

## **INTEGRATED PARTNERSHIP DEVELOPMENT: JAPANESE AND KOREAN PERSPECTIVES**

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# **INTEGRATED PARTNERSHIP DEVELOPMENT: JAPANESE AND KOREAN PERSPECTIVES**

## **ABSTRACT**

### **Purpose of the paper and literature addressed**

The literature reviewed was in the area of vertically integrated marketing, mutuality and inter-firm relationship building. The linkage between these areas of knowledge and the identifiable sub-areas of knowledge such as customer service policy, the process of innovation and relationship marketing, had not been adequately addressed from the perspective of how a cultural value system influences the strategic marketing process associated with partnership development. This paper explores what factors need to be taken into consideration when formulating and implementing a partnership arrangement in the context of a vertical marketing system. In order to arrive at a deeper understanding of the subject matter, a comparative study involving Japanese and South Korean electronics companies based in the UK was undertaken.

### **Research method**

A literature review was undertaken and four propositions developed. The in-depth, personal interview method was used in order to obtain data from a limited number of senior managers in two market leader companies and this allowed the propositions to be validated. The case study approach used enabled the authors to make an in-depth comparative study.

### **Research findings**

The research findings suggest that managers in both Japanese and South Korean electronics companies based in the UK are committed to building long-term, trustworthy relationships with staff in partner organizations. Although similarities exist, differences were discovered in how integrated strategic marketing frameworks evolve and give rise to vertical marketing systems. By drawing on these insights, marketers in overseas companies will be better able to reflect on how cultural value systems influence the organizational learning process, and how customer service policy underpins buyer-supplier relationships in Japanese and South Korean companies.

### **Main contribution**

The paper explains how managers from a collectivist culture embrace the strategic marketing concept. It also makes explicit how managers can use knowledge relating to cultural variations to enhance relationship building, which results in a sustainable partnership arrangement being achieved.

### **Keywords**

Customer Service, Culture, Marketing, Partnership, Relationship Marketing, Strategy

## INTRODUCTION

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

In order to better understand how partnerships function, it is necessary to think in terms of what guidance is provided by top management (Wucherer, 2006) and how the vertical relationships are managed (Jaspers and Van den Ende, 2006). Research into trust based relationships has been undertaken by Leek et al., (2006); Ploetner and Ehret (2006); Spekman and Carraway (2006); Suh and Kwon (2006); and Trim and Lee (2006a). Spekman and Carraway (2006, p.18) concentrate attention on information sharing and suggest that trust provides a basis for knowledge creation, and Trim and Lee (2006a, pp.153-156) place trust within the context of cultural understanding and strategic decision-making. Bearing this in mind, mutuality can be defined as a process for staff involved in a business relationship to share information on a range of strategic issues and through co-operation and innovation increase the organization's market share/profitability.

The strategy development process forces managers to think in terms of the organization having valuable competences and core knowledge (Prahalad and Hamel, 1990; Argyres, 1996). However, being in possession of desired knowledge is not always possible (Nickerson and Zenger, 2004, p.618). Therefore, the key task of a manager vis-à-vis strategy formulation and implementation, is to turn possessed knowledge (Barney, 1984; Teece et al., 1997) into viable working practices that increase the organization's capability to produce products and services in a timely and competitive manner (Arrow and Hahn 1971; Nelson and Winter, 1982). One way in which this can be achieved is by managers in original equipment manufacturers (OEMs) sharing market information with retailers and distributors (Fang, 2008, p.91), the objective of which is to increase the organization's competitive standing. Managers can use various competitive intelligence concepts to underpin the strategic intelligence process (Trim and Lee, 2007; Trim and Lee, 2008b), and this should result in the marketing orientation and market driven approach purported by Day (1994) being adopted. Should this be the case, it is likely that the organization's marketing strategy will be redesigned and reengineered to take advantage of the opportunities available (Douglas and Craig, 2011, p.96). Furthermore, managers will have a better understanding of how strategic resources and strategic actions facilitate an innovation strategy and ultimately the organization's financial performance (Wei and Wang, 2011, p.268).

