Antecedents and outcomes of exporter –importer relationship quality

An exporting developing country’s context

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Abstract

Purpose – Four main objectives are defined in this thesis: 1) to investigate the effects of relationship quality on export performance and to see if and to what extent export performance is linked to exporter satisfaction and the expectation of continuing the relationship; 2) to investigate how distance and communication climate affect export performance, both directly and as mediated by relationship quality (RELQUAL); 3) to investigate both the direct and indirect effects of TCE variables on export performance; 4) to investigate whether competitive intensity moderates the commitment–trust relationship and their links with export performance in the exporting context of a developing country.

Design/methodology/approach – The empirical foundation for this thesis is based on a survey dataset collected from 185 organizations exporting ready-made garments in Bangladesh. The empirical findings draw primarily on structural equation modelling (SEM) using partial least squares (PLS) techniques.

Findings and contributions – First, this thesis shows that there is a positive relationship between relationship quality and financial and strategic export performance and that financial export performance has a positive effect on exporter satisfaction. Furthermore, there is a positive effect of exporter satisfaction on the exporters’ expectations of continuing the export–import relationship. Second, this research finds that relationship quality plays a mediating role in the relationships between distance and export performance and between the communication climate and export performance. This research proposes that in cross-border export–import relationships, distance may not be a serious problem or a critical issue if the parties can ensure strong relationship quality and a healthy communication climate characterized by a good amount of information sharing and information of adequate quality. Third, the influence of transaction cost economic (TCE) constructs (asset specificity and uncertainty) on export performance is mediated by relationship quality. Finally, this study finds that competitive intensity moderates the commitment–trust link and its association with export performance. The discussions and findings in this thesis contribute to a deeper understanding of exporter–importer relationships in emerging economies.
Managerial implications – This study shows that exporters, especially those in emerging economies, should pay more attention to maintaining strong relationship quality with their importers to ensure higher export performance. Relationship quality can neutralize the negative effects of distance on export performance, or may work as a bridging variable between transaction costs and export performance. This research also shows the vital importance of the communication climate characterized by the amount and quality of the information shared. Exporting companies need to take extra care in establishing an enhanced communication climate with their importers to ensure higher export performance.

Research limitations – A limitation of this thesis is the use of a cross-sectional research design and a convenience sample. The next limitation is that this research uses only ‘focal constructs’ to define and measure relationship quality; employing these focal constructs means that other important first-order constructs may be overlooked (Leonidou et al., 2014). The final limitation is associated with the data analysis technique: I used partial least squares (PLS) to analyse the dataset. The small sample size, the complexity of the model and the measurement items compelled the use of PLS in this thesis; however, with a larger sample size, covariance based structural equation models (SEM), such as LISREL could be used in future studies.

Originality/value – The findings of this thesis are in line with those of previous research in the field of export marketing. The findings also have implications and potential benefits for export–import strategy decision makers.

Keywords: Bangladesh, Disconfirmation of expectation theory, Social exchange theory, Commitment–trust theory, Transaction cost analysis, Relationship quality, relationship marketing, Partial least squares (PLS), SmartPLS, WarpPLs, developing countries, ready-made garments.
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This thesis consists of four papers:


1. Introduction

1.1 Research background

The transformation of the marketing field from discrete transaction-based to relationship-based has been well developed and documented in contemporary marketing literature (Lages et al., 2005; Leonidou et al., 2006; Woo and Ennew, 2004). For its origin, the field of relationship marketing is indebted to social exchange theory (Ambler and Styles, 2000; Morgan and Hunt, 1994) and relational exchange theory (RET) (Macneil, 1980). The main theme of social exchange theory is that parties enter into and maintain relationships with the expectation that doing so will be rewarding (Lambe et al., 2001; Smith, 1998). In the relationship marketing literature, relationship quality is argued to be a central construct (Jap et al., 1999; Smith, 1998) and has attracted considerable research attention over the last couple of decades (Mysen et al., 2011, 2012; Ulaga and Eggert, 2006). Relationship quality is defined as the strength of the relationship among the parties involved (Lages et al., 2005; Leonidou et al., 2006; Ural, 2009) and is viewed as a second-order construct, the set of first-order constructs being trust, commitment and satisfaction (Lages et al., 2005; Leonidou et al., 2006; Skarmeas and Robson, 2008; Ural, 2009).

Despite the common understanding that relationship quality is a central construct in relationship marketing and a cornerstone in the inter-organizational arena, similar to the inherent inconsistency of the dimensions of relationship quality, the antecedents and outcomes are not clear. Leonidou et al. (2014) articulate five problems in the existing literature associated with export–import relationship quality: 1) heterogeneous, 2) fragmented 3) non-programmatic, 4) poorly extended and 5) inconsistent.

