

Culture and Bargaining

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Culture influences how people bargain, but only under certain conditions.

Because of globalization, business people around the world increasingly find themselves negotiating with people from other countries and cultures. Scholars have been divided on the effects of a person's culture on the negotiation process. One school of thought suggests that culture is always important and always influences bargaining outcomes. The second school takes the other extreme—that culture never matters and is irrelevant. Recent research by Joydeep Srivastava, associate professor of marketing, shows that neither view is quite correct. "Culture matters, but it interacts with bargaining outcomes in a dynamic way. Some bargaining situations will evoke universal human reactions, whereas some may evoke culture-based responses," says Srivastava.

In his paper "The role of cultural orientation in bargaining under incomplete information: Differences in causal attributions," Joydeep Srivastava, associate professor of marketing, with co-authors Ana Valenzuela, Baruch College, and Seonsu Lee, Wonkwang University, South Korea, explore the role that culture plays in how people bargain in situations with incomplete information. They used undergraduate university students in the U.S. and Korea to test whether culture affects the outcome in bargaining situations.

The study was conducted simultaneously in both countries. Study participants were told that they were randomly selected to receive offers from another student, who proposed dividing a given amount of money between them. The amount of money being divided was known exactly to the proposer, but responders were only told the amount was between 10 and 40. If the offer was accepted, then the money was divided between the proposer and the responder along the lines of the offer made. The study lasted 30 minutes and no communication between groups was allowed during the duration of the study.

Srivastava found that as long as the context or situation is not made clear, people from both the U.S. and Korea tend to attribute the cause of a particular behavior to an individual or personality. However, once the context is made clear, the Koreans tended to discount the individual or personality-based explanations in favor of contextual or situation-based explanations.

Srivastava's study demonstrates how a person's cultural background may play a role in their perceptions during a bargaining situation. Western cultures, such as those of North America and Europe, are more focused on the individual. Because of this pervasive focus on the individual, in bargaining situations Westerners are more likely to attribute the cause of a particular behavior to an individual or personality. For example, a Westerner may think, "She is offering me such a small slice of the pie because she wants to have a bigger piece of the pie than me."

On the other hand, Eastern cultures such as those of Asia and the Near East tend to be more collectivist; the society focuses less on the role of individuals and more on the role of the group. This makes people from Asian cultures more likely to attribute the cause of a particular behavior to the situation or the context rather than the individual: "She is offering me such a small slice of the pie because the pie is small, or maybe she has to share her slice with several other people."

Both Koreans and Americans were likely to attribute their bargaining counterpart's behavior to their personality if the situation or context was not highlighted. However, once the situation was made clear, Koreans were more likely to modify their initial personality-based attribution in favor of a more situation-

based one, whereas the Americans were more likely to continue to persist with their personality-based attribution.

Another noteworthy result to emerge from the study was the effect of the “group” on bargaining outcomes. While the Americans tended to remain relatively unaffected by whether the person making the offer was making it solely on behalf of herself or whether she was representing a group, the Koreans were sensitive to this change and tended to discount a personality-based explanation in favor of a group-based one. If told that the person making the low offer was representing the interests of his or her group, then the Koreans tended to be more accepting of the offer.

“When negotiating with your global counterparts,” says Srivastava, “try and put yourself in the other person’s shoes. Do not focus on any one piece of information, but instead consider the entire gamut of possibilities. Similarly, be sensitive to whether your bargaining counterpart is a part of a group or is only representing herself.”

Srivastava’s paper was published in *Organizational Behavior and Human Decision Processes*. For more information, contact svivasta@rhsmith.umd.edu.