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# RATING EXPATRIATE LEADER EFFECTIVENESS IN MULTISOURCE FEEDBACK SYSTEMS: CULTURAL DISTANCE AND HIERARCHICAL EFFECTS

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*A critical challenge for global firms is to implement assessment tools to develop expatriate leaders who can effectively manage role relationships across different directions (upward, laterally, downward) in cross-national contexts. Drawing on social categorization and relational demography theories and a data set of 360-degree ratings of expatriates from 36 countries, we use multilevel modeling to investigate relationships between cultural distance and ratings of leadership effectiveness in task and contextual performance by colleagues with different hierarchical vantage points (subordinates, supervisors, peers). Cultural distance refers to the overall degree of difference in key cultural values identified in the GLOBE study between an expatriate's and coworkers' countries of origin. Unlike supervisors as a rating group, results show that peer and subordinate raters as a group may be more likely to have their ratings negatively influenced by cultural distance, an effect that may be exacerbated for peer ratings from countries higher in power distance and lower in humane orientation. This study contributes to the understanding of multisource feedback systems to assess expatriate leadership effectiveness by identifying likely group ratings tendencies linked to cultural distance and hierarchical perspectives. Organizations should develop strategies to mitigate possible effects of cultural distance on subordinate and peer ratings of expatriates. © 2015 Wiley Periodicals, Inc.*

**Keywords:** international HRM, performance assessment, training and development, diversity, feedback

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Expatriate leadership effectiveness in culturally distant workplaces is “critical to the success (and failure) of global firms” (Luthans & Doh, 2012, p. 454). As companies disperse workforces to compete globally (Bond & O’Byrne, 2014), growing numbers of expatriates must lead effectively in contexts that are often culturally distant from headquarters (Arp, Hutchings, & Smith, 2013; Levy, Peiperl, & Bouquet, 2013). Successful expatriate assignments are vital for developing global leaders (Cerdin & Brewster, 2014; Dalton, Ernst, Deal, & Leslie, 2002; Yao, 2013; Zhang, 2012) and transferring knowledge from company headquarters to global subsidiaries (Chang, Gong, & Peng, 2012; Fang, Jiang, Makino, & Beamish, 2010; Luring, 2013)

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by fostering cultural and social intelligence (Crowne, 2013; Story, Barbuto, Luthans, & Bovaird, 2014) and strategic thinking (Dragoni et al., 2014).

Although it is critical for organizations to manage globalization with productive expatriate assignments, less is known about the effective use of human resource (HR) tools for leadership assessment and developmental feedback from multiple stakeholders with differing hierarchical viewpoints and cultural backgrounds in cross-national settings. More research is needed to increase the understanding of the assessment and development of expatriates’ leadership effectiveness amid a context of divergent cultural expectations (Aycan, 2008; Luring, 2013; Ng, Koh, Ang, Kennedy, & Chan, 2011; Vromans, van Engen, & Mol, 2013). There is

also a need to expand leadership assessment research to account for multicultural competencies (Inceoglu & Bartram, 2012). These are critical gaps as expatriate assignments can be plagued by poor performance and lack of trust and acceptance by local nationals (Arp et al., 2013; Tarique & Schuler, 2008), ineffective cross-cultural adjustment (Zhang, 2012), and high psychological work strain (Takeuchi, Wang, & Marinova, 2005). To address these challenges, expatriate talent management systems often require a costly investment in leadership development tools to foster the development of multicultural competencies (Leung, Ang, & Tan, 2014) and intercultural cognitive complexity skills (Fee, McGrath-Champ, & Liu, 2013). In particular, developmental 360-degree feedback systems

(in which ratings are provided by supervisors, peers, and subordinates) are increasingly being used in multinational enterprises (MNEs) to rate leader effectiveness (Atwater, Wang, Smither, & Fleenor, 2009). Originating in the United States, 360-degree feedback systems (also known as multisource ratings assessments) are based on the assumption that ratings from peers and subordinates add value and a more complete perspective on performance to the more conventional sole reliance on supervisor ratings. Yet little is known about the interplay between cultural distance and the rater’s hierarchical perspective on assessments of expatriates’ leadership competencies.

This article addresses this void by considering the growing need for global firms to effectively implement HR leadership assessment and feedback tools to develop expatriates who can successfully manage a variety of role relationships across organizational levels in cross-national contexts. Drawing on social categorization theory (Tajfel & Turner, 1986) and relational demography research (Tsui & O’Reilly, 1989), we identify likely rating tendencies of cross-national supervisors, subordinates, and peers regarding expatriates’ competencies. Using a large data set of 360-degree assessments of nearly 700 expatriate managers from 36 countries, we rely on multilevel modeling to investigate relationships between cultural distance and ratings of leader effectiveness. We argue that cultural distance plays a role in different types of raters’ perspectives on what characterizes leader effectiveness, and that the strength of this relationship may vary by rater hierarchical status and by host-country cultural values.

This study seeks to extend research and practice on 360-degree assessments in several ways. First, we advance HR knowledge by demonstrating that organizations cannot assume that leadership evaluation tools necessarily operate the same when used by different types of raters of varying national origins or in culturally distant environments as they do when used by raters who are culturally homogenous or in more culturally similar contexts. Specifically, we provide a nuanced perspective of the conditions under which raters who are culturally dissimilar from an individual will rate a leadership style as less optimal. We show that cultural distance influences on ratings of expatriate leader effectiveness are more likely to be a factor in ratings by cross-national peers and subordinates than supervisors. We also highlight variation in national cultural context effects stemming from cultural beliefs by showing that peers located in countries higher in power distance and lower in humane orientation were more likely to rate expatriates’ leadership negatively.

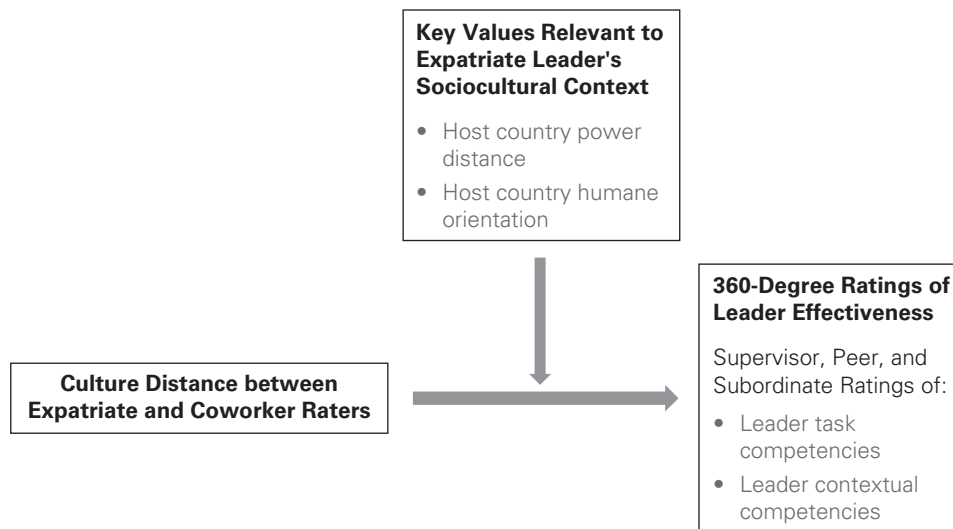
Second, we enrich the conceptualization of expatriate leader effectiveness. We suggest that it is (1) *multidimensional*, involving task and contextual performance competencies (Scullen, Mount, & Judge, 2003); and (2) *multilevel*, occurring in a cross-cultural relational context. Our focus on leadership effectiveness identifies useful outcomes to broaden expatriate research. Many expatriate studies mainly examine outcomes specific to expatriate assignments such as expatriate adjustment (Hemmasi & Downes, 2012; Takeuchi, 2010), or intentions to return home early (Shaffer, Kraimer, Chen, & Bolino, 2012). Moreover, our multilevel approach is an important substantive improvement as much of the assessment research ignores the cultural context in which evaluation occurs. We argue that studies should consider how the cultural context in which ratings are made may mitigate or exacerbate cultural distance effects on ratings.

