

THE ROLE OF INTERPERSONAL AND FIRM FACTORS IN INTERNATIONAL BUSINESS RELATIONSHIPS

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ABSTRACT

Managers have long known intuitively that relationships are important to business. In certain cultures, such as in the East, the emphasis on relationships may typically be more explicit, but a good salesperson knows that building trust and commitment with buyers are essential for long-term success. The role of interpersonal and firm factors on international business relationships are tested with data from 125 pairs of exporter-importer relationships. Drawing from relational exchange theory, personal (such as effective communication, cultural sensitivity and likability of partner) and firm (such as reputation and competencies of partner) factors are modeled as determinants of commitment and trust in such relationships. The findings support the overall model, highlighting the importance of interpersonal and firm factors to international business relationships. This research highlights the importance of personal and organisational factors that are linked to building trust and commitment. In particular, building, protecting and communicating a positive reputation, and ensuring strong marketing competencies, are important for building contractual and competence trust. The study highlights the importance of interpersonal factors and thus the need to have appropriate personnel involved in the developing and maintaining international business relationships.

Keywords: international business relationships, trust, commitment, structural equation modeling

INTRODUCTION

Over the past decade a substantial amount of literature has been published in the area of business relationships under the banner of *relationship marketing*. This has covered business-to-business marketing (Dwyer, Schurr & Oh, 1987; Ganesan, 1994), distribution channels (Anderson & Weitz, 1989; Anderson & Narus, 1990), and strategic alliances (Varadarajan & Cunningham, 1995). With increasing globalisation of business and greater internationalisation of firms, businesses are increasingly entering into international relationships (Cavusgil, 1998). As a result, attention has recently turned to gaining a greater

understanding of international business relationships, including exporter-importer relationships (Cavusgil, 1998; Karunaratna & Johnson, 1997; Katsikeas & Piercy, 1992; Lee, 1998; Leonidou, 1989; Leonidou & Kaleka, 1998; Styles & Ambler, 2000a).

Successful relationships with foreign partners offer various advantages (Cavusgil, 1998): greater operational efficiencies; reduced risks (commercial or political); the ability to enter markets that may otherwise be closed to foreign firms; exploiting national and/or differential advantages of partners; reducing the capital investment by sharing some value-adding activities with foreign firms; gaining speed in getting products to markets; and establishing long-term relationships with international suppliers, importers/distributors and other intermediaries. Thus, forming and maintaining a successful relationship should improve business performance in an international market. Exploratory work by Styles and Ambler (1994), and then a more extensive study by the same authors Styles and Ambler (2000b), had provided initial evidence that relational variables such as trust and commitment are positively related to the export performances.

This article develops and tests a model that hypothesises links between interpersonal and firm variables with commitment and trust in an international business relationships. The model draws on earlier work in domestic distribution channels by Anderson and Weitz (1992), and is grounded in several inter-organisational relationship theories; namely transaction cost analysis (Williamson, 1979), resource dependence theory (Pfeffer & Salancik, 1978), and relationship marketing (Morgan & Hunt, 1994). The model is then tested with data from 125 exporter-importer relationships from Australia and Thailand.

The primary contributions of the article are two-fold: (i) it examines business relationships in an international settings and between firms from Western and Eastern cultures, and (ii) it introduces new relational variables that specifically relate to the international settings (such as cultural sensitivity).

This paper will be organised as follows. In the next section a conceptual framework will be presented for understanding of the links between interpersonal/firm variables and relational variables. From that framework a series of hypotheses are developed. It is followed by the study and results discussion. The article finishes with managerial implications suggestions for future research.

CONCEPTUAL MODEL

Figure 1 provides a conceptual framework that links interpersonal and firms variables with the relational variables in an exporter-importer (E-I) relationship. It is based on previous studies and their theoretical foundations, as well as the exploratory case study research conducted as part of the current project. This exploratory research consisted of interviews with managers from 27 dyads involved in an international partnerships between firms in Australia and South East Asia (including 20 E-I relationships). The key objective of this research is to generate insights into which interpersonal and firm variables play a role in relational variables.

