

## Culture and institutional agency: difference in judgments of economic behavior and organizational responsibilities

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doi: 10.1111/jasp.12194

### Abstract

The current research tested the concept of institutional agency (IA) and its implications for laypeople's attribution patterns related to economic behaviors and organizational responsibilities. The term "institutional agency" refers to a set of lay theories about whether or not an organization can have personhood and related mental properties, such as wishes, desires, intents, and responsibility. Through three cross-cultural studies, we found that people do form certain beliefs about IA which are similar to the legal discourse of institutional responsibility. However, there are significant cultural differences in views of IA, and the concept is more mentally salient for Americans than for Chinese. In Study 1, we distinguished institutional from group agency by showing the cultural differences on attributions in the scenario with "individual vs. group agency" and the scenario with "individual vs. institutional agency." In Study 2, we again demonstrated the stronger salience of IA for Americans than for Chinese by including the individual, group, and institutional agencies together in one scenario. In Study 3, we further demonstrated that the concept of IA is more salient for Americans by presenting three different agents in separate scenarios. The practical implications of these cultural differences for cross-cultural understanding and the psychological effects of economic globalization are discussed.

### Introduction

In 2008, Blackwater (now renamed Xe Services LLC), a private military service company, filed a lawsuit against the City of San Diego, California, in an effort to force the city to issue an occupancy certificate for the company's training facility in Otay Mesa without public review. U.S. District Judge Marilyn Huff ruled in Blackwater's favor, stating that "Blackwater is a person and has a right to due process under the law and would suffer significant damage due to not being able to start on its \$400 million Navy contract" (Reframing the Debate, 2008). Treating a company as a person in legal discourse can be traced back to 1886, to the case *Santa Clara County v. Southern Pacific Railroad*, 118 U.S. 394, in which the US Supreme Court "decided for the first time that the word 'person' in the amendment did in some instances include corporations" (Black, 1938) for purposes of the Fourteenth Amendment. Both cases dem-

onstrated that in American legal discourse, a corporation can be viewed as a person with its own property, desires, intents, purposes, and functions, and can be regarded as an entity independent of its founders or executive managers.

A dramatic contrasting Chinese case that attracted substantial attention in 2010 involved a conflict over corporate development strategies between the founder of Gome Group, Guangyu Huang, and its current CEO, Xiao Chen. As the founder of Gome, and largest shareholder, Huang still viewed the company as his own company with the right to exert his influence on the operation of this company, even after Gome became public and Huang had been incarcerated for corporate mismanagement. Interestingly, Huang's view was shared by many Chinese: According to a recent online survey, 85.6% of netizens supported Huang over Chen because "a company must be the properties of a person or collectivities" (War of Gome: Netizens are on Huang's side, 2010).

These contrasting cases reflect the cultural differences involved in conferring personhood on corporations between United States and China. Do these differences in legal systems suggest fundamental cultural differences in people's ideology about the nature of institutions? If we do find such fundamental differences, are these differences caused by differences in business and legal practices, or are they caused by more deeply rooted cultural-psychological processes, or perhaps both? How broad in scope are these differences? Do they extend beyond legal disputes to individual personal life? How much are individual judgments of responsibility, intention, agency, causal reasoning, as well as consequences affected by such different views?

In this research, we propose that the mental representation of institutional agency (IA)—a set of lay theories about organizations and institutions—may be the source of such differences, which may lead to a variety of differences in judgments about cooperative behaviors across cultures. In the mind-set of Americans, a company is more easily perceived as an abstract entity which has its own autonomy, rights, and responsibilities, the company has will that reflects the will of its owners, but is independent of the will of its owners. Furthermore, this kind of IA is a more salient concept for Americans due to their more mature and greater experience of market economics. Whereas for the Chinese, they are more likely to hold a view of the existence of a company that relies heavily on individuals who own, manage, or represent it. The company itself has less autonomy and power; it simply reflects the wills of the owners, managers, or people who represent the company. Furthermore, the concept of IA is hence less significant for Chinese due to relatively recent economic and cultural experience of the market.

## Conceptualization of IA

In social psychology, agency has been constructed in a perceiver's mind as having two components: internal features of intentionality and external features of autonomy shaped by the environment (Morris, Menon, & Ames, 2001). The internal aspect of agency refers to the internal state of an actor, such as intent, belief, or desire (Bratman, 1991). The external aspect refers to how much constraint the external environment can exert on the actor (Kant, 1786/1949). Therefore, to be more straightforward, agency is the power generated from an actor's inner state and can be used to overcome these constraints from the environment. One thing that needs to be emphasized is that the actor in the definition of agency is not only limited to human beings. It can be an individual, a group, or any other unnatural entities, such as god or fate.

