

# Cultural intelligence and establishment of organisational diversity management practices: An upper echelons perspective

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## Abstract

Drawing from upper echelons theory, this study examines Chief Human Resource Officers (CHROs) level of cultural intelligence as a predictor of diversity management practices established during their tenure. We model cultural intelligence (CQ) as an individual difference that combines with functional expertise to bolster attention to diversity management. CHRO cultural intelligence is further posited to have an indirect effect on the establishment of diversity management practices through CHRO propensity for transformational leadership behaviours, in this case directed towards other TMT members to garner support for diversity management practices. We test arguments with primary and secondary data from a sample of 193 CHROs and their institutions. Findings address the call to analyse functional TMT roles and factors that impact their effectiveness, and speak to the continued evolution of CQ as a research construct. We conclude with research and practical implications at a time of heightened attention to diversity.

## KEYWORDS

diversity, human resource manager, leadership, strategic HRM

**Abbreviations:** CEO, Chief Executive Officer; CFA, confirmatory factor analysis; CHRO, Chief Human Resource Officer; CQ, cultural intelligence; CUPA-HR, College and University Professional Association for Human Resources; DMP, diversity management practices; ICC, interclass correlations; LGBTQ, lesbian, gay, bisexual, transgender, queer or questioning; MLQ, multifactor leadership questionnaire; OLS, ordinary least squares; TMT, top management team; US, United States.

### Practitioner Notes

#### What is currently known?

- The presence of Chief Human Resource Officers (CHROs) among the top management ranks is growing.
- The workforce is more diverse than ever, bringing heightened importance for organisations and society to diversity issues.

#### What our paper adds?

- Looking beyond the basic functional expertise of the CHRO role, we find individual CHRO cultural intelligence differentiates the establishment of diversity management practices during CHRO tenure.
- Culturally intelligent CHROs, through their propensity for transformational leadership behaviours, directed toward other TMT members, garner support for diversity management practices.

#### Implication for practitioners

- Our results justify organisations offering professional development opportunities to increase CHRO cultural awareness and capability.
- Organisations could also benefit from consideration of cultural intelligence in the recruitment and selection process for CHRO positions by including assessment of a candidate's level of cultural intelligence.
- Cultural intelligence is a potentially beneficial quality to develop and recruit beyond the CHRO position and could include others at the top management level and even board members.

## 1 | INTRODUCTION

Studies have documented the elevation of human resource leaders, or Chief Human Resource Officers (CHROs), to membership on top management teams (TMTs; Guadalupe et al., 2014; Kelly & Gennard, 2007). However, it is unclear if or how this 'new functional role' at the top management team level impacts the organisation (Graham et al., 2017; Menz, 2012). If organisations are indeed a reflection of their top managers (Finkelstein et al., 2009; Hambrick & Mason, 1984), the influence of human resource leaders at the top management ranks should be evident in organisational outcomes—particularly outcomes pertaining to diversity management, which are highly germane to human resource functional expertise (Kulik, 2014; Offermann & Basford, 2014; Theodorakopoulos & Budhwar, 2015; Yang & Konrad, 2011).

There is already evidence that human resource leaders play a role in linking diversity to their organisation's business strategy (Konrad et al., 2016; Offermann & Basford, 2014). Furthermore, research shows that functional expertise informs how managers perceive and process information, with functional backgrounds outside of human resource management less likely to identify human resource issues (Beyer et al., 1997). Yet, in a cross-sectional study, the presence of a human resource leader on the TMT did not appear to matter in that a salient diversity outcome, the advancement of women, was not significantly different from organisations with no human resource leader on the TMT (Graham et al., 2017). The broader research on TMT members from traditionally omitted functional backgrounds shows similar inconsistencies and calls for research to understand the (lack of) benefit in elevating such roles (Menz, 2012).

Speaking to this call, we draw from upper echelons theory (Hambrick & Mason, 1984) and contend that to understand the CHRO's potential influence on diversity management requires looking beyond the functional role itself to the diversity relevant competency of the CHRO, operationalised herein as cultural intelligence. Cultural intelligence is a person's capability to function effectively in the context of cultural diversity (Earley & Ang, 2003; Van

Dyne et al., 2008). Cultural intelligence reflects a broad form of competency that transcends cultural context (Thomas et al., 2015) and is relevant not only within international contexts but also within one's own country where diversity may take any number of forms (Chen et al., 2012; Egan & Bendick, 2008; Jyoti & Kour, 2015; Myers & Dreachslin, 2007).

Our outcome of interest is the establishment of discretionary diversity management practices during the CHRO's tenure. We posit a positive relationship between CHRO cultural intelligence and establishment of diversity management practices, and probe how culturally intelligent CHROs enact influence for this beneficial impact to occur. Our approach takes a within-country focus and follows the call to apply cultural intelligence to broader categorisations of diversity (Ang et al., 2020).

This study offers contributions to both upper echelons and cultural intelligence research and implications for diversity practices within organisations at a time of heightened societal attention. More specifically, our CHRO focus addresses interest in more recent functional TMT member roles and factors that impact their effectiveness (Menz, 2012). Our treatment of cultural intelligence contributes to its understanding at the leadership level in one's own country context, whereas past research speaks more prevalently to cultural intelligence applied across national boundaries (Ang et al., 2020; Groves & Feyerherm, 2011). Finally, our findings related to this distinguishable and developable attribute among CHROs are critically timely as organisations strive to meet cultural differences across social identity groups made salient by Black Lives Matter, #MeToo and other recent social activism movements.

