
CULTURAL INTELLIGENCE OF EXPATRIATE LEADERS AND ALIGNMENT WITH LOCAL VALUES FOR SUBSIDIARY PERFORMANCE

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ABSTRACT

This study examined the effect of expatriate leaders' cultural intelligence on subsidiary performance, with particular focus on the mediating role of alignment with local values in multinational corporations (MNCs) operating in Ghana. Using a quantitative cross-sectional design, data were collected from 185 expatriate leaders and 370 local employees across 12 MNC subsidiaries in the financial services, telecommunications, and manufacturing sectors. Cultural intelligence was measured using the Cultural Intelligence Scale (CQS), alignment with local values was assessed using a Local Value Alignment Scale, and subsidiary performance was measured using both objective and subjective performance indicators. Descriptive statistics, Pearson's correlation, hierarchical regression, and mediation analyses were conducted. Results revealed significant positive correlations between expatriate cultural intelligence and alignment with local values ($r = 0.61, p < .001$), alignment with local values and subsidiary performance ($r = 0.58, p < .001$), and cultural intelligence and subsidiary performance ($r = 0.53, p < .001$). Hierarchical regression analyses demonstrated that cultural intelligence significantly predicted alignment with local values ($\beta = 0.59, p < .001$) and subsidiary performance ($\beta = 0.48, p < .001$), and alignment with local values mediated the relationship between cultural intelligence and subsidiary performance (indirect effect = 0.24, 95% CI [0.17, 0.32]). The findings underscore that expatriate leaders with higher cultural intelligence are better equipped to align with local values, which in turn enhances subsidiary performance. Implications for expatriate selection, cultural training, and leadership development in African MNCs are discussed.

KEYWORDS: Cultural Intelligence, Expatriate Leadership, Local Value Alignment, Subsidiary Performance, Multinational Corporations, Ghana

INTRODUCTION

The success of multinational corporations (MNCs) in host countries depends significantly on the effectiveness of expatriate leaders who manage subsidiary operations. Expatriate leaders serve as bridges between headquarters and local operations, responsible for transferring corporate strategies, ensuring operational efficiency, and navigating the complex cultural dynamics of host environments. However, expatriate assignments often fail due to cultural adjustment challenges, with premature termination rates remaining high when leaders lack the cultural competencies necessary to operate effectively in unfamiliar contexts. The ability of expatriate leaders to understand, adapt to, and align with local cultural values has emerged as a critical determinant of subsidiary performance and organizational success.

Cultural intelligence, defined as an individual's capability to function and manage effectively in culturally diverse settings, has gained prominence as a key competency for expatriate leaders. Cultural intelligence encompasses metacognitive, cognitive, motivational, and behavioral dimensions that enable individuals to navigate cultural differences, adapt their behaviors, and build effective cross-cultural relationships. Expatriate leaders with high cultural intelligence are better equipped to understand local cultural norms, communicate effectively with local employees, and adapt their leadership styles to resonate with host country values. Research has demonstrated that cultural intelligence significantly predicts expatriate performance and adaptation in diverse cultural contexts, particularly in emerging markets like Ghana.

Alignment with local values represents the extent to which expatriate leaders understand, respect, and integrate local cultural values into their leadership practices and subsidiary operations. In the Ghanaian context, local values such as Ubuntu (communal solidarity), respect for elders and authority, relational dignity, and collective responsibility shape employee expectations regarding leadership, communication, and workplace relationships. Expatriate leaders who align their practices with these values are more likely to gain the trust and commitment of local employees, facilitate knowledge transfer, and enhance subsidiary performance. Conversely, leaders who impose Western leadership models without cultural moderation may encounter resistance, disengagement, and reduced performance outcomes. Subsidiary performance, encompassing financial outcomes, operational efficiency, employee engagement, and market competitiveness, is the ultimate measure of expatriate leadership

effectiveness. Research has shown that culturally intelligent expatriate leaders who align with local values foster local embeddedness, which stimulates expatriate thriving and subsidiary success. Local employees who feel their values are respected demonstrate higher commitment, engagement, and productivity, contributing to improved subsidiary performance. Additionally, alignment with local values facilitates knowledge transfer between expatriates and locals, enhancing the subsidiary's strategic competitive advantage.

In the Ghanaian context, MNCs operating in sectors such as financial services, telecommunications, and manufacturing face the challenge of managing culturally diverse workforces while achieving global performance standards. Expatriate leaders, often from Western or Asian headquarters, must navigate the tension between global standardization and local adaptation. The cultural intelligence of these leaders and their ability to align with local values are critical for subsidiary performance. However, limited empirical research has examined the mechanisms through which expatriate cultural intelligence translates into subsidiary performance in the Ghanaian context. While studies have explored cultural intelligence and expatriate performance in various settings, the mediating role of alignment with local values in the cultural intelligence-performance relationship remains underexplored in sub-Saharan Africa.