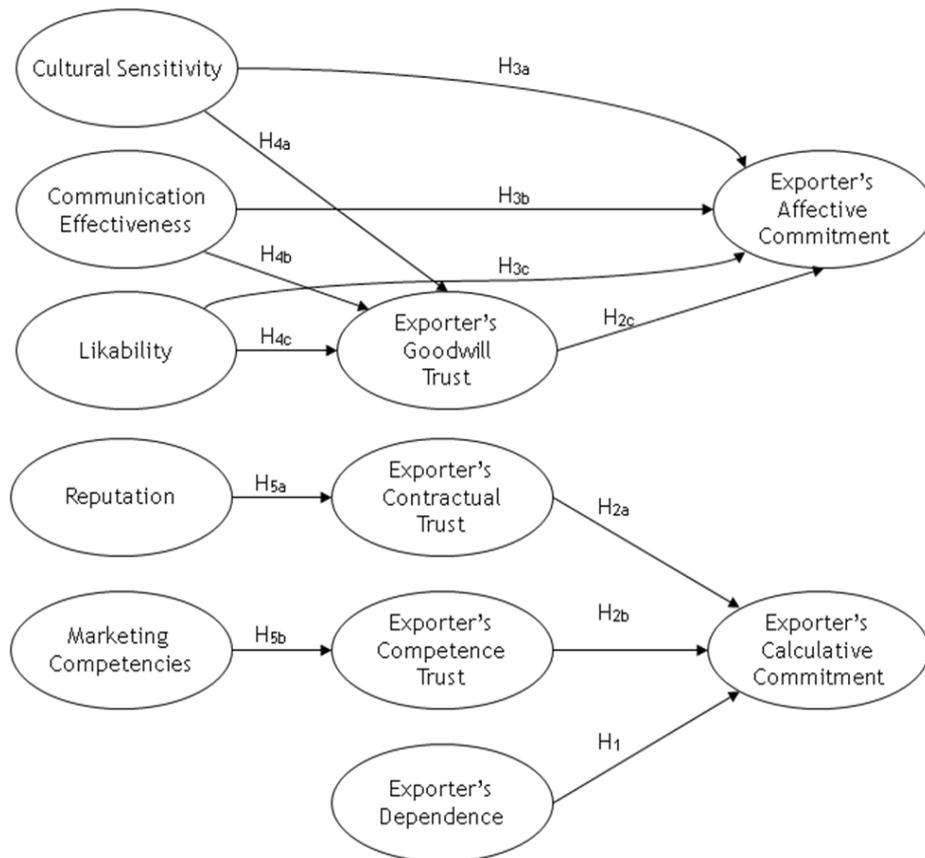


Figure 1. Influence of interpersonal and firm variables on commitment and trust.

Consistent with Morgan and Hunt (1994), commitment and trust feature prominently in the model. More specifically, Figure 1 suggests that the relational variables (i.e., commitment and trust) are influenced by various firms and

interpersonal factors. The nature of these variables and their links with each other are explored below.

Nature of Commitment in an Exporter-Importer Relationships

Relationship commitment refers to a partner's intention to continue the partnership (Anderson & Weitz, 1992; Dwyer et al., 1987; Gundlach, Achrol & Mentzer, 1995; Morgan & Hunt, 1994). However, the nature of a partner's commitment differs depending on the motivation for entering into the relationship (Geyskens, Steenkamp, Scheer & Kumar, 1996; Kumar, Hibbard & Stern, 1994). Thus, using a single term, 'commitment', tends to create confusion when interpreting theories, models and empirical findings (Geyskens et al., 1996). The most relevant types of commitment in inter-organisational settings seems to be an *affective* and *calculative* commitment (Mathieu & Zazac, 1990).

