What Does a Culturally Intelligent Organization Look Like? Organizational Cultural Intelligence, Structure and Social Power in Multinational, Protestant Nonprofit Organizations

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ABSTRACT

What does a culturally intelligent organization look like? Organizational cultural intelligence (OCQ) is described as the ability of an organization to operate effectively in culturally diverse contexts. While a few theoretical models have emerged in recent years to better understand OCQ, very few empirical studies have been conducted. The aim of this quantitative study is to investigate the organizational structure and social power factors that contribute to OCQ. A survey was conducted in a multistage sample of 253 participants whose job roles corresponded to 48 units within six multinational, Protestant nonprofit organizations. The Pearson Product Moment Correlation identified relationships between OCQ and hierarchy of authority (centralization), rule observation (formalization), and both informal and formal power bases. The regression analysis results revealed a moderating effect of job codification in the relationship between OCQ and expert power. This study makes several significant contributions including the findings that OCQ is not experienced consistently across the different subsidiaries in multinational organizations' structure, but organizations high in OCQ have a consistent approach to enforcing rules. Organizational leaders play a key role in enhancing OCQ by leveraging their use of informal power, fostering inclusion across the organization, and adopting structures that are appropriate for the local context while harnessing the expertise of its diverse workforce. As the level of OCQ increases, the decrease in the number of rules that determine what workers do enhances the impact of the leader's expertise resulting in increased creativity and engagement in new approaches.

The increasing globalization in today's world has generated dynamic worldwide trends that organizations and their leaders face. Organizations must navigate progressively unstable and rapidly changing conditions, including new technologies, international structures, and growing cultural diversity (Nosratabadi et al., 2020). The expansion of multinational nonprofit organizations (NPOs) from North America and Western Europe into societies of the Global South has been marked by examples of outstanding success as well as notable failure (Burchardt & Swidler, 2020). Organizational Cultural Intelligence (OCQ) refers to the capability of an organization to operate effectively in culturally diverse contexts (Lima et al., 2016).

OCQ is a dimension of organizational capacity that has received little empirical attention from researches but can provide insight into the way multicultural organizations can thrive by adapting their structures to accommodate different cultural attitudes toward power in their context and among their workers. As NPOs extend operations into areas of greater political, economic, and social instability, they must adapt their operations to the diverse realities in which their work is conducted and to the cultural differences of their increasingly diverse staff (Backmann et al., 2020; Handley, 2021). The structures and routines that served the organization well in the past risk becoming barriers that limit its capacity to be effective in new settings (Livermore et al., 2021).

Leaders at all levels face working in increasingly fluid environments in which adjustments to emerging cultural factors and evolving national realities must be made quickly (Moon, 2010). As organizations become more diverse, so do their teams. Leaders in diverse contexts find that the behaviors, values, and leadership styles that enabled them to be successful in their own specific national culture may be insufficient for leading in multicultural environments (Hofstede et al., 2010). As cultures differ, so do the leadership attributes required to function effectively (Hofstede et al., 2010). Leaders need to have and know when to use a variety of leadership tools, skills, and paradigms to be able to function well in cross-border contexts (Rockstuhl et al., 2011). The results of this research provide greater insight into how power is used within the organization and its structures to adapt effectively to diverse contexts, encourage the engagement and unique contribution of its staff, and thus accomplish its purpose.

Theoretical Background and Hypotheses

While most of the Cultural Intelligence (CQ) research over the last 20 years has been conducted at an individual level, the use of CQ to study multicultural group dynamics and the contribution of a leader's CQ as an organizational performance criterion highlighted the need for a CQ construct on an organizational level (Ang & Inkpen, 2008; Janssens & Brett, 2006). For multinational NPOs, the emerging research on CQ as an organizational construct provides important insight for navigating diverse and unpredictable environments (Livermore et al., 2021). As an intelligence, OCQ extends beyond the aggregate CQ of the organization's staff to include the cross-border systems and structures that shape its ability to harness the full scope of its available resources to adapt efficiently and generate results. By adjusting to new contexts and finding new opportunities, multinational NPOs with high OCQ are consistently effective in environments that are ambiguous and culturally diverse (Livermore et al., 2021). The staff of culturally intelligent organizations adhere to a shared purpose as well as a unique set of norms, policies, and structures. Together they create a collective ethos that is flexible enough

