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## The cross cultural supply chain

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Item Type	Preprint
Authors	Efron, Alejandra J.;Brewer, Ann M.
Rights	With permission of the license/copyright holder
Download date	2026-06-22 02:56:35
Link to Item	<a href="http://hdl.handle.net/20.500.12424/173989">http://hdl.handle.net/20.500.12424/173989</a>

# The Cross Cultural Supply Chain: Issues and Implications

Alejandra J. Efron and Ann M. Brewer  
The University of Sydney

## *Abstract*

*In an international context, the dynamic interaction of social, cultural, political, and organisational factors shapes the expectations and perceptions of the agents leading to psychological outcomes underpinning contractual relationships forged by the parties, their future relationships and the performance outputs itself. The argument presented in this paper is that, while physical distances have been reduced by means of transportation and communication, psychological distances due to social, organisational or political issues between organisations remain and consequently, a deeper understanding of more complex and intangible factors underpinning relationships is required.*

*For the empirical research, the negotiation of international travelling exhibitions within the worldwide market of museums was chosen. The authors analyse firstly staff's perceptions of the impact which organisational changes and global trends have had upon their organisation and, secondly, evaluate the existence of several interactive relationships factors influencing the negotiation process. The analysis was conducted using an unlabelled stated choice experiment. Findings suggest that there are significant interacting relationships which need to be taken into account so as to improve organisational performance.*

## **1. Introduction**

Cultural organisations such as museums, orchestras, sports events, are no exception to the experience of global consumerism and other international changes. Technological change, political restructuring and reconfiguring national boundaries, the contested jurisdiction of national governments, the forging of new relationships and alliances between organisations and institutions are giving rise to unpredictable and risky futures, which have implications for the quality and stability of strategic relationships.

All these driving forces have pressed management to respond to changes in their own way. Cultural organisations are continuing to undergo pressures to perform, change and implement sustainable strategies, currently used in for-profit organisations, so as to meet budgets and core goals while demonstrating value to their stakeholders beneficiaries or funding bodies (Mason 2003; Scott 2000).

This case study refers to the negotiation process engaged in museums all over the world for the purpose of lending/borrowing unique and non-reproducible art which essentially form travelling exhibitions. International exhibitions are considered an adaptive

response to the changing contexts museums have experienced in the last ten years so as to sustain financial viability. The study will look at travelling exhibitions and associated negotiations between potential partners through three dynamically-interesting lenses; business, economics and ethics. An international exhibition may be based on a collection from one lender or from a range of different lenders. The negotiations usually take a minimum of two years within an overall five to six year, planning period.

From a business and economic perspective, art loans generate substantial revenue in the form of loan fees and reproduction fees, enhance the museum profile amongst potential donors and form profitable and sustainable activity for museums to engage in (Palmer 1997). From an ethics perspective, museums have obligations, responsibilities and limitations that apply to specific stakeholders; the past, current and future generations. In other words, these institutions are custodian of a global heritage. Ethically, the issue of fair dealing with the donors arises not only in connection with explicit restrictions but also in connection with what might be considered implicit restrictions. The Courtauld Bequest is a good example. In 1978, Samuel Courtauld bequeathed an outstanding collection of Old Masters art but limited its movement to institutions within the London region only; twenty five years later, the Samuel Courtauld Trustees were willing to change the terms of this bequest after a millionaire proposal (13US\$ million) for lending the collection from the Getty Museum and the Museum of Malibu California. The decision was a double-edged one for the director of the institution, since, on the one hand the revenues was much needed but on the other betraying the bequest terms would jeopardise other potential donors (Thorncroft 2003).

### **1.1 Business & Economic Perspective**

Art loans are modelled as a global supply chain (SC), where all material and information flows are managed from the time of exhibition initiation through to its return to the museum, responsible for lending the works. On business terms this is referred to supply chain management and links all functions from procurement, production to delivery to the borrower, often transversing organisational, institutional and national boundaries and relies on integrated communication and information systems. Essentially client focused, SC essential characteristic is the balance between two contradictory expectations: 1) satisfying clients effectively while 2) achieving the highest possible efficiency is achieved (Lambert 2001; Radstaak and Ketelaar 1998;

Schary and Skjøtt-Larsen 2001; Tan 2002). The paper argues that while operational and strategic software systems have been developed to increase efficiency in the operational and decision making areas, the psychological distances due to social, organisational and political issues remain and consequently, the impact perceived by the partners within the SC as well as the unexpected outcomes for the explicit contract.