An affective commitment occurs when a partner's underlying motive to maintain a relationship is a generalised sense of positive regard for, and attachment to the other partner (Geyskens et al., 1996). That is, the desire to continue the relationship comes about, because the firm (and the key managers within it) likes the partner and enjoys being in the partnership (Kumar et al., 1994). Evidence from our case study research suggests that this type of commitment is present in E-I relationships, with managers (usually within the same dyad) citing a 'liking for doing business' with people from the other side of the dyad as a key reason for their desire to continue the business relationship.

In contrast, calculative commitment refers to the extent to which partners perceive the need to maintain a relationship given the significant anticipated relationship benefits and termination costs associated with leaving (Geyskens et al., 1996). That is, a firm's commitment comes from its rational, objective calculation of the costs and benefits that it will receive from the partnership, including to the extent of relationship specific investments it has made to-date, and the availability of alternatives (Allen & Meyer, 1991). Because this type of commitment is based on the perceived constraints that bind the firm to its partner, the motivation for continuing the partnership is a negative one (Geyskens et al., 1996). Nonetheless, it is still a strong motivation for continuation in an E-I setting and was found to be present in our preliminary case study research.

Critical determinants of commitment are the extent to which one side perceives the other is dependent upon them. Dependence in an E-I setting can come from the importance of a particular exporter's product line to the importer's portfolio and revenue mix (importer's dependence on the exporter), or the exporter's need for access to a distribution system controlled by the importer (exporter's dependence on the importer). Specific evidence in an E-I relationship setting of

each side's actual dependence on the other being critical determinants of commitment in an E-I setting, was found in our case study research. This leads to the first set of hypotheses:

- H₁: There is a positive relationship between the dependence of the exporter (importer) on the importer (exporter) and the exporter's (importer's) calculative commitment to the importer (exporter).

Nature of Trust in Exporter-Importer Relationships

Trust has been featured in a number of domestic (Anderson & Weitz, 1989; Anderson & Narus, 1990; Morgan & Hunt, 1994) and international (Aulakh, Kotabe & Sahay, 1996; Johnson, Cullen, Sakano & Takenouchi, 1996; Larson, 1992) studies. These studies have generally considered two key components of trust – a cognitive component, based on confidence in the reliability of a partner, and a behavioural component, based on confidence in the intentions, motivations, honesty, or benevolence of a partner (Moorman, Deshpande & Zaltman, 1993; Ring & Van De Ven, 1992). However, like commitment, types of trust can be differentiated according to motivations. Specifically, Sako (1992) has discussed the existence of three types of trust in inter-firm relationships: contractual trust, competence trust and goodwill trust. These types of trust capture both the honesty and benevolence dimensions of trust, while recognising the different underlying motivations for one partner to trust the other (Pressy & Tzokas, 2004).

Contractual trust is said to exist when one partner believes the other will adhere to the specific written or oral agreements to produce/receive goods/services within a certain period in return for payment (Sako, 1992). Such agreements, and the belief that they will be honored, provide each side of a relationship with a basic level of confidence to buy or sell the product from the other. In an E-I setting distributor agreements, which may include clauses on exclusivity, payment terms, the obligations of both partners, and issues relating to mark-ups and margins, play an important role in setting out the terms of an exporter-importer relationship. Contractual trust is therefore relevant.

Competence trust refers to an expectation by one partner that the other is capable of performing its role in the relationship by complying to the specified quality standards (Sako, 1992), and as such is driven by technical, managerial, functional and competences embedded in the organisation. In an international context, the exporter needs to trust the importer's ability to distribute the products adequately (e.g. have the necessary coverage and quality of sales force), while the importers needs to trust the exporters ability to produce quality products and ensure constant supply.

