

A Crystal Ball: The Potential of Prototyping as a Research Method for Buyer-Supplier Relationship Concepts in Emerging Markets

Proposal/Working Paper

Thorsten Migge, Thorsten.migge@gmx.de

University of Western Australia

Sharon Purchase, Sharon.purchase@uwa.edu.au

University of Western Australia

Sandra Kiffin-Petersen, Sandra.kiffin-petersen@uwa.edu.au

University of Western Australia

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Introduction and Literature

Emerging markets are characterized by rapid economic growth combined with the liberalization and adoption of free-market principles (e.g. Hoskisson et al., 2000). The institutional context in emerging markets differs from the relatively stable political, social and economic environments in developed markets (e.g. Luo, 2004; Peng, Wang, & Jiang, 2008). Emerging markets are dynamic and institutional voids make decision making processes of governmental and other relevant institutions such as business associations or courts less transparent (Hoskisson et al., 2000). In buyer-supplier relationships the same applies respectively. Due to the high levels of saturation in developed markets, western companies have little choice but to enter emerging markets (Kuklinski et al., 2012). Companies are forced to invest great effort and resources to benefit from the growth in these fast growing markets. Yet, western companies that enter emerging markets often fail initially (Lu and Reve, 2011).

Emerging markets often have cultural specific aspects to their buyer-supplier relationships. Concepts such as “xingyong” (Leung et al., 2005, Kiong and Kee, 1998) and “Guanxi” (Kiong and Kee, 1998, Katarzyna and Chunyan, 2011, Luo and Yeh, 2012) in China; “Jeito” in Brazil (Rosenn, 1971, McCarthy et al., 2012) and “blat” in Russia (Puffer et al., 2010, McCarthy et al., 2012) are examples of cultural specific variables that western managers need to understand in order to develop relationships in emerging markets. As Kuklinski et al. (2012) posit, these concepts might work as an institutional bypass to support business development and be from great importance in buyer-supplier relationships.

Within the buyer-supplier relationship context the value adding process functions on a network level. Supplier integration and in general integrated business processes among supply chain members are from great importance to increase performance and success (Stevens, 1989, Lockstrom et al., 2011). To achieve a competitive advantage, firms are required to understand culturally specific concepts that promote integration and collaboration in buyer-supplier relationships in Emerging markets e.g. in China (Chen et al., 2011). As a prerequisite to make use of the mentioned concepts it is necessary to understand them or even internalize them.

Using a Prototype method, researchers are able to improve their description of fuzzy concepts such as “Guanxi”, “Jeito”, and “Blat”. The main benefit of the prototype method is that prototyping consists of several studies where each study builds on each other to seek out the exact meaning and the conjunct dimensions of the researched concept (Fehr and Russell, 1984). It offers cultural outsiders a view on the topic through insider’s perceptions. Emic and etic views are being combined with this methodology.

The Prototype Method: An Introduction

Prototype analysis usually follows a sequence of studies. As a result the researcher will obtain a list of characteristics, also called features, ordered according to how representative or prototypical they are to the researched concept (Aron and Westbay, 1996, Hassebrauck, 1997, Hassebrauck and Fehr, 2002, Niedenthal et al., 2004, Horowitz and Turan, 2008, Le et al., 2008, Fehr and Sprecher, 2009, Rosch, 1973).

Following Eleanor Rosch’s approach, researchers from social psychology investigated concepts which had no clear definition, and which scholars had difficulty finding agreement on. Researchers used the methodology to understand the categorization of concepts

including love (Aron and Westbay, 1996, Fehr, 1988, Fehr and Russell, 1991, Fehr and Sprecher, 2009), commitment (Fehr, 1988, Fehr, 1999, Hassebrauck and Fehr, 2002), anger (Russell and Fehr, 1994), intimacy and compassionate love (Fehr, 2004). Prototype methodology therefore, provides scholars with some kind of tool to define fuzzy concepts. In Emerging markets such concepts (Guanxi; Blat; Jeito) constitute buyer-supplier relationships. Based on Fehr's use of this method in interpersonal relationships, there appears to be great potential to research the mentioned concepts in emerging markets using this methodology. Researchers who have used prototyping previously had the same starting point as we have for emerging markets. E.g. Fehr (2009) observed that there was no consensus on the definition of compassionate love and applied this method to fill the gap of research. Yet this method hasn't found its way to the SCM research and particularly research on buyer-supplier relationships.

Contribution of the method

The prototyping method collects and rates features belonging to a concept, it has a major advantage compared to traditional methods of scale development (Broughton, 1984). Broughton (1984) compared empirical scale construction, scale construction on the basis of Exploratory Factor Analysis rational scale construction as well as scale construction based on internal consistency. He showed clearly that the development of a scale using the prototype as a source for its items is dominant to methods that do not use this approach. Besides, prototyping methodology identifies the structure and knowledge of a given concept (Horowitz and Turan, 2008). Developing a measure on the basis of a prototype ensures that only central features which are critical to the conceptualization, are being used for the measure development (Lim, 2012). While traditional scale development tools such as factor analysis look at the convergence of a set of items, prototyping puts construct validity as the center of interest.

Etic perspective are looking on concepts or behaviors from an theoretic generic point of view, and reach a universally applicable truth (Harris, 1976). Emic perspective are looking at the same concept from an insider point of view where cultural norms and values influence the concept and/or behavior (Harris, 1976). With prototyping we can combine an etic and an emic approach in buyer-supplier relationships in emerging markets. On the one hand side we capture a generally applicable generic base for all the features which are overlapping with common, comparable concepts while on the other side we are accumulating the emic perspective and the cultural specific nuances which consist the prototype.

In Sum, we are able to present a theoretic generic view of culture specific concepts (etic) hand in hand with the distinct values and dimensions (emic). Thus the methodology shows great potential for supply chain management in emerging markets. Specifically in buyer-supplier relationship, where the relations paly a big role, the prototyping method provides the researcher with a clear picture of unclear concepts.

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