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Globalization and Diversity: How leader's cultural intelligence amplifies perceived group inclusion, team creativity, and team performance in multicultural teams

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Oslo, 01.07.21

Magnus Hallerud Christensen and Steffen Øvre

Abstract

This thesis examines the relationship between cultural intelligence (CQ) in leaders and perceived group inclusion (PGI) among employees in diverse teams. Further, it explores if virtual teams (VT) have a moderating effect on the relationship between CQ and PGI. It investigates the relationship between CQ and psychological safety (PS), the individual relationships between CQ and team performance (TP), team creativity (TC), and turnover intention (TI), and the individual relationships between PGI and TP, TC, and TI. We gathered data using a self-questionnaire on 300 participants who worked in diverse teams and were located in the United Kingdom (UK). To analyze the responses, we conducted nine separate OLS regression analyses. We used the hierarchical method in SPSS, where we entered the control variables before we entered the independent variable. The results of our regression analysis supported a positive relationship between CQ and PGI. We contribute to the literature by giving a nuanced understanding of cultural intelligence among leaders and how it can be used to enhance perceived group inclusion. Lastly, we discuss our findings in conjunction with prior theory and literature within the scientific fields, together with theoretical contributions, practical implications, limitations, and potential directions for future research.

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Introduction to the research topic

Today's workplace is more global than ever, and many organizations of the 21st century are multicultural (Alon & Higgins, 2005; Ang et al., 2015; Triandis, 2006). Rapid globalization has resulted in employees being faced with cross-cultural challenges in their daily work (Earley & Peterson, 2004; Ng et al., 2012). The challenges may be in language, culture, religion, politics, norms, communication, social class, or other characteristics (Earley & Peterson, 2004; Triandis, 2006). Organizations of all sizes notice it, and even a small-sized firm has probably experienced globalization through interactions with global stakeholders such as customers, competitors, suppliers, or employees (Alon & Higgins, 2005). Thus, the importance of employees who function and interact effectively in culturally diverse settings increases (Gelfand et al., 2007).

Working across cultures can be challenging (Ang et al., 2015; Earley & Peterson, 2004). The ability to operate effectively in multiple cultures is not a capacity possessed by all, regardless of its importance in the business world (Earley & Mosakowski, 2004). This ability, labeled cultural intelligence (CQ), has caught the attention of business leaders and researchers (Crowne, 2008). In a world where crossing borders is routine, CQ has become a sought-after resource in maneuvering behaviors in global organizations to optimize organizational performance (Earley & Mosakowski, 2004). To substantiate, Triandis (2006) further suggests that successful interaction across cultures requires CQ. Even though abilities typically are innate, just a little cultural understanding - originating from CQ - can be enhanced through training or experience (Black & Gregersen, 2000; Early & Ang, 2003; Triandis, 2006).

Researchers claim that the workforce is key to competitive advantage and it is vital to get the most out of every employee (Maertz et al., 2007). CQ in leaders can substantially contribute to this. However, literature discusses that managers often fail to grasp the importance of different cultures (Earley & Ang, 2003), and the inability to adapt to and understand the diversity among employees or other stakeholders is costly for organizations (Earley & Ang, 2003; Freeman, 2001; Freeman et al., 2010). Despite its alleged importance, research on CQ and leaders' capabilities to facilitate intercultural effectiveness, and even on how individuals themselves function in a multicultural workforce, is scarce (Ang et al., 2007). And, despite the need to better understand how leaders should deal with cultural

differences, there has been little systematic research to address this gap (Ng et al., 2012). Responding to this need, Earley and Ang (2003) developed and conceptualized CQ based on contemporary theories of intelligence (Sternberg, 1986).

The rise of a more diverse workforce (Ang et al., 2007; Ang et al., 2015) results in increased work within international teams and divisions (Earley & Gibson, 2002). Diverse teams have implications for task interdependence since the employees must interact to perform and complete tasks (Stewart & Barrick, 2000). Consequently, this may have implications for leadership and how the leader manages to create perceived group inclusion. As a result, scholars have focused on developing work environments where diverse individuals feel included (Shore et al., 2011). Being excluded is maybe one of the most damaging feelings human beings can experience. In nature, animals who are excluded from their pack will most likely die (Harari, 2016), which underlines the importance of inclusion, also for humans (Roberson et al. 2003). Furthermore, the sense of being in a [group] strengthens self-esteem (Tajfel et al. 1979), makes us feel appreciated, accepted, and entitles us with a purpose. Subsequently, this can lead to increased commitment, performance, and organizational citizenship among employees (Shore et al., 2011). However, the concept of inclusion is in its premature state within the corporate literature (Kulik, 2014).

Thus, to respond to the need within research on CQ and inclusion, this study investigates whether there is a relationship between leaders considered as culturally intelligent and perceived group inclusion (PGI) among employees in diverse teams. Based on the presented theory, we suggest that researching this issue will contribute to the literature on CQ and perceived group inclusiveness. Thus, our research question is the following:

"Is there a relationship between leaders' cultural intelligence in diverse teams and the team members' perceived group inclusion? And can this relationship further be related to other team-level outcomes?

Theory and Hypotheses

This section aims to provide a more profound understanding of the primary constructs of our thesis and how these molds the basis of our research question. The primary constructs are cultural intelligence and perceived group inclusion. We want to investigate the relationship between these and if they further have a relationship with outcome variables such as psychological safety, team creativity, team performance, and turnover intention. The thesis will theoretically present all the variables, with emphasis on the main constructs. Lastly, we will illustrate the conceptual model with suggested hypotheses and the methodological framework

Cultural Intelligence (CQ)

This part of the assignment will define cultural intelligence and explain its progression as a scientific field. First, we will present the Four-Factor Model of CQ and distinct CQ from other constructs to grasp how it is measured and how it is theoretically conceptualized, which is the basis for the theoretical framework. Subsequently, we will scrutinize why CQ is necessary and what research to date has emphasized.

Conceptualization of CQ

CQ is defined by Ang et al. (2007, p. 336) as *«an individual's capability to function and manage effectively in culturally diverse settings".* Initial research tended to view intelligence narrowly as the ability to grasp concepts and solve problems in academic settings (Ang et al., 2011, p. 583; Robinson, 2009). However, there is now an increased consensus that intelligence applies beyond academia to "real world" contexts (Ang et al., 2011) such as emotional intelligence (Mayer & Salovey, 1993), social intelligence (Thorndike & Stein, 1937), and practical intelligence (Sternberg et al., 2000). This epistemological view is supported by Ackerman (1996), Gardner (1993), and Sternberg (1986).

In an attempt to unite a disparate view on intelligence - emotional, social, practical, and IQ - Sternberg (1986) proposed an integrative framework with four interrelated ways to understand individual-level intelligence: metacognition, cognition, motivational, and behavioral (Ang et al., 2015). Based on Sternberg's framework Earley and Ang (2003) conceptualized cultural intelligence as a complex multifactor individual attribute composed of metacognitive, cognitive, motivational, and behavioral factors with specific relevance to functioning in

culturally diverse settings (Ang et al., 2007; Ang et al., 2011). This multifactor conceptualization is called the Four-Factor Model of Cultural Intelligence (Ang et al., 2007; Ang et al., 2011) and is presented in this thesis to understand the scale's fundamentals to measure CQ.

The Four-Factor Model

The Four-Factor Model consists of four aforementioned dimensions, and the thesis will briefly present them. According to Flavell (1979) and Ang et al. (2007), 1) metacognitive CQ reflects an individual's mental capability to acquire and understand cultural knowledge and have control over one's thought processes. 2) Cognitive CQ concerns an individual's knowledge about cultures and cultural differences, 3) motivational CQ encompasses an individual's capability to direct attention and energy toward functioning in intercultural situations, while 4) behavioral CQ underscores an individual's capability for behavioral flexibility and appropriateness in cross-cultural interactions (Ang et al., 2007).

Conceptual distinctiveness

To further clarify the nature of CQ, which still can be perceived as a vague construct for some, we want to describe what CQ is not (Ang et al., 2011, p. 585). The similarities and differences of CQ compared to personality and other bits of intelligence are important to clarify when explaining and measuring the construct (Ang et al., 2007). Since CQ arose from and complements other intelligence (Sternberg, 1986) and is related to personality traits (Ang et al., 2007), CQ appears to be a part of both concepts. This duality distinguishes the concepts even more important, especially from a measurement perspective where operationalization is decisive.

Personality. CQ refers to a personal ability or capability, which can be developed as a skill, that varies from individual to individual. It considers what a person can do to be effective in culturally diverse settings (Ang et al., 2007). The same scholars state that openness to experience - a facet in Costa and McCrae's (1992) model - correlated with all four dimensions in the Four-Factor Model. However, CQ is distinct from stable personality traits, which describe how a person typically behaves across time and across situations (Costa and McCrae, 1992), because CQ is conceptualized as more state-like than trait-like (Ang et al., 2006). Perhaps in this conjunction, scholars suggest that CQ can be developed through

training programs (Black & Gregersen, 2000; Earley & Peterson, 2004; Triandis, 2006).

Other intelligences. Since CQ is molded by the theory of multiple intelligences (Sternberg, 1986), CQ is similar to, yet distinct from, other forms of intelligence (Ang et al., 2007). For example, CQ is quite similar to general mental ability (GMA) and emotional intelligence (EQ) because all of them are sets of abilities rather than ways of behaving (Mayer et al., 1999). On the other hand, and ironically, it is also the abilities that make these constructs different. GMA, for instance, focuses on cognitive abilities in general, while EQ, despite being more similar to CQ than GMA, focuses on the ability to deal with individuals' emotions. None of them consider the cultural context like CQ does (Ang et al., 2007).

