

Thesis
4001

University of Stirling

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Grounded Theory of Marketing Strategy Based on Partnership and
Underpinned by Culture: Japanese and Korean Electronics Companies
in the UK

Submitted for the Degree of Doctor of Philosophy

June 2003



Dedication

This thesis is dedicated to my mother, Youn-Bun Kim and my father, Jong-Bom Lee.

Abstract

An extensive literature review was undertaken that brought out the salient points relating to strategic marketing; marketing strategy; customer service; relationship marketing; retailing strategy; the link between organizational culture and national culture; leadership; long-term partnership arrangements; and the similarities and differences between Japanese and Korean culture.

The research strategy incorporated exploratory research and in particular the in-depth personal interview method; the small group interview method; the critical friendship group method; and the postal survey method. This allowed the researcher to understand the mindset of Japanese and Korean people; provided a basis for the researcher to better understand and address culturally sensitive issues that would arise during the main data collection process; make a link between national cultural values and organizational values. The grounded theory approach was used to analyse and interpret the data collected from the in-depth personal interview method involving five staff in two companies: a Japanese electronics company based on the UK and a Korean electronics company based on the UK.

The research established that national cultural value systems do have an influence on management style and organizational behaviour. Both Japan and Korea embraced Buddhism and Confucianism in a different way (emphasis, purpose and sequence). This is why the national cultural characteristics and values of the people from these two cultures are different. The strategic marketing approach is valid and is deployed by both Japanese and Korean electronics companies based in the UK, however, the approach of the Japanese managers to strategic marketing is more advanced than the strategic marketing approach deployed by Korean managers. Both Japanese and Korean electronics companies based in the UK have a clearly defined marketing strategy that is focused on customer service that is underpinned by a clear commitment to partnership arrangements. Partnership arrangements are based on trust and are considered to be long-term in orientation. Although Japanese and Korean electronics companies based in the UK have a customer service policy that is incorporated within a strategic marketing framework, customer service policy is deployed differently. In order for Japanese and Korean electronics companies based in the UK to achieve financial success (defined as financial gain in the long-term), marketing is perceived as an integrated process that is strategic in nature. Japanese and Korean managers feel comfortable working in terms of a strategic marketing framework and are sensitive to the feelings of local people. Hence a hybrid organizational culture exists. However, the organizational culture that exists in Japanese electronics companies based in the UK is different from that that exists in Korean electronics companies based in the UK. This is due to a distinct organizational learning policy. Although organizational learning is viewed as important with respect to improving an organization's performance, how it is practised in Japanese electronics companies based in the UK is different from that adopted and deployed by Korean electronics companies based in the UK. This can be attributed to such factors as the style of management; the degree of management control; and the way in which relationships are built and managed. As regards the development of partnership arrangements, although managers in Japanese and Korean electronics companies based in the UK consider that business relationships are to have a long-term orientation, it should be noted that in the case of Japanese electronics companies based in the UK, there are clear power based relationships in being that influence how individuals interact and make and implement decisions. In the case of Korean electronics companies based in the UK, the concept of mutuality is dominant and this influences how individuals interact, make and implement decisions.

Acknowledgements

I would like to express my gratitude to Dr. Keri Davies for the advice and support he gave me during the course of the research. I would especially like to thank him for allowing me to undertake the type of research that I did without imposing any restrictions.

I would also like to thank the senior managers within the Japanese and Korean electronics companies based in the UK for allowing me to have access to key personnel in order for me to be able to collect relevant data. Their support resulted in the production of two grounded theories. I very much appreciate the time they made available to me and their willingness to provide information when requested.

I would also like to take this opportunity to thank those based in the UK, the USA and Japan, who provided me with help to collect relevant data from various sources.

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Chapter One: Introduction to the Research and the Thesis

1.1 Introduction

This Chapter is composed of the general subject area (section 1.2); the rationale for the research (section 1.3); the motivation for the research (section 1.4); the research objective and overview of the approach (section 1.5) and the organization of the thesis (section 1.6).

1.2 The general subject area

Current thought in marketing and retailing are focused on customer driven marketing oriented strategy formulation and implementation (Doyle, 1994)(Baker, 1996)(Porter, 1996)(Hooley et al., 1998)(Tunks in McElee and Warren, 2000). Long-term mutually oriented partnership arrangements can provide an organization with a sustainable competitive advantage, and Aaker's (1992) strategic marketing framework can be used by marketing management to devise and implement various marketing strategies.

In order that a retail organization can establish strong partnerships with its channel partners, a common culture needs to be established that is acceptable to each partner. A clear structure needs to be established to facilitate communication and enhance coordination between retailer and supplier (Lamming, 1993: 252)(Buzzell and Ortmeyer, 1995: 93)(Hines, 1996: 4,636)(McIvor and McHugh, 2000b: 12-13). Joshi and Stump (1999: 291), and Christopher and Juttner (2000: 120) have pointed out that if a retail organization can develop a strong partnership culture, it will be able to respond pro-actively to rapidly changing environmental situations. This being the case, a learning organization (Lincoln et al., 1998)(Morgan et al., 1998) can be developed which identifies with the norms and business goals of the partner organization.

Long-term positive channel partnership arrangements with key partners, which are based on mutual trust, will allow the organization to meet customer expectations, provide customer satisfaction, and should result in customer loyalty being achieved. For these reasons, marketing strategy and retailing strategy cannot be separated (McGoldrick, 1990:1) (Davies and Brooks cited in Omar, 1999: 6)(Corstjens and Corstjens, 2000: 17). Relationship building involves all the members of the marketing channel and because of this, it is necessary to place retailing strategy within a strategic marketing context, and to understand that an organization's culture is responsible for ensuring that staff at all levels are aware of the organization's value system. Hence, the link between marketing and human resource management is evident.

Strong positive partnerships need to be supported by good management/leadership skills; a strong organizational culture; a shared value system; strongly held beliefs; all of which are underpinned by staff/employee commitment and loyalty. This is all related to the concept of organizational learning (Germain and Droege, 1997). A strong organizational culture makes explicit the shared value system and beliefs with which all the organizational members are expected to identify. An appropriate organizational structure will allow staff/employees to identify clear communication channels; identify with and relate to task responsibility; link marketing issues to organizational capability; and develop and implement a coherent corporate strategy.

With respect to the importance of organizational culture and leadership, although arguments exist as to what organizational culture is and how organizational culture is formed, a number of academics such as Young (1989), Schein (1992), Hofstede (1996 and 1997), Rosenfeld and Wilson (1999), and Lewis (2000), have argued that organizational culture is an important element that needs to be understood

by senior managers. The reason for this is that a strongly shared organizational culture can provide staff within an organization with an identifiable behaviour pattern; it allows staff to interpret matters in a certain way; and employees can identify with the image of the organization. It is clear, therefore, that organizational culture and leadership can be placed within a relationship marketing context.

Managers operating in different international business settings are required to use multiple leadership styles as and when necessary in order to relate to people from different cultural backgrounds, and need to be aware of cultural differences and sensitivities (Tayeb, 2000). For example, although Japan and Korea have adopted Confucianism and Buddhism, the influence of Confucianism and Buddhism is different in each country due to the fact that Confucianism and Buddhism were adopted at different stages in each country's history. This reinforces the point that marketing staff need to be aware of how customers are influenced by a cultural value system and how subordinate staff from a different country are influenced by a cultural value system.

In order for managers to build long-term relationships with their customers, based on mutual trust, managers need to be able to manage the internal relationship with their staff (George, 1990)(Lings and Brooks, 1995: 325)(Piercy, 1995: 26-27)(Singh, 1998: 19). It is clear therefore, that the concept of relationship marketing is linked to how a customer-oriented culture is established (Lewis and Gabrielsen, 1998: 66). Hence, top management need to be committed to establishing a customer oriented culture and motivate staff/employees by providing training programmes for example (Piercy, 1995: 26-29)(Rubin, 1995)(Lewis and Gabrielsen, 1998)(Sturdy, 2000).

1.3 Rationale for the research

Aaker's (1992) strategic marketing approach is useful but does not explain how marketing managers can implement an information planning process and how

senior managers should apply a specific corporate strategy in different markets at the same time in order to achieve the organizational objectives set. Furthermore, relevant issues such as how a partnership arrangement can be managed through time are not dealt with adequately.

Marketing managers are required to develop their knowledge and understanding of different cultural traits and cultural preferences, and this has not been adequately researched. Issues such as the level of complexity and uncertainty are important considerations which have not been fully addressed in the marketing literature, but are key factors in international business and this is why senior managers direct staff to identify synergistic activities (Aaker, 1992)(Day, 1994: 41-43)(Doyle, 1994)(Baker, 1996) which can create fitness (Porter, 1996).

These criticisms are justified because a customer driven marketing oriented strategy takes into account the organization's competitive situation and builds on the need to implement a differentiation strategy (Porter, 1996: 62-75) or a low cost strategy for example (Porter, 1985: 12-14)(Aaker, 1992)(Bhuian, 1998)(Han et al., 1998)(Sheth and Sisoda, 1999). The marketing and strategy literature are deficient therefore because although issues such as national culture are referred to, the emphasis placed on the relevance, role and importance of national culture vis-à-vis shaping an organizational cultural value system has not been addressed adequately from the perspective of how marketing management devise and implement a customer service strategy in relation to customer demands.

A customer service policy needs to be customer focused. However, organizational learning is a key factor and is linked to how an organization can produce customer satisfaction from the point of value added (Morgan et al., 1998: 354)(Harvey and Denton, 1999). Again, this aspect has not been addressed adequately in the literature.

In order for managers in an organization to establish a strongly shared organizational culture, especially in the case of managing an international partnership arrangement or strategic alliance, it is important for senior managers to have knowledge about national culture. This is because managers need to fully understand how organizational dynamics are determined. This has not been adequately addressed by marketing academics. Fincham and Rhodes (1999: 411-412) have pointed out, that culture contains common meanings and ideas within a society, and provide guidance with respect to how people exhibit behaviour within a society; therefore, local staff, who possess a shared view with other members of the society, are important assets of an organization. From a marketing point of view, this is complex and under-researched, and the links between organizational dynamics, marketing and retailing, have not been made clear.

Ritter (2000: 318) has highlighted the importance of a relationship based on commitment, openness, honesty, the sharing of information and sharing of risks and rewards. Hence, relationship marketing, underpinned by a commitment to customer service, is to be placed within a strategic marketing context. This has not been done to date. In-depth research is required to place the various bodies of knowledge within an integrated context as this will help to explain how marking oriented decisions are made.

If managers are aware of national cultural differences and similarities, they are able to identify which management models are to be used within a specific cultural setting. This point is related to the issue of organizational learning, in the sense that senior management can develop and/or implement a strategy by understanding the significance of organizational culture vis-à-vis the implementation of decisions. This is a crucial point as marketers and strategists are involved in various forms of decision-making, but there is insufficient research into this important area. In the case

of Japanese and Korean organizations, there is insufficient detail as to how marketing decisions are made and implemented, and this is an important point to note when one takes into account the diversity of Japanese and Korean organizations.

Linking marketing issues with organizational capability brings to attention a number of complex and multi-faceted issues, which are not always addressed by a single author; members of a school of thought, or cross-subject researchers. Relationship marketing encapsulates customer service that is underpinned by a customer oriented culture. This is something that has been acknowledged by a limited number of marketing academics, and can be considered an under-researched area of enquiry.

Siguaw et al., (1998) have not explained how managers in a supplier organization can implement the market oriented approach in order to develop a long-term relationship with certain distributors so that the supplier's strategy can be distinguished/differentiated from the competitors (Slater and Narver, 1998). Therefore, the role of organizational culture needs to be defined and the shared values in each organization need to be made explicit. Attention also needs to be paid as to how a trustworthy relationship can be built with internal staff, which is important with respect to facilitating the relationship between the supplier and its distributors.

Reliability and dependability are important elements of the relational-trust concept and are seen as important. Various researchers, such as Morgan and Hunt (1994: 22-23), Berry (1995: 242) and Tax et al., (1998: 60-62), have pointed out that 'confidence' and 'reality' are the key elements of trust. However, researchers need to be aware of the fact that the development of trust is placed within the context of a national culture value system (Doney et al., 1998)(Wicks et al., 1999:100). These are complex, interrelated issues which need to be researched so that culture can be more

fully understood and appreciated, and linked with other bodies of knowledge such as marketing for example.

1.4 Motivation for the research

The author of this thesis had a strong personal motivation for undertaking the research: an interest and appreciation of culture; marketing and retailing; and a commitment to contributing to the various bodies of knowledge that existed. As regards intellectual commitment and understanding, it was essential to research subject matter that had been well researched but allowed the author of this thesis to produce unique insights into complex subject matter. Hence the research was based on various aspects of knowledge such as: organizational culture and national culture; Japanese and Korean culture; marketing strategy and customer service; and retailing strategy. Various other areas of study such as leadership and partnership arrangements were also studied and this allowed an in-depth appreciation to be made. The complexity of the subject matter and its interconnectivity also allowed the author of this thesis to produce two grounded theories according to the specifications set out by Strauss and Corbin (1990 and 1998).

1.5 The research objective and overview of the approach

The objective of the research was:

“to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners”.

And:

“to establish how a Korean electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners”.

Six research questions were formulated:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) How influential is the retail organization with respect to strategy formulation?
- (3) With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?
- (4) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (5) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (6) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

The author of this thesis approached all the Japanese and Korean electronics companies based in the United Kingdom, and one Japanese electronics company and one Korean electronics company agreed to participate in the research. Two senior managers were interviewed in the case of the Japanese company and three in the case of the Korean company. The following qualitative based research strategy was deployed: (1) exploratory research involving in-depth personal interviews; small group interviews; a critical friendship group and a postal survey; and (2) the actual data collection process involving five in-depth personal interviews with senior managers in Japanese and Korean electronics companies. The grounded theory approach was used to analyse and interpret the data from the in-depth personal interviews involving senior managers within two electronics companies. The main steps in the research process are featured in Exhibit 1.1 below.

1.6 Organization of the thesis

The thesis is divided into a number of chapters.

Chapter Two makes explicit the link between organizational culture and national culture. Various issues such as leadership, communication and recruitment and selection of staff are also covered.

Chapter Three highlights the similarities and differences of Japanese and Korean culture. Buddhism and Confucianism are covered in some detail and the education system in both Japan and Korea is cited.

Chapter Four focuses on marketing strategy and customer service. Many issues are covered such as the strategic marketing concept; organizational learning; relationship marketing; trust; the marketing strategy of Japanese and Korean companies; and the influence of the Japanese and Korean government on business.

Chapter Five is about retailing strategy. The link between marketing and retailing is made explicit; channel partnerships are made reference to; the link between partnership and a high quality customer service is made explicit; trust is covered; and various retailing strategies are covered. Attention is paid to Japanese companies' retailing strategy and Korean companies' retailing strategy; and there is direct reference to Japanese electronics companies and Korean electronics companies.

Chapter Six features the methodological approach used by the author of this thesis. The data collection process is made explicit and so too is the data analysis process, and the data interpretation process. Reference is also made to ethical issues; validity, reliability and generalizability.

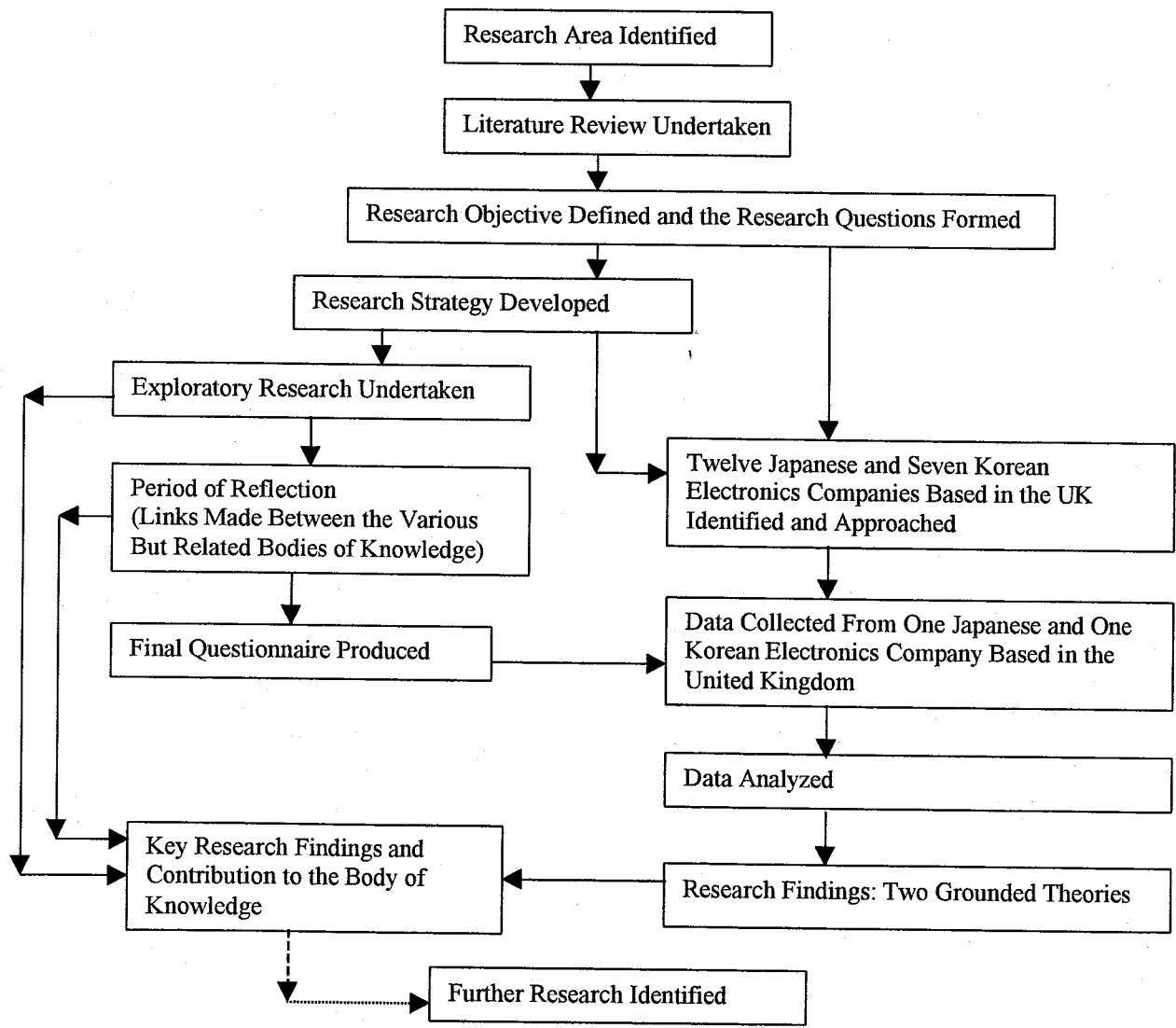
Chapter Seven relates to the exploratory research that was undertaken in the United Kingdom, the United States of America, and the international postal survey (Japan). Direct reference is made to Japanese and Korean cultural characteristics. The similarities and differences of Japanese and Korean culture are made clear.

Chapter Eight features the two grounded theories relating to Japanese and Korean electronics companies based in the UK. The data collection process, the analysis and the interpretation are made explicit.

Chapter Nine forms the Conclusion and contains the contribution to knowledge and an outline for further work.

The reader will note, that throughout the thesis, the term Korea(n) refers to South Korea(n), and this is normal practice.

Exhibit 1.1: The steps in the research process



Chapter Two: The Link Between Organizational Culture and National Culture

2.1 Introduction

This chapter pays attention to what organizational culture is and how organizational culture is defined (section 2.2); makes reference to different views of organizational culture (section 2.2.1): the inductive versus deductive view (section 2.2.1.1) and particularism versus universalism (section 2.2.1.2); and features the culture-organization context (section 2.2.1.3). The importance of organizational culture is highlighted (section 2.3) and so too is the importance of an adequate organizational structure (section 2.3.1). The importance of adequate leadership (section 2.3.2) is addressed and various studies relating to leadership are cited (section 2.3.2.1). A review of existing leadership theory (section 2.3.3) is presented; the benefits of clearly defined leadership (section 2.3.3.1) are made public; and the importance of communicating adequately is highlighted (section 2.3.4). Reference is made to Japanese organizational culture (section 2.4); the Japanese social situation and Japanese companies (section 2.4.1); Korean organizational culture (section 2.5); recruitment and selection practices in Korea (section 2.5.1); and the social situation in Korea (section 2.5.2). Making organizational culture more effective (section 2.6) is studied and a conclusion (section 2.7) is provided.

2.2 Organizational culture defined

A great deal of research has been undertaken into organizational culture, and two authors in particular Hofstede (1996 and 1997) and Schein (1992) have made a significant contribution to the body of knowledge. However, there are a number of factors which need to be researched further in order to establish how organizational culture is formed, therefore, it is essential to have an appreciation of national culture, and to establish how national culture gives rise to a particular organizational culture.

In the case of managing a partnership or strategic alliance, it is crucial to be aware of what national culture is and how it has developed (both in a domestic environmental context and an international environmental context), if that is, a fuller understanding of organizational dynamics is to be arrived at. Senior managers, in order to manage effectively across cultures, need to have a wide knowledge and appreciation of a country's history, culture, values and beliefs held by people in a society (Lee and Trim, 1999) (Trim and Lee, 1999a). Schein (1992: 12), Olie (1994: 386), Hofstede (1996: 3,811 and 1997), Winch et al., (1997: 237), and Rosenfeld and Wilson (1999: 269) have all made a valuable contribution to the subject matter. The reason why it is important to understand a country's history, culture, values and beliefs is because local staff are important assets of an organization and have views which are shared by the other members of society. Therefore, the organization is an extension of society, in other words, the relationship which exists within society also exists within an organization. Furthermore, there is a direct relationship between how people relate to each other in an organization; how the same people relate to other members of society; and how the various members of a society relate to each other. Olie (1994: 386-387) has acknowledged this and indicated that if a senior manager employed by a company involved in a partnership relationship is able to identify the partner organization's culture, and the national cultural characteristics, the senior manager will be able to lead all staff into positive (structural) integration by solving problems and motivating staff; and finding a suitable way to structure the organization which reflects the national cultural values inherent in the organization, a feature which has also been accepted by Hofstede (1997: 11-19) and Morden (cited in Morden, 1999: 20). It is important for managers to be able to identify the appropriate way to enter a new market and in the case of entering a new market abroad, a partnership arrangement with an overseas company may be the most risk free manner to enter the market. However, senior managers will need to

establish the capability of the potential partner and interpret and adapt to the culture of the potential partner. This means that the similarities and differences in each culture need to be identified and action taken to ensure that there is harmony between the partner organizations.

The term organizational culture is often referred to as 'corporate culture' which is used in the management literature by writers such as Hofstede (1996: 3,821). Culture is analysed from various perspectives such as sociology and anthropology. In terms of anthropology, culture is viewed as underpinning the values, beliefs within a society; and culture is said to give guidance to conventional behaviour within a society (Fincham and Rhodes, 1999: 411). Also, according to Fincham and Rhodes (1999: 411- 412), culture contains common meanings and ideas within society and because of this each organization has its own culture, defined in terms of characteristics which are drawn from all members of an organization (Wilkins and Ouchi, 1983: 468-469 and 475)(Allaire and Firsrotu, 1984: 210). Organizational culture is a complex subject and there are both fundamental and superficial disagreements between academics (Hofstede, 2000)(Lewis, 2000). It is encouraging to note, therefore, that authors such as Hofstede (2000) have simplified matters by suggesting that culture can only be defined for a group of people and that the researcher needs to be interested in what makes the group of people under study stand out from other groups of people (Hofstede, 2000: 135). Organizational culture can, therefore, be defined from the basis that members within an organization have a shared set of values and these shared values are accepted throughout by all people within the organization and, therefore organizational culture provides staff with an identifiable pattern of behaviour; this in turn allows staff to interpret matters in a certain way within the organization and provides the organization with a specific identity and image (Wilkins and Ouchi, 1983: 469)(Allaire and Firsrotu, 1984: 216)(Bate, 1984: 45-46 and 59)(Schein, 1984: 3 and

1992: 12)(Young, 1989: 188-190)(Bloor and Dawson, 1994: 276)(Rosenfeld and Wilson, 1999: 274).

2.2.1. Different views of organizational culture

There are many views as to what organizational culture is, however, these can be distinguished into two distinct perceptions: the inductive view versus deductive view; and the particularism view versus universalism view (Hofstede, 1996: 3,824 and 1997: 63-67).

2.2.1.1 The inductive versus deductive view

First, the inductive versus deductive view relates to how academics explain what organizational culture is. The 'inductive' view suggests that organizational culture is formed in each section or department within an organization. For example, Handy (1986) and Rosenfeld and Wilson (1999: 278) explain the relationship between culture and the social network of a labour force within an organization. Handy (1986) and Rosenfield and Wilson (1999: 278) identified organizational culture by using four different structures: 'power-culture'; 'role-culture'; 'task-culture'; and 'personal-culture'. The view of Bloor and Dawson (1994) is useful as it suggests that organizational culture starts from the individual level (an individual within an organization) and moves towards the creation of a professional culture which is able to influence professional belief systems and form a distinct organizational culture. This enables an observer to describe the influence of professional culture within an organization and to identify the relationships which develop/exist, between individuals within the organization (intra-organization) and individuals employed by different organizations (inter-organizational).

In contrast, Hofstede (1996: 136 and 142-143, and 1997), Schein (1992) and Rosenfeld and Wilson (1999: 270) have different starting viewpoints. Schein (1992:16-27) defines organizational culture by using the terms 'basic assumption', 'value', and

'artefacts'. This approach allows an organizational culture to be decoded. It is then possible to understand and explain what a specific culture is within an organization. By reflecting on such ideas, Hofstede (1997: 23-173 and 189-192) has identified five different national dimensions (scope), which represents national values: 'power-distance', 'individualism versus collectivism', 'masculinity versus femininity', 'uncertainty avoidance', and 'long-term versus short-term'. Furthermore, Hofstede (1996: 3,821 and 1997: 177-204) has identified six different organizational dimensions of practices: 'process-oriented versus result-oriented'; 'employee-oriented versus job-oriented'; 'parochial versus professional'; 'open system versus closed system'; 'loose control versus tight control'; and 'normative versus pragmatic'. Hofstede (1997) has made a link between national culture and organizational culture in order to explain how organizational culture differs from one national setting to another, and how senior managers posted abroad can manage a situation in order to solve a problem. This requires that a senior manager manages sub-culture so that it is possible for staff to act quickly and appropriately, and motivate staff lower down the hierarchy. This has been supported by Harris (1998: 368-369) who has argued that a manager needs to be aware of the sub-cultures that exist so that he/she can achieve cultural dominance and control; and a manager can develop and implement a marketing orientation policy (Morden cited in Morden, 1999: 20). This can be viewed as a useful contribution to the body of knowledge by Hofstede (1996: 3,821), as it suggests that organizational culture has a degree of flexibility and that organizational culture can be viewed as evolving and developing through time (Allaire and Firsirotu, 1984: 210).

2.2.1.2 Particularism versus universalism

Second, the view of 'particularism' versus 'universalism' stems from sociology (Hofstede, 1996: 3,824 and 1997: 63-67) and relates to how organizational culture is applied to each group, section or department within an organization (Hampden-Turner and

Trompenaar cited in Morden, 1999: 27-28) rather than how it can be used to describe organizational culture in terms of why an organization has a specific type of culture. Hofstede (1997: 57-67) and Young (1989) refer to 'particularism' and 'universalism' as the value judgement of groups in collectivist and individualistic cultures in society. This interpretation can help to interpret how an organization in a different country tends to manifest itself, which is as a result of individuals within an organization behaving in a certain way. The advantage of this approach to studying organizational culture is that it allows researchers to understand why employees act in a certain way and to establish patterns of behaviour which can then be studied from the point of leadership, motivation and relationship building for example.

Young (1989: 190-191) takes the view that 'particularism' and 'universalism' take into account such factors as organizational events; how social relationships within an organization can convey multiple meanings and how these can be interpreted by staff; and how a given culture can lead to improvements in an organization by adding meaning to events and social relationships for example. In other words, if senior management can understand the process of organizational culture and how organizational culture has emerged, and how meanings are constructed and transformed into events; senior management can develop messages through training programmes and guide staff appropriately throughout the whole organization (also each section/department) so that the boundaries governing acceptable behaviour within the organization are clearly defined (Feldman and March in Young, 1989: 190-191)(Dawson, 1992: 146)(Schein, 1992: 211-227)(Peters and Waterman, cited in Fincham and Rhodes, 1999: 414 and 426)(Rosenfeld and Wilson, 1999:281). Whitener et al., (1998: 520) made a useful observation when they suggested that organizational culture may encourage or discourage managerial trustworthy types of behaviour. For example, values refer to a group's shared behaviour and this

includes how members of the group understand certain events (Whitener et al., 1998: 524). This means that one can also include factors such as interpretation and action, and these are embedded in organizational culture.

Organizational culture is about shared values and beliefs (Dawson, 1992: 136) which manifest through a collective process during long periods and which differentiate one organization from another (Deal and Kennedy, and Peters and Waterman in Young, 1989: 188-190)(Hofstede, 1996: 3,822 and 1997: 5)(Morgan, 1997: 141)(Rosenfeld and Wilson, 1999: 274). Therefore, a positive culture is important because it can help managers to formulate and implement successful international marketing strategies which can be achieved by bringing all the staff together (Hofstede, 1996: 3,835), and achieving results through a form of consensus management decision-making based on establishing realistic targets which are considered acceptable and necessary.

2.2.1.3 The culture-organizational context

Tayeb (1992: 119) has indicated that culture “is a ‘woolly’ concept which has aroused controversy and confusion among scholars as to its precise meaning”. An important point to note is that “culture traits have their roots in history” (Tayeb, 1992: 120), hence when researching an aspect of organizational culture it is necessary to consider influences from outside the organization (those of a social and political nature) and those from inside the organization (the attitudes and values of the employees) (Tayeb cited in Tayeb, 1992: 125). These key factors suggest that organizational culture is dynamic and can change through time. When studying the attitudes and values of managers and their subordinates, it is necessary to remember that organizational culture is to be placed within a human resource management context.

When making comparisons between countries like Japan and South Korea it is vital to note that the similarities and differences that can be identified between the cultures

can be attributed to a number of factors, and in particular it is necessary to study the role that government plays vis-à-vis providing initiatives for industrial development (Tayeb, 1992: 165-172). It is also useful to reflect on the subject and suggest that a clearly defined national culture should allow those researching the subject of organizational culture to think in specific ways. Munro (1999: 627) has provided a useful insight into the subject matter by referring to a ‘strong’ organizational culture and this has to some extent been recognised by Wilkinson (1996) who is clear that a researcher should be careful about making assumptions about how culture is formed and how organizational culture influences the decision-making process within an organization. This is valid as it focuses attention on a number of culturally specific elements which may be overlooked or indeed glossed over by a researcher. Considerations such as these are not to be overlooked because people are selected to join an organization and they undergo a process of socialization within the organization (Chatman, 1991).

When studying the role that national cultural values play in shaping organizational culture it is essential to study the way in which religion, the family and ecological conditions have (as well as history) (Tayeb, 2000: 317), influenced an organization. This suggests that organizational culture is a complex entity. It is also clear from the literature that as well as researching how cultural characteristics or traits have affected an organization’s performance, the focus has to some degree changed and researchers are now focusing their attention on how an organization’s culture can be managed (Ogbonna and Harris, 2002).

Trompenaars (Tayeb, 2000: 326-327) has undertaken some useful research into how internal behavioural issues such as interpersonal communication, the role of status, the significance of time and man’s view of the natural environment, fashion an individual’s thought processes. What is interesting about this approach is that it places relationships in a specific context. This approach is useful as it allows a study to be undertaken into how

people within an organization undertake work assignments and how managers and their subordinates relate to each other. It can also be used to research in depth the satisfaction levels of employees within an organization, and there is a link here with the work of Wheeler (2002: 625) who has undertaken research that suggests people are interested in the work itself as opposed to the pay they receive for undertaking the work. So research that focuses on organizational reward systems is beneficial because it adds to the body of knowledge relating to organizational culture and allows for a deeper understanding of the subject matter. It should also provide a basis for researching complex issues such as how individuals from diverse cultures carry out their work based activities. This point has been noted by Breu (2001: 29) who has stated that “when one culture is required to adopt the methods and practices of the other culture, disruptive tensions emerge”. It has been noted by Miroshnik (2002: 528) that cultural diversity is likely to result in conflict within an organization when it is necessary to reach agreement about something. However, conflict can be beneficial in the sense that “tensions between opposites” can bring about change in organizations (Ogbor, 2001:592). Tayeb (1994: 87) has put this into perspective by stating that by understanding fully the role played by socio-cultural traits, managers within an organization can better understand the behaviour of their employees and indeed their actions, and can “develop and implement a style which would minimize misunderstandings and misinterpretations which might otherwise arise in their relationships with their employees”.

2.3 The importance of organizational culture

Although there are many arguments regarding how a manager should manage organizational culture and how important organizational culture is, various management writers agree that organizational culture affects the way an organization is managed and how it performs (Rosenfeld and Wilson, 1999: 281). Organizational culture which is based

on a set of shared values and meanings, and is strongly adhered to by all the members of the organization, allows the organization to be flexible, adaptable and non-bureaucratic, by providing alternatives to management so that controls can be implemented to initiate external procedures and rules, therefore, a strong organizational culture supports financial success and provides for a sustainable competitive advantage (Porter, 1980)(Morgan, 1997: 141-142)(Burt, 1999)(Peters and Waterman, and Kanter in Rosenfeld and Wilson, 1999: 271). Therefore, a strongly shared organizational culture supports financial success and provides for sustainable competitive advantage by eliminating unnecessary processes and it facilitates coordination. This is why staff/employees need to be supportive and committed (Fincham and Rhodes, 1999: 417-418).

Every organization has a structure which enables it to provide a smooth communication route from senior management to subordinate staff and from subordinate staff to senior management (Allen, 1985: 51)(Erskin, 1991: 395-396)(Gilmore, 1996: 348-355). An organization's structure shows the members of an organization the task work and accordingly, responsibility as a result of the task work. Each individual in an organization can therefore, clarify their own task and responsibility from the function of their work. This means that the structure of an organization helps to increase effectiveness because the role played by staff is defined. Hence, an individual's performance in an organization is determined by an individual's role and the reporting procedure is facilitated by the communication channel. Therefore, structure enables senior managers to plan, co-ordinate and control, and communicate corporate objectives to employees lower down the organizational hierarchy. Authors such as Fincham and Rhodes (1999: 343 and 355-356) have indicated that this has the advantage of allowing senior management to plan the direction of the organization. Hence, a clearly defined organizational culture should result in more effective co-ordination and control, and as a result, the organization may be better

able to deal with unpredictable events, and may be more flexible than an organization which possesses a weak organizational culture, and which may have a reactive management style as opposed to a proactive (forward thinking) management style.

There are many types of structure which exist, such as hierarchy, matrices and bureaucracy, and these are used depending upon a company's purpose and needs. However, it can be said that the bureaucratic structure, which emanates from Weber, is the model from which all these types of structure stem (Fincham and Rhodes, 1999: 330-331). The bureaucratic structure, according to Weber (Parsons, 1968: 339) shows the relationship between senior-junior-subordinate (staff) relating to control and responsibility based on knowledge and capability; and the horizontal relationships between peers in the same department or between departments. The structure reflects the mechanism by which behaviour is controlled within an organization by linking performance to rewards (Fincham and Rhodes, 1999: 330).

2.3.1 The importance of an adequate organizational structure

Although, according to Woodward (Erskin, 1991), structure is adopted depending on the purpose and/or need of a company, the process still needs to be managed because of the criticisms from both sociologists and economists who believe that bureaucratic structure does not take into account the nature of human beings, which means that people have emotions, and feelings which cannot be calculated in advance. Furthermore, the need for an organization to be able to respond to changing environmental conditions and market situations, is a key issue, and is the result of various factors such as government action (policies); economic policy and the state of technological development are also important considerations (Fincham and Rhodes, 1999: 333-336 and 350-351). The issues cannot be looked at in isolation, and need further interpretation. Bearing this in mind, it can be stated that bureaucratic structure lacks adaptability toward environmental changes because it is

based on rules and regulations linked to decision-making only. This means that in an organization which has a bureaucratic structure, managers take a long time to arrive at a decision; meanwhile, subordinates can become less motivated because their ideas, and feelings are ignored. As a result deadlines are missed for example (Fincham and Rhodes, 1999: 356-357).

Organizational culture can compensate for the structural weakness of an organization by allowing the shared core meanings, embedded in the organization's culture to produce greater flexibility, adaptability and non-bureaucratic behaviour which provides alternative control through external procedures and rules (Schein, 1984: 3)(Morgan, 1997: 143). Also culture is the key to solve the dilemma of bureaucratic structural difficulties (Kanter, 1984: 133-134)(Schein, 1984: 3). Peters and Waterman (Fincham and Rhodes, 1999: 415) decoded the role of culture in an organization by pointing out that employees can find meaning to life by making sense of the importance of their work and by viewing their work as rewarding. This is significant as it demonstrated that organizational culture plays a major role in that it reinforces staff activity through motivation and can result in high morale. As Fincham and Rhodes (1999: 417-418) noted, a strong culture can make people in an organization content, and makes sure that staff are committed to the leader/organization. This means that a strong culture can create powerful behavioural expectations and suggests that organizational culture is as important as the organization's structure.

Davis (1984: 16) argued that an organization can be divided into four categories such as structure, people, systems, and beliefs. The beliefs, such as rules and feelings, affect everyday behaviour through the interaction of people, structure and systems. Behaviour is one of the most important elements to be managed in an organization by senior managers and it must be managed well if there is to be higher performance; as a result of increasing

goals (which reflects a strong culture), it can be stated that culture is underpinned by a common understanding (Williams et al., 1990: 128). The daily beliefs not only interact horizontally, but they also interact vertically. This means that when a senior manager wants to change the beliefs of the staff in the organization or wants to understand how the daily beliefs result in various outcomes, he/she should observe employee behaviour and/or carry out an attitudinal survey. Deal and Kennedy (Fincham and Rhodes, 1999: 414-417) noted that in order to generate a strong organizational culture, it is important to manage the key organizational cultural dimensions such as values, heroes, rites and rituals, and the cultural network. According to Dawson (1992: 140), Schein (1992: 209-218) and Morgan (1997: 137), an established and revealed organizational culture can be perpetuated or modified through intent and change by the processes of socialisation, recruitment, and strategy formulation and implementation. Ulrich (1998) has argued that human resource management is vital and that environmental change has made the subject even more important, especially if senior managers are to deal adequately with change. According to Tsoukas (1998: 294), senior managers within organizations are willing to embrace diversity, change and adaptability. The external beliefs are focused on how an organization can compete and what drives the organization. The internal beliefs are linked to how the organization is managed and it is important that senior managers make matters explicit so that the organization's strategic plan can be implemented effectively (Davis, 1984). The reason for this, according to Hughes et al., (1999: 72 and 91-96) is that the right kind of leadership needs to be identified and this requires that both the characteristics of the leader, the follower, and the situation itself, are identified and are used effectively. One point which is often overlooked, however, is that it is essential for all grades of staff to feel valued and to be able to offer feedback as and when required. If subordinate staff are not permitted to provide adequate feedback, which is used to improve matters, they may feel that they are

not valued. This may result in staff becoming demotivated and even if a capable leader is managing the organization, productivity may decline as the workforce may become apathetic. Andersen (2000: 2,269) has indicated that leadership relates to behaviour. The influence of one or more individuals can, in total, be viewed as formal leadership. Andersen (2000: 2,269-2,270) also suggests that leadership is perceived as personality and as a symbol.

This suggests that leadership is a complex area of study and that cultural factors (traits and value systems) need to be understood in order that leadership can be placed within a theoretical context. Bryant (1998: 8-9) has also recognised that cultural values are embedded in leadership. According to Wilson (Franklin, 2000: 131), organizational culture and organizational structure are joined, hence it is important to think in terms of subcultures and substructures, if one really wants to understand how an organization functions. Bryant (1998: 8-9) suggests that a leader must care about his/her subordinates because it is the junior staff who will be responsible for implementing various policies. Clark and Clark (Bryant, 1998: 12) state that leaders within an organization must play a role at all levels within the organization.

Therefore, by being aware of what organizational culture is, a senior manager can identify the differences of national culture, and establish how a new organizational culture can be created. The leader can build his/her senior management team and can improve organizational structure by linking ideas of innovation, the knowledge of creating a more appropriate leadership style to staff motivation and control (Fincham and Rhodes, 1999: 410-414).

2.3.2 The importance of adequate leadership

There are many definitions of what leadership is, and arguments exist as to what a manager is and what a leader is, and the functions they perform. According to Zaleznik and

Kotter (Robbins, 1996: 412-413) and Hughes et al., (1999: 11), a manager has to cope with complexity, draw up plans, define the structure of the organization and monitor the results from his/her actions. Andersen (2000: 2,281-2,283) has made a valuable contribution to the body of knowledge relating to leadership theory, in the sense that the controversies have been highlighted and this in-depth approach is relevant when transforming a leader's view into strategy. This view suggests there is a behavioural connection, and suggests that the work process involves people and their ideas; hence interaction is a key element in order to formulate strategy and implement decisions. The leader has to cope with change and establish the direction of the organization, and this is achieved through skilful communication by aligning staff and inspiring them to overcome barriers. So a leader is someone who can take personal charge of a situation and inspire staff to achieve the goals set (Robbins, 1996: 412-413)(Fincham and Rhodes, 1999: 216-217 and 243-245)(Hughes et al., 1999: 8 and 10). However, risk is an important element and cannot be ignored.

A manager can still be considered as a leader because of the fact he/she is also in a leadership position. Most academics agree with the fact that leadership involves influencing people and processes and influence can be formal as there is a degree of rank involved (Robbins, 1996: 412-413)(Hughes et al., 1999: 11). Therefore, as Kotter (Robbins, 1996) and Fincham and Rhodes (1999: 417) mentioned, to develop a leadership style is important because the situation is controlled by the environment and the market place, and change is evident and makes high demands on staff (matters are done on time and to budget).

Although leadership is not always a uniform concept in that power is not really spread equally throughout an organization, and an individual's position in an organization may not result in power being seen to be exercised, a leader has the capability to exercise power either directly or indirectly or both. Power can be exercised through the context of a

group or the wider organization (Robbins, 1996: 412)(Shackleton, in Rosenfeld and Wilson, 1999: 197).

2.3.2.1 Studies relating to leadership

Studies about leadership which is a widely researched area, have been produced since the 1930s; and researchers have studied everything from trait theory to transactional leadership and transformational leadership theory. One of the recent leadership theories, transformational leadership can be linked to trait theory. It stresses the importance of personalities in management which relate to confidence and self-image, and is linked with staff motivation (Robbins, 1996: 414)(Fincham and Rhodes, 1999: 212-217).

Leadership theories suggest that a leader should inspire subordinates in order to get a higher level of performance out of them. Various factors are of consideration to researchers: situations, variables of structure, characteristics of a leader, and employees' abilities for example. This is in addition to different viewpoints of what leadership is and how leadership can be placed within the context of an organization.

It is important for senior management to choose the right leadership style in an organization because the appropriate leader in the organization needs to bring all members of the organization into one way of thinking and achieve the organizational goals through shared organizational values and motivation. Therefore, a leader can formulate a new strategy and make it successful if he/she has the whole support of those in the organization. Therefore, a leader needs to ensure that an organization develops competitive advantages in terms of quality of product and strategic positioning (Porter, 1980)(Kumer, 1996)(Kotler, 1997: 53-54, 300-301 and 353-354)(Bradley, 1999: 8-10 and 185-190).

It can be argued that there is not a single theory which can be applied to every situation. Rather, as most academics agree (Oile, 1994: 400-404)(Robbins, 1996: 437-438)(Fincham and Rhodes, 1999: 312), a leader can be trained, by understanding about the

theory of leadership, to provide a basic foundation about why leadership is important and how a leader can apply/implement the theory of leadership to a situation bearing in mind the different cultural contingent factors which bring out the best performance in staff. In order to motivate staff and make them committed to the leader/organization, it is essential that attention is paid to control context because, culture is different, and individual members of society perceive matters differently as they are brought up in a different culture which is underpinned by a specific value system.

2.3.3 A review of existing leadership theory

By reviewing existing leadership theories such as House's path-goal theory, Hersey and Blanchard's situational theory, Vroom and Yetton and Jago's leader-participation model, charismatic leadership theory and transactional leadership and transformational leadership, it allows one to produce a general concept of leadership in terms of how leaders motivate their staff. This is especially important in the context of the international organization which operates across boundaries.

House's path-goal theory (Robbins, 1996: 426-429)(Hughes et al., 1999: 70-75) is derived from the Ohio State University leadership studies programme, which is one of the behaviour theories, 'initiating structure' and 'consideration', and is extended by linking it to the expectancy theory of motivation (Robbins, 1996: 427)(Andersen, 2000: 2,273-2,274). House explained how a leader can create situations in which staff want to be satisfied and how in turn the leader can be accepted by his/her subordinates. House's path-goal theory identifies four leadership behaviours: 'directive leader'; 'supportive leader'; 'participative leader'; and 'achievement-oriented leader'; and implies that a leader in order to achieve a high level of performance, needs to moderate his/her leadership style depending on the situation and more specifically needs to take into account the degree of task structure clearness; formal system; and membership of the working group which is outside the

control of the subordinates (outside environmental contingency factors/variables) (Robbins, 1996: 427)(Hughes et al., 1999: 70-75). It should be emphasised that subordinates themselves are part of the situation as internal environmental contingency factors include the level of ability to control emotion, experience, and perceived ability (Robbins, 1996: 427)(Hughes et al., 1999: 70-75).

Robbins (1996: 432) and Hughes et al., (1999: 51) have argued that the leader-participation model (Vroom, Yetton and Jago) covers the same elements as House's path-goal theory and that a leader can adjust his/her style in a different situation, which contrasts with Fiedler's view of leadership. House's perception of the four leadership behaviours: 'directive leader'; 'supportive leader'; 'participative leader'; and 'achievement-oriented leader' are quite similar with those of Hersey and Blanchard. This is because, as Fincham and Rhodes (1999: 231) and Hughes et al., (1999: 58-59) point out, situational theory also draws on the work of Fiedler and earlier Ohio State University researchers, and their fundamental work shows how a leader can control leadership behaviour based upon a given situation.

Situational theory (Robbins, 1996: 421-426)(Fincham and Rhodes, 1999: 227-233)(Hughes et al., 1999: 58-70), which is one of the contingency theories, which is derived from Fiedler's 'task-oriented' and 'relationship-oriented' approach to leadership are divided into four specific leadership behaviours: 'telling', 'selling', 'participating', and 'delegating'. Fiedler combined these with four additional stages: subordinates readiness such as 'willing and able'; 'unwilling and able'; 'willing and unable'; and 'unwilling and unable'; in order to recommend the most appropriate leadership style in each situation (Robbins, 1996: 424-426)(Hughes et al., 1999: 58-70).

The difference between House and Fiedler is that House viewed leadership style as flexible and dependent on a given situation, whereas Fiedler's view of leadership style is

fixed (Robbins, 1996: 427)(Fincham and Rhodes, 1999: 231)(Hughes et al., 1999: 63-72).

However, Fiedler views leadership as inflexible, and this shows that there is a need to moderate situational favourability by looking at performance results which are dependent on the style of leadership (such as task oriented and relationship oriented) which is based on the categories leader-member relationship, task structure, and position of power (Robbins, 1996: 423)(Hughes et al., 1999: 67).

However, both the path-goal theory and the situational theories are supported by empirical work (Robbins, 1996: 424-426)(Vecchio, Yukl and Van Fleet in Hughes et al., 1999: 61-69). Hersey and Blanchard's theory has been partially supported through evaluation by researchers (Robbins, 1996: 424 and 426). The criticism of Hersey and Blanchard arose first, as Graeff (cited in Hughes et al., 1999: 62) has indicated, because an inadequate definition was applied to the follower's mutuality/readiness (willingness to undertake a task). Hersey and Blanchard's model does not prove sufficiently the relationship or the behaviour of a particular manner or how a particular level of task is undertaken; and how it corresponds with each follower's mature level in terms of willingness and the degree of expertise (Yukl cited in Hughes et al., 1999: 62) and similarly, the second criticism of Hersey and Blanchard's model is that it does not present any evidence of whether leadership is matched to the model and how a higher performance can result (Vecchio cited in Hughes et al., 1999: 61-62). The criticism of Fiedler's model is the uncertainties relating to the meaning of 'last-preferred-coworker' (LPC) scale and situational favourability, and interpretation of situational favourability (Fincham and Rhodes, 1999: 230) (Hughes et al., 1999: 69-70). Finally, the criticisms of House's path-goal theory, as Yukl (cited in Hughes et al., 1999: 75) noted, are first, methodologically the mark (scale of ranking used) is limited as regards expectancy theory; second, the path-goal theory assumes that there is only one way to increase staff's motivational level in order to

increase performance, therefore, it does not take into account the fact that a leader plays a role selecting talented followers, building up their skills through training courses (Yukl and Van Fleet, cited in Hughes et al., 1999: 75). However, House's theory is useful, because first, it provides a conceptual framework for the researcher so that he/she can identify potentially relevant situational variables; and furthermore, it can be applied in real work situations as it has a practical orientation, even though this model is complicated and requires a high level of understanding owing to the complex subject matter.

This is why a leader is required to have a high level of self-monitoring. If a leader monitors himself/herself closely and carefully, and pays adequate attention to the situation, the leader can manage the situation well by adjusting his/her leadership style to suit the changing situation in order to help subordinates perform well (Robbins, 1996: 432), and this should lead to the organization achieving its goals/developing a competitive advantage.

Charismatic leadership theory (Conger and Kanungo in Robbins, 1996: 436-438)(Hughes et al., 1999: 286-290) is about trying to find out how a leader can improve the relationship between himself/herself, the followers and the subordinates in order to make staff commit themselves to the leader by identifying with the common characteristics as a means of inspiration. By looking at the process of how a leader can be accepted, a potential leader can learn how to be a charismatic leader by developing a strong emotional attachment with followers. Most experts believe that individuals can be trained to be a charismatic leader, and this should result in the organization developing a process whereby decision-making can be examined and improved through time (Allaire and Firsirotu, 1984: 210)(Oile, 1994:400-404)(Robbins, 1996: 437)(Clark, Deveraux, Dawnton, Marcus and Shils in Hughes et al., 1999: 289)(Fincham and Rhodes, 1999: 213).

Bennis (1984: 15-19) identified four competencies as a result of studying 90 of the most effective and successful leaders in America based on: idealised goal/purpose; ability to

discuss openly and provide guidance; openness and ability to share the view of the organization with all the members; same decision outcome in terms of expenditure of money or in terms of managing style in a particular situation; and having a knowledge about their organization which came from their analysis of the organization. Similarly, Robbins' (1996: 436-437) analysis of what the common characteristics of charismatic leaders are; and Conger and Kanungo's (1988: 78-79) interpretation, suggests that charismatic leaders have clearly defined and idealised goals; and he/she is committed to achieving the results expected. This may be viewed as unconventional and radical compared to a manager who believes in maintaining the status quo (Robbins, 1996: 436)(Hughes et al., 1999: 288). Therefore, Conger and Kanungo (1988) summarised the key characteristics of a charismatic leader, they are: 'self-confidence'; clear vision toward the future; capability to articulate a vision based on understanding what subordinates want; how to motivate subordinates; the leader is strongly committed to the vision; behaviour is extraordinary and it must lead to a positive influence on subordinates; he/she is perceived as a change agent; and there is 'environmental sensitivity' (a leader makes a strategy or decision which is viewed as realistic)(Fincham and Rhodes, 1999: 234).

The arguments exist about charismatic leadership, as Hughes et al., (1999: 289) mention, first, the characteristics of a charismatic leader arose because of the social situation (Blau, Chinoy, and Wolpe in Hughes et al., 1999: 289). Whereas, second, Friedland and Kanter (cited in Hughes et al., 1999: 289) argue that a social situation makes people recognise the relevance of charismatic leadership. Third, according to Dow and Tucker (cited in Hughes et al., 1999: 289), the leaders themselves already have extraordinary qualities such as power of vision; rhetorical skills to communicate the vision; sense of mission; and intelligence. Finally, according to Clark, Deveraux, Downton and Shils (cited in Hughes et al., 1999: 289), it neither depends on the leaders' qualities; nor the

present crisis; but it depends on the followers' reactions toward their leader. In other words, it depends on the ability of the leader as to whether they can make a strong emotional attachment with their followers.

The characteristics of a charismatic leader are in common with the characteristics of transformational leadership which focuses on emotional attachment between a leader and his/her followers (Fincham and Rhodes, 1999: 234)(Hughes et al., 1999: 291 and 296-309).

According to Hughes et al., (1999: 291-296), most researchers such as Bass and Avolio, Conger and Kanungo, Kets de Vries and Hogan, Curphy and Hogan (cited in Fincham and Rhodes, 1999: 234) view the characteristics of charismatic leadership as important components for transformational leadership although they do not share the same view about inborn leaders or special relationships governing leader-follower-situations (Hughes et al., 1999: 296). Bass (1990: 21) has stated that:

“superior leadership performance – transformational leadership– occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group. Transformational leaders achieve these results in one or more ways. They may be charismatic to their follower and thus inspire them; they may meet the emotional needs of each employee; and/or they may intellectually stimulate employees”.

There are fundamentally different viewpoints regarding what a charismatic leader is and whether they reflect the transformational model. Having common characteristics with followers and developing emotional bonds in order for a leader to achieve their own needs, contrasts with transformational leadership whereby followers achieve their own needs (Hughes et al., 1999: 293). This means that the characteristics of a charismatic leader can be distinguished into transactional leadership and transformational leadership, and this suggests there are distinct and varied views within the charismatic model of leadership.

Burns (Hughes et al., 1999: 90-291) suggests that transactional leadership occurs when a leader and his/her subordinates have something exchangeable (relationships) and

aim to meet their own needs such as salary as a result of work, and loyalty for example. The relationship exists only as long as both the leader and the followers understand what the benefits are; what fairness is; and feels their commitment is being met. According to Hughes et al., (1999: 291), Bass and Avolio, Conger, Kirkpatrick and Locke (Fincham and Rhodes, 1999: 234), and Robbins (1996: 439), the transformational leader can articulate problems and set challengeable goals for followers, therefore, he/she is able to stimulate followers to achieve the organizational goal(s) set by providing individual assistance. This is, because the transformational leader considers the followers' values and their purpose, and the leader takes into account the fact that an individual's value system is in harmony with the organization's value system. This being the case, trust will materialise and respect will be gained from the followers. Kakabadse (2000: 6) suggests that leadership is about transforming the way people think within an organization and that a transformative leader needs to listen to staff and empower staff so that organizational change can continue. However, a transformative leader needs to manage tasks adequately and maintain control. The differences between transformational and transactional leadership are highlighted in Table 2.1.

Table 2.1: The characteristics of transformational and transactional leadership

Attributes	Transformational	Transactional
Approach	Innovative (creates opportunity, imagines new areas to explore)	Balance of operations
Interaction	Personal in their orientation to group members	Role-bounded
Focus	Focus on vision, values, expectations and context	Focus on control, production and results
Influence	Within and outside the construct of structure and their immediate jurisdiction	Within the designated group
Motivates through	Volitional activity, emotion, offering suggestions	Formal authority mechanisms
Use	Influence (power)	Control
Values	Cooperation, unity, equality, justice and fairness in addition to efficiency and effectiveness	Coordination, efficiency and effectiveness
Communicate	Indirectly and directly, give overlapping and ambiguous assignment	Directly giving clear direction, solitary assignment
Represents	Direction in history	Process
Oriented towards	Ends	Means
Is	Philosopher	Technologist
Has	Transforming	Transactional impact
Role	Discretionary	Prescribed
Main tasks	Defines and communicates goals, motivates	Implements goal, referees, coaches
Thinking time-frame	Futuristic (tomorrow and the day after)	Current (yesterday's output and today's problems)
Thinking context	Global	Local
Main direction	Renewal	Maintenance

Source: Kakabadse and Kakabadse (Kakabadse, 2000: 7)

Also the characteristics of transactional leadership can be seen as a legacy from previous existing leadership theory, because, first, the Ohio State University research and Fiedler's model state that 'task-oriented' and 'position power' are characteristics of transactional leadership. However, the 'relationship between leader and member' is based on trust and respect from subordinates; and it can be argued that in the case of the transformational model, trust can be derived from emotional attachment behaviour, however, respect from followers is strongly related to emotion.

Therefore, Fiedler developed his original model further by making a further link (provided for friendly supports). The elements from House's path-goal model such as 'supportive' and 'participative' which are close to 'selling' and 'participating' of Hersey and Blanchard's situational theory can be said to be the characteristics of transformational leadership, since a leader's behaviour which is classified as friendly and shows concern for the needs of subordinates involves consultation with subordinates in order to gain ideas and suggestions for making decisions (Robbins, 1996: 427 and 424-425). Similarly, the leader-participation model of Vroom and Yetton and Jago also implies the characteristics of transformational leadership style because the model focuses on the relationship between leader and follower and includes the relationship with subordinates as well.

The question arises: 'Does it matter which type of leadership style is adopted if the results achieved are satisfactory?' With respect to this, Goleman (2000: 82-83) has looked at effective leadership and come up with six styles of leadership: coercive; authoritative; affiliative; democratic; pacesetting; and coaching. The approach used by Goleman (2000) can be described as wide ranging and a conclusion drawn by the author suggests that a leader can have various styles, and the more styles of leadership he/she portrays, the better (Goleman, 2000: 87). Another point which is important is that a leader needs to have flexibility because the situation confronting a leader may require a different

style of leadership, therefore, leadership should not be thought of as a fixed entity (Goleman, 2000: 87). Kakabadse (2000: 14-15) suggests that organizations need to think in terms of a group based view of leadership, however, the type of leadership approach adopted within an organization will depend upon the stage of its life cycle. This is a valid point, because companies have different histories and are judged to be at a different stage of the company life cycle. Therefore, the management model in place may not be the same as the management model of competitor organizations. This is particularly true in the case of international market place competition and the role of government needs to be considered as business and government are sometimes closely related. The role of government is not always viewed as important (except from the point of view of regulation) in western countries but the opposite may be true in the Far East for example. Bass (1990: 25) suggests that a shift to transformational leadership is possible and should be encouraged. However, there are a number of cultural factors that one needs to take into account when recommending which type of leadership approach an organization should adopt.

According to Robbins (1996: 429-432) and Hughes et al., (1999: 52-58), Vroom and Yetton and Jago's leader-participation model is developed from House's theory by relating leadership behaviour and participation to decision making by making further links to task structure which needs routine and nonroutine activities, and managing information or resources based on/depends on the relationships between the leader and subordinates, and among subordinates. It is also linked with the degree of sharing organizational goals, staff skills, experience and the attitude toward solving problems which basically affect decision making, and then provide guidance as to how a manager chooses the most suitable leadership style in each situation.

2.3.3.1 The benefits of clearly defined leadership

The logic is that by considering these theories, a leader can make their behaviour acceptable to subordinates, as House stated, by creating an atmosphere in which subordinates feel the need to be satisfied based on their performance. A leader then is expected to provide guidance, support, and rewards when required for effective staff performance (Robbins, 1996: 427)(Hughes et al., 1999: 70 and 73). It can be found that subordinates view the leader's behaviour from the perspective of satisfaction either immediately or in terms of future activities. It can act to inspire/motivate subordinates to perform well. The reasons are, first, subordinates can receive assistance from their leader for their lack of skills and guidance in order to reach the organizational goals, or to meet the deadline and quality output (productivity) required. This is perceived by subordinates as a personal benefit and is viewed as intangible. This is derived from the Ohio State University research 'initiative structure' and compensates the weakness of ignoring a follower's experience, knowledge, and emotions by considering the follower's ability to achieve the task/goal and provide necessary assistance as and when required (Robbins, 1996: 424-426)(Hughes et al., 1999: 72-73). Second, because subordinates know that their ideas and feelings are accepted by their superior, they know that their leader considers their comfort, status, well-being; and because of this subordinates feel that they can rely on their superior and they consider that they are close to their superior. This leads to mutual trust in the relationship and because of this, everybody feels committed to the organization succeeding.

These leadership theories (both behavioural and contingency oriented), imply that a leader needs to choose an appropriate leadership style in a situation (Robbins, 1996: 427-428)(Fincham and Rhodes, 1999: 273)(Hughes et al., 1999: 10). The leader can motivate their subordinates because if subordinates can be satisfied with their leader's behaviour,

then trust can be developed and a leader can be seen to be understanding. This will produce benefits either immediately (directly instrumental in achieving satisfaction in either tangible or intangible terms) and in the long-term (a relationship based on trust is achieved). It can work as multi-responding by linking subordinates' commitment to the leader/organization and this assumes that everybody in the organization is committed to the organization succeeding in the market place. This means, it can be said, that a leader can reduce both the effort and cost of monitoring employees (Bradley, 1999)(Burt, 1999), and formulate a more accurate strategy by collecting information throughout the organization, not only from the leader's own network, but also through their employees' connections (Coyne and Dye, 1998)(Hosking, 1999: 228-230). A significant point raised by Coyne and Dye (1998: 100) is that networks offer opportunities of interconnection in the sense that an organization establishes different marketing channel configurations and as a consequence the nature of competition changes (Hosking, 1999: 228-230). This suggests that researchers need to view business to business relationships from several perspectives and how organizations serve their customers. This should ensure that the organization develops a competitive advantage (Aaker, 1992: 181-200)(Kotler, 1997)(Bradley, 1999: 8-10 and 185-206).

As a result of these theories being studied, it can be said that leadership is important in an organization as it means bringing all the members of the organization into one and forcing staff to achieve the organizational goals set by top management. By assisting and guiding subordinates in all areas it is possible for the leader to be viewed as friendly and rational, and the organization can be protected against outside environmental contingency factors and individualised internal environmental variables (Hughes et al., 1999: 8-14). The latter point is important because a disillusioned work force can become apathetic (the quality of work deteriorates) or disruptive (strikes stop production).

Strategic renewal has been addressed by Baden-Fuller and Volberada (1997: 113-114) and if corporate wide transformation is necessary, this may result in a transformation of the management levels within the organization. However, the leader may still need to control conflicts which occur from time to time, and this is sometimes unavoidable and results in periods of negotiation, until an agreement is established and work continues as normal. As noticed by Vroom and Yetton and Jago, although subordinates are committed to a leader, if there are conflicts among staff, it affects the leaders' behaviour on decision making and his/her leadership style and more or less authority is required. For example, as the leader-participation model (Robbins, 1996: 431)(Hughes et al., 1999: 55) shows, when a leader needs to make a high level technical, quality decision, although the leader has obtained a high level of commitment from subordinates (who posses shared organizational goals and values), if there are conflicts among subordinates, then the leader will have a preferred solution. It can be said that the leader will have to use two or three different leadership behaviours until the right decision is reached. For instance, in terms of sharing and solving problems, and collecting ideas or suggestions, a leader should choose/seek information (either individually or as a group), then make a decision. The leader may act alone and this may or may not reflect subordinates' ideas or influence. However, the key point to note is that a leader has the option of evaluating, generating or stimulating ideas, and it may be necessary to adopt a consensus solution (Robbins, 1996: 429-431)(Hughes et al., 1999: 55-56).

2.3.4 Communication

Communication within an organization is used as a means to solve conflict and exchange information so that more appropriate decisions can be made. According to Conrad (1994: 341), individuals and organizations view conflict as "inevitable and potentially valuable" because conflict is part of the relationship building process.

Conrad (1994: 341 and 369) has argued that conflict is valuable because it allows employees to publicize their own understanding of what organizational culture is, and furthermore, employees can test, refine their own ideas and develop their own self-esteem and confidence, through the process of conflict. Conflicts can be seen as a valuable component of relationship building as it can result in higher productivity. Conflicts allow each individual and/or organization to adapt to changes, to foster innovation, and to integrate other people's opinions/views into an organizational culture through the learning process (Conrad, 1994: 341 and 369) (Weick and Ashford, 2001: 704-705).

Senior management need to establish a strong organizational culture, define organizational goals and objectives, and invoke a clear communication system so that staff can share organizational values (Normann, cited in Weick and Ashford, 2001: 706-707). An organization's culture can provide flexibility so that individual employees learn and changes occur continuously and incrementally. As a result, staff within an organization can find ways to interpret reality in an appropriate way. If a senior manager in an organization is able to establish a clearly defined and strong organizational culture, underpinned by a shared value system, staff will be able to develop a quality relationship with their colleagues within the same organization and with staff in partner organizations through communicating appropriately (Conrad, 1994: 345). This should result in a trustworthy relationship being established both within the organization and between partner organizations. This is because, as Conrad (1994: 342) has pointed out, trust develops during past interactions. This implies that when staff trust other staff within their own organization, and within partner organizations, they can communicate more appropriately and achieve productive solutions (Conrad, 1994: 354).

Conrad (1994: 266) has suggested that communication is a way of creating and maintaining power relationships. According to Conrad (1994: 267), if a subordinate

perceives their superior to be a member of the power group within the hierarchy of the organization, then the subordinate is more likely to be satisfied with their job. As a result, a positive interpersonal relationship will develop and information will be exchanged frequently. However, this needs to be supported by the organization having clearly defined roles, responsibilities, and formal authorities (Conrad, 1994: 267).

Power can be viewed as the ability to encourage people to get things done within a specific time period and at the required quality of performance (Conrad, 1994: 268). This means, that power influences people's choices and can determine whether people co-operate willingly with other people in order to get things done. Power is also associated with a person's ability to develop and maintain good interpersonal relationships. People are required to communicate freely with various people and gain information through establishing a network of their own, and this can result in the centralization of expertise and power (Conrad, 1994: 269 and 272).

A senior manager's leadership style and their ability to communicate effectively and openly (rules, norms and reward systems for example) with their staff, are essential factors. Hence a senior manager needs to be aware of the communication process and select the appropriate communication channels.

One can argue that in order for a senior manager to build trustworthiness among their own staff, the senior manager needs to have knowledge about cultural differences and similarities. This is because people act in certain ways and make assumptions at the unconscious level. This then determines their view as to what is normal or natural behaviour within their society (Conrad, 1994: 268) (Weick and Ashford, 2001: 712). This point can be linked to how language is used and interpreted. Irons (1998) studied how technical terminology such as should, must, and shall, which implies specific responsibilities, obligations or accountability are interpreted in the workplace. Irons (1998:

64-65) found that people use terminology ambiguously to a certain level because of the fact that different occupational groups are involved in certain technical communication. This means that it is vital for staff who are involved in certain discussions to have some degree of flexibility as regards interpreting matters appropriately, by considering such factors as tasks/situations.

Senior managers in an organization need to be aware of the impact of cultural shift at the national level and at the organizational level (Mattson and Stage, 2001: 103). According to Mattson and Stage (2001: 103), cultural shift is caused by intercultural communication tensions. This is because culture is collected and accumulated from the members of society over a long period of time (Stohi, 2001: 346-347). As a result Stohi (cited in Mattson and Stage, 2001: 103) has stated that:

“within the global workplace communication embodies the dynamic unfolding of relations between actors and organizations embedded in a set of social and cultural constraints and opportunities that transforms individual and group action into organizational consequences”.

Ethical dilemmas for local staff can result and the various tensions between the parent company (based abroad) and the local company may intensify as a result of cultural expectation not being met (Mattson and Stage, 2001: 105). Mattson and Stage (2001: 107) have pointed out that it is important for senior managers based in the parent organization to be aware of cultural differences between the parent organization and its culture, and the local company and its business practices.

Zaidman's (2001) work relating to how culture influences the choice of language and how business people communicate is relevant. Zaidman (2001) used the inductive (qualitative) method and interviewed 30 Israelis and 30 Indian business people aged between 25 to 70 using an open-ended and semi-structured questionnaire. Zaidman (2001: 421-431) contributed to the body of knowledge by establishing how Israelis use their discourse system differently from their Indian partners vis-à-vis communication behaviour.

Zaidman (2001: 410 and 431-434) pointed out how business people practice their discourse systems by modifying and adapting their communication behaviour to match the bargaining strategies of other people. A senior manager involved in a negotiation exercise with an individual from a partner organization in a different culture needs to understand how individuals from a different culture select a language as a means to exchange information and express ideas/views; and needs to be able to interpret these ideas/views from a cultural perspective. This is because organizational representatives need to express their own thoughts based on their organization's philosophy and/or culture (Weick and Ashford, 2001: 721).

Zaidman (2001) has not fully explained the relationship between a culture and its representative discourse system, and how different the discourse system is at the individual level within a culture. A discourse system can be interpreted from the perspective of cultural traits that the members of the culture possess. Zaidman (2001) can also be criticized on the basis that, first, the concept of 'global-culture' overlooks the existence of complexity and variations in communication patterns. Secondly, Zaidman (2001) has argued that although business people have several possible choices vis-à-vis discourse systems, business people can during the communication process with individuals/partners from a different culture be influenced by their own culture's discourse system and this may reduce their level of understanding/interpretation, and may affect the outcome of the deal negotiated. Zaidman (2001) has made a useful contribution to the body of knowledge, but more attention needs to be paid to how an individual's communication discourse system can be modified to match a partner's communication discourse system, in order that a senior manager can adapt a partner's communication discourse system and relate more effectively to the person from a different culture.

Several important issues have been raised in the above. For example, it is

important to understand and remember the fact that senior managers and their staff, who are involved in international negotiation with their parent organization or partner organization, have knowledge relating to how the parent company's organizational culture differs; what the shared value systems are; and what is the accepted ethical/appropriate communication behaviour within the organization and within a specific cultural context. The reason for this is that knowledge can guide senior managers and their staff to know how to modify their communication behaviour in order to relate or fit with their parent and/or partner organization's discourse system. This means that senior managers and their staff who are involved in negotiation/communication with their partner organizations need to be aware of the cultural differences that exist and how discourse systems can be adopted or adapted by the parent/partner organization in order to facilitate the development of organizational culture.

2.4 Japanese organizational culture

Although arguments exist among Japanese academics as to how accurately one can point out the organizational characteristics of a Japanese organization, the special characteristics of a Japanese organization can be indicated by comparing Japanese organizations with foreign organizations from the perspective of *Syusinkouyou*, *Nenkoujyoletsu*, and *Kigyoubetsuloudoukumiai* which relate to the personnel system (Matsumoto, 1991: 65-66). These factors can be divided into five basic roles (*tei*); *Teikisaiyou*, *Teikisyousaku*, *Teikiidou*, *Teikikyouiku*, and *Teinen* (Ichikawa, 1993: 51-52)(Okazaki-Ward, 1993: 113-114 and 157-219)(Tsuda in Maruyama, 1997: 112-113)(Mito et al., 1999: 7).

Ichikawa (1993: 52-53) and Mito et al. (1999: 164-176) have explained the characteristics of Japanese organizations and describe them as being the secret instruments which make Japanese organizations successful. The importance of this work is based on a

comparison of Japanese organizations' personnel systems which are different to American organizations' personnel systems. They have also emphasized and explained how decisions are made and implemented.

Mito et al., (1999: 166) have noted that American organizations' personnel systems have a limited integrating relationship with their employees as employees are governed by legal contracts, meanwhile, Japanese organizations' personnel systems known as *Syojokukata no sosiki*, consider that once an individual employee is hired by an organization, the individual thinks in terms of casting in one's lot with the organization (*Unmeikyoudoutai*) (Sasajima, 1993: 40) (Hanaoka, 1997: 147) (Hazama in Maruyama, 1997: 114).

Mito et al., (1999: 166-167) and Sano (1993: 15 and 33) decoded the reasons why staff in Japanese organizations perceive matters differently from staff in American organizations, and basically this is because of the fact that Japanese organizations have *Sinkyoukakusotsuigkatsusaiyou*, which means that they recruit new comers in April every year as main staff, and *Kigyoubetsuchingin*, which means that remuneration is dependent on the size of the organization. In comparison with American organizations staff are recruited based on the organization's need and pay is based on *Kigyouyokodanchingin* (remuneration is based on the type of job which is governed by the market rate). The meaning of *Syusinkouyou or Nenkousei/Nenkoujyoletsusei* is that once people are employed by an organization they are guaranteed to be secure until they retire (*teinen*) from the organization, and during the period of employment their position and payment increase gradually (*teikisyoukaku*) based on the level of education they received prior to joining the organization. Japanese managers place great emphasis on academic qualifications (Tregaskis, 1998: 142). The national educational level required in order to be employed by a large company is at least 12 years of education, for example, and this is also linked to

measuring the capability of staff during their period of service with the company (Ichikawa, 1993: 52)(Okazaki-Ward, 1993: 157-160)(Sano, 1993: 12-13)(Sasajima, 1993: 31 and 33-37) (Campbell, 1994: 26-27)(Lorriman and Kenjo, 1994: 46-47)(Chikudate, 1999: 77)(Mito et al., 1999: 165).

Newly graduated school/university young people are employed in April in every year. They are considered to be the main staff in the organization as *Sinkyukakusotsuigkatsusaiyou*, and will be provided with education and training by the organization which is termed *Syanaikyouiku*. This is because when Japanese organizations hire newcomers (new graduates in particular), managers do not know whether the new comers will have the special knowledge and skills required to undertake the work they are required to do. However, new graduates are expected to have potential ability which can be developed and they are provided with knowledge and skills by the organization via a training programme which is planned and coordinated (Okazaki-Ward, 1993: 85-91)(Mito et al., 1999: 170). Also during the training programme, new employees learn about the organization's mission statement, its goals and how staff are expected to achieve the goals (Campbell, 1994: 22 and 26)(Mito et al., 1999: 171). Felstead et al., (Tregaskis, 1998: 141-143) have indicated that human resource development within Japanese organizations has a high priority and off-the-job training is perceived as important and lifetime learning is fundamental. The training programme, according to Okazaki-Ward (1993: 94-95 and 223-244) and Mito et. al., (1999: 170-171) is not only for new recruits, but also for senior managers (dependent upon their level/position) (Lincoln et al., 1998: 244). Distinguished 'on-the-job training' (OJT) is provided to staff so that they can gain general knowledge relating to such tasks as accounting, commercial law, and accounting practices, and also they are schooled in their attitude and behaviour which is known as *Sakaijin* (matured citizen) (Chikudate, 1999: 76) and 'off-the-job training' (off-JT) which is built on 'On-the -

'Job training' which provides education dependent upon special needs for employees which are identified for their job in order to respond appropriately to rapidly changing environments brought about by advances in technology. This is called *Teikikyouiku*. This means that, in Japan, an individual once employed, is given time to develop his/her own knowledge and skills in order to fulfil his/her given task until the individual retires (Ichikawa, 1992: 21)(Lorriman and Kenjo, 1994: 112-113).

The meaning of *Kigyoukiboubetsuchingin* according to Matsumoto (1991: 14) and Mito et al., (1999: 168-170), can be linked to an organization prospering and the rewards given to employees (they receive high levels of income, bonuses, and furthermore are highly regarded by people in society). Mito et al., (1999: 170) states that in order to understand how Japanese organizations control staff (by linking performance to the payment system), it is important to look at *Kigyoukiboubetsuchingin* as opposed to *Nenkouchingin* (seniority system) due to the fact that in Japanese society once an individual has lost their previous job and is employed by another organization, the new career of the individual ignores (usually) the experience that individual has gained in their previous organization, and the individual has to start from the first step, like in fact a new recruit and as a consequence has to be educated in order to be integrated into the new organization (Sano, 1993: 12)(Sasajima, 1993: 33).

The role of the personnel department within a Japanese organization is according to Okazaki-Ward (1993: 157-215) and Mito et al., (1999: 171-174 and 194), characterized first, by playing a role of measurement for increasing the position of the staff and establishing how past employees in each section/area have performed (*Teikiidou*, rotation). Second, with respect to recruitment, the role of individuals are distinguished between full-time (former) staff and part-time staff. Japanese organizations employ new graduates as main staff and pay them according to their role which is known as *Chinking* plus *Syodeatee*.

which is different depending on the size of the organization and this also reflects the welfare they receive (*Hukuliatsusei*) which makes a difference depending on whether the individual is a part-timer, paid according to the market-rate as is the American style (Ichikawa, 1992: 17)(Sasajima, 1993: 33 and 35)(Mito et al., 1999: 196). Therefore, the role of the personnel department is to survey employees to establish who are deemed unnecessary staff (Mito et al., 1999: 171). This is related to selection; for example, good performers are promoted (*Teikisyoukaku*), and staff deemed poor are laid off (made redundant). This is how Japanese organizations which have hierarchical structures, promote staff after a period of time, but accept that there are not enough places for all staff, and those deemed lacking in some respect can be considered expensive (cost reduction exercise) and are made redundant (Chikudate, 1999: 77). In this sense, Japanese organizations are more competitive and focused on staff capability than American organizations although they are characterized by *Syusinkouyou* and *Nenkoujyouletsu* (Okazaki-Ward, 1993: 113-114)(Mito et al., 1999: 174).

These kinds of characteristics of Japanese organizations create certain behaviours among the employees such as making people competitive in order to survive within the organization. As Mito et al., (1999: 165) mention, each individual in an organization keeps an eye on other staff; they come to the office in the early morning and leave later than others; take their work home with them; go to the office during weekends and holiday periods; and furthermore, staff even when posted overseas go alone without their family which is called *Sukkou/Tansinhunin* (Okazaki-Ward, 1993: 173-176). Staff are committed to improving themselves by learning matters from other countries or areas (Lincoln et al., 1998: 245). This is also linked with *Unmeikyoudoutai/Igtaikan* (cast one's lot in with the company) (Sasajima, 1993: 40)(Mito et al., 1999: 166).

Sano (1993: 15) and Mito et al., (1999: 174-175) point out that when Japanese

managers decide to post a new comer somewhere, they also consider each individual's key factors *Suji* (roots) such as educational background, gender, nationality and how or when the individual was employed.

Hazama (Maruyama, 1997: 114-115) and Mito et al., (1999: 193) have argued that from this kind of characteristic analysis, the employee-company relationship is perceived as an expanded home/house relationship. The meaning of home/house is not linked to a real family or family business, but to an organization which accepts that people have a shared fate and that the fate of an individual is linked to all the members of the organization. The purpose/goal is to achieve success or survive by cooperating with other members of the organization and this means obeying the leader absolutely. The implied key word, from the view of the Japanese organization as defined in the expanded home/house, according to Hazama (Maruyama, 1997) and Mito et al., (1999: 197), is that employees get protection/patronage from their organization and they obey/submit absolutely to the organization (Campbell, 1994: 21)(Bae and Chung, 1997: 81). Mito et al., (1999: 193) state that this makes a Japanese organization different from a company in China or Korea, because the relationship bonding goes beyond the blood relationship of the members of the organization. Ohmae (1982: 217-227) and Abegglen and Vogel (Bae and Chung, 1997: 81-82) have explained why Japanese workers are committed to their job and the organization: it would appear that Japanese national and socio-cultural values and beliefs (which emphasizes collectivistic and parternalistic bonds), give Japanese workers a strong sense of job security which is known to outsiders as lifetime employment and the seniority system for example.

According to Mito et al., (1999: 194 and 200), this view is highly accepted among Japanese academics as a fundamental route to manage a Japanese organization, not only for business, but also it is representative of the public sector, institutions or is present in any

form of organization in Japan due the fact that all staff within the organization receive the fate and destiny associated with the organization (Ichikawa, 1993: 55) As the fundamental issue is to survive and to prosper, sometimes members of an organization sacrifice themselves for the organization. Staff take early retirement, and this means that staff have submitted themselves to the organization (Campbell, 1994: 21)(Mito et al., 1999: 194).

Ichikawa (1993: 53) and Okazaki-Ward (1993: 145-155) discuss the concept of *Hingiseidou* where suggestions for problem solving arise from line staff and the ideas are then passed to middle managers and peers and then on to top management. After consideration (the reasons or explanations need to be well thought through, decisions can be implemented), and this is one of the characteristics of Japanese organizations (Campbell, 1994: 21 and 24). This *Hingiseidou* is supported through informal meetings which are part of custom (*Syoukan*) in each section/department within organizations. This means that a formal system is in being for top managers to consider suggestions which originate from subordinates. However, before a suggestion is acted upon each group/section within the organization holds informal meetings and the leader of the group/section plays a part in shaping the suggestion into a decision (Ichikawa, 1993: 53)(Okazaki-Ward, 1993: 145-155).

The *Hingiseidou* is closely related to how staff in organizations are controlled and relates to total quality control (TQC/QC). Small groups, under the control of the person in charge of the department/section and which is composed of staff in the department, meet after office hours in order to discuss problems and necessary information is produced/asked for, and as well as providing a means of communication is also viewed as a way of socialization within the organization (Ichikawa, 1992: 14-15 and 1993: 54)(Okazaki-Ward, 1993: 147-150).

Ichikawa (1993: 55) has attempted to explain where these characteristics came

from by making a link with Japanese national culture. He indicated that *Syudansyugi* and *Tsyokisikou* are common Japanese characteristics (Mito et al., 1999: 164-165). The meaning of *Syudansyugi* relates to an individual who takes a certain action. It is the same as a group of people who devote (*Tsyusei*) themselves to the group, which means that each individual can sacrifice himself/herself for their group because they believe in the term '*Kyojinkun ha hubetsu deali, kikyo ha eien*' (which means 'big command never fails which is the same as the organization never fails'). This is because an individual perceives the group purpose as his/her own purpose (*igtaikan*), which means that the group purpose becomes their own purpose, not one's own purpose is the same as the group purpose (Ichikawa, 1992: 17-18). For example, after Toshiba which is one of Japan's major electronic companies sold sensitive technology to a foreign country, the chairman and president of the main board resigned (Campbell, 1994: 22).

The key word of the *Syudansyugi*, according to Ichikawa (1993: 55), is *Dousitsusei* (homogeneous) which means that people belong to their own group. This means that an individual should not have clearly defined ways of thinking or one individual behaviour, but is required to adapt/adjust oneself or their opinions to those of the members of the group, even though the individual may have a different opinion from the other members of the group. In other words, individuals should discipline themselves and what they say (especially in front of other people) and this is called 'Tatemae-to-Honne' (what he/she thinks and feels is not made public) (Iwata in Maruyama, 1997: 116). This is because, if an individual starts to make public different views from the group and behaves differently from others, first he/she will get pressure from the group members and second, may gradually become isolated. This originated from the custom of *Mulahaitsibu* (*isolation*) or *Nakamahazule* (*isolation*) which is still used frequently, and this is a mentality of 'if you cross a red sign with a group of people, you feel no longer in danger'

(Ichikawa, 1993: 55).

