Cultural Intelligence and International Leadership Potential: The Importance of Contact for Members of the Majority

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Integrating distinctiveness theory and contact theory, we develop a conceptual model proposing that prior intercultural contact has mediated effects on international leadership potential via cultural intelligence—but that these effects are stronger for majorities. Results of two samples of working adults, using both self-report \((n = 441, \text{Study 1})\) and matched employee-observer \((n = 181, \text{Study 2})\) data provide strong support for the model. Cultural intelligence mediates the effects of prior intercultural contact on international leadership potential. Further, moderated mediation analyses demonstrate that cultural intelligence mediates the relationship between prior intercultural contact and international leadership potential for majorities, but not for minorities. The current study offers contributions to theory and practice in at least two ways. First, the proposed model is theoretically important because it provides a more complete picture of predictors of international leadership potential and it reconciles prior inconsistent findings by showing the mediating role of cultural intelligence and moderating role of minority status. Second, the study adds to the increasing evidence suggesting that prior intercultural contact and cultural intelligence are meaningful criteria for developing international leaders. More important, results show that prior intercultural contact is especially important for majorities.

INTRODUCTION

Globalisation increases the importance of employees who can operate effectively in culturally diverse contexts (Gelfand, Erez, & Aycan, 2007). Given the high costs of employee failure in global contexts (Daniels & Insch, 1998), organisations should be highly motivated to understand how to develop leaders with international leadership potential (Brake, Walker, & Walker, 1995; Morrison, 2000).

Although research on international leadership is growing, two critical gaps exist in our understanding. First, little is known about predictors of
international leadership potential. International leadership potential is the judgments observers make about future international leadership performance (Lievens, Harris, Van Keer, & Bisqueret, 2003). The second gap in the previous international leadership research is inconsistency regarding the relationship between intercultural contact and international leadership (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005; Caligiuri & DiSanto, 2001; Caligiuri, 2006a; Hopkins, Reicher, & Levine, 1997).

Concerning the first gap in the international leadership literature, international leadership potential is theoretically important because actual performance and future performance are distinct aspects of international leadership. Judgments of actual performance are retrospective, emphasise past performance, and are the basis of performance evaluation feedback and changes in pay. Judgments of international leadership potential are prospective, emphasise future effectiveness, and are the basis of selection, training, and development decisions. Practically, international leadership potential is important because many personnel decisions are based on future potential as well as prior performance (Guion, 1998). Understanding more about international leadership potential should provide useful information that is not captured by prior performance. In sum, our primary purpose is to investigate antecedents of international leadership potential.

In developing our model, we integrate notions from contact theory and cultural intelligence theory. Contact theory (Allport, 1954) proposes and empirical research demonstrates the value of contact for international leadership success (Caligiuri & DiSanto, 2001; Caligiuri, 2006a). Specifically, prior intercultural contact has been identified as one of the most important factors leading to international leadership success (Caligiuri, 2006a). Leaders gain knowledge, skills, and abilities necessary to manage successfully and lead in different parts of the world through intercultural contact (Caligiuri & DiSanto, 2001). Prior intercultural contact helps leaders appreciate new things, increase their cultural sensitivity, and gain respect for values and customs that differ from their own in ways that enhance their future international leadership performance (Caligiuri, 2006a; Osland, 1995). For example, CEOs with more intercultural contact deliver better financial performance, and global leaders view intercultural contact as helpful for their career development (Carpenter, Sanders, & Gregersen, 2001; Daily, Certo, & Dalton, 2000).

Cultural intelligence (CQ) is an individual’s capability to function and manage effectively in culturally diverse settings (Earley & Ang, 2003). CQ is a state-like malleable capability that can be enhanced by education and experience. Manning (2003) suggested that global competence such as being able to manage in situations characterised by cultural diversity is a precondition for effective international leadership. Given that ability to manage in
the context of cultural diversity is the core of CQ (Earley & Ang, 2003). CQ should predict international leadership success. In contrast, those with low cultural intelligence are more likely to engage in stereotyping and experience conflict, delays, and international leadership failure (Manning, 2003). Empirical research has shown that CQ is an important predictor of international leadership performance. Specifically, international leaders with higher CQ performed better on an intercultural task, controlling for cognitive ability (Ang, Van Dyne, Koh, Ng, Templer, Tay, & Chandrasekar, 2007). Research also demonstrates that CQ is negatively related to burnout among leaders working in multinational corporations (Tay, Westman, & Chia, 2008). Differentiating proximal and distal predictors, we propose that prior intercultural contact is a more distal factor that influences international leadership potential because of its effects on more proximal capabilities, such as cultural intelligence. This is consistent with Ng, Van Dyne, and Ang’s (2009a) theoretical model that positions CQ as critical to whether experience leads to experiential learning and global leader development.