## **1.2 Ethics Perspective**

Today most SC relationships are forged across national boundaries bringing to the negotiations, particular issues of trust, and communication together with legal, political, organisational and economical issues (Friedman 1975; Friedman 1990; Fukuyama 1995; Hofstede 2001; Lenartowicz and Roth 2001; Marshall and Boush 2001; Parkhe 1998; Rousseau and Schalk. 2000; Skarmeas et al. 2002; Trompenaars and Hampden-Turner. 1999). The nature of these relationships shapes both the expectations and perceptions of the negotiating agents leading to psychological outcomes underpinning contractual relationships and consequently, what each party expects to give and receive from the other in their relationship regarding the terms and conditions of a reciprocal exchange agreement may differ (Guest 1998; Hirakubo and Kublin 1998; Millward and Brewerton 2000; Rousseau and Schalk. 2000).

While in small organisations it is fairly easy to define ‘with whom the contract is made’, it is less so when dealing with large and complex multinational or global organisations with a large number of potential ‘representatives’ and flattened structures (Millward and Brewerton 2000). Consequently, the nature and impact of the psychological contracts at an individual, group and inter-group level for SC performance is complex.

The paper is divided into two parts: Section 2 describes the conceptual model of the paper, including seven factors important for forming the relationship network underlying the cross cultural supply chain. Section 3 is the development of the empirical study, which explains a) the study methodology, b) the survey and c) the results. The paper concludes with a discussion of the findings and their implications.

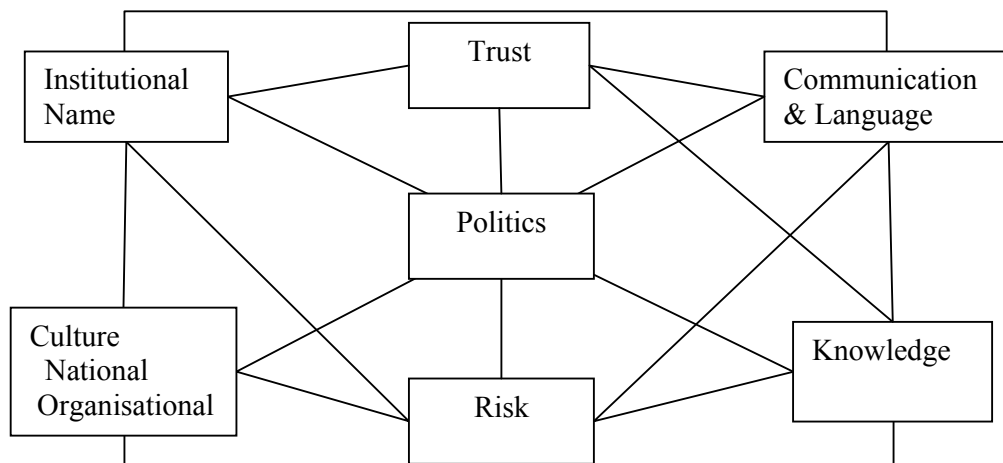
## **2. The Conceptual Framework: *The Cross Cultural Supply Chain***

Within an international context, the management of inter-organisational and interpersonal relationships are regarded as the most difficult and important component of SC management. Factors such as risk, knowledge, politics, culture, communication and trust behave within a cross-culture context such that explicit performance outcomes may conceal issues which lead to a break down in the relationship.

*Research Proposition: The underlying attributes of one partner, often not overt in the negotiations, are significant in influencing the outcome of the contract and partnership.*

Seven factors and associated interactions are studied in this paper: (1) trust, (2) culture (national and organizational), (3) language and communication, (4) knowledge, (5) political, (6) risk and (7) institutional name. The seven factors are described below and illustrated in Figure 1 as forming an integrated component.

Figure 1: Dynamically-interacting Factors (IC)



## 2.1 Trust

Firstly, most definitions about trust share the central idea that 'expectations' about another's behaviour, particularly that a) one partner will not harm the other when left in a vulnerable position and b) that the other will act in 'good faith' (Child 1998; Fukuyama 1995; Lane and Bachman 1998; Sengupta et al. 2000; Zucker 1986). However, these expectations are made according to their own culturally-determined patterns of behaviour and influence the negotiations implicitly.

## 2.2 Culture

Culture persists to the extent that it moulds particular ways of understanding 'what's going on here'. National and organisational change velocity and adjustment are cultural-specific. Consequently in a global SC context, partners' perceptions and interpretations are underlying issues contributing to the success or failure of the change in a particular context (Brewer 1995).