According to Ichikawa (1993: 55-56) and Iwata (Maruyama, 1997: 116-117), it is very important for an individual to have a clear identity as a member of a group, not only because the individual will feel safe, but because an individual can stay within the group and will receive status as a result of being one of the members of the group, therefore, it is possible to dilute the overall responsibility of the group, but also because there exists a high level of competitiveness between groups which is called ‘group-egoism’ (*Likousyuki*). This means that as long as the individual’s own group has an advantage, the groups of people do not care about other groups of people and this relates to morality in society. However, as Ichikawa (1993) mentioned, this mentality also acts to encourage people of a group by bringing them together to achieve their group goals.

These characteristics are related with *Syusinkouyou*, which requires commitment to the organization via the group. In Japanese society, as Ichikawa (1993: 56) mentions, if an individual changes their employer, he/she will be viewed as a traitor even though in fact it may be difficult to find a new job because of the individual’s age (Sasajima, 1993: 31).

Ichikawa (1993: 57-60) and Iwata (Maruyama, 1997: 116) state that these characteristics can easily be observed at the individual level of behaviour, because each individual controls himself/herself and adjusts their own opinion and behaviour in order to be accepted by their group even though people have received a high level of education. Individual staff had previously competed to get a place at university, so they have the ability to be competitive. Therefore, Japanese people have a certain mentality which tends to be the same as other people (*Dousitsusei*) and this can be attributed to the centralized education system which uses government approved text books, and makes people act in the same way or an acceptable way with other people. This breeds absolute obedience in order to reach a given purpose/target (Ichikawa, 1993: 57-60)(Okazaki-Ward, 1993: 84-85).

Ichikawa (1992: 14-16) has distinguished the role of a leader from the role of management within Japanese organizations by linking behaviour to formal structure and behaviour in informal meetings. Ichikawa (1992) has emphasized the importance of leadership in helping managers to run the organization. The leader has a strong influence on staff, peers and superiors, during informal meetings and provides suggestions, necessary information; and this is achieved by having adequate communication with those individuals in the meetings. This reinforces the fact that staff work for the leader/organization and staff do not feel pressurized, although the leader will act differently depending on the type of organization, the situation and followers'/the person who he/she communicates with (*aite*) characteristics (Campbell, 1994: 21-24 and 26)(Kawabata, 1999: 690).

It is important to note that Japanese organizations are organized differently from Western organizations (Okazaki-Ward, 1993: 113-115)(Campbell, 1994: 21)(Mito et al., 1999: 167 and 179). Ichikawa (1992: 18-22) has compared Japanese national culture to an island and rice-based agriculture whereas American culture is based on a hunting culture. In the hunting culture, a leader makes decisions based on individualism and he/she is result-oriented; groups are organized occasionally to meet specific needs; the function and task of work are clearly defined and responsibilities assigned in order that work objectives are achieved; instructions come from top to bottom; and people move frequently from one place to another so the relationship is temporary. In contrast, a leader from a rice-based agriculture orientation, stays with the group and acts with the group, and are not clearly defined; changes in tasks can be made quickly if necessary, and decisions are based on a consensus drawn from suggestions which arise from subordinates; and furthermore, experience is seen as important and even takes precedence over good results (Ichikawa, 1992:18-22)(Campbell, 1994: 20).

Ichikawa (1992: 17-22) has argued that these Japanese national and geographical

circumstances have made these characteristics relevant and unique to Japanese organizations and this is reinforced by Campbell (1994: 22). Therefore, these unique, Japanese characteristics allow a Japanese organization to be shaped. A leader in a Japanese organization exhibits the following: can identify which employees are loyal to the organization and to him/her; can identify which employees share the same value system as himself/herself and which are embedded in the organization's culture; can identify which employees are trustworthy and are capable of a higher role within the organization; can establish how much time and effort he/she needs to put into developing his/her group identity; can establish how much time and effort he/she needs to put into developing individuals within his/her group; can identify how much time and effort he/she needs to put into developing himself/herself in order to achieve the organization's goals; can identify how much time and effort he/she needs to put into ensuring that his/her group achieve the organizational goals set; can identify which competitor organizations can be benchmarked against in order to improve the organization's competitive position; and can understand the social demands and/or expectations needed to improve the organization's image.

2.4.1 The Japanese social situation and Japanese companies

Ichikawa (1992: 220) has noted that Japan's situation in the world has changed owing to its economic performance. The Japanese no longer view Western countries as competitors as they did previously, however, Japanese organizations need to act positively in order to achieve higher organizational goals which are different in view of the fact that Japan is experiencing the problems associated with world economics (Ichikawa, 1992: 14-16)(Okazaki-Ward, 1993: 508-509)(Sano, 1993: 12-13)(Ishida, 1999: 20).

Furthermore, as Sano (1993: 11-13), Okazaki-Ward (1993: 49-63, 84-85 and 94), and Sasajima (1993: 31-32 and 39) have mentioned, Japanese organizations are facing new problems which not only stem from the changes in the business environment but also

result from pressures exerted by Japanese society. Furthermore, social issues such as the declining birth rate may have implications for Japanese companies in the long-term. People in Japan are also demanding that the age of retirement is increased from 55 years to 60 years because first, Japanese people want to have a meaningful life and consider that employment provides them with some form of acceptance in society, and second, Japanese people are concerned that their pension provision needs to be secured. A third point relates to the role that is expected of women, for example, some women are expected to leave an organization once they become pregnant. However, women are increasingly demanding that they be granted maternity leave and afterwards they can return to continue their work with their employer.

Sasajima (1993: 35), Ichikawa (1993: 51) and Ishida (1999: 20-21) have pointed out that the Japanese organizational model needs to be amended because of global, economic and environmental change. Mito et al., (1999: 203) has indicated that at the moment, Japanese managers are arguing about environmental problems and consider that organizational activity needs to take into account the needs of society. Mito et al., (1999: 208-209) believe that Japanese organizations should 'contribute to society' in terms of non-business activity.

Mito et al., (1999: 207) have explained what is meant by *Syakaitekikonkenkatsudou* (contributing to society). Mito et al., (1999: 212) have explained why Japanese organizations need to contribute to society: (1) although by contributing to society there is no direct benefit to the organization, it helps to improve the image of the organization; (2) by supporting and solving environmental problems, the organizational name is featured in the newspapers and magazines for example; (3) an improved image means that excellent candidates are attracted to work for the organization; and (4) a good image appeals to investors.

2.5 Korean organizational culture

In order to understand Korean organizations, it is important to focus/attention on the Korean *Chaebols* and explain their operational style. Owing to the fact that Korean companies are in the enterprise stage (Song, 1992: 193)(Ungson et al., 1997: 63)(Jeong, 1999: 99)(Kim and Yi, 1998-1999: 78)(Shin, 1998-1999: 40) and are to be placed in Korea's economic and political development, Korean companies can be classified as unique. However, the characteristics of Korean organizations can be observed and analyzed. Examples of *Chaebols* include Hyundai, Dawoo, Samsung, Lucky Goldstar (LG), and Sunkyoung.

As Ungson et al., (1997: 64-73 and 223-224) point out, the key characteristics of Korean companies can be identified into five elements: close relationship with the state; entrepreneurial style; control based on family ties; centrally governed; and strong paternalistic leadership which is close to the Japanese form of *Zaibatsu*, (state owned, mature enterprises were transferred to selected private ownership in Japan in 1880) (Chen, 1995: 152)(Kim, 1997a: 88)(Kim and Yi, 1998-1999: 74-75)(Shin, 1998-1999: 42)(Woo in Kim and Yi, 1998-1999: 74-75).

First, as Song (1992: 115), Ungson et al., (1997: 71-72 and 223-224) and Kim and Yi (1998-1999: 74) point out, managers in Korean organizations are required to have skills which facilitate collusion between the organization itself and the state. The reason for this is that Korean organizations operate in a highly politicized environment (the state can dictate whether an organization wins or loses). Woo (Kim and Yi, 1998-1999: 74-75) has explained why the state controls large organizations. Basically, the objective is to select the best managed organizations (Kim and Yi, 1998-1999: 75)(Shin, 1998-1999: 42) in order to match an organization's growth to the government's desired development schemes which

are aimed at providing rapid national development (Kim and Yi, 1998-1999: 74)(Jeong, 1999: 101).

The type of organizations which developed rapidly in Korea were production oriented and focused on using quality labour: 98 per cent of the population are literate; 80 per cent were of graduate high school standard and the majority of the student intake went on to college or vocational training (54.6 percent went to university in 1995) (Kim and Yi, 1998-1999: 78), and employees received relatively low payment (Ungson et al., 1997: 90-91 and 228)(Kim and Yi, 1998-1999: 77)(Yu, 1998-1999: 57).

In order for Korean companies to achieve the national economic growth strategy set, Korean companies concentrated on short-term growth (Jeong, 1999: 101). They produced low-priced products; relied on imported technology; and on external financing (Kim and Yi, 1998-1999: 75 and 80)(Yoon, 1998-1999: 55)(Joeng; Porter; and Shin cited in Jeong 1999: 101).

Since the 1960s, the state controlled the labour movement in order to protect companies from labour disputes in order that Korean companies achieved the national economic strategy. Korean companies relied on 'functional flexibility', 'numerical flexibility', and 'financial flexibility' (Kim and Yi, 1998-1999: 74-75)(Lee, 1998-1999: 30)(Jeong, 1999: 89) for their personnel management (Atkinson cited in Jeong, 1999: 256) in restructuring the work place. As a result of the Korean companies' policies, some degree of employees' representation was justified in order to meet the national growth strategy (Choi; Deyo; and Ogle in Jeong, 1999: 101). Also the state protected domestic firms from foreign firms who wished to come into the Korean domestic market, (Kim and Yi, 1998-1999: 74) and this made Korean organizations reasonably secure in the home market, therefore, foreign companies were eager to develop a relationship with Korean companies in the domestic market (Kim and Yi, 1998-1999: 75) as this was necessary with respect to

entering and gaining a foothold in the Korean market.

However, since, the mid-1980s, the state has been forced to liberalize trade competition in the domestic market especially owing to pressure from the International Monetary Fund (IMF) which came to Korea's aid (Ungson et al., 1997: 222 and 224)(Kim and Yi, 1998-1999: 77-79)(Lee, 1998-1999: 26). Also, because of the slowdown in the world economy, buyers switched to importing goods from China, Thailand, and Malaysia which have lower-wage based economies and this threatened the competitiveness of Korean companies (Ungson et al., 1997: 225)(Kim and Yi, 1998-1999: 77). Therefore, according to Kim (Kim and Yi, 1998-1999: 76), Korean organizations became highly competitive by using several strategies such as 'Migratory Knowledge', observation by visiting technological bases abroad; and recruiting experienced foreigners and expatriate Koreans. With respect to the latter, companies such as Samsung recruited Korean nationals who were studying or working in the USA (Choi, 1995: 77)(Kim, 1997a: 88). Management also deliberately created crises in order to intensify the conscious effort of the members of the Korean organizations (crises were perceived as creative not destructive); and due to these reasons, according to Kim and Yi (1998-1999: 78-79), Korean organizations need to move from a production orientation to that of innovation.

Second, as regards the entrepreneurial characteristics, by allowing Korean managers within organizations to be close to state officers, organizations can reduce uncertainty from government policy because they are able to obtain useful and relatively accurate information and this allows them to enter new business areas (Ungson et al., 1997: 71-72 and 223)(Kim and Yi, 1998-1999: 71-72 and 75)(Lee, 1998-1999: 42). For example, Korean companies hire retired politicians as executives (Song, 1992: 195)(Kim and Yi, 1998-1999: 72), and this is known as quasi-*amakudari*. Japanese companies also recruit retired politicians/bureaucrats both in the public and private sectors (known as *amakudari*)

(Chen, 1995: 157).

As Ungson et al., (1997: 71-72) and Jeong (1999: 101) state, it is important to note that Korean companies have to make sure they achieve good progress in order that they can get further support from the state in terms of finance, technological development (through public sector research institutes), and obtain useful information for new product development in the domestic market or foreign countries. The reason is that as Ungson et al., (1997: 72) have argued, unlike Japanese companies, Korean companies were not allowed to have their own banks until the mid-1990s (Chen, 1995: 154). Traditionally, the state controlled Korean companies in the 1980s and 1990s through capital (favourable loans and interest rates) and through licensing authorization, for example, although there were conflicts between the state and the *chaebols* such as Hyundai, Sunkyong and Samsung (Ungson et al., 1997: 71-72)(Kim and Yi, 1998-1999: 75).

These factors influenced Korean companies a great deal and they remained entrepreneurial organizations, being strongly controlled by family ties (Song, 1992: 192-193)(Shin, 1998-1999: 40)(Jeong, 1999: 99). In order for Korean companies to survive, as Ungson et al., (1997: 66-69) and Shin (1998-1999: 41-44) point out, managers are required to have a clearly defined vision about their own business activities and capabilities; sophisticated political skills; appropriate knowledge which enable them to make the right decisions relating to their business activities; and ability to provide the right direction by appropriately communicating and advising their employees; promoting the right staff; and predicting future situations (Kim and Yi, 1998-1999: 71-75)(Jeong, 1999: 101).

Third, managers of Korean organizations are able to control effectively, through strong traditional family ties and through stock ownership, thus the workforce avoids uncertainty from inside the organization (Song, 1992: 192-194)(Ungson et al., 1997: 64 and 228)(Kim and Yi, 1998-1999: 75)(Lee, 1998-1999: 27).

According to Kim and Yi (1998-1999: 75-76), Korean organizations adopted a military style bureaucratic system which produced highly centralized control but was relatively less formalized (once a decision had been made by top managers they were adaptable to changes). The reason for this was that firstly, Korean political and social changes were as evolutionary/impressive as economic and technological achievement (Lee, 1998-1999: 29)(Jeong, 1999: 89). Furthermore, it is important to note that Song (1992: 191) and Shin (1998-1999: 40-41) have deliberated that Korean companies were unclearly structured, and there was no division between the top managers and the founder or owner-manager, so ultimate responsibility for decision making was in the hands of a few people only.

Fourthly, with respect to centralized governing, the relationships between the state and Korean companies, and family tied control, enable a set strategy to be decided by the founder or the founder's descendants, and the order of decision-making was top down (Song, 1992: 195) which can be seen as a reflection of Confucian social ethical thought. As Song (1992: 192), Ungson et al., (1997: 228), Kim and Yi (1998-1999: 76), Lee (1998-1999: 27) and Whang (1998-1999: 22-23) assured, that (neo-) Confucianism values such as *Eui* (justice, fealty); *Hyo* (filial piety); *Byul* (separate roles); *Suh* (order); and *Shin* (trust) are core values in Korean society and are present in companies; therefore, the family relationship and other relationships, also affect Korean peoples' attitudes such as their view towards work and social interaction and harmony with people in a group/society. To be loyal to one's own family and clan (*Hyo*) is regarded as a super duty, and it emphasizes self-discipline, a work hard ethic; and diligence (Song, 1992: 192)(Ungson et al., 1997: 228)(Kim and Yi, 1998-1999: 76)(Lee, 1998-1999: 27)(Morden, 1999: 37). However, with respect to the concept of 'work hard', Kim (1997b: 70) and Yoon (1998-1999: 55) argued, it came from history, from the peoples struggle over long periods of dominance by

China, Mongolia, Russia and Japan which is called *han* (deepest sadness, but still have to keep governing own life). Also, one of the authority elements of Confucian thought is emphasized in the hierarchical order and unconditional obedience to elderly people (*Eui/Suh*) in any human relationship which is interrelated with the practices of *Suh* and *Shin* (Song, 1992: 193-194)(Lee, 1998-1999: 29-30). This can be seen as a military characteristic as it has a strong hierarchical element to it.

Meanwhile, although, Korea's traditional ideology is based on group benefits as opposed to individual self-interests, it is encapsulated in an authority based structure, since this came from the concept of benevolence which is a Confucian element (Bae and Chung, 1997: 82)(Morden, 1999: 37), however, it does not refer absolutely to commitment to a group (Brandt in Ungson et al., 1997: 222). The reason is that as Tu wei-ming (Ungson et al., 1997: 256) states:

“Confucianism is not simply the advocacy of obedience to government, but also the accountability of government”.

Although the spirit of benevolence to serve his/her superior faithfully is important, each individual also judges his/her superior based on moral grounds (Ungson et al., 1997: 222-223). On the other hand, the military culture has been influenced by both the American and Japanese models, and through historical events (Song, 1992: 189-190)(Eckert; Jones and Sakong in Kim and Yi, 1998-1999: 76). This means that if a Korean organization developed a relationship with an American organization, the Korean organization would adopt, or was likely to adopt, an American style. This supports the argument of Ungson et al., (1997: 223), that Korean people can be divided into two different characteristic oriented groups: one is ‘adhere to paternalistic communitarianism’ and the other is ‘desire more individual self-expression’ (Song, 1992: 189-190)(Kim and Yi, 1998-1999: 76). Korean businessman have adopted both characteristics successfully under the state requirements ‘competition within a set limitation’ and ‘collaboration with the state’ (Rhee

in Ungson, 1997: 228)(Jeong, 1999: 99). However, in order to explain the similarity of Korean workers' attitudes to both American and Japanese workers' attitudes, Bae and Chung (1997: 81-82) have adapted the 'social convergence theory' which argues that technology is the key factor in determining the attitudes of workers. Furthermore, technology can be viewed as a source of capability which can be used to adjust the discipline in a factory and the use of technology has an impact on the worker's social life in a similar way (Bae and Chung, 1997: 81-82). This means that as Bae and Chung (1997: 82) have noted, the reason why the attitudes of Korean workers is similar to the attitudes of American and Japanese workers is due to the fact that Korean companies deploy the same technology as American and Japanese companies.

Finally, Ungson et al., (1997: 69-70) have argued that *Chaebols*' managerial style can be described as 'paternalistic'. The reason for this view, is that control comes from the centre, the founder of a company feels a duty/responsibility for the results of their firm's performances and their employees' welfare (benefits and development) (Ungson et al., 1997: 69-70). According to Song (1992: 192) and Kim and Yi (1998-1999: 76), Korean organizational cultural values are based on Confucian values. For example Lee Byung-Chul (founder of Samsung) and Chung Ju-Young (founder of Hyundai) asserted Confucian ethics as their business ethics when they established their own organization. However, as Jeong (1999: 98-99) has demonstrated, as a result of his field research in ChanWon in 1995, and the analysis of the data from the National Alliance of Trade Union (NATU) and Korea Confederation of Trade Union (KCTU), Korean employers exhibit an industrial relations style which can be classified as 'authoritarian' or 'paternalistic' (Jeong; Kim; Lee; Ogle; Park; and Shin cited in Jeong, 1999: 99).

It is equally important to look at government educational policy because the state has a strong policy towards national education due to the fact that Korea lacks natural

sources for industrial development. Therefore, Korean society is seen as Korean companies' human resources. As Ungson et al., (1997: 190-191) and Kim and Yi (1998-1999: 74) have noted, the state required universities to focus more on undergraduate education than graduate level education (Kim and Yi, 1998-1999: 78) and created a culture which makes people acquire higher education in order to achieve a better life, which can be seen as the legacy from Confucianism (Ungson et al., 1997: 190 and 228)(Lee, 1998-1999)(Jeong, 1999: 101-102). This is closely related to how Korean organizations (*chaebols*) recruit their new staff (Ungson et al., 1997: 73)(Lee, 1998-1999: 31)(Jeong; and Shin cited in Jeong, 1999: 98), in the sense that a Korean company is viewed as an extension of society; both helping society and at the same time being the beneficiary of well educated and trustworthy people, who are working for the benefit of Korea.

2.5.1 Recruitment and selection practices in Korea

As Ungson et al., (1997: 192-193) have noted, the Korean companies'/*Chaebols'* recruitment style can be divided into two types: one is called *Yon-go*, and the other is *Gong-che* which is extended *Yon-go* by adapting western managerial approaches in order to hire the best employees as possible. *Yon-go* is based on Confucious' thought of *Shin* and is practised with *Eui* as a commitment to the employer, the seniority system (*Suh and Eui*) and the concept of 'work hard' (*Byul*) (Ungson et al., 1997: 192-193)(Lee, 1998-1999: 30-31).

Traditionally, the recruitment system depends heavily on *Yon-go* (*Shin*), which means a special social relationship or connection, basically family ties or school ties and birthrites (Lee, 1998-1999: 30-31), and became one of the important factors which affected the role of employment even after Korean firms began to formulize the employment system which was known as *Gong-che*, which uses advertisements in newspapers, and magazines, which boasts an open employment system (Lee, 1998-1999: 33).

As Ungson et al., (1997: 193-196) and Lee (1998-1999: 33-35) have noted, the procedures of *Gong-che*, which take place twice a year, are similar to American companies, which recruit personnel based on set selection criteria, but the methods are different from those used by American firms, which means that Korean organizations start by studying the biographical data of the applications such as age, school, specialism, grades, and gender (Ungson et al., 1997: 193). This is because Korean society is highly male dominated as a result of Confucious thought (females accounted for less than 8 per cent of the total hired in 1995) (Song, 1992: 193)(Ungson et al., 1997: 191)(Lee, 1998-1999: 35). Age is usually a strict condition, people less than 29 years of age are required because they tend to be less prone to interpersonal conflicts and disruptive group behaviour. In other words, Korean employers look for staff who are going to produce group harmony. This is because of the difficulties in combining the practice of Confucian philosophy which relates to the idea of *Shin*, and on the other hand, *Suh*, the necessity to hire the most capable applicant. Therefore, in fact, if there is a big age gap, between the same level of employees, interpersonal conflicts can occur (Lee, 1998-1999: 34). Korean companies prefer to employ those who graduate from Seoul National, Younsei, and Korea universities, and second-rate school levers located in Seoul, and this is influenced by Confucious' concept of elitism (Ungson et al., 1997: 210-212)(Kim and Yi, 1998-1999: 76)(Lee, 1998-1999: 33)(Whang, 1998-1999: 23)(Jeong, 1999: 101-102).

Second, applicants have to pass a written language examination/skill test; possess knowledge of a specific field; and pass general and psychological tests (aptitude, personality and interests). Then finally, each applicant is interviewed, and a note is taken of their hobbies, family background and career interests. Also, they are expected to have specific subject knowledge and/or technical qualifications, and they are expected to have a sound morale character; a positive attitude; and sufficient knowledge relating to specific

subject matter. Also companies review an applicants references.

However, recently some Korean companies such as Samsung, Hyundai, and Hansol have adopted a new interview style called the ‘blind interview’, which does not rely on personal information of applicants in order to select suitable people to the company (Ungson et al., 1997: 193)(Lee, 1998-1999: 36-37). According to research results from the Korea Employers Federation (KEF), which focused on fifty of Korea’s largest companies, the Korean *chaebols* desire such factors as personality and creativity; sincerity; challenge oriented; human relations oriented and cooperative; sound work ethics, responsibilities; and specialized knowledge. In order to achieve this, companies have introduced new styles of interviewing including using executives, human resource specialists, and in some cases line managers; but also, the applicant’s biographical data, school activities and the applicants social work activities are scrutinized (Lee, 1998-1999: 37-38).

According to Ungson et al., (1997: 196-201), Japanese companies have emphasized the importance of human resources, some of the Korean *Chaebols* such as Daewoo and Hyundai put effort into employee development at all levels (from newcomers to top managers). They provide training programmes which focus on developing positive attitudes, improving team work by increasing general ability, which leads to commitment to the company. They require employees to have special knowledge and skills. For newcomers, training programmes take eleven days; introduce them to the company’s norms and how they should perform their job, but as regards advanced management programmes which take four days, subjects such as corporate strategy and the business environment and issues are included. The appraisal system used in Korean companies are divided into two, one for blue-collar and lower management, which is more likely based on the seniority system, and a higher level, adapting performance based on the seniority system (Ungson et al., 1997: 201). The age of retirement of Korean employees is 55, however, if a company

needs to reduce the number of employees, usually female staff and older workers are encouraged to leave the company (Ungson et al., 1997: 207-208).

Since 1995, according to Lee (1998-1999: 30-32), in order to meet the needs of high quality manpower requirements, the style of recruitment has been changed so that not only does the employer rely on *Yon-go* and *Gong-che*, but on campus visits, recruitment advertisements in publications, company tours, company image commercials, scholarships, collaborative projects, and others. Owing to the fact that the number of high-quality graduates from elite universities is limited, especially in the field of science, engineering, management and economics; it is necessary to recruit staff by other means and some staff are recruited from overseas but Korean nationals are still preferred.

According to Lee (1998-1999: 31-33), Korean *chaebols* such as Samsung, Hyundai, Lucky Goldstar, Daewoo, and Sunkyoung, in order to attract students, send senior staff to university, who graduated from the same university. Korean companies try to get assistance from former lecturers in the university to generate students' interest in the company; provide students with a tour of their company; and they offer summer internship programmes, from four to six weeks. This gives potential recruits an opportunity to meet potential employers and for prospective graduates to get to know each other before they join the company. Therefore, Korean companies participate or contribute to industry-university research projects, provide scholarship funds and help with university development projects (Lee, 1998-1999: 31-33). This has a double meaning to the firms in terms of the company's image as it enhances the company's perception as it is seen to be responsible to society, and on other hand, it guarantees that the company can attract highly qualified manpower (Lee, 1998-1999: 31-33).

When graduates weigh-up employment prospects with future employers, according to the survey of Ungson et al., (1997: 194), they expect certain things such as:

(1) reliability for future work (31%); (2) opportunity to develop own capability and skills (16%); (3) guidance at work (15%); and (4) the ability to obtain technical know-how (7%).

The reasons for selecting an employer are (Ungson et al., 1997: 194): (1) a better life (39%); (2) to maximize their own potential ability (29%); (3) obtain a livelihood (14%); (4) family support (5%); and (5) achieve success in society, therefore, contribute to the nation (8%).

However, only 35% of the interviewees answered that they believe that they will retire from the same company, and this may reflect the attitude of young people or the fact that the labour market is becoming more dynamic.

2.5.2 The social situation in Korea

According to Kim and Yi (1998-1999: 78), the most distressing development in the Korean economy, is the deteriorating quality of human resources in terms of knowledge acquisition and attitude towards work. As a result of higher education being focused on undergraduate level educational provision; it has not been possible to produce highly trained scientists and engineers who are able to sustain Korean companies' international competitiveness.

Korean traditional culture has been influenced by Korea's industrialization (Kim and Yi, 1998-1999: 78)(Lee, 1998-1999: 26 and 30). Cultural values are based on Confucian thought such as family value (from the extended family to the nuclear family), ancestor worship, and Korean employees' work value, attitude toward work and behaviour (Song, 1992: 192)(Kim and Yi, 1998-1999: 76 and 78)(Lee, 1998-1999: 26-27 and 30). According to Lee (1998-1999: 26-27 and 30) and Kim and Yi (1998-1999: 76 and 78), these traits which relate to working hard and achieving success, significantly deteriorated in the latter part of the 1980s. This is because, first, although Korean employees delivered high performance, they realized that their employers do not/cannot base the reward system

on the traditional Confucian work ethics approach such as lifetime employment and the seniority system. The pressure of globalization and competitiveness among Korean employees, has resulted in distrust between employers and employees (Ungson et al., 1997: 193 and 215)(Lee, 1998-1999: 26-27 and 30).

This argument is supported by Bae and Chung (1997) whose research has shown that Korean workers possess certain uniqueness such as ambivalent attitudes towards their organization. Korean workers are devoted to their company, but are not proud of their job. Bae and Chung (1997: 91-92) have explained this fact (the workers' ambivalent attitudes) and make reference to the gap between normative values which have been strongly influenced by Confucian thought and the influence of rapid industrialization which has given rise to a certain social situation. The main elements of Confucian thought are Li (abstract form) and Ch'i (matter); Li is a concept for determining how people in society or groups relate to each other and form relationships which then influence an individual's behaviour; therefore, the teaching of Confucian thought in Korea, has placed emphasis on the concept of Li, which means that each individual in Korea must be loyal to their group and keep harmonious relationships with the members of their group (Bae and Chung, 1997: 82). This can be observed and interpreted from Bae and Chung's (1997: 89) research which showed that 54.2 per cent of Korean workers were classified as committed to their company (workers turned down another job with higher pay) compared with Japanese workers (20.4 per cent) and American workers (26.3 per cent). Nevertheless, Korean companies exhibit a shorter seniority system compared to Japanese companies (due to unstable labour market conditions), and this is a reality Korean workers have to face (Bae and Chung, 1997: 91-92). This implies that Korean workers have to compete with their co-workers in order to keep their job. Bae and Chung (1997: 92-93) have argued that in order to explain the attitudes of Korean workers, one needs to have a culturalist view and comprehend the link

between industrial factors, the labour market and labour policy for example. This is because, although Korean culture is similar to Japanese culture, the attitudes of Korean workers are different from the attitudes of Japanese workers.

Second, a new generation has been brought up in affluent surroundings (materialism which has led to people who are less willing to work hard) (Kim and Yi, 1998-1999: 78). Therefore, democratization is said to have triggered disorderly, violent conduct, and unlawful labour movement behaviour; and a change in the attitude towards work (from 'work hard and save for the future' to 'work less and enjoy today') (Kim and Yi, 1998-1999: 78).

Kim (1980: 227) has stated that organizational innovation occurs when management take a note of the fact that the organization needs to change because of changes taking place in the environment in which the organization competes. If an organization has a high degree of hierarchy of authority then communication within the organization may be inhibited. This is why during periods of rapid change attention needs to be paid to who makes decisions and how decisions are implemented. In other words, organizations need to be restructured from time to time, if they are to survive the complexities of the market place. Choi (1998-1999: 88-95) has indicated that if a leader within an organization has vision, he/she will need to state the objectives and directions, and this means adopting a holistic view toward strategy implementation, and a consensus is needed in order to ensure that a proactive approach to strategy formulation and implementation is adopted. Cho (1996: 785-786) has indicated why companies need to establish a network organizational structure and within this network are a range of organizational configurations. Samsung has innovated in the sense that it has introduced a company-wide team organization; has reduced its hierarchical structure and decision making so that decisions can be made more quickly than previously; and has introduced a

network organizational structure so that members of the *Chaebol* are closely connected.

By considering Korean managerial styles and societal demands, leadership within Korean companies can be outlined as follow: (1) able to get close to the right politician(s) and collude with them; (2) able to identify what the recognized problems are as defined by the state; (3) able to act/assist the state as required; (4) able to follow international, political and economic changes; (5) able to manage internal problems; (6) able to choose the right individuals who can commit themselves to the company; (7) able to handle subordinates and problems appropriately; (8) able to report correctly to the owner/founder; (9) able to understand the social demands made on the company; (10) able to recognize how the traditional value system is changing; (11) able to develop good relationships with good universities; (12) able to project a good image to various stakeholders; and (13) able to follow technological development and find new markets or new directions (new business).

In order to change a Korean organization's structure, the following suggestions have been made by Kim; and Zaltman, Duncan and Holbeck (Kim and Yi, 1998-1999: 80): (1) introduce a decentralized and self contained team structure; (2) nurture creative individuals and team structure; (3) introduce flexibility and coordination in R&D, marketing and production; (4) deploy bottom-up communications; (5) ensure that technological developments are well handled; and (6) develop an effective learning capacity.

2.6 Making organizational culture more effective

Jung and Avolio (1999: 215) have tried to identify the appropriate leadership style in different national cultural contexts such as Caucasian (Western), and Korean, Japanese, and Chinese (Asian) and conclude that transactional leadership works better within a Western cultural context whereas transformational leadership is more effective in an Asian cultural context because the characteristics of these societies are different (individualism versus collectivism). However, it is hard to agree with this view. The reason is that as

argued above, the theories which underpin transactional and transformational leadership contain both of these aspects, although transactional leadership more likely focuses on task and authority aspects, and transformational leadership tends to focus on relationships between a leader and his/her followers by considering not only formal relationships, and task complement, but also staff development which assists them in both aspects such as advice for gaining/improving skills and consulting in response to an individual having problems and needing help.

Second, when considering situational variables, and the characteristics of staff and the leader, it is necessary to think in terms of willingness, capability, situational demands, and a leader's ability, an individual's knowledge about the organization, sense of mission, intelligence, vision, and whether the leader has a high self-monitoring ability; and this requires further considerations, as Jung and Avolio (1999: 217) admitted, within cultural contingencies and cultural values.

Moreover, methodological problems exist. When Jung and Avolio (1999) undertook their research, the authors collected data from Asian students whose average age was 21.5 years and who had lived in America for an average 10.6 years. This means that the Asian students who participated in the research may have possessed a different cultural value system and identity to those resident in the home country. Finally, Jung and Avolio (1999) did not take into account that these nationals (Japanese, Korean, and Chinese) were in a different economic stage and various social factors (needs, wants, and attitudes) may have affected how these individual's view life.

2.7 Conclusion

Organizational culture is a complex and fascinating subject, and requires that the individual understand a number of inter-locking factors. Key issues are 'How is organizational culture developed?' And, 'How is organizational culture transformed

through the process of continual change?' Senior managers and especially those managers working in an international business environment, need to be aware of what organizational culture is and how organizational culture differs from one organization to another. This aspect has not been adequately addressed in the literature.

In order that senior managers are able to integrate staff/employees positively (especially in the case of a strategic alliance or partnership arrangement), it is essential for senior managers to anticipate problems and to solve problems adequately, as and when they arise. In order that problems can be solved, it is essential that an appropriate organizational structure and a clearly defined communication system are in place. It is also important to have a positive spirit within the organization. Furthermore, a clearly defined organizational culture needs to be evident which is underpinned by a clearly defined value system that reflects the national cultural value system.

A clearly defined organizational culture will allow staff/employees to identify with the organization's goals; to conduct themselves appropriately (this is referred to as acceptable behaviour); to identify with the priorities laid down by senior management; and to work in such a way that the organization can achieve its objectives. As a result, senior managers are able to achieve their corporate goals by formulating and implementing a distinct corporate strategy.

As regards the formulation of organizational culture, managers need to be aware of the fact that organizational culture is influenced by the attitudes and behaviour of company staff/employees. Organizational culture is also influenced by the actions of individuals, especially those individuals who occupy a leadership position and who shape the vision and direction of thought within the organization. Hence senior managers need to be aware of the fact that staff/employees, through their attitudes and behaviour, have an important role to play in the development of a specific type of organizational culture, and

the process needs to be managed positively and effectively.

In order for senior managers to fully grasp the importance of organizational culture, senior managers need to develop their knowledge and understanding of comparative national culture and relate to the social interactions of staff, and how staff behavioural patterns emerge and form distinct patterns of localized behaviour. This being the case, senior managers will be able to identify and then develop an appropriate leadership style which is suitable with respect to motivating employees; forming acceptable patterns of organizational behaviour; and establishing strong, long-term relationships which are based on trust and mutuality. The benefit of this proactive leadership approach is that satisfied staff will remain committed and loyal to the organization, and the leader of the organization and his/her colleagues will then be able to identify the most appropriate strategy for the organization from the stance of new market entry. The strategy implementation process will take into account the skills of the staff, their knowledge, their experience, and their market/data intelligence gathering and analytical abilities.

An effective communication system should ensure that the communication style that is used by staff within the organization is underpinned by a clearly defined organizational culture that has an identifiable shared value system. This is important when senior managers are involved in inter-organizational and cross-cultural communication involving complex negotiation exercises. Complex negotiation requires that staff select an appropriate language or form of expression that will allow them to exchange views/express ideas.

As has been demonstrated in the above (through reference to Japanese organizational culture and Korean organizational culture), in order that a senior manager can enhance his/her knowledge of comparative national cultural similarities and differences, it is vital that senior managers have an adequate understanding of organizational structure so that when

restructuring is necessary (in the case of a partnership arrangement for example), a number of factors are taken into consideration which include socio-cultural elements, economic factors and political factors. This is because, in the case of Japanese organizations and Korean organizations, organizational culture is influenced by national culture, and as a consequence there is a direct link or match between the socio-cultural environment outside the organization and the socio-cultural environment inside the organization. This is a direct result of the politico-economic context in which society is managed and regulated, and the fact that an organization is viewed as an extension of this. Hence, in the case of Japan and Korea, the government plays a directing role (through interventionist policy) and this is why there is a direct link or match between organizational culture and national culture in these countries.

Although there is an in-depth body of knowledge relating to various aspects of organizational culture, it is clear that not enough attention has been paid to how a strong organizational culture can be developed that facilitates the communication process within and between organizations. However, the emphasis is not on the communication process itself, but how senior management identify, adopt and implement a particular leadership style in order to transfer a cultural value system from one cultural setting to another.

Chapter Three: Japanese and Korean National Cultural Similarities and Differences

3.1 Introduction

Reference to Buddhism and Confucianism is made (section 3.2); and this is followed by the doctrine of Buddhism (section 3.2.1) and a brief history of Confucianism (section 3.2.2). A brief history of Japan is provided (section 3.3); reference is made to Buddhism in Japan (section 3.3.1); Confucianism in Japan (section 3.3.2); and the educational systems in Japan (section 3.3.3). A brief history of Korea is provided (section 3.4); and reference is made to Buddhism in Korea (section 3.4.1); Confucianism in Korea (section 3.4.2); and the educational systems in South Korea (section 3.4.3). Also covered are the Japanese influence on the Korean educational system (section 3.4.3.1) and America's influence on the educational system in South Korea (section 3.4.3.2). The similarities and differences between Japan and Korea are dealt with (section 3.5) and also highlighted are the important cultural factors (section 3.5.1). A conclusion is evident (section 3.6).

3.2 Buddhism and Confucianism

In order to establish the differences and similarities between the Japanese and the Korean people, it is important to look at how Buddhism and Confucianism have influenced these societies, and special attention needs to be paid to the role of government and social structure (Deuchler, 1992). Attention will next be paid to the doctrine of Buddhism and this will be followed by a brief history of Confucianism.

3.2.1 The doctrine of Buddhism

The material cited in this section is taken from Allen (1967: 354-363). Gautama,

the historical name for Buddha, laid down three characteristics encompassing life: Impersonality (unsubstantiality); Impermanence (change); and Imperfection (sorrow). A central issue in Buddhism is that life is basically unsatisfactory and imperfect and it is because of this that people feel sorrow and pain. Suffering is, therefore, linked to truth and sorrow, which is caused by ignorance which in turn results in desire-attachment. It is believed that sorrow can be eliminated when desire-attachment is eliminated and the way to achieve this is to follow the Eightfold Path: the Right View; Right Mindness; the Right Speech; the Right Action; the Right Livelihood; the Right Endeavour; the Right Mindfulness; and the Right Concentration. The Eightfold Path is itself divisible into three: Morality; Mental Culture; and Wisdom.

3.2.2 A brief history of Confucianism

Confucianism arose in China between 150 B.C., to 200 A.D., which was before the introduction of Buddhism to China from India (Mei, 1967: 293-298). Orthodox Confucianism is very much concerned with benevolence, righteousness, decorum, wisdom and trustworthiness. The five criteria lay down the relationship between sovereign and subject; father and son; husband and wife; brother and brother; and friend to friend. Confucianism also laid the foundations for an official system of government and a social system; and gave rise to the Chinese civil service examination system.

Mei (1967) has informed us that neo-Confucianism became strong in the tenth century and that there were links with Buddhism and Taoism; and Chu Hsi (1130 to 1200) synthesised several ideas into neo-Confucianism and further branches of neo-Confucianism developed through the teaching of Lu Chiu-yuan (1139 to 1193) and Wang Shou-jen (1472 to 1529). Chu Hsi's teachings gradually became dominant in China and had influence outside China.

3.3 A brief history of Japan

Meyer (1993) has provided a useful explanation and interpretation of Japanese history and it is the main source of the material in this section. Meyer (1993) has pointed-out that in order to appreciate the Japanese situation, it is important to think in terms of two distinct periods of Japanese history: the period up to the mid-1850s, which was heavily influenced by Chinese and Korean cultural ideas; and the mid-1850s onwards, which was when the West had a major impact.

According to Meyer (1993), the period from 400 to 700 A.D., known as the Yamato period, was the cradle of Japanese civilization. A hierarchical, hereditary based society which was based on a loose federation where people worshipped Shintoism. Buddhism became prominent around 552 A.D., and Chinese cultural values were perceived as important. The teachings of Confucianism and Daoism underpinned the value system of central government (Umeshara, 1992: 28-41). In 604 A.D., Prince Shotoku published 'The Constitution of Seventeen Articles' (*Jushichjo no Kenpo*) as a guide to state principle and law enforcement (Meyer, 1993: 33-34) and Chinese cultural values dominated the period up to 794 A.D. From 794 A.D., to 1185 the Heian period was noticeable for the growing importance that Buddhism had on the people, and Chinese language and Chinese literature were prevalent. It was during this period that the Chinese characters were adapted and the *Katakana* and *Hiragana* were established (Japanese characters).

The period 1185 to 1868 has been classified as the feudal period. It is during this period that political, economic and social stratification emerged; and the military adopted a leadership pose. Christianity was introduced to Japan in 1549 but was banned officially in 1612. The national seclusion policy that was adopted in 1639 ended in 1853 when Commodore Perry arrived from America and the Japanese were confronted with change.

3.3.1 Buddhism in Japan

Buddhism in Japan had the effect of forcing Shintoism to take the form of a religion (Yanaga, 1967: 539) and today it can be stated that Buddhist ceremonies are in fact modifications of Shinto rites which are related to ancestor worship (Osumi, 1992: 27).

According to Osumi (1992), Buddhism was first introduced to the rulers of Japan when they wanted to form a centralized government and its further appeal was that it allowed the rulers to carry out Buddhist ceremonies when they held government ceremonies which were held in accordance with Shinto rituals. This provided an advantage in that good relationships could be maintained with indigenous deities.

3.3.2 Confucianism in Japan

Prince Shotoku was believed by some to be the first statesman of Japan from 574 A.D., to 622 A.D., and was in fact a devout Buddhist. He implemented a political doctrine of obedience based on the Confucian ethical system (Jushichijo no Kenpo)(Umehara, 1992: 28-41)(Meyer, 1993: 33-34).

Kukai, who founded the Shingon sect of Buddhism and is famous for introducing tea and *kana* into Japan, wrote a book that expounded the tenets of Confucianism, Buddhism and Daoism (Meyer, 1993: 59). However, it was Confucianism which became acceptable to the rulers and the intellectuals as it provided a set of guiding concepts which could be applied to public service (Varley, 1984: 22-23).

3.3.3 The educational systems in Japan

According to Ouston (1998: 5), education is compulsory for children aged between six and fifteen years of age, and about fifty per cent of those eligible to do so continue into higher education. The Japanese educational system is closely controlled and has several aims (Ouston, 1998: 6): to encourage and facilitate the development of young

people; to ensure that relevant knowledge and transferable skills enhance a young person's ability to reach their potential; to prepare young people to cope with changes in society; to ensure that young people learn and respect their own country's values and those of people from abroad so that they develop an understanding of foreign cultures.

The Japanese educational system is very rigid and tightly controlled by government, although there is some flexibility at regional level (decentralization exists). Present and future reforms are expected to introduce a certain amount of freedom for parents, individual students, and to make the system more flexible. The changes proposed will to some extent modify the attitudes of Japanese educationalists.

At present, the Japanese educational system can be described as fiercely competitive. School children are required by their parents to attend after school sessions at the *Juku* about three evenings per week (Ouston, 1998: 17)(this is in addition to the five day school week which also sees pupils attending two additional half-days (on a Saturday) per month).

Educational reform in Japan may well bring about resistance from parents and those in the teaching profession as it refocuses attention so that individuality and creativity are fostered. Such a change may well militate against basic Japanese cultural values because loyalty to the group becomes less important than individualism.

3.4 A brief history of Korea

Nahm (1988) has written an absorbing book about Korea and the material in this section is drawn mainly from that source. Korea is an ancient civilisation which goes back much further than the Old Choson period of 2333 B.C., to 108 B.C. It was during the three kingdoms period (Koguryo, Paekche and Shilla) of 57 B.C., to 688 A.D., that Buddhism was officially adopted (in Koguryo in 372 A.D.; in Paekche in 384 A.D.; and in Shilla in 527 A.D.,).

The kingdom of Shilla was unified from 668 A.D., to 918 A.D., and it is during this period that relations with China grew and prospered in education and religion. Buddhism grew in importance throughout the years and during the Koryo period (918 A.D., to 1392) the Chinese civil service examination system was adopted together with the land grant system.

The new kingdom of Choson was established by Yi Son-gye in 1335 and the capital was relocated from Kaegyoung to Hanyang (now Seoul). The new Korean script, *Han-gul*, was introduced under King SeJong in 1446. The Kanghwa treaty was signed with Japan in 1876, and the Japanese colonial period (1910 to 1945) has been well documented. Following independence from Japan, compulsory elementary education was established on 7th January, 1948. Other highly significant facts are that Catholicism was introduced in Korea in 1610; and Buddhism declined and was replaced with Confucianism which underpinned the political system (Weems, 1966: 243)(Nahm, 1988: 95)(Deuchler, 1992: 90). However, Korean society is still strongly influenced by the teachings of Buddhism and Confucianism.

3.4.1 Buddhism in Korea

Buddhism became very important in Korea after the Shilla unification of Korea and it became the religion of the ruling elite in Shilla (Nahm, 1988: 53). Buddhism provided the basis for the broadening of the cultural base, and intellectual and religious activities grew rapidly. Leading religious figures made pilgrimages to China and India. Although Buddhism declined during the Choson period, it was held in high regard by the rulers and provided spiritual support for ordinary people (especially people of a low status and women).

3.4.2 Confucianism in Korea

Most of the material in this section has been drawn from Nahm (1988) who has

indicated that orthodox Confucianism and neo-Confucianism were heartily adopted in Korea where Confucianism dominated both public service and private affairs. Chu Hsi's branch of neo-Confucianism became dominant in the Choson period (Mei, 1967)(Nahm, 1988: 109). Choson experienced a rebirth in the sense that all activities ranging from political structures to intellectual pursuits (including music and dance) (Nahm, 1988: 95 and 112) and ancestor worship, succession and inheritance, the position of women in society and marriage for example (Deuchler, 1992: 5) became established.

The main point to note is that Confucianism changed both the social structure and the institutions. The rise of *Yangban* (the civil and the military branches) allowed anybody to study and earn the title through success in the civil service examination and to place this in perspective, a local *Yangban* headed each village council (Nahm, 1988: 100).

Confucian moral and ethical principles dominated Korean society and underpinned human relationships. The book of *Sushimso* (self-cultivation) stressed the key Confucian aspects that were to be acknowledged: virtues and loyalty; filial piety; self-cultivation; and self-control.

3.4.3 The educational systems in South Korea

Politics and political ideology play a major role in shaping educational systems, programmes and structures; and this has been noticeable in the case of South Korea. South Korea has, since the Confucius school of thought was introduced from China into Koguryo in 372 A.D., (Nahm, 1988: 48)(Adams and Gottlieb, 1993: 5) been trying to evolve their own educational programmes and systems through analysis of existing educational problems. In other words, the South Koreans have adopted a proactive approach to educational reform.

Following independence from Japanese colonialization in 1945 and the Korean

civil war in the 1950s, the educational system that emerged has been maintained up to now. The problem with the Korean educational system and programmes stem in part from the country borrowing education programmes and systems from abroad.

The traditional Korean educational system was based on Confucianism. The main purpose of the traditional education approach, as Rim (Adams and Gottlieb, 1993: 9) mentioned, gives guidance for self-cultivation such as moralism and philosophy for the benefit of society and within this is a view of leading a correct personal life. Therefore, Confucianism also included political practice and economic behaviour. This kind of approach plus Buddhist ideology has exerted an influence on educational institutions and policy makers. Some of the elements of Buddhism and Confucianism have common grounded concepts such as benevolence, wisdom and righteousness (Allen, 1967)(Mei, 1967). As Adams and Gottlieb (1993: 8-9) noted, Confucius' views were deeply infused into the structure of government, society and education of Choson (the ancient name of Korea); through the examination system, which consisted of three categories: civil, military and miscellaneous (Nahm, 1988: 110). In order to pass the examination, it was necessary to have a good understanding of Confucius' ideas. According to Park (Adams and Gottlieb, 1993: 9-10) these ideas were incorporated into Korean society. For example, it was important to pass the examination in order to achieve an official position and a devout expression of filial piety resulted in stimulus to cultural advancement, which was a continual process.

The traditional education systems, according to Kim (Adams and Gottlieb, 1993: 5-7), can be distinguished into public, controlled by central and local government, and private school; big scale (school of twelve masters); and small scale (Sudang). *Kook Ja Gam*, one of the figures from the centralised public school, taught six subjects: *Kook Ja Hak* (Confucian classics); *Dae Hak* (law); *Samoon Hak* (calligraphy); *Yul Hak* (high level

of mathematics); *Su Hak* (middle level of mathematics); and *San Hak* (low level of mathematics).

3.4.3.1 Japanese influence on the Korean educational system

Owing to the fact that Korea was annexed for over 35 years by the Japanese, it is important to reflect upon the influence of the Japanese on Korea's education system. According to Adams and Gottlieb (1993: 15), the education system in 1937 in both Japan and Korea, consisted of six years of primary school; five years of normal; vocational or middle school; three years of university preparation or professional school or college; then three years of university study. This structure is very close to the present educational structure, of which six years are spent at elementary school; three years at middle and high secondary school; which is followed by four years at university or three or two years of specialised college study. Also, the secondary high school is distinguished into three different types of schools of which: *InMunGae* high school (normal high school); *SyangUp* high school (preparation for work as an office assistant); and *KongUp* high school (preparation for work as a comparatively skilled factory worker). The six years of elementary schooling is in fact based on the American system of education.

Secondly, under the rule of the Japanese, as Rim (Adams and Gottlieb, 1993: 13) indicated, even though Japanese documents claimed the Japanese introduced an advanced education system into Korea, in reality, they attempted to eliminate Korean culture and language by substituting loyalty of the Korean people from their country to loyalty to the Japanese Emperor. The Japanese vocationalized the Korean people so that they became low level tradesmen; they deliberized the Korean people by ignoring their humanity and denying them advanced studies. In other words, the Korean people were provided with a limited education and were not expected to gain high level skills. The Japanese government

enforced Korean to be synonymous with Japanese; completely ignored Korean ancient culture; and in essence Japanization did not help Korea in any way (Adams and Gottlieb, 1993: 14-17).

3.4.3.2 America's influence on the educational system in South Korea

The influence of America on the Korean educational system started after the Second World War and continued after the Korean civil war. It was under the agreement of trusteeship over Korea between the United Socialist Soviet Republic and the United States of America (Adams and Gottlieb, 1993: 17) that South Korea's independence was guaranteed. The impact of America on South Korea's educational system was (Adams and Gottlieb, 1993: 19): first, a new curriculum was introduced such as inservice and preservice training programmes which resulted in raising the professional level of teaching; second, Korean institutions were supported through the donation of American textbooks and teaching aids which promoted general educational values such as working hard and increasing the skill base of workers; and finally, it can be argued there was a philosophical dimension to America's influence as noted by Adams and Gottlieb (1993: 19) which was: “....to widen the professional horizons of Korean educators in order that they might better compare their varied, and often authoritarian, educational heritage with American ideals and methods”.

One can say that under the occupation of Japan, the Korean people could not be educated to an advanced level in subjects such as science and technology. Therefore, there is a tendency for Korean traditional education (studying Confucianism) to be valued as opposed to studying such subjects as science, technology, and management for example. Moreover, according to Adams and Gottlieb (1993: 19-20), South Korean education law was guided by the National Committee on Educational Planning under the U.S., Military

Government and this law, as Adams and Gottlieb (1993: 20-23) noticed, included such factors as international relationships, self-respect, individual responsibility, and human civilization by high science and technology. Furthermore, it emphasized national culture of which *HongIk In Gan* (benefits for all mankind), was perceived as the main factor. It also introduced equal opportunity in education (six years of elementary school) and resulted in education being compulsory and free of charge.

The education systems and programmes in South Korea have developed gradually, although educational policy has changed many times (goals and means, equalization and excellence, and tradition and reform) (Korean Educational Development Institute, 1985: 49). While the education system has been evaluated, there have been a lot of problems when the modern day approach is linked to the traditional view of education (see Figure 3.1 below). The traditional value of education was based on the sort of job and the position of the person in their occupation (Korean Educational Development Institute, 1985: 57). The relationship between education and job achievement, politics and society, need to be in harmony. The purpose of learning, from the individual's point of view, is to get a well paid job (Chun, 1988: 33). By passing the entrance examination, which is important, this lifts the status of people as they can enter higher education. As a result, private tutoring flourished and a relationship between teacher and student developed.

Figure 3.1: Traditional education: positive and negative factors.

<i>Negative Factors</i>	<i>Positive Factors</i>
Mistaken view of education	Tradition of honouring learning
Insufficient financing	Innate quality of Koreans
Low morale of teacher	Political and social stability
Shortage and dilapidation of educational facilities	Higher standard of living
Irrelevant contents and methods	Accelerated advancement of science and technology
Gap in the quality of education	New importance of education

Source: (Korean Educational Development Institute, 1985: 50-61)

3.5 Similarities and differences between Japan and Korea

The forgoing has indicated that both Japan and Korea have evolved a political and social system which has been influenced by Buddhism, and to some extent both countries can trace an affinity with China, although the influence of Chinese culture on both these countries waned from the mid-nineteenth century onwards. It can be said that Buddhism and Confucianism are integrated to some degree in Korean culture, basically because one of the main elements of neo-Confucianism, referred to as Ch'i, was heavily influenced by Buddhist doctrine. Figure 3.2 portrays the similarities between Buddhism and Confucianism.

With reference to Buddhism's concept of the Right View, Right Mindness and Right Endeavour and Confucianism's trustworthiness; it is not possible to make an exact match. Furthermore, neo-Confucianism developed more into an intellectual pursuit and as a consequence developed a different emphasis.

Figure 3.2: Similarities between Buddhism and Confucianism

<i>Buddhism</i>	<i>Confucianism</i>
Right Action, Right Mindfulness Right Speech, Right action Right Livelihood Right Concentration	Benevolence Righteousness Decorum Wisdom

Source: (Lee and Trim, 1999)

It is interesting to note that although the aristocracy in Japan and Korea adopted Buddhism, and Buddhism penetrated into the lower echelons of society; there are marked differences. For example, in Japan, Buddhism merged with Shintoism and as a consequence Buddhism today incorporates the Shinto rites which relate to ancestor worship (Osumi, 1992: 27). In the case of Korea, Buddhism remained a religion and is a distinct entity in its own right. Second, Buddhism provided a means for civilized Chinese culture to provide a mechanism for governing and in Japan where Buddhism and Shintoism are intertwined, a

central government system evolved which was influenced by both beliefs. However, in Korea, Buddhism and Confucianism remained separate and did not merge to produce a central government system. Third, Buddhism and Confucianism penetrated Japan and Korea at different stages in history and in a different sequence, hence Japan and Korea emerged with a separate cultural identity from that prevalent in China. Fourth, Confucianism in Korea was adopted by lower order aristocrats and orthodox Confucians and neo-Confucians were supported in the aim of building schools to educate people and a national education examination system was devised to select people to serve in public life. In Japan, a different approach was taken which witnessed Shintoism being integrated with Buddhism, and out of this evolved a system of governance which was imposed by Japanese rulers. In other words, rule was imposed by the elite of society as opposed to a form of governance evolving which had at its centre the concept of social obligation. Finally, it can be seen that the impact of Buddhism in Japan is stronger than Buddhism in Korea and this can be seen in various cultural activities such as the tea ceremony, flower arranging and *Nou*. On reflection, it can be stated that the key difference between the two countries is that Korea embraced Buddhism in a religious context as did Japan, but Korea embraced Confucianism in both a political and social context.

It can be suggested, therefore, that the conditions prevailing in Japan and Korea were different and that although Buddhism had an important impact on both countries, the way the doctrine was accepted was different. This was in the main due to the fact that the process by which Buddhism was integrated into society, as mentioned above, was different and resulted in marked differences between Japan and Korea.

3.5.1 Important cultural factors

The Japanese authorities are concerned that the Japanese education system does not allow young people to develop their powers of creativity (Ouston, 1998: 15) and this

might militate against individuality. The Japanese education system is in fact highly centralised and presided over by the Ministry of Education. A change in the education system would require that the Japanese change their basic values and move towards individuality, and this would, according to Hofstede (Ouston, 1998: 18), result in a higher level of anxiety as such a change could produce a certain amount of uncertainty. The findings of White and Hofstede (Ouston, 1998: 18) show that the Japanese are very committed to group association and this suggests that there is a collectivistic spirit.

Several authors have attempted to undertake research of a comparative nature, and some studies focus on how Western management concepts can be applied in a Chinese, Japanese and Korean context. Warner (1993) has looked at Western human resource management practices within a Chinese context; and Yau (1988: 45 and 51) has indicated that Chinese cultural values have changed as interpersonal relationships and social orientations have developed, although the collectivistic orientation is still evident. It is, however, worth noting that the term collectivism is rather general and that it cannot be used to define the interpersonal behaviours noticeable in Asian organizations (Kim and Nam, 1998: 523).

With respect to issues such as leadership, Westerners tend to adopt a power-base focus. However, traditional Chinese thinking assumes a moral stance and as Kam-Cheung (1997: 21) points out:

“A good individual is one who fulfils his duties and obligations faithfully to the group. The individual is integrated with the group. In any group activity, the emphasis is more on the group than the individual”.

It has been established that Korean culture has been influenced by Confucianism. It is also apparent that Korean people are driven by the concept of mutuality (Dacin et al., 1997: 12). However, Japanese business people are familiar with various psychological dynamics which is a strength when it comes to a business negotiation (Gresser, 1992), and

this reinforces the fact that Japanese people are committed to winning. Moran (1998: 25) has indicated that:

“The Korean political system and culture are based on the assumption that society is an organic entity, with certain (elite) state groups knowing better than others and acting in ‘their’ interests - even if that involves repressing those same groups. However, traditional Confucian political culture should not be overstressed. Existing political patterns largely stem from modern developments and processes....”

By mid-1998 a new Korean model started to emerge as a result of the reformed politico-economic system (Mathews, 1998: 748). It is envisaged that the new Korean model will be based on a non-interventionist economy as represented by the free market Anglo-American model, but it is expected to remain highly interventionalist and will reflect the Japanese model of ‘*keiretsu*’ which propagates a “tightly knit group of firms involved in a range of industrial sectors, knitted together by common ownership of financial institutions” (Mathews, 1998: 757). What is evident, however, is that the people of South Korea have experienced rapid change since 1945 onwards and this has produced tensions in Korean society (BBC Two Television, 1999).¹ The Korean people are determined to campaign for further democratization and this is perceived as constructive.

Although the Japanese economic model is well established there is no doubt that both Japan and South Korea are in a state of transformation. The Japanese economic model has been reproduced in Figure 3.3.

Figure 3.3: The Japanese Model

<p>These characteristics...</p> <ol style="list-style-type: none">1. centrally directed economy, a well-defined and nationally accepted mission,2. focused on value-added exports,3. with a long-term view of growth and profits,4. implemented by a bureaucracy almost immune to political policy shifts,5. supported by a homogeneous well-educated, group-oriented, and highly motivated work force.	<p>Provide these benefits:</p> <p>Efficient utilization of national strengths.</p> <p>Growth opportunity in a nation lacking in natural resources. Highly debt leveraged with bank, cooperation and involvement. High investment in plant, R & D. Stable environment for business, consistent policy implementation at all levels. Common focus on goals, high productivity, high savings rate and resultant low cost of capital.</p>
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Source: (Hickman and Hickman, 1992: 11).

Japan's economic crisis has been blamed on many factors relating to deregulation and financial mismanagement for example, and the '*keiretsu*' model based around mutual shareholding may be weakening but it is envisaged that reform will take place (Whittaker and Kurosawa, 1998: 767). Notwithstanding, the Japanese still believe that every citizen is entitled to earn a living from the Japanese economy which is viewed as "societal common property" and competition enforces coexistence (Nagatani, 1998: 371). The Japanese believe that it is important to keep a balance between efficiency and equity through a commitment to building and maintaining long-term relations; and this is achieved by adhering to the Confucian values of frugality and loyalty which are underpinned by the concept of shame (Nagatani, 1998: 372). Yau (1988: 50) states:

"Face is a concept of central importance because of its pervasive influence in interpersonal relations among Chinese".

Kim and Nam (1998: 522) reinforce this view by stating that:

"Face exerts significant influence on human behaviour in Asian societies. From individual decision making to national policy setting, anecdotal evidence suggests that face works as a powerful social force when Asian managers make decisions and choose a course of action".

Losing face is a key factor to bear in mind as it may influence how an individual behaves in the future or is viewed by a peer group, as it leads to a sense of shame. Lee (1996) has indicated that when studying two distinct cultures it is important to use sociolinguistics. Lee (1996) undertook an extensive literature review and has explained how both the Japanese and the Korean people use a polite form of speaking which is based on the type of relationship that exists between those communicating with one another. However, it is possible to make a distinction between the two sets of people owing to the fact that a deeper analysis which takes into account the vocabulary used or the form of expression, will highlight a number of similarities and differences.

Some of the similarities and the differences are in fact subtle and can be viewed as more complex than those associated with the English language, French, German and Chinese (Lee, 1996: 18). Although both Japanese people and Korean people are respectful when they address other people, their respect for one another relates to the relationship already established or the situation itself. The Japanese people and the Korean people are guided by respect, modesty and politeness when they deal with other people and this is an approach which is embedded in their cultural value system.

The differences can be traced back in time (Lee, 1996). For example, the Japanese royal family used polite expression about themselves when they communicated with other people, but this form of polite expression was not used by the Korean royal family. The Japanese people prefer to beautify the language for example: O Chya (tea) instead of just Chya; O Musume (daughter) instead of just Musume; and O Nomimono (something drink) instead of Nomimono. The Korean language does not have this form of expression. The Japanese language is more detailed in the sense that there are several ways of using polite expression. When one wants to say 'come', it is possible to use Kulu, Ilatsylu or Oideninalu. Korean people use the polite form of expression but keep a distance between themselves and the person/persons they are dealing with. When Korean people use a negligent oriented expression they feel close to the other person. Another important factor to bear in mind is that in Korea there is an 'age language' concept which does not exist in Japan. For example, each generation has their own language expressions which previous and successive generations do not use; but when the current generation reaches the stage (age) of the previous generation they resort back to using the language expressions of the previous generation.

Korean people are aware of the relationships between people (positive actor/actress and passive actor/actress) when discussing a topic and they decide how they

should describe the situation to the listener. Furthermore, the speaker also considers the relationship that exists between themselves and the listener and the actor/actress in the topic, when choosing their words/expressions. With respect to Japanese people, it is believed that the speaker will think of their position first when dealing with other people. However, Korean people do think of their own position but use a neutral vocabulary and they think carefully about the verb they use.

It can be stated that the differences that exist between the Japanese and the Korean people stem from the influence that Buddhism and Confucianism have had on Korea, as opposed to Buddhism and Shintoism which have influenced Japanese society. Although both sets of people use a polite form of expression which is in fact a feeling of intimacy, the way the language is used is different. This suggests that the Japanese mentality is different to the Korean mentality, and this is an important factor that should be borne in mind when dealing with people from Japan and Korea.

Kim et al., (1998) have applied Hall's concept of high-versus low-context cultures. The meaning of the term 'context' is, according to Hall (cited in Morden, 1999: 21), "how individuals and their society seek information and knowledge". Kim et al., (1998: 514-520) collected data from 96 American business managers who were enrolled on a part-time MBA programme at a business school in the Midwest; 96 Chinese businessmen who participated in a short-term management training programme in Beijing, and 50 managers were enrolled on a part-time MBA programme in Seoul. The data were analysed using SAS (PROC GLM) and the authors concluded that Chinese people and Korean people are more socially oriented than Americans who tend to thrive on individualism. Furthermore, Chinese and Korean people tend to avoid confrontations, because confrontation poses a threat to social harmony and this can result in uncertainty. Korean and Chinese people do place great emphasis on what is said and how something is said, and

there is a direct link between the way in which a message is delivered and whether or not a person loses face and suffers from shame. However, an interesting point to be noted from the research results of Kim et al., (1998: 519) is, as regards communication, there is some level of cultural assimilation between Chinese, Korean and American people. This is because, the managers who participated in the research had frequent communication with foreign partner managers; and generally, the business communication environment tends to follow the Western style of communication (Kim et al., 1998: 519).

It is often said that people work in a group in order to achieve a common objective and because of this, the members of the group express their views through a shared language (Cooperrider and Srivastva, 1987: 146). Experts on group work such as Douglas (1997: 85) are of the opinion that groups should be perceived as vehicles through which people can plan and implement change. Szilagyi and Wallace (1980: 221) have made a useful contribution as to whether a group is likely to act in a cohesive way or not and their work into group work resulted in some interesting observations (see Figure 3.4).

Figure 3.4: Factors affecting cohesiveness

<i>Factors increasing cohesiveness</i>	<i>Factors decreasing cohesiveness</i>
Agreement of group goals Frequency of interaction Personal attractiveness Intergroup competition Favourable evaluation	Disagreement on group goals Group size Unpleasant experiences with the group Intragroup competition Domination by one individual

Source: (Szilagyi and Wallace, 1980: 221)

The factors affecting group cohesiveness need to be placed within a cultural context. They can be used to highlight the differences and similarities of Japanese and Korean people, although it should be stated that confrontation is not always to be perceived as a negative entity and is sometimes inevitable.

Figure 3.5 portrays the differences and similarities of the Japanese and the Koreans according to a set of characteristics.

Figure 3.5: Differences and similarities of Japanese and Korean people.

Characteristic	Japanese	Korean
Collectivistic mentality	Yes, based on polite speaking	Yes, based on type of relationship
Goal orientated	Yes, it is a matter of winning	Yes, to achieve a satisfactory result
Relationship oriented	Yes, based on avoiding conflict	Yes, based on mutuality
Small group oriented	Yes, more likely to act as a small group, based on shared values and beliefs	No, they prefer to act as individuals
Perception of conflict	Based on a power relationship and the objective is to win through persistence	Acceptable, if it results in constructive change
View of leadership	Appointed to give direction and in return loyalty will be forthcoming	To be challenged and replaced if necessary

Source: (Trim and Lee, 2000: 121).

3.6 Conclusion

In order to understand a nation's culture it is important to have an appreciation of a nation's history and its value system. It is also important to understand the relationships that exist between countries, and in what context these relationships are placed. Furthermore, it is essential to understand that culture needs to be placed within an economic, political, social and religious setting. To fully understand the complexities and the role that national culture plays, it is important to appreciate the fact that there is interaction between countries and this interaction results to some degree in cultural traits and values being adopted and absorbed into a culture.

The similarities and differences between Japanese and Korean culture, can be understood by placing the analysis within an historical context. Key factors need to be borne in mind such as Buddhism and Confucianism, and how these were absorbed into national culture and how they influenced national culture. Furthermore, it is important to pay attention to the educational system in each country and how education has influenced

people and how education has been responsible for the way that people relate to each other.

Although it is possible to say that Japanese and Korean cultural characteristics have elements in common and are close to each other compared to say being close to Western cultural characteristics, many differences are evident. This is mainly because of three factors. First, both Japan and Korea have different native rituals and customs and this has consequences with respect to how people within each country relate to each other. Second, Japan and Korea embraced Buddhism and Confucianism differently (a different emphasis, purpose and sequences) and this is evident in national cultural characteristics. Third, the present situation which is evident in each country and defined in terms such as social, economic and political ideology for example, are different and these differences should not be underestimated. Therefore, although it is correct to say that both Japan and Korea have some historical factors in common, each country has its own identity and is now going through a period of transformation, and one can conclude that Korean people are facing more rapid change than Japanese people.

Another important point to acknowledge is that a company from overseas that operates in another country may adapt to local conditions (because of legal conditions and employment rights for example), and this may influence how the overseas company relates to a local company/partner organization. For example, companies from overseas that are operating in the United Kingdom will adopt certain management practices that are embedded within British culture. This means that senior managers from abroad who work for an overseas company based in the United Kingdom, will be familiar with local management customs and practices, however, they will have their own culturally based insights into the management decision-making process. This means that managers from overseas are more likely to develop hybrid management practices in order to achieve

certain goals, even if it means a degree of compromise.

Although research has been undertaken into Japanese and Korean culture, a gap exists in the literature. For example, key issues such as mutuality/the degree of mutuality have been identified, but not fully explained. Mutuality is linked to relationship building, but the concept of mutuality has not been explored adequately in the context of partnership arrangements.

Chapter Four: Marketing Strategy and Customer Service

4.1 Introduction

This chapter will make reference to marketing strategy and strategic marketing (section 4.2); the link between strategic marketing and organizational learning (section 4.3); and a strategic marketing framework is interpreted (section 4.3.1). Relationship marketing and strategic marketing (section 4.3.2) are linked; the concept of trust (section 4.3.3) is appraised; and customer service (section 4.3.4) is placed within a strategic marketing concept. Marketing strategy and the budgeting process are referred to (section 4.4); the importance of a customer service focus (section 4.5); relationship marketing in a customer service context (section 4.5.1); and the importance of employing appropriate technology for enhancing customer service (section 4.5.2) are addressed and so too is creating a customer vision (section 4.5.3). Japanese companies' marketing strategy (section 4.6) are highlighted. Korean companies' marketing strategy (section 4.7) are explained: Korean government strategy (section 4.7.1); Korean companies' strategy (section 4.7.2) and Korean companies' customer service policy (section 4.7.3). A conclusion (section 4.8) is evident.

4.2 The view of marketing strategy and strategic marketing

Marketing can be defined as an interaction process between sellers and buyers, in order for them to obtain maximum tangible and/or intangible benefits by offering competitive products and services in the market place (Doyle, 1994: 36-38). There are, however, many interpretations as to the role that marketing plays ranging from the classical approach (Kotler, 1991) to the strategic marketing approach (Aaker, 1992).

As Baker (1996: 3,339) has argued, a strategy emerges from the marketing process and is further defined by marketers analysing and evaluating collected data from the marketing process. This requires marketers to look at the organization from a

perspective whereby the external environment and situations confronting the organization are of major importance. Marketers need to assess accurately a situation confronting their organization from a number of perspectives: in terms of politics; economic factors; and social and cultural aspects. Marketers need to take a number of internal factors into consideration such as organizational culture; the level of motivation and commitment of staff; the employees shared value system; the capability of staff to handle given tasks; and the experience levels of staff, for example. Marketers need to take appropriate action as the level of complexity and uncertainty increases from time to time. In order for senior managers in an organization to take appropriate actions, marketers need to be able to react positively and more accurately to what their customers demand or need (Aaker, 1992: 167)(Slater and Narver, 1994a: 24-25) (Kohli and Jaworski cited in Greenley, 1995:1)(Piercy, 1997: 623)(Webster, 1997: 39)(Hooley et al., 1998: 3 and 5); and this means that marketing is viewed as an integrated or integrating process with a strategic orientation!

The logic supporting the above shows that it is important to have a definition of what marketing is, therefore, marketing is viewed as a process rather than as a functional or departmental activity (Piercy, 1997: 429-431)(Webster, 1997: 52-54)(Hooley et al., 1998: 5). The reason for this is that marketers need to think in terms of the 'process' which precedes/occurs within an organization and marketers need to view the organization as a whole rather than from a marketing department/functional perspective only. This view can be supported by Porter's (1996: 70-75) view which has been termed the ability to 'create fitness'. Porter (1996: 70-75) argues that in order to create fitness within an industry, the activities of an organization need to be supported by the employees who need to be committed to their organization or the leader of the organization, and the leader of the organization needs to ensure that the shared value

system present in the organization is based on actual and realistic shared values (Bass, 1985)(Slater and Narver 1994a: 26-27 and 1995: 68-69)(Han et al., 1998: 31)(Harris, 1998: 368). This view matches the view put forward by Aaker (1992: 8, 182-199 and 236-241) as Aaker argues that the importance of synergy within an organization and between organizations is necessary in order to achieve a sustainable competitive advantage(s); and built-in flexibility is important because it allows management to establish or determine 'preemptive moves' which are supported by synergistic activities (Day, 1994: 41-43). The crucial point to note is that in order for an organization to achieve customer commitment or orientation in the long-term, marketers need to ensure that a product-marketing-strategy fit is in being, and this has been recognised by strategists such as Porter (1996) and marketers such as Aaker (1992), Doyle (1994), and Baker (1996), for example.

Doyle et al., (1985: 19-20) have compared the marketing strategies of Japanese companies with those of British companies based in Britain, and have pointed out that it is very important for managers in companies/organizations to have a clearly defined view of their customers (needs and wants); managers must be able to link their knowledge with their product compatibility in the market place, therefore, a market/customer focused strategy needs to be placed within the context of a longer-term strategy. Doyle et al., (1985: 20) also suggest that in order for an organization to achieve a competitive advantage by focusing on a segmented market, managers within the organization need to demonstrate their commitment to the organization and stimulate staff continuously in order to monitor and anticipate the changes and developments in the market, and provide continuous training for staff development. This will establish a sharing concept and the organization's values and beliefs will be accepted by staff, and all the staff will be committed to the organization.

Perks and Easton (2000) have analysed various inter-organizational relationships and have looked at issues such as power and trust for example. Perks and Easton (2000: 330) make a valid point when they suggest that company to company relationships can be both formal and informal. This suggests that collaborative arrangements vary in degree of intensity. This implies that management need to be able to create value and be seen by management in a partner organization as being able to create value. In order to create value, management need to develop skills in the area of human resource management and develop marketing skills; be able to exchange and utilize information; and develop a sustainable competitive advantage for the organization (Perks and Easton, 2000).

In this thesis, marketing strategy is viewed from the perspective of strategic marketing which is aimed at achieving a match between the organization's ability to evaluate the external environment, and provide a customer focus which is aimed at meeting customer expectations. This is because customers are the key factor in determining whether the organization survives in the market place (customers pay for what they need or want and have expectations relating to the performance of certain products and/or services which they expect the organization to deliver, thus achieving the goal(s) set by the organization's/company's senior management). This is the 'marketing-oriented' approach put forward by Doyle (1994: 40), Greenley (1995: 1), Porter (1996: 75-76), Webster (1997: 63), Hooley et al., (1998: 3 and 6) and Han et al., (1998: 31); which has gained acceptance and which is related to the concept of relationship marketing (section 4.5.1).

Mohr-Jackson (1998: 109) has indicated that the concept of marketing orientation is parallel to the concept of total quality management (TQM) since the issue of customer satisfaction is the main objective; and this knowledge (and skill) can be used

for guidance to implement the marketing concept by improving products/services aimed at meeting customer satisfaction. This is because total quality management is aimed at achieving superb performance by meeting external customer satisfaction, which takes into account customers' perceived quality supported by operational excellence (Mohr-Jackson, 1998: 109-110). The work of Mohr-Jackson (1998: 114-122) is informative because the link is made between marketing and human resource management issues (such as leadership for example), and attention is also paid to measuring customer satisfaction.

It seems logical to look at how employees are motivated and remain committed to an organization/company or an individual leader and his/her leadership style. These aspects have been considered in Chapter Two (sections 2.3.2, 2.3.2.1, 2.3.3, and 2.3.3.1). The reason for this is that in order to provide a good/adequate customer service (which encompasses handling customer complaints, assessing employee attitudes toward their work/tasks, establishing the commitment and behaviour of employees), it is crucial to identify the elements which create differentiation. This requires that an exchange of information occurs quickly across functions. However, it is important to recognise that the exchange of information within and between organizations is based on leadership behaviour or attitudes which exist within the minds of employees and that these factors create an organizational culture (Leppard and McDonald, 1991: 213)(Porter, 1996: 69 and 77-78). Bush and Ingram (1996: 374) have made a useful contribution to the body of knowledge by suggesting that when people from different cultures come together to negotiate a deal, they have different shared values and thought patterns. This needs to be borne in mind as culture can play a major role in determining the outcome/acceptability of a deal. This can be the reason why a specific marketing strategy exists/is developed. For this reason, in this thesis, it is necessary to consider the role played by corporate

strategy since the issue of organizational culture is involved (Webster, 1997: 39)(Hooley et al., 1998:7). This approach is also supported by Baker (1996: 3,333) who explains that although arguments exist relating to the concept of what corporate strategy is and what marketing strategy represents, the boundaries often become vague because the process of marketing strategy has many common points with corporate strategy. For example, Baker (1996: 3,333) distinguishes between the terms corporate strategy (strategic marketing) and marketing strategy based on the size of the organization and suggests that the key issue is whether an organization has strategic business units or not. Greenley (cited in Baker, 1996: 3,337-3,338) has also provided a definition for both marketing strategy and strategic marketing and suggests that the relationship between marketing strategy and strategic marketing are inseparable from each another.

Marketing strategists are concerned with creating fitness (Porter, 1996) and this suggests that there is a link between what marketers do and what strategists do, and this underpins the strategic marketing approach. The following question emerges: "How can marketers ensure that the organization develops a sustainable competitive advantage?"

4.3 Strategic marketing and organizational learning

Strategic marketing is very much the domain of the marketing strategist. Montgomery and Weinberg (1991) have produced a strategic intelligence system which can be utilised by marketing strategists. In order to position the organization in the industry, it is essential to scan the business environment and to understand the priorities of the competitors (Montgomery and Weinberg, 1991: 346-347 and 351-352). Harvey and Denton (1999: 908) are right to suggest that "long-term fundamental changes in the business environment inevitably call for major changes in a company's strategic direction". This is particularly relevant in retailing where there are many factors which interact and which act as pull factors. Harvey and Denton (1999: 909-910) have

indicated that customers are becoming more demanding and as a consequence managers need to think in terms of the company adopting a ‘customer focus’ in order to produce ‘customer satisfaction’. There is a strong organizational element in this, in the sense that organizational culture is a major factor and so is the concept of organizational learning (Harvey and Denton, 1999).

Woodruff (Morgan et al., 1998: 354) has pointed out the importance of organizational learning (about market place activities) and suggests that a central issue is how to produce customer value. In order for an organization to be able to produce customer value, it is vitally important for the organization to observe market changes and analyse market information, because the market place is subject to turbulence and diversification.

Morgan et al., (1998: 357) have indicated that there are two steps of organizational learning: adaptive learning and generative (double-loop) learning. Adaptive learning is about improving quality and efficiency of the existing operations by utilizing knowledge gained; and generative learning can be seen as the next step of the adaptive learning process by the organization; in other words staff need to develop further and formulate new practices, perspectives and frameworks which are then applied in order to expand the organization’s capability on a continuous basis (Morgan et al., 1998: 357).

According to Herbinak (Morgan et al., 1998: 358-359), there are two particular forms of organizational capabilities: utilitarian and psychological. The utilitarian capabilities are about an organization learning from the results of strategic planning such as improved managerial skills, and coordination between functions; on the other hand, the psychological capabilities refers to cognitive benefits, which the organization has learned from the processes and mechanisms and which staff can apply in

order to identify which managers are committed to achieving the organizational goals stated (Morgan et al., 1998: 359). Morgan et al., (1998: 373) have indicated that if an organization is highly market oriented, the organization can increase capabilities that can facilitate higher-order learning and endow development. This needs to be underpinned by constructed appropriate incentives and a learning organizational culture (Morgan et al., 1998: 374).

Chaffee (1985) has identified three models of strategy: (1) linear strategy; (2) adaptive strategy; and (3) interpretative strategy. The linear strategy model focuses on planning, and management use strategic decision-making to change product offerings in the market place. The second type of model, the adaptive strategy model, is used by senior management to continually assess and analyse the internal and external environments. The third model, known as the interpretative model, suggests that an organization is viewed (Chaffee, 1985: 93) as “a collection of cooperative agreements entered into by individuals with free will. The organization’s existence relies on its ability to attract enough individuals to cooperate in mutually beneficial exchange”.

Chaffee (1985: 94) has stated that:

“each of the three models may be summarised briefly. In linear strategy, leaders of the organization plan how they will deal with competitors to achieve their organization’s goals. In adaptive strategy, the organization and its parts change, proactively or reactively, in order to be aligned with customer preferences. In interpretative strategy, organizational representatives convey meanings that are intended to motivate stakeholders in ways that favour the organization. Each model provides a way of describing a certain aspect of organizational functioning to which the term strategy has been applied”.

It is useful to categorise organizations using Chaffee’s (1985) approach, however, it is not always possible for a researcher to establish if an organization is implementing one type of strategy or a hybrid strategy. Furthermore, organizations adapt to environments in different ways, and changes in senior management can result in

changes in strategy implementation. As a result, a researcher needs to place strategy formulation and implementation within an industry context, if they are to fully understand how a particular organization functions.

Research relating to marketing strategy has been undertaken by many academics such as Doyle (1994); Baker (1996); Porter (1996); Hooley et al., (1998); and Workman et al., (1998: 227); and as a consequence they have changed the emphases of marketing strategy from focusing on finance, production or other functional emphases to a marketing orientation which is underpinned by a customer driven strategy. Tunks (McElwee and Warren, 2000: 429) emphasises the fact that organizations should be 'customer driven' and that customers have expectations about quality which they expect the organization to meet. Quality can, therefore, be considered central to the organization (Oakland, 1993). McElwee and Warren (2000) have made a direct link between human resource management and quality within an organization. This is useful in the sense that quality is perceived as being something which is necessary if an organization is to meet customer expectations, develop trust through relationships, and be seen to provide value.

This approach ensures that a marketing strategy is developed which provides an organization with an ability to learn about external situations (both customers and competitors for example), in other words, marketing strategists think in terms of developing a marketing orientation which is underpinned by a learning organization philosophy, and this is a valuable addition to the body of knowledge (Aaker, 1992: V)(Slater and Narver, 1995: 63-64)(Baker, 1996: 3346)(Harker, 1998: 316-317)(Morgan et al., 1998)(Workman et al., 1998:21)(Harris and Piercy, 1999: 617-618 and 638)(Varadarajan and Jayachandran, 1999: 120). Furthermore, this evolving marketing oriented view has endorsed the value creation aspect for shareholders as

indicated by Srivastava et al., (1998) who suggest that by satisfying customer expectations, an organization is able to retain their customers. In other words, by retaining their own customers, the organization is able to enhance cash flow and as a consequence provide higher returns to shareholders, and this reinforces the loyalty aspect and leads to increased shareholder loyalty (Sheth and Sisodia, 1999: 80).

Rust and Zahorik (1993) have developed a mathematical framework which allows an individual to assess the value of customer satisfaction, and this is useful in several ways. The mathematical framework allows marketers to think in terms of developing a marketing strategy bearing in mind customer satisfaction and customer retention. It also focuses attention on market share and profitability. This therefore, places customer satisfaction within a strategic context and considers loyalty to be a key factor. The work of Rust and Zahorik (1993) was mathematically defined and based on a number of assumptions which were clearly stated. Furthermore, the data collection method was well thought through and a rigorous statistical method was used to analyse the data. The outcome of the research can be used to help managers within an organization to allocate funds to develop customer satisfaction policies in-house (staff training programmes and newsletters for example) (Rust and Zahorik, 1993: 211). Rust and Zahorik (1993: 212) are correct to point out that the work needs to be developed because the mathematical framework was developed from a pilot study only.

