Cultural Determinants of Behavior in Negotiations With Incomplete Information

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Cultural Determinants of Behavior in Negotiations with Incomplete Information
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Bargaining and negotiation are perhaps the most fundamental of marketing processes through which buyers and sellers establish terms of exchange. Bargaining is a key aspect in organizational and consumer purchases. However, much of the existing bargaining literature consists largely of experimental simulations investigating theoretical frameworks developed using evidence from Western cultures, predominantly the United States (cf. Graham et al. 1988). Relatively little is known about the generalizability of these theoretical frameworks across diverse cultures. The cultural psychology literature, for example, highlights the differential influence of cultural orientation on persuasion processes (e.g., Aaker and Maheswaran 1997), decision making (e.g., Briley, Morris, and Simonson 2000), causal attributions (e.g., Choi, Nisbett, and Norenzayan 1999), and individual characteristics (e.g., Triandis 1995). Despite the practical impetus and the growing theoretical interest in cultural psychology, relatively little work examines the effect of cultural orientation on bargaining processes and outcomes.

The main purpose of this research is to examine the role of cultural orientation in bargaining. The general premise of this research, following the recent literature in cultural psychology, is that many judgments and decisions are the result of cognitive processes that are culturally imposed (e.g., Briley et al. 2000). The rationale is that exposure to different ecological factors and social structures perpetuates different cultural values and ideals and thus certain judgment “biases” are likely to be more prevalent in one culture than another (e.g., Triandis 1995). More specifically, this research examines how differences in cultural orientation influence bargainers’ causal attributions and inferences and thereby the bargaining outcomes in an incomplete information situation. While much of the existing consumer behavior literature on bargaining focuses on complete information situations where bargainers have full information about one another’s payoffs (Buchan et al. 2004; Corfman and Lehman 1993), actual bargaining is unlikely to conform to situations where bargainers have access to objective referents and standards against which to judge potential bargaining outcomes (Eliashberg et al. 1986; White and Neale 1994). Importantly, in incomplete information situations, bargainers may search for causal explanations for an opponent’s behavior (Morris, Larrick, and Su 1999). The nature of causal attributions may differ based on a bargainer’s cultural orientation thereby affecting bargaining processes and outcomes (e.g., Morris and Peng 1994).

In this research, we demonstrate in three experiments that bargainers from Western cultures have a tendency to seek causal explanations for an opponent’s behavior in terms of individual personality traits. In contrast, bargainers from Eastern cultures are more likely to recognize that an opponent’s behavior may be dictated by situational factors. The experiments use ultimatum bargaining as the setting to study the role of cultural orientation (e.g., Buchan et al. 2004). We run one-sided incomplete information ultimatum bargaining games simultaneously in western United States and Seoul (Korea) as the setting to study these research questions. All subjects played the role of Responder. Proposer’s offers were part of the stimuli and included two values: a relatively low value and a relatively high value. Questionnaires were back translated and offer sizes were adjusted in terms of currency and purchase parity. Experimenters in both countries were trained to reduce procedural disparities.

Experiment 1 showed that in an incomplete information setting, there was no difference in bargaining outcomes across Western and East Asian cultures as bargainers from both U. S. and Korean were equally likely to attribute a low offer to opponent’s personality traits. However, when situational constraints were made salient, Korean bargainers were more sensitive to the situational determinants of observed behavior relative to U. S. bargainers and were, thus, more willing to accept a low offer. Consistent with earlier work (e.g., Choi and Nisbett 1998), our results suggest that East Asian cultures are more likely to correct for the overattribution bias when situational constraints are made salient. In other words, when there is no accessible information to discount the personality trait attributions, both Western and East Asian cultures are prone to the overattribution bias. These results also suggest that cultures perhaps differ in their implicit theories of the influence of external situational constraints rather than in their implicit theories of personality dispositions (Chiu et al. 2000; Krull et al. 1999).

Based on the assumption that the group is a natural unit of agency for East Asians and the individual is the unit of agency for Western cultures (Choi et al. 1999; Menon et al. 1999), experiment 2 shows that Korean bargainers are more sensitive to the potential group influence in affecting an opponent’s behavior. Specifically, while there was no difference in bargaining outcomes between U. S. and Korean bargainers in an individual decision context, Korean bargainers were more likely to accept low offers when the proposer was supposedly making the decision in a group context. It is important to note that groups occupy the physical space surrounding individual actors and, in some cases, can be considered merely an additional situational constraint (Menon et al. 1999). However, groups may also be more than just a passive non-social situational constraint. Rather, the group may be perceived as a social entity that can direct action. As with individual dispositions, groups may also be perceived as possessing unique dispositions (Higgins and Bryant 1982). While our findings support the idea that cultures differ in their sensitivity to group influence, future research should expand the inquiry of groups to include specific dispositional attributions and inferences. In addition to experiment 1 and 2, experiment 3 unambiguously shows that differences in causal attributions mediate the influence of cultural orientation on bargaining outcomes.

Together, the results indicate that culture does not have a perennial influence on judgment and decision making in general and bargaining in particular. Rather, there are certain conditions under which cultural differences are manifested supporting the more recent, dynamic view of the influence of cultural orientation (Briley et al. 2000; Choi and Nisbett 1998). In our context, penalization of apparent competitive (or unfair) intent seems to be a universal phenomenon as bargainers from both U. S. and Korea exhibit the overattribution bias. However, when there is accessible information that can be used to discount the personality based attributions, cultural difference emerge. In particular, Korean bargainers are more likely to recognize and acknowledge alternative reasons for observed behavior, which tend to correct the initial tendency to seek causal explanations in terms of personality dispositions (e.g., Choi and Nisbett 1998).
References