

Leveraging Organizational Climate to Understand Cultural Agility and Foster Effective Global Leadership

By Kyle Lundby and Paula Caligiuri



In this increasingly global and interconnected world, leaders of multinational and aspiring multinationals must possess more than just job-critical competencies, technical skills and leadership characteristics (communication, vision, etc.). In order to be successful in a global environment, leaders need to be effective in a multicultural and cross-cultural context (Lundby, Lee & Macey, 2012). They must be culturally agile.

Cultural agility is the ability to quickly, comfortably and effectively work in different cultures and with people from different cultures (Caligiuri, 2013). Culturally agile leaders are able to correctly read the cross-cultural or multicultural context and respond appropriately – whether to adapt to a cultural difference and comport one’s behaviors to the host nationals’ expectations, to override cultural differences and behave in a manner that is consistent with an organizational standard, or to integrate multiple cultural differences and create a new approach. As more organizations seek to derive a greater proportion of revenue from beyond their own national borders, it makes sense that they are paying closer attention to the selection and development of culturally agile leaders.

However, leaders do not operate in isolation. In today’s global marketplace, it is increas-

need for a greater number of employees to be capable of managing the complexity of foreign environments, negotiate cultural challenges, and understand unique and culturally-specific stakeholder needs.

If all employees – not just leaders – must be culturally agile, how can this be accomplished when you consider that many leading global firms, HSBC, Bank of America, Starwood Hotels, etc., employ in excess of 100,000 individuals across the globe? In those cases, the sheer number of employees can pose a serious challenge to promoting cultural agility across the entire workforce. Even smaller global firms or those that are still aspiring to “go global” may struggle not so much because of the number of employees but rather because of limited resources – both human and financial – to promote cultural agility.

artifacts (Ashkanasy, Wilderom & Peterson, 2011). Culture is often attributed to organizational founders whereas climate is variable and can differ from one unit to another, largely as a function of individual managers. And that is a key point for organizations that wish to promote cultural agility at all levels. Leaders play an important role here.

Cultural Agility Climate

Recognizing that organizational climate can promote desired behavior and that global and aspiring global organizations stand to benefit from having a culturally agile workforce (not just leaders), we recently set out to create a measure of cultural agility climate. Our underlying premise was that if you could measure cultural agility climate (i.e., take a baseline reading), you could then identify segments of the organization where cultural agility was weaker, then respond with appropriate interventions to improve the overall agility of that organization. We define a culturally agile organizational climate as one in which leaders demonstrate and discuss the importance of globalization, where employees are provided with tools and training to work across geographic and cultural boundaries, and where employees are recognized and rewarded for working across those boundaries (Lundby & Caligiuri, 2013). We based the working definition on cultural agility research (Caligiuri, 2013) and organizational climate research and practice (cf., Ashkanasy, Wilderom & Peterson, 2011; Schneider, 1990).

Cultural Agility Climate Measure

The cultural agility climate measure was composed of five dimensions, each with five questions and were rated on a five-point (strongly disagree to strongly agree) scale. ➤

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ingly important for all employees – not just leaders – to be culturally agile. As one senior HR member of a U.S. headquartered global medical manufacturing firm recently stated, “We don’t just need agile leaders, we need everyone – from top to bottom – to be aware of differences and able to operate effectively in a global environment – even if they never leave the United States.” Similarly, PWC’s annual survey of global CEOs revealed that the ability to manage within diverse cultures is one of their top concerns (PriceWaterhouseCoopers, 2007). They also cited the

Short of sending everyone abroad on international assignments, which is clearly not practical, we would suggest that one possible solution is to create an environment – an organizational climate – that lives, breathes and promotes cultural agility. It is important to note, climate is not quite the same as organizational culture, though there is certainly some overlap. Organizational cultures and organizational climates, for example, drive behavior. Culture, however, is something that develops over time, is relatively stable, and is evident in shared values, stories and

The items and dimensions were created based upon consideration of the elements that have consistently been shown to contribute to climate (e.g., leader behaviors, training and resources, stated priorities, etc.) as well as Caligiuri's (2013) competency model for culturally agile leaders. The dimensions are:

- **Work Unit** – Employees’ perceptions of their co-workers’ belief in and ability to work in intercultural and multicultural environments.
- **Immediate Manager** – Employees’ perceptions of their immediate managers’ support for their work in intercultural and multicultural environments.
- **Senior Leaders** – Employees’ perceptions of their senior leaders’ support for their work in intercultural and multicultural environments.
- **Global Work Facilitation** – Employees’ perceptions about the tools and training that they have received to help them work in intercultural and multicultural environments.
- **Global Competitiveness** – Employees’ overall evaluation of their organization’s global effectiveness.

