Relationship value : drivers and outcomes in international marketing channels.
— Source link ⌞↗⌟

Dionysis Skarmeas, Athina Zeriti, George Baltas

Institutions: Athens University of Economics and Business, Norwich University

Related papers:

- Antecedents and Outcomes of Exporter–Importer Relationship Quality: Synthesis, Meta-Analysis, and Directions for Further Research:

- Developing successful trust-based international exchange relationships

- Common method biases in behavioral research: a critical review of the literature and recommended remedies.

- Structural equation modeling in practice: a review and recommended two-step approach

- Accounting for common method variance in cross-sectional research designs.

Relationship Value: Drivers and Outcomes in International Marketing Channels

Dr. Dionysis Skarmeas
Associate Professor of Marketing
Athens University of Economics and Business
Greece

Dr. Athina Zeriti
Lecturer in Marketing
Durham University
UK

Dr. George Baltas
Professor of Marketing
Athens University of Economics and Business
Greece

Relationship Value: Drivers and Outcomes in International Marketing Channels

Abstract

Collaborative business arrangements based on relationship marketing have become ubiquitous over the past decades. Yet research studies of relationship value in international marketing channels are scarce. Drawing on the relational view of competitive advantage, this study investigates the drivers of relationship value in exporter–importer relationships and its impact on customer loyalty. The study findings reveal that relationship-specific investments, knowledge sharing, complementary capabilities, and relational norms are powerful contributors of importer-perceived value in an overseas supplier relationship. Importantly, exporter cultural sensitivity weakens the negative effect of psychic distance on relationship value; when cultural sensitivity is low, psychic distance takes on greater importance in attenuating relationship value, whereas when cultural sensitivity is high psychic distance has no discernible effect. In addition, the results demonstrate that relationship value results in insensitivity to competitive offerings and future purchase expansion. Implications for international marketing theory and practice are discussed.

Keywords: relationship value, relationship-specific investments, knowledge sharing, complementary capabilities, relational norms, psychic distance, cultural sensitivity

Relationship Value: Drivers and Outcomes in International Marketing Channels

Over the past three decades, a large body of research has shown that the development of strong, collaborative business relationships with few selected partners can result in relational and performance outcomes such as trust, commitment, coordination, increased sales, cost reductions, and profit growth (e.g., Cannon and Homburg 2001; Morgan and Hunt 1994; Palmatier, Dant, Grewal, and Evans 2006). Yet, the business press reports that many companies are dissatisfied with the effectiveness of their working partnerships (The Economist 2013) and research findings indicate that establishing, developing, and maintaining close interfirm relationships does not always yield positive performance results (e.g., Anderson and Jap 2005; Grayson and Ambler 1999; Villena, Revilla, and Choi 2011). Interestingly, Palmatier et al.'s (2006) meta-analysis of relationship marketing studies shows that the effectiveness of relationship marketing strategies may vary depending on the exchange partner and context. The authors conclude that even the holistic, higher-order construct of relationship quality that had the greatest impact on objective performance, fails to capture fully the effects of an interfirm relationship on performance and call for further research on the "missing" relationship attributes that can enhance understanding of the spectrum of performance-relevant aspects of relationship marketing (Palmatier et al. 2006). What could this relationship attribute be?

Marketing theorists have long argued that value is what firms should create, deliver, and assess (e.g., Doyle 2000; Kotler and Keller 2011). Value typically refers to the trade-off between the benefits and sacrifices associated with an exchange relationship (e.g., Holbrook 1999; Zeithaml 1988). Firms do business with each other and develop close working relationships from a value-based perspective. Collaborating with a small number of suppliers can generate value for the customer through improvements in the core offering, within the

sourcing process, and at the level of the customer's operations, and reductions in the ordering, acquisition, and operating costs (Ulaga and Eggert 2006). Conversely, gaining key supplier status with a customer can create value for the seller by virtue of increasing customer's contributions to its sales and profits (Palmatier 2008). Such collaborative relationships can generate value for both parties, value that stems from the relationship and that each firm could not achieve on its own (Holm, Eriksson, and Johanson 1999). Thus, value creation, rather than relationship quality, should be the purpose and end result of a business relationship, and should serve as a benchmark against which the effectiveness of relationship marketing activities and success of a relationship are judged.

A review of the pertinent literature reveals that while interfirm relationship value has attracted considerable attention in a domestic market context (see for reviews Lindgreen and Wynstra 2005; Lindgreen, Hingley, Grant, and Morgan 2012), very little research has examined its sources and outcomes in international buyer–seller relationships (see for an exception Blocker, Flint, Myers, and Slater 2011). This lack of research is surprising for at least three reasons: First, interfirm relationships across national borders have become ubiquitous in recent years due to the rising integration of world markets, growing liberalization of international trade, and intensifying global competition (e.g., Beck, Chapman, and Palmatier 2015). As more and more firms seek to establish an international market presence through interfirm relationships, there is a clear need to develop a better understanding of the resultant value of these relationships. Second, it is more challenging to create relationship value in an international than in a domestic context. This is mainly due to the existence of differences in cultural, social, economic, political, and allied factors between cross-border business partners (e.g., Griffith and Zhao 2015; Katsikeas, Skarmeas, and Bello 2009), together with the increased levels of risk and uncertainty inherent in international operations (e.g., Chang, Bai, and Li 2015; De Clercq and Zhou 2014). Third, in recent years,

interfirm drivers of value have been the subject of renewed interest (Palmatier 2008; Ulaga and Eggert 2006) and there are calls for research on customer value in global business markets where greater divergence in environmental imperatives and different sets of local and international competitors are commonly present (Lindgreen et al., 2012; Ulaga 2011).

In light of these considerations, the main contribution of this study is that it clarifies and explicates the role of relationship value in international business relationships. Drawing on the relational view of competitive advantage and international marketing literatures, we synthesize important interfirm constructs to develop a parsimonious, yet comprehensive, model of antecedents and outcomes of relationship value in cross-border marketing channels. The relational view of competitive advantage (Dyer and Singh 1998) unifies the four discrete, though interrelated, theoretical perspectives of transaction cost economics (Williamson 1981), knowledge-based view (Grant 1996), dynamic capabilities (Eisenhardt and Martin 2000), and relational exchange (Macneil 1980). The international marketing literature emphasizes the importance of environmental differences and behavioral interactions in the effective management of cross-border buyer–seller relationships (e.g., Sousa and Bradley 2006). Synthesizing, rather than using in isolation, insights from these literatures can enhance understanding of the relative efficacy of the key drivers of relationship value, help locate its antecedents and outcomes within a nomological net, and support researchers' efforts to build a holistic view of relationship value in exporter–importer relationships.

We focus on relationship value from an importer's standpoint. This perspective is important because, ultimately, the evaluation of a business relationship comes from the customer firm. Further, enhanced understanding of importer-perceived relationship value can help a customer firm evaluate its overseas supply sources and identify its preferred suppliers, and assist an exporting firm in differentiating itself among other suppliers and capturing a greater

share of a customer's purchases (Ulaga and Eggert 2006). Thus, the findings of this study can provide guidance to practitioners in importing and exporting firms on successful relationship management. This is essential because international business practitioners are under a lot of pressure to justify the cost of their relational budgets and benefit of their relational activities, especially nowadays during the current global recession.

