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The relationship between cultural intelligence and i-deals: Trust as a mediator and HR localization as a moderator

Introduction

Promotion of employee 'voice' demands leadership and human resource management (HRM) efforts even in case they share cultural values with their employer. Even more demands for such efforts involve the case of cultural divergence between employees and their employer. Such voice is indispensable since 'quietness' may hide diverse attitudes, from satisfaction to resistance. An idiosyncratic deal (i-deal) that is a form of individual upward negotiation with the employer for mutual gains (Rousseau, 2005; Rousseau et al., 2006) is the functional eruption of the employee voice and energy towards the organization. What the key drivers are which steer this flow of energy from i-deals is an important research question.

Numerous antecedents to i-deals such as HRM strategy and practices, managerial style and deeds (Rousseau, 2005), leader-member exchange and perceived organizational support (Rousseau and Kim, 2004) have been reported. Culture, which is composed of shared mental programs that condition individual responses to their environment (Thomas and Inkson, 2005), was also found to be a crucial antecedent of i-deals (Rousseau, 2005). Nevertheless, cultural congruence produced from adaptation to local cultures of employees in multinational companies (MNCs) and its relation with i-deals remain under-researched. Such cultural adaptation will thrive not under an ethnocentric 'be like me' policy, which may lead to insensitivity to others (Ottavi, 2009), but with cultural intelligence (CQ), which helps surmount cross-cultural divergences and increase communications in organizations (Peterson, 2004). CQ is the capacity to decode and harmonize with another culture for cultural synergy effects. General intelligence is deemed to be the 'ability to grasp and reason correctly with abstractions and solve problems' (Schmidt and Hunter, 2000). However, intelligence cannot be meaningfully deciphered outside its cultural setting (Sternberg and Grigorenko, 2006). CQ, rather than general intelligence, is therefore needed, due to growing diversity in human capital (Crowne, 2008).

The effect of CQ on i-deals may be mediated by trust. CQ engenders cultural empathy (Thomas et al., 2008), which catalyzes trust in employees (Popescu, 2013), leading to i-deal motivation among employees (Page, 2011; Ng and Feldman, 2015). Due to its empowerment for local employees (Akitaro, 2004), HR localization may interact with trust in predicting i-deal negotiations among employees.

Value Theory (Schwartz, 1992) can serve as an overarching theory to account for such relationships among the constructs in our research model. CQ, trust, and i-deals, which are compatible values (i.e. orientation to organizational stakeholders), may grow in the same direction and interact with each other on their path (Schwartz, 1992). The relationship between CQ and trust can be further elucidated through cohesion mechanism in Social Network Theory (Brass, 1995), in which CQ enhances the intensity of interactions between expatriate managers and local employees, leading to high levels of trust. Meanwhile, the interconnection between trust levels and i-deals can be grounded on social exchange theory (Blau, 1964) and agency theory (Eisenhardt, 1989).

In a nutshell, by investigating the model of CQ-i-deals linkage with the mediation mechanism of trust and the moderation role of HR localization, our research made a four-fold

contribution. First, i-deal research stream has reported the role of leader behavior in fostering i-deals among employees, yet with a focus on Leader-Member Exchange (LMX) (Litano and Major, 2015) or transformational leadership (Rosen et al., 2013), leaving a gap for further investigation into the predictive role of other leader behaviors. By examining the role of leaders' CQ in catalyzing employees' i-deals, our research attempts to fill this research gap in i-deals literature as well as build the convergence between CQ and i-deals research strands. Second, this gap in i-deals literature is further filled through the assessment of the mediation mechanism that trust contributes to explain the relationship between leader CQ and employee i-deals. Third, HRM literature has found the moderating role of HRM for the relationships in trust models (Zhang et al., 2015), but the gap still has remained for the moderation mechanism of HR localization. To bridge this research gap, our research seeks an insight into the role that HR localization plays in moderating the relationship between trust and i-deals among employees. Last, by using joint-ventures (JVs) and 100% foreign-invested enterprises (FIEs) in different industries in Vietnam – an emerging business context, the current research further expands the i-deals literature, which so far has revolved around creative and innovative sectors, such as information technology or telecommunications (Anand et al., 2010). Furthermore, using a Vietnamese sample helps further test Western theories in the Vietnamese business setting. The Vietnamese have an inclination of high levels of collectivistic values and relationships (Nguyen, Mujtaba, and Pham, 2013). Vietnamese cultural characteristics may thus promote value congruence within the organization, making Vietnam an interesting context for researchers to test this model of leader CQ and its relationships.

This introductory section of the paper is followed by the review of research constructs and their relationships, from which hypotheses are formulated. The paper then presents research results grounded on the data and ends with implications for academics and managers.

Literature review and hypotheses development

CQ and trust

Viewed from social psychology, trust is an intrinsic trait of any valuable social relationship (Tsiotsou, 2013). In Social Network Theory, trust is deemed to be a structurally embedded asset of relationships and networks produced from interactions (Lu, Yang, and Yu, 2013) as well as shaping interaction patterns (Grabner-Kräuter and Bitter, 2013). Trust, conditioned by network density, influences the nature and depth of interactions in a relationship (Kühne, Gellynck, and Weaver, 2013).

Three types of trust encompass calculation-based trust, knowledge-based trust, and identity-based trust. Calculation-based trust is a weak form of partnership (Dhillon, 2013), whereas strong forms of partnership include knowledge-based and identity-based trust. Calculation-based trust is predicated on the expectancy of gaining a specific, tangible benefit (Lewicki and Bunker, 1995). On the other hand, knowledge-based trust alludes to an individual's predictability or knowledge of their partner's co-operative behavior (Mitchell, Cropanzano, and Quisenberry, 2012; Hardwick, Anderson, and Cruickshank, 2013). The reasoning behind this trust type is knowledge; nonetheless, interactive reasons may also engender knowledge-based trust (Maida et al., 2012). Knowledge-based trust emerges from recurring social interactions (Theotokis, Pramataris and Tsiros, 2012; Peñarroja et al., 2013) or history or experience of inter-activity (Lee, Yang, and Tsai, 2012), and mirrors satisfaction of interactions between partners (Zolfaghar and

Aghaie, 2012). Likewise, identity-based trust is interpersonal in nature, but derived from shared values (Li et al., 2012). Identity-based trust reflects a robust reciprocal understanding in terms of values and standards of behavior (Howorth and Moro, 2012) and identification with others' ideas, intentions and desires.

