

## Intertemporal Reasoning and Cross-cultural Decision Making

Donald G. MacGregor<sup>1</sup>,

and

Joseph Godfrey<sup>2</sup>

### ABSTRACT

Elements of economic theory are examined to understand the Euro-American cultural assumptions encoded in their formulation. The research develops a framework by which to understand how Euro-American beliefs relevant to economic theory might be understood or misunderstood in other cultures, with the goal of facilitating inter-cultural dialog. The framework is constructed using an approach based on decomposing key economic concepts into their component elements and relating those elements to research that has identified important cultural views that influence how these components are matched or mismatched by cultural beliefs. We take as our starting point the notion of Net Present Value and the Time Value of Money demonstrating how this single, but central, concept from investment analysis encodes cultural assumptions regarding the linearity of time, equity, individual property and wealth creation. The results are applied to non-western cultural beliefs, particularly in Arab cultures.

---

Suggested Citation: MacGregor, D. G. & Godfrey, J. (2010). Intertemporal reasoning and cross-cultural decision making. In D. Schmorrow & D. Nicholson (Eds.). *Advances in Cross-Cultural Decision Making*. Boca Raton, FL: CRC Press..

---

<sup>1</sup> Contact Author: Donald G. MacGregor, Ph.D., MacGregor Bates, Inc. 1010 Villard Avenue, Cottage Grove, OR, 97424. tel. 541-942-5727 fax. 541-942-8041 email: donald@macgregorbates.com

<sup>2</sup> Joseph R. Godfrey, Ph.D. Winset Group, LLC, 4031 University Drive, Suite 200, Fairfax, Virginia, 22030. Email: jgodfrey@winset.com