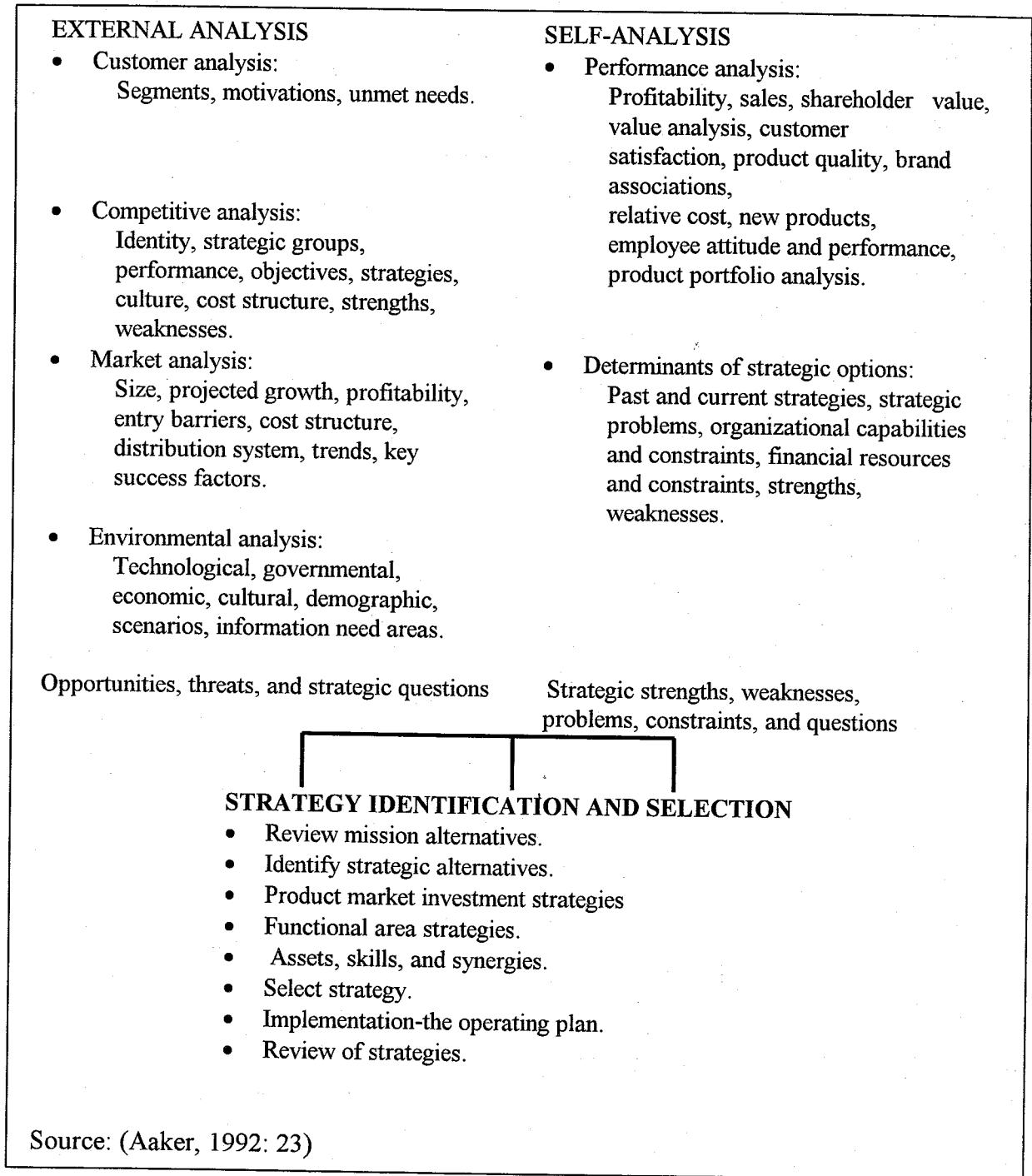
4.3.1 A strategic marketing framework

A useful framework for analysing an organization's external environment (threats and opportunities) and linking it with the organization's internal environment (strengths and weaknesses) has been provided by Aaker (1992). (See Figure 4.1 below). The reasons for analysing the external environment have been made evident. First, as Trim (1999: 164-165) has argued, the aim of analysing the external environment is

essential in the sense that senior managers are able to obtain quality data which helps senior managers lobby government and this is important with respect to public-private partnerships. State policies are an important element; therefore, in order for senior managers to lobby in a logical and effective way, managers need to have a good understanding regarding the organization's assets and abilities, and how the organization can meet/handle a given situation. This approach or view can be criticised in the sense that marketers deal more with perfect competition than with markets that are influenced by government action. However, Coen (1999: 36) has pointed-out that there are multiple levels of influence, and this suggests that the lobbying of government is carried-out in a structured and professional manner, and this needs to be addressed further.

Second, by analysing the external environment and the internal environment, senior managers can work out what their organization's/company's present situation is, so that opportunities and threats can be identified (external environmental analysis), and strengths and weakness (internal environmental analysis) can be identified (Aaker, 1992). This is essential with respect to marketers and strategists being able to anticipate and predict the retaliatory moves of competitors (Johnson and Scholes, 1993) as it may affect the positioning of the organization in the industry at some time in the future. Senior management needs to be able to select one of the most suitable alternatives or identify alternative options (Aaker, 1992: 22) for future strategy implementation (Baker, 1996: 3,339). The key point to note is that other companies must not be able to imitate and implement a similar strategy or if they do, they must not be as effective because at stake is the organization's unique skills and resources which are created/reinforced from the strategic options available/implementation of the most suitable alternative strategy (Cespedes, 1995: 95-105) (Porter, 1996: 64-68) and (Varadarajan and Jayachandran, 1999: 120).

Figure 4.1: Overview of Strategic Marketing Management



Although Aaker's (1992) strategic market management framework can be implemented at any time in the planning process, which is a strength, there are a number of weaknesses or disadvantages associated with the Aaker approach. For example, first, the framework itself is rigid and critics might suggest the modelling process is inflexible. Second, there is no indication as to how much time is involved in deploying the Aaker framework and as a result the alternative strategy selected for implementation may be

inappropriate at the time of implementation. Third, not enough attention is paid to evaluating national cultural traits that underpin customer demand. Fourth, organizational culture is dealt with in a superficial manner and this is a weakness because an alternative strategy may revolve around the formation of a strategic alliance with an organization from a different part of the world and strategic fit needs to be planned very carefully and this appears to be outside the parameters of the Aaker framework. Furthermore, if there are public-private partnerships in being and government lobbying (Coen, 1999) is evident, it might be fair to say that the Aaker framework needs to be amended significantly or needs to be reworked in order to ensure that the government dimension is fully appreciated.

However, it is vitally important for senior management to know which strategy to implement in order to gain a sustainable competitive advantage (Aaker, 1992), and this means that competitors must be defined adequately and grouped accordingly (Porter, 1980: 129-155)(Porter, 1985: 201-228) (Porter, 1996: 68-70); and it can be said that the strengths, weaknesses, opportunities and threats (SWOT analysis) only explains or shows senior managers the present situation of the organization. Therefore, although this approach helps marketers to identify alternatives, it is important for marketers to think strategically in terms of how marketers implement marketing actions and how the organization should react in the market place. Marketers are required to pay adequate attention to the knowledge systems, beliefs, and roles which characterise the context of the organization (Leppard and McDonald, 1991: 213)(Varadarajan and Jayachandran, 1999: 121 and 128). This view is based on Porter's (1996: 75) argument that "...the greater threat to strategy often comes from within". As many academics such as Aaker (1992), Day (1994), and Porter (1996) point out, in order for senior managers to be able to implement a successful strategy, senior managers need to know how they can

produce/create market fitness or distinctive capabilities which also have to be managed. These have been classified under various headings: synergy (Aaker, 1992) or span (Day, 1994) or as competitive advantages which are sustainable (Aaker, 1992)(Day, 1994)(Porter, 1996: 70) (also referred to as durability).

The information and knowledge relating to the external environmental situation (such as customer demands and needs, the economic and political situation, technology, and national culture and socio-cultural factors), and the internal situation and capabilities of staff/employees and their commitment, are all interlinked in long-term mutually oriented partnership arrangements. It can be argued that if marketers have some understanding of the internal and external factors, they will be able to implement short-term marketing strategies which are part of a clearly defined corporate strategy. It is also important to remember that the action taken depends upon the level of complexity and uncertainty which exists in the market place. This is an important consideration which has not always been addressed in the literature. This is why senior managers look for synergistic activities (Aaker, 1992)(Day, 1994: 41-43)(Doyle, 1994)(Baker, 1996) which can create fitness (Porter, 1996); but the approach adopted is not always multi-faceted.

Cultural orientation needs to be considered as it plays a part in determining whether a relationship between organizations will be successful (Kothandaraman and Wilson, 2000: 340). Kothandaraman and Wilson (2000: 342-348) have developed a conceptual framework of the effects of intra-organizational factors on the inter-organizational factors leading to relationship performance, and this is useful as it has both an internal and external dimension. The concept can be used to evaluate the performances of strategic alliances and such issues as culture and reward systems can be analysed in-depth (Kothandaraman and Wilson, 2000: 348).

With respect to the above, a logic can be drawn. Porter (1996: 78) has addressed the issue of strategic success, and to this needs to be added operational effectiveness (Slater and Narver, 1995: 63)(Harker, 1998: 325-326); although the strategic agenda and the operational agenda are different and need to be viewed as such (Piercy, 1995: 29-30). This is because a senior manager analyses the external and internal environments in a specific way, and the analysis must be an accurate record of their organization's position (Leppard and McDonald, 1991: 221)(Aaker, 1992: 9-12)(Day, 1994: 37 and 1996: 14), in order that realistic problems can be identified and irrelevant factors can be excluded (necessary at the implementation/action stage) (Piercy, 1995: 35).

However, one issue has arisen which senior managers should pay attention to and that is the role that domestic governments play in assisting domestic organizations to compete in both domestic and overseas markets. This has not always been adequately addressed as many academics write from the perspective of perfect competition and do not always pay adequate attention to how public-private partnerships or government industry relationships work. One important aspect which needs to be addressed, is the organization's flexibility and the level of bureaucracy that exists, as these may inhibit the capability of an organization and lead to complications in the value chain from supplier to customer, and from buyer to supplier (Webster, 1992: 1, 3-4 and 8-10)(Day, 1994: 38-40)(Workman et al., 1998: 22). Issues such as these were recognised by Porter (1985: 48-50) who suggested that linkages within the value chain need to be coordinated so that information can flow throughout the value chain and help produce a sustainable competitive advantage for the organization.

Day (1994: 43-44) has explained that in order to endorse spanning capabilities, senior management must have knowledge about the market in terms of their ability to

learn about their customers, competitors, and supplier/buyer channels (Kahn, 1998: 50-52). In other words, an organization needs to be committed to providing a high level of customer service, because it is not only about understanding what customers want/demand or need, but also, it provides a mechanism for obtaining more accurate and useful information relating to the organization's situation in the external environment (possible actions of competitors and managing buyer/supplier relationships); therefore, accurate information enhances the ability of marketers to interpret more accurately ambiguous information relating to external/market environments, from which potential threats may actually materialise into actual threats. This means that marketers need to be able to assess the market and communicate accurately with their customers (Day, 1994: 48)(Cespedes, 1995: 92-105 and 249). Cespedes (1995: 92) has expressed how important marketing is and has focused attention on how an organization can provide customer service by investing in staff development and maintaining skills; paying attention to motivating staff and developing capabilities which are needed for new product development for example (Slater and Narver, 1994a: 25)(Han et al., 1998: 38).

This in turn provides a basis for devising a strategy by creating a competitive and sustainable advantage (Day, 1994: 45) (Porter, 1996: 75-78). This view is supported by Anderson (cited in Workman et al., 1998: 22-24), whose work is based on the work of Pfeffers and Salancik's (1978) resource dependency theory, which suggests that marketing's most important responsibility is to satisfy their customers and allow a coalition with the customers to develop in the long-term, so that the organization can satisfy their customers; can create a route for sustaining competitive advantage(s)/high performance as advocated by Webster (1992: 12-15), Piercy (1995: 2) and Cespedes (cited in Workman et al., 1998: 22).

4.3.2 Relationship marketing and strategic marketing

Morris et al., (1998: 359-360) have outlined the fact that relationship marketing can be applied to a number of marketing related areas of activity and because of this several definitions of relationship marketing are evident. Morris et al., (1998: 368) have raised the point that there is a gap between how academics and marketing practitioners view the subject matter and this can lead to confusion and misinterpretation. This may be a valid point in the sense that relationship marketing has evolved from several marketing bodies of knowledge and not everyone is familiar with each body of knowledge or how customer service is managed for example. However, according to Hennig-Thurau (2000: 55), the term of relationship marketing is understood by marketing practitioners; and it has been linked to customer retention (Hennig-Thurau, 2000: 63). Hart et al., (1999: 543) have indicated that not enough attention has been paid to how relationships are established and how they are maintained and enhanced. Achrol (1997: 57) is correct to say that a relationship in marketing terms needs to take into account more than just buyer-supplier relations, and needs to be placed within an institutional framework, which encompasses internal marketing networks for example.

Stone et al., (1996: 675) have stated that relationship marketing is about identifying customers, creating a relationship between the organization and its various customers, and managing the relationship to the mutual advantage of those concerned. The relational marketing approach originated from industrial marketing and services marketing, and was extended into consumer marketing. This broader context focused attention on a number of multi-dimensional issues which allowed managers/marketers to establish new ways to attract customers and retain existing customers (Christopher et al., 1994: 4-5)(Gronroos, 1994: 13). Relationship marketing can help an organization to retain its customers and this means that developing customer loyalty is a central focus

(Stone et al., 1996: 676). This view is supported by research undertaken by Price and Arnould (1999: 50), who have studied the concept of friendship in a commercial setting and have indicated that various types of marketing relationship exist. An interesting point to emerge from the research is that commercial friendship takes into account such issues as satisfaction, loyalty and word-of-mouth (Price and Arnould, 1999: 51).

The relationship marketing approach, as Gummesson (1993) has declared, can be regarded as a strategy which is based on relationships, networks and interaction. Key issues are how managers/marketers get information; how sources of information are used to develop and implement sophisticated strategies; and how feedback flows across functions and among partners (Gronroos, 1994: 10 and 1997: 411)(Gummesson, 1998: 246). Through this interactive process and the use of databases, customers can be segmented accurately and the records of potential customers can be established. This allows the organization to build a relationship with customers and potential customers, and marketers are able to identify the discrepancies between the existing customer service offered and the expected customer service. Therefore, marketers can provide a differentiated or distinguished strategy based on a personalised/tailor-made service which is aimed at creating customer involvement and product loyalty (Copulinsky and Wolf, 1990: 16-19)(Christopher et al., 1994: 6 and 30-31)(Gronroos, 1994: 10-13)(O'Malley et al., 1997: 541).

The definition of relationship marketing, as provided by Gronroos (1994: 9-10), is concerned with the interaction between buyer and seller, and supplier and retailer (includes the end user); and the objective is to manage customer demands or desires successfully. As a result of this managers are able to manage and maintain various aspects relating to the quality of the product, and customer service. Furthermore, marketers are able to retain and enhance long-term relationships with customers, so that

as a result of this the organization is able to survive in the competitive international market place (Berry, 1983: 25-28)(Copulinsky and Wolf, 1990: 16-17)(Christopher et al., 1994: 4)(Payne, 1994)(Dibb et al., 2001: 730). As a result, the supplier and retailer, and buyer and seller will all benefit (Rapp and Collins, 1990: 140-141 and 263-267)(Gronroos, 1994: 8 and 1997: 409).

Gronroos (1994: 5-10) has argued that although the traditional transactional marketing mix is based on product, price, promotion and place (4Ps), it is a useful guide to general marketing theory, and for practical purposes it is viewed as product-oriented which means that the consumer has little choice. This means that this model does not include integrative dimensions (organizational activities such as functions, channels and partners) and as a consequence is limited in practice (Slater and Narver, 1998: 1,002). In other words, in transactional marketing, the value for money concept is clearly embedded within the exchange process, however, the role of the core product becomes blurred in relationship marketing because the emotional element of the consumer needs to be added to the core product itself (Gronroos, 1997: 411-412).

Berry (1995) has argued that managers should be able to manage both transactional marketing and relationship marketing because customers have a proneness to loyalty (this is built on Jackson's work, cited in Garbarino and Johnson, 1999: 82). And Anderson and Narus (1991: 99-101) have argued that managers/marketers should segment customer groups according to cost ('relationship costs' such as 'direct costs', 'indirect costs', and 'psychological costs'), which is the case within the consumer product industry (Gronroos, 1997: 401-413). This is because, as Weitz et al., (1995) have noted, that although functional customer relationships are multiple long-term relationships, customers are inherently different in the sense that some customers are

price sensitive and need to be viewed as such, hence the transactional marketing approach is relevant as quality is not a key issue as such.

Gronroos (1994: 8) has underpinned the argument of Webster (1992: 10) who has addressed the importance of interactive relationships with partners, employees and well-defined customers and views relationships from an on ongoing process (Gummesson, 1998: 243). Therefore, organizations are able to achieve long-term profitability by meeting customer expectations (Copulinsky and Wolf, 1990: 18)(Christopher et al., 1994: 8-31)(Porter, 1996: 75).

Gronroos (1994: 11) has produced "the marketing strategy continuum", (see Figure 4.2 below), which is relevant but incomplete. For example, although, Gronroos (1994: 9-10) and Christopher et al., (1994: 28-30, 114-128 and 181-185) have emphasised that in order to build a relationship with a customer, the internal relationship between full-time and part-time staff within the same organization needs to be based on adequate communication and the exchange of accurate information, for example (Gronroos, 1997: 416), the concept of trust has been ignored.

Trust, is a key element as Morgan and Hunt (1994) have indicated and they have made a valuable contribution to the study of relationship marketing by placing relationship marketing in a certain context (they have studied the link between commitment and trust). Morgan and Hunt (1994: 32) suggest that when trust is evident, problems can be discussed in an open and constructive manner. However, Gronroos (1994) and Christoper et al., (1994) do not explain how managers are able to build trust with their staff and how the relationship with customers is developed in the long-term.

Figure 4.2: The Marketing strategy continuum: Some Implications

The strategy continuum	Transaction marketing	Relationship marketing
Time perspective	Short term focus	Long term focus
Dominating marketing function	Marketing mix	Interactive marketing (supported by marketing mix activities)
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality dimension) is dominating	Quality of interactions (functional quality dimension) grow in importance and may become dominating
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	Ad hoc customer satisfaction surveys	Interface of substantial strategic importance
Interdependency between marketing, operations and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success
The Product continuum	Consumer packaged--><--consumer--><--Industrial--><--Services	
	goods	durable goods

It is logical that in order to develop a long-term relationship with customers, it is vital that managers are able to manage internal relationships appropriately (George, 1990)(Piercy, 1995: 26-27)(Lings and Brooks, 1998: 325)(Singh, 1998: 69), through shared values, a belief system which is based on a deep understanding of organizational culture, and the organization's mission. It is important for staff to transfer information across functions, and furthermore, there needs to be a high level of clarity of task structure. This will help staff to identify clear communication roots and task responsibility, which is essential in the case of developing a coherent relationship marketing strategy. Leadership style is important and influential, and so is behaviour; and staff attitudes can be influenced toward their task complement and also behaviour in society, which will affect consumer decisions in society according to Hatch and Schultz (1997: 357 and 359).

With respect to leadership, Nicholls (1999: 395) has outlined what value concerned leadership entails. Functionality, which is defined as the useful feature of the

product/service divided by the price, relates to the value of a product/service (Nicholls, 1999: 395-396). Nicholls (1999: 396) states that customers are of key importance and everyone within the organization needs to appreciate this. Hence, there is a direct link between employees (human resource management policy) and the customer. Nicholls (1999: 397) has gone so far as to put forward a new paradigm which shows how employees should be viewed (people have talent, can make a valued contribution, are committed to the organization and its partnership arrangement for example), and customers are viewed as vital and important, with respect to the latter, value needs to be created, and the latent needs of customers need to be met.

When one considers what trust involves, it is important to think in terms of values, attitude, moods and emotions (Jones and George, 1998: 532-535). The work of Jones and George (1998) is useful in this respect and they have developed their own model of trust which incorporates cooperation and teamwork. A useful point to emerge from the work of Jones and George (1998: 543) is that as regards the development of trust (perceived as conditional or unconditional), senior management need to create an environment which will allow trust to develop through time. Why this is an important observation is that trust is something that can be developed within a relational context (intra-organizational and inter-organizational for example). Bowman and Ambrosini (2000) have put forward a theory of value generation and this can be considered a contribution to the body of knowledge as it takes into account customer perceptions. Various important issues are taken into account which are economically underpinned and marketing oriented, and Bowman and Ambrosini (2000: 5) have emphasised the fact that "new use value is created by the actions of organizational members, who combine to transform the use values that the organization has acquired" (Sturdy, 1998: 29-32). The interpretation offered by Bowman and Ambrosini (2000: 9) is relevant as it takes into

account buyer and seller interaction; and buyer and supplier interaction. This can be perceived as intra-organizational and inter-organizational relationship building.

There are many factors which need to be taken into account when researching relationships involving companies from different parts of the world (socio-cultural and political for example), and these have not been adequately addressed by Bowman and Ambrosini (2000). One problem appears to be that relationship development is still under developed and because of this there is a danger that generalizations will be made which are applied to all industries. The disadvantage of generalizations or a general model is that important conditions or indicators are excluded or not made specific enough to allow a fuller understanding of the subject matter.

4.3.3 Trust appraised

Trust is an essential element in order for an organization to build a positive long-term relationship with its various customers since trust is based on confidence and reliability (Morgan and Hunt, 1994: 23)(Berry, 1995: 242)(Tax et al., 1998: 60-62). Rousseau et al., (1998: 394) have indicated that there is "no universally accepted scholarly definition of trust". This means that researchers can interpret the term trust in various ways and the same can be said of business personnel. This has the advantage of allowing the researcher to explore different interpretations, although in the case of Japanese companies, Ouchi (Rousseau et al., 1998: 396) suggests that trust is "the result of deep dependence and identity formation". This interpretation can be criticised on the basis that it assumes that Japanese business personnel think in clearly defined terms, and this may not be the case as Japanese companies do exhibit different organizational cultures. There are, however, different forms of trust (deterrence-based trust; calculus-based trust; and relational trust), which have been identified by Rousseau et al., (1998: 398-401) and the term relational trust is useful because it refers to trust being derived

through repeated interactions between people, over a period of time. Reliability and dependability are key factors and so too is emotion for example. According to Rousseau et al., (1998: 398-399), with respect to deterrence-based trust, one party believes that the other is trustworthy because sanctions are in place which stops the other party breaching an agreement through opportunistic behaviour. Calculus-based trust is based on rational choice which is underpinned by interactions of economic exchange and trust develops because the actions undertaken are beneficial. Relational trust, is characterised by repeated interactions over a period of time, and reliability and dependability are evident; and emotion is also present in the relationship.

Nooteboom et al., (1997: 311-315) have looked at the different types of trust and different dimensions of trust and they agree with other academics (Williamson for example) who suggest that trust needs to be viewed as more than “calculative self-interest”. Nooteboom et al., (1997: 319-329) developed a number of hypotheses which they tested through data collection in the microelectronics assembly industry based in the Netherlands. A questionnaire was designed and in-depth interviews were used to collect data from ten supplier organizations. The research yielded some useful information and it was discovered that the issue of relational trust is a key factor and that there are two key dimensions (size of the loss and the probability of a loss) and that each of the dimensions is associated with different causes (Nooteboom et al., 1997: 329-332). Therefore, reliability and dependability are important elements of the relational-trust concept and are seen as important. Various researchers, such as Morgan and Hunt (1994: 22-23), Berry (1995: 242) and Tax et al., (1998: 60-62), have pointed out that ‘confidence’ and ‘reality’ are the key elements of trust. This view is underpinned by a special definition provided by psychologists Argyle and Henderson (cited in Fournier et al., 1998: 48) who write that there are “several basic universal rules of friendship.

Among them: provide emotional support, respect privacy and preserve confidences and be tolerant of other friendships". However researchers need to remember the fact that the development of trust is also related with national culture (Doney et al., 1998)(Wicks et al., 1999:100). These are complex, interrelated issues which need to be researched so that culture can be more fully understood and appreciated.

Doney et al., (1998) have developed a conceptual model of national culture which incorporates trust. This is a valuable contribution to the body of knowledge because a number of complex issues have been addressed and the research outcome can be used to establish how national culture and organizational culture are linked. However, further work needs to be done because there are various interpretations as to what trust is and this needs to be thought through if firmer links are to be made with human behaviour, and in particular, trustworthy behaviour.

Trust has been defined in several ways, however, Michael Argyle and Monica Henderson (cited in Fournier et al., 1998: 48), who are psychologists, have defined trust as "several basic universal rules of friendship. Among them: provide emotional support, respect privacy and preserve confidences, and tolerant of other friendships".

Many marketing academics agree that the concept of relationship marketing is worthy of attention, but relationship marketing is rather theoretical and not very practical, because there is a lack of understanding/explanation of how customers can interpret the term trust, in the context of a long-term relationship between them (the customer) and the organization/producer (Fournier et al., 1998: 44)(Garbarino and Johnson, 1999: 82). In order for managers in an organization to build trustworthy relationships with staff and their customers, managers need to understand how staff and/or customers interpret the word trust (Fournier et al., 1998: 44)(Garbarino and Johnson, 1999: 82); and need to understand how trust, commitment and satisfaction have

different impacts on building long-term positive relationships (Garbarino and Johnson, 1999: 82-83).

Garbarino and Johnson (1999: 82-83) have established that customer satisfaction, trust and commitment toward a company are different and depend upon defined relationships (in terms of the frequency of purchase), between the customer and the company. With respect to customers who have a low level relationship, satisfaction has a strong influence for future purchase decisions, whereas trust and commitment drive customers who have a high level relationship. This can be interpreted as customers who have a high level relationship, benefit in terms of mutuality.

However, although Garbarino and Johnson (1999) have based their interpretation on empirical research, which involved a Broadway repertory theatre in New York, their research findings can be classified as useful, however, some questions arise. First, the sample itself, one theatre, cannot be classified as representative of the industry and the research itself should be termed as exploratory (a fact acknowledged by the authors). Second, because their findings are derived from the analysis of ticket buyers (consumers), it needs to be pointed-out that the theatre/leisure industry is different from other consumer product sectors (consumer-purchasing behaviour is different). Third, the audience attending an arts/theatre production can be thought of as consuming a transient product itself. Finally, the authors have not paid adequate attention to the relationship that exists between the manager and his/her staff. With respect to the last point, it is important to remember that in order to build a good relationship with customers, as a first step, managers need to build a good relationship which is based on trust, because staff are in the front-line and communicate with customers; they handle customer complaints which may have an impact on retention rates of customers. This argument is supported by Fournier et al., (1998: 46-49) who have argued that building 'trust' is a

two way process; one way is from the company/organization to the customer (if a company/organization trusts customers, staff will pay attention to customers' desires/wants/needs and will deliver what the company/organization has promised to the customer), and in return the company/organization will achieve 'trust' and customer loyalty in return. Managers need to manage the process in order to make sure staff deliver what they have promised to the customer. If the customer's name is to be deleted from the customer database, then the personal details should all be deleted from the various mailing lists. If this is not the case, the past customer may become agitated and complain further. Marketers need also, to think of how the customers can derive continual satisfaction from the product over their lifetime.

In order to understand this, marketers must be able to define the meaning of trust which is meaningful and is a key element for how an organization is able to build organizational culture with the involvement of staff (Kreps, 1996: 246), and how people relate to each other. If marketers/managers can adequately define the meaning of trust, and integrate trustworthiness into the organization's culture, it will mean that trust needs is viewed as a core value. This is because, as Sako (Blois, 1999: 205) has argued, the implication of the word 'trust' is different depending upon an individual's cultural background and managers need to know how they should establish appropriate forms of trust and how they can communicate with the various client groups/stakeholders. This means that the word trust needs to be used as an indicator of present or future expectation, and the action taken by a partner/customer can be different. This can directly have consequences because of the emotive element. Trust is also directly linked to how managers and staff choose words in order to communicate with each other. This is because, as Misztal (Blois, 1999: 199-200) has noted, that some words can be used as equivalents, however, the impact of some words (on emotion for example) can be

different. For example, the expression ‘to trust’ can be replaced by ‘to rely’ but the term ‘to trust’ implies an emotive element, whereas there is no emotive element involved in ‘to rely’ (Misztal cited in Blois, 1999: 199-200). In order for managers to understand what the real meaning of ‘trust’ is from several viewpoints (staff, partners, and customers) it is important for managers to establish appropriate forms and methods of communication with their various client groups/stakeholders. In order to build a positive long-term relationship, it is necessary to undertake qualitative research based on ethnography and phenomenology which involves social science methods rather than quantitative research methods (Fournier et al., 1998: 49-50)(Gummesson, 1998: 248).

4.3.4 Customer service and the strategic marketing concept

Trim and Lee (1999: 60-63) have addressed the issue of how an organization can provide a high level, quality customer service. Customer service can provide uniqueness, for example, Porter (1996: 62-63 and 74-75) has argued that an organization can differentiate itself from the competition by formulating a specific strategy and then implementing it; therefore as Aaker (1992) has pointed out, the organization can also deploy a (low) cost strategy (Porter, 1985: 12-14). This is because information from customers can provide marketers with information about cultural traits and allow them to distinguish between cultural groups, and furthermore, allow them to distinguish between regional organizations and their customers; and establish how the organization is able to manage cost reduction effectively by understanding what their customers prefer (Bhuiyan, 1998)(Han et al., 1998: 41)(Harris and Piercy, 1999: 618)(Sheth and Sisodia, 1999). It is important to bear in mind how national cultural differences and values or customers’ sense of change/fashion (Varadarajan and Jayachandran, 1999: 129) are linked or influenced by certain economic conditions. It can be argued that this is the first step in

creating unique value for both customers and the organization, and it is the source for establishing a sustainable competitive advantage.

With respect to the concept of value, Piercy (1998a: 228) has indicated that marketers need to remember that it is the customer who decides what value is and how value is related to a specific product. Luce et al., (1999) have indicated that managers/strategists within an organization need to understand how their customers value a product and purchase the product based on trade-off behaviour. Once this is known managers can apply the knowledge/information they have to the new product development process, advertising and product positioning for example. Luce et al., (1999: 143) have pointed out that market researchers should develop methods which will enable them to provide insights into how customers make decisions about value, and which attributes are important. It also demands that marketers understand how customers assign priorities based on price, quality and safety for example.

Luce et al., (1999) have produced a useful model for managers/strategists in organizations, which allows managers in an organization to implement their marketing strategy based on an analysis of their customers' buying behaviour. However, as Luce et al., (1999: 156-157) acknowledge, the research they conducted was based on various assumptions and the way in which the data was manipulated meant that with respect to realism, the emotional aspect of the work was weak and the influence of emotional trade-off needs further investigation. When taking account of the role that emotions play in customer satisfaction, it is necessary to think in terms of positive and negative effects (Bloemer and Ruyter, 1999: 319). Therefore, Luce et al., (1999: 157) have suggested that the research measurement techniques for attribute characteristics should be placed in a wider context, and should be underpinned by theoretical concepts so that researchers

are able to identify the important elements which have an effect on the customer decisions-making process.

Another issue arising from the above, is that in order that an organization can provide a good/adequate level of customer service, a long-term internal relationship with employees needs to be established as it is a critical element (Ghoshal and Westeney, 1991: 22 and 25)(Cespedes, 1995: 112 and 249-255)(Rucci et al., 1998: 83-84 and 91). Lewis and Gabrielsen (1998: 66) have stated that "service quality is subjective and is experienced and judged by customers during service encounters. Thus, the need for creating customer-oriented cultures when every employee feels a personal responsibility for delivering excellent service quality is essential". Lewis and Gabrielsen (1998: 74-85) have produced relevant work as they have concentrated attention on organizational culture and the internal organizational environment. Such factors as motivation, the role of management, and training have all been addressed. Lewis and Gabrielsen (1998: 85) make a relevant observation when suggesting that cultural aspects need to be studied in-depth, and that service culture is also worthy of further investigation. Sturdy (2000) has indicated that customer service culture initiatives are fundamentally a human resource management issue and this point is widely accepted (Rubin, 1995)(Lewis and Gabrielsen, 1998). Piercy (1995: 26-29) has referred to this as a 'mirror image'.

Sturdy (1998: 28) has explained the responses of employees to the customer orientation approach and to corporate culture initiatives. Sturdy (1998: 29-32) is right to outline the different types of customer-orientation initiatives, and this shows that there are many approaches to the subject matter, some of which are directly connected (behaviour of employees and the value system embedded in the organization's culture). One can also make a direct link between the quality of customer service provided and how employees' behaviour helps to formulate a relational approach. Customers can be

asked to evaluate the behaviour of sales staff (Lambert et al., 1997: 179). Research undertaken by Lambert et al., (1997: 186) suggests that customers can make an evaluation of a company (its performance) and such an evaluation can also be linked to sales staff performance. An example drawn from MacNeill's (cited in Perkins, 2000: 17) research relating to customer service within American companies is important as according to the survey results, 68 % of customers are affected by the indifference of employee attitudes towards them. An important element raised by Vandermerwe (1993: 83 and 139), is how the employee relates to the customer and this is the key concern to companies like Matsushita, which links the customer value-adding process through a customer satisfaction division; and how such companies concentrate attention on staff development so that staff have the correct attitude and behaviour. In this case employees are proactive and responsive to customer needs.

As regards the customer complaint report system, Lancioni (1995: 19-20) has looked at the process of how companies/organizations should design, manage and implement customer service programmes, and to what extent managers from the company/organization should take the concept of customer service into account in order to solve customer problems on an ongoing basis. As a result of this, the organization can become more responsible with respect to customer service (Lancioni, 1995: 19-20). Lancioni (1995: 21-22) has noted that companies which have an informal service system, usually do not have a reporting structure, and do handle customer complaints or requirements immediately based on the personal, close relationship that exists. On the other hand, companies which have a formal reporting system, have the opportunity for top managers to implement a customer service strategy so that the key issues are built into the decision-making process within the company; therefore, staff in the customer service group/department are able to access necessary information and develop the

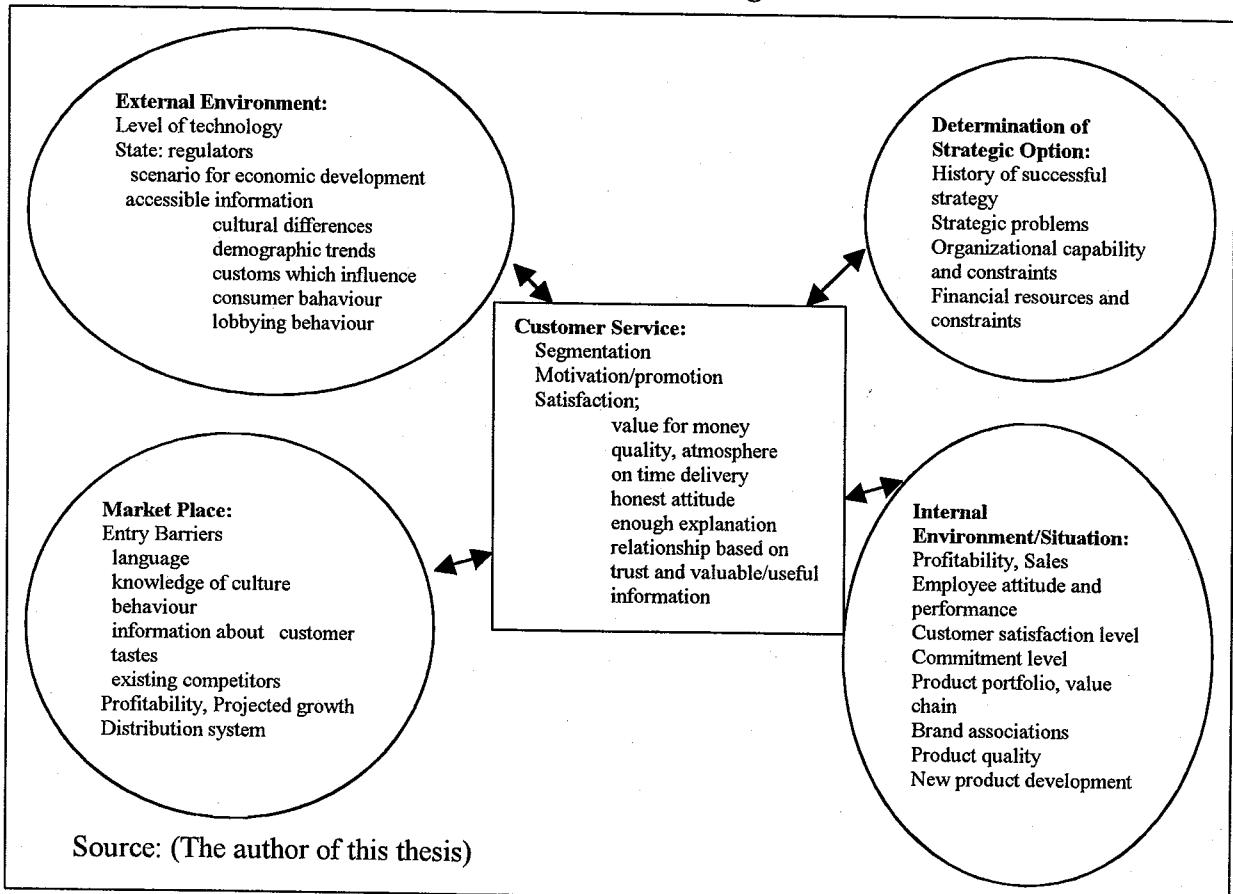
company's customer strategy without resistance from other departments. This allows company staff to work and report both vertically and horizontally within the company. This is an advantage of the direct reporting system, and implies that top management are committed to the organization providing a high level of customer service.

As Aaker (1992: 15) has argued, if an organization has built a long-term internal relationship, both between superior and subordinate staff, and between peers, then managers are able to manage a short run strategy effectively. The need for this arises from the influence of rapid technological development, the political and economic situation, cultural change and changing customers' tastes.

Staff commitment, both senior managers and staff lower down the hierarchy; to meet targets, and ensure that trust develops between employees and partner organizations (channel partners included), is important as it results in effective leadership within the organization, and this will allow an effective organizational culture (supported by top management) to be developed (Erskine, 1991: 395-396)(Leppard and McDonald, 1991: 232-234)(Gilmore, 1996: 348-355) and (Hatch and Schultz, 1997: 360). One can argue that senior managers need to be aware of the cultural differences and similarities between organizations and nations, and need to be able to build the knowledge base within the organization, if an effective strategy is to be developed and implemented. This can be linked to empirical research undertaken in the UK by Greenley (1995: 6-10) who has argued that by understanding the characteristics of a successful nation's business culture, the market performance of companies based in other countries can be increased.

Consult Figure 4.3.

Figure 4.3: A Framework for developing a marketing strategy by focusing on customer service linked to cultural understanding



With reference to Figure 4.3, it can be noted that a strong relationship will evolve between parties provided that (i) staff within the organization have a sound knowledge of the organization's history and the way it functions; and (ii) the customers/consumers relate to the organization and identify with it. This suggests that there is a clearly defined customer service in place and that data/information is collected on an ongoing basis so that marketing staff can make accurate or near accurate predictions about the environment in which the organization competes. It is important that marketers adopt a systematic approach to collecting, analysing and interpreting data which covers the following: national, regional and international socio-cultural, and politico-economic factors. In particular, it is important to establish how national culture influences organizational culture and customer buying habits; cultural differences; advances in technology and the application of new technology; and how competitor

organizations are formulating and implementing marketing strategies and in particular how organizations establish barriers to entry (this may involve lobbying governments and exerting pressure on trade associations for example).

Although an organization may have established a high level customer service strategy, new ways of enhancing customer satisfaction need to be established owing to the fact that customer relationships should not be viewed as fixed but continually evolving. Skilled marketing staff need to place customers on a continuum so that a segmentation policy can be designed for targeting specific types of customers. The information collected can be used to develop customer service strategies and periodic audits can be undertaken to highlight strengths and weaknesses. The strategic process can be enhanced through the development of internal customer satisfaction conferences and staff training and development programmes can be developed as necessary. Key issues such as improving product quality; improving the attitude of staff; and identifying new products and technologies all need to be addressed in order that a trust oriented policy can be developed.

4.4 The importance of a clearly defined marketing strategy and budgeting process

Since the formulation and implementation of a marketing strategy is considered a process and is aimed at improving the organization's performance, it is necessary to take into account leadership behaviour, organizational culture and to understand how leadership relates to staff motivation and commitment (Leppard and McDonald, 1991: 235-213)(Porter, 1996: 75-78)(Hatch and Schultz, 1997: 360-361). In other words, the term marketing strategy is synonymous with corporate strategy (Baker, 1996: 3,333). (See sections 4.2 and 4.3; and especially sub-sections 4.3.1, 4.3.2, 4.3.3, and 4.3.4).

There are a number of reasons as to why an organization needs a clearly defined marketing/corporate strategy. First, staff lower down the hierarchy within the organization can develop detailed and effective strategies which enable management to link marketing with corporate strategy formulation and implementation (Ghoshal and Westeney, 1991: 17)(Aaker, 1992: 22). This is an important consideration because as Leppard and McDonald (1991: 217 and 233) have argued, marketing and corporate strategy vary depending on the time scale, the degree of complexity, and the stage at which the company/organization has reached in its life cycle. This should allow an organization to be flexible, however, the degree of flexibility depends upon the nature of the business environment.

Second, a clearly defined marketing/corporate strategy helps managers/leaders to provide their staff with correct leadership and ensures that the organization moves in the right direction (as a result of interpreting and emphasising a set of values and assumptions). The reason for this is, as Leppard and McDonald (1991: 232) state, a strategic marketing plan is not only a simple plan for various actions, but also encapsulates the organization's set of values/value system and assumptions which can lead to an effective marketing/corporate strategy being developed which is implemented successfully (Hatch and Schultz, 1997: 363-364). In other words, organizational culture or the belief system influences the learning behaviour of staff and the mature level (knowledge and skills) reflect the willingness of employees to face their given task and highlights their capability to handle and take responsibility to lead an organization. When management formulate a marketing strategy/corporate strategy for future implementation or to provide a new direction, it will be influenced by past experiences. As a result of this, important transitions (retrospective benchmarks for the future) (Leppard and McDonald, 1991: 221)(Aaker, 1992: 9-12) and (Day, 1996: 14) will be identified.

In other words, the strategy that is developed is built on accumulated information and as a result, is based on analysing processes and developing skills, and understanding the assumptions upon which decisions are based. Each stage in the process is important because the level of corporate analysis also incorporates the marketing audit (Leppard and McDonald, 1991: 218-219).

Third, with respect to the second point, as Aaker (1992: 33) has argued, one of the roles of the mission statement provides employees with the essence of vision of the strategy (Christopher et al., 1994: 114-128). It can help both senior managers and staff lower down the hierarchy, to define priorities in order that conflict between departments and/or staff is reduced; and also, help to assist senior managers to be less confused when understanding their day to day operations. If an organization has a clearly defined marketing strategy, the systems in place allow departments/sections to respond accordingly to events and as a consequence, an adequate strategic decision-making process is in being (Aaker, 1992: 122). With respect to large/international organizations which have more than two strategic business units in operation, a detailed strategy is essential owing to the fact that staff lower down the hierarchy need to respond adequately to business environmental situations (Ghoshal and Westeney, 1991: 18). Furthermore, as Scheffer et al., (1974), Terpstra, (1972), and Boyed and Massey (1972) (cited in Leppard and McDonald, 1991: 191) point out, by having a systematic approach in place to strategy formulation and development, senior management can provide staff with clear communications which can help to co-ordinate activities among individuals whose actions are interrelated. This allows various managers to understand the present business situation, therefore, they are in a better position to predict various movements and to predict various competitors' retaliatory actions (Johnson and Scholes, 1993).

Fourth, a clearly defined marketing strategy/corporate strategy can help management to create competitive advantages by taking account of the role that organizational culture plays and how value systems underpin the strategy process. However, top managers who take into account organizational culture, and the importance of value systems, understand why it is important to provide strong and consistent leadership within the organization. A clearly defined organizational culture can reduce barriers between functions/departments/sections, among staff and make clear the relationship between superiors and their subordinates. This should allow for better exchange of information processes, and interpretation of events and better co-ordination; behaviour and help cognitive learning among staff (Leppard and McDonald, 1991: 220). By senior managers reducing various barriers, they can formulate multifunctional strategies which support multiple marketing networks, and multiple elements in the marketing mix (Yip, 1985). However, it is important to reemphasise the point that these factors must be supported by a strong organizational culture, and the necessary leadership is in being which is perceived as acceptable; and furthermore, the future strategy must be supported by total quality management (Day, 1994: 43 and 46-47)

Fifth, Cespedes, (1995: xxii) has indicated that senior managers should be able to separate and distinguish some factors relating to the task purpose, so that the time for decision-making can be shortened. Also, senior managers should improve cross-functional coordination (Sheth and Sisodia, 1999: 80).

Sixth, Trim (1996: 26-27) has mentioned that budgeting is the first step in the strategic planning process because although budgets are usually short-term (12 months), detailed financial planning requires realistic decisions to be made with respect to managing and administering resources. Detailed manuals of budgeting exist to explain the process of formulating, controlling and accomplishing the budgeting objectives

(Harker, 1998: 325), however, senior management need to be flexible because contingencies need to be made (Suzuki, 1999: 35-36).

Seventh, as Cespedes (1995: 251-252) has noted, it is important for senior managers to take the budgeting process seriously, because in order to take into account the requirements of customer service, it is vital that management formulate realistic budgets rather than adopt an intermittent approach which results in shortcomings which then affect the organization's reputation. If customer expectations are not met then staff morale might be damaged and this may result in staff underperforming.

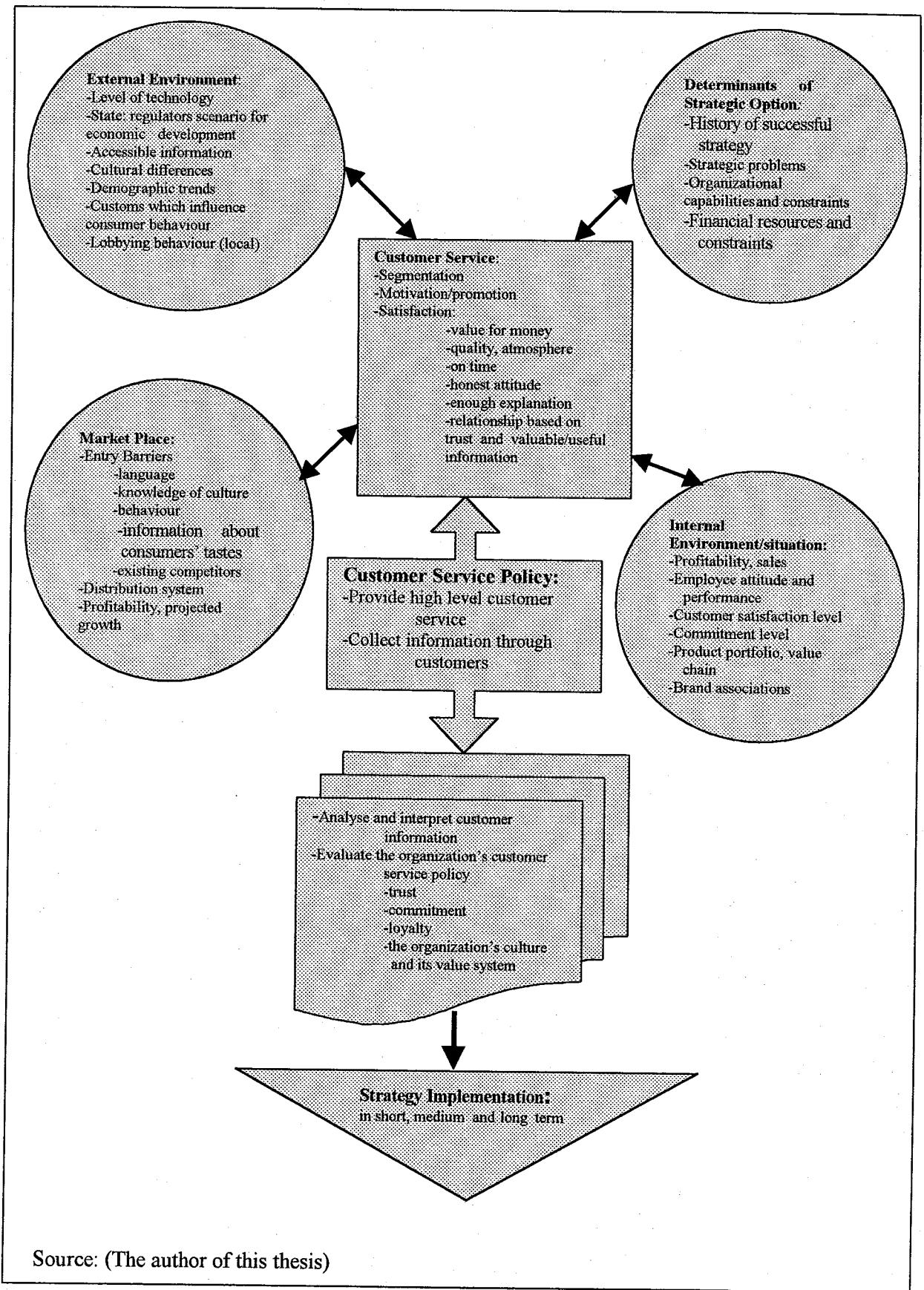
Finally, Harris and Piercy (1999: 638) have noted that if an organization has a clearly defined corporate strategy, both top management and subordinate staff can understand and identify what types of market the organization should compete in and which level or degree of market-orientation the organization needs to exercise. Furthermore, senior management can interpret business situations more adequately and develop a corporate strategy that achieves the goals/targets set and this is within a step by step process.

However, the key point is how can marketers understand accurately the tastes, needs and wants of customers in the context of external environmental situations and especially, national, and socio-cultural differences and similarities. The researcher has described in Figure 4.3 (section 4.3.4) how marketers can develop a high quality customer service policy and how marketers can put a system in place which ensures that customer service is seen as customer focused. This is related to the issue of organizational learning and how an organization can produce customer satisfaction from the point of value added (Morgan et al., 1998: 354)(Harvey and Denton, 1999). Again, this aspect is not always addressed adequately in the literature and is at times approached from different stances.

Diagram 4.1 below is an extension of the material in Figure 4.3. Diagram 4.1 shows how a customer service strategy can be used to collect accurate information from the external environment. A number of information sources are targeted such as regulatory bodies and publications relating to demographic trends. Key issues are the level of technology in use, customer preferences, competitor reactions and customers' perception of the organization's brand and the quality of products and services for example. Meanwhile, senior managers can identify what the internal situation is in terms of resource capability, staff willingness, and staff needs in order for achieving given tasks for example. Having identified the strengths and weaknesses of the organization, it is possible to improve the internal situation through implementing staff training programmes and building long-term relationships with staff based on mutual trust. This underpins the concept of organizational learning.

The argument relating to marketers adopting a 'customer focused' market oriented strategy cannot be explained or supported by Chaffee's (1985) three models of strategy (outlined in section 4.3) such as linear strategy; adaptive strategy; and interpretative strategy owing to the fact that some organizations need to implement a hybrid strategy and need to take into account existing and sometimes different factors (inherent factors); and also, different industries have different characteristics and have a different life cycle for example. Bearing this in mind, one has to consider that the subject of strategy is useful when defining matters in broad terms, but when placing issues in a retailing-marketing context, specific issues need attention.

Diagram 4.1: A Framework for evaluating a customer service policy in the context of organizational learning and the formulation and implementation of marketing strategy



Current thought in marketing and retailing are focused on customer driven marketing oriented strategy (Doyle, 1994)(Baker, 1996)(Porter, 1996)(Hooley et al., 1998)(Tunks in McElree and Warren, 2000). This is because, first, management can develop a customer oriented strategy, which takes into account the organization's competitive situation and builds on the need to implement a differentiation strategy (Porter, 1996: 62-75). Managers need to develop their knowledge and information relating to different cultural traits and cultural preferences for example, and this has not been adequately addressed in the literature. Marketers can, however, use their knowledge to deploy a low cost strategy for example (Porter, 1985: 12-14)(Aaker, 1992)(Bhuiyan, 1998)(Han et al., 1998)(Sheth and Sisodia, 1999), but the link between national culture and how national culture influences customer perceptions needs to be established. This point has not been addressed by Aaker (1992) in enough detail. As the researcher has argued in section 4.3.1, although Aaker's (1992) framework can help management in an organization to establish the elements that need to be taken into account before a strategy is selected, the strategic marketing management framework does not explain how management can implement an information planning process; and furthermore, how much time it will take until an appropriate strategy is deployed. Further issues arise: how senior managers should apply a specific corporate strategy in different market places (i.e. different nations) at the same time in order to achieve organizational goals; and how management can deploy a given framework when establishing a partnership arrangement through time. These are complicated areas that need a specific application of knowledge and understanding.

This is because an organization needs to be committed to providing a high level of customer service, and furthermore, marketers can obtain relatively accurate information from their customers about their needs and wants. Therefore, Weitz et al.,

(1995) have made a valuable contribution to the subject matter when suggesting that customers are inherently different. Furthermore, attention needs to be paid to the perception of how customers judge value (of products/services) and how national cultural differences, values and societal influences effect purchasing behaviour for example (Luce et al., 1999: 143)(Varadarajan and Jayachandran, 1999: 120). Further work can be undertaken in order to establish the pattern of customer behaviour in the context of trade-off behaviour, in a specific national setting. This also has not been adequately addressed in the literature.

4.5 The importance of a customer service focus

Porter (1985: 120-127) has recognised the importance that customer service plays by highlighting the factors associated with differentiation. Customer service should therefore be viewed from the perspective of competitive advantage (Parasuraman, 1997: 154). With respect to service oriented organizations, it is essential that staff throughout the organization are committed to providing a high level of customer service and the point has been emphasised by Rubin (1995: 25) who states that a “5 per cent increase in customer retention can generate a 25 to 85 per cent improvement in profitability”. What is a key point to note is that senior management need to implement a process for continuous improvement (Rubin, 1995: 37) and this point has been noted by Oakland (1993) and Lewis and Gabrielsen (1998). Oakland (1993: 71) has paid attention to the quality issue and thinks in terms of an organization establishing a quality system which takes into account the fact that both the customer’s requirements and the organization’s requirements are met in order for mutual advantage to be established (Fournier et al., 1998: 46-48). Vandermerwe (1993: 137) suggests that quality can be viewed from the basis of “updating and designing continuously different processes and activities” so that the customer feels that the organization is doing something for him/her. Marketers need to appreciate the fact that when establishing the level

of customer satisfaction, it is important to consider the satisfaction levels of all the organizations in the marketing channel (Geyskens et al., 1999) as well as the end users satisfaction level.

With respect to faulty products, it is important to remember that consumers will exhibit different levels of dissatisfaction when returning products and this may affect their shopping experience (Cassill, 1998: 2). A link can be made with word-of-mouth and trust for example, as marketers need to think in terms of customer perceptions and expectations. Nicholls et al., (1998) have developed an instrument which assists managers in measuring customer satisfaction. The research of Nicholls et al., (1998) was composed of seven-stages, ranging from explorative research to the development of a customer satisfaction survey (2,992 customers and 13 organizations covered) and analysis. The data analysis involved principal component techniques and also, varimax rotation. A major benefit of this type of research is that it can be used for benchmarking, as it provides satisfaction ratings which can be made industry specific. Furthermore, the analysis and interpretation can be used to provide strategic insights into how an organization is performing, and what management systems may need to be put in place. A weakness of this type of research is that certain issues may be surveyed in a superficial manner, as a different research approach could be used to study in-depth issues and problems. However, this point highlights the need in some cases for using both quantitative and qualitative research approaches.

Rowley (2000: 80-84) has highlighted the drawbacks and limitations associated with using rational approaches to measuring customer satisfaction and has indicated that further work can be done in the area of customer service performance, which involves qualitative research. The fact that Rowley (2000: 82-83) has made reference to the work of psychologists indicates that customer service can be placed within an evolving context, and this suggests that customer expectations (society's expectations) change through time. This

is an important point as Cook (1992: 19-20) suggests that marketers need to be aware of the fact that when a customer experiences good/adequate or above average customer service, their expectations rise. For this reason, it is essential to consider that customer service is a necessary element of marketing strategy and this reinforces the strategic marketing perspective. There is also a direct link with Porter's (1985: 150-160) work relating to differentiation strategy in the sense that marketing and strategy are integrated. If marketers fail to appreciate the link between marketing and strategy, and the importance of creating buyer value (Porter, 1985: 150-153), then customers may switch their loyalty and buy from other producers/suppliers (Jones and Sasser, 1995)(Kahn, 1998: 50-52).

Rowley (2000: 72) has stated that "managing service quality is concerned with managing the gaps between expectations and perceptions on the part of management, employers and customers. The most important gap is that between customers' expectation of service and their perception of the service actually delivered". Rowley (2000: 72) has drawn on the work of Parasuraman and other authors and what is interesting is that there is a direct link between word-of-mouth (the consumer talking about his/her experience) and communication (how an organization influences a consumer's behaviour through its communication strategy). According to Chee and Harris (1998: 145), "communication goes beyond the formal written and oral structure of language". Chee and Harris (1998: 145) have mentioned the fact that language can be thought of as symbolic communication (space, time and friendship for example). Therefore, issues such as the size of a manager's business office (could indicate his/her place in the organization's hierarchy) and the language of time (the point at which a person enters an arranged meeting) (Chee and Harris, 1998: 145) is also an important cultural factor.

The concept of strong and positive relationship marketing can be linked to how a customer-oriented culture and/or customer involvement can be established (Lewis and

Gabrielsen, 1998: 66). Hence, top management need to be committed to establishing a customer oriented culture and motivate staff/employees by providing training programmes for example (Rubin, 1995)(Piercy, 1995: 26-29)(Lewis and Gabrielsen, 1998)(Sturdy, 2000). This is something which has been acknowledged by a limited number of marketing academics, and can be considered an under-researched area of enquiry.

4.5.1 Relationship marketing in a customer service context

Customer retention has been addressed by Ganesh et al., (2000). Such issues as switching behaviour are of concern to those researching customer satisfaction and dissatisfaction, and one of the main issues relates to purchasing involvement (Ganesh et al., 2000: 68-69). Tanner (1996: 125) has made reference to the fact that retaining customers can have a significant impact on a company's profitability. This is the reason why managers within an organization need to think in terms of building relationships with customers. Payne (1994: 29-31) suggests that relationship marketing is mainly concerned with attracting and then retaining a customer, and satisfied customers are useful with respect to providing referrals which leads to new customers being attracted by the company. Indeed, Buttle (1998) has indicated that word-of-mouth is important with respect to a company gaining new customers.

Speed of response is an important factor, and another key issue is the waiting time customers experience (Hui and Tse, 1996). The accuracy of information that passes through the marketing channel to the customer/end user is another important and influential consideration. Hagel and Rayport (1997: 64) indicate that information relating to customers must be managed appropriately in order that a strong relationship between the supplier and the end user can develop. Alexander and Colgate (1998: 234) have produced some interesting insights into relationships between customers and retailers, and note that retailers/retail organizations are using information technology systems to enhance their

marketing strategy. Keh and Park (1998: 110) have mentioned the fact that industrial suppliers are using the Internet to gain new customers and the Internet allows sales representatives from the organization to devote time to building customer relationships. According to Vandermerwe (1993: 209), Matsushita uses two-way video communication (between the partner company and to 26,000 dealers and retailers) to keep the members of the marketing channel informed about its electrical products as electronic appliances are subject to rapid change. Also Stone et al., (1996: 681 and 683) have indicated that technology such as Electronic Data Interchange (EDI) and the World Wide Web (WWW) can be used to improve flexibility between companies (buyers and suppliers), therefore, technology is an important part of the customer management strategy. Information technology and in particular the Internet, can be used by staff in an organization to better understand customers (due to the process of interactivity) (Keh and Park, 1998: 102). This is a significant factor, because a strong relationship enhances trust (Dion et al., 1995:2)(Doney and Cannon, 1997:35) between supplier and buyer, and results in increased levels of loyalty (Hagel and Rayport, 1997: 64). Customers must not become too demanding, because excessive demands made by customers (especially after sales service for example), can put undue pressure on an organization and this point is not adequately addressed in the literature.

Gilmore and Pine (1997: 96 and 100) suggest that it is important for management to "create the greatest customer-unique value at the lowest possible cost" and "to draw on whatever means of customisation prove necessary to create customer-unique value". Baily and Farmer (Trim, 1994: 85) have indicated that when considering value from the customer's point of view, it is important to think in terms of not only the product itself but also the level of service as this will determine the price charged. This underwrites the customer service approach.

Andreassen and Lanseng (1997: 490) have indicated that customer satisfaction needs to be viewed from the basis of a customer's purchase experiences and perceived performance related to a customer's view and understanding of quality. Furthermore, marketers need to be aware of how perceived performance is influenced by the elements of marketing mix, the company's image and individual brand names (Andreassen and Lanseng, 1997: 490).

According to Andreassen and Lanseng (1997: 491), a customer may remain loyal to a company/brand because there are high switching barriers or they may lack alternative brands/products to choose from. It has also been suggested by Andreassen and Lanseng (1997: 492) that satisfied customers may want to continue the relationship. Therefore, regional sales forces should be aware of the fact that they are responsible for caring for the existing needs of customers (Andreassen and Lanseng, 1997: 494). It is also worth noting that head office staff need to pay attention to building a corporate image because this is linked to the work of the sales force (Andreassen and Lanseng, 1997: 494).

Sales people are known to be important sources of information (Trim and Lee, 1999b) but are known to be emotional/exhibit emotional behaviour, and can over perform or under perform (Brown et al., 1997: 47). Management need to monitor the behaviour of salespeople in order to ensure that the information they are making available to clients is accurate, as this affects customer expectations (Trim and Lee, 1999b). For this reason, senior management need to pay attention to the selection and training of sales personnel (Trim and Lee, 1999b). Sales personnel can do much to build trust and this is important with respect to building a long-term successful relationship (Dion et al., 1995: 2)(Doney and Cannon, 1997: 35). Senior management need to adopt a proactive approach to monitoring customer service. A director of customer service can be appointed to ensure that customer service is given a high profile within the organization (Trim and Lee, 1999b).

Reynolds and Beatty (1999) have concentrated attention on relationship building (between salespeople and customers) in order to produce customer satisfaction and loyalty. Reynolds and Beatty (1999: 24) studied a number of factors such as satisfaction, loyalty and word-of-mouth for example, and concluded that when customers considered the level of social and functional benefits they received, if they were high, then customers were satisfied with the salesperson. It is possible to say, therefore, that social and functional benefits are considered important, and that benefits underpin the loyalty concept. Reynolds and Beatty (1999: 25) suggest that word-of-mouth is important and a satisfied customer is loyal to the salesperson and the company. Reynolds and Beatty (1999: 26) acknowledge the fact that the research they undertook was limited and needs to be placed within a wider retailing context.

Reynolds and Beatty (1999: 26) are right to suggest that their work is limited, however, the work is of interest in the sense that the authors have produced a model of "hypothesised relationships between salesperson satisfaction and the consequences" (Reynolds and Beatty, 1999: 22). This suggests that the modelling process can be used to identify relationships between individuals in a retailing environment, and further work will no doubt substantiate the results cited. Rubin (1995: 27 and 30) states that customer expectations can vary, and this is another reason as to why marketing and strategy are clearly linked. Needs-based customer segmentation can be used to group customers according to their lifetime value (Rubin, 1995: 30) and senior management need to ensure that the organization's strategic objectives are met. This reinforces Porter's (1985: 12-14) point for example, which suggests that an organization which is able to pursue mass customisation is able to compete on low costs; and can respond rapidly to change in the market place (Aaker, 1992)(Spekman et al., 1994: 79)(Trim and Lee, 1999b).

4.5.2 The importance of employing appropriate technology for enhancing customer service

'Layered' network companies are being established, and Sharp Electronics is according to Nonaka and Takeuchi (Achrol and Kotler, 1999: 148) such a company. Achrol and Kotler (1999: 148) have defined a layered network company as having an "operational layer of cross-functional teams on the one hand and a knowledge creating layer of functional silos on the other, connected internally and externally through an extensive data bank of knowledge and transparent information flows".

It is useful to note that layered network organizations are focused toward new product development and establish a relationship with customers. Relationship building companies are concerned about meeting customer expectations through product offering and customer service. Companies will be required to use technology to facilitate customer building strategies. Internet-marketing will allow a company to provide customer search shopping convenience (Achrol and Kotler, 1999: 156), and this will enhance customer service for example.

Turpin (1994: 324) has indicated that Japanese companies are known for producing products which provide customer satisfaction. Senior managers within Japanese companies reinforce the fact that staff in the organization are committed to providing customer benefits. This means that Japanese companies are committed to training and where necessary retraining; and use technology to provide greater customer satisfaction (Turpin, 1994: 325). Technology allows customers to have access to information via computer terminals and customers can receive answers to specific questions they have (Turpin, 1994: 326). This reinforces the point that customer views are appreciated and results in a rapport being developed between the company/organization and the customer/potential customer (Trim and Lee, 1999).

Meuter et al., (2000) have looked at the role of self-service technologies (the Internet for example) and are of the view that they will become more important with respect to producer-customer interaction (Meuter et al., 2000: 50). Hoffman and Novak (1996: 51) suggest that the World Wide Web is an efficient channel for both promoting and distributing a product.

Davenport and Klahr (1998: 195) have suggested that managing customer support knowledge is a key factor in customer relationship building. This requires that attention is paid to defining customer problems and establishing solutions; being proactive toward customer inquiries and providing answers for example (Davenport and Klahr, 1998: 197).

Information technology is providing opportunities for managing customer knowledge (expert systems for example) and this allows some form of measurement with respect to customer support (Davenport and Klahr, 1998: 201-208). Interactive facilities are an important consideration with respect to retailer-customer relations in the sense that such facilities provide two-way communications (Alba et al., 1997: 38). Today, customers are well informed and place emphasis on the quality of information provided by the organization. Retailers can use interactive shopping facilities to retain customers and it is important to focus on the benefits derived by the customers (Alba et al., 1997: 48).

It has been suggested that Internet users are loyal to a particular company and that management should be aware of this (Reichheld and Schefter, 2000: 106). Furthermore, Internet customers through word-of-mouth provide new business to the company (Reichheld and Schefter, 2000: 107). Web site designs need to take into account the needs of customers when the actual web-site is designed (Reichheld and Schefter, 2000: 109), and price is not the main factor, but instead, customers are seeking

convenience (Reichheld and Schefter, 2000: 110). Customers using the Internet are also influenced by the brand name and looking for a stable, long-term relationship (Reichheld and Schefter, 2000: 110). The Internet is a facility which allows a company to acquire information about its customers and this will allow marketers to concentrate on customising product offerings (Reichheld and Schefter, 2000: 111). This should help marketers to retain customers as interaction can be interpreted as relationship building. This point has been addressed in the literature, but a deeper understanding of the subject matter is needed.

4.5.3 Creating a customer vision

El-Namaki (1992: 25) has addressed the issue of customer vision and it is essential for senior management to consider the long-term aspirations of customers. This means that senior management need to invoke a customer-driven philosophy which produces a customer-oriented culture and this should result in customer loyalty being attained (Rubin, 1995: 28 and 35). Reichheld (Forster and Newman, 1998: 51) has indicated that a high percentage of customers (between 65 % and 85 %) who defect, indicate they were satisfied and one has to conclude that the key element to be addressed is not satisfaction but loyalty. Jones and Sasser (1995: 90) have indicated that customer loyalty is an important determination in retaining customers and customer satisfaction requires that management need to think in terms of ensuring that the products/services on offer provide outstanding value. One way in which this can be achieved is through close cooperation between the company and the customer (feedback gained through market research), which means that the customer is being listened to (Jones and Sasser, 1995: 93 and 95-99). Vandermerwe (1993: 161) has stated that “working closely for and with customers deepens knowledge about them, increases the level of trust, and strengthens the relationship over time”. Duffy (1998: 439) has focused attention on customer loyalty strategies and these are aimed at building “stronger and

more durable relationships with customers". A useful observation made by Duffy (1998: 443) is that customer loyalty is more than just of concern to marketing personnel; it is in fact to be viewed from the stance of business strategy. This will result in senior management being committed to quality and this will in turn ensure that a service quality programme materialises (Cook, 1992: 45). According to Cook (1992: 45), a service quality programme will lead to an organization being customer focused; teamwork and cooperation will prevail; all barriers (internal and external) between customers and suppliers are removed; and that levels of workmanship and job satisfaction are considered very important.

There is a direct link between creating customer service; providing successful leadership and designing and installing an appropriate organizational culture. Various authors have not linked these three separate but integrated elements. Indeed, matters become confused because there are different interpretations of what organizational culture represents (Lundberg, 1990: 19). Organizational culture can be viewed from the perspective of guiding beliefs as opposed to daily beliefs of staff within the organization (Davis, 1984: 1), and is a complex subject in its own right.

Trim and Lee (1999b) have addressed these three separate elements by producing a framework relating to a high level of customer service strategy, which extended the work of Lee (1998) who developed a framework from a literature review and a limited number of in-depth personal interviews (Denzin, 1989)(Patton, 1990) which were concluded in 1998 (Lee, 1998) with senior staff in three different but similar organizations. Lee (1998) used a structured, open-ended questionnaire containing thirteen questions in order to collect the data. The interviews lasted between 25 and 45 minutes; and a tape recorder was used to record the interviews. The interview transcripts were analysed according to the procedures laid down by Strauss and Corbin (1990: 72), and this meant analysing the data on a line by line basis. The data were summarised and then rearranged into appropriate categories. The

phenomena were identified and the concepts were grouped accordingly (Strauss and Corbin, 1990: 65). Three categories were identified: (1) mutuality; (2) quality of service; and (3) building a relationship. Building on the work of Lee (1998), Trim and Lee (1999b: 63) had this to say:

“(1) Mutuality

An organization's competitiveness can be improved through accurate segmentation and the development of brand loyalty.

(2) Quality of service

The quality of service can be improved by staff eradicating the source of complaints; continually evaluating the level of service provided; and ensuring that customer expectations are met.

(3) Building a relationship

Requires accurate and instant information, and a commitment to developing trust through instilling confidence”.

A strength of the research undertaken by Lee (1998) is that the interviewees provided insights (Blythe, 1998) into customer service. Another strength was the research approach/method allowed the interviewer to remain in charge of the interview process throughout, and the interviewees were confident and expressed themselves freely. The interview process represented a conversation (Denzin, 1989) and this resulted in further insights being gained (Patton, 1990). Trim and Lee (1999b: 64) focused on three specific areas:

- “(1) The importance of quick delivery;
- (2) the relationship between various members of the marketing chain; and
- (3) how accurate feedback can lead to new product development and increased customer satisfaction”.

The mapping process outlined by Wolcott (1992) was used to identify the linkages between the organization and its customers so that the relationships between the various personnel in the marketing chain could be identified (Trim and Lee, 1999b: 64). The customer links were identified and a distinction made between the customer and the consumer (end user). The findings of the research were interpreted and a model of customer service developed which was then extended and placed within a strategic framework, thus linking the

subject matter with leadership and organizational culture (consult Figure 4.4 and Figure 4.5 below).

Trim and Lee (1999b: 64) write:

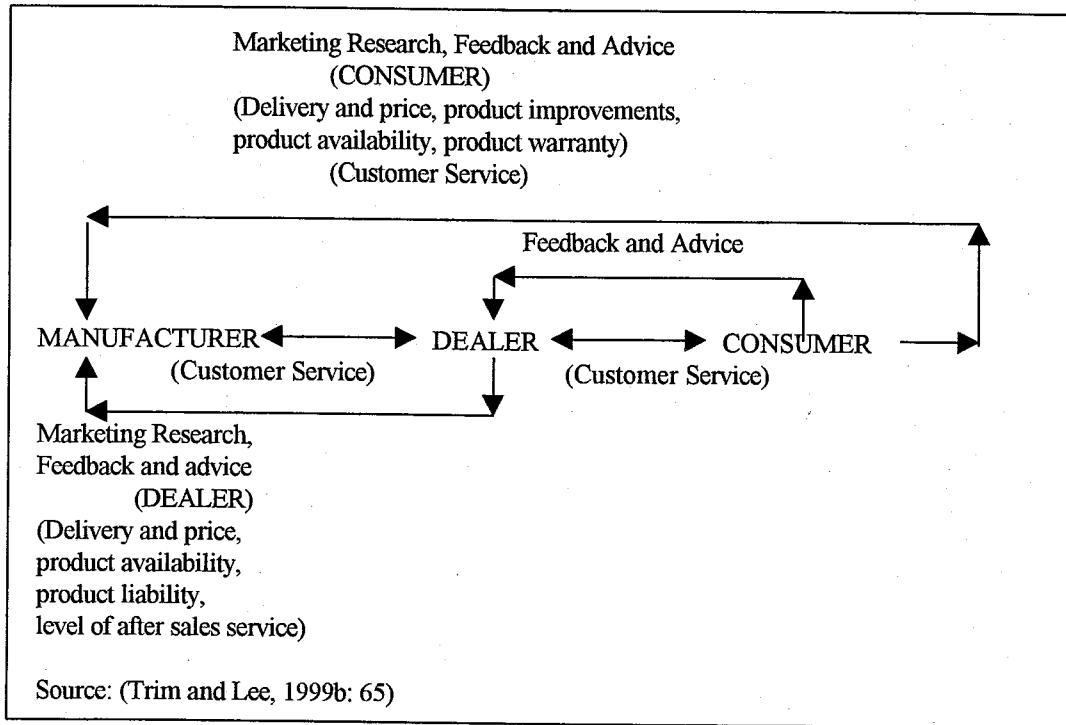
"[Figure 4.4] outlines several important aspects. Evidence suggests that consumers will remain loyal to the organisation's products and services, and will become an advocate, thus encouraging through word of mouth, other consumers to purchase the product and/or service on offer. When staff in the manufacturer or the dealer carry out market research, the consumer will be prepared to offer accurate feedback relating to such issues as delivery and price, product improvements, product availability and product warranty for example. As a consequence, a sustainable relationship evolves between staff in the manufacturer and the consumer to the extent whereby the consumer is prepared to purchase the product direct from catalogues or through tele-marketing activities for example. Likewise, satisfied dealers will also remain loyal to staff in the manufacturer and be prepared to offer accurate feedback to the manufacturer relating to delivery and price, product availability, product liability, and the level of after sales service for example. The relationship between staff in the manufacturer and the dealer will strengthen, and staff in the dealer organisation will be prepared to undertake market research on behalf of staff in the manufacturing organisation".

Piercy (1998b: 214) is adamant when suggesting that customer satisfaction measurement can be used to build stronger relationships in business as it allows marketers to act upon customer feedback and evaluate both customer satisfaction itself and the customer relationship that exists. However, research of this type is useful as it helps to develop the body of knowledge relating to customer service in an organizational context.

A further interpretation of the subject matter can be made based on an analysis of the interview transcripts. Trim and Lee (1999b: 65) write:

"[Figure 4.5] makes reference to the fact that a strategic approach to customer service requires that the *objective* of the manufacturer is to build a long term working relationship with customers based on providing accurate and instant information through information technology and catalogues for example. This in turn leads to confidence in the information provider and the development of trust. The *means* of achieving a long-term working relationship is to eradicate complaints through the continual evaluation of the level of service provided, thus ensuring that customer expectations are met. The *outcome* is mutuality which results in brand loyalty through accurate market segmentation".

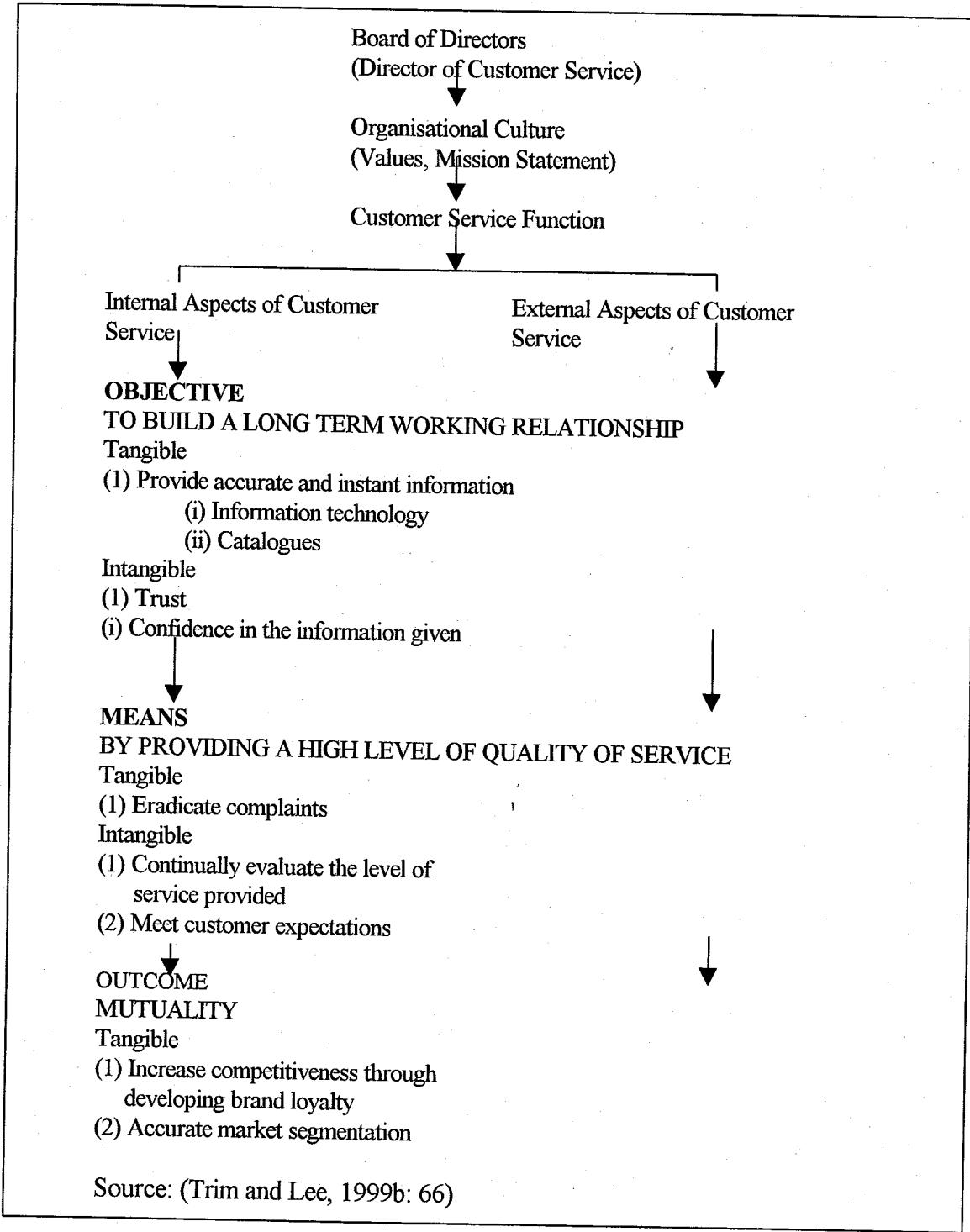
Figure 4.4: A model of customer service



Trim and Lee (1999b) have used a similar approach to that of Aaker (1992) in the sense that a framework has been proposed which encapsulates the key factors necessary to analyse and interpret a management situation. It is useful to reflect and one can suggest that frameworks are useful decision-making tools, but may be too general and cannot be applied in all situations without some amendment or degree of industry relevance being applied. Trim and Lee (1999b) can be criticised on the basis that their approach is limited, although it is more in-depth than Perkins' (2000: 17) approach which suggests that customer service should be placed within a marketing context (and especially a marketing relationship context) and is distinct from logistics. Harris and Walters (1992: 88-102) acknowledge that a customer service orientation is a key factor in determining whether an organization is successful or not. Harris and Walters (1992: 96) have a more holistic view of customer service than Trim and Lee (1999b), and Perkins (2000) and state:

“Customer service strategy should be developed within the context and overall direction of the corporate direction and the corporate strategy. It is an essential component of the positioning strategy and as such should be integrated with the other functional strategies”.

Figure 4.5: A strategic framework for enhancing customer service



Harris and Walters (1992: 97-102) have placed customer service within a retailing context and this can be considered a strength. Furthermore, the in-depth approach adopted by Harris and Walters (1992: 99-102) has provided clear insights into the link between developing a customer service strategy and a supporting operations strategy, and reference is

made to a customer service mix. The customer service mix is developed in order to provide the organization with a competitive advantage, however, the customer service mix needs to be underpinned by a clearly defined customer service strategy and senior management need to be committed to ensuring that the customer service strategy stems from the corporate direction (Harris and Walters, 1992: 100-101). The fact that senior management need to develop or put in place an organizational culture which (Harris and Walters, 1992: 90): “....produce norms that powerfully shape the behaviour of individuals and groups in the organisation” is a significant fact and one which has been overlooked by Perkins (2000).