Meanwhile, CQ alludes to an individual's competence to interact optimally in cultural diversity contexts (Ang and Van Dyne, 2008; Crowne, 2008). CQ denotes adaptation to local culture (Vogelgesang et al., 2009) or harmonizing and merging global values and local values, as well as values of the mother company and values of its local individuals, for increased understanding, interaction and trust. CQ, therefore, is not the concession to local culture or values, but the selection and integration of some of these values into the organizational culture.

Social network theory can underpin the relationship between CQ and trust. Social network theory holds that a network is a set of social system members connected by ties that reflect the relationships (or lack of relationships) between them (Brass, 1995). Characterized by interdependent relationships between members, organizations represent a type of social network. Social network analysis hence focuses on the patterns of interactions between members—and the intensity of those interactions—as potential sources of sense-making and social influence (Roberson and Colquitt, 2005) in the development of trust. The typical prediction of a network effects model is that individuals in a social network will converge in their values, attitudes and behaviors to the degree to which they have proximity and exposure to others in the network (Marsden and Friedkin, 1994). Members' interpretations and evaluations of values may converge through mechanism of cohesion, which alludes to the extent to which individual interact frequently and intensely and are hence influenced by those with whom they interact directly (Burt, 1987). High in CQ, managers interact with local employees and converge in their values and behaviors to local employees in MNCs. CQ may also converge the values of local employees and organizational values (Vogelgesang et al., 2009). This convergence augments employer understanding of local values and employee understanding of their organization's values, leading to a high level of identity-based trust (Howorth and Moro, 2012; Li et al., 2012). When employee and organizational values align, their actions will grow in the same direction (Schwartz, 1992), further reinforcing their identity-based trust as well as knowledge-based trust due to the enhancement in local employee identification with, and knowledge of, the organization respectively.

With local orientation (Vogelgesang et al., 2009), CQ enables local employees to engage in strategic and tactical formulation and implementation processes. This 'employee engagement' indicates a high level of understanding of organizational strategy, which underpins knowledge-based trust (Lewicki and Bunker, 1995). Furthermore, local employees, who are committed, identify with their organization and its vision or demonstrate a high level of identity-based trust in their employer (Maguire and Phillips, 2008).

On the contrary, CQ is less prone to promote calculation-based trust since employees with calculation-based trust demonstrate low commitment to their organization (Liljander and Roos, 2002). CQ, moreover, contains cultural empathy (Alon and Higgins, 2005; Thomas et al., 2008), which mirrors the leader's care for stakeholders, especially employees. CQ helps transcend self-oriented economic exchange towards social exchange. CQ is hence less likely to engender calculation-based trust that indicates the relationship based on economic exchange between the employee and the employer (Rousseau et al., 1998). This stream of discussion heralds the relationship between CQ and trust types as in the following hypotheses:

- H1a. CQ positively relates to identity-based trust.
- H1b. CQ positively relates to knowledge-based trust.
- H1c. CQ negatively relates to calculation-based trust.

Trust and i-deals

Work redesign is traditionally addressed through the two approaches – formal top-down interventions and proactive bottom-up job crafting. Bottom-up job crafting is limited to the latitude workers’ modification of their own jobs, while top-down interventions are constrained by the employer’s capability to build individually optimized work features. Also linked to job design theory (Hornung et al., 2014) and as a bottom-up approach, idiosyncratic deals (i-deals) however refer to individual work arrangements with the employer for work flexibility and creative use of their knowledge and resources for the organization’s interests (Rousseau, 2005). I-deals thus reflect the strength and quality of employee–employer relationship (Liu et al., 2013) – the degree of upward influence from individual employees to their employer. I-deals address the interests of all stakeholders (Greenberg et al., 2004), thereby enhancing the organization’s capability to attract and retain valued contributors (Rousseau and Kim, 2004) to its value chain. I-deals are typically negotiated across three dimensions, which are linked with what (task and work responsibilities), when (schedule flexibility), and where (location flexibility) employees do on their jobs (Rosen et al., 2013). The comparison among formal top-down interventions, job crafting, and i-deals is presented in Table 1.

Table 1. Comparison among formal top-down interventions, job crafting, and i-deals

Characteristics	Formal top-down interventions	Job crafting	I-deals
Definition	The employer’s building individually optimized work features	The latitude workers’ modification of their own jobs	Individual work arrangements with the employer for work flexibility
Purpose	Optimization of work features	Work modification	Work flexibility
Direction	Top-down	Bottom-up	Bottom-up
Autonomy	+/-	+	+
Stakeholder orientation	+	+	+++
	(for the employer’s benefits, +/- for employees’ benefits)	(for employees’ benefits, +/- for the employer’s benefits)	(for the benefits of both employees and the employer)
Implementer	Employer/manager	Employee	Employee

The link between identity- or knowledge-based trust and i-deals is value compatibility. In the light of Value Theory (Schwartz, 1992), compatible values vary in the same direction and interact with each other on their path. Hence, identity- or knowledge-based trust is consistent

with i-deals since they are compatible values. Identity- or knowledge-based trust is an organizational value deriving from the sharing of the values and strategies of the organization (Lewicki and Bunker, 1995; Howorth and Moro, 2012). When employees share the organization's values and strategies, they have strong momentum to negotiate i-deals with the employer for flexibility in fulfilling their roles under the organizational vision and strategies.

Though the formal or contractual relationship in employment is economically driven, a social element to such relationships evolves. Social exchange theory (Blau, 1964) helps explain the dynamics of such exchanges. In a social exchange one individual voluntarily provides a benefit to another, activating an obligation of the other party to reciprocate by providing some benefit in return. Through sharing of vision and values, identity-based trust or knowledge-based adds a social element to the contractual relationship between employees and the employer, thereby invoking employees' reciprocation such as i-deals.