THEORY AND RESEARCH HYPOTHESES

Theoretical Background

The concept of value has a long history in marketing management (e.g., Drucker 1973) and superior customer value is commonly viewed as a source of competitive advantage (e.g., Doyle 2000; Woodruff 1997). Although customer value studies enjoy a well-established tradition in marketing, they typically focus on consumers' perception of the trade-off between the benefits and sacrifices associated with a good/service (e.g., Holbrook 1999; Zeithaml 1988). However, several studies have examined the fundamental role of relationship value in business markets (e.g., Lindgreen and Wynstra 2005; Zajac and Olsen 1993). Firms do business with each other not only because of the value of the products being exchanged, but also for other factors such as partner reputation, experience, innovativeness, location, and product and market knowledge (Lindgreen et al. 2012). Thus, value in business relationships extends beyond the price versus quality trade-off, which is typically the case with consumers, to encompass a relational dimension (Flint, Woodruff, and Gardial 2002). Relationship value refers to an overall assessment of a relationship based on perceived costs and benefits (Blocker et al. 2011; Ulaga and Eggert 2006). The question now is: How can firms develop relationships that generate value and hence result in sustainable competitive advantage?

Dyer and Singh (1998) proposed the "relational view of competitive advantage". Based on the observation that competition among single firms is becoming less prevalent, with pairs or networks of firms increasingly competing against each other instead, they argue that critical resources may span firm boundaries and be embedded in interfirm routines. This is an extension of early treatments of the resource-based view of the firm (Barney 2001) considering resources inside the firm to be critical for competitive advantage, in that interfirm cooperative relationships are viewed as a source of relational advantage. Dyer and Singh (1998) maintain that relational rents flow when exchange partners (1) make relationship-specific investments, (2) develop knowledge sharing routines, (3) possess complementary capabilities, and (4) employ relational governance mechanisms. In developing our research model, we ensured coverage of all four sources of relationship value identified by Dyer and Singh (1998) and included two constructs of great relevance to international marketing theory and practice: psychic distance and cultural sensitivity (Styles, Patterson, and Ahmed 2008). In addition, we examine the effects of relationship value on two key elements of customer loyalty: insensitivity to competitive offerings and future purchase expansion (Scheer, Miao, and Garrett 2010). Our conceptual model of the drivers and outcomes of relationship value in exporter–importer relationships is presented in Figure 1.

…insert Figure 1 about here…

Hypotheses Development

Relationship-specific assets are defined as "non-fungible investments (tangible and intangible) that uniquely support the buyer–supplier relationship" (Jap 1999, p. 464). They may take a variety of forms including purchasing dedicated tools and machinery, deploying tailor-made promotional campaigns, and developing operating systems for ordering and inventory control. Bilateral relationship-specific investments occur when both partners make

idiosyncratic investments into the relationship (Jap and Anderson 2003). Although they involve sunk costs in the event of relationship termination, exchange parties deliberately invest in idiosyncratic assets due to their productive nature; such investments are more effectual than general assets because they are tailored to the requirements of the relationship (Dyer and Singh 1998; Rindfleisch and Heide 1997). Relationship-specific assets can help exchange partners reduce operational problems, accelerate time-to-market, provide service, support, and assistance to each other, and perform their channel roles in a competent manner (e.g., Jap and Ganesan 2000; Rindfleisch and Heide 1997). Thus, by virtue of their task-driven nature, relationship-specific investments can enhance the effectiveness and efficiency of the channel system and generate relationship value.

H_1: Relationship-specific assets are positively related to relationship value.

In this study, knowledge sharing is defined as "the joint exchange of information and know-how between international channel partners" (Wu, Sinkovics, Cavusgil, and Roath 2007, p. 289). There are several types of knowledge sharing routines, such as joint training activities, mutual idea and intelligence sharing, and joint knowledge building. Knowledge sharing can augment relationship value by reasons of improved decision making; exchanging relevant information can lead channel partners to a full consideration of available alternatives and risks, and a better utilization of existing explicit and tacit knowledge (Sheng, Hartmann, Chen, and Chen 2015; Srivastava, Bartol, and Locke 2006). In addition, information sharing over time enables the development of transactive memory—knowledge of "who knows what" within a system (Argote, McEvily, and Reagans 2003)—which facilitates relationship coordination and learning (Lewis 2004; Selnes and Sallis 2003). Such joint activities play an instrumental role in relationship value creation (Cheung, Myers, and Mentzer 2010).

Therefore, exchange of information and knowledge between international channel partners can be an important source of value in the relationship.

H_2: Knowledge sharing is positively related to relationship value.

Complementary capabilities refer to the degree to which partners are able to fill out or complete each other by supplying distinct capabilities (Griffith and Dimitrova 2014). Getting access to each other's complementary capabilities is the *raison d'etre* of international marketing channels in that it helps exchange partners create value that they could not have done alone; acquiring such capabilities through market mechanisms is not always possible, nor is internal development (Zajac and Olsen 1993). Complementarity ensures that both channel partners bring in unique, valuable capabilities and allows each firm to learn from its partner (Dyer and Singh 1998). In addition, by pooling together complementary capabilities, channel partners have the potential to combine and synergistically leverage their competences in the marketplace, helping the channel dyad achieve its goals (Kale, Singh, and Perlmutter 2000). Thus, in the presence of complementary capabilities between channel partners, relationship value is likely to be enhanced.

H_3: Complementarity of capabilities is positively related to relationship value.

Norms are expectations about behavior that are at least partially shared by exchange partners (Heide and John 1992). They represent "principles of right action" that serve to "guide, control, or regulate proper and acceptable behavior" (Macneil 1980, p.18). In relationships based on such principles, obligations, promises, and expectations are fulfilled through the values and agreed-upon codes found in social processes (Zaheer and Venkatraman 1995). Relational norms are viewed as an effective governance mechanism in international channel relationships because they tend to lower transaction costs and provide incentives for value creation (e.g., Gencturk and Aulakh 2007; Zhang, Cavusgil, and Roath 2003). They promote

actions directed toward maintaining the channel relationship (e.g., Jap and Ganesan 2000); enable channel partners to cope with environmental uncertainty (e.g., Bello, Chelariu, and Zhang 2003); encourage a fair and equitable sharing of relationship outcomes (e.g., Heide and John 1992); and discourage opportunistic behavior by trading partners (e.g., Cavusgil, Deligonul, and Zhang 2004). Therefore, relational norms enable exchange partners to be "on the same page" when executing channel tasks and increase relationship value.

H_4: Relational norms are positively related to relationship value.

Unlike relationships in domestic settings, exporter–importer relationships involve trading partners that may differ in terms of culture, language, business practices, and other country-level factors such as economic and legal systems. Psychic distance refers to the importer's perception of differences between the operating environments of the exchange partners (Klein and Roth 1990). It has been accorded a central role in the international marketing literature because partners from dissimilar environments often lack a common frame of reference and have inconsistent expectations, interpretations, and understandings regarding business operations (e.g., Dow and Karunaratna 2006). Such disparities can lower the quality of partners' interactions, increase the difficulty and cost of channel coordination, and hamper the productivity of the exchange process (e.g., Johnston, Khalil, Jain, and Cheng 2012; Barnes, Leonidou, Siu, and Leonidou 2015), to the detriment of relationship value. In support of this argument, Katsikeas et al. (2009) report that psychic distance weakens assessments of equity and efficiency of a cross-border channel relationship. Therefore, psychic distance is expected to impede the development of relationship value.

H_5: Psychic distance is negatively related to relationship value.

Cultural sensitivity refers to an exporter's awareness of, and adaptation to, its importer's domestic market business practices (LaBahn and Harich 1997; Skarmeas, Katsikeas, and Schlegelmilch 2002). While psychic distance can incite feelings of separation, discord, and estrangement between exchange partners (Abdi and Aulakh 2012; Leonidou, Samiee, Aykol, and Talias 2014), cultural sensitivity can bridge this gap and bring closer the two sides of the dyad (Shapiro, Ozanne, and Saatcioglu 2008; Skarmeas and Robson 2008). Closeness enables channel partners to become more tolerant of each other's differences, adopt a more accommodating perspective, and deliver the smooth interactions needed for generating relationship value (e.g., Berry 2002; Francis 1991). For example, when an exporting firm comprehends whether its product offering need adaptation to the foreign customer's market conditions and operating processes and adjusts its practices accordingly, the two parties are better able to reconcile their differences and manage them in a constructive manner (Skarmeas 2006). In the absence of cultural sensitivity, however, channel relationships between partners from dissimilar environments will be subject to greater counterproductive governance difficulties, owing to the paucity of shared cognitive and regulatory frameworks (Abdi and Aulakh 2012). Thus, while lacking cultural sensitivity can exacerbate relationship problems associated with psychic distance, understanding and adapting to the nuances of the foreign customer's operating environment can help an exporting firm overcome such problems and mitigate their damaging effects on the international channel relationship.