The case study research method (Windahl and Lakemond, 2006) can be used to provide insights into a partnership arrangement. The authors of this paper undertook a literature review into four distinct areas: (i) customer service policy; (ii) the process of innovation; (iii) relationship marketing; and (iv) comparative national cultural values. Four propositions were developed from the literature and a limited number of in-depth interviews were conducted with senior managers in Japanese and South Korean electronics companies based in the UK. The objective of the research is to make explicit what factors managers in Japanese and South Korean electronics companies based in the United Kingdom take into account when formulating and implementing a partnership arrangement (viewed as the phenomenon), in the context of a vertical marketing system. The work builds on previous research relating to vertically integrated organizational marketing systems (Trim and Lee, 2006a; Lee and Trim, 2006; Ryu et al., 2008) and adds to the body of knowledge relating to the concept of mutuality. A link can also be made with other work in the area of inter-firm relationships and innovation (Cavusgil et al., 2003); relationship marketing (Hunt et al., 2006); and relationship building (Schurr, 2007).

The structure of the paper is as follows. First, Japanese and South Korean companies are placed in context and this is followed by a section entitled propositions development. The methodology section is followed by a section entitled research findings, and then a discussion is evident. The paper ends with a conclusion and suggestions for further research.

## **BACKGROUND INFORMATION RELATING TO JAPANESE AND SOUTH KOREAN COMPANIES**

### **Japanese companies**

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

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

### **South Korean companies**

The growth strategy that South Korea has exercised over the past 40 years has resulted in the importation of technologies and allowed South Korean companies to upgrade their production capabilities (Nakata et al., 2006, p.29). Managers lower down the hierarchy receive support from senior managers relating to new product development programmes (Song and Noh, 2006, p.275) and as a consequence they think in terms of competition and collaboration, which is government focused as well as company oriented (Jeong, 1999, p.99).

South Korean companies are at present undergoing a period of transformation and new management models are emerging (Lee, 2004a). They are also engaging in increased technological collaboration with their suppliers (Choi et al., 2008, p.38). Hence Korean managers are aware of the need to embrace mutuality and to implement organizational change (Lee, 2004a, p.33).

## **PROPOSITIONS DEVELOPMENT**

### **Customer service and partnership**

With respect to the development of a partnership arrangement, possibly the most important factors are ownership, contractual obligations and power (Kotler and Armstrong, 2004, p.370). Other factors include the market-oriented approach (Corstjens and Corstjens, 2000, p.17) and the relationship marketing paradigm (Gronroos, 1997; Gummesson, 1999). In terms of building a relationship or set of relationships with partner organizations and consumers, Trim and Lee (2003, p.47 and 2006b, pp.209-215) suggest that managers need to be fully aware of the role that facilitating technology plays. The internet promotes interactivity and connectivity (Dutta et al., 1998, p.541; Samiee, 1998, p.18), and enhances an organization's capability to operate from specific geographical locations.

The strategic marketing approach (Aaker, 2001) can be used by managers to develop market driven strategies and produce "superior customer service" (Cravens, 1998, p.201). However, managers will need to pay particular attention to the organization's financial situation (Cespedes, 1995, pp.251-252) and how customer expectations are met. The capabilities of the organization need to be matched with the opportunities in the external environment (Gounaris, 2006, p.436; Matsuo, 2006, p.248; Neill and Rose, 2006, p.1). It is evident, therefore, that partnership arrangements are determined by strategy implementation (Webster, 1992); that the manufacturer is highly influential; and changes in customer relationship management practice results in organizational restructuring when necessary (Plakoyiannaki, 2005, p.383). It can also be noted that organizational networks need to be managed and coordinated because of the costs associated with coordination failure (Meyer et al., 2011, p.244). Hence:

**Proposition 1:** A customer service policy facilitates positively the development of a partnership arrangement between a manufacturer and its partner organizations.

### **Innovation and partnership**

Network alliances result in partnerships being developed (Hosking, 1999) that facilitate information sharing and knowledge transfer. They allow product managers, confronted by shorter product life cycles and longer lead times, to implement an effective product development strategy (Chee and Harris, 1998, p.39). By thinking in terms of the components of innovation performance (Christiansen, 2000, pp.75-76), senior managers can embrace the concept of strategic complexity and develop a multi-faceted interpretative capability, and implement solutions (Neill and Rose, 2006, p.3 and p.6). Furthermore, partner sensing, which is the monitoring of the environment to identify and screen potential partners (Wu and Cavusgil, 2006, p.83), can be considered a necessary prerogative vis-à-vis the development of a long-term innovation oriented strategy. Hence:

**Proposition 2:** A partnership arrangement that is based on information sharing will allow a manufacturer to become more competitive through a process of continual innovation.