Goodwill trust is more diffuse in that it refers to mutual expectations of honesty and benevolence. As such, the partners' trust in each other is based on a belief that each firm will behave in a fashion that is beneficial to both the partners beyond what is expected of them according to contractual agreements (Sako, 1992). It can therefore be considered a higher order, deeper form of trust, that may also be more subjective in nature. This conceptualisation of trust is most similar to that used in previous inter-firm relationship research (Morgan & Hunt, 1994; Sarkar, Cavusgil & Evirgen, 1997).

There are important theoretical implications of conceptualising trust in these different ways in terms of the link between trust and commitment. Specifically, the links between the three types of trust and two types of commitment (calculative and affective) are not likely to be uniform. For example, in an E-I relationship setting, our exploratory case study research suggested that the *harder*, more objective types of trust (contractual and competence) tend to be linked with harder more objective type of commitment (calculative), while the *softer*, more subjective type of trust (goodwill), tended to be associated with the softer, more subjective form of commitment (affective). Thus, the following hypotheses:

- H_{2a}: There is a positive relationship between an exporter's (importer's) contractual trust in the importer (exporter) and their calculative commitment to them.
- H_{2b}: There is a positive relationship between an exporter's (importer's) competence trust in the importer (exporter) and their calculative commitment to them.
- H_{2c}: There is a positive relationship between an exporter's (importer's) goodwill trust in the importer (exporter) and their affective commitment to them.

The Influence of Interpersonal and Firm Variables on Commitment and Trust

Previous research in relationship marketing has recognised the importance of interpersonal factors in developing enduring business partnerships, such as "the source's background and personality" (Frazier, 1983), or the "negotiator's cultural background, experience and/or skill" (Nielson, 1996). Mohr and Spekman (1994) also stressed the importance of interpersonal interaction between managers of the partnering-firms in the success and performance of the partnership, while Duncan and Moriarty (1998) argued that effective communication between relationship partners is the "tie that binds any relationship". Harich and LaBahn (1998) also found that a salesperson's personal traits and behaviors directly impact the trust

and commitment of their customers. And beyond marketing settings, studies in social psychology and organisational behavior have found that the free flow of open and honest information exchange between two people is positively associated with the level of trust between them (Selnes, 1998).

Consistent with the literature, our exploratory case study research also highlighted the importance of interpersonal factors in generating trust and commitment, particularly the more subjective types of each (goodwill trust and affective commitment). In particular, three characteristics of the managers involved in the relationships seemed to be important—general likability, communication effectiveness and cultural sensitivity. Each of these appeared to facilitate how comfortable key managers from each side of the partnership with each other, and therefore influenced the extent to which each side had confidence that the other would go beyond what was required by contracts or formal agreements in the best interests of the relationship (goodwill trust), as well as the extent to which each partner wanted the relationship to continue because they enjoyed dealing with the other partner (affective commitment).

In contrast, the exploratory research suggested that the *harder*, more objective types of trust and commitment appeared to be influenced by *firm* related factors. Specifically, whether or not an importer or exporter trusted the other relationship partner to fulfill the contractual obligations (contractual trust) seemed to be heavily influenced by that firm's general reputation. It appears that word of mouth within industry and country networks, as well between importers/exporters and their external advisors (lawyers, accountants, export consultants) are often relied upon by both exporters and importers to establish the commercial track record of potential relationship partners. Thus, an importer with a poor reputation for payment, or an exporter who is known to be an unreliable supplier, will not generate high levels of contractual trust. Similarly, and logically, competence trust in a relationship partner would appear to be primarily influenced by perceptions of the actual marketing competencies of that partner e.g. distribution/selling competencies of the importer, and product/branding competencies of the exporter.

Thus, the final sets of hypotheses are as follows:

- H_{3a}: There is a positive relationship between the cultural sensitivity of key manager(s) from the importer (exporter) and exporter's (importer's) affective commitment to the importer (exporter).
- H_{3b}: There is a positive relationship between the communication effectiveness of key manager(s) from the importer (exporter) and exporter's (importer's) affective commitment to the importer (exporter).

