

THE IMPACT OF CULTURAL INTELLIGENCE
ON NEGOTIATION OUTCOME

GOH HARN JEAN

Thesis submitted in fulfilment of the requirements
for the award of
Bachelor of Project Management with Honors.

Faculty of Industrial Management
UNIVERSITI MALAYSIA PAHANG

2014

ABSTRACT

Globalization increases human interaction across boundaries. It expose people of different shared values and norms to interact with each other. Project managers play a prominent role in interacting and negotiating with people of different culture, background and belief. Ability of individuals to negotiate effectively across culture improve relationship and organizational performance. Cultural intelligence, a newly introduced term to the business world, is said to be a key to success in negotiation domain. Studies claimed that cultural intelligence is implemented during cross cultural interaction, but there is limited research of cultural intelligence on negotiation domain. Thus, this study aim to identify whether cultural intelligence is a factor in negotiation outcome. Secondly, to determine the component of cultural intelligence that has the highest influence on negotiation outcome. Data were collected using questionnaires where target respondents are project managers of Grade 7 construction companies, situated in Pahang area. Result revealed that cultural intelligence is a factor in negotiation outcome and motivational cultural intelligence have the highest influence on negotiation outcome. The influential level of every components are not distinctively different, thus it can be said that each component are equally important to each component in achieving a higher cultural intelligence. Corporate and business world should start taking consideration of nurturing cultural intelligence among employees.

ABSTRAK

Globalisasi meningkatkan interaksi manusia merentasi sempadan. Ia mendedahkan masyarakat yang mempunyai nilai dan norma-norma yang berbeza berinteraksi antara satu sama lain. Pengurus projek memainkan peranan penting dalam berinteraksi dan berunding dengan orang-orang mempunyai budaya, latar belakang dan kepercayaan yang berbeza. Kemampuan individu untuk berunding dengan berkesan dapat meningkatkan hubungan dan prestasi organisasi. Kecerdasan budaya, istilah ini yang baru diperkenalkan kepada dunia perniagaan dikatakan menjadi kunci kejayaan dalam bidang rundingan. Kajian mendakwa perisik budaya dilaksanakan semasa interaksi budaya yang berbeza, tetapi penyelidikan tentang kecerdasan budaya amat terhad dalam bidang rundingan. Oleh itu, kajian ini bertujuan untuk mengenal pasti sama ada kecerdasan budaya merupakan faktor dalam hasil perundingan. Selain itu adalah untuk menentukan komponen kecerdasan budaya yang mempunyai pengaruh yang paling besar terhadap hasil perundingan. Data dikumpul dengan menggunakan soal selidik di mana sasaran responden adalah pengurus projek Gred 7 syarikat-syarikat pembinaan, yang bersituasi di kawasan Pahang. Keputusan menunjukkan bahawa kecerdasan budaya merupakan faktor dalam hasil rundingan dan kecerdasan budaya motivasi mempunyai pengaruh yang paling besar terhadap hasil perundingan. Tahap pengaruh setiap komponen tidak mempunyai perbezaan yang besar, oleh itu ia boleh dikatakan bahawa setiap komponen adalah penting dalam mencapai kecerdasan budaya yang lebih tinggi. Dunia korporat dan perniagaan harus mula mengambil pertimbangan untuk memupuk kecerdasan budaya dalam kalangan pekerja.

TABLE OF CONTENTS

SUPERVISOR’S DECLARATION	iii
STUDENT’S DECLARATION	iv
DEDICATION	v
ACKNOWLEDGEMENT	vi
ABSTRACT	vii
ABSTRAK	viii
TABLE OF CONTENTS	ix
LIST OF TABLES	xii
LIST OF FIGURES	xiii

CHAPTER 1 INTRODUCTION

1.1	Introduction	1
1.2	Background of study	1
1.3	Problem Statement	3
1.4	Research Objectives	5
1.5	Research Questions	5
1.6	Significance of Study	6
1.7	Scope of Study	6
1.8	Expected Results	7

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	8
2.2	Cultural Intelligence	8
	2.2.1 Metacognitive Cultural Intelligence	11
	2.2.2 Cognitive Cultural Intelligence	13
	2.2.3 Motivational Cultural Intelligence	14