Third, we enhance *measurement* in several ways. We use a holistic examination of cultural distance, while being cognizant of its limitations. Cultural distance, though often conceptualized at the organization level rather than the individual as in this study, is sometimes criticized as ignoring complexities in cross-cultural dynamics or making faulty assumptions about contextual factors that affect cross-country relationships (Shenkar, 2001; Tung & Verbeke, 2010). Yet others have more recently argued that the theoretical weaknesses of cultural distance can be attenuated through the identification of moderators or considering the mechanisms by which it relates to other constructs—an approach we use in this study (Zaheer, Schomaker, & Nachum, 2012). We also address

the problem that most previous research examines only one aspect of cultural distance at a time (e.g., Hemmasi & Downes, 2013) or in a specific country (e.g., Lee, 2013; Pelled & Xin, 2000), which can make generalizations more difficult (Franke & Richey, 2010). We also improve face validity, as most studies do not capture actual supervisor, peer, or subordinate ratings, but use same source data to assess the expatriates’ “perceptions” of the “value congruence” between leaders’ home-country cultures and host-country cultures (Van Vianen, Pater, Kristof-Brown, & Johnson, 2004). When non-same-source data are used, this typically consists of only one non-same-source rating. This may introduce error because cultural values regarding status differences may shape ratings in ways that prevent a supervisor rating in one culture from being comparable to a peer or subordinate rating from another, making cross-cultural comparisons more difficult. Our large, cross-country, cross-industry sample uses scaled ratings from peers, subordinates, and supervisors, fostering generalizability. We contribute to knowledge on expatriate leadership development by using an integrative approach taking into account the many types of coworker stakeholders in a global environment, and linking organizational demography and social categorization theories to HR competency assessment.

**Culture Distance and Leadership Effectiveness by Raters Across the Hierarchy**

Figure 1 shows our theoretical framework of the relationship between a rater’s cultural distance and ratings of leader effectiveness (Scullen et al., 2003), which may vary across rater hierarchical roles. As



**FIGURE 1.** The Relationships Between Coworkers’ Cultural Distance and Hierarchical Roles on Ratings of Expatriate Leadership Effectiveness

an overview, we argue that the cultural distance between an expatriate and the individuals that he or she interacts with in the work environment will vary for different types of raters who may have status-linked role expectations of task and contextual leadership competencies. A moderating effect of host-country values regarding power distance and humane orientation is expected to influence the strength of the relationship between cultural distance and ratings, as raters' perceptions are embedded in host-country contexts.

### **Cultural Distance, Relational Demography, and Social Categorization of Leaders**

Cultural distance, the extent to which cultural values are similar or different between two individuals (Shenkar, 2001), has been an important

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*The highly collaborative nature of managerial work, generally, and cross-national work, specifically, makes it critical that multiple perspectives are considered in research on leadership-based competencies.*

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variable in studying a broad range of business phenomena such as entrepreneurship (Autio, Pathak, & Wennberg, 2013), conflict management (Leung, 1987), acquisition behavior (Morosini, Shane, & Singh, 1998), and motivation (Dorfman & Howell, 1988). In this paper, cultural distance is defined as the overall degree of differences in key cultural dimensions of leadership values (House, et al., 2004) between an expatriate's and a rater's country of origin. Unfortunately, there is a scarcity of research on the interplay of cultural distance and multisource leadership developmental rating systems. Although expatriate assignments are often used for leader development (Holtbrügge, Weldon, & Rogers, 2012), our knowledge is very limited regarding how cultural distance relates to MNEs' increasing

use of developmental rating systems of expatriate leader effectiveness (Briscoe, Schuler, & Tarique, 2012). Under multirater or 360-degree feedback systems, individuals receive ratings of perceived competencies and effectiveness from peers, subordinates, managers, and sometimes customers for training and development purposes (Leslie & Fleenor, 1998). Feedback on these ratings is used to help leaders understand how they are perceived by others and how they need to learn, grow, and change. The highly collaborative nature of managerial work, generally, and cross-national work, specifically, makes it critical that multiple perspectives are considered in research on leadership-based competencies.

Before proceeding, we want to acknowledge there are mixed viewpoints in the literature on

whether cultural distance measures based on country of origin fully capture culture effectively (Tung & Verbeke, 2010). Some recent perspectives hold that cultural distance is not always negative in relational influence (Stahl & Tung, 2013). Yet we think ratings of expatriates may bring out negative power dynamics because expatriates are foreigners entering a local culture and often are seen as an agent of the parent company. We argue that assessing cultural distance using the raters' country of origin is practical, from an HR perspective, as long as this measure is used with caution not to over-stereotype—that is, not to assume that all individuals from a particular cultural of origin always necessarily hold the same personal values. Notwithstanding this limitation, we argue that while imperfect, country of origin can be a proxy to capture likely previous cultural socialization. Cultural values have been shown to be important in shaping employee perceptions of the work environment and their values about how effective leaders should behave and interact with colleagues (Kirkman, Chen, Farh, Chen, & Lowe, 2009). Further, country of origin is also likely to be an HR information system variable that many companies have available and, therefore, noninvasive for HR planning. It is unlikely that a firm could regularly survey all cross-national employees to analyze cultural bias in how they perceive each expatriate they work with separately. Consistent with the trend toward using "big data" as a way to conduct talent analytics (Chartered Institute of Personnel Development, 2013), cultural origin is a practical measure companies could analyze to understand cross-national ratings tendencies by level and expatriate context.

Drawing on relational demography theory (Tsui & O'Reilly, 1989) and social categorization theory (Tajfel & Turner, 1986), we conceptualize cultural distance as an overall degree of cultural value dissimilarity between two individuals. Because leadership environments are shared and involve social influence processes, it has been suggested that studies of leader development approaches and managerial tools should take into account the relational processes associated with diversity (Munusamy, Ruderman, & Eckert, 2010). Recent theoretical work in the domain of global leadership suggests that relationship management is a critical component of intercultural competence. Defining cultural distance as a relational demography variable adds to understanding of the interplay between cross-cultural processes and social categorization and similarity-attraction dynamics involved in the assignment of leader effectiveness ratings.

Social categorization theory argues that group behavior is based on cognitive representations of

identity (Brewer, 1996). Individuals use heuristic categorization techniques to organize the social world; they accentuate differences between social categories (such as culture) and minimize differences within social categories (Tajfel & Turner, 1986; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). These distinctions carry with them the potential for affective, emotional, and attitudinal differences. The mere existence of these differences and not necessarily the content of those differences is important (Chatman & Spataro, 2005). Consistent with this notion, the similarity-attraction paradigm suggests that those who perceive each other as similar will be more attracted to one another (Byrne, 1971). This framework has been applied frequently to employee demographic similarities (Riordan & Shore, 1997). It is based on the assumption that there is a linkage between surface (visible demographic) measures of diversity and deep (values-based) diversity (Harrison, Price, & Bell, 1998) in individual coworker relationships. Relational demography (or relational distance) examines the difference between an individual's demographic characteristics and how this difference affects work relationships between an individual and a social unit, such as between an individual in a dyad and his or her work group, organization, or societal national culture (Tsui & Gutek, 1999).

Relational demography involving cross-national ratings has received relatively little attention, despite its human resource management implications for ratings of leaders interacting with workers of different cultural origins. Research shows that employees are more likely to have positive relationships and be attracted to those with whom they are culturally and demographically similar (Goldberg, Riordan, & Schaffer, 2010). Relational demography research has long demonstrated that attitudes, values, and experiences may be the underlying cause of surface-level distinctions (Byrne, 1971). Being different on gender, age, or race/ethnicity has long been linked to differences in work-related values and the valence of workplace experiences (Tsui & Gutek, 1999). It has also been linked to perceptions of role effectiveness, as Tsui and O'Reilly (1989) found that demographic dissimilarity between supervisors and subordinates was related to lower perceived competencies.

