Born-global
Entrepreneurship Intentions
of
Undergraduate Students

By

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Abstract

This study examines the main effects of self-efficacy, innovativeness, social network and risk taking propensity on entrepreneurial intentions of undergraduate students. In particular, the focus of this research is put on the moderating effect of Cultural Intelligence (CQ) on self-efficacy in the formation of born-global entrepreneurial intentions. Furthermore, the moderating effect of risk-taking propensity on innovativeness in the formation of born-global entrepreneurial intentions was also studied. Data was collected from both local and exchange undergraduate students in three universities in Hong Kong. The results revealed that self-efficacy, social network and risk-taking propensity were positively related to local entrepreneurship intentions. However, no significant results were found with respect to innovativeness. It is also revealed that CQ strengthened the effect of self-efficacy on born-global entrepreneurial intentions. On the other hand, risk-taking propensity strengthened the effect of innovativeness on born-global entrepreneurial intentions. Discussion and recommendations in regard to the results were suggested to better explain the implications of the results.
1. Introduction

1.1 Statements of the Problems

“The world is flat” is deemed to be an undeniable truth. Businesses are going global, and different national markets are now commonly regarded to be a single huge global market. Examples such as Google, YouTube, Facebook, eBay, are born-global businesses. They serve global markets in the first day of their businesses. Contrary, their counterparts in China, such as Baidu, Renren network, and Taobao, only serve local market but not the global market. Why is there a difference? Why these Chinese companies do not have a global vision in their enterprise formation?

Recent years, as the multi-national markets are emerging to be a single global market, businessmen increase their interaction with buyers and sellers from different cultures. Misunderstanding of cultures between business partners often results in poor cooperation or even rancor (Early & Mosakowski, 2004). Cultural intelligence, which reflects an individual’s ability to function effectively across cultures, national, ethnic or organizational cultures, therefore is gaining its importance in the business sector (Ang & Van Dyne 2008; Ang & Early, 2003).

Cultural intelligence (CQ) is firstly introduced by Early and Mosakowski (2000). The concept is then further developed by Ang and Van Dyne (2008). These researchers suggest that an individual does not have to fully master all the norms, practices and values of different cultures. Rather, cultural intelligence focuses on an individual’s ability to effectively understand and adapt to a variety of different cultural contexts (Ng, Van Dyne, and Ang, 2009).

This project aims to answer following research questions: What is the effect of CQ on born-global entrepreneurial intentions? Can CQ explain why some enterprises are born-global, while others are not? If so, can increase in CQ help undergraduates develop born-global entrepreneurial intentions?
1.2 Objectives of the study

The main objective of this study is to identify and verify the major factors which determine born-global entrepreneurial intentions. In particular, the focus of this research is put on the moderating effect of CQ in the formation of born-global entrepreneurial intentions.

Self-efficacy, innovativeness, social network and risk taking propensity are chosen to be the antecedent variables in this study. Although there are many other variables that are also important in determining entrepreneurial intentions, such as autonomy and achievement, these factors mainly concern the career needs of the entrepreneurial rather than his/her ability to start a business. To be an entrepreneur, an individual have to possess all-rounded competencies: self-efficacy and risk-taking propensity are psychological competence, innovativeness is a creative competence, social network provides external support. With these multi-dimensional competency factors, entrepreneurial intentions can be formed. Hence my study focuses on the effect of self-efficacy, innovativeness, social network and risk-taking propensity.

I further propose that the moderating effects of risk taking propensity and CQ are crucial to the relationships between the antecedents and entrepreneurship intentions. Their presence strengthens the antecedent effects of self-efficacy and innovativeness on entrepreneurs’ born-global entrepreneurial intentions.
2. Literature review

2.1 Entrepreneurial intention and its antecedents

“An entrepreneur is commonly defined as one who owns, launches, manages, and assumes the risks of an economic venture.” (Greve and Salaff, 2003). Entrepreneurial intention is the driving force which people wish to create a new venture (Wu and Wu, 2008). Previous research indicated that intention is a predictor of behavior, a belief that an individual will act (Bird, 1988), hence entrepreneurial intention may eventually lead one to start his/her own enterprise.

Based on the definition of entrepreneurial intention, I propose that in this study, born-global entrepreneurial intention is the driving force which an individual possess to start a global business instead of a local business right at the beginning, instead of a local business. And the born-global entrepreneurial intention is a predictor which may lead to a start up of a global business.

Many factors may explain entrepreneurship intentions. Based on a literature review, four of the more influential key factors were included in this study: Self-efficacy, innovativeness, social network and risk-taking propensity. All these four factors are essential for starting business. If an individual has high self-efficacy but does not have innovativeness, social network and risk-taking propensity, he/she may not have the intentions to start a business, and vice versa.

Literature further reveals that even if innovativeness is present, individuals have to consider the risks associated with setting up an enterprise, hence the relationship between innovativeness and entrepreneurship intentions is contingent upon risk taking propensity.

Born-local versus Born-global

As globalization of the business world is something we cannot avoid, it is important to find out the determinants of born-global entrepreneurial intention so as to nurture our future leaders to be more globally competitive. An individual possessing born-global entrepreneurial intention is more likely
to start up a business which serves global markets. While a born-local enterprise serves only local markets.

