TRADITIONAL MARKET PRICE NEGOTIATIONS IN BALI: AN ETHNOGRAPHIC ANALYSIS OF PARTICIPATORY PRICE-SETTING PROCESSES

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Abstract:
The prices of goods sold in traditional Balinese markets often reflect mutual agreements between sellers and buyers, based on more complex considerations than simply cost and profit. This process adds value to sellers, who can maintain long-term relationships with buyers, and to buyers who feel valued in these social interactions. This study uses a qualitative research design, namely participatory ethnography with a phenomenological approach that aims to understand the practice of price negotiation as a meaningful social practice in the context of Balinese traditional markets, and to map the participatory price determination process (actors, strategies, norms, and institutional context). Data were collected through participant observation and in-depth interviews with traders and buyers in traditional markets. The results indicate that, first, prices for basic commodities are relatively uniform among sellers due to unwritten agreements and common sources of production. Second, there are no standard rules in the negotiation mechanism; everything takes place based on an agreement between seller and buyer, which is based on trust and communication skills. Third, despite the rapid growth of modern markets and online shopping, traditional markets remain the community's choice due to their affordability, proximity, and inherent social value. Fourth, bargaining activities are the main attraction of traditional markets because they provide space for active participation for buyers while strengthening social relations with traders. Theoretically, these findings confirm the relevance of the concept of embeddedness in explaining the link between economic practices and social norms, social exchange theory in understanding the reciprocal relations between sellers and buyers, and habitus in describing societal preferences that are formed over generations. This study concludes that traditional markets in Bali are not just arenas for the exchange of goods, but also socio-cultural spaces that uphold the values of justice, togetherness, and trust. Therefore, the sustainability of traditional markets needs to be supported not only through strengthening economic and infrastructure aspects, but also through preserving the cultural values that underpin interactions within them.
Keywords: Bali, Cultural Economy, Ethnography, Price Negotiation, Traditional Markets.

1. INTRODUCTION

Traditional markets in Bali, as an integral part of the economic and social life of the Balinese people, have very unique dynamics in determining the prices of goods and services. In traditional Balinese markets, pricing is not simply a matter of buying and selling, but also reflects deeply rooted social, cultural, and local values. The price negotiation process in these markets involves complex interactions between sellers and buyers, which are based not only on purely economic factors such as production costs and market demand, but also influenced by social norms, personal relationships, and participatory collective agreements.

However, in the context of global economic development and increasingly rapid modernization, Bali's traditional markets face significant challenges in maintaining their unique characteristics, including pricing. One frequently occurring phenomenon is the shift from traditional negotiation systems based on local social and cultural ties to more standardized systems influenced by broader market dynamics. This raises questions about how the price negotiation process in Bali's traditional markets can remain relevant and sustainable amidst changing times, and how to ensure the participation of all parties in the process.

The price negotiation process in traditional Balinese markets can be seen as one manifestation of an economic system that relies not only on the exchange of goods but also as a means of maintaining harmonious social relations between sellers and buyers. In Bali, many transactions that occur in traditional markets are influenced by factors such as familiarity between sellers and buyers, mutual trust, and even spiritual or religious aspects that govern social life. Therefore, prices set in the market are not simply figures representing the value of an item, but also reflect a deeper agreement on the social and cultural values prevailing in Balinese society.

However, in recent decades, Bali's traditional markets have begun to face threats from the development of modern markets, such as supermarkets and malls, which tend to offer more transparent and standardized prices. This phenomenon has led to a shift in the way traders and buyers interact in price negotiations. The more formal and centralized system in modern markets has reduced the space for the flexible, relationship-based negotiation practices that are characteristic of Bali's traditional markets. This raises concerns that the participatory nature of price negotiation will increasingly disappear, and that Bali's traditional markets could lose their cultural identity as places that facilitate rich and dynamic social interactions.