Crosby et al.’s (1990) study is credited as one of the pioneering works on identifying and empirically examining the dimensions of relationship quality based on customer–company relationships in the life insurance sector. Since then, researchers have embraced this concept in various branches of business and marketing research, such as business-to-business marketing (Leuthesser, 1997), retail sales (Hennig-Thurau, 2000) and many others. Likewise, in the export–import context, relationship quality has been discussed and explored by various researchers, including Leonidou and Kaleka (1998), Lages et al. (2005), Leonidou et al. (2006), Mysen and Svensson (2010) and Svensson and Mysen (2011).
This thesis sheds light on the antecedents and outcomes of exporter–importer relationship quality in the context of an exporting developing country. Similar to previous research, I also use several theoretical perspectives and constructs to examine the antecedents of exporter–importer relationship quality, including distance and the communication climate (Lages et al., 2005) (Paper 2) and transaction cost economics (TCE; Williamson 1975, 1998) (Paper 3). Furthermore, just as other researchers have examined the scope of the effects of the antecedents of relationship quality on various outcomes, such as loyalty, performance and relationship value (Alejandro et al., 2011), in this thesis, I consider export performance (Papers 1, 2 and 3) and the expectation of continuing the relationship (Paper 1; under the disconfirmation of expectation theory of Westbrook and Reilly, 1983) as the outcomes.

The empirical setting of the research is Bangladesh, which may also be considered an empirical contribution. Over the last couple of decades, emerging market economies have become an increasingly noticeable presence in the world economy. For instance, the share of world foreign exchange reserves held by emerging markets was 75 per cent in 2008 compared to 20 per cent in 1990 (Kose and Prasad, 2010). Because of the high economic growth and investment potential, international business relations are frequent in emerging markets. It is therefore essential to explore the dynamics of relationships in these markets. Moreover, researchers argue for more research in emerging market contexts because of the development of advanced marketing as an academic discipline and the need to maintain the managerial relevance of the discipline (Burgess and Steenkamp, 2006).

Bangladesh is an emerging economy in South Asia. According to the country’s Board of Investment (www.boi.gov.bd), its annual exports amount to some 24 billion USD. The ready-made garments (RMG) sector is the main export industry, alone contributing 80 per cent of the country’s total export earnings and 13 per cent of the gross national product, with a total value of 12.59 billion USD in 2010–2011 (Bangladesh Garment Manufacturers & Exporters Association – BGMEA, www.bgmea.com.bd). The market is expected to grow at an annual rate of seven to nine per cent within the next 10 years, resulting in an export value of 36–42 billion USD.

Relationship quality is a driving force for exporters in emerging markets in general and for Bangladeshi exporters in particular in achieving higher export performance. Hence, it is
vitaly important for managers to nurture and guide their organizations to maintain a healthy atmosphere in working relationships with foreign buyers and to invest time, personnel and other company resources in their relationships (Leonidou and Kaleka, 1998).

1.2 Research objectives

There are four main objectives of this thesis:

i) To investigate the effects of relationship quality on export performance and to examine if and to what extent export performance is linked to exporter satisfaction and the expectation of continuing the relationship [Paper I].

ii) To investigate how distance and communication climate affect export performance, both directly and as mediated by relationship quality (RELQUAL) [Paper II].

iii) To investigate both the direct and indirect effects of TCE variables on export performance [Paper III].

iv) To investigate whether competitive intensity moderates the commitment–relationship and the links to export performance in the exporting context of a developing country [Paper IV].

1.3 Outline of the thesis

This thesis comprises two parts. Part 1 contains four sections, of which this introductory section is the first. Section 2 presents the theoretical framework of this thesis associated with the antecedents and consequences of relationship quality. The third section presents the methodological aspects of the study. Section 4 discusses the summarized main findings and contributions of the thesis, followed by managerial implications, the limitations and directions for future research and conclusions. Part 2 of the thesis presents the empirical part of this study, constituting four research articles published in peer-reviewed journals.
2. Theoretical foundations

In this section, I discuss and define each concept used in this thesis. The relationships between the concepts are placed in a theoretical framework and hypotheses related to each of the four different papers are addressed. In the papers constituting this thesis, relationship quality (RELQUAL) is examined as an outcome variable or as a mediator between different independent variables and export performance. Overall, examining the dynamics of relationship quality and how these relate to its antecedents and outcomes is the main purpose of this thesis and thus much of the discussion will focus on the relationship quality construct. In the following paragraphs I briefly address two schools of thought, namely relational exchange theory (RET) and transaction cost economics (TCE), which are used in this thesis to explain the relationship quality construct.

