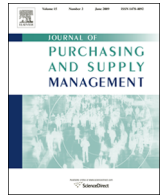




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The cultural embeddedness of professional service purchasing—A comparative study of German and Swedish companies



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ABSTRACT

Research on professional service purchasing generally takes a culturally universalistic approach, implicitly assuming the generalizability of research findings and normative models to different cultural contexts. However, research in related disciplines points to the influence of national culture on managers' decisions, thereby questioning the culturally universalistic approach. The purpose of this paper is to explore differences in professional service purchasing in different cultural contexts. Based on a survey of large organizations, we analyze how the purchasing process for a specific type of professional services – management consulting services – is organized in two cultural contexts (i.e. Germany and Sweden). The results indicate that organizations in Germany and Sweden differ in the way they approach key aspects of the purchasing process. These differences are discussed in relation to two central cultural dimensions – uncertainty avoidance and masculinity–femininity – in which Germany and Sweden take very different positions. It is proposed that uncertainty avoidance mainly influences the first steps in the purchasing process (specify, select and contract) whereas masculinity–femininity mainly influences the remaining steps (order, expedite and evaluate). The paper contributes to the purchasing and supply management literature by empirically illustrating differences in purchasing practices in different cultural contexts and developing theory-driven propositions for the influence of national culture on the professional service purchasing process.

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1. Introduction

The purchasing of services has come to represent an increasing proportion of organizations' spendings (Axelsson and Wynstra, 2002; Bals et al., 2009; van der Valk and Wynstra, 2012). This is especially salient regarding professional services, such as management consulting services (von Nordenflycht, 2010), whose turnover has grown rapidly in the last decades (e.g. Ellram and Billington, 2002; Ellram et al., 2008; FEACO, 2012). As professional services provide new knowledge, strategic advice and extra resources, they play an important role for many buying organizations in their

struggle to maintain and expand their competitive positioning (Tate et al., 2010). Being able to purchase professional services in professional ways has thereby become an important key to building competitive advantage (compare e.g. Ellram et al., 2004). But, despite being an increasingly common and important purchase, many buyers still perceive it to be very difficult and different from other types of purchases, particularly the purchasing of goods, as professional services to a large extent are co-produced and built on intangible qualities that are difficult to specify and evaluate both *ex ante* and *ex post* (Day and Barksdale, 2003; Smeltzer and Ogden, 2002; van der Valk and Rozemeijer, 2009).

Previous research has come some way in identifying and proposing ways of dealing with the specific challenges involved in purchasing services such as professional services. Examples include models for the development and management of the service supply chain (Ellram et al., 2004, 2007), an adaptation of Van Weele's purchasing process to a business service context (van der Valk and Rozemeijer 2009), typologies of services and buyer–supplier interactions (van der Valk and Rozemeijer, 2009; Wynstra et al., 2006), implementation of preferred supplier programs (PSPs) and expert functions for purchasing professional services

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(Sieweke et al., 2012), and generic purchasing strategies for professional services (Werr and Perner, 2007).

An implicit assumption in most of these previous studies is cultural universality, i.e. that the identified practices and approaches are valid across different cultural contexts (De Boer et al., 2001; Metters, 2008). Whereas several authors have pointed out the need to adapt purchasing practices to the kind of good or service that is purchased (Ellram et al., 2004, 2007; Sengupta et al., 2006), few have noted the importance of taking the cultural context in which goods and services are purchased into account (De Boer et al., 2001; Cannon et al., 2010). The assumption of cultural universality may, however, be challenged as research in several disciplines, including social psychology (e.g. Boduroglu et al., 2009; Varnum and Grossmann, 2010), anthropology and management studies (e.g. Hofstede, 1980; House, 2004), provides evidence that human and organizational practices are influenced by cultural contexts. This assumption is supported by findings from purchasing and supply management (PSM) research, which has revealed that companies in different cultural contexts differ regarding, for example, their outsourcing (Schoenherr, 2010) and purchasing decisions (Pagell and Sheu, 2001; Roth et al., 2004), and the buyer–supplier relationships (Cannon et al., 2010; Homburg et al., 2009).

However, these findings regarding the influence of national culture on the purchasing process are from a non-service context. As previous research has illustrated, purchasing practices regarding services – and especially professional services – differ from those of goods, because services are built on intangible qualities and depend on the buyer–seller interaction and trust (Axelsson and Wynstra, 2002; Smedlund, 2008; van der Valk and Rozemeijer, 2009; Wheiler, 1987). These characteristics make them specifically sensitive to differences in culture since they are to a large extent subjective and dependent on the involved actors' perceptions (Nachum, 1999; Voldnes et al., 2012; Wheiler, 1987), which are culturally embedded (Hofstede, 1980). Therefore, findings regarding the influence of national culture on the purchasing of manufactured goods cannot be directly transferred to the purchasing of services.