Statement of the Problem

Expatriate leaders' cultural intelligence and alignment with local values are critical determinants of subsidiary performance in MNCs operating in culturally diverse contexts. Expatriate leaders with high cultural intelligence are better equipped to understand and adapt to host country cultural norms, while alignment with local values facilitates trust, commitment, and effective collaboration with local employees. However, the extent to which expatriate cultural intelligence influences subsidiary performance through alignment with local values remains insufficiently understood, particularly in the Ghanaian context. While studies have examined the direct effects of cultural intelligence on expatriate performance, limited empirical research has explored the mediating role of local value alignment in the relationship between cultural intelligence and subsidiary performance. Cultural factors, including power distance, collectivism, and relationship orientation, may influence how expatriate leaders align with local values and how this alignment translates into performance outcomes. This knowledge gap hinders the development of evidence-based expatriate selection, training, and development strategies for enhancing subsidiary performance in MNCs operating in Ghana.

Purpose of the Study

The purpose of this study is to examine the effect of expatriate leaders' cultural intelligence on subsidiary performance, with particular focus on the mediating role of alignment with local values in MNCs operating in Ghana. Specifically, the study aims to determine the relationships among cultural intelligence, alignment with local values, and subsidiary performance, and to assess the extent to which alignment with local values mediates the relationship between cultural intelligence and subsidiary performance.

Research Objectives

1. To examine the relationship between expatriate leaders' cultural intelligence and alignment with local values in MNC subsidiaries in Ghana.
2. To assess the relationship between alignment with local values and subsidiary performance.
3. To determine the relationship between expatriate leaders' cultural intelligence and subsidiary performance.
4. To explore the mediating role of alignment with local values in the relationship between cultural intelligence and subsidiary performance.
5. To identify strategies for enhancing cultural intelligence, local value alignment, and subsidiary performance in MNCs.

Literature Review

Theoretical Literature

This study is grounded in three complementary theoretical frameworks: Cultural Intelligence Theory, Social Learning Theory, and Social Exchange Theory. Together, these theories provide a comprehensive lens for understanding the mechanisms through which expatriate leaders' cultural intelligence influences subsidiary performance via alignment with local values.

Cultural Intelligence Theory

Cultural intelligence (CQ) theory, developed by Earley and Ang (2003) and elaborated by Ang and Van Dyne (2008), conceptualizes cultural intelligence as a multidimensional construct encompassing four capabilities: metacognitive CQ (awareness and monitoring of cultural assumptions), cognitive CQ (knowledge of cultural norms and practices), motivational CQ (interest and confidence in cross-cultural interactions), and behavioral CQ (capacity to adapt verbal and non-verbal behaviors). Cultural intelligence enables individuals

to function effectively in culturally diverse settings by understanding cultural differences, adapting behaviors, and building cross-cultural relationships.

In the context of expatriate leadership, cultural intelligence is a critical competency for navigating the cultural complexities of host countries. Expatriate leaders with high CQ are better equipped to understand local cultural values, communicate effectively with local employees, and adapt their leadership styles to resonate with host country norms. Research has demonstrated that cultural intelligence significantly predicts expatriate performance, adaptation, and thriving at work. Cultural intelligence theory explains why some expatriate leaders succeed while others struggle, highlighting the importance of cultural competence for effective leadership in diverse contexts.

Social Learning Theory

Social learning theory (Bandura, 1977) provides a foundational explanation for how expatriate leaders develop cultural intelligence and align with local values. According to social learning theory, individuals learn appropriate behaviors by observing and imitating role models, through direct instruction, and through experiential learning. Expatriate leaders acquire cultural intelligence through exposure to local cultural norms, observation of local leaders and employees, and feedback from local colleagues. Over time, expatriate leaders develop cultural understanding, adapt their behaviors, and align their practices with local values.

Social learning theory also explains the transformation of expatriate leaders from "outsiders" to "cultural mediators". As expatriate leaders engage with local culture, they learn to navigate cultural differences, develop cultural sensitivity, and adopt leadership approaches that are culturally congruent. This process of cultural learning enhances leaders' ability to align with local values, build trust with local employees, and effectively manage subsidiary operations.