> H_6: Cultural sensitivity weakens the inverse relationship between psychic distance and relationship value.

Insensitivity to competitive offerings refers to importer allegiance despite situational influences and marketing efforts that have the potential to cause switching behavior (Scheer et al. 2010), while future purchase expansion refers to importer intentions to purchase more in

the near future (Cannon and Homburg 2001). When international channel partners have established a working relationship that creates a great deal of value added, they experience "fulfilment of objectives" (Oliver 1999, p. 35). This affective state strengthens and stabilizes the dyad, and compels partners to focus beyond the short-term (Ganesh, Arnold, and Reynolds 2000; Lam, Shankar, Erramilli, and Murthy 2004). Business relationships that produce such value not only are difficult to replace or duplicate but also have great potential for further development and success (Blocker et al. 2011; Scheer et al. 2010). Hence, in the presence of superior relationship value an importer is likely to be less attentive to entreaties from possible competing suppliers and more willing to consider expansion of its current purchase activities.

H_7: Relationship value is positively related to insensitivity to competitive offerings.

H_8: Relationship value is positively related to future purchase expansion.

RESEARCH METHODOLOGY

Questionnaire Development and Measures

Data were collected through a mail survey. A thorough review of the relevant literature was performed to specify the conceptual domain of each of the model constructs and effectively operationalize them. Existing scales identified in the literature review were adapted to suit the research purpose and international context of this study. These modified scales were supplemented with personal interviews with import and export managers. The interviews suggested that relationship value plays a central role in exporter–importer relationships. An initial draft of the survey instrument was developed, which was reviewed by three academics with extensive knowledge in international marketing. On the basis of their feedback, minor

revisions were made. Finally, a small-scale mail pretest was conducted and revealed no particular problems with any of the measures or response formats.

The unit of analysis for the study is the individual buyer's relationship with a particular foreign supplier. We paid attention to avoiding respondent bias in the selection of focal foreign supplier and obtaining variation in the responses. Each informant was requested randomly to answer the questionnaire in terms of a particular supplier (i.e., largest, third largest, or fifth largest overseas supplier). If the importer had less than three or five overseas suppliers, the informant was directed to use the supplier that was closest to the assigned rank. Multi-item scales were used to measure all variables. Unless otherwise stated, all measures used a seven-point Likert response scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The measures reflect the view of the importing firm. Some measures (i.e., relationship specific assets, knowledge sharing, complementary capabilities, and relational norms) were designed to reflect the importer's perspective on aspects of the dyadic relationship between the import distributor and the export manufacturer—what the two channel partners are doing together. Thus, this study examines variables either that correspond to the importer side of the channel dyad or that the importer could legitimately explain. The full set of measures, along with Cronbach's alpha coefficients, means, and standard deviations, is presented in the Appendix. The measurement approach for each model construct is briefly described below.

A four-item scale tapping the non-fungible investments made by both the importer and the exporter that are specific to their relationship measured relationship-specific assets. The items were derived from Anderson and Weitz (1992) and Jap and Anderson (2003) and adapted during pretests. A four-item scale adapted from Wu et al. (2007) measured knowledge sharing. The items describe the joint exchange of useful information and knowledge between import distributors and export manufacturers. A four-item scale was employed to measure

complementary capabilities. The items were adapted from Jap (1999). They capture the degree to which channel partners complement each other by bringing distinct capabilities to their relationship. The three dimensions of relational norms considered in this study were solidarity, flexibility, and mutuality. Solidarity refers to joint action and problem solving within the channel relationship (Bello et al. 2003). Flexibility reflects adaptation to unforeseeable events (Heide and John 1992). Mutuality refers to equity in the distribution of surpluses and burdens over the course of the relationship (Boyle, Dwyer, Robicheaux, and Simpson 1992). The items used to measure solidarity, flexibility, and mutuality were adapted from Heide and John (1992), Bello et al. (2003), and Boyle et al. (1992), respectively. A three-item scale was used for each of the three dimensions.

A five-item scale reflecting the perceived dissimilarity between the operating environments of the importer and the exporter measured psychic distance. We derived the items from Klein and Roth (1990) and Bello et al. (1997). The response format here ranged from 1 (very similar) to 7 (very different). A four-item scale was used to measure cultural sensitivity. The items derived from LaBahn and Harich (1997) and represent importers' perceptions of exporter understanding of and adaptation to domestic business practices. Relationship value was measured by a four-item scale reflecting the trade-off between benefits and sacrifices that stem from an overseas supplier's product and relationship resources which importers believe are facilitating their goals. The items were adapted from Ulaga and Eggert (2006) and Blocker et al. (2011). Three, reverse-scored items that reflect the importer's sensitivity and responsiveness to competitive offerings were used to measure insensitivity to competitive offerings. The items came from Scheer et al. (2010). A three-item scale was employed to measure future purchase expansion. The items derive from Cannon and Homburg (2001) and capture the importer's intention to award more business to the overseas supplier in the near future.

In addition, we included six control variables: competitive intensity, market turbulence, firm size, relationship age, intensity of distribution, and intensity of supply. Competitive intensity reflects the degree of competition within a marketplace (Kohli and Jaworski 1990). Market turbulence refers to the variability and unpredictability of customer preferences and expectations (Kohli and Jaworski 1990). We measured competitive intensity using four items adapted from Morgan, Katsikeas, and Vorhies (2012) and market turbulence with four items adapted from Kumar, Jones, Venkatesan, and Leone (2011). Firm size was measured as the natural logarithm of the importer's full-time employees, while relationship age was measured as the natural logarithm of the years that the importer and the exporter have been doing business together. Finally, intensity of distribution was measured as the number of other distributors for the foreign supplier in the trading area, while intensity of supply was measured as the number of suppliers for competing products (Kim and Hsieh 2003). We considered the effects of these control variables on both relationship value and its predicted outcomes.

Sampling and Data Collection

Our sampling frame came from the Dun and Bradstreet database, which provides updated information on firm demographics and contact details. We selected four different product sectors covering textiles, chemicals, machinery, and equipment. A multi-industry sample was used to increase observed variance and to strengthen the generalizability of the findings (Hughes, Martin, Morgan, and Robson 2010). Based on a systematic random sampling procedure, 1000 importing firms in the UK were included in the study sample. Each of these firms was reached by telephone to check for trading status, firm characteristics, key informants' contact details, and willingness to participate in the study. As a result of this screening process, 768 firms were deemed eligible for the study. Specifically, we dropped 40

firms because of incorrect contact details, 63 firms because they did not trade directly with an overseas manufacturer, and 129 firms because of a corporate policy of not participating in external studies.

A copy of the questionnaire, along with a cover letter and postage-paid return envelope was sent to the identified informant in each of the 768 importing firms. In the cover letter, we assured confidentiality and offered a report that summarized the research findings as an incentive for participating in the study. We sent a reminder "thank you" postcard to all informants one week later, followed by two waves of questionnaires to all nonrespondents. This procedure produced 287 responses. Nonetheless, sixteen responses were dropped from further analysis due to missing data or because of not satisfying our key informant quality check. Specifically, the final part of the questionnaire included three questions tapping informant knowledge regarding the firm's dealings with the overseas supplier, involvement with the focal supplier, and confidence in completing this questionnaire. A seven-point scale was used in each case. Questionnaires with a score lower than four for one of these items were discarded. Thus, we obtained 271 qualified responses out of 768 eligible firms, yielding a response rate of 35%. This is a satisfactory response rate and the observations gathered were deemed adequate for analysis purposes.