Macneil (1980, 1985), in his seminal works on relational exchange theory (RET), considers exchange as a continuum, from discrete to continuous and identifies three important contracting norms: solidarity, role integrity and mutuality. The fundamental premises of RET are that relational norms are a unique class of governance mechanisms serving to determine certain behaviours in exchange relationships, i.e. prescribing commitment and proscribing opportunism (Joshi and Stump, 1999; Morgan and Hunt, 1994).

Transaction cost economics (TCE) (Williamson, 1975) is one of the most widely used theoretical explanations of business-to-business exchanges in marketing (Rokkan et al., 2003). TCE is rooted in behavioural assumptions of bounded rationality and opportunism (Williamson, 1975, 1998), which imply that formal contracts (governance mechanisms) must specify the terms and conditions of transactions to reduce the potential for opportunism (Lui et al., 2009). Its key variables are asset specificity, uncertainty and transaction frequency. According to the TCE framework, parties to an exchange relationship are always motivated by self-interest and engage in opportunistic behaviour if they can (Stump et al., 2002), or ‘self-interest seeking with guile’ (Williamson, 1975). Opportunism is a key driver of transaction costs in that it implies a failure by exchange partners to fulfil promises and obligations (Dorsch et al., 1998; Wathne and Heide, 2000). Asset specificity results when assets or investments are dedicated to a focal relationship and have little or no value outside that exchange relationship (Stump et al., 2002). Such investments create an incentive to
maintain the relationship because the investing party cannot leave the relationship without suffering some economic loss.

2.1 Relationship quality

The quality of exchange parties’ behavioural relationships has gained increasing research interest over the last few decades (Leonidou et al., 2014). Thus, relationship quality holds a significant position in marketing research and in the relationship marketing field more specifically. Relationship quality, generally defined as an ‘evaluation’ of the overall strength of the exchange relationship, is a multidimensional and a higher order construct or ‘umbrella construct’ (Lages and Montgomery, 2004; Lages et al., 2005; Leonidou et al., 2006; Payan et al., 2010; Ulaga and Eggert, 2006). Although there are some inconsistencies in how various researchers have defined relationship quality, three constructs can be identified as the ‘focal constructs’ or major dimensions, namely trust, commitment and satisfaction (Alejandro et al., 2011). In this research, I adopt the ‘focal construct’ approach and define relationship quality as the overall strength of the exporter–importer relationship, constituting three dimensions: trust, commitment and satisfaction with the relationship.

Trust is one of the most favoured constructs in relationship marketing research and is considered the main prerequisite for inter-organizational and cooperative interactions (Ashnai et al., 2009; Morgan and Hunt, 1994; Skarmeas and Robson, 2008; Zaheer and Venkatraman, 1995). Trust implies belief, integrity, reliability and confidence between the trading parties (Dorsch et al., 1998). There is consensus among researchers that mutual trust is a prime dimension of relationship quality (Ashnai et al., 2009; Athanasopoulou, 2009; Seppänen et al., 2007). Like trust, commitment is another important dimension of relationship quality, normally defined as an enduring desire on the part of those involved to maintain a relationship (Moorman et al., 1993; Morgan and Hunt, 1994; Mysen and Svensson, 2010). It represents the highest level of relational bonding between the parties and is an essential factor in developing successful relational exchanges (Dorsch et al., 1998). With trust and commitment, satisfaction with the relationship is considered another ‘focal’ dimension of relationship quality (Ashnai et al., 2009; Lages et al., 2005; Mysen and Svensson, 2010), defined as a positive affective state resulting from the appraisal of all aspects of a firm’s working relationship with another firm (Geyskens et al., 1999).
2.2 Relationship quality outcomes

2.2.1 Performance

The effect of relationship quality on performance has been explored in numerous empirical studies (Alejandro et al., 2011). The positive influence of relationship quality counts in various indicators, such as increases in profitable outcomes, sales (Huntley, 2006), seller objective performance (Palmatier et al., 2006) and purchasing efficiency (Han et al., 1993). The positive effect of relationship quality on export performance has also been investigated (Lages et al., 2005; Svensson and Mysen, 2011; Ural, 2009).