By viewing cultural distance as a relational demography variable subject to the predictions of social categorization theory, we are making a two-step argument. First, having different countries of origin between an individual and a set of raters (supervisor, subordinate, peer) may affect these individuals' work relationships because of differences in the cultural norms and values associated

with one's country of origin. Second, conceptualizing overall cultural distance as a relational demography variable captures differences in leadership values and provides a theoretical rationale for why country of origin differences matter for ratings of leadership effectiveness. Specifically, the more dissimilar an expatriate's cultural background is from a coworker, the more likely a coworker may see the leader's actions negatively, as the leader may interact with coworkers in ways that are perceived as inconsistent with cultural expectations and norms. In sum, we advance cross-cultural leadership rater assessment research by conceptualizing cultural distance as a form of relational demography that increasingly shapes the quality of relationships between leaders and raters, capturing cultural effects in ratings proclivities in a large sample.

### Perceptions of Leadership Effectiveness by Raters with Different Hierarchical Views

Consistent with much of leadership research (e.g., Blake & Mouton, 1964), Scullen and colleagues (2003) argue that raters organize performance ratings into two higher-order factors of *task* and *contextual* performance. Task performance captures competencies in technical skills such as proficiency in performing core substantive and technical tasks pertaining to the job function where the leader works. Task performance also captures administrative skills, such as the leader's ability to think and manage in the organizational system. Contextual performance captures competencies in human skills, such as the ability to work with and to motivate effort from others to accomplish goals, and citizenship behaviors, the degree to which the leader goes beyond what is expected in his or her formal role (Scullen et al., 2003).

A key challenge that expatriates face is being viewed as effective leaders on task and contextual performance in cross-cultural settings (House et al., 2004). Research consistently shows that expatriate leaders often experience difficulties in being respected and trusted by local nationals (Briscoe et al., 2012). One explanation for this may be linked to influences from cultural value differences related to perceived leadership competencies. A recent study by Littrell (2013) finds that culture is related to preferred leader behaviors. Javidan, Dorfman, de Luque, and House (2006) report that cultural values influence which behaviors, styles, skills, and traits individuals identify to be important components of effective leadership. *Guanxi*, the extent of direct ties between two or more individuals that heightens interpersonal interaction, is more likely to occur with culturally similar parties (Tsui & Gutek, 1999) and can

be critical for perceptions of expatriate leader effectiveness (Chen & Tjosvold, 2007). Indeed, research shows that preferred leadership behaviors vary across countries (Posner, 2013), and culturally adapted leadership is related to desirable outcomes for leaders, followers, and their organizations (Mustafa & Lines, 2013).

Zander and Romani (2004) found that cross-cultural differences were more important in explaining leadership preferences between different types of rating groups (e.g., comparing supervisor, peer, and subordinate groups as a whole) than within-group differences (e.g., between individual peers in the peer group, supervisors in the supervisor group, or subordinates in the subordinate group).

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*Given their senior position in the hierarchy, supervisors are likely to be more experienced about the nature and measurement of competencies, appraising performance, making them less likely to be susceptible to cultural distance effects.*

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Other studies have found that specific cultural differences affect ratings of leader competencies, though they did not measure overall cultural distance. Ensari and Murphy (2003) found that people from individualistic and collectivist cultures make different attributions of leader competencies. Fu and colleagues (2004) found that culture was related to whether different influence strategies used by leaders were perceived as effective across 12 countries. Makela, Bjorkman, and Ehrnrooth (2009) found that cultural distance between individuals and decision makers negatively affected whether an individual was seen as talented. We argue that cultural distance plays a role in raters' perceptions of leader effectiveness. Existing research on the role of cultural distance in leadership effectiveness does not account for varied perspectives comprising an expatriate leader's network of stakeholders. This is surprising given that previous research on managerial effectiveness has long shown that different

stakeholders of leaders have different expectations and perspectives and that these multiple perspectives are important, each providing unique information (Tsui & Ashford, 1994). Further, although not applied to expatriates, research suggests that ratings across hierarchical roles may vary systematically, depending on the rating source (Hogan & Shelton, 1998).

### ***Supervisor Ratings of Expatriates May Systematically Differ from Peers and Subordinates***

We argue that local national peers' ratings may see the expatriate as a competitor for promotional

opportunities or have ratings influenced by equity concerns, given that expatriates can often be paid higher or receive more perquisites such as support for housing, schools, or cost of living allowances, unlike other cross-national peers. Likewise, subordinates may see the expatriate as an agent of foreign control representing headquarters, exerting power over host-country nationals. Yet negative ratings influences may be less of an issue for supervisors.

Given their senior position in the hierarchy, supervisors are likely to be more experienced about the nature and measurement of competencies, appraising performance, making them less likely to be susceptible to cultural distance effects. As guides to the expatriate assignment, supervisors may be more invested in caring and helping provide resources to enable the incumbent's performance, as it will foster the supervisor's ease in role replacement when the expatriate moves on. Relatedly, another rationale for possible attenuated cultural distance ratings influences is that the expatriate's role is largely to help his or her supervisor meet his or her own performance objectives. If the expatriate is seen as performing competently in meeting his or her job goals, and has a reputation of being seen as successful, the supervisor is also likely to be seen as successful. The supervisor is likely to benefit and be rewarded for this. Supervisors' higher hierarchical status may also promote a global view with better understanding of corporate globalization needs and the challenges expatriates face in ensuring that the company meets global objectives. For example, supervisors may have greater understanding of organizational and national culture of the corporate headquarters, making them less biased by local cultural norms in their assessments of expatriates. They may be socialized to follow parent-company corporate cultural norms in ratings and have less variance in cultural perceptions of expatriate and leadership competencies. Indeed, studies suggest that in multinational enterprises there is some convergence of strategic HR and practices toward Western developed-country cultures (Briscoe et al., 2012).

For all of these reasons, the following hypothesis suggests that the more an expatriate's country of origin differs (in overall cultural values) from that of the peer or subordinate rater, the lower the ratings of leader effectiveness. Cultural distance will not relate to supervisor ratings.

*Hypothesis 1: Unlike supervisors, the cultural distance between an expatriate and peer and subordinate raters will be negatively related to ratings of leader's task and contextual competencies.*

## Leadership Ratings and Host Country Cultural Values: Moderating Effects of Power Distance and Humane Orientation

Given that leadership relates to how hierarchical power affects relationships, we also explored whether two host-country cultural dimensions highly relevant to ratings of leader effectiveness—power distance and humane orientation—will affect the strength of the relationships hypothesized above. For reasons of parsimony, we focus on power distance, which captures local values pertaining to hierarchy and authority, and humane orientation, which taps into values regarding leniency and tolerance for differences in attitudes and behaviors. These two values were selected because they have the potential to support or oppose the premises of multirater feedback systems that assume raters will be motivated to give feedback for purposes of development (Spence & Keeping, 2010). Research suggests raters are social beings and their ratings can be influenced by their own goals, motives (Murphy, Cleveland, Skattebo, & Kinney, 2004), and beliefs about social relationships in organizations.

Power distance, which captures beliefs about the acceptability of unequal distribution of power, could exacerbate ratings bias. This value is likely to influence beliefs regarding the importance of behaviors that support formal hierarchical level and authority associated with position power, which could certainly influence rater feedback motivation. In cultures where beliefs are inconsistent with the practice of giving lateral or upward feedback, peer and subordinate raters in particular may not be motivated to share feedback, as they may believe they may experience negative consequences or little benefit from doing so (Ng et al., 2011). Raters in these cultures also may simply not have much experience with the practice of giving upward or lateral feedback.

The second value, humane orientation, taps into values regarding leniency and tolerance for differences in attitudes and behaviors. Humane orientation reflects compassion, kindness, and an emphasis on interpersonal relations; ratings could reflect the varying beliefs in the value of providing critical feedback to a peer or supervisor in a structured format. Members of cultures with a high humane orientation may be reluctant to point out another's weaknesses for fear it would damage their social relationship. They may be more likely to be lenient in ratings.

Just as we hypothesized earlier that supervisors' leadership effectiveness ratings would not depend on overall cultural distance, we do not expect them to vary based on cultural dimensions

of the context. We propose only a moderating effect for peer and subordinate ratings. Thus, while we expect power distance to exacerbate cultural distance, humanely oriented cultures should experience attenuated effects of cultural distance particularly for contextual performance because this assesses how people are treated interpersonally. These two cultural dimensions have great potential to affect the perceptions of cultural dissimilarity experienced by peer and subordinate raters.