Regarding the second concern, the overall conclusions of research on the relationship between intercultural contact and international leadership potential have been mixed. Some research shows a significant positive effect of intercultural contact on international leadership success (Caligiuri & DiSanto, 2001; Caligiuri, 2006a; Daily et al., 2000) and other studies show no relationship (Bhaskar-Shrinivas et al., 2005; Hopkins et al., 1997). Although contact theory (Allport, 1954) and some empirical studies demonstrate a positive relationship between intercultural contact and international leadership success, other research reports that intercultural contact is not necessarily strongly linked to adjustment and performance outcomes in international assignments. These inconclusive results indicate the potential presence of moderators that change the relationship between intercultural contact and international leadership potential. Thus, to reconcile these inconsistent results, the second objective of this paper is to draw on distinctiveness theory (McGuire & Padawer-Singer, 1976) and focus on status—whether an employee is a member of the majority or minority—and how this might influence the effects of intercultural contact. Given that intercultural contact effects differ for minority versus majority members (Binder, Zagefka, Brown, Funke, Kessler, Mummendey, Maquil, Demoulin, & Leyens, 2009; Tropp & Pettigrew, 2005), we propose that status moderates the relationship between intercultural contact and international leadership potential via cultural intelligence.

In sum, we develop a moderated mediation model of international leadership potential (e.g. Muller, Judd, & Yzerbyt, 2005; Preacher, Rucker, & Hayes, 2007). Specifically, we posit a mediating role for cultural intelligence and a moderating role for minority status in influencing the relationship...
between intercultural contact and international leadership potential. Figure 1 summarises the overall model and predictions.

**Allport’s Intergroup Contact Hypothesis**

Allport (1954) proposed that interaction between members of different groups mitigates intergroup prejudice when optimal conditions such as equal status and common goals are fulfilled (Dixon, Durrheim, & Tredoux, 2005). More recently, Pettigrew (1998) extended the original conceptualisation and articulated processes that can account for why contact changes attitudes and behaviors. This reformulation triggered numerous investigations that support positive effects of contact across a variety of situations, groups, and societies. Interestingly, most of this research reports positive effects of contact, even in situations lacking the original optimal conditions specified by Allport. In addition, research demonstrates that contact effects are generalisable across situations. For example, Wright, Aron, McLaughlin-Volpe, and Ropp (1997) showed that friendship between ingroup and outgroup individuals created more positive ingroup attitudes toward the outgroup. Pettigrew (1997) showed that those with outgroup friends had more positive attitudes toward other outgroups. Research also shows positive effects of contact across a wide range of targets beyond ethnic groups. This includes more positive attitudes about those who are different because they are elderly (Caspi, 1984), mentally ill (Desforges, Lord, Ramsey, Mason, & Van Leeuwen, 1991), or victims of AIDS (Werth & Lord, 1992). Most importantly, Pettigrew and Tropp’s (2006) meta-analysis of over 500 studies demonstrated positive effects of intergroup contact in the absence of Allport’s (1954) optimal conditions (e.g. equal status, common goals, intergroup cooperation, close friendship, and support of authorities, law, or custom).

The Relationship between Prior Intercultural Contact and Cultural Intelligence

Proponents of the contact hypothesis argue that contact with members of different cultural groups promotes positive attitudes, reduces prejudice, and leads to subsequent, frequent contact. Applied to our research, we argue that prior intercultural experiences can be conceptualised as a specific type of contact which will be positively related to CQ.

Cultural intelligence is the capability to function and manage effectively in culturally diverse settings (Ang & Van Dyne, 2008). Those with high CQ are attentive to intercultural situations and are intrinsically motivated to invest time and energy toward learning about and functioning in different cultural contexts (Templer, Tay, & Chandrasekar, 2006). They are consciously aware of others’ cultural preferences before and during interactions, and they adjust their mental assumptions during and after interactions (Brislin, Worthley, & MacNab, 2006; Triandis, 2006). For instance, research demonstrates that intercultural negotiators with high cultural intelligence achieve higher joint profit through integrative sequencing (Imai & Gelfand, 2010). Those with high CQ understand the ways that cultures differ, and they know the differences in effective people management practices across cultures (Brislin et al., 2006). Finally, those with high CQ have the capability to enact appropriate verbal and nonverbal behaviors including words, tone, gestures, and facial expressions to fit specific cultural situations (Gudykunst, Ting-Toomey, & Chua, 1988). This behavioral flexibility allows high CQ individuals to enhance the performance of multicultural teams (Shokef & Erez, 2008).