Export performance is considered a consequence of relationship quality. In this thesis, I argue that relationship quality has a positive and significant effect on export performance, implying that the higher the relationship quality, the better the export performance. Here, similar to previous research, export performance is defined as the extent to which a firm’s objectives, both economic and strategic with respect to exporting, are achieved through the planning and execution of an export marketing strategy (Cavusgil and Zou, 1994). In 1998, Zou et al. proposed an export performance scale (EXPERF) which has been employed by various researchers (Lages et al., 2005; Ural, 2009; Zou et al., 1998). In their scale, Zou et al. (1998) identified the performance of an exporting venture as comprising three dimensions: the financial and strategic performance of the export venture and the firm’s satisfaction with the export venture.

2.2.2 Expectation of continuing the relationship

The disconfirmation of expectation theory (Oliver, 1980) has been influential in consumer satisfaction/dissatisfaction research. The theory posits that expectations, coupled with perceived performance, leads to post-purchase satisfaction (Liao et al., 2011). Drawing on the disconfirmation of expectation theory (Westbrook and Reilly, 1983), the expectation of continuing the export–import relationship is a consequence of strong relationship quality. In Paper 1, I argue that the expectation of continuing the export–import relationship is a logical choice of exporters as long as they are satisfied with the relationship. Reviewing the literature, Wang and Olsen (2002) assert that ‘exporter satisfaction is an important construct that not only indicates export effectiveness but also positively influences the firm’s continued effort in
participating in the international trade arena’ (p. 41). Empirical studies (Ganesan, 1994; Hernandez-Espallardo et al., 2009; Patterson et al., 1997) have found satisfaction to be an antecedent of intentions to maintain a valued relationship in the future.

2.3 Antecedents of relationship quality

2.3.1 Distance

Paper 2 discusses ‘distance’ in more detail as an antecedent of relationship quality. The thesis also conceptualizes distance as having an effect on relationship quality; also, it has a direct and mediated effect (and via RELQUAL) on export performance. As one of the ‘much loved’ (Ambos and Håkanson, 2014; Zaheer et al., 2012) constructs in marketing, ‘distance’ is discussed in numerous studies (Dow and Karunaratna, 2006; Fletcher and Bohn, 1998; Lee, 1998; Leonidou et al., 2006; Skarmeas and Robson, 2008; Sousa and Lages, 2011). In discussing the effect of distance within the export–import paradigm, research has extended the scope to include psychic distance (Fletcher and Bohn, 1998; Skarmeas and Robson, 2008), cultural distance (Lee, 1998) and a softer version called business distance (Evans and Mavondo, 2002). Psychic distance refers to the individual’s perception of the difference between the home country and a foreign country (Sousa and Bradley, 2006). Cultural distance is defined as the degree to which the cultural values in one country are different from those in another country (Sousa and Bradley, 2006). Business distance is conceptualized as the ‘differences in the economic environment, the legal and political system, business practices, market structure, and language’ (Griffith and Dimitrova, 2014, p. 52). There are different conceptualizations of the distance construct in terms of locating the differences that distant business parties encounter in undertaking cross-border business. To avoid further debate, I use the general term ‘distance’ rather than psychic, cultural, or business distance. The motive is to tap the differences perceived by managers engaging in cross-border business.

Leonidou et al. (2006) examine the impact of distance on relationship quality. Paper 2 posits that distance has an effect not only on relationship quality, but also on export performance. I hypothesize a negative relationship between distance and export performance (Lee, 1998). Distance might affect export performance in three different ways. First, the exporter perceives the importers on the other side of the dyad as less attractive and ultimately reduces export performance (Lee, 1998). Second, research shows the existence of a negative relationship
between distance and trust, long-term commitment and satisfaction (Lee, 1998). Thus, I argue that distance is negatively related to relationship quality.

2.3.2 Communication climate

Paper 2 views the communication climate as a prerequisite for relationship quality and proposes that the dimensions of relationship quality are the products of a healthy communication climate. Communication is asserted to be the ‘glue’ that holds the relationship together (Mohr and Nevin, 1990) and it naturally affects relationship quality. Two dimensions of communication climate are discussed in this study: the amount of information sharing and the communication quality. In the exporter–importer relationship, the amount of information sharing is defined by Lages et al. (2005, p. 1041) as ‘the extent to which the exporter openly shares information that may be useful to the relationship with the importer’. The other dimension – communication quality – posits that communication is not only the sending and receiving of information but also the ability to understand each other’s codes, i.e. communication quality (Lages et al., 2005). By providing and receiving adequate and proper information in time, the parties involved in an export–import relationship are able to understand and predict the future plans of their partners and adapt their own strategy accordingly, which may foster better relationship quality (Lages et al., 2005; Ural, 2009).