### *Power Distance*

Power distance by definition relates to leadership, hierarchy, and authority. Power distance is defined as the degree to which unequal distributions of power are accepted (Gelfand, Nishii, & Raver, 2006) and relates to the extent to which less powerful organizational members accept and expect that power is unequally distributed (Hofstede, 1984). According to House et al. (2004), high-power-distance cultures consider the unequal distribution of power to provide social order; lower-power-distance cultures do not rely on power distribution for social order. Power distance has been shown to attenuate the positive effects of leadership on procedural justice perceptions (Kirkman et al., 2009). In other words, even when leaders act justly, they are less likely to be seen positively in contexts where power distance is high. Yang, Mossholder, and Peng (2007) found similar attenuating effects of power distance on the relationship between transformational leadership and procedural justice. However, we should recognize that there are some studies showing that it is easier for individuals to adjust to higher-power-distance than to lower-power-distance cultures because the rules are clearer (Brewster, 1994; Luring, 2008). Yet because we are assessing leadership, which by definition accentuates sometimes negative dynamics of hierarchical relationships, we expect raters working in countries with high power distance to be more skeptical toward leaders perceived as dissimilar.

In cultures with high power distance, the hierarchy of norms and rules is expected to be followed, and effective leader behaviors are more prescribed. For example, leaders are expected to make autonomous decisions and to be authority oriented in high-power-distance cultures (House et al., 2004). To the extent that the raters perceive the expatriate leader to deviate from such expectations due to culture distance, the leader's rating may be affected more strongly in a high-power-distance culture because of these stronger expectations. In high-power-distance cultures, leaders also will find it more challenging to find social support

to adapt a leadership style that fits with the culture, making it more difficult for them to cross-culturally adjust (Kim, Kirkman, & Chen, 2008). Power distance may amplify perceived differences in social category among raters and leaders, reinforcing status differentials and psychological separation between leaders and their raters, which may affect performance ratings based on social categorization and similarity attraction theories. In low-power-distance cultures, cultural distance effects should be attenuated by removing this psychological separation and emphasizing similarity.

*Hypothesis 2: The negative influence of an expatriate's cultural distance from peers and subordinates on ratings of leader effectiveness will be associated with the host-country power distance with stronger relationships as host-country power distance increases.*

The original data set we analyzed contained 14,294 ratings of 4,019 expatriates from 121 countries. All attended a leadership development program in which they participated in a 360-degree assessment and received ratings from their subordinates, peers, and supervisors.

### Humane Orientation

A second cultural value expected to have a moderating effect on competency ratings is humane orientation. Humane orientation is defined as the extent to which an organization or society fosters and rewards individuals for being fair, altruistic, caring, and kind to others (House et al., 2004). Humane orientation has also been linked to notions of leadership with the belief that leaders should use their power paternalistically for the common good and not abuse the power inherent in their formal authority (Gardner, 1990). Given that many contextual leadership competencies are interpersonal in nature, humane orientation is an important moderator as it reflects a culture's tolerance for mistakes, caring, kindness, and encouragement.

In a highly humane-oriented culture, being culturally different and behaving differently will be viewed less negatively as the society will be more accepting of interpersonal differences or cultural awkwardness. Perceptions of dissimilarities due to cultural distance will factor less into raters' perceptions of leaders' performance, and thus cultural distance will be less of an obstacle for cross-national leader effectiveness. Raters in humanely oriented cultures may also be more willing to tolerate managers who have leadership styles that are culturally unique, or even adjust their own expectations of the leader's leadership style.

*Hypothesis 3: The negative influence of an expatriate's cultural distance from peer and subordinate raters on ratings of leader effectiveness will be weaker in countries with cultural practices higher on humane orientation.*

## Method

### Sample and Procedures

The original data set we analyzed contained 14,294 ratings of 4,019 expatriates from 121 countries. All attended a leadership development program in which they participated in a 360-degree assessment and received ratings from their subordinates, peers, and supervisors. Several criteria were applied to obtain the appropriate sample. First, the sample included only leaders working outside their country of origin (expatriates). Second, in order to use the GLOBE dimension scores for cultural distance calculations (see "Cultural Distance") as well as for host-country power distance and humane orientation, the native country of the expatriates and their raters as well as the country in which the leader was currently working needed to have been included in the GLOBE study. Finally, we removed countries with fewer than three expatriate leaders, thereby removing areas from the sample that could not be meaningfully analyzed.

Ratings for an expatriate were included only when the expatriate was rated by two or more subordinate or peer raters, allowing the exploration of the within-leader effects of cultural distance. Most expatriates, however, were rated by only one supervisor. In the occasional circumstance where an expatriate was rated by more than one supervisor, we randomly selected a supervisor rating to include in the analysis. The resulting samples had a disproportionately large number of leaders from the United States, as well as larger numbers of leaders from the United Kingdom, Canada, and Switzerland relative to the rest of the host countries. To allow a comparable analysis at the cultural level, we placed an upper limit of 60 expatriates for each host country and randomly selected 60 expatriates from host countries with more than 60 expatriates. The resulting sample (see Table I) had an average of 19 expatriates in each country. Although a large number of cases were randomly dropped from the original data set, the subsequent subsamples were culturally representative and thus were appropriate for addressing the study objectives. In the final data set, the number of peer raters per expatriate ranged from 2 to 9, with an average of 3.66 ( $SD = 1.29$ ), and the number of subordinate raters per expatriate ranged from 2 to 10, with an average of 3.83 ( $SD = 1.41$ ). The raters were culturally diverse, with 63% of supervisors, 56% of peers, and 42% of subordinates being



**TABLE 1** Sample Description at Each Levels of Analysis

	Peer	Subordinate	Supervisor
Level 1—Ratings	2309 (72%, 41)	2339 (65%, 38)	659 (89%, 46)
Level 2—Managers	708 (78%, 41)	689 (79%, 41)	659 (78%, 40)
Level 3—Cultures	35	36	34

Note: Percentage of male participants and average age are included in parentheses where applicable.

foreign born. From a measurement perspective, host-country culture is distinct from a rater's cultural background that was used to calculate the cultural distance scores.

### Measures

#### Cultural Distance

Culture distance was calculated using the nine cultural dimensions from the GLOBE Project derived from a survey of 17,300 managers in 951 organizations across 62 countries (House et al., 2004). Each country in the GLOBE study was assigned a value for its average societal "as is" country ratings for each of nine cultural dimensions: performance orientation, uncertainty avoidance, in-group collectivism, power distance, gender egalitarianism, humane orientation, institutional collectivism, future orientation, and assertiveness. We used the GLOBE cultural dimensions for our cultural distance measure because these cultural dimension scores were developed conceptually through an extensive literature review and rigorously tested through multiple studies across a large number of countries (House et al., 2004). All of the nine dimensions studied had acceptable alphas (e.g., Cronbach's alpha for humane orientation was 0.88, and for power distance was 0.91; House et al., 2004, p. 136).

Using the GLOBE score for each of these nine cultural dimensions, we calculated the Euclidean distance between each expatriate manager and each of their raters, creating a cultural distance score. The Euclidean distance is the square root of the sum of the squared difference of each of the nine cultural dimensions. A larger score represents a greater overall difference. This procedure is commonly used in relational demographic literature (Flynn, Chatman, & Spataro, 2001; Tsui, Eagan, & O'Reilly, 1992; Wagner, Pfeffer, & O'Reilly, 1984). A similar calculation is also commonly used in organizational-level cultural distance research (Colakoglu & Caligiuri, 2008; Kogut & Singh, 1988). Researchers recommend using Euclidian distance to measure group similarity when the variables are conceptualized as separation, fitting with its use in the present study (Bhave, Kramer, & Glomb, 2010; Harrison & Klein, 2007). For a recent review of cultural distance measures, see

Riordan & Wayne (2008). We assigned each individual rater and expatriate the values of his or her country of origin for each cultural dimension. This method allowed us to take into account differences in nine cultural dimensions while calculating cultural distance, providing a sufficiently broad picture of cultural differences between expatriates and their raters.