We believe that IA is a concept that is most likely generated specifically from the perspective of modern capitalist societies. The relatively recent legal discourse in Western societies concerning the definition of "legal person (or juristic

person)" reflects the new and unique nature of this form of agency. "A legal person is a legal entity through which the law allows a group of natural persons to act as if it were a single composite individual for certain purposes, or in some jurisdictions, for a single person to have a separate legal personality other than their own. This legal fiction does not mean these entities are human beings, but rather means that the law allows them to act as persons for certain limited purposes—most commonly lawsuits, property ownership, and contracts" (Legal person, 2010). In other words, the legal person symbolizes the institution as an entity that has autonomy, free will, and agency. For psychologists, interesting questions can be raised about the notions of legal person, such as how much a lay person understands the notion of a legal person; if they do understand it, how they use it in everyday social judgments.

When an institution is treated as a legal person, it is also entitled to the possession of agency as a natural person. Framed as a legal person, the institution can act as a single entity for many legal purposes. One can metaphorically envision such an entity as a composite person. This composite person can be considered separately from its individual members or shareholders in many jurisdictions. For example, such an entity can sue and be sued. It may enter contracts, incur debt or own properties. In a most recent case, *Citizens United v Federal Election Commission*, 130 S. Ct. 876 (2010), the US Supreme Court held that the corporate funding of independent political broadcasts in candidate elections cannot be limited under the First Amendment. This case further expanded the rights a corporation can have as a natural person in the political domain. It allows an institution to act by following its internal intent, belief, or desire which is separated from its members, as well as exert its influence on the external environment.

In reviewing the previous studies on agency, IA has been largely neglected thus far. The omission of IA in the previous literature might reflect the confusion between the concepts of group agency and IA, as both are aggregates of individuals. However, we argue that the concept of IA is very different from group agency. There are fundamental differences between groups and institutions. Groups are loose combinations of individuals, which are constrained by informal relationships. Each individual defines the group, so any change in or replacement of the individual in the group may change the essence of the group or lead to the dissolution of the group. Institutions have a fixed structure; individuals in an institution play a specific role, and changes that occur with the individual in regard to the group may not alter the roles, hierarchies, and relationships in the institution. Meanwhile, an institution can establish connections with other institutions, groups, or individuals. For example, a company can have a lot of business partners and a school can have several sister colleges. All these relationships will not be touched if

some individual within the institution has been changed—even though there are extreme cases, such as when a company loses a lot of customers due to the layoff of a salesperson. But in most cases, the relationship of an institution with other social entities is not directly dependent on particular persons within it. Therefore, the essence of the institution will remain intact, even when the individuals who comprise it change. The structure of an institution is maintained by the rules or laws, not by individuals, and therefore cannot be changed easily.

### IA in cross-cultural framework

Cultural influences on social judgments have been attributed to various cultural variables, with the most important ones being the values of individualism-collectivism (e.g., Hofstede, 1984; Hui, 1988; Hui & Triandis, 1986), independent self-construal versus interdependent self-construal (e.g., Cross & Madson, 1997; Markus & Kitayama, 1991; Marsella, DeVos, & Hsu, 1985), or holistic versus analytic cognitive systems (e.g., Choi & Nisbett, 2000; Choi, Nisbett, & Norenzayan, 1999; Nisbett, Peng, Choi, & Norenzayan, 2001). However, we argue that such conceptualizations appear to be of limited explanatory value when applied to the cultural differences in IA. The idea behind individualism-collectivism predicts that individualistic Americans will have more difficulty understanding the concept of IA, whereas, by contrast, collectivistic Asians will have less difficulty. However, both predictions are inconsistent with the cultural difference observations discussed in the very beginning of this article. Similarly inconsistent is the concept of holistic-analytic thinking which predicts that Asians should have an easier time defining corporations as abstract entities since they tend to view objects as a whole (Choi et al., 1999). Therefore, we believe it is necessary to separate the concept of IA from individual agency, group agency, or self-concepts that previous cross-cultural theories and studies have focused on.

The IA theory may also be helpful for us to understand the cultural difference in attribution. Previous studies have shown that there are fundamental cultural differences in attribution patterns between different cultures (e.g., Choi et al., 1999; Menon, Morris, Chiu, & Hong, 1999; Morris et al., 2001; Morris & Peng, 1994). For instance, Menon et al. (1999) found that Westerners tend to make attributions to individual dispositions whereas East Asians tend to make attributions to group dispositions. Zemba, Young, and Morris (2006) further demonstrated that East Asian perceivers tend to emphasize the causal influence of group agency. In the studies above, researchers focused on the comparison between individuals and groups (or collectives). However, the example we provided at the beginning of this article highlighted another form of agency in social life—the modern business company, a kind of social institution that emerged

after the industrial revolution. According to sociologist Max Weber, a social institution is different from a traditional group or family, and it is not simply a collection of a group of individuals (Ashley & Orenstein, 1995; Weber, 1947). For instance, based on Weber's theory, legitimacy is an important characteristic of institutions (Wæraas, 2007; Weber, 1968, p. 95), which is something general groups do not possess.