## 2.3 Communication and language

The third factor, communication and language, plays a crucial role in intercultural interactions in terms of the message and how it is structured. The quality of the communication between partners is influenced by what they feel free to express, influenced by their individual, organisational and national culture (Hofstede 2001). Regardless of the information systems available, the very constraints (e.g. proprietary, perception of relevance) under which individuals communicate favour the emergence of strategies governing what is to be put in words, how it is to be made salient, what can be left unsaid and what will be inferred, and these constraints culturally differ.

## 2.4 Knowledge

Knowledge, associated with collections, is a key resource of museums. New knowledge, however, introduces novel forms of risk and uncertainty. Consequently when sharing knowledge, people tend to reflect new interpretations and it is harder to justify relevance when these conflict in an unfamiliar context.

## 2.5 Politics

Organisational and national politics influence partners' choice of other partners. Organisations are often ambiguous entities evident by internal politics which impact the negotiations between potential partners. In a national context, political volatility and the mix of pressure groups (internal and external) and governing elites will influence the willingness to negotiate with selected parties and the continuity and/or maintenance of the contracts forged (Elias 1972; Hagopian 1984; Lichbach and Zuckerman 1997; Sorensen 1991).

## 2.6 Risk

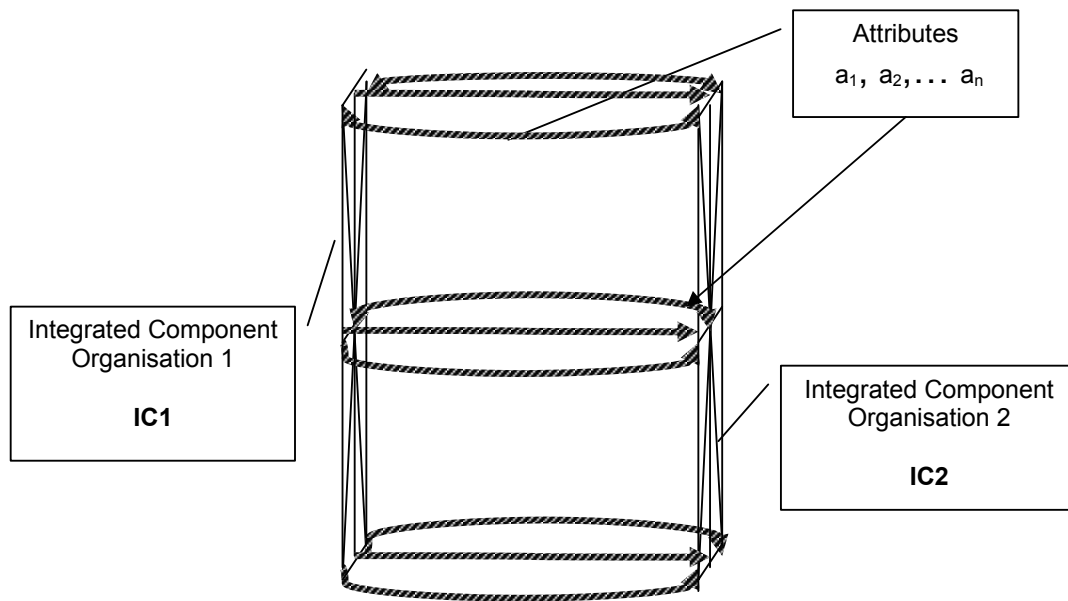
The sixth factor, risk, encompasses a range of activities arising from security factors related to the environment and the physical threat to corporate assets, operations and personnel to political factors such as State's stability and regulatory regime. Empirical cross cultural studies show that each society may have its own set of perceived risks based on its 'worldview', gender, race and trust (see Renn and Rohrman 2000, and Slovic 2000). Consequently, risk perception as well as the acceptable risk levels differs within diverse cultures.

## 2.7 Reputation

The seventh and last factor is the institutional reputation. A strong reputation is a valuable asset because of the identification and associated information plus a favourable association that the name engenders. A strong reputation implies integrity (is related to 2.1 above), for the quality and reliability perceived are based on trust and credibility, acquired over the long term and augmented with elements of prestige or status that reflects user and usage experiences (Anholt 2003; Caldwell 2000; Keller 1998; Kim and Kim 2000; Li and Ng 2002).