Social Exchange Theory

Social exchange theory (Blau, 1964) provides a framework for understanding the reciprocal processes underlying the relationship between expatriate leaders' alignment with local values and subsidiary performance. According to social exchange theory, individuals engage in relationships based on the expectation of mutual benefit and reciprocity. When expatriate leaders demonstrate respect for local values, adapt their practices to accommodate local norms, and treat local employees with dignity, employees develop a sense of obligation to reciprocate through positive attitudes and behaviors that benefit the organization.

Alignment with local values signals that the organization respects employees' cultural identity and accommodates their values, leading to enhanced commitment, trust, and engagement. Committed and engaged employees are more productive, contribute to operational efficiency, and support the achievement of subsidiary performance goals. Social exchange theory thus explains how expatriate leaders' alignment with local values translates into enhanced subsidiary performance through reciprocal processes.

Empirical Literature

Empirical research has examined the relationships among cultural intelligence, expatriate performance, and alignment with local values in various cultural contexts.

Cultural Intelligence and Expatriate Performance

Research has consistently demonstrated that cultural intelligence is positively associated with expatriate performance and adaptation. A study on the impact of cultural intelligence on expatriate performance in MNCs operating in Ghana revealed significant correlations between cultural intelligence and various performance dimensions. Expatriates with higher levels of cultural intelligence demonstrated greater adaptation to the local culture, improved communication effectiveness, and higher job performance. The study underscored the importance of cultural intelligence as a critical competency for expatriates navigating diverse cultural contexts, particularly in emerging markets like Ghana.

Similarly, research on assigned expatriates in Ghanaian MNCs found that cultural intelligence promotes local embeddedness, which in turn stimulates expatriates' thriving at work. The study, grounded in the socially embedded model of thriving at work, demonstrated that cultural intelligence enables expatriates to build local networks, understand local norms, and develop a sense of belonging in the host country. This local embeddedness, in turn, enhances expatriates' vitality and learning at work, contributing to their overall effectiveness and performance. The findings highlight the importance of cultural intelligence for expatriate success in Ghanaian contexts.

Cultural Intelligence and Alignment with Local Values

Research has also examined the relationship between cultural intelligence and alignment with local values. Studies of expatriate leaders in African contexts have found that cultural intelligence enables leaders to understand local cultural values, adapt their leadership styles, and align their practices with host country norms. A phenomenological study of Turkish school leaders in 20 African countries found that leaders developed cultural intelligence

through immersion in African sociocultural settings, which fostered more collaborative approaches and deeper cross-cultural appreciation. The study highlighted the evolution of leaders' cultural understanding and effective communication skills, emphasizing the need for targeted support and professional development in cultural sensitivity.

Research on MNCs operating in diverse cultural contexts has documented the importance of cultural adaptation for leadership effectiveness. A study on bridging global leadership and local talent in a Japanese multinational subsidiary found that cultural intelligence is a key mechanism for aligning global corporate values with local succession needs. The study highlighted tensions between home-country practices, such as Japanese seniority-based systems, and local merit-based expectations, and found that cultural intelligence facilitates alignment with local values and enhances subsidiary performance.

Alignment with Local Values and Subsidiary Performance

Research has demonstrated that alignment with local values significantly enhances subsidiary performance. Studies of MNCs in Ghana and other African contexts have found that expatriate leaders who align their practices with local values foster local embeddedness, trust, and commitment among local employees, leading to improved performance outcomes. Local employees who feel their values are respected demonstrate higher commitment, engagement, and productivity, contributing to improved subsidiary performance.

A study on the interplay between expatriates and locals in MNC subsidiaries found that cultural understanding, openness to people and change, and working towards a common purpose are key factors in effective knowledge transfer and subsidiary performance. The study highlighted that alignment with local values facilitates knowledge transfer between expatriates and locals, enhancing the subsidiary's strategic competitive advantage. Similarly, research on the balance of power in MNCs found that local management and employees have a dominant influence on shaping the working culture, and expatriate leaders who align with local values are more effective in managing subsidiary operations.

METHODOLOGY

Research Design

This study employed a quantitative cross-sectional research design to examine the relationships among cultural intelligence, alignment with local values, and subsidiary performance. The cross-sectional approach was appropriate for assessing the associations between variables at a single point in time and testing the hypothesized mediation model. The

quantitative methodology allowed for objective measurement of variables and statistical analysis of relationships.

Population and Sampling

The target population comprised expatriate leaders and local employees of MNCs operating in Ghana's financial services, telecommunications, and manufacturing sectors. Expatriate leaders were defined as non-Ghanaian managers and senior leaders responsible for subsidiary operations, with at least one year of tenure in Ghana. Local employees were defined as Ghanaian staff who had worked with expatriate leaders for at least one year.