Drawing on the contact hypothesis and empirical research on the effects of contact, we argue that those with more prior intercultural experiences have had more opportunities to develop skills for interacting effectively with people who are culturally different (Deal, Leslie, Dalton, & Ernst, 2003). More prior intercultural contact should enhance metacognitive capabilities such as thinking about intercultural interactions before and after they occur. Those with more prior intercultural contact should have more sophisticated mental maps about cultural differences. Consistent with contact theory and research, prior intercultural contact should strengthen motivation to engage in additional intercultural interactions. Finally, more prior intercultural contact should facilitate flexibility in being able to display appropriate verbal and nonverbal behaviors in intercultural interactions. Theoretically, Gelfand, Imai, and Fehr (2008) posited intercultural contact as one notable precursor of cultural intelligence. Empirically, research demonstrates positive relationships between intercultural experiences and CQ (Ang, Van Dyne, & Koh, 2006; Ang et al., 2007; Tay et al., 2008). As such, we predict a positive relationship between prior intercultural contact and CQ.
Hypothesis 1: Prior intercultural contact will be positively related to cultural intelligence.

The Interactive Effects of Prior Intercultural Contact and Minority Status

Drawing on distinctiveness theory (McGuire & Padawer-Singer, 1976), we propose that the relationship between intercultural contact and cultural intelligence depends on minority status. People often use diffuse status characteristics (Blau, 1977) such as gender, age, ethnicity, and country of origin for (1) clustering people into minority/majority groups; (2) assessing prestige and social worth; and (3) making inferences about capacities or characteristics (Berger, Cohen, & Zelditch, 1972; Berger & Fıșek, 2006).

Distinctiveness theory (McGuire & Padawer-Singer, 1976) proposes that numeric rarity influences selectivity of perception such that novel characteristics are more salient. People emphasise numerically rare characteristics in making identity assessments. For example, McGuire, McGuire, Child, and Fujioka (1978) reported that minority members were more likely to mention their own ethnicity than majority members when describing themselves. Oishi, Diener, Choi, Kim-Prieto, and Choi (2007) extended distinctiveness theory and developed the frequency model of life events that proposes that salience of daily events is based on their relative frequency. Given that bounded rationality prevents people from noticing and processing everything (March & Simon, 1958), people tend to ignore frequent occurrences and selectively focus on numerically rare events and experiences. To summarise, distinctiveness theory and the frequency model provide theoretical arguments for expecting differential effects of intercultural contact on cultural intelligence as a function of minority versus majority status. More specifically, given that intercultural contact is numerically a less common event for majorities than for minorities, majorities should benefit more from intercultural contact in terms of enhancing international leadership potential.

Consistent with the above conceptual arguments, meta-analytic research has demonstrated that even though contact effects apply to minorities and majorities, the overall effects of contact are generally weaker for minorities (Tropp & Pettigrew, 2005). For example, Binder and colleagues’ (2009) longitudinal research demonstrated that contact effects were negligible for minorities and stronger for majority members, such that contact at T1 reduced prejudice at T2 only for majority members. Accordingly, we predict that prior intercultural contact and status will interact in predicting cultural intelligence, with stronger effects for those with majority status.

Hypothesis 2: Minority status will moderate the relationship between prior intercultural contact and cultural intelligence, such that the relationship will be stronger for those with majority status compared to those with minority status.

The Relationship between Cultural Intelligence and International Leadership Potential

Despite the importance of assessing international leadership potential, Lievens and colleagues (2003) concluded that selection of individuals for multicultural environments remains “intuitive and unsystematic” (see p. 476). Selection processes are often based on technical expertise and willingness to relocate (e.g. Arthur & Bennett, 1995; Sinangil & Ones, 1997). Given the narrowness of these selection criteria, it is not surprising that organisations continue to experience high failure rates for those in international assignments (Caligiuri, 1997; Shaffer & Harrison, 1998).

A wide range of characteristics can influence judgments of international leadership potential such as ability to learn from experience, business knowledge, curiosity, openness to criticism, and flexibility (e.g. see Spreitizer, McCall, & Mahoney, 1997). Drawing on Shaffer, Harrison, Gergersen, Black, and Ferzandi’s (2006) emphasis on the importance of cross-cultural competencies for expatriate effectiveness, we suggest that CQ has promising potential to enhance our understanding of international selection decisions because of its direct relevance to cross-cultural situations. In making judgments of potential, managers need to form impressions of the extent to which employees have capabilities, motivation, and individual characteristics that match job requirements (Arthur & Bennett, 1995). Stronger fit suggests higher potential because decision-makers view capabilities as relevant to future job performance (Caligiuri, 2006b). Shin, Morgeson, and Campion (2007) identified social and perceptual skills, reasoning ability, adjustment, stress control, tolerance, persistence, and initiative as especially critical capabilities for international leaders. Kim, Kirkman, and Chen (2008) argued that employees with high cultural intelligence have higher expatriate performance because they are better adjusted.

Cultural intelligence reflects capabilities that are specifically relevant to situations involving cultural diversity. This includes the capability to observe and interpret novel cultural interactions; understand how cultures are similar and different; direct energy toward learning about and persisting in new cultures even when situations are stressful; and being socially adept across cultural settings. Accordingly, we predict that those with high CQ capabilities will be viewed by observers as better able to deal with the more complex demands of international work and more suitable for international assignments.