Nonresponse and Common Method Biases

The possibility of nonresponse bias was checked using Armstrong and Overton's (1977) procedure. We performed a comparison between early and late respondents using a t-test procedure for two independent samples under the assumptions of both equal and unequal group variances. No significant differences were revealed between the two groups in terms of number of employees, import purchase volume, and sales volume at the conventional level of .05. In addition, we compared respondents with a group of 55 randomly selected

nonparticipant firms, in terms of sales and employee number. Again, no significant differences between the two groups were detected. Thus, nonresponse bias is unlikely to affect the results of this study.

Because we collected data from key informants using a single survey instrument, any relationships observed may be susceptible to common method bias. We followed the procedures recommended by Podsakoff, MacKenzie, Lee, and Podsakoff (2003) for limiting the potential for common method variance. Specifically, we assured respondents that there were no right or wrong answers, encouraged them to respond as honestly as possible, grouped construct items in sections and not in variables, and employed multi-response formats. In addition, we performed two post-hoc checks to determine whether common method variance was an issue in our data set. First, we applied Harman's single-factor test and run an exploratory factor analysis for all study variables. The results indicated that the first factor accounted for only 16.61% of total variance. Second, we employed Lindell and Whitney's (2001) post-hoc marker variable approach. We used the second-smallest correlation among the study variables ($r = .019$, $p > .05$) to calculate the common method bias-adjusted correlation matrix (Malhotra, Kim, and Patil 2006). A comparison between the original and the common method bias-adjusted correlations revealed no statistically significant differences; the pattern of significant and non-significant correlations remained the same after adjustment. Collectively, the procedural remedies taken at the design phase of the study and the results of our post-hoc checks suggest that common method bias is unlikely to be of concern in this study.

ANALYSIS AND RESULTS

Measure Validation

Item-to-total correlations and coefficient alphas were used as a preliminary measurement evaluation of our scales. Then we performed confirmatory factor analysis using *EQS* (Bentler 2006) to assess the psychometric properties of the measures and the hypothesized links among the study variables. In both cases, the maximum likelihood estimation technique was used. Due to sample size constraints, two measurement models were run. Table 1 presents the results of these models. The first model contained 39 items measuring the first-order constructs relationship-specific assets, knowledge sharing, complementary capabilities, psychic distance, cultural sensitivity, relationship value, insensitivity to competitive offerings, future purchase expansion, competitive intensity, and market turbulence. The model has a significant chi-square value ($\chi^2 = 1073.45$, $p < .001$) for 661 degrees of freedom, as might be expected from this test statistic's sensitivity to sample size (Bagozzi and Yi 2012). However, other indices suggest a satisfactory fit to the data: a comparative fit index (CFI) of .93, an incremental fit index (IFI) of .93, a non-normed fit index (NNFI) of .92, a root mean square error of approximation (RMSEA) of .05, and an average off-diagonal standardized residual (AOSR) of .05. A second-order confirmatory factor model was estimated for the multidimensional construct of relational norms. Relational norms were viewed as consisting of three first-order factors: solidarity, flexibility, and mutuality. The model yielded a reasonably good fit to the data ($\chi^2_{(24)} = 50.79$, $p < .001$, CFI = .98, IFI = .98, NNFI = .98, RMSEA = .06, and AOSR = .03), which provides support to our conceptualization of relational norms as a higher-order construct.

… Insert Table 1 here …

An inspection of Table 1 indicates that all factor loadings exceed .67 and have *t*-values greater than 11.31. These scores provide evidence of convergent validity among the study variables (Anderson and Gerbing 1988). Discriminant validity was assessed through model

comparisons with ϕ freed versus fixed at one for all construct pairs (Gerbing and Anderson 1988). All chi-square differences were significant at the .05 level, suggesting that the measures are not collinear. Table 2 displays the correlation matrix of the eleven variables to provide a general picture of their interrelationships.

… Insert Table 2 here …

After establishing confidence in the appropriateness of the study measures, the structural model was run. We used composite scores as manifest indicators for each latent variable by averaging the items of each scale for our unidimensional constructs or each subscale for the second-order construct of relational norms. The path from the latent variable to its manifest indicator was fixed to the square root of the reliability (alpha) of the observed variable and the error term set at $(1 - \text{reliability}) \times$ construct variance (Joreskog and Sorbom 1982). To calculate the interaction term of psychic distance and cultural sensitivity, we followed Ping's (1995) approach, which reduces multicollinearity and provides unbiased parameter estimates. In the estimation of the structural model, the exogenous constructs were permitted to covary (i.e., the parameters of the phi matrix are freely estimated), while no covariances between the disturbance terms were included (i.e., the psi matrix is a diagonal matrix). The model results provide evidence of a good fit ($\chi^2_{(45)} = 81.26$, $p < .001$, CFI = .99, IFI = .99, NNFI = .99, RMSEA = .05, and AORS = .02). Table 3 presents the standardized parameter estimates, t-values, and significance levels for the structural paths.

… Insert Table 3 here …

As shown in Table 3, the estimates of the standardized path coefficients provide support for all our hypothesized links. Specifically, the results provide support to H_1, positing that relationship-specific assets are positively related to relationship value ($\beta = .23$, $p < .01$).

Consistent with H$_2$, knowledge sharing is positively related to relationship value (β = .20, p < .01). In support of H$_3$, there is a positive relationship between complementary capabilities and relationship value (β = .20, p < .01). As predicted in H$_4$, relational norms are positively related to relationship value (β = .21, p < .01). In line with H$_5$, psychic distance is negatively related to relationship value (β = −.13, p < .05). In addition, the interaction term of psychic distance and cultural sensitivity is positively related to relationship value (β = .15, p < .01), providing support for H$_6$. Further, as hypothesized in H$_7$ and H$_8$, relationship value is positively related to insensitivity to competitive offerings (β = .25, p < .01) and future purchase expansion (β = .33, p < .01), respectively. Finally, competitive intensity is positively related to future purchase expansion (β = .14, p < .05) and intensity of supply is negatively related to relationship value (β = −.12, p < .05).

Multi-group analyses were used to delve into the moderating role of cultural sensitivity. Data were divided into two groups of high and low cultural sensitivity based on a median-split (Mdn = 4.26). Separate models including all study constructs, with the exception of cultural sensitivity, were then tested for each group. Subsequently, two models were run: a constrained (i.e., with an equality constraint on the psychic distance to relationship value structural path between the two groups) and an unconstrained (i.e., the parameter estimate was allowed to vary between the two groups). The results of these models are shown in Table 3. For the high versus low cultural sensitivity groups, the constrained model indicates $\chi^2_{(75)}$ = 111.84, p < .001, while the unconstrained one yields $\chi^2_{(74)}$ = 102.42, p < .001. The significant $\Delta\chi^2_{(1)}$ = 9.42, p < .01 between the two models indicates that the model is not consistent across the low and high cultural sensitivity groups. Specifically, in the group of low cultural sensitivity psychic distance has a significant negative effect on relationship value (β = −.27, p < .01), while in the high cultural sensitivity group this path is not significant (β = .04, p >

.05). The results show that the effect of psychic distance on relationship value is not significant when cultural sensitivity is high, but is significantly negative when cultural sensitivity is low. The pattern of the moderating effect (i.e., the stronger the cultural sensitivity, the weaker the negative association between psychic distance and relationship value) is illustrated in Figure 2.

