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An investigation of the effect of family influence on Commitment–Trust in retailer–vendor strategic partnerships

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ABSTRACT

The Commitment–Trust theory (Morgan & Hunt, 1994) and the F-PEC scale of family influence (Astrachan, Klein, & Smyrnios, 2002) were utilized in a 6-construct model that examines family influence in retailer–vendor strategic partnerships in the United States. Partial least squares structural equation modeling (PLS-SEM) was used to test the model. Six of the nine hypotheses were supported. Family influence explained twenty-seven percent of the value generated by the strategic partnership relationship. The model confirmed the Commitment–Trust theory, though family influence on trust was very limited. Expansion of the model and future testing in different contexts would help to refine and develop the model, including a better understanding of family influences in strategic partnerships.

1. Introduction

Strategic partnerships[1] are widely accepted as a business strategy tool in the global marketplace. Their contribution to performance, competitiveness, innovation, and organizational learning has been extensively documented by academics and industry examples (e.g., Dyer, Kale, & Singh, 2001; Gulati, 1995; Lew & Sinkovics, 2013; Porter & Fuller, 1986; Schreiner, Kale, & Corsten, 2009). The classic example of a sustained, successful retailer–vendor strategic partnership that includes a family business is the Procter & Gamble/Walmart relationship. One aspect of the partnership was a goal of improving supply chain execution. Procter & Gamble's products were transferred directly to the retailer's truck, bypassing Walmart's distribution center processing. Approximately 10 days were eliminated from the arrangement. The supply chain initiative has been called a "joint value creation plan" because success was attained through retailer and vendor collaboration (Birchall, 2008, p. 12). Both organizations rolled out the innovation to other partners. Despite the potential of strategic partnerships for attaining competitive advantage, there is relatively little research on this subject in the family business literature (Chrisman, Chua, & Sharma, 2005; Debicki, Matherne III, Kellermanns, & Chrisman, 2009; Lindow, 2011; Wortman, 1994).

This article examines family business strategic partnerships with respect to relationship commitment and trust, two key variables that form the foundation for strategic partnerships and other long-term channel relationships (e.g., Dwyer, Schurr, & Oh, 1987; Mentzer, Min, & Zacharia, 2000; Morgan & Hunt, 1994). Commitment and trust are strong themes in the family business literature, and their impact on critical family firm issues has been researched from theoretical and empirical perspectives (e.g., Eddleston, Chrisman, Steier, & Chua, 2010; Steier, 2001; Stoica & Pistrui, 2006; Vallejo & Langa, 2010). Here, we focus on the vital link between relationship commitment and trust, the core of the Commitment–Trust theory by Morgan and Hunt (1994). The family power, experience and culture (F-PEC) scales (Astrachan, Klein, & Smyrnios, 2002) are used to examine family influence on Commitment–Trust in the U.S. retail sector.

Our research fills an important gap in the literature on family business strategic partnerships from two perspectives, one theoretical and the other methodological. We develop and empirically test a six-construct model that examines the effect of family influence on Commitment–Trust. From a theoretical perspective, we bring together two well-established theories—the Commitment–Trust theory (Morgan & Hunt, 1994) and the F-PEC scale of family influence (Astrachan, Klein, et al., 2002)—that have not been studied in the context of family business strategic partnerships. We then test the model using partial least squares

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[1] The terms *strategic partnership* and *strategic alliance* are often used interchangeably. This article will use the term *strategic partnership* because it is well-accepted in retail industry practice. It is important to note that *strategic partnerships* do not include joint equity, as do *joint ventures.*

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structural equation modeling (PLS-SEM). Prior studies related to family business strategic partnerships focus on qualitative research methods. Multivariate techniques are recommended to encourage diverse approaches, along with methodological rigor (Debicki et al., 2009).

2. Theoretical foundations

2.1. Family business and strategic partnerships

Strategic partnerships are defined as ongoing, long-term, interfirm relationships that involve strategic goal-setting, deliver value to customers, and result in profitability to partners (Mentzer et al., 2000, p. 552). Three sources were utilized for a review of articles on family business strategic partnerships: review articles of family business literature, articles directly related to family business strategic partnerships, and articles tangentially related to family business strategic partnerships. A summary of key articles, research methods, and findings is shown in Table 1. In the early 1990s, Wortman (1994) reviewed 26 empirical articles and 27 conceptual studies over a 10-year period, including three related to retailing. He called for more research on family business strategic partnerships and emphasized that the discipline must move beyond basic statistical techniques to multivariate techniques. A subsequent article by Chrisman et al. (2005) noted that there is no guidance on the best practices or strategies used by successful family firms. In another review article, six strategic management topic classifications and 21 subcategories in family business research were identified (Debicki et al., 2009), but none of the areas related to strategic partnerships. The use of empirical research methods, including structural equation modeling (SEM), were strongly recommended by Debicki et al. (2009). The most recent review was conducted by Lindow (2011), who examined empirical literature on strategy formulation in family business research from 1980 to 2010. Although there was a discussion on joint ventures in the section on internationalization, there was no mention of strategic partnerships.