Stratified random sampling was employed to select expatriate leaders from 12 MNC subsidiaries, ensuring representation across sectors and organizational levels. A total of 185 expatriate leaders were selected based on the available population. Additionally, 370 local employees (two per expatriate leader) were selected using purposive sampling, ensuring representation across departments and job levels. This sample size provided adequate statistical power for correlation, regression, and mediation analyses.

Data Collection Instruments

Three primary instruments were used in this study:

1. Cultural Intelligence Scale (CQS): The Cultural Intelligence Scale developed by Ang and Van Dyne (2008) was used to measure expatriate leaders' cultural intelligence. The scale comprised 20 items assessing metacognitive CQ (4 items), cognitive CQ (6 items), motivational CQ (5 items), and behavioral CQ (5 items). Responses were recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

2. Local Value Alignment Scale: A Local Value Alignment Scale was developed based on the literature on African values and cultural adaptation. The scale comprised 15 items assessing expatriate leaders' understanding of and alignment with local values, including Ubuntu (communal solidarity), respect for elders and authority, relational dignity, and collective responsibility. Responses were recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3. Subsidiary Performance Scale: Subsidiary performance was measured using both objective and subjective indicators. Objective indicators included financial performance (return on assets, return on investment) and operational efficiency (productivity, cost reduction). Subjective indicators included employee engagement, customer satisfaction, and market competitiveness, measured using a 10-item scale adapted from previous research.

Responses were recorded on a 5-point Likert scale ranging from 1 (very poor) to 5 (excellent).

Demographic information, including age, gender, education level, tenure, sector, and nationality, was also collected.

Validity and Reliability

To ensure content validity, all instruments were reviewed by three experts in cross-cultural management, organizational behavior, and African studies. The instruments were pretested with a pilot sample of 20 expatriate leaders and 40 local employees from two MNC subsidiaries not included in the main study. Based on feedback, ambiguous items were reworded to enhance clarity and cultural relevance in the Ghanaian context. Reliability analysis yielded Cronbach's alpha values of 0.92 for the cultural intelligence scale, 0.89 for the local value alignment scale, and 0.91 for the subsidiary performance scale, exceeding the recommended threshold of 0.70 (Nunnally & Bernstein, 1994).

Data Collection Procedure

Ethical approval was obtained from the relevant institutional review boards. Permission to conduct the study was secured from the human resource departments and country directors of the participating organizations. Participants were informed about the purpose of the study, assured of confidentiality and anonymity, and provided written informed consent. Surveys were administered via online and paper-based platforms under the supervision of trained research assistants. Data collection occurred over an eight-week period, with a response rate of 82% for expatriate leaders ($n = 152$) and 78% for local employees ($n = 289$).

Data Analysis

Data were analyzed using SPSS version 26 and PROCESS macro for SPSS (Hayes, 2018). Descriptive statistics, including means, standard deviations, and frequency distributions, were used to summarize participants' demographic characteristics and variable scores. Pearson's correlation coefficients were calculated to examine the bivariate relationships among cultural intelligence, alignment with local values, and subsidiary performance. Hierarchical regression analyses were conducted to test the predictive effects of cultural intelligence on alignment with local values and subsidiary performance, and to assess the mediating role of alignment with local values using the bootstrapping method with 5,000 resamples (Hayes, 2018). Statistical significance was set at $p < 0.05$.

Ethical Considerations

This study adhered to strict ethical principles. Participation was voluntary, and participants were informed of their right to withdraw at any time without consequence. Informed consent was obtained from all participants. Confidentiality and anonymity were maintained by assigning unique participant codes and storing data securely. Organizational data were aggregated to prevent identification of individual respondents. The study was conducted in accordance with the ethical guidelines of the institutional review board.

Analysis and Results

This section presents the statistical findings of the study, focusing on the relationships among cultural intelligence, alignment with local values, and subsidiary performance. Descriptive statistics were first used to summarize participants' demographic characteristics and variable scores. Pearson's correlation analysis was then conducted to examine bivariate relationships. Finally, hierarchical regression and mediation analyses were performed to test the hypothesized relationships.

Descriptive Statistics

The expatriate leader sample consisted of 152 respondents (response rate: 82%), comprising 68% male and 32% female participants. Respondents' ages ranged from 30 to 62 years, with a mean age of 45.2 years ($SD = 8.4$). Educational levels included master's degree (62%), bachelor's degree (28%), and doctoral degree (10%). Tenure in Ghana ranged from 1 to 12 years, with a mean of 4.5 years ($SD = 3.2$). The sample was distributed across the financial services (42%), telecommunications (33%), and manufacturing (25%) sectors. Nationalities represented included European (45%), North American (30%), Asian (15%), and other (10%). The local employee sample consisted of 289 respondents, comprising 55% male and 45% female participants.