	2.2.4 Behavioral Cultural Intelligence	15
2.3	Negotiation	17
	2.3.1 Integrative Negotiation	19
	2.3.2 Distributive Negotiation	22
2.4	Construction Project	24
2.5	Summary	25

CHAPTER 3 RESEARCH METHODOLOGY

3.1	Introduction	26
3.2	Research Design	26
3.3	Population and Sampling	27
3.4	Data Collection	28
3.5	Development of Measure	29
3.6	Data Analysis Technique	30
3.7	Limitation of Research Design	32
3.8	Summary	33

CHAPTER 4 RESULT OF THE STUDY

4.1	Introduction	34
4.2	Pilot Study	35
4.3	Questionnaire Distribution	37
4.4	Respondent Profile	38
	4.4.1 Age of Respondents	38
	4.4.2 Gender of the Respondents	39
	4.4.3 Years of Experience	40
	4.4.4 Working Position	42
	4.4.5 Level of Education	43
	4.4.6 Experience in other Countries	44
	4.4.7 Experience in other Cultures	45
4.5	Normality Test	47

4.6	Implementation of Cultural Intelligence during Negotiation	49
4.7	Influence Level of Cultural Intelligence Component on Negotiation Outcome	50
4.8	Conclusion	52

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5.1	Introduction	55
5.2	Summary of Findings	55
5.3	Limitation	56
5.4	Recommendations	57
5.5	Conclusion	58

REFERENCES	60
-------------------	-----------

APPENDICES

A	Questionnaire	65
B	Cultural Intelligence Scale	71
C	Gantt Chart	72

LIST OF TABLES

Table No.	Title	Page
3.1	Mid-point Method Formulation	31
3.2	Proposed Category Framework for Implementation of CQ	31
3.3	Proposed Category Framework for Influence Level	32
4.1	Reliability Statistical Table for Section B	35
4.2	Reliability Statistical Table for Section C	36
4.3	Age of the Respondents	38
4.4	Gender	39
4.5	Years of Experience	41
4.6	Working Position	42
4.7	Level of Education	43
4.8	Experience in other Countries	44
4.9	Experience in other Cultures	46
4.10	Normality Test Result for Section B	47
4.11	Normality Test Result for Section C	47
4.12	Summary of Cultural Intelligence Variables Mean Score	50
4.13	Summary of Mean Score	51

LIST OF FIGURES

Figure No.	Title	Page
3.1	Example of Questionnaire in Section B	29
3.2	Example of Questionnaire Scale in Section C	29
4.1	Age of Respondents	39
4.2	Gender	40
4.3	Years of Experience	41
4.4	Working Position	42
4.5	Level of Education	43
4.6	Experience in other Countries	45
4.7	Experience in other Cultures	46

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This research is aimed to study on the cultural intelligence as a factor for negotiation outcome. This chapter described the background, problem statements, and purpose of this thesis. Research questions are being discussed along with objective of study, scope, significant of study, research terms and definition, limitation of study and the expected result of this study.

1.2 BACKGROUND OF STUDY

Malaysia is a developing country with leading companies such as Maxis Berhad, Petronas Gas Berhad, Genting Group and etc. Companies are targeting the global market as they seek better opportunities in light of economy recovery. This process is known as globalization where interaction is expanding internationally. Globalization necessitated businesses to contact with organizations from variety of cultures, forcing cross-cultural communication (Vierege and Quick, 2011). International trade is growing tremendously throughout the few decades and cross cultural negotiation is a crucial part in business growth. Thus, ability to negotiate effectively across culture is an important element in inter-organizational relationships which includes joint ventures, mergers and acquisitions, licensing and distribution, strategic alliances etc (Imai and Gelfand, 2007).

Increasing number of international business negotiations needed to be conducted in this globalization world but unfortunately, many negotiators still ended up in an agreement failure. Evidence showed that US American companies lost in excess of \$2.0 billion annually in oversea business due to the lack of cultural understanding. Challenges come with the rapid globalization when people need to integrate with others who have diverse culture. People will be exposed to people of different backgrounds, histories, mindset, values and worldviews. However, negotiation will be an effective tool in handling this difference. In corporate world, people use negotiation to handle these differences (Fisher et al., 2011). It is believed that negotiation outcome will be influenced by individuals' level of cultural intelligence (CQ).