A recent review of theory development in the field of PSM has indicated that the field currently lacks a theoretical basis for cross-cultural analysis (see Chicksand et al., 2012). More specific studies on how the organization and practice of service purchasing differ across cultural contexts are also lacking, as is an understanding for which aspects of culture influence which aspects of purchasing in general and of service purchasing in particular. This lack of knowledge thus impedes cultural sensitivity in current PSM research in general as well as in service purchasing research. Against this background, our purpose is to explore if and how professional service purchasing is performed differently in different cultural contexts. To meet this purpose, an empirical study of a specific type of professional services – management consulting services (MCS) – has been performed. The reason for using MCS as empirical example is that they are often referred to as an extreme form of professional services, being built on intangible qualities and dependent on the client–consultant collaboration (Clark, 1995; Armbrüster, 2006). They thus form an illustrative case (Eisenhardt and Graeber, 2007). Additionally, they represent a growing form of professional service, the so-called neo professional services, which differ from the classical form by lacking a professionalized workforce (von Nordenflycht, 2010). Thus, findings regarding MCS can be relevant to both classical professional services and other knowledge-intensive services. Finally, there is a lack of comparative research on both service purchasing in general and on MCS purchasing in particular (Mohe, 2008; Sturdy, 2011). Our study pursues two research questions:

- (1) *To what extent do organizations in different cultural contexts differ in their MCS purchasing practices?*
- (2) *How may these differences be understood in relation to central national cultural dimensions?*

To answer the research questions an exploratory survey of the 500 largest companies in Germany and Sweden was performed. The analysis compares their purchasing, use and management of MCS. The study contributes to the PSM literature by challenging the implicit cultural universalism assumption in much of the current literature. It also contributes to the development of a theoretical basis for cross-cultural analysis in PSM research, which has been called for by e.g. Chicksand et al. (2012), by formulating theory-based propositions for the influence of national culture on purchasing practices.

2. Purchasing practices and national culture

2.1. Cultural dimensions

Although research on cultural differences in purchasing practices regarding professional services is mainly lacking, a number of studies investigated related purchasing contexts. We performed a literature review which identified 11 articles that focus on the influence of culture on PSM practices. A majority of these studies (8 of 11) conceptualized national culture in terms of Hofstede's (1980, 1999) cultural dimensions. While Hofstede's study has been criticized (Baskerville, 2003; Ailon, 2008), and other, complementary studies have been performed (e.g. the GLOBE study, see House, 2004), it still holds a strong position in the culture-related PSM literature. Moreover, Hofstede's findings have been applied in related areas, such as management styles (Kuchinke, 1999) and the organizing of companies and their practices (Jensen and Szulanski, 2004), which can be expected to also influence PSM practices. Because of its influence in the literature, we have chosen Hofstede's (1980, 1999) cultural dimensions as a framework for interpreting the findings of the current study.

Hofstede (1980, 1999) conceptualizes national, work related culture in terms of four dimensions – uncertainty avoidance, masculinity–femininity, power distance and individualism/collectivism – which he identified in a large-scale empirical study (Hofstede, 1980, 1999): Uncertainty avoidance refers to the extent to which individuals feel threatened by, or uncomfortable with uncertainty and ambiguity. Masculinity–femininity describes, among others, the level of competitiveness in a society; masculine societies value competition highly, whereas feminine cultures rather value cooperation and care for weaker persons. Power distance is related to the extent to which less powerful individuals accept the unequal distribution of power within a culture. Finally, individualism refers to a society's preference for loose ties between societal members, whereas members of collectivist societies are highly integrated in groups. Below, we establish a theoretical argument for the relation between culture and service purchasing.

2.2. National culture and the service purchasing process

As a response to the growing practical need and interest in research for services purchasing (Ellram and Billington, 2002), purchasing processes for services have been developed (Ellram et al., 2007; Ellram and Billington, 2002; Fitzsimmons et al., 1998; van der Valk and Rozemeijer, 2009). These processes are built on purchasing processes for goods, which have been adapted to the characteristics of services (Ellram et al., 2007; van der Valk and Rozemeijer, 2009). More specifically, it has been argued that the service characteristics of intangibility, heterogeneity, inimitability and perishability (see e.g. Axelsson and Wynstra, 2002) influence the stages in the purchasing process by making some of them more difficult and important (Axelsson and Wynstra, 2002; van der Valk and Rozemeijer, 2009).

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