and how cultural intelligence is perceived to play a role in facilitating the trust-building process. Consequently, the various versions of 'truth' could only be obtained through different levels of conversation analysis and in a dyadic format.

Moreover, it has been recognised that interviewing as a method in qualitative research involves more than simple observation and 'playing back' data as in quantitative research. Qualitative research includes the expectation of two-way active interaction and dialogue, followed by reflection on the part of the researcher (Gubrium & Hostein, 2000). The reflection process indicates the researcher's active role in interpretation of the data obtained to make sense of the conversation that took place earlier (Wimpenny & Gass, 2000; Conklin, 2007). In accordance with this approach, the researcher will endeavour to have her voice heard as well throughout the interpretation of data so that the 'truth,' while grounded in literature which provides the framework of research, will be reconstructed in collaborative voices of the expatriate leader, the HCN and the researcher herself.

### *3.3.5 Formulating the interview questions*

A set of semi-structured interview questions has been developed to facilitate the interviews with expatriate leaders and HCN subordinates. A set of semi-structured interview questions was developed by the researcher to facilitate the interviews with expatriate leaders and HCN subordinates. The interview questions were tested twice

with her former colleagues for ensuring that they were logical and likely would yield comprehensive answers from potential respondents."

The final interview questions are semi-structured into three parts, to allow for flexibility in changing the flow and train of thought on the part of the researcher and participant as the participant delves more into personal information and explores the meaning and meta-meaning of the questions. A preliminary write-up of the interview protocol for both groups is attached in Appendix A: Interview Protocol.

#### 3.3.5.1 Interview questions Part one - Preamble

The general structure begins with a preamble (Questions 1-2) to set the stage, followed by questions regarding trust (Questions 3-5) and then questions regarding CQ (Questions 6-10).

In the preamble, the questions are structured to allow participants to talk about themselves and how their career paths have exposed them to cross-cultural situations. The subsequent questions for clarification and in-depth investigation are not structured, thus allowing the flow of the dialogue to be freer and the participants more comfortable with the topic and the interviewer.

Table 5: Interview Questions: Part One - Preamble

| Interview Question No: | Preamble - Setting the Context & Tone |
|---|---|
| 1 | What is your general experience in working in a recent cross-cultural assignment, e.g. when did you begin, where were you stationed, what was your role? Who were your teammates or colleagues? Who was your leader? |
| 2 | What were your experiences in working with expatriate leaders (or HCN) in this assignment? What was your role in this? What were some of the best parts of this experience, the most challenging parts, the interesting parts? |

On the outset, the researcher as the interviewer took the initiative to explain more about her own exposure and experiences in cross-cultural situations. The researcher placed

herself in a vulnerable position and took the risk of opening up and talking about certain personal details and perceptions of her experiences. This was intended, firstly, to set the tone, and secondly, to present as being sincere in sharing stories rather than being interrogatory. Lastly, by setting this tone, the researcher demonstrated the definition of trust; i.e. to be vulnerable and to take the risk of trusting, with the hope or expectation that the other party will reciprocate (LePine, Scott & Colquitt, 2007).

In addition, the researcher wished to build direct trust with participants and create a safe environment for talking openly by using trade language common to the industries represented in the study sample, based on the opportunities she has had as a management consultant in similar industries. Her objective was to apply her listening skills to understand the organisations and the respective 'actors', in order to ensure that the interviews would be more interactive and collaborative in reconstructing meaning.

#### 3.3.5.2 Interview questions Part Two – Trust-building and perceptions of trustworthiness

In Part Two, the interview questions (Questions 3-5) are focused on trust-building, the definition and perceptions of trustworthiness and the perceived importance of trust-building (see Table 6).

Table 6: Interview Questions: Part Two - Trust-building and Perceptions of Trustworthiness

| Interview Question No: | Questions on trust-building and perceptions of trustworthiness | Maps to RQ |
|---|---|---|
| 3 | How did you and your local staff begin to build a working relationship? What worked well? What did not work so well? What was your relationship based on? Why? | RQ1 |
| 4 | To what extent do you believe trust development was important for the success of this operation? Do you think your expatriate leader felt the same way? Why or why not? What feedback did you rely on to make that case? | RQ1 and RQ2 |
| 5 | What is 'trustworthiness' in your view and how do you judge whether a person is trustworthy or not? What do you consider before you make that judgment call? What influences your perception of your expatriate leader's | RQ1 and RQ2 |

| | | |
|---|---|---|
| | trustworthiness? | |

Question 3 asks loosely about the participants' process in building trust with the expatriate leader or the HCN in question, what went well and what did not. This gives the opportunity to the participant to recollect and reflect on the events that took place in a given time space. Questions 4 and 5 ask participants to describe their perceptions of trustworthiness and its importance in the workplace, as well as the criteria they use to judge whether to trust the other party or not. These questions are designed to facilitate the conversation to uncover some prejudices and stereotypes, and perceptions of each participant in making judgments of whether to trust the other party or not.

The answers to the above may not be the 'truth' on how the trust-building process actually takes place, given that they are based solely on reconstructing the meaning of these interactions, which happened retrospectively in a specific time context. However, since this question is repeated to the other party in the dyad, the answers can be counter-checked in order to juxtapose both parties' responses to find the intersecting 'truth.'

#### 3.3.5.3 Interview questions Part Three – Cultural intelligence (CQ)

Half-way through the interview, the researcher led the discussion to CQ-related questions (See

Table 7 - Questions 6 to 8) to distil some perceptions of how well the participants thought their expatriate leaders had adjusted in the foreign environment, and what were some of the observable manifestations of their expatriate leader's behaviours that conveyed effective adjustment and adaptation, or otherwise. In the case of expatriate leaders, these questions were asked to have them reflect on their past thoughts and actions that resulted in successful or unsuccessful behaviours in improving their adjustment in a foreign context. The questions were asked in accordance with the four CQ sub-constructs – knowledge, meta-knowledge, motivation and behaviours. The reason for doing so was so that the researcher was able to subsequently analyse if there are varying emphases and different emerging themes based on the theoretical sub-

constructs, and if so, how the sub-construct(s) interact in varying degrees with the actual trust-building process.

Table 7: Interview Questions: Part Three - Cultural Intelligence (CQ) Sub-constructs

| Interview Question No: | Questions on CQ – Mapping to R3: How does CQ influence the trust-building process between expatriate leaders and their HCN subordinates? | CQ Construct Mapping |
|---|---|---|
| 6 | To what degree do you think you have a working knowledge of the culture, economics and socio-politics of this country? Why do you say so and how is it manifested in your daily interactions at work? | CQ1 – Knowledge and CQ2 - Metaknowledge |
| 7 | How well did you think your expatriate leader adapted his behaviours to the local culture and context? What worked well? What did not work as well? Why? | CQ4 - Behaviours |
| 8 | What do you think motivates your expatriate leader to act in the way he does? What do you think goes through his/her mind in making decisions and working with you and your team mates on a daily basis? | CQ3 - Motivation |
| 9 | What is 'cultural intelligence' in your view and what does a 'culturally intelligent leader' look like in your mind? How would you rate your own cultural intelligence on a scale of 1 to 10? Why? How do you think your local staff would rate you? Why? | Maps to R2 and R3 |
| 10 | How important is being culturally intelligent in a project like this and would you trust the leader more if he were considered to be more 'culturally intelligent?' Why or why not? | Maps to R2 and R3 |

Towards the end of the interview, the researcher asked the participants if they could provide some characteristics of a leader with high CQ, and to profile a leader who they thought was highly culturally intelligent. The researcher deliberated on the placement of the question of CQ definition. She decided to leave it towards the end of the interview so that the participants would not be unnecessarily distracted by this academic term, "Cultural Intelligence," too early in the process. The researcher is more focused on

enabling the participants to describe their perceptions with their own words and terminology, and to explain their observations of their foreign counterparts' behaviours, which would denote the presence or absence of CQ in a more suble way for later analysis.

Each HCN participant was asked to rate his expatriate leader's cultural intelligence on an arbitrary scale of one to ten. The expatriate leaders were asked to rate themselves on their CQ levels on a scale of one to ten.

In requesting the participants to do the rating and provide some justification to their rating system, the researcher hoped to gain glimpse of what constitutes CQ in layman's terms, as the participants understood it, and more importantly, how crucial was CQ for the participants in building trust with their foreign counterparts.

### *3.3.6 The study sample: Purposive sampling*

The researcher chose to sample companies that have at least 1,000 employees to enable her to generalise the findings, as well as to keep a few elements constant; i.e. corporate culture that expects and encourages diversity and provides a cross-cultural environment across the globe, which implies having a critical mass of expatriate leaders. In addition, she selected organisations that are fast-pace in nature in terms of being under time pressure to deliver services to their own clients or internal customer base, such as the frontline management consultants across different account teams, and back office support staff, such as the finance and legal teams.

It is in such circumstances that the researcher believes that leadership tension, including potential issues of trust between expatriate leaders and local employees, is most dramatically or acutely manifest, as the time-pressed environment would not accord the luxury of time for expatriate leaders to form relationships and build trust to legitimise their leadership positions.

In her previous place of employment, the researcher had direct accessibility to a pool of multi-national companies, for which she was responsible in terms of account planning

and development. In examining the pool and using the criteria of more than a thousand employees in China, the researcher was able to short-list several large MNCs who she contacted by telephone to express her intent and to gauge the potential participants' interest in taking part in the research. Given the prior client/ former employer-employee relationships, gaining entry to these organisations and securing their cooperation to participate in the research effort was achieved with relative ease.

After telephonic or face-to-face confirmation from potential organisations, the researcher was able to include in her sample her previous employers, IBM China and Accenture China, several former clients such as AC Nielsen (market research consulting company); Standard Chartered Bank, Citicorp Software Technology Services and State Street Bank (banking clients), and Dow Chemical (manufacturing client). Both Accenture China and IBM China are local, wholly owned subsidiaries of Accenture and IBM respectively, and both are headquartered in the United States of America. They are among the leading global technology consulting and outsourcing companies in the world and have global workforce in excess of 100,000 employees. In China alone, these two organisations have thousands of consulting professionals (exact data confidential) and have presence in major cities in China. Citicorp Software Technology Services (800+ professionals) is one of the few global technology hubs, which service Citicorp offices worldwide, particularly providing services for offices in the Americas and Asia. Dow Chemical is a huge, leading global chemical company, which chose headquartered their massive R&D facilities in Shanghai, and has factories across China. State Street Bank and Standard Chartered Bank were the first few of the early entrants to the China market and have sizable in-house IT professionals (>500 people) within the MNC sector. AC Nielsen is comparatively small as compared to the rest of the organisations within the sample. However, AC Nielsen is similar in ranking in terms of being a leading research house and like the other organisations, it has a reputable global brand that is used to attract talents to work there. These organisations are collectively selected for their reputation and perceived quality of people working within the organisations, and the perceived strong corporate culture within individual organisations that may impact the trust building phenomenon."

There were 12 expatriate leaders and 34 HCNs who confirmed their participation. Table 8 and Table 9 provide the details of the demographics of the participants in the purposive sample. Companies and individual names have been masked in these tables to protect confidentiality.

Table 8: Research Sample - Expatriate Leaders and HCNs

| Companies | Expatriate Leader | | Host Country Nationals | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| A | 1 | 0 | 4 | 1 |
| B | 2 | 0 | 0 | 2 |
| C | 1 | 1 | 1 | 5 |
| X | 3 | 0 | 4 | 1 |
| Z | 2 | 0 | 5 | 6 |
| Y | 0 | 1 | 1 | 1 |
| P | 0 | 1 | 0 | 3 |
| Total Participants by Gender | 9 | 3 | 15 | 19 |

Table 9: Research Sample – Demographic details

| Age Group | | | % |
|---|---|---|---|
| HCNs | Females | Males | |
| 25-35 | 13 | 12 | 74% |
| 35-45 | 5 | 4 | 26% |
| 45-55 | 0 | 0 | |
| 55-65 | 0 | 0 | |
| Expatriates | Females | Males | |
| 25-35 | 0 | 1 | 8% |
| 35-45 | 3 | 3 | 50% |
| 45-55 | 0 | 3 | 25% |
| 55-65 | 0 | 2 | 17% |

| Codes | Years in China | Speaks Putonghua | Nationality |
|---|---|---|---|
| B-EL2 | 0.25 | no | Scottish |
| X-EL3 | 3 | no | American |
| Z-EL1 | 3 | no | American |
| X-EL2 | 3 | no | Indian |
| X-EL1 | 0.5 | yes | Canadian-Hong Kongese |
| C-EL1 | 3 | yes | Dutch-Chinese |
| Z-EL2 | 4 | yes | Malaysian |
| Y-EL1 | 5 | yes | Malaysian |
| A-EL1 | 15 | Yes | Singaporean |
| C-EL2 | 18 | yes | Canadian |
| P-EL1 | 18 | yes | Singaporean |
| B-EL1 | 20 | yes | American |

The expatriate leaders (as defined in Pg. viii) hold titles such as Marketing Director, R&D Director, Global Services Director, Program Director, Partners and Associate Partners. They each have more than five managers and team leaders reporting to them directly, within their span of control. With the exception of the R&D director and Program Director, all ELs have financial accountabilities and have responsibilities for ensuring day-to-day internal operations. As heads of their respective businesses or divisions/departments, they are also responsible for carving out the vision and strategic

actions that are in line with corporate direction, and to cascade them downward within their span of control.

In this research sample, more than 75% of the expatriate leaders were between 35-55 years of age and most of them managed HCNs who ranged between 25-35 years. While the split between male and female for the HCNs was equally distributed, the expatriate leaders being interviewed were mostly male. Of the expatriate leaders interviewed, 58% were of Asian descent and 68% of the ELs could speak *Putonghua*. 33% of the ELs had been working in China for more than 10 years, while 50% of the ELs had spent three or less years in China on assignment.

These demographic data are important information for the researcher in order to build preliminary nodes in NVivo to start the development of a general framework for future data analysis and preparation for entering the field (Richards & Bazeley, 2000; Silverman, 2000; Wolcott, 2001; Bazeley, 2007). Nodes such as 'New Generation Thinking' or 'Gender Related' were created from the start to capture expected relevant data regarding cultural perspectives and stereotypes from the various demographic details recorded during the interviews based on the research questions. Other nodes such as Asian Expatriates and Language were also created to capture data that were predicted to be important emerging themes for this research. Section 3.5 will provide a more detailed discussion on nodes.

### *3.3.7 Obtaining formal approvals*

Before entering the field, the researcher drew up a list of potential participants made up of expatriate leaders who were the researcher's former employers (direct supervisors) or clients with whom she had worked in the past for at least 6 months. The researcher called all of the organisations on the list. As there was already a trusting relationship with these potential participants, it was relatively easy to provide an overview and the objectives of the study, and request formal acceptance of participation from these organisations. The researcher encountered no problems in requesting permission to invite the direct subordinates who would subsequently form the HCN pool later.

Formal invitation letters to participate (see Appendix B – Invitation to participate) together with a detailed description of the study were sent to potential participating organisations, indicating a deadline to respond within two weeks. At the end of the two weeks, all who indicated participation informally via e-mail or telephone responded with formal letters from the organisation, allowing access and inviting the researcher to coordinate interview schedules with their respective HCN direct reports who were participating in the study (see Appendix C – Acceptance letter from participating organisations).

Together with the formal responses, the researcher then submitted the formal, standard request to the University of South Australia's Human Ethics Committee for approval to conduct this study; approval was obtained on March 21, 2010.

## 3.4 Entering the field: Data collection

### *3.4.1 Conducting the interview*

The researcher decided to conduct the interviews in batches, by organisations. The interview dates were determined in advance between researcher and the participating expatriate leaders, but the specific times on the identified dates were agreed upon between researcher and the participating HCNs. The Participant Information Sheet (Appendix D – Participant Information Sheet), which describes the research study's objectives and summary proceedings, and the accompanying consent form (Appendix E – Consent Form) were sent via e-mail to all participants a week before the actual interviews. All interviews were conducted on-site (where the research subjects were located) before or after office hours or during the lunch hour, to minimise work disruptions and distractions.

The researcher introduced herself, gave a short overview of the research objectives, and explained from the outset the need for the interview to be audio taped and notes to be written to capture as close as possible what the participants were sharing with the researcher. The researcher then asked the participants to read the Consent Form, if they had not already done so earlier, to sign and return the form to her before the interview

began. She also assured the interviewees whenever they felt that they wanted to stop the interview, she would proceed to do so and allow for a break or stop the interview all together if so requested.

As this study is phenomenological in nature and should ideally not follow a strict, structured interview protocol (Morse & Richards, 2002), the researcher was mindful to let each interviewee lead the conversation and to be respectful of where the interviewee wanted to spend more time in discussing a specific theme. However, as time was of the essence and the researcher did not necessarily want to extend into the interviewee's working schedule, her role was to facilitate the conversation along the semi-structured questions that were discussed earlier in the chapter. As mentioned, these semi-structured questions acted only as a guide or prompt to ensure the three research questions were answered in the 60-90 minutes timeframe in each interview.

#### 3.4.1.1 Interview flow

The researcher began with the preamble questions to allow the participants settle and to give free reign for them to talk about their experiences working with foreigners and operating in a cross-cultural environment. In the next stage, the researcher led the interviewee to describe the trust-building process and how they judged the other party's trustworthiness. In the interview, the researcher facilitated the discussion to describe how important the concept of trust was for them in the workplace.

In the last stage of the interview with the expatriate leaders, the researcher channelled the discussion to look at how adaptable and successful the interviewees perceived themselves to be in navigating and operating effectively in cross-cultural terrains. This line of questioning began with understanding whether the interviewees believed that they had sufficient working knowledge of the host country culture, the socio-economic and political systems, and whether they believed that they were leveraging their knowledge on the foreign culture to make better decisions at work, increase effectiveness in making friends and adapting to new environments. The questioning then turned to manifested behaviours that the interviewees observed in themselves to

substantiate if they were adapting successfully in the new cultural environment, and delved deeper into their intrinsic motivation for choosing to adapt or otherwise.

In the case of HCNs, the same line of questioning was applied, but the researcher reversed the discussion obtain another perspective of the HCN's perceptions, biases and stereotypes on the expatriate leaders' effectiveness in the workplace. The questions focussed on whether the HCNs believed their expatriate leaders had sufficient working knowledge of the host country culture, its socio-economic and political systems, and how they perceived the extent to which their expatriate leaders leveraged their knowledge to plan better, work more effectively with them, to understand and assimilate better in the local context. The interviewees were also asked to describe clearly observable behaviours on the part of the expatriate leaders, which could suggest that their expatriate leaders have adapted to the local culture effectively or otherwise. From her own lived experiences and anecdotal evidences, the researcher anticipated that there would be discrepancies in the HCNs' perceptions of how important knowledge and behaviours were in ensuring their expatriate leader's success in the workplace.

While these questions were focused on the sub-constructs of CQ (knowledge, meta-knowledge, behaviour and motivation), the researcher was careful to disguise the questions to reduce the issue of over-reporting and greater placement of CQ on the trust-building process than intended. This means that the researcher did not use the term CQ overtly in her questioning until towards the end, where she asked the participants for their own definition of CQ and how the HCNs would rank their foreign counterparts' CQ, or in the case of expatriate leaders, the rating of their own CQ.

The expatriate was interviewed separately from the HCN subordinate and the interview attempted to uncover the dynamics of the trust-building process. With the HCN counterpart, questions were loosely formulated to find out whether there were certain behaviours that the expatriate manager needed to demonstrate before trust could develop, and if so, how these behaviours were interpreted as cultural intelligence on the part of the expatriate leader, as well as what their overall perceptions of the entire trust-building process were. With the expatriate leaders, the interview focused on the cognitive processes engaged, the motivational factors and behavioural manifestations

applied by the leaders to initiate trust-formation. The interview also attempted to uncover the stages of development of trust over time, any impediments to the process and perceptions of how successfully trust was built with HCNs. (See Appendix A: Interview Protocol for more details.)

### *3.4.2 Data collection: Procedures*

With the written consent of the participants, the interviews were audio taped and transcribed at a later stage. Each interview ranged from one to one-and-a-half hours. In total, there were approximately 2,192 minutes of interview data from 46 interviews.

The researcher took note of key terms and interesting descriptions throughout the interviews while keeping the recorder switched on the entire time. Upon finishing each interview, the researcher took 15 minutes to look over her notes and started to capture her preliminary reactions and thoughts via memo-ing in Nvivo.

At the end of the interview day with a maximum of four interviews being conducted, the researcher played back all the interviews in sequence and listened for patterns and emerging themes. She recorded her preliminary thoughts by memo-ing directly into NVivo and started to develop a general node tree to house the patterns and emerging themes arising from the interview playbacks. As each interview day passed, the general node tree was refined based on the preliminary patterns that the researcher identified across the interviews. In addition, the researcher developed an interview note spreadsheet to start capturing key ideas expressed by interviewees, and used the spreadsheet to contain key ideas on the definitions of trust and CQ, criteria for trustworthiness, and self-ratings and HCN-ratings of CQ. The decision to analyse these key ideas in one place provided another way to refine the node tree as well as to identify points of saturation to complete the interview stage. Table 10 is an extract of the entire spreadsheet to illustrate how the researcher captured key themes and comments from interviewees, and began to look for key themes (See Appendix G for an excerpt of the researcher's Interview Notes).

Table 10: Interview Notes - an excerpt

| Co. | HCNs | Demographics | CQ-EL1 | General Impression of EL | Trust Definition | CQ Definition |
|---|---|---|---|---|---|---|
| C | HCN001 | 4 yrs in C after graduation | 9 | Straighforward personality more flexible, "break" the pXXXess more willingly compared to Ian who is more self-discplined; Physical distance, i.e. how close boss sits near my cubicle - is key | Look into details in daily work; did they deliver on a day to day basis; do they talk about others in front of me; how do they talk to client; reputation | Observe first before act; Close to local people, i.e. have lunch together; must like the Chinese culture; must have the commitment to work here |
| Y | HCN009 | 11 yrs experience, SM, worked with local vendor company prior, short term assignments in Dubai, KL, not adapting to food and lifestyle if project's too long | 5 | Only 1 way to work with XXX - to work hard, good output, be professional and detailed oriented. | Able to deliver quality Build up your own image first as an expert, then build client relationships can borrow money from the person | Knows how to buy people's hearts CQ is a set of keys to open the relationship door. It still depends on personality to get through the door |

After every organisation's interview session, the audio recordings were sent to a professional transcriber to be transcribed verbatim. The researcher then reviewed the transcripts and compared the audio recordings against the transcripts for accuracy before embarking on data coding as the next stage of analysis. The next section will record the process of data organisation and coding, analysis and interpretation.

## 3.5 Analysis and interpretation of data

### *3.5.1 Organise the data*

> *The job of the researcher is then to make sense of the 'rich data' by tentatively creating and exploring ideas, researchers construct and combine categories from the data, linking them to data as meanings become clearer.(Richards, 1999)*

Upon completion of the interviews and the corresponding transcripts, the researcher imported all transcripts and audio clippings into Nvivo. She also imported all field notes, which included preliminary ideas or themes that had struck the researcher at the points of interviews, into the Memo area in Nvivo.

#### 3.5.1.1 Developing node trees and central themes

Before the interview sessions, the researcher began developing free nodes in the Nvivo software program, based on the initial central themes that emerged from her literature reviews. The free nodes were then organised further into node trees as far as was

possible for the researcher in an attempt to answer the three research questions (to be reiterated here): (1) How do expatriate leaders build trust with host country nationals in an inter-cultural context? (2) How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs; and (3) How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

As interviews progressed, the researcher redrew her initial node trees and explored the links between her free nodes and node trees. The iteration exercise to finalise the nodes occurred across the coding process.

The following diagram **Figure** 7: NVivo Nodes Tree **Summary** illustrates how the node tree was designed to map back into the research questions. It took at least five iterations and refinements to achieve the final state. To examine the nodes and its sub-nodes in detail, please refer to Appendix F: Comprehensive Nodes Diagram. Chapter 4: Data Analysis discusses how the interview data was slotted into the various nodes and analysed accordingly.

| Name of Node | Sources | References | Description | Maps to: |
|---|---|---|---|---|
| Trustworthiness - Criteria | 15 | 119 | Describes trust building process parameters | R1 |
| Behaviours that build trust | 13 | 97 | Describes trust building process parameters | R1 |
| Behaviours that don't build trust | 3 | 4 | Describes trust building process parameters | R1 |
| Building trust takes time | 4 | 5 | Describes trust building process parameters | R1 |
| Comments from 3rd party | 1 | 3 | Credibility | R1&2 |
| Trust Decisions | 13 | 38 | Criteria for making decisions | R1&2 |
| HCN's relationship nature with Expat Leaders | 4 | 7 | Categorizes the types of relationships - professional, nurturing, etc... | R1&2 |
| Stereotypes, Prejudices, Impressions and Perceptions | 12 | 70 | | R2 |
| Outlook towards Work and Life | 14 | 68 | Attitudes, paradigms and maxims about how work plays out for an individual in an organizational setting | R2 |
| Communication & Working Styles | 14 | 240 | What kind of a communicator are you? | R2 |
| Culture | 15 | 60 | Captures quotes on cultures - organizational, national, communal | R2 |
| CQ 1Cognitive Knowledge - What Do I Know | 8 | | 20 | R3 |
| CQ 2Metacognitive Knowledge-How Do I Use My Knowledge | 8 | 16 | How knowledge is being used to plan and interact with HCNs to understand and operate at their level | R3 |
| CQ 3Motivation - Why Do I Do The Things I Do | 12 | 40 | | R3 |
| CQ 4Adapt Behaviours - What Do I Do Outwardly | 14 | 100 | | R3 |
| Measurements | 12 | 40 | Captures all the self-rated and staff-rated CQ | |
| Correlation between trust and CQ | 12 | 14 | Determines whether there is any correlation | |
| Positive correlation between trust and CQ | 9 | 10 | | |
| No correlation between trust and CQ | 3 | 4 | | |
| Important Narratives & Quotes | 4 | 6 | Quotable quotes | |

Figure 7: NVivo Nodes Tree Summary

### *3.5.2 Coding the data*

The researcher chose to complete all 46 interviews and have them all transcribed and imported into the NVivo software before embarking on the coding and analysis stage. Once all field notes were appropriately memo-ed and categorised, each audio file was imported against each corresponding transcript to enable coding and listening more efficiently. The researcher then began the coding process, which consisted of the following procedure:

- Listen to the audio files one at a time and code each transcript against the nodes developed in the beginning.
- Add or revise these codes and themes according to what is heard and captured.
- Review the corresponding memos where appropriate.
- Capture worthy quotes in the free node called 'Quotable quotes' so that these can be replayed and used in the thesis to substantiate certain claims and findings that the researcher wants the reader to explore.

The researcher applied both Moustakas' (1994) and Conklin's (2007) data analysis methods to consolidate and make sense of the emerging patterns and schemas that arose from the data collected.

#### 3.5.2.1 Step 1 - Preliminary grouping of central themes on trust and cultural intelligence

The central themes were created as nodes, *a priori* and grouped based on literature reviews. As the data analysis stage progressed, the nodes were further refined, reduced and eliminated when actual data was slotted into these nodes.

There were five major node trees, which were developed to correspond to the three research questions. The first one was designed to capture everything on the trust phenomenon such as the definition of trust, the criteria for trustworthiness, behaviours, which demonstrate trust and otherwise, and how trust decisions are made. The next node tree was stereotypes, prejudices and biases, which corresponded to Research

Question 2, How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?.

The next node tree captured everything related to cultural intelligence, which corresponded to Research Question 3, How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context? Using Earley and Ang's (2003) definition of CQ sub-constructs, data was coded into CQ1 – knowledge, CQ2 – metaknowledge, CQ3 – motivation and CQ4 – behaviours. The third node tree captured ratings related to CQ (ratings of 1-10) and trust (whether trust is important or not).

The last node tree captured the two types of measurements – CQ ratings (self-ratings by expatriate leaders and ratings given by HCNs), and the perceived correlation between CQ and trust.

#### 3.5.2.2 Step 2 - Clustering and thematising the phenomenon of trust and CQ

In this step, the researcher started to code every transcript according to the nodes developed. As patterns and key themes emerged, more focused codes were developed to capture more subtleties in the form of outlook of work and life, communication and working styles, and culture. These nodes helped to capture more subtleties manifested in the trust phenomenon and the CQ construct, and inform the researcher the existence of more antecedents and factors that would impact the trust-building process. (Refer to Appendix F - Comprehensive Nodes Diagram - exported from NVivo for more details.)

### *3.5.3 Analysis of the data*

The analysis focused on looking at how data converged from the various interviews to form common themes or patterns in the following:

- Establishing the realities of expatriates using their cultural intelligence to cultivate trust in their HCN subordinates (to answer Research Questions 1 and 2)

- Exploring how HCN subordinates in turn, perceive and categorise the manifested behaviours of expatriate leaders that complement or contrast their mental schema of what trustworthiness is, and how they make a decision to trust or distrust (to answer Research Questions 3 and 4).

The researcher employed constant comparison analysis and keyword-in-context within an organisation and across organisations of the same industry. This provided a broader comparison to analyse the impact of corporate culture, size and the content of work and interaction with respective clients and internal employees to generalise a broader theme across the same industry. By the same token, the researcher cast the net wider to look at whether the peculiarities that impact the consulting industry, in this example, are also manifest across the manufacturing company (Dow Chemical) or the multi-national banks in China such as Standard Chartered Bank, Citibank and State Street Bank. (Leech & Onwuegbuzie, 2011).

In looking up key words in context in Nvivo, the researcher, for example, located how many times and in what context the word 'bridge' was used or inferred when participants were asked to characterise their role in the expatriate leader-HCN relationship. In another example, the degree of correlation of the words 'trust' and 'loyalty' allowed the researcher to determine how loosely or tightly coupled the idea of trust and loyalty are for different demographics, or how participants responded to or used the word loyalty in the context of their trust definition.

### *3.5.4 Interpretation of the data*

In analysing and interpreting the data, the researcher utilised Conklin's (2007) method of analysing data horizontally, writing up textural descriptions and composite textural descriptions, then expanding into structural descriptions and composite structural descriptions, and finally providing some synthesis to recreate a composite truth to explain the phenomenon of trust-building. With enough data points to indicate similar and opposing patterns and emerging themes, the researcher then began weaving together these central themes that emerged among the participants, trying to uncover the

various embedded ‘truths’, and ultimately, using imagination to postulate a larger, more universal truth.

Textural description of the ‘horizontaling’ exercise looks at similar themes and patterns that emerge in each of the interviews. For example, in trying to understand the phenomenon of trust for a particular expatriate leader from Company Y for example, the researcher uncovered that the said expatriate leader had a very low propensity to trust. She said numerous times “I trust no one,” and “You simply can’t trust them.” The researcher recorded a description of this pattern for this particular participant. The process was repeated to all participants. When sufficient descriptions were written down, compared and contrasted, the researcher was able to generate a composite textural description that grouped similar sentiments of expatriate leaders, with regards to not being able to trust the local HCNs. The researcher, in this case, upon linking demographic data across this pattern, could engage in an imaginative variation exercise to interpret the experience and postulated that the nationality of the researcher could have played a part in not trusting their local counterparts. In this particular study, the researcher uncovered that overseas Chinese leaders have lower propensity to trust HCNs compared to their Caucasian counterparts. This reconstruction of meaning of this particular event was written up as composite textural descriptions (Conklin, 2007).

In the next stage, the researcher looked for patterns in the structural sense, for example, the corporate culture, the new generation of Chinese youth, or the assigned role given to the expatriate leader or the HCNs that shaped the trust-building process. Again, a structural description of the experience was written up individually, and then compared and contrasted across all the participants. The researcher established a composite structural description of collective experiences.

One structural description concerns the new generation of Chinese youth, which seems to eagerly embrace leaders who are vastly different culturally; a trend favouring Western expatriate leaders. This may lead to the assumption of cultural defiance on the part of the young, with the desire to break out of traditional moulds. This interpretation may not necessarily reflect a greater trust between HCNs and expatriate leaders, but it does indicate more cooperation for mutual benefits. The final stage of synthesis

reconstructs a broader meaning based on the structural and textural descriptions at a composite level. For example, the researcher endeavoured to uncover the ‘truth’ of whether trust is truly important or whether organisations should simply facilitate a conducive environment for mutual cooperation.

In this conjecture, the researcher was supported by her experience as an expatriate leader herself in order to add to the texture of truth, having worked in China for more than four years and as an HCN in Singapore and Malaysia for expatriate leaders in different MNCs for more than ten years. The data analysis becomes richer as it includes the researcher’s dimension as a participant to reconstruct the truth from the composite data. See Chapter 4 – Data Analysis, for full discussions on this area.

## 3.6 Chapter summary

This chapter provided a detailed description of the choice of methodology employed, of the qualitative tradition, and the justifications for using interpretative phenomenology to deconstruct the trust-building process between expatriate leaders and HCNs, and to understand the role of CQ in shaping the trust-building phenomenon.

The chapter also covered in detail the sample selection process, methods of data collection, the development of the interview questions, data preparation, coding structure and process for data analysis and interpretation.

The next chapter (Chapter 4 – Results: Data Findings and Emerging Themes) will present the data findings and emerging themes arising from the 34 one-on-one interviews, using the data analysis process discussed here in this chapter.

# Chapter 4 Data Findings and Interpretation

## 4.1 Introduction

In the previous Chapter 3, the methodology was extensively discussed on why it was more relevant that the researcher undertakes the interpretive phenomenology approach and how the one-on-one onsite interview method was employed to answer the research questions, as reiterated below:

1 How do expatriate leaders build trust with host country nationals in an inter-cultural context?
2 How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?
3 How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

In this chapter, the researcher will present the data findings from the 46 completed interviews of host country nationals and expatriate leaders of seven multi-national companies over the course of three months (April –July 2011). The data findings were collected and analysed in a coherent manner to answer the three research questions abovementioned from two perspectives – that of the expatriate leaders and the host country nationals. The researcher has synthesised and interpreted the findings with her own lens and led the discussion into the next chapter (Chapter 5: Conclusions and Discussion) which will discuss in detail the implications to theory and future research directions.

This chapter is divided into several sections for ease of organisation:

Section 4.1: Introduction – reiterates the research questions, provides a structure for this chapter's discussion flow and summarises the data collection process (complete details are found in Chapter 3). This section also details the data preparation process for analysis and will include how data collected from participants are categorised and how major themes surfaced from the categorisation, using NVivo.

Sections 4.2-4.4: Key Findings & Emerging Themes – details key findings and emerging themes and how they strive to answer each of the three research questions. In this section, the researcher also looks at culture-free and culture-bound themes, how they are similar or differ from each other, from the perspectives of the expatriate leaders and host country nationals.

Section 4.5 will consolidate the findings thus far to form a tentative framework for understanding trust-building and cultural intelligence between expatriate leaders and host country nationals in China. The chapter will end with a discussion of other emerging themes that may not fit perfectly into the three research questions but have surfaced in the data.

### *4.1.1 Summary of data collection methods*

#### 4.1.1.1 Sample

Interviews were held with 12 expatriate leaders and 34 host country nationals on a one-on-one basis across the financial, technology consulting, research and manufacturing industries in Shanghai, China. Participating organisations were Accenture, IBM, Dow Chemical, AC Nielsen, State Street Bank, Citicorp Software and Technology Services and Standard Chartered Bank. This is a purposive sample, selected by the researcher based on her past affiliations with her multi-national clients (MNCs) in the last three years. These MNCs were selected based on their accessibility and having a reasonably sized workforce in Shanghai (>500 host country national staff). While seven organizations could not begin to generalise any trends that emerge for entire population of MNCs, the size of each organisation allows some commonalities to be extrapolated across the sample organisations.

In the sample, 30% expatriate leaders were female in the 35-55 years of age category whereas male expatriate leaders are distributed across all the age groups. Out of the 34 host country nationals in the sample, 74% were in the age group of 25-35 years of age, and the rest were between 35-45 years of age. There was an even distribution of male and female participants in the host country national groups. More demographic details and breakdown can be found in Chapter 3: Study Design and Methodology.

#### 4.1.1.2 Interview questions

The interviews were generally 45-60 minutes long at office locations and were recorded on audiotape, with prior consent from the heads of organisations and participants who elected to participate in this research. These audio files were later transcribed into Word format and downloaded into NVivo for data analysis.

In general, interview questions were fielded somewhat similarly for each participant against the three research questions. The sequence of questions differed slightly from one participant to another as the researcher deliberately allowed for the participant to lead in the process of unfolding their personal stories of how they build trust with their counterparts and how cultural intelligence (CQ) interplays in their judgments and perceptions of each other. Details of how the interview protocol was developed can be found in Chapter 3: Study Design and Methodology.

Table 11 illustrates the interview questions as they correspond to each research question.

Table 11: Interview Questions & Research Questions

| **Research Questions** | **Interview Questions** |
|---|---|
| 1) How do expatriate leaders build trust with host country nationals in an inter-cultural context? | • How did you begin to build a working relationship with your expatriate leader (or HCN)? What worked well? What did not work so well? What was your relationship based on? Why?<br>• To what extent do you believe trust development was important for the success of this operation? Do you think your expatriate leader (or HCN) felt the |

| | |
|---|---|
| | same way? Why or why not? What feedback did you rely on to make that case?<br>• What is 'trustworthiness' in your view and how do you judge whether a person is trustworthy or not? What do you consider before you make that judgment call? What influences your perception of your expatriate leader's (or HCN's) trustworthiness? |
| 2) How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs? | No interview questions were fielded directly about the personal values, beliefs and prejudices of interviewees, but as the individual stories unfolded, the answers were embedded in their stories, collected and captured by NVivo and researcher's field notes. The composite answers are described in the later section of this chapter.<br>The question 'What is trustworthiness…' was fielded in the first 15 minutes and the discussion on self-ratings or HCN's ratings of expatriate leader's CQ also alluded to the answer to this research question. |
| 3) How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context? | • To what degree do you think you have a working knowledge of the culture, economics and socio-politics of this country? Why do you say so and how is it manifested in your daily interactions at work?<br>• To what extent do you think you adapted your behaviours to the local culture and context? What worked well? What did not work as well? Why?<br>• What are your motivational factors to acting in the way you did? How do they affect your decision-making process, if at all?<br>• What is 'cultural intelligence' in your view and what does a 'culturally intelligent leader' look like in your mind? How would you rate your own cultural intelligence on a scale of 1 to 10? Why? How do you think your local staff would rate you? Why?<br>• How important is being culturally intelligent in a project like this and would you be able to garner more trust from your local staff if they considered you more 'culturally intelligent?' Why or why not? |

### *4.1.2 Data preparation*

Over 2,192 minutes of data were collected from 46 participants over a period of three months. Transcription was done immediately upon completion of each set of interviews for each organisation and uploaded together with the researcher's field notes into NVivo for analysis. Upon completion of each interview, the researcher listened to the entire conversation immediately, and had the audio files transcribed professionally. When the completed transcripts were returned to the researcher, she listened to each original audio file again and compared it with the corresponding transcript for data accuracy. editing the transcripts where necessary. As she listened, she generated a memo within NVivo and made comparisons with her original field notes. All data were then uploaded into NVivo for categorisation and analysis.

### *4.1.3 Data analysis*

In the early stages, the researcher divided the data into two major categories or nodes: those related to trust and those related to cultural intelligence. Key node trees were created before the coding process, based on the interview questions – trustworthiness criteria, trust behaviours, cultural intelligence sub-constructs (cognitive, metacognitive, motivation and behaviours) and stereotypes and perceptions.

Later on, as coding progressed, more nodes and sub-nodes were formed as data converged into various themes, as illustrated here in Table 12 in the following page:

Table 12: Summary Tree Node Diagram

| Name of Node | | |
|---|---|---|
| Trustworthiness - Criteria | | |
| Behaviours that build trust | | |
| Behaviours that don't build trust | | |
| Building trust takes time | | |
| Comments from 3rd party | | |
| Trust Decisions | | |
| HCN's relationship nature with Expat Leaders | | |
| Stereotypes, Prejudices, Impressions and Perceptions | | |
| Outlook towards Work and Life | | |
| Communication & Working Styles | | |
| Culture | | |
| CQ 1Cognitive Knowledge - What Do I Know | | |
| CQ 2Metacognitive Knowledge-How Do I Use My Knowledge | | |
| CQ 3Motivation - Why Do I Do The Things I Do | | |
| CQ 4Adapt Behaviours - What Do I Do Outwardly | | |
| Measurements | | |
| | Correlation between trust and CQ | |
| | | Positive correlation between trust and CQ |
| | | No correlation between trust and CQ |

A breakdown of these tree nodes can be found in Appendix F - Comprehensive Nodes Diagram - exported from NVivo

### *4.1.4 Data presentation*

In the following sections (Section 4.2-4.4), data findings are presented as answers to the three research questions. Emerging themes and patterns are discussed throughout, and where appropriate, the researcher has juxtaposed several quotes from expatriate leaders and HCNs to illustrate an emerging theme or to discuss possible interpretations of the findings. The juxtaposition of quotes is not dyadic in nature; i.e. they are not paired responses but still illustrate common themes and patterns that the researcher postulates from her data.

## 4.2 Data findings and emerging themes - Research Question 1 on building trust

**RQ1: How do expatriate leaders build trust with host country nationals in an inter-cultural context?**

Table 13 below summaries the data findings and emerging themes for Research Question 1. The emerging themes are presented according to the most frequent occurences as tracked by Nvivo. For example, the emerging theme of "Competence" has the most frequent occurrence in all the interviews aggregated in Nvivo, hence, the researcher postulates that this theme would form a key finding. This method of distilling the emerging themes was previously described in more detail in Section 4.1.3. More detailed discussions will follow on each of these emerging themes in Section 4.2.1-4.2.8.