Hypothesis 3: Cultural intelligence will be positively related to international leadership potential.

The Mediating Role of Cultural Intelligence

Ang and Van Dyne (2008) differentiated proximal and distal factors in their conceptual model of cultural intelligence. Given that our general research question focuses on predicting international leadership potential, we applied Ang and Van Dyne’s (2008) notion and designed our research model to include both distal and proximal predictors of potential. Prior intercultural contact is a more distal predictor because it is not based on the current situation. Instead, it is based on past experiences. In contrast, cultural intelligence is a current set of capabilities. Experience generally leads to increased capabilities based on the learning opportunities that occur when people observe, model, and practice new ideas, motives, and behaviors (Schmidt, Hunter, & Outerbridge, 1986). In turn, capabilities influence observer judgments of performance potential and performance effectiveness. Thus, experience influences performance potential through its effects on more proximal capabilities. Applying this distinction between proximal and distal predictors of potential, we suggest that CQ is a more proximal mediator that links prior intercultural experience with performance potential. Prior intercultural contact is a type of experience that allows employees to develop and refine their cultural intelligence which then should cause others to view them as high in international leadership potential.

Restated, cultural intelligence is one mechanism that can be used to explain why intercultural contact influences international leadership potential. Examining this “why” question should address a major gap identified by Black, Mendenhall, and Oddou (1991): “Exactly how that happens or what factors inhibit or magnify the impact of previous experience has yet to be comprehensively determined” (p. 294). In addition, positioning CQ as a mediator is consistent with results of two empirical studies. Schmidt and colleagues’ (1986) meta-analysis demonstrated that experience (i.e. job tenure) influenced job performance via increased job knowledge and competencies. Borman, Hanson, Oppler, Pulakos, and White (1993) demonstrated that experience influenced performance of supervisors because of its effects on more proximal competencies. Based on these conceptual arguments and empirical results, we predict a mediating role for CQ:

Hypothesis 4: Cultural intelligence will mediate the effects of prior intercultural contact on international leadership potential.

The Moderating Role of Minority Status on the Strength of the Mediated Relationship between Prior Intercultural Contact and International Leadership Potential via Cultural Intelligence

Although we have argued that the distal relationship between prior intercultural contact and international leadership potential is mediated by cultural intelligence, we expect that the strength of this relationship will differ depending on the minority status of the focal employee. In other words, minority status will moderate the influence of intercultural contact on international leadership potential via cultural intelligence.

As discussed in the justification of H2, distinctiveness theory (McGuire & Padawer-Singer, 1976) and the frequency model (Oishi et al., 2007) offer theoretical arguments for expecting a stronger effect of prior intercultural contact on cultural intelligence for majorities than minorities. In H4, we predicted that CQ will mediate the effects of prior intercultural contact on potential to work overseas. In combination, the relationships predicted in H2 and H4 lead to the final step in the integration of our conceptual arguments and the prediction that cultural intelligence will mediate the relationship between prior intercultural contact and international leadership potential—contingent on minority status of the focal employee.

_Hypothesis 5:_ Minority status will moderate the strength of the mediated relationship between prior intercultural contact and international leadership potential via cultural intelligence, such that the mediated relationship will be stronger for majorities than for minorities.

**METHOD**

We tested predictions in two studies. Study 1 tested H1–H2. Study 2 replicated tests of H1–H2 with multisource data and also tested H3–H5.

**Study 1 Method**

Working adults (n = 441) completed questionnaires as part of a self-awareness and personal development program offered to participants at an international professional conference. The sample was 51 per cent male (n = 223), 72 per cent worked as professionals or managers, 90 per cent had at least a bachelor’s degree, and 53 per cent had been born in the US. On average, participants had lived in 1.93 countries (range reported: 1–8), were 39 years old (range: 25–85), and had 14 years of work experience.

_Independent Variables._ We assessed prior intercultural contact with the number of countries (including one’s home country) that the participants
had lived in for at least 6 months. We used this count variable because it is more objective and less subject to inflation due to self-presentation pressures. Given that subjective ratings of minority status can be idiosyncratic because they are influenced by context and social comparison processes, we assessed minority status with country of origin (US = 0, Other = 1). This operationalisation of minority status correlated (r = .89, p < .001) with citizenship (US = 0, Other = 1), providing convergent validity of the measure.

Cultural Intelligence. We assessed cultural intelligence with the 20-item scale developed and validated by Ang and colleagues (2007). Sample items include “I am conscious of the cultural knowledge I apply to cross-cultural interactions”; “I know the legal and economic systems of other cultures”; “I enjoy interacting with people from different cultures”; and “I change my verbal behavior when a cross-cultural interaction requires it” (1 = strongly disagree; 7 = strongly agree; α = .94).