Starting a born-global business is more risky than starting a local business. There are more uncertainties in starting up a global business. It is easy to capture local market information, but it is rather hard to get market information of different countries or even towns. So it is often harder to match the demand in global businesses, and global ventures need to acknowledge different cultures to better fit their products to different markets. Global business is also more risky in terms of exchange rate fluctuations, which may increase the cost. Different government policies also may hinder global ventures.

So, what factor distinguishes born-global entrepreneurship from local entrepreneurship? Cultural intelligence, which is a relatively new concept, may explain whether an individual is motivated or possesses the knowledge to better understand other cultures. The effect self-efficacy and the interaction effects of cultural intelligence will be further explained below.

2.2 Self-efficacy and entrepreneurship intentions

A bulk of previous researches have studied the effect of self-efficacy on entrepreneurship intentions (Boyd and Vozikis 1994; Englehart 1995; Krueger and Brazeal 1994; Scherer et al. 1989). Self-efficacy is the belief of an individual that he or she is capable of performing the roles and tasks of an entrepreneur successfully (Boyd and Vozikis 1994; Scherer et al. 1989). People with high self-efficacy would perceive the entrepreneurial environment as opportunities while people with low self-efficacy would perceive the same environment as risks and costs. People with high self-efficacy would perceive the outcomes differently than people with low self-efficacy. Entrepreneurs believe that they have the ability to influence the achievement of business goals, and they perceive a very low possibility of failure (Brockhaus, 1980). People with high self-efficacy are more likely to relate challenges to rewards, whereas people with low self-efficacy are more likely to relate challenges to failures. Therefore, people with high self-efficacy are more possible to utilize their ability to start a business, and to achieve business goals of their own.

In sum, I postulate that self-efficacy is positively related to entrepreneurship intentions.
2.3 Innovativeness and entrepreneurship intentions

Innovativeness is the generation, acceptance and implementation of new ideas, processes, products and services (Burns, p.56). Innovation is the process that an invention is turned into a marketable product (Gabor 1970). The process involves commercialization of ideas, implementation, and the modification of existing products, systems and resources (Bird 1989, p.39). In sum I propose that in this study, innovativeness is ideas which can be turned into marketable products and services, and can bring in profit.

One of the differences between entrepreneur and small business owner is innovative behavior. “An individual who establishes and manages a business for the principal purposes of profit and growth… [and] .. is characterized principally by innovative behavior…” (Carland et al. 1984, p.358). Entrepreneurs tend to have a higher risk-taking propensity and innovativeness than corporate managers and small business owners (Carland et al. 1999). Innovations bring profit to an enterprise, especially in today’s fast changing society. Enterprises with high innovativeness are more likely to be market leaders, such as Apple Computer and Facebook. With continuous innovations, the enterprise can grow and make profit. Hence, innovativeness may induce entrepreneurial intentions.

Golsmith and Kerr (1991) used Kirtion’s adaptation-innovation scale to find out that entrepreneurship students were more innovative than their business studies counterparts. Also, Carland and Carland (1991) discovered that both male and female entrepreneurs are significantly more innovative than their managerial counterparts.

Many studies also found that innovation is a motive for starting an enterprise (Scheinberg and MacLillan 1988; Blasise, Toulouse, and Clement 1990). In this study, innovation will be included in one of the major factors in determining entrepreneurship intentions, and it will be positively related to entrepreneurship intentions.
2.4 Social Network and entrepreneurship intentions

Social network in this study is conceptualized as the relationship between entrepreneurs and others that provide the resources which help them in establishing a business (Johannisson 1988; Larson 1991). With more extended social network, individuals may encounter more business opportunities from gaining tangible or intangible resources (Lin et al., 1981; Portes, 1998; Davidson and Honig, 2003).

Individuals also use networks to get ideas and information to recognize entrepreneurial opportunities (Birley, 1985; Smeltzer et al., 1991; Singh et al., 1999; Hoang and Young, 2000). Network relations also provide emotional support to entrepreneurs (Bruderl and Preisendorfer, 1998). Entrepreneurs accumulate social network over time, which is important for starting a new business (Hansen, 2001). Social networks are formed with extended family, community-based and organizational relationships to facilitate the effects of education, experience and financial capital (Bourdieu, 1983; Coleman, 1988, 1990; Loury, 1987). Social network members contact and organize themselves and the entrepreneur expands the business opportunities made available by the network members (Burt, 1992; Hansen, 2001). Since undergraduate students have limited financial capital and business experience, social network support may be important for them to start business. For instance, even if an individual has self-efficacy and risk-taking propensity, but he/she does not have financial support, entrepreneurial intentions may not be induced.

In sum, social network is crucial in providing resources such as financial capital and emotional support, and opportunities to non-experienced undergraduate students. Therefore, it is proposed as another important factor affecting entrepreneurship intentions in my research model, and it will be positively related to entrepreneurship intentions.