Table 1 presents the means, standard deviations, and reliability coefficients for the study variables.

Table 1: Descriptive Statistics and Reliability Coefficients.

Variable	Mean	SD	Cronbach's Alpha
Cultural Intelligence	3.72	0.68	0.92
Metacognitive CQ	3.78	0.72	0.85
Cognitive CQ	3.65	0.74	0.84
Motivational CQ	3.82	0.70	0.86
Behavioral CQ	3.68	0.73	0.85
Alignment with Local Values	3.58	0.76	0.89
Subsidiary Performance	3.75	0.72	0.91

Note: N (expatriate leaders) = 152; N (local employees) = 289.

All variables measured on a 5-point scale.

The descriptive statistics indicate moderate-to-high levels of cultural intelligence ($M = 3.72$), alignment with local values ($M = 3.58$), and subsidiary performance ($M = 3.75$). Among the CQ dimensions, motivational CQ had the highest mean ($M = 3.82$), suggesting that expatriate leaders are motivated to engage with the local culture, while cognitive CQ had the lowest mean ($M = 3.65$), indicating potential gaps in knowledge of local cultural norms and practices.

Correlation Analysis

Pearson's correlation coefficients were computed to examine the bivariate relationships among cultural intelligence, alignment with local values, and subsidiary performance. The results are presented in Table 2.

Table 2: Pearson Correlation Matrix.

Variable	1	2	3	4	5	6	7
1. Cultural Intelligence	1.00						
2. Metacognitive CQ	.85**	1.00					
3. Cognitive CQ	.82**	.62**	1.00				
4. Motivational CQ	.79**	.58**	.55**	1.00			
5. Behavioral CQ	.84**	.63**	.60**	.56**	1.00		
6. Alignment with Local Values	.61**	.55**	.48**	.52**	.56**	1.00	
7. Subsidiary Performance	.53**	.48**	.42**	.45**	.49**	.58**	1.00

*Note: $N = 152$. * $p < .001$ (two-tailed).

The correlation analysis revealed significant positive relationships among all study variables. Cultural intelligence was strongly correlated with alignment with local values ($r = 0.61$, $p < .001$), with the strongest relationship observed with metacognitive CQ ($r = 0.55$) and behavioral CQ ($r = 0.56$). Alignment with local values was strongly correlated with subsidiary performance ($r = 0.58$, $p < .001$). Cultural intelligence was moderately correlated with subsidiary performance ($r = 0.53$, $p < .001$). These findings support the hypothesized relationships and provide preliminary evidence for the mediation model.

Hierarchical Regression Analysis

Hierarchical regression analyses were conducted to examine the predictive effects of cultural intelligence on alignment with local values and subsidiary performance, while controlling for

demographic variables (age, gender, education level, tenure, and sector). The results are presented in Tables 3 and 4.

Table 3: Hierarchical Regression of Cultural Intelligence on Alignment with Local Values.

Model	Predictors	B	SE	β	t	Sig.
1	Age	0.01	0.01	0.06	0.82	.413
	Gender	-0.04	0.05	-0.05	-0.72	.472
	Education Level	0.08	0.04	0.11	1.92	.057
	Tenure	0.03	0.02	0.08	1.45	.148
	Sector	0.05	0.04	0.07	1.28	.202
	$R^2 = 0.05$, Adjusted $R^2 = 0.03$, $F(5, 146) = 2.15$, $p = .062$					
2	Cultural Intelligence	0.68	0.06	0.59	11.85	.000
	$\Delta R^2 = 0.34$, Adjusted $R^2 = 0.37$, $F(6, 145) = 23.45$, $p < .001$					

The regression results indicate that demographic variables explained a modest proportion of variance in alignment with local values ($R^2 = 0.05$). When cultural intelligence was added to the model, it became the strongest predictor of alignment with local values ($\beta = 0.59$, $p < .001$), increasing explained variance by 34%, resulting in a total adjusted R^2 of 0.37. This indicates that cultural intelligence significantly predicts alignment with local values, explaining a substantial portion of its variance.

Table 4: Hierarchical Regression for Mediation Analysis.