to accommodate diverse cultural values and rigid enough to prescribe a common code of expected behaviors that facilitate collaboration. A dominant model for OCQ has yet to emerge in the existing literature. Several researchers (Dogra & Dixit, 2017; Moon, 2010) have developed expanded versions of an initial framework proposed by Ang and Inkpen (2008) along the three dimensions of managerial, competitive, and structural CQ. Lima et al. (2016) developed a model that conceptualizes OCQ based on the five dimensions of leadership behavior, adaptability, training, intentionality, and inclusion. More recently, Livermore et al. (2021) proposed a four-dimensional model for OCQ that adapts the metacognitive, cognitive, motivational, and behavioral dimensions of CQ to the context of organizations. The first dimension of Lima et al.'s (2016) OCQ, leadership behavior, is synonymous with the cognitive, motivational, and behavioral components of the individual CQ construct (Lima et al., 2016). Leaders who demonstrate positive, culturally appropriate behavior can overcome cultural barriers by adjusting their verbal and nonverbal communication when cross-cultural interactions require it (Lima et al., 2016; Rollins, 2019). The second dimension of adaptability encompasses both individual and organizational capabilities (Lima et al., 2016). On an individual level, leaders with high metacognitive CQ are aware of cultural differences, which inform how knowledge about these differences is acquired and how behavior is adapted based on that knowledge (Akpi et al., 2020; Lima et al., 2016). As an organizational capability, culturally intelligent organizations are able to adjust their way of operating to different cultural environments (Lima et al., 2016). Training, the third dimension, plays a critical role in enabling culturally intelligent organizations to provide effective cross-cultural training that enhances the task effectiveness of its members (Alexandra, 2018; Presbitero & Toledano, 2018). The fourth dimension of intentionality refers to the proactiveness of organizations and their key leaders to look for ways to incorporate the contributions of workers from across the organization by deliberately using inclusive vocabulary and accommodating the use of multiple languages (Akpi et al., 2020; Janssens & Brett, 2006; Lima et al., 2016). Finally, culturally intelligent organizations have inclusive practices that give equal opportunity to their workers regardless of gender, ethnicity, age, and cultural background (Akpi et al., 2020).

The five-factor model suggests that both leaders' behavior (leadership behavior, adaptability, and intentionality) with their subordinates and the structural configuration of organizations (adaptability, training, and inclusion) are key factors that enhance or stifle an organization's effectiveness across cultures. A recent bibliographic study suggested that OCQ remains an area for future research, citing significant gaps in the literature (Živković, 2025). So far, no empirical studies have been conducted to explore the relationship between OCQ and organizational structure or social power. However, the impact of organizational structure and social power on organizational effectiveness in specific cultural contexts has already received significant attention in the literature (Fuertes et al., 2020; Shier & Handy, 2020; Wei, 2021). In a qualitative study of Executive Directors of Human Service Organizations in Pennsylvania, USA, Shier and Handy (2020) found that both the behavior of leaders in proactively enabling staff to interact and the internal organizational structures that are decentralized enough to be broken up and reformed by leaders are essential for creating spaces for collaborative engagement of staff which in turn leads to better organizational performance. The current study improves our understanding of OCQ by examining the influence of organizational structure and social power in shaping organizational effectiveness across cultures.

Organizational Structure

Organizational structure has long been hailed as a fundamental component that drives how organizations operate (Mustafa et al., 2019). The structure of an organization enables an interconnected set of roles occupied by people with diverse interests and abilities to accomplish organizational objectives (Sandhu & Kulik, 2019). An organization's structure serves three basic purposes: the achievement of outcomes that fulfill the organization's purpose, the reduction of the adverse effects of individual differences, and the designation of roles that have priority and authority (Erol & Ordu, 2018). Organizational structure is fundamentally a coordination tool; the design of an organization's structure shapes the relationship between the different roles that workers hold within the organization as well as the way information is processed and decisions are made (Erol & Ordu, 2018; Joseph & Gaba, 2020).

Extensive research conducted since the 1960s has resulted in a consensus around the structural dimensions of centralization and formalization as core components of organizational structure (Hage & Aiken, 1967; Nosratabadi et al., 2020; Pugh et al., 1968). Centralization refers to the way that power is distributed among social positions (Hage & Aiken, 1967). Hage and Aiken (1967) conceptualized centralization in two different ways. Participation in decision-making reflects the extent to which participants in different roles within the organization participate in organizational-level decisions about the allocation of resources and the development of policies. Degree of hierarchy of authority refers to the degree to which participants in different social positions within an organization are allowed to make decisions involving their work. In highly centralized structures, decisions about tasks must first meet with approval from higher levels in the hierarchy (Hage & Aiken, 1967).

Different cultures have preferences for specific structural designs, making flexibility and fit particularly important for organizations that operate in a variety of national contexts and with a culturally diverse staff (Jacob, 2007). Multinational NPOs are composed of subsidiaries that operate in a variety of countries, each with different preferences for how power is distributed, known as power distance (Hofstede et al., 2010). Organizations in high power distance cultures demonstrate a preference for centralized structures where power and decision-making are concentrated at the upper levels of the organization's hierarchy (Jaskyte, 2015). Thus, in an organization with high OCQ, the degree of hierarchy expressed in a specific subsidiary unit will be consistent with the power distance preference of the culture in which it operates. A culturally intelligent organization must be able to accommodate subsidiaries with different degrees of hierarchy of authority.

Formalization, the other dimension of organizational structure, refers to the degree to which the rules, job roles, procedures and communications are written and the degree to which they are enforced (Hage & Aiken, 1967; Pugh, 1973). In organizations with highly formalized structures, the job roles and procedures for accomplishing tasks are elaborate and clearly defined with little flexibility for workers to determine their own behaviors (Erol & Ordu, 2018). This dimension of formalization is known as job codification (Hage & Aiken, 1967). Rule enforcement, another dimension of formalization, reduces ambiguity by demonstrating a clear and consistent code of expectations regarding the behaviors that are expected from each person. In an organization where rule enforcement is low or absent, the ambiguity around roles and tasks can have a negative effect on performance and behavior (Erol & Ordu, 2018). Cultures in which people tend to be uncomfortable with high amounts of ambiguity, known as

uncertainty avoidance, strive to minimize change, diversity, and vagueness by placing a high value on tradition, hierarchy, and social norms (Hofstede et al., 2010; Janićijević, 2019). Cultures high in uncertainty avoidance prefer highly formalized structures to reduce uncertainty and ambiguity (Jaskyte, 2015). In contrast, members of organizations in cultures characterized by low uncertainty avoidance prefer formal rules to be kept to a minimum, regulating only what is necessary (Jaskyte, 2015).