2.5 Risk taking propensity and entrepreneurship intentions

Apart from self-efficacy, innovativeness, and social network, risk taking propensity is also essential in entrepreneurship. The main effect and moderation role of risk taking attitude in the formation of entrepreneurial intention is further explained below.
“Risk reflects the degree of uncertainty and potential loss associated with the outcomes which may follow from a given behavior or set of behaviors.” (Forlani and Mullins, 2000). Risk taking is the extent an individual can tolerate and adapt to uncertain or unknown situations (Hofstede, 1991, p.113). People possessing high risk taking propensity are more willing to take risks, and achievement is often recognized as being a forerunner (Hofstede, 1980 p.184). Hence, in terms of main effect, the greater the risk propensity of the entrepreneur, the more likely he or she will be to select new ventures having higher levels of risk (Forlani and Mullins, 2000), and the greater entrepreneurship intentions.

Risk-taking propensity also exerts interaction effect on the relationship between innovativeness and local entrepreneurship intentions. If an individual possesses high innovativeness but does not have high risk-taking propensity, he/she will be unlikely to take the risks associated with starting up a global business, hence does not develop born-global entrepreneurship intentions. In other words, people possessing innovativeness have to be risking taking in order to turn the new product into global business (Tan, 2001; Mueller & Thomas, 2001). However, people with high self-efficacy have strong believes in themselves being capable of performing the roles and tasks of an entrepreneur successfully (Boyd and Vozikis 1994; Scherer et al. 1989). Therefore, high self-efficacy individuals do not consider starting global business as a risk… As a result, risk-taking propensity does not exert interaction effects. Risk-taking propensities also has no interacting effect with social network. It is because individuals with extended social network have resources back-up (i.e. financial, psychological), and they can also get advices and guidance from experienced and knowledgeable members. Thus, the business process is more certain and is perceived as less risky.

In sum, risk-taking propensity is postulated to be positively related to entrepreneurial intentions. It is also postulated in this study as a moderator on the relationship between innovativeness and born global entrepreneurship intentions.

2.6 Cultural intelligence

The above mentioned factors are key determinants of entrepreneurship intentions. In this research, we are focusing on the global perspective – what are the major factors distinguishing born-global
entrepreneurship intentions from local entrepreneurship intentions? To my knowledge, previous research on born-global entrepreneurship intentions is scare in literature.

Recent years, a new concept, cultural intelligence (CQ), is proposed by a group of researchers to explain why different individuals understand or adapt differently to different cultures (Earley and Ang, 2003). Cultural Intelligence refers to an individual’s capability to function effectively across a variety of cultures, and is not culture specific (Earley and Ang, 2003). CQ also reflects individual’s ability to effectively understand and adapt to a variety of different cultural contexts (Ng, Van Dyne, and Ang 2009). CQ has four dimensions: Motivational CQ, Cognitive CQ, Metacognitive CQ and Behavioral CQ.

Motivational CQ refers to the individual’s desire to adapt to new cultures. An individual must possess high expectation of capability of cross-cultural adaptation in order to put forth the effort to develop CQ (Bennion 2010). Cognitive CQ is “…the specific understanding that an individual possesses about culture and its effect on the way that business is done in that culture…”(Bennion, 2010). The understanding includes economic systems, educational systems, political-legal systems, language systems, religious beliefs, and norms or personal behavior (Bennion, 2010). Metacognitive CQ is an individual’s awareness, planning, and checking of his/her strategy for approaching different cultures, which is synthesized from prior experience (Bennion, 2010). Behavioral CQ is the ability to act appropriately in cross-cultural situations by adapting both verbal and nonverbal behavior.

I posit that CQ is a key contingency factor which moderates the effect of self-efficacy on one’s intention to start an enterprise in a different culture—i.e., global entrepreneurship intentions. A review of literature shows that there are only limited researches on CQ. The major ideas of the more important ones are summarized below:

Bennion (2010) explained the misunderstanding between Chinese companies and American companies as a lack of CQ. He also finds that CQ mediates the difficulties caused by Guanxi and other cultural factors in a relationship marketing situation. Messara, Karkoulian and Harake (2008) did a research in relationships between cultural intelligence and locus of control applied to employees in multicultural corporations. The researchers found that internal locus of control is positively related to motivational, metacognitive and behavioral CQ. Whereas external locus of
control is negatively related to motivational and metacognitive CQ. These findings favor the hypothesis that CQ can strengthen the relationship between self-efficacy and born-global entrepreneurship intentions.

In my study, two dimensions of CQ will be investigated: motivational CQ and cognitive CQ. Motivational CQ and cognitive CQ are more relevant to this study because these two dimensions are more related to intentions, they are about desire and understanding of differences, which fit the born-global entrepreneurial intention stage. Metacognitive CQ and behavioral CQ are not relevant to this study because they are concerning accuracy and specific skills to adapt to specific cultures, which are not necessary in the planning stage of starting a business.

These two factors of CQ will be examined as moderators on the relationship between self-efficacy and born-global entrepreneurship intentions. They strengthen the relationship between self-efficacy and born-global entrepreneurship intentions.

**Motivational CQ**

To develop motivational CQ, individuals must possess expectation that they have the capability to adapt to different cultures. And there must be tangible rewards derived as being adapted to different cultures, i.e. business success. (Bennion, 2010). Motivational CQ interacts with self-efficacy in the formulation of the born-global entrepreneurship intention in the way that individuals’ born-global entrepreneurship intentions are strengthened by the expectation of capability of adaptation and rewards that are associated with born-global entrepreneurship. I posit that individuals possessing self-efficacy, in addition with the motivation to understand different cultures are more likely to develop understanding of foreign cultural norms and markets than those who do not possess motivational CQ. This will increase the probability to start businesses globally.