### **Relationship marketing and partnership**

According to Fernie (Howe, 1998, p.216), managers in partnership arrangements are not always willing to share risks, however, it is possible for organizations to reduce the level of risk they face by vertically integrating their supply chains (Buzzell and Ortmeyer, 1995, p.86). The relationship marketing approach can be used to facilitate the communication process of channel partner organizations. However, Baker (2006, pp.422-423) is right to point out that the concept of relationship marketing needs to be interpreted differently depending upon whether one takes a consumer or industrial view of the subject. Furthermore, it is more realistic to think in terms of customer satisfaction management (CSM) as opposed to customer relationship management (CRM), because as Baker (2006, p.423) indicates, CSM focuses attention on meeting customer needs. Through information sharing, knowledge transfer can be promoted and organizational learning can be viewed from the perspective of organizational survival (Wu and Cavusgil, 2006, p.82). Learning from partner organizations can be placed in the context of long-term business relationship development that is underpinned by trustworthiness (Lamming, 1993). The term trustworthiness encapsulates issues such as capability, credibility, integrity and reliability (Bharadwaj and Matsuno, 2006, p.68), hence, a transparent organizational culture will enhance internal communication and allow senior managers to appraise the organization's value system. Salojarvi et al., (2010, p.1,397) take this a step further by suggesting that customer relationships are influenced by customer knowledge utilization and Thomas et al., (2011) suggest that time pressure can have an impact on collaboration, trust and long-term orientation. Therefore:

**Proposition 3:** The strategic marketing approach enhances trustworthy partnership arrangements.

### **Comparative national cultural values, mutuality and partnership**

The work of Hofstede (1991) is relevant with respect to how managers identify different cultural dimensions and characteristics. Mead (1998), and Lustig and Koester (1999), reinforce the point that cultural value systems play a decisive role in the decision-making process. Nakata and Sivakumar (2001) have outlined how national cultural value systems both shape and influence marketing strategy, and Blocker and Flint (2007) have provided insights into how national culture influences value change among customers. The work of Sanchez et al., (2011, p.626) is of interest as it focuses on the importance of organizational memory and how strategic actions improve organizational performance. Chen (2004) has looked specifically at Japanese and Korean business models and has provided insights into collectivist group activity. What can be noted about collectivist societies is that it is the group that is deemed to be the dominant structure and as a consequence much value is placed on competence and specialization (Park and Deitz, 2006, p.206).

It is possible to distinguish between interpersonal trust and inter-organizational trust (Lui et al., 2006, p.471), because they are different in context and purpose. Building long-term trust based relationships that are perceived as being of mutual benefit are important with respect to the

sustainability of a partnership arrangement. Huff and Kelley (2005, p.101) suggest that people from a collectivist society need more time to develop trust based relationships with people in external partner organizations, than do their counterparts from an individualistic society. This reinforces Young's (2006, p.442) view that trust may vary depending upon the cultural context. Hence:

**Proposition 4:** The degree of mutuality will be determined by the level of knowledge relating to comparative national cultural values.

## **METHODOLOGICAL APPROACH**

Staff based at the Japanese embassy and the South Korean embassy in London, provided a list of electronics companies, from those countries, operating in the UK. Two global electronics companies only, one Japanese and one South Korean, agreed to participate in the research. A questionnaire composed of 34 open-ended questions was developed from an extensive literature review. In total, five in-depth personal interviews were conducted, and involved two senior managers in a Japanese electronics company and three senior managers in a South Korean electronics company. The participants had been employed by the company for an average of 15 years and had extensive industry knowledge. The in-depth personal interview method was selected for the data collection exercise owing to the fact that it allows a researcher to probe in-depth (Patton, 1990, p.13) and gain insights into complex subject matter (Seidman, 1991). Each interview lasted for a period of two hours on average, however, some were of three hours duration and access had to be continually negotiated. Although the interviews were conducted in English, the researcher undertaking the interviews was also fluent in both Japanese and Korean, and on occasion spoke Japanese or Korean in order to clarify what was being said. Although the number of participants differed slightly, the questions posed were answered fully. The interviews were tape recorded (prior permission had been received) and the transcripts were typed verbatim. The analysis was done manually and the interview transcripts were analysed according to the guidelines provided by Strauss and Corbin (1998). This ensured that the research approach was rigorous and adhered to the concept of validity. Once the data had been analysed and interpreted, the four propositions outlined in the above were tested.