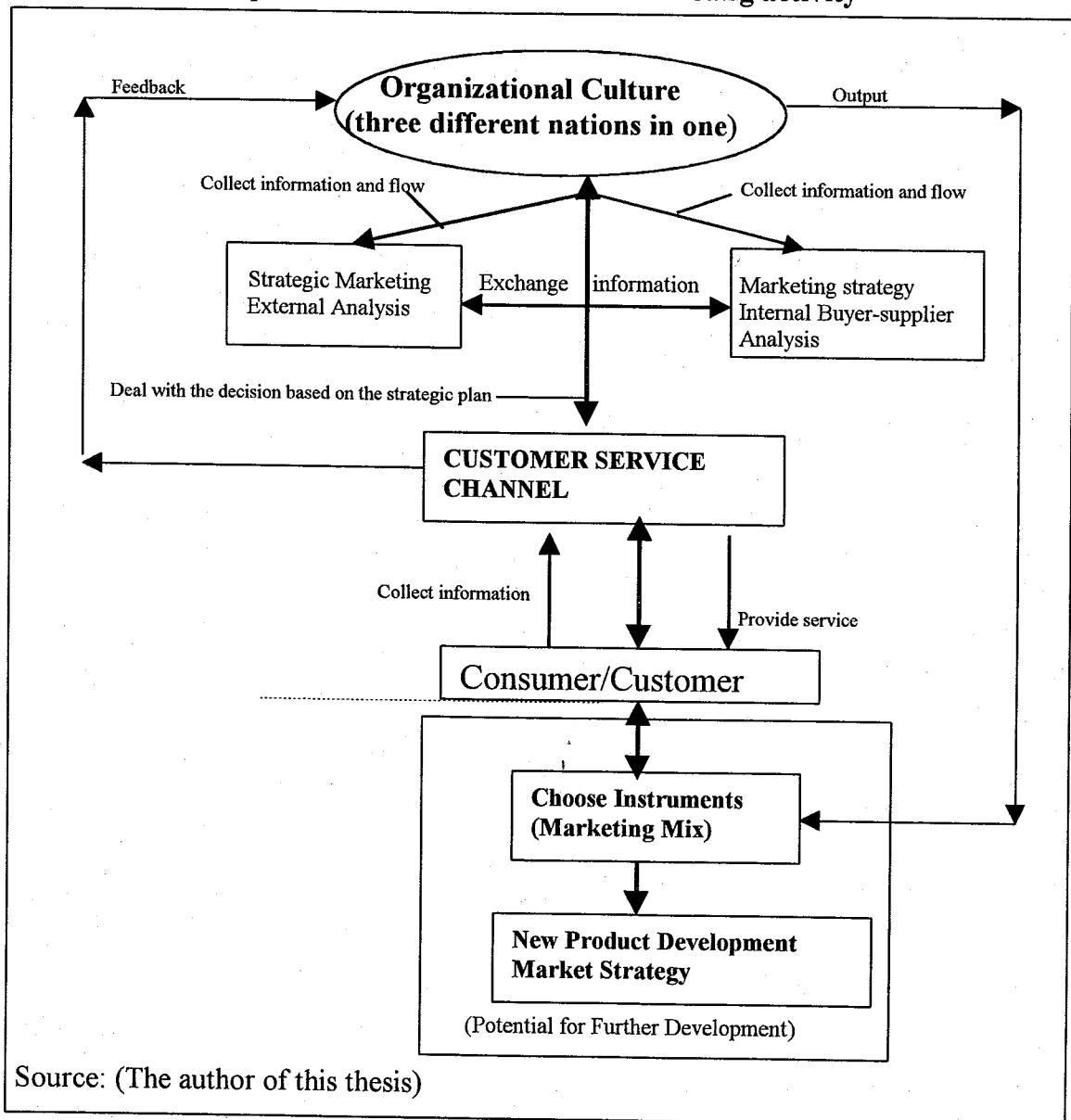
Another point which has not been addressed adequately by Trim and Lee (1999b), and Perkins (2000), is the fact that the body of knowledge governing retailing is undergoing continual interpretation and as a consequence “...new models of the firm, with their emphasis on evolutionary theory” need to be developed (Davies, 1998: 166). It can be stated that Harris and Walters’ (1992) work has done much to focus attention on what retailing encapsulates and how senior management can utilise operations management to the advantage of the organization. This should result in a transformation process occurring which leads to new organizational configurations and may lead to new models of the organization (especially retailing organizations).

However, in order that managers within an organization can develop long lasting customer relationships which are placed within the context of strong channel partnerships, certain points need to be taken into account such as relationship marketing (sections 4.3.2 and 4.5.1) which are based on trust (section 4.3.3); and senior managers need to have a clearly defined marketing strategy which takes into account the company’s financial situation (section 4.4).

Figure 4.6 outlines an organization’s structure from the perspective of marketing strategy and strategic marketing, and how the positioning of the customer

service channel should be viewed in order to collect useful information for further corporate strategic development.

Figure 4.6: A conceptual model of inter-cultural marketing activity



4.6 Japanese companies' marketing strategy

In order to understand how senior managers in Japanese companies formulate and implement a marketing strategy, it is necessary to focus on Japanese government policies; Japan's process of economic development; Japanese corporate practices; and the characteristics of Japanese companies. The advantages and disadvantages of the Japanese government's industrial policies are key considerations and need to be

understood with respect to how they have helped to produce the Japanese corporate model. Once this is understood, it is easy to understand why Japanese companies are committed to providing a high level of customer service which takes into account customer behaviour.

According to Ohmae (1982: 216-231) and Porter et al., (2000: 5 and 18-29), the Japanese government selected certain industries such as steel, electric power, semiconductors, shipbuilding and chemicals; and nurtured these industries so that domestic producers could compete against international competitors. This allowed wasteful competition among Japanese companies to be avoided but required the involvement of the Japanese government in order that Japan was able to achieve fast economic growth and to maintain growth, and to compete internationally. This point was made by Johnson (Porter et al., 2000: 20), who first explained the Japanese government model, and indicated that the industrial policies promoted by the Japanese government in the 1960s and 1970s, allowed the machinery industry to grow from 14 % to 39%. In other words, Japanese success cannot be explained by economic, institutional or culture alone, government involvement in the economy appears to be a key factor. This point is supported by Lazer et al., (1985: 69 and 74-75) who have pointed out that Japanese companies' marketing success is the result of high tariff and nontariff barriers, direct and indirect government intervention, centralized planning by the Ministry of International Trade and Industry (MITI), and the practice of monopolies rather than competition for example (Palich, 1994: 155).

Porter et al., (2000: 22-29) have indicated and explained twelve elements of the Japanese government model such as: (1) *activist, central government with a stable bureaucracy*; (2) *targeting of priority industries to enhance economic growth*; (3) *aggressive promotion of exports*; (4) *extensive guidance, approval requirements, and*

regulations; (5) selective protection of the home market; (6) restrictions on foreign direct investment; (7) lax antitrust enforcement; (8) government-led industry restructuring; (9) official sanctioning of cartels; (10) highly regulated financial markets and limited corporate governance; (11) government-sponsored cooperative research and development (R & D) projects; and (12) sound macroeconomic policies.

According to Ohmae (1982: 232-233), Lazer et al., (1985: 74-75) and Johnson (Porter et al., 2000: 20), these policies were created and implemented by central ministry bureaucrats. The Ministry of International Trade and Industry (MITI) has been the main formulator of these policies and works through complex networks such as the Ministry of Finance, the Ministry of Posts and Telecommunication, the Bank of Japan, the Ministry of Education, the Economic Planning Agency, various industry associations, various *Keiretsu* (business groups), *Keidanren* and other economic federations, and national labour unions. Companies were encouraged to compete and cooperate simultaneously. This network allows MITI to formulate industrial policies and coordinate policy initiatives, and relies on an institutionalized system to solve conflicts. Kahaner (1997: 169) has indicated that MITI is “responsible for establishing government policies to promote industrial development” (Ohmae, 1982: 233). MITI, also, is responsible for collecting information and distributing competitive intelligence to Japanese companies (Kahaner, 1997: 170). For example, Nestor (Choi et al., 1995: 26) has indicated that MITI played a significant role in helping Japanese companies to formulate a strategy for entering the US market. The Japanese External Trade Organization (JETRO) is a quasi-government organization which supports trade between Japan and its trading countries (Lazer et al., 1985: 74)(Kahaner, 1997: 170). Therefore, Lazer et al., (1985: 74) have indicated that although Japanese companies compete with each other they have close and harmonious relationships with government

agencies such as MITI, and this is beneficial with respect to establishing a new industry or developing a new market.

The influence of the Japanese government model depends upon the type of industry and the stage of economic development. For example, as Porter et al., (2000: 29-30) have noted, the Japanese government model has played an influential role in forcing companies in key industries (such as consumer electronics, cars, materials, carbon fiber, and type writers for example) to compete. According to Lincoln et al., (1998: 252) the Japanese are committed to quality, for example:

“The choice design of electronically controlled parts is closely bound up with the overall design of a motor vehicle and with differentiation of the end product. The auto manufacturers must for this reason look not only to the quality and cost of electronically controlled parts, but also to their own capacity to evaluate such parts in terms of their potential for future improvement and innovative development”.

This can be interpreted as Japanese automotive companies being flexible with its supply network, and being committed to diversification. In other words, Japanese automotive parts suppliers are competitive and flexible, although the supplier will respond to vertical integration by the automotive companies. Toyota, is known to have a strong *keiretsu* relationship with its suppliers, but has started to change the *keiretsu* relationship as a result of seeking partners who are able to provide low cost but high quality; and which have high level technology skills which can be deployed for new product development (Lincoln et al., 1998: 253 and 255). Hence the major companies put pressure on subsidiary companies to provide high quality at a low price. This transformation has happened with Matsushita which has reduced and restructured its supplier *kyoikai* group (mutual prosperity association, based on quality and reliability) (Lincoln et al., 1998: 255).

However, in uncompetitive industries such as agriculture, chemicals, and software; although the degree of Japanese government involvement has been different

(depending on the level of domestic and international competitiveness) (Porter et al., 2000: 29-30), it is significantly different from how Western governments have influenced domestic companies in the sense that as Johnson (Porter et al., 2000: 20) indicates: “the Japanese government nurtured industrial development whereas in western economies, the government simply set the rules to play”.

In order to understand the shared management style of Japanese companies, it is important to look at certain Japanese concepts such as lean production systems and how such systems and practices are implemented. It is also important to understand how Japanese companies select their employees/staff; how they train and promote them (which has been discussed in Chapter Two, section 2.4); how Japanese companies interact with the Japanese government ethos which aimed to achieve rapid national economic development; and how Japanese companies relate to their customers.

Japanese managers understand the link between information and intelligence which are referred to as *Joho*. Kahaner (1997: 161) states “information collection is an ongoing part of the Japanese business culture and complements the idea of Kaizen which means constant and continuous improvements. Japanese business horizons are long, very long, as long as a century from now. Every piece of information that's sucked up by the great Japanese information vacuum cleaner becomes part of someone's long-term strategic plan”. Japanese society works on personal contacts and company personnel use networking in order to gain competitive intelligence (Kahaner, 1997: 176). For example, *Shukko* which refers to Japanese organizational learning and knowledge creation; refers to knowledge gained from other affiliated companies (dispatched staff - usually senior managers) (Lincoln et al., 1998: 245). Japanese corporate success has been in part the result of Japanese companies establishing a corporate identity and this has been achieved through teamwork, a harmonious corporate culture, and clearly defined corporate goals;

and this has been underpinned by the concept of loyalty, although, for the time being, Japanese companies are undergoing change (Delbridge, 2000: 110-129). According to Delbridge (2000: 110-111), who undertook ethnographic research within Valleycon and Nippon CTV (two Japanese companies), the informal behaviour of both workers and superiors indicates that communication between workers and superiors is less and less flexible than previously indicated. However, Delbridge (2000: 128-129) has also pointed out that although Japanese workers openly criticize their managers, the workers try to meet their manager's expectations by working hard and this means that their job is safe.

Porter et al., (2000: 69 and 78-79) have argued that most Japanese companies are strong on operational effectiveness and aim to improve employees' skills; implement total quality management (TQM), and just-in-time inventory management, and create a strong sense of community which leads to employee loyalty for example. By achieving operational effectiveness, Japanese companies can offer customers good quality products at low prices and this is achieved through continuous improvement, and a close working relationship with suppliers (Lincoln et al., 1998: 241-242)(Porter et al., 2000: 69). It can be said that operational effectiveness was first practised within the Japanese manufacturing lean production system in order to remedy defective products, and increase productivity and timely delivery for example (Delbridge, 2000: 12). It is also associated with flexible manufacturing and it introduced standardized product processes which are integrated into the manufacturing process by utilizing circuits and partial automatic insertion machines, and using multi-skilled employees for multi-tasks (Porter et al., 2000: 71 and 78). Japanese customers (and end users) pay a great deal of attention to quality and customer service (Deshpande et al., 1993: 33). Successful Japanese companies are entrepreneurial and flexible; they invest in innovation; and develop their

executives so that they become risk takers in a competitive philosophical environment (Deshpande et al., 1993: 33).

Porter et al., (2000: 71-72) have pointed out seven elements of the Japanese lean production system: (1) *total quality control*, workers have the authority to stop the production process when they find problems with products that affect the quality of the products (Delbridge, 2000: 3 and 193); (2) *continuous improvement*, known as *Kaizen*, suggestions/ideas from employees can be accepted and implemented in order to improve product quality (this is a bottom-up approach); (3) *just-in-time (JIT) manufacturing* which is more related to down stream production (delivery system to customers) whereas upstream production ensured that just enough goods are taken in to the production process (Delbridge, 2000: 3 and 193); (4) *design for manufacturability*, which refers to coordination between engineers and workers on the assembly floor to produce less expensive goods and/or easy to produce goods; (5) *close supplier relationships* are encouraged through joint development of products and components (based on frequent information exchange, personnel rotation and long-term relationships with key suppliers) (Lincoln et al., 1998: 241); (6) *flexible manufacturing*, aimed at increasing production flexibility, reducing the size of the line so that firms are able to interact with the needs of model changes by working with standardization and multi-tasks. This allows Japanese companies to provide customers with a wide range of models with various product features; and (7) *rapid cycle time*, which introduces new products in a short-time period through the parallel development process, using multi-skilled engineers/staff, and incorporating suppliers into the development process.

Japanese lean production systems became established in most Japanese companies and the total quality management (TQM) and *Kaizen* methods were applied effectively. According to Ho (1999: 74):

"TQM provides the overall concept that fosters continuous improvement in an organization. The TQM philosophy stresses a systematic, integrated, consistent, organization-wide perspective involving everyone and everything. It focuses primarily on satisfaction for both the internal and external customers within a management environment that seeks continuous improvement of all systems and processes".

Japanese companies are known to use the five-s technique (Ho, 1999: 77)(Delbridge, 2000: 119-120): *Seiri* (structurize); *Seiton* (systematize); *Seiso* (sanitize); *Seiketsu* (standardize); and *Shitsuke* (self-discipline). The use of quality control measures in Japan have been well documented and the five-s technique helps Japanese managers to improve their physical environment and improve the way they think through issues and problems (Ho, 1999: 77).

Communication between managers and staff has been made effective and the appropriate decision-making processes have evolved within a hierarchical structure. On-the-job training and off-the-job training were valued as important and this helped employees/staff to understand what the organization's/company's culture was; and belief and value systems were established to make employees think in terms of belonging to a community and as a result employees became loyal and worked long hours for a low income (Campbell, 1994)(Chikudate, 1999: 76-77)(Mito et al., 1999: 171). With respect to point four above, *design for manufacturability*, coordination between staff from different functions was perceived as essential, as it eliminated unnecessary efforts and increased accuracy of information exchange, and speeded up customer service for example (Porter et al., 2000: 71-72). This was underpinned by a shared value system which had understandable interpretations. Therefore, close supplier relationships, which were based on *Keiretsu* or *Keidanren* for example (Lincoln et al., 1998), emphasized the Japanese government's wish for companies to form networks. Hence the points raised by

Achrol and Kotler (1999: 148-149) relating to network arrangements are relevant and can be placed within a Japanese business mindset philosophy.

The above cited factors, Japanese work practices and the Japanese personnel system all promote staff and as a result training produces generalists who understand the various aspects of business and as a consequence employees are able to communicate widely through *Teikiido* (rotation) and *Syanikyouiku* (on-the-job and off-the-job training) (Okazaki-Ward, 1993: 157-215)(Chikidate, 1999: 74-77)(Mito et al., 1999: 171-174 and 194)(Porter et al., 2000: 72-73).

The commitment to life-time employment (*Syusinkouyou*) has been an advantage for Japanese companies in that there has been a low turnover of employees and the cost of recruitment has remained low (Porter et al., 2000: 72-73). In the case of American companies which have adopted a short-term labour oriented approach, although it has enabled managers to control the size of the workforce in the short-term for example (Porter et al., 2000: 72-73), there have been problems with respect to retraining skilled labour and having a pool of skilled labour available. This has allowed managers in Japanese companies to plan more effective long-term strategies, which have resulted in Japanese companies improving their operational effectiveness (Porter et al., 2000: 74). This has helped Japanese companies/organizations to establish stabilized networks (Lazer et al., 1985: 77)(Juttner and Peck, 1998: 227)(Achrol and Kotler, 1999). Morishyma and Nakane (Lazer et al., 1985: 77) have explained that Japanese companies are able to move rapidly to the selection of most efficient ways of proceeding without any sophisticated strategic statement due to Japanese employees/members of an organization having a deep sense of belonging and accept and respect for each other for example.

The practice of *Syusinkouyou* in Japanese companies is partially rooted in the influence of government policies which were aimed at reducing competition among Japanese companies in order to protect Japan's industries, and this also resulted in employees' job security/safety (Porter, et al., 2000: 75). Therefore, the concept of *Syusinkouyou* is partially embedded in Japanese culture, and can be interpreted as the way Japanese companies hire and look after their employees (Ichikawa, 1992: 17-18 and 1993: 55).

With respect to the Japanese-business government model, one can say that it has been influential with respect to the formulation and implementation of Japanese companies' marketing strategy. The model can be analyzed by dividing the subject matter into aspects such as the national education system and/or focus; government intervention at the domestic level; and government intervention at the international level. As regards the first point, the Japanese national education system has been influential in the sense that education and knowledge acquisition are perceived as of being a duty and universities have stressed the importance of engineering and have provided large numbers of graduates (Okazaki-Ward, 1993). The engineers have helped Japanese organizations/companies in the sense that skilled labour can be retrained and multi-skilled workers produced who share a common purpose (consensus). However, this has caused problems for Japanese companies as Japanese companies have achieved a high market share in international markets and this needs to be maintained. Porter et al., (2000: 72-73) have noted that although Japan has a high level education system, certain fields such as chemistry, chemical engineering, finance, software engineering and aeronautical engineering are weak, therefore, Japanese companies can be criticized for emphasizing the need to train employees/staff as generalists rather than specialists (Chikudate, 1999: 76-78). Chikudate (1999) has undertaken an exploratory phenomenological study in

order to identify main problems to be changed within Japanese companies; and indicates that managers in Japanese companies are required to have high level communication skills with their staff rather than specialized knowledge or/and articulated ideas. Therefore, Chikudate (1999: 77) has pointed out that managers in Japanese companies "do not see them (managers/employees) as human resources with talents, but as labourers who are easily exchangeable with any younger employees".

Second, the influence of Japanese government policies at the domestic level is significant. For example, according to Porter et al., (2000: 39-40), government-sponsored research and development (R&D) has played an important role in providing up-to-date knowledge and skills. As a result of this Japanese companies have been stimulated to undertake private research and development (Lincoln et al., 1998: 251-252), although the purpose of government-sponsored research and development (R&D) is to avoid duplication of efforts, as tasks are allocated among participants and research and development (R&D) costs are fixed. This has allowed Japanese companies to enter new business areas (Porter et al., 2000: 42-43). According to Lincoln et al., (1998: 251-252), Toyota has to have the capability to develop the same level of electronic components as their key supplier Deso. This is because, first, although managers of Toyota have to trust their supplier, they feel the need to understand the intricacies of the technology since electronic systems are very important and integral to car design and production (Lincoln et al., 1998: 251-252). Secondly, by Toyota having knowledge and skills about the latest technology, they are able to evaluate important purchasing issues (Lincoln et al., 1998: 251-252).

Therefore, institutionalized government guidance and formal approval mechanisms such as regulations relating to pricing and 'stringent standards' of production, has encouraged Japanese companies to form cartels (Porter et al., 2000: 19).

In order that Japanese companies are able to compete with international competitors, the Japanese government introduced mechanisms to stabilize the level of unemployment (Ohmae, 1982)(Porter et al., 2000: 26). Japanese government policy has been partly responsible for Japanese companies forming groups known as *Keiretsu*, *Sogoshosha* or *Keidanren* for example. Government policies have protected Japanese companies through the formation of trade barriers, restrictions relating to competitive practice and has encouraged investments which have contributed to Japanese economic growth. However, certain problems have become evident, and one such problem relates to the way in which Japanese companies compete with each other. As Porter et al., (2000: 16, 34 and 76) have noted, the commitment to producing good quality products at low prices, close supplier relationships, manufacturability and wide-based segmentation strategies, resulted in best practice but also resulted in vulnerability. This is because the symmetric Japanese industry structure and the way managers in Japanese companies formulate marketing strategy hampers the way decisions are made and this leads to competitive convergence (Porter et al., 2000: 76-77 and 81). In other words, Japanese companies do not always produce high levels of profitability and competitive convergence has resulted in a commitment to best practice which forces domestic companies to compete on the same dimensions (Porter, 2000: 76-77 and 81). However, relating to Japan's economic problem, Whittaker and Kurosawa (1998: 161) have suggested that Japan's economic crisis has many dimensions but at the centre of the problem is US\$ 500 billion worth of bad loans.

Japanese companies concentrated on developing market share through investing in product development, providing wide product lines, and harnessing technology in order to produce good quality products, on a frequent basis (Porter et al., 2000: 75 and 91). Japanese consumers are sensitive to the appearance of products and packaging and

this is an important element. Also, Japanese consumers have certain expectations and if one takes computers for example, consumers expect to get “free” software packages when they buy a computer (Porter et al., 2000: 34-35). This has resulted in Japanese companies experiencing difficulties when targeting international markets because they have relied on Japanese consumer behaviour and expectations to drive product offerings, and this has produced problems from time to time (Porter et al., 2000: 34-35). As a result, low profit margins have resulted in some cases.

Finally, the role of the Japanese government, at the international level of competition has resulted in legal cartels being formed. When the Japanese government legalized cartels, it made it difficult for foreign companies to enter the Japanese market because the business networks (supplier, wholesaler, retailer) were strongly established (Lincoln et al., 1998: 241-242)(Porter et al., 2000: 21). Therefore, government control of prices and quality (the result of standardized products), and various special laws for special industrial cartels helped Japanese companies in the international market place (Porter et al., 2000: 29 and 37). However, the successful Japanese government interventionist practices (such as cartels, antitrust law and government-sponsored research and development (R&D)) have now been emulated by competitor countries (Porter et al., 2000).

Lincoln et al., (1998) and Porter et al., (2000: 78-91) have identified the common elements of Japanese operational effectiveness: no specific target segmentation; employees required to be multi-skilled rather than specialized in order to undertake multi-tasks/multi-functions; a focus on reducing costs and improving quality; investing in the latest equipment that can produce the same products as competitors; having the same vertically integrated marketing model as the suppliers; although Japanese companies participate in government-sponsored research and development (R&D) projects, they

continue their own private research and development (R&D); and they offer the same array of technologies.

Porter et al., (2000: 78-91) have criticized Japanese operational effectiveness by referring to it as symmetry strategy. This means that Japanese companies have not developed a distinctive strategy, although it has to be restated that operational effectiveness has played an important role with respect to Japanese companies achieving international market share. The point to note is that operational effectiveness is easily imitated by competitors (especially from Asian countries). Various companies have managed to imitate Japanese operational effectiveness in commodity items by adopting a 'me-too' strategy, and some US firms have not only imitated the Japanese successfully, but have improved upon Japanese operational effectiveness (companies such as Hewlett-Packard (HP) have emulated Japanese total quality management (TQM) and introduced a quality maturity system (QMS)) (Porter et al., 2000: 80). Therefore, Porter et al., (2000: 82 and 85-86) have noted that Japanese companies which compete in the same way in the same industry, produce an industry structure which undermines the whole industry. For example, *Shukko*, (Lincoln et al., 1998), which refers to Japanese organizational learning and knowledge creation, is used as a means to facilitate network development and diffuse knowledge and information within the same *Keiretsu* group, and this works positively for Japanese companies as it helps them to grow. Lincoln et al., (1998: 248) have indicated, that Japanese companies want to have a strong vertical set of networks because management want to achieve a flexible division of labour by concentrating on core competencies; and secondly, the company needs to respond quickly to the fast changing market environment and this means working with other partners who are able to respond to the requests of the market.

However, Mourdoukoutas and Papadimitrious (1998) argue that Japanese competitive advantages are embedded in Japanese culture. The concept of "the fate of the community" and the governance structures of companies are important factors. Mourdoukoutas and Papadimitrious (1998) state that although Asian and Western competitors of the Japanese have emulated the Japanese style of operational effectiveness and the model of government intervention, the process of how Japanese companies guide their own employees/staff and implement decisions remain special characteristics of the Japanese (for example *Syoukan* (an element of custom), *Syudansyugi* (group behaviour), *Tsyokisikou* (long-term oriented behaviour) which implies *Dousesitsu* (homogeneity) and *Chuseisin* (devoted to the group)) (Ichkawa, 1993: 55-60)(Maruyama, 1997: 116)(Mito et al., 1999: 164-165). The special characteristics are difficult to emulate and take a long time to perfect.

However, academics such as Sano (1992: 11-13), Sasajima (1993: 31-32) Okazaki-Ward (1993: 49-63) and Chikudate (1999) have pointed out that Japanese companies and indeed Japanese society have problems such as a lack of special knowledge and a focus on elitism which manifests itself in new recruits being indoctrinated with the organization's value system. Furthermore, middle aged individuals can be forced out of an organization and made to take early retirement and this is diluting the lifelong employment concept, and as a consequence employees have started to mistrust companies/organizations (Chikudate, 1999: 77-79). The overall performance of the economy and the way Japanese society thinks needs to be borne in mind by Japanese managers. Porter et al., (2000: 18-99) have argued that Japanese companies are no longer able to maintain competitiveness through operational effectiveness alone due to the fact that the Japanese economy is now mature and as a consequence social change, which has been influenced by Western cultural values, is changing the perception of the

Japanese and the way they undertake some tasks. This means that the behaviour of Japanese workers will change and so will work practices (although change will be slow), and this has been noted by Mourdoukoutas and Papadimitrious (1998).

Porter et al., (2000: 89-91) have suggested that in order for Japanese companies to maintain their competitive advantage(s), managers need to introduce a strategy which is aimed at training employees/staff in order to produce specialists rather than generalists, and furthermore, tailor activities so that a unique positioning is achieved within the industry. Trade-offs need to be established so that companies can deliver value to customers which is underpinned by a strategy defined by discipline and clear communication. Indeed, according to Sawayama (1997: 128-129), managers in Japanese companies have begun to change their approach by initiating new strategic directions under strong and initiative leadership underpinned by top management; staff are recruited/promoted based on merit, and they are developing a corporate capability which leads to differentiation and sustainable competitive advantage. Therefore, attention is being paid to value creation which should be of interest to Japanese companies' stakeholders (Nakamura, 2000: 77).

On reflection, it can be stated that Porter et al., (2000) have a certain perception of change in Japan which is logical and focused on product-market relationships, and Mourdoukoutas and Papadimitrious (1998) also have a logical appreciation of change in Japan, but differ from Porter et al., (2000) in the sense that they focus on the appreciation and interpretation of Japanese culture only, and do not adopt the same line as Porter et al., (2000) who suggest that Japanese companies no longer have a strategy which they can implement. These two views are opposite in the sense that Porter et al., (2000) state that Japanese companies are in a way prisoners of the industry structure they have created with government, whereas Mourdoukoutas and

Papadimitrious (1998) suggest that Japanese managers operate in a culture which is clearly defined, and which is understood only by the Japanese. Therefore, according to Mourdoukoutas and Papadimitrious (1998), it is highly likely that Japanese companies will, through necessity, change and adapt to a new business environment within Japan.

The arguments put forward by Mourdoukoutas and Papadimitrious (1998) and Porter et al., (2000) can be considered equally important. This is because as Schon cited in Platts and Yeung (2000: 348) has indicated, it is important to learn from both 'knowledge-in-action' and 'design methodology' knowledge when studying professional development. The design methodology is explicit knowledge, while the knowledge-in-action is knowledge that has not been articulated and is classified as a 'skill' or 'know-how'. This point has been supported by Huseman and Goodman (1999: 184-185) who have explained that tacit knowledge only can be achieved through socialization, which means that only tacit knowledge can be transferred through observation, imitation and practice. This is due to, as Platts and Yeung (2000: 348 - 349) have stated that, although tacit knowledge affects decision making in some way, it is difficult to describe it or generalize it. This view is accepted by Huseman and Goodman (1999: 184-185). Therefore, according to Platts and Yeung (2000: 348-349), tacit knowledge can be subdivided into 'tacit specific-able knowledge', which is based on personal experience and which becomes embedded in one's perspective, behaviour or attitudes; and which is interrelated with given situations/circumstances and then becomes 'truly tacit knowledge' and as such becomes embedded in one's subconscious the knowledge gained is then integrated into explicit and tacit knowledge. Also, an individual's learning process encapsulates tacit knowledge and explicit knowledge. For example, staff employed by an organization are provided with a procedure manual, and staff can improve their tacit knowledge through internalized and personalized means through collaboration with other

members of staff within the same organization (Huseman and Goodman, 1999: 186). In other words, it can be said that, a strongly shared organizational culture is a pivotal condition for creating new tacit knowledge which is internalized and becomes explicit knowledge which is applied in a certain way. This allows the organization to differentiate itself from its competitors.

The argument put forward by Moudoukoutas and Papadimitrious (1998) can be interpreted and appears valued in the context of Japanese management approaches which demand an holistic perspective of knowledge. Conversely, Porter et al., (2000) have indicated that the Western management approach places an emphasis on explicit knowledge which requires scientific or reductionist demonstration and as such may not be holistic in orientation.

The reason why the arguments put forward by Moudoukoutas and Papadimitrious (1998), and Porter et al., (2000) need to be considered as equally important is that the approach of Porter et al., (2000) helps managers in an organization to describe in detail their organization's objectives and to place the objectives into a set of general guidelines which can be understood explicitly by staff/employees. This is an important point because it means that information or knowledge can easily be shared by the members of the organization. Unfortunately, it also implies that the competitors can also learn and can copy from the market leader/innovators. However, as regards tacit knowledge, Moudoukoutas and Papadimitrious (1998), argued that the issues of control and maintaining sensitive information are key factors to be safeguarded. The degree to which managers want to share information depends upon the level of sensitivity involved and further considerations revolve around the way staff/employees interpret the various subject matter and how they integrate various processes in order to develop a differentiation strategy.

Organizational culture, which is based on mutual trust, is important from the point of view that it may influence how a company responds to data that is collected and which relates to the business environment (Palich, 1994: 156)(Platts and Yeung, 2000: 351-354). For example, in a collectivist culture, data is evaluated by a group of individuals and this follows a different process from an individualistic culture where individuals are charged with analyzing data on their own (Palich, 1994: 156).

4.7 Korean companies' marketing strategy

South Korea can be considered to be a newly industrialized country which has achieved remarkable economic growth in the past twenty-five years. Despite its economic success, South Korea experienced severe economic problems in 1998 and as a consequence the International Monetary Fund (IMF) had to organize an economic rescue package for the country (Korea Economic Research Institute, 1999).

In order to understand how Korean companies were able to grow fast, it is important to look at a number of factors which incorporate business-government involvement, and Korea's commitment to becoming an industrialized nation. From 1962 to 1970, Korea was transformed from an agrarian economy into a semi-industrialized state (Koo, 1993: 288); and from 1963 onwards, the Korean government played a fundamental role in helping the nation to overcome shortages in finance, skills and knowledge. A key factor in understanding business-government involvement is the structure of Korean industry and how Korean companies relate to each other, and how Korean companies formulate and implement their business strategy.

4.7.1 Korean government strategy

The Korean government has had an influential role in assisting Korean companies to formulate their business strategy. The Korean government realized that

Korean companies needed to be outward looking (target the global market place), but also, Korean companies needed to fully embrace the industrialization concept. In order for the Korean economy to develop as planned, the Korean people needed to be committed to the industrialization process and build on their capabilities.

According to Koo (1993) and the Korea Economic Research Institute (1999), the 1960s witnessed Korea launching an export strategy. Simple labour-intensive products were produced such as garments, furniture, footwear and wigs. By the 1970s, Korea was exporting products which were made by higher skilled labour and the capital required was of a higher magnitude. The government provided further levels of support in the 1970s compared with the 1960s, and certain export products established themselves such as cement, tyres, steel, electronics and fabricated metal. The products established themselves quickly in the marketplace and rapid growth followed. By the 1980s, simple labour-intensive products had declined as they had become less important to the economy, and instead, the heavy engineering and chemical industries were established and became important and influential exporters (Koo, 1993: 292)(Korea Economic Research Institute, 1999: 11), and this is proof that the Korean process of industrialization had been established within a short period of time.

In order for the Korean government to support further the Korean economic development process, government policies need to be strategically focused and comprehensive. The Korean government will continue to influence Korean trade policy and this will result in certain forms of direct and indirect investment in Korea and foreign direct investment patterns will emerge/be maintained. With reference to Korean government policies relating to trade and direct foreign investment, Koo (1993: 290-291) has indicated that it is important to take note of three main policies, which have been in being during the period of industrialization (1962 to the mid-1980s) (except,

according to the Korea Economic Research Institute (1999), the chemical industry): (1) the export industry; (2) financial support and investment policy; and (3) regulatory control.

(1) The export industry.

The Korean government reduced the level of tax which had been imposed on export earnings (the tax was abolished in 1973); imports of raw materials and equipment were free of tax; there was preferential financial support for export-related activities (abolished in 1982); and generous allowances relating to wastage of imported raw materials (reduced in 1973). Korean government policy focused on the promotion of exports, and during the 1970s, the Korean president chaired regular monthly meetings in order to maintain the country's export orientation and this was fundamental in securing the support of private entrepreneurs (Koo, 1993: 290).

(2) Financial support and investment policy

As regards the lack or availability of finance, the Korean government, under the Foreign Capital Inducement Act which was introduced in 1960, encouraged the inflow of foreign capital into the country. The Korean government guaranteed that the government would repay the loans owed to foreign investors and licensors of foreign technologies if needed. This proved significant as it demonstrated the commitment of the Korean government to the country's development, by having a coherent policy toward foreign investors (Koo, 1993: 291) (Korea Economic Research Institute, 1999). However, in the early 1990s the Korean government reduced its level of financing (preferential credits for example) to Korean companies, meanwhile, Korean companies remained committed to developing indigenous technologies (Choi, 1995: 77).

(3) Regulatory control

In order that the Korean government could facilitate Korean industrial development it was necessary to introduce an adequate industry structure. The Korean government introduced a number of promotional laws which incorporated various tax and financial incentives, aimed at developing specific industries such as electronics, shipping, steel, machinery and petrochemicals (Koo, 1993: 291)(Korea Economic Research Institute, 1999). In order to help these industries grow, many industrial parks were set up, and the Korean government intervened directly in major projects (selection, planning and operating) in order to ensure that they were successful (Koo, 1993: 291). It can be said that the process of Korean industrialisation, influenced by Korean government policy formulation and implementation, allowed Korea to establish an industrial structure and framework, and this resulted in a competitive advantage being established in several industries.

With respect to foreign direct investment into Korea, it can be said that this has been tightly controlled by the Korean government, although the Korean government has provided tax incentives and other incentives for approved foreign investors (Koo, 1993: 296)(Kim and Yi, 1998-1999: 74). Although, foreign direct investment has been permitted, the Korean government has intervened directly in many large-scale import-substituting projects, however, foreign direct investment has not been allowed in most of the domestic consumer goods industries, as the Korean government has acknowledged that there are enough viable indigenous producers. Foreign ownership has only been allowed in certain areas of the economy such as export-oriented industries (or located within export zones) or high technology-intensive projects (Koo, 1993: 296).

4.7.2 Korean companies' strategy

Korean companies' based their growth on conventional strategy formulation and implementation, exporting and supporting original equipment manufacturers, producing high-volume at low-cost, and intensive labour utilization, until the early 1980s (Kim and Kim, 1998-1999: 5)(Korea Economic Research Institute, 1999: 57). Today, Korean companies are repositioning themselves from the conventional strategic approach to high quality and variety; and those companies which are able to accommodate market demand by improving productivity, quality and flexibility (Kim and Kim, 1998-1999: 7) seem well positioned in the marketplace. This change in strategic emphasis is imperative as the business environment and prevailing economic conditions affecting Korea are changing radically. Kim and Kim (1998-1999: 6) have pointed-out four main environmental influences which have effected Korea's economic growth: (1) the market conditions upon which many Korean companies depend (low-price and high-volume) have entered the mature and decline stages; (2) the Korean government has adopted a rapprochement strategy towards socialist countries such as China and Russia, and this has surprised some governments and is likely to provide new challenges as well as opportunities for Korean economic growth. What is interesting about this rapprochement strategy is that political and economic relations with the United States and several European countries may become less harmonious; (3) China and various Southeast Asian countries have caught up with Korea and they can compete with Korea on low price (Kim and Kim, 1998-1999: 6)(Korea Economic Research Institute, 1999: 6); and (4) since the 1980s, democratisation has taken place in the workplace in Korea, and Korean companies have been required to pay high wages to their employees (Ungson et al., 1997: 222 and 224)(Lee, 1998-1999: 26)(Korea Economic Research Institute, 1999: 46). Higher wages are expected to raise the motivation level of employees and this

should result in higher levels of productivity, better quality products, and on time delivery.

It is logical to say that Korean managers need to identify their company's strengths and weaknesses in order that they can identify which market segments the company can target and serve, as the international marketplace is becoming more competitive and more unpredictable. Therefore, the strategy(ies) identified by senior managers in Korean companies need to be supported not only by a high level of technological skill and knowledge, but also reinforced through collaboration among internal functions within the company. This suggests that senior managers and especially human resource management specialists, need to pay attention to the shared values which underpin the belief system and develop a transparent organizational culture, so that Korean companies are able to provide high value-added products/services.

Korean culture, as Dacin et al., (1997: 8) have indicated, is heavily influenced by Confucianism, and managers operate within a collectivistic culture, are long-term oriented, and are good at networking. An interesting point has been noted by Dacin et al., (1997: 9) who suggests that many Korean professors working for Korean universities were educated at PhD level in US universities and furthermore, Korean managers in Korean companies think in western terms with respect to formulating and implementing business strategy. A survey undertaken by Dacin et al., (1997: 9-15) relating to international strategic alliances showed that the partner selection criteria used by Korean executives (ranked in order of importance) were: (1) *technological capabilities*; (2) *industry attractiveness*; (3) *special skills you can learn from the partner*; (4) *the willingness to share expertise*; and (5) *capabilities to provide quality*. According to Dacin et al., (1997: 11) Korean managers seek partner organizations which have technical capabilities or marketing knowledge and a key point is also the fact the industry

in which the Korean company operates needs to have an environment which allows the Korean company to achieve its goals.

The survey undertaken by Dacin et al., (1997) can be criticised on the basis that the information collected relating to Korean perceptions was from one Korean *Chaebol* only and the information may not be representative of Korean companies. However, Achrol and Kotler (1999: 149) have indicated that as is the case with Japanese companies, the Korean *Chaebol*'s have formed extensive 'layered networks' and this has resulted in close ties and working relationships within the various industries.

Yu (1998-1999: 59) has raised a significant question by asking why Korean companies such as Samsung entered a number of mature markets such as the monochrome television sector in 1971; the colour television sector in 1977; and then appeared to target growth and introductory markets such as videocassette recorders and microwave ovens in the 1980s; and dynamic random access memory chips and digital videodisc players in the 1990s. The crucial point to note is that Korean industry was and still is, directed by government and government-business collaboration is firmly entrenched (see Chapter Two, section 2.5). The relationship between government and business is strong and Korean companies have formed alliances with companies abroad, in order to penetrate new markets (Dacin et al., 1997: 7-8). Hence, Korea has an industrial strategy in place which ensures that Korean companies produce products for the domestic market (Koo, 1993: 296)(Kim and Yi, 1998-1999: 74)(Korea Economic Research Institute, 1999). In other words, the logic is that as Korean society develops and becomes richer, Korean people will purchase Korean products and services, and this will sustain Korean industry. However, Korean companies still have problems in the sense that they find it difficult to compete head-to-head in the international marketplace (especially competitors from advanced countries), in terms of technology, skills,

knowledge, finance to support new research and development (R&D), and customer service which can be interpreted as value-added.

As Koo (1993: 311), the Korea Economic Research Institute (1999: 48-50) and Yu (1998-1999: 61-62) have pointed-out, Korean companies have developed their level of skills and knowledge through joint ventures, licensing agreements, and strategic alliances. However, the skills and knowledge acquired are limited to specific industries only and certain industrial sectors in Korea can be classified as having a weak industrial structure (Korea Economic Research Institute, 1999: 11). It can also be said that the higher education sector needs to be reviewed in the sense that state education at this level is focused on undergraduate rather than graduate level education (Ungson et al., 1997: 190-191)(Kim and Yi, 1998-1999: 74-78), and as a consequence, Korea produces too few specialists.

Second, there appears to be insufficient finance available to Korean companies or alternatively, some companies find it difficult to support their own research and development (R&D) from internal sources. This can be explained by Korea's present situation, for example, the IMF (International Monetary Fund) has since 1998, been heavily involved in the Korean economy. The Korea Economic Research Institute (1999: 52-54) has analysed Korea's industrial structure and has paid attention to how some of the country's export markets have been captured by China and other countries in Asia. Certain factors were identified such as the sudden price increases of raw materials, increases in the cost of Korean labour, the Korean government's interventionist policy and the management style of Korean companies.

With respect to the analysis of Korean companies cited above, it is clear that Korean companies have suffered from various harmful factors. Kim and Kim (1998-1999) undertook research into the functioning of Korean companies and their analysis

took into account the improvement rate of manufacturing performance; the effectiveness of action programmes between 1989 and 1995; and they ranked the corporate strategic priorities in 1988, 1990, and 1996.

Although Kim and Kim (1998-1999) refer to where the data originated from, it is not clear which types of companies were involved in the research. Owing to this, one has to assume that the results cited are of a general nature. The implications cited by Kim and Kim (1998-1999: 17) are broad based and it is not clear how Korean companies can develop a system whereby "management and labour can share a common collective corporate philosophy as well as common objectives". Furthermore, the point relating to developing harmonious relationships with suppliers needs further attention as there are often power imbalances in company relationships (and especially in the case of a company and its suppliers), and this may be a key point with respect to companies achieving further cost reductions (Kim and Kim, 1998-1999: 17). Kim and Kim (1998-1999: 17) are correct to state that Korean companies need to develop new strategies owing to the fact that some Korean companies appear to enter and learn from mature markets before they develop new products for new markets (Yu, 1998-1999: 59).

4.7.3 Korean companies' customer service policy

Korean companies' awareness about the importance of customer service, according to Whang (1998-1999: 20-22), who used data from both the Korea Consumer Protection Board and The National Council of Consumer Protection Organization in Korea, is classified as very low, because the number of customer complaints has increased over the period 1988 to 1996. The main complaints levelled against Korean companies according to Whang (1998-1999: 22) are: unfair trade practices which have increased by 292 % in 1996 (in four years (1992 and 1996)); deceptive advertisements

have increased by 628 % (1992 and 1996); and abuse of predominant position has increased by 207 % (1992 and 1996).

Whang (1998-1999: 24) has stated that "Korean business managers-indeed, Koreans in general-are fundamentally ingrained with an over optimism that is largely influenced by the creed of Buddhism, they often neglect serious thought about socially related issues". This can be considered an over generalization as there is no evidence in the paper which suggests that this statement is valid. Korean businessman's social responsibility in terms of providing customer service/keeping their promises (what they have told the customer before they make a purchase) and how they respond after the customer has made a purchase, can be classified as inadequate. Kim and Kim (1998-1999: 7) have recognised that Korean companies have only focused on customer satisfaction recently, and this is an area of knowledge which needs further investigation.

Whang (1998-1999: 20-22) has confused a number of issues, one of which is the fact that Buddhism is responsible for influencing Korean managers in the way they think and act. For example, Korean managers are accused of not delivering what they have promised (the after sales service provided does not match the after sales service promised), however, the importance of meeting customer expectations has only been looked at from complaints about customer service made between 1989 and 1996. The Korean managers' restricted view of customer service needs to be placed within the context of marketing strategy formulation and implementation, in order that Korean companies can establish what Aaker (1992: 214-215) calls a sustainable competitive advantage.

Whang (1998-1999: 23) has referred to several factors relating to Buddhism and Confucianism, but important cultural aspects such as these need to be placed in a specific socio-economic context. This will allow a deeper understanding to be reached

and will allow a firmer understanding of how Korean society works and how government and business interact, and how companies formulate and implement business decisions and strategies.

Whang's (1998-1999: 23) interpretation of Korean business behaviour is fundamentally correct, and has been placed within a Korean national cultural context (the relationship between how people are ruled and how the people respond to such rule), and may explain why there are clashes between managers and workers, and why there are labour disputes within Korean companies.

4.8 Conclusion

In order that managers within an organization can deploy an effective international marketing strategy, it is essential that they are able to take appropriate action depending upon the level of complexity and uncertainty that exists. This requires that senior managers are aware of several factors such as regional customer/consumer preferences; how needs and wants are formed; how the market should be segmented in an appropriate and accurate manner; what are the competitive market conditions prevailing; and how to interpret regional government regulations and registrations vis-à-vis the type of industry. This means that senior managers need to be able to collect information accurately/appropriately relating to a variety of subjects and be able to interpret data/information accurately; and then to apply this knowledge and information in an appropriate manner.

It is critically important that senior managers deploy a high level quality customer service policy which provides value added in order that the organization can retain customers and when necessary collect (in a direct manner), useful information from the customers (this assists new product development for example as it is aimed at establishing latent needs). Therefore, senior managers are able to understand various

factors such as the influence of regional culture, social circumstances and situations, and evolving market conditions. This can be broadly interpreted as organizational learning, hence the need for organizational capabilities and value creation (shareholder value results in shareholder loyalty for example).

It is logical to say that senior managers should establish strong relationships based on mutual trust. Should this be the case, the organization can achieve a sustainable competitive advantage through flexibility. This is because of the fact that staff/employees are at the frontier of the organization as they are dealing with customers/consumers and they are skilled at establishing customer requirements; skilled at handling customer complaints adequately; and they provide a high level of customer service. In return, marketers can collect information from the customers/consumers, and this will provide the organization with a competitive edge. This is also related to the issue of long-term, positive relationship building between an organization and its customers. Owing to this, it is necessary for senior managers to understand what is meant by 'trust' and how a trustworthy relationship can be built and maintained. The issue of trust is also related to staff motivation, commitment, loyalty and what proves acceptable leadership behaviour. This is because the concept of trust is deep rooted and different depending on the perceptions of people in society. For example, although both Japanese and Korean people are from a culture which incorporates a collective spirit, it is important to remember that Japanese and Korean people have a different way of undertaking matters based on different reasoning.

With respect to government intervention, senior managers must be aware of how regional government conducts regulation and how registrations are authorized, and how local companies are protected through interventionist policies. The evidence suggests that there is a strong relationship between the Japanese government and

Japanese companies and the Korean government and Korean companies. An important consideration is how such governments interact with foreign companies in the domestic market place. Therefore, from the case of Japan and Korea, it is clear that staff/employees in an organization are influenced by staff/employees' work attitudes and the attitudes prevailing in society.

It is clear that there are a number of gaps in the literature relating to marketing strategy and customer service. For example, although attention has been paid to complex issues such as an organization developing a sustainable competitive advantage, there is limited evidence as to how marketers can ensure that an organization develops a sustainable competitive advantage, which incorporates marketing strategy and customer service as an integrated process. This is especially important because a customer service policy is determined by an organization's cultural value system, however, this aspect has not been adequately researched.

Chapter Five: Retailing Strategy

5.1 Introduction

The link between marketing and retailing (section 5.2) is covered and a fundamental question is posed ‘what is retailing? (Section 5.3). Attention is paid to retail strategy (section 5.3.1); the importance of analyzing the external and internal environment (section 5.3.2); and criticism of existing retailing strategy frameworks and the formulation of retailing strategy (section 5.3.3) are covered. A major question is posed ‘why is it important for retail organizations to have a clearly defined retailing strategy? (Section 5.4). Channel partnerships (section 5.5) are addressed and so too is the linkage between partnership and a high quality customer service (section 5.5.1). Attention is paid to the importance of having the right retail system (section 5.5.2); the governance mechanism versus the marketing orientation in partnership development (section 5.5.3); trust in the context of partnership (section 5.5.4); and British companies’ retailing strategy (section 5.6). Also covered are Japanese companies’ retailing strategy (section 5.7) and Japanese electronics companies (section 5.7.1). Korean companies’ retailing strategy (section 5.8) and also Korean electronics companies (section 5.8.1) are included. A conclusion (section 5.9) is evident.

5.2 The link between marketing and retailing

An organization’s retailing strategy can be considered as part of an organization’s marketing strategy. This view is supported by McGoldrick (1990: 1) who has argued that retail marketing is an application of the marketing concept. McGoldrick (1990: 1) states that retail marketing “involves the development of a philosophy that must pervade all sections of the organization, from chief executive to the most junior member of the store staff. Systems must be established for monitoring consumers’ perceptions and motivations

and for assessing changes in the marketing environment. Internally, an integrative structure must be developed which delivers a coordinated response to ... opportunities and challenges, at a suitable rate of return".

Therefore, as McGoldrick (1990: 1) has noted, in order for retail organizations or a retailing operation to be successful, the managers in the retail organization/unit must be able to understand how customer perceptions are formed, and need to link customer perceptions and motivation with customer loyalty. The main point being that senior managers need to be familiar with the relationship marketing concept and how to implement it (see Chapter Four, sections 4.3.2., 4.3.3., and 4.3.4.). In order for the relationship marketing concept to be successfully deployed, the retail organization's suppliers (including channel partners) need to be incorporated into the relationship marketing concept approach.

The late 1980s and early 1990s witnessed a period of intense competition in the UK retail industry (Wrigley, 1994: 6). McGoldrick (1990: 3) and Omar (1999: 3) have pointed out that retail organizations such as Sainsbury's, Tesco and Marks and Spencer, are market-led, however, many retail organizations see themselves as marketing-oriented. Retailing covers a number of areas and sometimes retail organizations/retailing operations are different across industries. Bearing these points in mind, it needs to be pointed out that retailing which involves seasonal factors which warrants a quick return on investment is to be placed in a different retailing context, than retailing which is not heavily influenced by seasonal factors and where the industry life cycle is different. Factors such as the wheel of retailing; the dialectical process; the retail life cycle; the retail accordion theory (McGoldrick, 1990: 15-18)(Omar, 1999: 8-13); environment theory (Etgar, 1984)(McIver et al., 1997)(Davies, 1998) and conflict theory are important factors to bear in mind. These

factors can be used by retail management in order to diagnose the situation within the retail environment.

Etgar (1984: 42) has made a useful observation when stating that retailing was missing a comprehensive theory relating to change. Etgar (1984) has provided a reasonably comprehensive outline of changes in the retailing sector and has drawn upon various aspects of theory (especially non-management related theory) in order to put forward the retail ecology model. Several aspects of Etgar's (1984: 46-47) retail ecology model are worth mentioning, especially the characteristics of retailing variety which includes both an internal and external dimension. Etgar (1984: 52-55) is right to highlight the influence of competition as it is competition in the natural world which results in the natural selection process; and this is responsible for a certain outcome (domination by one group over another). It seems logical that this way of thinking is applied in a social science setting, as competition is evident in the every day process of business; and some companies succeed and grow in the market place and others fail and are acquired or exit the market.

Etgar (1984) has made a valuable contribution to the body of knowledge, but there are several limitations associated with the retail ecology model. For example, such factors as government policy which directly influences legal considerations, national cultural influences and retail organizational behaviour, are referred to but not always explained in-depth. This is an important consideration because retail organizations have been forced to go international owing to the fact that the home market is saturated and can be classified as a mature market.

The advantage of the retail ecology model is that it can be used by both retailing and marketing strategists in a planning context, and can be used to allocate limited resources. However, strategists will need to consider how various uncontrollable factors

(government policy, consumer actions and overseas competitors entering the market place for example), influence the retailing environment in which the retailer operates. The information relating to consumers, especially, the difference among consumers is interesting and can be placed within a broader socio-cultural context. The main question appears to be: How can Etgar's (1984) retail ecology model be used by strategists to make predictions of how the retailing environment will change? This question can be followed by another question: How can the retailer develop a strategy to position the organization in the market place? In order to answer these questions, it is necessary to define the antecedent conditions and state clearly how they interact with each other. All the assumptions made need to be clearly grounded in a specific aspect of the retailing industry, and some attention will need to focus on how the market conditions will alter/remain constant.

Etgar (1984) has relied upon economic ideology in the sense that competition in the market place determines which companies are likely to survive in the market place. Shortcomings associated with this view have been noted by Davies (1998: 167) who stated that "Unfortunately, many of these ideas, while useful do not work in practice and neo-classical economists have had to patch them up and work with simplified, unrealistic situations". This criticism may be viewed as extreme, but there is a case for new, all embracing theories to be developed and deployed (Davies, 1998: 167) as this will raise the academic profile of retailing. Davies (1998: 170) has also made reference to the link between various views of retailing evolution and theory development, and this can be placed in a socio-cultural context. Arguments and counter-arguments relating to theory building in retailing should be encouraged and firmer links made with marketing so that the marketing-retailing interface can be understood better from the perspective of customer service for example.

Although Etgar (1984) has not been that explicit, one can conclude that retailing related models are useful in the sense that they can explain how a partnership arrangement can produce benefits for various stakeholders. Furthermore, they can be used to define various types of relationships involving buyer and supplier organizations. Lee and Vryza (1994: 54) highlight the fact that it is necessary to think in terms of developing a comprehensive framework within which retailing strategy can be placed and this should result in a fuller understanding of the link between retailing and marketing. The reason why this is an important observation, is because issues such as customer service can be placed within a retailing marketing strategy context.

The market-oriented perspective takes into account the long-term stability of the organization; how competitive advantage is achieved; what types of skill levels retail managers and their subordinates need in order to implement effective retailing strategy; and how the organization can be made more adaptable and more flexible. It is essential that staff involved in retailing communicate effectively with marketing/sales staff and that information is shared. It is important that accurate information enhances the quality of customer service provided, for example. This view is supported by Grant (1991: 115) who argues that if an organization's strategy is supported by internal resources and capabilities (Juttner and Peck, 1998), then the strategy can be adjusted to exploit the changes in the external environment. Therefore, both staff in the sales department and staff in the buying department need to work together with staff in the finance department (see Diagram 5.1 below).

Cespedes (1995: 251-252) has pointed out that in order to provide a quality customer service as part of the long-term strategy, managers need to be aware of their financial situation, because knowing the financial situation, they can decide upon the

appropriate level of customer service to provide. This is important because an organization can lose its reputation if staff morale is low and results in an inadequate level of customer service (Cespedes, 1995: 251-252).

In order to fully understand how retail organizations/operation functions, it is important to understand the role played by the chief executive officer (Diagram 5.1 and Diagram 5.2 (see below) are linked), and according to Wileman and Jary (1997: 123-125), authority such as retail position; range; price; sourcing and supplier relationships; buying terms and gross margin; potential activity; and planogramming in most retail organizations are under the trading or buying and merchandising function, and there is no separate marketing function. Juttner and Peck (1998: 227) have indicated that the buying and merchandising function is responsible for budgeting and this means that the buying and merchandising function plays an important role in corporate strategy formulation and implementation.

Another point to note, is that the sales department, the retailing department and the finance department must be integrated and this should allow an organization to achieve a competitive advantage by achieving 'fitness' (Porter, 1996: 70-75). The Common point of interest between the marketing strategy and the retailing strategy in Diagram 5.2 is to serve the end user. Therefore, the key point is how both the marketing strategy and the retailing strategy are able to merge into one strategy with a retailing focus that incorporates relationship marketing. Therefore, it is essential that staff are committed to providing a high level of customer service which is perceived as customer value; that accurate information flows across functions and that coordination is managed effectively and the partnership (between buyer and supplier) evolves.

Diagram 5.1: Retailing's position within the organization (part 1)

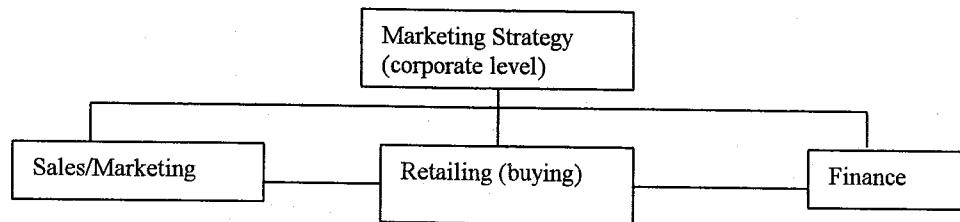
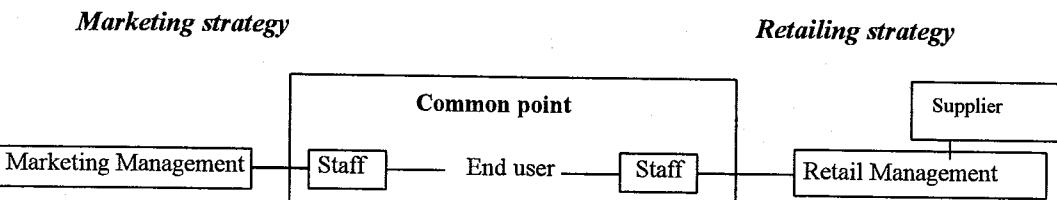


Diagram 5.2: Retailing's position within the organization (part 2)



Source: (The author of this thesis)

5.3 What is retailing?

According to Lewison (1997: 4), retailing “is the business activity of selling goods or services to the final customer”. This means that retailers can be distinguished into product retailers and service retailers. With respect to the retailer who sells products, it should be noted that the service itself is inseparable from the product and the service provided can be high level or low level (Cespedes, 1995).

When retail managers think in terms of a retail strategy, traditionally retail managers tend to think in terms of the short-term due to the need to meet business operational objectives (Rosenbloom, cited in McGoldrick, 1990: 90).

Owing to the fact that the retail environment is subject to strong competition, retail staff need to fully understand what motivates customers. Davies and Brooks (cited in Omar, 1999: 6) have emphasized the fact that retail managers need to match products/services with a customer’s needs and wants. Retail managers are required to

identify target customers and their behavioural characteristics. Corstjens and Corstjens (2000: 17) have indicated that retailers need to adopt a market-oriented approach. For example, Corstjens and Corstjens (2000: 17) state that:

“market orientation means focusing on the variation in customers’ preferences and asking which groups of customers (segments) the company can serve particularly well. More neatly, market orientation means: producing what you can sell, rather than selling what you can produce. The aim of a market-oriented firm is to create a product offering distinct from competitive offerings that is difficult for the competition to copy, and which provides greater value to some identified segment of the market. New products, brands extensions or improvements rarely hope to take the whole market; they target some group of people or some buying occasions.

A market-oriented producer is not jealous of the segments satisfied better by its competitors. The producer is pleased to have competitors who follow market-oriented strategies similar to its own, while despising competitors who want to copy its products and then compete on price”.

Corstjens and Corstjens (2000: 286-294) have highlighted the fact that the concept of category management needs careful attention. It is correct to say that consumers need to be comfortable within the shopping environment and that each category is well-planned and meets both retailers and manufacturers objectives.

In order that retail managers position their business in the market place appropriately, it is important that various factors are taken into account. Merchandise selection, the trading format, the level of customer service (which should be matched with the target customer group), and customer communication, underpin the marketing positioning decision (McGoldrick, 1990: 112-117) (Harris and Walters, 1992: 44). This results in the retail organization being able to achieve credibility that leads to sustainability. This means that when retail managers establish a retail strategy they need to analyze the external and internal environment in order to implement a marketing strategy. Retail

managers need to identify the market conditions and undertake a strengths, weaknesses, opportunities and threats analysis.

The issue of how retail organizations should expand is a crucial point. Retail managers need to undertake a comprehensive analysis of their organization if the domestic market is saturated and the organization is to expand abroad. Second, some retail organizations have grown in size (Alexander, 1996: 23-24), therefore, they have harnessed the benefits associated with high-technology, and this has provided economies of scale.

The retailing environment is under going constant change, however, when the market is relatively static and highly competitive, retailers will implement a different strategy (Howe, 1998: 215). Akehurst and Alexander (1995) have highlighted developments in international retailing and suggest that both push and pull factors need to be taken into account if a retailer is going to exploit an international market opportunity.

The trend of internationalization has resulted in new structures within retail organizations/operations. Wrigley (1994: 6-7), Lowe and Wrigley (1996: 13-14), Morganosky (1997: 269) and Martin et al., (1998: 114) have indicated that internationalization needs to take into account the type of store, the location of the store, and how goods are to be selected, distributed, and displayed. These factors are the major elements for influencing how retail organization managers, manage the channel partners (Walters, 1979: 215)(Lewison and DeLozier, 1986: 45 and 63) (Lewison, 1997: 8)(Siguaw et al., 1998: 99). Sparks (1995) has made reference to various factors relating to the internationalization process, especially the concept of reciprocal retail internationalization. Sparks (1995) concentrates attention on a number of factors (market entry for example) and focuses attention on the Japanese market. Sparks (1995: 69-93) makes a valuable contribution to the body of knowledge through a detailed study of the Seven-Eleven

company in Japan. Sparks (1995: 73) states that "the common explanation for the success of Seven-Eleven Japan is that it is an exceptionally efficient retailer which harnesses technology, systems and relationships with manufacturers and franchisees constantly to reinforce its knowledge of, and its primary mission, managed on a store-by-store and item-by-item basis. In delivering this focus, Seven-Eleven (and Ito-Yokado) have had to redefine convenience store systems and operations and also effectively transform components of the Japanese distribution system".

The factors highlighted in the above quotation integrate many important elements with respect to retailing in Japan, and it is important to note that franchising can be placed within the context of partnership (as well as market entry for example). Sparks (1995: 83 and 87) has made several references to the importance of meeting customer needs.

Walters (1979) has made a useful contribution to the retailing body of knowledge, by focusing on a number of environmental factors which help to shape various retailing formats. By focusing on the members of the marketing channel and various factors such as technological development. One element of Walters' (1979) work is that wide ranges of issues have been highlighted which relate to customer service and it is clear that customer service can be placed within a corporate strategy context. Although much of Walters' (1979) material relates to the food industry, there are nevertheless important retailing wide considerations such as new product development, the marketing mix and established vertical marketing arrangements (partnership can also be included here). A key point to note is that (Walter, 1979: 214): "the manufacturer and retailer have a shared relationship with the consumer, and therefore a mutual market responsibility". By recognizing this, issues such as new product development are viewed with enthusiasm and after sales-service

are given a high degree of importance. This will ensure that customer expectations are met, trust is established and loyalty results in repeat business.

It can be said that these factors are very important because they determine whether a retailer is able to serve customers on time and in an appropriate manner. This highlights the importance of customer feedback and customer service policy based on providing customer value.

It is logical to say that retail managers are required to manage dual relationships, with their staff and suppliers and to build a strategy for further development. In other words, retail managers should manage the relationship with end users and partners. Furthermore, managers need to identify how the organization can adapt to changes in the business environment, so that the distribution system is improved. The long-term strategy needs to take into account the availability of internal resources, the management of change, and how partnership arrangements can be developed and improved. Therefore, with respect to partnership strategy, it is important that the partnership mission statement incorporates the values of the various partner organizations. Staff need to identify with and understand the mission statement and be aware of how organizational culture evolves, so that they perceive themselves as having an important role to play within the organization's partnership arrangement.

5.3.1.Retail strategy

The Aaker (1992: 23) framework can be used by retail managers in order to categorize internal factors (in terms of stores; buying; product range; management; marketing; personnel; systems; distribution and finance which relate to strengths and weaknesses); and external factors (in terms of economic changes; social changes; consumer

changes; suppliers; market structure; competitors; and legislation which relates to opportunities and threats)(McGoldrick, 1990: 94-95).

McGoldrick (1990: 94-95) has produced “typical components of a strategic audit” by distinguishing internal issues and managers can establish the strengths and weaknesses, and external issues confronting the organization. Furthermore, the opportunities and threats can be established in order that retail managers can formulate a retailing strategy (McGoldrick, 1990: 90-118). McGoldrick (1990: 93-97) has developed the work of Kristenson who applied Ansoff’s ‘product-mission matrix’ to retail strategy planning by suggesting that assortment and segmentation depends upon geographic segmentation and other criteria which can be called “an assortment-market segment matrix” (McGoldrick, 1990: 95-96); and the “product-market strategy alternative” of Omura. Omura (cited in McGoldrick, 1990: 95-96) has “distinguished between change in the merchandising mix and in the service package associated with it”. Therefore, McGoldrick (1990: 98-99) has linked the retail strategic framework such as ‘an assortment-market segment matrix’, ‘product-market strategy alternative’ with Porter’s ‘generic strategy’ and ‘value chain’, which was developed by McGee, (1987: 98) within a retail context. This was done so that an alternative approach could be found to obtaining a competitive advantage, by focusing on cost leadership or differentiation within a retail context (McGoldrick, 1990: 98-99). Corstjens and Corstjens (2000: 139-140) state that “differential advantage is obtained when a product is successfully differentiated in the minds of consumers, so that it is no longer totally substitutable with competitive products”. The differential advantage, according to Corstjens and Corstjens (2000: 139), must meet three conditions: (1) the product must be perceived as unique; (2) the product must be important to the target market; and (3) the product must be sustainable against competitors.

5.3.2 The importance of analyzing the external and internal environment

Retail managers/strategists can use their knowledge of the internal and external situation to devise the goods and service mix; the physical distribution mix; and the communications mix in order to position the organization in the industry (McGoldrick, 1990: 7)(Omar, 1999: 368).

Another reason why managers should analyze the external environment is because the information collected may help managers/strategists to lobby local government representatives in a suitable way (Trim, 1999). In the case of internationalization, when retail organizations invest abroad and open new retail chains, it is important for managers to be aware of the local culture, economic situation, politics and activities of local suppliers. Therefore, managers are able to bring this knowledge and information together at meetings with local government representatives due to the fact some nations have different local structures and regulations (government policy) (Moir, cited in Wrigley, 1994: 7) (Alexander, 1996: 24 and 26). This view supports the view of Walters (1979: 222) who has highlighted the fact that governments will remain influential in the retailing industry.

There are other reasons why retail managers need to know about the internal resources and capabilities at their disposal. By having good knowledge of a situation, a manager can identify what the opportunities are, and the risks which may develop in the future as a result of confronting issues in the external environment (Grant, 1991: 114). This supports the resource-dependence model (Pfeffer and Salanik, cited in Juttner and Peck, 1998: 225). The retail manager needs ability and skill to link the retail organization's resources and capability to the present situation (in the market place), and plan future movements by establishing what potential resources are available and what abilities/capabilities exist. This means that management need substantial and detailed

knowledge about their internal resources and capabilities; and should be able to enhance staff cooperation across functions so that communication is effective and so too are the internal operational procedures deployed. Retail managers should be able to select the right suppliers who can become legitimate partners. Therefore, retail managers can use an additional resource, namely the supplier's specialist knowledge. This is important with respect to new product development. As a result of this, retailers and suppliers have a partnership arrangement for meeting customers' needs and wants, and this will provide mutual financial benefits in the long-term.

5.3.3 Criticism of existing retailing strategy frameworks and the formulation of retailing strategy

McGoldrick (1990: 91-100) has placed the generic strategy concept (consult Diagram 5.3 below) within the context of the retailing industry, having used as a guideline the work of McGee (1987) (see Diagram 5.4, below). McGoldrick (1990: 91-100) has linked cost leadership in terms of sustaining investment, to access to capital, low-cost distribution, tight control, and intensive supervision; to differentiation strategy which encompasses product assortment, location, store design/ambiance, service and/or promotion, which is very useful. However, McGoldrick (1990) has not explained, first, how retail managers are able to create a good reputation for the organization in order to produce store ambiance which can take into account local people's preferences in an adequate and meaningful manner. Second, the question of creating a strong marketing ability, for example, has not been addressed and this constitutes a weakness.

With respect to Porter's value chain concept as it is applied in a retail context (consult Diagram 5.3 and Diagram 5.4), McGoldrick (1990) has noted that the value chain helps managers to identify specific elements that can contribute to differentiation (the

process and relative cost that can be combined to produce effective differentiation without conflict, which is a very important point in retailing strategy). However, third, McGoldrick (1990) does not explain how retail managers can train or deal with their staff in order to make staff work together as a team which can reduce costs by eliminating unnecessary processes and creating differentiation. It is vital to have a clearly defined organizational structure that is underpinned by commonly held beliefs. Furthermore, fourth, not enough emphasis is placed on how people communicate with each other and interpret messages so that they are able to avoid conflict and work coherently with staff from different functions. The quality of floor service is an additional element, which needs attention. Fifth, if staff have clearly defined communication channels and fully understand the organization's mission, staff can be motivated and committed to complete a given task satisfactorily. It is essential, therefore, that a strong organizational culture exists which is based on a shared value system, clearly defined beliefs and a leadership style which is relevant to the retailing industry.

Diagram: 5.3 Generic strategy formulation

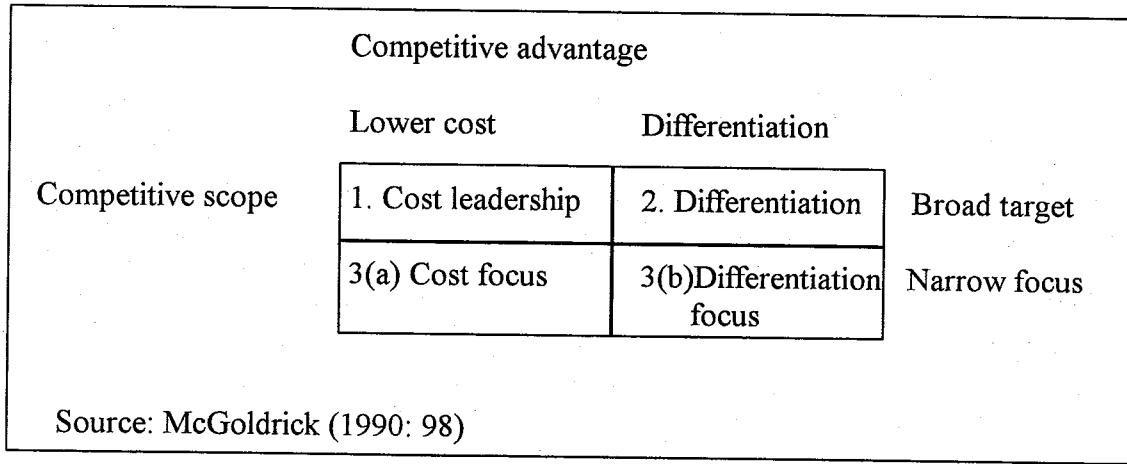
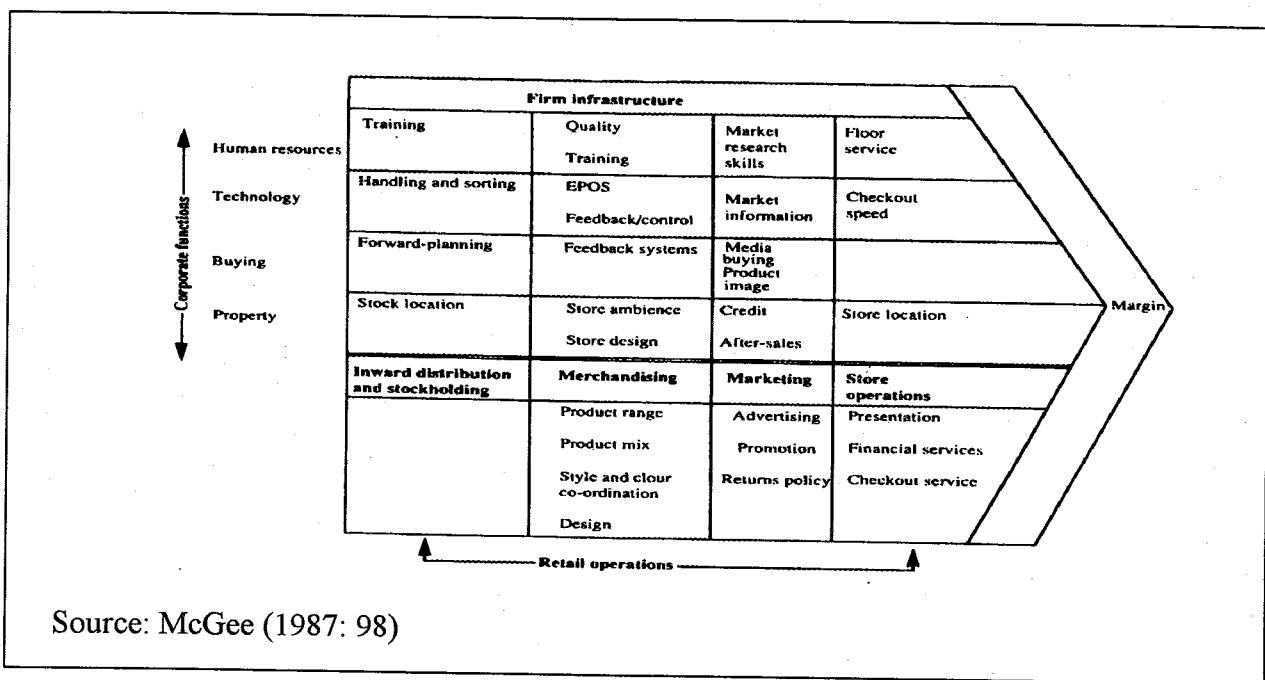


Diagram 5.4: The value chain---possible source of differentiation



Sixth, with respect to the five points above, retail managers need to be able to manage effectively the suppliers/partner organizations due to the fact that retail organizations are becoming more international in their outlook. This has not been addressed by McGoldrick (1990).

Retail organizations can gain a competitive advantage by integrating their supplier chains vertically (Buzzell and Ortmeyer, 1995: 86)(Lewision, 1997: 627-628)(Siguaw et al., 1998). This has not been satisfactorily addressed by McGoldrick (1990), and can be classified as a relatively new concept in corporate strategy (Hines, 1996: 4,633). This is because, retailers are able to have a constructive/profitable relationship with partner organizations, and they can reduce costs. Meanwhile, products can be delivered on time and accurate customer information (about product availability) can be given. Suppliers can provide a valuable input with respect to product development and this will benefit all the

parties concerned (Dyer et al., 1998) (McIvor and McHugh, 2000a: 223). Consult Diagram 5.5 below.

Seventh, with respect to the points above, the value chain itself does not show how two different or multiple organizations can work as partners, and how organizational processes can be integrated. In other words, in order for retail organizations to obtain a competitive advantage through creating 'fitness' (Porter, 1996), it is crucial for retail managers to know how they can build a strong partnership with suppliers which is underpinned by shared business strategic goals, mission statements, and communication channels. A strong partnership arrangement requires management in both organizations to be fully committed and to trust each other. This is because partnership arrangements are based on sharing information (Ellram, cited in Hines, 1996: 4,634). When trust is established and a partnership arrangement transpires, a new organizational configuration based on interconnection may develop (Ritter, 2000: 323).

Eighth and finally, with reference to McGoldrick's (1990: 94-95) external and internal analysis of typical components of a strategic audit, unlike Aaker's (1984 and 1992) framework, it is not detailed enough for retail managers/strategists. As noted in Chapter Four(section 4.3.1), although a framework represents a useful tool for managers/strategists, retail managers/strategists need to think about how much time and effort they need to put into strategy formulation and implementation. Therefore, the key point is how can the organization's internal situation be matched with the organization's external situation, in order to create opportunities (internationalization and product development for example). Another aspect, which needs to be addressed, is lead-time. For example, if there are delays in distribution or new product development takes longer than expected, the existing customers of the organization may turn to competitor organizations for goods and services,

and potential customers may also be lost. The retailing industry is very competitive and it is essential that enquiries are turned into sales, and that customer satisfaction leads to customer loyalty, and repeat purchasing prevails.

Bearing the above in mind, it is possible to develop a retailing strategy framework with a customer service focus (see Diagram 5.5), which is supported by strong and positive partnership arrangements with key suppliers. Diagram 5.5 was developed from Diagram 5.2 (section 5.2). Diagram 5.5 includes a relationship marketing dimension, and by being committed to providing a high level of quality customer service, the retail organization can defend itself against the competition by creating differentiation and producing a competitive advantage in the long-term. Relationship building is a key element and incorporates commitment and trust.

With reference to Diagram 5.6 below, it seems logical that the retail manager/strategist must, first, understand what their staff needs are, what the business conditions are, and understand the environment in which the organization competes so that clear communication channels can be put into existence. For example, when staff need to consult managers on an ad hoc basis in order to solve urgent problems, and to provide adequate information about products to customers, they need to know who is the appropriate manager/person to contact. This is because, as Gilbert and Morris (1995: 19) have mentioned, if staff are satisfied with their tasks, they will be productive and effective.

Therefore, retail managers need to provide satisfactory leadership and understand the needs/demands of their staff; provide a good working environment and adequate working conditions; and need to instill in staff that long term working relationships (based on commitment and trust) are important with respect to the organization achieving its goals. Furthermore, retail managers need to build networks (both internal and external) and

this requires that they are committed to network building (Lincoln et al., 1998)(Hosking, 1999). Networks help management to collect accurate and quality information from internal sources and external sources. Key considerations are staff ability and potential ability, and competitors' movements, social changes, and local government behaviour (legislation and regulations). Some of the information collected can be used by managers when they negotiate with local government representatives (O'Conner, 1999: 117), meanwhile quality information helps managers to know how they should shape their short-term and long-term strategy.

Diagram 5.5: Retailing strategy framework with a customer service focus

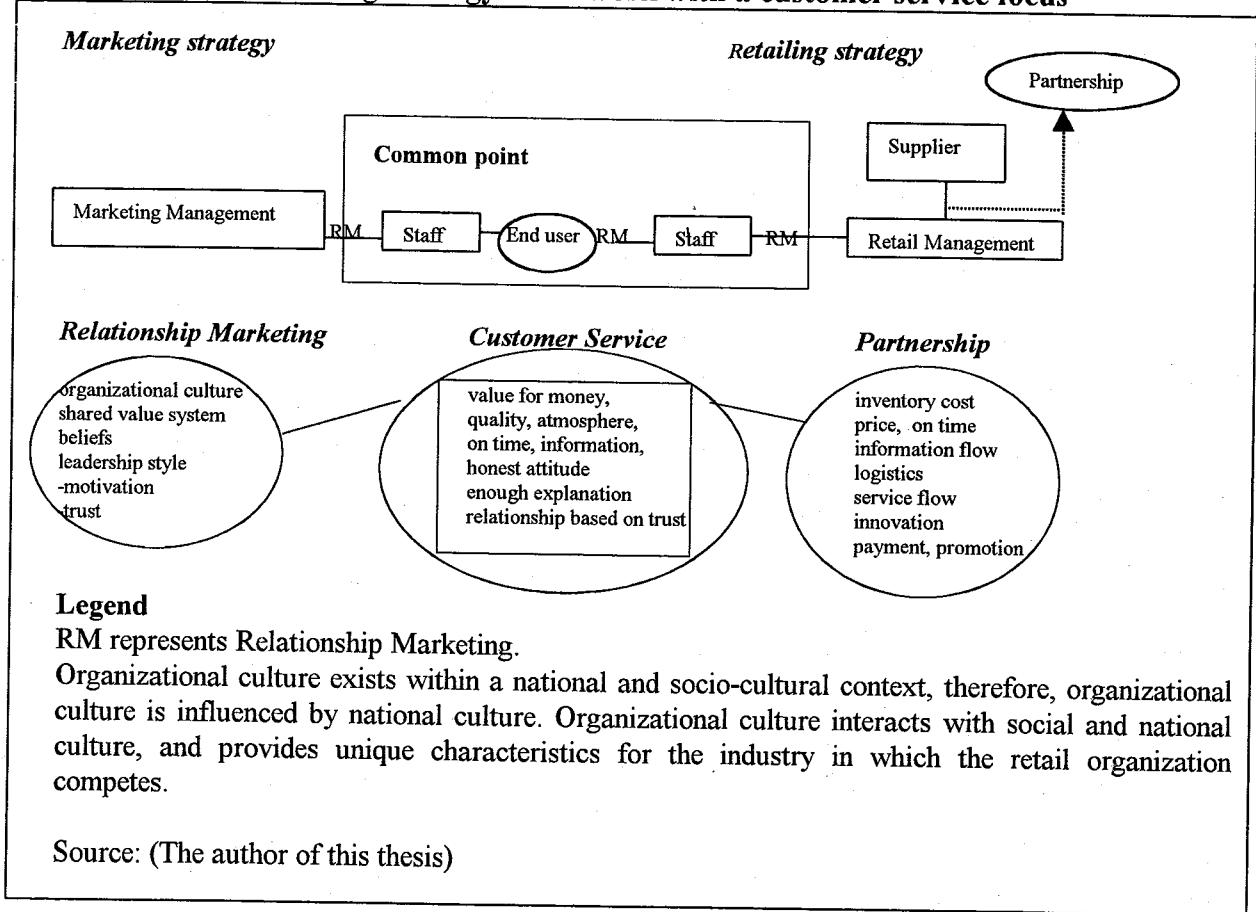
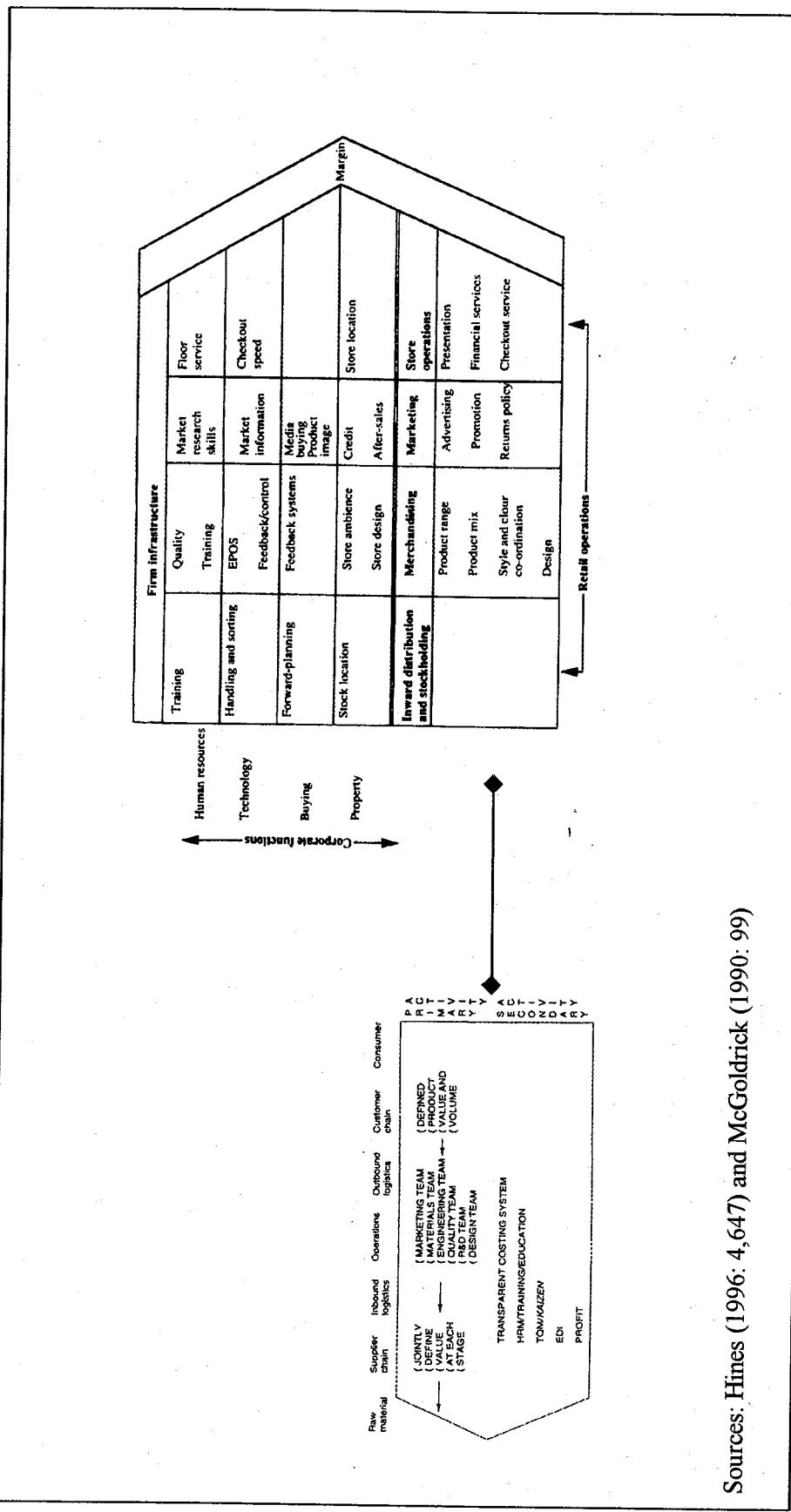


Diagram 5.6: The value chain for retail strategy based on partnership



Sources: Hines (1996: 4,647) and McGoldrick (1990: 99)

The life cycle of electronic products is about six months (Chee and Harris, 1998: 39), therefore, partnership arrangements can be used to assist the knowledge transfer process in industries which are experiencing rapid change and where product life cycles are short (Lincoln et al., 1998: 241-242). Information can also assist retail managers to select more accurately suppliers and organizational partners, for example. It is essential for retail managers to work with purchasing staff in order to analyze information about the ability of individual suppliers, and to relate supplier strengths to regional (local) demands and needs. A buyer can spend a great deal of time working with staff of their supplier companies, can spend 50 per cent of their time selecting and negotiating product types and purchases. They also spend time monitoring the market, forecasting sales and identifying gaps in the market. They also undertake a wide range of other market activities and this suggests they have both knowledge and influence. Trim (1994: 1-15) has put forward the idea that the purchasing function should adopt a proactive approach and this will result in a strategic purchasing approach being adopted by senior management. However, management in the retail organization needs shared business goals, a transparent organizational culture, and long-term relationships based on commitment and trust with suppliers and partner organizations (Ellram, 1991)(Lamming, 1993)(Hines, 1996: 4,636-4,640). This argument can be supported by Ford et al., (cited in Juttner and Peck, 1998: 224) who suggest that relationships are determined by the common activities of both the counterpart's strategy (Webster, 1992), hence the strategy of a company is embedded in its culture. Ritter (2000: 318) has made a useful observation when stating that "a relationship may also have an affect on other relationships". In a competitive market situation a new relationship may develop out of necessity and as a consequence an established relationship may be

discontinued or modified, and this may result in new partnership arrangement configurations. Ritter (2000: 323) is right to point out that trust and commitment and adaptation are crucial factors. It appears that networks are now including a degree of interconnectedness (Ritter, 2000: 323) which is leading to new forms of organizational configuration. It is also very important for retail managers to be able to select the right supplier partners, because of their ability to meet delivery schedules and provide a high quality of service, value for money, and quality of product, for example.