**Cognitive CQ**

To develop cognitive CQ, individuals must understand the influence of cultural norms is different in different business contexts (Chirkov, Lynch, & Niwa, 2005). Cognitive CQ interacts with self-efficacy in the formulation of the global entrepreneurship intentions in the way that individuals’ born-global entrepreneurship intentions are strengthened by the understanding of cultural norms and values. I posit that individuals possessing self-efficacy, in addition with the understanding of
different cultural norms and values are more confident in starting global businesses because they can interact with their business partners more effectively, and understand the global markets better than those who do not possess cognitive CQ.

In sum, with the presence of CQ, individuals develop global vision, which increases their intentions to start global businesses right from the start.

2.7 Statements of hypotheses

Based on the arguments mentioned above, six hypotheses are set up:

Effect of self-efficacy on entrepreneurial intentions

**H1**: Self-Efficacy → Entrepreneurial Intentions

Self-efficacy will be positively related to entrepreneurial intentions.

Effect of Innovativeness on entrepreneurial intentions

**H2**: Innovativeness → Entrepreneurial Intentions

Innovativeness will be positively related to entrepreneurial intentions.

Effect of social network on entrepreneurial intentions

**H3**: Social network → Entrepreneurial Intentions

Social network will be positively related to entrepreneurial intentions.
Effect of risk-taking propensity on entrepreneurial intentions

**H4**: Risk-taking propensity $\rightarrow$ Entrepreneurial Intentions

Risk-taking propensity will be positively related to entrepreneurial intentions.

Effect of innovativeness on born-global entrepreneurial intentions moderated by risk-taking propensity

**H5**: Innovativeness $\rightarrow$ Born-global Entrepreneurial Intentions

Risk-taking Propensity

The effect of innovativeness on born-global entrepreneurial intention will be stronger with the positive impact of risk-taking propensity.

Effect of self-efficacy on born-global entrepreneurship intentions moderated by MCQ

**H6**: Self-efficacy $\rightarrow$ Born-global Entrepreneurship Intentions

MCQ

The effect of self-efficacy on born-global entrepreneurial intention will be stronger with the positive impact of MCQ.

Effect of self-efficacy on born-global entrepreneurship intentions moderated by CCQ

**H7**: Self-efficacy $\rightarrow$ Born-global Entrepreneurship Intentions

CCQ

The effect of self-efficacy on born-global entrepreneurial intention will be stronger with the positive impact of CCQ.
3. Method

3.1 Sample

This study used survey as the data collection method. The survey was administered in three major public universities in Hong Kong. Both local and exchange undergraduate students were targeted. The respondents were selected by convenient sampling. A total of 133 undergraduate students returned the questionnaire. Among them, 70 respondents (52.6%) were local students, all were studying BBA. The other 63 respondents (47.4%) were exchange students studying in Hong Kong Baptist University, Chinese University of Hong Kong and City University of Hong Kong. They were mostly BBA students, a few MBA students and some science and social science students. Exchange students from different universities were chosen because the chance of meeting a large number of targets in one school was low. To be more efficient, samples from different universities were chosen.

All samples had similar educational background. There were 78 female respondents (58.6%) and 55 male respondents (41.4%). The effects of all control variables on the dependent variable, except gender (p<0.05), were found non-significant (p > 0.05).

Since the effect of exchange experience was non-significant (p > 0.05), both local and exchange students were not analyzed separately. Whereas the entrepreneurship intentions were measured in two groups: Local entrepreneurship intentions and Born-global entrepreneurship intentions.

3.2 Measurements

Most measurements items were adapted from previous researches. And the questionnaire was written in English. Local (α = 0.69) and born-global (α = 0.63) entrepreneurship intentions were measured by questions adapted from Peterman & Kennedy (2003), the questions are: “How likely you will ever start a business?”, “How likely you will start a local business?” and “How likely you will start a global business?” Measures of self-efficacy developed by from Peterman & Kennedy (2003) and Moy & Luk (2005) were adapted in the survey questionnaire (α = 0.71). There were 12 items, sample items included: “If you have your own business, are you confident in developing new
product?”, “If you have your own business, are you confident in defining the vision of your company?”, “If you have your own business, are you confident in coping with unexpected challenges?”, “If you have your own business, do you have enough knowledge to start a business?”. Innovativeness was measured by 6 items (α = 0.70) adapted from Jaussi and Dionne (2003). Sample items were: “I enjoy coming up with new ideas for projects or work.”, “I enjoy creating new procedures for work tasks.” Social Network was assessed using a scale developed by Davidson & Honig (2003) and Greve & Salaff (2003). There were 6 items (α = 0.74), sample questions were: “Have either of your parents ever owned a business before?”, “Did your friends or family ever encourage you to start a business?”, “Are any of your close friends or neighbors in business?”. Risk taking propensity was measured by scales adapted from Risk Style Scale established by Schneider and Lopes (1986). There were five situations (α = 0.71) for respondents to choose between certainty and uncertainty, sample items were: “an 80% chance of winning $400, or receiving $320 for sure.”, “a 20% chance of winning $1,500, or receiving $300 for sure.”. The measurement of Cultural Intelligence was adapted from the Four-Factor Cultural Intelligence Scale developed by Ang, et, al. (2007). 5 items (α = 0.74) measured motivational CQ, and 6-items (α = 0.76) measured cognitive CQ. Sample questions of motivational CQ: “I enjoy interacting with people from different cultures.”, “I am confident that I can socialize with locals in a culture that is unfamiliar to me.”, “I am sure I can deal with the stresses of adjusting to a culture that is new to me.” Sample questions of cognitive CQ: “I know the legal and economic systems of other cultures.”, “I know the rules (e.g., vocabulary, grammar) of other languages.”, “I know the cultural values and religious beliefs of other cultures.”. All measurements except innovativeness and risk-taking propensity were measured by 6-point Likert-type scales. (See appendix)
4. Results