Model	Predictors	B	SE	β	t	Sig.
DV: Alignment with Local Values						
1	Controls	—	—	—	—	—
	Cultural Intelligence	0.68	0.06	0.59	11.85	.000
	R ² = 0.39, Adjusted R ² = 0.37, F(6, 145) = 23.45, p <.001					
DV: Subsidiary Performance						
2	Controls	—	—	—	—	—
	Cultural Intelligence	0.32	0.06	0.30	5.62	.000
	Alignment with Local Values	0.45	0.06	0.48	8.28	.000
	R ² = 0.48, Adjusted R ² = 0.46, F(7, 144) = 28.75, p <.001					

In the mediation analysis, cultural intelligence significantly predicted alignment with local values ($\beta = 0.59$, $p < .001$), explaining 39% of its variance ($R^2 = 0.39$). When both cultural intelligence and alignment with local values were included as predictors of subsidiary performance, both remained significant: cultural intelligence ($\beta = 0.30$, $p < .001$) and alignment with local values ($\beta = 0.48$, $p < .001$). The effect of cultural intelligence on subsidiary performance reduced from $\beta = 0.53$ (in the simple regression) to $\beta = 0.30$ when alignment with local values was included, suggesting partial mediation. The total model explained 48% of variance in subsidiary performance (Adjusted $R^2 = 0.46$).

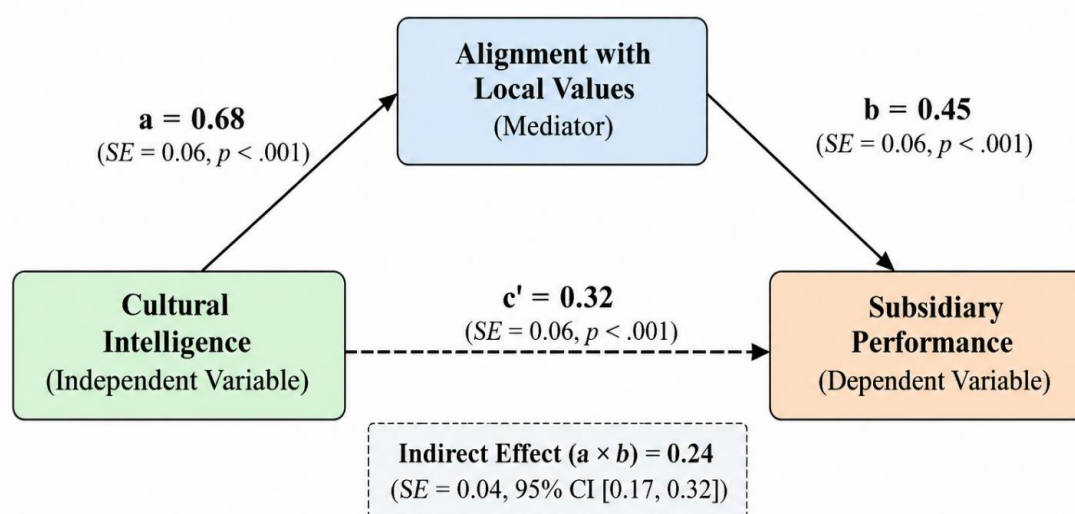
Mediation Analysis

To formally test the mediating role of alignment with local values in the relationship between cultural intelligence and subsidiary performance, the PROCESS macro (Model 4) with 5,000 bootstrap resamples was employed (Hayes, 2018). The results are presented in Table 5 and Figure 1.

Table 5: Mediation Analysis Results.

Path	Effect	SE	t	p	LLCI	ULCI
Cultural Intelligence → Alignment with Local Values (a)	0.68	0.06	11.85	.000	0.57	0.79
Alignment with Local Values → Subsidiary Performance (b)	0.45	0.06	8.28	.000	0.34	0.56
Cultural Intelligence → Subsidiary Performance (c)	0.56	0.06	9.82	.000	0.45	0.67
Cultural Intelligence → Subsidiary Performance (c')	0.32	0.06	5.62	.000	0.21	0.43
Indirect Effect (a × b)	0.24	0.04	—	—	0.17	0.32

Note: Bootstrap sample size = 5,000. LLCI = Lower-Level Confidence Interval; ULCI = Upper-Level Confidence Interval.



Note: Unstandardized path coefficients are shown. Bootstrap sample size = 5,000.
CI = Confidence Interval; SE = Standard Error.

Figure 1: Mediation Model Showing the Effect of Cultural Intelligence on Subsidiary Performance through Alignment with Local Values

Figure 1: Mediation Model.

*Note: Values represent standardized coefficients. $p < .001$. Value in parentheses is total effect.

The mediation analysis revealed that alignment with local values significantly mediated the relationship between cultural intelligence and subsidiary performance. The indirect effect ($a \times b$) was 0.24 (SE = 0.04, 95% CI [0.17, 0.32]), with the confidence interval not containing zero, confirming a significant indirect effect. The direct effect of cultural intelligence on subsidiary performance remained significant after controlling for alignment with local values ($c' = 0.30$, $p < .001$), indicating partial mediation. This suggests that alignment with local values partially transmits the effect of cultural intelligence to subsidiary performance, consistent with the hypothesized model.