5.4 Why is it important for retail organizations to have a clearly defined retailing strategy?

As the domestic market becomes more competitive, managers seek new opportunities abroad. Managers in retail organizations need to evaluate existing relationships and negotiate new partnership arrangements and deal effectively with local government (Lowe and Wrigley, 1996: 13-16)(Christopher and Juttner, 2000: 119)(Porter et al., 2000: 24-25 and 29-35). Hence retail organizations are required to have a clearly defined retailing strategy.

At the macro level, retail organizations need to lobby local government. As Wrigley (1994: 7), Alexander (1996: 24 and 26), Lowe and Wrigley (1996: 6-7) and Martin et al., (1998:114) have mentioned, even within a country, the regulations/registrations laid down by central government can be flexible and the actual registration depends upon the locations of stores. Management need to be able to negotiate with local government representatives and explain how the organization can meet the conditions laid down and meet the expectations. This also relates to management's ability to collect useful information and to lobby effectively (Trim, 1999).

With respect to internationalization, retail organizations are required to be able to find appropriate partners, especially from other countries and build long-term relationships. In order for a retail organization to build long-term working relationships, as Lamming (1993: 252), and Hines (1996: 4,636) have indicated, the organizations concerned (such as retailer and supplier), should be able to establish a common culture which can be accepted by each partner, and each organization needs to have a clear structure to facilitate communication and enhance coordination (retailer-supplier partnership) (Buzzell and Ortmeyer, 1995: 93)(Hines, 1996: 4,636)(McIvor and McHugh, 2000b: 12-13). If retail organizations have a clearly defined retailing strategy, the retail organization can find the right supplier and can build a partnership culture and structure by establishing common business goals. As a result, both the retail organization and the supplier organization are able to obtain financial benefits and this results in mutuality (Hines, 1996) (McIvor and McHugh, 2000b).

Juttner and Peck (1998: 227) have pointed out, as a result of fieldwork conducted, that the degree of integration of the retail organization and the supplier organization is strongly influenced by the way in which each organization participates in the relationship and the individual responsibilities of each partner. If the retail organization has a clearly defined organizational strategy, the retail organization is able to establish common norms with their suppliers, and as a consequence each organization can interpret the business situation and respond accordingly to each other without any conflict resulting (when changes or improvements in product design are required by customers)(McIvor and McHugh, 2000b: 16-17).

If retail organizations have a clearly defined mission and management communicate their objectives to their staff, senior and middle managers should be able to reach their own targets and meet the organizational goals/strategy (long-term). They should also be able to guide and inspire their own staff, and this requires effective communication. The attitude of front line sales staff is important (especially with respect to how customer complaints are handled for example). A key aspect of the job is the interpretation of information so that there is an improvement in organizational performance or an improvement in product improvement or new product development for example (McIover and McHugh, 2000b: 18).

Senior and middle managers need to communicate with their staff as this can result in sensitive information, such as (inventory) price, for example, being safeguarded. This is very important in buyer-supplier negotiations. Managers in the retail organization need to know how to attract suppliers and commit suppliers to the partnership arrangement; and ensure that each partner allocates resources so that mutual benefits result (Ellram and Edis, 1996). Should co-operation exist between the various partners, there is a possibility that the suppliers are able to reduce the cost of marketing research (Christopher and Juttner, 2000), and this will result in a sharing of information and further co-operation.

One can see how a clearly defined retail organization's strategy, which is put into effect by senior and middle managers, facilitates internal relationships by guiding and assisting staff to work in a cooperative mode (Juttner and Peck, 1998: 231). However, senior and middle managers from the retail organization and various suppliers need to ensure the partnership improves through time; and the employees in the partnership

arrangement accept and welcome change when it is necessary and that staff behave accordingly (McIvor and McHugh 2000b: 19-20).

A clearly defined strategy is essential when budgetary problems exist (investment in new technology or educational programmes for example), and the supplier is expected to perform at a certain level of performance in a specific period of time, and/or predict future customer trends (Buzzell and Ortmeyer, 1995: 87)(Fisher et al., 2000: 116-118). Budgeting and planning are important, basically staff training is ongoing and needs to be funded from internal resources. Situations may arise when extra funds need to be allocated to staff training and development, hence it is necessary to have a contingency plan in place. Well trained staff should be highly motivated owing to the fact that their morale is high.

5.5 Channel Partnerships

The type of partnership between buyer and supplier can be divided into the 'arm's-length' model (traditional view which is usually practiced in the USA), which demands that buyers select their supplier randomly and avoid any form of commitment; and the Japanese style of partnership, which incorporates long-term partnerships based on trust and which imply: (1) that information is shared and coordination is improved so that both partners can achieve higher tasks; and (2) investment in effort is made in order that costs can be reduced; and high quality products and/or new products can be produced; and as a result of this, both the buyer and the supplier are able to maximize the governance mechanism (Dyer et al., 1998: 57-58).

However, Dyer et al., (1998: 57-58) have indicated that the Japanese style of partnership is costly to set up and maintain, and it is not always easy to change partners

anyway. Dyer et al., (1998: 58-59) have collected data relating to the automotive industry (453 US, Japanese and Korean firms), and suggest that in order to optimize purchasing effectiveness, managers should segment and select their suppliers strategically, and this means implementing strategic partnerships, meanwhile, it is important to keep relationships with some suppliers at arm's-length in order to allocate resources effectively. A strategic partnership needs to be viewed as long-term; they play an important role in differentiating products, hence the strategic partners need a high level of communication, need to provide managerial assistance, exchange personnel, and invest in relation-specific factors in order to improve capabilities continuously (Dyer et al., 1998: 73). In other words, when managers in buyer companies select their partner suppliers, they need to know about the supplier's capabilities and to establish if the partner is viewed as long-term or short-term for example. This is crucial with respect to an organization achieving a sustainable competitive advantage (being able to offer reliable and appropriate goods; information; after sales services; and developing an appropriate image for example).

The importance of partnership and the relevance of selecting appropriate channel members has been widely recognized by academics and practitioners such as Arthur and Co., (cited in Siguaw et al., 1998: 99), Frazier and Antia (cited in Siguaw et al., 1998: 99), Buzzell and Ortmeyer (1995), Cespedes (1995: 244-245), Kumar et al., (1995), Weitz et al., (1995: 34-49 and 382-511), and Christoper and Juttner (2000: 117). This is because, retail organizations can achieve vertical marketing integration and as a consequence both retail organizations and supplier organizations are able to achieve competitive advantages. As a result of this, retail organizations can increase the level of service available, can offer a reliable delivery of goods and share information. This means that retail organizations can

distinguish themselves from the competitors by providing a high level of customer service and this can improve profitability (Baker et al., 1999: 50). Adding value for end users results in financial benefits for both retail organizations and supplier organizations (Buzzell and Ortmeyer, 1995: 86)(Hines, 1996: 4,635-4,636)(Lewison, 1997: 627-628) (McIvor and McHugh, 2000b: 13). This is because, retailers and suppliers can reduce total supply chain costs for example (Dobler and Burt, cited in McIvor and McHugh, 2000b) therefore, partnership arrangements between retailers and suppliers can result in meeting customer needs and wants more appropriately and effectively (Krause and Ellram, 1997: 21) than the competition (achieving fitness).

Retail organizations have been re-appraising their value chain and supply chain activities in order to reduce the number of the suppliers and a number of key suppliers have been identified for partnership development. This is because, first, managers employed in retail organizations have found it difficult to manage effectively extended multiple supplier relationships. Second, retailers want to improve the quality of products and/or innovate (produce new products) continuously, and this means that strong partnerships with the supplier partners need to be built (Krause and Ellram, 1997: 21)(Juttner and Peck, 1998)(Christoper and Juttner, 2000: 117). Third, retailers wish to reduce financial risks, by eliminating defective products, however, in some cases, suppliers do not have up-to-date technology and may have limited human resource management skills. The retailer may need to take the initiative and help or invest time and money in the suppliers' facilities so that improvements can be made. This type of partnership arrangement is aimed at providing a high level of customer service and maintaining the company's image in the market.

5.5.1 The linkage between partnership and a high quality customer service

Diagram 5.5 portrays a retailing strategy framework with a customer service focus. It shows that retail partnerships with supplier organizations need to take into account a number of factors in order to produce a high level of customer service. Retail organizations need to achieve a sustainable competitive advantage by creating fitness through internal and external harmony and continuous relationships (Beckett-Camarata et al., 1998: 78). This will result in retail organizations being able to offer a product to their customers at a lower price without lowering the quality of the product. Ways to achieve this include reducing inventory costs and supply chain costs, and just in time can help in this respect. With respect to just-in-time, it is important to realize that there are many issues associated with the application of the just-in-time concept and some relate to such issues as organizational design for example (Germail and Droke, 1997). Another factor is the sharing of information relating to costs. Cost related information is normally classified as confidential and sensitive and can be a source of strategic risk because of the vulnerability aspect (Christoper and Juttner, 2000: 119).

Retail organization's which have a strong partnership with their key suppliers are better placed to introduce just-in-time delivery, and this allows for better financial planning and better communication with respect to stocking levels in warehouses. This means that staff in the retail organization are able to provide more accurate information to their customers about the availability of products (and especially if a product is out of stock). By relying on the ability of the supplier to meet short lead-times, retailers are able to build long-term relationships with their customers by delivering on time and honoring promises made.

Staff in retail organizations are also able to provide sufficient information to their customers about the availability of new services and products. This will allow retail organizations and supplier organizations to build strong relationships based on trust, and collect and share useful data and information relating to products and services. More effective communication based on accurate information can assist management to improve the new product development process (Boddy et al., 1998)(Softon, 1992; Dyer, cited in McIvor and McHugh, 2000b: 13), and highlight the fact that there are mutual tangible and intangible benefits for retailers, suppliers, and customers. Liker et al., (1994) undertook research involving US and Japanese component suppliers and concluded that not all the Japanese companies in the survey (a total of 107 companies were surveyed) stick to the Japanese model of product development and some US companies (128 companies participated in the survey) are able to achieve the best practice approach to new product development put-forward by the Japanese. One has to be careful when assessing the results of the survey because they relate to the automotive industry only and as a result are not representative of other industries. Trust and commitment are key considerations. If a retailer is able to cultivate customer involvement into the new product development process and/or the development of existing products and/or performance of staff, this can result in benefits for customers, retailers and suppliers.

Staff in retail organizations can identify customers' latent needs, and produce innovative products by using the supplier's knowledge, expertise, and skills. This may mean the retailer needs more exact information about customers' behaviour and preferences, a supplier's experiences prove useful with respect to this. In the case of a retailer launching a new product oversees, the local supplier partners can be thought of as

providing useful and valuable information relating to all aspects of customer preferences and government-industry relations and regulations for example.

Retail organizations need to be proactive in the way in which they collect and manage information. Dealing with customer complaints and in particular providing refunds means that there needs to be a policy in place for such eventualities.

In order for retail organizations to develop and maintain a workable partnership with suppliers, retail managers need to concentrate on three main elements: (1) staff motivation and satisfaction; (2) the deployment of the right technology/systems; and (3) the ability to establish an adequate partnership culture (structure, business norms and communication mechanisms).

With respect to the first point, staff motivation and satisfaction; commitment and trust have been discussed in Chapter Two and Chapter Four (sections 4.3.2, and 4.3.3.), and emphasis is placed on a high level of customer service (see Chapter Four, sections 4.3.4, 4.5, 4.5.1, and 4.5.3). As regards the second point, the necessity for retail organizations to deploy the right technology/systems, as Buzzell and Ortmeyer (1995: 87) and Fisher et al., (2000) have indicated, it is important for retail organizations to build up long-term, strong partnerships with their suppliers. Retail organizations need to have adequate systems in place and the systems need to be coupled with those of the channel partners (see Chapter Four, section 4.5.2 and Chapter Five, section 5.5.2). With respect to point three, the concept of an adequate partnership culture, it is important to think in terms of integrating the management and operating processes of the retail organization with those of the channel members, and in particular the retail organization's main suppliers.

5.5.2 The importance of having the right retail system

Fisher et al., (2000: 115-116) have argued that in order for a retailer to offer “the right product in the right place at the right time and at the right price”, which has been reiterated by others (Lewison and DeLozier, 1986: 62)(Lewison, 1997: 5), it is important to have both a traditional intuitive-based forecasting system and an appropriate information technology system in place. Fisher et al., (2000) who undertook an in-depth survey of 32 retailing organizations, explained why accurate forecasting, speed in the supply chain, inventory planning and gathering accurate and available data are important and how this can all be achieved.

First, Fisher et al., (2000: 116-118) have argued that in order for a retailer to achieve accurate forecasts, they should have a tracking system in place to identify sales to date, and use a variety of forecasting approaches: ‘bottom-up’ and ‘top-down’; and have the appropriate communication systems in place. The ‘bottom-up’ approach is developed by merchandisers and planners, and is concerned with ‘fitness’ (matching the products on offer with what the target customers want); whereas the ‘top-down’ approach is based on macro economic factors, such as national economic growth and corporate growth objectives, and is the responsibility of planners, who develop plans (based on market expectations).

Retail managers need to monitor the tracking process accurately so that when a forecast error occurs, retailers are able to act appropriately (Fisher et al., 2000: 119). Retailers need to pay attention to the products purchased from suppliers, in terms of both finished units, and additional units (Fisher et al., 2000: 118). The quantity and frequency of units purchased effects the price paid per unit. Also as well as effecting the promotion

strategy, it can also influence the relationship with suppliers, and whether the retailer is able to establish a stable relationship with their suppliers (see Juttner and Peck, 1998: 227), since suppliers may feel insecure due to the instability which exists, as the supplier's service ability, cycle time or markdown may be influenced accordingly.

Fiorito et al., (1998: 227) have indicated that retail organizations need to be supplied with products and services on what can be considered a just-in-time basis. Furthermore, Electronic Data Interchange (EDI) can facilitate the manufacturer/retailer relationship, as a consequence buyer/supplier relationships are evolving and organizational changes are becoming evident (Buzzell and Ortmeyer, 1995: 85)(Fiorito et al., 1998: 238).

Fiorito et al., (1998: 239-246) undertook research into quick response systems and established that a number of marketing factors need to be taken into consideration, if buyers in retail organizations are to be satisfied with the level of performance provided by the supplier. At the centre of this, is customer service and it is clear that technology can enhance the level of customer service provided.

Also another point to note is that a sophisticated tracking and forecasting system will allow the retailer to understand/predict geographical seasonability, consumer reaction to a promotion, and differences in sales patterns between different stores (Fisher et al., 2000: 122). The right tracking and forecasting system, can help organizations in the partnership arrangement to improve the way in which they exchange information and this is an important point with respect to fast moving consumer goods; the development of "efficient consumer response" (ECR), "vender managed inventory" (VMI) or "co-managed inventory" (CMI) as mutual systems, for example. Hence tracking and forecasting systems influence collaborate relationships between buyers and suppliers as forecasting, ordering

and distribution are all linked. The information flow can assist company-specific issues such as pricing; promotion; new product development; planning; improved customer service; and transportation (Buzzell and Ortmeyer, 1995)(Christopher and Juttner, 2000: 122).

However, sharing information requires a high degree of trust and openness that may not always be evident. Cultural changes may prove difficult to achieve in the short-term (Buzzell and Ortmeyer, 1995)(Christopher and Juttner, 2000: 122) as high levels of capital investment may militate against profit making.

With respect to the issue of 'lead-time', accurate forecasts are important in terms of how many orders or additional orders are classified as 'markdown' (McIvor and McHugh, 2000a: 223)(Fisher et al., 2000: 119). Another relevant point highlighted by Fisher et al., (2000: 118) is that with respect to speed to market, factors such as short product life cycles need to be borne in mind. As regards inventory planning, retailers need to communicate accurately and work closely with distribution channel members (Fisher et al., 2000: 120)(Christopher and Juttner, 2000: 122), because the suppliers are largely responsible for inventory planning and need to purchase various raw materials, components and finished goods. Such an approach should reduce losses (Fisher et al., 2000: 121); and by tracking stocks more effectively, sales can improve by 10% (as a result of decreasing the level of inventory held in the store) (Fisher, 2000: 121), due to the just-in-time philosophy. As Fisher et al., (2000: 123) have indicated, the reason why retailers need to forecast accurately and segment the market effectively, is to produce customer satisfaction. Factors such as price, the quality of the service offered and staff involvement (high employee morale) are key factors.

Fisher et al., (2000) have explained how and why a retailer has to have a tracking and forecasting system in place, but Fisher et al., (2000) have not mentioned how important leadership is with respect to enhancing accurate data collection and communicating appropriately with customers (end users). The fact that a tracking and forecasting system needs to be supported by a strong organizational culture which takes into account a shared value system, trust and commitment of the leader/staff to the organization, has not been recognized and addressed (McIvor and McHugh 2000a: 223).

Although Fisher et al., (2000: 120) have mentioned that retailers have good relationships with suppliers in terms of managing inventory which has price/cost benefits and prevents losses, Fisher et al., (2000) have not explained how the relationship between the retailer and the supplier(s) could be developed through developing communication skills based on the achievement of organizational goals. As Fisher et al., (2000: 200) focus only on how logistics and procurement are linked, and what company officials and merchandise planning officers do with respect to utilizing accurate sales data, for example.

Finally, Fisher et al., (2000: 123) have mentioned that the relationship between customer satisfaction and staff morale (which is based on improving profits in the short-term), is problematic, but have not addressed this issue and as they have not outlined how the situation can be changed/improved, can be criticized for this shortcoming.

5.5.3 The governance mechanism versus the marketing orientation concept in partnership development

It is essential for two different organizations to have similar norms and common business goals (Christopher and Juttner, 2000: 120), if they are to successfully develop a continuous partnership relationship. A well established partnership culture allows different

organizations to be flexible by adapting to volatile environmental conditions such as rapid fluctuating customer demands, and unpredictable future trends. This is because, management in the supplier and the retailer will avoid opportunistic behaviour, and exchange information to help adaptive decision-making (Ganesan, 1994: 6)(Cannon et al., 2000). This argument has been put forward by Ellram (1991: 2), who has built on the work of Macbeth et al., (Hines, 1996: 4,635) and Farmer and Amstel (Hines, 1996: 4,635). Ellram (1991: 2) has defined what a partnership arrangement between a buyer and supplier involves: commitment, openness and honesty, the sharing of information and risk taking, and the sharing of rewards (Hines, 1996: 4,634-4,635). Management in both organizations need to support the partnership arrangement and involve staff (through training and support programmes) from throughout the organization (Christopher and Juttner, 2000: 123). Lamming (1993), who has drawn heavily from the Japanese supply model concept (in his work on the international motor vehicle programme), has pointed out that in order for a retailer to establish strong, long-term relationships with a supplier, it is essential to establish a mutual relationship. In order that a mutual relationship can be established, both organizations involved in the partnership, must have clear business goals, adequate communication mechanisms in place, a logical and clear organization structure, and a transparent organizational culture (Lamming, 1993) (Hines, 1996: 4,635-4,636)(McIvor and McHugh, 2000b: 19-20). This is because, as academics such as Ellarm (1991: 2), Lamming (1993), Hines (1996: 4,634-4,635), Joshi and Stump (1999: 291) and Christopher and Juttner (2000: 120) have pointed out, if a retail organization can develop a strong partnership culture, the organization can be flexible; the organization can respond proactively to rapidly changeable environmental situations; the organization can deal with

fluctuating customer demand; therefore, a learning organization (Lincoln et al., 1998)(Morgan et al., 1998) can be developed which identifies with the norms and business goals of its partners. Ritter (2000: 318) has highlighted the importance of a relationship based on commitment, openness, honesty, the sharing of information and sharing of risks and rewards. Hence, relationship marketing, underpinned by a commitment to customer service, is to be placed in a strategic marketing context. Two problems emerge: "How can management establish a common culture?" And "How can a strong long-term partnership arrangement based on mutuality be developed?"

Juttner and Peck (1998: 227) have noted, as a result of fieldwork undertaken, that retailers and suppliers have different organizational structures, but this does not effect the relationship as such. Juttner and Peck (1998: 227) suggest that staff turnover strongly effects channel relationships and this is an important consideration.

Some arguments exist as to how partnerships (channel relationships) should be managed, without one partner feeling that they lose out in the relationship's long-term success (Christopher and Juttner, 2000: 118)(Cannon et al., 2000: 180). The reason why a strong and positive partnership needs to be developed, is according to Joshi and Stump (1999: 291), that partnership value added, underpins a successful long-term relationship, and this requires a new form of governance mechanism to exist which allows an exchange which restricts opportunism.

Juttner and Peck (1998) collected data through two retailers by using in-depth interviews. Senior managers were interviewed and asked to explain what were the most important elements of the relationship strategy implementation process. The following categories were used: strategic level relationships (corporate level); operational level

relationships; and internal working relationships. The objective was to analyze how two different organizations built partnership relationships with channel members.

Juttner and Peck (1998: 236) suggest that in order to facilitate inter-organizational relationships, it is necessary to have a form of governance mechanism in place. This is because retailers are not interested in establishing long-term relationships with suppliers, because, the retailers choose suppliers based on price criteria only (Juttner and Peck, 1998: 228). Retailers and suppliers may not be willing to develop a close working relationship because management may not wish to expose themselves, in the sense that they do not want to put their own organization's strategy at risk (Christopher and Juttner, 2000: 119). This explains why a continuum of relationships exist, and some are considered confrontational and some non-confrontational (Juttner and Peck, 1998: 224).

However, retailers need to undertake research in order to improve the organization's inventory management situation for example, and establish how a positive and strong relationship can be built with the organization's key suppliers. This may be necessary when the retailer has limited space, but other factors such as the speed of circulation of finances and the replenishment of stocks are key considerations. Retailers need to have adequate technologies in place, so that managers can communicate quickly and accurately with their suppliers. As a result of this, retail organizations can reduce the lead-time of products (Buzzell and Ortmeyer, 1998: 90-92), and can provide products to customers on time and as promised. However, in order that retail organizations can provide a high level of customer service as Buzzell and Ortmeyer (1998) have indicated, retailers need to improve the inventory management situation which requires a strong positive relationship between a retailer and its suppliers; this is due to the fact that retailers

have limited space; need to reduce lead-time; need to provide accurate information relating to products and/or technical know how to customers as to how they can use products for example. To this one has to add several issues such as the speed of replenishment and availability of finance for example. Owing to this, it is necessary to place retailing within a specific context, and to highlight the relevant industry characteristics. This is a difficult task, because certain industries have specific characteristics, and these characteristics differ in degree of complexity.

The key point is how retailers and suppliers introduce the governance mechanism. Christopher and Juttner (2000: 120) have found that fairness is an important element, as one partner may feel that the rating system is not fair. Although Juttner and Peck (1998: 231-234) have taken into account the importance of internal relationships, the high level of staff satisfaction and its influence on channel partnership members, however, Juttner and Peck (1998) have not considered how senior managers should inspire and motivate staff so that trust-based relationships are established. This is one of the critical points for retail organizations. Juttner and Peck (1998: 224) are correct to state that the framework for relationship building needs to be examined. There is a necessity to have a governance mechanism in place, however, whether it is necessary or retailers should adopt the market orientation concept itself is debatable. The governance mechanism could be implemented with key partners only, as building partnership cultures, integrating structures, and establishing shared value systems are complex issues and need to be planned carefully.

Christopher and Juttner (2000: 119) state that "often, the relationship value is not measured at all or only on the basis of revenue and volume". In a business to business context, the real value of a relationship is linked to a number of criteria (Matthyssens and

Van den Butte, 1994). Anderson (1995) has indicated that the standard measurement approach is recognized as adequate in company-industry-contexts but some criteria are difficult to quantify (Ellram, 1991). The substitutability of suppliers; their indispensability; and common interests need to be taken into consideration (Krapfel et al., 1991).

The concept of marketing orientation, which has been discussed in Chapter Four (section 4.2 and section 4.3), emphasizes the fact that customer needs and demands need to be met, hence the internal coordination process within the organization needs to addresses issues such as the satisfaction of employees, motivation and behaviour which need to be underpinned by a shared organizational value system, clear beliefs, and is dependent upon defined leadership styles for example (Webster, 1992)(Slater and Nerver, 1994b)(Siguaw et al., 1998: 99) (Juttner and Peck, 1998). These issues have been discussed in Chapter Two and Chapter Four.

Siguaw et al., (1998) have conceptualized a model and empirically examined the effectiveness of suppliers' marketing orientated behaviours on channel relationships. Siguaw et al., (1998) focused attention on a distributor's marketing orientation, trust, cooperative norms, commitment and satisfaction; with emphasis on financial performance from the distributor's perspective. Siguaw et al., (1998: 104) collected data from 1,127 supplier-distributor partnership arrangements (companies affiliated with the National Association of Wholesalers). The response rate was 36.9 % (453 distributors and 380 suppliers), and the data were analyzed using the LISREL method (Siguaw et al., 1998: 99 and 105).

The results of the research (Siguaw et al., 1998: 106-107) show "that a supplier's market orientation affects the distributor's market orientation, and commitment to the

relationship". Baker et al., (1999) support this view and suggest that commitment is very important, and is based on perception and cooperative norms. Distributors are motivated by profitability and are willing to adopt the supplier's market orientation (which has an impact on trust and the perception of cooperative norms), because the distributors believe they will achieve high financial returns, and this can be perceived as satisfaction (Siguaw et al., 1998: 101 and 106).

However, as Siguaw et al., (1998: 107-108) feel that their empirical research is inconclusive and further examination/investigation into the subject is required. In terms of the cross-sectional data approach used, it was felt that this method did not capture important factors such as change and connectedness in channel partnership relationships and a longitudinal study could be used to study interactive relationships so that causal inferences could be established (Siguaw et al., 1998: 107-108). Secondly, Siguaw et al., (1998) have not explained how top managers should implement the marketing oriented approach with respect to developing long-term relationships with key distributors. This is because the marketing orientation approach needs to be distinguished from the marketing concept (noted by Slater and Narver, 1998). Siguaw et al., (1998: 100) have omitted in their research relating to marketing orientation and partnership, the importance of organizational culture and the role that shared values play in each organization. Trust is an important factor and the research does not address how staff in each organization can build trust into the organization's culture, and how trust is developed between the supplier and the distributor.

As the researcher has argued early in Chapter Five, section 5.5.3, Siguaw et al., (1998) have not explained how managers in a supplier organization can implement the

market oriented approach in order to develop a long-term relationship with certain distributors so that the supplier's strategy can be distinguished/differentiated from the competitors (Slater and Narver, 1998). Therefore, the role of organizational culture needs to be defined and the shared values in each organization need to be made explicit. Attention also needs to be paid as to how a trustworthy relationship can be built with internal staff, which is important with respect to facilitating the relationship between the supplier and its distributors. These points may be related, as Siguaw et al., (1998) have admitted, however, the authors suggest that important factors such as change and connectedness in channel partner relationships need to be explained more appropriately.

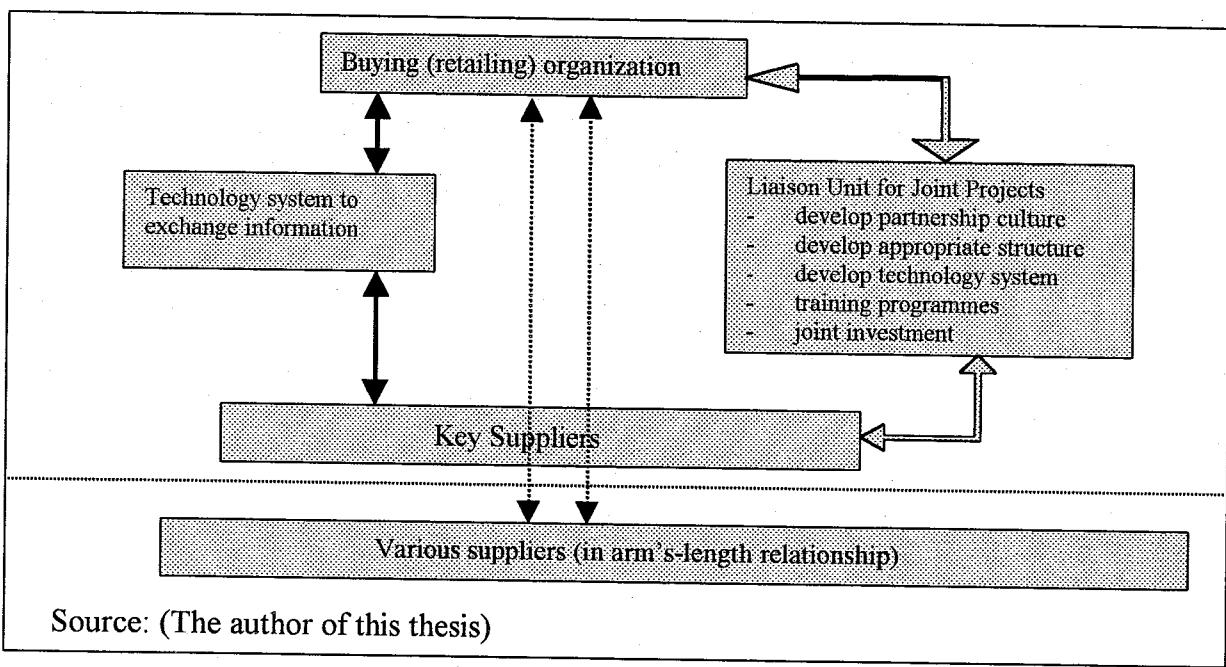
Siguaw et al., (1998: 223) have followed a different approach to that of Juttner and Peck (1998). However, the arguments put forward by Juttner and Peck (1998), and Siguaw et al., (1999), need to be clarified with respect to some key points. First, the argument relating to the adoption of a new form of governance mechanism, is based on the relationship between retailer and supplier (manufacturer), whereas, the argument suggesting that a marketing orientation be adopted is based on the relationship between supplier and its distributor(s). Therefore, with respect to the distributor, one needs to clarify whether the distributor is independent or a dependent body. This is because, it can be said, that the relationship between supplier-retailer and supplier-distributor can be characterised differently. Therefore, a different industrial culture exists in each case and this is something that needs to be addressed more clearly. The two approaches outlined in the above, the marketing orientation and the governance mechanism, can and do come together, and can explain the benefits of developing long-term partnerships. With respect to the initial stage of a partnership, for example, some form of governance mechanism may

need to be introduced in order to make clear what tasks are associated with the partnership, and how the process of partnership is to develop. However, the governance mechanism should be flexible due to the complexity of the socio-cultural environment and the business conditions that prevail and which can change (Joshi and Stump, 1999). It is possible to establish a partnership culture which is underpinned by national and organizational culture, provided the partnership culture includes some form of contract, which has a legal emphasis. This needs to be accepted by management in both organizations, who must be willing to work together to solve unpredictable problems, through communication, as and when they arise; and this will ensure mutual benefits result (Cannon et al., 2000). Meanwhile, strong positive partnerships allow for the elimination of defective goods, because the retailer and the supplier(s) are involved in joint projects such as improving technological systems (see Chapter Five, section 5.5.2); developing the skill base of staff/employees via training programmes for example (Krause and Ellram, 1997: 21)(Juttner and Peck, 1998)(Christopher and Juttner, 2000: 117)(Dobler and Burt cited in McIvor and McHugh, 2000b). This needs to be supported by good management/leadership skills; a strong organizational culture; a shared value system; strongly held beliefs; all of which are underpinned by staff/employee commitment and loyalty. This is all related to the issues of organizational design and organizational learning (Germain and Droege, 1997). Therefore, retail organizations can meet customer needs and wants appropriately and effectively (Krause and Ellram, 1997: 21). These authors can be criticised, however, because they have not paid attention to the actions of government legislation that can control an industry and this is important because in some cases it keeps local and foreign competitors out of the market. Managers are able to negotiate with local government

representatives as O'Conner (1999: 17) and Trim (1999) have indicated. These elements, especially the latter points, have been highlighted by Burt (1993), Choi et al., (1995), Alexander and Myers (1999: 102) and Davies (2000: 230-231), all of whom have studied market entry mechanisms present in Japan and other East Asian countries. They indicate that franchising and joint-venture arrangements (due to perceived low risk) are the main entry strategies deployed by foreign companies. This can be understood from the basis of national cultural characteristics; therefore, strategists need an appreciation of government-industry relationships in the sense that government regulation determines which foreign companies have access to the market. Furthermore, the point of how to reduce risk is an important strategic consideration, which is linked to Aaker's (1992) work on strategic market management, and can be viewed as a strength.

With respect to the points above, and in particular reference to Japanese and Korean companies' marketing strategies (Chapter Four, sections 4.6 and 4.7) and retailing strategies (Chapter Five, sections 5.6 and 5.8), it can be stated that a partnership model can be developed which distinguishes key suppliers (channel partners) from arm's-length suppliers. This is because, key partners can exchange sensitive information in the context of long-term benefits, which relates to the issue of organizational capability to produce a sustainable competitive advantage through investing in joint programmes. Meanwhile, the arm's-length relationship may allow the retailer not only to identify new potential partners, but also it provides a means for understanding the way change occur within the market environment; how competitors move (especially retaliatory behaviour); and the way in which contingencies are made for example. A framework for building a partnership arrangement with key partners and potential partners is depicted in Diagram 5.7.

Diagram 5.7: A framework for building a partnership arrangement with key partners and potential partners



With respect to the role of the liaison unit (Cespedes, 1995), the representatives of the liaison unit should be independent when they make decisions. The members of the liaison unit are not only representing each organization and each department, but are in possession of general and specific knowledge relating to strategic business activities. The members must be committed to establishing a common partnership culture; they need to define the corporate objectives in order for the members to identify what the common interests are for both organizations and how they allow the common goals to be established by avoiding conflict. The technology system facilitates (two or more organizations which are in the partnership arrangement) and communication is enhanced and assists the exchange of information. The accessibility to sensitive information can be guarded depending on who is allowed to access the information. This is a key issue for marketers, especially as information is viewed as necessary and sacred.

In order for managers in an organization to develop strong and positive relationships based on mutuality with staff within the organization and staff employed by key channel partners, it is necessary that the managers understand what the role of trust is; and how trust is different from one cultural setting to another (Doney et al., 1998)(Wicks et al., 1999: 100). The key point is how a manager can build a trustworthy relationship (Jones and George, 1998: 532-535 and 543); therefore, a manager needs to be committed to creating an environment in which 'trust' can be developed through time, with both staff/employees within the organization and with staff employed by the key channel partners. This is essential with respect to surviving in a competitive environment, and one that marketers and retailers will relate to.

5.5.4 Trust in the context of partnership

Doney and Cannon (1997: 36), who have built on Ganesan's (1994: 3-4 and 15) work; and the work of Kumar et al., (1995); have provided useful definitions of trust. Trust is composed of two components, one is perceived credibility (which refers to the ability to perform satisfactorily a given task) and benevolence (which requires that short-term benefits are given-up for a long-term relationship and mutual benefits). As regards mutual benefits, one needs to think in terms of a target, which is based on mutual confidence about each opposite partner (Siguaw et al., 1998: 101-102)(Baker et al., 1999: 51).

Trust is a pivotal element in the strategy process when two or more organizations attempt to build a strong, continuous relationship. Management needs to establish common corporate norms, goals, a commitment to the relationship, and satisfaction with the relationship (Baker et al., 1999: 53-54). If retail organizations are able to establish a strong

partnership with their supplier organizations, and trust is evident, they are able to share sensitive information which can be used to improve existing product performance, to innovate, develop new products, and reduce total costs. This being the case, retailers will be able to meet the needs of their suppliers more efficiently and to reduce the level of risk which is associated with opportunistic behaviour of suppliers. As a result, retailers and suppliers are able to achieve long-term benefits, which result in mutuality (Doney and Cannon, 1997: 46) (Wicks et al., 1999: 100).

With respect to a retail organization building strong positive partnerships with key suppliers, and achieving long-term mutual benefits (Doney and Cannon, 1997: 46)(Wicks et al., 1999: 100), it would appear that trust is the pivotal element because there is an ongoing need to share sensitive information. However, more work needs to be undertaken to determine how trust relates to issues such as improving the performance of existing products; how the innovation process and new product development process can be improved; how costs can be reduced; and how risk can be reduced and so too the chance of opportunistic behaviour.

Doney and Cannon (1997) have examined five cognitive processes associated with industrial buyers, and how trust with supplier firms is established, and how trust with supplier firms' sales personnel is established, and the impact that trust has on the buying decision-making process and future purchases. Doney and Cannon (1997) collected data through a postal survey, which involved 678 industrial companies and received a response rate of 31 per cent. The collected data were analyzed using the LISREL VIII method and traditional methods (exploratory factor analysis coefficient alpha, and adjusted item-to-total correlation for example). Doney and Cannon (1997: 45) found that trust was not a

main issue. This is because supplier firms or their salespersons do not influence the selection of current suppliers. This is because, the buyer firm's key criteria for selecting suppliers are mainly delivery performance and relative price/cost advantages, although the trust factor is influential with respect to future business awarded (Doney and Cannon, 1997: 45).

Retailers and suppliers do build long-term, positive relationships in order to achieve a competitive advantage(s) based on creating 'fitness' (Ganesan, 1994: 3). This is because, retailers are able to meet their customers' needs and demands more effectively and efficiently by being able to share sensitive information with their suppliers in order to improve the company's performance and/or to provide innovations to meet latent needs. Reducing the lead-time is also another important factor. This means that suppliers can meet their customers' needs and wants more effectively and efficiently through distributors. It allows retailers, suppliers and distributors to provide a continuous service in the competitive market place. However, in order for retailers to survive in the international market place, senior managers need to establish what the term better value (in terms of tangible and intangible) represents, and relate it to the fitness concept. This means that retailers need to build long-term, mutually oriented relationships with key suppliers that are placed within a specific cultural and industrial context.

Retailers need to be aware of marketing ethics and how ethical practice differs from country to country. Dunfee et al., (1999: 23) have raised several marketing ethics related issues and it can be stated that trust is also an important factor in relationship building. Therefore, managers need to know how organizational culture is influenced by national culture (Hofstede, 1997), and the role that perception and trust play in shaping

international partnership arrangements (Doney et al., 1998)(Wicks et al., 1999: 100). Secondly, managers need to be able to distinguish the level of trustworthy relationships from one level to another level, based on the different levels of sharing information. This is because as Lewick and Bunker (1995 and 1996) have noted that there are different levels of trust evident in relationships and different processes build trustworthy relationships (Doney and Cannon, 1997). Retailers and suppliers are able to build high levels of trust based on internalizing the partner's desire and intentionality. The work of Doney and Cannon (1997) does not show how retailers and suppliers should build strong relationships based on high levels of trust. If retailers and suppliers have a strong relationship based on a high level of trust, they can share sensitive information in order to achieve a competitive advantage(s) by meeting their customers needs and demands. Doney and Cannon (1997) have admitted that their research does not take national cultural differences into account. This is a weakness because national culture has an influential role with respect to shaping people's interpretations and responses. This is a very important point with respect to international partnership building.

Krause and Ellram (1997: 30) collected data from a sample of 350, Fortune 500 buying firms in a variety of manufacturing and service industries through a postal survey, and received a 27 per cent response rate. Krause and Ellram (1997: 30) examined important elements such as effective two-way communication; top management involvement in the development of relationships; the role of liaison teams; and the volume of purchasing from partner suppliers. Krause and Ellram (1997) suggest that in order for retail organizations to build long-term relationships based on a high level of trust; the retail organization must be involved in investing in training and educational programmes;

technology improvement; research and development; developing managerial capabilities; work closely with their suppliers; and develop capability vis-à-vis joint projects with key suppliers). This is supported by Joshi and Stump (1999: 295-301). Cost reduction and quality improvement (Krause and Ellram, 1997: 26)(Joshi and Stump, 1999: 295-301) are important considerations, because retailers who invest in supplier organizations contribute to the trust factor (Joshi and Stump, 1999: 295-301).

Meanwhile, suppliers are also able to show to the retail partner that they can improve their skills and knowledge (by investing in up-to-date equipment, training and education) (Ganesan, 1994: 13)(Doney and Cannon, 1997: 47). This is underpinned by Ganesan's research (1994: 13), who has examined buyer-supplier mutual dependence, and what kind of elements are commonly hailed as trust oriented (Joshi and Stump, 1999: 300-302). Joint action is considered to be more effective than other governance mechanisms (Joshi and Stump, 1999: 302).

It is logical to say that in order for management in retail organizations to establish strong and continuous relationships with supplier partners, first, they should prepare a plan for the joint investment in supplier development programmes which involve training programmes; education; up-to-date equipment; and research and development, for example. Second, management need to be aware of the partner organization's culture and the role that national culture plays, when they develop partnership arrangements with overseas companies. This is because culture has a morale dimension to it (Wicks et al., 1999: 100), and is heavily influenced by societal behaviour. Therefore, third, research needs to identify what the perceptions of retailers and suppliers are with respect to trust and to establish what the most trustworthy behaviour is. Trustworthy behaviour can be

interpreted in a certain way and result in a specific type of response (Schuster and Copeland, cited in Doney and Cannon, 1997: 47) (Wicks et al., 1999: 99-101). This is essential with respect to the integration of partnerships from the perspective of strategy formulation. As a consequence of this, finally, future research is required which is longitudinal in order that the perception of trust and the role that it plays is matched from a retailer and supplier perspective.

5.6 British companies' retailing strategy

In order to understand the quality of management available in the retailing industry it is important to compare various forms of retailing operation (Burns and Rayman, 1995). The retailing system is well established in Britain and there is a range of retailing formations in existence (Lewison, 1997: 706-707). Both the traditional department stores and the speciality stores compete in order to provide a high level of customer service based on quality and price (perceived value for money). The consumer marketing channel is reasonably diversified (Kotler, 2000: 493): (1) manufacturer to consumer; (2) manufacturer to retailer to consumer; (3) manufacturer to wholesaler to retailer to consumer; and (4) manufacturer to wholesaler to jobber to retailer to consumer.

Exclusive distribution is common and allows the seller to enforce the fact that dealers cannot handle the products of their competitors (Kotler, 2000: 513). There are various types of retailers (speciality store, department store, supermarket, convenience store, discount store, off-price retailer, superstore and catalog showroom)(Kotler, 2000: 521-522). There are various types of retail organization (corporate chain store, voluntary chain, retailer cooperative, consumer cooperative, franchise organization, and merchandising conglomerate)(Kotler, 2000: 523).

Interest in international retailing strategy has grown since the mid-1980s and Burt (1993: 392-393) has raised the issue of risk associated with market entry and has placed retailing strategy within an international strategic context. Burt (1993: 393-394) used a database and various data sources to analyze 806 actions of British companies involved in investing abroad during the period 1960 to 1990; and acquisition, internal growth, and franchise arrangements appeared to be the most common forms of market entry. Two significant investment booms occurred during the early 1970s and the late 1980s and were identified by Burt (1993: 396-397) who stated that retailers need to understand the importance of the geographical and cultural closeness of markets, and be aware of what the term internationalization means as a number of dimensions (ranging from management skills and management systems to product concepts) can be identified (Burt, 1993: 397-407). Burt (1993) has made a useful contribution to the body of knowledge by outlining that with reference to Japan, joint-ventures are the most common form of market entry mechanism followed by internal growth and in the case of other Far Eastern countries, internal growth followed by franchising is the most preferred form of market entry mechanism (Burt, 1993: 400). This point is supported by Alexander and Myers (1999: 102) who point out that in East Asia, franchising and joint-venture arrangements appear to be low risk options.

It has been noted by Howe et al., (1998: 93) that the UK retail industry has undergone intensive competition (especially price based competition) and the British government has allowed the present market structure to evolve. For example, between 1980 and 1992 the large multiples increased their market share by 10.8 per cent while the market share of independent and small multiples decreased (Howe et al., 1998: 82 and 85-

86). The issue of competitive pricing has been recognised by Hallsworth et al., 1995: 149) and this seems to be a significant factor in determining which companies increase their market share and are able to survive in a continuously competitive marketplace. This has resulted in the UK retail industry having large retail companies and large store facilities (Howard, 1995: 218). Further analysis of the UK retail industry would require a detailed understanding of consumer confidence and economic growth which are important factors in determining developments in the UK retail industry and these factors have been highlighted by Howard (1995: 220), but their real significance has not been established and this is a weakness of Howard's (1995) appreciation of the subject matter. Burt and Sparks (1994) have contributed to the body of knowledge relating to UK retailing by indicating that in order to understand the changes that have taken place in the industry, it is necessary to establish how micro and macro factors are interrelated and to accept that the consumer is influential with respect to establishing change within the industry.

Foord et al., (1996) have looked at a number of issues and paid specific attention to the relevance of organizational networks and retailing strategy, and the need for maintaining relationships with a limited number of suppliers in order that the manufacturer achieves the desired levels of quality; cost-price effectiveness; and flexibility with respect to changes in consumer needs and wants. Foord et al., (1996) are right to point out that long-term buyer and supplier relationships need to develop and be maintained, and manufacturers should secure the identity of their own products and brands; and produce retailer own-branded products after paying careful attention to the power relationship that exists between manufacturer and retailer. A number of issues emerge and manufacturers need to think in terms of their own competitiveness within the retail industry and be wary

of retailers who place their own positioning strategy first/ahead of the manufacturer's retailing and positioning strategy as this may be at the expense of the manufacturer in the long-term. This is an important point because manufacturers need to develop the market for their products and brands as they have a certain quality which customers can relate to. A number of issues stem from Foord et al., (1996) and need further investigation. These issues can be placed within a macroeconomic setting and this has been recognized by Howard (1995). The issues incorporate market conditions, employment levels, the internationalization of retailing as recognized by Burt (1993), as well as factors such as product range, the level of customer service and the concept of quality for example.

Akintoye et al., (2000) have pointed out that managers in the UK retailing industry need to build up a good relationship with suppliers in order that gains can be achieved in productivity, however, traditional cultural practices militate against cooperation in the sense that there is a lack of trust in the industry. This can be rectified according to Akintoye et al., (2000: 168) provided that both buyers and suppliers become committed to training and education. This appears valid as trust and cooperation can be promoted simultaneously and this should result in effective long-term working relationships being established.

There are many legal factors which senior managers need to be aware of when entering an overseas market (Lewison, 1997: 695-697). Issues such as what forms of government exist in the targeted country and the laws which are evident and which regulate business operations. As regards socio-cultural factors, Lewison (1997: 697) has indicated that retailers need to think in terms of 'acculturation', which is "the adaptation of business practices to a specific foreign culture. As suggested earlier, the adaptation is

minor for global retailers; it involves considerable change for the multinational retailers looking to become totally acculturated into a specific foreign market”.

It is essential that senior managers employed by retailing companies understand that the process of international diversification within the industry is influenced by corporate culture and that previous studies into international retailing which have ignored this aspect can be classified as fundamentally flawed (Shackleton, 1996: 141). This point may indeed be debatable as hard evidence is needed to support this claim. However, Shackleton (1996: 130-139) has argued that corporate culture plays an influential role as it produces a value system which allows staff to understand their organization's goals and staff can play a full part in their organization's corporate strategy process. Corporate culture plays an important and influential role with respect to post-acquisition strategy and the post-entry and consolidation phase of international diversification (Shackleton, 1996: 141) when two organizations unite in the form of a coalition/form a partnership arrangement. Shackleton's (1996) observations are well placed and the fact that corporate culture is the main ingredient for success in the international diversification process needs to be borne in mind by senior managers employed in the retailing industry. However, one needs to be cautious in the sense that Shackleton (1996) has studied the UK food industry and this particular industry may have characteristics which are not evident or similar with those characteristics in the non-food retailing sector. For example, according to Wrigley (cited in Shackleton, 1996: 44), traditional forms of competition in the food retailing industry have resulted in reduced income levels and have also reduced the opportunities available in the UK food retailing market.

5.7 Japanese companies' retailing strategy

In order to understand Japanese companies' retailing strategies, it is important to look at the Japanese distribution system and establish how manufacturers, wholesalers and retailers, relate to each other. Changes in retailing are taking place, however, and discount stores are now influencing the distribution system in Japan.

The distribution system in Japan is complex and can be classified as multi-layered (Tatsuki, 1995: 70)(Martin et al., 1998: 109). Most of the Japanese manufacturers have a close working relationship with wholesalers, especially primary wholesalers. Japanese wholesalers can be divided into three different levels: primary; secondary; and tertiary (Larke, 1994: 79)(Martin et al., 1998: 112)(Meyer-Ohle, 2000: 118-119). The primary wholesalers have a limited product assortment; have a direct relationship with a manufacturer and buy products direct from the manufacturer. Primary wholesalers then supply products to the next level of wholesalers, usually to secondary wholesalers. The primary wholesalers are usually located in the main commercial areas such as Tokyo, Osaka, and Nagano; and important regional areas such as Sapporo, Sendai, Hiroshima and Fukuoka. Secondary wholesalers mostly receive products from the primary wholesalers and then supply tertiary wholesalers and/or retailers (Larke, 1994: 79)(Martin et al., 1998: 112)(Meyer-Ohle, 2000: 119).

These complex wholesaler layers are protected by Japanese government policy (Larke, 1994: 79)(Bartlett, 2000: 117). The structure of the distribution system means that Japanese consumers have to pay higher prices for the product purchased because the product itself passes through several distribution layers; and during each channel stage

profit margins are encountered which means the price accumulates (Czinkota and Woronoff, cited in Larke, 1994: 78-79)(Martin et al., 1998: 109-100).

The relationships which exist in the marketing channel (from manufacturers to retailers) are firmly established and defined as a vertical marketing mix which can be perceived as *Keiretsu*. This is because of several factors. First, distribution is influenced by government policy and is forced on Japanese wholesalers so that they specialise in a specific industry (this allows easy access to the market). Meanwhile, it makes it difficult for new entrants to enter the market and it keeps foreign companies out of the market (Bartlett, 2000: 164-165). Therefore, the government has forced large retail organizations to establish facilities nationwide (Larke, 1994: 126). Second, most Japanese businessmen are satisfied with the existing distribution system. This is because, the relationships developed are based on mutual trust and maintaining long-term channel relationships is viewed as important; more important in fact than achieving certain sales levels and profitability levels in the short-term (Martin et al., 1998: 100-116)(Goldman, cited in Meyer-Ohle, 2000: 119).

In order to maintain long-term channel relationships, manufacturers and/or wholesalers often provide services to retailers such as (Martin et al., 1998: 111-113): personnel support in terms of assistants to help with sales (product specific sales); training; extensive after-sale services; finance for management education programmes; the provision of store display kits; information; financing support; advertising; customer complaint handling; rebates to retailers who are loyal to the manufacturer in terms of payment for goods and who achieve sales targets. The latter also includes meeting performance service levels and keeping clear inventory records; and rewards are provided for keeping to the

manufacturer's price policies for example (Martin et al., 1998: 111-113). The manufacturer's policy of providing rebates reflects the loyalty approach in the sense that if the retailer demonstrates loyalty to the manufacturer, then the retailer will be rewarded through a rebate system which is designed by the manufacturer (a secret arrangement) (Martin et al., 1998: 112). The rebate system is rooted in Japanese history and is part of the business cultural value system (Martin et al., 1998: 112).

Therefore, Japanese manufacturers, in order to develop and maintain close long-term relationships with channel members, exercise what is known as *Henpin* (retailers can return unsold items to suppliers at cost value) (Martin et al., 1998: 112). By maintaining a close relationship with their channel members, manufacturers can receive valuable information from retailers relating to defects of products, and consumer/customer tastes (Martin et al., 1998: 110-113). This should allow the manufacturer to achieve a competitive advantage(s) by being able to modify and/or improve product quality (Martin et al., 1998: 110-113). Furthermore, it allows the manufacturer to innovate quickly by knowing market trends, competitiveness and market operation more accurately and this reduces uncertainty (achieved through frank and open exchanges of information with retailers) (Martin et al., 1998: 112-113). Meyer-Ohle (2000: 124) has highlighted the fact that "Manufacturers and retailers are increasingly collaborating in product development. Retailers strive to differentiate their assortments by offering exclusive products, while at the same time taking into account the high brand awareness of Japanese consumers".

A close working relationship can also benefit retailers in the sense that they can enjoy a low level of competition by utilising manufacturers and wholesalers channel

activities, such as just-in-time delivery (retailers have limited space and they do not need to worry about price competition) (Martin et al., 1998: 111 and 114-115).

However, some problems have been recognized relating to retailers receiving services from manufacturers and/or wholesalers. First, when staff are sent from the manufacturer or wholesaler to work in the small retail business in order to assist sales staff, the locally employed retail staff may rely on this service and as a consequence the small retail business employees may have insufficient product knowledge (Larke, 1994: 86). Another problem is highlighted by Shimaguchi (Larke, 1994: 86) who suggests that if a retailer becomes reliant on the use of loan sales assistants then the retailer may become dependent on a single supplier, and this may lead to a reduction in the range of products on offer. Furthermore, department stores can reduce their procurement risk by 50-70 per cent as they can be compensated by the manufacturer, however, this can restrict the department store's flexibility (Martin et al., 1998: 116).

According to Ito (Larke, 1994: 91-92), retailers operate just-in-time delivery systems (instore inventory), and information systems have reduced the level of complexity of the distribution system. Point-of-sale (POS) data and scanning terminals are used, and electronic ordering systems (EOS) are evident (Larke, 1994: 97). A significant point has been highlighted by Shimaguchi (Larke, 1994: 95-96) who points out that there is a dual structure in retailing whereby "a large number of small, inefficient independent stores on the one hand, and a small number of efficient, technically advanced multiple retail businesses on the other. These large companies are changing the industry as a whole....".

Generally speaking, Japanese retailers can be divided into two types: local small shops and voluntary or large retail chains (Larke, 1994: 126)(Martin et al., 1998: 115).

Local small shops are located in traditional shopping areas; stock a wide variety of goods; and have established close long-term relationships with many wholesalers, who set prices and arrange the types of commodities the retailers are to offer (Larke, 1994: 126)(Martin et al., 1998: 115). These retailers are allowed to benefit from *Henpin*, which is an applied rebate system (Martin et al., 1998: 115). Meanwhile, the voluntary or large retail chains are located near suburban shopping centres, and cannot benefit from the practice of *Henpin* (Martin et al., 1998: 115).

Larke (1994: 195-225) has indicated that some large Japanese retail companies operate a number of diverse forms of retailing. Which means that a large retail organization can operate basically every form of retailing. The Japanese distribution system is under pressure to reform. The Large Scale Retail Stores Law protects small retailers and small retailers who may will be inefficient (Lewison, 1997: 711). Lewison (1997: 712-713) has indicated that the retailing industry in Japan had been heavily influenced by US retailing and the discount stores are particularly aggressive in the sense that they offer goods at low prices.

Discount stores, which have developed their own brand named products (Daiei for example), have a strong influence, and have gained influence during Japan's economic recession (1992 to 1994); they have interpreted consumer shopping behaviour and understood that consumers are interested in bargains, and ecological products (Martin et al., 1998: 118). On the other hand, Larke (1994: 228) has indicated that "Japanese consumers are still as quality and style conscious as they ever were.... Consumers are more careful about where they buy and large retailers are supporting this trend by offering similar products in new low-price formats". As a consequence, large retailers are price

competitive and the largest retailers are making their influence felt (Larke, 1994: 232-234). This point has been picked up by Sims (Martin et al., 1998: 116) who has indicated that Japanese customers value services very highly which include home delivery, superior packaging (especially during gift-giving season), the arrangement of parcel services, longer-opening hours, and quality as opposed to price for example. Lohtia et al., (1999: 266) have indicated that consumer loyalty is moving to the retailer and the Japanese consumer appears to be less brand-conscious than previously. However, Larke (Lohtia et al., 1999: 266) has indicated that brands are important but price is still the most important factor.

According to Martin et al., (1998: 119), Japanese executives have highlighted four main problems associated with the Japanese distribution system: (1) limited shop space (crucial with respect to inventories as consequently frequent deliveries prove costly); (2) poor transport system; (3) government intervention; and (4) existing wide spread and long-term channel relationships.

With respect to market entry in East Asia, franchising and joint venture arrangements appear to be low risk options (Alexander and Myers, 1999: 102). For example, Choi et al., (1995: 25) have noted that in the 1970s, Japanese companies implemented both direct investment and joint-ventures in the USA, and during the 1980s, the electrical goods company Toshiba undertook a number of acquisitions and became a global company. This is supported by Davies and Fergusson (1995: 104) and Davies (2000: 230-231). Davies and Fergusson (1995: 104) and Davies (2000: 230-231) have indicated that Japanese businessmen mostly prefer to use joint-ventures, franchise arrangements, representative offices and management agreements, when they launch new

business ventures abroad. Chen and Sternquist (1995: 123) have indicated that competition in the Japanese domestic market has been partially responsible for Japanese retailers expanding abroad. Mukoyama (2000: 234) has looked at the issues associated with market entry and post-entry analysis, and has also focused on pre-entry analysis. It is correct to say that the above cited researchers have contributed to the body of knowledge from an international retailing stance. The work of Mukoyama (2000: 237-238) is interesting but unsubstantiated and could prove misleading. For example, the information relating to assortment overlap is too general and is not applied in a Japanese context. Mukoyama (2000) has raised a number of questions relating to pre-entry and market-entry strategy, however, many of the conceptual ideas put forward need to be academically underpinned by research data and the work is conceptual only in nature. Mukoyama (2000) could have made a clear distinction between multi-domestic and global-marketing strategy, and this would have strengthened the case made. Furthermore, the marketing strategy concept could have been placed more formally in an international retailing strategy context.

5.7.1 Japanese electronics companies

Electronics retailers' *Keiretsu* are large and according to Kishi (Larke, 1994: 84), manufacturers need to supply products to large chains and as a consequence some discounting is evident. The specialist discount stores in Japan are influential and some electronic product suppliers are using Western style distribution systems, and this is changing the culture of business (price cutting has become widespread throughout the distribution system) and this shows that retailing companies can operate with certain amounts of independence from the manufacturers (Martin et al., 1998: 118). There is a great deal of rivalry in the marketing channel and as a consequence manufacturers are

forced to launch new products onto the market in quick succession (Martin et al., 1998: 110). In order to be close to the customer/consumer, manufacturers operate what are called "antenna" stores which provide regular feedback and ideas from customers/consumers (Martin et al., 1998: 110). This allows manufacturers to remain close to the market.

Some Japanese electronics manufacturers sell a high proportion of their products through exclusive distribution relationships only (retail outlets sell only one manufacturer's products)(Martin et al., 1998: 110), meanwhile, some electrical suppliers rely on extensive sales networks (Tatsuki, 1995: 74-75 and 81).

Matsushita Electric Industrial operates vertical *Keiretsu* and is a leader in the distribution and marketing of consumer electronic products and has been able to control prices in the market (Shimotani, 1995: 67-68). However, the Fair Trade Commission concluded in 1993 that large electrical product suppliers had infringed the Anti-Monopoly Law (Shimotani, 1995: 68-69), and since that period there have been various changes in market structure. In fact, large independent retailers have became powerful in the market (Larke, 1994) (Martin et al., 1998) and have exercised their influence accordingly.

Matsushita (Martin et al., 1998: 110) has a loyalty system which rewards retailers who stock the company's products, and the rebates offered have helped the company to gain wide market coverage and reduce the inventory level of products. The key to success appears to be building and maintaining, mutually oriented long-term partnerships based on trust (between customer and supplier) (Martin et al., 1998: 110). According to Tatsuki (1995: 73), Japanese electrical suppliers have focused on product differentiation and have provided after-sales services for example, and this shows that they are customer focused.

A specific example of a customer-manufacturer relationship has been provided by Martin et al., (1998: 118) who state that the "Tokyo-based electronics retail chain Miyaji has been called the "discount king" or "consumer's crusader" by the Japanese media. The consumer gives up his or her right to return unsold goods to suppliers and, in return, often gets products at less than 60 per cent of the list price, about 15 per cent less than more conventional storeowners".

A number of speciality electrical chains exist and operate franchise arrangements, however, the large electrical manufacturers rely on their own *Keiretsu* chains to supply the market with their new products and the speciality electrical chains concentrate on the mass market (Larke, 1994: 140-141). Some electrical products are sold by discount (retail) companies at lower prices than normal and the companies rely on the rebate system administered by the manufacturers (Larke, 1994: 141). Although, Larke (1994: 141) has made reference to the fact that consumers are more sensitive to price increases in relation to additional functions incorporated in the product itself, there is no clear evidence of how consumer perceptions have changed or are influenced by specific factors such as the quality of customer service for example. These issues have been raised by Martin et al., (1998: 118) who have pointed out that Japanese consumers are now conscious of prices charged and price changes; and have become concerned about ecological issues which suggests that more attention needs to be paid to consumer perception, and how consumer perceptions are influenced. There is also limited evidence relating to customer service, and this is an area of study which needs further investigation.

5.8 Korean companies' retailing strategy

Working from a number of sources, Lewison (1997: 714) has indicated that in the past the Korean government has restricted the amount of overseas competition in the Korean domestic market and has protected domestic producers and retailers. With respect to the distribution system, one can say that there are five levels of wholesalers and retailers in the marketing channel, but that the marketing channel can be classified as having multiple tiers. As a consequence, retail prices are higher than normal and extra handling means that sometimes product quality is affected. With regards to foreign companies entering the Korean market, there may be possible changes in the near future and traditional Korean business practices may change, as a result of competition increasing. The largest dry goods retailers in Korea include Hyundai, and there are various single-unit department stores which offer alternative retailing facilities to the large department store chains such as Lotte and Shinsegae. Mail-order is now developing and the retailing scene is set to change significantly as the government allows overseas companies to establish marketing channels in the country.

5.8.1 Korean electronics companies

The Korean government copied Japan's economic model of success and in the 1980s, the Korean government paid attention to the growth of small and medium sized companies and technology-intensive industries (Shin, 1998: 17-21). Korea experienced an economic boom from 1986 to 1988, and Korean companies exercised an export-oriented development strategy under Korean government protection (Dacin et al., 1997: 7-8)(Shin, 1998: 1-2 and 22). However, the Korean government has created a number of problems for itself. For example, as Shin (1998: 4-6, 23 and 32) has indicated, Korea has suffered

from inadequate resource-endowment; has a limited domestic market; and has followed a manufacturing strategy which is export-oriented. In recent times, Korean workers have gone on strike in order to increase their wages (1987, 1988 and 1989); and by 1989, wage demands and settlements were above productivity (Shin, 1998: 4-6, 23 and 32). As a result, by 1991, the Korean economy overheated (Shin, 1998: 4-6, 23 and 32). According to Chang et al., (1998: 735-746), the Korean crisis resulted basically because of excessive investment by the private sector which was financed by short-term foreign debt, and a number of factors were at work which led to a weakening of industrial policy for example.

The relationship between the Korean government and Korean companies has remained the same since 1961, and one can conclude that government officers are perceived as superior to company personnel (Shin, 1998: 67 and 79). According to Shin (1998: 65-72), the government did lose some power to Korean companies between the period 1980 to 1992, as a consequence of changes in economic policy.

Shin (1998: 33) has highlighted a valid point when suggesting that the ten largest Korean companies have to date followed a globalization strategy, which was basically for their own survival. Korean *Chaebols*, as Kim (1997a: 88-89) has pointed out, have access to finance and in the past Samsung Electronics recruited motivated and highly skilled labour from abroad in order to develop electronics related technology. Samsung was able to purchase technological information and processes from US electronics companies and Japan (Choi, 1995: 77). The above shows that senior management at Samsung had a specific technology acquisition strategy which when implemented allowed the company to enter global markets and establish a global marketing related strategy in the electronics industry. Samsung has adopted a flexible and pragmatic approach to knowledge

development and this can be seen in its commitment to training and the relocating of personnel when necessary (Kim, 1997a: 92). Evidence provided by Bloom (Kim, 1997a: 95) indicated that the *Chaebols* are very competitive and do not always work together and this indicates that senior management in the *Chaebols* may not always agree or cooperate with government staff.

Shin (1998: 33) has pointed out that the export-oriented development strategy has been replaced with a foreign local-production-oriented strategy. Drawing on statistics supplied by the Bank of Korea, Shin (1998: 40-41) stated that by the end of 1994, foreign direct investment (FDI) of Korean consumer electronics companies in the European Union (EU) totalled US\$256.8 million or 85 per cent of total Korean foreign direct investment in the manufacturing sector in the European Union. Nine of the ten direct investments made by Korean electronics companies in Britain were in fact majority Korean company-owned operations (Shin, 1998: 44).

According to Shin (1998: 105-100), "Korean consumer electronics firms do not set-up complete production networks within Europe, unlike American or Japanese companies.... Because of the lack of complete production networks within Europe, the export of parts or components has increased in relative terms, while the export of end-user consumer electronics products from Korea has decreased".

Shin (1998: 106) has raised a valuable point when suggesting that Korean electronics companies will undertake increased local production, but does not go into detail, and this suggests that the information provided is dated as there are very few insights into Korean electronics companies' marketing strategies and no attention has been paid to their retailing strategies either.

The main reasons for Korean consumer electronics companies investing in Britain are (Shin, 1998: 161): (1) access to cheap labour; (2) the large size of the UK market; and (3) the quality of labour in the UK which is perceived as better than the quality of labour in some other European Union member countries. Surprisingly, financial incentives provided by the UK government were considered to be not that important (Shin, 1998: 161).

A competitive advantage in the electronics market in the European Union is achieved by establishing a brand name or using marketing techniques and accumulating capital resources (Shin, 1998: 177). Shin (1998: 187) has pointed out in his research that 67 per cent or 10 of the Korean consumer electronics companies established in the European Union, stated that the preferred method of expansion was through expanding their existing business sites and that the second preferred method of expansion was through a joint-venture.

Three electronics companies in particular, Samsung, Lucky GoldStar and Daewoo, account for a high percentage of the equity capital of Korean Companies in the European Union (Shin, 1998: 166). This shows that these companies have power and can exercise influence in the market place.

Shin (1998: 169 and 172) suggests that Samsung and Lucky GoldStar operate a Japanese style of management, meanwhile, the Hyundai Group and the Daewoo Group operate a Western style management approach. Shin (1998: 189) also discovered in his research that the Korean consumer electronics companies were in favour of recruiting host country nationals for various managerial positions owing to the fact that they were cheaper to employ than Korean expatriates and the company wanted to achieve localization on a long-term basis. However, when a Korean company is operating local production in a

European Union member country, Korean personnel within the company usually make important business decisions (Shin, 1998: 177).

5.9 Conclusion

Retailing strategy needs to be placed within the context of strategic marketing in order that a better understanding of the subject can be ascertained. Senior managers within a retailing organization can then plan an expansion strategy by formulating an international market entry strategy which is based on the support of the organization's staff and the support of channel partners. It is clear that a long-term, mutually trust oriented based relationship needs to be developed with all the various partner organizations; and furthermore, it is important to understand the perception of customers and how people from different nations formulate their perceptions. Therefore, the right type of retail system needs to be in place so that a senior manager can communicate adequately with staff both inside the organization and outside the organization (suppliers, channel partners such as wholesalers and retailers (broadly defined as customers) and end users (consumers) and potential customers). In order for staff in an organization to build a long-term (positive) relationship, it is necessary for managers to understand the customers perceptions from the stance of how trust and loyalty are perceived and defined. This is necessary if a long-term mutually beneficial relationship is to be established with a variety of customers.

If the organization's staff are positive and committed to the organization succeeding in the market place, then positive and lasting relationships will be built which can be maintained during periods of risk and uncertainty. This can be interpreted as a commitment to customer service which is aimed at providing the organization with financial success. A high level customer service strategy is aimed at achieving value added

and this is an aspect which senior management are concerned with. In order to be effective in an international environment, a senior manager must have a good understanding of comparative national cultures; social culture and organizational culture; and how government (both local and national) intervenes in the market place/influences the industry. Furthermore, senior managers need to understand the specifics of industrial culture and how a particular industrial culture originates (again the actions of government may be of concern here). Evidence from how British, Japanese and Korean companies formulate and implement retailing strategy shows that the way channel partnerships are formed and maintained are different, and there appears to be marked differences between how British and Japanese retailers operate in the market place and this can be attributed to such matters as leadership; the level of competition; market structure; and government involvement for example. Indeed, all these factors have a direct influence on the formulation and maintenance of channel partnerships and relationships. Other factors need to be cited as well and these include national characteristics; trade policy ideology and political factors; the stage of economic and industrial development; and socio-cultural factors for example.

With respect to strong channel partnerships, it is important for senior managers to be committed to a high level of customer service because this assists the data collection process in the sense that an organization can get close to a customer and obtain data from the customer on an ongoing basis. Customers can provide information relating to product tests and depending on the type of industry, a marketing intelligence system can be developed which takes into account certain matters such as how staff can lobby a government department and how relationships with a government can be developed.

It can be suggested, therefore, that there are several gaps in the literature. For example, attention has been paid to the strategic marketing concept that incorporates various retailing elements. However, it is clear that organizations need to develop strong, long-term partnership arrangements that are based on mutuality; and this needs to be further researched owing to the fact that the concept of relationship marketing is prominent. More attention needs to be given to how the concept of mutuality is perceived by the different parties that are involved in a relationship. It is also apparent that the strategic marketing process needs to pay attention to how influential the retail organization is with respect to marketing channel development. Indeed, a strategic marketing focus will ensure that marketers in a retail organization view partnership development as long-term, and a governance mechanism can be incorporated that integrates the decision-making processes of the manufacturer and its supplier(s). This is an important consideration because an organization's suppliers can be integrated into the strategy process of the manufacturer, however, this has not been addressed adequately in the literature.

Another point to keep in mind, is how influential a retail organization is with respect to strategy formulation. The link between marketing and management needs to be clearer because there are various marketing oriented issues that need to be placed more firmly within a strategic management focus, and this would draw the various bodies of knowledge together. For example, a more integrated approach to studying the link between the various bodies of knowledge would help to explain how organizational networks are evolving and it would place retailing strategy within a strategic marketing framework.

Chapter Six: Methodological Approach

6.1 Introduction

The focus of the research (section 6.2) is made clear, and the research objective and the research questions are stated (section 6.2.1). The background material relevant to the selection of the research methods (section 6.3) is evident and the strengths and weaknesses of the qualitative and quantitative research approaches (section 6.3.1) are highlighted. The research strategy (section 6.4) is clearly defined; exploratory research (section 6.4.1) is made explicit; the in-depth personal interview method (section 6.4.1.1) is referred to; the postal survey method (section 6.4.1.2) is referred to; the small group interview method (section 6.4.1.3) is highlighted; the critical friendship group method (section 6.4.1.4) is highlighted; and reference is made to the case study research method (section 6.4.2). The grounded theory (section 6.4.3) concept is detailed, and includes the open coding process (section 6.4.3.1), the axial coding process (section 6.4.3.2), and the selective coding process (section 6.4.3.3). Access to an organization (section 6.5) is covered; and so are the ethical issues (section 6.6) that a researcher needs to be aware of. The concept of validity, reliability and generalizability (section 6.7) are highlighted (section 6.7.1 validity, section 6.7.2 reliability, and section 6.7.3 is generalizability). Reflection (section 6.8) is incorporated and a conclusion (section 6.9) is evident.

6.2 The focus of the research

Chapter Two explained how national culture influences an organizational cultural value system. However, although the literature was wide ranging, it was clear that organizational culture differs from one organization to another, and this aspect had not been addressed adequately in the literature. By detailing and explaining how a

national cultural value system produces a value system within an organization, it is possible to add to the body of knowledge because it makes clear how and why messages are communicated throughout an organization. This in turn provides a basis for explaining how decisions are made and implemented, and allows employees in potential partner organizations to better understand the leadership style used in an existing partnership arrangement. This is a crucial point because a partnership arrangement needs to be placed within an organizational cultural context, which is placed within a national cultural context. This being the case, it is possible to understand and explain better, how such factors as mutuality are developed. The following question was identified from the work reviewed: "How can management establish a strong organizational culture?" This is a valid question because it focuses on how a particular leadership style can be used to transfer a cultural value system from one cultural setting to another.

The material in Chapter Four, established two gaps in the literature that needed to be addressed. For example, although attention has been paid to how an organization can develop a sustainable competitive advantage, there is limited evidence of how marketers ensure that their organization develops a sustainable competitive advantage that incorporates marketing strategy and customer service as an integrated process. The following question emerged: "How can marketers ensure that the organization develops a sustainable competitive advantage?" This is especially important because a customer service policy is determined by the organizational cultural value system and this needs to be addressed. However, the link between organizational culture and customer service policy has not been adequately addressed in the literature. The researcher decided, therefore, after a period of reflection, to link the subject matter relating to customer service policy with organizational culture, and the

research question became: "How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?"

Chapter Three highlighted the fact that the concept of mutuality is an important aspect of Japanese and Korean culture, however, the concept of mutuality that is embedded in relationship building, has not been fully explained in the management literature. Furthermore, inter-organizational arrangements also raise the issue of hybrid management practices. A link was made with the material in Chapter Five. Chapter Five established the fact that a retailing strategy needed to be placed within the context of strategic marketing (strategic marketing was fully covered in Chapter Four). Although there has been much research undertaken relating to partnership arrangements, the concept of mutuality has not been looked at in depth (reference was also made to mutuality in Chapter Two). This is important because of the significance of relationship marketing. The subject matter in Chapter Five was linked to the subject matter in Chapter Three, and the following question emerged: "How can a strong and long-term partnership arrangement, based on mutuality, be developed?" Further consideration was needed with respect to the strategic marketing process and another question was identified: "How are the organization's suppliers integrated into the strategic process of the manufacturer?" Again, linking back to the strategic marketing process (Chapter Four), another question was identified: "With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?" This raised a very important issue that was turned into a question and the question became: "How influential is the retail organization with respect to strategy formulation?"

6.2.1 The research objective and the research questions

With reference to the above cited research questions, after a period of reflection, the researcher formulated the following research objective:

“to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners”.

And:

“to establish how a Korean electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners”.

The six research questions were arranged in the following order:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) How influential is the retail organization with respect to strategy formulation?
- (3) With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?
- (4) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (5) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (6) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

6.3 The background material relevant to the selection of the research methods

As regards the reason why senior management need to understand the view of their own employees and the views of various stakeholders, it is important to remember

that trust is related to confidence in the leadership style exhibited and strong, long-term relationships are based on mutuality. Therefore, a fundamental element with regard to how senior management can improve the organization's performance rests in the level/quality of customer service provided. Customer service needs to be supported by the employees and a consensus reached with respect to a shared view of the future. According to Trim (2001: 43), the reason why gaps in organizational performance occur is because "strategists have not paid adequate attention to how performance can be defined and how it can be linked to strategy formulation and implementation". A formal strategy needs to be identified and implemented, and rectified as necessary. Owing to the complexity of the subject matter and the fact that the environment is subject to change; senior management need to understand the complex situation, and implement a process to analyse the internal situation and also the external situation of the organization.

It is important to understand the fact that differences and similarities exist under different cultural settings (Mead, 1998: 22-47) because people's behaviour is influenced by culture. When an organization enters into a strategic alliance or partnership arrangement, senior management need to be aware of the comparative cultural characteristics so that they can create an appropriate organizational partnership culture (Bronder and Pritzl in Trim, 2001: 35). This is necessary if the partnership is to survive in the international market place (Trim, 2001: 35).

International partnership arrangements are complex and multi-faceted. When studying an international partnership arrangement, the researcher needs to undertake inductive research in order to understand in-depth, complex subject matter and to place it in a specific context (the link between national and organizational culture and the decision-making process). The researcher will need to identify each partner's

uniqueness and, according to Trim (2001: 36), "Qualitative methods allow a researcher to interpret events or a situation which can be classified as exploratory and leads to some form of verification through evaluation, hence induction is followed by deduction". Inductive research can contribute to changes in management practice and cost savings, and can result in new management theory being developed (Trim, 2001: 36). This means that the researcher needs to validate data collected, and one way to do this, as Trim (2001: 41) has argued, is to "cross-check the results of the interviews against information contained in the literature review; and in the case of formal, small group interviews, and personal interviews, relate the themes identified to the themes identified using 'interpretative' discourse analysis he/she has undertaken on the formal documents he/she had been given." This means that the researcher, as Usunier (1998: 67) and Trim (2001: 42) have indicated, must select an appropriate research strategy and must adopt an impartial position and identify proper categories when analyzing the interview transcripts. However, it should be pointed out that the researcher may not be in a position to analyze formal documents, and the data collection process will involve the collection, analysis and interpretation of primary data only. This can be considered a constraint or limitation, but it is not a weakness in itself.

If the researcher adopts an inductive methodological approach, then he/she should not use predetermined categories, but must identify appropriate categories from the data collected and these stem from the patterns and connections (Patton, 1990: 13) (Trim, 2001: 42). This appreciation can be linked to the view of Glaser and Strauss (1967), and Patton, (1990) who suggest that theory building can result from the inductive methodological approach as well as the deductive methodological approach (Silverman, 1998: 107).

The qualitative research method, as Trim (2001: 33) has argued, represents a useful way of researching complex and evolving problems as the methodological approaches available allow the researcher to derive new insights vis-à-vis complex problems and subject matter, therefore, the qualitative research approach can be used to develop new insights which can be used as a basis for developing new models of corporate behaviour. Deriving new insights into complex problems has been emphasised by Patton (1990), and this has been underpinned by Jenkins and Johnson (1997: 82-89) who have indicated how managers can improve their organization's performance, by studying existing literature, although this approach is not conclusive. Therefore, it is valid to state that researchers need to undertake research (as well as study the literature) in order to better understand the problem field and identify causal-maps as a result of the analysis of the data collected (Jenkins and Johnson, 1997). Data can be collected through means such as exploratory interviews, and face-to-face in-depth interviews which are tape recorded; verbatim transcripts can be produced that are then analysed and interpreted (Jenkins and Johnson, 1997: 82-89)(Trim, 2001: 34).

6.3.1 The strengths and weaknesses of the qualitative and quantitative research approaches

The experimental hypothetical-deductive approach requires that the researcher decides in advance what variables are important and what relationships among variables can be expected and are to be measured and validated. In other words, the researcher must in advance, formulate an hypothesis(es) based on an explicate theoretical framework (Patton, 1990: 44)(Yin, 1993: 46-47). This means that general constructs provide a framework for allowing the researcher to understand a specific observation or case (Patton, 1990: 44-45). The inductive methodological approach focuses on allowing the researcher to understand what is happening under a certain

condition/situation; provides a basis for predicting what might happen for similar situations or cases; whereas the deductive methodological approach places emphasis on explaining ‘why’ rather than ‘how’ or ‘what’ is going on (Dabbs, 1982: 32)(Woods, 1992: 382)(Strauss and Corbin, 1998: 77).

Both the inductive (qualitative) methodological research approach and the deductive (quantitative) methodological research approach have been criticised by Woods (1992: 381) on the basis that some inductive research approaches “present a theoretical section that may have only a loose relationship with the data”; and some deductive research approaches “have poor predictive value and be of little use in a practical application”. These criticisms need to be understood and appreciated, and need to be taken into consideration by a researcher who is involved in producing grounded theory. This point has been underpinned by Glaser and Strauss (1967: 223) who have indicated that qualitative research is known as “unsystematic”, “impressionistic” and “exploratory”; and quantitative research is classified as “sloppy” or “unsophisticated”. The researcher needs to be aware of labels such as these, and adopt a research strategy that will be considered valid and will adhere to the concept of “fitness for purpose”.

The criticism relating to the quantitative research approach has been supported by Van Maanen (1982: 13) who has listed six relevant points:

- “ (1)the relatively trivial amounts of explained variance;
- (2)the abstract and remote character of key variables;
- (3)the lack of comparability across studies;
- (4)the failure to achieve much predictive validity;
- (5)the high level of technical and national sophistication rendering many research publications incomprehensible to all but a highly trained few; and
- (6) the causal complexity of multivariate analysis which, even when understood, makes change-oriented actions difficult to contemplate.”