## **RESEARCH FINDINGS**

### **Customer service and partnership**

With reference to Table I, it can be argued that proposition 1 was fully supported by the senior managers in the Japanese electronics company based in the UK as the company has implemented the strategic marketing approach. The requirements of the partner organizations are taken into account and also, the knowledge that is gathered from staff in all the partner organizations is utilized. Managers in the Japanese electronics company think in terms of implementing a clearly defined customer service policy that is country and industry specific, and purchasing activities are integrated with marketing activities. The following statement from a senior manager (Respondent A1) based in the Japanese electronics company, reinforces this view: "It is obvious, to have a happy customer, the key policy is quality, delivery and price.....So there is strong links between key suppliers and ourselves".

The quotation above highlights many relevant points such as quality, price, delivery and the concept of integration. These are important aspects of the internal dimension of strategic marketing (Aaker, 2001, p.116). It also indicates that sophisticated corporate intelligence and strategic marketing models (Trim, 2002; Trim and Lee, 2007) are being used by marketing strategists in Japanese companies. Evidence of this is the fact that aspects of supply chain management are integrated into the strategic marketing planning partnership process.

Managers in the South Korean electronics company based in the UK have developed a clearly defined customer service policy that is underpinned by the relationship marketing approach. Furthermore, the partnership arrangements developed by managers are underpinned by market intelligence.

Managers in the South Korean electronics company are in the process of redefining the marketing intelligence systems in existence in order to incorporate the market intelligence and planning systems of domestic partner organizations and overseas partner organizations. This suggests that the South Korean electronics company is undergoing a period of transformation and that managers in the company are developing new approaches to managing change. A senior manager (Respondent B1) in the South Korean electronics company stated: “..we actually have a great reputation in the industry for our customer service, technical back-up and for our spare parts, and that, that helps us a lot in our business”. It can be deduced, therefore, that the South Korean electronics company is implementing a repositioning strategy based on its reputation for providing a high level of customer service. Top management set high goals and as a consequence new strategic management models and leadership styles are developed (Lee, 2004a).

### **Innovation and partnership**

As the reader will note from Table I, proposition 2 is fully supported by managers in both the Japanese electronics company and the South Korean electronics company based in the UK as they make the most appropriate use of information that is shared with staff based in partner organizations. Owing to the fact that co-operation is evident, ways are found to innovate and as a result the quality of the products on offer is increased and the company’s image is enhanced.

Evidence that managers in Japanese electronics companies are keen to develop innovative products that are marketable, is provided by a senior manager (Respondent A1) in the Japanese electronics company, who stated: “..obviously there is an input from the customer to say what customers need now for the next generation of their own products. So, um, we will come up with innovative products”. It is clear from the quotation that managers in the Japanese electronics company utilize marketing intelligence and exercise customer satisfaction management.

Managers in the South Korean electronics company adopt a flexible approach to decision-making and the process of innovation. Furthermore, they are keen to acquire knowledge from a variety of sources. A senior manager (Respondent B1) in the South Korean electronics company stated: “..but through either what I do or through what the research team is doing in Korea, we formed partnerships with those people, we got exclusivity on their technology for may be 6 months by working with them, because they, like us, they can’t develop those things in isolation and they need to work with other manufacturers”. Reflecting on the above quotation, it can be suggested