The need for cultural intelligence

Until now, the thesis has presented theory regarding cultural intelligence and only briefly mentioned why CQ is important today. The construct seeks to understand why some individuals are more effective than others in culturally diverse settings (Ang et al., 2007). However, this thesis will not emphasize that issue and instead look into a relationship between cultural intelligence in leaders and perceived group inclusion among the employees in diverse teams.

First and foremost, Gelfand et al. (2007) postulate that relatively little research focuses on variables that could improve intercultural encounters. To substantiate, Ang et al. (2007) claim that research on individual capabilities to promote intercultural effectiveness is deficient and unsystematic. CQ addresses a need to go beyond understanding and explaining cultural differences in behavior within cross-cultural psychology to be further able to bridge such differences in, e.g., a work environment (Ang et al., 2015). Hence, in the last decade, the construct has evolved from a theoretical concept to a measurable construct with robust psychometric properties and evidence of construct validity (Ang et al., 2015, p. 274). For example, research on CQ has uncovered how to train and develop this ability as a skill in leaders and employees with decent predictive validity (Ang et al., 2015).

Further, a culturally intelligent person does not jump to conclusions from only one or two clues but collects more information before judging another person (Triandis, 2006). Identifying relevant information before making a judgment

increases the chances for the judgment to be rightful. Also, learning perspective-taking, the ability to put oneself in the shoes of others can raise a healthy critical awareness of one's cultural norms and an open-minded willingness to see the other culture from that culture holder's perspective (Triandis, 2006). Thus, a sympathetic understanding of different cultures can increase the chances of improved interpersonal relationships. Culturally intelligent individuals are also more flexible than the average person and, therefore, can adjust to different organizational environments. This ability can be necessary for the individuals' career and the overall success of an organization and may be especially valuable in a global world (Triandis, 2006)

Given the number of cross-functional assignments, job transfers, new employees, and distant postings most corporate managers are likely to experience in the course of a career, low CQ can turn out to be an inherent disadvantage (Earley & Mosakowski, 2004). Moreover, when international experience is considered a critical component of a firm strategy, it can be costly to lack CQ in leaders and employees (Crowne, 2008). For example, negotiations can break down due to a lack of understanding of the other party. Hence, CQ can be decisive for success or failure in international businesses (Johnson et al., 2006).

Conclusively, the negative consequences of low CQ and following behaviors are both expensive and well-publicized (Alon & Higgins, 2005). The overall picture of development and practical usage of CQ in global leaders indicates that organizations do not pursue this matter. The presented theory underscores the importance of CQ and that organizations and leaders should prioritize developing it one way or another. These arguments strengthen why our research question is interesting to explore.

Research to date

To date, research on CQ has primarily focused on conceptual theorizing, e.g., The Four-Factor Model of CQ (Ang et al., 2007; Sternberg et al., 2000), what CQ is, and what CQ is not. Thus, on the one hand, there is extensive research on the dimensions of the Four-Factor Model and how these dimensions can predict various organizational behaviors such as job performance, trust, negotiation, leadership, and work-, interactional - and psychological adjustment (Ang et al., 2007; Ng et al., 2012). Which in turn resulted in positive profits for the company,

according to Ng et al. (2012). And, several studies have focused on similarities and differences of CQ with personality and other intelligence (Ang et al., 2007; Ng et al., 2012). On the other hand, and in contrast, empirical research on CQ has been scarce – primarily due to the newness of the construct. For example, little research has been done on practical aspects of using the concept in organizational contexts such as leadership development programs or recruitment processes.

However, qualitative studies have also been conducted, involving in-depth interviews with global leaders, which provided well-considered empirical support regarding leaders' CQ's importance in managing subordinates of different cultural backgrounds (Deng & Gibson, 2008). It enhances the leader's ability to operate in cultural contexts (Ng et al., 2012) and contributes to the development of social networks (Fehr and Kuo, 2008).

To sum up, most research on CQ today has emphasized conceptualization of theory such as the four factors of CQ and its theoretical and conceptual distinction from other constructs. Therefore, it can be argued that this research area benefits from more investigations that can facilitate empirical and practical implications by, e.g., including different variables. Literature to date strengthens our confidence that the current research question is an essential contributor to the CQ and diversity literature.

Diversity

To further clarify the importance of CQ and put the term into practice, we look at diversity at the workplace, being a prominent phenomenon in today's globalized world. In response to diversity, how to create inclusion in a diverse workforce.

Although a concise and universally accepted definition of diversity has remained elusive, scholars have tried to conceptualize diversity to make it more understandable (Mor Barak, 2000). By definition, it refers to *the differences among members of organizations, with respect to common attributes such as: gender, disabilities, culture, or religion"* (Harrison & Klein, 2007). We will use the term diversity in conjunction with different cultural backgrounds with origins in foreign countries. Culture is often understood as visible characteristics, such as behaviors, and invisible, impalpable psychological attributes such as values and norms (Aslani et al., 2016, p. 1178). Therefore, in our understanding, there is a link between being from another culture and being diverse. This notion is also

supported by Dahlin et al. (2005), who states that ethnic diversity tends to be one of the most salient traits in inter-team relationships due to its influence on communication styles, interaction patterns, and trait hierarchies.

Inclusion and perceived group inclusion

Companies today are predominantly generating value based on talent instead of natural resources (Chambers et al., 1998). Talents who can contribute to complex organizations operating in changing environments are a rarity. Therefore, the talent demand and supply are imbalanced, and the competition for the best talents is growing (Chambers et al., 1998). Organizations have faced increased competition to go beyond the national pool of candidates to recruit candidates from other nations and cultures (Bousseba, 2009). As the world becomes smaller through globalization and technological advancements, companies can either offer talents to work wherever they are based or offer them to relocate. Thus, to adapt organizations move away from a traditional homogenous workforce to a more multicultural and diverse workforce. However, this transformation has happened in a flash, and rapid changes often correlate with challenges (Bass et al., 1996).

As organizations' workforce is more diverse, scholars have developed and proposed theoretical frameworks and strategies to manage diversity (Roberson et al. 2003). However, despite the increased focus on diversity practices and training programs, organizations are still struggling to handle the increasingly diverse workforce (Nishii et al., 2018; Bezrukova et al., 2016). Homan et al. (2007) expressed it wisely when they described diversity as a double-edged sword due to its potential to reinforce performance through diverse knowledge and perspectives, and at the same time damage organizations. For example, suppose organizations and their leaders are unable to unite diverse employees or teams through one vision and mission. In that case, the group will most likely work in silos, and the expected knowledge creation will fall flat (Jehn, 1999). Further, Kurtzberg’s (2005, p. 51) results indicate that team diversity may damage team satisfaction and members' impression of its performance and overall performance (Jehn, 1999).

However, as the diversity field has grown, scholars have redirected their focus from “problems" due to diversity, to how to develop work environments where diverse individuals feel included (Shore et al. 2011). The concept of

inclusion in its premature state within the organizational literature (Shore et al., 2011), but, and as mentioned, the feeling of being excluded is highly damaging. So, what is inclusion? As the importance of inclusion has received substantial attention within the diversity literature in the last decade (Shore et al., 2011), the definition of inclusion still differs across both studies and research fields (Jansen et al., 2014). One of the most cited definitions of inclusion within [organizational] literature is developed by Shore et al. (2011, p. 1265). They define inclusion as *"the degree to which an employee perceives that he or she is an esteemed member of the workgroup through experiencing treatment that satisfies her or his needs for belonging and uniqueness."* Based on the prior work of Jansen et al. (2014, p. 370), three paramount factors become unmistakable with this definition. Firstly, inclusion is understood as the satisfaction of individuals' needs within a group. Second, inclusion consists of two dimensions: belongingness and uniqueness. Third, it is the group that includes the individual rather than the individual who connects the group.

Further, Jansen et al. (2014, p. 373) identified another new component of inclusion. They found that the feeling of being included is an individual's perception of which they are included is based on cues sent out by the group. By this insight, they define inclusion as *"the degree to which an individual perceives that the group provides him or her with a sense of belonging and authenticity"* (Jansen et al., 2014, p. 373). However, we question that only a group can send cues related to feelings of being included. We believe that a leader on a team level, often described as a group consisting of four to seven people who work through interdependent interaction (Forsyth, 2018, p. 340), can and will affect the likelihood of feeling included. Randel et al. (2018, p. 201) suggest, as organizations become more diverse, that leaders need to understand how to play their roles in ways that not only exploit diversity and maximize the performance of their work team but must also realize these goals through behaviors that are inclusionary of all team members. Leaders are often responsible for several decisions that affect their team and hold a significant degree of influence on the working environment in which inclusive treatment by others occurs (Randel et al., 2018, p.191). Further, Tyler and Lind (1992) argue that team members look to their leader for information about what is expected and acceptable in team interactions. Thus, how leaders behave can ultimately affect the feeling of being

included.

Today's workplace is more diverse than ever, and individuals increasingly work in international teams and divisions (Ang et al., 2007; Ang et al., 2015). As a result, challenges related to language, culture, religion, politics, and even cooperation may arise (Triandis, 2006, p. 1), so creating a workplace where everyone feels included becomes more critical. Managers with high CQ have been shown to contribute to an increased sense of inclusion in a workplace based on managing effectively in culturally diverse settings (Ang et al., 2007). Thus, we believe that leaders with high cultural intelligence increase perceived group inclusion among employees in diverse teams. This, again, can lead to increased commitment, performance, and organizational citizenship among employees (Shore et al., 2011). Based on these findings and reflections, we propose the following hypothesis:

H1: There is a positive relationship between cultural intelligence and perceived group inclusion.

Psychological Safety

Collaboration is becoming more and more prevalent in today's organizations. This involves sharing information and ideas, integrating perspectives, and coordinating tasks. The inability to cooperate with divergent stakeholders in and outside an organization can be costly (Earley & Ang, 2003; Freeman, 2001). Working together can be demanding, and if you add the ingredient of globalization and diverse teams, it can be even more challenging (Ang et al., 2015; Earley & Ang, 2003). One of the antidotes of these challenges can be psychological safety (PS). PS has recently been connected to the feeling of acceptance among employees in the workgroup and avoidance of being disregarded or perceived as less valuable (Edmondson, 1999; Nembhard & Edmondson, 2006). Thus, to feel safe and confident at work.