However, the qualitative research approach also has its critics. Woods (1992: 391-392) has outlined the strengths and weaknesses of qualitative research. According to Woods (1992: 391), Brown has criticized the work of Glaser and Strauss by pointing out that the grounded theory concept is not clear, and furthermore, the link between theory and data, and theory generation has been challenged. Blumer (cited in Woods, 1992: 391) has criticised the qualitative researcher, owing to the fact that the analysis of the data collected depends upon the researcher's own ability and there can be a case of contamination, in the sense that mistakes or incompetence can render good data almost unusable and can result in the data being misinterpreted.

With respect to the latter point, the fact that the researcher might contaminate the data through poor analysis, there are ways to prevent poor practice and guard against contamination. With respect to the concept of validity, the researcher needs to collect accurate data. A tape recorder can be used to record the interview so that interview transcripts (word for word) can be produced. This allows for conversational accuracy (Patton, 1990: 348-350)(Woods, 1992)(Strauss and Corbin, 1998)(Trim, 2001: 42). The researcher is required to produce accurate transcripts from the tape recorded interviews. It is recommended that the interview transcripts are shown to the interviewees and the interviewees are asked to identify any errors (contamination) and bias contained which needs to be rectified. This is necessary in terms of validity and reliability of the data collected (Trim, 2001: 42-43). However, it should be pointed out that not all interviewees might be prepared to read the interview transcripts; and in some cases, may have changed their job or left the country. They may also have made it clear that there would be no further participation from the company's employees after a specific date or after a certain policy (new policy) has been accepted and implemented by senior management. The researcher will, however, need to reduce the material (data

collected) and reshape it. This argument has been underpinned by Glaser and Strauss (1967: 229) who have indicated that qualitative data needs to be summarised and this can be done by the researcher “constructing readable case studies”.

A number of other points can be made. For example, a typology can be developed, the objective of which is to develop a ‘theory-after’ the data analysis has been conducted through follow-up interviews (Patton, 1990: 306)(Trim, 2001: 41).

Second time interviewing, and a procedure for following-up the interviewing process will enable the researcher to use their experience, in order to understand better the context and to make further clarification, and as a consequence of this, the procedure can meet the criteria of reliability and validity (Trim, 2001: 41-42). But again, this can only be done if the interviewees or their superiors, agree that follow-up interviewing can take place.

Woods (1992: 392-393) has listed the strengths associated with qualitative research as follows:

- (1) appreciative capacity/ability, this allows the researcher “to explore social action from the point of view of the actor”;
- (2) the “capacity/ability to articulate taken-for-granted, common sense knowledge” so that discourse analysis can be undertaken;
- (3) a “reflective capacity/ability to provide members or inmates with the means to reflect on their own activity”;
- (4) its immunological capacity/ability so that knowledge can be produced relating to everyday life;
- (5) “its corrective capacity/ability to offer critiques of macro theories that may be incorrect in their empirical assignations”;

- (6) "its illuminative capacity, or the range, depth, and richness of detail it provides on individuals, groups, institutions and issues";
- (7) theoretical capability, which allows the researcher to generate theory inductively which can influence macro theory as it can lead to the re-formulation of existing theory; meanwhile, qualitative research provides new ways for conceptualising micro and macro interactions, and represents a means of testing a theory;
- (8) its policy-making capacity, whether the researcher intends to produce a policy or not, a policy can be derived from the research and implemented, even though it may not be applied within a political framework; and
- (9) its collaborative capacity, during the research process, the researcher and the participants interact with each other and this can be seen as a combination of the researcher's theoretical and methodological knowledge and the participant's practical knowledge relating to the field research. As a consequence, effective ways can be found towards applying theoretical knowledge in a practical problem-solving manner; knowledge, therefore, results in existing theory being improved further.

The deductive, closed interview approach forces interviewees to fit their knowledge, experience and feelings into the evaluator's categories owing to the fact that the response categories are determined in advance. The main advantages of closed question interviews is that it makes it easier to compare data and easy to aggregate data in the short time. The disadvantage of closed question interviews is, as mentioned above, the respondent has to fit their knowledge/experience into the categories provided, which can be seen as impersonal, irrelevant and mechanistic; and the respondents may be forced into distorting what they really mean or their response choice may be limited (Patton, 1990: 289).

Although, as Patton (1990: 286) has pointed out, the researcher can combine various interview methods in order to reduce the number of weaknesses associated with each specific type of research method used, the interviewees need of course to respond in their own words and express their own personal perspectives. This means that although variations exist, a research strategy needs to be deployed which takes into account the wording and sequencing of the questions. The response format should be open-ended, and this has been supported by Trim (2001: 36) who has indicated that open-ended questions allow the researcher "to gain a deeper insight into the subject matter". This reinforces the view held by Patton (1990) who reiterates the point that the researcher needs to identify the subject matter; know why the research methods are deployed; and establish the context in which the research strategy is placed (overall context). This can be interpreted from various stand points, but implies that the researcher needs to be aware of the subject matter; needs to know what kind of research exists; what problems have been identified and researched; and what further research is needed. With respect to the research objective (sections 6.2 and 6.2.1), the researcher of this thesis studied a wide but interrelated literature, and identified what the research questions were (sections 6.2 and 6.2.1). These research questions covered six main areas. The main questionnaire was produced (see Appendix One). In due course a letter was constructed which asked for permission to access both Japanese electronics companies and Korean electronics companies operating in the United Kingdom (see Appendix Two).

With respect to combining research approaches, Glaser and Strauss (1967: 223-235) and Patton (1990: 46) have the same viewpoint; and that is the two different research approaches, the quantitative-experimental approach (hypothetical-deductive approach) and the qualitative-naturalistic approach (inductive approach) can be

combined in a research strategy. This is underpinned by Dabbs (1982: 32) who has stated that “qualitative refers to the meaning, the definitions or analogy or model or metaphor characterizing something, while quantitative assumes the meaning and refers to a measure of it”. This is important because some research questions can be answered more appropriately through deductive means while other research questions can be answered more appropriately through inductive analysis which can be based on direct observation. There is, according to Patton (1990: 46), “often a flow from inductive approaches, to find out what the important questions and variables are (exploratory work), to deductive hypothesis testing aimed at confirming exploratory findings, then back again to inductive analysis to look for rival hypotheses and unanticipated or unmeasured factors”. This point has been recognized by Trim (2001: 34) who has argued that the “researcher will need to undertake inductive and deductive reasoning” so that the researcher can find “new ways of researching complex and evolving management problems”. This can, in fact, be linked to the issue of cross-cultural research, in terms of comparative analysis which aims to address such issues as efficient management styles in the context of different cultural environments. Different leadership styles exist and are evident in Western and Asian cultural contexts as the researcher has argued in Chapter Two (sections 2.5 and 2.6). The researcher has also indicated in Chapter Four (sections 4.6 and 4.7), that even in Asian culture the Japanese management style and the Korean management style are similar but different. There are in fact distinct management styles and this should be noted.

6.4 The research strategy

The researcher adopted an inductive analytical approach including in-depth interviews using a standardized open-ended questionnaire because, as the above has made clear, academics such as Patton (1990: 44-45), Woods (1992: 381 and 392), and

Strauss and Corbin (1998: 12-13), have indicated that the inductive approach provides an opportunity to access and understand the perspective of interviewees. The interviewer asked the respondent questions that provided data that could not be obtained through other means such as observation for example. The researcher was objective or unattached to the companies involved in the research and as a result was unable to observe interviewees' feelings; thoughts; intentions; and behaviours that had taken place at a previous point in time (Patton, 1990: 278). Therefore, a central issue for discussion was, and it was highlighted by Patton (1990: 279), who stated that "evaluators can enhance the utilization potential of the information they collect by making sure they take the necessary steps to increase the quality of their findings".

Access and continued access is an issue which determines how much time can be spent within an organization in order for a researcher to collect data and furthermore, how the individual researcher decides how to spend their limited amount of time provided by company staff. As regards Patton's (1990: 279) point relating to 'the necessary steps', it is important for the researcher to achieve certain outcomes by certain points in time. Furthermore, the researcher needs to interpret steps from the stance of open coding; axial coding and selective coding; if that is a grounded theory is to be developed and this has been explained by Strauss and Corbin (1990 and 1998), who have produced a 'paradigm model' which can be used to systematically analyse and interpret data. This suggests that the researcher needs to have a number of high level skills and that if the appropriate measures are taken, the data will not be contaminated.

Once the researcher had produced the research objective and the six research questions (sections 6.2 and 6.2.1), she returned to the literature review again (Chapters Two to Five) and reflected on the subject matter. The researcher then produced 120

questions that related to the six research questions. A point of concern was that once the Japanese and Korean managers working for Japanese and Korean electronics companies based in the United Kingdom decided to participate in the research, their attention and commitment needed to be forthcoming. This would ensure that they answered all the questions they were required to answer in a face-to-face situation. The researcher had on previous occasions collected data from Japanese and Korean people in the United Kingdom (Lee and Trim, 2001)(Trim and Lee, 2002), and had noted that both Japanese and Korean people find it difficult to handle open-ended questions. Japanese and Korean people appear to worry about whether their answers are those required by the interviewer/researcher, and some anxiety is evident. Informal discussions between the researcher and those interviewed vis-à-vis previous research, suggested that when interviewing Japanese and Korean people, the researcher should formulate a question that can produce a defined answer. This is due to cultural differences, which were acknowledged by the participants.

Another point to note was that during the literature review, the researcher had contacted Japanese and Korean academics in both Japan and South Korea in order to obtain relevant literature. The researcher was keen to establish how Japanese and Korean scholars viewed the subject matter covered. This was in response to advice given to her by her principal supervisor. The researcher approached various Japanese and Korean scholars both in Japan and South Korea and relevant information was forthcoming (the whole process took five months).

The author of this thesis recognized that a number of actual and potential obstacles existed with respect to collecting data from senior managers working for Japanese and Korean electronics companies based in the United Kingdom. Therefore, the researcher thought through the issues identified and discussed the issues with an

academic who had knowledge of both Japanese and Korean culture. The researcher decided to submit a paper for an annual conference at the Korea Institute, Harvard University, and was invited to present a paper at Harvard on 14th April, 2001(Lee, 2001). The researcher used the opportunity to meet various experts specialising in Korean culture and was fortunate enough to meet a distinguished senior academic from one of South Korea's leading universities, who was kind enough to introduce her to a number of Korean scholars. After several discussions with the senior academic from South Korea, it became clear that the researcher needed to implement a specific research approach in order to collect data from senior managers working for Japanese and Korean electronics companies based in the United Kingdom. The researcher discovered that it was essential to undertake exploratory research (Chapter Seven) in order to understand how Japanese and Korean people might react to specific types of questions posed, and also, to get insights into how the subject matter was interconnected.

The senior South Korean academic suggested that the questions contained in a questionnaire should be clearly defined owing to the fact that those interviewed would appear anxious if the questions were too broad. Korean people in particular do worry about whether they can provide detailed answers. Another point to emerge from the discussions was that managers in Korean companies (in South Korea) work long hours and need to meet tight schedules when completing their given tasks. As regards the latter point, it was clear that managers in Korean companies had limited time for non-company matters.

The senior academic from South Korea provided assistance to the researcher by introducing her to both Japanese and Korean academics working at the Yenching Institute, Harvard University, and also organized a small group interview for her and

furthermore, arranged for a visiting academic from South Korea to complete and return a questionnaire to the researcher. The exploratory research questionnaire appears below. Additional exploratory research was undertaken in London (mainly the School of Oriental and African Studies, University of London) and at Stirling University. The additional exploratory research was undertaken after the researcher returned to the United Kingdom from presenting the paper at Harvard University.

The reason why the exploratory research questionnaire focused on culture and related areas of importance identified by the researcher, was because the researcher considered it essential to understand the mindset of both Japanese and Korean people, before undertaking a data collection exercise involving Japanese and Korean managers working for electronics companies based in the United Kingdom. The researcher was thinking ahead in the sense that she wanted to know how Japanese and Korean electronics companies in the United Kingdom, produced an effective customer service policy that was implement in the context of a partnership arrangement.

The exploratory research questionnaire

- “(1) How can Japanese/Korean culture be defined?
- (2) What are the characteristics of Japanese/Korean culture?
- (3) How important are relationships in Japanese/Korean culture?
- (4) How important is the concept of loyalty in Japanese/Korean culture?
- (5) What role does trust play in the development of a relationship?
- (6) How important is co-operation in Japanese/Korean culture? (e.g. Team work in a class/in a company).
- (7) When is conflict appropriate in Japanese/Korean culture?

Age:

Gender:

Work experience (in years)

Level of education attained (BA/Masters degree/PhD)

Where were you born? (in Japan/Korean? Y/N)

please indicate where you were born

How many years have you lived outside Japan/Korean?

- (a) less than 1 year
- (b) 1 to 2 years
- (c) 2 years plus (please indicate the years)”.

The exploratory research was beneficial because it allowed the researcher to gain insights into how to phrase the questions that would be posed to the Japanese and Korean managers employed by electronics companies based in the United Kingdom. The various ambiguities were removed and so was the uncertainty, and an opportunity was provided that would allow the interviewees to provide insights into how decisions were made and implemented. It should also be stated that the exploratory research exercise was necessary because it provided information as to how to negotiate access to a company. The researcher had identified in advance that access or continued access to a company may present problems because access is something that has to be continually negotiated.

The exploratory research encompassed in-depth personal interviews, a postal survey, small group interviews, and a critical friendship group. The exploratory research process was approved by the researcher's principal supervisor, and support was forthcoming from academics and students based in Japan, South Korea, the United Kingdom and the United States of America. The exploratory research data collection process was conducted over a period of three months.

While undertaking the exploratory research data collection process, the author of this thesis wrote to 12 Japanese electronics companies and 7 Korean electronics companies based in the United Kingdom requesting that information be supplied relating to the products and services on offer. The annual company reports of each company were also asked for. A second letter was forwarded by the researcher to the company representatives identified and a covering letter from the researcher's principal supervisor was also enclosed: the same 12 Japanese and 7 Korean electronics companies were contacted. The letter from the researcher contained the research objective, the six research questions and information relating to who the researcher

wanted to interview (see Appendix Two). The researcher noted at a later date that some of her letters contained an error, and she contacted the Japanese and Korean electronics companies concerned immediately by telephone. After apologising to the company representatives she forwarded fresh copies of the letter to the person concerned.

The experience gained from both undertaking the exploratory research and contacting the Japanese and Korean electronics companies based in the United Kingdom by letter and telephone, enabled the researcher to reflect on the type of research that was to be undertaken in the future, and she then approached a limited number of academics who had experience of collecting data from Japanese and Korean people, and they agreed to go through the questionnaire with her and this enabled her to pilot the questionnaire. The process took about three weeks and the number of questions were reduced (from 120 to 89). Also, a certain amount of restructuring took place. The main research questions focused on four separate areas: marketing strategy, customer service, channel partnership, and relationship building. The questionnaire that was used to collect data from managers in the electronics companies is highlighted in Appendix One. It should be noted that the questionnaire was developed through a period of reflection that followed the exploratory research phase. The researcher reviewed the material in Chapters Two to Five, and thought through the implications of the research objective and the research questions previously formed. It should also be noted that the data from the Japanese and Korean electronics companies was collected via the in-depth personal interview method (see section 6.4.1.1).

As regards research question (1) "How are the organization's suppliers integrated into the strategic process of the manufacturer?" The following questions are linked: questions 50-57, 62-68, and 88-89.

As regards research question (2) "How influential is the retail organization with respect to strategy formulation?" The following questions are linked: questions 27-30.

As regards research question (3) "With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?" The following questions are linked: questions 1-4, 23-24, 47, 78, and 83-85.

As regards research question (4) "How can marketers ensure that the organization develops a sustainable competitive advantage?" The following questions are linked: questions 31, 49, 69-70, 76-77, 79 and 80.

As regards research question (5) "How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?" The following questions are linked: questions 5-22, 25-26, 32-38, 74 and 87.

As regards research question (6) "How can a strong and long-term partnership arrangement, based on mutuality, be developed?" The following questions are linked: questions 39-46, 48, 58-61, 71-73, 75, 81-82 and 86.

6.4.1 Exploratory research

The exploratory research approach allows a researcher to undertake inductive analysis in order to discover something new. The researcher attempts in fact to make sense of a given situation (often a complex situation) without imposing pre-existing expectations on the phenomena or setting under study (Patton, 1990: 44)(Strauss and Corbin, 1998: 12). According to Patton (1990: 45), the researcher can identify unique details by fully understanding the characteristics/attributes of individual cases; and then combine the unique characteristics so that aggregation results in a better interpretation

of the situation. In other words, the inductive analysis begins with a specific observation and allows patterns in the data to be identified, and results in interrelationships being identified among the categories that emerge (Glaser and Strauss, 1967)(Patton, 1990: 44-45).

The advantage of the inductive approach is that the researcher can obtain 'richness' of data by being able to capture people's personal perspectives and experiences, and this allows the important properties and dimensions to emerge from the patterns identified (hence the relevance of such research methods as the case study approach) (Patton, 1990: 44-45 and 278)(Woods, 1992: 381)(Strauss and Corbin, 1998: 12-13). Therefore, the exploratory method allows the researcher to identify new relationships, discover concepts, and arrive at a new understanding (Merriam cited in Trim, 2001: 36). The strength of this should not be underestimated because the researcher can develop their critical and creative thought patterns, and remain objective. This means that a theory (grounded theory) can be produced which is based on the results of/or partial results of the case study analysis (Glaser and Strauss, 1967: 225-278)(Patton, 1990: 44)(Strauss and Corbin, 1998)(Trim, 2001).

6.4.1.1. The in-depth personal interview method

With respect to qualitative research and the personal interview method there are according to Patton (1990: 280), three different basic approaches:

- “(1) the informal conversational interview;
- (2) the general interview guide approach; and
- (3) the standardized open-ended interview.”

(1) The informal conversational interview

The informal conversational interview has several advantages. The interviewer can maximise their flexibility and collect information which may have originated from the researcher's observations; the interviewer can match the answers provided to the

questions depending on the situation; and the researcher can build on the answers already provided. However, the informal conversational interview also contains a number of weaknesses in the sense that it is easy to collect different information from different people with different questions, but the information may not be representative, relevant or accurate. This means that the interviewer must put time and effort into collecting systematic information, and must have a high skills level of interview ability which enables him/her to formulate questions quickly and appropriately (Patton, 1990: 281-282 and 288).

(2) The general interview guide approach

The general interview guide approach requires that the researcher formulates a list of questions or issues in advance so that the interviewer can cover the same material and obtain the same type of information (data) from the interviewees. The advantages of this approach are that the interviewer can make use of limited time available to him/her; the interviewer can obtain the same degree of systematic information from a number of different people; when the interviewer conducts a group interview, it allows the interviewer to keep the interactions focused, meanwhile, it allows individual perspectives and experiences to be exposed; and the interviewer can remain objective throughout the process (Patton, 1990: 283-284). The disadvantage of the general interview guide approach is that data can be omitted. For example, Patton (1990: 288) has indicated that "interviewer flexibility in sequencing and wording questions can result in substantially different responses from different perspectives, thus reducing the comparability of responses".

(3) The standardized open-ended interview

The standardized open-ended interview is structured, and questions are formulated in advance. The advantages, according to Patton (1990: 284-289), of the

standardized open-ended interview are, the interviewer can maximise the use of limited time for the interview; the interviewer can minimize the interviewer effects and bias (when several interviewers are used to collect data this is a key point for concern) by asking each respondent the same questions; can obtain systematic information which allows the data to be analysed within a short time period (quickly); the approach increases comparability of responses; and is objective. Therefore, the questions can be considered in a logical manner; also it can be said that the standardized approach exhibits a high level of credibility compared with other styles of questionnaire design. The disadvantages of the standardized open-ended interview approach are that it offers limited flexibility in terms of the relevance, circumstances and standardized wording of questions and as a consequence some respondents may find the process unnatural or irrelevant and provide limited answers (Patton, 1990: 286-287 and 289).

The researcher of this thesis adopted the 'the standardized open-ended interview' style for a number of reasons. First, the 'informal conversational interview' approach is difficult to use because accuracy was judged to be highly important, and accurate information was to be collected from different people, with various levels of English language ability. Although the researcher had some experience in data collection using the in-depth interview method, due to the fact that a high level of skill was needed to formulate relevant questions during the conversation, it was considered this approach would be too risky. Second, the 'general interview guide approach' also has difficulties associated with it. This is because as Patton (1990) has indicated, the issue of addressing a word in a question and the sequences of the questions themselves can cause different responses from different people because they have different perspectives. This can reduce comparability of the data.

6.4.1.2 The postal survey method

When contemplating using a postal questionnaire, the researcher needs to think through several issues carefully. A number of issues need careful thought such as where is the target audience located, the wording of each question; the need to avoid ambiguity; the order in which the questions appear; the length of the questionnaire as this may determine whether people have time to complete the questionnaire or not; and the overall design of the questionnaire (Kent, 1999: 49-62). It is important for the researcher to pay attention to how the questions are phrased (King, 1995: 21-22), especially when sending the questionnaire abroad.

Postal questionnaires represent an economic way of collecting data (McDaniel and Gates, 1991: 233). There are a number of problems associated with the postal questionnaire and issues of non-response can sometimes result in inadequate data being collected (McDaniel and Gates, 1991: 233). When sending a questionnaire abroad, the researcher needs to pay adequate attention to issues such as demographic characteristics (Craig and Douglas, 2000: 201), and this means that the questions are worded in culturally acceptable terms. Issues of sensitivity arise and the researcher needs to ensure that the data being requested will be provided (Craig and Douglas, 2000: 201).

6.4.1.3 The small group interview method

Small group interviews can be used as they are cost effective ways of collecting data. Furthermore, the individuals participating in the small group interviews can express their own ideas and knowledge via a process of interaction. The individuals present can explore new approaches and reach a rational conclusion. Individuals can also enrich the discussion by bringing in their personal experiences as and when necessary (Patton, 1990: 18). The main benefits are however that the small group

interview method is a vehicle for adding “depth detail, and meaning” to the subject matter (Patton: 1990: 18).

6.4.1.4 The critical friendship group method

The critical friendship group approach is aimed at “supporting the process of change through reflection. Discussion, challenge and support are key activities” (Golby and Appleby, 1995: 150). The critical friendship approach can be used at an early stage of the research process as it allows the researcher to receive criticism and reflect on the research topic itself and/or the process.

6.4.2 The case study research method

The case study method is an accepted and established research method and is used in various types of social research. It is used especially, when the research questions are broad based. Research questions starting “how” or “why” are posed in order to discover the complexities of a contemporary phenomenon within real life, and the researcher has little control over the events (Yin, 1989: 13- 20).

The case study method is termed “explanatory” research and can be complemented by two other types of research strategy such as “exploratory” case study and “descriptive” case study (Yin, 1989: 13). According to Yin (1989: 16-17 and 19), there are large areas of overlap among them, the boundaries of these (exploratory, descriptive and explanatory) cannot be distinguished clearly and sharply: however, each strategy has its distinctive characteristics in terms of how research questions are addressed such as ‘why’, ‘how’, or ‘what’, ‘how much’, or ‘how many’. Yin (1989: 19) has pointed out important issues for consideration by the researcher such as the access a researcher/investigator has over actual behaviour of the event; and the degree of focus vis-à-vis contemporary events as opposed to historical events.

The case study strategy is employed by various researchers in fields of study such as psychology, sociology, political science, organization and management studies, city and regional planning, and economics. Hence, it can be used in order to understand complex social phenomenon. This is, because, the case study approach allows the researcher to collect data from real-life events, which retain the holistic and meaningful characteristics of the real life events (Yin, 1989: 14). The case study can include (to a limited level), quantitative evidence (see, Yin, 1989: 24 - 25).

It is important to note, according to Yin (1989: 25), that the case study approach has a number of limitations. Furthermore, referring to the work of Van Maanen, Dabbs and Faulkner, Yin (1989: 25) has stated: (1) "the use of close-up, detailed observation of the natural world by the investigator" and (2) "the attempt to avoid prior commitment to any theoretical model", are fundamental requirements in qualitative research. The case study method does not entirely depend on ethnographic or participant-observer data (Yin, 1989: 22).

The fact that the researcher of this thesis had limited time to contact participants from various Japanese electronic companies and Korean electronic companies in the United Kingdom in order to interview senior managers, is a contributory factor to the type of research undertaken and the research strategy deployed. The researcher of this thesis drafted the research questions in advance of the interviews being conducted. The research questions were drawn from the literature review. The researcher selected the case study approach as part of the research strategy as it was financially manageable. Secondly, the companies that participated in the research provided limited contact between company staff and the researcher due to the sensitivity, and confidentiality of the information and the busy schedules of the interviewees. Finally, one can argue, as the researcher has mentioned above, Patton

(1990) is justified in pointing out the fact that the researcher needs to identify which research strategy is appropriate for investigating the subject matter, and this has to be thought through in advance. The researcher did not identify the categories in advance, the categories were identified from the data analysis and interpretation stages, although the researcher did use the open-ended standardized questionnaire method. The researcher produced the grounded theories from the data emanating from the two case studies.

What is worth noting is that single or multiple case studies can be used (Yin, 1989: 27-60). Therefore, as Trim (1998: 18) has argued, the case study method can achieve some universality (in terms of analytic generalization). The results of a number of independent case studies can be grouped in order to produce generalizability (Yin, 1989). Trim (1998: 21-22) has argued that a grounded theory is preferred to case study narrative because it contains more detail.

Yin (1993: 46) has indicated that although both case study research and ethnographic research involve fieldwork and similar activities, fundamental differences exist. Yin (1993: 46-47) has noted also, that the ethnographic approach can be used as an attractive alternative to the case study method. However, it depends upon the research topic and what research is to be undertaken.

The term case study covers a broad range of research and there are differences in emphasis and research outcome, but the important point to note is that the case study is a research method (Hammersley and Gomm, 2000: 2-7).

6.4.3 Grounded theory

The work of Strauss and Corbin (1990; 1998) relating to grounded theory is significant, and it relates to theory building which involves 'open coding', 'axial coding', and 'selective coding'.

6.4.3.1 The open coding process

The researcher is required to analyze a document/transcript on a line by line basis (Strauss and Corbin, 1998: 119). The open coding process is time consuming, but it is important because it enables the researcher “to generate categories quickly and to develop those categories through further sampling along dimensions of a category’s general properties, a process of sampling we call “theoretical sampling”” (Strauss and Corbin, 1998: 119). Strauss and Corbin (1998: 80) have argued that in order for a researcher to think in an objective manner and in a different way, the researcher needs to make theoretical comparisons. This view is supported by Woods (1992: 386-387).

According to Woods (1992: 386-387), the researcher needs to ensure that all the categories and codes are identified and show “how theory and methodology are interrelated, leading to an “escalating of insight””. However, an important point to be understood is that the literature used is not data as such, nor can it be used as properties and dimensions which will be applied to the data collected, it can only be a means for examining the data (Strauss and Corbin, 1998: 80-81). As regards a comparative analysis, the researcher should think in terms of incident to incident, and also theoretical comparison at the properties and dimensional level in order that a new way of thinking can be established (Strauss and Corbin, 1998: 78-80). This is a valid observation because it relates to the process of stimulating interest in research approaches.

The meaning of theoretical sampling is sampling evolving during the analytical process rather than being pre-decided before the research commences. In other words, theoretical sampling is based on concepts that emerge from the analysis and that have relevance to the evolving theory; and are “based on the concept of ‘making

comparisons' to discover variations among concepts and to densify categories in terms of their properties and dimensions" (Strauss and Corbin, 1998: 201-202).

In order to fully understand the implications of the patterns in the data identified by the researcher during the research analysis process, it is recommended that a number of research memos be established by the researcher. Strauss and Corbin (1998: 217) have pointed out that research memos "serve as reminders or sources of information", and they represent the "products of analysis or directions for the analyst". In other words, by establishing research memos, the researcher can think in more abstract terms and is able to densify concepts that are grounded in the data, and as a result the researcher's awareness is heightened (Strauss and Corbin, 1998: 218).

The purpose of the open coding process is to break the data down into discrete parts so that the data can be examined closely in order to identify similarities and differences, and then the researcher can develop these into concepts. The concepts are grouped accordingly. These are similar in nature or have a related meaning; and can be viewed as abstract concepts that are then denoted "categories" (Strauss and Corbin, 1998: 102). The researcher can use fully or partially the 'vivo code' technique to identify the categories (Strauss and Corbin, 1998: 115-116). In other words, the words used by the interviewees themselves helps directly to identify the categories. According to Strauss and Corbin (1998: 117), "properties are the general or specific characteristics or attributes of a category, dimensions represent the location of a property along a continuum or range". In other words, a category has to have characteristics that distinguish it from other categories. Therefore, it is important to note that a category needs to be specified by its particular properties and dimensions, because it allows the researcher to formulate/identify patterns along with their variation (Strauss and Corbin, 1998: 117).

6.4.3.2 The axial coding process

Having completed the open coding process, the researcher can proceed to the axial coding process. The axial coding process requires that the data is reassembled, and identified patterns in the data emerge (Strauss and Corbin, 1990: 114). The researcher is then able to link the various sub-categories to the categories that were identified during the open coding process (Strauss and Corbin, 1990: 99). The following paradigm model is used as a framework to link the sub-categories to the categories and the main categories to the other main categories (Strauss and Corbin, 1990: 99):

"(A) Causal conditions → (B) Phenomenon → (C) Context → (D)

Intervening conditions → (E) Action/interactional strategies → (F)

Consequences/outcomes"

The causal conditions, according to Strauss and Corbin (1990: 101), refer "to the events or incidents that lead to the occurrence or development of a phenomenon". The properties of the causal conditions "explain the amount, type, duration, and so forth" of the phenomenon (Strauss and Corbin, 1990: 101). The causal conditions or antecedent conditions can be indicated in the data by terms such as 'when', 'while', 'since', 'due to', and 'account of' (Strauss and Corbin, 1990: 101). If these cues are missing in the data collected, the researcher can still identify the causal conditions, according to Strauss and Corbin (1990: 101), "by focusing on a phenomenon, and systematically looking back through your data for those events, happenings, or incidents that seem to precede it".

The phenomenon, according to Strauss and Corbin (1990: 100), "is the central idea, event, happening, about which a set of actions/interactions is directed at managing or handling, or which the set is related". The phenomenon can be identified by asking

questions such as "What is this data referring to? What is the action/interaction all about?" (Strauss and Corbin, 1990: 100).

The context, according to Strauss and Corbin (1990: 101), "...represents the specific set of properties that pertain to a phenomenon; that is, the location of events or incidents pertaining to a phenomenon along a dimensional range"; and second, "...is also the particular set of conditions within which the action/interaction strategies are taken to manage, handle, carry out, and respond to a specific phenomenon".

The intervening conditions, according to Strauss and Corbin (1990: 103), represent "the broader structural context pertaining to a phenomenon. These conditions act to either facilitate or constrain the action/interactional strategies taken within a specific context". In other words, the intervening conditions are broad and general conditions that have a bearing on action/interactional strategies; and these include such aspects as time, space, culture, the economic situation, the level of technology used, history and individual biography (Strauss and Corbin, 1990: 103).

The action/interactional strategies, according to Strauss and Corbin (1990: 104), "is directed at managing, handling, carrying out, responding to a phenomenon as it exists in context or under a specific set of perceived conditions". In other words, the action/interaction has certain properties that relate to or respond to/manage/carry out a phenomenon within certain intervening conditions; however, some action/interaction may be reflexive and/or is unrelated to the phenomenon but produces consequences for the phenomenon; or it can be a procedural, evolving in nature that can be studied in terms of sequences, movement or change over time (Strauss and Corbin, 1990: 104). It is important that the researcher identifies the action/interactional strategies taken from the data collected because as Strauss and Corbin (1990: 104) have stated: "Grounded theory is an action/interactional oriented method of theory building".

The consequence or the outcomes of the action/interactional strategies taken to manage/respond/carryout a phenomenon are not always predictable. According to Strauss and Corbin (1990: 106), the consequences, "may be actual or potential, happen in the present or in the future". Although the consequences/outcomes are not always possible to predict, it is important that in grounded theory these consequences are traced (Strauss and Corbin, 1990: 106). This is because, as Strauss and Corbin (1990: 106) have stated: "consequences of action/interaction at one point in time may become part of the conditions in another".

The paradigm model allows the researcher to think and analyse data systematically. As Strauss and Corbin (1990: 99) have stated, the paradigm model can be used "to think systematically about data and to relate them in very complex ways" and to denote and explain a set of relationships of causal conditions, phenomenon, context, intervening conditions, action/interactional strategies, and consequences; so that the researcher can add density and precision; and thus produce a grounded theory. The procedure of axial coding is complex, because during this process the researcher needs to conduct four distinct analytical steps simultaneously as Strauss and Corbin (1990: 107) have indicated:

"(a) the hypothetical relating of subcategories to a category by means of statements denoting the nature of the relationships between them and the phenomenon - causal conditions, context, intervening conditions, action/interactional strategies, consequences; (b) the verification of those hypotheses against actual data; (c) the continued search for the properties of categories and subcategories, and the dimensional locations of data (events, happening, etc.), indicative of them; (d) the beginning exploration of variation in phenomena, by comparing each category and its subcategories for different patterns discovered by comparing dimensional locations of instances of data".

The axial coding process denotes a set of relationships. For example, a category can be denoted, which relates to action/interactional strategies, to a category

that pertains to the phenomenon. The relationship of how the category relates to the phenomenon can be derived by the researcher posing questions in terms of conceptual labels, and the researcher needs to think in terms of how one category relates to another category (Strauss and Corbin, 1990: 107-108). If the questions posed are supported by the data, the researcher, according to Strauss and Corbin (1990: 108), “can change the question to a statement of relationship, a kind of hypothesis” It is important to note that the statements do not have any specificity but are rather broad and general; meanwhile, the statement must be supported by evidence in the data so that the statements can be verified and the relationships in the data proven (Strauss and Corbin, 1990: 108).

In producing a grounded theory, according to Strauss and Corbin (1990: 108-109), it is important “to find evidence of differences and variations, as it is to find evidence that supports our original questions and statement”, and Strauss and Corbin (1990: 109) state that “following through on these differences adds density and variation to our theory”.

Strauss and Corbin (1990: 108-109) have also suggested that the researcher may need to undertake further interviews in order to collect more data and this results in conceptual density and specificity. The researcher of this thesis produced a standardized, open-ended questionnaire and provided this questionnaire to the senior manager of a Japanese electronics company and the senior manager of a Korean electronics company (see Appendix One). This was because first, the nature of the industry is very sensitive and competitive, which means that in order for the researcher to obtain permission to have access to the company, the researcher needed to outline the questions in advance and receive approval from the senior manager of the Japanese electronics company and the senior manager of the Korean electronics company to

undertake the research. Secondly, the fact that the senior managers who participated in the research had very tight schedules, meant that time was a major constraint.

Third, the issue of ethical behaviour needs to be addressed by all researchers.

During the data collection process the researcher of this thesis asked the interviewees other questions which were not included in the questionnaire but which surfaced at an appropriate time. A senior manager placed at the European headquarters of the Japanese electronics company rejected a request made by the researcher of this thesis to have further access to the company. A researcher needs to provide a detailed list of questions to potential interviewees in advance, in order to obtain permission and the necessary help so that sufficient information can be collected and analyzed using Strauss and Corbin's (1990 and 1998) paradigm model. The structured, open-ended questionnaire that the researcher of this thesis formulated was derived from the literature review, and the questionnaire was piloted in advance of the interviews. This allowed the researcher to obtain sufficient data that could be analyzed using Strauss and Corbin's (1990: 99) paradigm model, the key point to note is that the concepts of validity and reliability were addressed at an early stage.

During the axial (and the selective) coding process, it is important for the researcher to think inductively and deductively, and the questions that are turned into statements/propositions, need to be supported by the data (Strauss and Corbin, 1990: 112). The deductively proposed statements of relationships, and identified properties and dimensions need to be verified against the data. If the proposed statements and the associated relationship are not supported, then it should be discarded. This is because as Strauss and Corbin (1990: 112) have stated, the "final theory is limited to those categories, their properties and dimensions, and statements of relationships that exist in the actual data collected". Therefore, Strauss and Corbin (1990: 112) have

distinguished grounded theory from other methodological approaches by pointing out that “building grounded theory, is the purposeful grounding or verification process that makes this mode of theory building different from many other modes of theory building”. An advantage of the grounded theory approach is that the relationships between categories can be tested using either quantitative or qualitative methodological approaches (Strauss and Corbin, 1990: 112).

6.4.3.3 The selective coding process

The task of selective coding is an intellectual exercise, handled at an abstract level. It is used to integrate the categories identified during the axial coding process (Strauss and Corbin, 1990: 116-123). This means that the researcher has to relate each major category to the other categories, and this gives the categories richness and density. In order to accomplish the selective coding process, according to Strauss and Corbin, (1990: 117-118), there are several steps that the researcher needs to go through: “explicating the story line”; “relating subsidiary categories around the core category by means of the paradigm”; “relating categories at the dimensional level”; “validating those relationships against data”; and “filling in categories that may need further refinement and/or development”. When the researcher has conducted the selective coding process, a story line can be derived (Strauss and Corbin, 1990: 119). The story line can be thought of from the stances: What is there about this study that seems so important? And “What do I think is the main problem?” (Strauss and Corbin, 1990: 119). Once the researcher has defined a story line vis-à-vis the central phenomenon, the researcher is required to tell the story analytically by focusing on the central phenomenon, and categories identified, need to be related to the other categories (Strauss and Corbin, 1990: 120).

6.5 Access to an organization

With respect to the issue of access to an organization in order to obtain data/information, according to Hammersley and Atkinson (1996: 54 and 74-79), this needs to be thought through carefully, in a practical manner, and may call on the researcher's ability of negotiation. This means that having access to data is not only dependent on the ability of the researcher as regards theoretical understanding, but it also includes what is known as socially acceptable behaviour. This is known as 'native wit' (Hammersley and Atkinson, 1996: 54). Any researcher must recognise that access to an organization is going to be a complicated affair. The researcher will discover obstacles from time to time and will be required to overcome various problems. Therefore, continual access should reduce contamination of the data by the researcher because of the logic of cultural acceptance for example (Hammersley and Atkinson, 1996: 54 and 74 – 79). This is the reason why the researcher of this thesis undertook exploratory research relating to Japanese and Korean culture prior to undertaking research into Japanese and Korean electronics companies in the United Kingdom. The purpose of the exploratory research (Chapter Seven) was to understand the Japanese and Korean mind set, so that the researcher could identify what obstacles might be encountered when she undertook the personal interviews with the Japanese and Korean staff employed by the electronics companies in the United Kingdom. The key point was for the researcher to establish in advance how to cope with the obstacles by experiencing and understanding what kind of approach was viewed as acceptable.

With respect to negotiating access, Hammersley and Atkinson (1996: 55-64) have highlighted several important points to which the researcher needs to pay attention. For example, in a formal situation, entry to an organization requires the researcher to get permission from various key personnel at the initial stage due to the

concept of legitimacy. The researcher needs to identify who in the organization can help the researcher by acting as gatekeeper. It is important but not always easy to identify which person has power within the organization or how an individual might influence the situation negatively by blocking access/further access to the organization. The researcher needs to rely on common sense and judgement, which means that the researcher should know about the targeted company, and how to seek access to company staff. The researcher also needs to be sensitive to events and real situations. A pause or an ambiguous answer during a conversation/interview may be interpreted as no or no further access is possible.

6.6 Ethical issues

Prior to commencing the data collection process, the researcher must think through the ethical issues and problems that might emerge during the data collection process (Saunders et al., 1997: 110). The researcher may encounter problems relating to access to the company and access to relevant data, however, the researcher must act in a fair and non-deceitful manner throughout the research process (Saunders et al., 1997: 110-111). If the researcher had promised the participants a copy of the research findings, then the researcher is obliged to make the material available as promised. Furthermore, the researcher must not make promises he/she cannot fulfil. Confidentiality and anonymity must be observed throughout the research process (Saunders et al., 1997: 112).

6.7 Validity, reliability and generalizability

6.7.1 Validity

As regards the issue of validity, the researcher needs to ensure that the appropriate research methods were selected for the research; the research methods

selected were used appropriately; and the researcher had the necessary skills and ability to deploy the research methods (Patton, 1990: 461). According to Patton (1990: 479-480), the researcher must ensure that the work is deemed objective, and this means that academic rigor is adhered to.

With respect to validation and the grounded theory approach, the researcher is required to check for accuracy during the construction of the grounded theory (this means checking category development, axial coding, selective coding, and the theory itself, against the data contained in the interview transcripts) (Strauss and Corbin, 1990: 52 and 118). Furthermore, the relationships, hypothetical statements linking the categories to the other categories, also need to be validated against the data contained in the interview transcripts in order for the statements to be considered robust (Strauss and Corbin, 1990: 129-130 and 138-139).

Once each category has been established, it is necessary to return to the interview transcripts, and establish if missing categories and/or subcategories are evident, in which case they have to be added, and this is also a process of validation as it adds density to the work (Strauss and Corbin, 1990: 108-109).

6.7.2 Reliability

The issue of reliability also needs to be addressed and this is why it is important for the researcher to select appropriate research methods and when using a questionnaire, ensure that the questions are logical and can be answered clearly (Patton, 1990: 294). The research outcome must be viewed as reliable (Patton, 1990: 130). Again, however, reliability is determined to some degree by the skill level of the researcher, their sensitivity to events, and their integrity (Patton, 1990: 11).

6.7.3 Generalizability

Grounded theory is associated with “explanatory power rather than that of generalizability” (Strauss and Corbin, 1998: 267). However, the researcher of this thesis was careful to ensure, that the data collected was comprehensive, and the theory that emerged was, according to Strauss and Corbin (1990: 23), judged to be “abstract enough and include sufficient variation to make it applicable to a variety of contexts related to the phenomenon”. This point has been underpinned by Dabbs (1982: 32) and Woods (1992: 392-393) who have stated that if the researcher is able to understand what is going on under a certain situation or various conditions, then the researcher can predict what might happen in a similar case or a similar number of cases. Mithaug (2000: 6-11) has stated that constructive theorizing is aimed at providing an answer to something; previously the answer was unclear or unknown. The word theorize is linked to the art of explanation and this is relevant as it implies that the grounded theory techniques is valid and reliable (Mithaug, 2000: ix).

The research methods used by the researcher were selected according to the concept of “fitness for purpose”. The resulting analytic perspectives produced discoveries and interpretations, hence there was a commitment to theory building (Coffey and Atkinson, 1996: 154).

Creswell (1994: 93) has indicated that a theory, in qualitative research, can be viewed as an outcome in the case of grounded theory studies. The strategy of inductive research is that a theory will emerge during the analytical and interpretative process (Creswell, 1994: 94-95). This point has been underpinned by Strauss and Corbin (1990: 23-25) who have stated that the theory is grounded in the data.

6.8 Reflection

Although the small group interviews conducted during the exploratory research phase yielded data, they were not as successful as anticipated. It is clear that both Japanese people and Korean people are shy when asked to discuss complex questions in front of others. Some people are reluctant to share information and/or feel threatened when asked to explain their particular view. They are not always prepared to engage in long drawn-out conversations. Although it is possible to say that the small group interviews formed an integral part of the exploratory research phase, it can be suggested that the same amount of data could have been obtained from the self-completion questionnaire method. If more in-depth data is needed, the face-to-face, personal in-depth interview method seems more appropriate than the small group interview method when carrying-out research involving Japanese and Korean people.

As regards organizing small group interviews, it is important to bear in mind that when undertaking research involving Japanese and Korean nationals, the interviewer/moderator should know those involved in the small group interview reasonably well prior to the group coming together. If the interviewer/moderator does not know the people well, it is difficult to form a relationship with the group members and the small group interview method may not yield as much data as anticipated. It is also important to note that Japanese people are reluctant to be tape recorded and prefer to provide written answers (via self completion questionnaires) or prefer the interviewer to write down the answers. This avoids potential conflicts or arguments with other group members. Korean people prefer to be tape recorded and are happy to explain points as and when required. During the exploratory research phase one Korean respondent asked to see the questionnaire prior to the interview being conducted, but

was happy to provide full answers to the questions posed by the interviewer on the day of the interview.

One key point to note is that there are a number of experts specializing in national culture and aspects of organizational culture based in the United Kingdom and it would have been beneficial for the researcher to identify these experts and to have contacted them at an early stage of the research. The experts (normally based at a university) could have been interviewed at some stage and this would have allowed the researcher to think in terms of deploying fewer research methods than were used. Possibly, advise from those specializing in aspects of national and organizational culture would have resulted in the researcher placing less emphasis on exploratory research, but this may not necessarily have been the case.

It can be suggested that the in-depth personal interview method used during both the exploratory research phase and the actual research phase (involving managers in Japanese and Korean electronics companies based in the United Kingdom) was highly successful. The researcher was able to collect in-depth, quality data that could be analyzed and interpreted. The issues raised were discussed and the linkage with other subject areas became evident. On several occasions the researcher was able to probe and to explore the subject matter from several angles. The interviewees enjoyed the challenge and were co-operative and respectful, and were prepared to share their insights, experiences and time with the researcher.

Reflecting back to the exploratory research phase, it can be suggested that the critical friendship group conducted at Harvard University, was useful because various specialists researching aspects of Korean culture were prepared to discuss several issues put forward by the researcher during the presentation of the paper (Lee, 2001). Furthermore, the small group interview that was conducted at the School of Oriental

and African Studies, University of London, was highly successful because the researcher was introduced to the participants by a highly respected academic who was originally from South Korea. The researcher had met the participants in London prior to the small group interview being conducted, and had established an understanding with group members. It can also be said the small group interview method conducted at Stirling University with a number of Japanese students was reasonably successful but took on a slightly different form. Again, however, the success (quality and quantity of data) can be attributed to the fact that a Japanese academic based at Stirling University arranged for a number of students to participate in the research.

The postal survey involving Japanese and Korean students, academics and practitioners, was successful because the quality and quantity of data was delivered within the specific time period. One reason why the postal survey was successful was because the researcher was able to target knowledgeable people through personal contacts. Also, it can be suggested that the response rate was high because the researcher had provided the potential respondents with a postal voucher that allowed them to return the questionnaire free of charge to her. Another fact can be mentioned, for example, the researcher is fluent in both written and spoken Japanese and Korean. This allowed her to communicate with the potential respondents in their own language and was possibly the reason why the respondents completed and returned the questionnaire to her. The respondents were able to read the questions in their own language and to express themselves in their own language, and this made them comfortable.

6.9 Conclusion

There are several research approaches that a researcher can adopt when studying complex and multi-faceted management problems/issues. The inductive research approach, the deductive research approach, or a combination of both the inductive and the deductive research approaches can be used. The main point to note is that the researcher needs to give careful attention to what is being studied and how the problem/issue can best be studied. Hence the “fitness for purpose” concept needs to be borne in mind by the researcher when the researcher designs a research strategy.

When a researcher decides to use the inductive research approach, it is important that the researcher understands how and why other researchers have studied the problem/issue under investigation, and what the outcome of the research was. Prior to the researcher undertaking his/her research, it is important for the researcher to gain the insights of experienced researchers in order that the research strategy adopted and the timetabling of the research are considered realistic. The researcher can think of the “fitness for purpose” concept in terms of their own skill and knowledge base, and in terms of the concepts of validity and reliability. The concept of generalizability is also a major consideration.

When the researcher decides upon the suitability of a research strategy, he/she also needs to consider the issue of access to the information and/or to a company. Furthermore, the question of access to an organization needs to be thought of in terms of how much time the researcher will be allowed to have by staff within the organization that the researcher wants to research. Other issues surface such as whether the timing is appropriate; whether the researcher can operate within the financial limits set that act as a constraint/limitation; whether the researcher has sufficient knowledge of the subject matter/the industry within which the organization

competes; and the interpersonal skills possessed by the researcher and in particular the cultural sensitivity that the researcher possesses (this can be interpreted as the knowledge that the researcher has of the type of behaviour/language skills deployed by staff within the organization). The key point to note is that once a researcher has access to an organization, it is important for the researcher to have continued access to the organization in order to complete the research and to complete the research on time. Hence the researcher needs to be politically astute and form a relationship with an identifiable 'gatekeeper' within the organization. Hence the researcher needs to identify what types of obstacles are likely to present themselves during the data collection phase, and to act well in advance in order to ensure that the data needed can be collected in the appropriate time period.

It is also important to note that when a researcher undertakes in-depth personal interviews for example, he/she is aware of the various issues involved which govern ethical behaviour. This means that the researcher acts in a fair and non-deceitful manner during the data collection process (and afterwards), and protects the confidentiality of the people interviewed and the organization itself.

Although research is time consuming, it is important that the researcher implements a logical research strategy and incorporates within it a period of reflection. A period of reflection is important because it requires the researcher to think carefully about what has been done to-date and what needs to be done in the future. It also allows the researcher to stand back and apprise in an objective manner how the research is progressing.

Chapter Seven: Exploratory Data Collection, Analysis and Interpretation

7.1 Introduction

This chapter makes reference to the mindset of Japanese and Korean people.

The steps in the research process leading up to the completion of the exploratory research are outlined (section 7.2) and the exploratory research relating to Japanese culture and Korean culture is made reference to (section 7.3). The purpose of the research (section 7.3.1) is covered and the primary data collection process relating to Japanese culture (section 7.3.2) and the observations of the Japanese group in the United Kingdom (section 7.3.2.1) are evident. The primary data collection relating to Korean culture in the United States of America is outlined (section 7.3.3); the observations of the Harvard-Korean group (section 7.3.3.1) are highlighted; the primary data collection exercise in the United Kingdom relating to Korean culture (section 7.3.3.2) is evident; the observations of the London-Korean group (section 7.3.3.3) are highlighted; and a summary of the observations relating to the Harvard-Korean and London-Korean groups (section 7.3.3.4) is provided. The analysis of the exploratory research (section 7.4) is provided: Japanese culture (section 7.4.1) and Korean culture (section 7.4.2). The discussion (section 7.5) element is divided into two: the interpretation of the Japanese exploratory research (section 7.5.1) and the interpretation of the Korean exploratory research (section 7.5.2). The similarities and differences between Japanese culture and Korean culture are provided (section 7.6): the similarities between Japanese culture and Korean culture (section 7.6.1) are highlighted; and the differences between Japanese culture and Korean culture (section 7.6.2) are highlighted. A conclusion is evident (section 7.7).

7.2 The steps in the research process leading up to the completion of the exploratory research

Various steps were undertaken in the collection, analysis and interpretation of the data. Step one required the researcher to select relevant literature and step two was a literature review (Chapter Two, Chapter Three, Chapter Four and Chapter Five).

During the literature review, the researcher contacted a number of Japanese academics in Japan and Korean academics in South Korea. This was in order to collect relevant Japanese and Korean literature that would allow the researcher to understand the perspectives of Japanese and Korean academics.

The researcher contacted a Japanese consultant by e-mail on 17th November, 1999 who had published widely in academic management journals and was well known in international consultancy circles. The person concerned was kind enough to provide the researcher with a Japanese academic contact who responded to the requests made and forwarded copies of six articles relating to Japanese organizational culture (written in Japanese between 1992 to 1998) direct to the researcher. Meanwhile, the researcher approached a Korean academic working at Yonsei University (the same request but relating to Korean organizational culture), however, the person concerned did not respond (to an e-mail, fax and telephone call).

The reason why the researcher approached Japanese and Korean academics direct was because the researcher's principal supervisor had suggested that the researcher should obtain articles written by Japanese and Korean academics (published in their own language) in order to derive further cultural insights into the subject matter which were written from an Asian perspective.

The researcher talked the situation through with her principal supervisor and then discussed the methodological approach in some detail with her principal

supervisor and an academic colleague of his, and several ideas relating to a research strategy emerged. One issue that arose was whether the researcher should undertake a comparative study of Korean and Japanese organizations, but one problem that emerged was the problem of access. Not having received a response from the academic at Yonsei University, the researcher approached a professor of management who worked for a university in South Korea and who was visiting London University. Unfortunately, he was unable to assist the researcher as he was returning back to South Korea at the time he was contacted.

Step two of the research process was a literature review. Having undertaken the literature review, the researcher moved to step three, which was establishing the objective of the research, which was:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners."

And:

"to establish how a Korean electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners."

The fourth step saw the researcher formulate a letter which required some general information relating to the various targeted Japanese electronics companies and Korean electronics companies (annual reports, product and service information) based in the United Kingdom.

As regards step five, the researcher submitted her literature review to her supervisor and designed a covering letter which she then forwarded to senior managers and which explained the nature of the research (see Appendix Two). The letter of

introduction from the researcher's principal supervisor is contained in Appendix Two. Step six witnessed the researcher producing a research questionnaire. Step seven saw the researcher attend a conference at the Korea institute, Harvard University in order to present a paper entitled: "Organizational culture from a Korean perspective" (Lee, 2001). Those present formed a critical friendship group. The researcher also used the occasion to undertake a number of in-depth interviews with specialists in Korean culture and Japanese culture; and this necessitated the use of a structured questionnaire. The same questionnaire was sent to various people in Japan and to Korean people living in London. A number of interviews were conducted with Japanese students at Stirling University; at Birkbeck College, University of London; and with Korean students and academics at the School of Oriental and African Studies, University of London.

7.3 Primary data collection: Exploratory research relating to Japanese and Korean culture

7.3.1 The purpose of exploratory research

The reason why the researcher decided to undertake exploratory research has been discussed in Chapter Six, section 6.4. The key point to note was that the researcher needed to appreciate the Japanese and Korean mind set before she could proceed to collect data from both Japanese and Korean electronics companies based in the United Kingdom. It was essential for the researcher to identify how Japanese and Korean managers and their staff employed in Japanese and Korean electronic companies related to outside researchers and the objective was to identify potential obstacles during the data collection process (Hammersley and Atkinson, 1996: 54-70).

This was a key consideration with respect to the formulation of the research strategy.

7.3.2 Primary data collection relating to Japanese culture

With respect to interviewing Japanese people about Japanese culture, the researcher used the same standardized, open-ended questionnaire (see below) that was used to collect data from Korean people, and explained matters accordingly (the purpose of the research, the type of research, and how the data collected was to be used). The standardized, open-ended questionnaire was constructed by the author of this thesis and was based on a number of key points that emanated from the literature review (Chapters Two to Five). The exploratory questionnaire is featured below:

- (1) How can Japanese culture be defined?
- (2) What are the characteristics of Japanese culture?
- (3) How important are relationships in Japanese culture?
- (4) How important is the concept of loyalty in Japanese culture?
- (5) What role does trust play in the development of a relationship?
- (6) How important is co-operation in Japanese culture? (E.g. Teamwork in a class/in a company).
- (7) When is conflict appropriate in Japanese culture?

Age:

Gender:

Work experience (in years)

Level of education attained (BA/Masters degree/PhD)

Where were you born? (in Japan? Y/N)

Please indicate where you were born.

How many years have you lived outside Japan?

(a) Less than 1 year

(b) 1 to 2 years

(c) 2 years plus (please indicate the years)".

A Japanese postgraduate student the researcher had met at the Korea Institute annual conference held at the Baker Center, Harvard University, was willing to participate in the research and completed and returned a questionnaire on the same day. Arrangements were also made for the researcher to contact a Japanese academic, registered as a postgraduate student at Birkbeck College, University of London, which she did, and the person concerned completed and returned a questionnaire to the researcher on 4th May, 2001.

When the researcher returned to Stirling University (10th May, 2001), she contacted one of her Japanese friends who was an academic in Japan and now registered as a postgraduate student at the University of Stirling, and the researcher explained what she was doing and the purpose of the research, the type of research and how the data collected would be used. The Japanese friend agreed to participate in the research by completing a questionnaire and she returned it to the researcher (she did not want to be interviewed using a tape recorder). The Japanese friend offered to help the researcher by distributing the Japanese culture questionnaire to Japanese students who came to the University of Stirling as exchange students and who were registered for a Masters degree. The researcher handed fifteen questionnaires with self-addressed envelopes to her on 14th May, 2001. The Japanese friend, acting as gatekeeper, contacted a number of Japanese students on the researcher's behalf. Meanwhile, the researcher contacted a Japanese academic working at the University of Stirling, and made an arrangement to interview two Japanese undergraduate students on 23rd May, 2001.

The gatekeeper advised the researcher how to collect data from Japan, and the gatekeeper provided assistance in terms of how the researcher could collect data. The researcher translated the Japanese culture questionnaire into Japanese and provided a covering letter written in Japanese, which was then sent to 48 Japanese people resident in Japan. A self-addressed envelope and international reply coupons were included with the questionnaire. The researcher also contacted and received a completed Japanese culture questionnaire from a Japanese visiting scholar at the Reischauer Institution of Japanese Studies, Harvard University (via email), whom she had met on 5th April, 2001 while attending Dr. Myung-Lim Park's lecture at the Korea institute, Harvard University.

7.3.2.1 Observations of the Japanese group in the United Kingdom

It is evident from the data collection exercise that Japanese people prefer to respond in written form as opposed to being interviewed and tape-recorded. This implies that Japanese people tend to take time to think and formulate their ideas and/or prefer not to do so in the presence of the interviewer. Meanwhile, Japanese people tend not to want to lose their influence/control/power when they introduce someone to somebody, although, the person who is introduced has an ability to make their own decisions.

7.3.3 Primary data collection relating to Korean culture in the United States of America

The researcher attended a talk entitled "Beyond dichotomy; perspectives, criteria, and methodology" given by Dr. Myung-Lim Park at Harvard University on 5th April 2001, and at the same time met a professor from South Korea, who agreed to meet the researcher to discuss her research on 12th April, 2001.

On 12th April, 2001, various topics were discussed with the professor from South Korea, they included:

- (1) the management of Korean companies;
- (2) how to approach Korean students at Harvard University who attended the Korea Institute annual conference on 14th April, 2001; and
- (3) how to approach Korean organizations in South Korea with respect to access vis-à-vis data collection. It would appear that access would be highly difficult due to the fact that staff were known to be very busy (staff work from 7:00am to 4:00 p.m. each day).

The senior academic from the university in South Korea had explained how difficult it would be for the researcher to collect data from managers in Korean

organizations and had suggested that if access was granted, that small group interviews would be the most appropriate method for data collection as it would be more time effective to bring the various managers together in a group interview situation as opposed to meet them individually, mainly because of their daily commitments.

The senior academic from the university in South Korea suggested that small group interviews or in-depth interviews with students, timed to last between 40 to 60 minutes would be appropriate for data collection. The senior academic made arrangements for the researcher to collect data from a group of Korean academics and researchers/practitioners on sabbatical at the Korea Institute (Yenching Institute) at Harvard University on Friday 13th April, 2001. The researcher constructed a questionnaire composed of 7 questions on 12th April, 2001. It was estimated that the questionnaire would take 40 minutes to complete on a self-completion basis.

The senior academic (acting as gatekeeper) arranged for the researcher to meet five Korean academics/researchers in order to provide feedback and data collection. The group was composed of a Professor from another University in South Korea who received a copy of the questionnaire but considered that he was unable to participate in the research owing to the fact that he considered the questionnaire ‘embarrassing’. The word ‘embarrassing’ can be interpreted as the potential interviewee thinking that they did not have the right answers to the questions that were to be posed by the interviewer. As the person concerned was older than the author of this thesis, a loss of face was an important element and possibly was the reason why the potential interviewee felt embarrassed. One academic completed and returned the questionnaire to the researcher (the questionnaire used was written in both English and Korean); had a conversation with a junior academic from another university in South Korea; and participated in a small group discussion.

The exploratory questionnaire is featured below:

- "(1) How can Korean culture be defined?
- (2) What are the characteristics of Korean culture?
- (3) How important are relationships in Korean culture?
- (4) How important is the concept of loyalty in Korean culture?
- (5) What role does trust play in the development of a relationship?
- (6) How important is co-operation in Korean culture? (E.g. Teamwork in a class/in a company).
- (7) When is conflict appropriate in Korean culture?

Age:

Gender:

Work experience (in years)

Level of education attained (BA/Masters degree/PhD)

Where were you born? (in Korea? Y/N)

Please indicate where you were born.

How many years have you lived outside Korea?

- (a) Less than 1 year
- (b) 1 to 2 years
- (c) 2 years plus (please indicate the years)".

7.3.3.1 Observations of the Harvard-Korean group

The following observations were made by the researcher during the conversation with the professor from the university in South Korea and the small group interview that followed the conversation:

- (1) Korean people need to have clear definitions to work with otherwise they consider the research to be ambiguous and they are worried that they do not provide accurate and relevant answers.
- (2) Korean people are reluctant to provide answers when they find the subject matter unclear. Words such as inductive versus deductive need to be adequately defined and broad questions should be avoided.
- (3) Korean people can be highly critical and do not listen to other people's views or they may try to impose their view on other people.
- (4) If a senior member of the group appears critical, then this discourages the junior members of the group from participating in the discussions.

- (5) If one of the members of the group appears strongly critical and disagrees with the researcher's approach then other members of the group may hold back and may not be willing to provide information (as a result of group harmony).
- (6) Some members found the questionnaire ambiguous as they viewed it to be highly personal and they were worried that their answers may not be placed in context.

The following conclusions were drawn: select the interviewees carefully as Korean people do not necessarily view themselves as being homogeneous; explain the subject matter clearly and provide actual examples; do not rush the data collection exercise as it is necessary to explain why the research is being conducted, how it is being conducted, why it is conducted in the way that it is; also maintain very good relations with the gate-keeper as the gate-keeper can provide further assistance and access to the same or different respondents; do not be worried about receiving critical appraisal; and explain matters clearly when necessary (logic and the purpose of the exercise).

The fact that the researcher presented a paper at the Korea Institute, Harvard University was beneficial owing to the fact that the critical friendship group was an excellent means for exploring, critiquing and justifying the research strategy adopted by the researcher. A key issue explored was the Korean management model which is now in a process of transformation.

7.3.3.2 Primary data collection exercise in the United Kingdom relating to Korean culture

On returning to London, the author of this thesis visited an academic at the School of Oriental and African Studies (SOAS), University of London, she had met prior to going to the United States of America to attend the annual conference at the

Korea Institute on 14th April, 2001. The Korean academic arranged for the researcher to meet other Korean academics who were visiting the School of Oriental and African Studies, University of London and the researcher undertook interviews with three Korean academics and two Korean postgraduate students (from 26th April to 9th May, 2001) who studied at the School of Oriental and African Studies, University of London (known as the London-Korean group).

The members of the London-Korean group were each interviewed for an average 50 minutes and each interview was tape recorded. The researcher explained each time what the purpose of the research was, the type of research being conducted and how the data collected would be used. During the interview, the researcher explained each question when required to and used the sound ‘um-um’ in order to show the interviewee that the researcher was listening to him/her and wanted to encourage the interviewee. When the researcher interviewed the visiting Korean academics, the researcher went to their office at the appropriate time. The researcher interviewed the Korean postgraduate students, in a room at Birkbeck College, University of London. The interviews were conducted at the appropriate time previously agreed with the interviewees.

7.3.3.3 Observations of the London-Korean group

The following observations were made by the researcher and relate to the London-Korean group:

- (1) Korean people are worried as to whether they provide the right answer or an answer that the researcher expected (although the researcher had explained at the beginning of the interview that there was no standard answer).
- (2) Although the Korean people had a good knowledge of English, the Korean people seemed to have some difficulties understanding what was asked. So the questions

had to be translated into Korean by the researcher to ensure that they were fully understood.

- (3) Korean people are concerned about age and status, and are careful as to how they express their opinions.

The researcher felt that the London-Korean group had welcomed her. One of the visiting Korean academics suggested that if the researcher needed to contact more Korean people, this would be possible.

7.3.3.4 A summary of the observations relating to the Harvard-Korean and London-Korean groups

A summary of the characteristics of the two groups (the London-Korean group and the Harvard-Korean group) can be made, and are listed below.

- (1) Attitude toward uncertainty.

It can be stated that both groups were worried about providing the correct answer.

- (2) Behaviour of junior people.

Junior people behave in a set manner in front of senior people. They tend to listen to what senior people say, but do not seem to challenge, and do not always provide their own views.

- (3) Conceptual understanding.

Korean people seem to have different perceptions from Westerners (trust, loyalty and teamwork are viewed differently for example).

7.4 Analysis of the exploratory research: Japanese culture and Korean culture

The material below is drawn from Appendix Three.

7.4.1 Japanese culture

The evidence in Table 7.1 shows that Japanese people have a clear identity (67% response) which is based on lineage, language, customs, a sense of beauty, the

tea ceremony and flower arranging. Some of these have been strongly influenced by other Asian cultures and philosophies (Confucius thought and Buddhist thought).

However, Japan's process of industrialization had been influenced by Western culture.

Japanese life revolves around the practice of collectivism and adaptation is viewed as important. Keeping 'peace' with others through co-operating with them is important (22% response). Politeness and strong in practice (applying knowledge in a practical context) were also cited.

Table 7.1: Japanese culture defined

Characteristics	Frequency	Percentage (%)
Identity (language, sense of beauty, tea ceremony etc.)	18	67
Influence from Asian culture (China, Korea etc.)	13	48
Influence from Western culture	9	33
Collectivism	9	33
Retain old values and adapt	7	26
Keep <i>peace</i> with others (co-operation)/harmonious relations	6	22
Politeness	3	11
Strong in practice	1	4

N=27

Table 7.2 shows a broad range of characteristics which are simplicity and lonely/quiet (39% response); co-operation/harmony (29% response); traditionalism (18% response); humility and imitation each of which received a response of 14% followed by; minimise/functional, a sense of belonging and adaptation, each of which received a response of 11%. Collectivist, law abiding, real intention and professed intention, to plan in advance, and self refection were highlighted.

Table 7.2: Characteristics of Japanese culture

Characteristics	Frequency	Percentage (%)
Simplicity and lonely/quiet	11	39
Co-operation/harmony	8	29
Traditionalism	5	18
Humility (modest, reverence and humble)	4	14
Imitation	4	14
Minimise/functional	3	11
Sense of belonging	3	11
Adaptation	3	11
Collectivist	2	7
Law abiding	1	4
Real intention and professed intention	1	4
To plan in advance	1	4
Self reflection	1	4

N=28

The evidence in Table 7.3 suggests that building strong relationships is very important (71% response) and is fundamental in Japanese society. Relationships also need to be placed in a hierarchical context (25% response); and harmony is viewed as important. Other important elements include: equality, a sense of belonging to a group, and networking (and communication). Furthermore, improving knowledge, co-operation, discipline, maintaining private space, good teamwork, trustworthy behaviour and adaptability are also important elements for building relationships in Japanese culture.

Table 7. 3: The important elements for relationships in Japanese culture

Characteristics	Frequency	Percentage (%)
Building a strong relationship	20	71
Knowing one's position in the hierarchy (seniority)	7	25
Harmonious relationships	7	25
Networking (and communication)	3	11
Equality	3	11
Belonging to a group	3	11
Improving knowledge	2	7
Co-operation	2	7
Discipline	1	4
Private distance/space	1	4
Good teamwork	1	4
Trustworthy behaviour	1	4
Adaptability	1	4

N= 28

It is interesting to note from Table 7.4 that although Japanese people consider the concept of loyalty to be very important (64%), meanwhile, a high percentage of people indicated that in Japan people need to change from seniority to elitism or individualistic behaviour (46% response). The word 'seniority' appeared 7 times (25% response) which is worth noting. Also, the word loyalty is 'not' viewed as important by 21% of the respondents and loyalty is perceived as a sense of beauty (11% response). Furthermore, the terms respect, humanity and diligent/hard work were highlighted.

Table 7.4: The importance of the concept of loyalty in Japanese culture

Characteristics	Frequency	Percentage (%)
Very important	18	64
Need to change from seniority to elitism/individualism	13	46
Seniority	7	25
Loyalty is not important today	6	21
Loyalty is perceived as a sense of beauty	3	11
Respect	2	7
Humanity	2	7
Diligent/hard work	1	4

N=28

As regards Table 7.5, the evidence shows that trust plays a crucial role in relationship building (86% response). Building relationships is very important (61% response) and so too is belonging to a group (11% response). Exchanging information, fairness, co-operation and harmony are all recognised as important.

Table 7.5: The role of trust in the development of relationships in Japanese culture

Characteristics	Frequency	Percentage (%)
Trust is crucial	24	86
Building relationship	17	61
Belonging to a group	3	11
Exchanging information	2	7
Fairness	1	4
Co-operation	1	4
Harmony	1	4

N=28

The evidence in Table 7.6 (below) strongly suggests that co-operation in Japanese culture is very important (86% response). This is because, if people work together the results achieved are greater than the results achieved by an individual, hence the concept of mutual goal accomplishment. Harmony is viewed as a key concept for co-operation and received a response of 21%. However, even though individualism received a low response (14%), it is important to note that individualism is becoming recognised as an important element in Japanese culture. Japanese people believe that co-operation provides a chance to create a good relationship and allows good group work.

Table 7.6: The importance of co-operation in Japanese culture

Characteristics	Frequency	Percentage (%)
Co-operation is important (greater than individual ability, to achieve (mutual) goal)	24	86
Harmony is key concept	6	21
Individualism	4	14
Group work	4	14
Creating a good relationship	3	11

N=28

It is clear from Table 7.7 that Japanese people tend to avoid conflict situations, although conflicts do arise and are viewed as appropriate (58% of the respondents answered occasionally). Conflict can result in improvements, reform/advancement, to achieve a good result, and in some cases to protect an idea/privacy and to prove a point.

Table 7.7: When is conflict appropriate in Japanese culture?

Characteristics	Frequency	Percentage(%)
Occasionally	15	58
For improvement, reform/advancement	9	35
To achieve a good result	8	31
Protection (own idea)	4	15
To prove a point	3	12

N=26

7.4.2 Korean culture

The evidence from Table 7.8 (below) suggests that Korean people have a clearly defined identity that is based on a specific value system (76% response). Korean people have been heavily influenced by Confucian thought and Buddhism (both of which penetrated Korea from China) (67% response), but the Japanese occupation of Korea has had little impact on the Korean value system and in a modern day context, Western influence is evident, but not strongly so (only in the context of industrialisation). It was noted that Korean culture has influenced other cultures and Korean people can be noncommittal.

Table 7.8: Korean culture defined

Characteristics	Frequency	Percentage (%)
Identity = Korean value system	16	76
Influence from China = Confucianism and Buddhism	14	67
Western influence	6	29
Japanese influence	4	19
Korean culture has influenced other cultures	2	10
Noncommittal	1	5

N= 21

The evidence in Table 7.9 shows that the Korean characteristics are resistance to change (35%); respect for their elders and obedience; and spirituality as opposed to materialistic behaviour. Korean people are known to persevere; are family oriented; exercise humanity; are peaceful; co-operative and can act speedily. There is evidence of creativity, but this is low. Other characteristics cited were: self oriented, aggressive, adaptive, homogeneous, practical oriented, fashion oriented and loyalty ties.

Table 7.9: Characteristics of Korean culture

Characteristics	Frequency	Percentage (%)
Resistance to change (slow to adapt new/approaches)	7	35
Respect for elders and obedient behaviour	6	30
Spirituality (non-materialism)	6	30
Known to persevere	5	25
Family-oriented	4	20
Humanity	4	20
Peaceful	3	15
Co-operative	3	15
Speedy behaviour	2	10
Creative	1	5
Self oriented	1	5
Aggressive	1	5
Adaptive	1	5
Homogeneous	1	5
Practical oriented	1	5
Fashion oriented	1	5
Loyalty ties	1	5

N=20

Table 7.10 is interesting because it suggests that personal relationships, based on blood, area (where one is born), and school/university (from which a person graduated) are fundamentally important (81% response). A clearly defined relationship is also very important in the sense of family ties and place within society (and within a company). The sense of belonging/humane-humanity is also one of the important

elements and refers to spiritual understanding and can be interrelated with the element of trustworthiness. Age was cited by one respondent only.

Table 7.10: The important elements for relationships in Korean culture

Characteristics	Frequency	Percentage (%)
Personal relationship (blood, area, background and which school)	17	81
A clearly defined relationship	11	52
Sense of belonging, humane-humanity	11	52
Trustworthiness	1	5
Age	1	5

N=21

The evidence in Table 7.11 shows that it is important for Korean people to be loyal to their own group; the group can be a company and this suggests there is pressure from the top for members of the group to maintain their commitment to the group so that the group benefits and remains strongly homogeneous. Hence a strong sense of belonging is evident. Loyalty is said to underpin relationship building and family commitment was cited.

Table 7.11: The importance of the concept of loyalty in Korean culture

Characteristics	Frequency	Percentage (%)
To own group (boss/company) (to make strong sense of belonging, homogeneous)	12	67
Very important	11	61
Underpins relationship building	5	28
Family commitment	3	17

N= 18

Table 7.12 (below) indicates that the role of trust in developing a relationship is perceived as important and it is to be viewed as continuous. It should also be noted that people need to be responsible for their actions; and that Korean people are keen to have cultural understanding; and exercise mutuality and exhibit humanity.

Table 7.12: The role of trust in the development of relationships in Korean culture

Characteristics	Frequency	Percentage (%)
The role of trust is important	20	95
Continuous	16	76
Responsibility	5	24
Cultural understanding	4	19
Mutuality	3	14
Humanity	3	14

N=21

The evidence in Table 7.13 shows that co-operation is important in order to achieve a better performance (52% response), but Korean people believe that they are more individualistic than Japanese people (38% response). Peer support, network building and making personal sacrifices in order for the group to achieve its goals are considered important. Also, the evidence shows that there are two opposite perspectives relating to the importance of co-operation; one view suggests that co-operation is becoming more important and needs to be managed positively due to the increasing workload, however, on the other hand, an alternative view suggests that the degree of co-operation needs to be placed in a specific context so that each individual is able to strengthen their own capability without losing individual motivation. One has to conclude that some Korean people think that co-operation is not always important in modern society.

Table 7.13: The importance of co-operation in Korean culture

Characteristics	Frequency	Percentage (%)
Important for better performance	11	52
More individualistic than Japanese	8	38
Peer support	4	19
Network building	3	14
Personal sacrifice for the group's goals	3	14
More important (because the workload is increasing)	2	10
Within reason (does not kill individual ability/motivation)	2	10
Not always	1	5

N=21

It is interesting to note from Table 7.14 that 10 out of 18 people (56% of the respondents) considered that conflict is not appropriate in order to solve a problem whereas 5 out of 18 (28% of the respondents) felt that conflict is appropriate to change something. Conflict is perceived as necessary to implement change within society and to protect something/to safeguard something. It can also be noted that negotiation is viewed as a way to solve a problem. If people do not engage in conflicts, then a stalemate may arise, and this might have negative consequences in the long-term.

Table 7.14: When is conflict appropriate in Korean culture?

Characteristics	Frequency	Percentage (%)
Conflict is not appropriate	10	56
Conflict is appropriate for change	5	28
To protect something/to safeguard something	4	22
To implement change within society	2	11
The importance of negotiation	2	11

N=18

7.5 Discussion

7.5.1 Interpretation of the Japanese exploratory research

Japanese culture defined (Table 7.1)

Japanese culture has been influenced by other Asian cultures (China and Korea proved influential through Buddhism and Confucianism). This point has been recognised by Umehara (1992: 28- 41) and Meyer (1993). Japanese people have their own identity, and this is because Shintoism was forced by Buddhism to become a distinct form of religion (Yanaga, 1976: 539). Japanese people believe that their identity is based on certain ideas and a certain commonality as identified in their language, sense of beauty, the tea ceremony, flower arrangement which stem from Buddhist ceremonies (Osumi, 1992: 27) and customs. This implies that Japanese people absorb ideas from other cultures and are steeped in ceremony (the tea ceremony and flower arrangement for example). Japanese culture adapts to and absorbs cultural influences via the change process that is evident in society, and this is achieved without causing conflict between the new culture and the old culture. This also implies that Japanese people value harmonious relationships as they believe in maintaining a peaceful environment and this is attributed to the fact that Shintoism and Buddhism were merged (Osumi, 1992) and as a result produced a harmonious value system.

Characteristics of Japanese culture (Table 7.2)

The characteristics of Japanese culture are heavily influenced by Buddhism as opposed to Confucianism as has been explained by Umehara (1992: 28-41) and Meyer (1993). This is because (as the evidence in Table 7.2 shows), the characteristics of simplicity and lonely/quiet, minimise/functional and imitation, are derived from Buddhism (the environment of Buddhists and how Buddhists have been trained).

Some characteristics such as co-operative/harmony, humility (modest, reverence and humbleness), a sense of belonging, adaptation, collectivist, real intention and professed intention one can argue, are mixed in the sense that they contain influences of Buddhism, Japanese local customs and a degree of Confucious thought. For example, the co-operative/harmony characteristic can be seen in both Buddhism and Confucianism and have been outlined in Chapter Three, section 3.2 Furthermore, the humility characteristic, as Lee (1996) has argued in Chapter Three, reflects how Japanese people use their language to express politeness and this form of expression is different from how Korean people use their language to express politeness, although both languages contain a polite speaking way.

The characteristics of 'traditionalism' are related to Japanese old culture (not local customs). This means that when Japanese people identify with their own cultural characteristics, they tend to think from their traditional cultural perspective (not current culture in the society) which is influenced by Buddhism, Confucianism and Japanese customs. This is due to the historical context itself, political ideologies which shape national identity, and can also be linked with the Japanese educational system (Adams and Gottlieb, 1993: 5)(Ouston, 1998).

The important elements for relationships in Japanese culture (Table 7.3)

In Japanese society, building a strong relationship is fundamentally important. In order for an individual to build a strong relationship with other people, they must know what one's position is and how one should place oneself in a hierarchical structure. This has been recognised by Ichikawa (1993: 55) and Mito et al.,(1999: 164-165) who have written about relationship building characteristics and linked them to Japanese national characteristics. Meanwhile, they need also to be able to maintain harmonious relationships and this suggests that relationships are in fact long-term relationships (Nagatani, 1998: 371-372). Therefore, in order for an individual to be valued in society and/or improve a relationship further, the individual needs to have a good network, good communication skills and be fair to everybody. They should also improve their own individual knowledge (both directly related subject matter and various other subject matter) and this is important from the perspective of Japanese leadership styles (see Chapter Two, section 2.4). In order to achieve this, the individual must be disciplined and be adaptable and perceived as trustworthy. The latter point can be linked with an individual belonging to a group/company during their lifetime (Sasajima, 1993: 40)(Hanaoka, 1997: 147)(Hazama in Maruyama, 1997: 114).

The importance of the concept of loyalty in Japanese culture (Table 7.4)

Although Japanese people still view loyalty as important, the evidence in Table 7.4 shows that Japanese people feel that change is needed so that the concept of individualism is accepted and respected. This implies that Japanese people recognise and value individual ability/capability and are less concerned with the concept of status and hierarchy especially in an organization. This can be attributed to two factors: (1) the fact that Japanese organizations can no longer guarantee life time employment as a result of problems in the business environment and the economic situation, and the

pressures exerted by Japanese society (Sano, 1993: 11–13)(Okazaki-Ward, 1993)(Sasajima, 1993: 31-32 and 39); and (2) the Japanese educational system is undergoing reform and is promoting the concept of individualism (Ouston, 1998).

Meanwhile, the evidence in Table 7.4 shows that the concept of seniority is important, however, the concept of seniority includes respect and humanity, and needs to be placed in a social context as opposed to a hierarchical context within an organization. This is because, in order for an individual to be loyal, they need to identify with a group/individual for example. So the senior members of staff within an organization can be the subject for junior members of staff to be loyal to, however, Table 7.4 shows, some perceive the concept of loyalty today as unimportant and perceive a sense of beauty, respect and humanity as being important. This implies that Japanese people respect elderly people and they think that it is important that there is a certain order in society. This being the case, Japanese people feel good and comfortable, and it can be said that these characteristics are influenced by Buddhism and Confucianism (Osumi, 1992) (Meyer, 1993). Furthermore, the reason why Japanese people believe that the concept of loyalty is no longer important, could be explained through the present situation of Japanese companies, whereby many Japanese companies are making employees redundant (the commitment to the concept of life time employment is not necessarily evident); on the other hand, the young generation of Japanese are influenced by Western culture (individualism) whereas their parents (the previous generation) were not. These latter points have been noted in the above (Sano, 1993: 11 –13)(Okazaki-Ward, 1993)(Sasajima, 1993: 31- 32 and 39)(Ouston, 1998).

The role of trust in the development of relationships in Japanese culture (Table 7.5)

The role of trust is fundamentally important with respect to building a relationship in Japanese society and according to Ichikawa (1993: 51-52), this process

is evident and carried on within the organization. Lincoln et al., (1998: 245) have indicated that staff in Japanese organizations need to continually update themselves by learning from others and this determines how individual staff members are valued and rewarded. The point relating to acquiring additional skills, has also been noted by Ouston (1998). It is also related to the 'sense of belonging to a group'. This means that if an individual is trusted by a group of people, the individual is accepted by the group and is allowed to exchange information with members of the group. In order to be trusted, an individual needs to be perceived as fair, co-operative and harmonious.

The importance of co-operation in Japanese culture (Table 7.6)

Co-operation is perceived as important in order to achieve a better performance and is necessary with respect to achieving mutual benefits. In order for co-operation to take place, harmonious behaviour is viewed as the key concept. Harmonious behaviour has been highlighted by Umehara (1992) and Meyer (1993). Therefore, when an individual is perceived as co-operating with others, the individual can influence others and can help change by creating a good relationship with others/the group. It is important to note that individualism is considered important as highlighted by Ouston (1998). This means that although Japanese people understand that co-operation is important in order to achieve better results, they also recognise that in order to achieve a better performance, they need to respect an individual's ability as well, and this could lead to good group work.

When is conflict appropriate in Japanese culture? (Table 7.7)

Although Japanese people do not prefer to be in a conflict situation, they do accept that conflict is necessary in order to improve something or reform something. Conflict can result in a good result. Also, a conflict can arise in order to protect an

individual's idea and/or to prove a point. Although this point is not always dealt with adequately in the literature, it can be explained in the sense that individualism can give rise to competitive behaviour both within the education system and within the organization (see Chapter two, section 2.4 and Chapter Three, section 3.3.1).

7.5.2 Interpretation of the Korean exploratory research

Korean culture defined (Table 7.8)

Korean people have a strong identity that underpins the Korean value system. The Korean value system has been influenced by Chinese culture (Buddhism and especially Confucious thought) as can be seen in Table 7.9 and Table 7.10. This has been recognised by Nahm (1988). Although Japan invaded Korea and occupied the country for a long period of time, Japanese culture did not influence the Korean value system. This is a result of the fact that the Japanese occupiers of Korea did not allow Korean people to advance themselves academically via advanced studies (Adams and Gottlieb, 1993: 14–17). Korean people consider themselves to be noncommittal, and this may be as a result of geographical conditions (Korea is a peninsula), and historical and political factors. There are complex issues here relating to the period of Japanese occupation, and Western (American) influence as well as the policy of the Korean government on education policy (see Chapter Three, section 3.4.3.1 and section 3.4.3.2).