Additionally, identity- or knowledge-based trust mirrors a high level of organizational commitment (Hsu et al., 2007), which is a strong impulse for individual negotiations with the employer for reciprocal interests to be addressed (Rousseau et al., 2006). Since identity- or knowledge-based trust also has a strong link with innovation (Luu, 2011), these trust levels promote i-deals, seen as proactive actions for flexibility (Rosen et al., 2013) and effectiveness. The interconnection between identity-based trust or knowledge-based trust and i-deals is therefore posited as follows:

H2a. Identity-based trust positively relates to i-deals.

H2b. Knowledge-based trust positively relates to i-deals.

Calculation-based trust within the framework of 'endeavouring for myself first' inhibits contributions toward other organizational stakeholders. Calculation-based trust navigates employees' mindsets toward their own short-term interests (Luu, 2013a). Therefore, with calculation-based trust, employee negotiations with employers derive from self-interests rather than mutual benefits as in i-deals (Rousseau et al., 2006). Whereas calculation-based trust reflects egoism (Luu, 2013b), i-deals are of a utilitarian nature or stakeholder orientation (Rousseau, 2005). Furthermore, calculation-based trust tends not to promote organizationally beneficial upward influence behaviors (Luu, 2013a), but promote upward negotiations in self-indulgent or destructive forms for self-interests alone; thus, it does not cultivate i-deal negotiations for reciprocal benefits (Rousseau et al., 2006).

Calculation-based trust also denotes the relationship based on economic exchange between the employee and the employer (Rousseau et al., 1998). Therefore, an inconsistency between calculation-based trust and i-deals resides in the fact that calculation-based trust is built within an economic exchange framework (Rousseau et al., 1998), while i-deals transcend this towards social exchange between the employee and the employer (Rosen et al., 2013).

Also since calculation-based trust mirrors economic exchange relationships (Rousseau et al., 1998), agency theory (Eisenhardt, 1989), rather than social exchange theory, can apply to account for the negative relationship between calculation-based trust and i-deals. An agency theory lens underlines the formal economic context and self-interest motive (Whitener et al., 1998). It also delineates factors that contribute to the risk of opportunism on the part of agents. Hence, with the nature of social exchange and stakeholder orientation (Rosen et al., 2013), i-deals are not the actions that employees as agents undertake in calculative relationships with the employer as the principal in the light of agency theory.

In addition, employees with calculation-based trust have low commitment to their organization (Liljander and Roos, 2002). They thus tend not to bargain i-deals with their employer for both their and organizational interests. The hypothesis which formulates the negative relationship between calculation-based trust and i-deals, consequently, emerges:

H2c. Calculation-based trust negatively relates to i-deals.

HR localization as a moderator for the relationship between identity- or knowledge-based trust and i-deals

Localization refers to the degree to which an organization is strategically designed for local adaptation and market superiority by resorting to local resources, talent (Luo and Shenkar, 2006) and values. In a similar vein, Hofstede (2001) emphasizes an incrementally crucial managerial role for local talent in MNCs which put localization into their strategic response to a globally competitive marketplace.

As a local orientation strategy, HR localization intensifies the relationship between identity- or knowledge-based trust and i-deals. Employees, who have identity- or knowledge-based trust, have stronger momentum to bargain i-deals with their employer if its strategies reflect HR localization that empowers employees (Akitaro, 2004). Moreover, from the perspective of strategic growth, the organization localizes HRs to create congruence between the organization and local business environments (Nadler and Tushman, 1997). Therefore, in an organization with HR localization, employees further understand and share their organization's values and sustainable strategies in the local market, thereby increasing their identity-based trust and further negotiating i-deals for flexibility and adaptability in their roles of serving local external stakeholders.

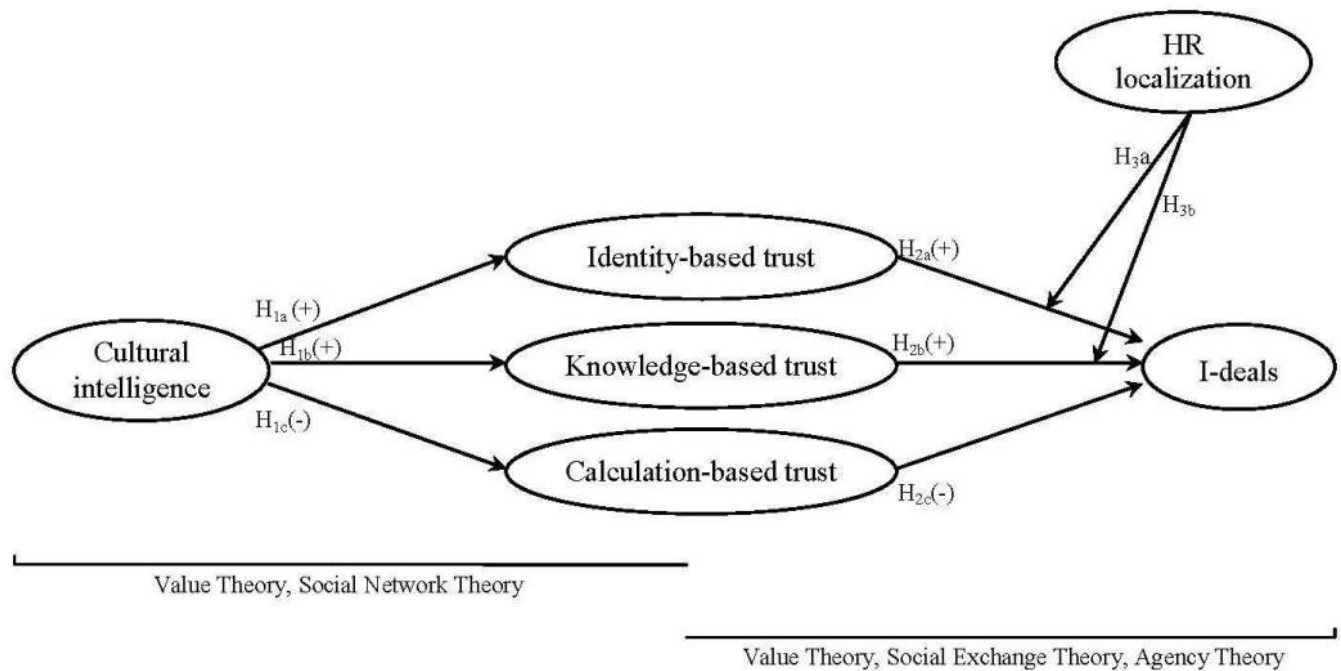
Ananthram and Chan (2013) also emphasize the role of localization in serving stakeholders. Stakeholder orientation in HR localization (Ananthram and Chan, 2013) hence drives employees to share values and strategies of their organization to act for its interests. Their i-deal negotiations with their employer for flexibility in their duties (Rosen et al., 2013) reflect an act of reciprocity in response to their employer's orientation to local employees.