#### Ratings of Leader Effectiveness: Task and Contextual Competencies

Ratings from the Center for Creative Leadership's (2004) Benchmarks<sup>®</sup> instrument comprised our measures of task and contextual leadership competencies. As a globally used 360-degree feedback instrument, Benchmarks has been extensively researched in the literature (e.g., Atwater, Ostroff, Yammarino, & Fleenor, 1998; Atwater et al., 2009). It is used primarily for leadership development purposes and captures ratings from managers and their direct reports, peers, and supervisors (Lombardo & McCauley, 1994; Lombardo, McCauley, McDonald-Mann, & Leslie, 1999). Benchmarks is based on research on how successful leaders learn, grow, and change (Morrison, White, & Van Velsor, 1987). The instrument has been subject to a number of validation studies (cf. Leslie & Fleenor, 1998) and has been cited repeatedly as a valid measure of leadership behavior (Carty, 2003; Spangler, 2003; Zedeck, 1995). In addition, Braddy (2007) established measurement equivalence for Benchmarks scales across 28 languages.

Leadership competencies were measured using the 16 Benchmarks leadership scales, rated on a 5-point Likert scale ranging from 1 = *Not at all* to 5 = *To a very great extent*. Following Scullen and colleagues' (2003) conceptualization of task versus contextual leadership dimensions, we categorized leadership competencies into task versus contextual clusters. Specifically, task leadership competencies include *resourcefulness* ( $\alpha = 0.85$ ), *doing whatever it takes* ( $\alpha = 0.85$ ), *quick study* ( $\alpha = 0.77$ ), *decisiveness* ( $\alpha = 0.75$ ), and *confronting problem employees* ( $\alpha = 0.73$ ); contextual leadership competencies include *leading employees* ( $\alpha = 0.90$ ), *participative management* ( $\alpha = 0.86$ ), *change management* ( $\alpha = 0.85$ ), *building relationships* ( $\alpha = 0.89$ ),

*compassion and sensitivity* ( $\alpha = 0.84$ ), *straightforwardness and composure* ( $\alpha = 0.83$ ), *balance between personal and work life* ( $\alpha = 0.76$ ), *self-awareness* ( $\alpha = 0.76$ ), *putting people at ease* ( $\alpha = 0.80$ ), *differences matter* ( $\alpha = 0.86$ ), and *career management* ( $\alpha = 0.87$ ).

We took two steps to assess the reliability and validity of the measures. First, we assessed interrater reliability on task and contextual competencies for both the peer and subordinate subsamples. Specifically, we computed intraclass correlations (ICC[1, k]) to indicate the average reliability of a rater group, as the number of raters varied across managers, and calculated ICC[1] to indicate the reliability of a single rater (Shrout & Fleiss, 1979). For the peer subsample, ICC[1, k] was .54 for task competencies and .53 for contextual competencies, while ICC[1] was .27 and .27, respectively. For the subordinate subsample, ICC[1, k] was .58 for task competencies and .61 for contextual competencies, while ICC[1] was .31 and .33, respectively. The interrater reliability estimate was on par to those reported in LeBreton, Burgess, Kaiser, Atchley, and James (2003).

Second, we conducted multitrait multimethod confirmatory factor analysis (MTMM CFA; B. M. Byrne & Goffin, 1993) to assess the validity of the task versus contextual dimensions across three rating sources. An MTMM CFA resulted in a reasonable fit to the data: comparative fit index = 0.91, Tucker-Lewis index = 0.90, root mean square error of approximation = 0.066, standardized root mean square residual = 0.029,  $\chi^2(1,022) = 12,116$ . Alternative MTMM CFA models either provided significantly worse fit to the data or failed to converge (results available from the first author). Additionally, the fact that cultural distance was based on GLOBE scores and not surface similarity, along with the use of cultural values as moderators, limits the possibility of bias in the measures. Thus, we were assured of the validity of the measurement model of the current study.

### **Analytic Strategy**

Data from the three subsamples were nested in nature. The peer and subordinate subsamples had three levels of hierarchy, in which ratings were nested within expatriates, who were further nested within the host culture. The supervisor subsample had two levels of hierarchy, in which expatriates were nested within the host culture. The nested structure of the data called for the use of multilevel modeling, as the use of ordinary least square regression could lead to inaccurate estimates (Bliese & Hanges, 2004; Kenny & Judd, 1986). The analysis was completed separately for each subsample. See the appendix for the

statistical formulas and conceptual meanings for the tests at different levels of analysis with a focus on the fixed effects.

As the lower-level effects and the cross-level interactions are our focus, we used the centering approach recommended by Enders and Tofghi (2007). Specifically, both Level 1 and Level 2 predictors were centered within clusters. Level 1 cultural distance was centered at individual means and Level 2 cultural distance was centered at host culture means, whereas the Level 3 predictors of power distance and humane orientation were centered at the grand mean. Conducting the analyses on the group-level variables (i.e., mean-centered Level 1 and Level 2 predictors) matched the operationalization of variables with the theoretical level of interest.

## **Results**

### **Descriptive Statistics**

Table II presents the descriptive statistics for the peer, subordinate, and supervisor subsamples at the expatriate level of analysis. For the peer and subordinate samples, the ratings of the expatriate leader task and contextual effectiveness and cultural distance measures represent average scores across multiple raters. For the supervisor subsample, as each expatriate was rated by only one supervisor, the ratings and cultural distances represent actual scores within this subsample. Ratings and cultural distance were negatively associated in peer and subordinate subsamples, but not the supervisor subsample. Consistent with our hypotheses of host-country cultures' moderating effects, power distance and humane orientation were assessed for the *host country* of the expatriate assignment, which typically differed from those assessed for the *rater's native country*.<sup>1</sup>

### **Within- and Between-Rater Cultural Distance Effects on Ratings of Expatriate Effectiveness**

Parameter estimates of the tests for the fixed effects of cultural distance at the within and between expatriate levels are presented in Table III. Parameter estimates for  $\gamma_{100}$  indicated the fixed effect of cultural distance at Level 1. Across the peer and subordinate subsamples, the effect of within-expatriate manager cultural distance was not significant for either task or contextual competencies. This within-rater group result indicates that an expatriate's rating did not necessarily depend on his or her cultural similarity to a specific individual rater relative to the other peer or subordinate raters in the same rating group. Yet parameter estimates for  $\gamma_{010}$  indicated

TABLE II Intercorrelations of Variables for Each Subsample at the Expatriate Manager Level

	1	2	3	4	5
<b>Peer subsample (N = 708)</b>					
1. Task	.90				
2. Contextual	.69**	.95			
3. Cultural distance	-.09*	-.11**	—		
4. Power distance	.09*	.07	-.05	—	
5. Humane orientation	.02	-.01	-.01	-.37**	—
<i>M</i>	3.80	3.73	1.20	5.10	3.94
<i>SD</i>	0.38	0.38	0.71	0.34	0.42
<b>Subordinate subsample (N = 689)</b>					
1. Task	.89				
2. Contextual	.73**	.95			
3. Cultural distance	-.10**	-.07	—		
4. Power distance	-.01	-.01	-.02	—	
5. Humane orientation	.07	.04	.03	-.32	—
<i>M</i>	3.87	3.76	1.35	5.10	3.94
<i>SD</i>	0.38	0.42	0.66	0.34	0.43
<b>Supervisor subsample (N = 659)</b>					
1. Task	.89				
2. Contextual	.67**	.94			
3. Cultural distance	.01	-.04	—		
4. Power distance	.04	.04	-.07	—	
5. Humane orientation	-.05	-.05	-.01	-.37**	—
<i>M</i>	3.86	3.81	1.21	5.09	3.95
<i>SD</i>	0.48	0.46	0.83	0.34	0.43

Note: Diagonals contain Cronbach's alpha coefficient.

\* $p < .05$ ; \*\* $p < .01$ .

between-rating-group effects of cultural distance at Level 2. Supporting Hypothesis 1, being rated by peers or subordinates who, together, were dissimilar to the expatriate was significantly associated with lower leadership task and contextual competencies ratings, and there was no relationship between cultural distance and supervisor ratings of leadership effectiveness. Unlike peers and subordinate rating groups, overall supervisors' rating groups assessment of task and contextual competencies did not depend on their cultural distance to the expatriate.