Table 13: Findings and Emerging Themes for Research Question 1

| Emerging Themes for Research Question 1: How do expatriate leaders build trust with host country nationals in an inter-cultural context? | |
|---|---|
| Trust-formation begins with competence<br><br>*"Trust is not always about when somebody lies to you or not, it's about do they deliver." (X-EL3)* | • Cognitive trust begins with demonstrating competence and enabling knowledge transfer at the initial phase<br>• HCN's expectations are different depending on their seniority and experiences<br>• HCNs need to prove their own abilities too<br>• HCNs are expected to take risk but their appetites for risk may be different due to perceived repercussions |
| Language skills unlock relationships<br><br>*"To me, I feel....if I can speak the language, I could probably do things a lot different than I do today." X-EL1)* | • Language fluency catalyses relationship building but expectations vary by job roles<br>• Language ability reduces psychological distance<br>• Lost in translation: fluency does not mean understanding<br>• Fluency in the Chinese language does not make one Chinese<br>• Language fluency extends to HCN's ability to speak English |

| | |
|---|---|
| Situational communication skills help to navigate around<br><br>*"Sometimes is all about attitude. It's nothing to do with your answer of yes or no..(it's about) how you respect our culture… So it's kind of like the tricky game that you play…" (Y-HCN2)* | • HCNs may want straightforward and direct communication but their own communication methods may not be reciprocal<br>• Indirect communication may enhance relationships |
| Benevolence begets trust<br><br>*"…If my boss is..a very good person, then we can talk freely. I can express my feelings. She can understand me and then maybe help me." (C-HCN4)* | • Small gestures convey emotional care |
| Providing a safe environment breeds trust in the workplace<br><br>*"…If you don't leave them hanging to dry… they know they can trust that.. you will keep their best interest at heart." (C-EL1)* | • Taking the bullet for HCNs to foster trust<br>• Allowing for voicing out differences builds trusting behaviours |
| A nurturing and coaching environment fosters trust<br><br>*"He wants to teach me.."*<br>*(Z-HCN11)* | • Coaching requires some cultural intelligence<br>• Coaching goes outside the office walls and beyond office hours<br>• Women leaders are perceived to be natural nurturers<br>• Recognising potential talents and taking risk with them build trusting atmosphere |
| Hold on to personal integrity<br><br>*".. if you really support from your heart, you don't want to get anything to betray that…I think gradually, they definitely will trust you." (X-HCN3)* | • Be consistent and deliver what you promise in word and in deed<br>• Take care of your reputation<br>• Act from the heart |
| Engage in risk-taking behaviours to build trust<br><br>*"I think if you really support from your heart, you don't want to get anything to betray that…I think gradually, they definitely will trust you." (X-HCN3)* | • Take risk to go beyond your duty<br>• Be the 'bridge' or find one<br>• Build loyalty<br>• Take risk in promoting and nurturing locals<br>• Promote mimicking behaviours |

### *4.2.1 Trust-formation begins with competence*

Trust-formation begins with proving your competence to establish your credibility and worth on the team. Most participants (n=34) mentioned that the key criterion to trusting the other party is to witness some form of competencies and ability to execute the job entrusted upon him or her. Trusting someone is dependent upon the extent to which one possesses and demonstrates the expertise to do the job well; i.e. having the competences, which foster other's trust in your capabilities and judgment. Ability can either mean the technical competences that one is supposed to bring on board the workplace, or leadership competences and business knowledge that are required to manage the work teams effectively and/or work with customers externally. The findings show that both expatriate leaders and HCNs expect the same demonstration of competence at the outset of the relationship.

> *.. trust is on the capability of the person. That's just …delivery. Can they deliver the budgets I gave them? (C-EL1)*
>
> *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)*

#### 4.2.1.1 Competence and knowledge transfer

One key emerging theme arising from this is that HCNs expect competent leaders to take the time and effort to transfer knowledge to the local team, and while doing so, the expatriate leader benefits from that experience of working in a cross-cultural environment. Consider these responses from two senior HCNs from different industries:

> *..if they bring professional experience to local team, I think this is their contribution .. I think through this interaction, the local team can mature and also get exposure, and for these managers when they go back, they have umm global experience. (B-HCN1)*
>
> *He had about 30 years or more experience in this area so he will know a lot of work, all the stories or the knowledges or how the project urrr, hmmm, start and how they move on and.. he will tell us what we care about. (Z-HCN5)*

It is interesting to note that most participants express similar sentiments as those expressed below about working with someone who does not know what he is talking about, lacks content and is like an empty vessel; i.e. all talk and no content. While many

trust 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.

> *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)*

#### 4.2.1.2 HCNs' expectations are different depending on their seniority and experience

It may or may not be difficult to demonstrate one's ability either in the technical competences or leadership qualities, and in a general understanding of the business, depending on whether the leader's HCNs are experienced, senior workers or otherwise. With more experienced HCNs, there seems to be a greater need for the leader to prove himself since he is judged more deliberately before he is able to 'win them over,' and proceed with the relationship.

> *I am not a junior staff, I have my experience, I can define...if he or she is qualified to coach me – P-HCN3*

Less experienced HCNs rely on their expatriate leaders to make the right decisions that will be mutually beneficial for them.

> *I think I trust him because he always makes the right decisions. (A-HCN4)*

One observation made was that an expatriate leader bringing on board years of technical experience and working with a reasonably young team, will find that this team is hungry to learn and will trust the leader's judgment, advice and direction. The team will excuse the leader's lack of knowledge on local norms, language, etc. and will trust him as long as he can help them deliver their job, coach them to be better workers and transfer his knowledge to them.

The younger generation in particular is keen to see what the leader can teach them and

what they can learn from him. This reflects the new generation of Chinese professionals who expect their leaders to transfer knowledge and help them become better professionals, assisting them in their career paths.

#### 4.2.1.3 HCNs need to prove their own abilities too

On the other side of the coin, in the case of HCNs trying to build a relationship based on trust with their leader, the HCNs will ensure firstly that they can prove themselves in their jobs, capabilities and competencies.

> *Let boss think you are reliable, what things you can fulfil to accomplish in time, in terms of work or something like that. (Local Senior Manager, Company X)*

For a local manager at Bank A, *trust* had two-fold implications.

> *It is having the competencies first, work at small projects, prove yourself, and then be subject to Singapore Head Office's judgment. If you are not good, how could people trust you?*

In his interview, he alluded to political structures that foster mistrust across geographic locations – the Singapore office trusted the office in India to deliver better than the one in China, whereas some Singapore business units took the risk and gave the work to the office in China to prove themselves.

#### 4.2.1.4 HCNs' appetites for risk may be different due to perceived repercussions

The expatriate leader in certain cases expects his HCN to take the risk of making decisions and to take some accountability to demonstrate his competence.

> *This guy has challenges delivering because he refuses to make a decision on his own or take any risk so he's just sort of..., weighs it all out and for me to make the decision and then when I make a decision, right or wrong and especially if it's wrong, then its my fault, of course. (X-EL3)*

However, HCNs may have differing appetites for risk due to perceived bad repercussions. In the quote below, demonstrating ability and making oneself visible to the boss may be deemed as unwise and too 'risky' to some, as recounted by another HCN from Company A.

> *I don't want to jump into the pool because I don't know what he wants, what the direction is... (A-HCN5)*

Here it seems this HCN will not be proactive in taking on responsibilities not because he is not capable, but because he perceives this as taking too much risk, and that being proactive will be considered by boss as aggressive, causing his boss to not trust him in turn. This may be cultural because in a more Western mode of thinking, this HCN would be perceived as not being proactive enough and not seen as a risk-taker and leader. While these are disparate individual responses from different organisations, the trend of such a mismatch of expectations concerning risk taking presents across the sample population.

### *4.2.2 Language skills can unlocking relationships*

Most respondents (n=37) agree that the ability to speak in the native language is the catalyst to building a new relationship, forming a gateway to common ground and deeper relationship building with colleagues and business partners.

> *..The same language should be better for trust-building because a lot of Chinese, we, we are shy in (stammering) naturally.. We not as open as foreigners. – Z-HCN10*

> *so, I studied Putonghua at school and I'm… I can confidently say I'm… I'm very fluent in Putonghua. And… the ability to communicate in Putonghua just helps to build a rapport ... – C-EL2*

Expatriate leaders who do not speak the language recognise the handicap of non-fluency.

> *It's like they say right, if you can smoke, a lot of barriers are broken when you can walk across for a smoke and then you come back. To me, I feel here .. if I can speak the language, I could probably do things lot different than I do today – X-EL1*

#### 4.2.2.1 Language fluency catalyses relationship building but expectations vary depending on job roles

Several HCNs who do not hold front-line positions opined that the importance of language fluency tapers off in significance once initial trust forms. The trustee and trustor then strive to prove themselves worthy of trust by demonstration of other behaviours that are considered trustworthy.

***Expectation of language fluency varies depending on job roles***

Expectations of language fluency appear to differ depending on the job levels or job type. If the expatriate leader is at a very high level or in a strategic position such as the General Manager or a Regional Director, and does not need to interact with local customers regularly, HCNs seem to expect only the demonstration of benevolence and ability to inspire from these leaders. The same is said of expatriate leaders in technical positions such as in Research and Development.

However, if the expatriate leader is in a sales or marketing position, particularly when local customers are involved, then expectations are much higher in terms of language fluency, such as being able to understand specific nuances of using or refraining from using certain words. Expatriate leaders in such positions are expected to have more flexibility in language usage and in using language to be part of the social network within the teams and with customers, and to bridge and navigate through local business networks.

For front-line roles such as sales and marketing, where networking with customers and government officials is required, knowing the language well enough, to the extent of understanding complex proverbs, pick up nuances and double-meanings, is key to establishing trust in business relations with each other.

Making the effort to learn the language is also deemed as being culturally intelligent by HCNs. They appear to have a greater appreciation for non-Chinese speaking expatriate

leaders who make the effort, no matter how big or small, to show that they are embracing the language at the workplace.

#### 4.2.2.2 Language ability reduces the psychological distance

For one veteran expatriate leader in the banking industry, knowing to speak the local language (*Putonghua*) reduces the psychological distance between people and is the beginning of trust. According to him, increasing the proximity between himself and his HCN staff is about 'disarming' each other, being vulnerable and taking the risk of sharing information, beginning with work and then moving towards very personal and sensitive life issues.

> *...If if I open up my…personal side to you, right, and exposed my weaknesses, my vulnerabilities, right?... you know, then, you as an individual start disarming each other. My guns drop off, your guns drop off, and then you get to a personal level. –B-EL1*

#### 4.2.2.3 Lost in translation: Fluency does not mean understanding

While the data in this study established that being able to speak the *Putonghua* language helps to bridge major gaps and brings people closer together in a shared communication platform to synthesise ideas better, much is lost in translation. Unless one has spent a significant number of years in China and has completely immersed oneself in the cultural understanding, semantics and linguistics of the language, the nuances of the language will escape one's superficial ability to simply speak the language. What is lost in translation may be the hidden meaning behind the words used in the same language. The nuances, the psychological meaning of words used, and even how frequently the words are used, will bring a significant bearing to whether people will be willing to trust each other.

Consider this example:

> *Sometimes when my boss talk to the client and they way he... it's nothing to do about you don't know the language. He or she can speak Putonghua but the problem is 词不达意 (vocabulary doesn't match the intention), especially for the presentation, I think..it's worse – Y-HCN2*

> *So when he talk that in Putonghua '我告诉你一个非常简单的解释 (Let me explain to you in the simplest manner)'… I mean, it's nothing wrong. Maybe if it's in English is not bad, you know. It's simple but I mean if you keep using it…10 times in their conversation, it's not good... Y-HCN2*

In this conversation, the word 'simple' is NOT simple in Chinese. It can easily translate into an air of superiority where the speaker tries to bring the audience to a lower level of understanding. It is easy to see how one can be offended when the intention is far from what it is in reality.

#### 4.2.2.4 Fluency in the Chinese language does not make one Chinese

HCNs show a great appreciation of the efforts made by their expatriate leaders in trying their best to learn their language, and using it as much as possible in the workplace. However, many of them interpret the motivation for learning the language as a useful tool to get closer to the locals, understand their psyche and to generally work more effectively with them, as well as with the local customers. Most HCNs think the value of an expatriate leader with linguistic abilities is not in the ability to converse in *Putonghua*, but to understand the Chinese way of thinking, understand its logic and motivation, and to shape their conversation accordingly.

> *I see a lot of laowais (foreigners) who can speak Chinese but they still not Chinese. They are still different. They just have a better tool to approach the culture, customer. Just they have a tool, but that's not.. it's not really…in the mind, it's different. Except you.. you live in China, from the educational system, the junior school to the senior school, university, why do, network with local people, okay now you become Chinese. But what's the value? The value is not you become the Chinese, the value is you really understand Chinese, and you know who is the right person you can work with. (Z-HCN11)*

Most expatriate leaders also understand the importance and significance of mastering the language to manage their businesses better and connect more effectively with customers at the market place. However, some of these leaders recognise that no matter how hard they try, they will not achieve complete understanding, nor do they really want to achieve that level because that would mean, in some ways, losing their own identities.

> *I mean that is depth in terms of the relationship, I don't think any of the Caucasian that do not, if they do not speak Putonghua, they will not go to the depth of knowing the locals. It's very hard because their innermost feelings and thoughts are all in Chinese*

*and translation, you always lose, lost in translation in a lot of things and I can speak Chinese and I can understand Chinese but yet I find it very, very difficult to dive deep with the local Chinese in term of relationship. (Z-EL2)*

#### 4.2.2.5 Language fluency extends to the HCNs' ability to speak English

While undoubtedly the *Putonghua* language lubricates the quality of the relationship between the expatriate leader and the HCN, and trust may be fostered more easily, the opposite is also true. This means that if the HCN speaks the English language proficiently and is able to connect with his expatriate leader at a more meaningful and in-depth level, the expatriate leader's life is made easier too. Placing trust in the HCN is easier for the expatriate leader when he or she has experienced a richer quality of relationship between himself and the HCN. If the HCN cannot speak English well and express himself clearly, the expatriate leader will tend to take the short cut and simply dismiss him as difficult to understand, trying to minimise their interaction. In the longer term, it will not build a trusting or any meaningful relationship.

*I think part of the problem is his English so it's difficult for me to understand him, also I think it's difficult for him to understand me so I think some things get lost in translation as well. (X-EL2)*

In the same way as expatriate leaders who speak *Putonghua* proficiently may not connect completely with locals, the HCNs may also hold back and not connect at a deeper, more emotional level that requires sharing of personal information about their lives, their inner thoughts and their world views. While there may not be any significant implications to work outcomes, this certainly implies a more difficult path to establishing a more personal, emotional-based trusting relationship.

*So when I use English, I think about work; when I use Chinese I think about my personal live, it's difficult for me to, if I have a foreigner as my boss, you know, like a blond, and he always speaks English, he looks different I will not share probably. (Company P-2)*

### *4.2.3 Situational communication skills helps to navigate around*

While language competence is key to unlocking relationships, an expatriate leader with good situational communication skills will navigate more effectively in the sometimes-

treacherous cross-cultural terrain. The following are characteristics of some communication skills that HCNs observed in their expatriate leaders.

#### 4.2.3.1 Straightforward and direct communication is desired but may not be reciprocal

Being straightforward and direct is what each HCN professes to want out of their expatriate leaders in order to establish and maintain a relationship of trust. What that entails though, may be a double-edged sword. Some HCNs alluded that they want their expatriate leaders to be direct with them; they expect their leaders to give them very clear and direct instructions on what they want them to do, what is expected of their work and how they are performing, regardless of whether the feedback is good or bad.

However, the irony is that some expatriate leaders reported frustration in communicating with HCNs as they were guarded and tacit in their own communication styles, frequently engaging in a more indirect, roundabout way, particularly during meetings.

> *Because Chinese people, they want to keep silence. I mean they are smart. They will, maybe.. just talk to themselves..inside. (A-HCN3)*

This discrepancy about what they expect of expatriate leaders and how they themselves communicate, may lend itself to misunderstandings that prevent trust from being built on either side. Much of this discrepancy, to be fair, is due to the language barrier between the two parties. Without proficiency in either language, neither the expatriate leader nor the HCN will be able to progress beyond superficial conversations and focus the things that matter to both parties in direct and straightforward conversations.

Still others observed that working with expatriate leaders who have a direct and straightforward style require them to reduce answers to simple yes-or-no responses, come straight to the point, be data-driven and information-focused. HCNs generally said they prefer this style because they are able to better predict their foreign bosses' expectations and work demands.

#### 4.2.3.2 Indirect communication may enhance relationships

To other HCNs who may prefer a less direct style from their expatriate leaders, being direct may mean being economical with their choice of words, to the point of being perceived as uncaring.

> *He speaks very… very directly…and also err… sometimes he do not care about your feelings. (Z-HCN8)*

> *.. he's very straightforward. If he didn't like what or don't like what you are doing, there's very little communication with the guy. (C-HCN2)*

In the context of managing customers, these HCNs opined that expatriate leaders who are too direct in their speech may not be adopting the best approach to handle local government officials or local customers, especially in situations where conflicts need to be managed or contracts need to be negotiated. In HCN observations, expatriate leaders who are not able to adapt their communication styles to suit the local customers and officials, are seen as causing more work for HCNs who have to resort to damage control later. Expatriate leaders who are successful in building trust with their customers are those who are able to engage in 'mind games,' with adaptive communication skills to understand what's being said and not said.

> *Sometimes is all about attitude. It's nothing to do with your answer with yes or no, about what is the company's attitude or how you respect our culture. So, it's kind of like the tricky game that you play, 心理战 (psychological games) with the client. (Y-HCN2)*

To expatriate leaders who engage in a direct and straightforward style believe they have no hidden agenda; i.e. they are constantly being transparent, work-focused and employing a direct communication style that does not beat around the bush when giving feedback and directives. They see themselves as being able to confront issues, ask tough questions, and not flinch from confronting the matters at hand. They avoid taking things personally out on their HCNs. They pride themselves in maintaining integrity in issues and conflict resolution with their employees.

> *Straightforward, being oriented, get to the point, I don't have the time to listen to you, don't give me a long drawn-out story. Huh.. this is an American company, I have a lot on my plate, just get things done, I don't have the time to sit down and just chat and to listen to all the staff. (X-EL3)*

> *First of all, I am very direct with them, I have a very personal conversation with them, in that sense that I am very transparent with them in terms of why I do a certain, why I do certain things and all. (Z-EL2)*

### *4.2.4 Benevolence (being the good guy) begets trust*

According to many respondents, caring for people on a personal level is important in building trust. These respondents believed that women fare better in this area because of the nurturing side of women.

#### 4.2.4.1 Small gestures convey emotional care

Some HCNs believed that making small gestures is key to building the impression of caring about the well-being of the staff. For example, an HCN said that he appreciated his expatriate leader coming into the office late at night show support for staff that needed to work overtime; this suggested that the leader knew that they were making the effort and working late for him. Another HCN faulted her boss for not remembering her birthday and commented that he was very calculative. Rightly or wrongly, it seems that HCNs, particularly the younger ones, pay attention to how attentive their expatriate leaders are to their well-being.

Providing emotional support during a crisis is another signal, which shows that the expatriate leader cares beyond the professional realm of duty. One man from Company Z (Z-HCN6) had to deal with his wife being in a critical condition in the hospital and the expatriate leader provided emotional support, allow flexibility during work time. That gesture was observed by the entire team, which translated into trust in the expatriate leader.

##### *An expatriate leader's failure to adapt can be offset by a show of benevolence towards HCNs*

Some HCNs in Company Z described honestly how their expatriate leader was perceived as not being able to adapt well to his role in China, and was, therefore, not as effective. However, he was greatly appreciated for being kind and easy to work with. This gives demonstrates that while one is perceived as not adapting effectively, it does

not matter because work is accomplished despite of it. In addition, the HCNs in this case genuinely seemed to like the expatriate leader despite the adaptation challenges because they felt that he would address any issue they brought to his attention. However, it is noted that the same HCNs who expressed genuine liking of the said expatriate leader, have also recognised the expatriate leader's strong technical competence and years of experience he brought to balance the issue of poor adaptation.

#### *Judgement of trustworthiness goes beyond a professional image*

To many HCNs interviewed, more is at stake than simply being efficient and professional at work. It is more important to be a caring friend, a good father, a gentleman, a good husband or a good mother. In other words, being a good leader who cares for others beyond career matters, and someone who is attentive to his staff's personal details is important to the HCNs in China.

> *..More care about you, more care about career, more care about your personal life. (Z-HCN6)*

There seems to also be an unspoken expectation to be evaluated or judged by their superiors as being more than a professional in the workplace. Some HCNs view themselves as more holistic and see the cultural gap with their expatriate leaders arising from the fact that their expatriate leaders only judge them on their professional performance. In the same way, the HCNs form a more personal relationship of trust with expatriate leaders who they perceive as 'nice', 'non-threatening', 'benign', 'kind,' all of which are adjectives that go beyond the description of professionalism.

> *It's (adapting successfully) only important that if my boss is… is a very good person. That we can talk freely. I can express my feelings. She can understand me and then maybe help me. That's the most important thing. No matter Chinese or foreigners. (C-HCN4)*

For many HCNs in this sample population, expatriate leaders who take time to understand their family issues and concerns (e.g. being single) and coach them on their lives' development, not just on their careers, are the ones who they trust more and gravitate towards, forming bonds beyond professional relationships. This may be an added responsibility for expatriate leaders who wish to do so, as they need to spend the

time, and have the motivation to delve deeper into the psyche of the HCNs they work with, their societal and family backgrounds, for instance.

> *I think for a boss, if he knows different age people such as if these people have many children, and have some problem in family such as relationships with their parents in-law…. And, younger people they are not married, I know if they give some guidance, not only in work but also in the whole life, just discussion and guidance... (HCN, Company Z)*

### *4.2.5 Providing a safe environment promotes trust in the workplace*

To foster trust in their teams, most expatriate leaders have said that they create a safe environment where staff can openly talk to them about things that really bother them. As one expatriate leader described, she allows her staff to come into her office to 'bitch and gossip' and to vent privately with her on certain things that are happening in the organisation without worrying that she will report them later to higher management.

Other expatriates describe such an environment as enabling their staff to let their guard down, to be emotional about things, disarming one another by sharing intimate information or personal thoughts with each other, which will otherwise not see the light of the day. For one expatriate leader, it is about having the freedom to discuss sensitive topics such as the Cultural Revolution, or for another expatriate leader, it is about being free to share his inner thoughts about the corporate culture. Some HCNs find their environments safe in that they can tell the expatriate leader what is on their minds and advise the foreign boss not to do certain things for his own good, instead of simply letting the expatriate leader walk right into trouble.

> *Yeah, I think you can tell him everything you are thinking, the good thing, the bad thing, urr success and the, the problem you face or the fails. (X-HCN4)*

#### 4.2.5.1 'Taking the bullet' for HCNs fosters trust

Providing a safe environment also includes allowing for trial and error, for learning and having the boss support his employees in conflict situations, providing the adequate political support and endorsement when facing other departments' objections, or obtaining approval from higher management. HCNs will place trust in leaders who are able to take a stand to defend them, take the bullet for them, and as they say 'Fight for

us,' a recurring theme throughout these interviews. In the quote below, the HCN alluded to a perceived trait of the expatriate leaders in defending and protecting their staff to a greater extent than local leaders.

> *They are more supportive. Maybe it's not all foreign bosses but just to my boss but I can see from other foreign bosses compared to local bosses, they are more supportive. They more defend their juniors. (P-HCN3)*

The next quote from a different HCN illustrated a contrasting view of expatriate leaders who did not protect the new employee and left her to fend for herself. This experience left a lasting impression on the HCN and she learned not to trust that particular leader.

> *…this German boss, but I was new at that time. I have no experience, uhh I think he ... he agreed with my views uhh but he couldn't stand strongly behind me. He just push me ahead in front of the senior people I think at that time I had no capability to handle this. (C-HCN3)*

A very experienced expatriate leader who has spent her last 18 years in China, found that the way to build trust and loyalty with her HCNs was to take the risk to defend them, to stand for them and take a fall where necessary.

> *I mean in my experience here… I've found that the most loyal people I have working with me are those who when they've run into trouble, that I… stood up and say, …you're my team, I'm the boss, I've given you guidance, if you're now under pressure, it's our pressure. And I'm gonna back you because… we will always face these sorts of pressures and challenges from different departments or bosses. So, you know, I think for Chinese colleagues, again, you… you'd be… trustworthy is a balance, if you don't leave them hanging… to dry… to dry when something's goes wrong, and that they know that they can trust that you will keep their best interest at heart (C-EL1)*

#### 4.2.5.2 Allowing for voicing differences builds trusting behaviours

Another characteristic of the trust-building process is to enable a safe environment for people to express different opinions without significant repercussions. When employees see that there is no significant threat and risk to their careers in opening up to their foreign leaders, they are more willing to express what they really feel.

> *So, although sometimes I think 'Oh, I have a bit different opinion with her, I still feel yea, it, it's okay, I, I will told her.' (P-HCN1)*

### *4.2.6 Fostering a nurturing and coaching environment promotes trust*

Expatriate leaders differ in how they foster a nurturing and coaching environment but they agree that coaching involves not providing all the answers to the problems at hand, but encouraging the HCNs to explore for themselves and arrive at the solutions, take risks and making mistakes. As one expatriate leader said: "What won't kill you will makes you strong" (C-EL1).

The challenge, however, is whether the HCNs see that kind of behaviour as nurturing or whether they perceive their leaders to be unnecessarily unhelpful and uncaring in solving problems together. At worst, they may perceive such behaviours as not being accountable or waiting for them to make mistakes. This can backfire into an environment of mistrust unless the expatriate leader takes the time to explain to their HCNs his style and his expectations, and how the employee was being coached.

In the case below, the HCN appreciates that his expatriate leader talks to him directly about certain mistakes, coaching him to understand what are the real reasons behind his failure. He sees that he can trust his expatriate leader because his leader has his best interest at heart.

> *He wants to teach me…because he would talk with and analyse things very directly (with me). He will not say these things happen because other reasons, no. No, these things come from the real reason. He will talk to me the real reason. He will not talk you these things is because of something he want to benefit to other things. (Z-HCN11)*

At the end, a nurturing and coaching environment is only as real as it is being perceived by the HCNs. Coaching is a two-way process and while the expatriate leaders can try to create such an environment, it is only as effective in building trust as the extent to which HCNs accept the need to be coached. One expatriate leader succinctly said:

> *First of all, if someone wants to be coached, someone wants to improve, and it will be very helpful. If someone doesn't want, no matter what they do, it will never happen. (Z-EL1)*

Along the way, it is important for the expatriate leader to assure his HCNs that he is available for them to exchange ideas and verify solutions. He provides coaching time to understand the decisions made by HCNs to resolve issues. When HCNs see that their expatriate leader is not micro-managing them but coaching them to be creative in solving problems, for example, they will perceive the leader as really coaching them to be better problem solvers and managers. This in turn, will help them achieve their career goals, and have a better chance of succeeding in the MNC environment.

From a corporate environment perspective, organisations know that they can build trust and commitment from their HCNs by providing concrete opportunities to grow their careers globally. An expatriate leader will garner trust from his HCNs when he demonstrates that he is coaching them to be successfully selected for these overseas assignments and is assisting in progressing their careers.

> *You know, another thing we've been doing at the moment is trying to make sure people can see the tangible actions that we've been doing in progressing people, in offering them international opportunities which is one of the things that we said there'll be. So we put some people in Singapore at the moment and certainly we have people in Tokyo. (B-EL2)*

#### 4.2.6.1 Coaching requires some cultural intelligence and not all HCNs appreciate the Western coaching style

During the course of interviewing, the researcher concluded that although HCNs appreciate nurturing and coaching, and expatriate leaders are happy to do so, the way the leaders communicate, reach out and help create awareness of the shortcomings of the HCNs' performance, for example, requires a certain level of cultural intelligence. The way HCNs are traditionally educated or coached either at school or under local bosses, may be different. HCNs who are used to being dictated on how tasks are to be done or who prefer to have detailed instructions on how to execute their work, may not necessarily find the coaching style employed by their foreign bosses suitable for them or conducive to success.

The expatriate leader in Company Y believes in letting HCNs experience failure as part of the learning journey, but her HCNs see this approach as a sign of her not caring about anything but performance and outcomes. This may stop them from approaching her as a

team to resolve issues. She may have to tailor her coaching styles according to the maturity and acceptance level of her HCNs to experience some success in her coaching experience.

#### 4.2.6.2 Coaching goes outside the office walls and beyond office hours

Many expatriate leaders concede that socialising outside work is key to building interpersonal relationships which continue into normal working hours where expatriate leaders need to coach HCNs. When expatriate leaders set a personal tone in their relationships with HCNs, giving advice, even admonitions, and pointing the HCNs to the right direction will not be considered as a personal affront to the HCNs.

> *I will train them to be more independent and again as some have already been doing that pretty well, you know, some they still need some time to coach them, to bring them up to the curve. (A-EL1)*

Yet, being independent is not an easy trait to teach, particularly when employees are traditionally accustomed to being told what to do. Many younger generation HCNs who have been taught the traditional way of learning in their universities but detested that experience, prefer this new idea of having more independence and being only measured by outcomes. However, these new behaviours and habits of thinking need to be coached and nurtured. This is also part of the corporate culture of an MNC in coaching locals to embrace independence and confidence and take a calculated risk in their work.

> *I gave the presentation and the bigger boss challenge me a lot..I think it is not reasonable ....And after meeting and Steve asked me to his office and told me the challenge is not reasonable. And you should do this and don't worry about this. And what was the big boss personality...And his styles - R&D staff, Company Z*

In this situation, the expatriate leader assured the HCN that he supported him, and coached him on how to position himself better when dealing with higher management at a later stage. Such coaching is very much appreciated by HCNs who want to make a good impression on senior management, but do not know how to present themselves.

Most HCNs, however, do not passively agree to everything expatriate leaders say. They are constantly testing the boundaries, gauging whether the leader is trustworthy. In the

case of solving problems, they look for gestures by the expatriate leader indicating whether he is going to help them solve their problems, be accountable for mistakes and help coach them to do their work better.

> *If he was saying I was doing good work, I will ask him, how, how, what he thinks I was doing good work. If he can say the right thing, the, things I've done, (interviewee stammering) it means he really think you're doing good work. If he does... talking about other things, then he must be thinking other things. (HCN, Company Z)*

#### 4.2.6.3 Coaching builds credibility and respect but may or may not lead to trust

For some expatriate leaders, coaching is a way to demonstrate their own expertise and to develop trust in their HCNs to accept their leadership abilities.

> *As I have 30 years experience in this specific field, I have a fairly broad background.... so more variety. It is more of consulting, mentoring, that seems to work fairly well…(Z-EL1)*

One expatriate leader expressed how important it is to take time to coach on a one-on-one basis because it leads to mutual benefits. However, she is not sure if respect earned will translate to trust.

> *..this is precisely the type of coaching I need to do. You get to teach them what you want them to know, and they get to see you actually have the competency, and gain credibility with them. You earn respect. Not sure about whether trust has anything to do with this.. (Y-EL1)*

For this expatriate leader, trust or at the very least, trust in the leader's ability, comes from the other party seeing how sincere and genuine the leader is in trying to help improve the other's work performance.

> *Once they find that you are really genuine about the things you do, I tell you nothing beats anything and sincerity is something that people feel regardless. (Y-EL1)*

#### 4.2.6.4 Women leaders are perceived to be natural nurturers

For several women leaders in this sample population, coaching goes beyond professional caring. They find themselves slipping into the mothering mode; i.e. nurturing and encouraging their staff to think for themselves, including balancing work and family. HCNs who work for these women leaders trust that their leaders have their best interests at heart because they demonstrate the benevolence of a mother.

> *..'I'm scolding you for taking on this project. You were squeezing your time out, you lose time with your own son. I hate you for doing that.' So they get it. I said 'I told you I will never put you for the project but you go and push yourself. So what's the point?' (P-EL1)*

> *Perhaps it's her habit, not just concern about you, but also to be controlling, to govern you, very nurturing, sometimes very personal, like I heard her say to someone, 'you should not be with your boyfriend,' do this or do that...very protective..like a mother (P-HCN2)*

#### 4.2.6.5 Recognising potential talents and taking a risk with them will build a trusting atmosphere

In addition, trust can be fostered when HCNs see that leaders consider their potential, take the risk to trust in their capabilities and empower them to succeed. Then when things do not turn out the way they were planned, the leader does not place blame on the HCNs. This creates an environment of safety and trust, which nurtures HCNs to take risks to realise their potential.

> *what amazing is that, she always very brave to encourage me, and....how to say, empower me…And also...she also...actually, think I'm very potential, so give me lots of...opportunity, to interact, interacted with the...group senior people. (C-HCN5)*

> *… she even have never say anything...that blame me. She just say.... told me that 'if something did not kill you, it will grow you up.' (C-HCN5)*

### *4.2.7 Hold on to personal integrity*

#### 4.2.7.1 Being consistent and delivering on promises – word and deed

According to Mayer (1995), one of the three factors of trustworthiness is integrity, and one is perceived to have high integrity if one acts consistently according to a set of

principles and beliefs that the trustor adheres to or accepts. The congruence of these principles being acted out consistently fosters trust in the trustee.

Most participants agreed that they could place trust on the other party if there was consistency between their words and deeds, and alluded that being consistent and showing integrity is a culture-free behaviour.

> *I think … some of the bosses because they keep the word, like they say it, they mean it, I think this is nothing to do with their nationality or their language (P-HCN2)*

#### 4.2.7.2 Take care of your reputation

A decision of whether someone has integrity or not is also dependent on observations on that person's conduct. As mentioned in earlier sections of this chapter, HCNs are constantly observing their expatriate leader's behaviour to confirm or disconfirm their first instances of trust placement. They are attentive to their expatriate leader's actions that extent beyond the immediate HCN-expatriate leader relationship. HCNs consider what the expatriate leader says about others as a way to gauge whether the expatriate leader respects confidentiality and upholds his own integrity.

> *I will looking to the details, the very small details.. (how) they did their work, something they said.. did they deliver .. or did they talk about others in front of me, may be some bad words about others, if they do so, I won't trust. (C-HCN1)*

Besides observing displays of competence and keeping confidentiality, HCNs also evaluate what they hear from third parties for such confirmation. (Ferrin, Dirks & Shah, 2006)

> *Maybe in a situation you could have heard from your colleagues that this leader is not what you thought he or she was, then you will suspect the boss and may not trust. (P-HCN1)*

Expectations of expatriate leaders involve maintaining consistency in the delivery of verbal promises (their own or those of the HCNs) as a yardstick to demonstrate personal integrity at the work place. This is mostly linked to workplace performance.

> *My directed staff are all still here. Right? Erm… that already says something, right? Bonus payments are good and nobody left so far. (C-EL1)*

A more self-aware expatriate leader explained how his actions might be misconstrued at times as being untrustworthy since he may change his mind about certain strategies at work and his HCNs may see this as a lack of consistency in word and deed. In the expatriate leader's opinion, with which this researcher tends to concur, this is not due to cultural differences in handling issues, but rather, a personality difference.

> *the one problem that I'm not good at that could be misconstrued as being as untrustworthy. I have a tendency to talk out loud a lot and to think through things verbally with people and then sometimes I'll change my mind, and I think it through, and I go.. 'I have an idea'… but a lot of times, I don't follow up with these sorts of things.. soft issues with people, that can make, I could see people when say something that I'm not trustworthy… (Z-EL1)*

#### 4.2.7.3 Actions directed from the heart

However, some HCNs expressed their understanding that sometimes the apparently inconsistent actions of expatriate leaders could be due to circumstances that are not immediately within their own purviews. Yet as long as they can see that the actions come from a position of caring and there is no deliberate act of betrayal, the sense of integrity is kept.

> *I think if you really support from your heart, you don't want to get anything to betray that and you really have a lot of idea to support and also when you talk with them, you honest and open and also kindly to suggest, I think gradually, they definitely will trust you. (X-HCN3)*

### *4.2.8 Engage in risk taking behaviours to enable trust-building*

The following are some risk-taking behaviours that emerged from the interviews that enabled expatriate leaders to build trust with their HCNs:

#### 4.2.8.1 Taking risk to go beyond the call of duty

An expatriate leader in Company X was of the opinion that the decision to trust is not just dependent upon having the competences to deliver, but it is also dependent on having the courage to take risks and make decisions to execute the entrusted tasks.

> *...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 and this guy has challenges delivering because he refuses to make a decision on his own or take any risk so he's just sort of..., weighs it all out and for me to make the decision and then when I make a decision, right or wrong and especially if it's wrong, then its my fault, of course. (X-EL3)*

Some HCNs do take the risk of advising their expatriate leaders whether they feel safe enough and have a reasonably strong relationship with their expatriate leaders to voice their differing in opinions. They are more seasoned in their dealings with expatriate leaders and therefore, know that if they take the risk of expressing their concerns and provide sound advice, they will be appreciated by their expatriate leaders, and will consequently be trusted by these leaders to be reliable advisors in the future.

The expatriate leaders will also feel that the HCNs trust them enough to accept their feedback and act on their advice.

> *After the meeting, I had at least 7, 8 of them stop by and say' boss, can we have your time, to give you this feedback. This went well, this one I don't think so, you need to do this ... probably go and get some answers.' It kind of gives me the confidence to say .. they do trust me ... I think it's more of a cultural thing that they don't openly express their personal views in a forum. (X-EL2)*

#### 4.2.8.2 Be the bridge, or get one

Data show that many expatriate leaders use their own handpicked HCNs to play the role of the 'bridge' to help them understand local culture and navigate through the social and political nuances in day-to-day operations. Expatriate leaders also use the bridge as informants when they want to understand what people are feeling and thinking on the ground.

> *He told me exactly what the team was thinking. They didn't tell me. They've never told me ….but he always tells me, he's sort of like their spokesperson, the unofficial spokesperson, and tells me what the team is thinking. (X-EL3)*

> *So sometimes we have breakfast together. So I also…I can share honest feeling what's the feedback from Chinese people, right? Because sometimes you know Chinese may not openly share but I can become this bridge. (X-HCN3)*

HCNs who are the bridges are usually employees who are proficient in the English language, have studied or worked in different countries or have worked at different MNCs within China. Hence, they can understand and appreciate the mechanics of how a matrix organisation works, which is a common feature across MNCs. They are usually proactive and willing to be the go-between for the expatriate leaders and other team members. They will help other HCNs who may be hampered with the English language to get to know the expatriate leader better, be aware of his working styles and generally deal with the expatriate leader.

> *So, A will introduce much things to me that… B is a … B is... So..my first impression of B is, he is a nice guy and trustable, so … and.. also I think … 'A' makes a lot of effort to mix with him and.. know how a guy I am. May be the starting point is A. (Z-HCN5)*

At the same time, these HCN bridges want to be moulded into the corporate outfit, as that will promote their own career ambitions; hence it is a two-way mutual benefit. In the case above, A is an experienced HCN who speaks English well and acts as a bridge to B, the expatriate leader in helping other HCNs in his team become more familiar with B. At the same time, B, the expatriate leader, connects A the HCN bridge with his colleagues at the global level in the USA, talks to him about opportunities within the global team and helps A understand some of the political contexts within the global-local dynamics.

Expatriate leaders who do not speak the native language, in particular, will rely on HCN bridges to represent them in meetings where *Putonghua* is the *lingua franca* . In such cases, the expatriate leader will need to completely trust the HCN bridges to accurately represent him and express his ideas or decisions.

> *..when we attend a meeting, the other functions, their leader come in, and the colleagues in the other functions, we stand for 'B' to attend the meeting, and the communication efficiency could improve; we could have more information and know well about the information because Chinese, we will speak Chinese. (Z-HCN3)*

Expatriate leaders who do speak the native language, in turn become the bridge for HCNs and the local office to the regional and global units of the organisation. These expatriate leaders play an important role in coaching the HCNs to be more culturally intelligent in order to navigate more effectively in global/corporate terrains. In the case below, the HCNs are grateful for the expatriate leader who coached them on how to create a professional set of slides for their presentation to the global team in America so that the global team would approve of their work at the local level. The HCNs trust their expatriate leaders to help them correctly position their messages and present them in ways that the Americans are aware of the major contributions at the local level.

> *I think for him, he is very serious in job especially when we have meeting or American to global team, urrr he always help us, teach us how to make slides and we will do that.. many times and finally we took a good job and have a very good communication and review to global team. (Z-HCN1)*

One HCN from Company X made it clear that he took pride in describing his role as a bridge between his expatriate leader and his local team. He believed that it played a key role to his expatriate leader's survival since the HCN acts as an interpreter for him and his local team. The HCN described how he had provided a safety net to his expatriate leader when his leader had asked him for help in obtaining a telephone since he had forgotten to bring his own blackberry telephone during a visit to another province in China. The HCN felt that he had earned his expatriate leader's trust and confidence when the latter reached out to him in a case of emergency.

HCNs who act as bridges for the expatriate leaders see themselves as the appropriate person on whom the expatriate leaders can rely, and consider it wise for the expatriate leader to have selected them to be their right hand partners in navigating effectively in the cross-cultural context. Consider the quotes below from an HCN bridge and his expatriate leader, where there seems to be a tacit understanding that the expatriate leader recognises his failure to adapt, but uses the right HCN manager to bridge that gap. The HCN manager recognises the expatriate leader's gesture and considers it to be of value. In this sense, they have created a trusting relationship between each other and know what is expected of each other in that relationship. There is mutual benefit for both parties.

*But what's the value? The value is not you become the Chinese, the value is you really understand Chinese, and you know who is the right person you can work with. (Z-HCN11)*

*I personally have not adapted, but my way of going about doing is to be able to have people close to you that are able to help you along the way. (Z-EL2)*

#### 4.2.8.3 Build loyalty

Building loyalty is a recognised method of employee retention but the question remains of whether loyalty will bring about interpersonal trust between the expatriate leader and the HCN. There is certainly a two-way benefit – for the expatriate leader building loyalty can lead to increased team and individual performance, whereas for the HCN, that could lead to tangible benefits such as promotions, employee benefits, recognitions and rewards. For the HCN, the leader or supervisor traditionally represents his or her agent in the entire organisation, as the leader is frequently associated with being the influencer of important events such as promotions or salary increases. (Chen, Tsui & Farh, 2002)

*Researcher: Okay, but when you stand with the boss, does that mean that you trust him Respondent:…(Long pause). Even if you don't trust him, then you have to, yeah. (Z-HCN7)*

In this case, loyalty and trust do not seem to be correlated to each other, but loyalty to the boss can lead to promotion. The HCN perceives that even if he does not trust his boss, he needs to 'stand by him.'