CQ act as the key to the success of today's cross culture, cross border, cross organization worker. Greater integrative can be achieved by high CQ negotiators in settlements due to effective information sharing behaviors (Imai and Gelfand, 2010). Research studied that CQ is vital in performance-based outcomes. Individuals with high cultural intelligence are able to achieve a better business performance and results. The reason being is the ability to make accurate cultural judgment and impose better interaction adjustment (Imai and Gelfand, 2010). Unlike personality traits such as emotional intelligence, CQ is utilized during intercultural interaction instead of intra-cultural. CQ picks up when it involves dealing with people and situation that are not familiar (Tan, 2004).

Negotiation is happening all around us. Negotiation outcome are categorized into two main domains which are integrative and distributive negotiation. Integrative negotiation can also be known as win-win or problem solving approach. Distributive negotiation is known as win-lose negotiation where one party gained a larger pie. Integrative is known as creating value and distributive is value claiming (Keillor, 2007). CQ increases understanding on nonverbal cues and increase awareness on motivating individual of different culture (Livermore, 2011). Thus, negotiation outcome improve.

Knowledge about different cultures is crucial in business negotiations nowadays, unfortunately small quantity of research is conducted regarding this issue. Research on the impact on intercultural negotiation outcome is conducted. It is found that psychological and behavioral challenges that delay or hinder effective integrative negotiation processes can be overcome when negotiators have a high level of cultural intelligence (Imai and Gelfand, 2007). Hence, this research is to study on CQ as a determining factor in negotiation outcome.

1.3 PROBLEM STATEMENT

In this era, people are more exposed to the term of globalization especially in the corporate world where joint venture, mergers and acquisition are common. Globalization is the process of increased in human interaction and interdependence across national boundaries where distance over human impact reach increased (Ervin and Smith, 2008). It is the corporate extent across the borders and growth in economic linkage. Also, we can correlate globalization with 'shrinkage of the world' (Ervin and Smith, 2008). However, World Bank emphasize that not everyone agree on globalization which promotes economics and societies integration is a good change. The reason being is that individuals will be exposed with people from different country with different background and culture. Inefficient in difference handling might lead to opposing result.

Cultural differences, where people with different shared set of values, norms and belief, lead to difference in perceptions or perspective towards a situation. People perceive and distinguish a situation based on their experience and one may have disagrees on it, but another agrees. A specific reaction or respond towards a situation might be considered as appropriate to one, but rude to another of different culture. This cultural difference might trigger conflict between two parties because two or more parties are not at the same page or interest thus conflict happen. (Tidwell and Lerche, 2004) stated that globalization acts as an accelerator and catalyst for conflict where disagreement happened between two or more parties.

Global workplace claimed that it is crucial for individuals to be sensitive to different cultures, interacting appropriately with people from different culture, and analyzing new cultures (Tan, 2004). Assumptions made when ones do not fully understand a situation. Most assumptions created to fill in gaps that individuals do not know or understand. They try to make the best out of the situation by implementing what they think is the best. Unfortunately assumptions might be wrong and conflicts happen. Thus, conflict arose due to the lack of understanding between parties (Nelson and Quick, 2013).

Negotiation is not only a conflict resolving mechanism, but a tool in relationship management. It is a back-and-forth communication process in getting what you want from others (Fisher et al., 2011). In negotiation, individuals clarify what they desired and figure out what opponents preferred. They focus on both parties' needs and interests which indirectly increase the possibility of reaching a mutual agreement. This situation favors organization in terms of stakeholder relationship and management as each party are satisfied with the outcome. If an individual is able to negotiate effectively and get what they favor most, thus conflict can resolve and relationship between two or more parties will improve.