… Insert Figure 2 here …

Alternative Models

An alternative model might suggest that relationship-specific investments, knowledge sharing, complementary capabilities, relational norms, and psychic distance, except for influencing relationship value, also directly influence insensitivity to competitive offerings and future purchase expansion. This possibility was examined by a series of one-degree-of-freedom chi-square difference tests comparing models' fit when a direct path was added from each driver of relationship value directly to insensitivity to competitive offerings and future purchase expansion. Ten additional models were run. Interestingly, the results suggest that model fit was improved ($\Delta\chi^2_{(1)} > 3.84$) by adding a direct path from relationship-specific investments to insensitivity to competitive offerings ($\beta = .25$, $p < .01$), from relationship-specific investments to future purchase expansion ($\beta = .21$, $p < .01$), and from relational norms to future purchase expansion ($\beta = .18$, $p < .01$); no significant change occurred in the other paths. Thus, the results indicate that the effect of relational norms on future purchase expansion and the effects of relationship-specific investments on insensitivity to competitive offerings and future purchase expansion are both direct and mediated by their effects on relationship value.

DISCUSSION

The present study draws on the relational view of competitive advantage and international marketing literatures to investigate the antecedents and outcomes of relationship value in international marketing channels. The study findings show that relationship-specific investments, knowledge sharing routines, complementary capabilities, and relational norms are important drivers of importer-perceived value in an overseas supplier relationship. In addition, cultural sensitivity has a weakening effect on the relationship value reduction property of psychic distance. Our proposed research model explains a high proportion (41%) of the observed variance in relationship value, which suggests that the relational view of competitive advantage, aided by insights from the international marketing field, can provide a solid basis for investigating relationship value in cross-border business exchanges. Further, the results of the study indicate that importer-perceived relationship value leads to importer insensitivity to competitive offerings and purchase expansion intentions. The implications of our findings for international marketing theory and practice are discussed below.

Theoretical Implications

The results of this study improve understanding of the role that relationship value plays in cross-border buyer–seller relationships. To date, the literature on international relationship marketing has tended to focus on outcomes such as trust, commitment, and relationship quality (Samiee, Chabowski, and Hult 2015). However, extant research suggests that sometimes the costs associated with developing and maintaining a relationship exceed the perceived benefits (e.g., Anderson and Jap 2005) and scholars have noted a growing need to examine additional relationship attributes that can help explain the performance-relevant aspects of relationship marketing (Palmatier et al. 2006). Further, studies on relationship value in the global marketplace have lagged far behind those in domestic settings and there is an increasing demand for studies on relationship value that take into consideration the

additional ramifications of international marketing (Lindgreen et al., 2012; Ulaga 2011).
Building on these calls, we addressed a simple but important question: What are the key
drivers and outcomes of relationship value in exporter–importer relationships?

To investigate this question, we developed a framework that integrates the relational view of
competitive advantage with key insights from the international marketing literature into a
parsimonious model of interfirm relationship value. To the best of the authors' knowledge,
this is one of the first studies to document that relationship-specific assets, knowledge
sharing, complementary capabilities, and relational norms capture independent, relationship
value-relevant information. This is important because research based solely on the transaction
cost economics, knowledge-based view, dynamics capabilities or relational exchange
perspectives is likely overstate the influence of the respective focal constructs on relationship
marketing success (Palmatier, Dant, and Grewal 2007). In addition, this work extends the
relationship marketing literature by demonstrating the role of factors specific to international
exchange, namely psychic distance and cultural sensitivity, in relationship value creation.

The results show relationship value increases when bilateral relationship-specific assets are in
place and, hence, channel partners can offset the fixed costs incurred in and reap the gains of
these investments. Notably, asset specificity also had a direct effect on insensitivity to
competitive offerings and purchase expansion intentions. These findings are important
because prior research on transaction-specific investments has placed emphasis on their
"lock-in" effect, switching costs, and low salvage value outside the focal relationship
(Geyskens, Steenkamp, and Kumar 2006). Taken together, our findings resonate with
Palmatier et al.'s (2007) conclusion that the focus on relationship-specific assets should shift
from the traditional transaction cost perspective of safeguarding and monitoring to their
ability to generate relationship value and improve the effectiveness and efficacy of the

exchange relationship. Relatedly, the results show that relational norms increase not only relationship value but also purchase expansion intentions. These findings extend our understanding of why business transactions are immersed in the relationships that surround them (Palmatier et al. 2007) and how relational governance can structure economically efficient and effective cross-border channel relationships (e.g., Bello et al. 2003; Ju, Zhao, and Wang 2014).

In addition, the results show that knowledge sharing and complementary capabilities are key contributors of relationship value in exporter–importer relationships. International marketing scholars posit that the need for knowledge exchange is more pronounced in cross-border channel relationships because channel members not only possess asymmetric domains of product and market knowledge but are also psychically distant and separated (Bello 2011; Petersen, Pedersen, and Lyles 2008). The study findings suggest that international channel partners that share their expertise are in a unique position to close the knowledge gap within the channel system and augment relationship value. Relatedly, Griffith and Dimitrova (2014) note that it is difficult to identify cross-border channel partners with the requisite complementary capabilities due to the physical distance between the exchange parties. However, international channel partners that overcome this difficulty can achieve synergy through combining their capability endowments and thus generate relational rents. Taken together, these findings add to the partner selection and goal congruence literatures (e.g., Wuyts and Geyskens 2005) and indicate that the potential for knowledge sharing and leveraging complementary capabilities should be considered as important criteria in the selection of cross-border business partners and the decision whether to establish a close tie with them.

Arguably, the most important finding of this study is the interactive effect of psychic distance and cultural sensitivity on relationship value. This finding sheds new light on the debate about the role played by psychic distance in today's globalized marketplace. Specifically, while psychic distance has been a central focus of the international marketing literature for decades, there are mixed findings regarding its influence on performance in international operations (e.g., Evans, Mavondo, and Bridson 2008; O'Grady and Lane 1996; Stottinger and Schlegelmilch 2000). These inconsistent findings, often coined as "psychic distance paradox", suggest that a contingency approach may explain whether psychic distance between international channel partners serves as an obstacle to channel success. The study results identify exporter cultural sensitivity as an important contingency factor in the psychic distance to relationship value link. Psychic distance attenuates relationship value in conditions of low exporter cultural sensitivity, while in the presence of high exporter cultural sensitivity it has no discernible effect. This finding clearly indicates that firms need to manage their cross-border business relationships in a more skillful manner to address the additional ramifications of international marketing and that it is erroneous to assume that the means and mechanisms of relationship value creation in international buyer–seller relationships are essentially the same as in a domestic market setting.

Managerial Implications

Our research also has important implications for international marketing managers. This study provides some basic guidelines on how to select foreign channel partners and structure economically efficient and effective international channel relationships. Exporting and importing firms may find it prudent to seek partners that can undertake investments idiosyncratic to the relationship, are willing to share their knowledge and expertise, possess the requisite complementary capabilities, and adhere to the foundational rules of solidarity,

flexibility, and mutuality. When firms conduct business with foreign partners that have such compatible objectives and characteristics, they create superior relationship value and enhance their ability to compete in the global marketplace. It follows that management strategies must promote and reciprocate relationship-specific assets to improve the efficacy and effectiveness of the interaction. Further, incentives such as attending exporter- or importer-funded seminars, organizing joint training programs, and using web-based systems can be provided with a view to exchanging product and market knowledge between international channel partners and combining their unique competencies. In addition, channel partners can initiate or intensify their socialization efforts in order to strengthen relational bonds and accentuate the behavioral underpinnings of the channel system.

Further, our findings place a spotlight on the complex relationship between psychic distance and cultural sensitivity. The study findings reveal that psychic distance is not inherently bad and underscore the importance of exporting firms pursuing market-driven strategies adapted to the particular requirements of their foreign customers. The implications here for international management practice are straightforward and far-reaching. What really matters to overseas customers is the extent to which the exporting firm comprehends and adapts to overseas business practices, rather than perceptions of distance between the home and foreign markets *per se*. To this end, exporting firms that understand their channel partners' market conditions and business culture, and tailor their approaches accordingly, can overcome the negative influence of psychic distance on relationship success and gain a head start over local and international competitors.