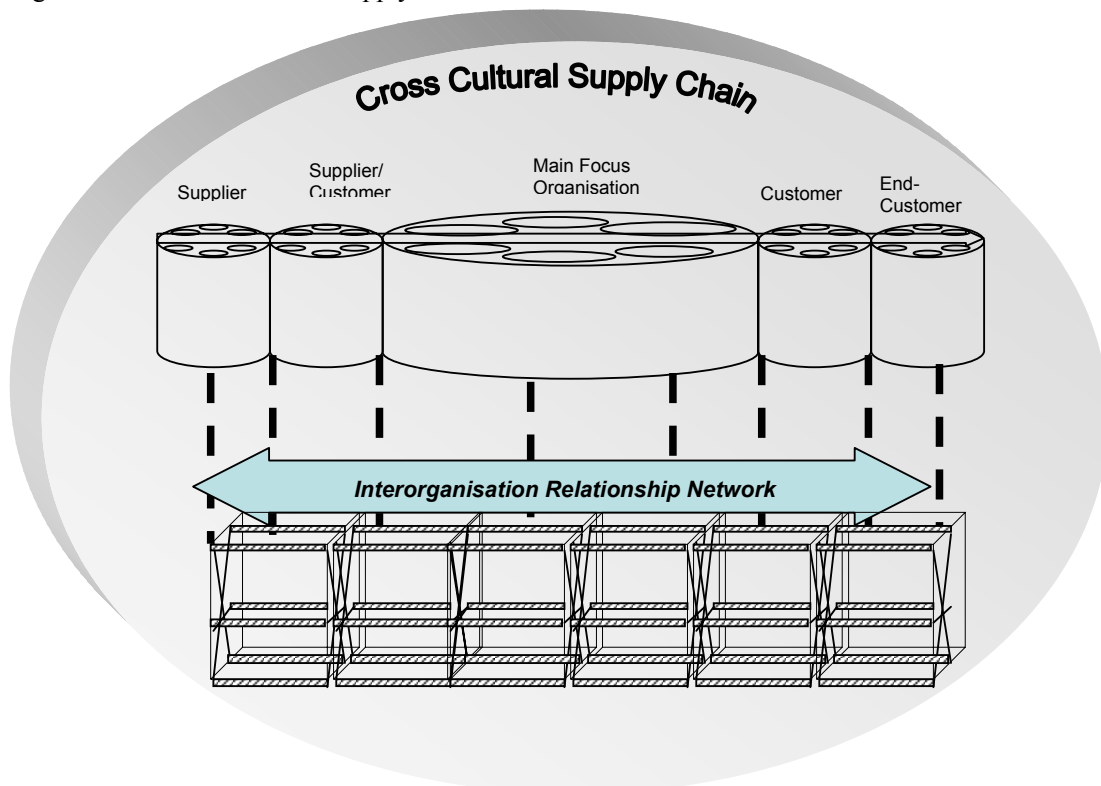
The paper proposes a model where the integrated component of one organization IC1 interacts with the component of a second organisation IC2 through diverse attributes, as Figure 2 illustrates. These attributes ( $a_1, a_2, \dots, a_n$ ) are the explicit manifestation of the dynamic interaction happening within the component. Each attribute subliminally represents not a unique factor but a combination of several of the seven factors, in correspondence with the concept that the factors are dynamically interrelated. The combination of the attributes and two or more of the integrated components form the interrelationship element, which is illustrated in Figure 2.

Figure 2: The Elementary Interrelationship Element



The arrangement of these elements forms an interrelationship network which underlies the supply chain. When combined, network and the global supply chain shape the *cross cultural supply chain*. Figure 3 illustrates the cross cultural supply chain.

Figure 3: The Cross Cultural Supply Chain



Knowledge sharing or reputation may support partners in risky negotiations, regardless of how uncertain the situation is.

### **Part 3. The Empirical Framework**

#### **3.1 Methodology**

Stated choice methods have been used in different disciplines (transportation, marketing) since the 1970s to explain individual and aggregate choice behaviour, and predict behavioural responses to changing scenarios (Hensher et al. 2005; Louviere et al. 2000). In any economy, there is a wide variety of agents who have particular interaction patterns. The diversity of agents can influence the way they interact with each other. Individuals' choices are affected by a set of influences based on habit, experience, advertising, economic and cultural constraints, among other issues (Louviere et al. 2000). Frequently, choices are made upon the perception of reality; whereas the alternative chosen is known, the non-chosen ones are sometimes rejected because of the respondent's perception of the satisfaction or utility (s)he may gain when comparing them to the chosen one. Modelling individual's choice enables the researcher to acquire utility values reached by making these choices. By giving respondents bundles which to choose from, the researcher is able to identify certain attributes that are more significant than others, as well as significant interactions among the attributes and sociodemographic characteristics, which are non-design attributes however can be found statistically significant contributors of choice behaviour.