To test the main effects of the four antecedents (self-efficacy, innovativeness, social network and risk-taking propensity) on local entrepreneurship intentions, the dependent variable was regressed on the antecedents. To test the interaction effects, born-global entrepreneurial intentions were regressed on the antecedents (self-efficacy and innovativeness) and the moderators (MCQ, CCQ and risk-taking propensity). Respondents’ gender, nationality and exchange experiences were also included as control variables, followed by the main effects and the interaction terms. All independent variables were mean-centered to eliminate possible multi-collinearity problems (Aiken and West, 1991).

4.1 Main effects

Regression analysis results are shown in Table 2. Self-efficacy, social network and risk-taking propensity were significantly affecting entrepreneurial intentions, i.e. self-efficacy \((b = 0.56; t = 3.29; p < 0.001)\); social network \((b = 1.41; t = 3.94; p < 0.001)\); risk-taking propensity \((b = 0.17; t = 2.75; p < 0.05)\). Self-efficacy, social network and risk-taking propensity were positively related to local entrepreneurship intentions. Hypotheses 1, 3 and 4 were supported. However, innovativeness was not significantly affecting entrepreneurial intentions innovativeness \((b = 0.04.; t = 0.306; n.s.)\), thus hypothesis 2 was not supported.

4.2 Interaction effects

To distinguish born-global entrepreneurship intentions from local entrepreneurship intentions, interaction effects of hypotheses 5, 6 and 7 were tested. Hypothesis 5 suggested that risk-taking propensity strengthens the effect of innovation on born-global entrepreneurship intentions, but not on local entrepreneurship intentions. As shown in Table 2, the results supported this hypothesis. The interaction effect of risk-taking propensity was positive and significant \((b = 0.19; t = 2.72; p < 0.05)\).
But the result was non-significant for local entrepreneurship intentions ($b = 0.06; t = 0.87; n.s.$). Hypothesis 6 suggested that MCQ strengthen the effect of self-efficacy on born-global entrepreneurship intentions, but not on local entrepreneurship intentions. As predicted, MCQ showed positive and significant interaction effect on born-global entrepreneurship intentions ($b = 0.50; t = 2.51; p < 0.05$). However, the interaction effect was not significant on local entrepreneurship intentions ($b = 0.18; t = 0.99; n.s.$). Similar effect was found in CCQ. Hypothesis 7 suggested that CCQ strengthen the effect of self-efficacy on born-global entrepreneurship intentions, but not on local entrepreneurship intentions. As predicted CCQ showed significant interaction effect on born-global entrepreneurship intentions ($b = 0.49; t = 2.73; p < 0.01$). But CCQ did not show significant interaction effect on local entrepreneurship intentions ($b = 0.15; t = 0.87; n.s.$). Thus, hypotheses 5, 6 and 7 were supported.
### Table 1a

<table>
<thead>
<tr>
<th>Variable</th>
<th>Local</th>
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<td>Local entrepreneurship intention</td>
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<td>SD</td>
<td>α</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
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</tr>
<tr>
<td>Respondents' nationality</td>
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<td>1.00</td>
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<tr>
<td>Gender</td>
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<td>0.40</td>
<td>0.15</td>
<td>1.00</td>
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<tr>
<td>Participation in exchange programme</td>
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<tr>
<td>Self-efficacy (SE)*</td>
<td>4.33</td>
<td>0.61</td>
<td>0.72</td>
<td>0.43</td>
<td>0.13</td>
<td>0.20</td>
<td>0.10</td>
<td>1.00</td>
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<td>Innovativeness (INNO)*</td>
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<td>0.09</td>
<td>0.36</td>
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<td>Social network (Soc.Net)*</td>
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<td>0.26</td>
<td>0.75</td>
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<td>0.26</td>
<td>0.17</td>
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<td>Motivational Cultural Intelligence (MCQ)*</td>
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<td>Cognitive Cultural Intelligence (CCQ)*</td>
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<td>Risk taking propensity (Risk)*</td>
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<td>0.23</td>
<td>0.03</td>
<td>0.01</td>
</tr>
<tr>
<td>MCQxSE</td>
<td>0.08</td>
<td>0.47</td>
<td>0.17</td>
<td>-0.01</td>
<td>0.00</td>
<td>0.02</td>
<td>0.18</td>
<td>0.11</td>
<td>0.07</td>
<td>-0.01</td>
<td>0.05</td>
<td>0.18</td>
</tr>
<tr>
<td>SExCCQ</td>
<td>0.13</td>
<td>0.52</td>
<td>0.11</td>
<td>0.11</td>
<td>0.04</td>
<td>0.11</td>
<td>0.13</td>
<td>0.08</td>
<td>0.18</td>
<td>0.06</td>
<td>0.25</td>
<td>0.08</td>
</tr>
<tr>
<td>INNOxRisk</td>
<td>0.37</td>
<td>1.34</td>
<td>0.14</td>
<td>0.19</td>
<td>0.16</td>
<td>0.20</td>
<td>0.06</td>
<td>0.02</td>
<td>0.16</td>
<td>0.16</td>
<td>0.08</td>
<td>0.11</td>
</tr>
</tbody>
</table>