Finally, the positive effect of relationship value on insensitivity to competitive offerings and future purchase expansion identified in this study has important implications for both sides of the cross-border channel dyad. With the current trend of supplier consolidation, maintaining

customer loyalty has become increasingly important for long-term survival of exporting firms. Importing distributors that experience superior relationship value with their foreign suppliers are not only motivated to maintain the relationship and less attentive to competitive offerings, but also inclined to increase their purchases in the near future. Thus, putting customer-perceived relationship value into the equation of relationship marketing is advantageous to the import distributor in identifying, assessing, and stratifying its preferred suppliers, to the exporting manufacturer in developing customer loyalty and capturing a greater share of customers' business, and, hence, to the channel system as a whole.

Limitations and Future Research

Our study has certain limitations that should be taken into consideration while interpreting the research results. This study was conducted within a specific context and business relationship type. Replication efforts are therefore needed within various settings to test the external validity of the present empirical findings. Also, although our research model is theoretically anchored, the cross-sectional research design of this study cannot fully capture the causal sequence between the model constructs. For example, the possibility that superior relationship value results in increased relationship-specific assets, knowledge sharing or relational norms cannot be eliminated. Future empirical efforts in the area may consider gathering longitudinal data that can offer additional insights into the drivers and outcomes of relationship value. Relatedly, we collected data from one side of the exporter–importer dyad. Future research should collect dyadic data in an attempt to ascertain divergence or convergence of relationship value perceptions between cross-border channel partners.

Further, a logical extension of this research is to examine the specific types of idiosyncratic assets (e.g., physical- and human-asset specificity), knowledge sharing (e.g., external and internal information, product and market knowledge domain), and complementary

capabilities (e.g., information technology and marketing capabilities) that are conducive to relationship value creation. Another interesting direction for future research would be to investigate whether the type of product (commodity vs. specialty) being exchanged plays a role in determining relationship value. In addition, because relationship building and maintaining can be costly and time consuming, exploring the extent to which certain individual, organizational, and contextual factors make transactional, rather than relational, interactions important in relationship value development can advance international marketing theory and practice. Moreover, it is possible for both importing and exporting firms to have relationships in the same market space with multiple partners, who could potentially be direct adversaries and competitors to each other. How does this interplay affect relationship value creation and appropriation? Finally, an intriguing possibility for further theory development concerns decomposing relationship value into relationship benefits and relationship costs (Ulaga and Eggert 2006) and investigating their specific drivers and deterrents. Relatedly, examining the role that cultural dimensions such as uncertainty avoidance, power distance, individualism, and masculinity (Hofstede and Hofstede 2005) play here may unravel the effects of national culture on the benefit and cost dimensions of relationship value.

REFERENCES

Abdi, Majid and Preet S. Aulakh (2012), "Do Country-Level Institutional Frameworks and Interfirm Governance Arrangements Substitute or Complement in International Business Relationships?" *Journal of International Business Studies*, 43 (5), 477-97.

Anderson, Erin and Sandy D. Jap (2005), "The Dark Side of Close Relationships," *MIT Sloan Management Review*, 46 (3), 75-82.

——— and Barton Weitz (1992), "The Use of Pledges to Build and Sustain Commitment in Distribution Channels," *Journal of Marketing Research*, 29 (1), 18-34.

Anderson, James C. and David W. Gerbing (1988), "Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach," *Psychological Bulletin*, 103 (3), 411-23.

Argote, Linda, Bill McEvily, and Ray Reagans (2003), "Managing Knowledge in Organizations: An Integrative Framework and Review of Emerging Themes," *Management Science*, 49 (4), 571-82.

Armstrong, J. Scott and Terry S. Overton (1977), "Estimating Nonresponse Bias in Mail Surveys," *Journal of Marketing Research*, 14 (3), 396-402.

Bagozzi, Richard P., and Youjae Yi (2012), "Specification, Evaluation, and Interpretation of Structural Equation Models," *Journal of the Academy of Marketing Science*, 40 (1), 8-34.

Barnes, Bradley R., Leonidas C. Leonidou, Noel Y.M. Siu, and Constantinos N. Leonidou (2015), "Interpersonal Factors as Drivers of Quality and Performance in Western-Hong Kong Inter-Organizational Business Relationships," *Journal of International Marketing*, 23 (1), 23-49.

Barney, Jay B. (2001), "Resource-Based Theories of Competitive Advantage: A Ten-Year Retrospective on the Resource-Based View," *Journal of Management*, 27 (6), 643-50.

Beck, Joshua T., Kelly Chapman, and Robert W. Palmatier (2015), "Understanding Relationship Marketing and Loyalty Program Effectiveness in Global Markets," *Journal of International Marketing*, 23 (3), 1-21.

Bello, Daniel C. (2011), "International Marketing Channels," In *Wiley International Encyclopedia of Marketing: International Marketing*, Vol. 6, Jagdish N. Sheth and Naresh K. Malhotra, eds. West Sussex, UK: John Wiley & Sons Ltd, 107-14.

———— and David I. Gilliland (1997), "The Effect of Output Controls, Process Controls, and Flexibility on Export Channel Performance," *Journal of Marketing*, 61 (1), 22-38.

————, Cristian Chelariu, and Li Zhang (2003), "The Antecedents and Performance Consequences of Relationalism in Export Distribution Channels," *Journal of Business Research*, 56 (1), 1-16.

Bentler, Peter M. (2006), *EQS 6 Structural Equations Program Manual*. Los Angeles: Multivariate Software, Inc.

Berry, John W. (2002), *Cross-Cultural Psychology: Research and Applications*. Cambridge: University Press.

Blocker, Christopher P., Daniel J. Flint, Matthew B. Myers, and Stanley F. Slater (2011), "Proactive Customer Orientation and Its Role for Creating Customer Value in Global Markets," *Journal of the Academy of Marketing Science*, 39 (2), 216-33.

Boyle, Brett, Robert Dwyer, Robert A. Robicheaux, and James T. Simpson (1992), "Influence Strategies in Marketing Channels: Measures and Use in Different Relationship Structures," *Journal of Marketing Research*, 29 (4), 462-73.

Cannon, Joseph P. and Christian Homburg (2001), "Buyer-Supplier Relationships and Customer Firm Costs," *Journal of Marketing*, 65 (1), 29-43.

Cavusgil, S. Tamer, Seyda Deligonul, and Chun Zhang (2004), "Curbing Foreign Distributor Opportunism: An Examination of Trust, Contracts, and the Legal Environment in International Channel Relationships," *Journal of International Marketing*, 12 (2), 7-27.

Chang, Jeanine, Xuan Bai, and Julie Juan Li (2015), "The Influence of Institutional Forces on IJVs' Foreign Parents' Opportunism and IJVs' Relationship Extendedness," *Journal of International Marketing*, 23 (2), 73-93.

Cheung, Mee-Shew, Matthew B. Myers, and John T. Mentzer (2010), "Does Relationship Learning Lead to Relationship Value? A Cross-National Supply Chain Investigation," *Journal of Operations Management*, 28 (6), 472-87.

De Clercq, Dirk and Lianxi Zhou (2014), "Entrepreneurial Strategic Posture and Performance in Foreign Markets: The Critical Role of International Learning Effort," *Journal of International Marketing*, 22 (2), 47-67.

Dow, Douglas and Amal Karunaratna (2006), "Developing a Multidimensional Instrument to Measure Psychic Distance Stimuli," *Journal of International Business Studies*, 37 (5), 578-602.

Doyle, Peter (2000), *Value-Based Marketing: Marketing Strategies for Corporate Growth and Shareholder Value*. Chichester: John Wiley and Sons.

Drucker, Peter F. (1973), *Management: Tasks, Responsibilities, Practices*. New York: Harper and Row.

