

**SUMMARY**

**Bargaining Behavior of Young Chinese Customers**

**in D. I. Yogyakarta**

**THESIS**

**Presented as Partial Fulfillment of the Requirements for the Degree of Sarjana**

**Ekonomi (S1) in International Business and Management Program,**

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## A. Research Background

Indonesia is a country, which is super rich of ethnicities which represent varies cultures, and each region brings different of beliefs, customs, and traditions. It is more than 300 ethnic groups which are Javanese 40.1%, Sundanese 15.5%, Malay 3.7%, Batak 3.6%, Madurese 3%, Betawi 2.9%, Minangkabau 2.7%, Buginese 2.7%, Bantenese 2%, Banjarese 1.7%, Balinese 1.7%, Acehnese 1.4%, Dayak 1.4%, Sasak 1.3%, Chinese 1.2%, other 15% (2010 est.)<sup>1</sup>. One of the ethnics is Tiong Hua or Chinese in Indonesian term.

Since from the past China history until now, Chinese people have been famous with their smart business bloods, which determine and identify them expertly in social networking and negotiating as well as *Tiong Hua*. They mostly still generated their ancestor's nature and participated in contributing their culture into society. Their proceedings are mostly through businesses.

Since today's globalization, business becomes no boundaries. Furthermore, doing transactions, including retailing, transcend national and cultural boundaries, it is important for managers to recognize what kind of customers with different cultures who tend to bargain are, and what their bargaining styles are. Chinese are good in doing business, which need a good communication skill to persuasive and to win the seller or buyer's heart. According to the study, which conducted by *Lee, Don Y* (2000) who wrote a research paper of "*Retail Bargaining Behavior of American and Chinese Customers*", proving that Chinese concerned much about the cost-efficiency and has a strong intention to deal with the worth of spending money equally with the value of its product whether it is as a seller or buyers. Bargaining is an exchange activity, which allows the possibility of mutual benefits (Evans and Beltramini, 1987), and is one of the principal influences at work in buying and selling interaction process (Webster, 1981 cited in Neslin and Greenhalgh, 1983).

Both seller and buyer are having different motives in negotiating or dealing with the prices. "*Pay less, get more.*" In the eye of customers, they are bargaining to get one product or many products with affordable prices that they are capable to pay, for instance asking for a discount. "*Pay more, get more.*" Customers are somehow greedy to shop things to satisfy their pleasure. In some cases, for those who are loyalty to shop usually got a free gift or service as a reward to appreciate them reaching in some number of purchases. In other hand, Sellers are even greedy to maximize their profit. "*Sell more, gain more.*" There are a lot of cheap products from China, which spread all around the world trough a mass production to avoid the high cost of product. And, being strong in bargaining price is able to beat other competitors so that they can keep sustainable or survive in the market. Seller cannot avoid dealing about the prices when the customers leaving to another shop to get the same product but in much cheaper prices.

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<sup>1</sup><https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>

Not all every shopping place is allowed or available for bargaining, for example marts, and super/mini-market like *7/11*, *Carrefour*, *Hypermart*, or *Wal-Mart*. You cannot negotiate to click with the cost of product because the marts are selling based on the fixed price tags. And, bargaining mostly doesn't appear in the international stores, which also sells its original brands, except for its retailers. (GAP, Nike, Apple, etc.) Negotiations are not only prevalent between manufacturers, wholesalers and retailers (Stern et al., 1996, p. 10), but are also common in consumer marketing. For consumer purchases of automobiles, homes, home repairs and improvements, home appliances, and second-hand items, negotiable prices are involved most of the time; fees for professional services are also sometimes negotiable (Maynes, 1976). In Indonesia, bargaining is commonly happening in street shops, traditional markets, shopping center, or malls which retails from several brands.