**Table I: Propositions and Research Findings**

<b>Propositions</b>	<b>Japanese Company</b>	<b>South Korean Company</b>
<p><b>1.</b> A customer service policy facilitates positively the development of a partnership arrangement between a manufacturer and its partner organizations.</p>	<p>A formally defined industry and country specific customer service policy is in existence, which has a strategic marketing planning focus and integrates marketing and procurement decision-making. The policy takes into account the requirements and the knowledge contained in all the organizations within the partnership arrangement.</p>	<p>A transparent and relationship marketing approach is in existence that is based on maintaining established partnership arrangements. The approach adopted is market intelligence oriented.</p>
<p><b>2.</b> A partnership arrangement that is based on information sharing will allow a manufacturer to become more competitive through a process of continual innovation.</p>	<p>The manufacturer determines the parameters that dictate research and development and there is a commitment to sharing information. Suppliers implement the innovations laid down, and the value of the brand is maintained.</p>	<p>Both internal and external marketing is aimed at reinforcing quality issues and information sharing is evident. Organizational flexibility facilitates the relationship building process within a network framework and this supports the innovation process.</p>
<p><b>3.</b> The strategic marketing approach enhances trustworthy partnership arrangements.</p>	<p>A leadership style is in existence that is based upon a clearly defined set of organizational values that underpin the concept of mutuality. This reinforces the relationship marketing approach and allows the organization to maintain continuity.</p>	<p>A clearly defined leadership style is in existence that incorporates a shared value system and is based on the premise of trustworthiness. The knowledge based systems support group and teamwork, and are underpinned by authority.</p>
<p><b>4.</b> The degree of mutuality will be determined by the level of knowledge relating to comparative national cultural values.</p>	<p>Knowledge of comparative national cultural values facilitates communication between managers. It allows people to communicate in a manner that allows knowledge to be shared and appropriate decisions to be implemented. As a consequence, the views of the customers are incorporated in the strategic marketing planning process and this results in long-term working relationships being developed that are based on loyalty.</p>	<p>Understanding comparative national cultural values facilitates open communication that encourages dialogue. Personal visits allow staff to build relationships with staff in partner organizations, which ensures that corporate objectives are realized, people identify with each other, and mutuality is forthcoming.</p>

that managers in the South Korean electronics company understand why the company needs to work closely with other companies that possess certain core competencies, a high level of flexibility and adaptability. They are also aware of the importance of product-quality associations; the role that marketing intelligence plays with respect to improving the performance of the product; and ultimately, like the managers in the Japanese electronics company, are committed to ensuring that the company's brands perform as expected.

The quotations demonstrate that managers in Japanese and South Korean electronics companies are determined to improve the quality of the product and level of service through time, and it is further evidence that they have embraced the market-driven approach advocated by Day (1994). The key point to note is that managers in Japanese and South Korean electronics companies view supply chain arrangements as providing a platform for competitive advantage.

### **Relationship marketing and partnership**

Managers in Japanese and South Korean electronics companies adhere to proposition 3 (see Table I) and embrace the relationship marketing concept. Managers in the Japanese electronics company understand the importance of the concept of mutuality and view it as a key element for establishing and maintaining relationships with partner organizations. They have established a clearly defined set of organizational values that underpin a specific leadership style.

Evidence of the importance of relationship marketing is provided by a senior manager (Respondent A2) based in the Japanese electronics company, who stated: "It is just over time, and working together, and developing a relationship, so both parties know what each other requires and want to achieve .....and sharing their achievements and telling them....".

As regards the managers in the South Korean electronics company, it is correct to say that both trustworthiness and authority are important factors. Managers in the South Korean electronics company think the same as their Japanese counterparts, but are governed by the concept of autonomy. For example, a senior manager (Respondent B1) based in the South Korean electronics company, stated: "...the relationship is about getting on with them, um, if they have a common aim then it does not really matter". From the quotation, it is clear that managers in the South Korean electronics company require employees to have an appropriate level of skill and adequate knowledge in order to undertake the tasks allocated to them. Furthermore, employees are required to possess a positive attitude that translates into harmonious working relations with their fellow employees and staff based in external organizations. It is also important to point out that managers in the South Korean electronics company are team players and feel comfortable in a group, and one can conclude that they pay attention to the needs and perceptions of their subordinates.