Dyer, Jeffrey H. and Harbir Singh (1998), "The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage," *Academy of Management Review*, 23 (4), 660-79.

Eisenhardt, Kathleen M. and Jeffrey A. Martin (2000), "Dynamic Capabilities: What are They?" *Strategic Management Journal*, 21 (10/11), 1105-21.

Evans, Jody and Felix T. Mavondo (2002), "Psychic Distance and Organizational Performance: An Empirical Examination of International Retailing Operations," *Journal of International Business Studies*, 33 (3), 515-32.

Flint, Daniel J., Robert B. Woodruff, and Sarah Fisher Gardial (2002), "Exploring the Phenomenon of Customers' Desired Value Change in a Business-to-Business Context," *Journal of Marketing*, 66 (4), 102-17.

Francis, June N. (1991), "When in Rome? The Effects of Cultural Adaptation on Intercultural Business Negotiations," *Journal of International Business Studies*, 22 (3), 403-28.

Ganesh, Jaishankar, Mark J. Arnold, and Kristy E. Reynolds (2000), "Understanding the Customer Base of Service Providers: An Examination of the Differences Between Switchers and Stayers," *Journal of Marketing*, 64 (3), 65-87.

Gençtürk, Esra F. and Preet S. Aulakh (2007), "Norms- and Control-Based Governance of International Manufacturer-Distributor Relational Exchanges," *Journal of International Marketing*, 15 (1), 92-126.

Gerbing, David W. and James C. Anderson (1988), "An Updated Paradigm for Scale Development Incorporating Unidimensionality and Its Assessment," *Journal of Marketing Research*, 25 (2), 186-92.

Geyskens, Inge, Jan-Benedict E.M. Steenkamp, and Nirmalya Kumar (2006), "Make, Buy, or Ally: A Transaction Cost Theory Meta-Analysis," *Academy of Management Journal*, 49 (3), 519-43.

Grant, Robert. M. (1996), "Toward a Knowledge-Based Theory of the Firm," *Strategic Management Journal*, 17 (Special Issue), 109-22.

Grayson, Kent and Tim Ambler (1999), "The Dark Side of Long-Term Relationships in Marketing Services," *Journal of Marketing Research*, 36 (1), 132-41.

Griffith, David A. and Boryana V. Dimitrova (2014), "Business and Cultural Aspects of Psychic Distance and Complementarity of Capabilities in Export Relationships," *Journal of International Marketing*, 22 (3), 50-67.

——— and Yanhui Zhao (2015), "Contract Specificity, Contract Violation, and Relationship Performance in International Buyer–Supplier Relationships," *Journal of International Marketing*, 23 (3), 22-40.

Heide, Jan B. and George John (1992), "Do Norms Matter in Marketing Relationships?" *Journal of Marketing*, 56 (2), 32-44.

Hofstede, Geert and Gert Jan Hofstede (2005), *Cultures and Organizations: Software of the Mind*. (2nd edition). New York: McGraw-Hill.

Holbrook, Morris. B. (1999), *Consumer Value: A Framework for Analysis and Research*. London: Routledge.

Holm, Desiree Blankenburg, Kent Eriksson, and Jan Johanson (1999), "Creating Value through Mutual Commitment to Business Network Relationships," *Strategic Management Journal*, 20 (5), 467-86.

Hughes, Mathew, Silvia L. Martin, Robert E. Morgan, and Matthew J. Robson (2010), "Realizing Product-Market Advantage in High-Technology International New Ventures: The Mediating Role of Ambidextrous Innovation," *Journal of International Marketing*, 18 (4), 1-21.

Jap, Sandy D. (1999), "Pie-Expansion Efforts: Collaboration Processes in Buyer-Supplier Relationships," *Journal of Marketing Research*, 36 (4), 461-75.

——— and Erin Anderson (2003), "Safeguarding Interorganizational Performance and Continuity under Ex Post Opportunism," *Management Science*, 49 (12), 1684-701.

———— and Shankar Ganesan (2000), "Control Mechanisms and the Relationship Life Cycle: Implications for Safeguarding Specific Investments and Developing Commitment," *Journal of Marketing Research*, 37 (2), 227-45.

Johnston, Wesley J., Shadab Khalil, Megha Jain, and Julian Ming-Sung Cheng (2012), "Determinants of Joint Action in International Channels of Distribution: The Moderating Role of Psychic Distance," *Journal of International Marketing*, 20 (3), 34-49.

Jöreskog, Karl G. and Dag Sörbom (1982), "Recent Developments in Structural Equation Modeling," *Journal of Marketing Research*, 19 (4), 404-16.

Ju, Min, Hongxin Zhao, and Tiedong Wang (2014), "The Boundary Conditions of Export Relational Governance: A "Strategy Tripod" Perspective," *Journal of International Marketing*, 22 (2), 89-106.

Kale, Prashant, Harbir Singh, and Howard Perlmutter (2000), "Learning and Protection of Proprietary Assets in Strategic Alliances: Building Relational Capital," *Strategic Management Journal*, 21 (3), 217-37.

Katsikeas, Constantine S., Dionysis Skarmeas, and Daniel C. Bello (2009), "Developing Successful Trust-Based International Exchange Relationships," *Journal of International Business Studies*, 40 (1), 132-55.

Kim, Stephen Keysuk and Ping-Hung Hsieh (2003), "Interdependence and Its Consequences in Distributor-Supplier Relationships: A Distributor Perspective Through Response Surface Approach," *Journal of Marketing Research*, 40 (1), 101-12.

Klein, Saul and Victor J. Roth (1990), "Determinants of Export Channel Structure: The Effects of Experience and Psychic Distance Reconsidered," *International Marketing Review*, 7 (5), 27-38.

Kohli, Ajay K. and Bernard J. Jaworski (1990), "Market Orientation: The Construct, Research Propositions, and Managerial Implications," *Journal of Marketing*, 54 (2), 1-18.

Kotler, Philip and Kevin Lane Keller (2011), *Marketing Management*, (14th ed.), New Jersey: Prentice Hall.

Kumar, V., Eli Jones, Rajkumar Venkatesan, and Robert P. Leone (2011), "Is Market Orientation a Source of Sustainable Competitive Advantage or Simply the Cost of Competing?" *Journal of Marketing*, 75 (1), 16-30.

LaBahn, Douglas W. and Katrin R. Harich (1997), "Sensitivity to National Business Culture: Effects on US–Mexican Channel Relationship Performance," *Journal of International Marketing*, 5 (4), 29-51.

Lam, Shun Yin, Venkatesh Shankar, M. Krishna Erramilli, and Bvsan Murthy (2004), "Customer Value, Satisfaction, Loyalty, and Switching Costs: An Illustration From a Business-to-Business Service Context," *Journal of the Academy of Marketing Science*, 32 (3), 293-311.

Leonidou, Leonidas C., Saeed Samiee, Bilge Aykol, and Michael A. Talias (2014), "Antecedents and Outcomes of Exporter–Importer Relationship Quality: Synthesis, Meta-Analysis, and Directions for Further Research," *Journal of International Marketing*, 22 (2), 21-46.

Lewis, Kyle (2004), "Knowledge and Performance in Knowledge-Worker Teams: A Longitudinal Study of Transactive Memory Systems," *Management Science*, 50 (11), 1519-33.

Lindell, Michael K. and David J. Whitney (2001), "Accounting for Common Method Variance in Cross-Sectional Research Designs," *Journal of Applied Psychology*, 86 (1), 114-21.

Lindgreen, Adam and Finn Wynstra (2005), "Value in Business Markets: What do we Know? Where are we Going?" *Industrial Marketing Management*, 34 (7), 732-48.

———, Martin K. Hingley, David B. Grant, and Robert E. Morgan (2012), "Value in Business and Industrial Marketing: Past, Present, and Future," *Industrial Marketing Management*, 41 (1), 207-14.