#### *Moderating Effects at National Cultural Values for Power Distance and Humane Orientation*

Table IV shows the results investigating the significant effects of cultural distance from the host country's cultural practices on power distance and humane orientation. The results from the peer rating subsample indicated that the negative effects

of Level 2 cultural distance differed across cultures with different levels of power distance and humane orientation. Specifically, a host country's power distance exacerbated cultural distance's negative effects on *peer group* ratings of leadership task and contextual competencies, whereas a host country's humane orientation mitigated cultural distance's negative effect on contextual competencies only. We estimated the moderating effects of power distance and humane orientation separately and graphed the interactions in Figures 2 through 4.<sup>2</sup> In contrast, tests of Hypotheses 2 and 3 did not receive similar support in the subordinate subsample, although the parameter estimates were in the expected direction for power distance. Taken together, these results provided mixed support to Hypotheses 2 and 3. It should be noted that the tests of the moderating effects at the cultural level were based on approximately 33 degrees of freedom, and the lack of significance may be partially due to low statistical power. To ensure that

**TABLE III** Effects of Cultural Distance on Expatriate Leadership Effectiveness

	Outcome = Ratings of Leadership Task Competencies			Outcome = Ratings of Leadership Contextual Competencies		
	Peer Subsample	Subordinate Subsample	Supervisor Subsample	Peer Subsample	Subordinate Subsample	Supervisor Subsample
Fixed components						
$\gamma_{000}$	3.806***	3.872***	3.862***	3.722***	3.749***	3.814***
$\gamma_{010}$	-.039*	-.067**	.000	-.050*	-.050*	-.017
$\gamma_{100}$	-.027	.027	—	-.029	.035	—
Random components						
Variance of $r_0$	.069***	.075***	—	.071***	.099***	—
Variance of $u_{00}$	.002	.004	.000	.002	.004	.000
Variance of $e$	.191	.182	.227	.201	.214	.210

Note: Task or contextual leadership effectiveness =  $\gamma_{000} + \gamma_{010}$  (Level 2 Distance) +  $\gamma_{100}$  (Level 1 Distance) +  $r_0 + u_{00} + e$   
 \* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ .

**TABLE IV** Moderating Effects of Power Distance and Humane Orientation

	Outcome = Ratings of Leadership Task Effectiveness		Outcome = Ratings of Leadership Contextual Effectiveness	
	Peer Subsample	Subordinate Subsample	Peer Subsample	Subordinate Subsample
Fixed components				
$\gamma_{000}$	3.806***	3.873***	3.722***	3.749***
$\gamma_{010}$	-.034*	-.064*	-.033*	-.040
$\gamma_{011}$	-.083*	-.070	-.087*	-.109
$\gamma_{012}$	.034	-.029	.103**	.034
Random components				
Variance of $r_0$	.068***	.073***	.069***	.096***
Variance of $u_{00}$	.002	.004*	.002	.004
Variance of $u_{01}$	.000	.005*	.000	.004
Variance of $e$	.191	.182	.201	.214

Note: Task or contextual leadership effectiveness =  $\gamma_{000} + \gamma_{010}$  (Level 2 Distance) +  $\gamma_{011}$  (Level 2 Distance)  $\times$  (Power Distance) +  $\gamma_{012}$  (Level 2 Distance)  $\times$  (Humane Orientation) +  $r_0 + u_{00} + u_{01}$  (Level 2 Distance) +  $e$   
 \* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ .

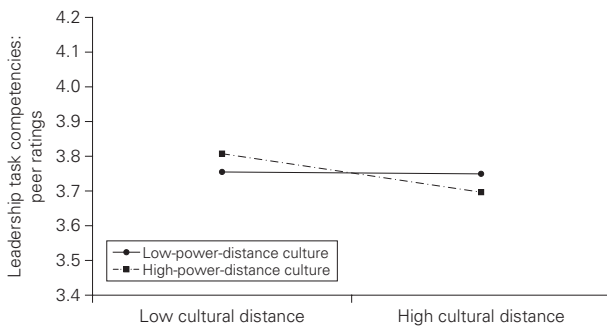
demographic variables were not influencing the results, we reran all the analyses for each hypothesis, controlling for expatriate managers' age, sex, and organizational tenure. The results remained substantively the same with the control variables.

## Discussion

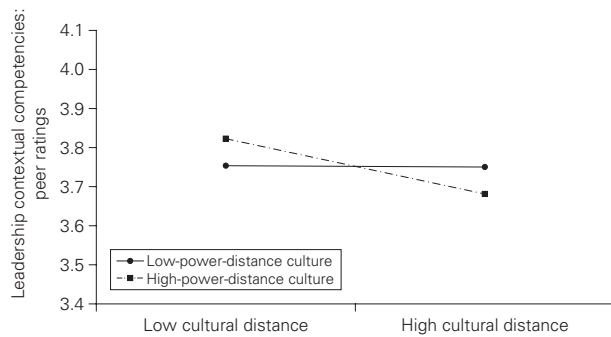
Organizations that have successful performance management and development of expatriates are more likely to have competitive advantage. Expatriate managers work with host-country nationals in many cultural settings, a growing number of which may have very dissimilar values

on leadership and employment relations from the parent-company headquarters. It is important to systematically and thoughtfully research and apply talent management tools such as 360-degree feedback assessments and to understand systematic ratings effects across rater hierarchical perspectives to effectively develop leadership in global contexts.

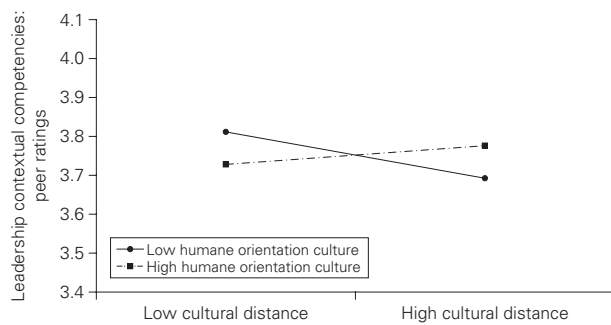
This study shows a stronger effect of cultural distance on ratings of perceived expatriate leadership competencies for certain rater groups than others. We found that cultural distance was associated with more negative perceptions of expatriate



**FIGURE 2.** Effect of Cultural Distance on Peer Ratings of Leadership Task Competencies Moderated by Power Distance



**FIGURE 3.** Effect of Cultural Distance on Peer Ratings of Leadership Contextual Competencies Moderated by Power Distance



**FIGURE 4.** Effect of Cultural Distance on Peer Ratings of Leadership Contextual Competencies Moderated by Humane Orientation

leadership effectiveness for ratings provided by peers and subordinates rating groups, but not by ratings from supervisors as an overall rating group. These findings lend support to the notion that cultural distance may affect some types of leader-stakeholder relationships and ratings more than others. Research and practice on multisource leadership rating systems, particularly for expatriates, should consider cultural distance as an important factor in understanding peer and subordinate ratings. Given that leaders are working globally and

cross-culturally, future research and practice on the tools of leader development and performance assessment should incorporate understanding of the dynamics of cultural distance.

Atwater and colleagues (2009) found that general cultural background should be considered when interpreting the relationships between self and other ratings. We add to this research on cross-cultural differences in ratings by being one of the first studies to argue that cultural distance is associated with significant differences in how different groups of raters such as subordinates and peers rate expatriate leadership competencies across cultures. Taken together, these findings suggest that cultural distance in national origin is a form of workplace relational demography that can be used to understand why there might be systematic differences in ratings of leader competencies in increasingly cross-cultural work environments. Between-rating-group cultural distance (i.e., peer groups compared to subordinate groups compared to supervisor groups) was more strongly related to leadership competency ratings than within-group cultural distance (comparing variation in ratings from one subordinate to another or one peer to another regarding the assessment of the same expatriate). This finding is important, as it shows systemic group ratings proclivities in expatriate leadership assessment systems.