## 2 | THEORETICAL BACKGROUND

We apply the broad framework of upper echelons theory to model the posed relationships. Scholars have commonly examined organisational diversity management through emphasis on external influences and competitive advantage, applying lenses such as institutional theory, resource dependence theory and the resource-based view (Barney & Clark, 2007; Jiraporn et al., 2019; Kalev et al., 2006; Klotz et al., 2014; Nielsen & Nielsen, 2013; Ortlieb & Sieben, 2013; Yang & Konrad, 2011). Upper echelons theory, on the other hand, emphasises the human element—in the form of an idiosyncratic leader characteristic—as an additional important influence on organisational choices. Its central premise is that the cognitions and values of the organisation's executives are reflected in the organisation's strategic decisions and, ultimately, its outcomes and performance; hence, organisations are a reflection of their top managers (Hambrick & Mason, 1984). More specifically, the knowledge, experience, values, motives and biases of top managers provide a lens of sorts that influences which information is salient, how information that is more salient is perceived and how gaps in information are processed (Finkelstein et al., 2009).

Extant research supports the upper echelons theory framework across a variety of contexts (Carpenter et al., 2004) and applied to leader cultural intelligence (Mannor, 2008; Ng & Sears, 2012). However, following the theory's foundation, there is a tendency for research to focus on demographics and observable experience instead of psychological characteristics that speak to the black box of management cognitions, that is, a deeper understanding of how individual differences explain TMT member strategic choices (Cannella, 2001; Carpenter et al., 2004; Finkelstein et al., 2009; Hambrick, 2007; Wang et al., 2016). Cultural intelligence, the focus of the present study, taps into the deeper psychological and cognitive individual differences that are a less studied but core aspect of upper echelons theory (Carpenter et al., 2004).

### 2.1 | Cultural intelligence

Cultural intelligence, as noted, is a person's capability to function effectively in settings characterised by cultural diversity (Ang & Van Dyne, 2008; Earley & Ang, 2003). It encompasses the four conceptually distinct dimensions of metacognitions, cognitions, motivation and ability to adapt behaviour (Earley & Ang, 2003). Metacognitions represent self-awareness of the biases and stereotypes held which enables individuals to consciously and deliberately monitor how their knowledge informs their thinking. Cognitions represent the knowledge and understanding that individuals

hold about cultural differences which they have assembled over their lifetimes. Motivational cultural intelligence is represented by individual commitment to developing knowledge toward a fuller and more accurate understanding of differences. Behavioural cultural intelligence represents the ability to incorporate this cultural knowledge into behaviours and actions; specifically, how individuals effectively draw from their repertoire of cultural knowledge to act in ways that demonstrate cultural capability. This predominant conceptualisation of cultural intelligence is positioned as an aggregate multi-dimensional construct (Ang et al., 2007).

Empirical research on cultural intelligence as a focal leader attribute shows it is a beneficial differentiator when the situation calls for an understanding of workers' cultural differences (Groves & Feyerherm, 2011). Furthermore, the multi-dimensional nature of cultural intelligence fits the notion that leadership is best predicted by an amalgamation of attributes reflecting cognitive capacities, motives, problem-solving competencies, social appraisal skills and more (Zaccaro et al., 2004). Cultural intelligence, and leader metacognitive competency in general (Mumford et al., 2000), is a higher order cognitive function relative to other leader characteristics associated with diversity management such as unit leader's diversity beliefs or the cognitive component of attitude towards diversity (Schölmerich et al., 2016), CEO social values (Ng & Sears, 2012) and the theoretically relevant aspect of CEO race or ethnicity as a proxy for deeper held beliefs and cognitive processing (Cook & Glass, 2015). Cultural intelligence has the added value of being developable as a leadership competency (Ang, et al., 2020; Fang et al., 2018; Wood & St. Peters, 2014), and therefore a very practical attribute for organisations to consider.

## 2.2 | Diversity management practices

Our outcome of interest, as noted, is the establishment of diversity management practices during the CHRO's tenure. Early refinements of upper echelons theory emphasised managerial discretion—whether managers have latitude over their actions—as a moderator of when leader's characteristics are predictive of organisational actions (Hambrick & Finkelstein, 1987). Thus we focus on practices that go beyond legal requirements and therefore hold some degree of organisational discretion and potential for CHRO influence. Our attention to diversity management practices also addresses Kulik's (2014) call for researchers to conduct 'above the line' diversity management research, that is, attention to actual diversity management practices in place across organisations as opposed to relying predominantly on employee perceptions of diversity management.

To date, there is no agreed-upon singular conceptualisation of organisational diversity management practices (Dwertmann et al., 2016; Konrad et al., 2016; Kulik, 2014). Construals often emphasise broad strategic bundles of diversity management practices and empirically focus on a subset of study-relevant practices (Groves & Feyerherm, 2011; Richard et al., 2013; Williams et al., 2014). The framework of Kalev et al. (2006) is a common reference point across many studies, including the present study, based on its theoretical and empirical grounding. Its basis in social categorisation and identity theories also aligns with the present study's emphasis on social identity groups. Kalev and her colleagues identified three bundles of practices: (1) structures that establish clear responsibility for and oversight of organisational diversity management; (2) programs that reduce bias in organisational decision-making and (3) programs that reduce social isolation of female employees and employees of colour. We return to this scheme to explicate the range of diversity management practices relevant to our study context.

## 3 | HYPOTHESES DEVELOPMENT

The following establishes the positive relationship between CHRO cultural intelligence and establishment of diversity management practices, the primary claim of our model. We then consider a potential way culturally intelligent CHROs enact influence for this beneficial impact to occur, drawing on the predisposition towards transformational leadership behaviours among individuals higher in cultural intelligence.

### 3.1 | CHRO cultural intelligence and diversity management practices

Experimental research implies a diversity management advantage for organisations with the functional experience of a CHRO among its TMT (Beyer et al., 1997), though a study examining a similar premise with organisational data did not find support (Graham et al., 2017). Research does show, however, that the salience and interpreted importance of workforce issues in the minds of CHROS predicts the organisation's degree of responsive practices, regarding women in the workforce in this particular instance (Milliken et al., 1998). Similarly, we reason CHRO functional expertise is a necessary but potentially insufficient condition for differentiating a firm's diversity management practices—CHRO relative awareness and understanding of diversity issues matters too. We construe cultural intelligence as a key indicator of such awareness and understanding.