Who We Surveyed and What We Found

Responses to the cultural agility climate survey were collected from a global sample of 1,400 working professionals in 23 countries in Europe, Asia and the Americas. Respondents were all working in large and well-known companies (Apple, Bank of America, Unilever, HSBC, China Construction Bank and Cadbury) and also mid-size and less familiar multinational organizations across industries.

The goal of the cultural agility climate survey was to provide insight into the current state of organizations’ cultural agility from the perspective of employees and to examine whether particular elements (i.e., leaders, managers, co-workers, tools and resources) were more instrumental in creating a stronger perception of global competitiveness in the minds of the employees. The results provide macro trends for ways to increase an organizational climate to promote cultural agility. We used Relative Weights Analysis or

RWA to uncover these trends (for more on the RWA procedure, see Lundby & Johnson, 2006).

What do employees perceive in their organizations that lead them to believe their firms are dedicated to global competitiveness?

Table 1 shows the top 10 (most important) drivers of employees’ perceptions of organization’s global competitiveness. Table 1 also shows the percentage of employees who see each behavior as a strength, responding

organizations prioritize their interventions to foster a climate for cultural agility?

To answer the question, we turn back to Table 1 and look for the important items that received lower percent scores. These items are the ones in which leaders should focus their time and energy because they are important and have the greatest room for improvement. Our survey found:

- **Senior Leaders** – The senior leaders in this global sample are doing relatively well in

Paraphrased Survey Item	Dimension	Most Important	Perceived as a strength
1. Confident in ability of senior leaders to ensure global success.	Senior Leaders	13.50%	68%
2. Overall, organization makes it easy to work with colleagues in other countries or cultures.	Work Facilitation	9.00%	64%
3. Senior leaders demonstrate that succeeding globally is important.	Senior Leaders	7.20%	78%
4. Senior leaders are culturally agile.	Senior Leaders	7.10%	69%
5. Senior leaders open to diverse ways of thinking and behaving.	Senior Leaders	6.40%	68%
6. Have training and development opportunities to build cross-cultural competencies.	Work Facilitation	6.20%	44%
7. Manager provides tools and training to perform effectively in global organization.	Immediate Manager	5.90%	54%
8. People in a work unit believe global growth is necessary for the long-term success.	Work Unit	4.90%	80%
9. Work is structured to work effectively with colleagues in other countries.	Work Facilitation	4.70%	63%
10. Manager demonstrates that being a global organization is important.	Immediate Manager	3.80%	66%

“strongly agree” and “agree”). A rule of thumb from organizational survey practice is that 65% favorable (or greater) represents a strength.

Scanning down the dimension labels in the table, one can see that the greatest relative impact has to do with senior leaders (4 of the top 10), work facilitation (3 of the top 10), and immediate managers (2 of the top 10). Specifically, employees must have confidence in their senior leaders who must be culturally agile, open to diverse ways of thinking, and demonstrate the importance of globalization. However, it is also important that the right structure is in place to facilitate global work, that employees are supported with tools, training and opportunities to build cross-cultural skills, and that immediate managers demonstrate the importance of global work.

Where is there the greatest room for improvement across organizations and how should

helping foster a cultural agility organizational climate. All of the senior leader items fared well with each being equal to or greater than 68%. While these scores are generally positive for senior leaders, it is important to note that they could be different in any organization.

- **Work Facilitation** – This is the area in which there is greatest room for improvement in our sample. For example, “Have training and developmental opportunities to build my cross-cultural competencies” and “Work is structured to work effectively with colleagues in other countries” were rated favorably by only 44% and 63% of the sample, respectively.
- **Immediate Manager** – Of the two items from this dimension that were among the top 10 drivers, one scored as a strength (Manager demonstrates that being a global organization is important – 66%) and one

has room for improvement (Manager provides tools and training to perform effectively in a global organization – 54%).

Region Results

In addition to looking at these results overall, the sample allowed us to segment results by region. Table 2 presents favorable scores for the same 10 drivers in three regions – North America, Europe and Asia. In terms of general trends, respondents in North America gave higher marks than their counterparts in Europe and Asia, with Europe tending to show the lowest scores of the three regions. Respondents in all three regions tended to give higher marks to the Senior Leader than Work Facilitation and Immediate Manager items. In particular, Have training and development opportunities to build cross-cultural competencies (from Work Facilitation) and Manager provides tools and training to perform effectively in global organization (from Immediate Manager) stand out as having received the lowest scores in each region.