2.3.3 Transaction cost economics (TCE)

In Paper 3, I discuss the effects of TCE variables on export performance, both direct and mediated by relationship quality. Several studies confirm that specific assets increase cooperative behaviour and improve inter-firm relationship performance (for a review, see De Vita et al., 2010). Ghani and Khan (2004) also find that asset specificity is associated with support, information sharing and trust. Such evidence indicates that specific assets offer sources of post contractual support and important tools for combating opportunism (Heide and John, 1988; Stump et al., 2002). Leonidou et al. (2006) show that uncertainty creates a major hurdle for harmonious exporter–importer relationships because it tends to generate information asymmetries and fuel opportunism (Klein et al., 1990). Uncertainty can also hamper additional investments in the relationship (Hedaa, 1993) and induce coordination problems (Leonidou et al., 2006). I show that TCE variables (i.e. asset specificity and
uncertainty) can be antecedents of relationship quality. In this thesis, I argue that investments in specific assets increase relationship quality and enhance export performance. Several studies confirm that specific assets increase cooperative behaviour and improve inter-firm relationship performance (De Vita et al., 2010). Empirical research also shows that asset specificity is associated with support, information sharing and trust. The evidence indicates that specific assets offer sources of post-contractual support and important tools for combating opportunism (Stump et al., 2002; Zaheer and Venkatraman, 1995).

Together with asset specificity, uncertainty is also considered an antecedent of export–import relationship quality. I assume that the effect of these uncertainties could be harmful to the quality of relationships between partners.

2.4 Competitive intensity

The thesis intends to explore and test the antecedents and outcomes of export–import relationship quality. The first three papers in this thesis address the antecedents and outcomes, whereas the aim of the fourth paper is to see how and to what extent the link between the dimensions of relationship quality (in this case, trust and commitment) and export performance is moderated by competitive intensity. Competitive intensity is defined as ‘a situation where competition is fierce due to the presence of numerous competitors and the lack of opportunities for further growth’ (Chan et al., 2012, p. 624), in other words, how the link between relationship quality dimensions and export performance is affected by low and high competitive intensity. Previous research has found that firms act differently in different environmental conditions (Ganesan, 1994; Jaworski and Kohli, 1993; Zhao and Cavusgil, 2006).
2.5 Conceptual framework

The conceptual framework depicted in Figure 1 shows the relationships between the constructs linked to all four papers included in this thesis based on the discussion of the literature and used to develop the structural equation models.

![Conceptual framework](image)

**Figure 1 Conceptual framework**
3. Method

3.1 Research design and data collection

In this research, a survey was used to collect data from managers in the garment and knitting industries in Bangladesh. The sampling frame for the study was based on the member directory of the BGMEA. This is the largest trade association in Bangladesh representing the RMG industry. Of the 2,917 members of BGMEA, 1,862 (64 per cent) are from the Dhaka zone comprising the capital and nearby districts. Using the Dhaka zone database, a simple random sampling procedure was used to select a total of 500 firms.

A reputable survey company was hired for the data collection. A group of field investigators was appointed by the survey company. First, a phone call was made by the survey company to the respective firms (from the BGMEA directory) asking to speak to the head of the commercial/merchandising/production unit to explain the purpose of the survey and request the name of a person who could respond. Then, an appointment was made and a data collector from the survey company visited the respondent.

In all, 185 responses were collected, of which five were eliminated due to missing values. Thus, 180 questionnaires were used for the analyses, resulting in a net response of 36 per cent. This response rate is good considering that the average management survey response rates are in the range of 15 to 20 per cent (Menon et al., 1996).

As suggested by Kumar et al. (1993), the key informant approach was employed in data collection. Key informants were chosen because they are supposedly knowledgeable about the issues being researched and able and willing to communicate about them (Kumar et al., 1993). Most of the respondents were from the merchandising and commercial units (78 per cent) and they had on average about five years of experience with the responding organization. In addition, two items were used to check the respondents’ knowledge (Mysen et al., 2011), as suggested by Campbell (1955):

i) How much does the respondent know about the firm’s perspective on the study topics?
ii) How much does the respondent know about specific experiences with the firm’s importers?

These two questions revealed that the respondents had adequate knowledge (averaging 5.6 and 5.8 on a seven-point Likert scale, respectively) of the firm’s perspective on its importers and knowledge of specific experiences with its importers. To limit the research focus, respondents were asked to name the top importers of their products and answer in relation to this relationship alone. Thus, similar to Lages et al. (2005), the analysis focused on a single product line (garment products), exported to a single destination or group of destinations (i.e. Western markets, mainly in the European Union and the United States), to identify the level of relationship quality in a specific relationship. The completed questionnaires were returned to the person in charge in the survey company. The survey company verified whether the data collector had collected the data properly by calling the respondent before the data were forwarded for analysis.

