

How mutuality reinforces partnership development: Japanese and Korean marketing perspectives

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ABSTRACT

Relationship building is about 'mutuality' and how an organizational cultural value system enhances the development of long-term relationships that influence the marketing strategy process. This paper explains how senior managers embrace the concept of mutuality in order to establish a partnership arrangement in the context of a vertical marketing system. From the literature, four propositions relating to customer service policy, the process of innovation, relationship marketing and comparative national culture were developed and placed in the context of a Japanese and a South Korean electronics company based in the UK. The propositions were validated using in-depth, personal interviews with a limited number of senior managers in the two global companies. Evidence suggests that managers in Japanese companies formulate industry and country specific customer service policies, dictate R&D programmes, and spend a long time getting to know an individual in a potential partner organization(s) before they engage in any form of business integration. Whereas managers in South Korean companies are keen to communicate extensively and seek to acquire additional skills and knowledge so that they can innovate and implement cost effective strategies.

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1. Introduction

In a strategic marketing context, partnership development is associated with inter-firm relationship building and the management of vertically integrated marketing channels. The process of strategy development forces managers to think in terms of how an organization can create valuable competences and core knowledge (Argyres, 1996; Prahalad & Hamel, 1990). Being in possession of desired knowledge is not always possible (Nickerson & Zenger, 2004, p.618), however, the key task of a manager vis-à-vis strategy formulation and implementation, is to turn possessed knowledge (Barney, 1984; Teece, Pisano, & Shuen, 1997) into viable working practices that increase the organization's capability to produce products and services in a timely and competitive manner (Arrow & Hahn, 1971; Nelson & Winter, 1982). One way in which possessed knowledge can be turned into viable working practices is by managers in original equipment manufacturers (OEMs) sharing market information with retailers and distributors (Fang, 2008, p.91), the objective of which is to increase the organization's competitive standing. Knowledge enhancement can be aided by the deployment of various competitive intelligence tools and techniques, and reinforced through the process of marketing

intelligence (Trim & Lee, 2007, 2008b). By placing marketing intelligence within a strategic marketing context, a marketing orientation and market driven approach purported by Day (1994) can be adopted. Should this be the case, the organization's marketing strategy will be redesigned and reengineered to take advantage of the opportunities available (Douglas & Craig, 2011, p.96). This will provide managers with a better understanding of how strategic resources and strategic actions facilitate an innovation strategy and ultimately the organization's financial performance (Wei & Wang, 2011, p.268).

Research undertaken in the area of business networks has provided valuable insights into the development of relationships. Anderson, Hakansson and Johanson (1994) characterized the function of business relationships into "activities"; "actors" and "resources", and made reference to expected outcomes and how interaction among actors manifests in the further development of a network. The main point to note is that a 'business network' is most likely influenced by a strong willed CEO/senior manager as such a person influences the strategic direction of the organization (Anderson, Hakansson & Johanson, 1994, pp.8–9). This raises questions relating to how an organization selects a candidate for a specific post and how an organization's strategic direction is influenced by a highly focused senior management team that is committed to the concept of 'mutuality' (Anderson, Hakansson & Johanson, 1994). Mutuality in the context of a partnership arrangement needs to be viewed as strategically oriented and this has not been fully explored in the literature.

By interpreting how a CEO/senior management team embrace the concept of mutuality, it is possible to understand how an organization

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deals with and embraces uncertainty. If an organization has a low risk appetite, then it is possible that a number of business relationships will be entered into and a partnership arrangement will be forthcoming. In fact, it is necessary to think in terms of what guidance is provided by top management (Wucherer, 2006) and how the vertical relationships are managed (Jaspers & Van den Ende, 2006). Research into trust based relationships has been undertaken by Leek, Turnbull, and Naude (2006); Ploetner and Ehret (2006); Spekman and Carraway (2006); Suh and Kwon (2006) and Trim and Lee (2006a). Spekman and Carraway (2006, p.18) concentrate attention on information sharing and suggest that trust provides a basis for knowledge creation, and Trim and Lee (2006a, pp.153–156) place trust within the context of cultural understanding and strategic decision-making. Bearing this in mind, mutuality can be defined as a process for staff involved in a business relationship to share information on a range of strategic issues and through co-operation and the development of innovatory work based practices, increase the organization's market share/profitability through time. It has to be recognized that the meaning of 'mutuality' is influenced by 'culture' and as indicated in Fig. 1, the concept of mutuality reinforces the marketing strategy process. In this paper, our intention is to unravel the view of 'mutuality' that is embedded in the minds of managers in Japanese and South Korean electronics companies, and explain how a commitment to mutuality reinforces partnership development and aids the marketing strategy decision-making process through a vertical marketing system. Four sub-concepts were given attention: (i) customer service policy; (ii) the process of innovation; (iii) relationship marketing; and (iv) comparative national cultural values.