Embedded in HR localization is the essence of procedural justice toward local employees (Patrick and Dotsika, 2007; Luu, 2012b). Since procedural justice elevates perceived organizational membership (Armstrong-Stassen and Schlosser, 2011), employees, who work under HR localization strategy, further trust their organization's values and strategies, thereby producing organizationally beneficial behaviors such as i-deals. In other words, employees tend to convert their identity- or knowledge-based trust into i-deal actions in an organization with high rather than low HR localization. The following hypotheses are consequently posited:

- H3a. HR localization positively moderates the relationship between identity-based trust and i-deals, such that the relationship is stronger when HR localization is high rather than low.
- H3b. HR localization positively moderates the relationship between knowledge-based trust and i-deals, such that the relationship is stronger when HR localization is high rather than low.

The above discussion on the hypotheses formulation gives rise to the conceptual model of our research in Figure 1.

Figure 1. Conceptual model



Research methodology

Sampling and data collection

Respondents came from JVs and 100% FIEs from diverse industries in Vietnam. Such a diversity is indispensable for testing research hypotheses which are posited to be applicable across different organizational contexts. A mixed industry approach may increase the generalizability of the research model (Fabbe-Costes and Jahre, 2008). Through the introductions from our manager training classes, the respondents' co-operation was initially elicited through telephone calls, not through the nomination of their superiors. Local employees who were working with expatriate managers were selected as the "qualifying" respondents since they are most likely to have specific knowledge on the key variables and can provide the most reliable information on these variables (Vorhies and Morgan, 2003).

Face and content validity was established through the use of existing and validated scales in the literature and through the pre-test of our structured questionnaire, as indicated in Golan and Weizman (1998). The questionnaire was first examined and edited by ten academics with over 15-year experience (Anderson and McAdam, 2007; Husted and Allen, 2007) in management field from schools of business or management in four top universities in Ho Chi Minh City: University of Economics, International University, Foreign Trade University and Open University. 42 MBA students in a class of the joint MBA program of Open University Malaysia completed the questionnaire. The selection of this class was due to the fact that most students were working in MNCs. Alterations on wording and presentation were made in the light of this double feedback.

Based on Dillman's (2000) Tailored Design Method, the self-administered questionnaire and its cover letter explaining the intent of the survey and guaranteed anonymity were emailed to each respondent. The identification number on the questionnaire was used to identify respondents who would return their completed questionnaire. This provided (1) some degree of anonymity to the respondents, and (2) the researcher a method for installing follow-up procedures with non-respondents (Eason, 2014).

A reminder email was sent to the non-respondents after ten days. This longitudinal research adopting a three-wave design is valuable for testing assumptions about causality of research variables (Siu et al., 2015) and reducing common method bias (Podsakoff et al., 2003). Data collection was conducted through three waves of surveys at the interval of one month between the two surveys. The first-wave survey (T1) collected demographic data and responses on CQ. The second-wave survey (T2) sought responses on trust and HR localization. In the third-wave survey (T3), responses on i-deals were garnered.

In the first-wave survey (T1), out of the 762 questionnaires, 635 responses were returned from employees, among which 66 (10.39%) contained missing data. From Hair et al.'s (2006, p. 55) perspective, 'missing data under 10% for an individual case or observation can generally be ignored'; therefore, albeit the data was missing at random (Little MCAR test: Chi-square = 537, $df = 162$, $sig = .214$), the responses with missing data rate higher than 10% were removed, resulting in 569 responses apposite for SEM-based analysis (Hair et al., 2006), at a usable response rate of 74.67%. Besides that a comparison of early and late responses through Armstrong and Overton (1977) extrapolation method revealed no significant differences, the high response rate reduces the concern that the data suffers from non-response bias and augments the credibility to make generalizations about the population.

Since 27 employees left their organizations, T2 survey questionnaires were sent to 542 employees. However, merely 473 responses without missing data were obtained (87.27%). In the third-wave survey (T3), due to the further departure of 12 employees, only 461 questionnaires were dispatched to employees. 374 complete responses (81.13%) were returned. By dropping those who did not participate in T2 and T3 surveys, the consistency of the sample used for data analysis was ensured.

Out of the respondents, 38.77% were female, their average age was 33.8 years ($SD = 8.7$), they had an average job tenure of 12.3 years ($SD = 4.6$), and they were working in such functions as accounting (11.23%), HR (10.96%), operations (29.68%), marketing (22.73%), sales (19.79%), and others (5.61%).

Measures

Respondents indicated their perceptions as regards items gauging CQ, organizational trust, i-deals, and HR localization in Vietnamese version of the questionnaire. Items were measured on a five-point Likert scale of 1 = 'strongly disagree' to 5 = 'strongly agree'. The back translation method (Brislin, 1980) was employed in the translational process.

CQ. This was measured through the 20-item CQ Scale (CQS) of Ang and Van Dyne (2008), which comprises four metacognitive items (e.g. "My supervisor is conscious of the cultural knowledge he/she uses when interacting with people with different cultural backgrounds"), six cognitive items (e.g. "My supervisor knows the legal and economic systems of other cultures"), five motivational items (e.g. "My supervisor enjoys interacting with people from different

cultures”), and five behavioral items (e.g. “My supervisor changes his/her verbal behavior (e.g., accent, tone) when a cross-cultural interaction requires it”). Overall CQ score was calculated through the weighted scores based on the number of items in each of the factors: Overall CQ = metacognitive CQ/4 + cognitive CQ/6 + motivational CQ/5 + behavioral CQ/5.