##### *Loyalty and promotion*

However, in the case of the MNC context, the more formal and matrix governance provides some objectivity in important processes such as promotion or salary increase, as such decisions do not rest on the supervisor alone. In such situations, HCNs learn to trust the organisational process to reward them accordingly, and not depend on the leader alone. Experienced HCNs know that they need to only focus on working diligently and consistently deliver the results to achieve what they personally have set out to do, hence they do not care who their bosses are. Younger or less experienced HCNs see the need to earn the trust of their leader to be awarded with more challenges

that would allow them to display their abilities, and thus, have a chance to be promoted or rewarded accordingly.

> *Urrrr, like.this time.. my promotion. My expatriate leader wants me to be RM..but his boss may think that I'm too young and I don't have much work experience. And he wants me to grow step by step. May be, may be his boss is right. For me, I think my expatriate leader… he gave me the chance to… to do work, I mean I can improve myself better if I'm in the right role to those things.*

#### *Organisational commitment promotes loyalty*

Loyalty is also dependent upon the extent to which the organisation's leader demonstrates his long-term commitment to stay in the host country. The HCN who is making a decision whether to trust his expatriate leader and invest in a longer-term relationship with him would firstly question the expatriate leader's long-term commitment to stay in China. This translates to how much commitment and motivation the HCN perceives his expatriate leader to have in his HCNs' career growth.

In the case of Bank B, the HCNs started their careers together with the expatriate leader as the pioneer batch, which helped to build up the organisation from the early stages. Such loyalty, coupled with the expatriate leader's concerted efforts to nurture and build talents from the local talent pool, and promoting them through the ranks, through the years have had a great effect on the rest of the organisation. This organisation's story is very paternal in that the leaders take care of a person's career and ambitions if that person pledges loyalty to the organisation and to its leadership.

> *...They now (HCNs) run very large operations, have full confidence of their Head Office colleagues and they are now… from students, and now Vice Presidents. Do I trust them? Absolutely. Can I just give them directional information? Can I know they'll execute? … Cause I've had ten years of working with them, so they know how I think. So I've exposed to them my successes, I've exposed to them my failures, and the most important thing is you learn from where you made your mistakes and you don't make them again. (B-EL1)*

#### *Personal loyalty is also currency for trust-building*

Personal loyalty that one has built with another in a trusting relationship is slightly different from the corporate loyalty and commitment illustrated above. This kind of loyalty is deeply personal, in that it is almost like being inducted into triads or gangs,

where actions such as betraying your team members and 'hang your people out to dry' to save yourself are deemed absolutely unacceptable. This is strongly observed in the bankers interviewed by the researcher.

> *I've found that the most loyal people I have working with me are those who when they've run into trouble, that I stood up and say, 'you're my team, I'm the boss, I've given you guidance, if you're now under pressure, it's our pressure. And I'm gonna back you…' So, you know, I think for Chinese colleagues, again, if you don't leave them hanging… to dry when something's goes wrong... they know that they can trust that you will keep their best interest at heart – C-EL2*

#### *Loyalty for win-win*

A more self-serving kind of loyalty that is mutually beneficial is adhering to the axiom, 'You have my back, and I have yours.' Each party may think they are being altruistic but in reality both the expatriate leader and the HCNs mutually benefit from being loyal and trustworthy to each other as the risk of not being loyal to each other is bigger than the benefits and goodwill achieved with mutual loyalty and trust.

> *If I back them, I expect the same from them, they're backing me... No matter where I go, I make sure my staffs are happy. And… even if I leave, I make sure they're left behind very well…beneficial for them and for me. (C-EL1)*

Loyalty is reciprocal; when HCNs perceive that their expatriate leader is being loyal to them and is always caring for their well-being, they in turn pledge their loyalty to the expatriate leader, and trust in that relationship. Conversely, 'hanging people out to dry,' or letting them fend for themselves and survive in the office politics will not engender trust nor loyalty in the HCNs, as illustrated in this example.

> *I have no experience, I think he ... he agreed with my views but he couldn't stand strongly behind me. He just push me ahead in front of the senior people I think at that time I had no capability to handle this. (C-HCN3)*

### 4.2.8.4 Take risk in promoting and nurturing locals

Some expatriate leaders tend to subscribe to the conventional premise that there is a lack of local talent in the local office, and proceed to import other foreign officers from head or regional offices, or hire from outside to add to the existing bench strength. This

seemingly pragmatic act is, however, being perceived by HCNs as an act of distrust; they feel affronted because it is an indirect message that they are not good enough and conveys that there is a glass ceiling for locals. Hence, they may react with a passive-aggressive attitude or resign, either of which mentality would affect the local team performance.

However, other expatriates hold the contrary view that there is certainly no lack in the local talent pool. They believe that trust is actually initiated or strengthened when they take a leap of faith and make a calculated decision to promote from within. Trust is believed to form when the expatriate leaders demonstrate that they see potential in the local manager with whom they work, and place that manager in a position of significance without concrete evidence or past record of accomplishment to show that the manager will deliver.

In the opinion of these leaders, they are building trust because their actions are consistent with their word, and the HCNs will recognise and appreciate that they are willing to take the risk to help build the HCNs' careers, and the HCNs will soon reciprocate with feelings of trust and loyalty (Walker et al., 1999).

#### *Developing local talents as part of succession planning*

Several HCNs echoed the key point about expatriate leaders being 'willing to hire local people for higher positions,' and some alluded to the wish or desire to see that expatriate leaders are not being self-serving, but are taking additional time to develop locals to replace themselves as part of the succession planning process. These HCNs expressed their trust in expatriate leaders who are willing to invest time to develop individuals to be global managers, including sending these locals to the parent company to experience cultural exchange. This is a key part of the localisation initiatives, which many MNCs are undertaking in China, as part of China's regulatory requirement, but also to better manage costs and serve the local customers more effectively. In this way, locals see that there is no glass ceiling for them to achieve high positions, and there are mutual benefits in enhancing the HCN-expatriate leader relationships.

Some organisations show a distinct culture of localisation and top management is very clear about ensuring a local team will be in place to take over the expatriates within a designated timeframe. Therefore, many corporate actions such as hiring, promotions and career development are geared towards fulfilling that corporate objective.

This approach is transparent and well communicated across the young local teams who can see where their careers are heading, and what the company is doing for them. HCNs in turn will need to perform their best and work hard towards achieving their ambitions in the organisation. To some extent, it appears that a corporate culture is imbued with equality in career advancement is adequate for locals and expatriate leaders to work effectively with each other. The HCNs see the expatriate leaders as knowledge transferring managers, who are mandated and measured on how well they nurture the local teams; hence, they trust the institution to take care of them. In turn, they give their loyalty and their best performances to the organisation.

In one organisation, the top management layer comprises 80% local managers and 20% expatriate leaders; most expatriates have already been in China for many years, or are returning overseas Chinese called *Hai Gui*. Local staff placed in senior management have been assigned briefly to the Head Office or have lived overseas for many years. These hybrid teams and the nature of their experiences blur the lines between local and foreign. The culture is such that as long as that hybrid body makes the decision together as a team in favour of the organisation and they all learn together as a team, success is assured.

#### 4.2.8.5 Promote mimicking behaviours

If the expatriate leader demonstrates vulnerability by sharing personal information with his HCNs as a demonstration of trust and risk-taking, it is more likely that his HCNs will reciprocate the gesture, and mimic this act of sharing. The challenge for the expatriate leader is to discern which behaviours would demonstrate vulnerability and make an impression on his HCNs, without being exposed to excessive personal risks. The researcher posits that these cognitive processes take a certain amount of cultural intelligence.

***HCNs shed traditional ways and mimic the Western way of interaction***

Local staff, particularly mid-level managers, appear to be breaking out of their traditional way of working and interacting with foreign leaders because they perceive that the corporate culture does not reward such behaviours. For example, in one company, local managers found themselves 'being forced to express themselves' to be more visible to the global team and have a voice, or to take risks in decision-making. Their expatriate leaders expected them to be more expressive and frequently encouraged them to do so at meetings. The leaders did not hesitate to express this in writing in their performance review process.

By mimicking the desired behaviours of their foreign leaders, HCNs were rewarded with praise from their leaders and given more strategic responsibilities compared with their counterparts who did not mimic the required behaviours. They were taken into the expatriate leader's confidence. In other words, these HCNs became the so-called bridge because their expatriate leaders considered them trustworthy.

In another company, the constant flow of HCNs to the Head Office and officers from Head Office to China, encouraged the two-way mimicry; i.e. the local Chinese learned the American way as they worked from the Head Office, and the Head Office personnel learn about Chinese behaviours when they worked in China for two to three week assignments.

One HCN senior officer mentioned how she was influenced by the local Chinese culture and her behaviours were shaped earlier on in her career when she was working for a local bank. Later, she had to unlearn these behaviours and shift mind-set when joining an MNC. She had to mimic her foreign leaders' behaviours of being more assertive in meetings, engage in behaviours that would render her more visible in the organisation as she vied for promotion, and so forth. In return, her efforts paid off; she was promoted and was regarded as a bridge to her expatriate leaders in her career in the MNC bank.

## 4.3 Data findings and emerging themes for Research Question 2 - On stereotypes and perceptions

**Research Question 2 - How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?**

In the previous Section 4.2, the researcher has discussed the findings and emerging themes in answer to Research Question 1 regarding trust-building. In this section, the researcher will discuss how stereotypes and perceptions that are held by expatriate leaders and HCNs influence the trust-building process.

The point at which the trust-building process begins and the rate at which the trust relationship develops, depends in part on one's propensity to trust (Mayer, Davis & Schoorman, 1995); i.e. how easily and quickly one initially trusts or not at the beginning of the relationship. This propensity to trust, in turn, depends on cultural background, upbringing, stereotypes, prejudices or perceptions.

Table 14 below summarises the data findings and emerging themes pertaining to some common stereotypes and perceptions to which the expatriate leaders and HCNs alluded that influence their propensity to trust the other party. The data is presented intentionally with the views of expatriate leaders and HCNs being juxtaposed together against the key themes:

- Perceived ability to think out of the box (being creative, proactive) versus the risk aversions of HCNs;
- Perceived affinity towards talking out ideas versus doing it;
- Cultural Similarity-Dissimilarity
- Extent to which generation gap plays a part in differing views of these two demographic groups.

Detailed discussions will follow the table presentation to further analyse the emerging themes.

Table 14: Findings and Emerging Themes for Research Question 2

| Emerging Themes for Research Question 2: How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs? | |
|---|---|
| Locals cannot 'think out of the box'<br><br>*"But for him (the HCN), it's' I just do what you told me to do,'… you know, my expectations of him is to be flexible, you come back with options, don't just do exactly what I told you to do if it doesn't fit.."* *(X-EL2)* | • HCNs are risk averse |
| Big Talkers cannot execute<br><br>*"So, I would say a lot of good ideas may be coming from Indian people but they cannot execute"* *(X-HCN3)* | • HCNs prefer to let results speak for themselves<br>• HCNs prefer to be silent |
| HCNs and Asian expatriates judge each other more harshly than HCNs judge Western expatriates<br><br>*"If it's a Hong Kong boss, he himself works at least 12 hours, then you are dead if you go home earlier.."*<br>*(Y-HCN1)* | • Asians need to master the native language better<br>• National politics may play a part in forming perceptions<br>• Asian expatriates expect more from HCNs<br>• Cultural similarity may breed conflict<br>• Working with American expatriate leaders is easier |
| Older generation versus new generation of HCNs<br><br>*"…our generation is not like our older generations. So the thinking, the mind…is different."* *(Z-HCN5)* | • Older generation of HCNs (born circa 1980s) is more hardworking and focused<br>• New generation of HCNs is less mature<br>• Accountability is a new concept to HCNs |

### *4.3.1 Locals cannot think out of the box*

The most common prejudices to which expatriate leaders alluded revolve around their HCNs' inability and unwillingness to 'think out of the box' and creatively solve

problems. A clear mismatch of mental schemas (Shaw, 1990) is evident, as on the one hand, the HCNs' mental schema for leaders is usually for the leader to tell them what to do so that they minimise mistakes. This is consistent with what they have experienced in their educational system and throughout the years of communistic rule where obedience in following instructions is more highly rewarded than taking risks and developing creative ideas that may cause dissonance to the harmony of the community (Downes, Varner & Musinski, 2007). On the other hand, the expatriate leader's mental schema is about rewarding the HCN who strives to act increasingly outside his comfort zone and take risks beyond his call of duty. This appears to be a mismatch of a typical leadership mental schema between the expatriate leader and the HCNs in terms of how a leader should behave and how the actual behaviours are perceived.

In addition, expatriates who may commit cross-cultural miscues, such as introducing excessively high level concepts without perceived substance, and being considered 'too high up in the sky' by the HCNs who value more the ability to execute one's task and let the results demonstrate actual competencies.

Some experienced expatriate leaders felt that the only way to address this problem of stereotyping was to acknowledge its presence openly and try to influence each other's mental schemas (Lord, 2000).

#### 4.3.1.1 HCNs are risk-averse

A few expatriate leaders observed that locals are 'stuck' and that they are not very creative due to their educational and social background. Several HCNs interviewed also concurred that they are not accustomed to being asked to be creative and think out of the box.

These HCNs would prefer their expatriate leaders to be specific in their instructions; i.e. 'just tell me what to do,' rather than venturing to risk being creative in the work they are assigned.

### *4.3.2 Big talkers cannot execute*

*… they have very strong capability to show us the big picture but after that, you can't have any details, actions or something.. they just can show the big picture and what is ... I think we cannot 100% believe or trust what Indian…they say, may be something … different in their mind. (X-HCN2)*

Here the local manager alluded to trusting although not in terms of an individual's trustworthiness. He told the researcher that he did not take at face value what the Indian leaders were telling him because, based on his perception of and experience with Indian leaders, they were very capable of painting a vision at a very high strategic or design level, but may not have thought through the details at the execution level.

For HCNs in China who pride themselves as 'doers' rather than 'talkers,' an expatriate leader's ability to identify the finer details demonstrates competence and therefore, fosters confidence. With consistent demonstration and proof of competence at a detailed level, they will decide to trust the expatriate leader or not.

#### 4.3.2.1 HCNs prefer to let results speak for themselves

The Chinese are very proud of their mantra which they have followed since their school days, '做了，才说：Do first, then talk'; i.e. execute the given task first, and then talk about the achievements later when there are concrete results from the execution. In these interviews, HCNs have consistently said that some foreigners like to 'promise the sky,' or 'talk big' but in their opinions, after having worked with these foreigners for several years, they cannot deliver or accomplished what they have promised. Their prejudices against certain races can be quite blatant. The expatriate leaders from those specific countries or races are aware of such prejudices.

> *I think we are quite famous right..that Chinese are very silent, Indian can blah blah blah (A-HCN3)*

#### 4.3.2.2 HCNs prefer to be silent

Expatriate leaders observed, as was concurred by HCNs, that Chinese people, in general, tend to be tacit in nature. Airing conflicts and having disagreements with your

peers and bosses is considered rude, and is the last resort. Chinese people prefer to keep silent, adopt a wait-and-see attitude and avoid confrontation where possible.

According to some expatriate leaders, it is usually futile to try to illicit comments from Chinese employees in a large meeting setting. Experienced expatriate leaders have found that they need to build relationships with HCNs on a one-on-one basis. They try to build up a personal level of trust to invite comments and feedback from HCNs. Once that personal trust is established, the expatriate leaders claimed that the HCNs feel safe enough to provide them with the necessary feedback, albeit, still in private. This is important to know in understanding the underlying issues that are not discussed in meetings.

### *4.3.3 HCNs and Asian expatriates judge each other much more harshly than HCNs judge Western expatriates*

Many participants made broad, sweeping statements, conveying their jaundiced view and prejudices about Asian expatriates. Comments abound in the interviews such as, Indian leaders are always ‘talk, talk, talk,’ or Japanese leaders are too detailed, and are willing to only tell the HCNs the immediate next steps and not the broader picture. Taiwanese leaders try to show that they listen to HCN ideas but have already in effect already made up their minds; Hong Kong leaders are too professional, cold and demanding; Singaporean leaders behave like they are better than everybody else; Malaysian leaders are very political and will sway from one to another.

#### 4.3.3.1 Asians need to master the native language better

Many HCNs interviewed by the researcher expected Asians to perform better in terms of language and socialisation with the locals, even though they may not allocate language the same critical importance as in the case of Western expatriates. The issue is, if an expatriate leader does not have the mastery in that language, the extent to which he socialises with locals and builds local networks may be limited.

#### 4.3.3.2 National politics may play a part in forming perceptions

In addition, some HCNs' perceptions of Taiwanese and Hong Kong leaders might be tainted by their political views of these two countries and the political relationship with Mainland China. HCNs perceive the leadership styles of the Taiwanese and Hong Kong leaders very negatively when compared with other Asian or Western leaders. The researcher posits that such prejudices may have to do with the political baggage that both parties carry, and longstanding suspicions seem to perpetuate a guarded stance in the way both interact with each other.

> *…these people… they may understand China more or when we're talking about something, easier for them to understand compare to like someone from America or Europe… it is, also they're different because normally Hong Kongese, you know I heard all those things about them, our perception about Hong Kongese always very …aggressive. (P-HCN2)*

> *If it's a Hong Kong boss, he himself works at least 12 hours, then you are dead if you go home earlier.. Most mainland Chinese workers don't really like to work with Hong Kong or Taiwan bosses, they are very cold.. demand a lot.(Y-HCN1)*

Another HCN makes his feelings about Asian expatriates, particularly Hong Kong and Taiwan leaders, even plainer.

> *… they don't respect the employee very much. They don't focus on their employees' career development very much…I have one boss before, he is a Hong Kongese. I also have one boss that is Taiwan leader. So I have the experience. My feeling is the Hong Kong leader, he don't want (to) take the responsibility. He want put everything, if it's right, ok he is good. If wrong, it's all because of you. So it's not you know, not reliable for the team. Taiwan leader is very smart. He understands the local culture but he use people to get the target. (Z-HCN11)*

While this is not representative of all HCNs who work with leaders from these countries, it has been observed throughout the interviews with all the HCNs that there is a difference in perception of leadership styles between Western and Asian expatriates. The researcher posits that the higher suspicions and biases towards Hong Kong and Taiwan leaders perpetuate distrustful and cautious behaviours between the two parties.

#### 4.3.3.3 Asian expatriates also expect more from HCNs

In the same way, Asian expatriates appear to expect more from local Chinese staff, and assume that staff should behave similarly to employees from their home countries in Hong Kong, Taiwan, Singapore, Malaysia, etc. Due to a shorter cultural distance, Asian expatriates expect more similarities in values and work ethics, and probably are more frustrated when dissimilarities inevitably surface in the workplace.

#### 4.3.3.4 Cultural similarity may breed conflict

Comments like "I prefer to work for Caucasians" come about precisely because the locals appear to consider positively a safe cultural distance and see the novelty in another culture, rather than working with local or *Hai Gui* bosses who they fear may see right through them, and know what they are thinking.

In addition, the HCNs in the present study felt that the local and *Hai Gui* managers who were usually from the previous generation, would subject them to older generation work ethics, such as diligence, perseverance and determination to the point of sacrificing personal happiness. In contrast, these HCNs see themselves as the younger generation who is trying to balance between work and their own identities in the world, and the meaning of this for their futures. A conflict thus arises, together with the consequent difficulty of building a trusting relationship between seemingly culturally similar groups.

#### 4.3.3.5 Working with Americans is easier

This comment below came from a *Hai Gui,* a returning Chinese, who felt that it is easier and more beneficial to work with an American than with a Japanese leader. He intimated that Americans are very open in their management style and are willing to give him room to grow. Japanese leaders, on the other hand, are known to drive people to work very hard, being very conscientious themselves, and they expect a lot from their staff.

There were also some comments from participants about preferring an American leadership style to the Asian style.

> *I think Chinese are more preferred to have American manager. Which give us more err, space to grow, to put our years in. Err, because in Japan you just don't have any direction and err, you just, you just hard worker. You cannot think. So, you cannot grow much. (A-HCN1)*

The *Hai Gui*, the Western-trained returning Chinese, would probably expect more from Chinese workers, given that they themselves came from the Chinese culture and were successful in the developed world. Their view on the world is different and the researcher postulate that the culture baggage is still evident; the *Hai Gui* face a struggle of identity and expectations of others and of themselves. This cultural shadow can influence their work and communication styles, and may not help to endear them to their local work teams.

> *I think it depends on the openness and the willingness to learn. So, for a Chinese when we learn English because every Chinese now at school learn English ... so, we curious about American culture and we watch the Hollywood movies and the Friends, the TV series (B-HCN1)*

### *4.3.4 Old versus new generations of HCNs*

The researcher observed a pattern in which older HCNs, with more than 8-10 years experience, indicated that they had worked with many expatriate leaders in the past, and tacitly give the researcher the impression that they have 'seen it all,' and know how to manage these expatriate leaders. Their relationships with the expatriate leaders are characterised by professionalism, mutual respect and cordiality but they appear to have drawn a line at developing personal relationships. These HCNs are focused on working hard, earning money and progressing upward to achieve their own life goals.

> *..the biggest motivation for me to work hard, to earning money is I want to send my son to U.S. or Europe to get some good education. (Z-HCN11)*

In the interview with another HCN in a Bank who is older than his team mates, the HCN revealed that at this stage, he expects the boss to tell him if he is doing the right things, if he is aligned with the business and so forth. For him, it is less about

developing relationships with his boss and more about achieving the business results without making major mistakes. Hence, he wants the boss to be straightforward and fulfil his promises as agreed.

The researcher opines that these more mature HCNs are seeking to establish cooperation rather than interpersonal trust in their working relationships with their expatriate leaders in order to achieve the business results and their life goals.

#### 4.3.4.1 New generation is less mature

Contrastingly, the younger generation in Company A and Z seems more eager to work with expatriate leaders, viewing it as an opportunity to learn from them and to be exposed to the 'American Way' of thinking and working. They want to be viewed differently from their local peers.

> *..our generation is not like our older generations. So, the thinking, the mind, our, is.. different. (Z-HCN5)*

These HCNs regard their jobs as but one major area of their overall lives, and focus much more on work-life balance. This leads to some expatriate leaders perceiving them as lazy and tending to move from company to company when things do not go their way. They are seen to have little perseverance in dealing with stress and work challenges.

Other expatriate leaders take the view that the new generation of HCNs tends to take the shortcut to success without necessarily working hard for it.

> *... we've started to interview them, definitely is like, the first question they'll ask 'do I need to do overtime?' I don't wanna do overtime, I want my balance,' and... you know..I am entitled to move to managerial role within the next 3 years. (C-EL2)*

Some expatriate leaders also believe that these new workers, while having a different mindset from their parents' generation, are still immature and are not as independent.

> *So, if I want somebody to go work in Chengdu or Dalian…the most common feedback that I used to get is if I ask, 'Can you go work in Chengdu?' He will say, 'I need to ask my wife, I need to ask my parents.' I said … '25 years old and you have to ask your parents?' But then that's the demographics we are dealing with. (X-EL2)*

A senior HCN leader explained this phenomenon based on her younger Chinese colleagues who come from single-child families and have been pampered all their young lives, constantly needing guidance as they would from their parents.

> *I think the younger local people really need this informal, family-like…sometimes parenting type of guidance. I think it's due to maturity level but at the same time, it's also cultural because they are the single child family and they're pretty confident but they don't see, you know, what they need to improve and then they can be quite stressed if there's nobody giving them clear guidance. (B-HCN1)*

#### 4.3.4.2 Accountability is a new concept to HCNs

The concept of being accountable may be alien to traditional Chinese workers who probably are more comfortable with the piece-rate mentality; i.e. they are paid according to the number of pieces made and need not be accountable for anything preceding or following their series of tasks. Young employees from local universities are also trained to focus on their area of assignment or expertise, as there seems to be a strict division of labour in the communist system. Hence, being accountable is a new concept for many, which may irk expatriate leaders who expect a proactive HCN to be accountable end-to-end in the tasks they were assigned. However, for those who have worked long enough in an MNC know that it is expected of them to be accountable, and they are measured by the behaviours and outcomes led by the spirit of accountability.

> *.. in China here, err, making people accountable is very difficult. Employees are, they're here to pay the time, to invest the time and then getting paid. Err, they not necessarily ..do they care about the results. Or the seriousness about delivery on time or fixing an issue in time. Possibly because .. here is.. very young culture. People just..couple years out of college.*

### 4.3.5 *Who do we trust more?*

The sentiment below typifies how most HCNs usually feel when asked about their preference of working with Caucasian bosses (typically the American boss) versus local bosses.

> *Caucasians are easier to trust. Local bosses have hidden meanings. Caucasians in general don't like to do overtime. So if you more or less work a little harder, it appears to the Caucasians that you are really good. (Y-HCN1)*

The preference for overseas Chinese expatriates like Malaysians or Singaporeans is lodged in the Caucasian-local continuum. This continuum of logic exists in the minds of HCNs when they have to decide who to trust more in a cross-cultural workplace.

#### 4.3.5.1 Caucasian leaders are easier to work with

Caucasian bosses are perceived as more 'nice,' 'fun,' and 'relaxed,' implying a more flexible and open style, thus allowing for creativity and encouraging locals to think out of the box. These Caucasian bosses are perceived to be managing the HCNs only by outcomes. They are good communicators and more willing to share the bigger vision with their employees instead of piecemeal information, and are seen as less cautious when compared with local bosses.

Local bosses by contrast, are perceived to be more difficult to read, tougher to work with, and exert more pressure to deliver the outcomes. The common description of how differently they resolve issues is that Caucasian bosses will plainly put the issues on the table, whereas local bosses will do so 'under the table.' This implies the existence of hidden agendas and the HCNs' inability and discomfort in trying to guess what their bosses have 'under the table.' The more risk-averse HCNs expressed that they would rather work with leaders who have a transparent and open style, as they are able and willing to place their trust in these leaders who they think are more predictable and transparent in their dealings with the HCNs. As trust is about predictability, many of the local employees the researcher interviewed indicated that they would take the risk of trusting the Caucasian leaders more as they were perceived as being more predictable.

#### 4.3.5.2 Local bosses may empathise more?

One participant felt that she would trust her local bosses more as they shared similar educational and socio-economic backgrounds; the local bosses also tended to be younger and closer to her age. However, the researcher noted that the said participant

has always worked with expatriate leaders and has never experienced working with a local boss. The closest local experience she could relate was working with a Chinese-American boss.

#### 4.3.5.3 It does not matter whether local or foreign

Another participant who had worked 15 years with different expatriate leaders in various MNC organisations, indicated that it does not matter where the person is from, as long as the leader displays compassion and care, and is professional in the workplace.

In conclusion, the present data supports the finding that existing literature is split in terms of the preferences of local employees to work with Caucasians (Selmer, 1996). The data in this study indicates that Chinese employees found it initially easier to work with Chinese managers for ease of communication and having a common platform of cultural understanding. (Hailey, 1996). However, language aside, Chinese employees appear to prefer to work and interact with Caucasian leaders in this sample population.

## 4.4 Data findings and emerging themes for Research Question 3 on cultural intelligence

**Research Question 3: How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?**

Cultural intelligence or CQ is defined as an individual's capability to effectively operate in a cross-cultural environment. That capability is a combination and interplay of one's mental processes – acquiring cognitive knowledge regarding one's foreign environment and processing and controlling this knowledge (meta-knowledge); one's motivational ability to direct one's focus to deal with cross-cultural situations, and behavioural ability to manifest the appropriate behaviours outwardly according to the situation (Ang et al., 2007; Ang, Van Dyne & Tan, 2011).

The researcher attempted to answer this question by firstly eliciting reflections from expatriate leaders on their own capability in coping and adjusting in their cross-cultural

environments throughout their expatriate careers. These expatriate leaders were then given a brief explanation of CQ and some background of CQ research in the cross-cultural field. The participants were then asked to rate themselves with regard to their own CQ based on a scale of 1 to 10 (1=lowest, and 10=highest score) and to describe some of the manifested behaviours they believed they demonstrated or not in justifying their rankings.

The process was repeated with HCN participants, who were asked to describe their perceptions of their expatriate leaders' capability in coping with the cross-cultural environment. Similarly, they were also asked to rank their expatriate leaders' CQ, and to describe some of the manifested behaviours they observed or not in justifying their rankings.

Both participant groups were also asked if they thought there was a correlation between having a high CQ and the ability to build trust more effectively in a cross-cultural workplace, as well as their respective justifications for their responses.

In order to study cultural intelligence in terms of the theoretical definition provided above, the researcher organised the data findings into 4 sub-nodes for each of the four CQ sub-constructs – knowledge, meta-knowledge, motivation and behaviours – into NVivo. While it is recognised that the findings can and do overlap across the sub-constructs. Given the intertwining nature of these four sub-constructs, the researcher deliberately segregated the findings to illustrate possible sequential, mental processing and subsequent manifestations of behaviours.

The CQ ratings and perceived correlation between CQ and trust were organised into a separate node in NVivo called 'measurements' to reveal only perceived correlations, and not statistical. The researcher did not use formal instruments nor statistical tools to analyse the perceived correlations as these would have been beyond of the scope and nature of this qualitative study. The interpretation of these perceptions was used, however, to gain some insight into the perceived importance between the two constructs in the real world.

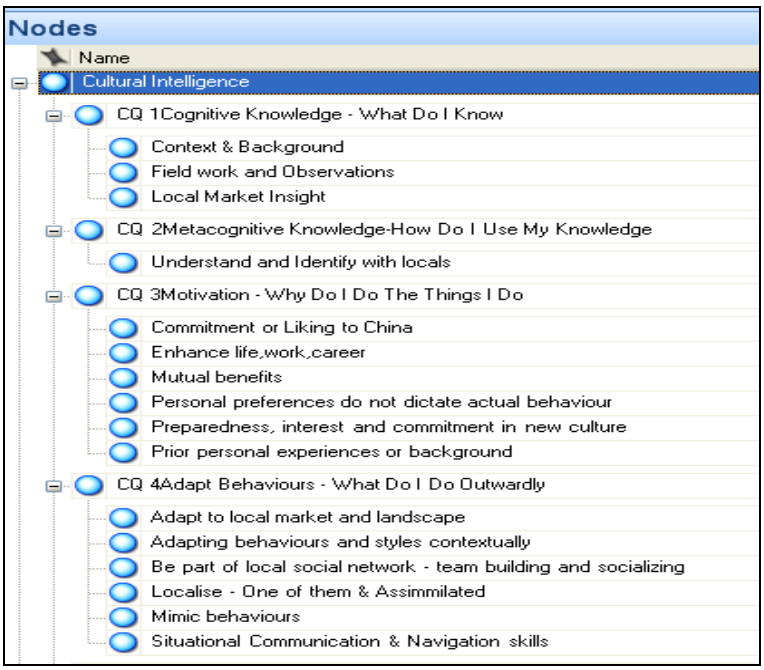


Figure 8: CQ Nodes in NVivo

In the next section, the researcher will identify some emerging themes that are grouped within the nodes as illustrated in **Figure** 8: CQ Nodes in **NVivo**. A summary of the data findings and emerging themes pertaining to Research Question 3 is summarised in Table 15 below.

Table 15: Findings and Emerging Themes for Research Question 3

| Emerging Themes for Research Question 3: How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context? | |
|---|---|
| CQ1-Knowledge: What do I know?<br><br>*"You either have domain knowledge or knowledge to build client relationships, to buy people's hearts, then… knowledge of China is not so important." (Y-HCN1)* | • Expatriates need to acquire knowledge about Chinese people's work paradigm<br>• HCNs deem expatriate leaders' knowledge of Chinese culture as not critical<br>• Understanding Chinese people's psyche is more beneficial than knowing about the Chinese culture<br>• Education background influences how HCMs work and think |
| CQ2 – Meta Knowledge: How do I control what I know?<br><br>*"So I will have a different tactic. I will* | • Knowing is not understanding, and understanding takes times<br>• Situational communication with customers is key |

| | |
|---|---|
| *give them a lot of 面子 (face) than I would to for the Southerner, Shanghai or Guangzhou."(P-EL1)* | |
| CQ3 – Why do I do the things that I do?<br><br>*"Foreign leaders have their own targets. They need to think about how to leverage local team to support him. So it's about achieving their own targets and that motivates their behaviours with local team."* *(X-HCN4)* | • Reconciling one's own internal motivation with the HCNs' motivation may yield positive mutual benefits and mutual success<br>• Investing time to learn a language, adapt to the culture and stay on in China conveys long term commitment and wins HCN's trust and confidence |
| CQ 4 – What do I do?<br><br>*"The other thing I've found in China is the separation between work and…after work is… very blurry... I mean you have to spend the time outside the office… at their home, going out with them with their family and… regularly having lunch… you gotta make sure you've got that personal contact."* *(C-EL2)* | • HCNs assess expatriate leaders' cultural intelligence by the frequency and depth of socialising with locals outside of work<br>• Self-awareness drives behaviours<br>• You can never become Chinese |

| | |
|---|---|
| People with certain personalities have higher CQ<br>*"Open to listen and also make other people think you are open to express yourself properly... personality ..eager to learn." (C-HCN3)* | • Demonstrating openness builds trust more easily<br>• Being flexible helps successful adaptation<br>• Internal motivation drives openness and flexibility and the extent of their malleability |

More details of the findings and emerging themes will follow.

### *4.4.1 CQ1 – Knowledge: What do I know?*

Definition:

Cognitive CQ reflects one's mental repository of knowledge of norms, practices and conventions in different cultures that are garnered from personal encounters in different cross-cultural contexts (Ang, Van Dyne & Tan, 2011).

#### 4.4.1.1 Expatriates need to acquire knowledge about Chinese people's work paradigm

Most expatriate leaders interviewed have at least 10 years of experience working in cross-cultural environments and demonstrated knowledge in China's culture including aspects of China's socio-economical and political backgrounds. They have cited travelling across China during holidays or for work, and enjoying the food and sights as a way of absorbing the local culture.

All expatriate leaders were able to describe their knowledge about the people and the distinct characteristics they observe at work. Those who have worked in China for several years have acquired knowledge and hold similar perceptions as illustrated in the quotes below, of how the Chinese employees work and think, and the challenges they face when working with their HCN counterparts.

> *I spent quite a number of years in China now… the way they think… the mind-set is very much shaped by… the general …masses of people. So … it's a very strong mentality in the Chinese society and… a lot of the people that I work with in the work environment*

> *tend to be quite rigid and when they're faced with a challenging situation which is something that they typically don't encounter in their life, they get stuck. (Y-EL1)*

> *Everyone follows a process, tends to be a bit more order-takers.. do not always think outside of the box .. it's still very much driven by 'Boss, just tell me what to do' instead of you just saying, 'this is what I want to do, this is the vision, will you come back with a plan, execute it in the next, execute that plan, er.. it could be frustrating and time consuming. (X-EL3)*

In the first two quotes above, the expatriate leaders described HCNs as employees who are not able to work in a more fluid environment where immediate solutions to problems are not obvious and require out-of-the-box thinking.

> *The Chinese are not naturally open to the manager. They see, first of all, how you can help them or help the situation before they will start to be open to you and start involving you more but if they don't see that, they will tend to keep quiet and keep to themselves. 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)*

In this quote, the expatriate leader observed an important point that may explain other expatriate leaders' comments of how HCNs tend to keep to themselves and are tacit in their interactions. He alluded that there seems to be a consideration on the part of the HCNs, of the extent to which they would benefit from the effort, should they invest in the expatriate leader-HCN relationship.

#### 4.4.1.2 HCNs deem expatriate leaders' knowledge of Chinese culture as not critical

The HCN counterparts also observe and some appreciate their expatriate leaders' knowledge and interest in the Chinese culture, through informal conversations they have with each other.

> *I think he (expatriate leader) still may know 50% because some, some things he knows…I remember he have talked about house, house price, to buy a house and (laugh). And I think he knows the way of life in China, we really work very hard. (Z-HCN1)*

In the above case, the HCN observed that her expatriate leader only knows about half of the Chinese culture as she felt that he did not know and appreciate the way young people of her generation think and what they want in life.

Several other HCNs from other companies also echoed the gap in the knowledge of the different generations working in China, but they have also said that this knowledge is a nice-to-have, and not critical to the work. When pressed about what specific local knowledge they want their expatriate leaders to have, most HCNs mentioned the importance of observing holidays, and to appreciate and allow local employees to take the long holidays during the Chinese New Year or the October Golden Week.

#### 4.4.1.3 Understanding the Chinese psyche is more beneficial than knowing about the Chinese culture

HCNs in general, felt that while understanding the country's culture is beneficial, the more important task is for expatriate leaders to understand how Chinese workers think and why they think the way they do, to fully grasp the peculiarities of the local market landscape and the local customers with whom they deal on a daily basis.

> *..And for international people, probably, more important is to understand the local market. To understand the culture of our clients, our economy, I think, that is more important. (-CHCN5)*

Being in an MNC environment also leads this HCN to think that corporate culture is more important.

> *I don't think is not so important because we are foreign company and 100% invest by our parent group, not much local... (A-HCN2)*

#### 4.4.1.4 HCNs do not want to expose themselves to unnecessary risk

When asked why expatriate leaders find HCNs 'less creative' and less able to 'think out of the box,', the HCNs did not seem to be offended at all; on the contrary, they agreed that most often they would rather wait for their leaders to tell them what do to.

One HCN mentioned that he would not necessarily 'jump into the pool' or take the initiative to do something unless the leader told him to do so and set the initial direction, because the HCN did not want to be perceived by his leader as being too aggressive. This may prove to be counter-productive as expatriate leaders expect their staff to be

proactive and take the initiative to find a solution. The cultural difference observed here is that while HCNs can and may think creatively, they would rather the leader asked them directly to do so, in order to preserve harmony in the team and not to be perceived as too aggressive and individualistic.

#### 4.4.1.5 Education background influences how HCNs work and think

Other HCNs attribute this gap in expectations to the different educational systems to which they were exposed. These HCNs feel that the expatriate leaders' views of their rigidity in their work practices are justified; they explained that their Chinese education system hampers them from being more creative and innovative in the workplace. In their opinions, the system did not prepare them to view the world philosophically and think of their own actions and behaviours in the context of a larger scheme of life and work ethics.

> *I think Europe and American education is more encouraging to creative, to be innovate. In China er the longer you stay in the education system, your creative, innovation does not change. (Z-HCN10)*

> *I think the U.S. or Europe, the biggest advantage is their education system, education philosophy. They are… I also read a lot of the book or the course on their education course. They study on the human being naturally and also the philosophy very deeply and based on a very high level, the work morality. (Z-HCN11)*

#### 4.4.1.6 Data interpretation

The interpretation that the researcher drew from the data collected is that having cognitive knowledge about local culture may not translate into effective work practices.

Many expatriates have regurgitated common knowledge of the locals and their work practices but do not seem to have leveraged on such knowledge to work better with them, or adapted their own behaviours to reflect the local staff's work practices. For example, expatriates from Company B indicated their impression that the local staff is always very competitive, but do not like to work in teams; they are very egoistical about their own capabilities. The expatriate leaders linked these observations to China's one-child policy or the education system.

One HCN summarised well the degree importance of having local knowledge in order to operate effectively at a cross-cultural environment:

> *You either have domain knowledge or knowledge to build client relationships, to 'buy people's hearts,' then this working knowledge is really not too important. So, you must have 1 of the 3 at least. If you have 1 or the other, then knowledge of China is not so important. This is something that non-Mainland China people cannot understand at all. If you are a Chinese person, you will understand what I mean. (Y-HCN1)*

Hence 'buying people's hearts' is a kind of cultural intelligence which appears to involve understanding and being able to perceive the other party's feelings and thoughts, as well as to empathise and being seen as caring for the other party's well-being. This correlates with one of the factors of trustworthiness; i.e. benevolence. This kind of meta-knowledge and ability to execute accordingly seems to be aligned to CQ2 – meta knowledge and CQ4 – behaviours.

### *4.4.2 CQ2 – How do I control what I know?*

Definition:

This sub-construct of CQ refers to the higher-level cognitive strategies that allow individuals to process their cognitive knowledge and use the knowledge to guide their thinking and form assumptions, and plan their reactions and behaviours to what is being perceived. This component of cultural intelligence promotes active thinking about people and situations in different cultural settings, and guide the way individuals adapt and strategise their reactions to be more culturally appropriate (Ang, Van Dyne & Tan, 2011).

Data Findings:

Many expatriates who have worked long enough in China, know that they cannot generalise on Chinese people's work characteristics and collectively categorise them as 'people who do not talk much.' Instead, the expatriate leaders have learned how their HCNs behave and think, and what motivates them to action.

For example, a leader who has worked extensively in India and appreciates diversity in thought and differences in opinion, has observed that the Chinese workforce is very different in how they express their differing opinions. Their tacit responses in public may not convey lack of competence but rather an expectation that the leader knows better and can provide the solutions for them to execute.

> *...so coming from an Indian context where everybody has his or her own opinion, it was always a very uh … lots of conversation will happen before a decision was made. Whereas here … I found most of them (Chinese) extremely quiet, they will never counter your argument … whether you are putting a question on the table saying that I don't know, can you tell me your opinion, and they will be most surprised if you say, as a Manager, you don't even know what you're supposed to be doing? (X-EL2)*

#### 4.4.2.1 Knowing is not understanding and understanding takes time

The HCN quoted below commented that his expatriate leader, who is an Asian, understood his silence his thoughts. He observed that his expatriate leader's way to encourage him to speak up was not as intrusive as the approach taken by Western expatriate leaders.

> *Even… (stammering) what I say, you feel, you didn't say anything but they (expatriate leader) can feel, they can touch you. To feel what you are thinking and try to inspire you to speak up. Not like, not like the Westerners (who asks) 'Hey, why, why so quiet? Why so quiet? If you have something different opinion, do you dislike me. (A-HCN3)*

Knowing Chinese culture does not equate to understanding the psyche of the Chinese workforce. It takes years of exposure, trial and error. The next two quotes are from expatriate leaders who have worked in China and with Chinese HCNs for more than 15 years. The confidence they expressed about planning their interaction strategies with different demographic groups is a result of frequency and length of exposure to the cross-cultural context.