Furthermore, participatory pricing processes also play a role in maintaining local economic balance, as in traditional Balinese markets, prices are not solely determined by rigid market mechanisms but also by agreements that take broader social and cultural aspects into account. In this context, the prices of goods sold in traditional Balinese markets often reflect mutual agreements between sellers and buyers, based on more complex considerations than simply cost and profit. This process adds value to sellers, who can maintain long-term relationships with buyers, and to buyers who feel valued in these social interactions. Therefore, research on price negotiations in traditional Balinese markets is crucial not only for understanding local economic dynamics but also for maintaining the sustainability of social traditions that have become an integral part of Balinese cultural identity.

This research aims to delve deeper into how price negotiations take place in traditional Balinese markets, focusing on how the process maintains participatory and collaborative values despite external influences such as globalization and modernization. An ethnographic analysis of the interactions between traders and buyers in Balinese markets can provide insights into how this tradition continues to develop and persist, and how the role of local culture in price determination can add value to the sustainability of traditional markets. This research will examine the price negotiation process holistically, by looking at the social, economic, and cultural factors that influence the interaction between traders and buyers, as well as their impact on the sustainability of Balinese traditional markets as participatory and community-based economic spaces.

2. THEORETICAL FRAMEWORK

The theory of embeddedness, in the context of economics and sociology, was first introduced by Karl Polanyi in his work, The Great Transformation (1944), which argued that the economy cannot be separated from social and cultural contexts. Polanyi argued that the market economy is inseparable from social networks, relationships between individuals, and the values that exist within a society. In traditional Balinese markets, embeddedness explains how price negotiations are not only based on purely economic factors (such as production costs or demand for goods), but are also influenced by broader social relationships, such as the proximity between traders and buyers, local cultural norms, and traditions that govern social interactions. For example, traders often consider it important to maintain good relations with buyers by charging prices that are considered "fair" according to local norms, even if it means accepting slightly lower profits. These interactions demonstrate that prices are not simply numbers, but the result of deeper social processes involving the surrounding social and cultural networks.

Furthermore, embeddedness theory emphasizes that economic actions, such as price bargaining in traditional markets, cannot be understood solely within the framework of economic rationality but must also be viewed within the context of the social and cultural relationships that frame them. In traditional Balinese markets, price negotiation is a form of social interaction that involves many non-economic elements, such as respect, community solidarity, and consideration of religious values that are crucial in Balinese culture. For example, the price of goods may be influenced by larger social agreements, such as the need to support the common good of the community or maintain an individual's reputation within a social group. Therefore, price negotiation does not occur solely in an isolated economic space, but is part of a more complex interaction between individuals and communities within the Balinese social structure, where prices often reflect not only the value of the goods themselves but also the social values that bind the community together.

Cultural economy views economic activities, including pricing, exchange, and the production of goods, as practices imbued with symbolic meaning and disciplined by cultural norms, not simply by impersonal market mechanisms. Viviana Zelizer asserts that money and transactions have social meaning, allowing people to distinguish between "types of money" and allocate them according to social relations, thus ensuring that economic value is always colored by its social context (Giulio, 2024). Critical studies in the field of cultural economy emphasize the need for interdisciplinary analysis combining ethnography, discourse analysis, and economic theory to capture how local practices (such as participatory negotiations in traditional markets) reconstruct what is considered "reasonable" in pricing (Gibson, 2005).

Negotiation is understood in the literature as a strategic interaction process between two or more parties with overlapping but also differing interests, where the choice of strategy depends on goals, perceptions of the other party, and the situational context. The dual concern model emphasizes two fundamental dimensions: concern for one's own outcome and concern for the other party's outcome, which together predict action styles (avoidance, yielding, coercing, compromising, or problem-solving). Subsequent experimental and field research has shown that these motivational orientations often interact with the context, so that negotiation outcomes are better understood as the product of the interaction between individual motives and situational conditions.