Organizational trust. This comprises three types and 16 individual scale items adapted from Nguyen’s (2005) instrument predicated on studies by Nyhan and Marlowe (1997), Nootboom *et al.* (1997) and Cummings and Bromiley (1996). The three types include: calculation-based trust consisting of five items (e.g. “If employees break their contract with the employer, they will have to pay a significant legal fine”), knowledge-based trust with seven items (e.g. “In the employer’s opinion, employees’ capabilities are good enough to fulfill the contracts with the employer”), and identity-based trust with four items (e.g. “The top manager has shared values/beliefs with employees”).

I-deals. We adapted Rosen, Slater, and Johnson (2013) with six items on task and work responsibilities (e.g. “I have negotiated with my supervisor for tasks that better fit my personality, skills, and abilities”), three items on schedule flexibility (e.g. “At my request, my supervisor has accommodated my off-the-job demands when assigning my work hours”), and two items on location flexibility (e.g. “Because of my particular circumstances, my supervisor allows me to do work from somewhere other than the main office”).

HR localization. A 12-item scale that assesses HR localization strategies is derived from Johri and Petison’s (2008) pattern of localization. A higher mean score indicates that the company implements HR localization strategies to a greater extent, or reaches a greater level of HR localization.

Control variables. Organizational size and organizational age were controlled due to their tendency to produce organizational inertia, thereby diminishing the likelihood of change (Tushman and Romanelli, 1985), such as through CQ. Ownership type was also controlled as different ownership types may shape different cultures (Luu, 2010), which may cultivate different levels of i-deals (Rousseau, 2005). Organizational size was measured by the number of full-time employees and organizational age in years since foundation (Brettel *et al.*, 2011). Ownership type was coded as 1 = state-owned, 2 = private, and 3 = foreign invested (Luu, 2012a).

Findings

Validity and reliability

Descriptive statistics of the constructs are shown in Table 2. Data analysis was conducted through LISREL 8.52. The measures’ reliability was potentially augmented through the use of multiple-item measures (Neuman, 2000). The reliability of each construct and its specific dimensions was assessed through Cronbach Alpha coefficients. The composite reliability of each research variable ranged from .71 to .84, above .6 as proposed by Fornell and Larcker (1981) and Bagozzi and Yi (1988). Convergent validity was also reached as the resulting average variance extracted for each measure ranged from .502 to .674, above .5 from Fornell and Larcker’s (1981) standpoint.

Table 2. Descriptive statistics of the constructs

Constructs/ dimensions	No. of items	Min	Max	Mean	SD	Cronbach Alpha	Loadings range ^a	Average variance extracted	χ^2	df	NNFI	CFI	RMSE
CQ	20			3.62	.48	.75	[.69–.81]	.526	387.4	224	.914	.953	.05
Metacognitive CQ	4	1	5	3.64	.61	.82	[.79–.86]	.594	372.8	225	.913	.965	.04
Cognitive CQ	6	1	5	3.79	.52	.84	[.81–.89]	.622	535.1	232	.949	.973	.07
Motivational CQ	5	1	5	3.59	.49	.73	[.68–.77]	.579	409.3	267	.917	.956	.03
Behavioral CQ	5	1	5	3.52	.51	.71	[.67–.75]	.539	306.2	284	.917	.956	.01
Identity-based trust	4	1	5	3.61	.38	.77	[.73–.81]	.674	457.9	304	.925	.962	.04
Knowledge-based trust	7	1	5	3.77	.62	.81	[.78–.86]	.629	528.3	311	.918	.951	.06
Calculation-based trust	5	2	5	3.49	.47	.78	[.72–.83]	.502	536.7	315	.915	.968	.02
I-deals	11			3.58	.63	.74	[.71–.79]	.552	509.2	338	.902	.953	.07
Task and work responsibilities	6	1	5	3.73	.55	.79	[.75–.82]	.547	512.6	326	.954	.957	.00
Schedule flexibility	3	1	4	3.36	.41	.72	[.69–.74]	.536	508.4	341	.949	.952	.05
Location flexibility	2	1	4	3.18	.34	.76	[.72–.79]	.518	525.9	359	.942	.948	.07
HR localization	12	1	5	3.72	.43	.79	[.77–.85]	.671	559.2	383	.938	.957	.00

^a All factor loadings are statistically significant ($p < .05$).

Construct validity was established through confirmatory factor analyses (CFA). Table 3 depicts correlations among the latent constructs in the confirmatory factor analysis. Chi-square statistics and three fit indices were utilized to examine two main components – the overall acceptability of the measurement model and the significance of the factor loadings for each item. Such indices as non-normed fit index (NNFI), Tucker–Lewis coefficient (TLI), comparative-fit index (CFI), and root mean square error of approximation (RMSEA) were used to assess the model. The fit indices with NNFI = .96; TLI = .96; CFI = .96, which surpassed the .90 benchmark (Tabachnick and Fidell, 2001), indicated that the data fitted the model. Likewise, the level of misfit was tolerable, with RMSEA = .02, below the relevant benchmark of .10 (Browne and Cudeck, 1993). Moreover, model fit was further strengthened through $\chi^2/df = 387.4/224 = 1.73$, which is below 2 (Byrne, 1989, p. 55).

Table 3. Construct Inter-correlations for the Confirmatory Factor Analysis Model

Constructs/dimensions	1	2	3	4	5	6	7	8	9	10	11
1 Metacognitive CQ	.....									
2 Cognitive CQ	.14*	.....								
3 Motivational CQ	.16*	.25**	.....							
4 Behavioral CQ	.19*	.22*	.29**	.....						
5 Identity-based trust	.32**	.41***	.26**	.21*	.....					
6 Knowledge-based trust	.25**	.33**	.22*	.16*	.26**	.....				
7 Calculation-based trust	-.12	-.15*	-.13	-.08	.04	.11	.....			
8 I-deals (Task and work responsibilities)	.58***	.61***	.54***	.51***	.42***	.19*	-.05	.....		
9 I-deals (Schedule flexibility)	.24**	.27**	.21*	.19*	.34**	.16*	-.09	.05	.....	
10 I-deals (Location flexibility)	.21*	.24**	.17*	.14*	.28**	.14*	-.12	.02	.07	.....
11 HR localization	.44***	.47***	.37***	.33**	.24**	.19*	-.09	.38***	.32**	.29**	.....