> *...but if I look at how to manage staff, from the 70s, 80s, and 90s, I know exactly how they're different. Because of their own backgrounds. I know exactly what's going on, because I know what they've gone through. And… the way you manage those three different… I mean, they're only ten years apart but they're really different generations. The way you manage people from each of those three decades is very very different. (C-EL2)*

> *So, I will have a different tactic. I will give them a lot of 面子 (face) than I would do to the Southerner, Shanghai and Guangzhou. It's a lot about race and Beijing people in our*

*research shows that they are more concern with China and the world. Shanghai people are more concern with Shanghai and Shanghai. (P-EL1)*

#### 4.4.2.2 Situational communication with customers is key

HCNs on the other hand, expect expatriate leaders to learn how to adapt their communication with local customers. These HCNs claimed a strong bond with their expatriate leaders and had direct communication with them. However, with reference to external communication, the HCNs expected their expatriate leaders to be using situational skills in navigating around difficult local customers.

*Because foreigners normally, it's straight, they don't care about people's feelings you know.. but to Chinese, you have to care about people's feelings, even when you want push back, you have to push back in a nice way…You have to play some tricks, you know, …but foreigners they go direct, they go straight and sent e-mails to their clients and said, I think you should do this ..and our client will normally kind of jump up and say, what are you talking about because I am a client..I pay money to you.. (P-HCN1)*

*I just saw she talk to Shanghainese, she just say in Shanghainese ya and that impress me much…for the white person, people, she just talk in English which make me think like she's just like a foreigner….Ya.. her ability to move from one frame of mind to another is very fast, that's how I feel. yes, she's very '灵活—ling huo' - robust). (P-HCN2)*

### *4.4.3 CQ3 – Why do I do the things that I do?*

Definition:

Motivational CQ refers to one's internal motivation to think and plan to act in a certain way. It triggers an individual's willingness and mindset to either engage or disengage in a cross-cultural situation. For example, someone who has been in China for a long time and wants to remain successful in China will leverage his or her knowledge about the local workforce to achieve mutual benefits.

Data Findings:

#### 4.4.3.1 Yielding mutual benefits

Reconciling one's own internal motivation with HCNs' motivation may yield positive and mutual benefits and mutual success. Expatriate leaders, such as the *Hai Gui*, who understand the HCN's psyche and needs, will know that money is a huge motivator, and will use that as a goal to jointly achieve outcomes as a team:

> *I made quite clear that I come here to make money, not only for the bank, but also for you. Right? Most people work here for the money right? Like myself, I said I'm also one of the employee, I'm not your boss, I'm just an employee here. I'll make sure we do a good job, make money for the bank, and the bank will take good care of you. Including me taking good care of you. (C-EL1)*

Asian expatriates, *Hai Gui* or overseas returnees (Mainland China), have similar cultural roots, hence their motivation stems from a similar source; i.e. to break out of the masses and be successful. With such an understanding and psychological camaraderie, they are able to use that mutual motivation to get what they want; i.e. quick success in terms of financial gains and recognition in the workplace.

#### 4.4.3.2 Long term stay in China conveys long term commitment

A few expatriate leaders who have stayed in China for more than 15 years have also expressed their long-term commitment to China, both for the business and for their families. This internal drive to succeed in China represents long-term survival for these expatriate leaders, and can be observed quite openly by HCNs. The HCNs who observe expatriate leaders who are committed to staying longer in China and are, therefore, committed to investing in the HCNs from a career standpoint, reciprocate with personal loyalty.

### *4.4.4 CQ4 – What do I do?*

This sub-construct captures the outward demonstration of behaviours that are consistent with the notion of cultural adaptation. The culmination of cognitive knowledge, previous cultural experiences and exposures inwardly focuses one's energy and will to plan and display a repertoire of cross-cultural behaviours.

#### *4.4.4.1 Socialising with locals*

HCNs measure their expatriate leader's CQ based on the frequency and depth of socialising with the locals. The HCNs in the present study pointed out the focus on team building and social activities after work. Data shows that HCNs like expatriate leaders who spend personal time with them and equate this investment with being caring and willing to adapt to the local style of working, which is mixing business with pleasure.

#### *4.4.4.2 Self-awareness drives behaviours*

In addition to time spent in the cultural terrain, a sense of self-awareness also helps the expatriate leaders realise the impact they have when behaving in certain ways. What the expatriate leader thinks he is doing well, may not all be well done as perceived by the HCNs. Consider the separate responses of this dyadic pair from the same organisation:

> *I've actually adapted … in a different culture you know that, for example like China, they like to talk about 10 other topics before you get to the topic. You need to let them sort of have… maybe.. not go through 10, maybe like 7 or… then you put a stop (to it). So you know that they always have to do that" (Y-EL1)*
>
> *You must be able to buy people's hearts. She doesn't do it. (Y-HCN1)*

In the abovementioned exchange, the expatriate leader thought she was adapting well to allow her HCNs to meander through various topics during meetings and air their thoughts. In her own culture, she confessed that she would have halted the conversation immediately and made everyone focus on the issue at hand. Hence, in her view, she has done well to adapt her behaviour in terms of time spent on dwelling on issues at meetings. However, her HCN did not see her as being able or willing to engage their hearts and minds.

#### 4.4.4.3 You can never become Chinese

There is a sense of pride in expatriate leaders who are able to adapt well based on language prowess and the length of stay in China. These expatriate leaders believe that they have fully assimilated into the Chinese culture and the HCNs with whom they

work or who they supervise see them as ‘one of them.’ They have a tendency to view other expatriates as outsiders and themselves as the insiders who have managed to gain entry into the inner circle of the Chinese people. However, HCNs would not view them as ‘one of them’ despite being able to understand the subtleties of the culture or the language and mannerisms of the people.

> *I do not think she is a pure Chinese. It never would be. Of course, I think she’s already very familiar with...China’s culture. I think she even understand that the subtle side, sometimes, much better than me, because she is very sensitive to understand, the...things. But I think still different.(C-HCN5)*

One HCN leader remarked that unless someone has lived and studied in China during the formative, schooling years, it is impossible to ‘become a Chinese.’ Furthermore, according to him, 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 you become the Chinese, the value is you really understand Chinese, and you know who is the right person you can work with. (Z-HCN11)*

### *4.4.5 CQ Ratings and rationale*

When HCNs were asked to arbitrarily rate their leaders, both expatriates and locals, on a scale of 1 to 10 on their cultural intelligence, several participants rated their local bosses much higher than corresponding expatriate leaders in the same organisation. While no formal rating instruments were administered and participants did not comprehend extensively the cultural intelligence measurements, the researcher found some insights behind the ratings given by HCNs of their expatriate and local leaders, and the rationale behind the given ratings.

#### 4.4.5.1 Expatriate leaders who do not socialise with HCNs are rated low in CQ

Socialising with locals and learning the local language has a bearing on how HCNs perceive their leaders’ CQ level. For example, HCNs rated an expatriate leader quite low (CQ less than 5) because 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. However, an expatriate leader who speaks the native language was not necessarily given a high CQ score.

#### 4.4.5.2 Local leaders who embody Western leadership styles are rated high in CQ

When asked about their local bosses, HCNs rated local bosses the highest level (CQ=9-10) when their leadership styles were deemed to embrace the Western styles of MNCs but retained their own identities as traditional Chinese managers. These leaders were perceived as having high CQ as they had demonstrated benevolence and listening skills that are characteristics of good leaders to the HCNs.

There are key characteristics that separate a leader with high CQ and one who has low CQ. According to the present research results, a leader is rated as having a certain level of CQ based on observations of his competence at work, ability to adapt or perceived as adapted to the local practices, or willingness to spend more time socially with the locals instead of being purely task-focused. In addition, leaders with high CQ are described as having an open and friendly personality, the propensity to reach out to the local team, the willingness to demonstrate a change of their identity and personality, the ability to enable knowledge transfer amongst team members and to demonstrate empathy towards colleagues.

Table 16: HCNs' descriptions of CQ levels in the following page summarises key comments and quotes extracted from HCN interviews regarding how they would rate their foreign and local leaders, and their rationale behind the ratings.

Table 16: HCNs' descriptions of CQ levels

| Low CQ (CQ <4) | Medium CQ (CQ=5-7) | High CQ (CQ=8-10) |
|---|---|---|
| • Low competence<br>• Does not adapt, only does what he wants to do. We may be able to accept it, but other people from other departments will not<br>• Maintains own cultural identity and personality<br>• Focus only on work. ".. it's work, work, work."<br>• Not spend a lot of time on local people, China, culture<br>• Does not join most of us<br>• Does not learn the language<br>• Thinks too highly of himself<br>• Very calculative and does not take other people's feelings and situations into consideration when making decisions<br>• Does not pass any knowledge to his subordinates<br>• Does not spend enough time mingling with the locals<br>• Personality too strong or aggressive, abrasive or too direct | • Willing to change his mind, to adapt, to work with us<br>• Willing to teach us how to deal with office politics, give advice on our career but not too much, does not control too much, gives freedom<br>• Personality<br>• Friendly<br>• Not too 'sharp at the edges,' and does not rub people the wrong way - strong but not too strong<br>• Someone who holds on to his/her beliefs, is admired but is perceived as making his/her own life a bit more difficult or may have some internal conflict if does not adjust his or her own moral compass | • Inspiring leaders – able to motivate with the right words to say<br>• Uses CQ as a tool to manipulate<br>• Able to sense incremental emotional changes in someone, adapts to what a person is feeling - very perceptive, very empathetic<br>• Speaks the language - as a symbol of commitment and making the effort to adapt to local conditions<br>• Must demonstrate a commitment to China<br>• Observes first before acting<br>• Understands the change in the market landscape<br>• Do as the Romans do<br>• Adapts the way he communicate with others<br>• Socialises with the locals like going to the karaoke and singing, drinking, networking with other locals<br>• Able to determine background information or issues when resolving problems, and to give a balanced view when making decision<br>• Based on personality, not on cultural background |

### *4.4.6 People with certain personalities have higher CQs*

The data in the present study has consistently shown that HCNs perceive expatriate leaders with certain personalities, notably openness and flexibility, have higher CQs.

#### 4.4.6.1 Demonstrating openness builds trust more easily

Many participants (n=22) noted that being 'open' is tantamount to having a high CQ. In general, the participants would equate 'openness' with being open to other cultures and able to adapt in cross-cultural environments. This would include being able to accept people of different cultures, abilities, eccentricities and diverse opinions, even though not necessarily adopting all the new learning.

> *..this cultural intelligence I think it's something very individual, mindset, characters, personalities…Ya, if we don't have that open mindedness, then it will be a bit tougher to really adapt to different cultures. So the bottom line must be open minded and the personality to drive that...without that, it will be very difficult. (A-EL1)*

Another characteristic of being open relates to the extent to which one is willing to display one's emotions, thoughts and intentions to others, and taking the risk of letting others see how one really feels about certain issues at hand.

> *I just trust her because she talk… she has an open mind, talk to me a lot both for business and personal issues. (P-HCN1)*

Expatriate leaders who described themselves as being open specified that being open to ideas, approachable, willing to experiment with different ideas from other cultures and eager to learn new ways of solving problems, were some characteristics, to which HCNs respond favourably.

HCNs concurred with these descriptions of openness and added that they appreciated working with expatriate leaders who did not have 'hidden agendas' and were transparent in their dealings with HCNs. One HCN said that he would rather work with American bosses because he felt that the American people are more open and

transparent in their dealings, hence he felt he could guess what they were thinking as opposed to working with Chinese leaders who are more opaque in their intentions.

Another description for openness is being open to unpredictability. This relates to treating people as individuals rather than stereotypes, a quality which comes with long experience in the cross-cultural field.

One seasoned expatriate leader said:

> *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. (X-EL3)*

***Expectation of 'openness' with regard to Hai Gui is different***

General consensus of what constitutes openness does not seem to apply to the *Hai Gui* (returning Chinese leaders), as amongst some HCNs there appears to be a standing distrust or at the very least, suspended judgment, about whether they can trust the *Hai Gui*. There is a perceived class differences between the two parties:

> *I think for those who are overseas Chinese back to China, I think that was what I thought necessary to have, to speak equally, sincerely, openly. (B-HCN1)*

Here, 'openness' is equated with being able to speak equally and sincerely as a peer same class. The above comment was made against the returning Chinese, *Hai Gui*, who are being perceived by this HCN as differentiating themselves from the rest of the locals in the organisation.

#### 4.4.6.2 Being flexible helps successful adaptation and adjustment

Whereas 'openness' was universal in interpretation in the present interviews, 'flexibility' was contextual. For one expatriate leader, being flexible was about being able to adjust accordingly to manage one's own expectations.

> *Be flexible in recalibrating your own standards or standards of others due to different context and ability. (Y-EL1)*

The expatriate leader intimated that in this company, individual performance is most important. If the expatriate leader were measuring her team member's individual performance against her own yardstick without any recalibration, she would become very disappointed and would very quickly learn not to trust her team members to deliver the work. By recalibrating her own standards and expectations, she found it easier to work with her team members and trust each of them in accordance with what she deemed as the 'right' ability.

For example, in her initial few years in China, she was very frustrated at the seemingly poor performance of her team, and she imported a few staff from her home country office to work on the projects. This caused some friction within the team and she felt that her local team members did not trust her to promote their interests, and consequently, performance dipped further. She reflected on this phenomenon and realised that her standards were set too high, and when she started to adjust her own expectations and performance standards, she was able to coach her team members more effectively. She brought in more local team members to bear the burden of the projects. This was perceived as giving opportunities to the local team to improve performance and her relationship with the team became more trusting over time.

#### *Flexibility is also expected of HCNs*

For many expatriate leaders, flexibility and openness was reciprocal; i.e. it is reasonable for expatriate leaders to also expect HCNs to be flexible when executing tasks at hand, and to be open about not understanding or meeting challenges pertaining to the work at hand. One frustrated expatriate leader had this to say:

> *…he will say, 'You know boss, that's what you told me to do'.. Ok, all right, I said that, but there are options there, give me some options! But for him, it's 'I just do what you told me to do.' There's a part of him that says, it's your fault which you know, my expectations of him is to be flexible; you come back with options, don't just do exactly what I told you to do if it doesn't fit! So for me there are multiple occasions like that, it just doesn't work. (X-EL2)*

Trust cannot be built, in this instance, when the expatriate leader feels that the HCN is doing exactly what he was told without helping the expatriate leader find alternative solutions in the event that he finds the instructions incorrect or that there could be better solutions. In short, expatriate leaders feel frustrated when their HCN employees shy away from being accountable for outcomes, simply doing exactly what they were told because they are afraid of retribution. It then becomes a vicious cycle where the expatriate leader does not expect the HCN to do more and consequently will not allocate to him more challenging and visible work that will help his career. The HCN in turn, perceiving that the expatriate leader is not helping him with his career, will simply follow instructions either out of frustration or resignation. Both parties do not trust each other with acting in each other's interests.

#### *Flexibility in adhering to rules*

For some companies, being flexible is about bending the rules. In Bank C, for example, HCNs applaud expatriate leaders who are able to be flexible with rules and can navigate accordingly instead of following strict corporate processes blindly. HCNs regard these expatriate leaders to be successful in negotiating China's difficult and opaque regulatory processes. The concept of 'right' or 'wrong' or Western ethical and moralistic philosophies may not apply in the minds of the local people when the 'end' more than justifies the 'means'.

> *...my feeling is he can break some discipline, if he thinks it proper. (C-HCN1)*

When making decisions, an expatriate leader found that being open and flexible also requires looking carefully at the context of the situation and considering the historical background leading up to certain behaviours and events. Decisions are then adjusted accordingly.

### *4.4.7 Internal motivation drives openness and flexibility, and the extent of their malleability*

The question remains whether one can learn to be more open and flexible, as part of being culturally intelligent in order to build better relationships in the workplace and foster better trust amongst the HCN community.

## 4.5 Tentative framework of CQ and trust development

Having presented a myriad of findings and emerging themes relating to the three research questions in Sections 4.2-4.4, there is a need to consolidate and summarise them into a parsimonious framework for further discussions. The researcher would like to propose here in Figure 9, a tentative illustration of the development of interpersonal trust between expatriate leaders and HCNs as influenced by the role of CQ. This framework is by no means prescriptive but is merely a tentative, explanatory map that guides the emerging themes from data findings of this research.

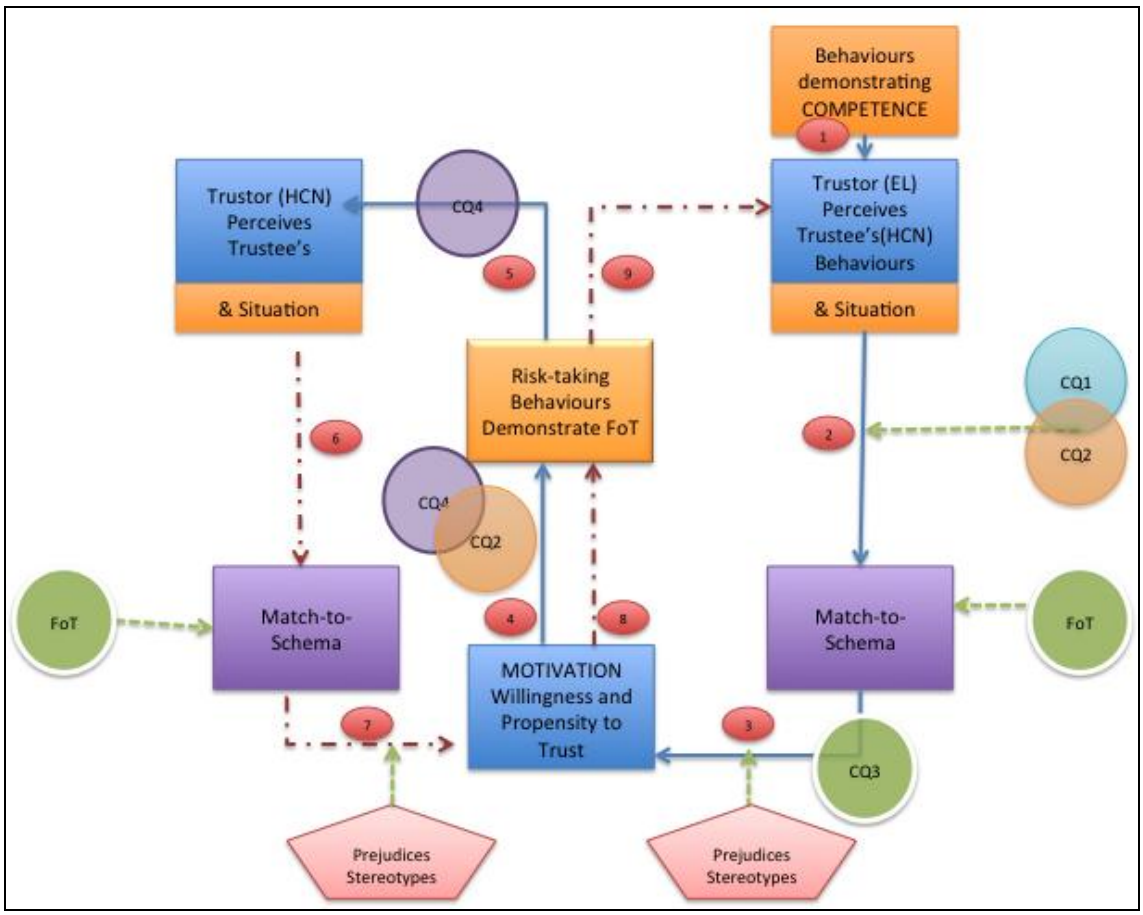


Figure 9:Tentative Framework for Trust Development and CQ's Role

Figure 9 illustrates the possible cognitive and affective processes that occur between an expatriate leader and an HCN as they perceive each other's outward behaviours and make judgments of trust. The process begins with the premise that the expatriate leader is prompted by behaviours that his HCN demonstrates to him which signify competence in the task that the expatriate leader allocated to him.

1. The expatriate Leader perceives external stimuli in the form of HCN behaviours in a context-specific situation.

2. The expatriate leader accesses his existing mental schemas and tries to match what he has perceived. He activates his CQ1 (cognition) and CQ2 (meta-cognition) capabilities to tap into his broad repertoire of cross-cultural experiences which allow him to be more open and flexible, particularly in the case of inconsistency in schema-matching. The schema-matching is guided by the expatriate leader's perception of whether the behaviours observed in the

HCN fulfil the three factors of trustworthiness (FoTs): ability, integrity and benevolence.

3. The expatriate leader's decision to trust is influenced by existing prejudices and stereotypes that he holds as part of his psychological makeup. The prejudices and stereotypes, in turn, shape his propensity, motivation and willingness to trust another. Here, CQ3 mediates his perceptions of the other party's trustworthiness.

4. Once the expatriate leader reconciles his motivation with his existing mental schema and decides to trust, he accesses his CQ2 (planning capabilities) to plan his next step of action. He then engages his CQ4 to manifest his outward behaviours to signify he is taking the risk of placing his trust in his trustee.

5. The expatriate leader's outward risk-taking behaviours are perceived by HCN, in a cross-cultural context-specific situation.

6. HCN accesses his existing mental schemas and tries to match what he has perceived. His assessment of trustworthiness is based on the three FoTs.

7. The HCN decides on whether to trust the other party, based on the match-to-schema activity. The matching is influenced by existing prejudices and stereotypes inherently held by the HCN as he decides if the expatriate leader is trustworthy or not. The HCN has to make a judgment should there be an inconsistency to his existing mental schema and choose to either distrust or to reconstruct a new schema based on what he has cognitively perceived.

8. Once the HCN reconciles his motivation with his existing mental schema, and decides to trust, he manifests his outward behaviours to signify he is taking the risk of placing his trust in his trustee.

9. The HCN's outward behaviours are being perceived by the expatriate leader who reinforces or negates his initial assessment of the trustee's trustworthiness, and plans his behaviours accordingly.

## 4.6 Other data findings and emerging themes: Trust and CQ

While this research study examined the trust-building process between an expatriate leader and the HCN employee in a cross-cultural environment, and looked at how CQ influences the trust-building process, there were other more macro and institutional factors involved in characterising the entire trust dynamics in the dyadic interaction, as detailed in the next few sections. Including these factors as context to the trust-building process may contribute more richly to the discovery of the trust-building phenomenon.

### *4.6.1 Corporate culture plays a significant role in trust development*

Literature has found indicating that interpersonal trust development and CQ's facilitative role in the trust-building process are dependent on cultural contexts (Doney, Cannon & Mullen, 1998; Ang & Van Dyne, 2008). However, the present research showed that an organisation's corporate culture might exert more significant influence in shaping behaviours and interactions between expatriate leaders and host country nationals (HCNs), compared to the national (local) culture in some cases.

In an MNC, regardless of where it is geographically based, but particularly so in emerging markets like China where governance is not as mature, corporate policies and global Head Office expectations tend to dictate how leaders make the decisions and interact with local teams at the local level. The extent to which an MNC chooses to be more localised or more global-centric dictates how the leader decides to behave and build relationships with HCNs. In Company X, for example, the organisation is more localised in that there are more local leaders in the top leadership echelon and policies are seen to be more locally-driven. The trust-building process is more relationship-based, as is reflected in the Chinese culture of doing business. While individual performance is still important, things are done primarily through personal relationships, as reported by the participants in Company X. Expatriate leaders who are able to

accomplish business outcomes through personal relationships are considered to have higher CQ than the others who are seen as less flexible, less relationship-based and more formal.

Contrastingly, in Company Y where the leadership positions are mostly held by expatriate leaders, and policies are more globally driven, the relationship between expatriate leaders and HCNs are reported by respondents to be very much focused on individual performance and achievement towards the global goal. The ideas expressed by participants of Company X seem to suggest that in that organisation, institutional trust leads interpersonal trust; i.e. 'I trust the Company, therefore I can trust you' mindset. The nature of trust in that organisation is more cognitive-based whereas participants from Company Y discuss trust-building in a more emotions-based context.

All said, while some of these MNC subsidiaries may be more China-centric, i.e. servicing mainly local clients and adapting and localising their global processes to better-suit the local environment, there is a pervasive presence of 'MNC culture' that shapes and dictates how expatriate leaders and local staff interact with each other.

#### 4.6.1.1 HCNs in MNCs do not reflect the local Chinese employees' nature

One key observation that is linked to this point is that all the HCNs are self-selecting to working in MNCs because they prefer the general 'openness' and meritocratic nature of MNCs. In this sense, they are not like the 'real' locals from the local companies, and their interactions with expatriate leaders demonstrate a rather unique blend of eastern and Western philosophies. For example, HCNs in MNCs are generally more courageous in speaking out for themselves, voicing their opinions and taking personal risks because that is what is expected of them in the corporate culture. Those who cannot do that, or are being perceived as not being open or taking the appropriate risks will usually not be in a good position with the expatriate leaders.

#### 4.6.1.2 Strong corporate cultures eclipse local cultures

In huge companies like Company X and Company Z, the corporate identities and corporate culture are very strong and distinct across the globe, whether it is at the parent location or at a local country level. How the corporate identities and cultures are manifested in the local country level, differ between these two companies due to their overall China strategy. Company Y maintains a very strong and consistent image as a global player in China, whereas Company X focuses on the 'glocal' strategy that localises and adapts practices to achieve a more local business and compete with local giant competitors in China.

Company Y consultants are very focused on linking CQ, trust and general discussions to the commercial value they bring to their clients; i.e. client-focused. They are very individualistic, as reflected in their corporate core values of 'respecting the individual.' In this instance, the researcher observed that the research participants identified CQ as a good tool to have, but not critical. It is just a tool to achieve business results. All the participants from Company Y opined that they trust no one but themselves, and individual performances are rewarded. HCNs in Company Y mentioned that they have to adapt to their expatriate leaders so that they were aligned with global expectations. The performance yardstick is standardised across the world, China being no exception.

In contrast, Company X consultants are much focused on linking CQ, trust and other discussions to working together as a team, and described themselves as being very internally focused and process-driven. In this instance, the researcher observed that CQ and trust is identified as critical to building relationships and getting things done internally to build an effective working environment. Expatriate leaders in Company X said that they needed to adapt their styles to work more effectively with the local teams. Due to their inability to speak the native language, they use the concept of a 'bridge;' i.e. selecting their own local managers to be their bridge to help them better understand and work within the local context more effectively.

### *4.6.2 Procedure-oriented vs. innovation-thinking*

The extent of bureaucracy or perceived bureaucracy is a function of the corporate culture itself and its corresponding processes, although not necessarily a function of the local country's culture (e.g. Company X and Company Z).

That said, the division of labour is much more distinct in China, as local employees, even school-going age, have been taught to only do what they are responsible for, rather than acting like foreign employees who are expected to think out of the box and be rewarded for going the extra mile. For example, EL2 rom Company X in India talked about the difference between Company X China and Company X India, where the Indian staff know that if they just do what is written in their annual goals, they will be ranked as 'As expected" whereas Chinese staff will expect to be ranked as having 'Exceeded expectations.' This is probably due mainly to the local culture where traditionally, local people are taught at school to obey and do what is asked, such behaviours being perpetuated and commended throughout their adult careers. However, Company X's corporate culture is such that an individual needs to make additional efforts, strive to be more visible and be seen as actively networking, in order to be considered successful. Hence, local staff that do not adhere to this kind of culture and do not mimic these behaviours will not be stay long in the organisation. The expatriate leaders who are sent to China have expectations that are aligned to the global core values. Therefore, in the end, corporate culture seems to outweigh national culture in terms of behavioural influences.

### *4.6.3 Personal 'founder' culture fosters trust in the organisation*

In Bank B, there is a distinct, nurturing mentor-mentee environment where managers are expected to take on mentoring roles to the younger, local staff. This is part of their broader vision to localise the management team and build a more sustainable local team in the near future. Whilst Company X and Company Y have formal mentor-mentee programs as well, these programs from Companies X and Y primarily serve as part of the performance review process and the programs are designed to be very focused on delivery and results. Bank B's mentor-mentee program in contrast, is branded to be

more personal and is talent management in nature, according to the participants in Bank B.

The Head of Bank B is a very charismatic leader who almost single-handedly built the organisation with a small pioneering team. He created a learning environment where people are encouraged, expected to learn from each other, and he created a very family-oriented, nurturing culture within Bank B. His local staff said this of him:

> *…he tries to create this family type of organisation.. he would call the professors his younger brothers and he would even call me little sister .. so this is a very Chinese way of win the trust, gaining trust. So, he did that so no matter what happens in the office.. sometimes he can be demanding, we always know... the connection is there. (B-HCN1)*

### *4.6.4 Relationship between cultural intelligence and trust-building*

When participants were asked if they believed that a correlation existed between CQ and trust, many reported the affirmative. However, when the researcher discussed the issue in more depth, some refuted the existence of the correlation. The question indicated that 46% of participants said there was no correlation between the two constructs, whereas 54% reported in the affirmative, but with conditions attached.

In this question, the interviewees who chose to respond with a yes or no answer would most likely have understood ‘correlation’ to be causal in nature. This means that they may have responded based on their perceptions of whether CQ causes more trust to be established. In this case, the researcher observed that many participants did not believe that if an expatriate leader demonstrated strong CQ capability (e.g. speak the language, able to adapt and socialise with locals), the level of trust would be higher and the efforts to build that level of trust would be facilitated with expatriate leaders with higher CQ scores. Instead, they opined that an expatriate leader’s personality might play a larger part of how trust is built, regardless of cultures and nationalities.

Some interviewees, who agreed that there is a correlation between CQ and trust, opined that the expatriate leader needs to have some level of CQ to understand the Chinese person’s psyche or mindset, such as his motivation and background, in order to be able to ‘manipulate’ or navigate through the relationship to build the trust. As one HCN from

Company Y alluded, to him CQ is but a set of keys that allow the expatriate leader to 'open up' conversations, thus leading to a more meaningful relationship with the HCNs. However, this does not guarantee that trust is being built. If the expatriate leader has no or low CQ capability to begin with, the opportunity of unlocking that relationship is altogether absent, hence no trust can be built.

The data also showed that participants equate CQ with an ability to facilitate easier communication with staff and customers, but put more emphasis on the expatriate leader's personal attributes, such as having an open and approachable personality, being witty and funny in order to 'disarm' the other party's guardedness.

Participants concluded that ultimately trust is a personal choice, and depending on one's personal outlook in life, one chooses to place trust in the person or not, based on what one observes in the expatriate leader's behaviours.

### *4.6.5 Building trust with CQ – Consider proximity and distances*

Proximity and distances can be linear, physical, psychological or emotional, as described by interviewees about their relationships with their expatriate bosses. It can also be explained in terms of cultural distances, whether real or perceived.

The extent to which expatriate leaders and HCNs bridge the distance between them is key to sustaining the boss-employee relationships. Below are some findings relating to proximity and distances and a discussion on how they influence the way expatriate leaders and HCNs build trust.

#### 4.6.5.1 The nature of a relationship determines the perceived need to trust or simply to cooperate

In some companies, personal relationships thrive whereas in other companies, the environment could be perceived as 'cold' or professional. In Company Y, for example, an HCN aptly described the work environment as 'work is work, life is life.' In the researcher's interviews with Company Y participants, the general conclusion was that it

is a personal choice as to whether one chooses to be friends with the boss or not, which also depends on the extent to which the boss is sociable. All Company Y participants, expatriate leaders and HCNs alike, felt that there is really no need to focus on relationship building because while good, social relationships lubricate the boss-employee relationships, that does not necessarily equate with trust (Yamagishi, 2000; Terai et al., 2005). The HCNs opined that time is better spent in understanding their boss' personality and expectations, and to adapt accordingly for effective results. Ultimately, it was about managing one's expectations and trying to match the boss' expectations to get things done well.

In Company X, however, relationship building within the organisation was paramount as it was measured formally in annual reviews via 360 degree feedback instruments and would be used for promotion decisions. The expatriate leader's formal job, besides achieving individual and team financial targets, was to be a coach or a mentor to build up a local team within a pre-agreed amount of time, during the expatriate leader's tenure in China. This reduced the fear and anxiety of expatriate leaders taking over leadership positions in the local office, therefore reducing the local managers' opportunities to rise up the ranks.

Depending on the HCN's personality and success with the expatriate leader, the relationship could be non-threatening as with friends, or simply neutral since the HCNs know the expatriate leaders are not going to be there forever. This situation is the opposite of Company Y where the top management are mostly foreign and will remain so, as part of the company's corporate strategy to maintain Head Office control. This strategy may create a perception of a glass ceiling for local managers in Company Y and may foster feelings of distrust between expatriate leaders and HCNs in the longer term It may explain the 'coldness' of the work environment there, as described by the participants.

Company Z is interesting in that it hires young and impressionable scientists (less than 30 years old) in their R&D team, who deliberately dissociate themselves from their parents' generation of rigid practices and worldview, and seem to be taken up by everything 'American' or Western. It is interesting to note that three of the participants

in this company alone cited ‘Friends,’ the popular American sitcom, as a good venue to learn the American ways of working and living. Together, this young team seems to generate an infectious sense of closeness and warmth in the workplace through regular social events and outings. While they respect a certain amount of distance between themselves and the expatriate leaders, they opined that they trust expatriate leaders who take the time to bridge the distance and socialise with them to build personal relationships with them.

#### 4.6.5.2 Language is the bridge

Language increases emotional proximity or at least, is being perceived to do so by HCNs in Company Z and Company P. In these organisations, language plays a more important role in not only capturing business in the market place, but also in increasing the proximity between expatriate leaders and HCNs. Many HCNs expressed the desire for their expatriate leaders to be able to speak the same language and therefore, share each other’s philosophies of life to build their relationship further. Without that similar language platform, there seems to be only the official business that requires one to work and cooperate with the other foreign party.

#### 4.6.5.3 Socialising beyond working hours may build trust

There also seems to be a focus on involving each other on a personal basis beyond working hours, blurring the line between professional and personal in the eyes of the HCNs.

The participant from Company Z, for example, seemed to think that it is important for his boss to see how different he is in non-work settings where he is more relaxed and more talkative. He wanted his boss to see him holistically, during and after working hours, before judging his personality as being too passive. In his view, he was unfairly judged by his foreign boss who only judged his character and personality based on what he saw during working hours. While this was not deemed as important to the expatriate leader in question, the HCN deemed it to be significant because an incomplete picture of who he is may compromise his chances of being seen as an able leader.

***Social networking lubricates trust-building***

Company Z's HCN10 talked at length about the need to establish relationships outside work as a way to solidify the trust-building process. In her opinion, the HCNs enjoy social networking very much is because there is a need to eradicate or alleviate the loneliness and the psychological gap in a big crowded city. It augurs well for expatriate leaders who have this insight and join in social events to become better acquainted with the HCNs in a more personal way. Interestingly, she pointed out that by letting people into their private lives, locals can learn from expatriates and Chinese people are adopting some of these lessons. She also pointed out that younger people accept this more intimate way of communicating.

All HCNs interviewed mentioned the importance of expatriate leaders spending the time and effort in socialising with local teams, such as having lunches or dinners, going to karaoke lounges with them, being part of the basketball team or participating in other team-building events.

#### 4.6.5.4 Need for personal space translates to distance

Contrastingly, personal space is important to many Western expatriates. While expatriate leaders like to mention that they practice an open door policy at work, HCNs regard this policy as another way for expatriate leaders to maintain a distance. One HCN described the relationship as being ‘far away from the ground;’ i.e. emotionally and intellectually not on the same wavelength. Another HCN said, “Sometimes I don’t know what he thinks,” and yet another HCN said this of his expatriate leader, “He’s always busy.” All of which, indicate that the HCNs perceive their respective expatriate leaders to be emotionally unavailable, not paying attention to them and psychologically distant.

***Longevity conveys commitment***

Some HCNs feel that the local Chinese boss is closer as he is more vested in the country, and more likely to stay on than the expatriate leader who is usually on short-term assignments. The transient nature of an expatriate leader’s contract can be

perceived as a distance that prevents relationships to be built. As one HCN opined, it appears to be a waste of time to build relationships when the other party will be leaving soon anyway. Hence, it is more prudent for the HCN to focus on cooperating with the expatriate leader, and understand what the expatriate leader expects of him in terms of work outputs and trying his best to achieve mutual outcomes.

***Paternalism conveys closeness***

HCN9 at Company Z sought to expand the level of trust for her expatriate leader from the nucleus of relationships, beginning with boss-employee relationships to friendships, then to family-like ties. In her view, trust is built concentrically over time. The closer the relationship resembles a family unit, the more she tends to trust her expatriate leader. She said: "I trust more if he or she is a good mother or good father," which indicates that emulating the family closeness in relationship building can bridge the gap and increase proximity between the expatriate leader and HCN. This is consistent with China's paternalistic culture where "subordinates expect their leaders to assume a parent's role and consider it an obligation to provide support and protection to those under their care." (Yan & Hunt, 2005)

Some participants describe their expatriate leaders as parents, friends, professors, coaches, mothers or teachers, in addition to the official 'boss' role. Others feel that there is a power distance between themselves and their expatriate leaders because of impressive titles and the inappropriateness in communicating on the same level.

Most HCN participants really want their bosses to teach, guide and nurture them about things that are beyond work. One HCN said that she appreciated her local boss who taught her about life whereas her foreign boss separated work from personal life matters. However, when pressed, these participants could not say whether they would trust one boss over the other just because their bosses related to them beyond work expectations. This has led the researcher to conclude that while increasing the proximity between the boss and oneself certainly would help lubricate the working relationship, it may not necessarily generate more trust in each other, nor is it that critical to achieve one's work outcomes.

## 4.7 Reflection on Results Gathering

While the researcher applied both Moustakas' (1994) and Conklin's (2007) data analysis methods to consolidate and make sense of the emerging patterns and schemas that arose from the data collected, there is constantly a self-awareness that these patterns and schemas arose from nodes that were determined a priori. The researcher knew that key patterns would emerge from the analyses of the node patterns, which were determined a priori from extensive literature review on the three disciplines – trust, percepto-cognitive theories and CQ. She was cognizant of the fact that the chosen methods of applying constant comparison analysis or keyword-in-context within and across organizations may in some ways, suppress any unforseen "surprises" that she has not planned to witness in the data analysis. With this self-awareness, the researcher leveraged her own background as a consultant across industries and as an expatriate who has worked in various inter-cultural settings to add on to the node tree diagram more nodes that may not "fit" initially. This lends both a theoretical and practical perspective, and enabled the researcher to further reflect on how the emerging patterns differ or are similar within and across the organisations in the sample, in terms of the impact of corporate culture, size and the content of work and interaction.

## 4.8 Chapter summary

This concludes the presentation of the study's findings. The researcher began the chapter by presenting all the data findings and emerging themes against each research question for the sake of completeness. In this section, she will close the chapter by re-presenting major themes which cut across the three research questions which ultimately try to uncover how an expatriate leader leverages CQ to build HCN build a trusting relationship, and how one's own prejudices, stereotypes and cultural background shapes the quality of the trust relationship.

Overall, the most important emerging theme here is that trust formation is predicated firstly by a demonstration of competence and a level of confidence that has been

instilled by the trustor to the trustee from the outset. Competence forms the basis of perceptions of trustworthiness in this study. According to the data, the development of that cognitive-based trust relationship will shift over time to be more affect-based, in that both parties, based on the initial impressions of competence at one's job, would be willing to invest more emotionally into the relationship and allows for two-way vulnerability and demonstration of risk-taking behaviours. These risk-taking behaviours are both antecedent and outcome-based in the iterative trust-building process, and forms the remaining two aspects of trustworthiness, i.e. demonstration of goodwill and integrity. The previous sections have walked through in detail all key risk-taking behaviours that trustor and trustee demonstrates iteratively to enhance the trust building process, or otherwise, given the behavioural cues being perceived through time.

The second most important theme is that knowledge and usage of the local language has been cited as a key determinant to build trust, and supports the theory that similarity in cultural background such as ethnicity and common language would foster more affect-based trust amongst trustor and trustee. However, the data also presented that similarities may breed contempt, in that Asian expatriates in this sample, have higher expectations from HCNs to meet, given that they are expected to know the language, and therefore, there is an implicit expectation that they should adapt more effectively and be "local" with the HCNs. When that does not happen, there seems to be a psychological barrier that hinders more trust being fostered between the two seemingly similar (in cultural background) individuals. This potentially contradicting theme will be explained in the conclusion chapter.

While the previous section 4.4 presented the data relevant to Research question three on CQ, the data emerged to tell an overlapping story of CQ and trust in a converging theme (See Section 4.5) This converging theme, which forms the crux of the trust building phenomenon, is the motivation to "buy people's hearts" in order to build lasting trust relationships. The rsearcher summarized the integration with the tentative framework of CQ and trust development (See page Figure 9:Tentative Framework for Trust Development and CQ's Role on pg. 193). This theme cuts across the three research questions, where it intergrates the subcontruct of CQ Motivation (CQ3) with the trust building processes, and the antecedent role of perceptions, prejudies and stereotypes

when making affect-based and cognitive-based trust decisions in the workplace. The final Conclusion chapter will discuss in detail the tentative framework and the implications.

This Results chapter also summarises some secondary findings in Section 4.6, which were common to both CQ and trust, The researcher recommends that these findings form the future research agenda, and direction to investigate further the role of other factors such as cultural proximity, corporate culture and paternalism, in cementing trust relationships in the workplace.

In the next chapter – Chapter 5: Discussions and Conclusions, the researcher will employ the interpretative phenomenology approach and interpret the findings in order to consolidate the key themes against the three research questions and juxtapose these against existing literatures underpinning these research questions.

# Chapter 5 Discussion and Conclusions

## 5.1 Recapitulation of research study

This thesis has investigated the nature of the interface between foreign nationals in Shanghai, China. It has taken a qualitative approach to examine the social dynamics between expatriate leaders and their host country national (HCN) employees, by focusing on the trust-building process as a key input into the relationship, and examining how an expatriate leader's cultural intelligence influences the trust-building process in the eyes of HCNs.

This concluding chapter tries to re-examine the original research questions that have underpinned this study and the corresponding methodology employed to shed light on the trust-building phenomenon. The researcher summarises the key findings against the research questions, as detailed in the previous chapter. This chapter will review key conclusions and how they contribute to theory and practice.