Although a concise and universally accepted definition of psychological safety has remained elusive (Edmondson & Lei, 2014; Kahn, 1990), this assignment will use Edmondson's (1999, p. 250) definition *"psychological safety*

describes individual's perceptions about the consequences of interpersonal risks in their work environment." Edmondson emphasizes that PS is especially prominent in teams and says that the definition also encapsulates and applies to teams, meaning that the team is safe for interpersonal risk-taking.

Further, researchers claim that PS has distinct antecedents and outcomes (Edmondson et al., 2004). They propose that the following antecedent conditions are likely to give rise to psychological safety in work teams: 1) leader behavior, 2) trusting and respectful interpersonal relationships, 3) «practice fields,» 4) organizational context support, and 5) emergent group dynamics. Furthermore, as a result of the antecedent conditions, PS is likely to affect behaviors related to learning and improvement (Edmondson, 1999) and have the following positive outcomes: 1) help-seeking, 2) feedback-seeking, 3) speaking up about errors and concerns, 4) innovative behavior and innovation, and 5) boundary spanning.

Nembhard & Edmondson (2006) substantiates this statement by studying the effects of leader inclusiveness on psychological safety and its improvement of effort in health care teams. In other words, without going into depth of antecedents or outcomes of PS, both display the importance of proper leadership and group-inclusiveness to increase the chances of obtaining positive organizational results. Thus, we would like to investigate if CQ has a positive relationship with PS.

H2: Psychological safety will have a positive relationship with CQ

Teams and virtual teams

Since we want to investigate teams closer, we need to highlight that we will examine teams from two different angles, virtual teams, and face-to-face teams. There are several definitions of teams, yet most scholars agree that it concerns solving tasks through interdependent interactions. Therefore, Forsyth (2018) defines teams as *"a group that pursues performance goals through interdependent interactions"* (Forsyth, 2018, p. 340).

The stable face-to-face teams we often see today still work well in many contexts (Edmondson, 2013). By staffing together sufficient skills, abilities, and

competencies in conjunction with the right people (Martins et al., 2004) and giving them time to build trust (Mayer et al., 1995), organizations can accomplish great things. However, in light of the technological advancements, increased globalization, and increased decentralization of work processes, organizations seize the opportunity to exploit virtual teams (VT's) (Hertel et al., 2005; Malhotra et al., 2007). Using VT's, organizations can compose a team with the specific skills, knowledge, and abilities needed for a particular task, whether one works from home or in another country (Martins et al., 2004). Remote working may also be significantly beneficial in attracting and retaining talented employees in a competitive job market (Bell & Kozlowski, 2004). In terms of a standard definition, most scholars agree that virtual teams encapsulate applying technology in various degrees to, e.g., communicate across locations. Thus, Martins et al. (2004) define VT's as *"teams whose members use technology to varying degrees in working across locational, temporal, and relational boundaries to accomplish an interdependent task."*.

Yet, how can leaders motivate people to accomplish great things when the follower is located on the other side of the world? Such boundaries can create challenges, and several scholars argue that leading VT's is easier said than done (Bell & Kozlowski, 2002). Bell and Kozlowski (2002) further suggest that a lack of face-to-face communication may create a spatial distance that negatively impacts the interaction between the leader and each team member. Thus, leaders may invest more time developing the same synergies in virtual teams as ordinary face-to-face teams, yet they still can fail (Purvanova and Bono, 2009).

Even though the usage of virtual teams has become more natural in the new ways of working, especially during the covid-19 pandemic, there seem to be more challenges than benefits using virtual teams. For instance, we believe that it is more challenging for leaders to conduct leadership behaviors - in this case, connected to cultural intelligence - in VT's. This challenge can further interfere negatively with the relationship between CQ and PGI because it is usually more difficult for the leader to develop the same relationship virtually than face-to-face. According to Jarvenpaa and Leider's (1999) study on virtual teams, one reason for this hardship is that trust, being one of the most critical aspects for virtual teams to function appropriately, paradoxically is one of the hardest things to maintain in such teams. "Trust needs touch." Also, Judge and Piccolo (2004) postulate that it

is more difficult to maintain effective leadership behavior in virtual teams than in conventional teams. To further substantiate, Hambley et al. (2007) and Hertel et al. (2005) found that it is easier for employees to become task-oriented in VT's and thus lose the relational aspect important in CQ and PGI. Hence, it will be interesting to see if the relationship between the leaders' cultural intelligence and perceived group inclusion is affected by how the teams are composed. Therefore:

H3: Virtual teams will moderate the relationship between CQ and PGI so that CQ will be more negatively related to PGI when you work in a virtual team.

Team Creativity

Constant change has become the "name of the game." Changes often occur due to new ideas brought up to the light or through new ways to solve novel problems. Creativity can thus be defined as *the making and communicating of meaningful new connections and insights"* (Isaksen and Ekvall, 2010). In any R&D projects or any type of project in which multidisciplinary teams are composed in organizations, they often need input from each other. In other words, these teams often interact to share and develop ideas (Pirola-Merlo & Mann, 2004). As organizations have redirected much of their focus to team-based work, they expect to increase the organization's capabilities to facilitate innovation and task effectiveness. In conjunction with this change, scholars have pinpointed their attention on factors that enable creativity at a team and organizational level (Brazdauskaite & Rasimaviciene, 2015; Hennessey, 2010; Woodman et al., 1993). Zhou et al. (2009) express that leading creativity requires awareness to identify employees with creative potential and understand how the team context influences the creativity of individuals with different backgrounds. However, there is still scarce research on the relationship between a leader's cultural intelligence and team creativity. Since culturally intelligent leaders are supposed to take different backgrounds in the workforce into account, we believe that a leader's CQ can enhance team creativity.

Team Performance

Team performance consists of two variables: performance and viability. Team viability can be defined as members' satisfaction, participation, and willingness to continue working together (Sundstrom et al., 1990). Performance means acceptability of output to customers within or outside the organization who receives the team's product, service, advice, decisions, or performance events (Sundstrom et al., 1990). For our purpose, we want to see if a leader's cultural intelligence can bolster the overall performance of diverse teams. This is based on Ang et al. (2007), who assume that CQ promotes task performance in diverse teams because culturally intelligent leaders take cultural values into account in role expectations, a driver for performance.

Turnover intention

Turnover intention is understood as thoughts of quitting and actively searching for new job opportunities (Bozman & Perreewee, 2001)**.** The feeling of being included is essential. Regardless of any situation, we seek social cues to see if we are valued, accepted, and considered equal in the group we belong. Thus, our perception of being included can be seen as a motivational factor to stay in the job. Also, Froese et al. (2016) suggest that CQ can decrease turnover intention among inpatriate employees. Hence, we believe that CQ and PGI will have a positive relationship with team performance, creativity and have a negative relationship with turnover intention.

H4: PGI will have a positive relationship with team performance (a) and team creativity (b), and a negative relationship with turnover intention (c)

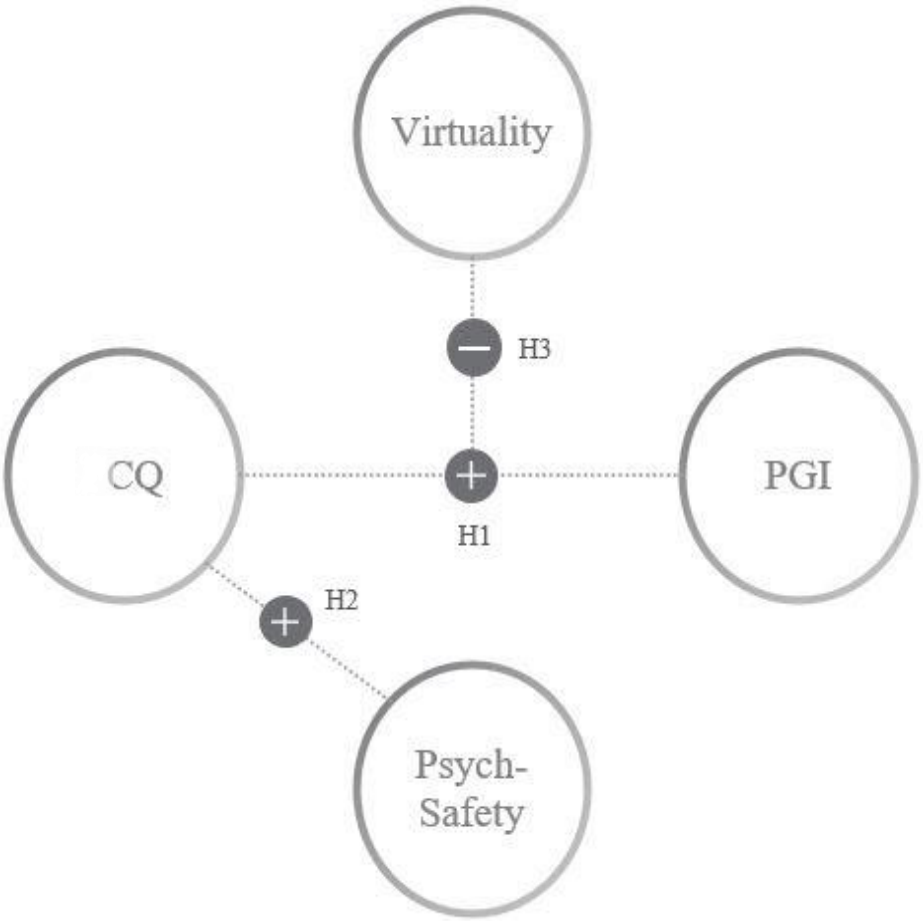
H5: CQ will have a positive relationship with team performance (a) and team creativity (b), and a negative relationship with turnover intention (c)