Cultural intelligence (CQ) is a person's ability to adapt effectively to new cultural contexts (Earley and Soon, 2006). Unfortunately, there is less research on CQ towards negotiation but it is argued that CQ plays a major role in negotiation domain especially in this globalized era as culture affects how negotiations are understood and what behaviors are acceptable (Benoliel, 2011). Nevertheless, CQ is able to influence negotiation process, strategies, approach and outcome. Imai and Gelfand (2010) argued that cultural intelligence has the power to influence intercultural negotiation outcomes. Nevertheless, it enables individuals to adapt efficiently and quickly in a new environment.

Scholars of conflict resolutions and practitioners of the art of international negotiation agree that culture matters and understanding of the culture helps in negotiation. In construction sector, projects usually deals with different individual with diverse interests,

culture and background. Conflict arose when individual is putting too much focus on their own interests where they neglected the norms of others. Ability to negotiate effectively across cultures will be a crucial aspect in this situation. In short, this research is proposed to identify whether CQ is a factor in negotiation outcome and assessing which component have the greatest influence on negotiation outcome. Information gained from this study can act as a stepping stone in improving negotiation outcome.

1.4 RESEARCH OBJECTIVES

Research Objective I: To identify whether cultural intelligence is a factor in negotiation outcome.

Research Objective II: To determine the component of cultural intelligence that has the highest influence on negotiation outcome.

1.5 RESEARCH QUESTIONS

Research Question 1: Is cultural intelligence a factor of negotiation outcome?

Research Question 2: Which component of cultural intelligence has the highest influence on negotiation outcome?

1.6 SIGNIFICANCE OF STUDY

The number of intercultural negotiation is steadily increasing with the globalization. Yet, little is known about the cultural intelligence that believed to have effect on negotiation.

The aim for this research is to determine CQ as a significant factor towards negotiation outcome. Literature shown the effect of CQ towards negotiation but this term is still relatively new to the business world now. This study is able to add significantly to studies related.

Besides that, the findings of the research can be utilized as the assisting tool in future intercultural business negotiations. Negotiators are aware of the cultural context during negotiation, thus necessary actions will be implemented to improve on the process. It will enhance the capability of a person to work with learners of diverse cultures as the ability to negotiate efficiently brings a big impact towards themselves and the organization. Furthermore, findings can be used to provide literature on organizations' business negotiation process. It can also be used as a stepping stone to further study on this topic.

1.7 SCOPE OF STUDY

To achieve the objectives of the study, the scope of study will focus on construction sector in Malaysia. This research will study on whether cultural intelligence is a factor in negotiation outcome. Negotiation outcome is categorized into integrative and distributive negotiation. This research will be conducted in Grade 7 constructions companies in Pahang and where corporate are exposed to people of divergent cultures. Targeted sample group is contractors and project managers who have past intercultural experience.

1.8 EXPECTED RESULT

Expected result for this research is identifying cultural intelligence as a factor in negotiation outcome. It is believed that cultural intelligence will affect the negotiation outcome. Besides that, it is expected to determine which CQ component has the greatest influence on negotiation outcome. This qualitative study will provide valid information and data that are significant to people, especially corporate businessman. Hence, improve in negotiation outcome.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter gives review on the literature of cultural intelligence, negotiation outcomes and construction. This study will look into the four dimensions of cultural intelligence which are cognitive, metacognitive, behavioral and motivational cultural intelligence. This chapter will also look into the two main negotiation outcomes which are distributive and integrative negotiation outcome.

2.2 CULTURAL INTELLIGENCE

Cultural intelligence which also known as CQ is a recent term usually found in academic field nowadays. Crowne (2008) stated that CQ is an individual's ability to adapt themselves to the new environment or culture. Individuals are able to unfold the difference between their ways of doing things with the others. Similarly, it is a person's ability to interpret and analyze indistinct or ambiguous implications and reproach them like a mirror (Ismail et al., 2012). People usually commit and engage into a behaviors that takes skills and qualities into practice. Of course, this applies to CQ. Thomas and Inkson (2004) defined CQ as a competency of cultural understanding and knowledge, repository of behavioral skills, and acts of mindfulness.

Globalization along with the advancement of technology and transportation increases the importance to understand culture in which people will interact in diverse culture environment. Direct and indirect interactions, especially for managers or professionals, increased with the advancement of globalization. Direct interaction is where people interact through meetings or being in a multicultural team while email or virtual meeting is considered as indirect interactions (Ramsey et al., 2011). In fact, CQ plays a major role in interactions. CQ is proven to be an effective tool to intensify individual's ability to connect with people.

Livermore (2010) proposed four step process in his cultural intelligence model which is derived from Earley and Ang's model. This process consists of four facets which are drive, strategy, knowledge and action. CQ drive is the motivation in adapting to different culture. Motivation is measured in terms of interest, confidence and drive. CQ knowledge is the ability of an individual to understand issues across the cultures. CQ strategy which is the third facet refers to what one will act upon the knowledge he or she gain. Last facet which is the CQ action reflects on how individual changes his action during intercultural interaction. Both models provide similar foundations. Action CQ can be correlated with the behavioral CQ facet. CQ strategy and knowledge are related to the cognitive facet while CQ drive is corresponded with the motivational facet.

Education, experiences and also interaction can increase individual level of cultural intelligence. Research showed that working experience at different countries, learning new language, or pursuing degree at foreign countries increases level of cultural intelligence (Ahn and Ettner, 2013). Exposing individuals to different culture enhance cultural intelligence (Torelli et al., 2011). For example, sending them abroad can enhance intercultural understanding because it will enhance a person's ability towards perceptibility of a scenario or situation.

It is believed that there is a correlation between emotional intelligence and cultural intelligence. It is said that both of the constructs have high level of similarities but yet less studies are conducted to measure the relationship. EQ is the quality of an individual to be able to understand human beings behavior and feelings while CQ aids in manipulating those feelings and behavior in achieving desired outcome. CQ picks up when EQ leaves.

CQ is distinctive from EQ from several aspects. CQ shows the ability of a person to act and respond on a new environment while EQ reflects how people perceive and respond in a similar culture (Earley and Peterson, 2004). CQ involves the capability to interact in cross culture environment while EQ do not. For an example, knowing the way to greet or bow with people of different culture does not involve EQ (Moon, 2010). Studies found that CQ has positive relationship to emotional intelligence where high CQ individuals are emotionally well adjusted and individuals of lower CQ in need of greater emotional intelligence in order to readjust to unfamiliar environment (Earley et al., 2006). It is found out that the individual with higher CQ are able to control emotional well. We can relate this to emotional intelligence compensate individual with lower CQ (Lin et al., 2012). Thus, this proves that multiple intelligences are dependent on each other to ensure intercultural effectiveness.

Johnson (2006) once stated that the incapability of upper management to adjust to international business environment demand lead to international business failure. Evidence showed that people do not perform in intercultural negotiation. Negotiators achieve less joint profit in intercultural negotiation compared to those within their own culture (Amai and Gelfand, 2010). When he or she is dealing with global business, our acts and speaking patterns required changes. Therefore, this might makes cooperation difficult or even impossible. However, society does not aware that cultural context has such a big influence in the negotiation outcome.

CQ plays an important role in this situation because global demand of leaders in dealing and adjusting to different cultures is vital (Thomas and Inkson, 2005). CQ helps in understanding and adapting to new environment (Ramsey et al., 2011). Individuals who have longer experience interacting with different culture have a higher CQ level. It is found that MBA curricula respondents who speak language other than English, having overseas working experience and degree holder have higher cultural intelligence level (Ahn and Ettner, 2013). The CQ level significantly increases with the working experience.

We can correlate cultural intelligence with emotional intelligence in which success is not a guarantee if the negotiators have high emotional intelligence. Nevertheless, high CQ might not guarantee the success of adapting to different cultural setting, but it will increase the chances of success (Moon, 2010). An individual with higher cultural intelligence level has an ability to interpret unaccustomed gestures that countryman would also do (Earley and Mosakowski, 2004). Individuals are able to interpret the way people communicate and expressed themselves through hands or body movements. This is crucial in negotiation where behaviors, emotions, attitudes or cultural values might be considered as pleasant in one's country but not acceptable and offensive in another. Sensitivity towards cultural differences increases with the increase in CQ and indirectly reduces cultural misunderstandings.

2.2.1 Metacognitive Cultural Intelligence

Metacognitive CQ is a mental capability where they have the ability to readjust assumption of other cultures before or during intercultural interaction (Ang and Earley, 2003). It is the capability to notice the preference of diverse culture in which they are aware of how culture influence the way they respond and interpret in certain situation. They have heightened their consciousness on the importance of preparation and planning and actions are taken. For example, they involved themselves in a cross-cultural training or constantly check for interpretation dissimilarities during interaction. High CQ individuals know when

and how they should put their cultural knowledge in practice. According to Crowne (2008), this facet enhances his or her processing of information.

High CQ individuals constantly plan, reflect and adjust throughout their interactions. Meta-cognitive CQ has three sub-dimensions which are planning, awareness and checking (Dyne et al., 2012). Planning is the strategizing before one encounter a diverse culture. It involves long and short term planning, taking in consideration of what need to be done before interactions. Awareness is the consciousness towards the influence of culture on their behaviors and mental. It deals with how people interact with diverse culture individuals. Last sub-dimension which is checking deals with the adjustment of mental method when things did not turn out as expected. Comparison between actual and expected occurrence leads to deep questioning and adjustment. Together three of these sub-dimensions signify metacognitive cultural intelligence. Planning occur before interaction, awareness occur throughout the whole process while reflect occurs after the interaction.

Inadequate preparation direct us to damage relationship. Meta-cognitive CQ helps in the planning and strategizing stage. In this rapidly changing negotiation environment, creating plans for upper and lower limits, not only focusing in fixed targets makes individual a good negotiator with flexible approach (Saner, 2012). Expanding awareness is a determining element in order to achieve good negotiation. High CQ individuals are aware of what they had missed during negotiation intense period. (Malhotra and Bazerman, 2007). Individuals constantly check on what they are lacking of when they are interacting.

2.2.2 Cognitive Cultural Intelligence

Cognitive CQ is the ability of an individual to differentiate the dissimilarities between cultures (Ang and Earley, 2003). This facet deals with the general understanding of an individual towards a culture's structure (Crowne, 2008). Likewise, it is the knowledge acquired by one on the new culture. Cognitive CQ aligned with the term 'intelligence' but this facet emphasized on the capability concerned of the unfamiliar or new cultural environment context. Soon and Van Dyne (2008) refer cognitive CQ as an individual understanding on indifference or dissimilarity towards practices and norms of diverse culture.

High cognitive CQ individual have complete understanding toward diverse culture. Education and personal experiences can gain individuals' knowledge towards other culture's norm and practices (Ahn and Ettner, 2013). People exposing to different experience will increase the level of cognitive CQ. Research showed a positive relationship between respondents who has studying or working experience out of mother country and cognitive CQ level (Ahn and Ettner, 2013). Research concluded that cognitive CQ usually does not have significant effect towards any aspect due to knowledge not being translated into actions. This CQ works concurrently with motivation CQ where individuals have the desire to learn new things (Lin et al., 2012). This indicates that they worked hand-in-hand with another facet to emphasize the nature of CQ.

Faux pas can be prevented when leaders have wide knowledge on diverse culture. Leaders will have a better understanding on how to motivate and engaging people. They are the two sub-dimensions of Cognitive CQ which are culture general and specific knowledge (Dyne et al., 2012). Research found that culture-general is equally important as culture specific knowledge in cognitive CQ. Culture specific context is the deeper and more precise interpretation on cultural patterns. It emphasized on a specific domain. In this globalized world, human interacts with people not only within their own culture, but intercultural. Thus learning from specific to general cultural context will be beneficial. Culture general

knowledge increases individuals' observation and interpretation ability in culture context. It facilitates in the comparison and contrast of culture. Examples are communication styles, languages use, reasoning style etc. Culture specific knowledge such as eye contacts, how firm a Canadian's handshake compared to an Asian, touching will build on culture general knowledge.

According to O'Brian (2013), procedure knowledge in negotiation, in part, comes from knowledge gained through self experience. The know-how in negotiation is the constitutive element in successful negotiation. Individuals with high cognitive CQ are able to collect and manipulate information, reasoning and making decision based on their knowledge. They are capable to respond to situations that happened unexpectedly and this is the determining success factor in negotiation.