The benefit of cultural intelligence as a leadership competency is considered to extend to workforce diversity (Earley & Mosakowski, 2004; Ng et al., 2012; Offermann & Phan, 2002). This is because individuals of different national cultures co-exist within the workplace and, specific to the present research, cultural diversity is also reflected in diverse viewpoints, norms, values, beliefs and attitudes across any number of subcultures such as professional, age/generations, race/ethnicity, gender and more (Earley & Mosakowski, 2004; Ely & Thomas, 2001). Scholars of cultural intelligence note that while national cultural differences represent salient markers of cultural diversity, 'future research could broaden the existing conceptualisation to focus on other diversity markers, such as functional, generational, gender and socioeconomic status diversity' (Ang et al., 2020, p. 835). Said another way, cultural intelligence generalises across a range of sociocultural differences.

To flesh out the underpinnings of this point in relation to diversity management practices, we offer two related perspectives. First, we explicate the relevance of *understanding cultural differences across social identity groups*. Second, we reason how cultural intelligence *enhances awareness of heightened diversity expectations within one's own national culture*.

#### 3.1.1 | Understanding of cultural differences across social identity groups

The existence of cultural differences across social identity groups is exhibited in the social activism of the past 2 decades, such as the Black Lives Matter and #MeToo movements and the multi-pronged efforts to advance LGBTQ rights. Furthermore, the need for these noted social movements to raise awareness and understanding suggests cultural differences across social identity groups are perhaps more subtle and complex to decipher than national culture with its explicitly labelled culture concepts such as power distance and collective versus individualistic. When subtlety surrounds cultural differences, it provides a context for individual level of cultural intelligence to matter. The benefits of cultural intelligence become evident under situations that call for this particular competency (Groves & Feyerherm, 2011; Liao & Thomas, 2020). CHROs with higher levels of cultural intelligence are theoretically more likely to understand the cultural differences between social identity groups and, in turn, when diversity management practices are needed in response to these cultural differences.

#### 3.1.2 | Awareness of heightened diversity expectations in own culture

Significant social distinctions such as race, ethnicity and gender differences are socially constructed, stemming from collective beliefs that dynamically evolve (Plaut, 2010). Consistent with this socio-culturally dynamic perspective of diversity, the United States experienced a cultural shift in beliefs and, consequently, expectations for how diversity should be addressed over the past 2 decades. The salient manifestation of this shift is seen through the resurgence of relevant social activism. But subtle cultural shifts led towards these salient identifiers. For instance, despite the popular notion of a post-racial nation during the initial decade of the 21st century following the election of the first black

president (Norton & Sommers, 2011), a 2019 nationally representative survey by the Pew Research Center showed a belief of declining race relations in the United States (Horowitz et al., 2019). Though this perspective was growing, it was not until 2020 that it saliently culminated to the Black Lives Matter movement.

Individuals that fail to recognise and adapt to evolving cultural understandings of race, gender and other forms of diversity remain rooted in past cultural understandings of how these social differences should be understood and dealt with (Plaut, 2010). Management of diversity requires an emic understanding of fit between diversity management approaches and a country's specific national concerns (Nishii & Özbilgin, 2007). Anecdotally, there are numerous examples of leaders that were slow to make sense of changing cultural expectations regarding diversity and the practices and policies that reflect these beliefs. A high-profile example includes Google's culturally out-of-step handling of diversity related human resource policies that led to a 2018 walkout by over 20,000 of its employees. CHRO cultural intelligence theoretically facilitates awareness of when societal expectations call for diversity issues to be addressed and, in turn, the need to establish further diversity management practices.

In sum, with other key factors such as industry held constant, we predict CHROs with relatively higher levels of cultural intelligence are more apt to establish diversity management practices based on their understanding of cultural differences across social identity groups and awareness of heightened cultural expectations for diversity management practices.

**Hypothesis 1** *CHRO cultural intelligence is positively related to the establishment of organisational diversity management practices during CHRO tenure.*

### 3.2 | The intervening role of CHRO transformational leadership

An identified black-box issue in upper echelons research is the navigation of power dynamics between TMT members that underlies the conversion of individual preferences to organisational decisions (Finkelstein et al., 2009). Informing this process, CEO transformational leadership within the TMT was found to positively predict TMT members' goal importance congruence—that is, similarity in perceived importance for an organisational goal (Colbert et al., 2008). Colbert et al. (2008) speculate that other TMT members may similarly influence TMT goal importance congruence. Indeed, Bass (1997) equates transformational leadership to 'effective selling' in that it enables influence over colleagues and hierarchical superiors through articulation of meaning and persuasive arguments, using the distinctive knowledge and information from one's organisational role. This logic aligns with the conception of issue selling as individual behaviours directed toward affecting upper management attention to and understanding of organisational issues (Dutton & Ashford, 1993). A transformational approach in general paints a desirable future vision and articulates how it can be reached, encourages others to challenge the status quo and tailors support to the individual (Bass, 1999; Bass & Avolio, 1990).

Underlying our inquiry is the arguable predisposition towards transformational leadership behaviours, rather than random distribution, among individuals higher in cultural intelligence. Transformational leadership is shown to positively vary in relation to individual 'intelligences', specifically emotional intelligence (Barbuto & Burbach, 2006; Hur et al., 2011; Mandell & Pherwani, 2003; Rubin et al., 2005), cognitive intelligence (Cavazotte et al., 2012; Hater & Bass, 1988) and initial evidence for cultural intelligence (Keung & Rockinson-Szapkiw, 2013; Ramsey et al., 2017), based on the alignment of these intelligences with certain aspects of transformational leadership. For instance, the ability to read and understand cultural cues likely benefits the relational aspects inherent to transformational leadership.