A tempered theoretical perspective is to consider the IA as a special kind of group agencies. Understanding this type of agency is a function of cultural experience, such that Americans will perceive it to be similar to an individual and Asians will perceive it to be similar to a group. However, separating the IA from the group agency can help us better understand the cultural difference in attributions of business and legal settings, reducing the risk of making misleading projections of group agency attributes onto IA. Therefore, we suggested that IA is a worthy concept to explore because the distinct interpretations of this term by Americans and Asians suggest that it is unique and different from group agency, deserving a case for further empirical study.

### Agency and lay attribution process

Social psychologists applied the concept of agency to explain how a lay person makes inferences and attributions in social interactions. In the implicit theory of agency (ITA), laypeople are treated as scientists who are looking for theories to explain the occurrence of social events. An essential question in ITAs is: On which actor in a social event will the layperson confer the agency? The assumption of agency in implicit theories determines the social inference of the laypeople who are holding certain theories (Heider, 1958; Higgins, 1996; Morris et al., 2001). For example, in Menon et al.'s (1999) study, they showed that North Americans and East Asians differ in the implicit theories of individuals and groups. Americans confer the agency on individuals, whereas East Asians conceive of groups as entities as having more agencies. Therefore, East Asians tend to focus on and attribute causality to dispositions of collective groups more than North Americans.

However, several unanswered questions emerge: Does one perceive an institution in the same way as one would perceive a group? Are there any cultural differences in making attributions about an institution versus a group? Does institutional agency make sense to people from cultures that have only recently developed contemporary market economic systems? How may cultural differences concerning institutional agency affect people's judgments of intentionality, causality, and responsibility in relation to social institutions?

A case in point is the well-known study on individual and group agency conducted by Menon et al. (1999) who explored the differences between attribution patterns on the individual versus group level. In their first pilot study, they

looked at corporations rather than groups as actors. An interesting result was that when a story about a corporation versus individuals was given to participants, Americans made similar causal references to the corporation as to individuals (especially when referring to American corporations), whereas Japanese made fewer attributions about individuals than corporations. However, in the next study, when the story was about individuals versus groups, rather than corporations, the results were reversed. Chinese made similar attributions about groups and individuals, while Americans made more attributions about individuals. The difference between the results of both studies suggests that corporations or institutions may need a separate category of agency than individual or group agency, deserving further study.

Since the structures of modern corporations and institutions emerged from Western culture, and the concept of a “legal person” is also based on Western ideology, we propose that this concept must be strongly influenced by cultural ideologies and differences. In Western cultures, specifically American culture where individual agency is more cognitively accessible, the concept of “legal person” is more meaningful and acceptable to Western social perceivers. Therefore, the concept of IA will exhibit more characteristics of individual agency rather than group agency. By conferring agency on institutions or organizations, Westerners find that they need not feel they “have a choice” but instead regard what they do as an obligatory response to organizational circumstances. The causality of action is conferred on the “will” of the institution. Therefore, when people make attributions, they will hold an institution more accountable, thereby reducing the causality conferred on individual members of the organization.

In contrast, in Eastern culture, specifically Chinese culture, group agency is more salient due to the constant influence of collectivism. Therefore, “legal person,” the concept derived from Western individualistic culture, is less meaningful to the Chinese. Even though the concept is used widely in modern Chinese society, when lay Chinese make attributions, they may still tend to perceive the “legal person” (the institution) as a group of people. Contrary from the attribution pattern in U.S. society, individual responsibility in the institution is diffused as well. However, the leader of the institution is held responsible as a representative of the organization, instead of the organization itself.

In summary, we assume that IA is a distinctive agency, which is different from individual or group agency. Due to the nature of modern organizations, we expect IA to be a domain where cultural differences exist. Specifically, we propose that: (1) in a perceiver’s mind, IA is a distinguished agency that is more salient for Americans than Chinese; and (2) when both IA and individual agency exist, American participants tend to focus more on IA, which is a more powerful concept in their minds. The following three studies tested our hypotheses.

Study 1 demonstrated that IA differs from both individual agency and group agency. Study 2 supported the hypothesis that IA is more important in the attribution process for Americans than for Chinese when all three agents were presented in the same scenario. Study 3 further demonstrated that compared to individual agency and group agency, IA is more salient for Americans than for Chinese.