As regards trustworthiness, managers in Japanese and South Korean electronics companies are committed to building long-term relationships with staff in partner organizations. For example, a senior manager (Respondent A2) based in the Japanese electronics company, stated: "...in a partnership, um, there is give and take, from both and also we have to ensure that, er, the trust there and we are both meeting each others demands and service whatever, and we can do that over period of time, again, there is, we will say the trustworthiness". Also, a senior manager

(Respondent B2) based in the South Korean electronics company, stated: “..you are either a trustworthy person or you are not. You are either a trustworthy company or not. I don’t think there is any ambiguity, you are either trustworthy or not. I don’t think you can switch on and off trustworthy. Um, and I think [the company] it’s a major part of our culture we have been talking about earlier, and that is that we trust each other, we trust our products and we trust that people if they say something to you that, that it is the truth”. This is evidence that managers in Japanese and South Korean electronics companies have embraced the strategic marketing concept (Aaker, 2001) and are intent on maintaining brand leadership.

### **Comparative national cultural values, mutuality and partnership**

Proposition 4 (Table I) is supported by managers in Japanese and the South Korean electronics companies based in the UK, however, it appears that managers in the South Korean electronics company rate personal visits highly as this allows personal relationships to be developed that result in the attainment of the company’s objectives.

Managers in the Japanese electronics company, incorporate the views of the customer in the strategic marketing planning process, and the process of communication underpins the development of long-term working relationships that are based on loyalty. There is evidence that the concept of mutuality is underpinned by a set of national cultural values. For example, a senior manager (Respondent A1) based in the Japanese electronics company, stated: “But what we can do is bring our customers to the factory, so they can see what we can do here, then we meet them in the factory, and we try to understand about their cultural, different points, so when we visit them, we will even more better understand”.

Managers in the South Korean electronics company believe that building personal relationships facilitates the process of mutuality. Furthermore, a senior manager (Respondent B1) based in the South Korean electronics company, stated: “I am not sure if it’s a cultural thing so much. But, certainly, our Korean product managers here will visit our key customers, um, they will understand the aims of that customer, what we need to do to support them now. I am not sure that is necessarily a cultural thing, it is about our supplier-customer relationship, you know, part of it is cultural, but a lot of that is just that relationship”. As regards the latter quotation, it is possible to interpret the term culture more broadly and to think in terms of how national cultural value systems influence organizational cultural value systems.

Both sets of managers appear to have knowledge of comparative national cultural value systems and this suggests that they are able to interpret messages from staff in partner organizations and they can communicate corporate objectives in a clear manner. Hence the concept of mutuality is embraced by managers in both Japanese and South Korean electronics companies.

The characteristics associated with the strategic marketing process in Japanese and South Korean electronics companies are highlighted in Table II below (Lee and Trim, 2008b, p.286). Managers in Japanese electronics companies place great emphasis on developing partnership arrangements that are based on technological capabilities and managers in South Korean electronics companies consider that it is important to respond appropriately and quickly to dynamic and unpredictable market changes.

**Table II: Strategic marketing**

<b>Characteristics</b>	<b>Japanese electronics company</b>	<b>Korean electronics company</b>
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. Developed through time in order to respond appropriately and quickly to dynamic and unpredictable market changes
Training policy	Defined clearly as an ongoing 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 ongoing 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

(Source: Lee and Trim, 2008b, p.286)

## **DISCUSSION**

### **Customer service and partnership**

From proposition 1, it is clear that the vertical marketing system approach (Kotler and Armstrong, 2004, p.370) has been adopted by both Japanese and South Korean electronics companies based in the UK and has been placed in a strategic marketing (Aaker, 2001) context. This should have an influential affect on factors relating to supply chain management and the development of new marketing channel configurations as outlined by McIvor et al., (1997) and Trim (1994). As regards managers in the South Korean electronics company, it can be stated that

they have adopted the strategic marketing concept as they view market intelligence as pivotal. The fact that managers in the South Korean electronics company are keen to maintain established partnership arrangements suggests that they have embraced the win-win approach as outlined by Gummesson (1999, p.9) and invest time in developing trustworthy relationships (Gronroos, 1997).