*Tiong Hua* in Indonesia is also considered as a good bargainer from its culture. Lee, Don Y's past study intended to fill the gap in the literature by examining the bargaining behavior and style of Americans and Chinese people. They used a well-established Western model, the Fishbein behavioral intention model (Fishbein and Ajzen, 1975) to study the relationships between bargaining attitude, intention and action (bargaining style) in a retail setting. As it was proven from one of their hypotheses, that Chinese in the Mainland, and US showed a higher intention of bargaining. Therefore, The author would like to prove whether *Tiong Hua* or Chinese in Indonesia also has a strong bargaining culture. The author applied the conceptual framework of the Fishbein behavioral intention model. The researcher also notices that D. I. Yogyakarta has a great opportunity to attract investors and businessmen from outside of the domestic and international. It is occupied by a lot of young people who are gathering and studying here from *Sabang until Merauke* (from east to west parts of Indonesia). Therefore, D. I. Yogyakarta is well known as education city. Thus, the target market in this area is mostly aimed to the young people. Interestingly, young people in Yogyakarta have a pattern or lifestyle that is diverse in terms of shopping. And, *Tiong Hua* youths are quite a lot in the category of student and mostly still generate their ancestor's culture from China and lifestyle that might affect their shopping styles. It can also be one of the new marketing strategies to attract young customers in Yogyakarta.

Bargaining has been cultivating in each regions of Indonesia. On this research, it observed one major problem that could answer whether *Tiong Hua* youths are generating bargaining culture in their blood or not. Throughout the development of technology, communication, and life style, people tends to have more practical and effective shopping in order to not waste their time. As of this rapid development, fix prices and price standardization are gradually implemented in a market. Since nowadays in modern life, people are getting busier with their own life business. In other hand, there are still a lot of traditional markets in Indonesia that still allow for bargaining. Youths in each of generations have different challenges that can establish their mindset and form their behavior. There could be possibilities that *Tiong Hua* youths become more practical and feel as not prestige if they do bargaining or, they

still tend to be economical saving by bargaining. Besides, youths might be still depends and rely on their parent's wealth or independently working part time and also having business in such young age.

### **B. Research Problem**

Based on the literature some questions of this study are:

1. How strong is the *bargaining intention* for *Tiong Hua* young customers?
2. How much do *Tiong Hua* young customers feel social pressure to do bargaining? (*subjective norm*)
3. Are *Tiong Hua* young customers in favor of doing bargaining? (*attitude*)
4. Do *Tiong Hua* young customers feel in control of action when they do bargaining? (*perceived behavioural control*)
5. How competitive are *Tiong Hua* young customers in bargaining? (*bargaining behavior*)

### **C. Research Objectives**

Based on the problem formulation mentioned above, the research objectives that will be done as followed:

1. To predict whether *Tiong Hua* young customers intend to do bargaining.
2. To analyze that *Tiong Hua* young customers have bargaining intention so that become behavior.
3. To investigate how competitive is *Tiong Hua* young customers in bargaining.

### **D. Hypothesis Development**

H<sub>1</sub>: *Young Chinese Customers' attitudes will effect positively to bargaining intention.*

H<sub>2</sub>: *Young Chinese Customers' subjective norm will affect positively to bargaining intention.*

H<sub>3</sub>: *Young Chinese Customers' perceived behavioral controls will affect positively to bargaining intention.*

H<sub>4</sub>: *Young Chinese Customers' perceived behavioral control will affect positively to bargaining behavior.*

H<sub>5</sub>: *Young Chinese Customers' bargaining intention will affect positively to bargaining behavior.*

## **E. Research Scopes**

Research scopes were set to conclude the aims of this study. The scopes of this research are:

1. This study replicated a previous study by *Lee, Don Y* (2000) who investigated a research paper of “Retail Bargaining Behavior of American and Chinese Customers” in Mainland China, and United States.
2. Descriptive study is used to explain the bargaining behavior of young *Tiong Hua* customers.
3. This study is held in D. I. Yogyakarta and the subjects of this research are youths and mostly university students.

## **F. Research Methodology**

### **1. Population and Sample**

The population is Chinese Youths D. I. Yogyakarta, Indonesia- that is being used to gather the data needed for this research. And, the sample is high school or university students in D. I. Yogyakarta. The data collection of this paper is from a directly circulated questionnaire, meaning the researcher approaches the respondent person by person. The 200 questionnaires were distributed by using one of non-probability sampling designs, which is convenience sampling. Ferdinand (2004) pointed out that the total of sample is considered as representative if the sample sizes are equal to 5 - 20 times of total items in questionnaires. Therefore, in this research the total sample, which must be collected, is minimal  $37 \times 5 = 185$ .