Control Variables. We controlled for gender (male = 0, female = 1), education (high school = 1, junior college = 2, college = 3, master’s = 4, PhD/professional = 5), and work experience to avoid potential confounding effects because previous research shows that CQ is associated with gender, education, and work experience (Ang et al., 2007; Tay et al., 2008).

We analyzed H1–H2 with hierarchical regression: controls in step 1, prior intercultural contact and minority status in step 2, and the interaction between prior intercultural contact and minority status in step 3. We plotted significant interactions following recommendations of Preacher, Curran, and Bauer (2006).

Study 1 Results

Descriptive statistics and correlations are in Table 1 and regression results in Table 2. Results support H1, with a significant beta for prior intercultural contact (β = .29, p < .001). The interaction between prior intercultural contact and minority status was significant in predicting CQ (ΔF = 5.21, β = -.28, p < .05). Supporting H2 (see Figure 2) simple slope analysis shows a stronger relationship between prior intercultural contact and CQ for those with majority status (β = .34, p < .01) and a weaker relationship for those with minority status (β = .17, p < .05).

In sum, results of Study 1 support H1–H2. Nevertheless, Study 1 relied on self-report of cultural intelligence and did not allow tests of H3–H5. Accordingly, we conducted a second study, using matched employee and observer data.
### TABLE 1
Means, Standard Deviations, and Correlations (Studies 1 and 2)

<table>
<thead>
<tr>
<th>Study 1 variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender$^1$</td>
<td>.49</td>
<td>.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Education</td>
<td>3.69</td>
<td>1.20</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>3. Years of work experience</td>
<td>14.01</td>
<td>12.26</td>
<td>.04</td>
<td>.44**</td>
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<td>4. Minority status$^2$</td>
<td>.47</td>
<td>.50</td>
<td>.09</td>
<td>.07</td>
<td>-.10*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Prior intercultural contact</td>
<td>1.93</td>
<td>1.27</td>
<td>.05</td>
<td>.35**</td>
<td>.17**</td>
<td>.34**</td>
<td></td>
<td></td>
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<tr>
<td>6. Cultural intelligence</td>
<td>5.41</td>
<td>.96</td>
<td>.03</td>
<td>.42**</td>
<td>.19**</td>
<td>.15**</td>
<td>.41**</td>
<td>(.94)</td>
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<table>
<thead>
<tr>
<th>Study 2 variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>1. Gender$^1$</td>
<td>.71</td>
<td>.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Education</td>
<td>3.23</td>
<td>.83</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>3. Years of work experience</td>
<td>4.59</td>
<td>6.78</td>
<td>-.18*</td>
<td>.21**</td>
<td></td>
<td></td>
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<td>4. Minority status$^2$</td>
<td>.16</td>
<td>.37</td>
<td>.01</td>
<td>.22**</td>
<td>.00</td>
<td></td>
<td></td>
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<tr>
<td>5. Prior intercultural contact</td>
<td>1.90</td>
<td>.94</td>
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<td>.22**</td>
<td>.17*</td>
<td>.38**</td>
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<td>6. Cultural intelligence$^3$</td>
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<td>-.04</td>
<td>.15*</td>
<td>.08</td>
<td>.24**</td>
<td>.44**</td>
<td>(.90)</td>
<td></td>
</tr>
<tr>
<td>7. Int’l leadership potential$^4$</td>
<td>5.44</td>
<td>1.07</td>
<td>-.11</td>
<td>-.13</td>
<td>.02</td>
<td>.16*</td>
<td>.21**</td>
<td>.27**</td>
<td>(.90)</td>
</tr>
</tbody>
</table>

Notes: \( n = 441 \) (Study 1), \( n = 181 \) (Study 2)

$^1$ Coding: 0 = Male; 1 = Female; $^2$ 0 = Majority; 1 = Minority; $^3$ Independent Observers A; $^4$ Independent Observers B

* \( p < .05 \); ** \( p < .01 \).
TABLE 2
Interactive Effects of Intercultural Contact and Minority Status on Cultural Intelligence (Studies 1 and 2)

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Cultural intelligence (Study 1)</th>
<th>Cultural intelligence (Study 2)</th>
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</thead>
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<tr>
<td></td>
<td>Step 1 (β)</td>
<td>Step 2 (β)</td>
</tr>
<tr>
<td>Education</td>
<td>.42***</td>
<td>.32***</td>
</tr>
<tr>
<td>Gender1</td>
<td>.01</td>
<td>−.00</td>
</tr>
<tr>
<td>Years of work experience</td>
<td>.00</td>
<td>−.00</td>
</tr>
<tr>
<td>Prior intercultural contact</td>
<td>.29***</td>
<td>.45***</td>
</tr>
<tr>
<td>Minority Status2</td>
<td>.03</td>
<td></td>
</tr>
<tr>
<td>Intercultural contact ×</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority status</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ R^2 \] | .18 | .25 | .26 | .03 | .20 | .21 |
\[ ΔR^2 \] | .07 | .01 | .01 | .17 | .02 | .02 |
\[ F \] | 31.79*** | 29.86*** | 26.00*** | 1.42 | 7.87*** | 7.32*** |
\[ ΔF \] | 22.32*** | 5.21* |           | 17.12*** | 3.91* |

Notes: 1 Coding: 0 = Male; 1 = Female; 2 0 = Majority; 1 = Minority.
* p < .05; ** p < .01; *** p < .001.