While there are no empirical studies that explore the relationship between OCQ and organizational structure, several empirical studies have attempted to identify the ideal structure for ensuring the effectiveness of international organizations with nuanced results. A study of 152 US-based international nongovernmental organizations found that the structural characteristics contributing to perceived effectiveness differed for those within the organization and those outside, concluding that future research should employ multiple measures of centralization (Tran, 2020). An investigation of ideal structural configurations using 21 case studies across India and Australia found that decentralized structures that gave mid-level sustainability managers a high level of decision-making discretion fostered collaboration across stakeholders and enabled managers to position their organizations for long-term effectiveness (Sandhu & Kulik, 2019). The study also found that a semi-formal configuration, characterized by a high level of formalization at the organizational level, combined with flexibility at the middle management level, enabled managers to be effective (Sandhu & Kulik, 2019). Similarly, a case study of a Latin American multinational found that leadership behavior that preserved alignment between the headquarters and subsidiaries resulted in greater organizational effectiveness. Alignment was fostered by agreed results, KPIs, and organizational purpose, which served as guardrails within which subsidiary-level managers were given decision-making authority to adapt operations to their national context (Ambos et al., 2020). The concept of guardrails was also used in a case study of a Cambodian social enterprise with US-based funding to describe findings that optimal levels of job codification within the structure can serve as parameters that allow enough flexibility for workers to engage in agile decision-making without deviating from the organization's goals (Smith & Besharov, 2019). These studies suggest that in organizations that are effective across cultures, organizational structure serves as guardrails by providing direction, clear expectations, rules, and operating processes that shape the scope of freedom managers have to make decisions in their context, thereby best positioning the organization for success, regardless of their level within its hierarchy. At the same time, flexibility in defining job roles allows managers to structure roles based on what is most relevant and effective in the context.

While OCQ was not included as a variable in these studies, considering the theory and previous study results, the hypotheses are proposed as follows:

Hypothesis 1$_a$: The level of an organization's OCQ is positively correlated with the degree of hierarchy and not correlated with the level of participation in decision-making measures of centralization.

Hypothesis 1$_b$: The level of an organization's OCQ is positively correlated with the level of rule observation and not correlated with the level of job codification measures of formalization.

Social Power

While perspectives and approaches to studying power vary widely, the results of existing research affirm the fundamental nature of power as a dominant force in shaping interpersonal relationships and the many types of social interactions within organizations, including decision-making (Sturm & Antonakis, 2015), knowledge sharing (Phookan & Sharma, 2021), conflict resolution, and communication (Lam & Xu, 2019). Social power can be used by organizational leaders in different ways to either reinforce inequalities or reduce them. How leaders use power impacts the health and effectiveness of the organization (Shier & Handy, 2020). Social power shapes organizational processes through the way hierarchy is maintained (Aiello et al., 2018), innovation is fostered (Dover & Lawrence, 2012; Shier & Handy, 2020), and diversity is managed (Janssens & Brett, 2006; Shier & Handy, 2020).

The study of power in social interaction has been a particular focus within organizational psychology (Raven et al., 1998). French and Raven (1959) developed an initial framework for social power that was grounded on the proposition that the influence of power in the relationship between two or more people is best studied from the perspective of the recipient. Power bases refer to the sources of influence that enable a person to stimulate or modify the behavior of other people (Ramos et al., 2019). The initial construct of social power was composed of five power bases, including (a) coercive power, used to enact the threat of punishment; (b) reward power, used to offer reward or compensation; (c) legitimate power, derived from a person's official position in an organization; (d) expert power, derived from possessing expertise in a specific field; and (e) referent power, resulting from a person's admiration or desire to emulate another (French & Raven, 1959). This study uses a bifactorial model of power that groups coercive, legitimate, and reward power into formal power, which is expressed in behaviors that can be employed based on a person's formal position within the organizational hierarchy (Peiró & Meliá, 2003). Informal power, composed of expert and referent power, can also be linked to the formal structure but is derived primarily from the interpersonal relationships that are established within a person's formal role (Ramos et al., 2019).

Although there is a lack of empirical research on the relationship between OCQ and social power, several studies demonstrate how power is utilized in multinational organizations to build trust and facilitate behaviors that enhance effectiveness, such as knowledge sharing and collaboration (Shier & Handy, 2020; Vlajčić et al., 2019). Using formal and informal power effectively is highly dependent on context. While leaders' use of formal power in India (a high power distance culture) was found to result in higher levels of subordinate trust as compared to informal power (Cho et al., 2023), a study of 333 employees of a foreign multinational in India found that informal power expressed through interpersonal relationships enhanced the flow of information between individuals and units within an organization while perceptions of power distance inhibit members of high-power subsidiaries from seeking knowledge from low-power subsidiaries (Phookan & Sharma, 2021). Lam and Xu (2019) argued that high power distance orientation could restrict the flow of information due to the belief that those with more power are more competent, resulting in the tendency of those with lower power to suppress their opinions and withhold information. Alternatively, in the Netherlands (a low power distance culture) supervisors rely primarily on the use of informal power to build trust with subordinates (Cho et al., 2023). Shier and Handy (2020) highlighted that while leaders' formal

roles enable them to bridge barriers so that individuals can interact and collaborate across sectors and roles within the organization, the uptake of collaborative efforts is best understood by focusing on the interpersonal dynamic between collaborators, suggesting that the use of informal power is crucial for success. The effective use of power is nuanced and context-specific; the use of formal and informal power both contribute to the effectiveness of organizations in high power distance cultures, while a leader's use of informal power is far more effective in low power distance cultures. Therefore, the second hypothesis is as follows:

Hypothesis 2$_a$: There is a positive correlation between an organization's OCQ and informal social power.

