A cross-cultural study of interfirm power structure and commitment: the effect of collectivism

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Abstract
Purpose – This study seeks to introduce the concept of collectivism, and to assess its impact on interfirm commitment in both high and low collectivist countries.
Design/methodology/approach – In evaluating the effects of bilateral power structures on commitment, the paper utilizes polynomial regression and the response surface approach.
Findings – Collectivism influenced a manufacturer's commitment to the relationship with its supplier only in Korea, but collectivism did not influence a manufacturer's commitment to the relationship with its supplier in the USA. On the other hand, for the USA sample, significant main effects of manufacturer power and supplier power, as well as a significant interaction between manufacturer power and supplier power on interfirm commitment were detected.
Research limitations/implications – The results demonstrate that the bilateral power magnitude between a manufacturer and its supplier was germane to the manufacturer's commitment. An increase in the supplier's power contributes to manufacturer's commitment, particularly under high bilateral power conditions. Under low bilateral power conditions, manufacturers were shown to become less committed to a relationship.
Practical implications – It is important for global companies to understand the prevailing national culture. US companies operating in Eastern countries, such as Korea, should consider these cultural differences and manage their interfirm relationships on the basis of their long-term perspectives.
Originality/value – This study facilitates a greater understanding of the influence of national culture on inter-organizational commitment. Specifically, it evaluates the relative influences of collectivism and interfirm power structures on interfirm commitment in both high and low collectivistic cultures.

Keywords Collectivism, Supply chain management, National cultures, Korea, United States of America

An executive summary for managers and executive readers can be found at the end of this article.

Introduction
Interfirm commitment has been the focus of a substantial amount of attention in the relevant business-to-business marketing literature. Interfirm commitment is defined as an enduring desire to maintain a valued interfirm relationship (Gilliland and Bello, 2002; Hadjikhani and Thilenius, 2005). Interfirm commitment has been previously identified as a critical factor in interorganizational cooperation (Morgan and Hunt, 1994) and mutually beneficial interorganizational relationships (Gundlach et al., 1995; Dwyer et al., 1987). Thus, identifying the causal factors of commitment might help exchange parties to develop cooperative relationships with their partners.

The results of previous studies (Frazier, 1983; Frazier and Antia, 1995; Gaski, 1984; Kim and Hsieh, 2006; Kumar et al., 1995a,b) have suggested that power structures, such as high bilateral power magnitude and low power asymmetry between dyadic partners, are relevant to the conception and continuance of interfirm relationships. We concur that one's power position vis-à-vis the partner's is a crucial consideration, but assert that it is not the sole cause of relationship commitment. We also note that all of the aforementioned studies based their conclusions on survey data collected from Western countries, wherein collectivism is not the dominant cultural value (Triandis, 1995; Hofstede, 1991; Kabadayi and Ryu, 2007).

The previous literature suggests that interfirm commitment tends to be higher in Eastern countries, such as Korea, than in Western countries, such as the USA (Hofstede, 1991). However, the majority of inter-organizational studies have not clarified the factors that generate inter-organizational commitment in Eastern countries. Although a few interfirm variables have been identified previously as necessary factors for the development of commitment, some examples of which are trust (Morgan and Hunt, 1994), power magnitude, and

Received: May 2008
Revised: March 2009
October 2009
Accepted: March 2010

This research was supported by Faculty Research Fund, Sungkyunkwan University (2007). Collaborative research support from National Research Foundation of Korea Fund by the Korean Government (NRF-2009-137-E00008) is also noted.