- H_{3c}: There is a positive relationship between the likability of key manager(s) from the importer (exporter) and exporter's (importer's) affective commitment to the importer (exporter).
- H_{4a}: There is a positive relationship between the cultural sensitivity of key manager(s) from the importer (exporter) and exporter's (importer's) goodwill trust in the importer (exporter).
- H_{4b}: There is a positive relationship between the communication effectiveness of key manager(s) from the importer (exporter) and exporter's (importer's) goodwill trust in the importer (exporter).
- H_{4c}: There is a positive relationship between the likability of key manager(s) from the importer (exporter) and exporter's (importer's) goodwill trust in the importer (exporter).
- H_{5a}: There is a positive relationship between the reputation of the importer (exporter) and the exporter's (importer's) contractual trust in the importer (exporter).
- H_{5b}: There is a positive relationship between the marketing competencies of the importer (exporter) and the exporter's (importer's) competence trust in the importer (exporter).

All the hypotheses developed in this section are summarised in Figure 1.

METHODOLOGY

Research Design

Phase 1 of this study comprised personal, in-depth interviews with eleven Australian exporters and their corresponding import partners in Thailand. The purpose was to examine the veracity of our conceptual model (and the antecedent variables sourced from the literature). This phase was also used to assess the functional, conceptual and instrument equivalence across the two cultures.

Phase 2 involved developing and administering a self-completion questionnaire in both Australian exporters and Thailand importers. The sampling frame for the cross-sectional study comprised the Australian Trade Commission database of exporters to Thailand. The database yielded 500 companies. Phone calls were then made to each exporter to gain their co-operation to participate in the questionnaires. If they agreed to participate then a self-administered questionnaire would be mailed with a stamped return envelope. About 275 firms agreed to participate, with 170 ultimately completing usable questionnaires (34%

response rate). Part of the questionnaires requested respondents to provide the details of their key import partner in Thailand. A professional market research agency in Thailand was then engaged to conduct personal interviews. Interviews were arranged by telephone before a questionnaire was hand-delivered. A date and time was then arranged to collect the completed questionnaires. Out of the 170 Thai exporters contacted, 125 provided usable questionnaires, representing a response rate of 73% in Thailand and 25% overall (125/500). Hence, the final sample comprised responses from 125 Australian exporters and their corresponding import partners in Thailand. In the final sample 32% involved consumer and 68% industrial products. Fifteen percent of these relationships had been in existence for 12 months or less; 57% between 13 months and three years; 10% within 3–4 years and 18% existed for more than 4 years.

Measures and Validation

Our cross-cultural empirical design followed Berry's (1989) schema which combines in the one emic study and the etic approach to measurement. We began the research in the home culture (Australia) and then applied the constructs to the second culture, Thailand (imposed etic). Constructs were studied through qualitative (emic) individual in-depth interviews. The results of the emic and imposed etic were analysed for commonality, which in this case, was high. The constructs were then adapted to achieve a higher level of equivalence to permit valid cross-cultural comparisons.

The emic phase of the Thailand research took the form of exploratory in-depth interviews conducted by the author in conjunction with an interpreter educated and fluent in Thai and English. Finally, a forward-translation was made of the modified Australian questionnaire by two bilingual authors whom are Thai native speakers and then a back-translation made by two other bilingual authors whom are English native speakers. The Thai language questionnaires were then pre-tested with six respondents to ensure the English meaning of concepts, phrases and even words were equivalent in Thai. Some further modifications were necessary as some words or phrases had no exact comparable Thai translation.