While the most commonly used models of this type of stated choice methods are the Multinomial Logit and the Nested Logit, the methodology has recently undergone a breakthrough with the Mixed Logit models, which have the advantage over the former two of allowing individuals within the sampled population to have different tastes as opposed to a single taste representing the entire sampled population (Hensher et al. 2005; Louviere et al. 2000). The mixed logit model captures a greater amount of true behavioural variability in choice making and identifies potential sources of preference heterogeneity associated with mean and variance of random components.

#### **3.2. Survey; design, administration and implementation**

Operationally, the researcher presents the hypothetical situations with a description of the levels of the attributes, and requests the respondent to choose among these situations. Stated preference data is hypothetical data resulting from designed experiments, which seem to be reliable when respondents understand and are committed to the survey. The researchers opted to utilise an unlabelled experimental design since what was sought was how the attribute levels are related to each other. Each respondent was offered two alternatives where to choose from if s(he) had to lend/borrow an exhibition; Museum A and Museum B. Figure 4 shows an example of a hypothetical scenario for this study.

Figure 4: Example of a hypothetical scenario

**Scenario 3 of 16**

<i>Attributes</i>		<b>MUSEUM A</b>	<b>MUSEUM B</b>
<b>MUSEUM</b>	Name of Museum <i>(Internationally Speaking)</i>	Slightly Known	Slightly Known
	Location	Small City/Town	Big City/Town
	Type of Institution	Private	Public
	Degree of Positive Reputation	Improving	Outstanding
	Loan History	Already Lent or Borrowed	Never Lent or Borrowed
<b>DIRECTOR</b>	Name of Director <i>(Internationally Speaking)</i>	Very Well Known	Very Well Known
	Interpersonal Relationship <i>(with Director or any other hierarchical Staff)</i>	Yes	No
<b>COUNTRY</b>	Political Regime Type	Democratic	Non-Democratic
	Current Political Risk	Stable	Unstable
	Future Political Risk <i>(12 months time)</i>	Unstable	Unstable
	Cultural Affinity <i>(Social Customs, ways of Behaviour)</i>	Values and beliefs, ways of behaving. Includes national and organisational culture.	Similar
	Diplomatic-Commercial Relations <i>(with your country)</i>	weak	Weak
<i>I would choose</i>		<input type="radio"/> MUSEUM A	<input type="radio"/> MUSEUM B

Members of a vertical slice of the management hierarchy, from twenty one museums in twelve cities around the world, were personally interviewed during 2001 so as to refine the researcher's understanding of the problem. A museum can be characterised by many attributes, depending on the scope of the study. The researchers decided to include in the experiment twelve attributes which are detailed in Table 1. These attributes and their

levels were refined through several discussions with eight museum professionals and professors in the political science arena within the University of Sydney. Other attributes such as the museum's collection (in value, quantity or quality), the type exhibitions the museum displays, its architecture or age for example were not considered in the experiment.

The twelve attributes were divided into three categories; (1) the museum itself, (2) the museum's director, (3) the country in which the museum is located.

**Table 1: Stated Preference design attributes and attribute levels**

	ATTRIBUTE	DESCRIPTION of ATTRIBUTE	Attribute Levels
<b>MUSEUM</b>	<b>Name of Museum (Internationally speaking)</b>	The importance of the name as a brand. For example, very well known refers to museums whose name come up easily in mind, or are a "must" as a tourist destination when visiting a city.	1. Very Well Known 2. Well Known 3. Slightly Known 4. Scarcely Known
	<b>Location</b>		1. Big City / Town 2. Small City / Town
	<b>Type of Institution</b>	Funding model followed, in other words, where most of the income comes from (Government or Trusts/Foundations)	1. Public 2. Private
	<b>Degree of Positive Reputation</b>	Refers to the quality of the exhibitions the museum displays, how it handles them, conditions of the building, degree of professionalism of staff, etc.	1. Outstanding 2. Improving
	<b>Loan History</b>	Have you ever lent or borrowed anything from this museum?	1. Already lent/borrowed 2. Never Lent/Borrowed
<b>DIRECTOR</b>	<b>Name of Director (Internationally speaking)</b>		1. Very Well Known 2. Not very well known
	<b>Interpersonal Relationship</b>	Interpersonal Relationship with Director or any other hierarchical staff. In other words, if the relationship is more personal, for example, friendship.	1. Yes 2. No
<b>COUNTRY</b>	<b>Political Regime Type</b>	Established set of rules and procedures that frame the relationship between the State and the society.	1. Democratic 2. Non-Democratic
	<b>Current Political Risk</b>	Political, Economic and/or Social situation within the country.	1. Stable 2. Unstable
	<b>Future Political Risk (12 months time)</b>	Possible change of the conditions above because of, for example, presidential elections or regional alliance, inclusion in an international treaty or group (European Union, NATO, OMC, etc.). Social disrupts as strikes or bombings.	1. Stable 2. Unstable
	<b>Cultural Affinity (Social Customs, ways of Behaviour)</b>	Values and beliefs, ways of behaving. Includes national and organisational culture.	1. Similar 2. Different
	<b>Diplomatic-Commercial Relations (with your country)</b>	Type of relationship your government has or is willing to have with this museum's country. For example, non recognition of existence as independent country, need to export or import specific type of goods, friendly or unfriendly supporter of a diplomatic international position.	1. Strong 2. Weak