Nonresponse bias could not be assessed according to Armstrong and Overton’s (1977) recommendations because the data were collected in a person-to-person manner. However, to mitigate nonresponse bias, the informant’s anonymity was guaranteed. Also, a wide range of firm sizes is represented in the sample and – as noted above – the response rate is good compared to average management survey response rates. The risk of common method bias (i.e. of having a single respondent for both the dependent and independent measures) cannot be eliminated entirely even though attempts were made to minimize the risk. First, the informants were not told the specific objective of the study to minimize the risk of common method bias. Second, a post-hoc Harmon one-factor test, in which all items are subjected to a single-factor analysis, was performed (Podsakoff and Organ, 1986). The test revealed that the majority of the variance was not accounted for by a general factor.

3.2 Measurement

The measurement scales were developed from the literature based on the construction of the conceptual model. The items were either adopted or slightly modified from previous research and all items were measured using a Likert scale anchored at 1 (strongly disagree) and 7 (strongly agree). (See Appendix 1 for details.)
A three-item scale adapted from the RELQUAL scale of Lages et al. (2005) and from Skarmeas et al. (2008) was used to measure satisfaction with the export–import relationship. To measure the other two focal constructs that constitute relationship quality, commitment and trust, I employed a three-item scale adapted from Lages et al. (2005) and a two-item scale adapted from Ganesan (1994) and Zaheer et al. (1998), respectively. Nine items drawn from Zou et al. (1998) were used to measure financial export performance, strategic export performance and satisfaction with the export venture. Three items were modified and adapted from Hernandez-Espallardo et al. (2009) to measure expectation of continuing the export–import relationship.

To measure distance, I adopted four items from Lee (1998). Seven items from Lages et al. (2005) measured communication climate. I adopted five items from Leonidou et al. (2006) to measure uncertainty. Three items from Mysen et al. (2011) measured specific assets. Finally, three items were adopted from Mysen and Svensson (2010) to measure competitive intensity.

3.3 Data analysis

The research model and hypotheses were tested using structural equation modelling (SEM) and the partial least squares (PLS) approach. PLS is gaining popularity in marketing, especially in international marketing research (Henseler et al., 2009). In Papers 1, 2 and 3, the SmartPLS 2.0 beta version was used (Ringle et al., 2005). For Paper 4, I used the WarpPLS 3.0 software (Kock, 2011) because of its capability to test both linear and nonlinear relationships in an integrative manner (Kock, 2011). (See individual papers for model specifications.)

PLS analysis is an increasingly popular, component-based, second-generation multivariate analysis technique that allows the examination of both latent and manifest (i.e. theoretical and observable) variables simultaneously (Henseler et al., 2009; Johnston et al., 2004). PLS is chosen for several reasons: i) this technique is especially suitable for causal analysis in complex contexts in which theoretical knowledge is scant (Jöreskog and Wold, 1982), ii) its relatively small sample size requirement (Chin, 1997; Chin et al., 2003), iii) the less stringent assumptions it makes about the distribution of variables and error terms than other methods.
and its ability to handle both reflective and formative measurement models (Papers 2 and 3) and iv) the fact that it delivers latent variable scores, i.e. proxies of the constructs, measured by one or several indicators.

I analysed the dataset using PLS in two stages (Chin, 2010). First, I conducted an assessment of the measurement model, including the item reliability and convergent and discriminant validity. Second, I conducted an assessment of the structural model. The item weights and loadings indicate the strength of measures, while the estimated path coefficients indicate the strength and sign of the theoretical relationships. (See individual papers for specific details.)
4. Main findings and contributions

4.1 Paper summaries

4.1.1 Summary of Paper 1

The purpose of Paper 1 was to investigate how RELQUAL affects the export relationship, how and to what extent export performance affects exporter satisfaction and whether export satisfaction ultimately affects an exporter’s expectation of continuing the export–import relationship in an emerging market. The theoretical section of the paper develops five hypotheses, four of which are supported.

A positive relationship is found between relationship quality and financial and strategic export performance. Financial export performance is also shown to have a positive effect on exporter satisfaction. Furthermore, exporter satisfaction has a positive effect on the exporters’ expectations of continuing the export–import relationship.