Conceptual framework

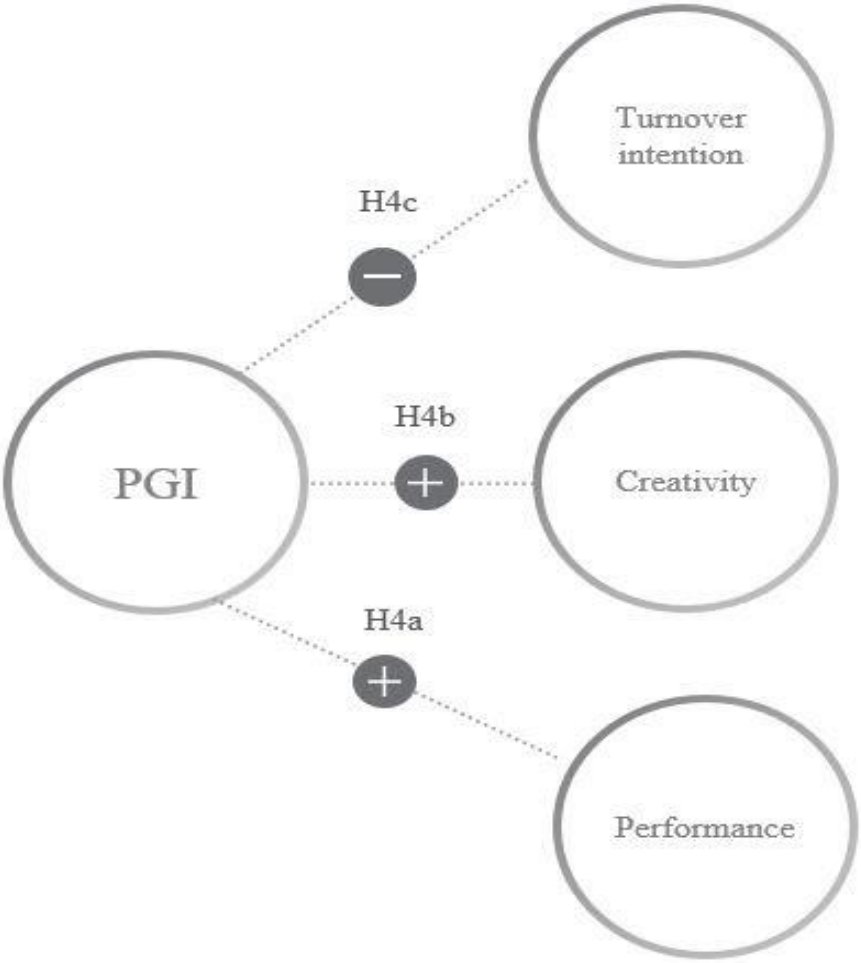
The models attached are graphical illustrations and a description of our central hypothesis that leaders' CQ, the independent variable, may relate to the team's perceived group inclusion, the dependent variable. Additionally, the models focus

on how virtuality may have a moderating effect on the relationship between CQ and PGI. The last variables in the models are psychological safety, team performance, team creativity, and turnover intention. They are thought of as factors that may have a positive or negative relationship with CQ or PGI.

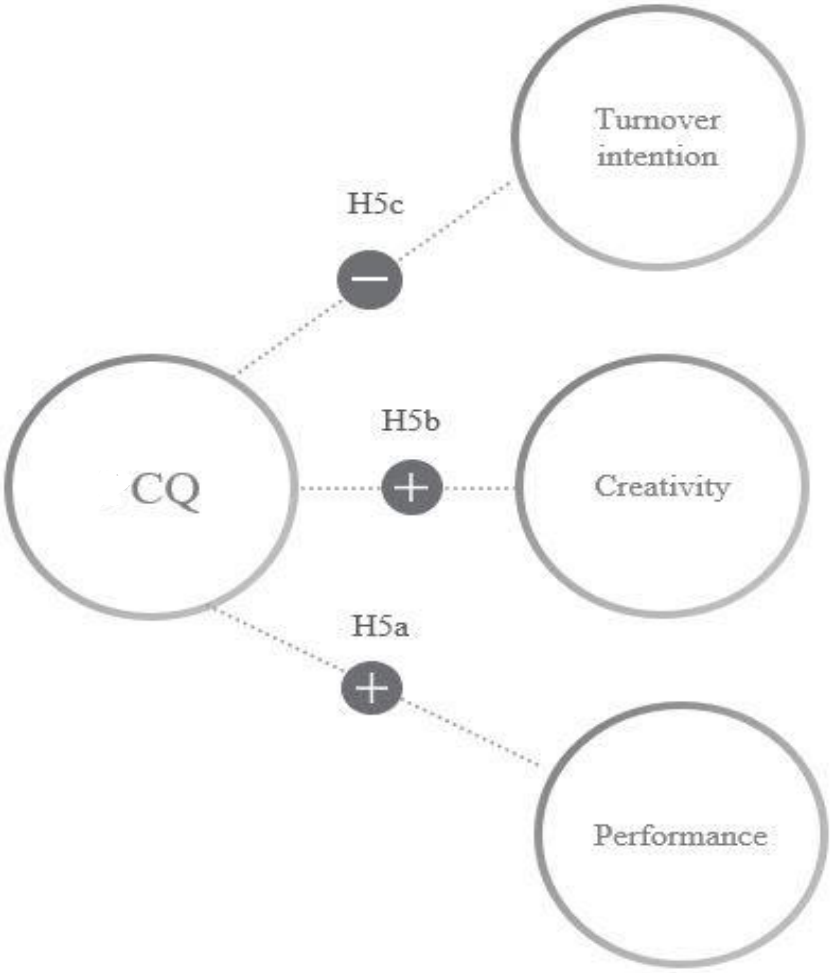
Model one



Model 2


Turnover intention
H4c
PGI
H4b
Creativity
H4a
Performance

Model 3



Methodological framework

Collected data

To answer our hypotheses, a quantitative research design was used. Firstly, a quantitative approach allowed us to obtain a larger sample of participants compared to a qualitative study. Secondly, based on the larger sample, a more general conclusion could be drawn regarding the relationship between leaders' cultural intelligence and variables such as perceived group inclusion, performance, psychological safety, creativity, or how these constructs could

capitalize on each other in diverse teams (Bell et al., 2019). Thirdly, by distributing surveys, we collected data from a broad set of participants. Fourthly, since Norway - statistically speaking - was not as culturally diverse, in an occupational setting, as other European countries (SSB, 2021), we had to look abroad to collect sufficient data. Fifthly, qualitative methods, e.g., interviews and observations, would be more challenging to arrange as they require more time and resources (Bell et al., 2019). Lastly, quantitative research was more effective when researching various relationships.

Procedure

Our initial desire was to conduct an in-depth analysis on diverse teams in Norway based on our assumption that Norway is a frontier regarding diversity and had more diverse teams. However, we found that the scope was very limited, with only 8.2% of the workforce in Norway being regarded as diverse (SSB, 2021). Based on our definition of diversity, this meant workers from foreign cultures. Ergo, individuals born outside of the Norwegian borders by two foreign-born parents and four foreign-born grandparents (SSB, 2021). Thus, the need to go beyond national borders became prominent to obtain the desired sample size and increase the probability of conducive answers. Hence, we used Prolific, a self-service data collection platform where individuals from all over the world could sign up electronically to answer surveys. Prolific helped us recruit high-quality research participants within a limited research area by offering the participants a small monetary reward. To ensure data that could generate value for the Norwegian population, we exclusively used respondents from the United Kingdom (UK) which had a notably diverse workforce. Based on the prior work of Hofstede (2021) on cultural characteristics for Norway and the UK, we identified cultural similarities between the two countries - especially compared to, and in contrast to, the US and Japan (Hofstede, 2021). Hence, the goal of collecting insight on culturally diverse teams appeared manageable.

Further, we included an attention check in the survey to investigate whether or not the participants answered without reading the items to reassure that the responses were as unbiased as possible. Seven participants either failed the attention check or finished the survey peculiarly fast and were removed from the sample. On this basis, our sample was reduced from 300 to 293 participants.

Participants who successfully completed the survey received a completion code that secured them a small payment for the response. We thus obtained 293 responses after filtering out unqualified participants based on our criteria, making our sample fairly big (Bell et al., 2019).

Sample

Our sample consisted of 293 respondents from the UK. The gender split was 57.7% females (169) and 42.3% males (124), thus rather even. The mean age was 33.99 years, where the oldest was 65, and the youngest was 18 years old. Further, we had 31.7% leaders (93) and 68.3% non-leaders (200). 66.9% said they worked in a virtual team (196), while 33.1% (97) of the respondents said they did not work in a virtual team. The average tenure and work experience were 11.88 years. The respondents were also asked to answer, *"How diverse is your team?"* on a scale ranging from 1 to 7, where 7 is most diverse, resulting in a mean score of 4.34. This indicated that our participants worked in relatively diverse teams.

Descriptive statistics

	Mean	**St.D**	**N**
Age	33.89	10.274	293
Work experience	11.88	10.217	293
Team size	13.15	12.993	293
Diversity in team	4.34	1.549	293
Team creativity	5.1459	1.31486	293
Team performance	5.5916	1.13896	293
Turnover intention	3.2560	1.82055	293
PGI	5.4297	1.17080	288
CQ	4.9808	1.12497	293
Psych_S	5.1797	1.03805	293

Measures

In Norway, if you conducted a research project that processed personal data among the participants, you must apply for approval from Norwegian Centre for Research Data (NSD). However, if you exclusively collected anonymous data, as in our case, then the project should not be notified to NSD (NSD, 2021). Regardless, we sent an application to NSD to be sure. Still, after communicating with them, we found out that an approved application was not necessary for our

project to be declared valid and ethically legal.