The survey was designed in Microsoft Excel XP and sent by e-mail to 266 respondents in museums in the five continents. Respondents sought from each museum were executives deemed to be key decision makers in matters of negotiating international travelling exhibitions such as directors, curators, exhibition managers and registrars.

Total response rate was of 36%, with eighty eight surveys completed and 21 respondents who excused themselves for not working with travelling exhibitions.

The survey was divided in two parts: part one searched for socio-demographic characteristics; twenty seven questions, fifteen about the participant (such as nationality, confidence in English language, leadership, age and gender among others) and twelve about the museum he/she belonged to (type of organisational culture, impact that 10 different trends had, changes in the museum and in the respondent's job) were designed.

Part two consisted in a two alternative unlabelled choice experiment. The experimental design was of the order  $4^{2*1} \times 2^{2*11}$ . Rather than use the full factorial design, an orthogonal fractional factorial design allowing for the estimation of all main effects only was derived producing a total of 32 choice sets (see Hensher et.al 2005,chapter 5). These 32 choice sets were assigned to two versions via a blocking variable. The sixteen hypothetical scenarios in both versions were randomised to avoid potential order bias.

### **3.3 Results**

The first part of the survey requested respondents to identify changes to their organisations in the past five years. The most repetitive changes were 1) departmental restructures; 2) change of director; 3) increase of international travelling exhibitions; 4) securing of major companies and partners for sponsorship and ongoing support. Interestingly, these changes result analogous to those occurring in profit organisations, except for the third change which applies to museums in particular.

Respondents were also requested to assess the impact that ten different global trends have had in their institutions during the last three years. Table 2 shows the results of the question from all 88 respondents, in percentage. It can be appreciated that the trend with the highest impact was *managing new organisational structures and relationships*. The trends *economic recession*, *outsourcing* and *businesses partnerships and alliances* are among the most significant perceived impacts as well if medium and high levels are aggregated. These results highlight the importance of the researching the behaviour of factors underlying the integrated supply chain.

Table 2: Assessment of Global trends on the 88 respondents' institutions

TRENDS	%				
	None	Low	Medium	High	Don't know
Downsizing, decentralising, deregulating	20	23	33	23	1
Managing new organisational structures and relationships	6	2	38	55	0
Quality of life issues, increase of leisure time expenditure	22	30	30	17	2
Staff expectations of more benefits, higher salaries and job satisfaction	17	43	35	5	0
Economic Recession	2	17	48	33	0
High turnover rates: retaining and attracting desirable hierarchical staff	20	33	33	11	2
Outsourcing (Contracting out)	10	16	51	23	0
Continuous Changes in Legislation	35	36	18	10	0
Reduction of Governmental Financial Support	18	14	34	34	0
Businesses partnerships and alliances	11	16	55	17	1

### 3.3.1. Results from the Mixed Logit Model <sup>1</sup>

A total number of 1408 observations were analysed (88 respondents x 16 choice set each). This number represents a sufficiently large sample to estimate the stated choice models. Results from the standard multinomial logit model were significant and of the right sign. Results from the mixed logit model after 1000 Halton draws were also statistically significant and of the right sign. A pseudo-R.squared of 0.37 represents a satisfactory model fit for this type of models (Hensher et al. 2005). Table 3 illustrates the results from the Mixed logit model.

Ten of the twelve design attributes were found to be statistically significant ( $t\text{-ratio} > \pm 1.96$ ) on the choice of selecting a museum to negotiate with. These attributes were *name of museum*, *type of institution*, *loan history*, *interpersonal relationships*, *country's political regime type*, *current and future political risk*, *cultural affinity*, *diplomatic-commercial relations* and *degree of positive reputation*. The first nine attributes were specified as fixed parameters, indicating that the variables' behaviour is explained by the mean of the attribute only (i.e. there was no discernible heterogeneity in their marginal utilities). The last significant attribute, *degree of positive reputation*, was entered as a random parameter with a normal distribution and, interestingly, its source of heterogeneity was found to be the attribute *name of director*, which was not statistically significant as an attribute itself.