Scales

Scales were sourced from the literature, and in some cases modified for the context and based on the results of qualitative interviews. Affective (5 items) and calculative commitment (5 items) were captured using measures from Geyskens and Steenkamp (1996) and Anderson and Weitz (1992); while the three trust constructs (goodwill, contractual and competence trust) employed items previously used by Ganesan (1994), Anderson and Weitz (1992), and Kumar,

Scheer and Steenkamp (1995). Measures of the interpersonal constructs were sourced as follows: likeability of partner (3 items from, Doney & Cannon, 1997); cultural sensitivity (6 items, Johnson et al., 1996); and effective communication (5 items from, Anderson & Weitz, 1992; Anderson & Gerbing, 1992; Morgan & Hunt, 1994). Dependence on partner (6 items) was sourced from Andaleeb (1996) and Ross, Anderson and Weitz (1997) and one item from qualitative interviews. Finally for firm factors, reputation (4 items) was sourced from Doney and Cannon (1997) and marketing competencies (6 items – e.g., compared to other importers that you deal with, how would you rate the Thai importer on the following: market coverage; channel support; ability to achieve growth in market share, etc.) from Madsen (1987). A comprehensive list of scale items can be supplied on request.

Scale Validation

First exploratory factor analysis was conducted to assess the underlying factor structure of the items. Next, confirmatory factor analysis (CFA) was conducted so as to assess the validity of the measures. Because of the inclusion of such a large number of variables (from both sides of the dyad) would produce too complex a measurement model for LISREL analysis, Bentler (1990) recommended that sub-models should be analyzed. This method is well established in the marketing literature (Atuahene-Gima & Li, 2002; Doney & Cannon, 1997). Therefore two separate measurement models; grouping related constructs were developed. The first CFA grouped interpersonal and firm factors, while the second CFA analysed aspects of trust, commitment and dependence. The fit indices shown in Table 1 indicate that the models fit the data extremely well. Standardised loadings for all items for each construct were significant at $p < 0.01$, thus supporting the dimensionality of the constructs. Furthermore, the average variance explained, reliability measures and model fits are almost identical for both samples (Australia and Thai) thus providing further evidence that the factor structure is invariant across the samples (Singh, 1995).

Next, as evidence of convergent validity, the factor loadings for each group of variables were all significant (all t values greater than 5), construct reliabilities were large (ranging from .77 to .95), and the average variance extracted (Fornell & Larcker, 1981) indicated that in each case the variance captured by the construct was greater than the variance due to measurement error (AVE's ranging between .60 and .83). Finally, to test the discriminant validity, the procedure described by Fornell and Larcker (1981) was used. To indicate discriminant validity, the AVE for each construct should be higher than the squared correlation between that construct and any other construct. This test holds in all cases, thus indicating discriminant validity.

Table 1
CFA results of measures

Construct	Australian sample		Thai sample	
<i>Interpersonal and firm factors</i>	α^b	AVE ^c	α^b	AVE ^c
Cultural sensitivity	.91	.85	.89	.83
Likability of partner	.89	.86	.87	.82
Communication effectiveness	.82	.75	.88	.81
Reputation of partner	.79	.70	.75	.60
Marketing competencies	.91	.79	.88	.75
	Chi ² (48) =	.72	Chi ² (45) =	.75
	RMSEA =	.07	RMSEA =	.06
	CFI =	.91	CFI =	.94
	NNFI =	.90	NNFI =	.92
	GFI =	.90	GFI =	.91
<i>Trust and commitment</i>	α^b	AVE ^c	α^b	AVE ^c
Goodwill trust	.95	.89	.89	.80
Contractual trust	.84	.73	.85	.79
Competence trust	.86	.60	.82	.65
Affective commitment	.82	.70	.85	.77
Calculative commitment	.77	.65	.74	.62
Dependence by partner	.82	.75	.79	.70
	Chi ² (55) =	105	Chi ² (58) =	111
	RMSEA =	.05	RMSEA =	.08
	CFI =	.94	CFI =	.99
	NNFI =	.93	NNFI =	.96
	GFI =	.91	GFI =	.95

Notes: ^b Cronbach Alpha

^c Average variance extracted, which is the proportion of variance in the construct that is not due to measurement error (Fornell & Larcker, 1981)

RESULTS

Since the proposed measurement model was consistent with the data, the hypothesised structural model was estimated using LISREL VIII (Jöreskog & Sörbom, 1999). Similar to the approach used by Gruen, Summers and Acito (2000), we made the analysis of the hypothesised model in the following steps. First, the baseline model was divided into two sub-models for both Australian and Thai sample. Second, the determinants of trust and commitment were examined in a separate model.