FIGURE 2. Interactive effects of prior intercultural contact and minority status on cultural intelligence (Study 1).

Study 2 Method
Employees (n = 181) and their observers (n = 708) completed questionnaires as a self-awareness exercise and feedback program offered to working adults

in a part-time graduate course. To avoid potential problems of common source bias, employees provided data on prior intercultural contact and minority status and two different sets of observers provided data on CQ and international leadership potential. The sample was 29.1 per cent male (n = 52), 63.5 per cent had at least a bachelor’s degree (n = 115), and 81.6 per cent were born in the United States (n = 151). On average, participants had lived in 1.90 different countries (range reported: 1–7), had a mean age of 27.7 years (range: 18–60), and 4.6 years of work experience.

**Substantive Variables.** We used the same operationalisations for prior intercultural contact and minority status as Study 1. CQ was rated by randomly selected observers (average number of raters = 2.5; min = 1; max = 3; alpha = .90; Van Dyne, Ang, & Koh, 2008). ICC and rwg statistics (James, Demaree, & Wolf, 1984) supported aggregation to the focal employee level: (ICC1 = .20, F(177, 192) = 1.52, p < .01; ICC2 = .34; rwg = .98) (Glick, 1985).

**International Leadership Potential.** A second set of non-overlapping, randomly selected observers (average number of raters = 1.9; min = 1; max = 3; alpha = .90) assessed international leadership potential with three items adapted from Lyness and Judiesch (2008). Items include “I would strongly recommend that this person be sponsored by an organisation to work overseas”, “I think this person is well suited for a job working in another country”, and “I think that someday this person will be a manager in an overseas operation” (1 = strongly disagree; 7 = strongly agree). ICC and rwg supported aggregation: (ICC1 = .28, F(163, 169) = 1.79, p < .01; ICC2 = .44; rwg = .83).

**Control Variables.** We controlled for gender, education, and years of work experience. We analyzed H1–H3 with hierarchical regression and tested H4 with Baron and Kenny’s (1986) approach. We tested indirect effects with the Sobel (1982) test. Finally, we used Muller et al.’s (2005) approach for testing moderated mediation. The last Muller et al. condition, which is the essence of moderated mediation, establishes whether the strength of the mediation via cultural intelligence differs across the two categories of the moderator (Preacher et al., 2007). Moderated mediation occurs when the conditional indirect effect of prior intercultural contact on international leadership potential, through CQ, differs based on minority versus majority status.

**Study 2 Results**

Confirmatory factor analysis (CFA) of a two-factor model supports discriminant validity of the two observer-rated constructs—cultural intelligence and
international leadership potential—and shows good fit to the data: ($\chi^2(7) = 7.83$, $CFI = .99$, and $RMSEA = .03$). All items loaded onto the respective factors ($p \leq .01$). Comparison with a single factor model ($\chi^2(9) = 60.52$, $CFI = .90$, and $RMSEA = .18$) shows superiority of the two-factor model ($\Delta \chi^2(2) = 52.69$, $p < .001$).

Descriptive statistics and correlations are in Table 1, and regressions in Tables 2 and 3. Consistent with H1, the beta value for prior intercultural contact ($\beta = .40$, $p < .001$) was significant. Results also support H2. The interaction between prior intercultural contact and minority status was significant in predicting CQ ($\Delta F = 3.91$, $\beta = -.29$, $p < .05$). Simple slope analysis confirms the positive relationship between prior intercultural contact and CQ for those with majority status ($\beta = .30$, $p < .01$), but not for those with minority status ($\beta = .09$, $p > .05$). Figure 3 illustrates this interaction.

H3 predicted a positive relationship between CQ and international leadership potential. Table 1 (Study 2, lower half) shows a significant correlation between independent observer ratings of these two constructs ($r = .27$, $p < .01$) and Table 3 shows a significant beta for CQ as a predictor of international leadership potential ($\beta = .20$, $p < .05$), supporting H3.