Conclusion

In today's interconnected and globally integrated business environment, it is important for organizations to not only attract, select and develop culturally agile leaders but also foster a climate of cultural agility among all employees. Global CEOs also echo this sentiment, indicating that employees' at all levels need to be able to work effectively in a global environment. In order to create just such a climate, we



would suggest that organizational practitioners consider the following recommendations:

1) Set the right tone at the top

Senior leaders play a critical role in creating the vision and reinforcing the imperative of the importance of global activities. We encourage senior leaders to communicate global issues, to highlight global activities, to recognize and reward global success, and to emphasize the importance of globalization for the long-term success of the organization. Collectively, these will create the ethos for employees to think and act in the same way. In short, if senior leaders make it a compelling, desirable and imperative, then employees will follow. Within any one organization, there are likely multiple channels for communicating these important messages. For example, leaders can communicate these important messages via posts on their intranet, in written communications that are distributed to all employees, as well as in person during quarterly briefings, town halls, or other events (e.g., company picnics, holiday

celebrations) where leaders have an opportunity to speak to the importance of globalization. Of course, it is always critical that these messages are backed up and reinforced by real action. Communicating the importance of globalization will do little if leaders do not invest in the resources to compete globally, do not behave in a culturally agile and sensitive manner, or if they create barriers (intentionally or unintentionally) to global success.

2) Select the right leaders

Our survey results also found that immediate managers also play an important role in promoting cultural agility. However, it is also important for organizations to select, develop and promote the most culturally agile leaders who are able to reinforce attitudes and behaviors within their work units. We encourage organizations to deliberately select leaders and managers at all levels with the personality characteristics and experiential profiles to work effectively in global organizations. Once in the organization, we encourage organizations to provide these managers with meaningful developmental opportunities, such as international assignments, opportunities to work on and manage global teams, and opportunities for development through assessment centers and coaching. Collectively, these will help develop leaders' cultural agility and reinforce the importance of cultural agility through its visibility in the organization.

3) Provide the right resources

We also learned from this study that having the tools, training and resources to work across cultures and geographies, whether with end-user customers or work colleagues based in other countries. Just as we encourage organizations to select, develop and promote leaders with the cultural agility, we also encourage organizations to visibly invest resources so that employees at all levels have the tools and training to help them carry out their global responsibilities. These tools and

Table 2. TOP 10 DRIVERS AND PERCENT FAVORABLE SCORES BY REGION.

Paraphrased Survey Item	Dimension	North America	Europe	Asia
Confident in ability of senior leaders to ensure global success.	Senior Leaders	75%	67%	67%
Overall, organization makes it easy to work with colleagues in other countries or cultures.	Work Facilitation	64%	63%	68%
Senior leaders demonstrate that succeeding globally is important.	Senior Leaders	79%	80%	73%
Senior leaders are culturally agile.	Senior Leaders	72%	67%	70%
Senior leaders open to diverse ways of thinking and behaving.	Senior Leaders	74%	66%	69%
Have training and development opportunities to build cross-cultural competencies.	Work Facilitation	50%	39%	54%
Manager provides tools and training to perform effectively in global organization.	Immediate Manager	61%	52%	57%
People in a work unit believe global growth is necessary for the long-term success.	Work Unit	81%	80%	81%
Work is structured to work effectively with colleagues in other countries.	Work Facilitation	63%	62%	65%
Manager demonstrates that being a global organization is important.	Immediate Manager	63%	66%	67%

training include cross-cultural training, language skills training, collaborative technology, travel budgets, global team training, etc. The investment in these tools and training both symbolically and tangibly reinforce the importance of effectively working across cultures and with people from different cultures in the organization. These investments combined with senior leaders who are engaged in the organization's global growth will collectively foster a climate of cultural agility.

4) Determine where you are now and set a path forward

Whether you use a quantitative measure such as the cultural agility climate survey or another method, understanding the cultural agility of your employee population will require some type of assessment. Once you understand the current level of agility across key segments of the employee population and where there may be gaps, appropriate interventions can be designed and implemented. For example, if different cultural norms and values create friction among members of certain global teams, targeted interventions can be designed to clarify those differences, create greater understanding, and then develop a new set of "shared" norms and values to foster collaboration. These would not replace one's own deeply entrenched norms and values but rather represent an agreed-upon way of working together more effectively that takes those differences into account.

5) Monitor progress over time

Once measured and appropriate interventions are in place, monitoring progress over time can uncover areas where minor course corrections are needed. If a quantitative measure of cultural agility is administered to all employees, one would expect to changes over time as interventions begin to take hold. These improvements should be evident not only in follow-up surveys metrics but also important outcome measures (customer loyalty, shareholder value and growth in emerging markets) where one would logically expect to see payoffs from greater cultural agility.

6) Recognize and reward, but hold leaders accountable

Finally, climate research has shown that within any organization, there can be wide variation in level of climate scores across work units and the responsibility for setting the right tone at the workgroup level lies with managers. While senior leaders can set the

right tone at top, all of that can be for naught if managers do not view globalization as a priority or support their teams in taking advantage of tools and resources. So our final point is that it is also important for global organizations to recognize and reward the right set of behaviors from their leaders at all levels. This will ensure that everyone is "rowing in the same direction" with respect to thinking and acting in a global manner. **P&S**

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