* These variables were mean-centred in regression analyses.
Table 1b

| Variable                                           | Global |       |       | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 11   | 12   | 13   |
|----------------------------------------------------|--------|-------|-------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1. Born-global entrepreneurship intention          | 3.15   | 1.53  | 0.63  | 1.00 | 0.47 | 0.50 | 0.11 | 1.00 | 0.41 | 0.49 | 0.45 | 0.15 | 1.00 | 0.62 | 0.49 | 1.00 |
| 2. Respondents' nationality                        | 0.47   | 0.50  | 0.11  | 1.00 | 0.41 | 0.49 | 0.45 | 0.15 | 1.00 | 0.62 | 0.49 | 0.75 | 0.03 | 1.00 | 0.62 | 0.49 | 1.00 |
| 3. Gender                                          | 0.41   | 0.49  | 0.45  | 0.15 | 1.00 | 0.62 | 0.49 | 0.75 | 0.03 | 1.00 | 0.62 | 0.49 | 0.75 | 0.03 | 1.00 | 0.62 | 0.49 | 1.00 |
| 4. Participation in exchange programme              | 0.41   | 0.49  | 0.45  | 0.15 | 1.00 | 0.62 | 0.49 | 0.75 | 0.03 | 1.00 | 0.62 | 0.49 | 0.75 | 0.03 | 1.00 | 0.62 | 0.49 | 1.00 |
| 5. Self-efficacy (SE)*                              | 4.33   | 0.61  | 0.72  | 0.46 | 0.13 | 0.20 | 0.10 | 1.00 | 0.53 | 0.26 | 0.38 | 0.26 | 0.22 | 0.35 | 0.31 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 6. Innovativeness (INNO)*                           | 4.53   | 0.80  | 0.71  | 0.50 | 0.09 | 0.36 | 0.06 | 0.54 | 1.00 | 0.53 | 0.26 | 0.38 | 0.26 | 0.22 | 0.35 | 0.31 | 1.00 | 4.53 | 0.80 | 0.71 | 0.50 | 0.09 | 0.36 | 0.06 | 0.54 | 1.00 |
| 7. Social network (Soc.Net)*                        | 0.53   | 0.26  | 0.38  | 0.26 | 0.17 | 0.22 | 0.35 | 0.31 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 8. Motivational Cultural Intelligence (MCQ)*        | 4.91   | 0.73  | 0.76  | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 9. Cognitive Cultural Intelligence (CCQ)*           | 3.63   | 0.89  | 0.77  | 0.17 | 0.35 | 0.08 | 0.40 | 0.23 | 0.17 | 0.20 | 0.43 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 10. Risk taking propensity (Risk)*                  | 2.50   | 1.56  | 0.73  | 0.61 | -0.10 | 0.40 | -0.14 | 0.28 | 0.30 | 0.23 | 0.03 | 0.01 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 11. MCQxSE                                          | 0.08   | 0.47  | 0.27  | -0.01 | 0.00 | 0.02 | 0.18 | 0.10 | 0.07 | 0.00 | 0.05 | 0.18 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 12. SExCCQ                                          | 0.13   | 0.52  | 0.26  | 0.11  | 0.04 | 0.11 | 0.13 | 0.08 | 0.18 | 0.06 | 0.25 | 0.08 | 0.60 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |
| 13. INNOxRisk                                       | 0.37   | 1.34  | 0.28  | 0.19  | 0.16 | 0.20 | 0.06 | 0.02 | 0.16 | 0.16 | 0.08 | 0.11 | 0.11 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 | 4.91 | 0.73 | 0.76 | 0.25 | 0.50 | 0.07 | 0.54 | 0.19 | 0.29 | 0.28 | 1.00 |