In Figure 1, we show the model incorporating all the hypothesised relationships. Fit indices for all four sub-models are presented in Table 2. The two sub-models provide a very good fit to the data, as the chi-square statistic was non-significant and the CFI is high for all the sub-models.

Table 2
Fit indices for the four sub-models

	Australian	Model	Thai	Model
Sub-model 1	Chi2 (78) =	133	Chi2 (67) =	114
	RMSEA =	.06	RMSEA =	.04
	CFI =	.92	CFI =	.93
	NNFI =	.89	NNFI =	.91
	GFI =	.88	GFI =	.89
Sub-model 2	Chi ² (78) =	143	Chi ² (75) =	135
	RMSEA =	.06	RMSEA =	.08
	CFI =	.95	CFI =	.97
	NNFI =	.92	NNFI =	.95
	GFI =	.89	GFI =	.91

Table 3
Structural equations of four sub-models (standardised coefficients)

Hypotheses	Australian CSC ^a (t-value)	Thai CSC ^a (t-value)	Results
H ₁ : Dependence on partner → Calculative commitment	.26 (3.63)	.28 (3.41)	Supported
H _{2a} : Contractual trust → Calculative commitment	.15 (2.35)	.09 (2.18)	Supported
H _{2b} : Competence trust → Calculative commitment	.29 (3.69)	.25 (3.21)	Supported
H _{2c} : Goodwill trust → Affective commitment	.33 (4.65)	.37 (5.25)	Supported
H _{3a} : Cultural sensitivity → Affective commitment	.11 (4.75)	.13 (3.63)	Supported
H _{3b} : Communication effectiveness → Affective commitment	.23 (3.55)	.21 (4.45)	Supported
H _{3c} : Likability of partner → Affective commitment	.09 (2.92)	.13 (2.95)	Supported
H _{4a} : Cultural sensitivity → Goodwill trust	.21 (5.75)	.23 (4.65)	Supported
H _{4b} : Communication effectiveness → Goodwill trust	.33 (4.55)	.31 (5.47)	Supported
H _{4c} : Likability of partner → Goodwill trust	.10 (2.92)	.14 (2.11)	Supported
H _{5a} : Reputation of partner → Contractual trust	.15 (2.32)	.11 (2.17)	Supported
H _{5b} : Marketing competencies → Competence trust	.23 (3.55)	.17 (2.78)	Supported

Note: ^a Completely standardised coefficients

For affective commitment, it was proposed that exporter's (importer's) goodwill trust (H_{2c}), cultural sensitivity (H_{3a}), communication effectiveness (H_{3b}) and likability of partner (H_{3c}) will have a positive effect on exporter's (importer's) affective commitment. In addition, cultural sensitivity (H_{4a}), communication effectiveness (H_{4b}) and likability of partner (H_{4c}) are also proposed to have

positive effect on exporter's (importer's) goodwill trust. All these proposed hypotheses were supported. Reputation of partner (H_{5a}), marketing competencies of partner (H_{5b}), exporter's (importer's) contractual trust (H_{2a}), exporter's (importer's) competence trust (H_{2b}) and exporter's (importer's) dependence on importer (exporter) (H_1) each are proposed to have a positive effect on exporter's (importer's) calculative commitment. Similar to the determinants of affective commitment, the hypothesised determinants of calculative commitment were also supported.