At the same time, there are surely some TMTs that do not require interpersonal influence in order to support diversity management practices, and therefore we would not expect transformational leadership to account for the

full effect of CHRO cultural intelligence on diversity management practices. For example, the earlier described study on degree of work-life practices adopted showed in addition to the CHROs significant personal role, the organisation's use of employee surveys also mattered—as presumably a way in which top management gains information to guide workforce decisions beyond direct CHRO influence (Milliken et al., 1998). Taken together, we posit CHRO cultural intelligence, in addition to its posed direct effect, has an indirect effect on the establishment of diversity management practices through CHRO propensity for transformational leadership behaviours, in this case directed specifically towards other TMT members to garner support for diversity management practices.

**Hypothesis 2** *CHRO transformational leadership behaviours directed towards TMT members partially mediate the relationship between CHRO cultural intelligence and the establishment of organisational diversity management practices during CHRO tenure.*

## 4 | METHODS

### 4.1 | Sample and procedures

We focus on a single-industry domain to control for industry-level confounds (Hambrick & Mason, 1984). The industry of higher education was chosen for this purpose, an industry reliably used for the study of other organisational phenomena (e.g., Gioia & Chittipeddi, 1991; Jensen & Wang, 2018; Kraatz & Zajac, 2001; Zajac & Kraatz, 1993). The sample consists of colleges and universities throughout the United States. We collected primary and secondary data related to CHROs and their respective institutions. CHRO is a generic title that refers to an institution's top human resource executive responsible for oversight of the human resource management function. Senior hierarchical level, as indicated by title or position, is a commonly applied heuristic in defining the TMT for research purposes since managers higher in the hierarchy are expected to have greater influence on their organisation's strategic oriented decisions (Carpenter et al., 2004).

The sample was sourced in collaboration with the College and University Professional Association for Human Resources (CUPA-HR). A survey was sent electronically in conjunction with CUPA-HR to the entire member and mailing list population of CHROs, representing 2777 colleges and universities across the US. Survey data were collected over an approximate 3-month period with three reminders sent during this time period to encourage participation. A total of 203 surveys were completed, reflecting a response rate of 7.3%. Eight cases were removed for failure to pass a survey engagement check and two cases were removed because of their non-CHRO status, resulting in a sample size of 193. An a priori power test indicated a minimum sample size of 127 to reach a statistical power level of 0.80, providing assurance that the actual sample size is sufficiently large.

CHROs in the study sample approximate the demographics of the population of US college and university CHROs reported in the 2017 CUPA-HR Administrators in Higher Education Salary Survey. Within the study sample, 72% of CHRO participants are female and 74% identify as white, non-Hispanic. The average age of participants is 53, calculated by using age-band medians. Furthermore, colleges and universities of respondent CHROs are evenly representative of private (52%) and public (48%) institutions, and broadly representative of US regions with 37% from the eastern region, 23% from the southern region, 21% from the western region and 20% from the mid-western region (exceeds 100% due to rounding). Institutions also represented a range of types including community colleges (14%); bachelors granting (30%); masters granting (21%); doctoral granting (26%) and institutions with a special focus (9%). In sum, the sample provides good representation of the higher education industry, our target population, with regards to CHRO demographics and institution characteristics. We will elaborate on the generalisability of our findings for other industries in the discussion section.

## 4.2 | Dependent variable

To determine a representative range of diversity management practices that leaders may enact, we adopted the framework by Kaley et al. (2006) consisting of three bundles of practices: (1) structures that establish clear responsibility for and oversight of organisational diversity management; (2) programs that reduce bias in organisational decision-making and (3) programs that reduce social isolation of female employees and employees of colour. Relevant items from this framework were further refined and expanded on through review by content experts. A total of 14 senior-level human resource practitioners and eight scholars reviewed the initial items for face and content validity. This resulted in refinement of item wording and the addition of items to capture finer-grained practices. For example, additional items were included to address diversity management education for members of an institution's board of trustees/regents and to separate out items related to affirmative action. To better reflect language used in current practice, the term 'minorities' was replaced with 'under-represented racial/ethnic group', the term 'fair' was replaced with 'equitable'. And the term 'career counselling' was replaced with 'career development'.

The final measure consisted of 26 practices across the subdomains noted, listed in Table 1, that go beyond legal requirements and therefore hold some degree of discretion for organisations. CHRO respondents indicated for each practice whether it was in place within their organisation (yes/no) and, if yes, whether it was enacted while I was CHRO or in place before I became CHRO. Each set of responses was treated as a count with a potential range from 0 to 26. The use and aggregation of binary measures to capture human resource practices is consistent with past research (Deckop et al., 2006; Kaley et al., 2006; Konrad & Linnehan, 1995).

Independent measurement of diversity management practices was attained for validation purposes through a search of archival data available on the participant institution websites and transmission of a survey to a second representative of the respondent CHRO's institution. Names and contact information for the second source were identified through a request in the original CHRO survey (45 respondents provided this information) and through a web search for senior-level human resource or diversity leader contacts (contact attained for an additional 74 institutions). In all, a second survey was sent to 119 of the 193 sample institutions, and 75 responses were received. Archival data and second-source survey data were systematically integrated for cases in which both sources of information were available, in order to account for all diversity management practices reported and observed. An independent measurement of diversity management practices was thereby attained for 75 cases and then empirically compared to the CHRO data. The diversity management practices reported by CHROs proved robust. A test of interrater reliability indicated high agreement between the independent and CHRO assessments of diversity management practices ( $ICC = 0.865$ ;  $p < 0.001$ ).

## 4.3 | Independent variables

### 4.3.1 | Cultural intelligence

CHRO cultural intelligence was measured using the scale developed and validated by Ang and colleagues (Ang et al., 2006, 2007; Van Dyne et al., 2009). It includes 20 items that reflect the superordinate construct of cultural intelligence. Four items measure self-awareness of one's own held assumptions about other cultures (metacognitions). For example, I am conscious of the cultural knowledge I use when interacting with people with different cultural backgrounds. Six items measure knowledge and understanding about cultural differences (cognitions). For example, I know the rules for expressing non-verbal behaviours in other cultures. Five items measure interest and confidence in experiencing other cultures (motivation). A sample item is, I enjoy interacting with people from different cultures. And, four items measure ability to apply cultural knowledge (behaviour). For example, I vary the rate of my speaking when a cross-cultural situation requires it. Consistent with the validated measure, a seven-point Likert-type scale ranging from 'Strongly Disagree' to 'Strongly Agree' was used.