Hypothesis 2$_b$: There is a positive correlation between an organization's OCQ and formal social power.

Bridging OCQ, Organizational Structure and Social Power

Structural components such as formalization and centralization within organizations influence the way in which social power can be used constructively in culturally intelligent organizations to enhance the effectiveness of multinational NPOs (Wei, 2021). Understanding the relationship between OCQ, organizational structure, and social power has great potential for informing strategies that enhance the effectiveness of multinational NPOs (see research model in Figure 1). For example, Vlajčić et al. (2019) affirmed that cross-border knowledge sharing is one of the primary sources of competitive advantage for multinational organizations, Phookan and Sharma (2021) then found that the way knowledge is shared between different subsidiaries and their workers is shaped by the amount of centralization in the structure, that is, how power is distributed between and among the different units of a multinational organization. Leaders can use informal power to enhance inclusion and empowerment within the organization to actively encourage knowledge sharing vertically throughout the organizational hierarchy (Janssens & Brett, 2006) and horizontally across different subsidiaries (Phookan & Sharma, 2021). Thus, the third hypothesis is:

Hypothesis 3: There is a moderating effect of organizational structure on the relationship between OCQ and social power.

Figure 1
Research Model
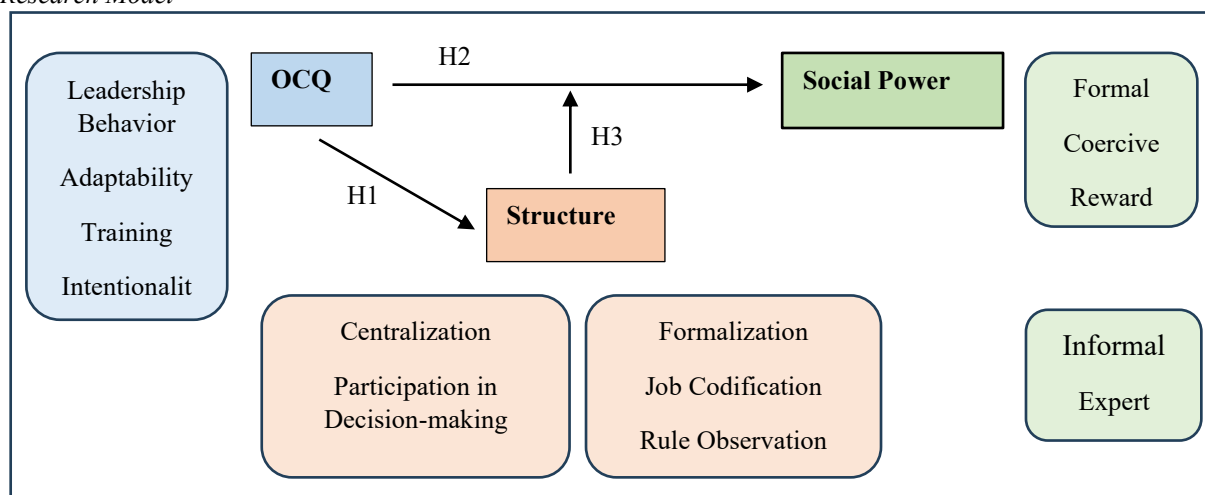
Method

In this study, a quantitative correlational research paradigm was used. Guided by an empirical approach and an exploratory design, a questionnaire method was used to collect data for the purpose of this study. The questionnaire was composed of three validated measurement instruments. The Organizational Cultural Intelligence Survey (OCQS) was used to measure OCQ (Lima et al., 2016), the Organizational Structure Scale (OSC) measured the centralization and formalization dimensions of organizational structure (Hage & Aiken, 1967), the Rahim Leader Power Inventory (RLPI) measured informal and formal social power (Rahim, 1988), and demographic questions were combined into one self-response online questionnaire administered through SurveyMonkey.

The survey was conducted with a primary sample of 6 multinational, Protestant NPOs that use English as the primary language for formal internal communication, were founded out of the United Kingdom, Canada, or the United States of America, and conduct operations in multiple countries including at least two countries whose national language is not English. Each organization designated a liaison who provided a list of all the autonomous units in the organization. An autonomous unit such as a subsidiary or the headquarters (HQ) unit was considered a cluster. The secondary sampling unit consisting of 48 randomly selected clusters of 1198 workers from the six organizations in the primary sample, ensured that the sample was representative of the population and secured the external validity of the results. Multistage cluster sampling is an appropriate technique for use with multinational organizations as elements of the population are spread out over a wide geographical area (Alvi, 2016). An invitation letter including informed consent and an organization-specific link was sent to the 1198 workers by the designated liaisons appointed by each participating organization. Data obtained from the questionnaire were analyzed using IBM's SPSS statistical software.