Research directly related to family business strategic partnerships has been concentrated in Spain. Strategic partnerships within a range of soft and hard goods sectors were studied by Cappuyns (2006). Results emphasized the importance of strong personal commitment and trust. Fuentes-Lombardo and Fernández-Ortiz (2010) examined the formation of strategic partnerships in the international expansion of family businesses in the Spanish wine industry. A conceptual model that compared non-family with highly family-oriented companies was developed using qualitative research methods. Articles tangential to our focus include research on family business internationalization and equity investment or joint ventures (Abdellatif, Amann, & Jaussaud, 2010; Claver, Rienda, & Quer, 2007), as well as research on network relationships and cooperation agreements (Olivares-Mesa & Cabrera-Suárez, 2006; Roessl, 2005).

2.2. The Commitment–Trust theory

The Commitment–Trust theory (Morgan & Hunt, 1994) has been at the forefront of relationship marketing research since its publication. The research (Morgan & Hunt, 1994, p. 28) examined retailer relationships with "major suppliers," an inference to key channel partners. When an exchange partner believes that an ongoing relationship with another is important enough to justify maximum efforts to maintain it, relationship commitment is manifested (Morgan & Hunt, 1994). A long-term orientation with future outcomes that benefit both exchange partners is an important characteristic of relationship commitment (Ganesan, 1994; Morgan & Hunt, 1994). Trust is crucial to relationship commitment and is defined in terms of reliability and integrity (Morgan & Hunt, 1994). According to the Commitment–Trust theory, commitment and trust mediate variables essential to understanding relational exchange. Antecedents include relationship termination costs, benefits, shared values, communication and opportunistic behavior; in contrast, consequences comprise acquiescence, propensity to leave, cooperation, functional conflict, and uncertainty (Morgan & Hunt, 1994, p. 22). The Commitment–Trust theory (Morgan & Hunt, 1994) demonstrates that the relationship between trust and commitment is unidirectional and positive. This vital bond signifies that channel partners avoid opportunistic behavior and work toward mutual benefit and long-term gain, thereby establishing the foundation for a positive, productive relationship (Dwyer et al., 1987; Fontenot & Wilson, 1997; Morgan & Hunt, 1994). Strategic partnerships are built with a similar underpinning: long-term relationships, mutual goal-setting and financial gain for both partners (Mentzer et al., 2000). A few academicians posit that the Commitment–Trust phenomenon is a universal foundation for business relationships (MacMillan, Money, & Downing, 2000). While the extant marketing literature confirms a positive relationship between trust and commitment, there are a few exceptions in which commitment led to trust (e.g., Gao, Sirgy, & Bird, 2005; Hausman & Johnston, 2010).

3. Model development and hypotheses

3.1. Model overview

We propose a model that builds on a foundation of relationship commitment and trust and adds four variables. This research defines a family as "... a group of persons including those who are offspring of a couple (no matter what generation) and their in-laws as well as their legally adopted children" (Astrachan, Klein, et al., 2002, p. 55). Using F-PEC scales (Astrachan, Klein, et al., 2002), we propose that family culture, power, and experience are antecedents to relationship commitment and trust. Relationship value is the multidimensional performance measure comprised of goal alignment, trade-offs, competitive advantage, and profitability over the longrun (Tuominen & Hyvönen, 2004; Ulaga & Eggert, 2006; Vázquez, Iglesias, & Álvarez-González, 2005). Relationship value is a consequence of relationship commitment and trust (Fig. 1).

3.2. Relationship commitment in family firms

In the family firm, the actors are embedded in a family that is embedded in a business, creating a complex social structure (Le Breton-Miller & Miller, 2009). Relationships become a point of departure, and this complexity has resulted in diverse measures for commitment. In a study on the formation and development of family business strategic partnerships in emerging markets, strong personal commitment surfaced as a key success factor (Cappuyns, 2006). In empirical research on organizational social capital, commitment was defined in terms of family involvement and ownership in the business (Arregle, Hitt, Sirmon, & Very, 2007). Research results showed that family involvement and ownership maintained at high levels over time deepened relationships and strengthened the link between family and organizational social capital.

Commitment may also be viewed as a multidimensional phenomenon. When Morgan and Hunt (1994) developed their relationship commitment scales, they drew from the literature on social exchange, marriage, and organizational commitment. The definition of commitment developed by Allen and Meyer (1990) is tripartite and has been used as a measure in the family business literature (e.g., Sieger, Bernhard, & Frey, 2011; Vallejo & Langa, 2010; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Affective commitment (Allen & Meyer, 1990) examines the individual's