All of the items concerning the independent, dependent, and moderating variables were measured using a Likert scale, and exceptions were only used on the control variables such as gender, age, and tenure. *Unless otherwise mentioned, all items used a Likert-Scale ranging from 1 ("strongly disagree") to 7 ("strongly agree).* We only used measurement scales adopted and validated from previous research.

Long questionnaires can lead to survey fatigue - *the time and effort involved in participating in a survey* (Porter et al., 2004, p. 64), leading to lower quality data. Therefore, to avoid an excessively long survey, we chose to reduce the number of items from the original measurement tools based on the relevance to our study.

On the one hand, we are aware that items can be reduced based on perceived redundancy. On the other hand, redundant items would not exist on a validated scale like the ones we used in this thesis. All items should contribute uniquely to content validity. However, we argue that our selection of items was based on their loadings in previous research, so our selected items continuously load high on the current constructs.

Cultural intelligence

We measured leaders' cultural intelligence by using Ang et al. (2007) CQ scale called Cultural Intelligence Scale (CQS). Typically, in CQS, participants rate their own CQ. However, we redesigned the items from *"I am"* to *"My team leader",* and by doing so, the employees instead evaluated their leader's CQ. According to Ang et al. (2007), research has primarily relied on the 20-item CQS. This measure has gone through an extensive validation process. Research has demonstrated that it was generalizable across samples, over time intervals, and in different cultures and countries - e.g., Singapore and the US (Ng et al., 2012). CQS was divided into four sections based on CQ's four dimensions mentioned above.

Of the 20 items in the original scale, we used 11 of these based on the criteria to measure how employees perceived their leader's CQ and not how the leader perceived their own CQ. Some of the items in the original scale would have been difficult for the participants to answer because they concerned internal aspects of the leader, invisible for the objective viewer. For example, to what

extent could the participants answer whether or not *«My leader knows the marriage systems in other cultures»* or *«My leader knows the rules for expressing non-verbal behavior in other cultures»* if this has not been explicitly discussed at work before. These items could be challenging to answer and could lead participants to guess instead of answer items sincerely on matters they could say something about. In comparison, it was for the same reason we included an attention check to avoid guessing and random answers, which could have squandered data and weakened the study's validity.

Based on survey fatigue, item relevancy, the purpose with the survey, and the desire to prevent unwanted responses, we chose to remove some items from the original scale. Thus, we used 11 items from the CQS. This meant that we analyzed our data based on the overall mean of items encapsulating the construct. The cultural intelligence variable (n=293) indicated a Cronbach's alpha score of .917 for the 11 items.

Perceived group inclusion

We measured perceived group inclusion by using the PGI scale developed by Jansen et al. (2014). We redesigned the questions from "My group" to "My team." For example, *"My team allows me to be who I am."* The perceived group inclusion (n= 293) variable was reliable with a Cronbach's alpha of .974.

Psychological safety

We used Edmondsons' (1999) psychological safety scale to measure the construct. For example, *"Members of this team are able to bring up problems and tough issues".* We also reverse-coded items 2 and 4. For psychological safety (n=293), the results indicated a Cronbach's alpha score of .765.

Group creativity

Group creativity was measured by using the original scale developed by Zhou and George (2001). For example, *"My team often has new and innovative ideas"*. However, we used four out of 13 statements from their survey and excluded items such as *"In my team, one is very creative"*. The other eight include questions related to individual creativity, which is not relevant for our current study. The four items we used were identical to what Jansen et al. (2014) used to study group

creativity. Team creativity showcased a Cronbach's alpha score of .940 (n=293), which underscored that four items were sufficient to explain group creativity.

Team performance

Team performance was measured by adopting three questions from Hackman's five-item scale (1978). Like group creativity, we used the same items as Jansen et al. (2014) used on team performance. For example, *"This team performs excellently"*. Cronbach's alpha for team performance (n=293) had an estimate of .868.

Turnover intention

The turnover intention was measured by adopting the full three-item measure from Meyer et al. (1993). We assessed turnover intention with items such as *"I intend to stay in this job for the foreseeable future."* The turnover intention construct (n=293) had a Cronbach's alpha score of .921.

Control variables

We controlled for team diversity, leader or non-leader, age, gender, team size, tenure, virtual team, and industry to rule out possible alternative explanations and investigate whether they affected the relationships and results. All of the control variables were measured using direct questions. According to Bell et al. (2019), the need for control variables was essential to reduce spurious relationships.

Results

Data analysis

Correlation analysis

Firstly, we examined the relationships between the variables of interest using a Pearson correlation analysis (Table 1). It looked at bi-variate relationships between the variables included in our study. From the analysis, we could see that several of the bivariate relationships were significant.

Table 1: Correlations coefficients among all variables in our study

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Psychological safety	1													
CQ	.374**	1												
PGI	.762**	.450**	1											
Turnover intention	-.432**	-.258**	-.414**	1										
Team creativity	.555**	.316**	.598**	-.282**	1									
Team performance	.697**	.405**	.713**	-.491**	.653**	1								
Gender	.120*	.134*	.086	-.056	.185**	.158**	1							
Virtual team	-.064	-.079	-.014	-.039	-.109	.084	-.117*	1						
VT before Covid	-.012	-.048	.053	-.059	.027	-.023	-.050	-.276**	1					
Age	-.024	-.064	-.071	-.050	-.098	-.092	-.141*	.010	.034	1				
Leader and Non-leader	-.049	-.159**	-.156**	.150*	-.163**	-.157**	.113	-.018	.008	-.109	1			
Experience	-.025	-.060	-.060	-.003	-.096	-.108	-.118*	.073	.016	.842**	-.053	1		
Team size	.035	.034	.003	.091	-.024	-.005	.065	.030	.103	.018	-.046	.076	1	
Diversity	.079	.205**	.108	-.052	.046	.120*	-.072	.026	.074	-.008	-.075	-.015	.003	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

This study aimed to investigate a relationship between cultural intelligence (CQ) and perceived group inclusion (PGI) in diverse teams. Additionally, we wanted to examine if CQ and PGI had a relationship with distinct outcome variables. The hypotheses were tested by running nine separate OLS regression analyses. This is why we included two dependent variables in our regression analyses. We used the hierarchical method in SPSS, where we entered the control variables before we entered the independent variable.

H1: There is a positive relationship between cultural intelligence and perceived group inclusion

Table 2 showcases the results regarding Hypothesis 1. The coefficient of determination (R) for the entire model was announced to be 0.460, which indicated that the model explained 46% of the variation of perceived group inclusion. Further, the value reported for the R square change is 0.211, which suggests that cultural intelligence explains around 21% of the variation in perceived group inclusion. Moreover, the model had an F value of 8.090, which is significant on a (0.01) level, and this indicated that the model is valid and a purposeful indicator to predict perceived group inclusion. Cultural intelligence had a positive standardized beta coefficient of 0.426, which is significant at a (0.01) level. The result of our regression analysis proposed that cultural intelligence had a positive relationship with perceived group inclusion. Hence, the regression supported Hypothesis 1.

Regression results: Table 2

Dependent variable:	**PGI**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.085	.027
VT		.017	.057
Age		-.115	-.073
Manager/Non-Manager		-.156*	-.087
Experience		.018	.002
Team size		.001	-.017
Diversity in team		.087	.002
CQ	(H1)+		.426***
		Model 1	**Model 2**
F		1.687	8.090***
R		.217	.460
R Square		.047	.211
Adjusted R2		.019	.185

* P < .10, ** P < .05, *** P < .01

H2: Psychological safety will have a positive relationship with CQ

Table 3 below displays the results regarding Hypothesis 2. The coefficient of determination (R) for the whole model was announced to be 0.376, which indicated that the model explained 37.6% of the variation of cultural intelligence. Further, the value reported for the R square change is 0.142, which stated that cultural intelligence explained around 14.2% variation of psychological safety. Furthermore, the model had an F value of 5.734, which was significant on a (0.01) level, and this indicated that the model was valid and thus predicted psychological safety. Cultural intelligence had a positive standardized beta coefficient of 0.359, which was significant at a (0.01) level. The result of the second regression analysis suggested that cultural intelligence had a positive relationship with psychological safety. Thus, the regression supported Hypothesis 2.

Regression results: Table 3

Dependent variable:	**Psycholoigical Safety**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.107	.056
VT		-.038	-016
Age		-.035	-.002
Manager/Non-Manager		-.048	.009
Experience		-.003	-.013
Team size		.032	.023
Diversity in team		.076	.007
CQ	(H2)+		.359***
		Model 1	**Model 2**
F		.982	5.734***
R2		.155	.376
R Square		.024	.142
Adjusted R2		.000	.117

* P < .10, ** P < .05, *** P < .01

H3: Team virtuality will moderate the relationship between CQ and PGI so that CQ will be more negatively related to PGI.

Table 4 displays the results regarding Hypothesis 3. The coefficient of determination (R) for the entire model was announced to be 0.509, which indicated that the model explained 50.9% of the variation of perceived group inclusion. Further, the value reported for the R square change is 0.259, which stated that cultural intelligence explained around 25.9% variation of perceived group inclusion when controlling for people who worked more than two days in a virtual team. Furthermore, the model has an F value of 2.747, which was significant on a (0.10) level, and this indicated that the model was valid and a solid indicator of perceived group inclusion. Cultural intelligence had a positive standardized beta coefficient of 0.486, which was significant at a (0.01) level. The result of our third regression analysis suggested that cultural intelligence influenced perceived group inclusion positively. However, our results did not

indicate that team virtuality negatively moderated the relationship between CQ and PGI. Thus, the regression failed to support Hypothesis 3.