The fact that managers in the Japanese electronics company think in terms of devising and implementing industry and country specific customer service policies, suggests that Japanese electronics companies have highly sophisticated market intelligence systems in place that link in with government agencies. This indicates that there is close co-operation between Japanese companies and the Japanese government (Porter et al., 2000). The emerging Japanese management models require that employees are forced to think in terms of moving/aiming for a state of perfection. Indeed, managers in Japanese companies are driven by a clearly defined cultural value system and are held accountable for their actions (Lee, 2004b).

Although managers in Japanese and South Korean companies are driven by the concept of mutuality (Lee, 2001, pp.268-269), it should be pointed out that the concept of mutuality has a slightly different meaning when placed within a Japanese or South Korean context. Managers in Japanese and South Korean electronics companies based in the UK work hard at maintaining and improving relationships within a partnership arrangement and appear to be market driven, as they conform to Day's (1994) interpretation of being market driven.

### **Innovation and partnership**

As regards proposition 2, both sets of managers are keen to ensure that there is an appropriate information sharing process in place and that people communicate openly and accurately. However, managers in the Japanese electronics company operate from a defined and known power base and they ensure that partner organizations deliver according to set criteria. Managers in the South Korean electronics company are more flexible than their counterparts in the Japanese electronics company, as they embrace the views of those employed by partner organizations.

### **Relationship marketing and partnership**

It is important to understand that, with respect to proposition 3, both sets of managers adhere to the organizational values that are in existence and a clearly defined marketing oriented leadership style ensures that teamwork is a necessary part of the management process. Managers in the Japanese electronics company are primarily concerned with the continuity of the organization based on the development of relationships. They view mutuality as central to the organization surviving in the marketplace and pay attention to such issues as the organizational culture of partner organizations. It is important to note that the concept of relationship marketing is viewed as linking the company to the end user and meeting customer needs. Managers in Japanese and South Korean electronics companies based in the UK have adopted the organizational learning concept. The organizational learning concept is used to provide a learning environment that is focused on developing the skill base and decision-making skills of all the employees (Senge, 1999).

### **Comparative national cultural values, mutuality and partnership**

As regards proposition 4, both sets of managers recognize the importance associated with having knowledge of and an understanding of comparative national cultural values, from the stance of open communication and effective decision-making. The views of staff employed in partner organizations and the views of end users are listened to and as a result, relationships are developed that are based on loyalty and mutuality. The virtues of loyalty and mutuality are embedded within a cultural context (Lee, 2001). It is this cultural context that manifests in a high level of trustworthiness; the sharing of information to identify unmet customer needs; and the formulation and implementation of a marketing strategy that results in the organization developing a sustainable competitive advantage (Porter, 1985; Aaker, 2001).

Although managers in Japanese and South Korean electronics companies adhere to the strategic marketing approach, a number of differences have been identified. These differences are attributed to national cultural value systems and the way in which the concept of mutuality is interpreted and influences marketing activities. The differences have been outlined in Figure I.

### **MANAGERIAL IMPLICATIONS**

Managers based in potential partner organizations need to understand that Japanese and Korean managers are committed to establishing trustworthy relationships that are reinforced by continual communication and underpinned by the sharing of information. They also establish workable customer service strategies, engage in a process of continual innovation, adopt a relationship marketing focus that is underpinned by a distinct organizational value system, practice mutuality and set realistic corporate objectives that are detailed in the strategic marketing planning process. Government-industry associations are important and Japanese electronics companies in particular have developed/are in the process of developing, an integrated strategic marketing framework within which the vertical marketing system operates and which links extensively into the supply chain of the manufacturer.