Social exchange theory provides a theoretical foundation that bridges negotiations and long-term relationships: transactional relationships are viewed as a series of exchanges that build reciprocal obligations, reputation, and social capital—factors that moderate bargaining strategies and outcomes. Cross-disciplinary reviews show that norms of reciprocity, expected rewards, and information asymmetry determine whether actors choose a cooperative approach (oriented toward the long term and maintaining relationships) versus a competitive approach (maximizing immediate benefits). In the context of traditional markets, this theory explains why traders and buyers sometimes choose “flexible” prices because relationship value and reputation can be viewed as tangible economic components that influence negotiation outcomes.

Pierre Bourdieu's theory of practice places habitus at the heart of explaining how seemingly "automatic" social actions are actually the result of dispositions incorporated through an individual's life history, habits, practical knowledge, and tendencies to think/act shaped by social position and experience. Bourdieu shows that habitus works in conjunction with social structures (fields) and various forms of capital (economic, social, cultural, symbolic) to produce consistent yet flexible practices in specific contexts; actions are not entirely deterministic by structure, but rather are produced by the relationship between structure and embedded dispositions. This approach is useful for understanding bargaining in traditional markets because it explains why traders and buyers display distinctive bargaining patterns that are not simply calculative rational choices, but rather mastered and inherited practices.

Several researchers have subsequently refined and tested the implications of the habitus concept: for example, Lau (2004) interprets habitus as a “practical logic” that allows agents to act productively in situations that are not entirely predictable—meaning that habitus allows for innovation within certain limits. While critiques and extensions of the theory (King 2000; Asimaki 2014; contemporary reviews) highlight the need to account for the flexibility of habitus in an era of rapid change and how it interacts with new practices. In other words, practice theory provides a framework for analyzing why and how certain negotiation strategies become "normal" or accepted in traditional markets, and how structural changes can reshape those practical dispositions over time.

3. METHOD

This study uses a qualitative research design, namely participatory ethnography with a phenomenological approach that aims to understand the practice of price negotiation as a meaningful social practice in the context of Balinese traditional markets, and to map the participatory price determination process (actors, strategies, norms, and institutional context). The research location is 2 representative traditional markets in Bali for contextual comparison of Denpasar City and Badung Regency. Sampling uses a snowball sampling technique to find regular buyers and relational networks. Data collection techniques use: 1) Participatory Observation, 2) In-depth interviews, 3) Documentation. Triangulation methods are used to maintain the validity and reliability of the data.

4. FINDINGS AND DISCUSSION

Buyers in Bali's traditional markets exhibit routine consumption patterns: regular visits to the market familiarize them with the price ranges of basic commodities and their seasonal variations. This knowledge stems not only from personal experience but also from observing interactions between traders, conversations between buyers, and word-of-mouth information circulating within the community. As a result, buyers come to the market with relatively standardized price expectations; they know when a "fair" price is for a particular commodity and can recognize deviant offers. Socially, this price knowledge serves as cognitive capital that strengthens buyers' bargaining power; when buyers know the price range, they are more selective in their negotiation strategies (e.g., rejecting offers deemed too high, or bargaining only within a certain margin). Furthermore, this collective knowledge also serves as a mechanism for social control over trader practices, as excessively high prices are quickly detected and socially sanctioned through reduced trust or buyers switching to other traders. From a cultural economic perspective, buyers' market knowledge exemplifies how local information and norms shape economic expectations, ensuring that transactions always occur within a social frame of reference.

The finding that sellers apply the same price to both existing and new buyers suggests the practice of distributive justice at the microtransaction level. This approach is likely an explicit strategy to maintain the reputation of the merchant and the legitimacy of the market as a fair transaction space. By not differentiating prices based on personal relationships, merchants signal to the community that they uphold the principle of equality, which in turn reduces the potential for social conflict or accusations of nepotism. From a socio-economic perspective, this uniform pricing policy can be explained as an investment in symbolic and social capital: consistent prices facilitate the merchant's reputation as a trustworthy party, thus increasing overall customer loyalty in the long run, even if there is no preferential treatment for existing buyers. This also highlights the normative dimension of local markets—fairness and the merchant's image are often valued equally or more highly than the short-term benefits that might be gained from offering different prices to acquaintances. Within the framework of social exchange, the act of equal pricing reduces expectations of relationship-based rewards and replaces them with reputational rewards (trust, recommendations).