Standardized correlations reported * $p < .05$; ** $p < .01$; *** $p < .001$

Possible common method variance (CMV) bias was addressed as constructs were concrete, externally verifiable and reached highly experienced respondents (Rindfleisch et al., 2008). Furthermore, CMV bias risk was also assessed through Harmon's one factor test (Podsakoff and Organ, 1986; Podsakoff et al., 2003), in which all of the items for our latent variables were entered into a single factor using CFA procedures. The poor model fit ($\chi^2 = 972$, $df = 368$, $CFI = .63$, $NNFI = .63$, $RMSEA = .28$) demonstrated no general factor accounting for the preponderance of covariance across the variables.

Hypotheses tests

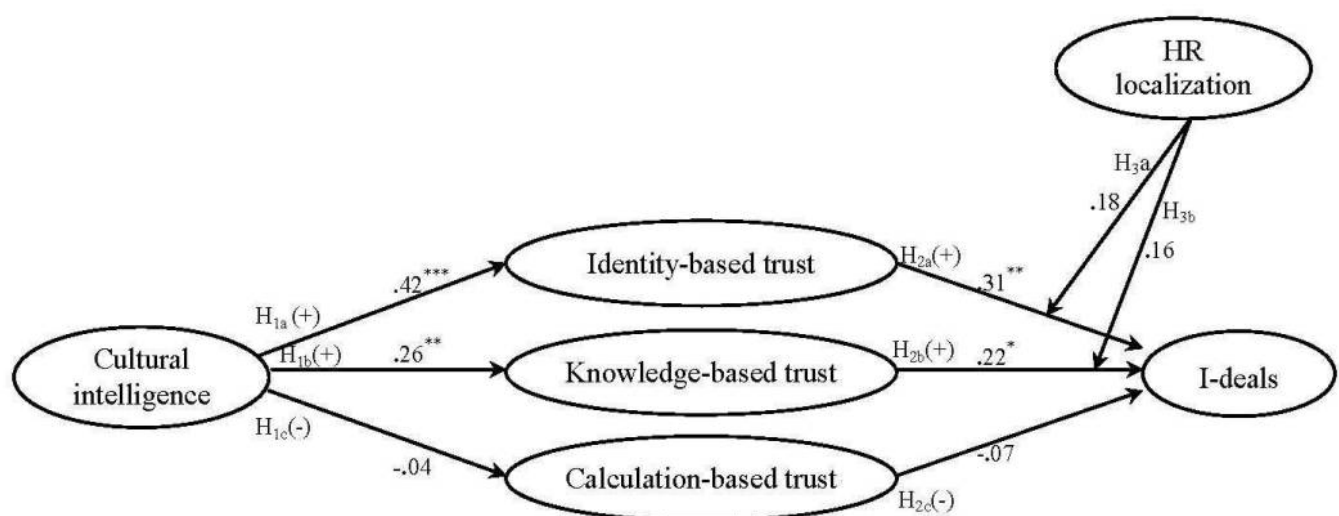
Structural equation modeling (SEM) was resorted to as it provides the best balance of Type I error rates and statistical power (MacKinnon et al., 2002), especially when testing mediation. SEM also allows to explicitly model measurement errors and may thereby result in less biased parameter estimations, which is an advantage over multiple regression (Iacobucci et al., 2007). Besides, according to Baron and Kenny (1986) and Judd and Kenny (1981), when a mediational model involves latent constructs, SEM provides the basic data analysis strategy. Path coefficients between variables are shown in Table 4 and Figure 2.

Table 4. Results of path coefficient analysis

Hypothesis	Description of path	Path coefficient	Conclusion
H1a	CQ → Identity-based trust	.42***	H1a (+): S
H1b	CQ → Knowledge-based trust	.26**	H1b (+): S
H1c	CQ → Calculation-based trust	-.04	H1c (-): NS
H2a	Identity-based trust → I-deals	.31**	H2a (+): S
H2b	Knowledge-based trust → I-deals	.22*	H2b (+): S
H2c	Calculation-based trust → I-deals	-.07	H2c (-): NS

Model fit: $\chi^2 = 387.4$, $df = 224$; $NNFI = .96$; $TLI = .96$; $CFI = .96$; $RMSEA = .02$. Tests of hypotheses are two-tailed tests; * $p < .05$; ** $p < .01$; *** $p < .001$; S = supported; NS = not supported.

Figure 2. Model estimation results



To investigate the impact of control variables (organizational size, organizational age, and ownership type), these variables were entered as a single block in the first step. The first step of the hierarchical regression analysis portrays that organizational size ($\beta = .036, p > .10$), organizational age ($\beta = .013, p > .10$), and ownership type ($\beta = .058, p > .10$) have no significant correlation with the degree of i-deals. The control variables together accounted for 1.9% of the variance in i-deals ($R^2 = .019, p > .10$).

CQ was found to positively relate to i-deals (.46; $p < .001$). The mediating roles of trust types in CQ→i-deals relationship were analyzed through Baron and Kenny's (1986) four-condition criteria: (1) the independent variable (CQ) should pose significance on the dependent variable (i-deals), (2) the independent variable (CQ) should pose significance on the mediator (trust), (3) the mediator should pose significance on the dependent variable (i-deals), and (4) when the mediator (trust) is added to the model of CQ and i-deals, the standardized coefficient of the path of CQ to i-deals may become insignificant (full mediation), or may decrease (partial mediation).

The mediation role of identity-based trust between CQ and i-deals was confirmed through test results of hypotheses H1a and H2a. The goodness-of-fit indices of the model, $\chi^2 = 476, df = 224, \chi^2/df = 2.13, TLI = .961, CFI = .954, RMSEA = .07$, depict the model fit for the sample data. The standardized coefficient of the path of CQ to identity-based trust (H1a) is .42 ($p < .001$). The standardized coefficient for the path of identity-based trust to i-deals (H2a) is .31 ($p < .01$). The standardized coefficient of the path of CQ to i-deals with identity-based trust added is .14 which is significant ($p < .05$) and lower than the standardized coefficient without identity-based trust (.46, $p < .001$), indicating the partial mediation role of identity-based trust between CQ and i-deals. The mediating model was also verified with Sobel's (1982) test ($Z = 2.49, p < .01$).