The Pearson product-moment correlation test was used to test the first two sets of hypotheses to determine if there were correlations between variables. The results that were statistically significant at the .05 level were used to determine if the hypotheses were supported by the data. For the third hypothesis, moderated multiple regression was used to examine whether the social power dimensions could be predicted based on OCQ and the dimensions of centralization and formalization in the organization's structure.

Sample

Overall, 329 questionnaires were completed by workers, of which 253 were identified as suitable for analysis. A minimum sample size of 219 participants was needed based on the assumption of a 6% margin of error and a 95% confidence level. Organizational demographic data was collected for organizational size, organizational roles, and length of service (see Table 1). Participant demographic data was collected for gender, age, ethnicity, nationality, expatriation and level of education (see Table 2). While there was no control over who responded, there was particular interest in maintaining a demographically diverse and multicultural representation among the participants.

Table 1

Organization Descriptive Statistics

Descriptive Statistics	Organization						Frequency	Percentage
	A	B	C	D	E	F		
Clusters	9	7	3	6	11	12	48	100%
Participants	71	20	18	49	65	30	253	100%
Organizational Role								
Worker / staff	48	13	13	34	42	16	166	65.6%
Supervisor / country leader	19	4	5	8	19	7	62	24.5%
Executive / Intl. leader	4	3	0	7	4	7	23	9.9%
Length of Service								
< 2 years	9	0	4	14	3	0	30	11.9%
2-5 years	12	4	4	4	12	5	41	28.1%
6-10 years	15	4	3	10	12	5	49	19.4%
11-15 years	12	2	2	8	11	3	38	15%
16-25 years	14	7	0	3	12	4	40	15.8%
26-35 years	7	1	2	8	9	8	35	13.8%
> 35 years	2	2	3	2	6	5	20	7.9%

Table 2

Participant Descriptive Statistics

Participant Descriptive Statistics		Frequency	Percentage	Cumulative Percentage
Gender	Male	126	49.8%	49.8%
	Female	127	50.2%	100%
Age	< 26	6	2.4%	2.4%
	26-34	25	9.9%	12.3%
	35-44	60	23.7%	36%
	45-54	50	19.8%	55.8%
	55-64	79	31.2%	87%
	65+	33	13%	100%
Ethnicity	White	183	72.3%	72.3%
	Asian	34	13.4%	85.7%
	Black / African American	14	5.5%	91.2%
	Hispanic / Latino	6	2.4%	93.6%
	Biracial / Multiracial	6	2.4%	96%
	Other / No response	10	4%	100%
Nationality	North America (2)	127	50.2%	50.2%
	Europe (10)	64	25.1%	75.3%
	Asia (8)	25	10%	85.3%
	Africa (7)	16	6.3%	91.6%
	Latin America (6)	9	3.7%	95.3%
	Oceania (2)	12	4.7%	100%
Expatriation	Expatriates	127	50.2%	50.2%
	Locals	126	49.8%	100%
Level of Education	High School	20	7.9%	7.9%
	Undergraduate	116	45.9%	53.8%
	Master's degree	89	35.2%	88.9%
	Doctorate degree	28	11.1%	100%

Instruments

The independent variable of OCQ (α = .94) was measured using the 5-dimensional OCQS instrument developed by Lima et al. (2016). The dimensions of leadership behavior (α = .86), adaptability (α = .83), training (α = .88), intentionality (α = .76), and inclusiveness (α = .77)

were measured using 21 items on a 5-point Likert-type scale from *strongly disagree* to *strongly agree*. The dependent variables of informal and formal social power were measured along five power bases using the RLPI (Rahim, 1988). The three power bases of coercive power (α = .77), reward power (α = .87), and legitimate power (α = .72) were used to measure formal power. The other two power bases of expert power (α = .87) and referent power (α = .87) were used to measure informal power. The five power bases were measured using 29 items on a 5-point Likert-type scale, ranging from "strongly agree" to "strongly disagree".

The moderating variables of organizational structure were measured using the OSC developed by Hage and Aiken (1967). The organizational structure variables used for this study were measured using 16 items. Centralization was composed of the two dimensions of participation in decision making (α = .92) and degree of hierarchy of authority (α = .96). Participation in decision making used a nonnumerical 5-point Likert-type scale from *never* to *always* and degree of hierarchy of authority used a nonnumerical 5-point Likert-type scale from *definitely false* to *definitely true*. Formalization was composed of job codification (α = .76) and rule observation (α = .93). Each used a non-numeric 5-point Likert-type scale from *definitely true* to *definitely false.* The Cronbach's Alpha scores for all the variables exceeded 0.7 indicating high levels of internal consistency.

Each of the three instruments that comprised the questionnaire was previously validated for use with employees in multinational organizations. The initial development of the OCQS and OSC was conducted with multicultural populations and the RLPI was validated for use with multinationals after its development (Hage & Aiken, 1967; Lima et al., 2016; Rahim & Magner, 2010). Permission to use the instruments was granted by the authors of each study in January and February, 2022. The instruments were designed specifically to measure the variables that were used in this study and the participant data was analyzed using the prescribed procedures. The questionnaire employed the exact questions and Likert-type scales used in the initial validation of all three instruments without modification. Therefore, revalidation of the instruments was not considered necessary (Juniper, 2009).