### Study 1: food contamination case

In our first study, we presented participants with a scenario that included either an individual agent and a group agent, or an individual agent and an institutional agent, in order to test how participants would make causal attributions under different conditions when they have a choice to attribute causality to individuals, groups, or institutions.

#### Method

Participants were recruited from the University of California (UC), Berkeley, and Beijing University, China. For the American sample, 98 undergraduate students (24 male, 74 female) at UC Berkeley took the experiment in exchange for course credits. For the Chinese sample, 99 undergraduate students (28 male, 70 female, 1 unknown) at Beijing University took the experiment and received RMB 30 (about \$US5) as compensation.

Participants from each group were randomly assigned to one of two conditions: (1) individual versus institution condition or (2) individual versus group condition. Participants were asked to read a scenario first, and then rate some statements on a 7-point scale. Under the *individual versus institution* condition, participants were asked to read the following paragraph:

“Future” is a food company. Previously, it was found that Future’s new eggnog may contain a kind of “COL-2” bacteria. However, whether this kind of bacteria had any adverse effect on consumer’s health was not yet known. If all the products were recalled, the company would lose a lot of money, including the profits and the investments in the development of new products. Finally, the CEO of the company, John, decided not to recall the product and not reveal the fact that there were bacteria in their eggnog. A local factory worker, Mr. Brown, attending an event, who had a weakened immune system due to years of toxic fume inhalation, drank the eggnog and became very sick. Even with medical attention, the worker suffered severe liver damage and 90% of his liver was removed by doctors. When the worker learned about the COL-2, he decided to sue.

Under *individual versus group* condition, participants were asked to read the following paragraph:

The board of directors of a food company received a report saying that their new eggnog may contain a kind of “COL-2” bacteria. However, whether this kind of bacteria had any adverse effect on consumer’s health was not yet known. If all the products were recalled, the company would lose a lot of money, including the profits and the investment in the development of new products. Finally, the CEO and the leader of the board of directors, John, decided not to recall the product and not reveal the fact that there were bacteria in their eggnog. A local factory worker, Mr. Brown, attending an event, who had a weakened immune system due to years of toxic fume inhalation, consumed the product and got very sick. Even with medical attention, the worker suffered severe liver damage and 90% of his liver was removed by doctors. When the worker learned about the COL-2, he decided to sue.

After reading the scenarios, all the participants were asked to read a list of 26 statements. Among these statements, there were seven statements describing the individual in the scenario (in the current scenario, CEO John) as the cause of this incident (i.e., “CEO John didn’t discuss the situation with other experts enough before making decision”; “CEO John was not an honest man”). Seven statements described the institution or the group (in the current scenario, the food company “Future” or the board of directors) as the cause of the incident (i.e., “Company ‘Future’ is not conscientious about its consumers’ health” vs. “The board of directors was not conscientious about their consumers’ health”; “Company ‘Future’ implemented a high-risk operation strategy” vs. “The board of directors implemented a high-risk operation strategy”). Furthermore, there were 12 filler items that described some irrelevant factors as the cause (i.e., “Mr. Brown drank too much eggnog on the event”; “The competition in the food industry was over-intense”). By rating these statements on a 7-point scale, participants were asked to express to what extent they believed each statement was the cause of Mr. Brown’s accident; 1 means “not a cause at all” and 7 means “most important cause.” Note that the differences between these two conditions come from two points: one is the different agents in the scenario we presented to the participants (either “Company ‘Future’ ” or “the board of directors”); the other one is the difference in the potential causes we provide to the participants for them to make judgments. Therefore, we believe that the manipulation is strong enough for participants to make distinct judgments about the individual, group, and institutional agencies, although the two stories in the scenarios looked similar.

## Results

In order to avoid the reference group effect in cross-cultural studies (Heine, Lehman, Peng, & Greenholtz, 2002; Peng,