DISCUSSION OF RESULTS

The findings of this study provide robust empirical support for the hypothesized relationships among cultural intelligence, alignment with local values, and subsidiary performance. The results confirm significant positive relationships among all three variables, with alignment with local values partially mediating the relationship between cultural intelligence and subsidiary performance. These findings align with theoretical expectations and prior

empirical research, while also contributing novel insights specific to the Ghanaian MNC context.

Cultural Intelligence and Alignment with Local Values

The strong positive relationship between cultural intelligence and alignment with local values ($\beta = 0.59$, $p < .001$; $r = 0.61$) confirms that expatriate leaders with higher cultural intelligence are better equipped to understand, respect, and align with local cultural values. This finding is consistent with cultural intelligence theory (Ang & Van Dyne, 2008) and research demonstrating that cultural intelligence enables expatriates to adapt to host country cultural norms. The particularly strong relationships observed with metacognitive CQ ($r = 0.55$) and behavioral CQ ($r = 0.56$) indicate that awareness of cultural assumptions and capacity to adapt behaviors are particularly important for aligning with local values.

In the Ghanaian context, where local values such as Ubuntu, communal solidarity, and relational dignity are deeply held, cultural intelligence enables expatriate leaders to navigate cultural complexities and adapt their leadership practices accordingly. Expatriate leaders who demonstrate cultural intelligence are more likely to gain the trust and respect of local employees, as they signal their commitment to understanding and respecting local cultural norms. The finding that cultural intelligence explained 34% of the variance in alignment with local values underscores the importance of cultural intelligence for expatriate leaders operating in Ghanaian MNCs.

Alignment with Local Values and Subsidiary Performance

The significant positive relationship between alignment with local values and subsidiary performance ($\beta = 0.48$, $p < .001$; $r = 0.58$) confirms that expatriate leaders who align their practices with local values achieve higher subsidiary performance. This finding is consistent with social exchange theory (Blau, 1964) and research demonstrating that alignment with local values fosters trust, commitment, and engagement among local employees, leading to improved performance outcomes.

In the Ghanaian context, local employees who feel their values are respected demonstrate higher commitment, engagement, and productivity, contributing to improved subsidiary performance. Alignment with local values also facilitates knowledge transfer between expatriates and locals, enhancing the subsidiary's strategic competitive advantage. Expatriate leaders who understand and respect local values are more effective in managing local

employees, building collaborative relationships, and achieving operational and financial performance goals.

Cultural Intelligence and Subsidiary Performance

The significant positive relationship between cultural intelligence and subsidiary performance ($\beta = 0.53$, $p < .001$; $r = 0.53$) confirms that culturally intelligent expatriate leaders achieve higher subsidiary performance. This finding is consistent with research demonstrating that cultural intelligence significantly predicts expatriate performance and adaptation in diverse cultural contexts. Expatriate leaders with high cultural intelligence are better equipped to navigate cultural differences, communicate effectively with local employees, and adapt their leadership styles to resonate with host country values.

The direct effect of cultural intelligence on subsidiary performance suggests that culturally intelligent leaders directly contribute to performance outcomes through effective leadership, communication, and decision-making. In the Ghanaian context, where cultural differences between expatriate leaders and local employees can create challenges, cultural intelligence enables leaders to bridge cultural gaps and achieve performance goals.

Mediating Role of Alignment with Local Values

The mediation analysis confirmed that alignment with local values partially mediates the relationship between cultural intelligence and subsidiary performance (indirect effect = 0.24, 95% CI [0.17, 0.32]). This finding provides empirical support for the hypothesized mediation model, demonstrating that cultural intelligence enhances subsidiary performance through its positive effects on alignment with local values. Expatriate leaders with high cultural intelligence are better equipped to understand and align with local values, which in turn fosters employee commitment, engagement, and productivity, leading to improved subsidiary performance.

The partial mediation finding indicates that cultural intelligence also has a direct effect on subsidiary performance beyond its influence on alignment with local values, possibly through other mediating mechanisms such as communication effectiveness, decision-making quality, or relationship building. The total model explained 48% of variance in subsidiary performance, underscoring the importance of both cultural intelligence and alignment with local values for subsidiary success.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study examined the effect of expatriate leaders' cultural intelligence on subsidiary performance, with particular focus on the mediating role of alignment with local values in MNCs operating in Ghana. The findings provide robust empirical support for the hypothesized relationships, confirming that cultural intelligence significantly and positively predicts alignment with local values and subsidiary performance, and that alignment with local values partially mediates the relationship between cultural intelligence and subsidiary performance. Cultural intelligence explained 34% of the variance in alignment with local values, and when combined with alignment with local values, the model explained 48% of the variance in subsidiary performance, underscoring the importance of both factors for subsidiary success.