Our study also demonstrated that the negative effect of cultural difference for peer ratings was alleviated in a low-power-distance or high-humane-orientation culture (the latter of which is more likely to value a leader emphasizing competencies supporting positive interpersonal relations) for contextual but not task performance. These findings are consistent with Hogan and Shelton’s (1998) suggestion that peers are more motivated to focus on interpersonal (contextual) aspects of leadership competency; an effect that may be exacerbated in cross-national contexts (e.g., those with higher values on humane orientation) that value supportive interpersonal relations in society. Our lack of similar findings for context effects moderating subordinate ratings may have been affected by statistical power or unique aspects of our sample and should be confirmed in other studies.

**Peer Ratings Are Important: Actions Needed to Mitigate Cultural Distance Effects**

Given these findings on peer ratings effects from cultural distance, training should be done with peer and subordinate raters, in particular, on how to view expatriate effectiveness when balancing the cultural values of the corporate headquarters with those of the local national context. This is

especially important given growing evidence on the importance of peer ratings for assessing leadership. Braddy, Gooty, Fleenor, & Yammarino (2014) argue that peer ratings are more strongly related to leadership outcomes and career derailment than are other rating sources (e.g., supervisors, subordinates). The rationale for this is that peers occupy a unique position in the organization hierarchy that allows them to observe leader behaviors directed toward both subordinates and superiors (Hollander, 1954). For example, peers often observe

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the same leader behaviors as subordinates; however, these behaviors may be concealed from a leader's superior (Conway & Huffcutt, 1997). Expatriates may relate differently to subordinates in the presence of superiors, as a way to posture effectiveness in managing the subordinate to align with the supervisors' goals. However, subordinates may not be in a position to observe a leader's behavior toward his or her superiors, as they may be excluded from some upward communications or meetings held with higher-level managers. Additionally, peers are likely to observe and note behaviors such as interpersonal skills and relationship management because they are engaged in similar behaviors, and peers are likely to consult more with one another on these matters than with their superiors. These findings suggest that leader development programs should be placing more emphasis on the peer assessments of focal leaders for feedback and training purposes. Our findings for moderating contextual effects of high humane orientation and lower power distance for peers, but not subordinates, needs to be replicated in other samples.

### *Contributions and Future Research and Practice*

This study contributes to the human resource management literature in several ways. First, we focused on issues that have long been examined in the leadership literature (Judge, Piccolo, & Ilies, 2004), and showed that ratings of important leadership competencies can be affected by cultural distance in relational demography between leaders and their various raters: peers, subordinates, and supervisors. This finding highlights the need for researchers to better understand the diverse

interpersonal context in which global leaders operate. The results of multirater leadership assessments may be related to cultural distance when ratings come from peers or subordinates especially in the host country. This relationship should be explicitly taken into account when offering feedback from multirater assessments. Managers can use this information to better understand how the expectations of different stakeholders may vary according to cultural distance and perspective.

Second, we demonstrated that well-established cultural dimensions (i.e., humane orientation and power distance) can add another layer of complexity to perceptions of the expatriate's leadership effectiveness in a particular host-country context. Our study underscores the need for leadership research to continue to identify and clarify which cultural dimensions are more salient and act as psychological triggers for organizational behavior processes, changing the way ratings of leadership effectiveness are generated by host-country peer colleagues. Meanwhile, research by Selmer and colleagues (Selmer, 2002; Selmer, Chiu, & Shenkar, 2007; Selmer & Luring, 2009) has identified several boundary conditions for cultural distance's impact. That is, cultural distance has been found to have negligible impact in some adjustment contexts and asymmetric effect in other expatriate contexts (i.e., going from country A to country B differs from going from country B to country A). Our findings highlight the role of host-country culture in understanding how adjustment to cultural distance may unfold differently.

Our research also suggests that studies of cultural diversity should consider how ratings of leaders may be more or less culturally biased depending on the raters' role and the country in which the assessment occurs. Most studies of cross-national differences do not look at the work environment in the integrative way demonstrated in the current study, such as assessing cultural distance between the expatriate and his or her supervisor, subordinates, and peers. Our study shows that it is the role relational nature of differences between the global leader (in this case an expatriate) and his or her relational work context that truly may matter for group ratings of leader effectiveness. Leadership requires effectively understanding others at work; thus, studies should increasingly target deep-level cultural differences in societal values as an indicator of context.

Future research might also look at different types of expatriate assignments, such as comparing long-term expatriates sent by the company to self-initiated expatriates to global traveler expatriates that do not relocate to virtual expatriate interactions where most work is done virtually.

The form of expatriate assignment may influence cultural distance effects.

Furthermore, other cultural dimensions not included in the present study may be particularly impactful for certain specific types of expatriate assignments. Newly arrived expatriates, for instance, may need to manage multiple demands to adapt at a rapid pace (Jundt, Shoss, & Huang, 2014). In such situations, a host country's uncertainty avoidance and future orientation can play a moderating role on cultural distance's influence. When expatriates perform in a team context that emphasizes assimilation, a host country's assertiveness and collectivism may emerge as important moderators (Ott-Holland, Huang, Ryan, Elizondo, & Wadlington, 2014).

We also need to develop a new language to acknowledge a growing perspective that perhaps we should move away from the notion of cultural distance toward reframing intercultural interactions as involving "cultural friction" concerning the meeting of diverse perspectives (Shenkar, Luo, & Yeheskel, 2008). We agree that this is a useful view—particularly for perceptions of expatriate leadership effectiveness across different hierarchical vantage points (subordinates, supervisors, peers).

### *Limitations*

A limitation of our research for future studies to address is that our analysis did not assess within-cultural variation. Individuals within the same culture may hold different views, endorse different values, and possess different identities (Chao & Moon, 2005), which also may affect workplace interactions and ultimately leadership ratings. Assessment of individual deep-level dissimilarity may produce stronger effects of cultural distance. Future studies could more strongly assess deep-level cultural distance at the individual level to better appreciate the degree of "cultural mosaics" within societies (Chao & Moon, 2005). As cultures become more blended, it is important to understand how these cultural blends form and influence relationships in organizations.

Second, although the nine cultural dimensions from the GLOBE study represent a comprehensive conceptualization of culture, capturing the complexity and uniqueness of each culture will entail more than these nine dimensions. Newer theories such as cultural tightness and looseness, which respectively capture the strength of social norms and the degree of sanctioning for social deviance (Gelfand et al., 2006), may be valuable for future studies on ratings of leadership effectiveness in different organizational roles and contexts. Similarly, we might want to look more at facets of culture

that capture ageism, sexism, or racism proclivities and their links to cultural distance values.

Third, the existing data set did not allow examination of important explanatory processes such as expatriate adjustment (e.g., Liu & Huang, 2015) and organizational support for expatriate cultural integration. It is also important to acknowledge that a number of other factors aside from cultural distance likely play a role in leader competency ratings. We recognize that cultural distance is but one factor related to ratings of leadership effectiveness. Future research should examine the direct and moderating effects of gender on ratings as the number of local national and expatriate women in key positions increases and HR practices are adapted accordingly (Cooke & Xiao, 2014).

### *Implications for Practice*

Multisource feedback is an important component of many global leadership development initiatives. Global organizations are extending these initiatives across countries, increasing the probability that leaders will be rated by a number of individuals from varying cultures. To fully understand potential biases in these ratings in culturally diverse workplaces, it is important to consider the effects of cultural distance and host-country context on the ratings. This is particularly salient when providing multirater feedback to participants in leadership development programs. Improving the effectiveness of expatriate cultural feedback on leadership effectiveness is very important. Our study suggests that companies should consider the raters' roles when feeding back results and also should train raters to try to mitigate biases. Our research suggests that peer and subordinate ratings should be used for feedback related to development and only supervisor ratings should be used to make HR administrative decisions such as performance appraisal and merit pay.

Research suggests that more culturally adept leaders are better able to manage the cognitive demands of working in a multicultural environment. Greater cultural exposure has been linked to greater transnational social capital (Levy et al., 2013), cultural intelligence (Crowne, 2013), and a better ability to cognitively manage demands of multiple cultures (Dragoni & McAlpine, 2012; Fee, Gray, & Lu, 2013). Exposure to more culturally distant countries has also been linked to stronger strategic thinking competency (Dragoni et al., 2014). Biculturals also may be better suited to bridge cultural distance by way of higher cross-cultural competence (Lakshman, 2013).