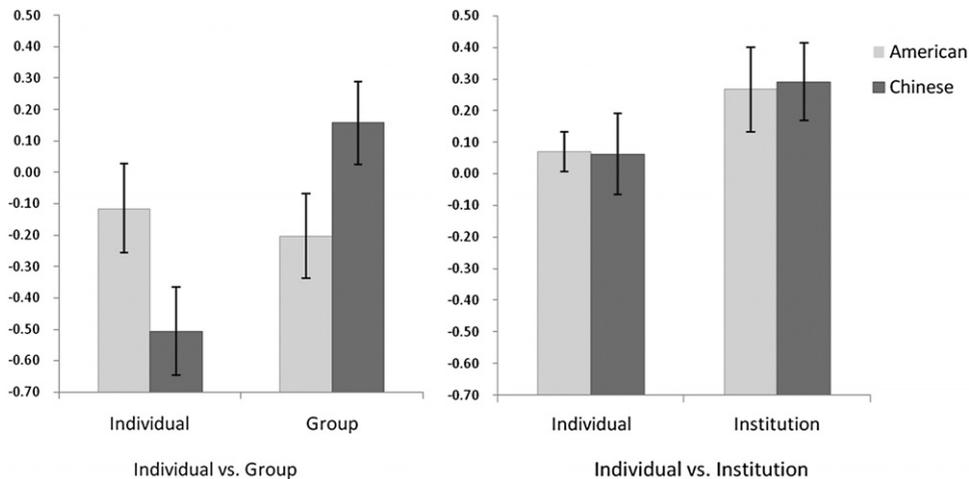
Nisbett, & Wong, 1997) and to control for any possible response set differences between American and Chinese in scale usages, the data comprising different conditions in each culture were pooled together and standardized around the grand mean. By standardizing the data within culture, bias from the scale utilization (the tendency of using moderating extreme numbers) was eliminated. The following analyses were all conducted on standardized  $z$  scores.

The analysis of agency (individual agency vs. institutional agency or group agency)  $\times$  condition (“individual vs. institution” vs. “individual vs. group”)  $\times$  culture (United States vs. China) mixed model analysis of variance (ANOVA) was conducted. There was a significant three-way interaction effect,  $F(1, 193) = 7.87, p < .01$ . This indicates the culture-dependent patterns of the attribution on the individual agency and nonindividual agency (IA or group agency) which differed according to the presence of nonindividual agency that is an IA or a group agency. To break down the complex three-way interaction into clearer comparisons, we conduct agency  $\times$  culture two-way ANOVA in two conditions separately, given the condition factor is a between-group design. The result of ANOVA in individual versus group agency condition revealed a significant interaction between agency and culture factors,  $F(1, 98) = 14.94, p < .001$  (see Figure 1, left panel). In contrast, the results of ANOVA in individual versus institution agency condition showed no significant interaction between agency and culture,  $F(1, 95) = .03, p = .86$  (see Figure 1, right panel). For both conditions, the main effects of culture were not significant, which indicate that there was no systematic cultural response bias given our previous standardizing process. The significant main effect of agency in individual versus institution condition,  $F(1, 95) = 6.52, p < .05$ , indicated that regardless of cultural factor, participants tend to attribute more to the IA—“Future” company.

## Discussion

The results for Study 1 partially support our hypotheses. In the condition of individual versus group agency (*CEO John vs. The board of directors*), the results replicated the findings from previous research. Americans tend to make more attributions to individuals, whereas Chinese participants tend to make causal attributions to group agency. This result confirmed the previous findings that group or collective agency is a more salient concept for Chinese perceivers.

Therefore, if an institution is equal to a group, American and Chinese participants should show similar causal attribution patterns in the condition of individual versus organization condition (*CEO John vs. The food company “Future”*). However, our results did not support this inference. In the individual versus institution condition, there is no significant cultural difference in the attribution of IA. Both American perceivers and Chinese perceivers significantly recognized the



**Figure 1** Culture difference of causal attribution in individual versus group condition (left panel) and individual versus institution condition (right panel).

influence of institution as a form of agency in this whole event. The insignificance in the attribution of IA thereby indirectly reflects the fact that IA may be a different form of agency compared to group agency.

However, there is no significant difference in the attribution on IA between American and Chinese participants, which was a disappointment for us. A potential explanation is that when there is no group agency present in the “individual vs. institutional” condition, Chinese participants tend to view the company as a group and attribute more to it along with the pattern in the “individual vs. group” condition. This possibility was consistent with our prediction at the beginning of this article, but also made us encounter some difficulties in clarifying the nature of IA in the mind-set of Chinese participants.

Consequently, in our second study, we condensed an individual agent, group agent, and institutional agent in one scenario. The purpose of this design is to try to exclude the influence of different contents when we presented the group and the institution separately, especially the potential group implications from the company for the Chinese participants. Furthermore, we are trying to capture the interactions between individual, group, and IA when we placed them in one scenario.

### Study 2: business school scandal case

In Experiment 1, we separated IA and group agency into different scenarios. Results replicated previous findings that Americans tend to attribute the causes of outcomes to individuals whereas Chinese preferred to attribute cause to groups. The results also revealed that when the group was changed to institutions, the cultural difference disappeared and Americans attributed as much as Chinese to institutions.