However, the findings do not support the hypothesis that strategic export performance is positively related to exporter satisfaction. This insignificant effect may be interpreted in two ways. First, as Madsen (1998) asserted, managers’ perceptions of export performance are often quite static, narrow and short-term oriented. (Madsen, 1998) concluded that actual sales seem to be much more important than the enhancement of organizational capabilities and future profits. The respondents in this study may also have overlooked the long-term strategic benefits of engaging in the export–import relationship, which means that it is not possible to establish a significant relationship between strategic performance and exporter satisfaction. The second reason may be related to organizational practices within the industry, which might involve pressure from top management to achieve financial goals. The findings of this research suggest that managers of exporting firms in developing countries are most concerned about their companies’ financial performance.

This paper contributes to our understanding of exporter–importer relationships in emerging economies, particularly by merging two prominent theoretical perspectives in business marketing: social exchange theory and the disconfirmation of expectation theory. The study’s findings replicate and extend previous research in an emerging market setting and provide
empirical evidence to support the applicability of social exchange theory and the
disconfirmation of expectation theory in an emerging market setting.

4.1.2 Summary of Paper 2

This study proposes a mediation model with the aim of investigating the effect of distance and communication climate on relationship quality and export performance. Eight causal relationships are hypothesized (two of them for testing mediation effects). The results of the study support the mediation model; considering the full model, five of six hypotheses are supported. A positive indirect effect of communication climate and relationship quality on the distance–export performance relationship is found. This confirms that a healthy communication climate and a strong relationship reduce the negative impact of distance on export performance. There is a negative effect of distance on exporter–importer relationship quality in an emerging market setting and furthermore distance is found to have a negative effect on communication quality. Once more, analogous to previous studies, this study also finds a strong and positive relationship between relationship quality and export performance (Ural, 2009). On top of these findings, this study finds that relationship quality serves a mediating role in the relationships between distance and export performance and between communication climate and export performance.

The theoretical contribution of this study lies in the finding of the effect of distance on export performance and the exploration of the mediating role of relationship quality. In the literature, findings concerning the effect of distance on export performance are not consistent (Evans et al., 2000; Lee et al., 2008). Here, no direct association is found; rather, the effect is mediated by relationship quality. In light of this, the paper argues that distance may not be a serious problem or a critical issue in cross-border relationships if the parties can ensure strong relationship quality and a healthy communication climate, characterized by a good amount of information sharing and information of adequate quality. Exploring the effect of distance and communication climate on relationship quality and export performance in the specific context of an emerging market can also be considered a contribution.
4.1.3 Summary of Paper 3

This paper suggests that TCE constructs (asset specificity and uncertainty) and relationship quality are related to export performance and that the influence of TCE variables on export performance is mediated by relationship quality. To test the conceptualized relationships, a meeting point is proposed that bridges the two theoretical extremes in terms of the TCE and RELQUAL constructs: an RET construct. The results suggest that TCE and RET are not in competition, but rather are complementary theoretical constructs that can further understanding of how to foster and improve export performance.

Six hypotheses are postulated and all are supported. In particular, the finding of a positive and significant relationship between specific assets and RELQUAL is consistent with previous studies (De Vita et al., 2010; Stump et al. 2002).

4.1.4 Summary of Paper 4

This study investigates how competitive intensity moderates the established links between trust, commitment and export performance. The study extends the understanding of the commitment–trust–performance framework by investigating the moderating role of competitive intensity in the framework. The links between commitment, trust and export performance in a developing country context are found to be positive and significant, a finding that is analogous to other studies in which the empirical setting was mainly developed Western countries (Ambler et al., 1999; Lages et al., 2005; Morgan and Hunt, 1994; Ural, 2009). Moreover, the findings suggest that trust has a stronger impact on commitment under conditions of low competitive intensity and that commitment has a stronger impact on export performance under conditions of low competitive intensity than high competitive intensity. This, we believe, sheds new light on commitment–trust theory (Morgan and Hunt, 1994). The finding with regard to the moderating effect of competitive intensity reveals mixed results. There is a negative moderating effect of competitive intensity on the commitment–trust and commitment–export performance relationships, which implies that the undermining of trust caused by intensified competition leads firms to adopt a short-term orientation, rather than looking towards a long-term commitment (Wu, 2012) and the enhancement of their export performance. To mitigate the negative effect of competitive intensity, decision makers should focus on long-term mutual benefits. The findings for the moderating effect of competitive
intensity on the trust–export performance relationship are not strongly supportive of the hypothesis; although a weak negative effect is found, the p-value of the effect is not significant. The causes might be the complexity inherent in the trust–performance linkage, or simply the data gathered may not be sufficient to support the hypothesis.