Results

The Pearson product-moment correlation provided statistical results through which the variable relationships in the first two sets of hypotheses were examined. The statistical significance for each measure was established at $\alpha \leq .05$. The correlation matrix in Table 3 shows several statistically significant relationships between variables. Hypotheses 1_a and 1_b dealt with the relationship between OCQ and the centralization and formalization dimensions of organizational structure.

Centralization was measured using two variables; an increase in OCQ was correlated with an increase in *the degree of hierarchy of authority (r(229) = .16, p = .011), but not with participation in decision-making*, supporting Hypothesis 1_a. Formalization was also measured using two variables; as OCQ increased, so did rule observation (r(229) = .22, *p* < .001), but not job codification, supporting Hypothesis 1_b.

Table 3

Mean, Standard Deviation, and Pearson Correlation for Main Study Variables

Scale	*M*	*SD*	OCQ	OSC				RLPI			
				DM	HA	JC	RO	Ref	Coe	Exp	Rew
OCQ	3.75	.59									
DM	2.41	.26	.10								
HA	3.77	.19	.17*	.02							
JC	3.04	.19	.07	.12	−.40$^+$						
RO	4.44	.13	.23$^+$	−.06	.54$^+$	−.26$^+$					
Ref	4.19	.13	.32$^+$	.12	.27$^+$	−.02	.31$^+$				
Coe	2.78	.22	.19$^+$	.05	−.04	.18*	−.00	.09			
Exp	3.60	.10	.34$^+$	.09	.16	.09	.21$^+$	.64$^+$	.13		
Rew	2.59	.09	.18$^+$	.18$^+$	−.11	.17*	−.13	.12	.50$^+$	.20$^+$	
Leg	3.57	.14	.18$^+$	.03	−.14*	.21$^+$	.04	.23$^+$	.36$^+$	.33$^+$	.18$^+$

Note. OCQ = organizational cultural intelligence; OSC = Organizational Structure Scale; RLPI = Rahim Leader Power Inventory; DM = decision-making; HA = hierarchy of authority; JC = job codification; RO = rule observation; Ref = referent power; Coe = coercive power; Exp = expert power; Rew = reward power; Leg = legitimate power. * = statistically significant at p < .05 level; $^+$ = statistically significant at p < .01 level.

Hypothesis 2_a and 2_b addressed the relationship between OCQ and formal and informal power. OCQ was positively correlated with both formal and informal power, supporting Hypotheses 2_a and 2_b. The correlation was strongest with the dimensions of informal power *(referent r(229) = .32, p < .01) and expert (r(229) = .34, p < .01), explaining 10% and 11.7% of the variation,* respectively. The correlation with formal power was weaker but still statistically significant: *coercive (r(229) = .19, p < .01), reward (r(229) = .18, p < .01),* and *legitimate (r(229) = .18, p < .01).*

Regression Results

The Pearson product-moment correlation revealed that only the informal power bases of referent and expert power demonstrated a moderate correlation with OCQ; therefore, moderated multiple regression was only calculated for these two outcome variables (see Table 4). A simple linear regression established that the level of OCQ could statistically predict the use of referent power (*F*(2, 229) = 26.04, *p* < .01), accounting for 10.2% of the explained variability. The regression equation was: referent power = 2.95 + 0.04 x (OCQ). For expert power, a simple linear regression established that the level of OCQ could statistically predict the use of expert power (*F*(2, 229) = 30.25, *p* < .01) accounting for 11.7% of the explained variability. The regression equation was expert power = 2.28 + .37 x (OCQ).

Table 4

Moderated Multiple Regression Results for Expert Power

Scale	β	*SE*β	95% CI for β		Sig.	R^2	ΔR^2	*F*
			LL	UL				
OSC-DM	−.02	.07	−.16	.13	.81	.12	.00	10.32
OSC-HA	.02	.08	−.13	.17	.78	.13	.00	11.18
OSC-JC	−.14	.07	−.27	−.00	.05	.14	.02	11.93
OSC-RO	.18	.10	−.03	.38	.09	-.03	.38	12.81

Note. CI = confidence Interval; LL = lower limit; UL = upper limit; Sig. = significance; OSC-DM = decision-making; OSC-HA = hierarchy of authority; OSC-JC = job codification; OSC-RO = rule observation.

Moderated multiple regression determined that only the addition of job codification accounted for a significant proportion of the variance in the relationship between OCQ and expert power (ΔR^2 = .02, *F*(1, 227) = 11.93, *p* = .05) (see Table 4). Job codification accounted

for 13.6% of the variation ($R^2 = .14$). None of the organizational structure variables accounted for a significant proportion of the variance in the relationship between OCQ and referent power.

Examination of the interaction plot showed an enhancing effect that is stronger for low levels of job codification and weaker for high levels of job codification (see Figure 2). At low levels of OCQ, organizations with higher levels of job codification experienced a greater use of expert power. At high levels of OCQ, organizations with low levels of job codification experienced a level of expert power that was greater than that of organizations with higher levels of job codification. The demonstration of a statistically significant moderating effect of job codification in the relationship between OCQ and expert power supported Hypothesis 3.