The expected drop of the attribution to institutions from Chinese was not proven. The results of Study 1 partially supported our hypotheses. The group agency and IA are two distinguished concepts in laypeople’s mind. One potential problem of Study 1 is that IA and group agency appeared in different scenarios. The difference in attribution may come from the understanding of different situations, rather than fundamental differences in the different agent concepts. Therefore, in Study 2, we designed a within-subject situation and included individual agency, group agency, and IA in one scenario. The expected that different attribution pattern will support the different concept of these three agencies in American and Chinese perceptions.

### Method

Participants were the same as Study 1. A total of 109 UC Berkeley undergraduate students and 99 Beijing University undergraduate students answered the questionnaire. Participants from both cultures were asked to read the following scenarios:

ABT was a very famous and competitive business school and many students have graduated from it every year. Most students had work experience because they worked in companies before coming to school. They usually attended for 3 years, and then went back to work. The education in the business school meant that they could improve their management and business skills. The policy of the school is to require students to repeat their first year if they do not earn a certain GPA. Just after finals of the spring semester, the school caught student M in a cheating scandal. Here is what happened: M was not initially

part of the group of students who were cheating. It was only when M got trapped by a difficult question that M joined the group. All of these students were first year students. The school decided to expel student M and made the other students realize the importance of the honor code.

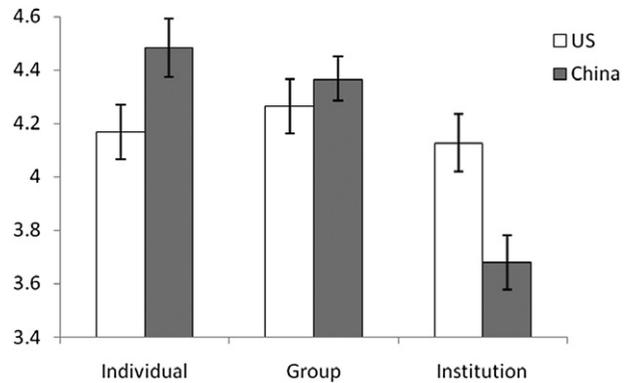
After reading the paragraph, 30 statements were presented to participants. In these statements, there were five statements that attributed the individual as the cause, such as "Student M was not an honest student." There were five statements attributed to group cause, such as "The group who cheated together encourage student M into cheating." There are another five statements attributed to institutional cause, such as "The University didn't give enough moral education to its students." The remaining 15 statements are some situational factors used as fillers, such as "It is bad luck to be caught cheating." By rating these statements on a 7-point scale, participants were asked to express to what extent they believe the content of each statement is the cause of the cheating scandal; 1 means "not a cause at all" and 7 means "most important cause."

## Results

To test the cultural difference of the various agency attributions, we conducted repeated measurement ANOVA analysis. Results revealed that the interaction between culture and agency is significant,  $F(2, 416) = 8.05, p < .01$ . The main effect of agency is also significant,  $F(2, 416) = 12.08, p < .01$ . The main effect of culture is not significant,  $F(1, 208) = .01, p = .92$ . To be more specific,  $t$  test showed that Chinese attribute significantly more to individual agent ( $M = 4.48, SD = 1.08$ ) than Americans ( $M = 4.17, SD = 1.09$ ),  $t(208) = -2.11, p < .05$ . In contrast, Chinese attributed significantly less to institutional agent ( $M = 3.78, SD = 1.01$ ) than Americans ( $M = 4.13, SD = 1.13$ ),  $t(208) = 3.01, p < .01$ . There is no significant difference between Chinese and American participants on the attribution to group agent,  $t(208) = -.77, p = .44$  (Figure 2).

## Discussion

The results of Study 2 supported our hypothesis that IA is a more meaningful and salient concept for American perceivers, compared to Chinese participants. As we can see from the above results, when both individual agency and IA exist in an event, Americans have the tendency to attribute causation to both of them. In contrast, Chinese attribution to the IA dropped dramatically. These results supported our hypothesis that IA is a more significant concept for Americans than it is for Chinese. More importantly, the concept of IA is distinguished from group agency and its psychological implications are different from those of group agency.



**Figure 2** Business school cheating scandal attribution results.

Interestingly, the IA seems to provide a way for Americans to reduce the causal attribution they usually put onto individuals. When we review the definition of IA, this phenomenon is much easier to understand. IA is construed in a perceiver's mind as a legal entity and allows a group of natural persons to act as a single individual. Therefore, if participants perceived the institution as a single person, it will help to share some degree of causation or responsibility from the real single individual in the scenario.