Our study highlights the importance of selecting and developing leaders who can learn and manage cultural distance effectively in domestic

and international assignments. Organizations can select people with greater propensity for adaptability (e.g., Ang et al., 2007; Huang, Ryan, Zabel, & Palmer, 2014) to improve the likelihood of fit into many different cultural environments. Yet most organizations select expatriate employees based on technical ability and willingness to go (Shaffer, Harrison, Gilley, & Luk, 2001) rather than their

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*Our study highlights the importance of selecting and developing leaders who can learn and manage cultural distance effectively in domestic and international assignments. Organizations can select people with greater propensity for adaptability to improve the likelihood of fit into many different cultural environments. Yet most organizations select expatriate employees based on technical ability and willingness to go.*

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ability to adapt to the cultural work styles of their peers, subordinates, and supervisors that are nested in complex sociocultural contexts. Our results suggest that the negative effects of cultural distance on leadership effectiveness ratings are exacerbated for leaders in cultures with high power distance and low humane orientation. Armed with this knowledge, executives can make better decisions about the use of multisource rating systems and other aspects of the leader development curricula. Coaches can tailor their feedback to help explain why leaders may have received lower ratings in these cultural contexts, and further work with participants to design a plan for developing competencies for successfully leading employees in a cross-nationally diverse workplace. Expatriates can be taught to better understand the reality of the differing expectations of their stakeholders contributing to the complexity of the cross-national environment. In managing expatriate assignments, organizations should especially take care in interpreting leadership ratings from multirater systems when managers are rated by peers and subordinates from whom they have higher cultural distance. Particular caution should be taken for peer assessments in a host country characterized by high power distance and low humane orientation. In making decisions on talent management in expatriate assignments, assessing

expatriate leader performance, and developing leadership competencies among expatriates, organizations should consider the cultural context from which the relevant ratings have come and how they relate to the expatriates' own cultural backgrounds. Given this tendency and the difficulty in removing cultural ratings bias from expatriate ratings, we recommend that ratings should

be used for developmental and not administrative (e.g., pay, promotion) decision making, as the latter can be better captured through the formal performance appraisal system. Organizations might develop interventions to help expatriate managers learn how to enact their leadership style to adapt to the expectations of host country supervisors, peers, and subordinates, particularly for assignments when cultural distance between expatriate and host culture may be high. Relational interventions such as coupling expatriates with local national peers for mutual coaching may help with the understanding of contextual performance. Peer coaching would also provide local nationals with an opportunity to learn from the expatriate's cross-national experience. At a minimum, expatriates in leadership roles need to understand the impact of cultural distance and basic strategies for dealing with it.

Human resource management policies and practices are by definition based on cultural values and assumptions of how work should be designed and how leaders and coworkers should interact. This study suggests that HR tools, such as 360-degree feedback assessments developed in one culture, should be used thoughtfully when applied across cultural boundaries. For assessments to be useful for global human resource management, leadership development, or accurate performance appraisal, it is important that the ratings are culturally well understood and seen as credible and useful across multiple rater roles. Further, as organizations merge and acquire new operations, cross-cultural interaction and the need for managers to be proficient in different social-cultural environments increases. Overall, understanding how to effectively manage cultural distance and its implications across many organizational roles will only become more important in an increasingly cross-national world.

## Notes

1. While cultural distance was not related to a host country's values in any sample ( $r$ 's ranged from  $-.02$  to  $-.07$  for power distance and from  $-.01$  to  $.03$  for humane orientation; see Table II), cultural distance was significantly correlated with rater's native country's values (for peer, subordinate, and supervisor subsamples,  $r$ 's =  $.09$ ,  $.13$ , and  $.12$ ,  $p$ 's <  $.01$  for power distance; all  $r$ 's =  $-.08$ ,  $p$ 's <  $.05$ , for humane orientation) because these values were entered in the calculation of cultural distance.
2. In response to a reviewer request, we also investigated interactions with the other relevant GLOBE cultural dimensions; however, these interactions were not statistically significant.



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**APPENDIX Statistical Formulas and Conceptual Meanings for Current Multilevel Analyses**

Level 1 encompasses within-expatriate effects of rater-expatriate cultural distance (i.e., an expatriate's cultural distance from individual raters). The Level 1 fixed effects for  $\pi_1$  examined whether the ratings of an expatriate's competencies would depend on the cultural distance between the rater and the expatriate, relative to his or her other raters. Conceptually, the test of the Level 1 fixed effects is analogous to a statistical average of all the within expatriate regressions with cultural distance as the predictor variable and ratings as the outcome variable. The multilevel model containing only Level 1 fixed effects is presented below:

Level 1 model: Task/contextual leadership performance =  $\pi_0 + \pi_1$  (Level 1 Distance) +  $e$

Level 2 model:  $\pi_0 = \beta_{00} + r_0$

$\pi_1 = \beta_{10}$

Level 3 model:  $\beta_{00} = \gamma_{000} + u_{00}$

$\beta_{10} = \gamma_{100}$

Level 2 encompasses between-expatriate effects of rater-expatriate cultural distance, or the group average for rater cultural distance. The Level 2 fixed effects for  $\beta_{01}$  were examined to determine whether the average rating of expatriate competencies across all of his or her raters would depend on the average cultural distance between the expatriate and his or her raters. Conceptually, the Level 2 analysis for  $\beta_{01}$  fixed effects would be analogous to regressing the expatriates' average ratings to the average cultural distance between expatriates and their raters, controlling for the cultures they currently worked in. The multilevel model containing only Level 2 effects is presented below:

Level 1 model: Task/contextual leadership performance =  $\pi_0 + e$

Level 2 model:  $\pi_0 + \beta_{00} + \beta_{01}$   
(Level 2 Distance) +  $r_0$

Level 3 model:  $\beta_{00} = \gamma_{000} + u_{00}$

$\beta_{01} = \gamma_{010}$

The model combining the Level 1 and Level 2 effects in one statistical model resulted in the formulas is presented below:

Level 1 model: Task/contextual leadership performance =  $\pi_0 + \pi_1$  (Level 1 Distance) +  $e$

Level 2 model:  $\pi_0 = \beta_{00} + \beta_{01}$  (Level 2 Distance) +  $r_0$

$\pi_1 = \beta_{10}$

Level 3 model:  $\beta_{00} = \gamma_{000} + u_{00}$

$\beta_{01} = \gamma_{010}$

$\beta_{10} = \gamma_{100}$

*Combined model:* Task/contextual leadership performance =  $\gamma_{000} + \gamma_{010}$  (Level 2 Distance) +  $\gamma_{100}$  (Level 1 Distance) +  $r_0 + u_{00} + e$

Level 3 encompasses effects of country cultural practices in power distance and humane orientation on the observed Level 2 slopes. The Level 3 fixed effects for  $\gamma_{011}$  and  $\gamma_{012}$  test whether power distance and humane orientation moderated the effects of cultural distance on ratings at Level 2. This test can be understood conceptually as regressing Level 2 regression slopes from each country on the power distance and humane orientation cultural dimensions. The multilevel models with power distance and humane orientation moderating the Level 2 effect are presented below:

Level 1 model: Task/contextual leadership performance =  $\pi_0 + \pi_1$  (Level 1 Distance) +  $e$

Level 2 model:  $\pi_0 = \beta_{00} + \beta_{01}$  (Level 2 Distance) +  $r_0$

$\pi_1 = \beta_{10}$

Level 3 model:  $\beta_{01} = \gamma_{010} + \gamma_{011}$  (Power Distance) +  $\gamma_{012}$  (Humane Orientation) +  $u_{01}$

$\beta_{10} = \gamma_{100}$

*Combined model:* Task/contextual leadership performance =  $\gamma_{000} + \gamma_{010}$  (Level 2 Distance) +  $\gamma_{011}$  (Level 2 Distance)  $\times$  (Power Distance) +  $\gamma_{012}$  (Level 2 Distance)  $\times$  (Humane Orientation) +  $r_0 + u_{00} + u_{01}$  (Level 2 Distance) +  $e$