Regression results: Table 4

Dependent variable:	**PGI**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1 (0 VT)	**Model 2(VT 2 days/more)**
Gender		.023	.046
VT		.045	.096
Age		-.179	.093
Manager/Non-Manager		-.104	-.020
Experience		.091	-.058
Team size		-.008	-.134
Diversity in team		.073	.096
CQ	(H3) -	.410***	.486***
		Model 1	**Model 2**
F		7.413***	2.747*
R		.479	.509
R Square		.230	.259
Adjusted R2		.199	.165

* P < .10, ** P < .05, *** P < .01

H4a: PGI will have a positive relationship with team performance

Table 5 displays the results regarding Hypothesis 4a. The coefficient of determination (R) for the whole model was reported to be 0.723, which indicated that the model explained 73.3% of the variation of team performance. Further, the value reported for the R square change was 0.523, which suggested that perceived group inclusion explained around 52.3% of the variation of team performance. Moreover, the model had an F value of 37.441, which was significant on a (0.01) level, and this indicated that the model was valid and purposeful to predict team performance. Perceived group inclusion had a positive standardized beta coefficient of 0.679, which was significant at a (0.01) level. The result of the regression analysis proposed that perceived group inclusion had a positive relationship with team performance. Thus, the regression supported Hypothesis 4a.

Regression results: Table 5

Dependent variable:	**Team Performance**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.156	.098
VT		.133	.122
Age		-.075	.003
Manager/Non-Manager		-.157*	-.051
Experience		-.052	-.064
Team size		-.010	-.011
Diversity in team		.096	.036
PGI	(H4a)+		.679***
		Model 1	**Model 2**
F		3.570***	37.441***
R		.289	.723
R Square		.084	.523
Adjusted R2		.060	.509

* P < .10, ** P < .05, *** P < .01

H4b: PGI will have a positive relationship with team creativity

Table 6 displays the results from Hypothesis 4b. The coefficient of determination (R) for the whole model was reported to be 0.615, which indicated that the model explained 615.5% of the variation of team creativity. Further, the value reported for the R square change was 0.378, which suggested that perceived group inclusion explained around 37.8% of the variation of team creativity. The model had an F value of 20.732, which was significant on a (0.01) level, and this indicated that the model was valid and a meaningful indicator to predict team creativity. Perceived group inclusion had a positive standardized beta coefficient of 0.561, which was significant at a (0.01) level. The result of the regression analysis proposed that perceived group inclusion had a positive relationship with team creativity. Thus, the regression supported Hypothesis 4b.

Regression results: Table 6

Dependent variable:	**Team Creativity**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.170**	.122
VT		-.078	-.087
Age		-.151	-.087
Manager/Non-Manager		-.180**	-.092
Experience		.048	.038
Team size		-.038	-.039
Diversity in team		.036	-.023
PGI	(H4b)+		.561***
		Model 1	**Model 2**
F		3.289**	20.732***
R		.278	.615
R Square		.078	.378
Adjusted R2		.053	.360

* P < .10, ** P < .05, *** P < .01

H4c: PGI will have a negative relationship with turnover intention

Table 7 below displays the results regarding Hypothesis 4c. The coefficient of determination (R) for the whole model was 0.424, indicating that the model explained 42.4% of the variation of turnover intention. Moreover, the value reported for the R square change was 0.188, which suggested that perceived group inclusion explained around 18.8% of the variation of turnover intention. The model had an F value of 21.685, which was significant on a (0.01) level, and this indicated that the model was valid and meaningful to predict turnover intention. Perceived group inclusion had a negative standardized beta coefficient of -0.399, which was significant at a (0.01) level. The result of the regression analysis proposed that perceived group inclusion had a negative relationship with turnover intention. Thus

Regression results: Table 7

Dependent variable:	**Turnover Intention**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		-.082	-.048
VT		-.062	-.056
Age		-.106	-.106
Manager/Non-Manager		.135	.135
Experience		.092	.099
Team size		-.012	.097
Diversity in team		-.012	.023
PGI	(H4c) -		-.399***
		Model 1	**Model 2**
F		1.482	21.685***
R		.191	.434
R Square		.036	.188
Adjusted R2		.012	.165

* P < .10, ** P < .05, *** P < .01

H5a: CQ will have a positive relationship with team performance

Table 8 below displays the results regarding Hypothesis 5a. The coefficient of determination (R) for the entire model was reported to be 0.466, which indicated that the model explained 46.6% of the variation of team performance. Moreover, the value reported for the R square change was 0.217. This change suggested the cultural intelligence explained around 21.7% of the variation in team performance. The model had an F value of 9.622, which was significant on a (0.01) level. This indicated that the model was valid and a meaningful indicator to predict team performance. Cultural intelligence had a positive standardized beta coefficient of 0.369, which was significant at a (0.01) level. The result of our regression analysis proposed that cultural intelligence had a positive relationship with team performance. Thus, the regression supported Hypothesis 5a.

Regression results: Table 8

Dependent variable:	**Team Performance**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.168**	.115**
VT		.139	.161**
Age		-.066	-.031
Manager/Non-Manager		-.161*	-.102
Experience		-.064	-.074
Team size		-.011	-.021
Diversity in team		.106*	.035
CQ	(H5a)+		.369***
		Model 1	**Model 2**
F		4.079***	9.622***
R		.305	.466
R Square		.093	.217
Adjusted R2		.070	.194

* P < .10, ** P < .05, *** P < .01

H5b: CQ will have a positive relationship with team creativity

Table 9 below presents the results regarding Hypothesis 5b. The coefficient of determination (R) for the entire model was reported to be 0.381, which indicated that the model explained 38.1% of the variation of team creativity. Furthermore, the value reported for the R square change was 0.146. This demonstrated that cultural intelligence explained around 14.6% of the variation in team creativity. The model had an F value of 5.918, which was significant on a (0.01) level. This informed us that the model is valid and a meaningful indicator to predict team creativity. Cultural intelligence had a positive standardized beta coefficient of 0.272, which was significant at a (0.01) level. The result of our regression analysis proposed that cultural intelligence had a positive relationship with team creativity. Thus, the regression supported Hypothesis 5b.

Regression results: Table 9

Dependent variable:	**Team Creativity**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		.184**	.147
VT		-.072	-.056
Age		-.137	-.112
Manager/Non-Manager		-.182**	-.140
Experience		.028	-.037
Team size		-.039	.037
Diversity in team		.037	.035
CQ	(H5)+		.272***
		Model 1	**Model 2**
F		3.608***	5.918***
R		.288	.381
R Square		.083	.146
Adjusted R2		.060	.121

* P < .10, ** P < .05, *** P < .01

H5c: CQ will have a negative relationship with turnover intention

Table 10 below presents the results regarding Hypothesis 5c. The coefficient of determination (R) for the entire model was reported to be 0.307, which indicated that the model explained 30.7% of the variation of turnover intention. The value reported for the R square change was 0.094, this demonstrates that cultural intelligence explained around 9.4% of the variation in turnover intention. The model had an F value of 3.617, which was significant on a (0.01) level, this informed us that the model was valid and a meaningful indicator to predict turnover intention. Cultural intelligence had a negative standardized beta coefficient of -0.241, which was significant at a (0.01) level. The result of the regression analysis proposed that cultural intelligence had a negative relationship with turnover intention. Thus, the regression supported Hypothesis 5c.

Regression results: Table 10

Dependent variable:	**Turnover Intention**		
Independent variables	**Hypotheses**	**Standardized Beta Coefficients**	
		Model 1	**Model 2**
Gender		-.094	-.059
VT		-.072	-.086
Age		-.117	-.139
Manager/Non-Manager		.139	.100*
Experience		.102	.111
Team size		.095	.101
Diversity in team		-.026	.020
CQ	(H5)-		-.242***
		Model 1	**Model 2**
F		5.505	3.617***
R		.203	.307
R Square		.041	.094
Adjusted R2		.017	.068

* P < .10, ** P < .05, *** P < .01

Discussion

The following section will elaborate and discuss the main results found in this study. We looked at whether cultural intelligence in leaders had a positive relationship with perceived group inclusion among employees in diverse teams and if other variables had a similar relationship with CQ and PGI or moderated the relationship. The proposed hypotheses are presented with accompanying results and then discussed to connect our findings with relevant theoretical perspectives and research. Further, theoretical contributions, practical implications, limitations and future research will be magnified. Lastly, the concluding remarks of the thesis will be presented.

The current study aimed to contribute to the cultural intelligence literature by investigating if cultural intelligence in leaders had a relationship with perceived group inclusion in diverse teams. Thus, contributing with a practical study within a scientific field dominated by conceptual theorization. In doing so, it responded to a need for filling a gap in the prevailing CQ literature and satisfied a

necessity in an ever-globalizing workplace. Further, we wanted to scrutinize whether CQ had a positive relationship with psychological safety, and if both CQ and PGI had a positive relationship with team performance, and team creativity and a negative relationship with turnover intention. Lastly, we analyzed to what extent virtual teams moderated the relationship between CQ and PGI negatively when virtuality was high.

For Hypothesis 1**,** we expected a positive relationship between CQ and PGI. Our study supported this assumption, where cultural intelligence had a positive standardized beta coefficient of 0.426, significant at ($p<0.01$) level. Thus, Hypothesis 1 was confirmed, suggesting that leaders' cultural intelligence and their following behavior were positively related to employees' perception of being included within diverse teams both in traditional face-to-face teams and virtual teams. Even though prior research had not investigated the direct relationship between CQ and PGI, scientific findings from Ang et al. (2007), Forsyth (2018), Randel et al. (2018), and Tyler and Lind (1992) suggests, roughly speaking, that leaders and their behavior affect the feeling of being included. This can be substantiated with previous research postulating that CQ predicts trust, negotiation, and the development of social networks at work, all of which can be essential elements in PGI (Ang et al., 2007; Fehr & Kuo, 2008; Ng et al., 2012). Particularly trust and development of social networks can be compared with elementary factors within PGI, such as belongingness, uniqueness, and individual inclusion. Firstly, in belongingness, trust can be an essential ingredient. Secondly, uniqueness in the sense that a leader with CQ can show pro-cultural behavior and acceptance towards cultural others, ultimately including and accepting individuals. And lastly, individual inclusion may be more accessible in diverse teams where a leader with CQ facilitates social networking (Jansen et al., 2014, p. 370). Based on this, it is arguable that leaders with high CQ to a greater extent are able to build perceived inclusiveness among the employees in diverse teams.