**TABLE 1** Diversity management practices

Practices that establish responsibility for and oversight of diversity management:

1. Does your organisation formally evaluate its workforce for equitable representation of women and under-represented racial/ethnic groups?
2. Does your organisation have specified goals for equitable representation of women and under-represented racial/ethnic groups in its workforce?
3. Does your organisation have set timetables for increasing representation of women and under-represented racial/ethnic groups in its workforce?
4. Does your organisation conduct labour market analyses to determine the appropriate representation of women and under-represented racial/ethnic groups in its workforce?
5. Does your organisation assess whether the diversity of its faculty and staff is reflective of the diversity of its student body?
6. Does your organisation have a standing committee charged with overseeing diversity initiatives, e.g., a Diversity Advisory Committee/Council?
7. Does the position of Affirmative Action Officer (or similar title) exist at your organisation?
8. Does the position of Chief Diversity Officer (or similar title) exist at your organisation?
9. Does your organisation conduct employee climate surveys, for example, surveys of employees aimed at measuring the effectiveness of diversity management?

Practices that reduce bias in organisational decision-making:

10. Does your organisation provide training for managers aimed at reducing bias in the recruitment and selection process for new hires?
11. Does your organisation provide training for managers on non-discrimination regulations and related organisational policies?
12. Does your organisation provide training for managers aimed at increasing awareness of cultural differences?
13. Does your organisation provide training for managers aimed at improving their communication skills with people from different cultures?
14. Does your organisation provide training for employees on 'Bystander Awareness'?
15. Does your organisation provide training on diversity management for members of senior leadership?
16. Does your organisation provide training on diversity management for members of your board of trustees/regents?
17. Does your organisation regularly assess how well, or poorly, managers have implemented the organisation's diversity management initiatives?
18. Does your organisation use metrics to track diversity management goal achievement as a way to assess senior leadership performance in this area?

Practices that reduce social isolation:

19. Does your organisation sponsor a formal mentoring program for staff aimed at supporting career development?
20. Does your organisation sponsor a formal mentoring program for faculty aimed at supporting career development?
21. Does your organisation sponsor a mentoring program for staff aimed at providing informal advice?
22. Does your organisation sponsor a mentoring program for faculty aimed at providing informal advice?
23. Does your organisation sponsor networking programs for female employees?
24. Does your organisation sponsor networking programs for employees of colour:
25. Does your organisation sponsor networking programs for employees who identify as LGBTQ?
26. Does your organisation sponsor networking programs for any other categories of employee other than the three groups identified above?

### 4.3.2 | Transformational leadership

The Multifactor Leadership Questionnaire leader form (Avolio & Bass, 2004) was used to assess CHRO leadership behaviours. To anchor this measure to TMT interactions, respondents were instructed to 'consider your leadership role and behaviours when interacting with members of your organisation's senior leadership team' prior to viewing the items. The questionnaire includes four descriptive statements for each of the four sub-dimensions of transformational leadership: idealised influence (e.g., I go beyond self-interest for the good of the group), inspirational motivation (e.g., I talk optimistically about the future), intellectual stimulation (e.g., I re-examine critical assumptions to question whether they are appropriate) and individual consideration (e.g., I help others to develop their strengths). The descriptive statements are answered on a five-point Likert-type scale ranging from 'Not at all' to 'Frequently, if not always'. Confirmatory factor analyses were conducted and supported a unidimensional treatment of transformational leadership comprised of the four interrelated sub-dimensions.

## 4.4 | Control variables

Five control variables were included to address potential individual-level and organisational-level confounds and rule out alternative theoretical explanations for the posed relationships (Bernerth & Aguinis, 2016). Diversity management practices in place prior to CHRO tenure were included to broadly account for organisational influences beyond the incumbent CHRO that facilitate such practices, such as the broader diversity climate of the organisation. CHROs formal TMT membership was included in order to account for the finer-grained aspect of TMT involvement than the more commonly applied hierarchical position (Carpenter et al., 2004). Annual operating budget for the current year and federal contractor status were included since availability of financial resources (Barney & Clark, 2007) and governmental affirmative hiring requirements (Holzer & Neumark, 2000) have been shown to influence organisational diversity management practices. The incumbent CHRO's number of years in current role was included to account for the effect of time on establishment of diversity management practices. Annual operating budget was collected through archival financial reports and transformed to normalise distribution. The remaining controls were collected through the CHRO survey. CHRO demographics of race, gender and age, and a measure of social desirability bias were collected but not included as controls based on their lack of significance in preliminary analyses, as recommended to bolster statistical power and reduce potential for estimate bias (Atinc et al., 2012).

## 4.5 | Common method bias

This study relies on generally difficult-to-gather primary data from CHROs. Multiple steps were taken to mitigate the threat of common method bias. The dependent variable was validated through statistical comparison to an independent source, as described earlier. The CHRO survey instrument included an engagement check and a distractor between construct measurements. The model was analysed with a measure of social desirability bias (Vésteinsdóttir et al., 2017), and this control was not significant. A marker variable was included and analysed to assess CHRO response style bias (Simmering et al., 2015). Two CFAs were conducted to determine if all significant coefficients between latent variables in the study (cultural intelligence and transformational leadership) and their respective items remained after inclusion of the marker variable (Williams et al., 2010). The results suggest no undue risk of response style bias.