Results also supported mediated effects predicted in H4. Table 3 shows that prior intercultural contact was positively related to CQ ($\beta = .42$, $p < .001$) after controlling for education, gender, and work experience. Prior intercultural contact was positively associated with international leadership potential ($\beta = .24$, $p < .01$), and CQ was positively related to international leadership potential ($\beta = .20$, $p < .05$). Most importantly, when CQ was included in step

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Step 1 ($\beta$)</th>
<th>Step 2 ($\beta$)</th>
<th>Step 1 ($\beta$)</th>
<th>Step 2 ($\beta$)</th>
<th>Step 3 ($\beta$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
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<td>.08</td>
<td>-.14</td>
<td>-.18*</td>
<td>-.19*</td>
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<tr>
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<td>-.03</td>
<td>-.10</td>
<td>-.11</td>
<td>-.10</td>
</tr>
<tr>
<td>Years of work experience</td>
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<td>-.03</td>
<td>.04</td>
<td>.01</td>
<td>.01</td>
</tr>
<tr>
<td>Prior intercultural contact</td>
<td>.42***</td>
<td>.24**</td>
<td>.16</td>
<td>.20*</td>
<td></td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td></td>
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$R^2$                      | .03              | .19              | .03              | .08              | .12              |
$\Delta R^2$                | .17              | .06              | .03              |                  |
$F$                         | 1.42             | 9.68***          | 1.55             | 3.69**           | 4.24***          |
$\Delta F$                  | 33.62***         | 9.85**           | 5.98*            |                  |

Notes: ^1 Coding: 0 = Male; 1 = Female.
* $p < .05$; ** $p < .01$; *** $p < .001$. 

the beta for prior intercultural contact failed to reach significance (.24 → .16, p > .05). Sobel’s (1982) test shows that the indirect effect of prior intercultural contact on international leadership potential via cultural intelligence was significant (z = 3.02, p < .01). In sum, CQ fully mediated the relationship between prior intercultural contact and international leadership potential, supporting H4.

Finally, results support all four conditions required for moderated mediation. Condition 1: prior intercultural contact was positively related to international leadership potential (β = .24, p < .01). Condition 2: the interaction of prior intercultural contact and minority status predicted CQ (β = -.29, p < .05). Condition 3: CQ was positively related to international leadership potential (β = .20, p < .05). Condition 4: the conditional indirect effect of prior intercultural contact via CQ was significant for majorities (estimate = .11, p < .05, SE = .05, z = 2.01, p < .05) but not for minorities (estimate = .04, p > .05, SE = .04, z = .81, p > .05).

### DISCUSSION

In this research, we developed and tested a moderated mediation model of international leadership potential in an effort to close important gaps in the previous literature on international leadership potential. Results across two studies of working adults, using same source and multiple sources of data support our predictions and provide a more complete understanding of predictors of international leadership potential. Results show that prior intercultural contact was positively related to both self- and
observer-ratings of CQ, and that CQ was positively related to international leadership potential. These findings support the arguments we developed based on the integration of contact theory with diffuse status characteristics theory (Berger et al., 1972). Furthermore, results demonstrate the mediating role of CQ in linking prior intercultural contact with international leadership potential. This finding begins to address concerns about the previously limited understanding of mediation processes that account for the effects of contact (Bhaskar-Shrinivas et al., 2005). This mediated result also confirms previous theoretical arguments that intercultural contact leads to international potential via more proximal processes such as enhanced capabilities.

The present study also sheds light on prior inconsistent findings related to intercultural contact and international leadership by demonstrating the moderating role of minority status as a boundary condition that qualifies the intercultural contact–international leadership potential relationship. Consistent with our predictions based on distinctiveness theory (McGuire & Padawer-Singer, 1976), the strength of the mediated relationship for prior intercultural contact with international leadership potential via cultural intelligence was stronger for majorities than for minorities. This extends prior research that shows that contact effects are generally weaker for minorities than for majorities to the new context of international leadership (Binder et al., 2009; Tropp & Pettigrew, 2005).

Theoretical Implications

First, this study goes beyond previous research by demonstrating support for a new set of predictors of international leadership potential. Thus, the moderated mediation model has the potential to deepen our understanding of leadership potential in international contexts. Second, results add support to contact theory and shed light on the long-standing debate about the value of prior intercultural contact by showing that intercultural contact is positively related to cultural intelligence and international leadership potential. Thus, even though prior inconsistent findings have triggered questions about the value of contact theory (Hopkins et al., 1997), our findings are consistent with more recent meta-analytic research that demonstrates positive effects of contact (Pettigrew & Tropp, 2006). Additionally, results offer evidence that the contact hypothesis can be applied to new areas of research such as cultural intelligence and international leadership potential. Third, the research provides a starting point for considering theoretical mechanisms that link intercultural contact with international leadership potential. This finding is important because it shows the value of differentiating more distal predictors from more proximal predictors and it shows the value of considering CQ as a mediating mechanism.