Another unexpected result in Study 2 was that Chinese attributed dramatically more to individual agency than Americans did, which contradicts the previous cultural difference findings (e.g., Menon et al., 1999). We believe that this discrepancy may be caused by the addition of the IA in this study. Given the coexistence of multiple agencies in each scenario, the contribution of each agency to the effect would be discounted accordingly. If IA is a salient cause in the scenarios (as in the case for Americans), attributions assigned to individuals would be reduced and partially distributed onto the IA. In contrast to the significant distracting effect of IA to Americans, Chinese assigned more causality on individual agency since IA is not a very salient concept in their conceptualization of causality and responsibility. Nevertheless, this unexpected result did remind us of the disadvantages of using scenario methods with multiple agencies for studying attribution. Therefore, in our third study we used a between-subject design to present different agencies in separate scenarios in order to test the concept and its characteristics more directly.

## Study 3: event planning company

In our last study, we presented participants with a scenario that included either an IA, a group agency, or an individual agency in order to directly test how participants would make causal attributions under different conditions. Based on our previous analysis, we expect that if the agency concept has salient representation in the participant's lay theory, they will

place heavier weights on that agent when making causal attributions. Therefore, we hypothesize that in the IA condition, Americans will make more causal attributions to the institution than Chinese, whereas in the group agency condition, Chinese will make more causal attributions to the group than Americans.

## Method

Participants were recruited from the UC Berkeley and Beijing University, China. For the American sample, 92 undergraduate students (40 male, 52 female) at UC Berkeley took the experiment in exchange for course credits. The average age of American participants was 21.06 years. For the Chinese sample, 88 undergraduate and graduate students (48 male, 40 female) at Beijing University took part in the experiment in exchange for course credits. The average age of Chinese participants is 23.11 years.

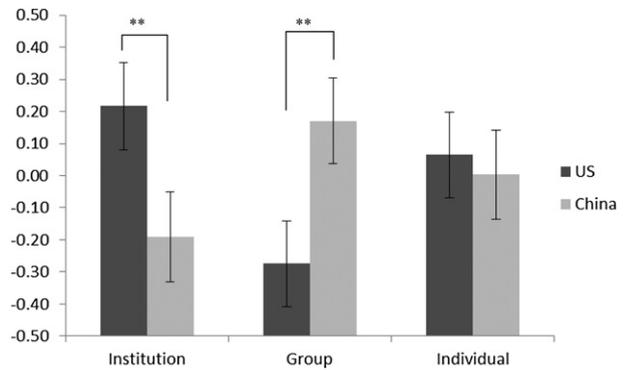
Participants from each culture were randomly assigned to one of three conditions: (1) the IA condition; (2) the group agency condition; or (3) the individual agency condition. Participants were asked to read one of three scenarios below with the character corresponding to their conditions:

**Institutional agency:** MeetInc is an event planning company. Recently, it made a mistake in the venue booking which led to troubles for its customers.

**Group agency:** Four friends form a group to help plan events. Recently, they made a mistake in the venue booking which led to troubles for their customers.

**Individual agency:** Maggie is an event planning manager. Recently, she made a mistake in the venue booking which led to troubles for her customers.

After reading the scenarios, participants were asked to rate a list of nine items as the possible causes of the accident on a 7-point scale in which 1 means “not a cause at all” and 7 means “most important cause.” Among these items, there were four probe items describing the character in the scenario as the cause. Therefore, the subjects of these items were manipulated depending on the conditions: “The company MeetInc [The members in the group/Maggie] was irresponsible to its customers”; “The company MeetInc [The members in the group/Maggie] was not professional enough”; “The company MeetInc [The members in the group/Maggie] didn’t pay enough attention to the venue scheduling issue”; and “The company MeetInc [The members in the group/Maggie] was inefficient.” The other five items were all filler questions and were the same across different conditions: “The events planning service faced too many demands”; “The customers didn’t provide clear information about their events”; “The venue resources were too



**Figure 3** The cultural difference on the attribution in different agency conditions.

limited”; “There were too many unpredictable factors in the event planning industry”; and “The customers were in bad luck.”

## Results

As in Study 1, the data were standardized within culture to eliminate the bias from the scale utilization (the tendency of using moderating or extreme numbers). The following analyses were all conducted on standardized z scores.

Since the four probe items had good internal consistency in each culture (in the American sample, the Cronbach’s  $\alpha = .73$ ; in the Chinese sample, the Cronbach’s  $\alpha = .77$ ), we averaged the scores on the four items and generated the “agency attribution index” to represent the extent to which participants thought the character in the scenario was the cause of the accident. The analysis of “Agency” by “Culture” ANOVA was conducted with the agency attribution index as a dependent variable. The ANOVA showed that there was a significant interaction effect between culture and agency,  $F(2, 174) = 5.03, p < .01$ . No main effect on culture or agency was found.