### **2. Data Collection Techniques**

A self-administrative survey was conducted to obtain data from Chinese Young Consumers. The approach is via online messenger or social media. The research context of this study is how Theory Of Planned Behavior affects the bargaining behavior of Young Chinese Consumers. All of the data respondents from Google Docs and written forms are gathered on SPSS Statistic Version 22 and analyzed by using simple regression analysis.

### 3. Variable and Measurement

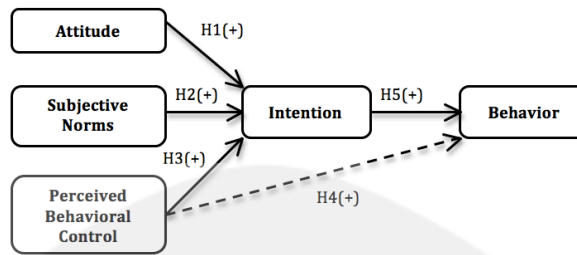


Figure 2. 1 Research Framework

Source : Ajzen (1991)

Simple regression analysis was used to analyze the relation between variables on the three research models.

**Table 3.2 Analysis Method for Research Variables**

Hypotheses	Variable	Type	Analysis Method
H1	Attitude	Independent	Simple Regression Analysis
	Bargaining Intention	Dependent	
H2	Subjective Norms	Independent	Simple Regression Analysis
	Bargaining Intention	Dependent	
H3	Perceived Behavioral Control	Independent	Simple Regression Analysis
	Bargaining Intention	Dependent	
H4	Perceived Behavioral Control	Independent	Simple Regression Analysis
	Bargaining Behavior	Dependent	
H5	Bargaining Intention	Independent	Simple Regression Analysis
	Bargaining Behavior	Dependent	

#### C. Analysis of Data

This study was conducted to test whether attitudes, subjective norms, and perceived behavioral control have a huge influence to the bargaining behavior of Young Chinese Costumers. The result was analyzed based on complete questionnaires by 175 young Chinese respondents. Thus, based on the criteria of the study sample in chapter three, the following process:

## 1. Profile of Respondent

### a. Age

Age	Frequency	Percentage (%)
17	8	4.6
18	15	8.6
19	23	13.1
20	17	9.7
21	30	17.1
22	31	17.7
23	18	10.3
24	14	8.0
25	9	5.1
26	5	2.9
28	1	.6
29	2	1.1
30	1	.6
33	1	.6
Total	175	100.0

### b. Gender

Gender	Frequency	Percentage
Man	101	57.7
Woman	74	42.3
Total	175	100.0

### c. Education Level

Education Level	Frequency	Percentage
Incomplete Primary School	1	.6
Senior High School	25	14.3
Diploma	2	1.1
Undergraduate	135	77.1
Postgraduate	8	4.6
Other	4	2.3
Total	175	100.0

d. Monthly Pocket Money or Income

Amount	Frequency	Percentage
< Rp 500.000	9	5.1
Rp 500.000 - Rp 1.000.000	37	21.1
Rp 1.100.000 - Rp 3.000.000	86	49.1
Rp 3.100.000 - Rp 5.000.000	18	10.3
Rp 5.100.000 - Rp 10.000.000	19	10.9
> Rp 10.000.000	6	3.4
Total	175	100.0

e. Ever Purchased in 5 Months by Bargaining

Answer	Frequency	Percentage
No	28	16.0
Yes	147	84.0
Total	175	100.0

f. Products

Products	Frequency
Furniture	17
Foods or Drinks	42
Electronic or Gadget	72
Vegetables or Fruits	48
Clothing	72
Others	16

## 2. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Bargaining Behavior	175	1.00	5.00	2.7577	.93356
Bargaining Intention	175	1.00	5.00	2.8640	.87100
Attitudes	175	1.00	5.00	3.1763	.91174
Subjective Norms	175	1.00	5.00	2.8122	.75529
Perceived Behavioral Control	175	1.00	5.00	3.0678	.70981
Valid N (listwise)	175				



### 3. Reliability Analysis

Based on the results of the reliability test can be seen the coefficients are considered not belonging to poor reliabilities because all the Cronbach's Alphas are more than 0.6. They are mostly good and acceptable. It means that all items are stable and consistent.