* These variables were mean-centred in regression analyses.
Table 2

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Local Entrepreneurship Intentions</th>
<th>Born-global Entrepreneurship Intentions</th>
<th>Local Entrepreneurship Intentions</th>
<th>Born-global Entrepreneurship Intentions</th>
<th>Local Entrepreneurship Intentions</th>
<th>Born-global Entrepreneurship Intentions</th>
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<tr>
<td>Constant</td>
<td>3.63***</td>
<td>2.93***</td>
<td>3.63***</td>
<td>2.93***</td>
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</tr>
<tr>
<td>Gender</td>
<td>0.62**</td>
<td>0.50*</td>
<td>0.62**</td>
<td>0.50*</td>
<td>0.62**</td>
<td>0.50*</td>
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<td>Exchange experience</td>
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<td>0.01</td>
<td>0.06</td>
<td>0.01</td>
<td>0.06</td>
<td>0.01</td>
</tr>
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<td>0.03</td>
<td>-0.42</td>
<td>0.03</td>
<td>-0.42</td>
<td>0.03</td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Self-efficacy(SE)</td>
<td>0.56***</td>
<td>0.42</td>
<td>0.56***</td>
<td>0.42</td>
<td>0.56***</td>
<td>0.42</td>
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<td>Innovativeness(INNO)</td>
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<td>0.42</td>
<td>0.28</td>
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<tr>
<td>Social Network(SN)</td>
<td>1.41***</td>
<td>0.68*</td>
<td>1.41***</td>
<td>0.68*</td>
<td>1.41***</td>
<td>0.68*</td>
</tr>
<tr>
<td>Risk-taking propensity(Risk)</td>
<td>0.17**</td>
<td>0.42***</td>
<td>0.17**</td>
<td>0.42***</td>
<td>0.17**</td>
<td>0.42***</td>
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<tr>
<td>Motivational Cultural Intelligence</td>
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<td>-0.51</td>
<td>0.25</td>
<td>-0.51</td>
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<tr>
<td>INNO x RISK</td>
<td>0.06</td>
<td>0.19**</td>
<td>0.18</td>
<td>0.50*</td>
<td>0.18</td>
<td>0.50*</td>
</tr>
<tr>
<td>SE x MCQ</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>SE x CCQ</td>
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<td>R²</td>
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<td>Adj. R²</td>
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<tr>
<td>F-value</td>
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<td>17.24***</td>
<td>10.91***</td>
<td>17.00***</td>
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<td>17.25***</td>
</tr>
<tr>
<td>ΔR²</td>
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<td>0.03</td>
<td>0.00</td>
<td>0.02</td>
<td>0.00</td>
<td>0.03</td>
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<tr>
<td>F-value change</td>
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<td>7.40**</td>
<td>0.76</td>
<td>6.31*</td>
<td>0.76</td>
<td>7.45**</td>
</tr>
<tr>
<td>R²</td>
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<td>Adj. R²</td>
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<tr>
<td>F-value</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ΔR²</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>F-value change</td>
<td></td>
<td></td>
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<td></td>
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</table>

All coefficients are non-standardized; no VIF > 2.61

*p < 0.05.

**p < 0.01.

***p < 0.001.
5. Discussion

This study first examined the main effects of the four antecedents: self-efficacy, innovativeness, social network and risk-taking propensity on entrepreneurship intentions. The results supported the hypotheses 1, 3 and 4. Self-efficacy, social network and risk-taking propensity are crucial for undergraduate students to determine local entrepreneurship intentions. As explained previously, the antecedents are essential for starting business. If an individual has high extended social network but does not have self-efficacy and risk-taking propensity, he/she may not have the intentions to start a business, and vice versa. This explained undergraduate students need to have all self-efficacy, social network and risk-taking propensity in order to have intentions to start local businesses. Innovativeness, however, did not show effect on entrepreneurship intentions. It can possibly be explained that innovativeness is not necessarily required in local entrepreneurship. For instance, in Hong Kong, many young people start business by trading items without innovative elements, e.g., stalls in Chinese New Year Eve market, online shop, etc. It requires relatively less innovation to serve only the local market because local market is not as heterogeneous as global market, and fitting own cultural taste is easier than fitting other cultural tastes. It is found that innovativeness had no effects on local entrepreneurial intentions no matter risk-taking propensity is present or not, which will be further discussed below.

The more interesting findings in this study are the interaction effects which qualify born-global entrepreneurship intentions. The results supported that risk-taking propensity strengthened the effect of innovativeness on born-global entrepreneurship intentions, but not strengthening the effect on local entrepreneurship intentions (Hypothesis 5). It can be explained by the high uncertainty faced by undergraduate students when they consider turning their innovation into global businesses. Young people cannot simply pick some items from factory and resell to other cultures. They need new ideas in exploration of a "new" market. Undergraduate students are not familiar with global market environment, they may also have limited knowledge and support in starting global businesses, hence they need risk-taking propensity to strengthen the effect. On the other hand, it is
easier to capture local market knowledge and to do business in local market, local business is not as risky as global business, risk-taking propensity thus did not exert interaction effect on the relationship.

Another major finding showed in this study is that MCQ and CCQ strengthened the effect of self-efficacy on born-global entrepreneurship intentions, but the same effect does not apply to local entrepreneurial intentions (Hypothesis 6). To explain the effect of MCQ, undergraduate students with high self efficacy already regarded themselves capable to run businesses. In addition with the motivation to understand different cultures, individuals are more likely to develop understanding of foreign cultural norms and markets than those who do not possess Motivational CQ. This will increase the probability to start businesses globally. To explain the effect of CCQ, individuals possessing self-efficacy, in addition with the understanding of different cultural norms and values are more confident in starting global businesses because they can interact with their business partners more effectively, and understand the global markets better than those who do not possess Cognitive CQ.

The non-significant result on local entrepreneurship intentions can be explained in this way: starting a local business may not necessarily require Cultural Intelligence, most local businesses only need local market knowledge and do not require adaptation to other cultures. MCQ and CCQ as a result, do not exert interaction effect on the relationship.
6. Recommendations

The results of this study revealed that in order for undergraduate students to develop born-global entrepreneurial intentions, self-efficacy and innovativeness are relatively more crucial. Moreover, MCQ, CCQ and risk-taking propensity must also be present to strengthen the effect.