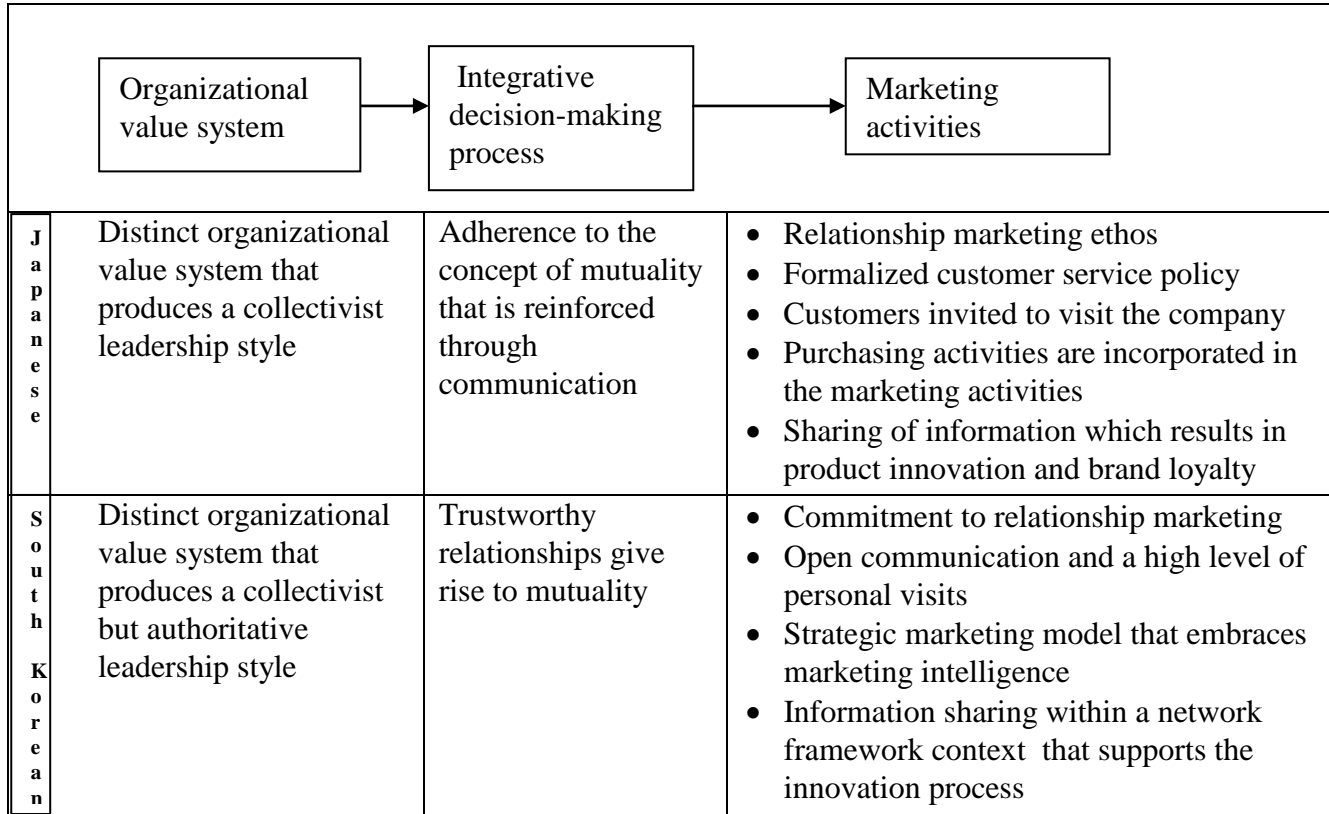
### **CONCLUSION AND FURTHER RESEARCH**

Managers in Japanese and South Korean electronics companies based in the UK have embraced the strategic marketing concept and are keen to develop trustworthy relationships with staff in partner organizations. A collectivist decision-making approach ensures that the concept of mutuality is adhered to and binds the different organizations in the partnership arrangement together. The manufacturer, wholesaler and retailer linkage, can be classified as a tightly focused vertical marketing system that is market-driven. By operating as a vertical marketing system, it is possible for senior managers based in the manufacturer to ensure that an integrated marketing and retailing strategy evolves, that becomes a marketing positioning strategy.

The research findings provide a number of insights into strategic marketing. However, it can be suggested that the research findings from two companies, one Japanese and one South Korean, are limited. The authors acknowledge that it is necessary to carry out further research, possibly in the form of a longitudinal study that allows a number of key indicators covered in the research, to be monitored, analysed and interpreted through time. One can think specifically of how the

concept of organizational learning is being used to energise collectivist decision-making and how this in turn influences the strategic decision-making process. Another area of potential investigation is to establish how senior managers from a collectivistic culture relate to their counterparts in an organization with an individualistic culture, and how hybrid management models and working practices can be developed.

**Figure I: The influence of mutuality on marketing activities**



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