The chapter is organised into the following main threads: The first few sections will revisit the research aims, research questions and methodology that form the basis of this study. Next, the researcher will summarise the research findings (detailed in Chapter Four: Results) and their connection to the principles and frameworks in existing literature on interpersonal trust and cultural intelligence. Next, the chapter will discuss the implications of the findings for theory, research and practice, and the research limitations. The final sections will present recommendations for practice and for future academic research. The researcher will also include a section on personal reflections

(Section 5.8) in this research as part of the interpretive phenomenology endeavour to explore the 'truth,' from her own perspective.

### *5.1.1 Research objectives*

The objective of this research was to position trust-building as a key element of workplace interaction between expatriates and HCNs, and as an important determinant to expatriate adjustment. The researcher used a relatively new construct called cultural intelligence (CQ) as a multi-faceted lens to investigate the trust-building process and examine how the expatriate leader's cognitive processes, emotions and motivations are being translated into actions or behaviours, and whether these behaviours are perceived by HCNs as being 'trustworthy' enough to reciprocate the risk-taking behaviours. The researcher also aims to uncover throughout the entire trust-building process how expatriate leaders and HCNs form perceptions of each other's trustworthiness, which further fuel and shape the trust-building process, and ultimately assist the acculturation process for both parties.

### *5.1.2 Research questions*

The research was conducted using one-on-one interviews and the following research questions formed the basis of the study to achieve the abovementioned research objectives.

1. How do expatriate leaders build trust with host country nationals in an inter-cultural context?
2. How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?
3. How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?

## 5.2 Linking findings to existing literatures

This research used the three frameworks found in existing literatures to answer the corresponding three research questions.

### *5.2.1 Mayer's framework on trust and Research Question 1*

For Research Question 1 regarding the trust-building process, the researcher used Mayer et al.'s (1995) model (see Figure 10) on interpersonal trust as a basis to understand the trust-building process between expatriate leaders and their host country nationals because this model is generally the acceptable model in the field of trust (Mayer, Davis & Schoorman, 1995; Whitener et al., 1998; Kramer, 1999; Dirks & Ferrin, 2002; Mayer & Gavin, 2005; Tan & Chee, 2005; Casimir et al., 2006; LePine, Scott & Colquitt, 2007).

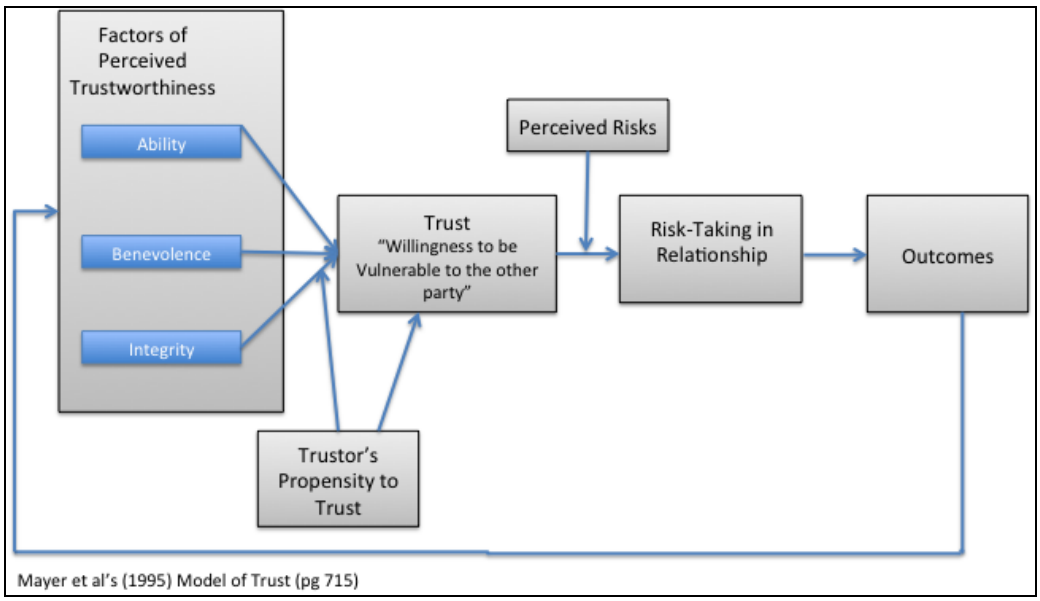


Figure 10: Mayer et al.'s Model of Trust (1995, p. 715)

The researcher framed and analysed the participants' responses to how they build trusting relationships by grouping the responses into Mayer et al.'s (1995) three factors of trustworthiness – ability, benevolence and integrity.

In explaining the trust-building process, the researcher also distilled from the participants' answers, the various levels of risk-taking behaviours that a trustor exhibits. These answers were then extrapolated into the theoretical CQ and its four sub-constructs – Knowledge (CQ1), Meta-knowledge (CQ2), Motivational CQ (CQ3) and Behavioural CQ (CQ4), in preparation for answering Research Question 3 later, which investigates the role CQ plays in the trust-building process (refer to Section 5.2.3-Earley and Ang's cultural intelligence (CQ) model for Research Question ).

### *5.2.2 Shaw's categorisation model for Research Question 2*

In Research Question 1, Mayer et al.'s (1995) framework of trust specifically identifies several antecedents; i.e. factors of perceived trustworthiness (FoT), one's propensity to trust, and to make the decision of whether to take that leap of faith to trust the other party or otherwise. The propensity to trust or how easily or willingly an individual trusts another, is dependent on the cultural baggage that he carries, including various stereotypes, perceptions and prejudices that he is tainted with as he goes through life.

Research Question 2 addresses stereotypes, perceptions and prejudices. Here, the researcher overlays another framework, Shaw's (1990) categorisation model to explain how HCNs reconcile expatriate leader's behavioural inputs with their existing mental schemas which are laced with stereotypes, perceptions and prejudices, and vice versa. Shaw's model (1990, p. 633) was chosen as a basis for understanding perceptions as this thesis is premised upon trust as a perceptive construct and exists because it resides in the mind of the perceiver. The model addresses stereotypes and prejudices, and informs the way in which these inputs are processed and categorised cognitively. Since this thesis posits that the propensity to trust is dependent on the kinds of stereotypes, perceptions and prejudices that an individual holds internally, which guide the trust decisions at the workplace, Shaw's model (see Figure 11) is relevant and should be considered simultaneously with Mayer et al.'s (1995) framework of trust to illustrate the trust decision process. In addition, its reference to inter-cultural management, in particular, cross-cultural dyadic interactions, is relevant to this study's focus of enquiry.

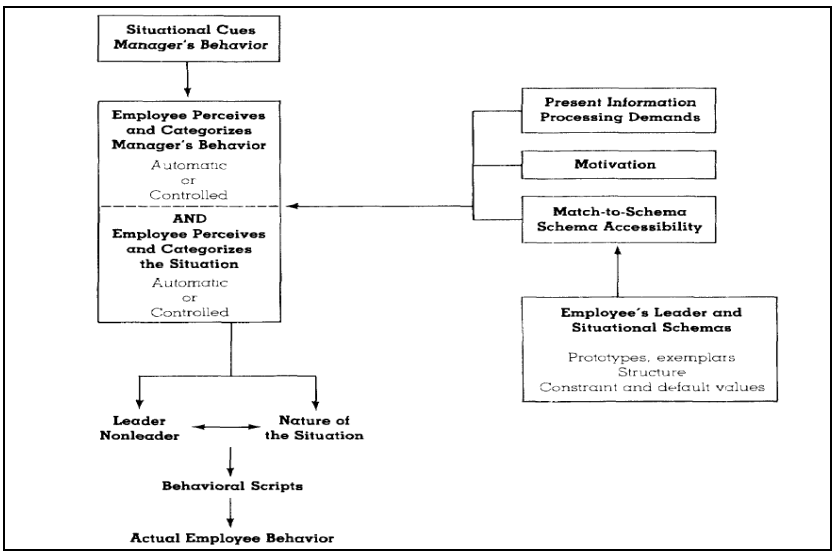


Figure 11: Shaw's Categorisation Model (1990, p.633)

Shaw's model proved helpful to understand how a person internalises the behavioural cues he receives from the other party, and cognitively tries to reconcile these with his own mental schemas, which have been shaped by the stereotypes, perceptions and prejudices arising through culture and experience. The data suggested that an individual deals with the behavioural cues in two ways: refer to the existing mental schemas and look for similarity in patterns to signal and motivate taking the risk of trusting the other party or not.

There are situations where the mental schemas are shaped by aspirations of the beholder to be different or unique. For example, young professionals who may have mental schemas influenced by school and family associations passed down from generation to generation, may also aspire to break out of the existing cultural mould and define themselves as independent individuals (Wang & Clegg, 2007).

In the case of this particular research study, the researcher observed that while the behaviours may not correspond with the existing mental schemas of, for example, an HCN or expatriate leader, the individual motivates himself to overcome the struggle with the existing mental schema that initially rejects the external behavioural stimuli that he perceives. He tries to reconstruct a new mental schema that fits his own new aspirations to be free from his culture and accept a new one (Shaw, 1990; Lord &

Maher, 1991). The researcher concludes that such personal motivation influences and shapes the reconstruction of schemas, based on the individual's internal drive and motivation to adapt to the changes he perceives around him.

### *5.2.3 Earley and Ang's cultural intelligence (CQ) model for Research Question 3*

For Research Question 3 on cultural intelligence (CQ), the researcher used Earley and Ang's (2003) CQ model to capture the data and organise the participants' responses into its four sub-constructs: Cognitive CQ, Meta-cognitive CQ, Motivational CQ and Behavioural CQ. This model was selected as an empirically tested alternative to personality theories that are in the existing expatriate management and inter-cultural management literatures, as the CQ construct addresses cognitive processes, intentions and motivations and behavioural inputs of individuals operating in a cross-cultural context (Shaffer & Miller, 2008).

The researcher presented observations made by HCN participants on how CQ is manifested in their expatriate leader's behaviours, and juxtaposed these responses with the expatriate leader's own self-perceived behaviours. In Section 5.5. the researcher further discussed the observed dissonance between HCN and expatriate leader views on culturally intelligent behaviours that engender interpersonal trust between the two parties or otherwise. The participants were also asked to justify their CQ ratings of their expatriate leaders, who in turn were asked to self-rate their own CQ levels in terms of relevant culturally intelligent behaviours to build and sustain trust in the workplace. The participants were asked to rate behaviours on a scale of one to ten, one being the lowest CQ score, and ten being the highest, as representing the highest level of adaptive behavioural skills. They were also asked if they thought there was a correlation between CQ and trust in the other party.

In the next sections (Section 5.3 onwards), the researcher will organise the discussion according to the three research questions, to reach conclusions regarding the key themes addressed in Chapter Four: Results and Interpretation, and to discuss the implications for theory and practice.

## 5.3 Discussion on answers to Research Question 1

**RQ1: How do expatriate leaders build trust with host country nationals in an inter-cultural context?**

In Chapter Four, the researcher presented the various emerging themes found in the interview data, in accordance with Mayer's three factors of trustworthiness (ability, integrity and benevolence) and an individual's propensity to trust. In conclusion, she has further summarised the topmost themes in the next sections that underpin the trust-building process.

### *5.3.1 Conclusion No. 1: Show me the money, then show me your heart*

One of the major conclusions of this study is that it is of utmost importance to demonstrate an individual's competence to the other party at the early stage of trust-formation. All participants, both HCNs and expatriate leaders have alluded to building cognitive trust through demonstration of capabilities in the areas of expertise as a way to build confidence in each other. Over time, cognitive trust may lead to emotional trust when there is a mutual motivation to invest more in sustaining the trust-based relationship.

#### 5.3.1.1 Trusting relationships are built on demonstration of competence first

These findings have clearly shown that demonstrating an individual's ability from the outset is the first step in creating an impression of trustworthiness, whether it is demonstrating technical competence or leadership abilities that underscores the individual's official title or position in the HCN-expatriate leader relationship (McAllister, 1995). An expatriate leader's demonstration of his performance and competence, reliability and dependability as a competent leader, transcends cultural origins. From the perspective of the HCN, whoever is paired with the expatriate leader needs to establish his willingness to learn and have the necessary work competence to

garner trust from his expatriate leader from the beginning of the relationship. He also needs to demonstrate his reliability and dependability to do the work.

In short, to build trust, expatriate leaders and HCNs firstly need to demonstrate very quickly that both parties are trustworthy; i.e. worthy to be trusted from the perspective of each other's competences and credentials. This mutual assessment happens almost on the first day of work, where each party is expected to quickly demonstrate his ability and competence in the workplace setting. 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 to trust, the trustor needs to consider the outward demonstration of these three factors of trustworthiness; i.e. ability, benevolence and trust (Mayer, Davis & Schoorman, 1995). While this is cognitive trust in nature, the findings point to the development of cognitive trust as the foundation for emotional trust (McAllister, 1995) at a later stage when time has elapsed and trust has been earned, at least in respect of dependability and reliability.

#### 5.3.1.2 Emotions-based trust relationships are preferred by the local Chinese

These research findings indicate a need to focus an expatriate leader vs. attention more on harnessing affect-based trust-building techniques to build more effective relationships in the high power distance countries such as China, as compared to developing business relationships in lower-power distance countries like the USA or Sweden (Luo, 2002; Tan & Chee, 2005; Kranas et al., 2007; Sadri, Weber & Gentry, 2011).

Existing literature echoes the researcher's observation that emotional investment can be made in trust only after one has carefully considered cognitively the pros and cons of trusting the other party to further grow a more meaningful and friendship-based relationship (Lewis & Weigert, 1985; McAllister, 1995; Kranas et al., 2007).

The HCNs in this research sample have stated that they consider those expatriate leaders who are more trustworthy or worthy of their reciprocal trust to be the ones who demonstrate kindness, care about their feelings and life experiences, with whom they can exchange in-depth details about each other's feelings. This seems to suggest that while the pre-defined supervisor-employee hierarchical relationship might begin with a cognitive-based trust and logical weighing up of the economical pros and cons of demonstrating trusting behaviours, it is only through time that the emotional investment occurs between the two parties that can in turn lead to a more sustained trusting relationship. Whether this contributes to more effective performance outcomes and citizenship behaviours is beyond this research scope, but the researcher's belief is that a similarity-attraction process (Orbuch & Sprecher, 2003) would need to have happened quickly at the outset to make a person decide whether he will like the other party.

Thus, affective trust follows cognitive trust and is more sustainable when the trustor gives more latitude to the trustee if the latter is not able to deliver on his performance. However, while such latitude may be accorded, the trustor would not compromise on issues regarding integrity in terms of his own values and principles. For example, a person may still accept a certain degree of poor performance from an employee who has worked with him for many years and has delivered reliable performance consistently in the past. However, the leader would most likely not tolerate this hypothetical situation where his employee breaches his employment contract with the company, for instance, and is found to have leaked confidential information to the company's competitor.

Therefore, as proposed by Shaw's model, one can surmise that an individual would access his existing mental schema (mental map) and try to match the inputs observed (behaviour of another) with this mental schema for consistency, whether in terms of values, norms, cultural practices, etc. In this case, where the leader has observed his employee's breaching his contract, any schema matching occurring in the leader's mind would probably relate to how he, as the trustor, is motivated to categorise and locate existing schemas in the deep recesses of his mind. More importantly, what he decides to do, should there be inconsistencies in the schema mapping, would be a function of his intention and motivation. The researcher claims that it would have to be the feelings of

attraction and liking towards the other person (trustee) that would fuel his motivation, and become the linchpin for how the decision of trusting would occur over time.

This research is consistent with previous empirical studies, which showed how subordinates positively perceive displays of emotions by leaders, particularly when they least expect it due to social norms (Sadri, Weber & Gentry, 2011). Positive perceptions of emotions by these leaders are in turn, correlated to subordinates' performances from the leaders' points of view. In addition, researchers have ascertained that the higher the power distance of a community, the stronger this correlation appears to be, suggesting that while people do not expect leaders in high power distance societies to display emotions at workplaces, when they do, the subordinates perceive such emotional displays to be positive (Sadri, Weber & Gentry, 2011). This researcher ventures to claim that the positive perceptions are more likely to turn into trusting relationships that are affect-based. It has been established in this research that at least in Chinese society, trust is developed based on the emotional connections that bind the trustor and trustee together, but prefaced by a strong demonstration of competence by both parties. The next section looks at the effort required for the process to form and be sustained.

#### 5.3.1.3 Trust-building is a mutual investment of time and effort

The trust-building process is generally recognised (e.g. Mcknight, 1997) as taking time to unfold, although most participants would have already made a preliminary judgment concerning the trustee in the first encounter. Over time, both parties engage in risk-taking behaviours to build and reciprocate trust with each other. Activities such as identifying the 'bridge,' building loyalty by continuous protection of an HCN by the leader, or building a safe environment to nurture and promote local talents, would occur as the trust-building process continues. The precursor to winning the trustor's trust and forming a good impression of worth is by demonstrating work competence from the outset, and where possible, by trying to speak the local language to demonstrate willingness to embrace a new culture, no matter now limited the vocabulary (See Section 5.3.1.4).

As the trust-formation evolves through time, expatriate leaders recognise their need to make the decision as to whether to invest more time and effort in their HCNs through socialising efforts, engaging in social activities that go beyond the professional working hours, and more importantly, allowing HCNs to enter into the expatriate leader's 'personal space;' i.e. sharing intimate details about each other's personal lives. The conclusion drawn from the interviews with some expatriate leaders is that they feel it is worthwhile to engage the HCNs at a more emotional level even though it calls for personal sacrifice in terms of time for the expatriate leaders, as they see remarkable returns in terms of loyalty and positive citizenship behaviours in the HCNs. Other expatriate leaders felt that to invest more than the professional requirement would compromise their own identities and desire for personal space.

#### 5.3.1.4 Speaking the local language accelerates the trust-building process but it is only a starting point

The ability to communicate effectively is important in management settings, and even more so in managing cross-cultural environments, but it also depends on having a common language which forms the foundation for conversations on a daily basis (Selmer, 2006). This ability to speak a common language may prove difficult to Western leaders working in China, particularly in cities where English is hardly spoken by locals. Western expatriates may feel that they are at a slight disadvantage if they have not learned the basics of the Chinese language, *Putonghua* (Mandarin), especially when compared to Asian expatriate leaders from Singapore, Malaysia, Hong Kong or Taiwan who may have learned Chinese as a native or second language from a young age.

Nonetheless, the results of this research have shown that being proficient in *Putonghua*, would certainly facilitate the daily interactions with HCNs in the organisation, and accelerate relationship-building with various external parties such as customers, regulators and government officials. However, respondents have highlighted that HCNs and expatriate leaders may not necessarily form more trusting relationships purely due to having a common language. In fact, one HCN advised expatriate leaders not to try to be 'one of us,' and observed that even if the expatriate leader has mastered the

language, he would not be regarded as ‘one of us.’ He felt that HCNs would appreciate more about what real value the expatriate leader brings to the table, instead of just being proficient in the language.

Being linguistically proficient is also not tantamount to understanding the cultural rules and cues. For example, Selmer (2006) claimed that scholars have found there are five aspects of communication in the Chinese culture; i.e. ‘‘implicit communication, listening-centeredness, politeness, a focus on insiders and face-directed communication strategies” (p. 348). This claim is consistent with the stereotypes and perceptions that expatriate leaders hold, and many alluded to this during the interview with the researcher. These stereotypes included the view that the Chinese people are shy and not willing to offer opinions, evasive and non-confrontational. While some expatriate leaders attributed such characteristics to the lack of proficiency in the English language, there seems to be some further truth pointing to differing shades of communication, in English or in Chinese.

Hence while theoretically, a *Putonghua*-speaking expatriate leader from Hong Kong or Taiwan may have a comparatively shorter cultural distance between themselves and the HCN, compared to an expatriate leader from America or Scotland, for instance, the relationship between the expatriate leader and the HCN may not necessarily be characterised by more trust. In fact, based on the data, the opposite may be true as perceptions and stereotypes come into play, and language becomes a linguistic manipulation game to ‘getting the job done’ as efficiently as possible.

The theoretical implication may be that the findings of this research provide a contrary view of how mastering the local language may not necessarily be associated with work adjustment and expatriate performance in the longer term, although it can open doors and create bridges to language barriers in the local context. This implication is contrary to recent studies on the importance of language fluency (Selmer, 2006; Sternberg, 2008; Ang, Van Dyne & Tan, 2011).

From a practical perspective, the importance to prepare an expatriate leader in terms of language acquisition is recognised (Shaffer et al., 2006). However, corporations still

struggle to come to terms with the immediate cost of language acquisition and time commitment required for the expatriate leaders to master the language in their own time, in addition to having to juggle a myriad of work-related issues that are new to them. Perhaps it would be more practical for corporations to tap into the foreign talent within the host country itself; i.e. those who already have several years of working experience in China and have mastered the language considerably (Selmer, 2006; Caprar, 2011; Selmer & Lauring, 2011).

#### 5.3.1.5 Loyalty begets trust - You watch my back and I will watch yours

Another conclusion that arose from this research is that in order to build trust with the HCNs, the expatriate leader, over time, needs to be perceived as being the 'good guy' who 'watches their backs' at all times. This includes but is not limited to providing the emotional support that goes beyond the daily work routines, which is very important to Chinese locals. It may involve being concerned with their family pressures or situations, seeing them play on basketball courts or participating in singing in the local karaoke lounges. It is about the expatriate leader being seen to make small gestures to show he cares about the locals' welfare and well-being, and that he is making time and effort to be assimilated into the social fabric of the local community. This area adds to Mayer's existing model of trust-building, in that the element of emotional investment (affect) does play an important part in cementing a work relationship between HCNs and expatriate leaders. This topic on emotional trust-building will be revisited in Section 5.5 as the discussion converges to how cultural intelligence, as a possible inter-cultural competence, influences trust-building in the emotional sense.

#### 5.3.1.6 Trust-building is dependent on an individual's maturity and work experiences

For the expatriate leader, building trust with HCNs depends on the maturity of the HCNs he has in his team. For example, the study findings show that it is imperative for an expatriate leader to be able to balance between empowering the HCNs by just giving them some guidelines to complete a task, and needing to tell the HCNs exactly what to do, particularly from the outset with those HCNs who are untested in their competences.

It would be in the leader's interests to test the HCNs' capability with projects to gain trust, and then slowly empower the HCNs and providing the kind of autonomy that more senior HCNs would appreciate, thus guiding their careers. Judging how much autonomy to give to HCNs takes time and effort for both parties. The HCNs need to take the risk of embracing the new projects given and whole-heartedly giving their best performance in order to gain the trust of their expatriate leaders. The expatriate leaders in turn, need to take a calculated risk to select which HCNs would be ready and willing to take the new projects as a challenge.

Thus far, the discussion has focused on the first conclusion of this thesis, which is functional or technical competence lays the foundation for trust-formation but as the trust building process evolves, emotions-based relationships are preferred by HCNs.

At the crux of this emotions-based trust building process, lies an individual's motivation and intention for embarking on such a process with the HCN. The next section addresses trust in the context of one's own motivation and intention, which then leads into a discussion on Research Question 2 in the sections to follow.

### *5.3.2 Trust and motivation*

As the researcher tries to understand what motivates people to initiate and maintain trust relationships in the interpersonal context, the question inadvertently and to some extent inevitably, arises as to whether people really need to trust another person, or is it just cooperation that they are seeking to get things done, at least in the context of the workplace? One comment that stood out in these interviews was articulated by an HCN11 in Company Z. She purported that traditional employee-boss relationships are like those of lovers' or '情人－ Qin Ren.' Such relationships, in her view, are very transactional, inter-dependent and frequently project a requestor-giver pattern, but will last as long as there are interdependencies and the need for transactions for both parties. She contrasted her observations with her current team, which she characterises as more like friendship ('友谊－you yi'), which carries no additional expectations whilst the past relationships she has had were more 'Qin Ren'-based; i.e. lover, transactional, mutual benefits based.

Below are some similar comments from participants that have contributed to the researcher's conclusion that the trusting relationship is not always equal on both sides, and perhaps what people strive for is strong cooperation with each other to complete a certain task or reach a mutual benefit.

> *..my job is to get along with you, so two of us, each other so both of us can get things done. So that's why we are here. (HCN7, Company Z)*

> *I mean...I say trust is important, absolutely because you can't do anything out here without building that kind of a relationship and most probably you know it's crucial especially for those people who wants to get things done, do things for you, get you information, building that relationship is critical. (EL3, Company X)*

In these instances, trust is acknowledged as useful to get things done and motivates the leader to build a trusting relationship with his staff to precisely reach that goal of getting things done.

> *I will assume every people is good people, right? But… if we haven't established the true trust, I will not tell him or her very personal things. But… on work… basis, I can trust because..I know she really has the… expertise. (HCN6, Company C)*

Here, the HCN participant distinguished between 'true trust' where she is willing to divulge personal things to her boss, and 'work trust' where she trusts the person who has demonstrated expertise. In this context, true trust is more emotions-based whereas work trust is more cognitive-based.

The next section discusses how individual values, beliefs, prejudices and stereotypes play a part in determining the other party's trustworthiness and the individual's decision to trust.

## 5.4 Discussion on answers to Research Question 2

**RQ2: How do perceptions, prejudices and stereotypes influence the trust-building process between leaders and HCNs?**

Previously in Chapter 4, the researcher detailed some key prejudices and stereotypes held by expatriate leaders and HCNs, and discussed how these prejudices influenced the trust-building process for both parties. Many of these prejudices and stereotypes are not caused by individual cultural baggage, ethnicity or race. For example, some HCNs claimed that overseas Chinese leaders and returning Mainland Chinese leaders deliberately keep their distance, psychologically and socially, from the HCNs even though they share the same cultural roots, ethnicity and race. These overseas Chinese leaders and *Hai Gui* do not believe they belong to the same group as the HCNs either.

The conclusion that the researcher has formed based on the data, is that an individual's social identity and group membership with which he can truly identify, as well as his values and beliefs system, will shape his prejudices and stereotypes, rather than his ethnicity and nationality. Stereotypes and prejudices are inevitable and in turn, have considerable influence in how an individual perceives and interprets the behaviours of another, which may transcend the effects of national culture. Researchers have also claimed alternative ways to look at culture and values in shaping behaviours (Hofstede, 1980; House, 2004; Javidan et al., 2006).

One of the alternative ways is using The Social Axioms Framework (Bond et al., 2002), which posits that social axioms are made of an individual's beliefs about the people and the general society, the physical and spiritual world. Together, these elements of social axioms play a significant role in shaping the way a person behaves and interacts with people around him (Bond et al., 2002; Leung & Li, 2008). This researcher claims that the prejudices, stereotypes and perceptions that one holds in life are also part of this purported web of beliefs. As the researcher tried to answer Research Question 2 from the data, one of the beliefs in this Social Axiom Framework (Chen et al., 2006; Chen, Guan & Hui, 2012) called Social Cynicism (Chen, Guan & Hui, 2012, p. 587) helped to inform and explain some of the phenomena discovered in this study, concerning cultural intelligence and interpersonal trust. According to Leung and Li (2008), similar researchers on the Social Axiom network, "Social cynicism is a negative view of human nature, a bias against some social groups, a mistrust of social institutions and a belief that people have a tendency to ignore ethical standards." (p. 333)

Earlier researchers have found that the higher an individual's social cynicism, i.e. negative view of the world, the more likely he is to distrust others in his interactions (Singelis et al., 2003). In this research data, the researcher found that expatriate leaders who began a relationship with HCNs at a low level of trust (e.g. EL1, Company Y) may not be rated by their HCNs with a high CQ score; and they are perceived as not adapting well in the foreign environment. Whether it is due to the expatriate leader's high level of social cynicism or not, or whether the expatriate leader's inter-cultural competence to adapt more effectively is suspect, it is perhaps an important observation that the said expatriate leader's score in CQ was very low. The expatriate leader, however, garnered positive comments from her HCNs regarding her high technical competence and leadership abilities, which they said they rely on, and trust in helping them make decisions that would benefit the HCNs and the organisation. Therefore, it cannot be unequivocally agreed that it was CQ, as an inter-cultural competence, that influenced the relationship or that it was social cynicism, or both or neither.

In this section, the researcher will present several important conclusions that might assist to illuminate the reason for prejudices and stereotypes not being solely correlated to one's nationality or race, but more to the social beliefs that one holds about life and the immediate environment.

### *5.4.1 Conclusion No. 2 – I trust the people who belong to my group*

This research study's data has resulted in an observation that national cultural membership *per se* would not significantly impact how one trusts another, but rather whether the extent to which one identifies with the other's referent membership such as work department, language similarity, or shared values may be a stronger predictor to trusting relationships. For example, the Chinese who share cultural roots with the Taiwanese and the overseas Chinese people such as the Singaporeans and Malaysians, may not necessarily trust each other more; in fact, the opposite may be true, as illustrated by this research's data results. Likewise, younger Chinese people identify with expatriate leaders who are seemingly at the other side of the spectrum in terms of educational, socio-political and national backgrounds, such as the American leaders, as these young HCNs share similar aspirations of liberty and freedom of expression, thus

they find that they trust the American leaders more. Paradoxically though, when asked hypothetically, with whom they prefer to work, the HCNs said they preferred to work with Asian leaders like Singaporeans or Malaysians who can speak the local language, but at the same time, they were quick to point out their distrust of Taiwanese and Hong Kong leaders. The following discussion will try to crystallise the reasons behind this paradox.

#### 5.4.1.1 Group membership

A recent study found that workgroup membership and organisational status influence more significantly the process of building trust and cooperation in the workplace, compared to cultural group membership (Loh, Smith & Restubog, 2010).

Researchers have also found that social group membership is often emotion-based. People seldom feel too emotionally tied to members of the 'out-group' as the perceived differences, laced by the stereotypes and prejudices people hold, become too much of a hindrance in relationship building (Williams, 2001).

In this research, it is interesting to look at who constitutes the 'out-group.' From her data, the researcher found that HCNs view the *Hai Guis* or the overseas returning Chinese as members of the out-group, and do not associate themselves with the *Hai Guis*, even though ethnically, the *Hai Guis* are the same as the Chinese locals. Similarly, Asian expatriates who can speak *Putonghua* are considered the 'in-group,' whereas those who cannot speak the language are considered the out-group. This goes beyond the usual ethnicity/race divide; i.e. the Chinese-Indian differences, the Caucasian-Chinese differences, etc.

The Taiwanese or Hong Kongese expatriate leaders are considered out-groups probably because of the perceived political affiliations. The HCNs see themselves as rightful citizens of Mainland China (also known as Motherland) and think of the expatriate leaders as leaders who come from countries that belong to Mainland China. The sense of resentment conveyed by some of these participants, at times, seems to reflect their political views of Taiwan and Hong Kong in relationship to the Motherland.

The older generations of expatriate leaders who do not socialise with the HCNs who are much younger are also considered out-groups by the latter. The next sections will postulate several reasons for the perceived differences and categorisation of in-group or out-group.

#### 5.4.1.2 Social identity – Who am I?

A few HCNs who work with *Hai Gui* or overseas Chinese leaders (of Mainland Chinese descent) have noticed that there is a psychological gap between them and the leaders due to a clash of identity or perceived difference in socio-economic status:

> *I think somehow for him it gives me the feeling that… because he's a Chinese American maybe he think he is… he always pretend to be he is American. But the look is Chinese. So he may be try to differentiate himself from you. (HCN7, Company Z)*

In this case, the expatriate leader who has been educated in America and worked for a decade there before returning to China is considered an out-group member even though he is of Chinese descent and speaks *Putonghua* as a native. In the researcher's conversation with the expatriate leader, he disclosed that he felt very alienated in his own homeland. Hence, even though it seems theoretically good for the expatriate leader to be 'straddling' between the two cultures (China and America), the expatriate leader's motivation to build trust with his HCNs may be dampened by these feelings of alienation between himself and his HCN teammates. Consequently, he may choose to moderate his behaviours that are considered 'American,' or to differentiate himself from his HCNs with whom he does not feel a sense of comradeship, and thus continue to alienate himself with behaviours that show he is indeed different from the HCNs. Here, the researcher would venture to claim that it is not that the expatriate leader does not possess strong inter-cultural management capabilities like CQ to help him adapt more successful in the environment. Rather, it may be his lack of motivation in driving himself to behave in a certain way, to result in engendering trust in his HCNs.

Paradoxically, CQ is about being adaptable to the environment. Hence, depending on one's perspective, an expatriate leader who deliberately distinguishes himself from the other HCNs, and chooses to be more aligned and similar to the mannerisms of other

Western expatriates, may really just be adapting for survival in his pool of leadership peers.

Demographically dissimilar yet culturally similar situations may also not guarantee better and faster adaptation of the expatriate leader to the cross-cultural environment (Lauring & Selmer, 2012). In the following case, the HCN described matter-of-factly how different she and her Chinese boss were socio-economically and inferred that the expatriate leader would never understand her local HCNs due to the perceived large economic gap.

> *Her house is in the rich people's area.. She has 2 daughters who will go to USA University. She will not let them come back to China. (HCN11, Company Z)*

This is consistent with recent studies undertaken to provide empirical evidence that people with culturally similar backgrounds are likely to take as long a time to adjust and adapt to the new cross-cultural environments as their more culturally-dissimilar expatriate leaders (Lauring, Selmer & Feng, 2009).

#### 5.4.1.3 My values vs. my country's values

Besides examining social identity as a factor of group acceptance, as discussed in the earlier section, there is also the question of how much of one's personal values can and are dictating his behaviours and emotions. Static cultural labels such as collectivistic or individualistic cultures, or high power and lower power distance countries may no longer be the sole foundation for analysing emotions and behaviours leading to trust (House, 2004; Loh, Smith & Restubog, 2010). This research demonstrated that even though cross-cultural researchers have long labelled China as a collectivistic society having high power distance when compared to the American or Northern European societies (Hofstede, 1980; House, 2004), HCNs in organisations should not be solely managed with just this narrow knowledge alone. Expatriate leaders cannot develop trusting relationships with these HCNs without appreciating that they are individuals with very individualistic and unique views about the world and who they are, how they want to be managed individually with their unique characteristics, or whether they would consider themselves in different referent groups besides being culturally Chinese.

This is a phenomenon that is particularly observed in the younger generation of HCNs, who are more enamoured with Western cultures and the corresponding cultural artefacts that seem to convey choices, modernity, individuality and democracy, as seen at the long queues outside McDonald's or Starbucks outlets and Apple Stores in China.

#### 5.4.1.4 Overseas Chinese is not Chinese

Another psychological gap that is observed is that HCNs perceive overseas-Chinese leaders from Singapore or Hong Kong, for instance, to be consciously drawing a line that translates into 'us vs. them' (Chen, Guan & Hui, 2012). While HCNs recognise that overseas Chinese leaders from Singapore or Malaysia are closer to Western style approaches, and therefore, different from them, they believe that they are bound together to these expatriate leaders by the common use of *Putonghua*. Hence, in HCN perceptions, the cultural difference is not as noticeable compared to Western leaders who do not share a common language with them. However, the interesting phenomenon is that HCNs observe that overseas Chinese leaders, particularly from Singapore or Hong Kong, tend to want to draw a line to clearly demarcate the differences (Chen, Guan & Hui, 2012). The researcher here wonders whether perhaps it is a psychological line that divides them: 'You are from a third world country, I am from the first world country and therefore, I am superior in my ways, thinking and in deed.'

> *I think Singapore people has a more.. we call very strange things.. when we meet you with the Chinese people, they will talk English themselves, even we have talking about Chinese before. Singapore I think, they are close to Western but they still, they set up these lines makes us very uncomfortable and I also feel unrespected, not very direct, very honestly. (HCN7, Company Z)*

In the above case, the HCN felt disrespected when the Singaporean colleagues spoke in English amongst themselves, even when he was in their midst and was talking in *Putonghua* with the Singaporean expatriate leader before the other Singaporean colleagues joined them, and the language was switched to English. Yet, from the researcher's own point of view, the HCN does not understand that, while Singaporeans can speak *Putonghua*, this language is still a second or even a third language for them, and they are more comfortable talking to one another, amongst Singaporeans, using the common language of their country, which is English, their first language. However,

because HCNs do not really understand that, they jump to conclusions that Singaporeans are deliberately 'pushing them out' and speak in a 'foreign language.' While the topic is still just about language usage, this can easily translate to a psychological barrier that prevents HCNs from trusting Singaporeans, and vice versa, in this particular scenario.

Western expatriate leaders do not seem to receive the same treatment, most probably because HCNs do not expect these foreign leaders to master the Chinese language, and excuse them for not being able to do so because they are 'so foreign'. The Western leaders who are able to speak fluently in *Putonghua* 'score additional points' with the HCNs because they are perceived to have tried so hard to assimilate. The HCNs do not take into account that these Western expatriates have been in China for more than 15 years, and would have mastered the language, either by choice or by circumstances. This often may not be so for non-Chinese speaking Asian expatriates who have just arrived and have to quickly learn the language in three to six months and be productive in the market place because it is expected of them to do so, simply because of the ethnicity.

### *5.4.2 Conclusion No. 3 – Localising expatriates may impact trust-building*

As cost structures become more scrutinised and local offices are being pressured to watch the ballooning costs of maintaining expatriate leaders, localisation becomes more critical and inevitable (Selmer, 2002a; Hutchings & Torsten, 2010). This is a situation where expatriates, after five years of services in the host country, would usually be asked to be 'localised;' i.e. paid in host country currencies and subject to host country's taxation policies. The loss of benefits is not insignificant – benefits such as housing, transport, schooling, sponsored trips home twice a year, medical cover and so forth, are foremost in the minds of expatriate leaders when being asked to consider localisation. In many cases, there is no choice as it is the company's policy (as in all the companies interviewed, albeit the number of years served are up to discretion and demand). Another trend in localisation is that MNCs are beginning to recruit foreign talents that are already in China as 'local employees' to save cost. The readily available talent pool is the outcome of the current global economic tsunami, which has affected employment

in North America, Europe and the Australasia. Many expatriates have moved to Asia, particularly to China in search for work and would be more willing to accept a localised package (Caprar, 2011). However, there is recognition that because these expatriates are not hired from Head Office, the commitment and link with the Head Office is not strong and this may jeopardise the effectiveness of control mechanisms in the MNC's local office in China (Hutchings & Torsten, 2010).

Hutchings and Torsten (2010) reported that MNCs are keen to employ local managers in their Chinese operations and reduce the use of expatriates. Hence no matter how much cultural intelligence one possesses, the act and process of localising these expatriate leaders may very well impact the perception of the expatriate leader concerned about the host country office, his own motivation and inner emotions about localisation, and how he views the HCNs he or she has to work with thereafter. For example, expatriate leaders who are or will be localised, complained that the HCNs are not yet ready to assume leadership positions, thereby implicitly justifying their own existence.

On the contrary, localisation may prove psychologically beneficial for HCNs who may perceive this as better alignment of expatriate leaders to themselves, at least from the perspective of compensation and benefits. In addition, localisation is also an exercise where the use of expatriate leaders will be reduced to grooming local managers into leadership positions while making themselves redundant.

In one interview, an expatriate leader related how his initial euphoric views of China and what the land can offer changed when he was converted from a full expatriate package to a localised one after two years of service. With the administrative change, he began to see the constraints and limitations of both the company and the host country as he struggled with the Human Resources Department to finalise the terms of his package and taxation.

It seems to the researcher that when an expatriate enjoys the comfortable benefits and opportunities to earn well while doing one's duty in China for a few years, the China experience is painted through a rosy view. Once an expatriate is converted into a 'local

hire,' i.e. under local taxation and local HR practices, he no longer has those benefits which separated him from the locals. He may begin to view the bureaucracy and the cumbersome processes in a harsher light.

The researcher remembers working with the aforementioned expatriate leader a year ago before the interview, when he had just arrived in China. At that time, he was a U.S. assignee with full expatriate benefits package. The issues about working with HCNs and trying to understand the local leaders' point of view were discussed in a more favourable light. The researcher, having personally experienced localisation, can empathise and understand the expatriate leader's change of perspective. On the one hand, he is part of the local Chinese environment, but on the other hand he is still a foreigner. Subconsciously, he does not want to be grouped together with the locals. While no one talks about this in the open, it is generally acknowledged amongst the expatriate leaders who are or will be localised that when the pocket is under attack, it becomes more personal.

In another interview, the expatriate leader (EL2, Company Z) indicated that it is Company Z's corporate mandate to gradually localise the management team as local talent pools scale up. This places the foreign leaders in a coaching role rather than a competitive role in relation to the locals. The locals can clearly see how their career can progress in a transparent manner instead of having to contend with the proverbial glass ceiling where choice leadership positions tend to be out of reach for them.

Expatriate leaders in these organisations are expected to coach their subordinates and mentor them to be ready to take over the leadership reins when localisation takes effect (Hutchings & Torsten, 2010). In many cases, expatriate leaders are concerned with what is going to happen to them thereafter, and justifiably so, as their livelihoods are at stake beyond the several years of overseas assignment. Hence, the question remains whether there will be adequate trust between expatriate leaders and HCNs, and will localisation improve or reduce productivity and effectiveness at the workplace.

### *5.4.3 Conclusion No. 4 – HCNs play an important role in the expatriate's success*

The results from the data show that with the exception of the relatively younger R&D teams in Company Z and Company P who look up to their expatriate leaders as mentors and teachers, the rest of the HCNs interviewed consistently alluded to their own pivotal role in assisting their expatriate leaders to adjust and perform more effectively. Their level of confidence in their own performance, the suspension of trust as they too judge their expatriate leader's performance, and their tacit expectation of being leveraged as equals, all help give rise to their own realisation of how important they are in the equation. This is consistent with current expatriate literature that highlights the HCN's role in expatriate success (Toh & DeNisi, 2005; Vance & Paik, 2005; Budhwar et al., 2009).

Toh and DeNisi (2005) for example, have cited that HCNs in China have expressed frustration towards their expatriate leaders who are often perceived as "inept, yet ostensibly treated as superior relative to the locals in terms of their compensation, benefits and development opportunities" (p. 133). Some expatriate leaders who have realised how this perception in HCNs hinders the trust development with their HCNs, strive to minimise the perceived differences. The researcher here concludes that the expatriate leaders who realise this discomforting fact and try to minimise the differences by not flaunting their benefits in the face of the HCNs, and overtly showing their appreciation of their HCNs' willingness to support them, are really the ones with strong CQ. These expatriate leaders display empathy by harnessing their CQ motivation and CQ meta-knowledge to plan and display empathic emotions to bridge the psychological gap with their HCNs (Tay, Templer & Chandrasekar, 2006; Sadri, Weber & Gentry, 2011).

