

Sample essay on a review of an economic experiment done in four countries

[Business](#), [Marketing](#)



In 1991, authors Roth, Prasnikar and Okuno-Fujiwara performed an experiment that seeks to analyze the role of different forces as currency, culture, and language in affecting market behavior in four different countries. Their goal was to establish which of the three variables would have the most significant impact in a bargaining situation. However, for this experiment the proponents presented the use of two experimental conditions or situation. The first situation involves a simple one-period bargaining situation and simple one-period market in three different countries.

The proponents predicted that among the three variables, culture would have the greatest impact in the market behavior. According to the proponents, the capacity by which the people commit to bargaining has something to do with the lifestyle and the environmental forces affecting the trade or process of exchange. In this particular business process, the four identified variable plays an important role. According to the authors, the use of language and the command of the person initiating the transaction is an important fact because it involves the ability to encourage or motivate another into agreeing with the bargaining conditions. Similarly, currency also has a role play in bargaining situations. This depends on the worth or value that the currency possesses.

Since the experiment involved four different countries, the proponents were confronted with different issues. In order to address this, the proponent deemed to use their respective countries of origin as the prime locale for conducting the study. Naturally, language and cultural barriers are among the problems because these factors are not standard. While English is the

universal business language, not every country have a full grasp of the technical terminologies presented in the English language. Thus, the proponents divided the countries among themselves based on their nationality. This way. Each of the has the full capacity to respond t the inquiries raised by the participants.

After the experiment, all four countries through the four authors unanimously agreed that culture has the most significant influence in bargaining situations. According to the researchers, while language and currency have an effect in the behavior of consumers and players in the market, it is not as influential when it comes to decision-making. Currency automatically dictates one's capacity to participate in the market. The value of the currency provides the exact capacity of the players. Thus, they have no control over this particular issue. In addition, while language might also have some merits, it does not significantly impact the decision of the market players. However, culture determines what is needed, what is required and what is accorded. Given this features of culture, the players in a bargaining situation have to significantly consider these before engaging into a marketing situation. If one's cultural preferences are against the considerations presented in the bargaining situation, the player might have to weigh his/her options. The decision would only be awarded to whichever give the player the most reward or benefit.

Considering the review of the methodology and the outcome of the study, it can be said that the proponents had been able to handle the experiment quite efficiently. However, a good principle that the proponents could have injected into the study would be the principle of Double Actions. This concept

involves a dynamic exchange of bid for both buyers and sellers to offer their wager in any order. This would make the situation more realistic and more feasible.

Work Cited

Roth, Alvin, et al. " Bargaining and Market Behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An Experimental Study." *The American Economic Review*, 81(5) (1991): 1068-1095.