The study contributes to the literature by extending cultural intelligence theory, social learning theory, and social exchange theory to the Ghanaian MNC context. The findings highlight the critical role of cultural intelligence and local value alignment in enhancing subsidiary performance. For MNCs operating in Ghana, investing in expatriate cultural intelligence development and promoting alignment with local values is essential for achieving subsidiary performance goals.

Recommendations

Based on the findings, the following recommendations are made for MNCs, human resource practitioners, and policymakers:

- 1. Integrate Cultural Intelligence into Expatriate Selection:** MNCs should incorporate cultural intelligence assessments into the selection and recruitment processes for expatriate assignments. Candidates with higher cultural intelligence are more likely to succeed in culturally diverse contexts and achieve subsidiary performance goals.
- 2. Provide Cultural Intelligence Training:** MNCs should develop and implement targeted cultural intelligence training programmes for expatriate leaders to enhance their effectiveness in diverse cultural environments. Training should address metacognitive, cognitive, motivational, and behavioral dimensions of cultural intelligence, and include immersive experiences that facilitate cultural learning.
- 3. Promote Local Value Alignment:** MNCs should provide expatriate leaders with training on local cultural values, including Ubuntu, communal solidarity, and relational

dignity. Expatriate leaders should be equipped to understand, respect, and align their leadership practices with local values to foster trust and commitment among local employees.

4. Foster Local Embeddedness: MNCs should encourage expatriate leaders to build local networks, develop cultural understanding, and establish a sense of belonging in the host country. Local embeddedness enhances expatriate thriving and effectiveness, contributing to improved subsidiary performance.

5. Implement Reverse Mentoring Programmes: MNCs should implement reverse mentoring programmes where local employees mentor expatriate leaders on local cultural norms and values. This facilitates cultural learning and alignment with local values, enhancing leadership effectiveness and subsidiary performance.

6. Extend Expatriate Tenures: MNCs should consider extending expatriate tenures to allow leaders sufficient time to develop cultural intelligence, build local relationships, and align with local values. Short assignments limit effective knowledge transfer and cultural adaptation, undermining subsidiary performance.

7. Empower Local Managers: MNCs should empower local managers who understand both global corporate values and local cultural norms to bridge cultural divides and facilitate alignment with local values. Local managers can play a crucial role in translating and adapting corporate policies to the local context.

8. Conduct Cultural Audits: MNCs should conduct regular cultural audits to assess the extent of alignment with local values and identify areas where cultural gaps exist. Audits should include employee surveys, focus groups, and consultation with cultural experts.

9. Provide Ongoing Support for Expatriate Leaders: MNCs should provide ongoing support for expatriate leaders, including cultural coaching, language training, and assistance with practical adaptation challenges such as relocation, visas, and healthcare. Support programmes enhance expatriate adjustment and effectiveness.

10. Conduct Further Research: Further research should explore the cultural dynamics of expatriate leadership in Ghana and other African contexts, examining how specific dimensions of cultural intelligence interact with different local values and how alignment with local values affects various performance outcomes. Longitudinal and qualitative studies would provide deeper insights into these complex relationships.

Limitations and Future Research

While this study provides valuable insights, several limitations should be acknowledged. First, the cross-sectional design precludes causal inference; longitudinal and experimental studies are needed to establish causal relationships among cultural intelligence, alignment with local values, and subsidiary performance. Second, the study relied on self-report measures for cultural intelligence and alignment with local values, which may be subject to social desirability and common method bias. Future research should incorporate objective performance measures and multi-source data to enhance validity.

Third, the sample was drawn from MNCs in Ghana's financial services, telecommunications, and manufacturing sectors, limiting generalizability to other industries and organizational contexts. Future studies should examine these relationships in other sectors, including hospitality, healthcare, and education. Fourth, the study focused on subsidiary performance as the outcome variable; future research should examine other outcomes, such as expatriate retention, knowledge transfer, and innovation.

Fifth, while the study examined cultural intelligence as a multidimensional construct, future research should explore how specific dimensions of cultural intelligence differentially affect alignment with local values and subsidiary performance. Finally, qualitative research could provide deeper insights into expatriate leaders' experiences of developing cultural intelligence and aligning with local values in the Ghanaian context.

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