The CQ knowledge that is important, in this case, is not so much on the culture of the country, as the knowledge and planning required to understand the HCNs' psyche, and act accordingly, in order to minimise psychological dissonance. HCNs who perceive that their expatriate leaders have high CQ are the ones who are being positioned as 'bridges' by their expatriate leaders, as a way of recognising their importance as the socialising agent, go-betweens and protectors to the expatriate leaders in making their

stay in the host country organisation a success (Toh & DeNisi, 2007; Budhwar et al., 2009; Caprar, 2011).

### *5.4.4 Conclusion No. 5 – Stereotypes and perceptions transcend individual cultural baggage and personal beliefs*

While this research focuses on the trust-building process and the influence of an individual's perceptions, beliefs or stereotype, the accumulated findings show that one must not dismiss the importance of macro-level considerations such as societal and political factors in shaping hierarchical relationships in the workplace. Maurer and Li (2006), for example, have found that Hong Kong managers who are largely more comfortable managing in a rule-based system, would most likely cause confusion and misunderstanding when they manage local Chinese Mainland employees who grew up and operate in a relation-based system. This in turn breeds mistrust and frustration amongst the HCNs and explains the stereotypes and negative perceptions that Hong Kong expatriate leaders are rigid, micro-level, cold, too professional and not easy to work with.

A very recent report published by Flinders University's social scientists (2012) reported that trusting behaviours are influenced by "perceptions of realistic threat and even historical anger" (p. 98), as observed in an experiment with Mainland Chinese, Taiwanese and Japanese. Their results may explain the negative perceptions and stereotypes that HCNs have of Taiwanese and Japanese expatriate leaders in terms of their leadership styles and motivation (e.g. too manipulative, using people to get ahead, not easy to understand) as HCNs in Mainland China follow the political progress and ambitions of these two neighbouring countries. Comments from HCNs regarding their unwillingness to trust their Taiwanese or Hong Kong expatriate leaders, for example, may allude to a deeper resentment and distrust that are linked to the political views held by HCNs.

This, in the researcher's opinion, needs to be addressed critically as the demographics of expatriate leaders coming in to Mainland China have definitely swung from traditional Caucasian expatriates from parent companies to the overseas Chinese leaders who may or may not be from parent companies, and more importantly, to the Chinese diaspora

from Hong Kong or Taiwan (Selmer, 2002a; Shiu et al., 2003). Hence, it is imperative for organisations to pay attention to the dynamics of these particular macro relationships when conducting selection.

In summary, the stereotypes, beliefs and perceptions that an individual holds within his world view will inadvertently shape the willingness of the individual to trust another. The diagram in Figure 12 below is an attempt to illustrate how behavioural inputs are being processed using Shaw's (1990) model, against an individual's set of prejudices and stereotypes, and decisions to trust are made based on Mayer et al.'s (1995) model's propensity to trust and the subsequent demonstration of risk-taking behaviours. The researcher claims that intentions and motivation play an important role in leaping from a psychological willingness to trust (see Figure 12) the box labelled ' Motivation and Intention') to demonstrating actual risk-taking behaviours that are consistent to the trustor's decision to either adhere to his mental schema or reconstruct them. The researcher ventures to claim that much of the motivational drive to either adhere or reconstruct the individual's mental schemas of trustworthiness is located in his emotions and intentions, that when unlocked, manifest through his outward behaviours.

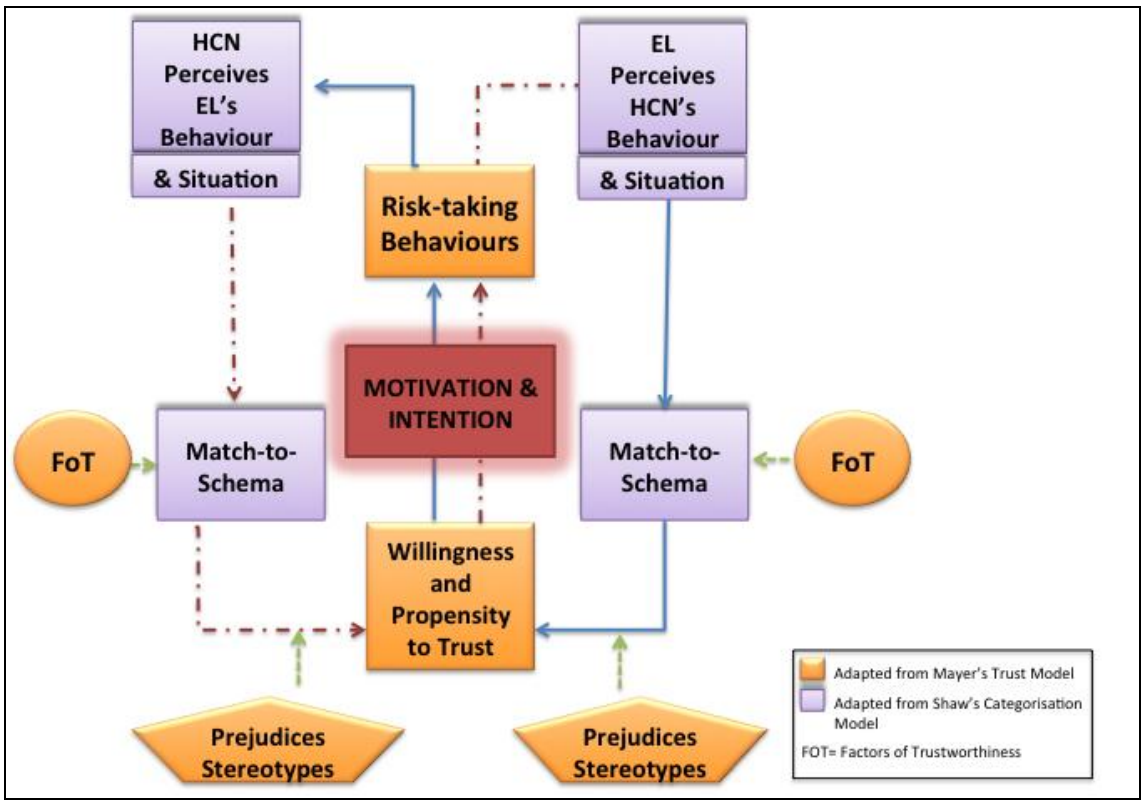


Figure 12: Illustration of How Trust Decisions are Made

The next section discusses some key conclusions on the role that cultural intelligence, an inter-cultural management capability, plays in the trust-building process. The discussion hereafter will focus on emotional aspects of trust building and how an individual's motivation can influence the way in which trust is built and reciprocated over time.

## 5.5 Discussion on answers to Research Question 3

**RQ3: How does cultural intelligence help expatriate leaders to build trust with employees in an inter-cultural context?**

In this thesis, CQ is positioned as an effective inter-cultural competence that can help expatriate leaders be more successful in a cross-cultural environment. To reiterate, CQ comprises four sub-constructs: Cognitive CQ (CQ1), Metacognitive CQ (CQ2), Motivational CQ (CQ3) and Behavioural CQ (CQ4).

As literature (Ang et al, 2009) has suggested and the data has demonstrated, an expatriate leader with high CQ would be more able to recognise the HCN's need to have an emotional connection with him over time, in order to build a more sustainable trusting relationship. The expatriate leader with presumably high CQ would then plan and execute a repertoire of risk-taking behaviours to engage the emotional responses of the HCN. These repertoires might include behaviours such as expanding the frequency and nature of interaction with HCNs within and outside of working hours, talking about things that matter beyond work, such as family, personal crises from which they can learn and advising on work life balance. These actions take initiative, effort and time on the part of the expatriate leader. Consequently, the expatriate leader's Motivational CQ (CQ3) needs to be the determining factor in the expatriate leader's ability to engage the hearts and minds of the HCNs. The potential good results are nevertheless worthwhile considering – an expatriate leader's emotional investment in generating trust may very well stimulate a change in the HCN's behaviours to be more enterprising, risk-taking and motivated, more creative and participatory in the workplace, and willing to speak his mind (Kranas et al., 2007).

For data analysis purposes, the researcher has grouped the participants' responses relating to this research question according to the CQ's theoretical sub-constructs. In addition, data has also been grouped based on how expatriate leaders rank themselves (or the HCNs rank their expatriate leaders) in terms of their CQ rating (1-10). These have been grouped into three main categories; i.e. characteristics of a leader with high, medium and low CQ. The results have yielded the following major conclusions:

### *5.5.1 Conclusion No. 6 – Using CQ to 'buy people's hearts' and connecting with HCNs emotionally will help lubricate the trust-building process*

While Mayer's framework of trust-building is primarily cognitive-based, there is empirical evidence from this study that also alludes to the importance of emotions, particularly in the hearts of the Chinese when it comes to building trust. The concept of 'buying people's hearts' has consistently demonstrated that the locals want expatriate leaders to engage their hearts, and not just their minds in gaining their trust. This is consistent with literature which proposes that cognitive trust is only a precursor to the development of emotional bonds which lead to more sustainable, emotions-based trust over time (Lewis & Weigert, 1985; McAllister, 1995; Williams, 2001; Tan & Chee, 2005).

Nonetheless, CQ as a multi-dimensional construct appears to be more closely linked to cognition. Recently, however, Ang et al. (2009) have augmented the nomological framework of CQ to include both cognitive and affective realms. In general, the sub-constructs, i.e. the metacognitive, cognitive and motivational intelligences, are said to reside in the mental faculties of a person and it is the behavioural intelligence which involves the ability to demonstrate visibly the behaviours that reflect the metacognitive, cognitive and motivational intelligences within a person (Ang, Van Dyne & Tan, 2011).

Therefore, one of the interesting questions that arose from this study is: if one is to use CQ to 'buy people's hearts,' how would one begin to do so from an emotional perspective? The answer to this may lead to a significant contribution to the theory of CQ and its role in trust-building in the cross-cultural workplace.

When ‘buying people’s hearts,’ the researcher concludes that the search to understand how the workings of the heart. In extending current CQ theory, she posits that Motivational Intelligence (CQ3), the sub-construct that directs energy and activates an individual’s intention to act in certain directions, is the emotional key to unlock the trust-building process. Activating a person’s motivational intelligence (CQ3) involves cognitively referencing his existing mental schemas, then planning what to do with the information, and engaging one’s own emotions and inward motivation to execute certain behaviours to ‘buy people’s hearts’ and ‘win the psychological war.’

For example, in Tan and Chee’s study (2005) on interpersonal trust in a Confucian-influenced society, the researchers found that for HCNs in societies such as Singapore or China, trustworthiness is judged not simply on cognitive factors, but more on the emotional investments made through the development of personal relationships and friendships at work. Such personal relationships are developed over time as trustor and trustee have demonstrated consistency and reliability in the work context, and over time, a more personal sharing of information regarding family and themselves, as individuals share social settings and similar family values espoused by Confucius in particular, would become the basis of that relationship (Tan & Chee, 2005). These values such as filial piety, respect for authority and loyalty have been found to be important in the judgment of trustworthiness in their study. Similarly, in this study, HCN respondents have touched on these Confucius values as clues to how they judge their expatriate leaders’ willingness and commitment to connect with them emotionally.

#### 5.5.1.1 Is it CQ or corporate culture that yields the desired performance?

In this study, the HCN respondents who rated their expatriate leaders highly on CQ, did so on the basis that these were the leaders with whom they were able to relate emotionally on a psychological level. They felt that their concerns beyond work were being heard and their expatriate leaders empathised with their situations. The converse is true in that the expatriate leaders who HCNs rated as having low CQ were perceived to be cold, distant or too professional, and therefore not able to engage them emotionally to a level of high trust. Yet, in these organisations where performance is of

utmost importance and employees who are hired come from high quality educational backgrounds and work experience, it remains unclear how important it is to engage with people's hearts.

The researcher concludes from the findings that while HCNs expressed the desire to be emotionally engaged by their expatriate leaders, ultimately, the HCNs themselves recognise that only matters such as the achievement of financial results and business outcomes will lead to promotions or recognition in their respective organisations. As for the expatriate leaders interviewed, they have all concurred that financial results and achievement of business outcomes define the corporate culture, which in turn, shapes the tone and nature of the expatriate leader-HCN relationships in the workplace.

There is a natural attrition in MNCs such as Company X or Y where sub-performance is not tolerated beyond two quarters, and people who do not meet expectations are asked to leave or are pressured by their own pride to leave. In the longer term, however, literature has consistently shown evidence of a correlation between work performance and CQ (Ang et al., 2007; Imai & Gelfand, 2010; Raduan Che et al., 2010; Ang, Van Dyne & Tan, 2011; Ward, Wilson & Fischer, 2011) or work performance and trust (Dirks & Ferrin, 2000; Brasher et al., 2003; Mayer & Gavin, 2005; Casimir et al., 2006; Costigan et al., 2011). Hence more research needs to be done to investigate to what extent the correlation is causal in nature and how it operates.

Logically speaking, a more trusting relationship that is based both on cognition and emotional involvement between expatriate leader and HCN should ideally yield good individual performances and business outcomes. The investigation of such a hypothesis is beyond the scope of this particular research but if one has to postulate from the data of this study, it seems like it may not necessarily be so. Trusting relationships may not automatically yield good performances. On the contrary, the findings have indicated that the corporate culture may play an even more important part in achieving the right performance levels and business results, as evident from all the interviews conducted in this study, regardless of whether the expatriate leaders and HCNs have formed trusting relationships, and regardless of the influence of CQ in the trust-building process.

#### 5.5.1.2 Using CQ to build relationships with customers

From another perspective, one can speculate about harnessing the ability to use CQ as a tool to 'buy customers' hearts' and subsequently, to yield financial results. Customers who perceive an expatriate leader with strong CQ as adapting their behaviours and communication styles accordingly may respond more favourably to the respective expatriate leader and may indeed give more business to the expatriate leader. This may be due to the customer perceiving that the expatriate leader with strong CQ can and is willing to address the customer's underlying issues and concerns, and more importantly, understand his emotions and motivation to go beyond the financial transactions at hand. Contrast this scenario with another expatriate leader who may speak the native language and looks like the locals (e.g. a *Putonghua*-speaking Asian expatriate leader), but does not come equipped with a certain level of CQ to discern the customer's psychological and emotional state during a sales cycle. Hence, CQ seems to be a critical tool to be used to buy people's hearts and win the confidence and trust of customers and external stakeholders in this case.

#### 5.5.1.3 CQ is reciprocal – HCNs need CQ too

The fact that CQ may work both ways appears to emerge from this study. In situations where the expatriate leader and the HCN may not have started at a high level of trust or at best, at a neutral stage, the HCN with strong CQ is likely to strive to gain a better perspective of the expatriate leader with whom he has to work on a daily basis. An HCN with strong motivation to work well with his expatriate leader will also begin to understand his expatriate leader's cultural background and behavioural cues better, and plan his own behaviours accordingly to adjust to his expatriate leader's working style or communication preferences. That HCN would try to engage emotionally with the expatriate leader to gain better trust from the latter and create a more positive environment for interaction. HCNs who position themselves to be the 'bridge,' or be in the inner circle of the expatriate leader seem to be given more responsibilities and interesting roles as demonstrated in the study. Hence, CQ in this instance was used to buy the expatriate's heart.

#### 5.5.1.4 Local culture knowledge is not that important

Recent literatures pertaining to CQ have claimed that acquisition, possession and use of knowledge of the local culture expands one's cultural awareness and subsequently improves an expatriate's work performance, increasing his navigational abilities, especially in new, cross cultural contexts (Bhagat, 2006; Ang & Van Dyne, 2008; Deng & Gibson, 2008). However, mere acquisition of local culture without having the ability to properly map out one's behaviours and expectations in the culturally different social setting is not adequate by itself to improve effectiveness (Deng & Gibson, 2009). The data from this study shows that HCNs do not perceive expatriate leaders with knowledge of the local culture, norms and practices to be more effective and trustworthy than expatriate leaders who are perceived as not having that knowledge.

When HCN participants were asked to describe how important it was for expatriate leaders to have a deep understanding of the local culture in order to build trust at the workplace, they generally understood this to mean a need for expatriate leaders to fully grasp the audit, compliance and regulatory requirements that are imposed by the Chinese government. They believed that such local knowledge is a key successful ingredient to improving government relations, increasing efficiency in product launches and generally improving the local business operations.

Some HCNs have said that they do not expect their expatriate leaders to understand local culture. They advised that the time is better spent in understanding what motivates local people like themselves, 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.

Comments from HCNs such as 'buying people's hearts,' 'understanding the local people's heartbeat' or 'playing the psychological game' are about deepening the one-on-one relationships with HCNs in a more meaningful way to respond to their motivations and helping them achieve their own ambitions and objectives. This will in turn, help expatriate leaders gain trust from HCNs as expatriate leaders shepherd them to achieve common business goals, because essentially, expatriate leaders need to obtain

results from local teams. Therefore, this researcher posits that CQ is a means to an end. That said, expatriates need to invest time in understanding the individual psyche of the persons with whom they are working, and not necessarily the details of local culture, norms and practices.

In summary, the data from this research seems to point to the trend that CQ is leveraged consciously or unconsciously to form affective trust that emotionally connects with the trustee over time. Figure 13 below attempts to explain how all the CQ sub-constructs play a significant part in shaping an individual's response to the behavioural inputs at different stages of the trust-building process. This includes leveraging one's Motivational CQ (CQ3) when considering one's own set of prejudices and stereotypes and reflect on one's own intentions and motivations to make the decision to trust, which then result in risk-taking behaviours that in turn shape the recipient's views and reciprocate decisions to trust. This diagram is previously derived from Figure 12 - Illustration of How Trust Decisions are Made (refer p.234), which explained how motivation and intention play a role in trust-building. Here in Figure 13, CQ is superimposed into the earlier illustration of how trust decisions are made to convey the role CQ plays.

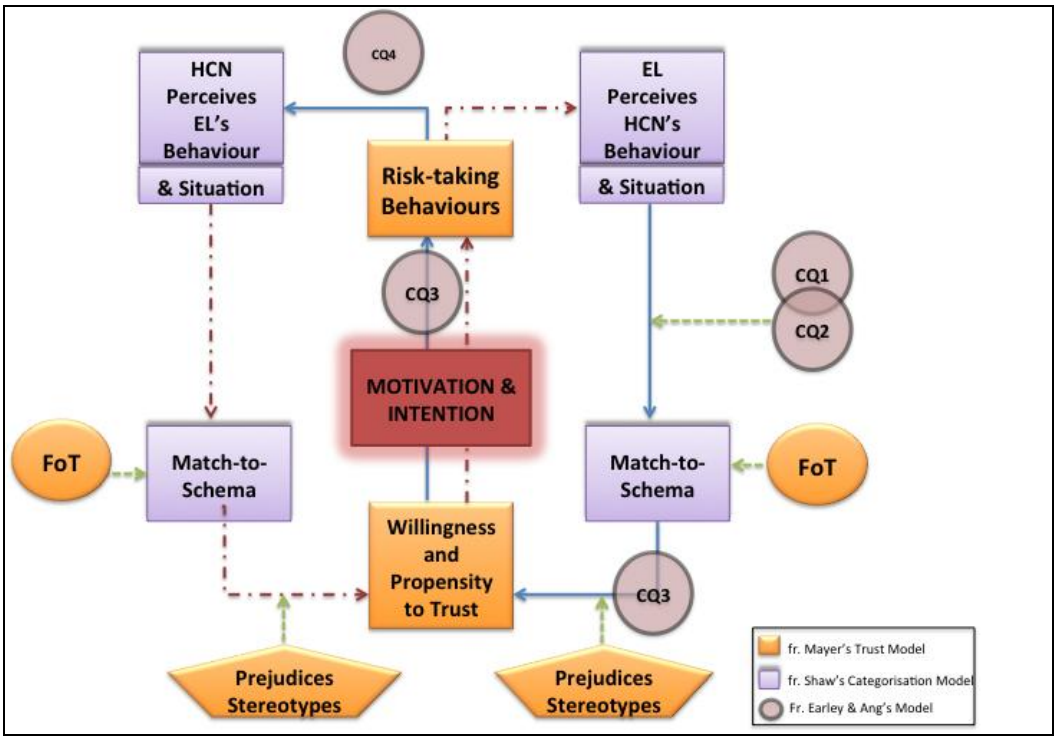


Figure 13: Tentative Roadmap for Trust Development and CQ's Role

This figure is not intended to be a theoretical framework, but rather, serves only as a tentative illustration and roadmap of what emerged from the research data. This tentative roadmap reiterates what the researcher believes to be happening in the context of trust-building in the hierarchical dyads, and the consequent role of the various CQ sub-constructs in influencing the trust development process.

In the next sections, the realm of motivation will be discussed more in detail and how CQ3 plays an integral role in driving motivations and intentions to actual behaviours of trust. The discussions will delve into how motivation in itself is a key ingredient to experiential learning that takes the 'actors' in cross-cultural situations to a higher level of consciousness and awareness of their actions and consequences of behaviours in ensuring expatriate success.

### *5.5.2 Conclusion No. 7 – CQ motivation is not a constant trait and needs to be continuously cultivated*

An expatriate leader with strong CQ can use his acquired cognitive knowledge (CQ1) of the culture, norms and practices, and then plan, using his meta-cognitive knowledge (CQ2) to surmount certain stereotypes and prejudices and to project a more consistent and trustworthy stance to his HCNs.

Findings from this research indicate that the expatriate leader who demonstrates local language abilities, or is willing to learn the local language, and the leader who adapts his communication styles according to specific demographics (e.g. Beijing versus Shanghai staff) would be perceived as more trustworthy by HCNs.

CQ theorists, such as Ang, Earley and Van Dyne, have opined that people with high CQ are intrinsically motivated and driven to learn how to adapt better in cross-cultural contexts. They are motivated to invest the time and effort to grasp the richness of such experiences and transform them into further learnings to perform even more effectively in the next cross cultural encounter (Tay, Templer & Chandrasekar, 2006).

However, this argument contrasts with this researcher's experience that has led her to believe motivating oneself (CQ3) to understand and accept the various prejudices and stereotypes that one carries through life requires much effort. To reiterate, the sub-construct CQ3 is the motivational CQ which addresses the internal drive and interest in learning about and adapting in new cultural environments (Ang et al. 2004). An individual needs to possess this motivation, a high level drive and a strong self-efficacy to channel the energy to choose to either emphasise one's strengths or understate one's own perceived weaknesses in the face of uncertain outcomes in cross-cultural encounters (Ward, Wilson & Fischer, 2011). A person needs to have a certain amount of confidence or self efficacy (Bandura, 2001) to predict a positive outcome in cross-cultural encounters, or have an effective way of 'recovery' in cases of cultural *faux pas* and misunderstandings. Even more importantly, one has to constantly bear in mind the goal of adapting oneself effectively to achieve an outcome that is considered worthwhile in order to motivate oneself to continue doing so.

Using CQ effectively may depend on an individual's personality and motivation. A person who has worked for many years in China, for example, may have started with high motivation to absorb the culture around him, adapt his style accordingly to work better with his staff and colleagues, and learn to use CQ effectively to better adjust to his new environment. Yet, over time, particularly in difficult times of corporate restructuring, intense external competition, staff attrition or corporate pressures, the expatriate leader may face challenges with his own internal drive and motivation. This situation may cause him to feel fatigue, and he may experience a dip in motivation whereby he no longer wishes to adapt to the cross-cultural situations around him, perhaps due to a psychological conflict with his own values or sense of identity. Another scenario could be that he no longer wants to use his CQ to manage his staff better as his own job may be at stake or he has more pressing personal issues. This fatigue could happen over time and to date (reinforced through e-mail conversations with Dr Van Dyne dated September 16, 2011), there is no longitudinal study on the effects of CQ and one's psychological well-being over time. This would be an interesting aspect to explore in future research.

#### 5.5.2.1 Self-motivation drives learning and the application of lessons learned into building better cross-cultural relationships

Earley and Petersen (2008) observed that self-efficacy is a precursor to successful acculturation, and maintained that if a person's self-efficacy is weak, i.e. self belief in surmounting inter-cultural issues, and therefore his motivation to even try is weak, the chances of learning to adapt will diminish, particularly when encountering initial failures. The above researchers have maintained that self-efficacy alone will not guarantee adaptation but needs to be coupled with goal-setting. Hence, the expatriate leader would need to set himself goals to successfully adapt and he would need to see value in the achievement of these goals.

While we have identified what the probable capabilities required to enable an expatriate leader be more successful, the processes necessary for acquiring and utilising these capabilities are still to be identified (Ng, Van Dyne & Ang, 2009). For example, this research has shown that 'buying people's hearts' is a key attribute to gaining trust but how do people learn to 'buy hearts?' This research has shown evidence that buying people's hearts begins with showing competence, and then, investing time and effort to build emotional trust by using CQ to learn to speak in the native language, build a safe environment or display other risk-taking behaviours in a cross cultural context.

Ng and his colleagues positioned CQ as a learning capability in cross-cultural situations (Ng, Van Dyne & Ang, 2009) where one experiences the cross-cultural encounter, reflects on the encounter, then observes and acts accordingly. Each cycle of learning is triggered by the reflection and transformation of immediate and concrete experiences.

> *Motivational CQ is the capability to direct attention and energy toward learning about and functioning in situations characterized by cultural differences and is based on the expectancy-value theory of motivation and self-efficacy (p. 233).*

In the next section, the researcher will discuss the last conclusion of this thesis which further expands on this theory by positing that one has to have a separate capability of reflecting on specific behavioural issues to draw general conclusions applicable to a broader spectrum of behaviours and repertoires.

### *5.5.3 Conclusion No. 8 – CQ is malleable…to a certain extent*

International assignments have long been recognised as a platform for learning how to adapt more successfully in cross-cultural environments (Black & Gregersen, 1991; Black, Mendenhall & Oddou, 1991; Toh & DeNisi, 2005). CQ theorists have claimed CQ as the mediator for expatriate adjustment and work effectiveness, and for the actual learning process.

However, the data from this study has led the researcher in the previous section to believe that the ability to leverage CQ to adapt effectively in cross-cultural environments depends largely on one's personality, self-efficacy and motivation to embrace a new culture as one's own.

Ng, Van Dyne and Ang (2009, p. 228) drew on Kolb's (1984) Experiential Learning Theory (ELT) to propose an iterative 4-step learning model for learning CQ as a capability for cross-cultural adaptation. Following the description utilised in Ng, Van Dyne and Ang's Model (2009, pp.234-240), an expatriate firstly encounters some concrete cross-cultural experiences (Step 1), and proceeds to reflect and observe the new situation (Step 2). In the next step (Step 3), the expatriate uses his reflections and observations to reconceptualise his own initial baseline of the new culture and the cultural expectations, and then to engage in Active Experimentation (Step 4) to test out his own conceptual thinking about the new culture and new encounters. In this sense, the expatriate leader is reconstructing his existing mental schemas to include the new encounters and the learnings that arise from them (Lord, 1991).

Several observations arise from this learning model that the researcher wants to bring to the reader's attention. While CQ is claimed to assist in the learning process and in capitalising on the lessons learned during cross-cultural encounters, 'Step 2 – Reflect and Observe' remains an activity that needs to be learned. Being reflexive and able to re-categorise one's own encounters and re-baseline, 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, and allowing time to do these activities, to be more luxurious than essential.

In addition, 'Step 3 – Thinking and Abstract Conceptualization Phase' requires a certain broad repertoire of similar experiences across cultural terrains, to enable an individual to draw abstract conceptualisations about the concrete experiences that he has encountered in the first place (p.237). Therefore, it is fair to assume that CQ malleability is a function of the length of time spent in cross-cultural environments, the intensity and frequency of cultural immersions or encounters, in order to formulate a repertoire of similar cultural experiences, from which to draw.

Similarly, 'Step 4 – Active Experimentation' requires a certain amount of boldness, self-efficacy, self-esteem, confidence and motivation to 'get up on the horse again,' and to try again despite earlier failures and confront the fears of repeated failure (Ng, Van Dyne & Ang, 2009). The malleability of CQ is largely determined by the expatriate's personality, which, like boldness or having high self-esteem, is inclined to be resistant and learned since childhood.

How much do expatriates really learn from their assignments? Will having the right amount of CQ help mediate the learning process? Hence, does having a low CQ to start with compromise the learning process? From an organisational point of view, does the Head Office keep a repository of critical lessons learned to prepare the next cadre of expatriates going to the new frontiers, or do they expect these executives to sink or swim in their assignments? The next sections attempt to address some of these questions on the extent to which CQ is malleable.

#### 5.5.3.1 Can one really learn to have an open and flexible personality to build trust?

In Chapter 4, the research results showed that HCNs perceive expatriate leaders with certain personalities that embody openness and flexibility as the leaders they deemed as more culturally intelligent. This is consistent with the CQ theorists' findings that CQ is predicted by personality traits (Earley & Ang, 2003; Ang, Van Dyne & Tan, 2011).

From a personality perspective, HCNs observe that there are some personality traits more than others, which seem more effective in ‘buying people’s hearts,’ or ‘understanding the local people’s heartbeat.’ Descriptions such as being approachable, open, flexible, funny and witty, or perceptive and empathetic are cited by HCNs as personality traits that may be more successful in unlocking relationships and begin the trust-building process. In adulthood, these are qualities that may seem already embedded rather than still open to learning, although the researcher postulates that one may try to be more aware of how one presents in terms of mannerisms and behavioural cues. It may take some time and effort to learn to mimic some of these traits but the researcher’s point of view is that some individuals will be more natural and therefore more successful and appear more genuine in displaying the openness and flexibility that HCNs talk about in building trust relationships.

While most HCNs and expatriate leaders mentioned ‘openness’ and ‘flexibility’ during the interview session, the concept of openness seems to have a universal interpretation such as being open to other people's ideas, able to listen to other people's opinions, though not necessarily to understand all of these. It includes being accepting of differences in opinions, eager to learn or being honest in expressing their thoughts and feelings. The premise is, if a person can be perceived as being open to another, and consistently doing so without betraying one’s confidence, then trust can be formed in relationships over time.

HCNs also noted that in general, some leaders, regardless of nationalities or culture groups, are more impatient than others, some are more family-oriented while others are very professional, to the point of being clinical and revenue–focused; some are more data driven whereas others are more emotional in making decisions. However, a majority the HCNs agreed that there is no specific personality or culture group that engenders more trust *per se*, particularly at the start of the trust-building process. Interestingly, some HCNs say they learn to adapt their own styles and expectations to suit the observed different working styles in expatriate leaders, and make the relationship work, albeit within the perceived limitations.

There is however, agreement on certain behaviours that will not encourage trust in HCNs: being aggressive, insincere or fake, political, compromising on principles, not recognising other people's credit or worse, take other's credit, shrugging off responsibility and setting unreasonable expectations and standards on the HCNs with whom they work.

These data suggest that HCNs may want to form trusting relationships and share their feelings and emotions reciprocally with their expatriate leaders. Hence, the display of empathetic emotions is most likely more appreciated in the Chinese culture as compared to other cultures (Sadri, Weber & Gentry, 2011).

Ultimately, it appears that what matters most to HCNs is how much personal attention a leader pays to the individual staff, regardless of the cultural differences and even personality traits, and how much emotional investment has been made by both parties to develop a longer-term trusting relationship that is based on the 'heart'.

The conclusion from this research data is that CQ is an important part of the development of affect-based trust. From the outset, the role of CQ is to harness appropriate knowledge of the individuals (HCNs) with whom the expatriate leader works, beyond the clichéd stereotypes that are based on national culture or ethnicity. In light of the above, CQ's role then is to locate the expatriate leader's own motivation and intentions for investing in a more emotions-based relationship with his HCNs, and to manifest his outward behaviours accordingly.

#### 5.5.3.2 Self reflection and motivation to change can improve CQ

CQ literature has claimed that self-awareness and awareness of others' differences are 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:

Table 17: Comparison of expatriate leaders' management styles by years of experience

| Expatriate Leader 1: <5 years management experience | Expatriate Leader 2: >15 years management experience |
|---|---|
| *"…it's all about personality, not a lot of difference, even back in Canada, when I was a manager managing my team, I deal with different people from different background right, some are more aggressive, some are more introvert type person, it's pretty much similar, right?"*<br>*EL1, Company X* | *"..So, when I looked at the team, I said all my team is Chinese. But then once you kind of start talking to them, you find out some of them are from Taiwan, some of them are from Hong Kong and within them, they're thinking also different….The way to approach them differently.. That took me probably about 8 to 9 months before I started realising – hey, it's not all Chinese are the same …" EL2, Company X* |

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 17). EL1 is of the opinion that everyone has to cope with personality differences, regardless of whether the team is in Canada or in China. He has been in China for about six months and alludes that his management style has not changed from when he was operating in Canada, as 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 is more humble and circumspect that there is much he still does not know. 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.

In summary, the data concludes that it takes motivation and intention on the part of an expatriate leader to connect emotively with the HCN, and reflect on the experience and the results of his actions; reviewing the HCNs' reactions help to improve on his CQ capacity. As the premise of this thesis is based on using CQ to build trust and the view that CQ can be improved through reflection and realignment of one's motivation, it is timely to integrate these thoughts into a possible working framework that demonstrates these relationships. The next section presents a tentative framework to encapsulate the capacity of CQ as it shapes and influences the trust-building process between expatriate leaders and HCNs.

## 5.6 Towards a new framework of learning and developing CQ capabilities to build trust

At this point the researcher wishes to point out that the term 'learning,' does not refer to formal training or traditional classroom training. The researcher believes that learning is 'caught,' and not taught, although there is a definitive place for formal training, which poses an important intervention in the acquisition and development of skills, such as CQ (Livermore, 2010).

As described earlier in Section 5.5.3, cross cultural learning is most effective when all four learning dimensions of Concrete Experience (CE), Reflect and Observe (RO), Abstract Conceptualisation (AC) and Actual Experimentation (AE) are present and collectively give rise to new, concrete experiences that demonstrate learning has indeed taken place (Yamazaki & Kayes, 2004; Ng, Van Dyne & Ang, 2009).

The researcher suggests that the first step in learning how to build emotions-based trust is to development an individual's CQ1 and CQ2 capabilities. These are critical cognitive competences to leverage acquired knowledge, analyse and assign meanings to this knowledge and its corresponding symbols in the foreign and novel context.

CQ capabilities can be honed through improving an expatriate's self-awareness and awareness of others by reflection and observation. The ability to reflect and observe (RO) and to exercise abstract conceptualisation (AC) seems to be mapped appropriately into CQ sub-constructs CQ1-Cognition and CQ2-Meta cognition. Actual Experimentation (AE) leverages CQ4-Behavioural CQ to apply the cognitive learnings and reflections to observable behaviours, in order to test out the abstract conceptualisation that occurred in the earlier stages of learning. The AE activity then yields direct responses, which feed in to the Concrete Experience (CE) stage where the iterative process of learning begins again.

Learning how to use CQ as a tool or capacity to manage cross-cultural situations more effectively also needs to be contextualised into something that is personally important to the expatriate leader, specifically with regard to the first concrete experiences that

trigger the learning process. This is about tapping into an individual's intrinsic motivation, which drives the interest in learning from experience in the first place. Hence, the researcher proposes that CQ3 – Motivation cannot be underestimated, as it can help to direct the fervour to change a person's behaviours.

Yamazaki and Kayes (2004) asserted that perceiving the immediate concrete experience (CE) and interacting with the elements in the CE requires that the expatriate leader (perceiver of situation) "employ feeling, intuitive understanding in the present reality, and sensitivity toward other people's emotions and values" (p. 364). This, in the researcher's opinion, would prove hard for individuals who are more 'thinkers' than 'feelers,' hence the need for learning to be in touch with our internal emotions. The act of reaching out into the deeper recesses of the expatriate leader's feelings and psyche would require him to be motivated enough to be vulnerable. He would need to desire and be motivated enough to learn how to improve on being in touch with his own feelings so as to empathise with the feelings of others, as a means to an end. In this case, the end is establishing a better trust-based relationship with his HCNs. Herein lies the utmost importance of motivation, as manifested in CQ3-Motivation.

Cross-cultural learning theorists have consistently asserted that developmental learning does not happen in a vacuum. On the contrary, learning takes place when the learner interacts with the environment in the iterative processes of reflecting and observing, abstract conceptualisations and actual experimentation over time (Yamazaki & Kayes, 2004; Bhawuk, Sakuda & Munusamy, 2008). Here the researcher ventures to claim that HCNs with whom the expatriate leader interacts are active agents of the environment and collectively construct the expatriate leader's CE. Therefore, HCNs should also be involved as equitable partners in the entire four-step learning process to mutually reconstruct the realities of working together in the cross-cultural context that would be beneficial for both parties.

At this juncture, it is appropriate to reiterate the focus of this thesis, namely, trust development between HCNs and ELs, and the investigation of the role of CQ in that process. This thesis proposes a new framework for trust development between HCNs

and expatriate leaders and incorporates the iterative nature of learning and development of the CQ capabilities within that process.

Several elements of existing theories were called upon to help build this new framework:

- Mayer et al.'s (1995) trust model, which explains that trust-formation is dependent upon factors of trustworthiness (FoT), the willingness and propensity to trust and the demonstration of risk-taking behaviours.
- Shaw's (1990) categorisation model which proposed how behavioural inputs, perceptions, prejudices and stereotypes are subject a cognitive match-to-schema process.
- Earley and Ang's (2003) CQ theory and its sub-constructs – Cognitive CQ (CQ1), Metacognitive CQ (CQ2), Motivational CQ – CQ3 and Behavioural CQ – CQ4, which presents CQ as an inter-cultural competence to adapt successfully in new environments.
- Kolb's (1984) experiential learning theory describes how an expatriate leader's CQ capabilities are acquired and developed to play a significant role in the engendering of trust between expatriate leader and HCN.

The following diagram (Figure 14: Developing CQ Capability to Build Trust - An iterative learning process between expatriate leaders and HCNs) helps illustrate these four theoretical approaches by combining them into a single diagram to show how they fit together.

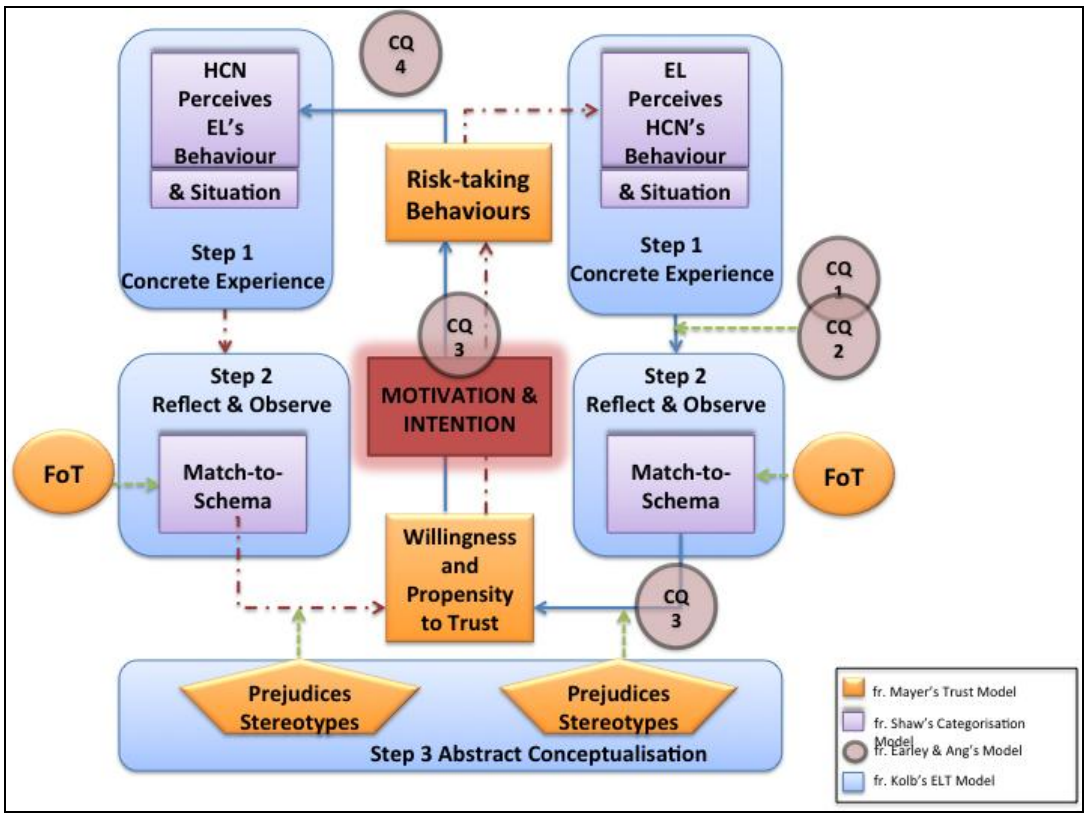


Figure 14: Developing CQ Capability to Build Trust - An iterative learning process between expatriate leaders and HCNs

At the heart of such a proposed model (Figure 14) is the importance of motivation and intentions. It is postulated that Motivational CQ or CQ3 is imperative in channelling the energy required to decipher the Concrete Experience stage (Step 1). In the researcher's opinion, CQ3 is also required at the Reflect and Observe stage (Step 2) because this is where an expatriate leader mentally challenges himself to question some of the unique experiences he encounters against his established or newly reconstructed mental schemas (Step 3). He needs to be motivated to change his schema where necessary or to live with certain paradoxes that come with being an expatriate in a foreign land (Osland & Osland, 2005). In this stage, it is imperative that the real motivation and intentions are moved to the foreground before the decision is made to engage in Active Experimentation (Step 4) stage, where the expatriate experiments either with a modification or reinforcement of his behaviours, to exact a desired outcome in his HCN. This thesis submits that CQ3-Motivation may influence the extent to which the combination of cognitive and affective processes may be shaped into actual behaviours.

This idea that motivation and intentions drive the entire learning and interacting process is consistent with the earlier illustration of how trust is developed with the influencing role of CQ between expatriate leaders and HCNs (Figure 13, p.241). The question arises whether the expatriate leader is motivated to do so at each of these steps of learning, at a particular point in time, because being presented with an opportunity to learn does not automatically result in actual learning.