4.2 Managerial implications

Apart from the theoretical contributions of this thesis, based on the findings of the four attached papers this thesis also has several managerial implications, addressed in relation to each paper in turn.

Paper 1 confirms that relationship quality is a driving force in achieving financial and strategic performance and exporter satisfaction in an emerging market, which strongly suggests that export managers in general and those located in emerging countries in particular need to invest their efforts (time, personnel and other company resources) in achieving better relationship quality to promote higher export performance.

Paper 2 examined the managerial implications from establishing better relationship quality and fostering a sound communication climate. In export–import relationships, the distance dimensions are external and often uncontrollable. Often, management needs to undertake extra efforts to reduce the negative impacts of distance (Leonidou et al., 2006). The findings of this study reveal that with better relationship quality, the top management may neutralize the negative impact of distance on export performance. Thus, it is highly recommended that export managers, especially those in developing countries, develop and maintain higher relationship quality to achieve success in both the short and the long term. This paper also determined the vital importance of the communication climate, characterized by the amount and quality of the information shared. Exporting companies need to take extra care in enhancing the communication climate with their importers to ensure higher export performance.

The managerial implications of Paper 3 lie in the bridging nature of relationship quality in terms of the link between transaction costs and export performance. This study confirms that by developing and engaging in strong relational bonds, exporters can improve their export
performance. In light of the findings, we recommend that exporters tender ‘pledges’ of specific assets, whilst also working to mitigate any effects of environmental uncertainty.

Paper 4 established the fact that trust and commitment have a strongly positive effect on export performance and thus export managers should ensure that sufficient organizational capabilities are dedicated to nurturing and enhancing trust and commitment in their export–import relationships. The negative moderating effects of competitive intensity on the commitment–trust–export performance links also intensify the need to establish and maintain commitment–trust-based relationships.

4.3 Limitations and suggestions for future research

The findings and implications of this work must be viewed in light of several limitations, which should be addressed in future studies. The first limitation concerns the cross-sectional research design of the study and the fact that the findings of this thesis are based on cross-sectional data. Furthermore, the responses were collected through convenience sampling. These two issues may be understood as problematic for the proposed causal relationships and the generalization of the research model. The second limitation is that only ‘focal constructs’ were used to define and measure relationship quality, meaning that other important first-order constructs may have been overlooked (Leonidou et al., 2014). In addition, only subjective measures were used for export performance. Asking about objective measures for export performance may be uncomfortable for the respondents. However, mixing objective and subjective measures for export performance would provide a more robust approach. The final limitation is associated with the data analysis technique employed in this study; the data were analysed using partial least squares (PLS) analysis. The relatively small sample size, the complexity of the model and the measurement items compelled the use of PLS in this study; however, with a larger sample size, covariance-based structural equation modelling (SEM) methods, such as LISREL, could be used in future research.

4.4 Conclusions

In summary, this thesis explores and tests the antecedents of relationship quality and the consequences for export performance in an emerging economy. The findings have addressed the four main objectives.
First, a positive relationship between relationship quality and financial and strategic export performance is identified and financial export performance is also found to have a positive effect on exporter satisfaction. Furthermore, exporter satisfaction has a positive effect on the exporters’ expectations of continuing the export–import relationship.

Second, this study found a negative and significant relationship between distance and export performance and a positive association between communication climate and export performance. Furthermore, relationship quality serves a mediating role in the relationships between distance and export performance and between communication climate and export performance. It also concludes that if there is high relationship quality between the exporter and the importer, the negative effect of distance on export performance will be mitigated and there will be a better communication climate, which ultimately improves export performance.

Third, this research found a meeting point – a RET construct – between the constructs drawn from two theoretical extremes, i.e. TCE constructs (specific assets and uncertainty) and the RELQUAL construct. Specifically, there is a positive and significant relationship between specific assets and RELQUAL. This study also found that by developing and engaging in strong relational bonds, exporters can improve their export performance.

Finally, this thesis found that competitive intensity has a negative moderating effect on the commitment–trust relationship and its correlation with export performance and it is thus argued that the negative effect of competitive intensity might be reduced by a higher degree of trust- and commitment-based export and import relationships. This also suggests that under conditions of low competitive intensity, trust has a stronger impact on commitment; commitment has a stronger impact on export performance under conditions of low competitive intensity than high competitive intensity.

The study contributes a deeper understanding of the antecedents and consequences of relationship quality and the link to export performance. The findings are consistent with most previous studies within the field and provide some additional contributions, both for theory and practice (in the form of managerial implications), as discussed in the previous sections.
5. References


List of papers

This thesis consists of four papers:


