

CULTURALLY INTELLIGENT NEGOTIATORS: THE IMPACT OF CQ ON INTERCULTURAL NEGOTIATION EFFECTIVENESS

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INTRODUCTION

Despite recent advances in understanding how societal culture influences negotiation behavior, there is a fundamental paradox in the cross-cultural negotiation literature. That is, although the practicality of being able to negotiate effectively with people from different cultures is used as a justification for development of cross-cultural theory, the vast majority of research remains comparative (Adler & Graham, 1989; Brett & Okumura, 1998). Negotiation behaviors that occur in mono-cultural settings are compared across cultures instead of directly examining negotiation behaviors in intercultural settings where cultural barriers exist. Consequently, the literature reveals little as to the question, *what predicts intercultural negotiation effectiveness?* In this study we take an individual differences approach and examine if various types of intelligence (cultural intelligence, emotional intelligence, and cognitive ability), personality (openness and extraversion), and international experience predict intercultural negotiation effectiveness. In terms of effectiveness, we specifically focus on the *process* of sequencing integrative information behaviors between two negotiators.

Obstacles to Intercultural Negotiations

Within the intercultural negotiation literature, it has been consistently found that joint profit, associated with behaviors such as information-sharing and making trade-offs on issues of high and low priorities (Kelley & Schenitzki, 1972), is harder to achieve in intercultural than intracultural settings. This finding has been found in intercultural negotiations between the Japanese and Americans (Adler & Graham, 1989; Brett & Okumura, 1998), Anglophone and Francophone Canadians (Adler & Graham, 1989), as well as Mexicans and Norwegians (Natlandsmyr & Rognes, 1995).

Several explanations can be identified in the literature. First, from a cognitive perspective, intercultural negotiators face the extra hurdle of needing to come to a shared understanding of the negotiation situation on top of addressing the actual negotiation issues themselves. For example, Brett and Okumura (1998) found that Americans and Japanese bring culture-specific schemas to the negotiation table which creates major communication inefficiency. Gelfand and McCusker (2002) similarly argued that different cultural metaphors for negotiation (e.g. American negotiation as aggressive sports vs. Japanese negotiation as harmonious household gathering) create different goals, scripts, and feelings in negotiation making it difficult to organize social action (Weick, 1979).

Second, from a behavioral perspective, intercultural negotiators may lack the flexibility in overcoming their habitual culturally normative behaviors, thus creating potential for

misunderstanding. For example, Adair, Okumura, and Brett (2001) found that in exchanging integrative information in order to create joint gain, American and Japanese negotiators normatively used different behaviors. Americans who come from a low-context culture engaged in high frequencies of *direct* behaviors (e.g. stating priority information) where their intended meaning is explicitly portrayed in their spoken message. However, the Japanese negotiators who come from a high-context culture engaged in high frequencies of *indirect* behaviors (e.g. making offers) in which the intended meaning is carried through the context of the messages given.

A third explanation is motivation. It is a well documented finding that people are much more comfortable interacting with ingroup members (Tajfel & Turner, 1979). Furthermore, incongruent cognitive structures and normative behaviors that arise in intercultural contexts are more likely to add an extra dimension of complexity and uncertainty that makes it more difficult for negotiators to maintain confidence and perseverance in seeking integrative outcomes. In sum, when bargaining across the cultural divide, negotiators experience considerable cognitive, behavioral, and motivational challenges which can impede the negotiation process, leading to suboptimal outcomes. Therefore, in trying to improve intercultural negotiation effectiveness, an important question is, *what constitutes an effective negotiation process?*

Effective Negotiation Process: Sequences of Integrative Information Behaviors

Stable and organized social action between two negotiators is reflected in certain types of sequencing of behaviors. *Reciprocal sequences* refer to negotiators matching each other's moves exactly (e.g. priority information eliciting priority information) and is interpreted as evidence that negotiators hold a high level of shared understanding of the negotiation task (Putnam, 1990; Weingart & Olekalns, 2004). Reciprocal sequences of *integrative* behaviors that focus on creating value at the table has been shown to generate high joint gains (Adair, 2003; Olekalns & Smith, 2000; Weingart, Prietula, Hyder, & Genovese, 1999; Weingart & Olekalns, 2004; Weingart, Thompson, Bazerman, & Carroll, 1990). *Complementary sequences* refer to negotiators not matching each other's moves exactly, but pairing similar tactics that have the same strategic focus (e.g. priority information eliciting a multi-issue offer). Adair and Brett (2005) remarked that particularly in international negotiations, complementary sequences could also signal a shared cooperative understanding of the task, if parties enact integrative intentions but with different culturally normative behaviors.

Sequencing integrative behaviors move negotiators towards integrative agreements. However, for intercultural negotiators, it should be much more difficult to maintain integrative sequences given they are more likely to encounter cognitive, motivational, and behavioral barriers discussed previously. That is, given that in intercultural settings negotiators are more likely to only understand a limited range of culture-specific behaviors of the other party, are only skilled in enacting certain normative types of integrative behaviors, and may have reduced motivation from having to interact with unfamiliar members, they face more threats that may disrupt integrative sequencing relative to intracultural negotiators. We argue then, that for intercultural negotiations to be effective, dyads would ideally consist of negotiators who have certain individual difference characteristics in overcoming the cognitive, motivational, and behavioral hurdles and are able to maintain sequencing of integrative behaviors. We turn next to the possible individual difference predictors.

Individual Differences

Cultural Intelligence (CQ). Cultural intelligence (CQ), defined as a person's capability

in successfully adapting to new cultural settings (Earley & Ang, 2003), is conceptualized as a multi-faceted construct. Meta-cognitive CQ refers to an individual's level of cultural mindfulness when learning about a new culture; cognitive CQ, the level of acquired cultural knowledge; motivational CQ, the value of being interested and having the self-efficacy for intercultural interactions; and behavioral CQ, the individual's appropriateness of both verbal and non-verbal behaviors in new cultures (Ang et al., in press). Given the infancy of the construct, research on CQ is sparse, yet Ang et al. (in press) found predictive validity for CQ; its various facets were found to predict cultural judgment and decision-making, cultural adjustment, as well as task performance among many samples including undergraduates, international managers, and foreign professionals, over and beyond other individual differences.

We argue that high CQ dyads will engage in more sequences of integrative information behaviors than low CQ dyads. First, we reason that at the individual level, people with high CQ will adopt a more cooperative integrative strategy to negotiating than people with low CQ, as high CQ individuals genuinely enjoy interacting with people from other cultures and focus their efforts on relationship development in intercultural settings (Mendenhall, 1999 as cited in Earley & Ang, 2003). Second, at the dyad level, we also argue that it is the high CQ dyads and not the low CQ dyads, who are able to effectively maintain *sequences* of these integrative information behaviors, because high CQ dyads are more likely to be able to overcome the behavioral, cognitive, and motivational hurdles mentioned previously. An example of how an intercultural negotiation process can go wrong is if a low-context American negotiator intends to be cooperative and *directly* asks his or her counterpart about issue priorities, and the high-context Japanese negotiator also intends to be cooperative but *indirectly* answers with a multi-issue offer. The American not knowing how to correctly attribute meaning to the indirect behavior may misjudge that the Japanese negotiator is being competitive by avoiding the question and in turn, break the sequence of integrative behaviors by responding negatively. This kind of out-of-sync process is less likely to occur in high CQ dyads for several reasons. High CQ dyads consist of individuals who a) question their own and other's cultural assumptions in trying to understand their counterparts; b) possess a wider range of behaviors they can accurately interpret as well as enact which would buffer them from potential misunderstandings; and c) persist even if the negotiation becomes stressful, given their high self-efficacy for intercultural situations.

Hypothesis: Dyads with higher CQ will engage in more sequences of integrative information behaviors than dyads with lower CQ.

Personality, International Experience, and Other Types of Intelligence. In addition to CQ, the expatriate management literature suggests a number of similar yet distinct individual differences that may also predict sequences of integrative information behaviors in intercultural negotiation. Although this literature does not examine negotiations per se, it does examine the role of individual differences for other types of intercultural effectiveness, including cross-cultural adjustment and job performance abroad. Openness, which refers to the trait of having unconventional ideas, imagination, and curiosity (Costa & McCrae, 1992), has had mixed findings as it relates to expatriate success. Although the belief in its usefulness has been shared widely among academics as well as expatriates, as open individuals hold more accepting attitudes toward different cultures (e.g. Arthur & Bennett, 1995; Ones & Viswesvaran, 1997) empirical support is mixed (Caligiuri, 2000; Sinangil & Ones, 1997). A recent meta-analysis by Mol, Born, Willemsen, and Van der Molen (2005) found no relationship between openness and job performance abroad, yet Shaffer, Harrison, Gregerson, and Black (2006) recently found in their longitudinal study that openness does predict contextual and task performance abroad. Huang, Chi, and Lawler (2005) also found that openness is related to living and work adjustment

overseas. Like openness, research is mixed in terms of prior international experience. Many argue that prior international experience helps individuals anticipate intercultural problems (Black, 1988; Black & Stephens, 1989; Church, 1982; Parker & McEvoy, 1993), yet empirical support is lacking for this proposition (Bhaskar-Shrinivas, Harrison, et al., 2005; Takeuchi, Tesluk, Yun, & Lepak, 2005; Tsang, 2001). Extraversion, which refers to the trait characterized by energy, positive emotions, and of seeking company of others (Costa & McCrae, 1992), has consistently been positively linked to expatriate success, as extraverts are better able to establish relationships with host nationals and other expatriates more effectively than introverts (Caligiuri, 2000; Huang et al., 2005; Mol et al., 2005; Shaffer et al., 2006). Beyond personality, there are other types of intelligence such as cognitive ability and emotional intelligence which have received less focus in the expatriate management literature, but have some construct overlap with CQ. For example, cognitive ability, which is the ability for individuals to effectively process information (Barry & Friedman, 1998) is similar to cognitive CQ which also has information-processing aspects. Emotional intelligence, which is the ability to process affective information (Salovey & Mayer, 1990) is similar to CQ in that they both deal with adaptation in interpersonal contexts, unlike traditional intelligence. In sum, we explored whether other individual differences; that is, openness, international experience, extraversion, cognitive ability, and emotional intelligence, predict sequences of integrative information behaviors.

METHOD

Participants and Procedure

75 American (61% female) and 75 East Asian (63% female) students at both undergraduate and graduate levels were recruited through advertisements. Participants were matched on sex and education, and randomly paired to form 75 intercultural dyads. Within the dyad, participants were randomly assigned to one of two negotiator roles. Ten dyads were excluded from analyses due to significant missing data, resulting in a final dyad-level sample size of 65. All were given \$20 cash cards for participation. The study took part over two sessions, separated by one week. On the first day, participants filled out an online questionnaire that assessed all individual differences, except for cognitive ability. On the second day, participants role-played a 20-minute intercultural negotiation simulation while being tape-recorded, as well as completing a timed test of cognitive ability.

Negotiation Task

The negotiation simulation was adapted from Towers Market II, used in previous research (e.g. Weingart, Olekalns, & Smith, 2004), and involved a mixed-motive negotiation between a grocery shop owner and a wine shop owner interested in opening a business together. Participants were told to negotiate five unresolved issues and were given a payoff schedule that listed the possible levels of settlement on each issue and their associated worth in points.

Coding

Coding Scheme. After transcribing all the process data, the negotiation dialogue was first unitized into thought units, then content-coded for three *integrative information* behaviors: 1) stating priority information; 2) asking a question about other's priorities; and 3) making a multi-

issue offer. Two coders were trained to content-code the negotiation transcripts until they reached high inter-rater reliability, and then coded their own set of transcripts. The average inter-rater reliability of three randomly drawn full transcripts was high (Cohen's $K = 0.88$).

Sequences of Integrative Information Behaviors. Sequences of integrative information behaviors were examined in two ways: *reciprocal sequences* and *complementary sequences* (Weingart & Olekalns, 2004). A reciprocal sequence occurred when any one of the three integrative information behaviors (elicited by negotiator 1) was followed immediately by an identical integrative information behavior (elicited by negotiator 2). An example is when negotiator 1 states an issue priority and is followed by negotiator 2 who also states an issue priority. A complementary sequence occurred when any one of the three integrative information behaviors (elicited by negotiator 1) was followed immediately by a non-identical integrative information behavior (elicited by negotiator 2). An example is when negotiator 1 asks a question about the other's priority and is followed by negotiator 2 making a multi-issue offer. Within each dyad, we counted the frequency of reciprocal sequences and complementary sequences, respectively. For example, for the sake of clarity, if the negotiation hypothetically consisted of a short string of behaviors such as: multi-issue offer (negotiator 1, time 1) --> multi-issue offer (negotiator 2, time 2) --> issue priority statement (negotiator 1, time 3), the total number of reciprocal sequences is one (i.e. multi-issue offer (negotiator 1, time 1) --> multi-issue offer (negotiator 2, time 2)), whereas the total number of complementary sequences is also one (i.e. multi-issue offer (negotiator 2, time 2) --> issue priority statement (negotiator 1, time 3)).

To control for the total number of speaking turns across dyads, the frequencies for each type of sequence was converted into relative frequencies (Adair, 2003). More specifically, the frequency of reciprocal and complementary sequences were each divided by the *dyad's total number of speaking turns - 1*. Because the dependent variable was a proportion bounded by 0 and 1, it was then logit-transformed as recommended by Cohen, Cohen, West, and Aiken (2003).

Individual Difference Measures

Cultural Intelligence (CQ). CQ was assessed using a 20-item measure developed by Ang et al (in press). An example item is, "I am confident that I can socialize with locals in a culture that is unfamiliar to me" ($\alpha_{\text{American}} = 0.90$; $\alpha_{\text{East Asian}} = 0.86$).

International Experience. Experience was measured as the self-reported length of time (in weeks) participants have spent living abroad (Takeuchi et al., 2005).

Openness to Experience and Extraversion. Openness to experience and extraversion were measured with 10 items each from Goldberg's short version of the International Personality Item Pool (IPIP, 2006). An example item for openness is, "I spend time reflecting on things" ($\alpha_{\text{American}} = 0.75$, $\alpha_{\text{East Asian}} = 0.82$), and for extraversion, "I am the life of the party" ($\alpha_{\text{American}} = 0.88$, $\alpha_{\text{East Asian}} = 0.89$).

Emotional Intelligence. Emotional intelligence was measured using Schutte et al.'s (1998) 33-item scale. An example item is "When I experience a positive emotion, I know how to make it last" ($\alpha_{\text{American}} = 0.87$; $\alpha_{\text{East Asian}} = 0.91$).

Cognitive Ability. Cognitive ability was measured using the timed Wonderlic Personnel Test (WPT, 2000), consisting of 50 questions that assesses an individual's math and verbal abilities¹.

Demographics. Demographic variables were: sex (1=female, 2=male), education (1=undergraduate, 2=graduate), age (years), negotiation experience (1=no, 2=yes), and the East Asian's length of stay in the U.S. (months).

RESULTS

All individual difference scores were aggregated to the dyad-level by averaging the two negotiators' scores. Three dyads did not reach agreement; therefore, these cases were excluded from analyses. Our hypothesis predicted that dyads with higher CQ will engage in more sequences of integrative information behaviors (reciprocal or complementary) than dyads with lower CQ. Regressions were conducted separately for reciprocal and complementary sequences, with openness, international experience, extraversion, cognitive ability, and emotional intelligence also in the regression equation. Because immediate reciprocal sequences was significantly correlated with the demographic variable of mean age ($r(62) = 0.38, p < 0.01$), mean age was included as an additional variable in the analysis of reciprocal sequences. It was found that CQ did not significantly predict reciprocal sequences of integrative information behaviors ($\beta = 0.13, p > 0.30$). For complementary sequences however, it was found that CQ did significantly predict complementary sequences of integrative information behaviors ($\beta = 0.31, p < 0.05$). Thus, our hypothesis was supported. For both reciprocal and complementary sequences, none of the other individual differences were significant.

DISCUSSION

The results of an intercultural negotiation study between Americans and East Asians, where individual differences were measured one week prior to the negotiation show that it is CQ, and not international experience, openness, extraversion, emotional intelligence, nor cognitive ability that predicts sequencing of integrative information behaviors. Theoretically, we expand the literature by moving beyond cross-cultural comparisons, directly examining the intercultural setting, and beginning to address the unexamined question of what predicts intercultural negotiation effectiveness. Practically, we have identified CQ as a useful characteristic in which negotiators can be selected upon in order to maximize the effectiveness of intercultural negotiations. All research methods have limitations (McGrath, Martin, & Kulka, 1982), and this study is no exception. We studied one sample, students, with one methodology, lab-based negotiation simulation. Therefore, it is necessary to exercise caution in applying our results. However we are hopeful that our findings will generalize to intercultural negotiators in organizational settings because the majority of our students consisted of older graduate students who most likely can relate to real-world experiences such as negotiation. In addition, while we are optimistic about our results, we used a self-report measure of CQ given the methodological infancy of the construct. Given the conceptualization of CQ as an ability, future research should examine CQ with more objective methods to provide converging evidence for its usefulness in improving intercultural negotiation effectiveness.

ENDNOTES

1. Preliminary analyses indicated that East Asians scored significantly lower than Americans, most likely because the Wonderlic requires knowledge of difficult English proverbs. To deal with this issue, raw scores were standardized into Z scores *within each cultural group*.

REFERENCES AVAILABLE FROM THE AUTHORS

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