This framework attempts to explain the trust development process and CQ's role in shaping the nature and extent of trust in both parties. The main contribution proposed here is that while CQ's role is to positively influence the trust-formation and development, the improvement of CQ as an inter-cultural competence can and should happen throughout the entire experience of trust development. The iterative process of learning provides that opportunity for the trustor to reflect and observe his experience and to experiment with actions that are consistent with risk-taking behaviours to engender trust. CQ as a construct can moderate that iterative process of learning. At the heart of this learning process is the individual's motivation and intention (CQ3), which acts to direct the efforts for the development of trust.

The framework is still untested, and there may be other ways of linking trust development and CQ learning and development. The researcher hopes that future research and publications will begin with this framework as the core of investigation, to further test for validation and generalisation. In the future research, this framework may also re-establish the validity of the research questions that were predetermined on the outset of this exploratory study.

## 5.7 Research limitations

Whilst there are significant findings from this study, as detailed in Chapter 4 and the corresponding conclusions as discussed earlier in this Chapter 5, this study is not without limitations. The following is a discussion on the three research limitations in this study.

### *5.7.1 Sample nature and size*

The sample was drawn from seven MNCs in Shanghai and comprised 46 participants; 12 expatriate leaders and 34 HCNs were interviewed. As such, the findings may not be generalisable beyond this sample. Nonetheless, although the findings are exploratory in nature, they raise some important issues for further research. In addition, the MNCs in the sample are unique from other wholly foreign-owned companies in that the MNCs are all locally incorporated. This is significant in that the ratio of expatriates to local employees is becoming lower as the MNCs in this sample move towards localisation and continue to incorporate local practices and norms into the organisations. The power dynamics between expatriate leaders and HCNs may be uniquely different from other foreign companies where there are more expatriate leaders holding significantly higher positions and authority than the HCNs, where HCNs traditionally play a more passive role.

In addition, the research setting was in Shanghai, a growing financial hub in Asia, where the demographics of the population are more cosmopolitan and migratory in nature. Furthermore, Shanghai is a cosmopolitan city in its own right, and as such, is more tolerant and even welcoming to foreigners in the workplace. The HCNs who work in MNCs may have a different profile than other local workers who work in local companies; i.e. HCNs who self-select to work in MNC environments may be more open, willing and motivated to work effectively with expatriate leaders to achieve corporate goals. As such, there could be difficulty in generalising the findings throughout all companies in China, let alone throughout the world. That said, the findings here might still illuminate other research work on locally incorporated MNCs in emerging markets.

Another possible limitation is that participation in this research was voluntary; hence, one would imagine the participants who elected to join the sample, particularly the HCNs, would have something to say that is different to non-volunteers, and their voices may not reflect the opinions of the general Chinese masses.

### *5.7.2 Interview methods*

This research was undertaken exclusively by face-to-face interviews, which yielded rich data. However, the English language was used during the interviews with the exception of two interviews where the participants specifically requested to change half-way, to enable them to express themselves better. While all the participants were able to speak English, they were not fluent and the manner in which they expressed themselves suggests that they were constantly translating in their minds what they wanted to express and verbalise in English, albeit cautiously. This cautiousness and tentativeness is evident in the numerous quotes published in this thesis that may have hampered the flow of the actual expressiveness of their thoughts. When the interview was conducted in Chinese, the richness and different layers of meanings became evident to the researcher. Unfortunately, the researcher is potentially hampered in her transcribing ability to translate fully from *Putonghua* to English, and resource limitations did not permit her to engage a professional translator who would be able to transcribe these Chinese conversations into English text for analysis later.

The researcher also found that there were times that she needed to prompt the participants to describe certain experiences more accurately by drawing her own experiences as examples for the participants to consider. Any hesitancy to describe their experience in the beginning was not really attributed to fear of retribution but in reality, more likely to be a consequence of their poor grasp of the language, for certain respondents. While it is possible that the interjection of the researcher's own experience may have imposed some subjectivity, the researcher was careful to not interject her own opinions unless absolutely necessary so as to allow a free flow of ideas from the participants without being "tainted" by the researcher's own perspectives. After the conversations, the researcher then employs reflection methods to overlay different "voices" including her own's, to make sense of the data and the emerging themes.

That being said, the researcher's employment of the qualitative research method, followed by reflection led to an active role in data interpretation, as recognised by Wimpenny & Gass, (2000) and Conklin (2007). Reflections on Data analysis and Intepretation.

While this researcher has endeavoured as far as possible to collect data views from both perspectives without adulterations or too much censorship, the analysis and presentation of the data findings are not totally objective. They are subject to the researcher's voice as she made various choices in filtering data and highlighting certain 'truths' over others.

As phenomenology methodology was selected as the platform for investigation, it was expected that there is a two-way active interaction and dialogue, followed by reflection on the part of the researcher (Gubrium & Hostein, 2000). The reflection process that the researcher embarks on as she makes sense of the conversations she had with participants would influence how she groups and interprets the thematic schemas (Wimpenny & Gass, 2000; Conklin, 2007). Her data organization, reduction and intepretation would inevitably include her own world views, her cross-cultural experiences of over 10 years, her role as a woman expatriate executive in China, her nationality and ethnicity, and her own direct involvement as a management consultant in the participating MNCs in Shanghai. The researcher is cognizant of this as a limitation in terms of being "blinkers" that may tunnel her vision to examining the trust building phenomenon as she has experienced it personally, and not holistically from all angles. If left unchecked, this personal bias would inevitably dictate the interpretation of the data. To mitigate such subjectivity and inherent bias and prejudice the researcher consciously tried to suppress her personal worldviews and experience that may colour or block an understanding of the conversations by constantly and actively silencing her own thoughts during the data analysis phase. She then attempted to allow for personal discoveries by journaling constantly after several interviews at one time, and tried to capture her own biased thoughts that arose during each interview via memo-ing, which were then cross-referenced with the themes that emerge.

While this study investigated the phenomenon of trust-building and explored the role of CQ through the lens of expatriate leaders and HCNs, the researcher could not remain totally uninvolved as she attempted to discover the 'truth' regarding the establishment of interpersonal trust between expatriate leaders and HCNs.

Limitations were also posed by the use of self-reports and interviews to reflect or look back at past events, as this depended on how well an individual remembered the experience. The researcher endeavoured to reduce the effects of this limitation by gathering data at the dyadic level to piece together more effectively the mechanics of the phenomenon.

The researcher made the conscious decision not to use questionnaires, as her focus was to draw out the truth as perceived by the participants. To achieve that outcome, one-on-one conversations was selected as preferred method. If questionnaires had been used, the researcher would have restricted the participants in forming their own concepts about CQ through the introduction of CQ-influenced terminologies and the phraseology used in the questionnaires. Instead, the researcher wanted the participants to rely on their own unadulterated perspectives and judgements about what really constitutes the concept of cultural intelligence by asking them to score the expatriate leaders' CQ on a crude scale of one to ten, and to justify their ratings.

### *5.7.3 CQ theory is still in its infancy*

While the researcher used Mayer et al. (1995)'s framework for interpersonal trust as an established theory of trust-building, she recognises that the CQ framework is still emergent, and CQ research is still in the nascent stage. This may be a small limitation as no overwhelmingly differing opinions from naysayers or critiques of CQ as a theory have yet surfaced against which the researcher can juxtapose her findings and thoughts. She believes that the theory deserves more encouragement from academia and the business world, in the form of research funding and focus, and hopes that this study has in some way, contributed to the emerging work performed by CQ theorists aimed at establishing CQ theories in various disciplines.

## 5.8 Personal reflections on the research experience

I chose this topic because as an expatriate leader myself, I have always been intrigued by how I fared over the years, when compared with other expatriate leaders, in navigating the treacherous terrains of cross-culture, and what lessons I could learn to

apply to my next cross-border assignments. I was particularly curious about whether I was able to build trust quickly at a client's site mainly because of two factors – my personality that I thought was open and flexible, and my own view as a person of 'third culture.' I need to preface here that I started my research thinking I knew a lot about expatriate adjustment and inter-cultural competence, given my professional background as a consultant. I was wrong.

I am a Malaysian Chinese, but I left my own country over 15 years ago. I studied and worked in America for five years and worked in the Asia Pacific region ever since graduation back in 1993. I have worked and interacted with people from Thailand, Singapore, Myanmar, Australia, Indonesia and India I spent brief periods working in remote places such as Papua New Guinea, Nepal and the highlands of Sri Lanka, before working and living in Shanghai for five years. In short, I have a distinctly personal view about my citizenship and my place and identity in this world, despite my formal nationality and race as Malaysian Chinese. I thought I was different, but deep in my heart, I felt that surely, we humans are all the same, have similar aspirations and dreams, and I could not be unique. I wanted to find out what it is that sets me and my fellow road warriors apart from my more conventional friends from school who had not left the country besides going for a week-long holiday.

CQ attracted my attention almost six years ago when I was looking for more innovative materials to incorporate into my pre-departure cultural sensitisation programs for a client. When I read the initial CQ literature, I was very encouraged by it having a succinct model, which defined the logical processes from cognition to motivation to demonstration of behaviours in a cross-cultural context.

I decided to set the study in the context of trust-building, as I believe that the tenets of any relationship, whether personal or business, are based on the foundations of trust. I believe that without trust, the relationship will not be sustainable. As my work and life revolves around cross-cultural environments, it made sense to select the city I was working in at the time of the study, which was Shanghai.

When I embarked on the interviews, I was initially filled with optimism that I would find out the truth about building trust with people from different cultures. However, as I sat from one interview to the next and tried to arrive at the point of data saturation, I found to my surprise that many of the participants did not seem to have much interest in forming sustained trust relationships beyond the workplace. Instead, there seemed to be just a need for cooperation and an amicable work environment, to collectively achieve a common goal.

True, I heard the perfunctory assertions that trust is important in the workplace but the unsaid sentiments I discerned, based on my years of being a management consultant and therefore well-trained in active listening skills, seemed to me to indicate otherwise. I started to question my own sentiments and prejudices, and as the HCNs started to relate their stories, I felt my own defence mechanisms activate. I consciously tried to remain calm and strip away my pre-notions as a consultant, to listen as a phenomenologist to uncover the 'truth.' To my dismay, I recognised that I had not been consciously trying to build lasting trust relationships in China, and I started to recognise my own issues with my HCN teams, stemming from my detachment. My relationships with my colleagues had been based very much on professional basis, and my perceptions of the Chinese colleagues and clients made me feel that I could not let my guard down or I would be cheated. I remember being constantly on guard even with colleagues with whom I became close due to our work. . Yet, the issue of trust was never at stake because my work revolved around delivering certain outcomes that are quantifiably and financially measured, and my interactions with my HCN colleagues and staff, while characterised as warm and cordial, were very focused on achieving the collective outcomes that the clients had set. I trusted my HCN colleagues to do their best to deliver the outcomes in a timely manner as expected of them. Our relationship was open in that they were free to come to me for advice and guidance, and we had a strong camaraderie within the team which sometimes took us to karaoke lounges and sporting events as part of team building. Yet, I would not say that there were high levels of emotional trust being invested in these relationships. This starkly contrasted my previous overseas assignments in the USA or Thailand where I still maintain contact with former colleagues and call them friends. Yet that does not mean I trust them more than I trust the people I worked with in China, but perhaps I was more emotionally involved in my

former colleagues. I was not motivated to invest emotionally into my HCN team beyond leading them to accomplish a task. Was it my lack of identity with the local team group membership? Was it age that was catching up and I had become culturally 'fatigued' in these assignment? Perhaps it was due to my lack of motivation. My reflections probably yielded more questions than answers.

CQ literature has claimed that the greater the motivational CQ, the more likely the individual will be driven to experiment and try out their ideas based on their personal reflection on cross-cultural encounters. This is based solely on the positive side of motivational CQ, in that the person will always be positively motivated to act on their reflection and learning. I however, as the researcher, experienced the effects of motivation differently, as mentioned earlier.

In my numerous encounters of more than a decade in cross-cultural situations, I found that adapting to being in China was the hardest challenge, perhaps because of my lack of motivation to assimilate or my lack of curiosity of the Chinese culture, which is not new to me at all, given that I am a fourth generation descendant Chinese. On the one hand, this lack of motivation may have stopped me from making greater efforts to assimilate into Chinese society. On the other hand, perhaps I experience identity dissonance between these HCNs and myself even though I look similar to them on the exterior. I was supposed to think and behave like them, as we come from the same Chinese 'stock.' I was expected to speak the language fluently like a Chinese, and yet, while my *Putonghua* is proficient enough for commercial dealings, I could not read or write natively, which in turn, made me feel inferior and uncomfortable. This psychological struggle with identity may have affected my motivational CQ.

Recently I attended a professional certification program with the Cultural Intelligence Centre in America on February 23, 2011. My expatriate supervisor, HCN peers and HCN subordinates, who took the time to fill in the CQ survey to provide me a 360-degree feedback on my CQ, gave me a very high CQ score. However, at the time of writing this thesis, I question whether I was truly as culturally intelligent as the composite report claims, or do my CQ capabilities fluctuate from country to country, and from one life's milestone to the next? Perhaps my CQ level was higher when I was

younger and more curious about cross cultures. I was more willing to learn to adapt, or realised that I had to survive and prosper, therefore I had to adapt. As I reflect on my recent China assignment, I know that my technical competences had garnered respect and credibility amongst HCNs in China, and my friendly disposition and outward openness and sense of humour had helped me bridge language barriers and make new friends where necessary. My genuine desire to build up a local team and to mentor several young leaders, who I identified as having high potential, was rewarded with cooperation and reciprocated professional-based trust from my HCN colleagues. I am thankful for that experience.

As I complete this thesis, I am convinced that CQ is a useful and an important inter-cultural competence; particularly useful for people who otherwise lack the technical competence to quickly establish their credibility in a foreign workplace. However, it is my personal belief that not everyone can be trained to have CQ as not everyone has the appropriate motivation levels at a given time; they may lack the basic personality characteristics to drive them to acquire CQ in the first place. CQ competence may also be lost on people who are less self-aware, have not yet learned or even want to learn to observe and reflect on novel phenomena and be motivated to try different tactics in order to obtain the desired outcomes.

Another conclusion I can draw is that HCNs should also be trained on CQ if the organisation wants to nurture leaders – foreign or local, to be more culturally intelligent and who can adapt effectively in various cross-cultural scenarios.

## 5.9 Theoretical contribution

This research contributes positively to the existing bodies of literature on trust and cultural intelligence in that it provides a qualitative methodology (phenomenological perspective) to understand the two separate constructs. It provides perspective into the process of trust-building in a hierarchical dyad, within the cross-cultural environment. It investigates the CQ phenomenon in the context of interpersonal trust-building from the perspectives of self-reports of expatriate leaders and HCNs, as well as the researcher's interpretation. In addition, the findings of this interpretative phenomenological study

extend the existing body of expatriate management literature, which has traditionally focused on quantitative methods.

The present research complements the only quantitative research published to date, which examines the relationship between CQ and interpersonal trust, albeit with multi-cultural teams and from a peer-based perspective, rather than a hierarchical base as was used in this research. At the time of the said writing (Rockstuhl & Ng, 2008), the authors also pointed out the nascent nature of this research topic and indicated the need for more research in the future.

The findings in this research suggest some provocative points regarding motivation and emotions that may be worthwhile for CQ and trust theorists to explore further. The present findings here are still speculative but serve to spur future research in a similar direction. The contribution of the present research to various disciplines is described below.

### *5.9.1 Contribution to interpersonal trust theory*

This research responded to Dirk and Ferrin's (2002) call for further research on affect-based trust and the link between affect-based trust and workplace behaviours, and sets the investigation in a cross-cultural setting.

Firstly, the findings on the trust-building process extend current interpersonal trust literature in that they provide a phenomenological perspective that endeavours to explain the trust-building process beyond the traditional quantitative correlations, antecedents and outcomes. The findings in this study also support recent research studies that suggest a top-down perspective to hierarchical trust; i.e. trust begins with the leader's (Kranas et al., 2007) which then prompts reciprocity in HCNs in terms of trusting behaviours (Brower et al., 2009; Wasti, Tan & Erdil, 2011).

This research adds new insights into trust literature by introducing CQ as a catalytic influence to the trust-building process and emphasises the equal importance of emotive-

based to cognitive-based factors of trustworthiness in sustaining relationships in the cross-cultural workplace.

The emotive focus in this research findings is consistent with McAlister's (1995) view that affect-based trust follows cognitive trust development. This study also echoes recent findings in the cross-cultural context, such as Tan and Chee's study (2005), which found that in a Confucian-influenced society, trust is first built based on personal relationships. The findings in this study also agree with Tan and Chee (2005) in that "there might be a difference in the psychological state of trust in the Confucian-influenced mindset"(p.205). With the recognition that there are several emic differences in the development of interpersonal trust in China, the development of trust cannot be easily generalised across different cultural contexts.

In addition, the focus on emotions and 'issues of the heart' extends the often-cited Mayer, Davis and Schoorman's (1995) framework of interpersonal trust, in terms of the primarily cognitive-based factors of trustworthiness, and the addition of the new dimension of cultural intelligence as a catalyst of the trust development process.

Secondly, the perceived relationship of trust-building and CQ is interesting in that the findings suggest there a duality and mutuality is required on the part of expatriate leaders and HCNs to continue to develop and sustain interpersonal trust in the hierarchical dyads. On the one hand, the data collected from expatriate leaders on the trust-building process suggest that trust placed in HCNs is cognitive and logical, as per Mayer's (1995) three cognitive FoTs (ability, benevolence and integrity). On the other hand, the HCNs' trust in their expatriate leaders is likely to be based on outward demonstrations of emotions-based behaviours that allude to how the respective expatriate leaders care about their HCNs' well-being and connect emotively with them (Howell, Fitch & Caldwell, 2002). The use of CQ as a tool to develop emotions-based strategies and actions on the part of the expatriate leader to earn and establish trust in HCNs may differentiate a well-adapted and trusted expatriate leader from another less successful one. This finding is important to the various expatriate adjustment theories (e.g. (Mendenhall, 2006) that advocate inter-cultural competences for effective

expatriation, where CQ should be recognised to be on the list of these global competences, as promoted by CQ theorists (e.g. Triandis, Van Dyne and Ang).

### *5.9.2 Contribution to CQ research*

This research extends CQ literature in three ways. Firstly, it provides a qualitative perspective on how expatriate leaders use their CQ to build trust with their HCN staff, which in turn, favourably predicts expatriate success.

Secondly, it highlights its most important sub-construct, CQ3 (motivation) and begins to shed some light on the extent to which CQ is a malleable construct. This means that motivation is the foundation by which an individual deeply desires to develop and strengthen his CQ capabilities at a given period of his life's milestone. While this research echoes, to a certain extent, what CQ theorists (Tan & Chua, 2003; Hampden-Turner & Trompenaars, 2006; Ang & Van Dyne, 2008; Ng, Dyne & Ang, 2009; Ang, Van Dyne & Tan, 2011; Neal, 2011) have found in that CQ can be learned and improved, these research findings however, suggest that CQ's malleability is applicable only to the extent of the willingness and success of an individual in managing one's motivation. Furthermore, the researcher asserts that the motivational intelligence (CQ3) in a person needs to be constantly cultivated and maintained at a high level for CQ to be learned and utilised to enable driving other sub-constructs of CQ to action. In this case, the researcher ventures to claim that motivational intelligence (CQ3) is the single most important internal driver that determines if an individual wants to continue to be motivated to learn new things, and adapt to new environments and situations, in order to activate his energy to plan and act (cognitive and behavioural processes) accordingly. This conclusion is derived from the data obtained in the interviews, thus contributing significantly to the existing CQ literature. Again, while the research here is based on data, the conclusions derived here may still be speculative and tentative in nature. It is recommended that future research should focus on testing the ideas that emanated from this research. Specifically more research should focus on the motivational aspects of CQ and the mechanics and processes of motivating one's own CQ3 on a continuous basis.

## 5.10 Recommendations for practice

From a human resources point of view, this researcher suggests that an organisation review its current selection process in foreign assignments and the existing pre-departure training programs the organisation uses to prepare assignees for foreign assignments. This researcher makes a few recommendations in the next sections for HR practitioners' consideration in helping expatriate leaders be more successful in their future assignments.

### *5.10.1 Recruitment and selection process*

Firstly, HR practitioners may want to review their selection and interview process, to ensure that whoever they are assigning to go overseas must first have a proven track record in the technical or functional competencies that are required and expected in the host country, to ensure the expatriate leader's credibility is not compromised right at the beginning of the assignment. In parallel, where appropriate, ensure the use of psychometric measures to single out 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. The use of CQ instruments that are now in the public domain would help HR and the potential assignee to have a baseline assessment of the expatriate leader's capacity for cultural adaptation. With so much at stake, the researcher asserts that during the selection and recruitment stage, executives who score a low CQ rating should not be sent out at that time. Executives who score an average or high CQ 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. In accordance with formal coaching arrangements, the executive coach could, as part of his engagement with the organisation, impart the technique of reflecting and journaling to the executive. This process can be made formal and be recognised by the organisation and the executive as part of a pre-determined, regular performance review process at the Head Office. The reflection process, when properly coached and executed, will help to address the need to maintain the level of motivation among executives to continue using their CQs to adapt effectively in the workplace to achieve optimal business outcomes.

#### 5.10.1.1 Prepare overseas and returning Chinese leaders well to improve HCN-expatriate leader relationships

The face of the future expatriate leader is no longer the clichéd white old gentleman from the West, but more likely to be 'yellow-faced' Asians and returning Chinese in China as the Asian and China local talent pools experience exponential growth. These are bi-and tri-lingual young Asian professionals who have been schooled in the West, are widely-travelled and are more likely to seamlessly move from Eastern to Western work philosophies. Consequently, they may possess a greater repertoire of adaptive skills to work effectively with locals in cross-cultural contexts. Human resources practitioners are already tapping into such talent pools within the diaspora of the MNC regional offices or through external recruitment drives, but they need to take note that HCNs may not work as well with these overseas Chinese leaders or *Hai Gui* leaders. While these expatriate leaders may not always be able to use their CQ to build stronger relationships with local employees, the probability of so doing is higher when HR prepares them psychologically to address the common stereotypes and perceptions that HCNs hold against them. It would augur well if the overseas Chinese and *Hai Gui* leaders develop their perceptual-cognitive and emotional skills, to complement their functional and leadership skills, in order to build trust with their HCN counterparts.

Ultimately, it is crucial that the selection process identifies and places the right expatriate leader in the local office to build a strong local team. To that end, organisations must send expatriate leaders with a proven credentials and record of accomplishment, whether in terms of leadership capability or technical competence, preferably both, as first impressions count. Human resources departments would do well to spend additional time to market the expatriate assignee's abilities to the local teams, and to select expatriates with the right profile of having the right personality to minimise expatriate failures.

#### 5.10.1.2 Pre-departure training and orientation

Pre-departure training should include formal coaching of reflection processes and where appropriate, assign executive coaches to high-level executives to help them learn and

reflect better in the new cross-cultural situation to which they are assigned. Where appropriate, formal CQ training can be conducted to, at the very least, baseline the assignees' CQ levels and to develop a formal training and development plan that can be tracked through the assignment period.

Human resources practitioners may also want to consider including HCNs' inputs and actively involve HCNs in the pre-departure training and onsite orientation programs, through utilising virtual visual exchanges of information and through teleconference media such as Skype. Given that HCNs' roles are becoming more proactive and important in the context of localisation, more one-on-one interactions between expatriate leaders and HCNs are encouraged before actual assignment. Short-term, HCNs could be assigned to where the expatriate leader was originally based to provide an opportunity for the HCN to experience the expatriate leader in his own comfort zone before being assigned to the host country.

#### 5.10.1.3 Role clarity and periodic reviews

The roles of HCNs and expatriate leaders should be spelt out clearly at the outset with specific review dates (e.g. quarterly or half-yearly) to gauge the relationship building and business outcomes achieved jointly. When roles are clear for HCNs and expatriate leaders and a growth path for both parties are transparent at the outset, they can then focus on the work at hand without concerns of the future.

### *5.10.2 Impart reflection skills for HCNs and expatriate leaders*

Reflection is a critical skill that expatriate leaders and HCNs need to master to sustain their CQ development for mutual trust-building.

Mere presence in a situation that encourages learning does not guarantee actual learning (McCauley et al., 1994). The business implication here is that HR practitioners and organisations need to harness all lessons learned, failures or successes, in their knowledge repository for continued learning and improvement.

One of the observations that the researcher made throughout this study is that benefits would abound for both parties if a mechanism or process within each organisation were to be devised aimed at encouraging the expatriate leader and HCNs to do some reflection exercises in order to learn about what they told this researcher. As Gosling and Mintzberg (2004)said,

> *Managers today desperately need to stop and think. They need to step back from the action and reflect thoughtfully on the experience*. (p. 151)

Learning how to reflect and assimilate should be inculcated through periodical training for executives (parent country and host country) to learn about reflecting and journaling. For high-level executives in MNCs who hardly have time to attend offsite training or make time to self-reflect, hiring personal coaches as part of the incentives and training may offer some potential. It is important for a learning organisation to instil the habit of reflection in their workforce (Gosling & Mintzberg, 2004).

This study has shown that HCNs are far from being the passive recipients of any expatriate leader's leadership behaviours, but on the contrary, they can either promote or destroy the expatriate leader's success in the host country (Toh & DeNisi, 2007; Budhwar et al., 2009). HCNs are recognised in all seven MNCs as the future of the organisation in terms of their localisation strategies. Expatriate leaders' roles are very much seen to be coaching and mentoring in order to ensure that the identified HCN managers are groomed to be the leaders of the future in China.

### *5.10.3 Review localisation policies and succession planning processes to ensure fairness to expatriate leaders and HCNs in the execution process*

Organisational culture and localisation policies set the tone for expatriate leader-HCN relationships and play an important role in providing the context for expatriate leaders to build trust more effectively with HCNs.

It does not augur well for organisations to under-estimate HCNs aspirations and their corresponding role in making the expatriate leader-HCN relationship effective. In line

with localisation trends, HR practitioners may want to review the local talent bench strength and design talent management programs which utilise expatriate leaders as mentors and coaches in the specific timeframes of assignment, and to put in the HCN's performance review specific goals of taking over roles and responsibilities incrementally from the expatriate leader.

In focusing on the expatriate leaders' role as coaches and mentors, these leaders also need to be made accountable for the professional growth of the HCNs, as part of their own career progression within the organisation. In addition, the organisation also helps to reduce anxieties in both parties regarding promotions, future assignments and role ambiguity, by making HCNs accountable for their own learning and career path growth.

## 5.11 Recommendations for future research

Undertaking research usually raises more questions than answers, and this research is no different (Stephens, 2007) in that while it may have raised some provocative ideas, they are tentative and require further investigation and testing. While the researcher believes that the findings have illuminated the trust-building phenomenon from the perspective of perceptions about the world in general, and people's cultural baggage shapes their worldviews, this study is not without limitations. The one-on-one interviews reflect a single snapshot in time and are not longitudinal, hence we do not yet have a glimpse of whether CQ training interventions, for example, would invariably lead to better trust levels or vice versa. Hence, there are still questions that the researcher hopes future research studies can focus on in the realm of cultural intelligence and trust.

Yet despite its limitations, this study reveals the need for more research to investigate the relationship between motivational CQ and trust levels across time, and subsequently, to understand the process of sustaining the motivation and trust over time and across geographies.

To date, there are no studies published that compare and contrast one person's CQ in one country or another, or track individual sub-constructs such as motivational CQ and its impact on interpersonal trust-building over time (Van Dyne, Sept 16, 2011, personal

email to researcher(Ward, Wilson & Fischer, 2011; Chen, Liu & Portnoy, 2012), despite assertions that CQ motivation drives work performances and cross-cultural adjustments (Earley & Ang, 2003; Ang et al., 2007).

While CQ as a construct is deemed malleable and can be enhanced through time due to training, experiences and exposures (Earley & Ang, 2003; Ang & Van Dyne, 2008; Ang, Van Dyne & Tan, 2011), the question still remains as to whether one's CQ measure can remain the same or might fluctuate from one country to another when tracked through a longer period time, despite the numerous cross-cultural exposures and training programs. Studies should go beyond empirical investigations to examine the role of CQ in building trust and how CQ or trust can deteriorate over time due to internal and external factors involved in causing stagnation and deterioration. The study sample should expand beyond any student population because in this researcher's view, the cumulated work experiences and corresponding life's lessons learned over time would influence how one rates one's own CQ or be perceived by other working adults, who similarly would have experience working with expatriates and building trust relationships in their own careers.

Currently, CQ longitudinal research focuses on measuring CQ in different timeframes to test the effects of training interventions and cross-cultural experiences, but not beyond that. The researcher suggests future studies to measure CQ within longer timeframes (more than six months) even after training interventions and at different stages of the cross-cultural exposures. For example, it would be interesting to find out how the researcher's CQ level might change when posted to India in her next assignment, compared to her previous China assignment, and in particular, how her motivational CQ has changed across geographies and across similar time periods in India from when her CQ was measured in China. By keeping time-lapse constant and allowing for similar assimilation and cultural exposures to occur in the separate countries, motivational CQ can be measured to understand more salient psychological influences such as individual prejudices, cultural fatigue (of having to relocate numerous times), HCN impact on factors of trustworthiness in different countries and so forth.

## 5.12 In conclusion

This research has brought to light several theoretical contributions and recommendations for HR practitioners to consider, as well as highlighted recommendations for future research direction.

Perhaps the most important contribution to the existing theories of trust is the data that shows the need to balance between cognitive and affective methods to improve factors of trustworthiness. Just as important is the need to balance the focus of an individual's personality profile with his proven record of accomplishment and competence, to quickly establish credibility at the beginning of an expatriate leader-HCN relationship. Another contribution to the theory of trust is the corroborated findings of the importance of building emotions-based trust through 'buying people's hearts' and building personal loyalty with HCNs in China because of the different perspective in which trustworthiness is perceived in the Chinese society (Tan & Chee, 2005; Graham, Yang & Lee, 2006; Hong & Boyd, 2010; Boiger & Mesquita, 2012).

Within the CQ sphere, this research also highlights the cogency of CQ in shaping the trust development process within the hierarchical dyad. A proposed framework of utilising CQ to build trust as an iterative learning process within the hierarchical dyad is tabled for consideration. This framework suggests that both HCNs and expatriate leaders as co-leaders of the relationship need to actively engage in the iterative process of learning and developing their CQ capability to better understand each other's differing perspectives in order to take that leap of faith to trust one another. This framework is still tentative and evolving as conversations on trust and CQ are engaged across various disciplines.

How much an individual possesses CQ capability is, to a considerable extent, predicted by his innate personality traits. While CQ is malleable to a certain extent, the first prerequisite for CQ acquisition and development is the skill to be self-aware and be aware of others. This skill is predicated by an individual's willingness, humility, motivation and patience to learn.

What is clear from the findings of this study is the need for future research to continue to isolate the sub-construct CQ3 and scrutinise the motivational aspect of CQ in relation to its overall CQ potency to build emotions-based relationships in the workplace.

From a practical perspective, the results provide some guidance to improve the selection and matching of expatriate leaders and HCNs by emphasising competence, intrinsic motivation and role clarity for both parties at the start of the assignment.

The findings are still exploratory in nature. However, the researcher completed this thesis with a cautious optimism that leveraging CQ as an effective inter-cultural competence to build trusting relationships in the cross-cultural workplace will help expatriate leaders be truly global leaders and HCNs become more engaged and influential in ensuring expatriate success. Finally, the researcher hopes that the qualitative nature of this study will spur further similar investigations of this nature, particularly in the realm of motivation and affective trust, trusting that such phenomenological studies will yield more exciting discoveries that will complement the empirical studies in order to contribute positively to the emerging agenda of inter-cultural competence.

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# Appendix A Interview Protocol

**Questions for Host Country Nationals**

1. What is your general experience in working in a recent cross-cultural assignment, e.g. when did you begin, where were you stationed, what was your role? Who were your team mates or colleagues? Who was your leader?

2. What were your experiences in working with expatriate leaders in this assignment? What was your role in this? What were some of the best parts of this experience, the most challenging parts, the interesting parts?

3. How did you and your expatriate leader begin to build a working relationship? What worked well? What did not work so well? What was your relationship based on? Why?

4. To what extent do you believe trust development was important for the success of this operation? Do you think your expatriate leader felt the same way? Why or why not? What feedback did you rely on to make that case?

5. What is 'trustworthiness' in your view and how do you judge whether a person is trustworthy or not? What do you consider before you make that judgment call? What influences your perception of your expatriate leader's trustworthiness?

6. To what degree do you think your expatriate leader has a working knowledge of the culture, economics and socio-politics of this country? Why do you think that is the case? What kind of impact does it have on the entire operations?

7. How well did you think your expatriate leader has adapted his behaviours to the local culture and context? What worked well? What didn't work as well? Why?

8. What do you think motivates your expatriate leader to act in the way he/she does? What do you think goes through his/her mind in making decisions and working with you and your team mates on a daily basis?

9. What is 'cultural intelligence' in your view and what does a 'culturally intelligent leader' look like in your mind? How would you rate your expatriate leader's cultural intelligence on a scale of 1 to 10? Why?

10. How important is being culturally intelligent in a project like this and would you trust the leader more if he/she is considered more ‘culturally intelligent?’ Why or why not?

**Questions for Expatriate Leaders**

1. What is your general experience in working in a cross-cultural assignment, e.g. when did you begin, where were you stationed, what was your role? Who were your team mates, peers and subordinates?

2. What were your experiences in working with local staff in this assignment? What was your role in this? What were some of the best parts of this experience, the most challenging parts, the interesting parts?

3. How did you and your local staff begin to build a working relationship? What worked well? What did not work so well? What was your relationship based on? Why?

4. To what extent do you believe trust development was important for the success of this operation? Do you think your local staff felt the same way? Why or why not? What feedback did you rely on to make that case?

5. What is ‘trustworthiness’ in your view and how do you judge whether a person is trustworthy or not? How do you think you are perceived by your local staff in terms of your trustworthiness? Why? What do you think influence their perceptions?

6. To what degree do you think you have a working knowledge of the culture, economics and socio-politics of this country? Why do you say so and how is it manifested in your daily interactions at work?

7. To what extent do you think you adapted your behaviours to the local culture and context? What worked well? What didn’t work as well? Why?

8. What are your motivational factors for acting the way you do? How do they affect your decision-making process, if at all?

9. What is ‘cultural intelligence’ in your view and what does a ‘culturally intelligent leader’ look like in your mind? How would you rate your own cultural intelligence on a scale of 1 to 10? Why? How do you think your local staff would rate you? Why?

10. How important is being culturally intelligent in a project like this and would you be able to garner more trust from your local staff if they considered you more ‘culturally intelligent?’ Why or why not?

# Appendix B Invitation to Participate: Letter to the Organisation

January 25, 2011

Dear Sir/Madam

**Request for Conducting Cross-Cultural Research at Company XXX**

I am writing to inquire if your company is interested in participating in a cross-cultural research project that I am undertaking in my PhD studies with the University of South Australia.

The research topic is **'Do I Trust You More If I Think You Are Culturally Intelligent?'** which examines the trust-building process between expatriate leaders and their HCN subordinates, and how the expatriate leaders' cultural intelligence (CQ) helps shape subordinates' perceptions of the expatriate leader's behaviour, and further influence the trust-building process.

***Research Aims and Rationale***

Academic researchers have long established the link between trust-building and leadership effectiveness, but the phenomenon itself is still a mystery. *Why would one expatriate leader do better than another, when working with local employees?* Past research studies have found that the difference is more than just the expatriate leader's personality or his/her ability to develop 'friendly rapport' with the locals or to adapt well into the foreign environment.

New research now points to the idea that the expatriate leader with high **cultural intelligence (CQ)** will adapt better to the elements of the work environment, including the local employee's psyche, values and beliefs, and behave accordingly to obtain cooperation from the said employee. Cultural intelligence, or CQ is defined as *the mental and emotional abilities and motivation to adapt and behave*

*accordingly in a new environment.*[1] However, what is high cultural intelligence to the expatriate leader may not be so, when assessed by the local employees. Perception, as we know, is truth!

Hence, the difference or contribution that this research aims to bring is to look at cultural intelligence from the perspective of the local employee and to answer to the proposed maxim, *'I am as culturally intelligent as the local employee perceive me to be.'*

This is important to the selection of the right expatriate leader and the subsequent training and preparation that he/she needs to undergo to really be culturally intelligent in the eyes of the local employees.

**What benefits can you expect?**

The research results will provide your division the following:

- Insights that are grounded by research to the past and current issues relating to the work dynamics between expatriate leaders and local employees
- Concrete ideas on how to develop a useful cross-cultural program to inculcate cultural intelligence and build trust-building skills, not just with the expatriate leader, but also with local employees as well.

**Methodology**

One-on-one interviews of about one (1) hour will be conducted on-site, or over the phone, with the expatriate leader and the corresponding local employees who report directly to the expatriate leader.

**Selection of interviewees**

Participation of this research is completely voluntary. Selection of the sample will be in consultation with you as the Head of the division. It should ideally be based on the actual expatriate personnel who were or are still involved in a leadership (or managerial) position, leading more than 5 local employees in the China office, and the local employees who reported to these said expatriate leaders. An e-mail and/or phone call will be directed to these personnel who can opt to volunteer or decline to participate. All contents of interview will be confidential and kept by the

[1] Earley, P. C. and Ang, S. (2003) *Cultural intelligence: Individual interactions across cultures,* Stanford University Press.

researcher. Your division will get a report of the composite data, to protect the identities and data of the participants.

I am happy to provide more clarification on any areas of this proposed research via e-mail angfy001@mymail.unisa.edu.au or phone (+86 1 381 770 6320).

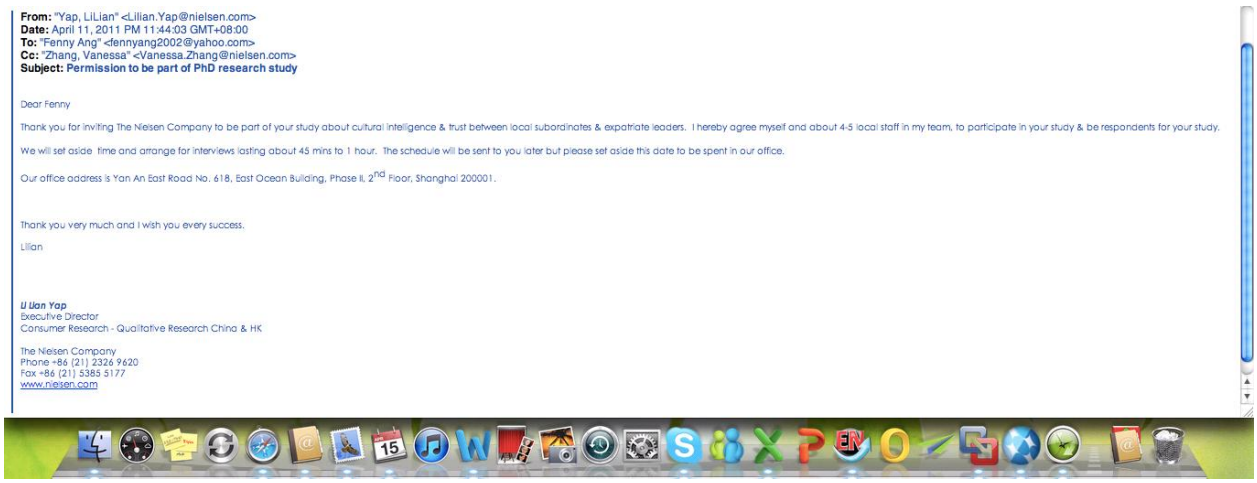
I am looking forward, in anticipation, to working with you in this proposed research.

Yours truly,



Ang Fenny
Phd Candidate, International Graduate School of Business
University of South Australia
160, Currie Street, Adelaide
AUSTRALIA

# Appendix C Acceptance Letters from Participating Organisations



**From:** "Yap, LiLian" <Lilian.Yap@nielsen.com>
**Date:** April 11, 2011 PM 11:44:03 GMT+08:00
**To:** "Fenny Ang" <fennyang2002@yahoo.com>
**Cc:** "Zhang, Vanessa" <Vanessa.Zhang@nielsen.com>
**Subject:** **Permission to be part of PhD research study**

Dear Fenny

Thank you for inviting The Nielsen Company to be part of your study about cultural intelligence & trust between local subordinates & expatriate leaders. I hereby agree myself and about 4-5 local staff in my team, to participate in your study & be respondents for your study.

We will set aside time and arrange for interviews lasting about 45 mins to 1 hour. The schedule will be sent to you later but please set aside this date to be spent in our office.

Our office address is Yan An East Road No. 618, East Ocean Building, Phase II, 2nd Floor, Shanghai 200001.

Thank you very much and I wish you every success.

Lilian

***Li Lian Yap***
Executive Director
Consumer Research - Qualitative Research China & HK

The Nielsen Company
Phone +86 (21) 2326 9620
Fax +86 (21) 5385 5177
www.nielsen.com

Appendix

Accenture Company Limited
29th Floor, Three Pacific Place
1 Queen's Road East • Hong Kong
Tel: (852) 2249-2388 • Fax: (852) 2850-8956
accenture.com

Dear Miss Ang

**PERMISSION TO PARTICIPATE IN PhD STUDY RESEARCH**

Thank you for your email and letter dated 26th January 2011 with regard to your interest in conducting study research topic 'Do I Trust You More if I Think You are Culturally Intelligent?" with Accenture as one of the survey subjects.

On behalf of Accenture Greater China, I would like to confirm our acceptance and approval for participating in the study as outlined in your proposal letter.

Please let us know the timing and requirement for your interviews as soon as available.