From the time that Korea underwent industrialisation, Western culture began to influence the Korean value system, although gradually as noted by Kim and Yi (1998-1999: 78) and Lee (1998-1999: 26–30). On the other hand, Korean culture has influenced other Asian cultures through the process of passing Buddhism and Confucianism to other countries and this has been highlighted by Meyer (1993).

Characteristics of Korean culture (Table 7.9)

The characteristics of Korean culture indicate that Korean people are resistant to change or are slow to adopt something (a new/approach for example). This could be because Korean people are strongly family-oriented and respect their elders (not only within the family but also elderly people within society). This is because society is viewed as an expanded family and obedience to elders is paramount. This underpins the fact that Confucianism has strongly influenced the Korean value system (Nahm, 1988)(Song, 1992: 192)(Ungson et al., 1997: 228)(Kim and Yi, 1998-1999: 76)(Lee, 1998-1999: 27)(Whang, 1998-1999: 22-23). One could argue that this is why Korean people value spirituality as opposed to materialism when they have a relationship with other people. This indicates that Buddhism has had a strong influence on Korea (Weems, 1966: 243)(Nahm, 1988: 95)(Deuchler, 1992: 90). The characteristics such as humanity, peaceful, co-operative and loyalty ties can be seen as examples of how the concept of spirituality is embedded in Korean culture.

The Korean traditional value system has been strongly influenced by Confucian thought which has had more influence than Buddhism, but the characteristics of personal relationship building (see Table 7.10) are fundamental with respect to building a relationship in Korean society (see comments made with respect to Table 7.9). The characteristics such as speedy behaviour, self-oriented, practical-oriented and fashion-oriented, which it could be argued represent change in Korean society/culture (since Korea has undergone industrialisation), requires people to act fast in order to survive. Therefore, it can be assumed that conflict vis-à-vis the traditional Korean value system will be evident. Factors such as individual self-expressionism are influential here (Song, 1992: 189-190)(Kim and Yi, 1998 – 1999: 76).

The important elements for relationships in Korean culture (Table 7.10)

With respect to the important elements for relationships in Korean culture, one can think in terms of personal relationships based on blood relationships, and other factors such as where an individual was born, their status, and back-ground for example. This can be placed in the context of organizational recruitment; people are hired based on the concept of *Yon-go* (which is part of the *Gong-che*) and key considerations are blood links, family ties, school ties and place of birth for example (Ungson et al., 1997: 192-193)(Lee, 1998-1999: 30-31). This is because, the concept of the sense of belonging, humane-humanity are viewed as important. To understand the degree of sense of belonging it is necessary to understand the importance of trustworthiness and why clearly defined relationships are valued in terms of how Korean people develop and maintain their relationships.

The importance of the concept of loyalty in Korean culture (Table 7.11)

The concept of loyalty in Korean society is paramount; and in order for an individual to be perceived as loyal to their own group (which can be the boss one workers for or the company itself), an individual needs to express a strong sense of belonging. Group behaviour is underpinned by homogeneity and an individual needs to be viewed as committed and must not exhibit noncommittal behaviour. By an individual demonstrating their loyalty to the group, an individual can build a strong relationship with other members of the group. All these points have been explained by Ungson et al., (1997: 64 – 73 and 223- 224) who have indicated that with respect to a Korean organization the following factors are key elements: a close relationship exists between the organization and the state; entrepreneurship; control based on family ties; centrally governed; and strong paternalistic leadership. A number of authors agree with this

interpretation (Chen, 1995: 155)(Kim, 1997: 88)(Kim and Yi, 1998-1999: 74-75)(Shin, 1998 –1999: 42)(Woo in Kim and Yi, 1998-1999: 74-75)(Jeong, 1999: 89).

The role of trust in the development of relationships in Korean Culture (Table 7.12)

In order to develop a relationship, the role of trust is perceived as basic, because it allows an individual to communicate and discuss a subject continuously and this leads to a further/deeper level of relationship building. Trust-oriented behaviour includes such issues as responsibility for an individual's actions, cultural understanding (between two or more people and/or group); and it should be the basis of and result in mutual benefit and humanity. It has been established that Korean people are driven and adhere to the concept of mutuality (Dacin et al., 1997: 12).

The importance of co-operation in Korean culture (Table 7.13)

The importance of co-operation in Korean culture is highlighted, although Korean people admit that Korean people are more individualistic compared to Japanese people, they agree that co-operation is important in order to achieve a better performance (which requires peer support and a good network). It is recognised that an increasing workload and the degree of complexity associated with solving problems in a short period of time, are key considerations.

However, in order to facilitate the process of co-operation, each member of a group should not lose their own motivation level and should improve their own ability/skills or appraise the ability and skills of other individuals (their colleagues). This can also be interpreted from the point of view that organizational employees are expected to have special skills and knowledge (Ungson et al., 1997: 193)(Lee, 1998-1999: 36-37).

This interpretation can be linked with the answer that co-operation is ‘not always’ important. It should be noted that this aspect can be contradictory in the sense that in order to stimulate co-operation, an individual may need to sacrifice their personal goals for the goals of the group. One can conclude that Korean society is in a process of transformation. This process of transformation has been recognised by Moran (1998: 25) and Mathews (1998: 748).

When is conflict appropriate in Korean culture? (Table 7.14)

Korean people do not think conflict is appropriate to solve a problem, however, when a situation needs to be changed, Korean people will accept conflict so that they can protect something or safeguard something and/or implement changes within society. This has been recognised by Lee (1998-1999: 34) and Trim and Lee (2000: 121). Meanwhile, Korean people are willing and see the benefits of negotiating in order to resolve a conflict situation and this suggests that Korean people are committed to finding a positive solution as and when required. Indeed, this is evidence of the fact that group harmony is important (Ungson et al., 1997)(Lee, 1998 –1999).

7.6 Similarities and differences between Japanese culture and Korean culture

The results of the analysis and interpretation of the exploratory research relating to Japanese culture and Korean culture, has allowed the author of this thesis be able to identify what the similarities and differences between Japanese culture and Korean culture are. This is a valuable contribution to theory building as the researcher is able to explain to Western senior managers, who are contemplating managing a strategic alliance and/or partnership arrangement with either a Japanese company or a Korean company or both types of company, for example, what the Japanese and Korean mind set is. This is because, the research findings allow senior managers to

manage local staff without effecting the motivation level of such staff/employees, therefore, staff/employees should remain loyal to the (senior) manager/the company. The importance of managing sub-cultures has been highlighted by Hofstede (1997), Bryant (1998: 8-9), Harris (1998: 368-369) and Morden (1999: 20). In order to understand changes in a society, it is necessary to have an appreciation of what organizational culture is and how it evolves and develops through time (Allaire and Firsirotu: 1984: 210). The evidence of the research findings, both Japanese culture and Korean culture, is that change is evident in both societies. A deeper understanding requires that knowledge relating to comparative national culture and comparative organizational culture is developed (Olie, 1994: 386-387)(Hofstede, 1997: 11-19). This is because, as the researcher has argued in Chapter two, section 2.2 and section 2.3, an organization is an extension of society and the way people relate to other people is mirrored by how people in a society relate to each other (Ulrich, 1998)(Tsoukas, 1998: 294). An organization's culture needs to be modified through time, so that senior managers in an organization can formulate strategy better and implement it more effectively (Dawson, 1992: 140)(Schein, 1992: 209-218)(Morgan, 1997: 137)(Anderson, 2000: 2,281-2,283).

7.6.1 Similarities between Japanese culture and Korean culture

Some similar characteristics can be identified between Japanese culture and Korean culture.

- (1) Both Japanese culture and Korean culture have been influenced by Chinese culture through Buddhism and Confucianism.
- (2) Accordingly, it can be argued that both Japanese people and Korean people, have absorbed ideas into their national culture and applied the ideas in their own way of doing things over a long period of time.

- (3) Since both Japan and Korea have undergone industrialization, the people of these countries have been influenced by Western culture.
- (4) Both Japanese people and Korean people valued co-operation/harmony and humanity, and have a distinct form of behaviour and use polite expression. The nature of behaviour can be different due to the fact that Japanese society was strongly influenced by Buddhism, which merged with Shintoism whereas with respect to Korean society, the people of Korea were influenced more by Confucious thought as opposed to Buddhist thought.
- (5) Both Japanese and Korean people perceive building relationships as fundamentally important and once developed, need to be maintained. Therefore, in order to build a strong relationship, each individual needs to understand one's position in the hierarchical structure as this dictates how the relationship is developed and maintained.
- (6) In order for an individual to be valued in society (in both Japan and Korea), the individual should have a good knowledge of direct and related subject matter.
- (7) Although there is some degree of difference as to the concept of loyalty, it can be noted that both Japanese people and Korean people value loyalty.
- (8) Both Japanese people and Korean people view trust as a basic ingredient of building further relationships and trust underpins the sense of belonging to a group.
- (9) Both Japanese people and Korean people understand that co-operation is important to achieve a better performance.
- (10) With respect to point (9), Japanese people and Korean people recognise that in order to facilitate co-operation, the ability, skills and experiences of each individual in the group must be respected, so that the group can achieve better results without losing motivation of each individual within the group.

- (11) Although, the view of conflict is perceived differently, both Japanese people and Korean people prefer to avoid a conflict situation.

7.6.2 Differences between Japanese culture and Korean culture

In order to understand Japanese people and Korean people better, it is important to understand what the differences are between the cultures and how and/or where the differences stem from. This is because, as indicated in Chapter Three, Japan and Korea have both been influenced by Buddhism and Confucianism (Lee and Trim, 1999)(Trim and Lee, 2000). Eleven points will be referred to. The behaviour of Japanese people is different from that of Korean people, because:

- (1) Buddhism in Japan merged with Shintoism and provided a distinct religious form.
- (2) Relating to point (1), it can be argued that Japanese people adopted a harmonious value system. Japanese people identify themselves through certain ideas, and commonality such as their language, sense of beauty, the tea ceremony and various customs.
- (3) Korean society has been influenced more strongly by Confucius thought compared with Japanese society, and Confucius thought has influenced the Korean value system.
- (4) Korean people inherited a noncommittal approach through geographical location, historical and political events that have had an impact on the country.
- (5) The Japanese characteristic of observing other cultures are different from how Korean people observe other cultures, for example, Japanese characteristics, (see Table 7.2), such as simplicity and lonely/quiet, minimise/functional and imitation stem from the Buddhist environment.

- (6) As Table 7.9 shows that Korean people have developed their cultural value system based on blood links/relations, school ties, and place of birth, which are rooted in Confucianism.
- (7) Although both Japanese people and Korean people share the same view relating to building strong relationships, the approach is different in the sense that Japanese people approach it from the stance of how an individual is valued in Japanese society and why certain attitudes/skills are necessary. Korean people have indicated that the important elements for building a relationship, are the concept of sense of belonging and humane-humanity.
- (8) With respect to the view of loyalty, although Japanese people and Korean people view this as important, Japanese people appear to recognise the necessity to change the concept of loyalty, and how there appears to be an acceptance and respect for the concept of individualism. Korean people relate the concept of loyalty firmly to building a strong relationship.
- (9) As regards trust, Japanese people relate the role of trust to building a relationship; trust, therefore, is underpinned by a continual commitment to improve individual knowledge and skill enhancement, whereas Korean people indicated that trust-oriented behaviour is important in order for Korean people to build mutually beneficial and harmonious relationships.
- (10) The view of co-operation is different between the two cultures as Japanese people see it as a chance to create a good relationship with others (and this implies that in order for an individual to build a good relationship in Japanese society, the behaviour of an individual is more important than the relationship based on blood links, school ties and place of birth), whereas Korean people see co-operation as a process or mechanism for change. The degree of co-operation can also be related

to the nature of change (workload, level of complexity and how it can be facilitated for example).

(11) The view of why conflict is accepted in Japanese society is different from how it is accepted in Korean society. For example, Japanese people accept conflict when they need to protect an idea or when they want to prove a point whereas Korean people view conflict as necessary in order to protect something or safeguard something and/or implement changes in society. However, Korean people prefer to use negotiation to resolve a conflict situation.

7.7 Conclusion

The researcher's research strategy was successful in the sense that it allowed her to get inside the minds of Japanese people and Korean people and to understand their mind set. When undertaking exploratory research, it is important to identify which research methods will facilitate the data collection process and if necessary, the researcher needs to understand how to combine the various research approaches available so that quality data can be acquired. Owing to the sensitivity of the electronics industry, it was imperative that the researcher could identify how she was to approach the Japanese electronic companies and Korean electronic companies, and this meant that the potential obstacles were predicted satisfactorily, and the researcher could implement a data collection strategy which would be acceptable to those companies approached. This was essential as the question of access was upper most in the mind of the researcher. Indeed, the researcher was committed to ensuring that once access was granted, that further access was permitted.

The benefits of the researcher attending and presenting a paper at the Korea Institute, Harvard University, were, first the researcher could participate in a critical friendship group and this allowed for further discussion and feedback relating to

Korean culture; and second, the researcher was able to undertake a number of in-depth interviews with specialists in Japanese culture and Korean culture. The researcher was able to use the same research approaches in the United Kingdom when collecting data relating to Japanese culture and Korean culture. One can say, therefore, that when undertaking a cross-cultural study, the researcher needs to think in terms of being consistent with respect to data collection, analysis and interpretation, in order to give the research validity.

The exploratory data research process allowed the researcher to identify the similarities and differences between Japanese culture and Korean culture, and as a consequence was able to explain why the Japanese characteristics were different from the Korean characteristics. Basically, Japanese culture and Korean culture have been influenced by Buddhism and Confucianism; both cultures have their own identity; as a result of industrialization Western culture has influenced both cultures; both cultures value co-operation/harmony and humanity, and this is responsible for people wanting and achieving a better performance; relationship building is perceived as important in both cultures and is underpinned by the concept of trust; a good level of knowledge is required in both cultures; loyalty is valued by both Japanese people and Korean people and the concept of loyalty results in commitment to a group and the success of the group; and both Japanese people and Korean people prefer to avoid conflict.

The differences between Japanese people and Korean people stems in part from the fact that Buddhism influenced more heavily Japanese society whereas Confucianism influenced more heavily Korean society. Furthermore, Korean people are known to be more noncommittal than Japanese people and as a consequence Japanese people identify with certain ideas more so than Korean people; Korean people have developed a cultural value system based on a specific group identity (blood

links/relations, school ties, and place of birth), whereas Japanese people have a group identity which is based on certain attitudes/skills, and may include a degree of individualism; trust is perceived as important in both cultures but Korean people are committed to the concept of mutuality whereas Japanese people, consider that trust can be obtained via continual improvement vis-à-vis increasing individual knowledge, skill enhancement and fair behaviour; the concept of co-operation is viewed differently because Japanese people view it as a way of creating a good relationship with others whereas Korean people see it as a process or mechanism for change; and although both Japanese people and Korean people prefer to avoid a conflict situation, it can be said that Japanese people will engage in a conflict in order to protect an idea or to prove a point whereas Korean people view conflict from the stance of protecting something or safeguarding something. Diagram 7.1 depicts the similarities and differences between Japanese and Korean people, and their cultural characteristics are highlighted.

Diagram 7.1: Japanese and Korean cultural characteristics: similarities and differences

<i>Japanese Characteristics</i>	<i>Korean Characteristics</i>
1. Buddhism has a stronger influence than Confucianism	1. Confucianism has a stronger influence than Buddhism
2. People identify with certain ideas	2. People are noncommittal
3. A group identity exists based on a certain attitude/skills	3. A cultural value system based on a specific group identity (blood links/relations, school ties and place of birth)
4. Trust can be obtained by improving one's level of knowledge and skills continually	4. The concept of trust is based on mutuality
5. Co-operation results in a good relationship	5. Co-operation is a process or mechanism for achieving mutuality
6. Conflict is acceptable if one needs to protect an idea/to prove a point	6. Conflict is acceptable in order to protect something or safeguard something
<p>Note: The circle in the centre represents the similar characteristics between Japanese and Korean culture; the area outside the circle represents the differences between Japanese and Korean culture</p>	

Source: (The author of this thesis)

Chapter Eight: Data Collection, Analysis and Interpretation: Grounded Theory and Discussion Relating to Japanese and Korean Electronics Companies

8.1 Introduction

The research objective is outlined (section 8.2); the research questions are listed (section 8.3); and the main steps in the research (section 8.4) are highlighted. The data collection process which outlines the grounded theory concept (section 8.5) is evident: the open coding process (section 8.5.1); the axial coding process (section 8.5.2); the selective coding process (section 8.5.3); the statements/propositions relating to the Japanese electronics company are cited (section 8.5.3.1); the statements/propositions relating to the Korean electronics company are cited (section 8.5.3.2); and the concept of the story line is evident (section 8.5.3.3). The research outcome is cited (section 8.6) and in particular, the grounded theory relating to the Japanese electronics company (section 8.6.1) and the grounded theory relating to the Korean electronics company (section 8.6.2) are evident. The discussion (section 8.7) makes specific reference to strategic marketing (section 8.7.1); marketing strategy (section 8.7.2); organizational culture (section 8.7.3); and partnership arrangements (section 8.7.4). A conclusion is provided (section 8.8).

8.2 The research objective

The research undertaken by the researcher and referred to in this thesis, can be described as a cross-cultural study as it deals with “how culture influences human behaviour” (Brislin, 2000: vii) since it involves Japanese and Korean electronics companies, and is based on an extensive literature review. The objective of the research was:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners."

And:

"to establish how a Korean electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners."

According to Usunier (1998: 71-74), there are several factors which need to be taken into account when undertaking cross-cultural research. The researcher needs to compare different attitudes towards common problems such as decision-making, labour issues and business ethics. The author of this thesis focused on how senior managers and staff in Japanese and Korean electronics companies formulated organizational culture; how internal communication was developed in terms of managing relational marketing; and how partnership arrangements/strategic alliances/joint-ventures with members of the marketing channels were managed. Hence the research was aimed at identifying how a customer service policy and strategy were formulated and implemented.

8.3 The research questions

Six research questions were formulated:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) How influential is the retail organization with respect to strategy formulation?

- (3) With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?
- (4) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (5) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (6) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

The researcher identified a number of company and non-company personnel to be interviewed:

- (1) senior managers within the company;
- (2) senior managers/strategists (joint venture operations);
- (3) marketing managers within the company;
- (4) marketing staff within the company;
- (5) retailing managers within the company;
- (6) retailing staff within the company;
- (7) procurement managers within the company;
- (8) procurement staff within the company;
- (9) customer service managers within the company;
- (10) customer service personnel within the company;
- (11) staff employed by the company's wholesalers;
- (12) staff employed by the company's retailers;
- (13) staff employed by the company's suppliers; and
- (14) staff employed by the company's strategic alliance partners.

Twelve Japanese electronics companies and seven Korean electronics companies were identified from two separate lists of electronics companies

operating in the United Kingdom. The lists were provided by the Japanese Embassy in London and the Korean Embassy in London.

8.4 Main steps in the research

The researcher collected data from Japanese and Korean companies operating in the United Kingdom using the qualitative (inductive) research approach. The main steps in the research were:

Step1: Literature review (Chapters Two to Five).

Step 2: Exploratory research (Chapter Seven).

The personal interview method.

The postal questionnaire method.

The small group interview method.

The critical friendship group method.

Step 3: The development of grounded theory (Chapter Eight).

The case study method.

Standardized open-ended questionnaire involving individual in-depth interviews.

The grounded theory method.

Prior to the data being collected, the author of this thesis forwarded a letter to the appropriate staff at the 12 Japanese electronics companies and the 7 Korean electronics companies operating in the UK (see Appendix Two). General information was requested such as an annual report, and information about the company's products and services. This was viewed as essential by the author of this thesis as she wanted to better understand the companies targeted and to identify which companies were the most useful from a research perspective. The companies were later ranked according to priority. Having ranked the companies,

the author of this thesis was able to think clearly about why each company was selected. As regards access to undertake the research, the researcher identified key personnel within the companies targeted and formulated a letter which contained the objective of the research; the main research questions; who the researcher wanted to interview; the expected data collection period; and the benefits for the company that participated in the research (see Appendix Two). The letter was forwarded on 18th June, 2001, with a letter of introduction from the researcher's principal supervisor (see Appendix Two). Reference to further letters that were forwarded to company representatives are contained in Appendices Four and Five.

8.5 The data collection process: grounded theory

The author of this thesis analysed the data collected from staff employed by the Japanese electronics company and the Korean electronics company separately. The work of Strauss and Corbin (1990 and 1998) relating to the development of grounded theory was adhered to: the 'open coding' process; the 'axial coding' process; and the 'selective coding' process. This allowed the author of this thesis to identify the various properties and dimensions; link the subcategories to the categories identified; and produce two grounded theories using Strauss and Corbin's (1990: 99) 'paradigm model' which is featured below:

"(A) Causal conditions → (B) Phenomenon → (C) Context → (D)

Intervening conditions → (E) Action/interactional strategies → (F)

Consequences/outcomes".

8.5.1 The open coding process

The researcher first, transcribed the transcripts word for word, line by line (Strauss and Corbin, 1998: 57 and 59) and then input them electronically using a word processor; and then checked the accuracy of the transcripts against the tape

recordings. Second, the researcher applied open labelling to the transcripts. This was done on a word for word basis, and sentence by sentence basis using pen and ink. This process went through a number of different steps until the researcher came up with a list of categories (this stage was done using pen and ink). The researcher identified the categories using the words used by the interviewees, which is known as the 'vivo code' approach (Strauss and Corbin, 1998: 115-116). The researcher was careful to ensure that each category could be distinguished from other categories (Strauss and Corbin, 1998: 117). Portions of three transcripts outlining how the categories were identified are contained in Appendix Six. The researcher established a series of research memos during this phase and further research memos were created as the research progressed (Strauss and Corbin, 1998: 217-218). The objective of the research memos was to allow the researcher to record facts and at a later date, reflect on the research findings when the research memos were re-read.

8.5.2 The axial coding process

Before the researcher could start the axial coding process, she re-read several times the work of Strauss and Corbin (1990: 99) in order to fully familiarize herself with the 'paradigm model':

"(A) Casual conditions → (B) Phenomenon → (C) Context → (D)
Intervening conditions → (E) Action/interactional strategies → (F)
Consequences/outcomes".

The researcher grouped the categories arrived at during the open coding process. This stage was done using pen and ink. The researcher made extra copies of the categories and cut them out and moved them physically around in order to re-arrange them under the 6 categories paradigm model. However, the researcher realized that when she analysed the categories relating to the Japanese electronics

company, she found that the phenomenon was not clearly defined. So the researcher returned to the work of Strauss and Corbin (1990) again, in order to better understand the paradigm model.

The researcher was able to analyse the data and group the data into 6 categories. The researcher could see clearly the relationships between the core category and the other categories. The following point made by Strauss and Corbin (1990: 106): the “consequences of action/interaction at one point in time may become part of the conditions in another”, was judged to be important by the researcher. Strauss and Corbin (1990: 143) indicated that it is important to bring the process of analysis into building grounded theory in terms of linking sequences of action/interaction as they pertain to the management of, control over, or response to a phenomenon. According to Strauss and Corbin (1990: 143), the linking of sequences is accomplished by noting that “(a) the change in conditions influencing action/interaction over time; (b) the action/interactional response to that change; (c) the consequences that result from that action/interactional response; and finally by (d) describing how those consequences become part of the conditions influencing the next action/interactional sequence”. A researcher needs to be aware of the process in the data. This occurs because of the action/interaction, whether it is planned or a contingency used in order to manage or respond to a phenomenon under certain conditions (Strauss and Corbin, 1990: 143-144). This means that the grounded theory is evolving around the process that is built into the analysis. This is because as Strauss and Corbin (1990: 123) have stated: “Grounded theory is an action oriented model, therefore in some way the theory has to show action and change, or reasons for little or minimal change. But the core category itself does not have to be a process”.

8.5.3 The selective coding process

In order to add density and validation (based on evidence) to the analysis, the researcher re-read the interview transcripts in order to ensure that the analysis was valid and that the next stage in the research process could be undertaken (Strauss and Corbin, 1990: 108-109). The core category or phenomenon (Strauss and Corbin, 1990: 104) of the Japanese electronics company was identified as being a “workable partnership”.

The next stage in the research required that a number of questions were identified and posed, and the questions were then to be turned into a statement of a relationship (“a kind of hypothesis”) (Strauss and Corbin, 1990: 108). The questions identified and posed are listed below.

Japanese electronics company

- Question 1: How are suppliers and customer organizations integrated into the manufacturer’s marketing strategy?
- Question 2: How is a workable partnership managed?
- Question 3: How influential are individual staff members with respect to building long-term mutual relationships?
- Question 4: How can teamwork reinforce organizational cultural values?
- Question 5: How can a ‘liaison unit’ reinforce the relationship marketing approach?
- Question 6: Is customer service treated as an independent/separate functional activity?

As regards the analysis of the transcripts relating to the Korean electronics company, the same analytical and interpretative process was followed as that used in the case of the Japanese electronics company. The questions identified and posed are listed below.

Korean electronics company

- Question 1: Why is it important for the partner organizations in the network arrangement to work within a strategic marketing framework?
- Question 2: What factors need to be taken into consideration when managing effectively a number of long-term working relationships involving partner organizations?
- Question 3: What process is in being for solving problems quickly?
- Question 4: How can an organization's value system be reinforced?
- Question 5: What is the main factor that determines whether an organization's customer service policy is successful?
- Question 6: How can senior management retain the commitment of staff?

The questions identified and posed were used to formulate the propositions/statements of the existing relationships (Strauss and Corbin, 1990: 108), and this allowed the researcher to identify and add missing properties of categories and subcategories (Strauss and Corbin, 1990: 107) in order to provide conceptual density and also, conceptual specificity (Strauss and Corbin, 1990: 141). This was necessary in order for validation and for the patterns in the data to be identified (Strauss and Corbin, 1990: 109-111).

The researcher re-read the interview transcripts in order to establish that the categories were related (Strauss and Corbin, 1990: 108) in the way that the researcher had identified. The researcher looked through the data contained in the interview transcripts in order to validate the questions and statements, and this provided specificity (Strauss and Corbin, 1990: 108-109). The researcher reviewed the process again and posed the following questions "What is the data referring to?" (Strauss and Corbin, 1990: 100); and "What is the action/interaction all about?" (Strauss and Corbin, 1990: 100). The questions and statements/propositions were

viewed as reliable. The researcher considered that the grounded theory generated was grounded in the data.

8.5.3.1 Statements/propositions relating to the Japanese electronics company

- (1) Suppliers and customer organizations are integrated into the manufacturer's marketing strategy through a set of formal and clearly defined plans.
- (2) A workable partnership is managed through defined but informal relationships.
- (3) Individual staff members are highly influential and effective with respect to building long-term mutual relationships.
- (4) Teamwork results in staff sharing information and working on related problems, and this produces co-operation which produces a distinct set of organizational cultural values.
- (5) A responsible and established liaison unit connects the various departments/subsidiaries and their various heads attend regular meetings relating to the review of contracts, and they approve high level business planning decisions, and this reinforces the relationship marketing approach.
- (6) The manufacturer's customer service policy is integrated with the customer service policy of the supplier organization(s) and the expectations of the customer organization are measured on a formal and continual basis.

8.5.3.2 Statements/propositions relating to the Korean electronics company

- (1) The partner organizations in the network arrangement work within a strategic marketing framework.
- (2) A number of long-term working relationships with partner organizations can be managed effectively.

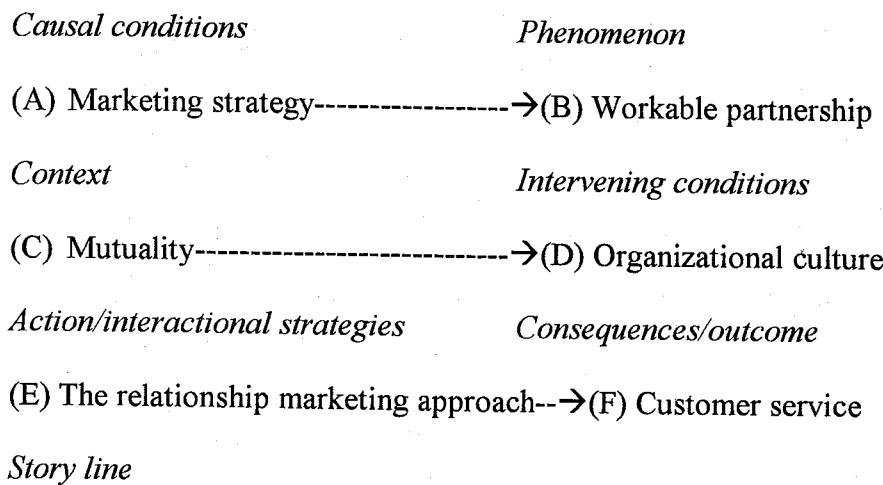
- (3) A liaison unit is in being which is composed of experienced staff who can bridge cultural gaps.
- (4) An organization's value system can be reinforced through a comprehensive communication process.
- (5) Staff in an organization need to be aware of the expectations of customers and customer organizations if a mutual relationship is to be maintained.
- (6) Senior management need to ensure that a learning organization is created that is committed to knowledge creation and skill enhancement.

8.5.3.3 The story line

The final phase in the selective coding process was for the researcher to explicate the story line (Strauss and Corbin, 1990: 117-119). The researcher referred back to the central phenomenon and posed two questions (Strauss and Corbin, 1990: 119): "What about this area of study seems most striking?" And "What do I think is the main problem?" The researcher was required to think beyond description and move to conceptualization. The researcher had to tell the story analytically by focusing on the central phenomenon, which required abstract thinking and encompassed all the categories identified, and how the categories were related to each other (Strauss and Corbin, 1990: 120). The researcher thought through the whole process and reflected on what Strauss and Corbin (1990: 121-122) had meant when they stated that it was essential to think of the phenomenon being "at the heart of the integration process".

8.6 Research outcome

8.6.1 The grounded theory relating to the Japanese electronics company



In order to succeed in the global electronics market it is necessary for a company to establish a number of workable partnerships.

Grounded theory

It is clear that if *suppliers and customer organizations are integrated into the manufacturer's marketing strategy through a set of formal and clearly defined plans*, a company can develop a sustainable competitive advantage. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK are concerned with establishing and maintaining business relationships with suppliers and customer organizations, and developing new relationships with suppliers and customer organizations; and global agreements are put in place and these are managed on an informal basis. The action/interactional strategies need to be managed in the context of a marketing strategy that is composed of a formal 5 year multi-domestic marketing strategy with a formal 2-3 year national business plan, a formal 1 year marketing plan with clearly defined promotion and customer service strategies, and a formal 3 monthly budgeting plan, that are managed by an integrated but independent

marketing company. In order for a marketing strategy to be effective, the following intervening conditions need to be satisfied: an internal market is in operation that is based on competition; key suppliers are integrated into the manufacturer and supply either multiple items or single items; and senior managers operate within the rules and regulations set by local government. There are a number of consequences to be taken into account by senior managers who devise and implement marketing strategies: there needs to be continuity of supply; and a clearly defined and pro-active management model needs to be in place.

It can be stated that a *workable partnership is managed through defined but informal relationships* that need to be supported by constant and open communication. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK call upon staff to exhibit a high level of respect; require them to be highly knowledgeable about cultural differences; to exchange relevant sensitive information; to develop joint and updated working practices; and exhibit a proactive approach to decision-making. The action/interactional strategies need to be managed in the context of a workable partnership that can be defined in the sense that the working business relationships are continual, established and informal, based on integrated and formal business plans, a competitive spirit is accepted and reinforced, innovation is established and improved, based on established and supported knowledge enhancement, achieved through established and improved forms of communication, that is based on a defined and improving standard of quality, that is aimed at meeting estimates and reducing costs, meeting forecasts and improving profitability, and requires that delivery is planned and fast, and based on an integrated and maintained transport system. In order for a working relationship to be maintained, the following intervening conditions need to be satisfied: marketing is the responsibility of staff

in Japan; the subsidiaries in the UK are under the control of senior management in Japan; the materials to be used are specified; the method of manufacturing is specified; price factors are specified; research and development facilities are based in Japan; and the reputation of the company in the industry is viewed by management as important. There are a number of consequences to be taken into account by senior managers and they are: marketing channel expectations are viewed as long-term or short-term; key suppliers work only for the Japanese company; overseas suppliers have a high commitment to ethical behaviour; trust oriented relationships are developed; a high level of commitment exists; a high level of honesty exists; there is a high degree of organizational cultural integration; the concept of mutuality is highly developed; there is a high level of respect among and between staff; a high level of customer service exists; a flexible approach to business is adopted; and a good reputation in the industry leads to business being secured from other companies.

The fact that *individual staff are highly influential and effective with respect to building long-term mutual relationships* means that there is an understanding of market forces and market conditions. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK are concerned with implementing a policy to retain suppliers; ensuring that regular visits to suppliers occur; ensuring that staff in suppliers provide advice vis-à-vis product specifications, suppliers are given assistance and that their mistakes are tolerated; a high level of information exchange is evident; there is a high commitment to meeting customer demands; promises are kept and confidentiality is adhered to; an individual has an influential network of contacts; and a person's ability, responsibility, limitations and operating constraints are known. The action/interactional strategies need to be managed in the context of

mutuality so that the concept of mutuality is perceived as strong, there are long-term relationships based on a 2-year established, pre-business arrangement, where there is immediate and rapid knowledge of the supplier/customer, with a minimum 1 to 2 years business experience of the partner, encompassing transparent consensus oriented decision-making within an established and flexible management model, which has a defined and informal organizational culture, where working oriented knowledge is highly essential, quality is highly defined, there is a commitment to shared objectives, which include set and defined pricing, continuous and fixed delivery, a continuous commitment to improvement, based on a necessary high degree of honesty, a necessary high degree of appropriate behaviour, a highly established communication system, where sensitive information is shared, customer service is highly established, a person's influence is highly effective, trust is highly evident, a person's reputation is well known, confidence is highly necessary, loyalty is highly necessary, and respect is highly necessary. In order that mutuality is maintained, the following intervening conditions need to be satisfied: it is necessary for senior managers to adopt an approach whereby integrated suppliers are involved in determining product specifications; arms length suppliers are not involved in determining product specifications; suppliers can be selected based on their technological capability; when the customer has a high level of power, the manufacture has limited power; when the manufacturer has a high level of power, the supplier has limited power; and a supplier's past sensitive information relating to price, quality and delivery is vetted prior to a relationship being established. There are a number of consequences to be taken into account by senior managers and they are: the parent company will make a direct investment in a supplier company (production facilities); staff are truthful; a high level of continuity of performance exists; a high

level of personal responsibility exists; achievements are made public; the benefits associated with an achievement are shared; a person is highly motivated; a monitoring process is in being; and there is a high commitment to the concept of mutuality

It is also a fact that *teamwork results in staff sharing information and working on related problems and this produces co-operation which produces a distinct set of organizational cultural values* that can lead to a more established organizational culture. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK require that senior managers have authority and provide direction by defining goals and objectives, outlining working practices and this is communicated to staff; senior managers are aware of the capabilities and limitations of their staff; employees are housed in open plan offices so that they can see each other and communicate when necessary; senior managers monitor the situation daily and provide advice as and when necessary; senior managers need a good understanding of comparative national cultural differences in order to facilitate and integrate working practices with key suppliers and partner organizations; senior managers from both Japan and Britain acquire the appropriate comparative national cultural knowledge and this facilitates the communication process; staff have a working knowledge of both Japanese and English; and managers visit various manufacturing sites. The action/interactional strategies need to be managed in the context of organizational cultural values that ensure that learning is viewed as continuous and to be improved, continuous skill enhancement underpins on-the-job-training, and continuous knowledge enhancement underpins professional updating, embedded in a clearly understood and shared culture, which is underpinned by a national cultural value system that is understood and appreciated, there are highly

influential cultural traits, clearly defined goals, which result in customer service being clearly defined, there is a high commitment to business partnerships, business relationships are perceived as appropriate and long-term, appropriate sensitive information is shared, resulting in business customs which are appreciated and are considered important, resulting in an identifiable and important company image, which accepts that employees are rewarded appropriately, and as a result leadership is clearly defined, the organizational structure is transparent and hierarchical, the decision-making process is transparent and fair, staff motivation is a key factor, people think in a holistic and pro-active manner, tasks are clearly defined, the management control process is highly specific, there is a transparent and defined organizational culture, which results in defined and appropriate personal behaviour, and trust is clearly identified. In order to produce a distinct set of organizational cultural values the following intervening conditions need to be satisfied: channel partners identify with the corporate goals and develop working relationships; different management styles exist in the sense that Japanese workers obey their superiors and British workers question their superiors; Japanese staff are methodical, require a lot of information and time to make decisions, and avoid taking risks; British staff are risk takers; Japanese and British workers retain their own cultural value system but understand how people from a different culture think and why they make the decision that they do; and Japanese and British workers link business and pleasure and build personal relations in order to understand how people think and work. There are a number of consequences to be taken into account by senior managers and they are that a learning organization culture exists based on enquiry and improvement; a hybrid Japanese/British organizational culture exists within an hierarchical context; senior managers are visible and their commitment is evident; co-operation results in teamwork and staff

share information and work on related problems; staff are respected and motivated; mutuality is based on existing and future business expectations in the context of the organization's market share; a workable relationship exists; a demarcation exists between production and marketing; key supplier companies are integrated into the manufacturer; and trust is established at all levels with staff in the organization.

It has to be understood that *a responsible and established liaison unit connects the various departments/subsidiaries and their various heads attend regular meetings relating to the review of contracts and they approve high level business planning decisions, and this reinforces the relationship marketing approach*, which is necessary in order to compete in the market place. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK have put in place a policy to eradicate customer problems; there are regular reciprocal visits (staff from the supplier/manufacturer visit the customer organization(s) and staff from the customer organization(s) visit the supplier/manufacturer in order to facilitate relationship building); senior managers delegate tasks to staff lower down the hierarchy and provide clear explanations of what has to be done; senior managers are aware of their own capability and establish what their objectives are; staff are treated with respect and this is reflected in the terms and conditions of their contract of employment; senior managers admit to mistakes that they have made and take responsibility for their actions and correct their mistakes and improve their knowledge accordingly; staff working for supplier organizations receive production and marketing information so that they can make more appropriate management decisions and supplier organizations make information available to customer organizations; business relations assume that sensitive information will be exchanged and confidentiality will be adhered to; and staff in the company

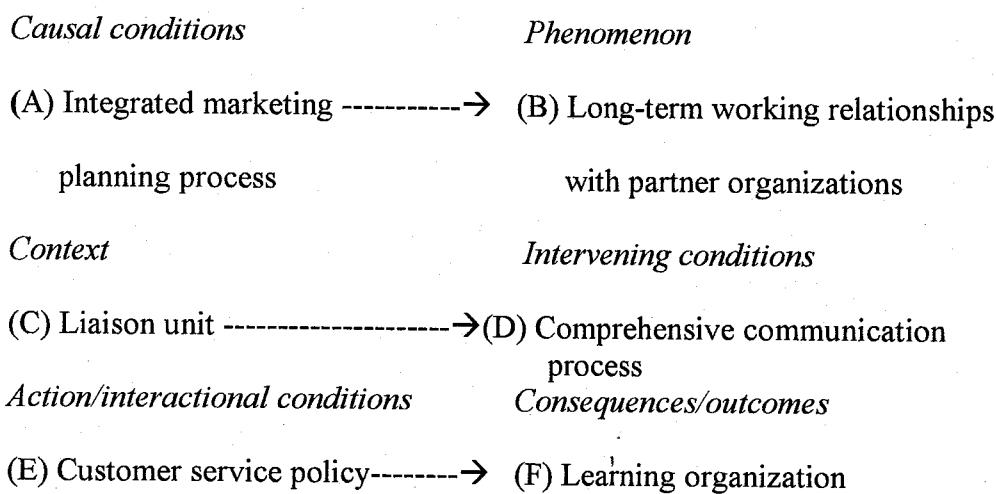
pursue a policy of customization so that design features are relevant. The action/interactional strategies need to be managed in the context of a relationship marketing approach that is based on organizational objectives being clearly defined, customer support is recognised as being important, and as a result customer needs are defined and prioritised, this means that customer expectations are accepted and met, customer service is clearly defined, this in turn allows priority to be given to the concept of continuous relationship building, with fundamental and important personal relationships being sought, this is underpinned by an established and responsible liaison unit, transparent and improved decision-making exists, which is reinforced through continuous face-to-face sales management, based on established and continuous interaction, with clearly established distributors, clearly established retailers, reinforced through specific arms length published sources, highly experienced and motivated staff, where honesty is viewed as essential and high, trust is highly evident, respect is understood and forthcoming, mutuality is highly recognised, a partnership culture is evident and viewed as essential, the various partnership arrangements are thought of as mutual and to be maintained, hence appropriate sensitive information is exchanged, suppliers are maintained and monitored. In order for a relationship marketing approach to exist, the following intervening conditions need to be satisfied: staff are committed to the concept of transparency and share various types of sensitive information relating to production and the marketing mix as and when necessary; and the strengths and weaknesses of the Japanese partners and the British partners are known. There are a number of consequences to be taken into account by senior managers and they are: the elements of the marketing mix are harmonised; the customer service approach ensures that products are delivered on time, the quality of the product is acceptable and the price is acceptable; mutual

trust is evident and is underpinned by the concept of trustworthy behaviour; a liaison unit is in being that connects the various departments/subsidiaries and the various heads of department/subsidiaries attend regular meetings relating to the review of contracts and approve a number of high level decisions which relate to various aspects of business planning; and a consensus decision-making process is in being.

An holistic approach to business suggests that *the manufacturer's customer service policy is integrated with the customer service policy of the supplier organization(s) and the expectations of the customer organization are measured on a formal and continual basis* and this leads to a sustainable competitive advantage. The action/interactional strategies developed by senior managers in Japanese electronics companies based in the UK ensure that the customer service policy is integrated in the sense that the manufacturer's customer service policy is integrated with the customer service policy of the supplier organization(s); and staff employed by the manufacturing organization and staff employed by the supplier organization(s) exchange information and learn about skill enhancement so that they can improve through time in order to meet the expectations of the customer organization. The action/interactional strategies need to be managed in the context of a customer service policy that has been reinforced through: accreditation which has been clearly established, this means that quality is clearly specified, a product's design has a functional aspect, delivery schedules are met, prices are agreed and set, formal measurement is used on a continual basis, customer satisfaction is measurable and is rated 4 out of 5, customer expectations are monitored continuously, the review process is formal and continuous, and business performance is monitored continuously. In order for a customer service policy to be effective, the following intervening conditions need to be satisfied:

staff at the parent company define the quality of the product, how it will be delivered and the price of the product in the market. There are a number of consequences to be taken into account by senior managers when they devise a customer service policy: a formal customer service measurement process is in place; and the concept of mutuality is accepted and underpinned by the concept of customer loyalty which is linked to business performance.

8.6.2 The grounded theory relating to the Korean electronics company



Story line

In order to succeed in the global electronics market it is necessary for a company to establish a number of long-term working relationships with partner organizations.

Grounded theory

It is clear that if *the partner organizations in the network arrangement work within a strategic marketing framework*, a company can develop a sustainable competitive advantage. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK ensure that the Korean parent company provides documentation and guidelines vis-à-vis marketing and corporate communications; top management of a local company

apply the corporate customer service policy as laid down/in an appropriate manner; overseas marketing organizations provide technical information to organizations in the partnership arrangement vis-à-vis product innovation and first to market; marketing staff undertake internal and external marketing in order to ensure that a marketing orientation prevails; marketing staff in external marketing organizations are influential vis-à-vis implementing aspects of marketing strategy; and customer service staff share both technical and non-technical information with relevant staff/departments throughout the company in order to provide an enhanced customer service. The action/interactional strategies need to be managed in the context of an integrated marketing planning process whereby the Korean parent company has a high level of influence; this means that senior managers are viewed as highly influential, the corporate strategy is clearly defined, the management style is defined but informal; this means that local company staff have some influence, and because of this marketing plans are both formal and influential, and this in turn means that the market segmentation process is formal and logical; as a result marketing channel promotion is clearly integrated, the marketing teams are highly influential, the marketing organizations are highly influential, communication is frequent and open, the corporate image is new but comprehensive, the global brand strategy is new and comprehensive, the company's position in the industry is clearly defined, the corporate communication process can be defined as continuous, the manufacturing strategy is focused on high quality, there is a continuing commitment to provide value for money products, with a commitment to improving technological emphasis, customer service is clearly defined, customer satisfaction is monitored daily, the relationship marketing philosophy is evident and viewed as important, the organizational value system is defined and shared, corporate information is viewed as relevant and

must be accurate, partner organizations have a clear responsibility, business contracts are reviewed periodically, the concept of mutuality is important and to be recognized as such, sensitive commercial information needs to be made available when necessary; this means that confidentiality is important and to be maintained, supply chain performance is regularly evaluated, business relationships are established and long-term, the internal market system is evident and comprehensive, feedback is both important and continuous; this means that government regulations are observed and are viewed as important, hence local/national government relations need to be maintained as they are deemed necessary. In order for an integrated marketing planning process to be effective, the following intervening conditions need to be satisfied: local company staff operate within the constraints of the business plan which incorporates the budget; and local company staff ensure that the company meets the legal requirements as laid down by trading standards organizations. There are a number of consequences to be taken into account by senior managers who devise and implement an integrated marketing planning process: a new global corporate image vis-à-vis improved quality products; improved cost effectiveness that results in an improved competitive standing within the industry; consensus decision-making; and an emphasis on long-term relationships underpinned by the concept of relationship marketing which results in mutuality.

It can be stated that *a number of long-term working relationships with partner organizations can be managed effectively*, provided that people are both responsible and accountable for their actions. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK demand that staff develop and maintain close working relationships; staff employed by partnership organizations share information when it is necessary to

do so in order to facilitate a working relationship; staff employed by partnership organizations understand and accept their own responsibilities; staff in the organization communicate vertically and horizontally through clearly defined channels; marketing staff need to think in terms of fine tuning the marketing mix; and marketing staff need to be able to provide expert marketing advice vis-à-vis product-market situations. The action/interactional strategies need to be managed in the context of long-term working relationships with partner organizations that can be defined in the sense that an hierarchical structure is evident but is informal, the chain of command is clearly defined, the tasks undertaken are clearly defined, responsibility is known and accepted, communication policy is defined and selective, communication channels are clearly defined, organizational culture is open and consultative, information is continually available, trust is clearly embodied, there is a continual commitment to building trustworthy relationships; this means that honest behaviour is encouraged and viewed as essential, word-of-mouth is always evident, mutuality is recognized as important, owing to the fact that the industry structure is changing fast, and commercial benefits need to be recognized and shared, hence repeat business is recognized as important, and business relationships are viewed as long-term and desirable. In order for long-term working relationships with partner organizations to be maintained, the following intervening conditions need to be satisfied: electronic business and electronic commerce are shaping marketing dynamics; communications channels are getting shorter; and corporate policy determines how long-term business relationships are formed and maintained. There are a number of consequences to be taken into account by senior managers and they are: there is an increasing emphasis on the manufacturer to deal directly with the end user; a focus on retaining customers through meeting their expectations and keeping them loyal;

marketing staff establish a range of social networks that have a business dimension; marketing and sales management are integrated; and the company achieves cost effectiveness.

The fact that *a liaison unit is in being which is composed of experienced staff who can bridge cultural gaps* means that problems can be solved quickly. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK are concerned that staff place the relationship marketing concept in a strategic framework; in order to establish new relationships, senior managers work through an established social network of contacts; staff develop emotional attachments with other staff; staff deploy a formal negotiation strategy approach; staff are selected on the basis of their capability; company staff are able to bring staff from partner organizations into the decision-making process; and staff are accountable for their actions. The action/interactional strategies need to be managed in the context of a liaison unit so that the intelligence gathering process is both active and continual, this means that competitors are dealt with in a direct but informal manner, within the context of an industry network where views are exchanged, relationships are established and ongoing, personal factors are very important, diplomatic behaviour is deemed appropriate, joint projects are often and classified as essential, information is shared continuously, and as a result partnership arrangements are both encouraged and evolving, supply chain management is established and comprehensive, customer service is viewed as inclusive and appropriate; this means that cultural gaps can be continually bridged, unique problems can be solved adequately, and the aims and objectives identified are the same. In order that the liaison unit is maintained, the following intervening conditions need to be satisfied: facilitative technology such as the Internet allows company personnel to respond quickly to

requests and to promote products to a wide audience; and organizational culture facilitates the development of human relationship building. There are a number of consequences to be taken into account by senior managers and they are: staff are prepared to work hard/commit themselves to individual causes; staff are committed to the organization being successful; specific objectives are achieved; open communication channels exist; and advice and support are available when necessary.

It is also a fact that *an organization's value system can be reinforced through a comprehensive communication process*, that is influenced by the leadership style of senior management. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK require that senior managers select new staff on the basis of their trustworthiness; senior management adopt a pro-active approach to ensuring that the organizational value system is evident; staff ensure that a customer orientation strategy is in being; staff respect each other and appreciate how and why decisions are made; staff communicate openly and frequently through appropriate channels, and explain matters fully and in detail; staff share information relating to products and services when necessary; staff adopt a pragmatic approach to solving problems; staff are appointed to a position within the organization based on their ability; staff implement the organization's corporate strategy; and staff carry out their duties according to the statutory requirements laid down. The action/interactional strategies need to be managed in the context of a comprehensive communication process that ensures that the organizational structure is clearly defined, which encompasses strong national cultural influence, therefore an important and necessary organizational identity is in being, which means that the company image is known and respected, hence it is important to maintain the company's reputation,

through a market orientation of products and services, hence senior management is integrated and influential, the leadership style is clear and transformational, local company staff are clearly respected, there is an ethical code of practice evident which is maintained, which is underpinned by teamwork that is seen as necessary and ongoing, which results in trust based relationships that are ongoing, keeping promises is important, differences in personal behaviour are understood, the constraints are made public, the communication channels used are appropriate, listening is both evident and constant, this means that problems are defined and solved, partnership arrangements develop through time, supplier organizations are important and integrated, selective customer organizations are viewed as important, market response is appropriate and quick, market conditions are dynamic and unpredictable, customer satisfaction is constantly monitored, competitive advantage is established and defended, and the marketing mix is fine tuned appropriately. In order to produce a comprehensive communication process the following intervening conditions need to be satisfied: the Korean value system is evident in the way the company is managed and controlled; British staff need to identify with the Korean cultural value system; the concept of mutuality is underpinned by truth and honesty and this results in confidentiality being maintained; an appropriate information technology system is in place to facilitate communication throughout the organization; and senior managers have an appreciation of comparative national cultural value systems and this means that cultural similarities and differences are identified, and national customs are respected. There are a number of consequences to be taken into account by senior managers and they are that a mutually respectful organizational culture is in being and this ensures that partner organizations adopt trustworthy behaviour; business aims and objectives are known and accepted by the various staff in the partner

organizations; the business relationships developed also have a social dimension; staff are committed and are viewed as belonging to the family and in return their interests will be looked after by the company; staff understand and appreciate the significance of the need to keep learning in order to improve; staff in partner organizations are loyal to the company and do not disclose sensitive and confidential information to those outside the partnership arrangement; and the company's products perform as expected.

It has to be understood that *staff in an organization need to be aware of the expectations of customers and customer organizations if a mutual relationship is to be maintained*, and adherence to a customer service philosophy is necessary. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK ensure that staff develop a marketing policy that is aimed at providing all round technical support and assistance; staff are focused on the aims and objectives of the company and these are accepted by the organizations throughout the supply chain; staff share and exchange information when necessary; staff act quickly to resolve problems; staff are honest and open, and listen carefully to what is being said by people within the organization and outside the organization; staff exhibit a respectful attitude towards people; staff implement a marketing orientation approach; and staff need to be aware of the expectations of customer organizations in order that the relationship can be maintained. The action/interactional strategies need to be managed in the context of a customer service policy that ensures that brand recognition is viewed as essential and ongoing, quality is defined and to be improved, the channel management strategy is clearly defined, the commitment from top management vis-à-vis support is continual, word-of-mouth is evident and important, hence the loyalty of customers is rationalized and appreciated,

relationship building is evident and ongoing, trustworthy relationships are established and important, the compensation culture is evident and is forceful, hence formal contracts are evident and necessary, negotiation is important and necessary, solving problems is necessary and done quickly, promotion in the industry is clearly necessary, the constraints of retailers are recognized, segmentation is formal and logical, there is clear and open communication, feedback is viewed as important and is encouraged, customer satisfaction is measurable and rated 4 out of 5, the role of end users is growing, national advertising is distinct and non-standardized, product performance is defined and measurable, and delivery is important and receives attention. In order for a customer service policy to be implemented; the following intervening conditions must be satisfied: business is conducted with a long-term view in mind; complaints about the company are received and viewed from a pro-active stance; an information technology system is in place to collect and analyse data from customers; partnership organizations are encouraged to be part of the innovation process; and customer associations influence industry standards. There are a number of consequences to be taken into account by senior managers and they are: unrivalled after sales service; increased profitability and market standing; mutuality is accepted as the norm and is aimed at reducing total supply chain costs; a network of internal and external contacts exists; partnership organizations are viewed as being part of the network and are integrated into the company's marketing planning process; the decision-making process is consensus oriented and aimed at producing a learning organization; and customer loyalty is evident.

In order that an organization can improve through time, *senior management need to ensure that a learning organization is created that is committed to knowledge creation and skill enhancement*, and this leads to a

sustainable competitive advantage. The action/interactional strategies developed by senior managers in Korean electronics companies based in the UK ensure that in a learning organization staff communicate with one another via the Internet; top management within the local company reinforce the organization's culture; Korean managers have a hands on approach as regards problem solving; Korean and British managers have constant and open communication; staff adhere to the learning organization policy that is established; British managers identify the training needs of staff and those staff who need to be trained undergo the appropriate training; and staff work with local institutions of higher education vis-à-vis special training packages. The action/interactional strategies need to be managed in the context of a learning organization: the objectives of the training department are specified, organizational culture is reinforced continuously, staff enjoy their work, their commitment is high and continuous, knowledge is continuously shared, loyalty is forthcoming and is rewarded, a pro-active approach is highly encouraged, relationship building is highly important, the corporate identity is strongly established, the global brand name is strongly established, communication is formalized and continuous, customer retention is recognized as important, and the organization's competitive standing is maintained continuously.

In order for a learning organization to be effective, the following intervening conditions need to be satisfied: Korean organizational culture is evident; the British company operates within a mainly European framework; and the customer information centre operates within a clear mandate. There are a number of consequences to be taken into account by senior managers when they devise a learning organization: staff perceive that they are part of a family; staff have a customer and marketing orientation; and each employee develops a personal network of contacts.

8.7 Discussion

The term retailing, has been interpreted from a business to business perspective and placed within a partnership context. From the research findings, it is clear that the phenomenon, in the context of grounded theory relating to Japanese and Korean electronics companies based in the UK, was basically the same and can be defined as “working partnerships”. For example, in the case of the Japanese electronics company the phenomenon was “workable partnership”. In the case of the Korean electronics company the phenomenon was “long-term working relationships with partner organizations”.

However, the way staff in Japanese electronics companies establish and build partnership arrangements is different from the way staff in Korean electronics companies undertake partnership development. Staff in Japanese electronics companies view “workable partnerships” from the stance of mutuality, and marketing strategy is viewed as autonomous but integrated. Furthermore, staff in Japanese electronics companies are aware of the role that organizational culture plays; and flexibility ensures that staff adopt the relationship marketing approach. This reinforces the concept of mutuality and provides a customer service focus.

As regards Korean electronics companies based in the UK, staff establish “long-term working relationships with partner organizations” via an established “liaison unit”. This is evidence that an integrated marketing planning process is in being, which is based on Aaker’s (1992) strategic market framework. The parent company in South Korea maintains strong control over business operations. The integrated marketing planning process is reinforced by a comprehensive communication process that facilitates both internal and external communication, and results in a clearly defined customer service policy. The learning organization concept is evident and influences organizational development.

8.7.1 Strategic marketing

The material in Table 8.1 is derived from the grounded theory relating to Japanese and Korean electronics companies (sections 8.6.1 and 8.6.2).

Table 8.1: Strategic marketing

Characteristics	Japanese electronics company	Korean electronics company
Internal market system	Supply chain and marketing channel are integrated, but independent and based on internal market competition	Vertically integrated planning process (marketing channel and supply channel integration) in order for the organization to retain customers Based on loyalty through meeting customer expectations Cost effectiveness achieved
Industry structure	Established and integrated but informal	Positioned clearly based on the appreciation of a rapidly changing market environment
Communication policy	Highly established	Open and established clearly
Partnership arrangements	Based on technological capabilities, and tends to be based on long-term relationships	Exist. Develop through time in order to respond appropriately and quickly to dynamic and unpredictable market changes
Training policy	Defined clearly as an on going process	Provided especially for specified needs
Organizational culture	Defined, but informal	Defined, open and consultative, but reinforced, and encourages commitment continuously
Global brand name	Clearly established as umbrella name	Strongly established
Customer service policy	Recognized as important	Recognized as important as it allows the company to maintain its competitive standing on an on going basis
Government relationship	Operates within local government rules and regulations	Localized and viewed as important in order to meet legal requirements
Customer loyalty	Recognized as important	Recognized as important

Both Japanese and Korean electronics companies operate within a clearly defined strategic marketing framework. This means that marketing is an integrated process with a strategic orientation that is based on providing improved customer service so that customer loyalty results (Aaker, 1992: 167)(Slater and Narver, 1994a: 24-25)(Webster, 1997: 39)(Hooley et al., 1998: 315). This is recognised as important in order to achieve financial gain in the long term.

In order to maintain a marketing oriented strategy that is focused on customer service that results in customer loyalty, both Japanese and Korean electronics companies have an internal marketing system that takes into account the requirements of industrial structure and places this within a specific context. This allows senior management to establish business partnership arrangements and relationships with government for example. Furthermore, Japanese and Korean

electronics companies have a clearly defined organizational culture and a defined training policy which ensures that the company is able to achieve fitness (Porter, 1996) through continuous organizational learning (Morgan et al., 1998).

With respect to organizational culture, it is clear that in the case of both Japanese and Korean electronics companies, that organizational culture is influenced by national culture. For example, the quotations below emanate from a senior manager employed by a Japanese electronics companies and two senior managers employed by a Korean electronics companies (see Appendix Six):

“.. kind of hybrid, (hum, hum), try to build the best, to build the hybrid..”. (Senior manager, Japanese electronics company)

“the basic culture of the organization, we have only one culture as global, and then each of the senior manager of the subsidiary ... in each different location knows how to apply or how to transfer the organizational culture onto the own [local] staff in a continuous way”. (Senior manager, Korean electronics company)

“....Korea that [the company] family, [the company] family is huge....” (Senior manager, Korean electronics company)

The characteristics of Japanese electronics companies are reflected in the characteristics of Japanese culture (see Chapter Seven, section 7.5.1, Table 7.1). Japanese people absorb ideas from other cultures and adopt these ideas as their own in order to create a harmonious (hybrid) value system which then becomes attributed to Japanese culture that is influenced by the merger of Shintoism and Buddhism (Osumi, 1992). However, the value system of Korean electronics companies is influenced by Korean culture which is especially influenced by Confucian thought (see Table 7.9, Chapter Seven, section 7.5.2). This implies that senior managers in Japanese and Korean electronics companies are aware of the importance of establishing a clearly defined organizational culture that has a shared value system and results in teamwork within the organization. This is the foundation upon which a good partnership arrangement can be established (Slater and Narver, 1994a and 1995)(Han et al., 1998)(Harris, 1998)(Mohr-Jackson, 1998).

The different cultural characteristics, which have been pointed out in Chapter Three, section 3.5, and Chapter Seven, section 7.6 (see sections 7.6.1 and 7.6.2), indicate that Japanese electronics companies are managed differently from

Korean electronics companies. Japanese companies have a multi-level internal marketing system in operation (Tatsuki, 1995: 70)(Martin et al., 1998: 109)(Meyer-Ohle, 2000) based on “global agreements”. In order for a Japanese company to obtain a better position within the internal marketing system, management need to ensure that the technical capability of the company is up-to-date and internal competition is evident. Hence Japanese people view the concept of ‘individualism’ as influential because the concept allows managers to think in terms of achieving a better performance (see Table 7.6, Chapter Seven, section 7.5.1). The characteristic of ‘improving knowledge’ is one of the elements for relationship building in Japanese culture (see Table 7.3, Chapter Seven, section 7.4), and is linked to the concept of organizational learning.

Korean electronics companies operate a vertically integrated internal marketing system. For example, one of the senior managers of the Korean electronics company interviewed by the author of this thesis stated (see Appendix Six): “*...the suppliers are not the problem because we have been supplied from [the company] as internally...*”. The parent company provides guidelines and documentation and this can be seen as the Korean parent company in South Korea having influence which in turn is underpinned by a Confucian value system (see Chapter Two, section 2.5).

Therefore, one can state that both Japanese and Korean electronics companies operate within the context of a strategic marketing framework (Aaker, 1992). However, Aaker’s (1992) strategic market management framework, as applied to a Japanese electronics company is different from that applied to a Korean electronics company. The reason for this, is that Japanese and Korean electronics companies are at different stages of the company life cycle and this can be attributed to different levels of national economic development (stages in). In

other words, it can be stated that the internal marketing system within which Japanese electronics companies operate is more sophisticated than the internal marketing system within which Korean electronics companies operate.

8.7.2 Marketing strategy

The material in Table 8.2 is derived from the grounded theory relating to Japanese and Korean electronics companies (sections 8.6.1 and 8.6.2).

Table 8.2: Marketing strategy

Characteristics	Japanese electronics company	Korean electronics company
Customer service	Clearly defined, and the priority is customization that is supported by and integrated with other channel partner organizations' customer service strategy to enhance skills and knowledge	Inclusive, appropriate
Network	Viewed as important as it allows new relationships to develop with suppliers and customer organizations; this allows the company to supply continuously and use a pro-active management model Individuals can influence network contacts Sales management staff reinforce the concept of continuous interaction with selected distributors and retailers	Senior managers are able to use the social network of staff that has an impact on decision-making as staff have emotional attachments with staff in other organizations, and these individuals can be brought into the decision-making process and/or assist formal negotiation approaches/processes
Selection of staff	Based on influence/status	Based on capability
Accountability	Known and communicated clearly Actions are taken to correct mistakes and improve knowledge accordingly	Clearly defined and communicated clearly
Partnership arrangements	Established and defined, continuous but informal To support/meet customer expectations and ensure that expectations are met	Defined clearly and they develop through time, staff respond appropriately and quickly to dynamic and unpredictable changes in the market
Communication	Used as a means to improve knowledge enhancement that results in improving the standards of quality vis-à-vis products	The appropriate communication channels are known
Customer loyalty	Linked to business performance that is based on an accepted concept of mutuality	Rationalized by resolving problems quickly that allows relationship building to result based on trust
Promotion	Recognised as important, and defined clearly	Recognised as necessary, based on an appreciation of retailers' constraints
Information technology system	Technological capability is the fundamental requirement to identify (potential) partners	Appreciated as important as it allows staff to collect data and analyze it, and also it facilitates effective communication
Deployment of internal resources	High priority, staff use their personal network contacts Staff are highly motivated and committed to the concept of mutuality	High priority, staff need to provide information that can allow the organization to fine tune the marketing mix appropriately and realistically

Table 8.2 marketing strategy, indicates that staff in Japanese and Korean electronics companies deploy the strategic marketing concept in detail in the formulation and implementation of marketing strategy, which is focused on

providing a better customer service aimed at keeping customers loyal, and the whole process is underpinned by an organizational learning policy (McGoldrick, 1990)(Day, 1994)(Slater and Narver, 1994a)(Cespedes, 1995)(Han et al., 1998).

A senior manager in the Japanese electronics company based in the UK had a clearly defined view of what customer service is and how the company can provide a better customer service (see Appendix Six):

"Well, it is obvious to have a happy customer the key point is quality, delivery and price...." and "...what we can do is bring our customers to the [here], so they can see what we can do here, then we meet them in the [place], and we try to understand (about) their cultural (different) points, so when we visit them, we will even more better understand...."

Japanese companies emphasise a better customer service than the competition based on customization. This allows Japanese companies to meet customer needs and wants adequately. Hence Japanese companies can achieve customer loyalty that results in enhanced business performance and this is based on the concept of mutuality in the long-term'(Doyle, 1994)(Webster, 1997: 63) (Hooley et al., 1998: 346)(McElwee and Warren, 2000: 429)(Corstjens and Corstjens, 2000). It is also linked to the view of how to create value for stakeholders (Srivastava et al., 1998), and this in turn results in shareholder loyalty (Sheth and Sisodia, 1999).

In order for staff in a Japanese company to provide a better customer service, senior management pay attention to partnership development with other channel organizations, and the emphasis is on building continuous but informal relationships (Perks and Easton, 2000). Therefore, staff in Japanese companies integrate the channel partner organization's customer service strategy with the Japanese company's customer service strategy. This in turn enhances the company's technological capability and as a result customer requirements can be

met effectively within specific time limits (Buzzell and Ortmeyer, 1995)(Fiorito et al., 1998)(Juttner and Peck, 1998).

With respect to how Japanese electronics companies integrate their channel objectives with those of their partners, it is important to understand that long-term relationships embody independence. It can be argued that Japanese cultural characteristics such as 'keep space with others (co-operation)/harmonious relations' as outlined in Table 7.1, Chapter Seven, section 7.4, are important factors. Furthermore, senior managers in Japanese companies view the development of networks as important because networks allow a company to identify new supplier organizations and customer organizations via individual influences that stem from network contacts.

A fundamental point to reflect on is how Japanese electronics companies select staff. A fact that emerges from the research is that the level of influence/status of an individual is important and so too is the influence an individual member of staff has when negotiating a business deal with staff from other organizations. Therefore, each individual in a Japanese company knows what their responsibilities are and who they are accountable to, but when an individual makes a mistake, the individual can correct the mistake and improve his/her knowledge. Communication plays an important role in this. This implies that Japanese companies have linked their customer service strategy with the concept of organizational learning (Harvey and Denton, 1999). The aspect of network accountability is linked to improving knowledge, therefore, one can argue that Japanese people view building strong relationships as important and this can be linked to how each individual in Japanese society is valued (see Chapter Seven, section 7.5.1, Table 7.3). The Japanese education system is important because at present there is a move towards promoting the concept of 'individualism' in Japan

(Trim and Lee, 2000: 115-116), and as a result young people in Japan have adopted a different view from those of their parents (see Chapter Three section 3.3.3). This is proof that Japanese people have been influenced by Western culture (see Chapter Seven, section 7.4, Table 7.1).

Reflecting on the above, one can state that senior managers in Japanese electronics companies have devised a strategy for deploying internal resources and managers know how to motivate their staff in order to develop capabilities to exploit changes in the external environment; and this is supported by a clearly defined organizational culture (Leppard and McDonald, 1991: 231)(Porter, 1996)(Varadarajan and Jayachandran, 1999).

Korean electronics companies have an inclusive and appropriate customer service strategy, which is reviewed on a daily basis and this is on going. Evidence of this is drawn from one of the senior managers based at the Korean electronics company in the UK (see Appendix Six):

“...because the quality of customer service provided is related to how quickly companies can satisfy its own customers”, and “... the customer service policy, from the customer satisfaction aspect,to provide better customer satisfaction and to better service to more people, in long term, one can say thatit helps to improve the relationship between the company and its customers. Therefore, it affects the improvement of sales and the commercial side...”.

The long-term customer service focus of Korean companies is also aimed at creating fitness and this has an impact on shareholder loyalty as it achieves customer loyalty (Doyle, 1994)(Webster, 1997)(Hooley et al., 1998) (Srivastava et al., 1998)(Sheth and Sisodia, 1999)(McElwee and Warren, 2000) (Corstjens and Corstjens, 2000).

In order for a Korean company to provide a better customer service, staff in Korean companies communicate with staff adequately through appropriate channels. It can be argued that this is how senior managers in a Korean company

relate to the concept of internal relationship marketing, the aim being to achieve a superb performance by meeting customer requirements and supporting operational excellence (Mohr-Jackson, 1998: 109-110). This is because staff in a Korean company know clearly who has accountability relating to a specific matter, therefore, senior managers in Korean companies recognize that in order for the company to achieve customer loyalty, it is fundamentally important to solve problems because problem solving relates to whether company staff can build relationships with customers based on trust. This is a reflection of how Korean people understand the role that trust plays and how they expect to behave; hence concepts such as 'responsibility' and 'cultural understanding' for example, underpin how Korean people achieve mutual benefits (see Chapter Seven, section 7.5.2, Table 7.12).

In order that staff in Korean electronics companies provide an inclusive customer service, it is necessary for staff to develop partnership arrangements with other organizations as it allows the company to respond appropriately and quickly to dynamic and unpredictable market changes. This point relates to one of the characteristics of Korean culture (see Chapter Seven, section 7.5.2, Table 7.9) which has emerged since the process of industrialization in Korea got underway. Therefore, it can be argued that national cultural characteristics influence organizational cultural characteristics as Table 8.2, shows. Hence senior managers in Korean electronics companies use their employees social network to bring other organizations into the decision-making process and/or assist the formal negotiation process. The evidence of this is seen herewith, one of the senior managers in the Korean electronics company stated (see Appendix Six):

"....and friendship, um, you know, we actually move, a lot of the people I deal with although they are not necessary supplying them..... You actually move beyond that ,...., I work for [the company] and they work for the company X, but to the point where we

are almost friends. Um, we will meet together socially so that is how business is done these days".

It can be argued, that relationship building is an important aspect of Korean culture (see Chapter Seven, section 7.5.2, Table 7.10). When operating abroad, staff in Korean electronics companies apply their cultural knowledge to the local situation in order to achieve effectiveness. This is because as Bush and Ingram (1996: 374) have pointed out, people who come from a different culture, who operate in another culture, have different thought patterns and develop a different understanding regarding the same subject matter compared to local people, and this has a major impact on how a company develops a sophisticated marketing strategy that needs to be related and integrated into the company's corporate strategy (Baker, 1996)(Webster, 1997)(Hooley et al., 1998). Furthermore, it can be argued, that there is a link to how staff in Korean electronics companies learn, and the link between customer focus and organizational learning is evident (Morgan et al., 1998)(Harvey and Denton, 1999).

Senior managers in Korean electronics companies appreciate the importance of information technology systems because staff in Korean companies place an emphasis on collecting, analyzing and interpreting market data, and the findings are effectively communicated to internal staff and staff employed by partner organizations.

Senior managers in Korean electronics companies utilise the internal deployment of resources, and staff are motivated, and committed to the company/leader; and this allows information to be used to fine tune the marketing mix (appropriately and realistically). The evidence of this can be seen from one of the senior managers employed by the Korean electronics company (see Appendix Six):

"....it is more responsibility rather than.... To build and maintain a positive long-term partnership,..., rather then the company have a policy which it allows ... but more companies should make each manager to do so. And I think, realistically, that some sort of responsibility is the duty of the management level ... within the company".

It is possible to conclude that senior managers in Korean electronics companies have established a clearly defined organizational culture as outlined in the literature (Leppard and McDonald, 1991)(Porter, 1996)(Varadarajan and Jayachandran, 1999). This is directly related to the concept of loyalty in Korean culture (see Chapter Seven, section 7.5.2, Table 7.11). Korean people view the concept of loyalty to be a paramount factor in Korean society, and each individual needs to demonstrate their loyalty to the leader of the organization; and this is why it is essential to build strong relationships with other staff within the organization and with staff employed in other organizations (Kim and Yi, 1998-1999)(Shin, 1998-1999)(Jeong, 1999).

It is possible to suggest, therefore, that senior managers in Japanese and Korean electronics companies recognize the importance of the concept of relationship marketing as it provides a basis for organizational flexibility and this increases the company's capability that leads to a sustainable competitive advantage(s) (underpinned by customer loyalty and mutual benefit) being achieved (Stone et al., 1996)(Achrol, 1997)(Morris et al., 1998)(Price and Arnould, 1999)(Hennig-Thurau, 2000).

8.7.3 Organizational culture

The material in Table 8.3 is derived from the grounded theory relating to

Japanese and Korean electronics companies (sections 8.6.1 and 8.6.2).

Table 8.3: Organizational culture

Characteristics	Japanese electronics company	Korean electronics company
Organizational culture	<p>Clearly defined, but informal and based on a high level of comparative cultural appreciation</p> <p>Staff are understood and appreciated</p> <p>The influence of cultural traits is evident</p> <p>Staff share the same organizational goals in order to provide a customer service that is defined clearly</p> <p>Organizational culture is defined and transparent, and has an impact on defining personal behaviour appropriately so that trust can be identified clearly</p> <p>People think in a holistic and pro-active manner</p>	<p>Clearly defined, strongly influenced by Korean national culture as parent company provides documents and guidelines; meanwhile, senior managers respect local staff and adapt local staff views vis-à-vis marketing strategy formulation and implementation</p> <p>Staff in the organization possess a shared value system and beliefs</p> <p>Staff share necessary information with relevant staff/departments throughout the company and with partner organizations in order to obtain the organization's purpose/objectives through an appropriate customer service</p>
Communication	<p>Staff communicate clearly what the objectives are and working practices are outlined for example</p> <p>Open plan offices allow staff to communicate when necessary</p> <p>Comparative cultural knowledge is appreciated</p>	Viewed as important and staff communicate openly and frequently via defined processes
Commitment	<i>Staff are strongly committed to achieve the organizational goals and objectives</i>	<i>Staff are strongly committed to achieve the organizational goals and objectives</i>
Motivation	<p>Considered as a key factor and staff are rewarded appropriately</p> <p>Staff are treated with respect and this is reflected in the terms and conditions of their employment contract</p>	Considered to be important and staff obtain advice and support when necessary
Leadership style	<p>Transformational, this allows flexibility and the motivation of staff</p> <p>The appropriate assistance is provided and authorization exists</p> <p>Tasks can be delivered by the staff</p>	Transformational, staff are integrated and influenced, and the leader looks after the staff
Decision-making	Based on consensus, transparency and fairness	Top-down, but flexible within publicised constraints
Teamwork	Exists to resolve problems	Appreciated as necessary, is an on going process that is based on a trust-based relationship
Task	Clearly defined and allocated based on the known capability of individual staff members	Job tasks and their associated constraints are clearly understood and communicated via appropriate channels
Trust/Trustworthiness	Established at all levels with staff in the organization	Viewed as a key element, relates to respect and each individual's capabilities
Learning organization policy	<i>As an on going process to improve the organization's performance, and is linked with staff loyalty</i>	<i>As an on going process to improve the organization's performance, and is linked with staff loyalty</i>
Sharing information	<i>Staff share information when it is necessary</i>	<i>Staff share information when it is necessary</i>
Relationship building	Based on personal relationships that link business and pleasure to understand how people think and work	Appreciated as highly important
Structure	Hierarchical, transparent	Clearly defined, hierarchical
Monitoring system	Yes, in place so that on a daily basis advice can be provided when necessary	Customer satisfaction is monitored on a daily basis

A number of academics, such as Olie (1994), Greenley (1995), Porter (1996), Webster (1997), Hooley et al., (1998), Han et al., (1998), Mohr-Jackson (1998), and Perks and Easton (2000), accept that in order to establish a clear organizational culture, it is fundamentally important to provide organizations with a means/mechanisms for creating values that bring all members of staff together so they possess a certain mindset. This means staff are motivated to achieve a common objective that will result in mutual benefits (both tangible and intangible) for each individual and for the organization itself.

Through the actions taken by staff during the interaction process (between internal staff and staff employed by partner organizations and customers/end users), the organization can be differentiated from other competitors from the perspective of how staff handle customer complaints and/or meet customer expectations (Lewis and Gabrielsen, 1998)(Rowley, 2000). Another important point is how staff collect, analyze and interpret data, and how the findings influence management decision-making and create unique customer value (Trim, 1994)(Gilmore and Pine, 1997)(Duffy, 1998). This being the case, the organization can achieve a synergistic strategy that results in a sustainable competitive advantage(s). Organizational differentiation, based on internal relationship development with internal staff, and how as a process staff exchange information and interpret information, has an impact on improving the marketing skill base of marketing staff within the organization. Top managers need to support the customer service activity, be committed to it, and invoke clearly defined leadership behaviour. Furthermore, the attitude and influence of staff needs to be taken into account so that the organization creates a distinguished, organizational culture (Leppard and McDonald, 1991)(Porter, 1996).

Table 8.3, organizational culture, shows that staff in Japanese and Korean electronics companies have shared views relating to the importance of organizational culture, although it needs to be stated that the organizational culture of Japanese electronics companies manifests itself in a different way/form from that in Korean electronics companies.

From Table 8.3, four common points can be noted. First, senior managers in both Japanese and Korean electronics companies based in the UK consider that their company culture is hybrid in nature. The Japanese electronics company and the Korean electronics company embraced to some degree, British culture. Second, staff in Japanese and Korean electronics companies are committed to achieving the company's goals and objectives. Third, staff in Japanese and Korean electronics companies share information with other staff (internally and externally). Fourth, staff in Japanese and Korean electronics companies benefit from learning about organizational policy and this ensures that staff are loyal.

With respect to the hybrid culture that is evident in Japanese electronics companies based in the UK, it can be argued that company staff think in a holistic and pro-active manner. The 'holistic' view is derived from Japanese culture in the sense that a 'holistic' view is closely related to the 'collectivist' approach. Furthermore, Japanese companies in Japan are connected with government and company staff co-operate with government, hence the concept of *zaibatsu* and *keiretsu* dominates (see Chapter Four, section 4.6 and Chapter Five, section 5.7).

Staff in Japanese companies share the same organizational goals, understand and appreciate the importance and influence of cultural traits. Again, it is important to appreciate the role played by Japanese cultural characteristics (see Chapter Seven, section 7.4, Table 7.1). Japanese people collect ideas from other cultures and these ideas are absorbed into Japanese culture and the ideas are

adjusted to fit into existing Japanese culture in a harmonious way. This means that senior managers in Japanese electronics companies create a distinct company culture that is defined and transparent and has an impact on defining individual staff behaviour. Staff behaviour has a direct influence on establishing trust/trustworthiness at all levels within the company. The senior managers within the Japanese electronics company defined trust in the following way (see Appendix Six):

"trust is confidence in the person that, the .., he will do what you ask him to do, when you ask him to do it. And he will respect any confidence is given, in terms of business relating. So it is delivery promises and respecting confidences." and "Honesty and belief that what someone tells you what someone is supplying is okay and it is correct, obviously, it is honest".

Senior managers in Japanese companies interpret trust as confidence and reliability which has an impact on how relationships are established (Morgan and Hunt, 1994: 23)(Berry, 1995)(Tax et al., 1998). Furthermore, senior managers within Japanese companies view trust as one of the important elements of establishing relationships that are reinforced by communication. Trust in Japanese culture is viewed as crucial to developing relationships (see Chapter Seven, section 7.4, Table 7.5). Therefore, in order to establish and develop relationships, Japanese people need to remember the following: they need to know their position in the hierarchy; maintain harmonious relationships; network (and communicate); be aware of equality; belong to a group; and improve their own knowledge (see Chapter Seven, section 7.4, Table 7.3). These Japanese cultural characteristics have been identified in staff employed by Japanese electronics companies in the UK, when building relationships (see Table 8.3). Personal relationships link business and pleasure, and relationship building is important in order to understand how people think and work. Furthermore, communication is an on going process and staff in Japanese electronics companies communicate clearly; they specify

objectives and working practices. Tasks are allocated based on the known ability of staff; comparative cultural knowledge is appreciated and this allows staff to co-operate as a team in order to resolve existing problems in an effective and efficient manner. This also requires that necessary information is shared.

One point to be noted is that (as discussed in Chapter Seven, section 7.5.1, Table 7.5), Japanese people think relationship building is important because it determines how an individual can acquire additional knowledge that will allow them to update themselves. This is directly related to how an individual will be valued in society (Ichikawa, 1993)(Lincoln et al., 1998). It could be argued that this can be linked to how Japanese people pursue their learning objectives and it also underpins their behaviour. Within Japanese electronics companies, organizational learning is evident and is aimed at improving organizational performance. This means that learning is viewed as continuous and staff loyalty is viewed as crucial and this can be deduced from the quotation below which is taken from a senior manager employed by the Japanese electronics company that participated in the research (see Appendix Six):

"...we have ... um, on the job training which is for the Operators, training, trained in the particular job with that they perform and as the experience brought more skills, so we can more flexible in the work place. On the professional side, you obviously train people in information technology and any engineering quality Or the qualification, on the education sponsorship programme, we put people to college to encourage [them] to get better qualifications. We proved clear here, prospects with us, and we also use them more effectively.."

This is an indication that senior managers in Japanese electronics companies are committed to organizational improvement and this is achieved in part by motivating staff. Staff are rewarded and treated appropriately and this is reflected in the terms and conditions of the employment contract. Senior managers in Japanese electronics companies exhibit a clearly defined leadership style which

can be classified as transformational (derived from the information in Chapter Two section 2.3.3). Transformational leadership allows staff to be motivated and this results in the organization being flexible. Hence senior managers authorise tasks that suit an employee's capability and this ensures that they deliver what is expected of them, hence decisions are based on consensus, are transparent and judged to be fair.

With respect to the hybrid culture that is evident in Korean electronics companies based in the UK, although the parent company in South Korea provides guidelines and documents for policy formulation and implementation, the senior manager of the Korean electronics company based in the UK respects and listens to the views of local staff. This suggests that knowledge and experience are used vis-à-vis marketing strategy formulation and implementation, and as a result Korean electronics companies are able to provide a customer service that results in customer satisfaction.

As regards how Korean parent companies influence Korean electronics companies based in the UK, one can assume that relations with government are judged to be important, and government has some influence for example. Korean subsidiaries operate under U.K laws, however, there is a degree of indirect influence evident from the government of South Korea. Senior managers in Korean companies need to be able to work with government representatives, meanwhile, senior managers need to be able to manage the company both effectively and efficiently (Lee, 2001) (see Chapter Two, section 2.5; Chapter Four, section 4.7 and Chapter Five, section 5.8.1).

Furthermore, Korean culture as explained in Chapter Seven, section 7.5.2, Table 7.8, is relevant because Korean people have a strong identity based on the influence of both Confucianism and Buddhism. It is also important to reflect on the

fact that Western culture, through Korea's industrialization process, has had an influence on Korean culture and this is reflected in how senior managers in Korean electronics companies accept the views of local staff, and how the views of local staff are incorporated in the decision-making process. This explains why a distinct corporate strategy emerges from the planning process. Evidence of this, can be seen in the following quotation taken from one of the senior managers based in the Korean electronics company in the UK (see Appendix Six):

"....from the headquarters of the parent company...usually providedAt the corporate level, already it has been formulated for many years based on the advice of British staff..", and "...at the level of how the strategy can be implemented, how to implement the marketing strategy which is given by the parent company, each managing director of the can apply its own way creatively and have its own action plan based on its own idea....."