DISCUSSION AND CONCLUSION

This study developed and empirically tested a model linking interpersonal factors and firm factors with trust and commitment in an international business relationship. It did so with dyadic data from 125 West-East (Australia-Thai) exporter-importer partnerships. Trust and commitment are related to both interpersonal factors (i.e., effective communication, cultural sensitivity and likability of partner) and firm factors (reputation and competencies of partner).

This paper contributes to an international marketing research in several ways. First, by focusing on the relationship of exporter-importer exchanges, the study provides substantive support for previous findings in inter-firm relations literature and fresh insights about the determinants of relationship variables in cross-cultural exchange relations. Finally, the study reinforces the importance of commitment and trust in building successful cross-border inter-organisational relationships.

Successful relationship marketing, particularly in a cross-cultural context, requires co-operative behaviors. In Van de Ven's (1976) words, "...the end objective of organisations involved in an inter-organisational relationship is the attainment of goals that are unachievable by organisations independently". From a relational exchange theory perspective, there was a significant support for critical role that the interpersonal and firm variables play on key relational variables trust (contractual, competence and goodwill), and commitment (affective and calculative). Communication effectiveness between the two parties exhibited strong standardised coefficients as antecedents of goodwill trust (0.33 and 0.37 for Australia and Thailand, respectively) and affective commitment (0.33 and 0.31).

As well as its theoretical contributions, this study also contributes to our general understanding of an international business and export marketing in particular. The contribution and impact of export performance research has been weakened by criticism that it lacks theoretical rigor (Morgan et al., 2004). As noted earlier,

the traditional industrial organisation approach (SCP) has been the most developed theory, while recent attention has turned to further advancing the relational frameworks. However, there has been considerably less focus on theory developed in the relational stream. Through its theoretical anchor in relational exchange theory, methodological approach (dyadic data), and its findings, this study allows us to put forward relational exchange theory as not a replacement for the two alternative theoretical perspectives, but rather as an additional lens through which valuable insights into export marketing can be obtained. This approach can also be extended to other modes of entry that involve partnerships. These include franchising, licensing and international joint ventures (IJVs) (Styles & Hersch, 2005). While the operational contexts may differ, the general principals, variables and links are equally relevant.

Managers have long known intuitively that relationships are important to business. In certain cultures, such as in the East, the emphasis on relationships may typically be more explicit, but a good salesperson in most cultures knows that building trust and commitment with buyers are essential for long-term success. In an international settings, the availability of email and video conferencing have not diminished the strengthening of relational ties through international travel for the purpose of face-to-face meetings with distributors, joint-venture partners and customers. Because of the nature of affective commitment, and goodwill trust in particular, these ties are difficult to build electronically. However, little attention is given to this area in mainstream texts, and guidelines for building relationships are scant.

This research identifies personal and organisational factors that are linked to building trust. In particular, building, protecting and communicating a positive reputation, and ensuring strong marketing competencies, are important for building contractual and competence trust. The study highlights the importance of interpersonal factors and thus the need to have appropriate personnel involved in the developing and maintaining E-I relationships. Selecting international marketers needs to go beyond the consideration of their marketing competency, to include the assessment of their international relational skills such as communication skills and cultural sensitivity.

Although trust and commitment have often been viewed as the central factors to the ongoing success of buyer-seller relationships, there is limited understanding of the role that these relational factors play in an international exchange relationships (Skarmeas, Katsikeas & Schlegelmilch, 2002). This study adds to the body of knowledge on the effect of interpersonal and firm variables on relational variables in an international relationship (i.e., exporter-importer relationship). While most hypotheses were supported, our results should be interpreted in light of some limitations inherent in this research. The study was

conducted within the context of Australian exporter-Thai importer relationships. It would be valuable to replicate or refute the results of this study in other cross-border relational contexts. The sample size in this study was relatively small given the number of variables involved for accurate estimation. In future studies, large sample from various relationships could be explored.

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