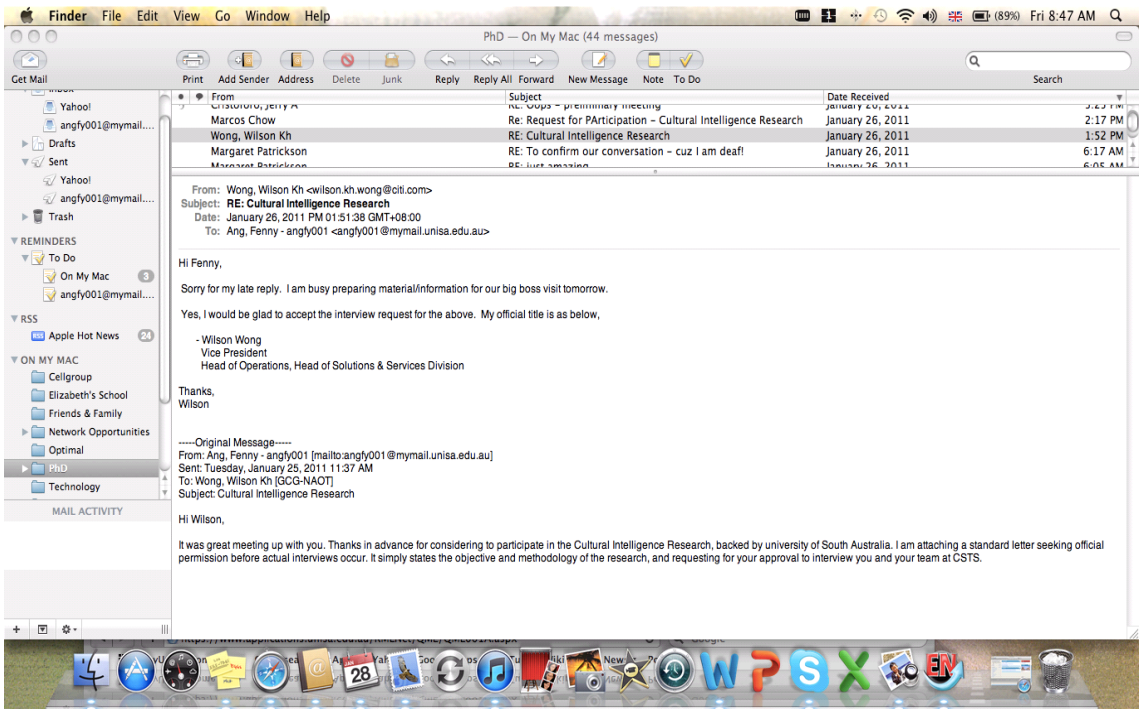
We look forward to the successful completion of your research and a copy of the research report, when available.

Good luck.

Yours sincerely

Sharon Khor
Partner, Financial Services
Accenture Hong Kong

# Appendix


Finder File Edit View Go Window Help
Fri 8:47 AM
PhD — On My Mac (44 messages)
Get Mail
Print
Add Sender
Address
Delete
Junk
Reply
Reply All
Forward
New Message
Note
To Do
Search
Yahoo!
angfy001@mymail....
Drafts
Sent
Yahoo!
angfy001@mymail....
Trash
REMINDERS
To Do
On My Mac
angfy001@mymail....
RSS
Apple Hot News
ON MY MAC
Cellgroup
Elizabeth's School
Friends & Family
Network Opportunities
Optimal
PhD
Technology
MAIL ACTIVITY
From
Subject
Date Received
Marcos Chow
Re: Request for PArticipation – Cultural Intelligence Research
January 26, 2011
2:17 PM
Wong, Wilson Kh
RE: Cultural Intelligence Research
January 26, 2011
1:52 PM
Margaret Patrickson
RE: To confirm our conversation – cuz I am deaf!
January 26, 2011
6:17 AM
From: Wong, Wilson Kh <wilson.kh.wong@citi.com>
Subject: RE: Cultural Intelligence Research
Date: January 26, 2011 PM 01:51:38 GMT+08:00
To: Ang, Fenny - angfy001 <angfy001@mymail.unisa.edu.au>
Hi Fenny,
Sorry for my late reply. I am busy preparing material/information for our big boss visit tomorrow.
Yes, I would be glad to accept the interview request for the above. My official title is as below,
- Wilson Wong
Vice President
Head of Operations, Head of Solutions & Services Division
Thanks,
Wilson
-----Original Message-----
From: Ang, Fenny - angfy001 [mailto:angfy001@mymail.unisa.edu.au]
Sent: Tuesday, January 25, 2011 11:37 AM
To: Wong, Wilson Kh [GCG-NAOT]
Subject: Cultural Intelligence Research
Hi Wilson,
It was great meeting up with you. Thanks in advance for considering to participate in the Cultural Intelligence Research, backed by university of South Australia. I am attaching a standard letter seeking official permission before actual interviews occur. It simply states the objective and methodology of the research, and requesting for your approval to interview you and your team at CSTS.

Appendix




The Dow Chemical Company

陶 氏 化 学 2010年上海世博会美国国家馆赞助商

**Rohm and Haas (China) Holding Co., Ltd.**
No.936, Zhangheng Road
Zhangjiang Hi-Tech Park
Shanghai 201203, P.R.C.
Tel: 86-21-3851 1000
Fax: 86-21-5895 1818

25th January 2011

Dear Ms Ang

PERMISSION LETTER TO RESEARCHER

Thank you for your letter dated 25th January, 2011 of your interest in conducting study research topic **"Do I Trust You More if I Think You Are Culturally Intelligent?"**

Dow Coating Materials Department of China would like to confirm its acceptance of your proposal. Please let us know the timing of the interview as well as other works involved.

We would appreciate you can sharing your research findings with Dow when it is done.

Yours sincerely,

Toon Howe Tan
North Asia General Manager
Dow Coating Materials
The Dow Chemical Company

*13/F Great Wall Tech. Building 2*
*Kefa Road, Technology Park*
*Nan Shan District*
*Shenzhen*
*518057*

**February 22nd, 2011**

Dear Fenny,

This is to confirm that I agree to participate in your research entitled **"Do I Trust You More if I Think You Are Culturally Intelligent"**.

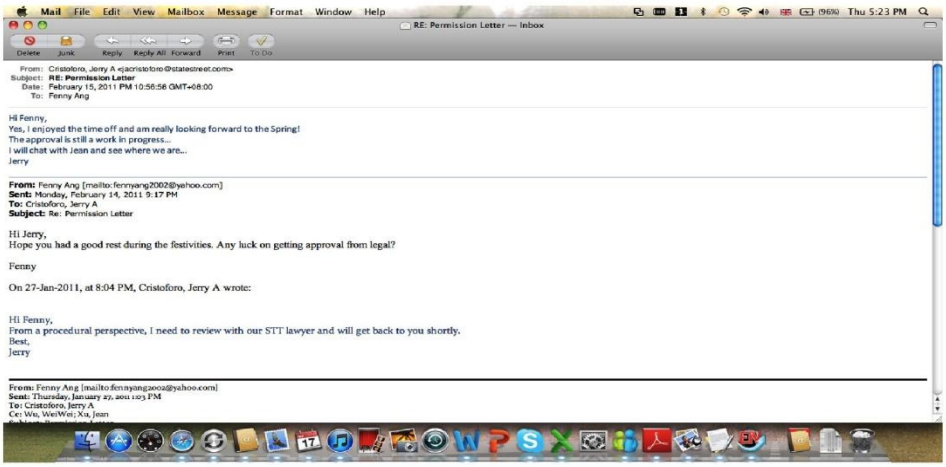
Sincerely,



Marcos Chow
Banking & FM Market Leader
Global Delivery - China
IBM Sol'ns & Svcs Co. Shenzhen,
IBM China
cmarcos@cn.ibm.com

# Appendix

Latest email from Jerry Cristoforo, Chief Technology Officer, Executive Vice President, State Street Bank. He says it'll take some time to clear their legal.



RE: Permission Letter — Inbox

From: Cristoforo, Jerry A <jacristoforo@statestreet.com>
Subject: RE: Permission Letter
Date: February 15, 2011 PM 10:56:56 GMT+08:00
To: Fenny Ang

Hi Fenny,
Yes, I enjoyed the time off and am really looking forward to the Spring!
The approval is still a work in progress...
I will chat with Jean and see where we are...
Jerry

**From:** Fenny Ang [mailto:fennyang2002@yahoo.com]
**Sent:** Monday, February 14, 2011 9:17 PM
**To:** Cristoforo, Jerry A
**Subject:** Re: Permission Letter

Hi Jerry,
Hope you had a good rest during the festivities. Any luck on getting approval from legal?

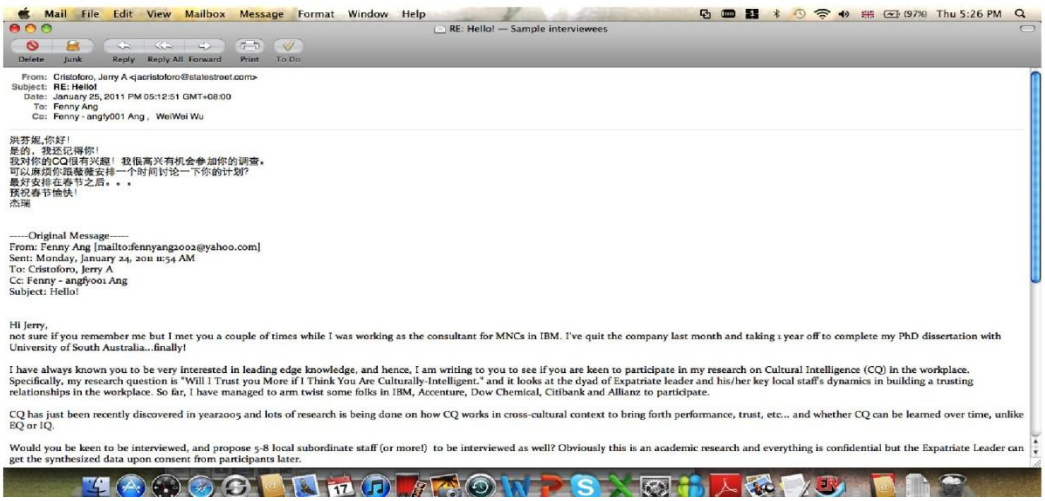
Fenny

On 27-Jan-2011, at 8:04 PM, Cristoforo, Jerry A wrote:

Hi Fenny,
From a procedural perspective, I need to review with our STT lawyer and will get back to you shortly.
Best,
Jerry

From: Fenny Ang [mailto:fennyang2002@yahoo.com]
Sent: Thursday, January 27, 2011 1:03 PM
To: Cristoforo, Jerry A
Cc: Wu, WeiWei; Xu, Jean

Earliest mail to contact him about the research. He replied in chinese that he's very happy to participate in the research.
Direct translation: *Ang Fenny, How are you? Yes, I remember you! I am keen to know about your CQ. I am happy to have the opportunity to participate in your research. Can I trouble you to work with Wei Wei to arrange for a time to discuss your plan? Would be great if it;s after the break.*
*Happy Spring Festival!*
*Jeff*



RE: Hello! — Sample interviewees

From: Cristoforo, Jerry A <jacristoforo@statestreet.com>
Subject: RE: Hello!
Date: January 25, 2011 PM 05:12:51 GMT+08:00
To: Fenny Ang
Cc: Fenny - angfy001 Ang , WeiWei Wu

洪芬妮,你好!
是的，我还记得你!
我对你的CQ很有兴趣！ 我很高兴有机会参加你的调查。
可以麻烦你跟魏魏安排一个时间讨论一下你的计划?
最好安排在春节之后。。。
祝您春节愉快!
杰瑞

-----Original Message-----
From: Fenny Ang [mailto:fennyang2002@yahoo.com]
Sent: Monday, January 24, 2011 11:54 AM
To: Cristoforo, Jerry A
Cc: Fenny - angfy001 Ang
Subject: Hello!

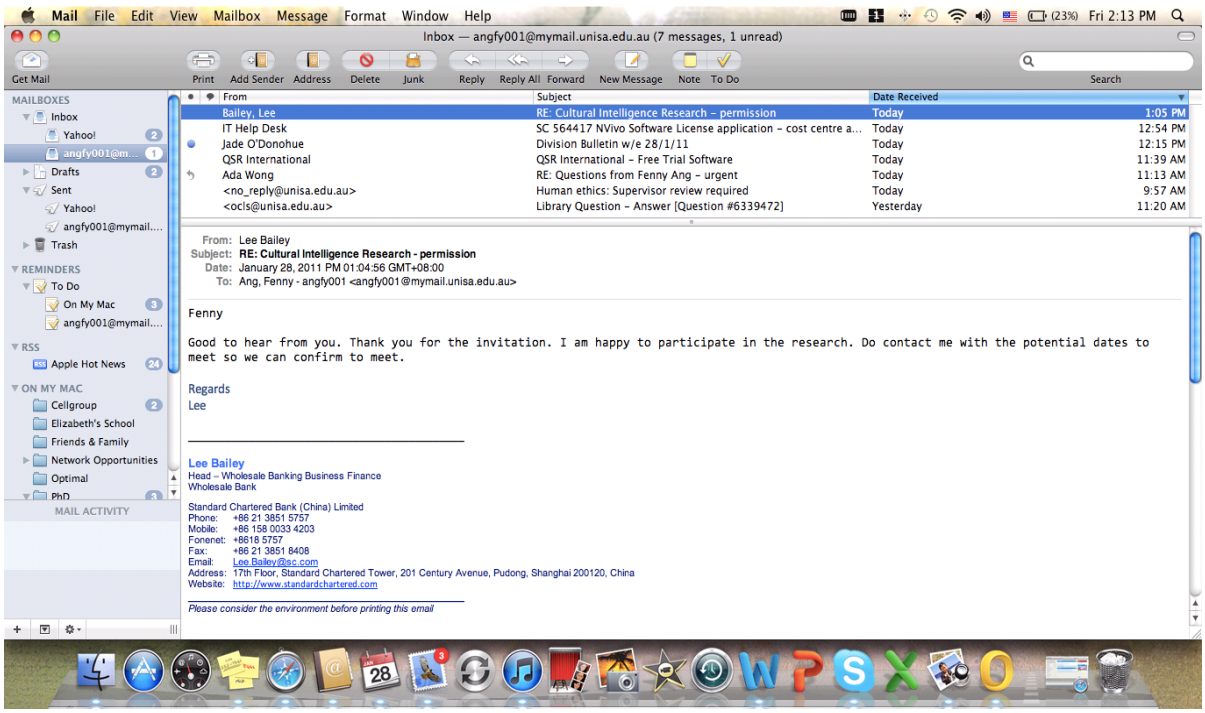
Hi Jerry,
not sure if you remember me but I met you a couple of times while I was working as the consultant for MNCs in IBM. I've quit the company last month and taking 1 year off to complete my PhD dissertation with University of South Australia...finally!

I have always known you to be very interested in leading edge knowledge, and hence, I am writing to you to see if you are keen to participate in my research on Cultural Intelligence (CQ) in the workplace. Specifically, my research question is "Will I Trust you More if I Think You Are Culturally-Intelligent." and it looks at the dyad of Expatriate leader and his/her key local staff's dynamics in building a trusting relationships in the workplace. So far, I have managed to arm twist some folks in IBM, Accenture, Dow Chemical, Citibank and Allianz to participate.

CQ has just been recently discovered in year2005 and lots of research is being done on how CQ works in cross-cultural context to bring forth performance, trust, etc... and whether CQ can be learned over time, unlike EQ or IQ.

Would you be keen to be interviewed, and propose 5-8 local subordinate staff (or more!) to be interviewed as well? Obviously this is an academic research and everything is confidential but the Expatriate Leader can get the synthesized data upon consent from participants later.

# Appendix


Mail File Edit View Mailbox Message Format Window Help
Fri 2:13 PM
Inbox — angfy001@mymail.unisa.edu.au (7 messages, 1 unread)
Get Mail
Print
Add Sender
Address
Delete
Junk
Reply
Reply All
Forward
New Message
Note
To Do
Search
MAILBOXES
Inbox
Yahoo!
Drafts
Sent
Trash
REMINDERS
To Do
On My Mac
RSS
Apple Hot News
ON MY MAC
Cellgroup
Elizabeth's School
Friends & Family
Network Opportunities
Optimal
PhD
MAIL ACTIVITY
From
Subject
Date Received
Bailey, Lee
RE: Cultural Intelligence Research – permission
Today
1:05 PM
IT Help Desk
SC 564417 NVivo Software License application – cost centre a...
Today
12:54 PM
Jade O'Donohue
Division Bulletin w/e 28/1/11
Today
12:15 PM
QSR International
QSR International – Free Trial Software
Today
11:39 AM
Ada Wong
RE: Questions from Fenny Ang – urgent
Today
11:13 AM
<no_reply@unisa.edu.au>
Human ethics: Supervisor review required
Today
9:57 AM
<ocls@unisa.edu.au>
Library Question – Answer [Question #6339472]
Yesterday
11:20 AM
From: Lee Bailey
Subject: RE: Cultural Intelligence Research - permission
Date: January 28, 2011 PM 01:04:56 GMT+08:00
To: Ang, Fenny - angfy001 <angfy001@mymail.unisa.edu.au>
Fenny
Good to hear from you. Thank you for the invitation. I am happy to participate in the research. Do contact me with the potential dates to meet so we can confirm to meet.
Regards
Lee
Lee Bailey
Head – Wholesale Banking Business Finance
Wholesale Bank
Standard Chartered Bank (China) Limited
Phone: +86 21 3851 5757
Mobile: +86 158 0033 4203
Fonenet: +8618 5757
Fax: +86 21 3851 8408
Email: Lee.Bailey@sc.com
Address: 17th Floor, Standard Chartered Tower, 201 Century Avenue, Pudong, Shanghai 200120, China
Website: http://www.standardchartered.com
Please consider the environment before printing this email

# Appendix D Participant Information Sheet

UniSA

**Participant Information Sheet**

University of South Australia
Division of Business, International Graduate School of Business
Research Title: "Do I Trust You More If I Think You Are Culturally Intelligent?"
Researcher's Name and Highest Qualifications: Ms. Ang Fenny, M.A. Educational Leadership
Researcher's Contact: Mobile #: (86)1 381 770 6320 Email: angfy001@mymail.unisa.edu.au
Supervisor's Name: Dr. Margaret Patrickson Email: Margaret.Patrickson@unisa.edu.au

**Invitation to Participate**

You are invited to participate in this research entitled, **"Do I Trust You More if I Think You Are Culturally Intelligent?"**

**Purpose of Study**

The purpose of this research is to understand the trust-building process between expatriate leaders and their local subordinates in an inter-cultural context. It aims to investigate how both parties' ability to adapt to each other culturally can play a part in influencing the trust-building process.

**Potential Benefits**

From the organizational perspective, it will give your organization a reliable platform to understand the challenges, successes and failures in building and sustaining trust between the expatriate leaders and the local employees. More specifically, the outcome of this research could flesh out cross-cultural barriers that lead to different agendas, communication breakdown, personal struggles and difficulties that both parties (expatriate and local employee) face in their daily work interactions. This understanding will then help the Local Office to develop a more relevant cross-cultural team-building or training program that helps both the expatriate leaders AND the locals to work effectively with each other.

From the individual participant's perspective, the results may help you look at the dynamics and complexities of the expatriate-local employee relationships in a whole new perspective, particularly in the understanding of how one's own ability to adapt in cross-cultural environment plays a part in building trust with another individual from a different cultural context.

**Nature of Your Participation**

Your participation in this research is totally **voluntary.** You may withdraw from this research at any time without any adverse impact on your current situation in your organization.

There is no risk of any confidentiality breach involved in this research as all conversations and data shared with the researcher are strictly confidential and no information, which could lead to identification of any individual participant, will be released to anyone or any organization. You can choose to stop at any time of the interview ask for any part of the interviews to not be recorded should you feel uncomfortable at any point.

**Your Role as a Participant**

Your role as a participant is to take time to provide specific details and descriptions to answer the questions as best as you can remember, especially if the experiences you are describing happened a while ago. You will need to have an open and candid mindset during the interview to describe in detail your various experiences, as you perceive them to be. The researcher, on the other hand, acts as the recorder of your experience and may, from time to time, ask you to clarify your answers so that the data recorded accurately portray what you say. The researcher does not pass any judgment nor critique any of your answers.

To prepare for this role, you will need read and digest the information provided here in this sheet and be clear about the nature and goal of this research. Should you still have questions about the nature of this research, please ask the researcher before the commencement of the interview. To better protect your rights, please read and sign the consent form before any interview sessions take place.

UniSA

**The Interview Process**

The interview will take 1 hour. The researcher will conduct one-on-one interview sessions with the participating expatriate leaders and local employees. The format will semi-structured i.e., while there are a few standard questions that the researcher will ask in the beginning of every participant, the conversation flow is to be open and natural, and depending on where the participants really want to go with the initial questions asked. The researcher's role is to facilitate the conversation so that it stays focused and within the 1 hour timeframe. During this interview process, you can stop at any time if you become uncomfortable with the questions or any other reasons. You will be asked questions on your experiences of working in cross-cultural situations, past interactions and general observations of the local-expatriate

Appendix

# Appendix E Consent Form




**CONSENT FORM**

**Project title**: DO I trust you more if I think you are more culturally intelligent?
**Researcher's name: Ang Fenny** (Email: angfy001@mymail.unisa.edu.au)
**Supervisor's name**: Dr. Margaret Patrickson Email:Margaret.Patrickson@unisa.edu.au

- I have read the Participant Information Sheet and the nature and purpose of the research project has been explained to me. I understand and agree to take part.
- I understand the purpose of the research project and my involvement in it.
- I understand that I may withdraw from the research project at any stage and that this will not affect my status now or in the future.
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential.
- I understand that I will be audiotaped / videotaped during the interview.
- I understand that any audio recordings and digital/electronic/hard copies of interview transcripts will be stored with the researcher under lock and key for 7 years, and thereafter, will be destroyed. No one will have access to any raw data unless the researcher has obtained explicit written agreement from me.

**Name of participant**……

**Signed**……**Date**……

I have provided information about the research to the research participant and believe that he/she understands what is involved.

**Researcher's signature and date**……

*This project has been approved by the University of South Australia's Human Research Ethics Committee. If you have any ethical concerns about the project or questions about your rights as a participant please contact the Executive Officer of this Committee, Tel: +61 8 8302 3118; Email: Vicki.allen@unisa.edu.au)*

# Appendix F Comprehensive Nodes Diagram - Exported from NVivo



| Name of Node | Sources | References | Description | Maps to: |
|---|---|---|---|---|
| Trustworthiness - Criteria | 15 | 119 | Describes trust building process parameters | R1 |
| Behaviours that build trust | 13 | 97 | Describes trust building process parameters | R1 |
| Consistent & Deliver on Promise - Word & Deed | 8 | 19 | | |
| Coaching & providing feedback | 5 | 8 | coaching, providing feedback and other attributes demonstrating coaching skills | |
| Competence & Knowledge, Talk Content not Fluff | 5 | 8 | This node aggregates comments about trusting ELs are due to demonstrated competence and functional knowledge in their areas | |
| Efficiency and Effectiveness at work | 5 | 8 | | |
| Supportive & Provide Endorsement | 4 | 6 | | |
| Results-oriented, Set Goals | 3 | 6 | | |
| Obtain buy-in & feedback | 3 | 5 | To get everyone on board and affirmation on activities | |
| Provide safe environment | 4 | 5 | Safe environment to be honest, or to make mistakes, to learn together.. | |
| Spending time with selected people | 3 | 4 | Building trust with a few, not everyone | |
| Credible & Reliable | 2 | 4 | | |
| Take Accountability | 2 | 3 | leaders take accountability to issues | |
| Prove yourself | 3 | 3 | Need to prove track record to gain trust | |
| Suspend Judgment | 1 | 2 | | |
| Pay Attention | 2 | 2 | Descriptions on how one is being taken care of, feeling one matters, one is being cared for or considered | |
| Benevolence - The Good Guy | 2 | 2 | Demonstrates good traits like good person, good father | |
| Confidence | 1 | 2 | | |
| Contribution and value to my boss | 1 | 2 | | |
| Respectful | 1 | 1 | | |
| Principled with Integrity | 1 | 1 | Someone demonstrating principles and integrity | |
| Behaviours that don't build trust | 3 | 4 | Describes trust building process parameters | R1 |
| Aggressive | 2 | 3 | | |
| Shrug off responsibility, full of excuses | 2 | 2 | Not taking responsibility for the mistakes one has done | |
| No recognition or take other people's credit | 2 | 2 | | |
| Betrayal | 1 | 1 | | |
| Being Calculative and insincere | 1 | 1 | A descriptive for people who are calculative, keeps things to heart, detailed (xiao qi, xi jie) | |
| Big Vision but Can't Execute | 0 | 0 | | |
| Building trust takes time | 4 | 5 | Describes trust building process parameters | R1 |
| Comments from 3rd party | 1 | 3 | Credibility | R1&2 |
| Trust Decisions | 13 | 38 | Criteria for making decisions | R1&2 |
| Proximity & Distances | 5 | 10 | Pyschological, geographical, hierarchical, personal space vs professional boundaries | |
| Calculated decision | 4 | 6 | A state where one calculates the risks, pros and cons of trusting a person | |
| Trust needs to be earned | 4 | 6 | | |
| Trust is important to me | 5 | 5 | | |
| Loyalty | 2 | 4 | | |
| Trust First | 3 | 3 | take the 1st step to trust | |
| Trust Institution, therefore trust individual | 2 | 2 | | |
| Gut Feel | 1 | 1 | Based on gut feel, emotive, visceral, physiological? | |
| Leap of Faith | 1 | 1 | a statement of indicating taking the risk to trust or act without 100% certainty of facts that it will turn out the way it should | |
| HCN's relationship nature with Expat Leaders | 4 | 7 | Categorizes the types of relationships - professional, nurturing, etc... | R1&2 |
| | | | | |
| Stereotypes, Prejudices, Impressions and Perceptions | 12 | 70 | | R2 |

| Name of Node | Sources | References | Description | Maps to: |
|---|---|---|---|---|
| Asian Expatriates including Hai Guis and Greater China | 9 | 27 | | |
| Caucasian Way, American Way | 6 | 8 | | |
| Culture Distance | 4 | 5 | | |
| Different Meanings in Symbols | 1 | 4 | | |
| Chinese leaders and workers | 3 | 4 | | |
| Who Do We Trust More | 2 | 3 | | |
| Leadership position is hard-earned vs bestowed | 2 | 3 | | |
| Gender-related | 2 | 2 | | |
| Common Stereotypes of Expatriate Styles in General | 2 | 2 | | |
| Colonial Effect | 1 | 1 | | |
| Self-reflection on one's own culture | 1 | 1 | | |
| Outlook towards Work and Life | 14 | 68 | Attitudes, paradigms and maxims about how work plays out for an individual in an organizational setting | R2 |
| Work is Relationship-based | 11 | 18 | | |
| Demarcate work and life | 9 | 16 | | |
| Global mindset | 5 | 9 | | |
| Exposure and World View | | 2 | | |
| Global Methodology & Processes | | 1 | | |
| Head office-focused | | 1 | | |
| Cooperate rather than trust | 5 | 6 | | |
| Family-orientedness | 3 | 5 | | |
| People are just people | 4 | 4 | | |
| Playing a role | 2 | 3 | | |
| It is all about people | 3 | 3 | | |
| Practical or Pragmatic - Money,Career | 1 | 2 | | |
| ethnocentricity, self-sustainability | 2 | 2 | | |
| Communication & Working Styles | 14 | 240 | What kind of a communicator are you? | R2 |
| Leader's Personality & Characteristics | 12 | 86 | This node serves to aggregate comments that lead to HCNs believing that their Expatriate Leaders have certain personalities that make them behave a certain way, rather than just culture or race | |
| Openness and Flexibility | 10 | 15 | | |
| Willing to confront | 7 | 13 | Willing to work things out by talking through, fighting on the cases, not person | |
| Personable & Approachable | 6 | 13 | | |
| Willing to be Vulnerable and Take Risk | 7 | 9 | | |
| Honesty | 2 | 7 | | |
| Fair & Equal | 4 | 6 | A sense of equality | |
| Earn Respect | 3 | 4 | | |
| Good Listener | 2 | 3 | Capability of listening to others | |
| Empathy and able to relate | 2 | 3 | a person can understand why the other person do/say/think a certain way, Seek first to understand underlying behaviours | |
| Humour | 2 | 2 | | |
| Don't give up easily | 1 | 1 | A leadership quality about not giving up hope easily in face of tribulation | |
| Proactive, Take 1st Step | 1 | 1 | | |
| General Working Styles | 13 | 64 | | |
| Detailed, Hands-on Execution vs Strategic Big Picture | 4 | 11 | Hands-on, willing to get hands dirty, doing the work vs directing | |
| nurturing & Developing people | 7 | 10 | | |
| Motherly | 1 | 1 | | |
| | | | | |
| Professional | 5 | 10 | | |
| Empowerment & Delegation | 7 | 9 | This breeds trust, or trust is antecedent | |
| Invest personal time to build relationships | 5 | 7 | Time outside of work with others | |

Appendix



| Name of Node | Sources | References | Description | Maps to: |
|---|---|---|---|---|
| Speed of decision making | 2 | 4 | Captures the speed of decision making - fast or slow or deliberate | |
| Inclusive | 3 | 4 | Expatriates include HCNs in their decision making process and the day-to-day functions | |
| Manage expectations | 3 | 3 | | |
| Guide vs Direct | 2 | 2 | | |
| Learning by Trial and Error | 2 | 2 | learn from mistakes the hard way | |
| Set exemplary leadership qualities | 1 | 2 | | |
| Language | 10 | 34 | | |
| Straightforward, Direct & Transparent | 9 | 19 | "Dui Shi Bu Dui Ren" - target the issue, not personal | |
| Be the Bridge | 7 | 13 | HCNs describe how a certain local member will be the bridge between local staff and ELs - to be translating and intepreting behaviours and actions | |
| Emotive vs Fact-based | 6 | 13 | Actions and reactions are emotion-laden - personal and passionate versus logical and data-driven | |
| Save face | 3 | 5 | Act of saving face, embarrassment, need to be a bit more political | |
| Communicate common objectives to bring people together | 1 | 1 | | |
| Culture | 15 | 60 | Captures quotes on cultures - organizational, national, communal | R2 |
| Corporate Culture | 10 | 16 | | |
| Politics at Play | 7 | 11 | | |
| Power distance | 7 | 11 | | |
| Youth and New Generation Thinking | 6 | 8 | | |
| Team Spirit & Team Culture | 4 | 7 | | |
| Local Culture and norms | 6 | 7 | | |
| CQ 1Cognitive Knowledge - What Do I Know | 8 | | 20 | R3 |
| | | | | |
| Context & Background | 4 | 7 | Political, socio-economics, educational background, etc.. which ditactes certain views of locals and expatriates' differences and similarities | |
| Local Market Insight | 4 | 5 | | |
| Field work and Observations | 4 | 4 | | |
| CQ 2Metacognitive Knowledge-How Do I Use My Knowledge | 8 | 16 | How knowledge is being used to plan and interact with HCNs to understand and operate at their level | R3 |
| | | | | |
| Understand and Identify with locals | 5 | 8 | HCN identifies with the EL - similar values and culture, Chinese mindset | |
| CQ 3Motivation - Why Do I Do The Things I Do | 12 | 40 | | R3 |
| | | | | |
| Mutual benefits | 7 | 13 | | |
| Personal preferences do not dictate actual behaviour | 3 | 5 | | |
| Preparedness in new culture | 2 | 4 | Time and effort spent to prepare oneself in assimilating into new cultue | |
| Prior personal experiences | 2 | 2 | Personal experiences dictate how one trusts and who should get one's trust | |
| Role & Position | 0 | 0 | JD, roles are key motivation to behaviours | |
| | | | | |
| CQ 4Adapt Behaviours - What Do I Do Outwardly | 14 | 100 | | R3 |
| | | | | |
| Adapt to local market and landscape | 10 | 26 | Adapting understanding of local market insights, people and what makes them tick | |
| Identity | 6 | 21 | Extent to which one keeps identity true to oneself or assiimilate | |
| Be part of local social network - team building and socializing | 9 | 16 | Things like karoke, team building, drinking to cement an after-work relationship with team or customers | |
| Adapting behaviours and styles contextually | 8 | 13 | | |

| Name of Node | Sources | References | Description | Maps to: |
|---|---|---|---|---|
| Localise - One of them & Assimmilated | 8 | 12 | Being part of the culture, assimilated | |
| Mimic behaviours | 5 | 6 | Action of mimicking accents, behaviors, etc.. to put the other person at ease or to get buy-in, or to appear as in the same plane | |
| Measurements | 12 | 40 | Captures all the self-rated and staff-rated CQ | |
| | | | | |
| CQ=HIGH 8-10 | 9 | 20 | | |
| CQ=MEDIUM 5-7 | 5 | 5 | | |
| CQ=LOW 1-5 | 1 | 1 | | |
| Correlation between trust and CQ | 12 | 14 | Determines whether there is any correlation | |
| Positive correlation between trust and CQ | 9 | 10 | | |
| No correlation between trust and CQ | 3 | 4 | | |
| Important Narratives & Quotes | 4 | 6 | Quotable quotes | |

# Appendix G Interview Notes (Excerpts)

| Company | Expatriate | Self-CQ | General impression | Trust Definition | CQ Deifnition |
|---|---|---|---|---|---|
| C | EL 001 | 8 or 9 | Chinese descent, studied in Holland, 12 years in China, back and forth HK-China; Can speak Mandarin, uses his East-West cultures intermittenly per situation, understands guanxi and network, bring bacon to dept, close with his team | What they say about department and what they say behind me.<br>Do the job well,<br>have the capability;<br>fairness vs potential | Able to use my dutch background to talk to caucasians, able to use mandarin, guanxi and networking with my chinse counterparts |
| C | EL 002 | 8 or 9 | Can speak Mandarin, been in China for 20 years, commited to China, able to understand nuances,use another person to find out about another person, indirect communication, but still regarded as foreigner by team | Do what you say, say what you mean.<br>How you do things - deliver<br>Don't Betray<br>Respect<br>Stand ahead of staff to take the heat | Blend in<br>Commitment to the country and organization |
| B | EL 003 | 10 | Been in China for 10+years, very knowledgeable and well-connected, father of SSB setup here, Language is a critical component to be successful here in China - 2nd building block is problem-solving with the HCNs, communication is of a different fidelity once you can communicate on a common language | Show vulnerability<br>Share knowledge between parties<br>Grow up with us<br>No differences | Take time to learn new language and culture |
| B | EL 004 | 6 or 7 | Stayed mostly in London and Scotland. This is the biggest most radical change - now or never. Very willing to learn and earnest<br>Only 8 months in China - has not had the chance to really see. Thinks Chinese people expect leaders to be standoffish rather than being open<br>"Living here is not so dissimilar" | Equates corporate trust with interpersonal trust - talks a lot about delivering corporate promise, commitment to staff's career<br>Spend time on the floor<br>Take risk, take a gamble to give others opportunity, direct others, motivate others<br>Don't betray company confidentiality or distribute inappropriate info - company context | adapting versus just having topical intelligence. |
| Y | EL 005 | 7 | Very confident of herself and her leadership style, not compromising<br>Worked in asian countries mostly | Perception of trusting staff is very important but she does not trust anyone<br>Consitent words and deeds<br>Peer validation<br>Take time to explain, knowledge transfer<br>Genuine<br>Don't play politics | Integrate into the new environment<br>Can hang out with locals<br>Adapting one's performance standards<br>Personal behaviours - choice of words, esp in performance feedback<br>Language |
| Y | EL 006 | | | | |
| X | EL 007 | 5 or 6 | Undestands the significant differences between himself and locals in terms of race and colour; comfortable in knowing he's the SME, change agent<br>Doesn't think he needs to adapt too much | Well-respected<br>approachable<br>feeback from others<br>demonstrated competences<br>Can take honest feedback from staff<br>Ability to take risk, makes decisions that are beyond territory | Be engaged with local community and workgroup<br>Language<br>Able to "crack the code" |

Appendix

| | | | | | |
|---|---|---|---|---|---|
| X | EL 008 | 6 | Need to know the language to adpat better | Meeting my expecations<br>Capability<br>Able to deliver<br>Flexible<br>Take risk<br>Learn the language | Recognise and respect differences<br>Understand traditions<br>Strive to be effective |
| X | EL 009 | 5 | only 6 months in Shanghai, basically don't adapt too much yet and using same method of building relationships<br>Recognise the differences, i.e. younger group of people, relationship is friendship-based. Els and locals have a separation unlike in Canada | Based on what I find out from others<br>Quality of work<br>Whether they deliver what they promise<br>Attitude | adapt to local lifestyle - food, entertainment, language |
| Z | EL 010 | 8 or 9 | Working very well with locals, as long as he's being honest with himself and others, work hard, knowledge transfer, he's happy. He's not bothered by "politics" and seems to regard himself as adapting well in China because "people are people" | Consistency in different situations - verbal interactions and actions | |
| A | EL 011 | 7 or 8 | Long time resident in China, loves the country from the financial opportunities standpoint, quite at ease with understanding chinese people and different age groups; believes relationship-building is foundation to getting work done | Deliver results<br>Trial-and-error<br>Competence<br>Deliver what I promise<br>Interdependence<br>Not beating about the bush<br>Can communicate freely<br>2 way<br>Provide good support and advice | Individuality - personalities<br>Open minded<br>Accepting new envinroment and willing to learn<br>Easy-going<br>Integrate into the society<br>Bring experience |
| P | EL 012 | 9 | Adapted fully into the environment as she has been in China for 17years. Speaks native dialect and conduct business in native language<br>"I will try to mimic the other party I am talking to"<br>Works with her current Indian boss best<br>Very straightforward, rather fight and argue things out in the open and tackle out in the open | Honest<br>Not focus on money or "What's in it for me" first<br>Ask me about my expectations to understand my boundaries<br>Macro not micro<br>Track record and contribution<br>Not whinny<br>Able to communicate with me<br>Depends on where he/she comes from - trusts Shanghainese, mistrusts Jews | There is no more Lilian |
| Z | EL 013 | 7 or 8 | People of difference cultures behave differently - Indians and Germans are more micro-managers, Americans delegte more<br>American bosses provide praises easily and want to instantly gratify<br>Chinese staff are not easily open to managers and will only involve you when there is a major issue<br>Depth of relationship comes with language | Able to delegate when a person can follow through and not come back with lots of excuses for failure<br>Someone you can rely on in executing tasks and have the team's best interest<br>Doing things independently but involving others<br>Full disclosure of what they are doing and why<br>Inclusive<br>Feedback from others | No set notion about the business and the people<br>Seek 1st to understand local people, market and competitive landscape before making judgment<br>Language - usage depends on role. The higher up you are, the less you need to know local language to be successful<br>Helping local people grow and care for them - or at least have the ability to create the illusion |

# Appendix

| Co. | HCNs | Demographics | CQ-EL1 | General Impression of EL | Trust Definition | CQ Definition | General Impression |
|---|---|---|---|---|---|---|---|
| Z | HCN016 | | 3 or 4 | Don't know what he's thinking, not sociable but willing to do one-on-one lunches<br>Don't adapt much<br>When more experienced, language gap is no longer too important and working with Els will be easier. But when inexperienced, working with chinese bosses will be easier for communciations. | Fight for me and support me<br>honesty - always help and support us<br>consistent with important things like salary and benefits, promotions | Strong communications<br>Can understand human behaviours and support local behavioural norms<br>Honest and don't care about nationalities<br>Share information, upfront about what's good and what's not<br>Language | |
| Z | HCN017 | 3 yrs | 7 or 8 | Very experienced, nice personality, Steve tries to reduce the gap between locals and "Big Brother"<br>Able to directly access Steve<br>EL travels a lot, knows how the chinese think | Able to talk directly without hidden agenda<br>Other people's opinion of him<br>If he pushes me too hard, I will not trust him | Make work more efficient<br>Knows the environment<br>Willing to study new things<br>A lot of life expereince<br>Knows local language | |
| Z | HCN018 | Very guarded | 7 | nice, smooth communication, can talk about anything, not just about work<br>Don't control too much | Understand the boss' role is very important to build trust<br>Don't just focus 100% on job - need to care about my career<br>Don't compare me with other colleagues<br>Give me freedom on my projects<br>Communicate one-on-one | Able to find similar topics<br>Understand sensitivities of each other's culture | |
| Z | HCN019 | Worked with Americans, Chinese, french and ABC<br>excited to work in cross-cultural environments | 7 | Steve's technical, funny | Pay attention on me<br>More communication and share more of the same ideas<br>Become more familiar<br>He's my boss so I trust him | Know th culture of this people and know the people groups (different age groups)<br>Knows what styles to use to motivate different people groups<br>Get good feedback from other people<br>Empowerment skills and talent | Chinese more emotional based, caucasians more fact based |
| Z | HCN020 | more senior, worked with Dave first, then Steve | 6 | Easy to communicate with Steve, like to praise and recognise people, very experienced technically.<br>Challenge for Steve - language and his direct style of thinking | Openness<br>Do what you say, say what you do<br>their relationships with others<br>What experience they can teach me | A tool for work: "Very important to build market share"<br>Willing to learn local language<br>Ask lots of questions from local people<br>Willing to travel to local places<br>Spend more time with local people to make more friends<br>Willing to hire more local people and develop them, and send them to the EL's home country | |
| A | HCN021 | 8 yrs in CSTS, team leader, support global team | 9 | Very much like a Chinese | honest<br>work experience<br>can deliver what he promise<br>Consistent with other feedback from others<br>trust comes after a few months of observation<br>"Give trust first, then you will get back"<br>"I trust the leader" | It's not about the cultures but personalities<br>Communication styles are a function of personalities<br>CQ is a choice - to learn more and adapt | Do and then say - chinese people vs. Say, then do - other foreigners<br>Speaker vs worker - but also depends on job scope and requirements |
| A | HCN022 | worked with singaporeans, europeans, US;spent 1.5 years in singapore, few weeks in Belgium | 9 | Humans are all the same, just different work styles<br>Foreigners are more work-focused | To be given more work because boss trusts me<br>Based on work quality and delivery<br>personal way of handling things<br>how they communicate with the outside world<br>If you don't update me and don't give me results, you will lose my trust<br>Trust is not too important as long as I deliver my work | CQ is not important in Citi as the organization is a global company<br>You need to make yourself happy to be in a new place<br>Low CQ = cannot adapt to the language | |