The practice of discounts for large-quantity purchases reflects the classic economic logic of volume pricing, tailored to the local context. When buyers purchase in large quantities, the profit margin per unit can be offset by increased sales volume, reduced transaction costs per unit, and ease of stock turnover. In traditional markets, these discounts are also often practiced as a strategy to attract wholesale buyers or large families, while securing more stable sales over a period of time. However, beyond mere economic logic, quantity discounts also have a social dimension: offering discounts for large purchases can be seen as a form of exchange that benefits both parties—buyers gain savings and traders gain greater sales and, potentially, repeat buyers. This practice maintains a balance between the principle of price equality and the traders' practical economic need to optimize revenue. Within the framework of exchange theory, quantity discounts are an example of an exchange that contains both utilitarian and relational aspects because they can strengthen long-term economic relationships between traders and large buyers.

The uniformity of staple food prices in Balinese traditional markets reflects an informal coordination mechanism among traders. They generally source goods from the same producers or suppliers, resulting in relatively consistent purchase prices. Socially, this is reinforced by an unwritten agreement among traders to maintain price stability to avoid mutual harm. This strategy not only reduces internal competition but also fosters a sense of economic solidarity among traders. Within the context of embeddedness theory (Granovetter, 1985), this phenomenon demonstrates how economic practices are embedded in social networks and collective norms that maintain market equilibrium. Price uniformity provides certainty for buyers and strengthens trust in traditional markets. Consumers need not worry about extreme price differences because the social system in the market already regulates its stability. This also demonstrates that, despite the lack of formal regulation, informal systems based on social norms are able to maintain economic order.

Negotiations in Balinese traditional markets are highly flexible because there are no written rules. The final price of an item is determined through direct interaction between the seller and buyer, influenced by bargaining power, social relationships, and prevailing market conditions. This process demonstrates the participatory nature of traditional markets, where both parties have the freedom to determine the value of the transaction. Within the framework of social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), negotiation in traditional markets is a form of exchange that is not only economic but also social, guided by trust, fairness, and balance. From a cultural perspective, bargaining functions as a ritual of social interaction that strengthens relationships between individuals. This activity is not solely aimed at obtaining a lower price but also serves as a means of communication, demonstrating solidarity, and strengthening community ties. This demonstrates the cultural economic dimension, where economic activity is inseparable from local social and cultural values.

5. CONCLUSION

This study confirms that Bali's traditional markets continue to play a vital role in the economic and social life of the community, despite the development of modern markets and online shopping. The findings suggest that the uniformity of staple food prices is a result of social agreements and common sources of production, reflecting the embeddedness of local economic practices. The existence of unwritten rules in the bargaining process demonstrates the flexibility of negotiations, which depend entirely on the agreement between sellers and buyers, and emphasizes the importance of trust and communication in market interactions.

Furthermore, people's continued preference for traditional markets over modern markets and online platforms underscores the power of habitus and cultural values internalized in shopping habits. Bargaining is seen not only as an economic strategy to obtain the best price, but also as a cultural practice that strengthens social ties, builds a sense of community, and gives meaning to economic transactions.

Thus, traditional markets in Bali are not simply places for the exchange of goods, but also socio-cultural spaces that uphold the values of justice, trust, and participation. These findings demonstrate that the sustainability of traditional markets is not only supported by economic aspects, but also by the strength of social and cultural norms inherent in daily community interactions. Therefore, strengthening traditional markets requires not only managerial and infrastructural aspects, but also maintaining and preserving the cultural values that are the primary foundation of market sustainability.

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