The mediation role of knowledge-based trust between CQ and i-deals was corroborated through test results of hypotheses H1b and H2b. The goodness-of-fit indices of the model, $\chi^2 = 469, df = 224, \chi^2/df = 2.09, TLI = .952, CFI = .968, RMSEA = .06$, portray the model fit for the sample data. The standardized coefficient of the path of CQ to knowledge-based trust is .26 ($p < .01$). The standardized coefficient for the path of knowledge-based trust to i-deals is .22 ($p < .05$). The standardized coefficient of the path of CQ to i-deals with knowledge-based trust added is 0.11 which is significant ($p < .05$) and lower than the standardized coefficient without knowledge-based trust (.46, $p < .001$), demonstrating the partial mediating effect of knowledge-based trust between CQ and i-deals. The mediating model was further verified with Sobel's (1982) test ($Z = 2.56, p < .01$).

Negative and insignificant coefficients of the path from CQ to calculation-based trust (-.04) and from calculation-based trust to i-deals (-.07) unveiled zero mediation effect of calculation-based on the relationship between CQ and i-deals.

Hypothesis 3 posited that HR localization moderates the effect of identity- or knowledge-based trust on i-deals. For investigating trust by HR localization interaction, their product term was added to the hypothesized, baseline model. This model yielded a good fit that was slightly better than the baseline model's fit (Moderation for identity-based trust and i-deals: $\chi^2 = 462.7, df = 237, NNFI = .94, TLI = .95, CFI = .94, RMSEA = .02$; Moderation for knowledge-based trust and i-deals: $\chi^2 = 475.2, df = 237, NNFI = .96, TLI = .94, CFI = .95, RMSEA = .03$). Trust by HR localization interaction terms were significant (For identity-based trust: $\beta = .18, p < .05$; For knowledge-based trust: $\beta = .16, p < .05$). The nature of the interactions were assessed by plotting the relation between identity- or knowledge-based trust and i-deals at high and low levels of HR localization (defined as +1/-1 standard deviation from the mean [Aiken and West, 1991]). Figure 3 and Figure 4 revealed that for organizations with high HR localization, the

relationship between identity- or knowledge-based trust and i-deals was stronger, confirming Hypothesis 3.

Figure 3. Moderating effect of HR localization for identity-based trust and i-deals

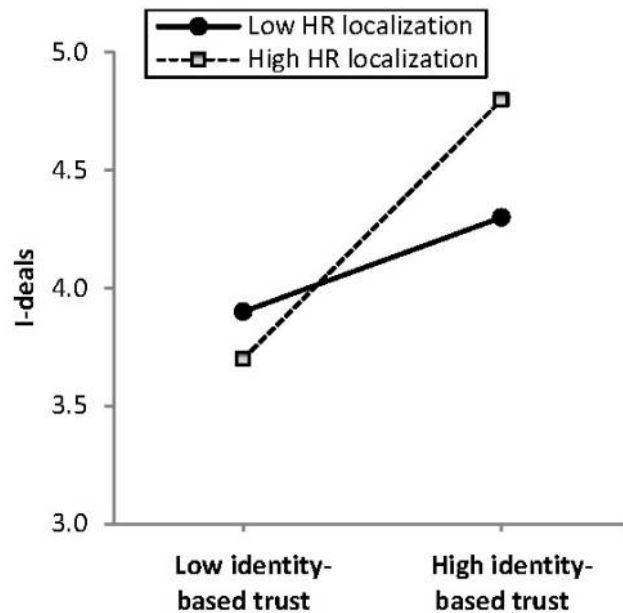
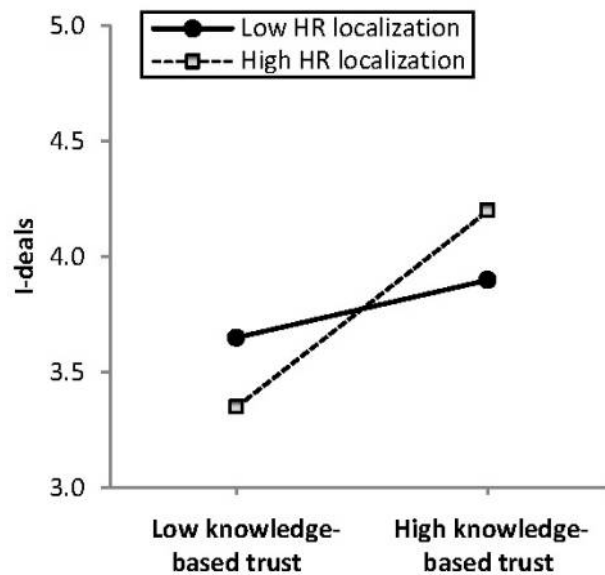


Figure 4. Moderating effect of HR localization for knowledge-based trust and i-deals



Discussion

Theoretical implications

Some theories extend their applications through our research model. First, our research model strengthens the role of Value Theory (Schwartz, 1992) in connecting compatible values in a research model. The relationships among CQ, trust, and i-deals exist in our research model since these constructs are compatible values (i.e. orientation to organizational stakeholders), which grow in the same direction and interact with each other on their path (Schwartz, 1992). Besides, three other theories, Social Network Theory (Brass, 1995), social exchange theory (Blau, 1964) and agency theory (Eisenhardt, 1989) are enriched through their applications to establish the interconnections between CQ and identity- or knowledge-based trust, between identity- or knowledge-based trust and i-deals, and between calculation-based trust and i-deals respectively. Social Network Theory (Brass, 1995) has tended to be employed to shed light on the development of trust among team members occupying similar positions through structural equivalence and cohesion mechanisms (Roberson and Colquitt, 2005). Yet, in the current research, Social Network Theory applies to the explanation for the development of trust between expatriate managers and local employees at different positions under the influence of expatriate managers' CQ through cohesion mechanism, rather than structural equivalence, in Social Network Theory. In addition, social exchange theory and agency theory have tended to serve as the premises for the formation of different trust levels. Our research can be deemed to be among the pioneers to apply social exchange theory and agency theory to illuminate the relationship between different trust levels and i-deals.

