

A Study on Moderating Effects of Culture on Business Performance and Strategic Alliances

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Abstract. The purpose of this study is to analyze the moderating effect of national culture on alliance orientation and performance for partnership. To analyze this objective, this study reviews various literatures and is developed a research model. To examine the research model, we collected data from international companies.

Keywords: Alliance orientation, performance, national culture

1 Introduction

The purpose of this study is to set up a conceptual model and hypotheses about the moderating effects on the national culture in the form of partnerships between countries and compare them to analyze target companies.

2 Hypothesis

<H 1> Individualistic cultural tendency will have a positive impact on market-oriented alliance and performance.

<H 2> Collectivist cultural tendency will have a positive impact on the learning-oriented alliance and performance.

<H 3> Lower uncertainty avoidance tendency will have a positive impact on the learning-oriented alliance and performance.

<H 4> Higher uncertainty avoidance tendency will have a positive impact on the market-oriented alliance and performance.

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3 Data Collection and Measurements

From a total of 434 questionnaires of 252 questionnaires were collected. Among the responses excluding uncertain response, a total of 180 (93 for Korea and 87 for U.S.) responses were considered in final.

Table 1. Hofstede's Cultural Dimension Index.

Country	Individualism	Uncertainty Avoidance
Korea	18	85
U.S.	91	46

Table 2. Survey Items and Definition.

Construct	Definition and Items	References
Learning oriented alliance	Cooperation for innovation activity for product development or to acquire information and knowledge about the local market Sharing information and knowledge(1), technology transfer(2), synergy(3)	Hagedorn and Schakenraad(1994) Makino and Delios(1997)
Market oriented alliance	Cooperation for reducing costs to new market development and expanding revenue or market share. Expanding market share(1), rapid market entry(2), economies of scale(3)	Contractor and Lorange(1988) Dev. Klein and Fisher(1996)
Individualism	Relationship between individuals and groups in the society. Number of families(1), team compensation(2), performance-based pay system(3)	Hofstede(1991)
Uncertainty avoidance	The degree of threat felt by the community members are not sure unknown circumstances Level of social security system(1), level of rule and norm(2), level of acceptance for innovative idea(3)	Hofstede(1991)
Performance	Development new technology(1), development new product(2), expanding market share(3), growth of revenue(4)	Das and Teng(2003) Panayides(2007)

Table 3. Reliability and Factor Analysis.

Construct	F	I	F1	F2	F3	F4	F5	Eigen	Cronbach's Alpha	
Alliance-orientation	Learning	1	(K)	0.823				3.386	0.997	
			2							0.881
			3							0.915
	Market	1	(K)	0.912				3.275	0.889	
			2	0.898						
			3	0.933						
National culture	Individualism	1	(K)	0.839				2.145	0.884	
			2	0.842						
			3	0.785						
	Uncertainty avoidance	1	(K)	0.859				1.978	0.853	
			2	0.767						
			3	0.873						
Performance	Performance	1	(K)	0.901				4.104	0.902	
			2	0.884						
			3	0.941						
	Performance	1	(K)	0.846				2.101	0.885	
			2	0.887						
			3	0.846						
Performance	1	(K)	0.779				3.144	0.854		
		2	0.687							
		3	9.771							
Performance	Performance	1	(K)	0.779				1.908	0.812	
			2	0.757						
			3	0.732						
	Performance	1	(K)	0.779				1.788	0.811	
			2	0.656						
			3	0.774						
Performance	1	(K)	0.759				1.788	0.811		
		2	0.656							
		3	0.774							
Performance	Performance	1	(K)	0.901				4.104	0.902	
			2	0.884						
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		3	0.774							

4 Results

As shown in <table 4> in the moderating effect of national culture it can be seen that the moderating effect national culture significantly affected alliance-orientation. Therefore hypothesis 1 to 4 were all supported.

Table 4. Analysis for Regression.

Variables	β		t	
	Korea	U.S.	Korea	U.S.
Learning oriented	.354	.152	5.211*	2.514*
Market oriented	.708	.479	11.204**	3.117*
	R2=.971	F=132.4	p=0.000	
Learning oriented	.313	.114	4.321**	2.110*
Market oriented	.679	.356	2.721***	2.541**
Learning*Individual	.028	.175	.194	3.797
Market*Individual	.347	4.151	.276	4.211*
Learning*Collective	.562	.019	2.798**	.214
Market*Collective	.005	.313	.287	.494
	R2=.629	F=97.4	p=0.000	
Learning oriented	.535	.141	3.521	2.409
Market oriented	.560	.374	1.006	2.111
Learning*Uncertainty ↓	.077	.177	.883	1.267**
Market*Unvertainty ↓	-.400	.585	.083	.427
Learning*Uncertainty ↑	.209	.850	.035	.276
Market*Uncertainty ↑	.061	.644	3.785*	.824
	R2=.731	F=84.1	p=0.000	

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