To increase CQ of undergraduate students, governments and schools should encourage students to interact more with people from different cultural backgrounds or to join foreign country study tours, introduce them with more global news and insights. Universities can also include courses on global market environment and cultural features, so that they can help students to gain more knowledge about global market needs. Furthermore, government can subsidize potential born-global entrepreneurs to start their business, and encourage innovations to turn into real marketable products.

In sum, developing global insights is crucial for undergraduate students to compete in today’s highly competitive global market. To develop sustainable competitive advantages, Hong Kong should also nurture its own global enterprise, instead of just attracting foreign direct investments.
7. Limitations

There are several limitations in this study. First of all, reaching a large pool of exchange students is not easy. It is hard to control the data collected were from certain majors, which may caused difference in results. Future studies can be done in a larger scale and to also compare the effects of different majors.

Also, this study only examined two out of four Cultural Intelligence dimensions, the other two dimensions - Metacognitive CQ and behavioral CQ - may also have effect on born-global entrepreneurship intentions. Future studies can also further examine them.

Time is also a limitation in this study. Only undergraduate students in the current semester are targeted, which limited the sample size. If there was more time, larger sample size can be attained to generate more representative results.

Last but not least, as this study is a school assignment, it is hard to invite many students to participate. More incentives are needed to encourage more participation. Another resources constraint is that some of the original measurements are charged, so they are replaced by other alternatives, which may not be as suitable as the original scales.
Acknowledgements

I would like to thank Dr. Henry Fock for his comments and guidance on this paper. I also appreciate the help of the subject pool in collecting data for this study. This study is supported by the Marketing Department of Hong Kong Baptist University.

References


Appendix

**Measurement:**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial intentions</td>
<td>How likely you will ever start a business?</td>
</tr>
<tr>
<td></td>
<td>How likely you will start a local business?</td>
</tr>
<tr>
<td></td>
<td>How likely you will start a global business?</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>If you have your own business, are you confident in developing new product?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, are you confident in developing new market opportunity? (eg: Identifying new needs, wants and demand trends of consumers which are not yet been identified by competitors)</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, are you confident in building an innovative environment for employees?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, are you confident in attracting investor?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, are you confident in defining the vision of your company? (NOTE: Vision is a long term view of your firm’s values, aspiration and goals.)</td>
</tr>
<tr>
<td></td>
<td>If you own your own business, are you confident in coping with unexpected challenges?</td>
</tr>
<tr>
<td></td>
<td>If you own your own business, are you confident in developing critical human resources (eg: recruiting, training and assessment activities which are in line with company goals)?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, how hard do you think it would be?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, how certain of success are you?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, how overworked would you be?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, do you have enough knowledge to start a business?</td>
</tr>
<tr>
<td></td>
<td>If you have your own business, how sure of yourself are you?</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>I enjoy coming up with new ideas for projects or work.</td>
</tr>
<tr>
<td></td>
<td>I enjoy improving existing process or procedures.</td>
</tr>
<tr>
<td></td>
<td>I enjoy engaging in analytical thinking.</td>
</tr>
<tr>
<td></td>
<td>I enjoy creating new procedures for work tasks.</td>
</tr>
<tr>
<td></td>
<td>I enjoy finding solutions to complex problems.</td>
</tr>
<tr>
<td></td>
<td>I will be a significant intellectual contributor to the output of this group task.</td>
</tr>
<tr>
<td>Social network</td>
<td>Has either of your parents ever owned a business before?</td>
</tr>
<tr>
<td></td>
<td>Are your family members working in management level?</td>
</tr>
<tr>
<td></td>
<td>Did your friends or family ever encourage you to start a business?</td>
</tr>
<tr>
<td></td>
<td>Are any of your close friends or neighbors in business?</td>
</tr>
<tr>
<td></td>
<td>I could raise money for a company if I didn't have enough.</td>
</tr>
<tr>
<td></td>
<td>I could provide an investor with a lot of very good ideas for a new company.</td>
</tr>
<tr>
<td>Risk-taking propensity</td>
<td>An 80% chance of winning $400, OR receiving $320 for sure.</td>
</tr>
<tr>
<td></td>
<td>A 20% chance of winning $1,500, OR receiving $300 for sure.</td>
</tr>
<tr>
<td></td>
<td>A 90% chance of winning $200, OR receiving $180 for sure.</td>
</tr>
</tbody>
</table>
| Risk-taking propensity | A 10% chance of winning $1,600, OR receiving $160 for sure.  
A 50% chance of winning $500, OR receiving $250 for sure. |

| Motivational CQ | I enjoy interacting with people from different cultures.  
I am confident that I can socialize with locals in a culture that is unfamiliar to me.  
I am sure I can deal with the stresses of adjusting to a culture that is new to me.  
I enjoy living in cultures that are unfamiliar to me.  
I am confident that I can get accustomed to the shopping conditions in a different culture. |

| Cognitive CQ | I know the legal and economic systems of other cultures.  
I know the rules (e.g., vocabulary, grammar) of other languages.  
I know the cultural values and religious beliefs of other cultures.  
I know the marriage systems of other cultures.  
I know the arts and crafts of other cultures.  
I know the rules for expressing non-verbal behaviors in other cultures. |