2.2.3 Motivational Cultural Intelligence

The capability to enhance and grow enthusiasm toward learning diverse cultures is known as motivational CQ (Ang and Earley, 2003). Crowne (2008) defined motivation CQ as the composition where it arouses an individual's curiosity or concern to be part of another culture. Research demonstrated that motivational CQ has the most influence and impact on the way individuals respond in cross cultural environment among all four CQ dimensions.

Motivational CQ also said to have three sub-dimensions that emphasized the nature of cultural intelligence. These are intrinsic interest, extrinsic interest and self-efficacy to adjust (Dyne et al., 2012). Intrinsic motivation is the behavior arises within individual, contrast with extrinsic where behavior engaged to gain external rewards. Internal reward such as self satisfaction meeting diverse culture people is what drives intrinsic motivation. Extrinsic rewards such as promotion, monetary benefits or value that is tangible drives extrinsic motivation. Self-efficacy to adjust is referred to individual's confidence level in

dealing in intercultural situation. An individual possess this quality when he confidentially interact with locals of different culture and background.

Ahn and Ettner (2013) emphasized that the motivation level is highly greaten when a person have international working experience (Ahn and Ettner, 2013). Motivational and behavior CQ are two components that usually shows significant effect in research on stress, level of adjustment, working environment or local interaction (Lin et al., 2012). People might face cultural shock and stress with the unexpected happenings. According to Ahn and Ettner (2013), individuals with high motivational CQ will perceive the stress differently by enjoying themselves.

Motivational CQ reflects an individual desire and eagerness to engage and adapt to different culture. They show high passion and desire towards learning and understanding cultural diversity (Ang et al., 2007). Earley, Ang and Tan (2006) clarified that enhancement, growth and continuity acts as the three main motivators in this CQ facet. The desire to challenge and becomes better, the urge to feel great about themselves and the want to sustain and continue drives motivational CQ (Earley et al., 2006). This drive, in part, will lead individuals to achieve better negotiation achievement in which they strive for a better outcome. Besides that, motivational and behavioral CQ strongly related to individuals cultural adaption level (Ang et al., 2007). Efficiency in handling cultural difference gave positive impact to negotiation.

2.2.4 Behavioral Cultural Intelligence

High behavioral CQ individuals are able to communicate using suitable accent and body language during intercultural interaction (Earley and Ang, 2003). They are able to reflect on locals behaviors and act accordingly. Individuals are able to exhibit appropriate verbal and non-verbal action during interaction of people with different background. This sub-dimension concerns with an individual's capability to act according to situations during intercultural interactions (Crowne, 2008). Individuals with high behavioral CQ are in favors

of challenges and have a strong will in overcoming frustration they met, this indirectly helps in individuals in adapting to new environment (Lin et al., 2012). This quality gives an advantage to individual during intercultural interaction.

Organization tends to follow the steps of their top management or successors especially in small enterprises as people work within what they are most comfortable of. Employees who are not exposed to different culture tend to follow the footsteps and direction set by their leaders (Ahn and Ettner, 2013). Behavioral CQ consists of three sub-dimensions which are verbal and non-verbal behavior, and also speech acts. Verbal behavior reflects on the flexibility in vocalization such as tone. Non-verbal behavior is the flexibility in communication. It is shown with body language or acts. Speech acts defined the ability of an individual in communication. It deals with how messages are conveyed using different style (Dyne et al., 2012). Thus, different style of expressing gives different effect toward others.

Behavior CQ are significantly related to many aspects and categorized as an important CQ component (Ramsey et al., 2011). Body language played a role in negotiation as it is a medium in expressing yourself to people of various cultures. Accurate interpretation of body language enhances understanding towards others. (Falcao, 2010) Individuals with high CQ are efficient in reflecting and utilizing body languages in order to achieve desired negotiation outcome. One of the known factors in business negotiation is non verbal behavior and verbal behavior. Misreading these cues might cost a lot as agreement cannot be achieved (Calero, 2005). The inability to read and implement it effectively might bring adverse meaning to another party.