It can be argued that a Korean electronics company's learning organization policy is on going and is to improve the organization's performance. This results in staff loyalty. This has been discussed in Chapter Four, section 4.7.2. Korean companies are known to select international partner organizations based on their capability, skills and willingness to share their expertise for mutual benefit (Dacin et al., 1997). This means that senior managers in Korean electronics companies create an organizational culture that is defined clearly and is transparent in nature. The key point to note is that individual staff exhibit an appropriate attitude. This does in fact relate to trust/trustworthiness that encompasses respect and embraces an individual's capability. The senior managers in the Korean electronics company defined trust/trustworthiness as follows (see Appendix Six):

"I think, trust is honest, hum, is believing that the person you trust is always acting in your best interests...", and "[the trustworthiness] I would define that as them doing what is in your best interests. Um, not something that's going to cause you, you know, any damage, to what you are trying to do, and harm to what you are trying to do...", and "trust is telling the truth, if we are out of ...trust is saying what

the truth of that situation is, ..., trust, on the other hand, is do not impart or put in jeopardy any commercial issues... ”.

Senior managers in Korean companies interpret trust as confidence which is viewed as essential for a positive long-term relationship with customers (Berry, 1995)(Tax, 1998); and benevolence is an important element which implies mutual benefit and long-term relationship development (Doney and Cannon, 1997) that is based on mutual confidence (Siguaw et al., 1998)(Baker et al., 1999).

One can argue that trust is an important factor with respect to the development of relationships in Korean culture and this has been highlighted in Table 7.12, Chapter Seven, section 7.4. Trust allows individuals to discuss a subject continuously and take responsibility for their own actions; it also results in cultural understanding which results in mutuality and humanity, and these are important factors that need to be placed within a cultural context (see Chapter Seven, section 7.5.2, Table 7.12).

A number of elements identified in the literature are important for building relationships in Korean society. One can think in terms of personal relationships (blood ties, geographical area, background and school attended) (see Chapter Seven, section 7.4, Table 7.10). To put this in the context of a Korean electronics company, one needs to approach relationship building from the following: ‘a clearly defined relationship’; ‘sense of belonging, humane-humanity’; and ‘trustworthiness’; all of which appear in Table 7.10. As regards maintaining relationships, senior managers in Korean companies communicate with staff and encourage open communication with channel partner organizations.

Senior managers in Korean electronics companies view communication as important, and communicate with staff openly and frequently via a defined process which is supported by a shared value system. Evidence of this is taken from a

senior manager employed by the Korean electronics company based in the UK (see Appendix Six):

"Basically, top management, senior management,..., share their view of organizational culture with the management group below them, but in order to share the value system with staff at the bottom of the organization, each management [each department] group are empowered to pass on the value system....the middle management group share their viewpoint/cultural value system with its junior management group, then the junior management group share their views with their own staff....".

From this one can deduce that staff in Korean companies encourage teamwork, and teamwork is viewed as necessary. Teamwork is reinforced through communication that is based on trust and a trust based relationship develops. This means that staff in Korean electronics companies, depend on trust and communication, and are prepared to share information with other company staff. Evidence of this can be taken from a senior manager employed by the Korean electronics company based in the UK (see Appendix Six):

".....in order to share information with others, it depends on how often we communicate with each other and how the communication channel is selected. Those two things trust and the selection of communication channel are important"

It can be argued, therefore, that there is a link between why senior managers in Korean companies consider teamwork is necessary and is viewed as on going, and how Korean people interpret the need for co-operation. Co-operation is important and is based on the recognition that increasing the work load is necessary and so too is the degree of complexity associated with facing and solving problems (see Chapter Seven, section 7.5.2, Table 7.13).

With respect to organizational learning policy, which has been discussed above, it is evident that Korean companies instill loyalty in their staff. A senior

manager employed by the Korean electronics company in the UK stated (see Appendix Six):

"....the headquarter in Korea, they have special programmes....for all staff including Korea and local staff.....it depends on the year....each managing director identifies which staff they want to nurture in long term and they send these staff members to Korea ... ", and "... (also) we link with a local university for a special need.....if ..need some special training then all the staff can be trained at a special time.... "

This shows that senior managers in Korean electronics companies are committed to organizational improvement through motivating staff to perform at higher levels of achievement; and the appropriate advice and support is provided when necessary. Hence staff are committed to achieving the organizational goals and objectives set. This means that senior managers in Korean companies adopt a transparent leadership style that integrates staff activities and influences how staff behave. It also has to be stated that top management (the leader) looks after their staff. This aspect is reflected in the management style adopted in Korean companies in Korea. Indeed, the management style adopted can be described as 'paternalistic' which has and continues to be influenced by the Confucian value system (see Chapter Two, section 2.5).

It can also be argued that senior managers in Korean electronics companies make decisions, which are top-down, but which exhibit some degree of flexibility, and this is reflected in the Confucian value system. Therefore, senior managers in Korean electronics companies define clearly what the tasks of their employees are and what the constraints are; and these are communicated through appropriate channels, and this assists the management process. Furthermore, customer satisfaction is monitored on a daily basis.

8.7.4 Partnership arrangements

The material in Table 8.4 is derived from the grounded theory relating to Japanese and Korean electronics companies (sections 8.6.1 and 8.6.2).

Table 8.4: Partnership arrangements

Characteristics	Japanese electronics company	Korean electronics company
Business relationships	Based on technical capability Established but informal and continually oriented in order to provide a high level of customer service that is deemed appropriate	Viewed as important and based on contracts that are reviewed periodically Long-term in orientation which is underpinned by mutuality
Responsibility	Understood clearly, meanwhile a degree of toleration exists	Clearly defined and accepted, based on clearly defined tasks
Sharing information	<i>Relevant information is exchanged and based on need, and confidentiality is adhered to</i>	<i>Relevant information is exchanged and based on need, and confidentiality is adhered to</i>
Structure	Hierarchical Based on global agreements	Hierarchical, but informal
Communication	Established highly, based on an appreciation of cultural differences, business customs, and respect Staff based in partner organizations visit each other's place of work	Open and consultative, clearly defined but selective channels exist
Commitment	Exists, to develop mutual, trust oriented relationships Evidence of a commitment to continuous improvement to meet customer expectations	Exists, based on trust and continual trustworthy relationships that are supported and accepted, honest behaviour is based on cultural understanding (includes business customs)
Joint projects	To enhance and update working practices, a pro-active approach to decision-making exists	Viewed as essential Often need to be supported by acceptable and appropriate staff behaviour and the need to continually reduce cultural gaps so that problems can be resolved adequately
Mutuality	Viewed as essential as it is in being and/or brings benefits associated with increases in market share as future business expands and expectations are met	Recognized as important as it allows staff in partner organizations to share sensitive commercial information when necessary

Senior managers in both Japanese and Korean electronics companies recognize that it is essential to select carefully channel partners and maintain good relationships with channel partners. This is important as it is related to how staff in the company can obtain relevant information and maintain confidentiality (see Table 8.4). As highlighted in Table 8.1, both senior managers in Japanese and Korean electronics companies are committed to deploying marketing-oriented strategies through integrating channel partner organizations in a strategically oriented way. This is essential as it allows senior managers in Japanese and Korean companies to increase the level of customer service available; to deliver products

on time; and provide reliable information to customers for example (Baker et al., 1999). These activities add value for customers and result in the company obtaining a sustainable competitive advantage(s) which in turn leads to financial benefits. This approach to business is underpinned by the concept of mutual benefits that are forthcoming to the company, the channel partner organizations, and the customers/end users (Buzzell and Ortmeyer, 1995)(Hines, 1996)(Lewison, 1997)(McIvor and McHugh, 2000b). These points have been discussed in Chapter Five, section 5.4 and section 5.5.1. Therefore, in order to support successful partnership arrangements, senior managers in Japanese and Korean electronics companies need to be aware of the importance of an established organizational culture, which supports relationship building. This approach is highlighted in Table 8.2 and Table 8.3 and has been outlined by Beckett-Camarata et al., (1998).

Senior managers in Japanese electronics companies select business partner organizations based on their technical capability, and once a relationship has been established it tends to be long-term in orientation. This is so the company can provide a high level of customer service. A senior manager in the Japanese electronics company stated that (see Appendix Six):

“....got to be able to keep the capability of supplying whether we ask, ... in terms of price, in terms of delivery, and in terms of quality and there after its got to be trust and mutual respects, and, ..., hum..., we can be proactive and then, help each other to basically help the customer....”

From this quotation, it can be deduced that when managers in Japanese companies establish a partnership relationship, they think in terms of the hierarchical structure that exists and this defines the individual responsibilities within the organization and who is accountable for specific types of action. Meanwhile, senior managers in Japanese companies pay attention to the degree of toleration that is needed when managing channel partner organizations especially

"to correct mistakes made and/or make improvements". This means that senior managers in Japanese companies are committed to developing business relationships with key channel partners that are based on mutual trust. This is necessary in order for the company to improve continuously in order to meet customer expectations. Therefore, in order for senior managers in Japanese companies to establish and maintain good business relationships with key channel partner organizations, communication is based on understanding cultural differences; meeting customer expectations; therefore, business customs are respected. In order to enhance their understanding, company staff visit staff employed by partner organizations at their place of work. A link can be made with the characteristics of Japanese people in the sense that Japanese people co-operate harmoniously, and improve their knowledge through time (see Chapter Seven, section 7.4, Table 7.2 and Table 7.3). This is because, senior managers in Japanese companies view joint projects as enhancing and up-dating working practices. This is evidence of a pro-active approach to decision-making that is underpinned by mutuality (as market share increases so too do the benefits (increased business and profitability for example)).

With respect to Korean electronics companies, senior managers establish a business relationship with key channel partner organizations based on contracts that are reviewed periodically but are long-term in orientation because this provides for mutuality. Evidence of this can be seen from the following quotation taken from a senior manager employed by the Korean electronics company (see Appendix Six):

"...we do have key suppliers, um, most of those tend to be, um, you know, on a contract, um, and we'll review that periodically, but we do tend to stay with the same companies for a long period of time because we find it works better. They get to know us, we get to know them, and the working relationship is better rather than starting with someone new".

The quotation shows that senior managers in Korean electronics companies based in the UK are committed to establishing business relationships with channel partner organizations that are based on trust. Continual, trustworthy relationships are underpinned by accepted, honest behaviour which embodies an understanding of cultural differences which includes an understanding and appreciation of business customs. Business relationships are based on the acceptance of clear responsibility and clear tasks. This means that business relationships are hierarchical but informal, and staff communicate openly. Employees use a consultative form of communication and communicate through clearly defined but selective channels. These factors, it can be argued, are related to the characteristics of the Korean management style in Korean companies. One factor, the 'entrepreneurial' style of management, which has been discussed in Chapter Two, section 2.5, explains how Korean managers approach managing an organization. Issues of effectiveness and efficiency are central, and minimising uncertainty is a key priority. This is a logical deduction owing to the fact that the Confucian value system evident in Korean culture, (the characteristics being respect for elders and obedient behaviour; family oriented; and peaceful behaviour for example) (see Chapter Seven, section 7.4, Table 7.8 and Table 7.9), are known to influence the decision-making process.

Senior managers in Korean electronics companies view joint projects with key channel partner organizations as essential and understand that in order for a joint project to be successful, the project needs to be supported by appropriate staff and appropriate staff behaviour. It is also evident that staff behaviour is important in the sense that cultural gaps are to be reduced continually and it is important to resolve company problems adequately. Furthermore, in order for the joint project to succeed in the long-term, mutuality is recognised as important as it allows

managers in the participating companies to anticipate problems and share sensitive commercial information when necessary.

8.8 Conclusion

Both Japanese and Korean electronics companies have a clearly defined strategic marketing focus. Customer loyalty is perceived as important and to be maintained. Senior managers in Japanese and Korean electronics companies understand the significance of the concept of working partnerships, and working relationships both within the company and between the company and partner organizations are viewed as essential and to be developed through time.

There are similarities between Japanese and Korean electronics companies. For example, these companies have an identifiable organizational culture; staff in Japanese and Korean electronics companies are highly committed; top management in Japanese and Korean electronics companies exhibit a clearly defined leadership style which is transformational; training is viewed as important; and staff in Japanese and Korean electronics companies appreciate and understand the benefits associated with comparative cultural knowledge. Indeed, a key issue is the ability to establish and build a partnership culture.

Both Japanese and Korean electronics companies in the UK have adopted Aaker's (1992) strategic market management framework, and senior managers in these companies have an appreciation of national cultural traits/characteristics. British national cultural traits/characteristics are viewed as important; and Japanese and Korean electronics companies based in the UK benefit from a form of hybrid company culture. The national cultural traits/characteristics have played a role in the development of organizational culture; and the type of management style that is deployed.

The importance of the learning organizational concept and policy are understood by top management in Japanese and Korean electronics companies, and this is important with respect to the development of hybrid organizational culture. Staff members are motivated and deliver what is expected of them, hence an individual's performance needs to be satisfactory if the organization is to achieve the goals and objectives set by top management. Japanese and Korean electronics companies meet customer expectations and this results in customer loyalty that leads to financial gain. This is the basis upon which strong partnership arrangements are built by both Japanese and Korean electronics companies in the UK.

Chapter Nine: Contribution to the Body of Knowledge and Conclusion

9.1 Introduction

The researcher's objectives (section 9.2) are specified and the research outcome and contribution to the body of knowledge (section 9.3) are evident; key research findings (section 9.3.1); how the key research findings relate to the literature reviewed (section 9.3.2); and the usefulness of the key research findings to practitioners (section 9.3.3). The constraints and limitations associated with the research (section 9.4) are documented; alternative research approaches (section 9.5) are cited; further research (section 9.6) is identified; and a reflection and afterthought (section 9.7) is provided.

9.2 The researcher's objectives

The researcher's objectives are listed below. The points cited set out what the researcher set out to do initially.

- (1) To establish how Japanese and Korean national cultural values influence organizational culture.
- (2) To establish how organizational culture differs in two organizations: a Japanese electronics company and a Korean electronics company.
- (3) To provide evidence of the importance of communication within an organization.
- (4) To explain how decisions are made and implemented, and how employees in potential partner organizations understand the leadership style used in an existing partnership arrangement.
- (5) To establish and explain how mutuality is developed.
- (6) To explain how a strong organizational culture can be developed.
- (7) To provide evidence of how a particular leadership style is transferred from one cultural value system to another cultural value system.

- (8) To establish how an organization develops a sustainable competitive advantage that incorporates marketing strategy and customer service as an integrated process.
- (9) To establish how a strong organizational culture can produce an adequate customer service policy.
- (10) To establish how a strong and long-term partnership arrangement based on mutuality can be developed.
- (11) To establish how an organization's suppliers can be integrated into a strategic process.
- (12) To establish how influential a retail organization is vis-à-vis marketing channel development.
- (13) To establish how influential the retail organization is with respect to strategy formulation.
- (14) To place in context the strategic marketing concept vis-à-vis organizations involved in partnership arrangements.

9.3 Research outcome and contribution to the body of knowledge

9.3.1 Key research findings

In order for the author of this thesis to undertake research that would allow her to satisfy the research objective: "to establish how a Japanese [Korean] electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners"; it was necessary to implement a research strategy that would allow various methodological approaches to be used in order to collect, analyze and interpret data. The grounded theory (Strauss and Corbin, 1990 and 1998) approach proved useful as regards incorporating a number of methodological approaches that would allowed the author of this thesis to carry out in-depth research that was aimed at

providing unique insights into complex subject matter. The 'paradigm model' put forward by Strauss and Corbin (1990 and 1998), and which is used in social science generally, allowed two grounded theories to be developed that were grounded in the data. The methodological approach used also allowed the researcher to place the grounded theories in a comparative context.

The various inductive research approaches, such as the in-depth personal interview method, the small group interview method, the critical friendship group method and the postal survey method (Chapter Seven) proved valuable in the sense that they provided the researcher with flexibility and a large amount of data that was knowledge specific.

The exploratory research that is made reference to in Chapter Seven, allowed the researcher to first, understand better the mindset of Japanese and Korean people; and second, provided a logical framework as to how the researcher should approach the Japanese and Korean senior managers within the Japanese and Korean electronics companies based in the United Kingdom. The exploratory research also provided the researcher with an understanding of how to address culturally sensitive issues (the phrasing of questions and the follow-up and counter arguments put forward) when interviewing the senior managers based in the companies that participated in the research. It also provided a basis for understanding how the problem of access or further access (Hammersley and Atkinson, 1996) to a company could be approached and managed. One of the main academic benefits to emerge from the exploratory research was that it allowed the author of this thesis to have a more in-depth appreciation of the literature relating to culture and establish how national cultural values influence and/shape organizational values. It also allowed the researcher to study a number of aspects that had been cited in the academic literature but which needed to be developed further. This was achieved in the sense that a link between

national and organizational cultural values could be placed within a specific context, namely a key industry (see Chapter Eight, sections 8.6 and 8.7).

The researcher was able to conclude that Japanese and Korean culture is similar but differences do exist. Both Japan and Korea embraced Buddhism and Confucianism in a different way. The emphasis, purpose and sequences were different and this is why the national cultural characteristics and values of the people from these two cultures is different (see Chapters Two and Seven, sections 7.4; 7.5 and 7.6). It was further established that national cultural value systems do have an influence on management style and organizational behaviour (see Chapter Eight, sections 8.6 and 8.7). The researcher was also able to establish that the strategic marketing approach is valid and is deployed by both Japanese and Korean electronics companies based in the UK, however, the research findings indicate that the approach of the Japanese managers to strategic marketing is more advanced than the strategic marketing approach deployed by Korean managers. This can be attributed to a number of factors including the stage of the company life cycle; the industry life cycle; the knowledge and experience of marketing strategists; how various managers make marketing related decisions; and how the organization's culture results in managers linking marketing to strategy formulation and implementation.

It can be stated that both Japanese and Korean electronics companies based in the UK have a clearly defined marketing strategy that is focused on customer service that is underpinned by a clear commitment to partnership arrangements (see Chapter Eight, sections 8.6.1, 8.6.2 and 8.7.2). Partnership arrangements are based on trust and are considered to be long-term in orientation. However, the research established that the customer service policy deployed by Japanese electronics companies based in the UK are different to those of Korean electronics companies based in the UK. However, it is clear that both Japanese and Korean electronics companies based in the UK have a

customer service policy that is incorporated within a strategic marketing framework (see Chapter Eight, sections 8.6.1, 8.6.2 and 8.7.1). There is a clear explanation for this. Basically, in order for Japanese and Korean electronics companies based in the UK to achieve financial success (defined as financial gain in the long-term), marketing is perceived as an integrated process that is strategic in nature and Japanese and Korean managers feel comfortable working in terms of a strategic marketing framework that is within an organizational cultural context (see Chapter Eight, sections 8.6.1, 8.6.2 and 8.7.3). What is significant, however, is that managers in both Japanese and Korean electronics companies based in the UK are sensitive with respect to dealing with local people and consider that their own company should welcome and embrace a hybrid organizational culture.

It has to be stated, however, that the organizational culture itself that manifests in Japanese electronics companies based in the UK, manifests differently from that that is evident in a Korean electronics company based in the UK. For example, with respect to an organizational learning policy, although organizational learning is viewed as an on going process and is aimed at improving the organization's performance (it takes into account such issues as the loyalty of staff for example); what is clear is that the organizational learning policy that is practised in Japanese electronics companies based in the UK is different from that adopted and deployed by Korean electronics companies based in the UK (see Chapter Eight, sections 8.6.1, 8.6.2 and 8.7.3). This can be attributed to such factors as the style of management; the degree of management control; and the way in which relationships are built and managed.

With respect to the development of partnership arrangements, although managers in Japanese and Korean electronics companies based in the UK consider that business relationships are to have a long-term orientation, there is a significant point

of difference. With respect to Japanese electronics companies based in the UK, there are clear power based relationships in being that influence how individuals interact and make and implement decisions. However, in the case of Korean electronics companies based in the UK, the concept of mutuality is very dominant and this influences how individuals interact and make and implement decisions.

The author of this thesis has made various contributions to the body of knowledge. First, the researcher has produced two grounded theories that are industry specific: one relates to Japanese electronics companies based in the UK; and one relates to Korean electronics companies based in the UK. This adds to the body of knowledge in the sense that a number of issues relating to business and management knowledge which relate to two distinct cultures, are placed within a different cultural setting.

Second, relating to the first point, the researcher has added to the body of strategic marketing knowledge by including organizational learning that is linked to and influenced by national cultural values. This is an important factor, because the national cultural dimension and the organizational cultural dimension are interpreted in a marketing-strategy-industry context. In other words, the strategic marketing approach of Aaker (1992) has been extended and made more holistic (the human resource management dimension has been developed, explained and interpreted). The research findings also reinforce the fact that the concept of internal marketing is both valid and necessary, if that is, a company is to remain close to the market and is to develop a sustainable competitive advantage in the industry in which it competes.

Third, the researcher added to the knowledge of partnership arrangements by linking the concept of trust to the building of long-term working relationships. The research findings made clear that communication is important and necessary, if that is teamwork is to result and the decision-making process is to be inclusive in nature.

Fourth, the researcher added to the knowledge and conceptual understanding of Japanese and Korean electronics companies based in the UK by explaining how managers within these companies view and explain strategic marketing concepts. This relates to what motivates Japanese and Korean managers, and how they measure issues such as success and commitment.

Finally, the author of this thesis has added to the methodological body of knowledge in the sense that the grounded theories that were produced have added to the methodological understanding and appreciation of business and management. The researcher applied an established sociological methodological approach to a complex business area of research, and produced an in-depth appreciation and knowledge of how Japanese and Korean electronics companies based in the UK operate. A direct link with existing knowledge and theory has been made, and two grounded theories have resulted.

9.3.2 How the key research findings relate to the literature reviewed

The grounded theory (Strauss and Corbin, 1990 and 1998) approach is established but has not to date been extensively used by social science researchers. The researcher was able to demonstrate that the grounded theory approach can be used to study complex aspects of management theory, and this is a useful contribution to the body of management knowledge and the body of marketing knowledge. Indeed, the researcher was able to place the work of Mithaug (2000) in perspective and take the subject matter further by outlining what the development of theory involved.

Tayeb (1994: 87) has made a valid point when suggesting that research can be undertaken that takes into account how national culture and organizational culture produce a specific management style. The research cited in this thesis adds to the body of knowledge by making a link between national culture and organizational culture vis-à-vis Japanese and Korean electronics companies based in the UK. Furthermore, it

can be said that the research also provides insights into the management style of senior staff in Japanese and Korean electronics companies. The research has also addressed such issues as the behaviour and actions of managers (Tayeb, 1994: 87). The research has also provided an explanation of how the cultural traits of Japanese and Korean people develop and how they can be recognized in a specific management style. This is an important factor because Tayeb (1994: 87) has indicated that both misunderstandings and misinterpretations arise between managers and their subordinates, but can in fact be avoided if there is greater awareness relating to a specific management style and how it is used to achieve results. The researcher was able to understand the mindset of Japanese and Korean people, and this suggests that the researcher was able to explain in more detail key issues addressed by Hofstede (1996 and 1997) relating to how a national cultural value system links with or gives rise to an organizational culture value system.

The author of this thesis was able to provide a more holistic view of the Japanese management style and how it incorporated marketing decision-making and this can be viewed as an extension of the work of Mito et al., (1999). It can also be stated that with respect to the Korean management style, a similar claim can be made and the researcher was able to provide a more broad based view of the Korean management decision-making process than has been outlined by Choi (1995), Cho (1996) and Jeong (1999). The research findings relating to the Japanese and Korean electronics companies do in fact provide a more detailed understanding of how culture is formed and the detail provided is useful because it provides a more focused approach to understanding how international companies operate in the international marketplace than has been explained by Usunier (1993) for example. However, it is important to have a thorough understanding of the characteristics and values of people from different cultures, in order to fully explain the similarities and differences

between people, and as a consequence be in a position to better understand the way in which people from a different culture interact with each other and with those from outside their cultural group.

The research undertaken has added to the work undertaken by Bass (1985 and 1990), and Schein (1992 and 1996) as it focuses on aspects of leadership style (Kakabadse, 2000) that are being researched at present. The research places these aspects within a specific cultural-industrial context and this is important because with respect to international partnership arrangements, misunderstanding can result in conflict.

The research contained in this thesis is of value because it places various relevant aspects of national culture and organizational culture within a socio-cultural context. This contributes to existing knowledge because it explains how employees can co-operate with one another and with staff in other partner organizations to improve the organization's performance. The research undertaken is, therefore an extension of the work undertaken by Wilkins and Ouchi (1983) as it is based on an integrated marketing and management approach. By explaining the link between national culture and organizational culture, it is possible to specify how and why people co-operate and work towards common targets/objectives.

Another observation that can be drawn from the research findings contained in this thesis should allow managers and their subordinates to better understand and appreciate why it is important to produce a learning organization (Morgan et al., 1998), and to think in terms of pro-active management. The research findings contained in this thesis should allow those involved in the electronics industry to devise relevant training and staff development programmes. Reference to staff development programmes (Krause and Ellram, 1997) is helpful but not always

appropriate as each industry is governed by different regulations, standards and demands.

Senior managers also need to be able to explain what customer service involves (Cook, 1992) to non-marketing personnel and why it is important that the organization has a strategic marketing focus (Aaker, 1992)(Doyle, 1994). The research findings contained in this thesis help to focus attention on how a highly motivated workforce can be governed by the concept of trust (Wicks et al., 1999: 100). Doney and Cannon (1997), and Joshi and Stump (1999: 295-301) have studied the concept of trust and explained how staff within an organization will be prepared to exchange information with staff in partner organizations. The research findings contained in this thesis provide evidence of how and why information needs to be exchanged and this can be considered an extension of the body of knowledge.

The research established that the strategic marketing approach (Aaker, 1992) is valid and is deployed by both Japanese and Korean electronics companies based in the UK. The researcher was able to establish that the approach of the Japanese managers to strategic marketing is more advanced than the strategic marketing approach deployed by Korean managers. As regards the body of knowledge relating to strategic management vis-à-vis Japanese companies, the researcher was able to provide more detail than had been provided by Doyle et al., (1985) and to cover a gap in the work of Porter et al., (2000). Porter et al., (2000) have focused on a number of narrow issues (both internal and external); and although it can be said that the author of this thesis had produced similar findings, she was able to add to the body of knowledge by explaining how Japanese managers communicate messages and how they view the learning organization concept. This is a crucial addition to the knowledge in the sense that it helps to explain how the strategic marketing concept is

understood and translated into marketing decision-making and actions (marketing strategy formulation and implementation).

The research findings explained how Japanese and Korean electronics companies based in the UK develop a marketing strategy that is focused on customer service that is underpinned by partnership arrangements. This has added to the body of knowledge in a number of ways. It can be suggested that managers in these companies deploy a market-driven strategy (Day, 1994) that is aimed at providing customer satisfaction that results in customer loyalty (Doyle, 1994)(Hooley et al., 1998). The researcher was able to build on the work of Han et al., (1998) and place marketing within a general management context. This has the advantage of providing a deeper insight into what marketing involves and it also outlines the value of marketing.

As regards partnership arrangements, the research established that the concept of trust is very important vis-à-vis relationship building (Christopher et al., 1994)(Christopher and Juttner, 2000). Trust is perceived as an all embracing concept that gives rise to long-term relationships. Indeed, the research confirmed that the work of various authors such as Buzzell and Ortmeyer (1995), Lewison (1997) and McIvor and McHugh (2000b) has relevance. It can be suggested that the role and significance of trust is understood.

The research established that the customer service policy deployed by Japanese electronics companies based in the UK are different to those of Korean electronics companies based in the UK, because there is a difference in how individuals within these organizations interact with each other and implement the decision-making process. The difference is partly explained by the role that power plays and this is something that Aaker (1992), and Doney and Cannon (1997) have not addressed. It should be indicated, however, that Conrad (1994: 266-268) has paid attention to the role that power plays vis-à-vis creating and maintaining power

relationships, and the research findings in this thesis help to explain how these power relationships are expressed. In other words, the importance of internal marketing is recognized and made explicit.

The research helps to explain how Japanese and Korean electronics companies based in the UK incorporate a customer service policy within a strategic marketing framework and in the case of partnership arrangements there is evidence to suggest that a hybrid organizational culture is a key factor. This has not been looked at in any depth within the literature, but it can be argued that various authors such as Hofstede (1996 and 1997) and Schein (1992), have paid some attention to this area. The key factor to emerge, however, is that organizational learning is evident within a collectivist culture. Organizational learning plays a vital role with respect to integrating management policy. This is valuable because it ensures that marketing decisions are formulated and implemented via group interaction.

Organizational learning policy is evident in Japanese electronics companies based in the UK is different from that adopted and deployed by Korean electronics companies based in the UK. One of the main reasons for this is that the relationship building process is different and is managed differently. It is relevant to suggest, therefore, that Gronroos (1994 and 1997), and Gummesson (1998 and 1999), are right to explain what relationship marketing is and how it can be useful with respect to helping to shape and reshape the marketing body of knowledge. However, the concept of relationship marketing needs to be placed within a culture specific context if the advantages associated with the concept are to be really understood. This is the case with the research findings contained in this thesis. One aspect to guard against, however, is that the term relationship marketing may become diluted because it is applied in a general manner. The research outlined in this thesis places relationship marketing within a strategic marketing context and integrates the relationship building

process with the management decision-making process. This suggests that the concept of relationship marketing is not viewed as a separate body of marketing knowledge but is in fact an outcome of the strategic marketing process itself.

The concept of mutuality is associated with partnership arrangements, and it is relevant to suggest that although the selection of partner organizations takes into account a number of key management factors as referred to by Dacin et al., (1997), not enough attention has been paid to how potential partner organizations are selected. A key issue is in fact matching the competencies of one potential partner organization with the competencies of another potential partner organization. This has been addressed by the researcher and evidence has been provided that links various aspects of management knowledge with other areas of management knowledge. This has ensured that an integrated strategic process has been produced that will allow sustainable competitive advantages to be identified in advance of an alliance/partnership being formed. It can be suggested, therefore, that the work outlined in this thesis reinforces some of the work undertaken by Porter (1980 and 1985), but that it places the subject matter in a slightly different context.

9.3.3 Usefulness of the key research findings to practitioners

The fact that the researcher provided copies of each of the grounded theories to the relevant senior managers in the participating companies, is an indication that a link between theory and practice had been made. The senior managers considered the research output beneficial in the sense that it explained how staff within the company communicated with each other on a range of matters (marketing, customer service, partnership development for example). The fact that marketing is an important activity and linked to strategic management in a constructive manner provided the senior managers with an outline of how marketers are integrated into the strategic decision-

making process vis-à-vis management decision-making (on a day to day, week by week, and month by month basis).

The senior managers who received a copy of the grounded theory can use the material to audit and appraise the functioning of the company. Furthermore, they can use aspects of the grounded theory to identify and develop training and management development programmes for the employees, and staff based in partner organizations.

The grounded theory can also be used to explain how a customer driven marketing oriented strategy is devised and implemented, and how various staff are involved in the retailing decision-making process. It is also useful for helping senior management to develop further the strategic marketing concept within the organization. Staff can be involved in a range of duties such as product design, marketing planning and sales management; all of which contribute to the marketing strategy process.

The research findings should allow practising managers to identify and select potential partner organizations. Furthermore, once a partner organization has been selected, it would be possible to use the research findings to monitor the process being made vis-à-vis the partnership arrangement.

The research findings can also be used by practising managers to prepare themselves prior to undertaking international negotiations with staff from Japanese and Korean companies; to establish what types of information can be exchanged with staff within the organization and with staff in partner organizations; to develop long-term relationships with various stakeholders; to facilitate the group working and decision-making process; to develop corporate communication messages and processes; and to raise the profile of marketing throughout the organization.

9.4 Constraints and limitations associated with the research

The research undertaken by the author of this thesis was completed within a specific time period; was governed by financial constraints and rights of access. One Japanese electronics company based in the UK and one Korean electronics company based in the UK participated in the research. Five senior managers participated in the research, and confidentiality was promised and adhered to by the researcher.

Although only five senior managers based within the participating companies were interviewed and this can be classified as a small sample, the data collected was both in-depth and of a high quality. The data was analyzed and interpreted, and two grounded theories were produced. Hence the concept of generalizability can be said to apply.

It can be stated that the electronics industry is highly competitive, dynamic and not at all easy to access. When undertaking research in the electronics industry, it is important to note that the researcher needs to be viewed as honest, trustworthy and has strength of character in the sense that access has to be continually negotiated.

9.5 Alternative research approaches

In order to collect data from experts working in the area of national culture and the area of organizational culture, it is possible to use the in-depth personal interview method and/or a postal questionnaire that is administered in the form of a survey. A survey approach would allow a researcher to obtain data from experts based world-wide, and the quantitative research approach would ensure that the data is analyzed and presented in a statistical form. This would be useful in the case of a comparative study as it could provide evidence of how various management practices differed from one cultural setting to another.

It would also be possible to use the Delphi questionnaire method in order to collect relevant data from experts of Japanese and Korean culture, that are based in Japan and South Korea. The Delphi questionnaire represents a valid data collection method and can be used to collect data from a range of experts: Japanese and Korean academics, company personnel and government researchers for example. If a researcher is fluent in written and spoken Japanese and Korean, they would be able to deploy a postal questionnaire or indeed use a telephone questionnaire. If a researcher decided to undertake a large survey, a postal questionnaire or a telephone administered questionnaire may prove ideal. Should this be the case, it is possible that closed questions would be used as opposed to open ended questions, as this would assist the data collection process. However, the key issue would still be access. Prior to a large survey being conducted, it may be necessary to undertake a pilot survey in order to establish how acceptable the research instrument(s)/topic was, prior to the actual data collection process being undertaken.

Data collection involving Japanese and Korean managers, is a complex process that needs to be thought through carefully. If the researcher does not pay adequate attention to how the data is to be collected, when the data is to be collected, and from whom the data is to be collected, there is a possibility that limited or no data will be collected. Furthermore, the researcher needs to be aware of the fact that it is possible, as an outsider, to have access to company personnel, but it is not always possible to carry on the data collection process beyond a certain point. If the researcher wants to collect data from several subsidiaries of a Japanese or Korean company, it is possible that the researcher will have to negotiate access with staff based at the organization's head office.

The research strategy outlined by the author of this thesis and contained in Chapter Six, can be considered comprehensive. It enabled the researcher to produce

two grounded theories and it is logical to conclude that the research strategy devised and implemented was appropriate.

9.6 Further research

The author of this thesis has identified a number of areas to be further researched. First, research can be undertaken into how the retailing industry will evolve bearing in mind the fact that manufacturers are formulating policies to deal direct with end users. This focuses attention on such issues as how managers in manufacturing organizations are going to develop customer service policies around changes in distribution for example.

Second, there is no doubt that initiatives in the area of electronic marketing will be developed in order to move the manufacturer closer to the end user, and this suggests that research needs to be undertaken to establish how facilitating technology such as the Internet, is going to influence buying decisions and channel developments and relationships.

Third, attention needs to be given to how communication theory and leadership theory are linked, in order to better understand how group decision-making manifests. There is also a link here with human resource management theory and policy development; and this is also linked to the concept of how internal marketing is used in an organizational cultural context.

Finally, research needs to be undertaken in order to establish how trust based relationships result in mutuality being established; and what this means from the perspective of the development of marketing theory (especially issues such as image and perception, brand value, price and quality considerations, changes in distribution and forms of delivery, and customer value and perceptions).

9.7 Reflection and afterthought

When using the small group interview method to collect data from Japanese and Korean people, it is important to plan matters in advance and ensure that the interviewer/moderator has established a rapport with the interviewees in advance of the small group meeting taking place. It would have been useful to use the critical friendship group method vis-à-vis Japanese academics and students, and to establish how the behaviour of Japanese people differs from the behaviour of Korean people. However, as regards the research undertaken by the author of this thesis, there is no evidence to suggest that even if a the critical friendship group had been used involving Japanese academics and students, more/higher quality data would have been forthcoming.

Another point to bear in mind when arranging small group interviews, is that attention needs to be paid to the age and status of the participants. It is relevant to suggest that if possible, sub-groups are established, which means that the individual group members have factors in common (age, status, and experience for example). This should ensure that individual group members do not feel threatened and are prepared to express themselves freely during the interview. When undertaking an international postal survey, it is crucial to include postal vouchers (full cost); to produce a questionnaire in the language of the respondent; and ensure that the gatekeeper (the person arranging access or further personal contacts) is well-known to the respondents because this facilities a higher response rate.

It can also be suggested that if a researcher needs to collect data from a large sample based overseas, that they work with a researcher/academic based in the country, as this will provide automatic entry to the targeted population.

The author of this thesis considered it essential that as part of the validation process, copies of the grounded theory were forwarded to each of the senior managers

based in the participating company that were responsible for arranging access for the researcher. This allowed the validation process to be deemed complete.

The researcher was highly satisfied with the outcome of the research as it brought together a number of subjects (the dominant one being marketing). As well as providing a basis for further research, a key message to emerge from the research is that both marketing academics and marketing practitioners, need to think more in terms of integrating aspects of the body of marketing knowledge with the wider management literature.

Appendix: One: Questionnaire: Electronics companies

Section 1: Marketing Strategy

Question 1. How would you define the company's corporate strategy?

Question 2. How would you define the company's marketing strategy?

Question 3. How does segmentation underpin the company's marketing strategy?

Question 4. How do marketers implement a marketing strategy?

Section 2: Customer Service

The use of customer service

Question 5. Does the company have a formal customer service policy?

Question 6. Do you use the level of customer service provided as a means of identifying opportunities, threats, strengths and weaknesses of the company? (E.g. local government regulations and registrations, demographic trends, level of technology, local people use/prefer, customer perceptions with respect to the company's brand name and/or the quality).

Question 7. Does your customer service policy help you to know or identify how you should build long-term relationships with your staff based on mutuality?

Question 8. Has the high level of customer service policy enabled the company to build strong partnership arrangements with suppliers/channel members?

Question 9. Do you think that the company should have a high level customer service policy? If the answer is Yes, please explain.

Question 10. Has the customer service policy helped the company to improve profitability? If the answer is Yes, Please explain.

Question 11. Do you think that customer expectations have changed during the past five years? If the answer is Yes, please explain how customer expectations have changed.

Customer service evaluation

Question 12. How do managers measure customer satisfaction?

Question 13. How often do you/a company representative evaluate your customer service policy?

Question 14. How do you/a senior colleague interpret the customer perceptions relating to the company's brand name and quality?

Question 15. Have you established what customer perception is in order that you and the staff understand what they have to do to provide a better customer service?

Question 16. Have you matched the customer perception's identified with the level of customer service you provide?

Question 17. Is the customer service provided linked with national cultural differences which influence people's preferences?

Question 18. With respect to 'word-of-mouth', what rank do you think the company has achieved as regards customer service? (1 to 5: 1 is low and 5 is high).

Question 19. How often does the company's customers re-purchase the company's products?

Question 20. Do you think that the company has achieved a high level of customer loyalty?

Relationship with customers

Question 21. What are the important elements with respect to establishing long-term relationships with customers?

Question 22. Do you think that the relationships with customers are based on mutual trust?

Customer service—channel partnership

Question 23. Have you matched the level of customer satisfaction identified with the level of customer service provided by the channel partners?

Question 24. Has the company linked its customer service policy with that of its channel partners?

Customer service—Learning organization

Question 25. Does the company have a learning organization policy?

Question 26. Does the company have staff training programmes in place? If the answer is Yes, please specify the type of training programme(s) available.

Section 3: Channel Partnership

Question 27. Have you identified who the company's key suppliers are?

Question 28. How many key suppliers does the company have?

Question 29. How long has the company had a relationship with its key suppliers?

Question 30. Is the company's definition of relationship marketing different from the definition of relationship marketing adopted by the key suppliers and key customers (wholesalers and retailers)?

Question 31. How does the concept of relationship marketing assist the company to achieve a competitive advantage(s)?

Partnership culture (a)

Question 32. What is needed in order to establish a strong partnership culture?

Organizational culture (b)

Question 33. Do you think senior management have established a strong organizational culture?

Question 34. Do you think your staff have a shared value system?

Question 35. Do you think it is important for senior managers to exhibit a clearly defined leadership style?

Question 36. Do you think that the company's organizational culture helps staff to work together?

Question 37. What are important elements for establishing a strong organizational culture?

Question 38. Do you think that a certain leadership style can be used to relate closely to national cultural characteristics?

The use of comparative cultural knowledge

Question 39. Do you think that if you have comparative national cultural knowledge, it will help the company from the perspective of a learning organization?

Question 40. Do you think that comparative national cultural knowledge is important to build a positive, long-term partnership arrangement with a company(ies) in different parts of the world?

Question 41. Do you think that comparative national cultural knowledge can help you to know how you can build long-term partnership arrangements with various partners?

- Question 42. Do you think that comparative national cultural knowledge can help you to know how you can build long-term partnerships based on trust with key suppliers (close and arms-lengths approaches)?
- Question 43. Do you think that comparative national cultural knowledge can help you to know how you can facilitate an integration process with your key suppliers/partners?
- Question 44. Do you think that comparative national cultural knowledge can help you to know how you can make better decisions by sharing information with key suppliers/partners?
- Question 45. Does comparative cultural knowledge help senior management to identify how to enter a new market effectively and efficiently?
- Question 46. Does comparative cultural knowledge help management to position the company strategically in the industry?
- Question 47. Does the company have a policy which allows managers to build a long-term positive partnership relationship with key suppliers/channel partner?
- Question 48. Does comparative cultural knowledge help managers to build strong internal relationships with staff in other departments/functions?

The use of partnership

- Question 49. Has the strong long-term partnership approach allowed the company to create fitness?
(Definition of fitness: A company can offer a high level of customer service continuously and harmoniously (Beckett-Camarata et al., 1998: 78)

The existence of partnerships

- Question 50. Is the company's sensitive information shared with key suppliers?
- Question 51. Does the company receive sensitive information from the key suppliers?
- Question 52. Do you think that the company's partnership arrangements assists the company to reduce total supply chain costs?
- Question 53. Do you think that the company's partnership arrangements assists the company to improve the quality of products?
- Question 54. Do you think that the company's partnership arrangements assists the company to produce innovative products?
- Question 55. Do the partnership arrangements formed with local companies help you to negotiate satisfactory deals with local government?
If the answer is Yes, please explain.
- Question 56. Does the information exchanged by you and your colleagues with the key channel partners help you to make better business decisions?
If the answer is Yes, please explain.

Building good partnerships

- Question 57. What do you think are the important elements with respect to establishing long-term positive channel partnerships?
- Question 58. Have you established what the common culture is of the company's key channel partners?
- Question 59. Do you think that by establishing a common partnership culture, the company can respond proactively to rapid environmental change (e.g. fluctuating customer demands)?

Question 60. What do you think the important elements are in order to establish a positive long-term relationship (based on mutuality) with partner organizations?

Problems (associated with partnerships)

Question 61. What are the difficulties associated with establishing a continuous long-term partnership arrangement based on mutuality?

Question 62. What are the main criteria for selecting the company's key suppliers, which are then classified as key partner organizations?

Question 63. In order to introduce or adopt a positive partnership arrangement approach with respect to channel relationships, what do you perceive the important issues to be (e.g. formal contracts, implementation of the marketing-oriented concept, and sharing information)?

Joint projects

Question 64. Does the company have any form of joint project with the key suppliers?

Question 65. Does the company have a liaison unit with the key suppliers/channel partners? If the answer is *No*, please explain.

If the answer is *Yes*, please go to *question 66*.

Question 66. If you answered *Yes*, to the company having a liaison unit, please explain how the company selects staff for the liaison unit?

Question 67. What is the main purpose of the liaison unit with respect to the relationship between the company and its key partners?

Question 68. What are the main activities of the liaison unit?

Section 4: Relationship building

With staff

Question 69. How can management in an organization build a trustworthy relationship with their staff?

Question 70. How long does it take to establish a trustworthy relationship with staff within the company?

With Partners

Question 71. Do you think that the role of trust is important with respect to the company developing a positive relationship with partner organizations based on mutuality?

Question 72. What do you think are the most important elements for establishing trustworthy relationships with key partner organizations?

Question 73. How long does it take to establish a trustworthy relationship with staff in key supplier organizations?

Trustworthy behaviour

Question 74. Do you think that the perception of trust should be placed in the context of a national cultural setting?

Question 75. How do you define what trust is?

Question 76. How do you define what trustworthy behaviour is?

Question 77. Is the term 'trustworthy behaviour' used differently depending on the type of relationship that exist(s) (e.g. business partners and customers/consumers)?

Question 78. Should the term 'trustworthy relationship' be applied only to an established long-term relationship?

Question 79. Does the term 'trustworthy relationship' include the concept of loyalty?

- Question 80. How can the term 'trustworthiness' be defined in the context of the company?
- Question 81. How can the term 'trustworthiness' be defined in the context of a partnership arrangement?
- Question 82. Does the term 'trustworthiness' cover the sharing of sensitive information with and between key partner organizations?
- Question 83. How is 'trustworthy behaviour' developed?
- Question 84. When developing 'trustworthy behaviour' is it important to consider such issues as national culture?
- Question 85. When developing 'trustworthy behaviour' is it important to consider such issues as organizational culture?
- Question 86. When establishing a trustworthy relationship with the company's key overseas suppliers, is it important to be aware of the differences in ethical practice (from nation to nation)?
- Question 87. How is organizational culture influenced by national culture?
- Question 88. Does the sharing of sensitive information between partner organizations result in mutual dependence being established between the company and its main suppliers?
- Question 89. Does the sharing of sensitive information between partner organizations result in mutual dependence being established between the company and its main channel members (wholesalers and retailers)?

Appendix Two: Letters

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. FK9 4LA.
Scotland, UK.

Head of Public Relations,
XXXX UK Ltd.,
Down Road,
Stirling 4GH 6TQ.

Dear Sir/Madam,

I am a PhD student in the Marketing Department at the University of Stirling, and would be grateful if you would forward a copy of the company's annual report and various information relating to the company's products and services. I am especially interested in electronic products which are produced and marketed by the company.

I look forward to receiving information from you.

Yours faithfully,

Ms. Yang-Im Lee

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

Mr. J. Smith,
Head of Corporate Affairs,
JJJJ UK Ltd.,
234 High Road,
Glasgow. GL5 555.

Dear Mr. Smith,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to have access to a number of personnel within the company and members of the marketing channel with a view to collecting non-sensitive and non-confidential data from them. The objective of my research is:

to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners.

A number of research questions have been formulated and they are:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) How influential is the retail organization with respect to strategy formulation?
- (3) With respect to shaping the strategic marketing process, how influential is the retail organization vis-a-vis marketing channel development?
- (4) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (5) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (6) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company and non-company personnel, for example:

- (1) senior managers within the company;
- (2) senior managers/strategists (joint venture operations);
- (3) marketing managers within the company;
- (4) marketing staff within the company;
- (5) retailing managers within the company;
- (6) retailing staff within the company;
- (7) procurement managers within the company;
- (8) procurement staff within the company;
- (9) customer service managers within the company;
- (10) customer service personnel within the company;
- (11) staff employed by the company's wholesalers;
- (12) staff employed by the company's retailers;
- (13) staff employed by the company's suppliers; and
- (14) staff employed by the company's strategic alliance partners.

The interviews are expected to last between 30-60 minutes and the research will be conducted over a period of time (possibly 2 to 3 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the company and I sincerely hope that the company will be prepared to participate in this exciting research programme. The senior managers of the company will be provided with a summary of the interview results; and will be provided with an analysis and interpretation of the research which will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal way and thank you for your consideration. I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

Mr. J. John,
Head of Corporate Affairs,
YYYY UK Ltd.,
444 Low Road,
Edinburgh ED7 898.

Dear Mr. John,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to have access to a number of personnel within the company and members of the marketing channel with a view to collecting non-sensitive and non-confidential data from them. The objective of my research is:

to establish how a Korean electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners.

A number of research questions have been formulated and they are:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) How influential is the retail organization with respect to strategy formulation?
- (3) With respect to shaping the strategic marketing process, how influential is the retail organization vis-a-vis marketing channel development?
- (4) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (5) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (6) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company and non-company personnel, for example:

- (1) senior managers within the company;
- (2) senior managers/strategists (joint venture operations);
- (3) marketing managers within the company;
- (4) marketing staff within the company;
- (5) retailing managers within the company;
- (6) retailing staff within the company;
- (7) procurement managers within the company;
- (8) procurement staff within the company;
- (9) customer service managers within the company;
- (10) customer service personnel within the company;
- (11) staff employed by the company's wholesalers;
- (12) staff employed by the company's retailers;
- (13) staff employed by the company's suppliers; and
- (14) staff employed by the company's strategic alliance partners.

The interviews are expected to last between 30-60 minutes and the research will be conducted over a period of time (possibly 2 to 3 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the company and I sincerely hope that the company will be prepared to participate in this exciting research programme. The senior managers of the company will be provided with a summary of the interview results; and will be provided with an analysis and interpretation of the research which will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal way and thank you for your consideration. I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. FK9 4LA.
Scotland, UK.

Dear Sir/Madam,

To whom it may concern:

I am writing on behalf of Miss Yang-Im Lee who is a Ph.D. marketing student under my supervision in the Faculty of Management at the University of Stirling. You will note from her letter which is attached that Miss Lee is requiring your assistance with respect to data collection relating to electronics companies.

I would be grateful if you would give her request your consideration. I would be happy to answer any questions that you might wish to raise. I can be contacted on a direct line at 01786 46 7408.

Yours sincerely,

Dr. Keri Davies
Senior Lecturer

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. FK9 4LA.
Scotland, UK.

Dear

Further to our recent conversation on the telephone, please find herewith a fresh letter, and a letter of introduction from my principal supervisor. Please allow me once again to apologise for the inconvenience I have caused you and to thank you in advance for your consideration. My research focuses on various aspects of customer service policy (both formulation and implementation) and the link between marketing strategy and retailing strategy. Attention will be paid to partnership arrangements in the marketing channel and how the different partners manage the various relationships. My letter attached has listed the research objective, the 6 main research questions and furthermore, the 14 different personnel/staff who are expected to participate in the data collection process have been identified.

I will be happy to discuss this in more detail with you and I look forward to hearing from you.

Best wishes.
Yours sincerely,

Yang-Im Lee

Appendix Three: Analysis and interpretation of exploratory research: Japanese and Korean culture

(A) Analysis of the Japanese exploratory data

From Table A, it can be seen that the average age of the 28 Japanese culture respondents for the exploratory data collection process, was 34. There were 10 males and 18 females. The average working experience of the respondents was 9 years. The average experience of living outside of Japan was 1.7 years. The educational level was as follows: PhD was 2 out of 28 (7%); MA/MSc only was 9 or 32%; Bachelor degree only was 13 or 46%; and pursuing undergraduate studies was 3 or 11% (BA*).

Table A: Japanese culture respondents

Age	2 9	6 2	6 0	6 8	5 5	6 1	2 6	3 0	2 8	2 9	2 3	2 2	2 1	3 2	3 1	3 3	3 0	2 9	2 9	3 0	2 9	2 4	2 2	3 1	3 0	3 1	2 9	2 9
M/F	M	M	F	F	F	M	F	M	F	F	F	F	F	M	F	M	M	F	F	M	F	F	F	F	M	F	M	F
Working experience	5 6	3 5	3 5	5 0	3 4	3 5	6 2	2 4	4 2	4 2	0 0	7 8	8 8	8 7	8 5	0 0	7 0	0 0	7 0	0 0	7 8	3 3	6 4					
Years living outside	2 2	0 0	0 0	0 0	0 0	0 0	4 2	2 1	1 1	1 3	4 0	0 0	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 0	0 0	0 0	0 0	0 0
Qualification	P h D	B A	B A	B A	M A	B A	M A	M A	S A	A A	B A	B A	B A	M A	M S c	B A	B A	B A	M A	B A	B A	B A	B A	B A	P h D	B A	M A	

BA* = Students pursuing undergraduate studies

N= 28

The evidence in Table 1 shows that Japanese people have a clear identity (67% response) which is based on lineage, language, customs, a sense of beauty, the tea ceremony and flower arranging. Some of these have been strongly influenced by other Asian cultures and philosophies (Confucius thought and Buddhist thought). However, Japan's process of industrialization had been influenced by Western culture. Japanese life revolves around the practice of collectivism and adaptation is viewed as important. Keeping 'peace' with others through co-operating with them is important (22% response). Politeness and strong in practice (applying knowledge in a practical context) were also cited.

Table 1: Japanese culture defined

Characteristics	Frequency	Percentage (%)
Identity (language, sense of beauty, tea ceremony etc.)	18	67
Influence from Asian culture (China, Korea etc.)	13	48
Influence from Western culture	9	33
Collectivism	9	33
Retain old values and adapt	7	26
Keep <i>peace</i> with others (co-operation)/harmonious relations	6	22
Politeness	3	11
Strong in practice	1	4

N=27

Table 2 (below) shows a broad range of characteristics which are simplicity and lonely/quiet (39% response); co-operation/harmony (29% response); traditionalism (18% response); humility and imitation each of which received a response of 14% followed by; minimise/functional, and adaptation, each of which received a response of 11%. A sense of belonging/harmony and collectivist are important and so are law abiding, real intention and professed intention, to plan in advance, and self reflection.

Table 2: Characteristics of Japanese culture

Characteristics	Frequency	Percentage (%)
Simplicity and lonely/quiet	11	39
Co-operation/harmony	8	29
Traditionalism	5	18
Humility (modest, reverence and humble)	4	14
Imitation	4	14
Minimise/functional	3	11
Sense of belonging	3	11
Adaptation	3	11
Collectivist	2	7
Law abiding	1	4
Real intention and professed intention	1	4
To plan in advance	1	4
Self reflection	1	4

N=28

The evidence in Table 3 suggests that building strong relationships is very important (71% response) and is fundamental in Japanese society. Relationships also need to be placed in hierarchical context (25% response); and harmony is viewed as important. Other important elements include: equality, a sense of belonging to a group, and networking (and communication). Furthermore, improving knowledge, co-operation, discipline, maintaining private space, good teamwork, trustworthy behaviour and adaptability are also important elements for building relationships in Japanese culture.

Table 3: The important elements for relationships in Japanese culture

Characteristics	Frequency	Percentage (%)
Building a strong relationship	20	71
Knowing one's position in the hierarchy (seniority)	7	25
Harmonious relationships	7	25
Networking (and communication)	3	11
Equality	3	11
Belonging to a group	3	11
Improving knowledge	2	7
Co-operation	2	7
Discipline	1	4
Private distance/space	1	4
Good teamwork	1	4
Trustworthy behaviour	1	4
Adaptability	1	4

N= 28

It is interesting to note from Table 4 that although Japanese people consider the concept of loyalty to be very important (64%), meanwhile, a high percentage of people indicated that in Japan people need to change from seniority to elitism or individualistic behaviour (46% response). The word 'seniority' appeared 7 times (25% response) which is worth noting. Also, the word loyalty is 'not' viewed as important by 21% of the respondents and loyalty is perceived as a sense of beauty (11% response). Furthermore, the terms respect, humanity and diligent/hard work were highlighted.

Table 4: The importance of the concept of loyalty in Japanese culture

Characteristics	Frequency	Percentage (%)
Very important	18	64
Need to change from seniority to elitism/individualism	13	46
Seniority	7	25
Loyalty is not important today	6	21
Loyalty is perceived as a sense of beauty	3	11
Respect	2	7
Humanity	2	7
Diligent/hard work	1	4

N=28

As regards Table 5 (below), the evidence shows that trust plays a crucial role in relationship building (86% response). Building relationships is very important (61% response) and so too is belonging to a group (11% response). Exchanging information, fairness, co-operation and harmony are all recognised as important.

Table 5: The role of trust in the development of relationships

Characteristics	Frequency	Percentage (%)
Trust is crucial	24	86
Building relationship	17	61
Belonging to a group	3	11
Exchanging information	2	7
Fairness	1	4
Co-operation	1	4
Harmony	1	4

N=28

The evidence in Table 6 strongly suggests that co-operation in Japanese culture is very important (86% response). This is because, if people work together the results achieved are greater than the results achieved by an individual, hence the concept of mutual goal accomplishment. Harmony is viewed as a key concept for co-operation and received a response of 21 %. However, even though individualism received a low response (14%), it is important to note that individualism is becoming recognised as an important element in Japanese culture. Japanese people believe that co-operation provides a chance to create a good relationship and allows good group work.

Table 6: The importance of co-operation in Japanese culture

Characteristics	Frequency	Percentage (%)
Co-operation is important (greater than individual ability, to achieve (mutual) goal)	24	86
Harmony is key concept	6	21
Individualism	4	14
Group work	4	14
Creating a good relationship	3	11

N=28

It is clear from Table 7 that Japanese people tend to avoid conflict situations, although conflicts do arise and are viewed as appropriate (58% of the respondents answered occasionally). Conflict can result in improvements, reform/advancement, to achieve a good result, and in some cases to protect an idea/privacy and to prove a point.

Table 7: When is conflict appropriate in Japanese culture?

Characteristics	Frequency	Percentage (%)
Occasionally	15	58
For improvement, reform/advancement	9	35
To achieve a good result	8	31
Protection (own idea)	4	15
To prove a point	3	12

N=26

(B) Analysis of the Korean exploratory data

From Table B (below), it can be seen that the average age of the 20 Korean culture respondents for the exploratory data collection process, was 33. There were 13 males and 7 females. The average working experience of the respondents was 7.5 years. The average experience of living outside Korea was 2 years. The educational level was as follows: PhD was 4 out of 20 (20%); MA/MSc only was 6 out of 20 (30%); and Bachelor degree only was 8 out of 20 (40%). One respondent is undertaking a Bachelor degree at present (* BA).

Table B: Korean culture respondents

Age	54	42	35	32	29	46	29	35	29	21	29	26	34	30	24	32	28	32	30	34
M/F	M	F	F	F	F	M	M	F	M	M	F	M	M	M	M	M	M	M	F	
Working experience	30	13	8	10	0	20	5	5	2	1	5	1	10	8	1	8	5	7	3	8
Years living outside		2	0.5	5	6	1.5	0.5	2.5	0.5	0.5	1.5	0.5	2.5	1.5	0.5	2.5	1.5	2	5	0.1
Qualification	Ph D	Ph D	M Sc	M A	M A	Ph D	M A	M A	B A	B A *	B A	B A	B A	B A	B A	B A	B A	M Sc	B A	Ph D

N=20 (One respondent did not provide any personal details).

The evidence from Table 8 suggests that Korean people have a clearly defined identity that is based on a specific value system (76% response). Korean people have been heavily influenced by Confucian thought and Buddhism (both of which penetrated Korea from China)(67% response), but the Japanese occupation of Korea has had little impact on the Korean value system and in a modern day context, Western influence is evident, but not strongly so (only in the context of industrialisation). It was noted that Korean culture has influenced other cultures and Korean people can be noncommittal.

Table 8: Korean culture defined

Characteristics	Frequency	Percentage (%)
Identity = Korean value system	16	76
Influence from China = Confucianism and Buddhism	14	67
Western influence	6	29
Japanese influence	4	19
Korean culture has influenced other culture	2	10
Noncommittal	1	5

N= 21

The evidence in Table 9 shows that the Korean characteristics are resistant to change; respect for their elders and obedience; and spirituality as opposed to materialistic behaviour. Korean people are known to persevere; are family oriented; exercise humanity; are peaceful; co-operative and can act speedily. There is evidence of creativity, but this is low. Other characteristics cited were: self oriented, aggressive, adaptive, homogeneous, practical oriented, fashion oriented and loyalty ties.

Table 9: Characteristics of Korean culture

Characteristics	Frequency	Percentage (%)
Resistance to change (slow to adapt new/approaches)	7	35
Respect for elders and obedient behaviour	6	30
Spirituality (non-materialism)	6	30
Known to persevere	5	25
Family-oriented	4	20
Humanity	4	20
Peaceful	3	15
Co-operative	3	15
Speedy behaviour	2	10
Creative	1	5
Self oriented	1	5
Aggressive	1	5
Adaptive	1	5
Homogeneous	1	5
Practical oriented	1	5
Fashion oriented	1	5
Loyalty ties	1	5

N=20

Table 10 is interesting because it suggests that personal relationships, based on blood, area (where one is born), and school/university (from which a person graduated) is fundamentally important (81% response rate). A clearly defined relationship is also very important in the sense of family ties and place within society (and within a company). The sense of belonging/humane-humanity is also one of the important elements and refers to spiritual understanding and can be interrelated with the element of trustworthiness. Age was cited by one respondent only.

Table 10: The important elements for relationships in Korean culture

Characteristics	Frequency	Percentage (%)
Personal relationship (blood, area, background and which school)	17	81
A clearly defined relationship	11	52
Sense of belonging, humane-humanity	11	52
Trustworthiness	1	5
Age	1	5

N=21

The evidence in Table 11 shows that it is important for Korean people to be loyal to their own group; the group can be a company and this suggests there is pressure from the top for members of the group to maintain their commitment to the group so that the group benefits and remains strongly homogeneous. Hence a strong sense of belonging is evident. Loyalty is said to underpin relationship building and family commitment was cited.

Table 11: The importance of the concept of loyalty in Korean culture

Characteristics	Frequency	Percentage (%)
To own group (boss/company) (to make strong sense of belonging, homogeneous)	12	67
Very important	11	61
Underpins relationship building	5	28
Family commitment	3	17

N= 18

Table 12 indicates that the role of trust in developing a relationship is perceived as important and it is to be viewed as continuous. It should also be noted that people need to be responsible for their actions; and that Korean people are keen to have cultural understanding; and exercise mutuality and exhibit humanity.

Table 12: The role of trust in the development of relationships

Characteristics	Frequency	Percentage (%)
The role of trust is important	20	95
Continuous	16	76
Responsibility	5	24
Cultural understanding	4	19
Mutuality	3	14
Humanity	3	14

N=21

The evidence in Table 13 (below) shows that co-operation is important in order to achieve a better performance (52% response), but Korean people believe that they are more individualistic than Japanese people (38% response). Peer support, network building and making personal sacrifices in order for the group to achieve its goals are considered important. Also, the evidence shows that there are two opposite perspectives relating to the importance of co-operation; one view suggests that co-operation is becoming more important and needs to be managed positively due to the increasing workload, however, on the other hand, an alternative view suggests that the degree of co-operation needs to be placed in a specific context so that each individual is able to strengthen their own capability without losing individual motivation. One has to conclude that some Korean people think that co-operation is not always important in modern society.

Table 13: The importance of co-operation in Korean culture

Characteristics	Frequency	Percentage (%)
Important for better performance	11	52
More individualistic than Japanese	8	38
Peer support	4	19
Network building	3	14
Personal sacrifice for the group's goals	3	14
More important (because the workload is increasing)	2	10
Within reason (does not kill individual ability/motivation)	2	10
Not always	1	5

N=21

It is interesting to note from Table 14 that 10 out of 18 people (56% of the respondents) considered that conflict is not appropriate in order to solve a problem whereas 5 out of 18 (28% of the respondents) felt that conflict is appropriate to change something. Conflict is perceived as necessary to implement change within society and to protect something/to safeguard something. It can also be noted that negotiation is viewed as a way to solve a problem. If people do not engage in conflicts, then a stalemate may arise, and this might have negative consequences in the long-term.

Table 14: When is conflict appropriate in Korean culture?

Characteristics	Frequency	Percentage (%)
Conflict is not appropriate	10	56
Conflict is appropriate for change	5	28
To protect something/to safeguard something	4	22
To implement change within society	2	11
The importance of negotiation	2	11

N=18

Appendix Four: Letters seeking further access

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

Mr. D. McDonald,
General Affairs Manager,
ZZZZ Electronics (Scotland) Ltd.,
Upper Street,
Glasgow. G66 33PB.

Dear Mr. McDonald,

Further to our recent telephone conversation, please find enclosed a number of letters that are in fact to be forwarded to the various representatives I wish to interview. You and your colleague, Mr. JJ, have provided me with valuable assistance to date, and I am pleased to report that my research is going according to plan. In order that I can progress to the next stage of the data collection process, it is necessary for me to undertake further interviews. If possible I would like to interview the following representatives: (1) a manager at X Electronic's Marketing and Sales Department (marketing organization); (2) a senior manager of a key supplier; (3) a senior manager from a wholesaler; and (4) a senior manager from a retailing organization. As I have indicated previously, I intend to collect non-sensitive and non-confidential data only. The objective of my research remains unchanged:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners".

Owing to the nature of the research, the research questions have been modified so that they are more relevant and reflect better what a marketing organization does and what a supplier organization does. Marketing organizations buy products from various suppliers (manufactures, retailers, wholesalers) and sell the products to consumers/end users. In such a case, the basic marketing activity of the marketing organization can be perceived as the same as that of a wholesale organization or a retail organization, although the customers are different. A supplier organization, as defined in my research, is a supplier to the manufacturer. Therefore, I have formulated a number of research questions which are of direct interest to me. They are:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) With respect to shaping the strategic marketing process, how influential is the supplier organization vis-à-vis marketing channel development?
- (3) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (4) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

The research questions relating to marketing/retailing/wholesale organizations are:

- (1) How influential is the marketing/retailing/wholesale organization with respect to strategy formulation?

- (2) With respect to shaping the strategic marketing process, how influential is the marketing organization/retail organization/wholesale organization vis-à-vis marketing channel development?
- (3) How can marketers/retailer staff/wholesaler staff ensure that the organization develops a sustainable competitive advantage?
- (4) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (5) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a limited number of people from each company. For example, as regards a supplier organization:

- (1) A senior manager/strategist (joint venture/strategic alliance specialist), who is able to provide a broad view;
- (2) a manager who deals with the task of supplying a key manufacturer; and
- (3) a customer service manager/officer within the company.

As regards interviewing staff at the marketing /retailing/wholesale organizations:

- (1) A senior manager within the company;
- (2) a senior manager/strategist (joint venture/strategic alliance specialist);
- (3) a marketing manager, who deals with customers (or consumers/end users);
- (4) a manager who deals with the buying task (buys for resale); and
- (5) a customer service manager/officer within the company.

Each interview is expected to last between 30-50 minutes and the data collection exercise can be conducted over a period of time that is acceptable to the participants (possibly 1 to 2 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the participating company. Each of the senior managers interviewed will receive a summary of the interview results; and will be provided with an analysis and interpretation of the research that will constitute the research outcome.

I have enclosed four different letters that have been formulated for each manager at the different companies: marketing organization, supplier organization, wholesale organization and retailing organization. I would welcome the opportunity to discuss the contents of this letter with you in order to explain the research objective if necessary. I would also like to take this opportunity to thank you for your support in this matter.

I look forward to hearing from you.

Yours sincerely,
Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

To Whom It May Concern

The Managing Director,
Supplier Organization.

Dear Sir/Madam,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to interview a limited number of personnel within the company. The data collected will be non-sensitive and non-confidential. The objective of my research is as follows:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with a key supplier, and strategic alliance partners".

A number of research questions have been formulated. They are:

- (1) How are the organization's suppliers integrated into the strategic process of the manufacturer?
- (2) With respect to shaping the strategic marketing process, how influential is the supplier organization vis-à-vis marketing channel development?
- (3) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (4) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company personnel:

- (1) A senior manager;
- (2) a senior manager/strategist (joint venture/strategic alliance specialist);
- (3) a senior manager in charge of supply/marketing; and
- (4) a customer service manager/officer.

Each interview is expected to last between 30-50 minutes and the data collection exercise can be conducted over a period of time that is acceptable to the participants (possibly 1 to 2 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the participating company. Each of the senior managers interviewed will receive a summary of the interview results; and will be provided with an analysis and interpretation of the research that will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal manner if you feel that this is necessary. Please allow me to take this opportunity in advance to thank you for your consideration.

I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

To Whom It May Concern,
The Marketing Director,
Global Electronics Marketing and
Sales Department.

Dear Sir/Madam,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to interview a limited number of personnel within the company. The data collected will be non-sensitive and non-confidential. The objective of my research is as follows:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with key suppliers, wholesalers, retailers and strategic alliance partners".

A number of research questions have been formulated. They are:

- (1) How influential is the marketing organization with respect to strategy formulation?
- (2) With respect to shaping the strategic marketing process, how influential is the marketing organization vis-à-vis marketing channel development?
- (3) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (4) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (5) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company personnel:

- (1) A senior manager within the company;
- (2) a senior manager/strategist (joint venture/strategic alliance specialist);
- (3) a marketing manager;
- (4) a manager who deals with supply and resale; and
- (5) a customer service manager/officer.

Each interview is expected to last between 30-50 minutes and the data collection exercise can be conducted over a period of time that is acceptable to the participants (possibly 1 to 2 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the participating company. Each of the senior managers interviewed will receive a summary of the interview results; and will be provided with an analysis and interpretation of the research that will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal way if you feel that this should be necessary. Please allow me to take this opportunity in advance to thank you for your consideration.

I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
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E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

To Whom It May Concern,

The Managing Director,
Wholesale Organization.

Dear Sir/Madam,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to interview a limited number of personnel within the company. The data collected will be non-sensitive and non-confidential. The objective of my research is as follows:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with a key wholesaler organization, and strategic alliance partners".

A number of research questions have been formulated. They are:

- (1) How influential is the wholesale organization with respect to strategy formulation?
- (2) With respect to shaping the strategic marketing process, how influential is the wholesale organization vis-à-vis marketing channel development?
- (3) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (4) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (5) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company personnel:

- (1) A senior manager within the company;
- (2) a senior manager/strategist (joint venture/strategic alliance specialist);
- (3) a marketing manager;
- (4) a manager dealing with the buying task and the resale task; and
- (5) a customer service manager/officer.

Each interview is expected to last between 30-50 minutes and the data collected exercise can be conducted over a period of time that is acceptable to the participants (possibly 1 to 2 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the participating company. The senior managers of the company will be provided with a summary of the interview results; and will be provided with an analysis and interpretation of the research that will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal way if this should be necessary. Please allow me to take this opportunity to thank you in advance for your consideration.

I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
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Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.

To Whom It May Concern,

The Managing Director,
Retail Organization

Dear Sir/Madam,

Please allow me to introduce myself. My name is Ms. Yang-Im Lee and I am a Ph.D student in the Department of Marketing at the University of Stirling. I am writing to you in order to establish if it would be possible for me to interview a limited number of personnel within the company. The data collected will be non-sensitive and non-confidential. The objective of my research is as follows:

"to establish how a Japanese electronics company operating in the United Kingdom establishes a customer service policy and strategy in the context of relationships with a key retail organization, and strategic alliance partners";

A number of research questions have been formulated. They are:

- (1) How influential is the retail organization with respect to strategy formulation?
- (2) With respect to shaping the strategic marketing process, how influential is the retail organization vis-à-vis marketing channel development?
- (3) How can marketers ensure that the organization develops a sustainable competitive advantage?
- (4) How can management establish a strong organizational culture so that an adequate customer service policy is formulated and implemented?
- (5) How can a strong and long-term partnership arrangement, based on mutuality, be developed?

My research requires that I interview a number of company personnel:

- (1) A senior manager;
- (2) a senior manager/strategist (joint venture/strategic alliance specialist);
- (3) a marketing manager;
- (4) a manager who deals with the buying task and the resale task; and
- (5) a customer service manager/officer.

Each interview is expected to last between 30-50 minutes and the data collection exercise can be conducted over a period of time that is acceptable to the participants (possibly 1 to 2 months). It is envisaged that in-depth personal interviews and small group interviews will be used to collect the data. The data collected will be handled in a confidential manner and the name of the company and the name of the individuals participating in the research will be disguised so that the name of the company and each individual cannot be identified. Indeed, all the data sources will be disguised.

There should be various benefits for the participating company. Each of the senior managers interviewed will be provided with a summary of the interview results; and will be provided with an analysis and interpretation of the research which will constitute the research outcome.

I would welcome the opportunity to discuss the contents of this letter with you in an informal way if this should be necessary. Please allow me to thank you in advance for your consideration.

I look forward to hearing from you.

Yours sincerely,

Ms Yang-Im Lee
Ph.D. Student
E-mail: y.i.lee@stir.ac.uk
Telephone: 01786 46 7380 (secretary)
Fax: 01786 46 4745

Appendix Five: Thank you letter

**Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. KF9 4LA
SCOTLAND. UK.**

**Mr. D. McDonald,
General Affairs Manager,
ZZZZ Electronics (Scotland) Ltd.,
Upper Street,
Glasgow. G66 33PB.**

Dear Mr. McDonald,

Thank you for your letter dated 24th October 2001, which I received today. I fully understand the situation and would like to thank you for your co-operation and assistance. I will be happy to provide you with a summary of my research in the future.

Yours sincerely,

**Yang-Im Lee
PhD student,
Department of Marketing,
Faculty of Management,
University of Stirling,
Stirling. FK9 4LA.**

Appendix Six: Samples of transcripts

- Question 33. Do you think senior management have established a strong organizational culture?
- Interviewee1 I think so, haaa....
- Interviewer. Could you describe your organizational culture from your own perspective?
- Interviewee1 kind of hybrid (hum.hum..) Um, Because we have a mix of Japanese managers and British managers (local manager), the cultural differences are obviously always there, but we tend to be, bring the best of the management styles of Japanese style and the best management of British people, to try to build the best to build the hybrid, ...
- Question 33. Do you think senior management have established a strong organizational culture?
- Interviewee3 Um, from here, senior management refers to the managing director, financial director and other directors, but,.., basically the organizational culture is, .., the company is the global company, so the basic culture of the organization, we have only one culture as global, and then each of the senior managers of the subsidiary [of the company] in each different location knows how to apply or how to transfer the organizational culture onto the own [local] staff in a continuous way.
- Question 33. Do you think senior management have established a strong organizational culture?
- Interviewee5 It's very strong in Korea, um, you'll know from Korea that [the company] family, [the company] family is huge. ...um, trying to generate enthusiasm amongst some of the other staff, um, about the company, about what the company doing and try and make them more, you know, feel more, you know,
- Question 27. Have you identified who the company's key suppliers are?
- Interviewee3 Yes, it is basic, as sales company need to identify who are the customers and who are the key suppliers. But, I think, the suppliers are not the problem because, we have been supplied from [the company] as internally. We been supplied internally, so the key supplier is not several, only one.
- Question 5. Does the company have a formal customer service policy?
- Interviewee1 Well. It is obvious to have a happy customer the key policy is quality, delivery and price. We must deliver good quality, we must deliver on time and we must deliver competitively
- Question 44. Do you think that comparative national cultural knowledge can help you to know how you can make better decisions by sharing information with key suppliers/partners?
- Interviewee1 Yha, yes. (it is same again).
- Interviewer. Do you have any examples with some difficulties, but you cope with this because you have cultural awareness?
- Interviewee1 I cannot think of any thing off hand. But what we can do is bring our customers [here], so they can see what we can do here, then we meet them in the [place], and we try to understand (about) their cultural (different) points, so when we visit them, we will even more better understand. So it is difficult question to, to answer.
- Interviewer. Yes, yes, hum... Because how they are doing the same tasks is different, a different way?
- Interviewee1 Yha, yes, yes.
- Question 24. Has the company linked its customer service policy with that of its channel partners?

- Interviewee3 Um, as the customer manager answered, we have not any formal customer service policy. However customer service policy is the same as regards any company; equally because the [quality of] customer service provided is related to how quickly companies can satisfy its own customers. So, I think, I can say that we have linked our customer service policy with our customers, dealers, and channel partners in all aspects of implementing customer service.
- Question 10. Has the customer service policy helped the company to improve profitability? If the answer is Yes, please explain.
- Interviewee3 Um, I think, I have to answer Yes. [Because], it is difficult to say that the customer service policy has helped the company to improve its profitability directly. In the short term, it does not directly relate to it. But in long term, the customer service policy, from the customer satisfaction aspect, if the customer service policy is able to facilitate/to provide better customer satisfaction and [to better service to more people], in the long term, one can say that as a result of the customer service policy provided by the company, it helps to improve the relationship between the company and its customers. Therefore, it affects the improvement of sales and the commercial side, so, you can answer that if you look [customer service policy] in the long term, the customer service policy helps the company to improve profitability.
- Question 22. Do you think that the relationships with customers are based on mutual trust?
- Interviewee5 Yes, any, any business relationship that we have is, you know, I said at the start, the quality of the product, leading edge technology, but that is only one part of the business. The other part of the business is the relationship between our sales manager and the customer, um, that is a very, very strong relationship. And they are based on trust, and in a lot of cases actually, on trust, and friendship, um, you know, we actually move, a lot of the people I deal with although they are not necessarily supplying them or we're not supplying them, they are not supplying us, but we have a working relationship with them. You actually move beyond that, you know, I work for [the company] they work for a company X, but to be point where we are almost friends. Um, we will meet together socially or, that is how business is done these days.
- Question 47. Does the company have a policy which allows managers to build a long-term positive partnership relationship with key suppliers/channel partners?
- Interviewee3 Yes, it is most important.....Um, ...u.., it is more responsibility rather than..... To build and maintain a positive long-term partnership, I think, rather than the company should have a policy which it allows the managers [to build a long term partnership], but more companies should make each manager to do so. And I think, realistically, that some sort of responsibility is the duty of the management level [senior managers] within the company.
- Question 75. How do you define what trust is?
- Interviewee1 ... , trust is confidence in the person, that, the.., he will do what you ask him to do, when you ask him to do it. And he will respect any confidences, he is given, in terms of business relationship. So, it is delivery promises and respecting confidences.
- Question 50. How do you define what trust is?
- Interviewee2 Honesty and a belief that what someone tells you, what someone is supplying you is okay and it is correct, obviously it is honest.
- Question 25. Does the company have a learning organization policy?
- Interviewee1 Yes, yes.
- Interviewer. Could you explain, how the organizational learning policy... ?
- Interviewee1 We have ha, hum... On the job training which is for the ... operators, training, trained in the particular job with that they perform, and as the experience brought more skills, so we can more flexible in the work place.

- On the professional side, you obviously train people in information technology and any engineering qu..., quality.. u..am.., or the qualification, on the education sponsorship programme, we put people to college to encourage to get better qualifications. We proved clear here, prospects with us, and we also use them more effectively. So very important.
- How would you define the company's corporate strategy?
 Um,..., because subsidiary companies in the U.K. and France. Basically, from the headquarters of the parent company the corporate strategy is usually provided. This is because the U.K., sales company is too small. The U.K. sales company does not formulate corporate strategy itself, we just inherit the corporate strategy from the parent company. At the corporate level, already it has been formulated for many years based on the advice of British staff. So, it is a very rare case to have a subsidiary itself formulate some kind of corporate strategy. Unusually in the case of a subsidiary it inherits the corporate strategy from the parent company.
- How would you define the company's marketing strategy?
 It is also quite close to question 1. Usually, we receive a manual from headquarters in the parent company; such a thick manual which relates to marketing, for example, even [the company's] logo, what is the logo's meaning, and each expression which has been used with [the company's] logo, is defined clearly. It is because of [the company] is a global company, so whether at a corporate level or marketing level, a message is to be sent to customers (as outsiders), it needs to be consistent and seen as global. [It is] because, if a customer is in the U.K., but the customer may go to France and be a customer in France. What it means by this is that although consumers are different depending on the country, the strategy which [the company] in France talks about and [the company] in the U.K. and [the company] in Korea is only one strategy. So that the strategy has to be the same. However, at the level of how the strategy can be implemented, how to implement the marketing strategy which is given by the parent company, each managing director of the subsidiary can apply its own way creatively and have its own action plan based on its own idea. But, if you look at it from a strategic aspect, basically [the company] has only one strategy.
- How do you define what trust is?
 I think, trust is honesty, um, as believing that the person you trust is always acting in your best interests.
- How do you define what trustworthy behaviour is?
 Very similar, I think, I would define that as them doing what is in your best interests. Um, not something that is going to cause you, you know, any damage, to what you are trying to do, and harm to you are trying to do.
- How do you define what trust is?
 I think, trust is telling the truth, if we are out of stock, if we have made a mistake, if the engineer gone off sick, whatever it is, then, then trust is saying what the truth of that situation is, obviously, trust on the other hand is that the [the company] has to trust that I do not impart or put in jeopardy any commercial issues from [the company], so I have to know what to tell people at the right time, but I will always tell them the truth of the situation. Say what you mean, mean what you say, do what you say you will do,
- Do you think your staff have a shared value system?
 Basically, top management, senior management,..., share their view of organizational culture with the management group below them, but in order to share the value system with staff at the bottom of the organization, each management [each department] group are empowered to pass on the value system. Which means that it is difficult for senior management to contact

every staff from general management to bottom staff. As like most of the other companies do, top management just contact the management group just below them, and the middle management group share their viewpoint/cultural value system with its junior management group, then the junior management group share their views with their own staff, so we have like a step by step contact, which is well defined.

Question 57.

Interviewee3

What do you think are the important elements with respect to establishing long-term positive channel partnerships?

As I said above, the most important thing is trust. Trust is about the service we provide, and trust is about quality of our products and our service, which is very important, I think. Then, in order to share information with others, it depends on how often we communicate with each other and how the communication channel is selected. Those two things trust and the selection of communication channels are important.

Question 25.

Interviewee3

Interviewer:

Interviewee3

Does the company have a learning organization policy?

Um, what do you mean by learning organization policy?

Um, it is something like, as we mentioned about staff training, sponsorship for staff to go on special courses.

Within that aspect, I have not any formal policy, because, here we have around 100 staff, so it is quite a small size organization. But, we do provide in some aspect, in the sense that when a person needs a specific type of training, then the person and his/her senior manager discuss about it and decide. But, although this subsidiary itself does not have any formal [training] programme, if we go to the headquarters in Korea, they have special programmes, a list of programmes for all staff, including Korean and local staff, staff who work for a subsidiary abroad for example, and it depends on the year... each managing director identifies which staff they want to nurture in the long term and they send these staff members to Korea to be trained. ...

Question 26.

Interviewee3

Does the company have staff training programmes in place? If the answer is Yes, please specify the type of training programme(s) available.

It is related to question 25. And it depends on the location of the company. For example, as [the company] as corporation, we, of course, have a formal training programme, but as a subsidiary, rather than as a formal training programme, (also) we provide [training] depending on the need occasionally, for example, sometimes we link with a local university for a special need, if all the sales staff need some specific training, then all the staff can be trained at a specific time. So it [training] is provided depending on the need basis rather than based on a certain formal system.

Question 62.

Interviewee1

What are the main criteria for selecting the company's key suppliers, which are then classified as key partner organizations?

Uhm.., In terms of the business side, they've got to able to keep the capability of supplying whatever we ask of them in terms of price, in terms of delivery, and in terms of quality, and there after its got to be trust and mutual respects, and ...hum.., we can be proactive and then, help each other to basically help the customer. Okay?

Question 27.

Interviewee5

Have you identified who the company's key suppliers are?

Um, by suppliers, you mean people who supply us with services? (interviewer: Yes), Yeah, if you take the marketing arrangement,, we do have key suppliers, um, most of those tend to be, um, you know, on a contract, um, and we'll review that periodically, but we do tend to stay with the same companies for a long period of time because we find it works better. They get to know us, we get to know them, and the working relationship is better rather than starting with someone new.

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