Fourth, results support the interaction predictions we developed based on distinctiveness theory (McGuire & Padawer-Singer, 1976) because prior intercultural contact was more strongly related to cultural intelligence for those in the majority than for those in the minority. This is an important finding, because it explicitly tests whether distinctiveness theory can be extended beyond identity effects and applied to new domains such as leadership potential. To build on this finding, future research could examine the moderating role of minority status in other relationships that are relevant to contact theory. Fifth, moderated mediation results highlight the importance of accounting for minority status when considering relationships between intercultural contact, cultural intelligence, and leadership potential. Overall, these moderated mediation results provide theoretical insights that can help to reconcile prior inconclusive findings regarding intercultural contact and leadership outcomes in culturally diverse settings. To provide additional insight into contact theory and international leadership, we recommend future research on other factors that may moderate the association between intercultural contact and performance potential.

Practical Implications

Results also have practical implications for selecting and training international leaders. Specifically, results suggest the benefits of human resource practices that emphasise intercultural contact and cultural intelligence. This should be increasingly important given the acceleration of globalisation and the demand for increasing numbers of international leaders who can function effectively in multicultural groups, interact effectively with people located in different cultures, and work effectively in a variety of cultures and locations around the world as expatriates or as members of short-term project teams.

Research on international leadership has shown the high personal and organisational costs of expatriate failure and the critical importance of selecting and training culturally competent international leaders (Windham International, 2000). Therefore, the selection and development of those with international leadership potential is a critical factor for most contemporary organisations (Caligiuri, 1997). Yet, despite the importance of international leadership, many organisations still rely on rules of thumb and heuristics for selecting and training these leaders (e.g. Arthur & Bennett, 1995). Our results suggest the value of placing more explicit emphasis on intercultural contact and cultural intelligence when selecting leaders for jobs in culturally diverse groups or when jobs involve working across national borders. Intercultural contact and CQ of job candidates should be relatively easy to assess and thus have promising potential to provide insightful information that human resources managers can use for recruiting and selection decision-making (Ng, Van Dyne, & Ang, 2009b). In sum, instead of selecting leaders solely on the
basis of their technical competence or willingness to relocate (Sinangil & Ones, 1997), managers should also consider prior intercultural contact and CQ as selection criteria. Additionally, results show that considering intercultural contact is especially important when candidates have majority status because intercultural contact influences international leadership potential via cultural intelligence for majorities, but not for minorities.

Results also have practical implications for training global leaders. Previous studies have argued that those who are emotionally stable, outgoing, agreeable, and high in openness to experience are more likely to function effectively as international leaders (Ang et al., 2006; Shaffer et al., 2006). These personality traits, however, are not readily changed or easily open to organisational interventions. In contrast, intercultural contact and cultural intelligence can more easily be influenced by organisations. For instance, Earley and Peterson (2004) described a range of training programs—such as experiential exercises that facilitate learning by doing—that organisations could offer for international leaders. More important, the interaction results suggest that providing those with majority status with multiple training opportunities for experiencing more intercultural contact is especially important because intercultural contact leads to international leadership potential through cultural intelligence only for majorities. Given the increasing diversity of work organisations, this training implication has direct relevance for employees who work in multicultural domestic groups as well as for those with cross-border interactions and responsibilities.

Limitations and Future Research

Despite the overall support for our hypotheses and the inclusion of multiple sources of data and two different samples, it is important to acknowledge the limitations of our research. First, to keep the survey short such that it did not require too much time for respondents, we limited the number of constructs included in the model. To address this limitation, we recommend that future research consider additional distal and proximal predictors of international leadership potential.

For example, we used living experiences in other countries as our measure of prior intercultural contact. Although this count variable was less likely to be inflated based on self-presentation bias, it is a somewhat simplistic conceptualisation. Accordingly, future research could include an expanded operationalisation that acknowledges other forms of intercultural contact such as cultural diversity of the work group and neighborhood environment or number of intercultural interactions in a typical day, week, or month. It also would be useful to ascertain the relative strength of these sorts of count variables compared to Likert scales that assess respondent perceptions of the amount and intensity of prior intercultural contact.
Likewise, it would be valuable to consider other operationalisations of minority status. This could include numerical counts or proportion of similar others in a particular context such as work group or organisation. Alternatively models could include the respondents’ social psychological experiences of the extent to which they feel like a minority. This would be interesting because individuals most likely differ in the extent to which their background, such as country of origin or ethnicity, causes them to feel as though they have minority status. A final limitation of our model is our focus on international leadership potential. Although we have argued that understanding assessment of potential is practically important to selection processes, organisations are also interested in actual effectiveness. In our study we were not able to obtain data on leadership effectiveness. Thus, we recommend longitudinal research designs that include international leadership potential as well as actual effectiveness.

Conclusion

In sum, results of these two field studies go beyond previous research and demonstrate the value of prior intercultural contact and cultural intelligence as criteria for selecting and training those with international leadership potential. This is critical because intercultural contact and cultural intelligence offer a set of practical alternatives for managers to apply. In addition, the Study 2 results for moderated mediation show that prior intercultural contact is an especially important consideration when organisations want to enhance the international leadership potential of those with majority status or when the best candidates for jobs in multicultural contexts are members of the majority.

REFERENCES