Hypothesis 2 was supported, meaning that CQ had a positive relationship with PS. CQ had a positive standardized beta coefficient of 0.359, which was significant at a ($p<0.01$) level. This finding is in accordance with our presumption that a leader, or leader behavior, plays a vital role in creating psychological safety at work, especially in diverse teams. This is substantiated by prior research, which suggests that leaders and their behavior are pivotal for creating psychological

safety (Edmondson et al., 2004; Nembhard & Edmondson, 2006). Why is it that cultural intelligence had such an effect on psychological safety? Several of the building blocks of the concept of cultural intelligence, according to Ang et al. (2007), are, among other things, the joy of interacting with people from different cultures and the ability to adapt and communicate, which in turn can increase safety and an improved work climate (Gershon et al., 2000; Sacks et al., 2015). Thus, it can be argued that culturally intelligent leaders have a more prominent ability to see each individual and create an atmosphere of acceptance among employees across different cultures and ways of behaving, as illuminated regarding Hypothesis 1. This acceptance and openness can be argued to create psychological safety among the team members supported by the aforementioned research. And since collaboration is becoming more and more prevalent in today's globalized organizations, and the inability to collaborate with divergent stakeholders in and outside an organization can be costly (Earley & Ang, 2003; Freeman, 2001), cultural intelligence and diversity awareness should be on the agenda for organizations worldwide.

Based on previous research stating that virtual teams can be challenging in terms of miscommunication, sensed absent leadership, evaporating trust, and increased social distancing, our belief was that VT had a significant negative moderating effect on the relationship between CQ and PGI. The main reason for this assumption was because trust, being vital in CQ and PGI, is both hard to develop (Breuer et al., 2020; Jarvenpaa & Leider, 1999) and to maintain in virtual teams (Feitosa & Salas, 2020; Jarvenpaa & Leider, 1999). However, our findings suggested otherwise and showcased a statistically insignificant effect. Thus, Hypothesis 3 was not supported. Therefore, we can not with absolute certainty state that the observed effect did not occur due to confounding variables or other errors. In other words, alternative variables have affected the results. Hence, high team virtuality will in this study leave the relationship between CQ and PGI unharmed. Why is that? There can be several reasons for these outcomes. Breuer et al. (2020) argue that virtual teams with high media richness, cheerful humor, feedback culture, high ethical values, developed norms, and expectations are drivers for developing trust in virtual teams. Furthermore, Hertel et al. (2005) presented a model on managing a team in a virtual setting and what must be present for the team to work over a more extended period. For instance, the model

highlighted the importance of setting a clarified goal and clarifying team roles, implementing efficient collaboration and communication processes, continuous social and emotional support internally in the team, having proper technology, and topping it off with a leader who facilitated all of this. However, we did not investigate these factors in our study, which may explain our findings. Beyond our knowledge, the teams in our study might function really well and fulfill several of Bauer's and Hertel's factors. Maybe the teams in our research have worked in virtual teams for several years and have created a healthy routine.

Moreover, we know nothing about the time span, and the employees in the sample might have practiced home office in less than a year and only two times a week. Our study does not consider these factors. Further, virtual teams work even better if the team members have met face-to-face before and primarily if they have worked together and had a workshop where everyone gets to know the project, the work tasks, and each other on a deeper level (Hertel et al., 2005). This might be the case for the teams drawn from our sample.

Lastly, age can be a variable here, where younger and less experienced employees may be more familiar and comfortable with the digital experience and thus more confident in virtual teams. In our sample, the mean age is 33 and can contribute to explaining our findings.

Hypothesis 4a, b, and c will be discussed in the same paragraph. Based on previous research from Jansen et al. (2014) and Nishii & Mayer (2009), Ghosh and Tripathi (2020), our suspicion was that PGI would have a positive relationship with team performance and team creativity and a negative association with turnover intention. From our regression analysis, our findings supported our notion and the previous research conducted by scholars. PGI had a positive standardized beta coefficient of 0.679, significant at a ($p<0.01$) level on team performance. Furthermore, PGI had a positive standardized beta coefficient of 0.561 which is significant at a ($p<0.01$) level on team creativity, and PGI had a negative standardized beta coefficient of -0.399, which is significant at a ($p<0.01$) level on turnover intention. Thus, in line with previous research, our study also suggests that the feeling of inclusion bolsters team performance and team creativity and reduces the thoughts of quitting.

Hypothesis 5a, b, and c will also be discussed in the same paragraph as the previous hypothesis. Based on previous research from Ang et al. (2007), Zhou et al. (2009), and Froese et al. (2016), our expectation was that CQ would have a positive relationship with team performance and team creativity and a negative association with turnover intention. From our regression analysis, our findings supported this notion and the previous research conducted by researchers. CQ had a positive standardized beta coefficient of 0.369, significant at a ($p<0.01$) level on team performance. Furthermore, CQ had a positive standardized beta coefficient of 0.272, which is significant at a ($p<0.01$) level on team creativity, and PGI had a negative standardized beta coefficient of -0.242, which is significant at a ($p<0.01$) level on turnover intention. Thus, in line with previous research, our study also suggests that the leaders with high CQ enhances team performance and team creativity and reduces the thoughts of quitting.

Theoretical contribution

The findings of this study can be argued to have exciting theoretical contributions. Firstly, in the academic world, the present study sheds light on a relationship between two constructs that barely has been studied in the literature before, as far as we know. The study showed statistical support for this relationship, and the findings thus contribute to filling a gap in the leadership and diversity literature.

Secondly, the study found a positive relationship between CQ and PS. The world is increasingly globalizing, so the need for leaders who can manage diverse teams is thus increasing in parallel. In this conjunction, our findings can arguably be relevant for the interested public and fruitful for researchers who want to investigate this issue further.

Thirdly, the study contributes to a whim that virtual teams do not necessarily affect leadership and inclusion negatively. This is interesting because virtual teams do not have to be associated with something negative, as much previous research has presented it. Furthermore, there can be countless variables that affect whether an employee thrives in virtual teams or not, and these variables can be researched further as virtual teams have become a big part of everyday work.

Lastly, the relationship between CQ and PGI contributed to increased performance, creativity, and lower turnover intention among employees in diverse

teams. These outcome variables have been confirmed earlier (Ang et al., 2007; Zhou et al., 2009). While Froese et al. (2016) investigated the relationship between CQ and decreased turnover intention among inpatriate employees. Thus, it can be argued that the theoretical implications regarding CQ's impact on turnover intention are made more approachable by this study for further research. Conclusively, the study forms a springboard for further research in the given scientific fields

Practical implications

As a prolonging of the theoretical contributions, the practical consequences help to exhibit which practices organizations can implement related to CQ, PGI, and the associated outcome variables. Thus, for leaders and HR practitioners, the present study highlights the importance of CQ in an increasingly globalizing world and workforce. In this conjunction, the need for a unified conceptual framework regarding CQ-training (Earley & Peterson, 2004) or intercultural training programs may be necessary because it does not exist to date and because CQ can be developed (Earley & Ang, 2003; Earley & Peterson, 2004; Triandis, 2006). Even though it requires more than just training to develop CQ (Black & Gregersen, 2000). Organizations can benefit from developing CQ in leaders to counteract potential turnover (Froese et al., 2016) and promote performance (Ang et al., 2007), creativity (Zhou et al., 2009), and psychological safety.

Further, CQ and diversity awareness can be considered in recruitment processes when hiring a leader. It is all about exploiting the entire workforce to increase organizational effectiveness and drive the world forward. Furthermore, the study extends previous research by showing CQ's positive relationship with PGI and desirable key work outcomes. One of these outcomes are psychological safety, which can refer to positive results such as help-seeking, feedback-seeking, speaking up about errors and concerns, innovative behavior and innovation, and boundary spanning (Edmondson et al., 1999). Outcomes advantageous in any organization. The study also enriches the current research and practice on virtual teams by showing that leadership styles and inclusion can be maintained within teams despite members being separated by virtuality.

Limitations and future research

Despite the study's contributions to the CQ and PGI literature, limitations are unavoidable, as is the case with all single-standing studies. First of all, although our sample size of 293 participants was relatively big, a larger sample is always advantageous in quantitative studies because it increases the chances of detecting an actual effect (Bell et al., 2019) due to increased generalizability, reliability, and validity. In addition, our participants were collected from the UK, while a Norwegian sample would have been preferable since it was a Norwegian-based study and the results may have been different. As mentioned, we needed a certain number of diverse teams of which were unattainable within the Norwegian borders to conduct a sufficient analysis. The UK had a more diverse population and workforce than Norway.

Secondly, regarding the survey, we used a self-questionnaire survey, and by doing so, there is always a chance for self-reporting bias, social desirability, despite the survey being anonymous. Furthermore, in some of the measures, we used fewer items than in the original scales due to survey fatigue and relevancy, which might affect the results.

Thirdly, organizational factors such as size and organizational culture were not taken into consideration. Hence, we did not control for organizational-specific confounding variables (Zhang & Bartol, 2010), which could have impacted our results. In conjunction with culture, from an academic perspective, the term defined in various ways, and it may have different meanings across countries worldwide. As a result, a limitation with this study could be that the operationalization of the culture and how Ang et al. (2007) defines cultural intelligence may not have the same meaning or value in other countries.