<sup>1</sup> The authors would like to acknowledge Professor David Hensher and Mr. John Rose, recognized names within the stated choice literature, for the help and support provided throughout the experiment.

Table 3: Results from the Mixed Logit model

<b>Fixed Parameters</b>			
Description of Attribute	Level of Attribute	Coefficient	t-ratio (>± 1.96)
Name of Museum ( <i>Internationally Speaking</i> )	Very Well Known / Well Known	0.677	6.09
Type of Institution	Public	0.396	4.40
Loan History	Already Lent	0.482	5.49
Interpersonal Relationships	Yes, there are	0.705	4.94
Country's Political Regime Type	Democratic	0.320	2.59
Current Political Risk	Stable	0.795	6.43
Future Political Risk (12 months time)	Stable	0.726	6.64
Cultural Affinity (Social customs, behaviour)	Similar	0.207	2.98
Diplomatic-Commercial Relations (between both countries)	Strong	0.836	5.60

**Attributes interacting with Socio-demographics Attributes**

Attribute and Attribute level of Museum 1	Characteristics of Museum 2	Coeff.	t-ratio
1 Name of Museum ( <i>Very Well Known / Well Known</i> )	Negotiating with other cultures	-0.217	-2.35
2	Spanish/Portuguese Language	0.441	3.67
3 Location ( <i>Big City</i> )	Fluency in no other language	0.389	3.11
4	Negotiating with same culture	-0.149	-3.15
5 Degree of positive Reputation ( <i>Oustanding</i> )	Asian Nationality	-0.428	-3.14
6	Fluency in another language	-0.264	-1.98
7 Loan History between both museums ( <i>Already Lent</i> )	No trips to other countries in the last 12 months	0.393	2.78
8	Registrar	-0.295	-2.38
9	Hierarchical/Conservative Organisation Culture	-0.188	-2.36
10	Fluency in no other language	0.447	2.76
11	Fluency in another language	0.545	3.58
12	residing in same country as nationality	-0.323	-2.97
13	Native English Speaker	-0.379	-2.43
14	Confident in Speaking English	0.309	2.05
15	Confident in Reading in English	-0.571	-2.49
16	having worked for two other museum	0.507	2.11
17	Curator	0.305	1.99
18	Hierarchical/Conservative Organisation Culture	-0.270	-2.87
19	Asian Language	0.303	2.14
20	Fluency in another language	-0.539	-3.39
21	Fluency in two other languages	0.377	2.51
22	One trip to other country in the last 12 months	0.275	2.04
23	residing in same country as nationality	0.221	2.11
24	No Loan postponement	-0.215	-2.64
25	Hierarchical/Conservative Organisation Culture	-0.370	-3.06
26	Innovative Organisation Culture	0.484	2.93
27	Very Confident in writing in English	0.427	3.02
28	Never worked for another museum	-0.421	-3.22
29	Asian Languages	0.338	2.40
30	Fluency in another language	0.407	2.72
31	having worked for two other museum	-0.579	-2.86
32	Latin American Nationalities	0.252	2.42
33	negotiating with same culture	-0.237	-2.58
34	residing in same country as nationality	-0.391	-3.56

<b>Random Parameters</b>		Coeff.	t-ratio
Degree of positive Reputation ( <i>Oustanding</i> )		0.632	5.30
Name of Director ( <i>Very Well Known</i> )	Negotiating with similar cultures	-0.043	-0.42

<b>Sources of Heterogeneity</b>			
Name of Director ( <i>Internationally Speaking</i> )	Very Well Known	-0.404	-4.18
Cultural Affinity x Latin American Nationalities	Similar Social Customs and Behaviour	-0.371	-2.77

<b>Standard Deviation Random Parameters - Distributions</b>			
Normal Distribution - Degree of positive Reputation	Oustanding	0.857	3.22
Normal Distribution - Name of Director x Negotiating with similar cultures	Very Well Known	1.011	3.88

<b>Model Fit</b>	
No. of observations	1408.000
Log-Likelihood	-597.762
Degrees of freedom	49.000
Pseudo R.Squared	0.373

**3.3.1.a. Interacting attributes with sociodemographic characteristics**

The presence of a statistically significant interacting socio-demographic recognises that potential sources of variability are associated with many sources, often not captured by the attributes of alternatives and socio-demographic characteristics of the respondents

independently. In this experiment, for example, the socio-demographics were tested in the model as linear, squared and ratio; nevertheless, none of them were independently statistically significant influences on the model.