TABLE 2 Descriptive statistics and correlations

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11
1. DMPs in place prior to CHRO	6.358	5.347	(0.83)										
2. DMPs established during CHRO tenure	6.684	4.759	-0.420**	(0.88)									
3. Cultural intelligence	5.037	0.82	0.216**	0.119	(0.92)								
4. Transformational leadership	3.263	0.426	0.247**	0.152*	0.360**	(0.89)							
5. Federal contractor (yes = 1; no = 0)	0.47	0.5	0.391**	0.040	0.080	0.180*							
6. Annual operating budget (sqrt)	12.457	10.729	0.285**	0.101	0.119	0.192**	0.426**						
7. Senior team formal membership (yes = 1; no = 0)	0.52	0.501	0.177*	0.113	0.017	0.198**	0.185**	0.123					
8. Years in current CHRO role	7.023	6.092	-0.265**	0.340**	-0.183*	-0.015	-0.193**	-0.003	-0.104				
9. Race (white = 1; non-white = 0)	0.74	0.439	-0.031	-0.092	-0.096	-0.024	-0.158*	-0.192**	0.051	-0.015			
10. Gender (female = 1; male = 0)	0.28	0.45	0.231**	-0.063	-0.055	0.052	0.111	0.075	0.225**	-0.070	0.131		
11. Age (<50 = 1; >50 = 0)	0.321	0.468	0.068	-0.104	0.126	0.113	-0.065	0.012	0.035	-0.310**	-0.125	-0.033	
12. Social Desirability Scale	5.829	2.427	-0.061	0.028	0.011	0.155*	-0.071	0.015	-0.037	0.074	-0.110	-0.204**	0.062

Note: N = 193. Mean reported unless otherwise stated. Scale reliabilities shown in parentheses.

Abbreviations: CHRO, Chief Human Resource Officer; DMPs, diversity management practices.

\* $p < 0.05$ ; \*\* $p < 0.01$ .

## 5 | RESULTS

Analytical techniques for hypotheses testing include hierarchical multiple regression and mediation analyses using bootstrapping procedures via the PROCESS macro (Hayes, 2013). The dependent variable, diversity management practices established during the CHRO's tenure, reflects the characteristics of a continuous variable in that actual responses are not bounded (i.e., do not reach the minimum of 0 or maximum of 26), intervals are considered equal and assumptions for OLS regression are not violated. Thus, we treat diversity management practices as a continuous variable in the analyses.

### 5.1 | Descriptive statistics

Table 2 presents the means, standard deviations, bivariate correlations and scale reliabilities of the study variables. Correlation coefficients suggest no undue threat of multi-collinearity. Cronbach alphas ranged from  $\alpha = 0.83$  to  $\alpha = 0.92$ , indicating acceptable reliabilities for all measures. Data distribution assumptions were met.

### 5.2 | Hypotheses testing

Hierarchical multiple regression analysis was conducted to test the predicted positive relationship between CHRO cultural intelligence and the extent to which diversity management practices are established (Hypothesis 1). Control variables were entered in Step 1, followed by the independent variable of cultural intelligence in Step 2. Results are reported in Table 3 and provide support for Hypothesis 1. CHRO cultural intelligence ( $\beta = 0.258, p < 0.001$ ) accounted for 6.2% of the variance in their organisation's established diversity management practices over and above the control variables. As also shown in Table 3, the controls of federal contractor status, years in current CHRO role and formal membership on senior team were positively and significantly associated with the number of diversity management practices established, and diversity practices in place prior to CHRO tenure was negatively and significantly associat-

TABLE 3 Hierarchical regression results for diversity management practices established during CHRO tenure

Independent variables	Model 1		Model 2	
	$\beta$	SE	$\beta$	SE
Diversity management practices in place prior to CHRO	-0.497***	0.06	-0.542***	0.06
Federal contractor	0.194**	0.68	0.208**	0.64
Annual operating budget	0.139*	0.03	0.114	0.03
Years in current CHRO role	0.264***	0.05	0.303***	0.05
Senior team formal membership	0.176***	0.58	0.184**	0.55
<b>Cultural intelligence (CQ)</b>			0.258***	0.34
Adjusted $R^2$	0.323***		0.383***	
$\Delta R^2$	0.062***			

Note:  $N = 193$ . Federal contractor and senior team formal membership (yes = 1/no = 0). Exact  $p$ -values provided in the Results section of narrative.  $\beta$  = Standardised coefficients. CQ incremental adjusted  $R^2 = 6.2\%$  with all other modelled variables controlled.

Abbreviations: CHRO, Chief Human Resource Officer; CQ, cultural intelligence.

\* $p < 0.05$  \*\* $p < 0.01$  \*\*\* $p < 0.001$ .

TABLE 4 Mediating role of transformational leadership

	$\beta$	SE	t	R <sup>2</sup>
Outcome variable: Transformational leadership				0.2084
Constant	2.1314	0.1884	11.3144***	
Cultural intelligence	0.1746	0.0352	4.9659***	
DMPs in place prior to CHRO	0.0104	0.0060	1.7498	
Annual operating budget	0.0027	0.0029	0.9219	
Years in current CHRO role	0.0078	0.0049	1.6021	
Federal contractor	0.0551	0.0657	0.8394	
Senior team formal membership	0.1367	0.0570	2.3985**	
Outcome variable: DMPs established during CHRO tenure				0.4155
Constant	-4.9756	2.3559	-2.1119*	
Cultural intelligence	1.2487	0.3602	3.4664***	
Transformational leadership	1.4308	0.7058	2.0273*	
DMPs in place prior to CHRO	-0.4976	0.0578	-8.6055***	
Annual operating budget	0.0468	0.0283	1.6579	
Years in current CHRO role	0.2255	0.0470	4.7979***	
Federal contractor	1.8979	0.6331	2.9978**	
Senior team formal membership	1.5529	0.5570	2.7881**	
Indirect effect of Cultural intelligence on DMPs established during CHRO tenure through transformational leadership				
	<i>Boot indirect effect</i>	<i>Boot SE</i>	<i>Boot LLCI</i>	<i>Boot ULCI</i>
Transformational leadership	0.2499	0.1257	0.0324	0.5221

Note: N = 193. Bootstrap sample size = 5000.

Abbreviations: CHRO, Chief Human Resource Officer; CI, confidence interval; DMP, diversity management practices; LL, lower limit; UL, upper limit.