### 4. Validity Analysis

The validity of an item can be assured if the item's value is bigger than r-table. The degree of freedom (df) = n-2, n is the number of respondents and the level of significance used is 5%, so the r-table (142-2)= 0.1648. Based on the result of validity test can be seen that the items of total correlation bigger than r-table, thus the items in the questionnaire were valid and could be included in data analysis.

### 5. Correlation Analysis

Based on the result also shows that the variable correlation's values were all different. This means that none of the variables is auto-correlated. Therefore, this model had no problem with multicollinearity or auto-correlation.

### 6. Attitude towards Bargaining Intention, Subjective Norm towards Bargaining Intention, and PBC toward Bargaining Intention

**Table 4.10** Regression Analysis for Attitude towards Bargaining Intention

Variable	Standardized Coefficients Beta	t		Adj. R-Square	F	
		Value	Sig.		Value	Sig.
Attitudes	.682	13.396	.000	.506	179.452	.000 <sup>b</sup>

\* $\alpha$  significant at level .01

Dependent Variable : Bargaining Intention

Independent Variable : Attitudes

**Table 4.12** Regression Analysis for Subjective Norms towards Bargaining Intention

Variable	Standardized Coefficients Beta	t		Adj. R-Square	F	
		Value	Sig.		Value	Sig.
Subjective Norm	.762	11.574	.000	.433	133.955	.000 <sup>b</sup>

\* $\alpha$  significant at level .01

Dependent Variable : Bargaining Intention

Independent Variable : Subjective Norms

**Table 4.14** Regression Analysis for PBC towards Bargaining Intention

Variable	Standardized Coefficients Beta	t		Adj. R-Square	F	
		Value	Sig.		Value	Sig.
Perceived Behavioral Control	.896	14.048	.000	.530	197.346	.000 <sup>b</sup>

\* $\alpha$  significant at level .01

Dependent Variable : Bargaining Intention

Independent Variable : Perceived Behavioral Control

### 7. The Relation between Perceived Behavioral Control and Bargaining Behavior

**Table 4.16** Regression Analysis for Perceived Behavioral Control

Variables	Standardized Coefficients Beta	t		Adj. R-Square	F	
		Value	Sig.		Value	Sig.
Perceived Behavioral Control	.908	12.547	.000	.473	157.438	.000 <sup>b</sup>

\* $\alpha$  significant at level .01

Dependent Variable : Bargaining Behavior

Independent Variable : Perceived Behavioral Control

### 8. The Relation between Intention and Bargaining Behavior

**Table 4.18** Regression Analysis for Bargaining Intention

Variables	Standardized Coefficients Beta	t		Adj. R-Square	F	
		Value	Sig.		Value	Sig.
Bargaining Intention	.852	21.436	.000	.725	459.519	.000 <sup>b</sup>

\* $\alpha$  significant at level .01

Dependent Variable : Bargaining Behavior

Independent Variable : Bargaining Intention

Source: data processed, 2015

## G. Hypothesis Testing

### 1. Test t

Based on t-test results obtained from regression analysis, the following results are:

- a. Attitudes, Subjective Norms, Perceived Behavioral Control, and Bargaining Intention

Three variables show ( $\beta = 0.000, \alpha < .01$ ) and significant affect bargaining intention. Therefore, H1, H2, and H3 are supported.

- b. Perceived Behavioral Control and Bargaining Behavior

Perceived Behavioral Control ( $\beta = 0.000, \alpha < .01$ ) is directly significant affect bargaining behavior. Therefore, H4 is supported. Young Chinese costumers have a high favorable of bargaining behavior will also have a high confident to bargain.

- c. Bargaining Intention and Bargaining Behavior

Bargaining Intention has a positive relation to bargaining behavior ( $\beta = 0.000, \alpha < .01$ ). Therefore the H5 is positively supported.