Fourthly, the data collection method can also be questioned. In an alternative study, we could have sent the surveys in two to three different rounds to draw a more precise line regarding the causality of our research. For example, the first survey could have contained only the control variables and the independent variable, e.g., CQ, and in the last study, we collected the dependent variable, e.g., PGI.

Regarding future research, it would first and foremost be interesting to conduct the same research in a Nordic context to see if the same results are

obtainable. Secondly, it could be interesting to investigate the difference between cultural intelligence and cultural competence, or knowledge, in leaders to see if the different terms provide contrasting results (Black and Gregersen, 2000; Thomas et al., 2008) and further consider the relationship between cultural competence and perceived group inclusion in diverse teams. Thirdly, future research could benefit from looking into dyads between leaders and followers. This can contribute to an even deeper understanding of the impact cultural intelligence possesses on individuals and small-scale teams in diverse organizations.

Finally, our study does not assess the effect of CQ-training and it would be intriguing to conduct a case study in two diverse organizations where the leader in one of them was exposed to consistent CQ-training, and the leader in the other one was not, to see if CQ-training impacts cultural intelligence and perceived group inclusion. Thus, implementation of practical initiatives with respect to cultural intelligence is an area we, and scholars (Earley & Ang, 2003; Earley & Peterson, 2004), believe needs replenishment. The primary object of CQ-training should be to stretch someone's mind past narrow domestic borders and create a mental map of the entire world (Black & Gregersen, 2000, p. 175). Conclusively, future research should in general aim to examine the practical effects of CQ more frequently, and across countries, and how it can be implemented in organizations to reap the organizational and business-related benefits this ability cultivates.

Conclusion

Our study is the first to investigate the relationship between the leaders' cultural intelligence and perceived group inclusion among employees in diverse teams, and to test those variables with divergent outcome variables. Particularly in "real-life" organizations. By doing so, this thesis contributes to the leadership and diversity literature. Although cultural intelligence and perceived group inclusion are carefully studied by researchers, our findings provide a nuanced understanding of cultural intelligence, and encourage more practical implementation of it in organizations. Globalization and cultural diversity will have a sustained growth rate in the future and will thus continue to affect organizations worldwide (Bezrukova et al., 2016). With this, we hope that this study will inspire other

researchers to take over the baton and continue integrating cultural intelligence in organizations.

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Appendix: 1 – Survey

Cultural intelligence

Start of Block: Filter 1

Q29 Thank you for accepting to participate in this survey about cultural intelligence (CQ). The goal with this questionnaire is to investigate how team leaders' CQ relate to employees' perceived feeling of belongingness in multicultural teams. The purpose of this study is to gather data for an educational thesis. The survey and the following data is anonymous.

Q5 Do you work in a team? By team we mean a group that pursues performance goals through interdependent interactions. Throughout this questionnaire think and use the experiences you have from the current team you are in

- ○ Yes (1)
- ○ No (2)

End of Block: Filter 1

Start of Block: Exit 1

JS

Q36 *You are ineligible for this study, as you have provided information, which is inconsistent with the requirements, we stated in our cover letter. Please return your submission on Prolific by selecting the 'Stop without completing' button.*

End of Block: Exit 1

Start of Block: Filter 2

Q6 Do you work in a multicultural team? By multicultural team, we mean a task-oriented group consisting of people of different nationalities and cultural heritages.

- ○ Yes (1)
- ○ No (2)

End of Block: Filter 2

Start of Block: Exit 2

JS

Q36 *You are ineligible for this study, as you have provided information, which is inconsistent with the requirements, we stated in our cover letter. Please return your submission on Prolific by selecting the 'Stop without completing' button.*

End of Block: Exit 2

Start of Block: Informed consent (filter 3)

Q37 With this agreement, I understand the information given and purpose of this survey. I give my informed consent and agree to participate.

○ Yes (1)

○ No (2)

End of Block: Informed consent (filter 3)

Start of Block: Exist 3

JS

Q39 *As you do not wish to participate in this study, please return your submission on Prolific by selecting the 'Stop without completing' button.*

End of Block: Exist 3

Start of Block: My managers cultural intelligence:

Q1 This part of the questionnaire contains items that asks you to give some information about yourself. E.g. age, gender, employee status

Q2 Gender

- Male (1)
- Female (2)
- Other (3)

Q30 Do you work in a virtual team? By virtual teams we mean teams whose members use technology to varying degrees in working across locational, temporal, and relational boundaries to accomplish an interdependent task

- Yes (1)
- No (2)

Q39 How often did you work virtually before the covid19 pandemic each week?

- 1 (1)
- 2 (2)
- 3 (3)
- 4 (4)
- 5 (5)

Q3 What is your age? Please write your age with numbers e.g. 43

_____

Q4 What is your working title?

- Leader (1)
- Non-leader (2)

Q7 How long is your work experience? Please write your experience with numbers e.g. 5

_____

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Q18 (1=Strongly disagree; 7=Strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team leader is conscious of the cultural knowledge he/she uses when interacting with people with different cultural backgrounds (1)							
Select option 5 on this item (4)							
My team leader adjusts his/her cultural knowledge as they interact with people from a culture that is unfamiliar to him/her (2)							
My team leader is conscious of the cultural knowledge he/she apply in cross-cultural interactions (3)							

Q16 (1=Strongly disagree; 7=Strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team leader enjoys interacting with people from different cultures (1)	○	○	○	○	○	○	○
My team leader is confident that he/she can socialize with a culture that is unfamiliar to he/she (2)	○	○	○	○	○	○	○
My team leader can deal with the stresses of adjusting to a culture that is new to him/her (3)	○	○	○	○	○	○	○

Q12 (1=strongly disagree; 7=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team leader changes him/her verbal behavior (e.g., accent, tone) when a cross-cultural interaction requires it. (1)	○	○	○	○	○	○	○
My team leader uses pauses and silences differently to suit different cross-cultural interactions. (2)	○	○	○	○	○	○	○
My team leader vary the rate of him/her speaking when cross-cultural situation requires it. (3)	○	○	○	○	○	○	○
My team leader changes his/her nonverbal behavior when a cross-cultural situation requires it. (4)	○	○	○	○	○	○	○
My team leader alters his/her facial expressions when a cross-cultural interaction requires it (5)	○	○	○	○	○	○	○

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Q15 In this section the survey will measure to which degree you feel included in your work team and environment. Inclusion is defined as "the degree to which individuals experience treatment from the team that satisfies their need for belongingness and uniqueness". The measure contains 16 questions divided into four subscales. It uses a 7-point Likert Scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Q11 (1=strongly disagree, 5=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team gives me the feeling that I belong (1)	○	○	○	○	○	○	○
My team gives me the feeling that I am part of this team (2)	○	○	○	○	○	○	○
My team gives med the feeling that I am part of this team (3)	○	○	○	○	○	○	○
My team gives me the feeling that I fit in (4)	○	○	○	○	○	○	○

Q25 (1=strongly disagree, 7=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team treats me as an insider (1)	○	○	○	○	○	○	○
My team likes me (2)	○	○	○	○	○	○	○
My team appreciates me (3)	○	○	○	○	○	○	○
My team is pleased with me (4)	○	○	○	○	○	○	○

Q26 (1=strongly disagree, 7=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team cares about me (1)	○	○	○	○	○	○	○
My team allows me to be authentic (2)	○	○	○	○	○	○	○
My team allows me to be who I am (3)	○	○	○	○	○	○	○
My team allows me to express my authentic self (4)	○	○	○	○	○	○	○

Q27 (1=strongly disagree, 7=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team encourages me to be authentic (1)	○	○	○	○	○	○	○
My team encourages me to be who I am (2)	○	○	○	○	○	○	○
My team encourages me to express my authentic self (3)	○	○	○	○	○	○	○
My team encourages me to present myself the way I am (4)	○	○	○	○	○	○	○

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Q22 (1=not at all characteristic, 7=very characteristic)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
My team comes up with new and practical ideas to improve performance. (1)	○	○	○	○	○	○	○
My team is a good source of creative ideas. (2)	○	○	○	○	○	○	○
My team often have new and innovative ideas. (3)	○	○	○	○	○	○	○
My team comes up with creative solutions to problems. (4)	○	○	○	○	○	○	○

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Q18 This part of the of the survey wants you to answer on statements related to your team's performance. By team performance we mean: how the team performs its tasks, but also if you want to stay in the team.

Q19 (1=Strongly disagree; 7=Strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
This team performs excellent (1)	○	○	○	○	○	○	○
This team does superb work (2)	○	○	○	○	○	○	○
I want to keep working in this team (3)	○	○	○	○	○	○	○

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Q41 In this part of the survey we want you to answer statement related psychological safety. By psychological safety we mean: psychological safety describes individual's perceptions about the consequences of interpersonal risks in their work environment

Q21 (1=very inaccurate, 7=very accurate).

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
Members of this team are able to bring up problems and tough issues. (1)	○	○	○	○	○	○	○
Members of this team sometimes reject others for being different. (2)	○	○	○	○	○	○	○
It is safe to take a risk in this team. (3)	○	○	○	○	○	○	○
It is difficult to ask other members of this team for help. (4)	○	○	○	○	○	○	○
No one on this team would deliberately act in a way that undermines my efforts. (5)	○	○	○	○	○	○	○
Working with members of this team, my unique skills and talents are valued and utilized. (6)	○	○	○	○	○	○	○

If you make a mistake in this team, it is often held against you (7)	○	○	○	○	○	○	○

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Q24 In this part of the questionnaire we want to measure your turnover intention. Turnover intention can be understood as your thoughts of quitting your current job.

Q23 (1=strongly disagree; 7=strongly agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)
I often think of quitting the organization (1)	○	○	○	○	○	○	○
I think of searching for another position with another organization (2)	○	○	○	○	○	○	○
I often think of leaving the organization within the next year (3)	○	○	○	○	○	○	○

Q34 Thank you for participating in this survey. Please press "submit" to register your responses.