To test the precise condition which cultural differences exist, independent *t* tests were conducted between American and Chinese samples in each agency condition. In the IA condition,  $t = 2.05, p < .05$ , Americans ( $M = .22, SD = .75$ ) attributed significantly more on the IA than Chinese participants ( $M = -.19, SD = .78$ ). In contrast, Chinese attributed significantly more on the group agency ( $M = .17, SD = .73$ ) compared to Americans ( $M = -.27, SD = .59$ ), with  $t = -2.65, t < .05$ . No significant difference was found in the individual agency condition between the American ( $M = .06, SD = .82$ ) and Chinese sample ( $M = .00, SD = .79$ ), with  $t = .30, p = .77$ . Figure 3 showed the results of cultural differences on the attribution in three agency conditions.

In addition, within the American sample, there was a significant effect on the agency type,  $F(2, 89) = 3.72, p < .05$ .

The post hoc tests showed that the main difference came from the significantly higher attribution on the IA than the group agency,  $p < .05$ . Within the Chinese sample, the main effect of agency is not significant,  $F(2, 85) = 1.65, p = .20$ . However, post hoc tests still showed that their attribution on group agency is significantly higher than IA,  $p < .10$ .

### Discussion

The results of Study 3 further supported our hypothesis that IA is separated from group agency and is more salient for Americans than for Chinese. When there is only one character in the scenario, the attribution patterns were dependent on the nature of the character in different cultures. The IA scenario and the group agency scenario showed completely opposite patterns between American and Chinese samples. For Americans, participants attributed significantly more causes onto the company than what Chinese participants did. When the company in the scenario was replaced by a group, the results pointed toward a completely different direction. Such a contrast between the IA and the group agency indicated that a company is fundamentally different from a group in a perceiver's mind. When Chinese attributed more agency to the group, which was consistent with previous findings (Menon et al., 1999), they dramatically reduced their attribution to the company. However, Americans attributed significantly higher agency to the company, which implied that in their mind, the company is an abstract entity which possesses its own autonomy and free will, thus can be accountable for its behavior. Hence, as consistent with our hypothesis, IA is a more salient concept for Americans. In addition, such cultural differences were not present in the individual situation, which further indicated that the IA is not a special case of individual agency.

### General discussion

In general, three studies in the current research tested the existence of IA and explored cultural differences in the salience of this concept. The result of Study 1 partially supported the hypothesis that IA is a different form of agency from individual or group agency. The second study further illustrated that IA is more meaningful and salient for American participants than Chinese participants. Finally, the third study conducted a more direct measurement to prove the distinct features of IA as well as the cultural differences in its salience in relation to the implicit theory.

These cultural differences related to IA may originate from the different cultural traditions and epistemologies of Western and Eastern perceivers. In American culture, the

individual has more autonomy and free will in social interactions. When an institution emerges as a gathering of a group of people, the concept of the abstract "single person" is developed to help them understand the behavior of this social group since the concept of collective agency possesses less significance in American culture and thus cannot be used to perceive the behavior of this special social group. However, Chinese perceivers have greater tolerance and acceptance of the collective agency of a group due to the chronic influence of collective culture in Eastern society. Therefore, the group is a concept that is salient and easier to use to represent the existence of an institution. The concept of IA then is not as important to Chinese as it is to Americans. For the Chinese, the abstract concept of an institution, or say, the artificial personhood of institutions, is not as salient as it for Americans. This implies that, in the Chinese mind-set, the existence of an institution has to rely on some concrete person, such as the leader of this institution.

Of course, although the current research investigated the concept of IA and provided some evidence that proved the existence of cultural differences related to this term, the findings are very preliminary. Many factors must be addressed in future studies. For example, in current research, we did not distinguish different types of institutions. Based on organization theories, companies, nonprofit organizations, governments, schools, and armies are all different forms of institutions. More importantly, they all have their specific characters that will influence a perceiver's social perception dramatically. Therefore, a better control and more detailed investigation are required in future studies. In addition, the valence of social events is also a factor we did not investigate sufficiently in this thread of research. Most studies were focused on negative social events. More studies need to be done on either negative or positive events.

The study of implicit theories of agency is critical for improving cross-cultural communication and for understanding economic behavior from a global perspective. A key foundation of international communication and corporate collaboration is to understand the mental perspectives and states of other parties. At times, the misunderstandings and conflicts between countries, specifically East Asian and Western, arise from different assumptions deriving from folk theories of social perceptions, causal attributions, and judgments. As we see in the opening story of this proposal, the conflict between two culturally different parties can be alleviated if the different implicit understandings of agency of both Americans and Chinese are better understood. Along with increasing globalization, cultural understanding will also provide better opportunities for organizations, especially multinational companies, to launch a more positive dialog between different cultures and build smoother collaborations in the business world.

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