Figure 2

Linear Interaction Term Relationship Scatterplot Between Organizational Cultural Intelligence, Job Codification, & Expert Power
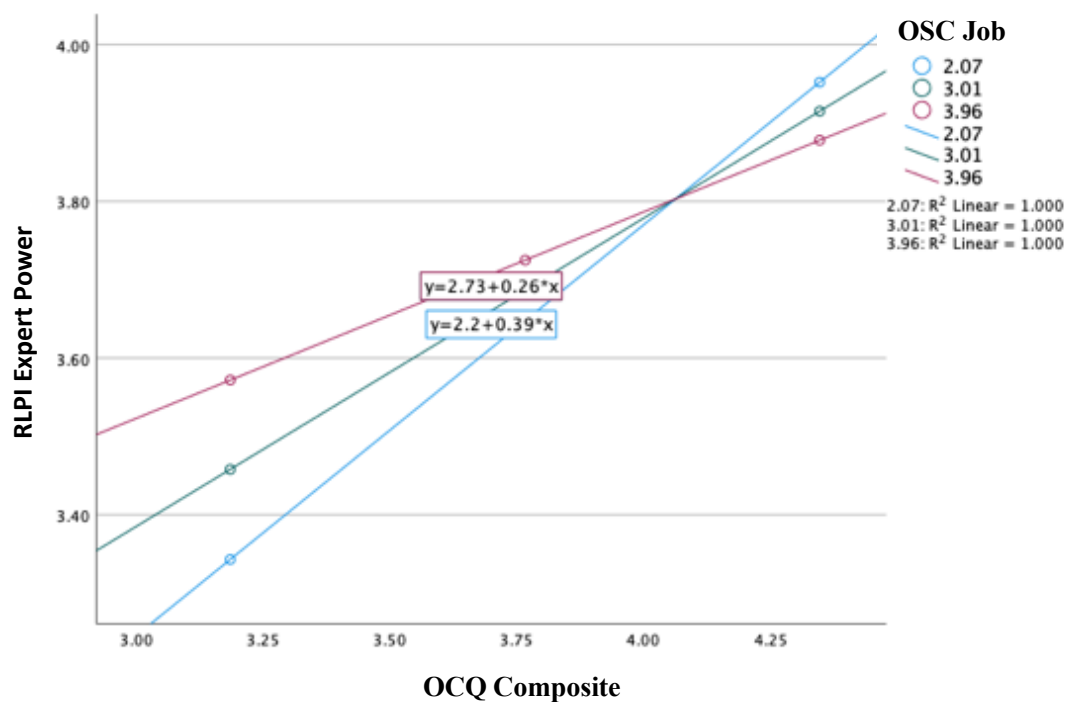
Note. RLPI = Rahim Leader Power Inventory; OCQ = Organizational Cultural Intelligence survey; OSC = Organizational Structure Scale.

Discussion

This study found that the hierarchy of authority dimension of centralization and the rule observation dimension of formalization have a significant role in explaining OCQ. The findings that global-level leaders at the top of the hierarchy enhance the OCQ of the organization by giving mid-level managers and workers the authority to make decisions at their level are consistent with the findings of Sandhu and Kulik (2019). The clarity and alignment generated by consistent rules, processes, and a clear mission establish expectations regarding behavior and performance throughout the organization while giving teams from different national contexts freedom to establish job roles and tasks that are appropriate to their context. This finding is consistent with the results of Erol and Ordu (2018), who noted that workers from different national cultures exhibit distinct levels of tolerance for the ambiguity of rules, job

roles, and tasks. However, the absence of a relationship between OCQ and participation in the decision-making dimension of centralization suggests that OCQ is not experienced consistently across a multinational's structure.

While the results of the current study affirmed the relationship between OCQ and the use of all five power bases, the way informal power is used by leaders is particularly relevant in multinational NPOs that are high in OCQ. Leaders in organizations with higher levels of OCQ exercise influence informally through interpersonal relationships regardless of the centralization in the organization's structure. The exercise of formal power associated with holding an official position was also correlated with an increase in OCQ, but the relationship was not as strong. This is consistent with previously mentioned findings about the limits of using formal power to build trust with subordinates in low power distance cultures (Cho et al., 2023) and restrict the flow of knowledge from subordinates to their leaders (Lam & Xu, 2019).

The regression analysis revealed a dynamic and nuanced relationship between OCQ, organizational structure, and social power. As OCQ increases, the decrease in the number of rules that determine the tasks and responsibilities of a job position enhances expert (informal) power. The leadership behavior dimension of OCQ was related to individual cultural intelligence (CQ), which is an important factor in augmenting the effectiveness of leaders in modeling appropriate behaviors that are consistent with their cultural values, resulting in the development of collaboration and trust. When leaders interact appropriately in different cultural contexts, their behavior bridges the communication and cultural gaps, which further enhances the influence their expertise can have on the organization's effectiveness (Lima et al., 2016). There is less reliance on the formalization of job responsibilities, tasks, rules, policies, and procedures to clarify how workers interact with the organization, which provides them with greater flexibility regarding how, from their own role, they can engage with the expertise of their leaders to participate in creative processes and activities, thereby enhancing inclusion, another dimension of OCQ (Lima et al., 2016).