In the experiment, 336 new variables were produced as a consequence of interactions between all twelve designed attributes and the 28 socio-demographic characteristics, without any a priori judgement of which interaction was more likely to become a significant influence. Their significance and random behaviour was tested and correlation among these new parameters was accounted for. The new variables were uncorrelated (0.00) with few slightly correlated (below 0.4).

The signs of the interactions need to be interpreted within the model and not individually, given the fact that they are the combination of two effects-coded parameters. Rows 1 to 34 show the significant new parameters formed by the interaction of the attributes and attribute levels of Museum 1 (first column) with the respondent's socio-demographic characteristics from Museum 2 (second column).

Thirty five interactions between several socio-demographic characteristics from the respondents of one museum and the attributes from the museum they chose to negotiate with were found to be significant contributors of choice within the choice model. These results provide support to the conceptual model proposed in Section 1 of this paper. Table 3 shows that language, culture (both national and organizational), knowledge, trust and risk interact significantly with ten attributes regarding institutional and director's name, politics, trust and risk. For example, not only the existence of *interpersonal relationships* between the respondent and management from the potential partner is significant; nine different interactions between this attribute and respondent's socio-demographic characteristics regarding language, organisational culture and having worked for other institutions constitute significant contributors to drive choice behaviour as well.

The attribute *location*, which was not independently statistically significant, interacts significantly with respondents' characteristics such as a specific language (Spanish or Portuguese), fluency in other languages, and with organisations used to negotiate art loans with countries of similar culture.

One of the interactions regarding the attribute *name of director* in its *very well known* level and the socio-demographic characteristic *negotiating with similar cultures* was entered as a random parameter with a normal distribution. While the mean was not statistically significant, the interaction's standard deviation was and the source of its heterogeneity was found to be another interaction, regarding the attribute of *cultural affinity* in its *similar social customs and behaviour* level and the socio-demographic characteristic *Latin American nationalities*.

Interestingly, interactions between the attribute *cultural affinity* and any socio-demographic characteristic are not statistically significant; however the interaction between this attribute and the socio-demographic characteristic *Latin American nationalities* becomes a significant source of heterogeneity for the random parameter formed by another interaction regarding the *name of the director* of museum 1 and organisations used to *negotiate art loans with countries of similar culture*.

## **CONCLUSIONS**

Results from the mixed logit model in this experiment support the research proposition and therefore it can be concluded that there are significant relationships between the attributes of the institution which an individual is negotiating with (i.e. potential partner) and the personal and organisational characteristics of this same individual. These intangible interactions underlie overt contracts and agreements, and while important in simple inter-organisational relationships agreements, they are extremely consequential in complex ones such as international alliances or partnerships.

Parties to a contract usually hold different expectations and perceptions regarding its terms. Consequently, it is crucial to analyse how these contextual factors are perceived culturally and how this influences in turn, the negotiation process and the interpretation of the contract. Regardless of how carefully worded the terms and conditions of written contracts are, their interpretation may differ (Handfield and Ernest L. Nichols c1999). This nature of the interpretation, which forms part of the psychological contract, becomes evident only when the contract is or is assumed to have been violated, inducing feelings of betrayal, anger and distrust and compromising the agreement itself

(Guest 1998; Hirakubo and Kublin 1998; Millward and Brewerton 2000; Rousseau and Schalk. 2000). The number of significant interactions regarding the language, knowledge and culture factors supports this claim.

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## **About the Authors**

**Alejandra J. Efrón.** PhD Candidate. Institute of Transport Studies – ITS-  
Email : [Alejandra@its.usyd.edu.au](mailto:Alejandra@its.usyd.edu.au)

Alejandra is an Industrial Engineer (Argentina), Master in Logistics (Brazil) and a Specialist in International Transportation (UNCTAD) and has worked for Ryder as a Logistics Engineer. Pursuing her PhD, she joined ITS under the supervision of Prof. Ann Brewer and Prof. David Hensher.

**Ann M. Brewer.** Professor of Organisational Logistics, Assistant Pro-Vice Chancellor.  
Email : [A.Brewer@vcc.usyd.edu.au](mailto:A.Brewer@vcc.usyd.edu.au)

Professor Brewer is the Foundation Professor of Organisational Logistics. Her research draws on relevant industry issues and problems across a range of sectors with a particular focus on transport, logistics and supply chain management. Professor Brewer has published in leading international journals and is the author of six books.

Mailing address:  
ITS -Institute of Transport Studies  
Faculty of Economics and Business  
The University of Sydney (C37)  
NSW 2006 Australia.