### 2. F-Test

F-test used to prove whether all of the variables simultaneously affect bargaining behavior. Based on the results obtained by multiple regression calculated of each model, the probability are 0.000. Probability value less than .05 indicates that all of the variables simultaneously affect bargaining behavior.

### 4. Comparison between Previous and Present Research

Hypotheses	Previous Study ( <i>Lee Don, Y. 2010</i> )		Present Study	
	Result	Relation	Result	Relation
Attitudes	Significant	Positive	Significant	Positive
Subjective Norm	Significant	Positive	Significant	Positive
Perceived Behavioral Control	Significant	Positive	Significant	Positive
Bargaining Intention- Bargaining Behavior	Significant	Positive	Significant	Positive
PBC-Bargaining Behavior	Significant	Positive	Significant	Positive

## H. Conclusion

Based on the results of data analysis has been done, it can be concluded as follows:

1. Hypothesis 1 is accepted, meaning that Attitude had influence and positive relation to bargaining intention. Indonesia is developing country, and the economics is still growing. Here, all the prices are in variety. Ironically, the price can easily changed and one market to another market still has a high difference in pricing. Each province in Indonesia has different standards pricing based on income per capita. Therefore, it is probably for the costumers to carefully survey prices and locations which consider affordable and worth with its product's quality. Because of these kinds of markets in a country, the citizens consistently behave to bargain or negotiate whenever they shop.
2. Hypothesis 2 is accepted. Young Chinese customers still believe in negotiating cultures, but family tradition, cultures, and norms are not the strongest factor, which influence them to decide to do bargaining. Perhaps, in total 175 respondents, there are Chinese youths who still believe in subjective norms and another Chinese youths not much concern about subjective norm influencing their bargaining behavior. It might be probably all the respondents' parents were not a retailer, however working in the company. In that case, they were less watching or learning how to negotiate or doing bargaining. And, other youths have a family business so that they tends to practice more with their parents and from their environment.
3. Hypothesis 3 and Hypothesis 4 are supported. Perceived behavioral control was significantly influencing bargaining intention and also bargaining behavior. It indicates that from the result of perceived behavioral control result, Young Chinese costumers are expert in making bargaining decision which is already been their own character whenever they buying products. They really value and are confident to their own opinions regarding about bargaining. This means young Chinese costumers in Yogyakarta have no burden and pressure to do bargaining. Therefore, they have a high favorable of bargaining behavior will also have a high confident to bargain.
4. Hypothesis 5 is significant. In average it shows that Young Chinese Costumers in Indonesia are neutral (nearly to the mean value = 3 / neutral) to have intention to do bargaining. It can be assumed that it is just a preference if they are given a choice to bargain. In other words, the third regression analysis gave positive answer that supported the intention and bargaining behavior are significantly related high. Young Chinese costumers in Indonesia are considered as competitive bargainer.

### **I. Managerial Implication**

1. This research could be used to help domestic or international investors or retailers to design a strategy especially learning the consumer behaviors in Indonesia.
2. New coming investors or retailers could decides in which kind of market that they want to penetrate, which kind of consumers that they want to deal with, and how to negotiate well with them.
3. Yogyakarta is a city of students. This research also can open new opportunity to them in creating innovation into new business, which fit with current young people's life styles and interests of products. In other hand, we can use their competitiveness in bargaining to lead or develop current business especially price offering.

### **J. Research Limitation**

There were some limitations in this study about bargaining behavior of young Chinese Costumers in Indonesia. The scope of this study was limited only in one city, Yogyakarta. The result of the study may be more accurate if the research is done in not only one city because there will be more young Chinese Respondents are involved on this research.

Subjective Norms could be proved for its significant if there is also data of respondents' parents job and also a short introduction about the history or development of Chinese Cultures in Yogyakarta.

### **K. Suggestion**

Future studies may be included a question about which province that you came from, and distribute prevalently. Result may be varying between one and the other city or other countries (international project). From the result, researcher can make comparison between cities or try compare with other ethnicity like Javanese. Future research may adopt this model of study to research more specific ethnicity or nationality, such as Chinese-Hongkong, Chinese-Singapore, or in Indonesia are Chinese-Jakarta, Chinese-Surabaya and Chinese-Pontianak. Chinese are also diverse in many countries and regions.

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