\* $p < 0.05$ ; \*\* $p < 0.02$ ; \*\*\* $p < 0.001$

ed. Finally, a post-hoc robustness check shows CHRO cultural intelligence remains significant when regressed on the previously noted independent measurement of diversity management practices ( $\beta = 0.201$ ,  $p < 0.001$ ).

Hypothesis 2 predicted CHRO transformational leadership behaviours directed towards TMT members partially mediate the relationship between CHRO cultural intelligence and their establishment of organisational diversity management practices. The mediation analysis (Hayes, 2013) estimated path coefficients and generated bootstrap confidence intervals for total and indirect effects. Results support the hypothesised relationship. As Table 4 illustrates, the regression coefficient between cultural intelligence and transformational leadership behaviours was significant ( $\beta = 0.1746$ ,  $p < 0.001$ ), and the  $R^2$  tells us that the model explains 21% of the variance in transformational leadership. The regression coefficient between transformational leadership and diversity management practices was also significant ( $\beta = 1.4308$ ,  $p = 0.0441$ ), and the  $R^2$  tells us that the model explains 42% of the variance in the number of diversity management practices established during the tenure of the CHRO. The bootstrapped standardised indirect effect ( $\beta = 0.2499$ ) was statistically significant based on a 95% confidence interval of 0.0324–0.5221. Thus, the hypothesised mediating effect was supported. Notably, cultural intelligence remained significant in the model after the partialing of indirect effects ( $\beta = 1.2487$ ,  $p = 0.0007$ ). This suggests a 'partial' mediating effect, also as predicted.

We conducted a post-hoc analysis using the independent measurement of diversity management practices ( $n = 75$ ) to examine mediation robustness. The indirect effect of cultural intelligence on diversity management practices through transformational leadership was significant for the post-hoc analysis. Thus, the substantive finding of mediation was robust.

## 6 | DISCUSSION

Drawing from upper echelons theory, this study modelled CHRO level of cultural intelligence as a predictor of diversity management practices established during their tenure, based on our supposition that CHRO cultural intelligence enhances understanding of cultural differences across social identity groups and awareness of heightened diversity expectations within one's own national culture. The results supported this relationship. We also probed how culturally intelligent CHROs engage with TMT members and ostensibly influence support. Findings supported the partial mediating role of transformational leadership behaviours directed towards TMT members, consistent with findings that certain intelligences foster a propensity for such behaviours and, separately, such behaviours encourage goal importance congruence at the TMT level. Overall, these findings provide a nuanced view of potential CHRO impact at the TMT level and on diversity practices in particular. In addition to research contributions discussed below, the findings are of critical practical relevance as organisations respond to heightened societal expectations surrounding diversity practices as reflected in the Black Lives Matter, #MeToo and LGBTQ movements. At the same time, scholars acknowledge the growing complexity of workforce diversity as social identity groups expand to reflect varied salient differences (Shore et al., 2018).

### 6.1 | Contribution and future research

This study offers contributions to both the upper echelons and cultural intelligence streams of research. Our findings also have key relevance for diversity management. We expand on the diversity management aspect under practical implications.

#### 6.1.1 | Cultural intelligence

Foremost, we address the timely call that future research broaden the application of cultural intelligence to facets of diversity such as socioeconomic status, gender and more (Ang et al., 2020, p. 835). Ang and colleagues note that the propensity to focus on cultural differences across countries is due to the salience of the cultural differences, or diversity markers, at this level of analysis. Extending this point, we suggest that cultural intelligence is perhaps put to a stronger test in situations of relative subtlety in cultural differences, such as across social identity groups. Our empirical test of the relationship therefore contributes to the literature documenting the positive impact of CQ on an important outcome in a single country setting, outside the international management literature.

Furthermore, our explicated underpinnings deepen understanding of cultural intelligence in the context of social identity groups and offer a lens for future research. The social identity that defines groups—by race or gender, for example—is culturally embedded (Plaut, 2010). We reason that an understanding of these relatively subtle culturally embedded distinctions is a necessary precursor to knowing when to establish diversity relevant practices. We also reason that cultural intelligence enhances awareness of diversity expectations within one's own national culture and permits a quicker grasp of when a shift or a heightening in expectations occurs.

Our constructed underpinnings offer future research a basis for broader within-country applications of cultural intelligence. For instance, research shows generational cohorts (Montgomery et al., 2018; Moore et al., 2015) and political affiliation (Bermiss & McDonald, 2018; Swigart et al., 2020) are two impactful aspects of diversity for organisations to consider. Yet a review of the research on generational differences in the workplace notes the majority of studies fail to consider that generational identity groups are a product of cultural conditions and changes (Lyons & Kuron, 2014). Similarly, a review of political ideology in organisations calls for its consideration as an aspect of identity based workplace diversity (Swigart et al., 2020). Viewed through the conceptual logic that we offer and the urgings of Ang et al. (2020), future research should examine the potential beneficial effects of cultural intelligence in these type

of social identity contexts. For instance, would leaders higher in cultural intelligence prove more effective in navigating a merger between two distinct politically identified workforces or in managing a workforce comprised of Baby Boomers, Millennials and Generation X employees? When 'cultural' diversity is viewed through the broad lens of social identity groups, the potential implications of cultural intelligence abound.

### 6.1.2 | Upper echelons

Our research extends the nomological network of upper echelons research to include CHRO cultural intelligence. This cognitive-psychological construct is unexplored in relation to a CHRO's unique functional background among TMT members and provides insights beyond the more observable variables such as functional background alone that are more frequently considered in upper echelons theory research (Carpenter et al., 2004). Furthermore, as previously elaborated, cultural intelligence is a higher order cognitive function relative to other leader characteristics associated with diversity management. As such, its multi-dimensional nature fits the belief that leadership is best predicted by an amalgamation of attributes reflecting cognitive capacities, motives and more (Zaccaro et al., 2004).