Conclusion

This research resulted in several important insights about the characteristics of culturally intelligent organizations. The first insight is an organization's global structure plays an important enabling role in harnessing and combining the resources, experience, and expertise that exist in different areas of the organization empowers leaders to strategically distribute them to areas of the organization where the need is greatest. Leaders can also harness the OCQ that exists in different areas of the organization and foster its growth by giving mid-level managers and workers both autonomy and a clear framework for making strategic and coordination decisions from within their context. Leaders play an important role in creating the conditions that encourage the use and growth of OCQ across all its subsidiaries through the way they establish rules, processes and procedures that establish opportunities for the inclusion of all the organization's members, equal opportunity for cross-cultural training, consistent guidelines for people's behavior, clear expectations of performance, and a clear mission to which all subsidiaries are expected to contribute. They enable subsidiaries to collaborate and innovate effectively with each other by establishing a clear and consistent set of expectations that are concrete enough to guide behavior and coordination, but flexible enough to allow subsidiaries autonomy for local decision-making.

The second insight is that the level of OCQ can vary from one subsidiary to the next. The variation may be due to several factors including age, size, the national culture in which the subsidiary operates, and the cultural values of those who lead the subsidiary. Leadership behavior, the first OCQ dimension, is crucial for enhancing or inhibiting the OCQ in their subsidiaries. The OCQ of each subsidiary is determined to a large degree by the ability of leaders to successfully use formal and informal power in a way that is appropriate to their context. Leaders enhance OCQ when they use power intentionally to enhance inclusion, build trust, incorporate diverse voices in decision-making, create opportunities for cross-cultural learning, and encourage team members to build informal networks across the organization.

The third insight is that while the ability to use both formal and informal power effectively is important for leadership in culturally intelligent organizations, the use of informal power is crucial. Leaders cannot rely on their own culturally prescribed ways of using power, but must learn to adapt the way they use power to the expectations of their subordinates and the wider cultural context in which they work. The intentionally inclusive nature of culturally intelligent organizations and the use of formal and informal power within the cultural context can reduce the barriers that diminish the flow of relevant information to decision-makers at the top of the organization's hierarchy, thus improving the quality of decision-making at the top.

A fourth insight is that leaders at all levels of the organization can enhance the OCQ of their organization by making expectations consistent and explicit for everyone. While the relative quantity of formal rules needed to solve organizational problems may vary based on culture (Jaskyte, 2015), the consistent enforcement of existing rules provides clarity regarding what is expected of each worker. In multicultural teams where there is often a mix of preferences for different levels of uncertainty avoidance, expectations and agreements should be made explicit and enforced consistently. This practice can enhance the performance of diverse teams by saving time, reducing confusion, and preventing the escalation of personal conflict between members (Meyer, 2015). The clarity regarding job roles, rules, and tasks can also define the parameters within which workers are free to express creativity, suggest ideas that spark innovation, and take individual initiative (Sandhu & Kulik, 2019). This combined with the enabling role of the HQ in harnessing and integrating the experience and expertise across its diverse workforce, can enhance the organization's capacity to benefit from the full scope of its collaborative ability and innovative potential.

A fifth insight is that as the level of OCQ in organizations increases, the decrease in the number of rules that determine what workers do (job codification) enhances the impact of the leader's expertise, resulting in increased creativity and engagement in new approaches. The rigidity of highly formalized job roles stifles leaders' opportunities to use their expertise either through the limitations imposed by their own role or by inhibiting them from using their expertise to restructure the roles of their subordinates in ways that improve their team's performance. The team roles can be formed and reformed as it experiments with new approaches and learns through its experiences.

Implications

This study expands the existing theoretical knowledge about culturally intelligent organizations by establishing correlational relationships between OCQ and the hierarchy of authority dimension of centralization, the rule observation dimension of formalization, and all five

dimensions of social power. It also established a moderating effect of job codification on the relationship between OCQ and expert power. These findings provide a foundation on which further leadership and organizational research can be conducted to expand our understanding of how culturally intelligent organizations develop and operate. This study represents the first known empirical study on OCQ to be conducted in multiple multinational organizational settings with workers from a random sample of globally dispersed subsidiaries.

The results of the study has practical implications regarding how leaders at different levels of the organization can use their power and make modifications to the organization's structure to harness the full potential and expertise of its diverse staff in a way that is appropriate and constructive. It suggests that when top-level leaders play an enabling role in harnessing and combining the resources, experience, and expertise that exist in different areas of the organization, it could expand the capabilities and optimize the effectiveness of organizations both on a global and local level. The clarity regarding job roles, rules, and tasks, combined with the enabling role of the HQ in harnessing and combining the experience and expertise of their diverse workforce could allow organizations to benefit from the full scope of their collaborative ability and innovative potential. The study also suggests that when power, especially informal power, is used by leaders at all levels intentionally and in ways that are appropriate to the context, it can enhance the effectiveness of the organization.

Limitations and Recommendations for Future Research
Limitations of this study pertain to the reliability and validity of individual, self-report data on organizational variables, the validity of the three instruments, and the ethical considerations of privacy, anonymity, and confidentiality. Cause and effect could not be established due to the correlation design of the study. The study was based on the assumptions of respondent honesty, the appropriateness of the survey instruments, participant familiarity with organizational characteristics, and the similarity of participating associations.

Empirical research on OCQ is still in its infant stage. While the results from this study provide an empirically based understanding of the relationship between OCQ, organizational structure, and social power, future research is needed to explore the relationship between OCQ and other participant and organization-level demographic variables. The development of reliable and validated versions of the OCQ survey in other languages besides English as well as new metrics based on other existing theoretical models for OCQ (Ang & Inkpen, 2008; Livermore et al., 2021; Moon, 2010) would facilitate more in-depth empirical research and broaden the existing understanding of OCQ.

Declarations
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Ethics Approval

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