Furthermore, various research streams are also extended through our research results. CQ research has had propensity investigate employee outcomes such as improved relationships and communication between managers and local employees, and increased motivation and performance of local employees (Ng et al., 2012). Our research, on the contrary, focuses on a novel dependent outcome – i-deals through the mediating role of organizational trust and the moderating role of HR localization. This moderating role of HR localization further adds to HRM research with the role of HR processes such as recruitment, selection, training, and development of local personnel in reinforcing the relationship between identity- or knowledge-based trust and i-deals.

In addition, CQ research tends to relate CQ to the globalization process which entails the 'crystallization of the world as a single place' (Robertson, 1992, p. 135), thereby encouraging local staff adaptation to the MNC's common working culture. Such a globalization process may produce effectiveness in a business environment where there are low foreign investment levels and scarcity of local talent. Nonetheless, localization should be balanced with globalization when the learning level in that business setting has been elevated. Sayım's (2011) research, which indicates the role of local partners in case of transfer to less-advanced countries, still had not filled this gap. This gap in the CQ literature has been addressed through our inquiry which investigates the role of localization in strengthening the effect chain from CQ through trust to i-deals in emerging markets with incremental learning levels, such as Vietnam.

The last contribution to the literature is the expansion of i-deal research stream. I-deal research has covered such precursors as organizational culture, HR strategy and practices, managerial style and actions (Rousseau, 2005), leader-member exchange and perceived organizational support (Rousseau and Kim, 2004). A high degree of CQ nurtures identity- or knowledge-based trust, which produces the impetus for employees' i-deal negotiations with the employer. The mediation role of trust in the link between CQ and i-deals indicates that scholarly attention should be paid not merely to CQ as an antecedent to i-deals but also to the mediating

mechanisms such as trust, without which “i-deals” value may take longer time to thrive in the organization.

Managerial implications

Our research findings that confirmed the model of CQ effect on i-deals with the mediation role of trust produce numerous managerial implications. Business expansion into new markets, especially emerging markets, necessitates the cultivation of leaders’ CQ as well as contextual factors such as HR localization. Under the influence of CQ, trust is built, activating momentum for local employees to be change agents with i-deal negotiations for organizational effectiveness. Since HR localization strengthens the effect of identity- and knowledge-based trust on i-deals, HR localization should be integrated into HR strategy.

I-deals are signs of a healthy organization in which employees can ‘voice’ individually and directly to their employer. Since i-deals are influenced by CQ through the mediating role of trust, MNCs should augment managers’ depth of cultural exposure, such as through training and business trips, before they officially become expatriate managers (Crowne, 2008).

The managerial implications from our research should include the following. First, leaders should develop high levels of CQ – in which their behavioral CQ should be solidly built on metacognitive, cognitive and motivational CQ, that is, they should act culturally intelligently on the basis of knowledge of, interest in, and care for, local cultures or values of local employees. Leaders should self-train or undergo training to understand and utilize the strong values of local cultures as well as design solution packages for their weak values. Furthermore, this training of CQ in the HR strategy should be aligned with the MNC’s vision to be a global player as well as its mission to address the interests of all stakeholders. This denotes that CQ training is meant not merely to augment intercultural relationships (Pittinsky et al., 2011) between expatriate managers and local personnel, but also to align expatriate managers’ actions with the interests of local stakeholders including local employees. CQ training should help expatriate managers to acquire knowledge in intercultural communications, be mindful to cultural difference as well as learn how to behave and perform in various cultures, adding to the repertoire of cross-cultural communication adequacies (Thomas and Inkson, 2004). Cross-cultural training practices to familiarize expatriate managers with working in a different culture may include cultural awareness training, didactic training, and experiential exercises. Cultural awareness training helps managers decipher and appreciate cultural differences and to build attitudinal flexibility (Fiedler et al., 1971), didactic training encompasses informational briefings and formal training activities, and experiential exercises aim to adapt behavior through look-see visits, role plays, intercultural workshops, and simulations (Bhawuk and Brislin, 2000).

Second, leaders should develop cultural empathy (Ridley and Lingle, 1996) towards local cultures and people living in it. Third, leaders should integrate HR localization into HR practices, from recruitment and selection to performance appraisal and rewards. Compensation should be based on performance in spite of nationalities, strongly reflecting organizational justice (Farh, Earley, and Lin, 1997) towards local employees. Fourth, leaders should provide local employees with training on negotiation tactics as the premise for i-deal negotiations.

Limitations and future research directions

Limitations and future research avenues need to be noted. The constructs in our research model were gauged through perceptual yardsticks, which may not be observable in the workplace. Data on HR localization should be collated through corporate reports. The changes in trust levels that CQ yields should be longitudinally observed rather than through a single cross-sectional study. Due to the susceptibility of self-report data to CMV bias, Harmon's one factor test was conducted (Podsakoff and Organ, 1986; Podsakoff et al., 2003) to verify that CMV bias was not a severe threat in our research. Nonetheless, multiple sources should be accessed to identify the match between self-reported i-deals and supervisor-reported granting of i-deals. Since Western theories underpin our current research, a sample of foreign firms in the Vietnamese context can be deemed to be a forte of this research. Yet, its generalizability may be limited to firms in which Vietnamese local culture exists. Moreover, our research results should be replicated in firms which have expanded their investments to provinces with different cultural values from their original locations due to the impact of firms' sub-national embeddedness on sub-national business and employment systems (Almond, 2011). Findings should also be tested in areas whose less flexible culture hinders employees' individual negotiations for novel idea experimentation, such as primary health care services or public administration in the Vietnamese setting.

CQ influences knowledge sharing (Chen and Lin, 2013), and HR localization also contributes to knowledge sharing in MNCs (Luu, 2012b). HR localization therefore may interact with CQ in predicting knowledge sharing in MNCs. In addition, the impact of flexible culture on HR localization (Luu, 2012b) can also inspire a new research direction on the relationship between organizational culture and i-deals (Rousseau, 2005) through the mediating effect of HR localization.

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