By focussing at the leader, we were able to examine the propensity towards transformational leader behaviours stemming from cultural intelligence. Similar to findings for other intelligences such as emotional and cognitive intelligence, and studies linking cultural intelligence to transformational leadership in other leadership roles (Keung & Rockinson-Szapkiw, 2013; Ramsey et al., 2017), our findings support the predicted positive relationship between cultural intelligence and transformational leadership behaviours among CHROs. This finding helps explain the upper echelon black-box issue of how a given TMT member may gain TMT agreement or support.

The significance of formal TMT status as a control in the present model is also telling for upper echelons research. Formal appointment as a member of the TMT theoretically permits a senior executive incrementally greater influence over organisational outcomes than their hierarchical level alone would permit. At the same time, there is qualitative evidence that formal TMT status does not significantly enhance CHRO influence beyond what their highly ranked position already conveys (Kelly & Gennard, 2007). For our sample, formal TMT status mattered as theoretically suggested.

The control variable reflecting diversity management practices in place prior to the hire of the incumbent CHRO was also significant. Its negative relationship is intuitive on the surface in that an organisation with more diversity management practices in place may simply have less need to establish more new policies and practices. This control along with the additional controls of federal contractor status and annual operating budget broadly account for organisational influences beyond the incumbent CHRO that facilitate diversity practices. Consistent with upper echelons theory, their significance suggest a boundary to, but not a replacement for, culturally intelligent CHROs.

These noted contributions provide a foundation for continued research beyond what we already indicated regarding cultural intelligence applied to social identity groups. Future research could also, for instance, investigate how TMT cultural intelligence beyond the CHRO influences organisational decisions related to diversity management. Some insights are known regarding CEO cultural intelligence in relation to diversity management (Ng & Sears, 2012), but not regarding other TMT members. Understanding these influences might inform how organisations should select or develop their leaders. However, such research must also navigate the challenge of aggregating cultural intelligence at a collective and organisational level (Liao & Thomas, 2020).

At the same time, research should continue to probe a deeper understanding of the interpersonal influence process that takes place among TMT members as they put forth competing individual priorities (Finkelstein et al., 2009). Our findings lend support to prior research showing transformational leadership behaviours can facilitate TMT member goal agreement. This point is especially germane for functional upper echelon roles that have not historically held sway at the senior executive level (Menz, 2012). Beyond CHROs, Chief Information Officers and Chief Medical Officers are timely examples of recently elevated functional TMT roles. For instance, Tyson Foods and Royal Caribbean Cruises both added Chief Medical Officers to their executive team subsequent to the Covid-19 pandemic (Thomas, 2020).

However, as we saw even among the US federal panel of experts during the pandemic, policy implementation is a negotiation with expertise simply as a starting point.

## 6.2 | Practical implications

Our results show that having a CHRO with relatively high cultural intelligence significantly differentiates establishment of organisational diversity management practices. Also noteworthy is that cultural intelligence is a dynamic construct which can be developed over time as an individual is exposed to new information (Fang et al., 2018; Wood & St. Peters, 2014). Therefore, our results justify organisations offering professional development opportunities aimed at increasing CHRO cultural awareness and capability. Organisations could also consider cultural intelligence in the recruitment and selection process, particularly for CHRO positions, by including assessment of a candidate's level of cultural intelligence. Following the tenets of upper echelons theory that draw attention to a composite of organisational leaders, cultural intelligence is a potentially beneficial quality to develop and recruit beyond the CHRO position and could include other TMT members and even board members. In the data collection for the present study, only one quarter of the responding institutions reported providing training in diversity management for members of their board.

## 6.3 | Limitations

As with all studies, these findings are subject to certain limitations. First, future research is required to empirically confirm generalisability of our findings beyond the industry of higher education. There is, however, conceptual reasons to suggest at least some degree of generalisability. Higher education has shown consistency with other organisational contexts in past studies of organisational phenomena, as noted earlier (e.g., Gioia & Chittipeddi, 1991; Jensen & Wang, 2018; Kraatz & Zajac, 2001; Zajac & Kraatz, 1993). Furthermore, academia has evolved to be more similar to other organisations in the growth of executive management positions and corresponding emphasis on management skills and performance targets (McKenna, 2018), in terms of market competition and issues of financial sustainability (Lapovsky, 2018), and with regards to strategic human resource management issues such as addressing gender diversity across the ranks (Karam & Afiouni, 2014) and approaches to talent and performance management (Van den Brink et al., 2013). In turn, employee political engagement at some organisations such as Google and Facebook have brought about similarities to the progressive culture common to academic institutions (Schelber & Conger, 2020).

A second limitation is the potential for common method bias. A number of previously described steps were taken to reduce and ascertain the presence of this threat, including validation of the dependent variable through comparison to an independent measure, robustness checks with the independent measure, and a marker variable analysis, all of which indicated no undue influence of response style bias. Nonetheless, the findings must be viewed in light of this limitation.

Relatedly, our cross-sectional design poses a limitation to claims of causality. This concern is heightened when mediation is involved. A stronger case for the modelled causal order requires a longitudinal or experimental design. Without such a design, the causal support for our findings is only theoretical and requires further validation. Our analyses controlled for diversity management practices in place prior to CHRO appointment to temper the limitations of a cross-sectional design, though it does not eliminate this concern. Further, even though the causal chain is consistent with the empirical and theoretical logic of intelligences preceding behaviours and behaviours preceding outcomes, there is greater potential for spurious findings with cross-sectional data. Thus, the findings must again be viewed in light of these limitations.

## 7 | CONCLUSION

The role of the CHRO is not often central in upper echelons research (Menz, 2012) and their impact at the TMT level has seemed empirically ambiguous (Graham et al., 2017). This study speaks to these identified gaps by examining factors that determine the beneficial impact of CHROs at the TMT level, and in doing so offers a call for extension of the cultural intelligence construct (Ang et al., 2020). Furthermore, the study focus on CHRO driven enactment of diversity management practices comes at a time of acute societal attention to the topic of diversity management.

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