Differences in management practice between Japanese and South Korean companies can be attributed to national cultural value systems embedded in Japanese and South Korean society (Lee, 2001; Lee & Trim, 2008a, 2008b). The Japanese business model ('keiretsu') and the South Korean business model ('chaebol') are underpinned by a value system, which incorporates partnership development and aspects of the balanced scorecard approach as advocated by Kaplan and Norton (2001). As a result, actionable strategic plans are devised and implemented. With respect to why companies enter into a partnership arrangement, Feldman (2004, p.296) is right to point out that it is essentially about access to resources. Rather than place partnership in a narrow cooperation context only, as suggested by Rese (2006, p.74), Trim and Lee (2008a, p.223) advocate a more holistic view of what partnership represents by suggesting that it is: "An all embracing mutually oriented mechanism that allows staff within an organization to identify, devise and implement a legal instrument that results in combined ownership, an integrated management model that is underpinned by a hybrid organizational culture, which gives rise to a clearly defined mission statement and marketing strategy."

When studying the conditions that result in vertical integration, it is important to pay attention to such issues as organizational flexibility (Buckley & Ghauri, 2004, p.84) as this will to some degree dictate the type of business model that emerges. The work builds on previous research relating to vertically integrated organizational marketing systems (Lee & Trim, 2006a, 2006b, 2011; Ryu, Min & Zushi, 2008; Trim & Lee, 2006a) and adds to the body of knowledge relating to the concept of mutuality. By studying the concept of mutuality, it is possible to make a link with other work in the area of inter-firm relationships and innovation (Cavusgil, Calantone, & Zhao, 2003); relationship marketing (Hunt, Arnett, & Madhavaram, 2006); and relationship building (Schuur, 2007). This said, the structure of the paper is as follows. First, Japanese and South Korean companies are placed in context and this is followed by a section entitled propositions development. The methodology section is followed by a section entitled research findings, and then a discussion is evident. A section entitled managerial implications follows and the paper ends with a conclusion and suggestions for further research.

2. Background information relating to Japanese and South Korean companies

2.1. Japanese companies

Over the past 50 years, policy makers in Japan have identified successfully a number of emergent technologies (Nakata et al., 2006, p.29), which managers have exploited in order to fuel industry-led growth (Porter, 1996; Porter, Takeuchi, & Sakakibara, 2000, pp.22–29). Due to the fact that the Japanese consumer demands a high standard of customer service (Maguire, 2001, p.247), it is not surprising to learn that Japanese managers follow a policy of upgrading the quality of their products through time (Genestre, Herbig, & Shao, 1995, p.43) and develop and implement market focused strategies (Lee, 2004b, pp.152–153). Furthermore, because industry rivalry is intense, new products enter the market quickly (Nakata et al., 2006, p.31).

Japanese managers are prone to create a crisis in order to stimulate organizational members into identifying problems and finding solutions (Matsuo, 2006, p.245). This suggests that the concept of organizational learning (Senge, 1999) is embraced and the decision-making process within Japanese organizations is innovative.

2.2. South Korean companies

The growth strategy that South Korea has exercised over the past 40 years has resulted in the importation of technologies and allowed South Korean companies to upgrade their production capabilities (Nakata et al., 2006, p.29). Managers lower down the hierarchy receive

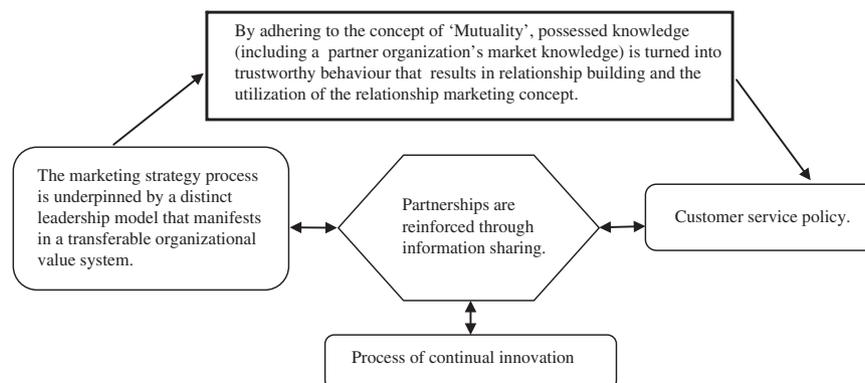


Fig. 1. How the concept of mutuality reinforces the marketing strategy process.

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