Macneil, Ian R. (1980), *The New Social Contract: An Inquiry into Modern Contractual Relations*. Yale University Press, New Haven.

Malhotra, Naresh K., Sung S. Kim, and Ashutosh Patil (2006), "Common Method Variance in IS Research: A Comparison of Alternative Approaches and a Reanalysis of Past Research," *Management Science*, 52 (12), 1865-83.

Morgan, Neil A., Constantine S. Katsikeas, and Douglas W. Vorhies (2012), "Export Marketing Strategy Implementation, Export Marketing Capabilities, and Export Venture Performance," *Journal of the Academy of Marketing Science*, 40 (2), 271-89.

Morgan, Robert M. and Shelby D. Hunt (1994), "The Commitment-Trust Theory of Relationship Marketing," *Journal of Marketing*, 58 (3), 20-38.

O'Grady, Shawna and Henry W. Lane (1996), "The Psychic Distance Paradox," *Journal of International Business Studies*, 27 (2), 309-33.

Oliver, Richard L. (1999), "Whence Consumer Loyalty?" *Journal of Marketing*, 63 (Special Issue), 33-44.

Palmatier, Robert W. (2008), "Interfirm Relational Drivers of Customer Value," *Journal of Marketing*, 72 (4), 76-89.

———, Rajiv P. Dant, and Dhruv Grewal (2007), "A Comparative Longitudinal Analysis of Theoretical Perspectives of Interorganizational Relationship Performance," *Journal of Marketing*, 71 (4), 172-94.

———, ———, ———, and Kenneth R. Evans (2006), "Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis," *Journal of Marketing*, 70 (4), 136-53.

Petersen, Bent, Torben Pedersen, and Marjorie A. Lyles (2008), "Closing Knowledge Gaps in Foreign Markets," *Journal of International Business Studies*, 39 (7), 1097-113.

Ping, Robert A. (1995), "A Parsimonious Estimating Technique for Interaction and Quadratic Latent Variables," *Journal of Marketing Research*, 32 (3), 336-47.

Podsakoff, Philip M., Scott B. MacKenzie, Jeong-Yeon Lee, and Nathan P. Podsakoff (2003), "Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies," *Journal of Applied Psychology*, 88 (5), 879-903.

Rindfleisch, Aric and Jan B. Heide (1997), "Transaction Cost Analysis: Past, Present, and Future Applications," *Journal of Marketing*, 61 (4), 30-54.

Samiee, Saeed, Brian R. Chabowski, and G. Tomas M. Hult (2015), "International Relationship Marketing: Intellectual Foundations and Avenues for Future Research," *Journal of International Marketing*, 23 (4), doi: http://dx.doi.org/10.1509/jim.15.0027.

Scheer, Lisa K., C. Fred Miao, and Jason Garrett (2010), "The Effects of Supplier Capabilities on Industrial Customers' Loyalty: The Role of Dependence," *Journal of the Academy of Marketing Science*, 38 (1), 90-104.

Selnes, Fred and James Sallis (2003), "Promoting Relationship Learning," *Journal of Marketing*, 67 (3), 80-95.

Shapiro, Jon M., Julie L. Ozanne, and Bige Saatcioglu (2008), "An Interpretive Examination of the Development of Cultural Sensitivity in International Business," *Journal of International Business Studies*, 39 (1), 71-87.

Sheng, Margaret L., Nathaniel N. Hartmann, Qimei Chen, and Irene Chen (2015), "The Synergetic Effect of Multinational Corporation Management's Social Cognitive Capability on Tacit-Knowledge Management: Product Innovation Ability Insights from Asia," *Journal of International Marketing*, 23 (2), 94-110.

Skarmeas, Dionysis (2006), "The Role of Functional Conflict in International Buyer–Seller Relationships: Implications for Industrial Exporters," *Industrial Marketing Management*, 35 (5), 567-75.

——— and Matthew J. Robson (2008), "Determinants of Relationship Quality in Importer–Exporter Relationships," *British Journal of Management*, 19 (2), 171-84.

———, Constantine S. Katsikeas, and Bodo B. Schlegelmilch (2002), "Drivers of Commitment and Its Impact on Performance in Cross-Cultural Buyer-Seller Relationships: The Importer's Perspective," *Journal of International Business Studies*, 33 (4), 757-83.

Sousa, Carlos M.P., and Frank Bradley (2006), "Cultural Distance and Psychic Distance: Two Peas in a Pod?" *Journal of International Marketing*, 14 (1), 49-70.

Srivastava, Abhishek, Kathryn M. Bartol, and Edwin A. Locke (2006), "Empowering Leadership in Management Teams: Effects on Knowledge Sharing, Efficacy, and Performance," *Academy of Management Journal*, 49 (6), 1239-51.

Stöttinger, Barbara and Bodo B. Schlegelmilch (2000), "Psychic Distance: A Concept Past Its Due Date?" *International Marketing Review*, 17 (2), 169-73.

Styles, Chris, Paul G. Patterson, and Farid Ahmed (2008), "A Relational Model of Export Performance," *Journal of International Business Studies*, 39 (5), 880-900.

The Economist (2013), "The "Breaking Bad" School," September 28, http://www.economist.com/news/business/21586801-best-show-television-also-first-rate-primer-business-breaking-bad-school.

Ulaga, Wolfgang (2011), "Investigating Customer Value in Global Business Markets: Commentary Essay," *Journal of Business Research*, 64 (8), 928-30.

——— and Andreas Eggert (2006), "Value-Based Differentiation in Business Relationships: Gaining and Sustaining Key Supplier Status," *Journal of Marketing*, 70 (1), 119-36.

Villena, Verónica H., Elena Revilla, and Thomas Y. Choi (2011), "The Dark Side of Buyer–Supplier Relationships: A Social Capital Perspective," *Journal of Operations Management*, 29 (6), 561-76.

Williamson, Oliver E. (1981), "The Economics of Organization: The Transaction Cost Approach," *American Journal of Sociology*, 87 (3), 548-77.

Woodruff, Robert B. (1997), "Customer Value: The Next Source for Competitive Advantage," *Journal of the Academy of Marketing Science*, 25 (2), 139-53.

Wu, Fang, Rudolf R. Sinkovics, S. Tamer Cavusgil, and Anthony S. Roath (2007), "Overcoming Export Manufacturers' Dilemma in International Expansion," *Journal of International Business Studies*, 38 (2), 283-302.

Wuyts, Stefan and Inge Geyskens (2005), "The Formation of Buyer–Supplier Relationships: Detailed Contract Drafting and Close Partner Selection," *Journal of Marketing*, 69 (4), 103-17.

Zaheer, Akbar and Natarjan Venkatraman (1995), "Relational Governance as an Interorganizational Strategy: An Empirical Test of the Role of Trust in Economic Exchange," *Strategic Management Journal*, 16 (5), 373-92.

Zajac, Edward J. and Cyrus P. Olsen (1993), "From Transaction Cost to Transactional Value Analysis: Implications for the Study of Interorganizational Strategies," *Journal of Management Studies*, 30 (1), 131-45.

Zeithaml, Valarie A. (1988), "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence," *Journal of Marketing*, 52 (3), 2-22.

Zhang, Chun, S. Tamer Cavusgil, and Anthony S. Roath (2003), "Manufacturer Governance of Foreign Distributor Relationships: Do Relational Norms Enhance Competitiveness in the Export Market?" *Journal of International Business Studies*, 34 (6), 550-66.

Figure 1. Drivers and Outcomes of Relationship Value

Drivers specific to the international context

Psychic distance

Cultural sensitivity

Relational drivers

Relationship-specific assets

Knowledge sharing

Complementary capabilities

Relational norms

Relationship value

Relational outcomes

Insensitivity to competitive offerings

Future purchase expansion

Competitive intensity
Market turbulence
Relationship age
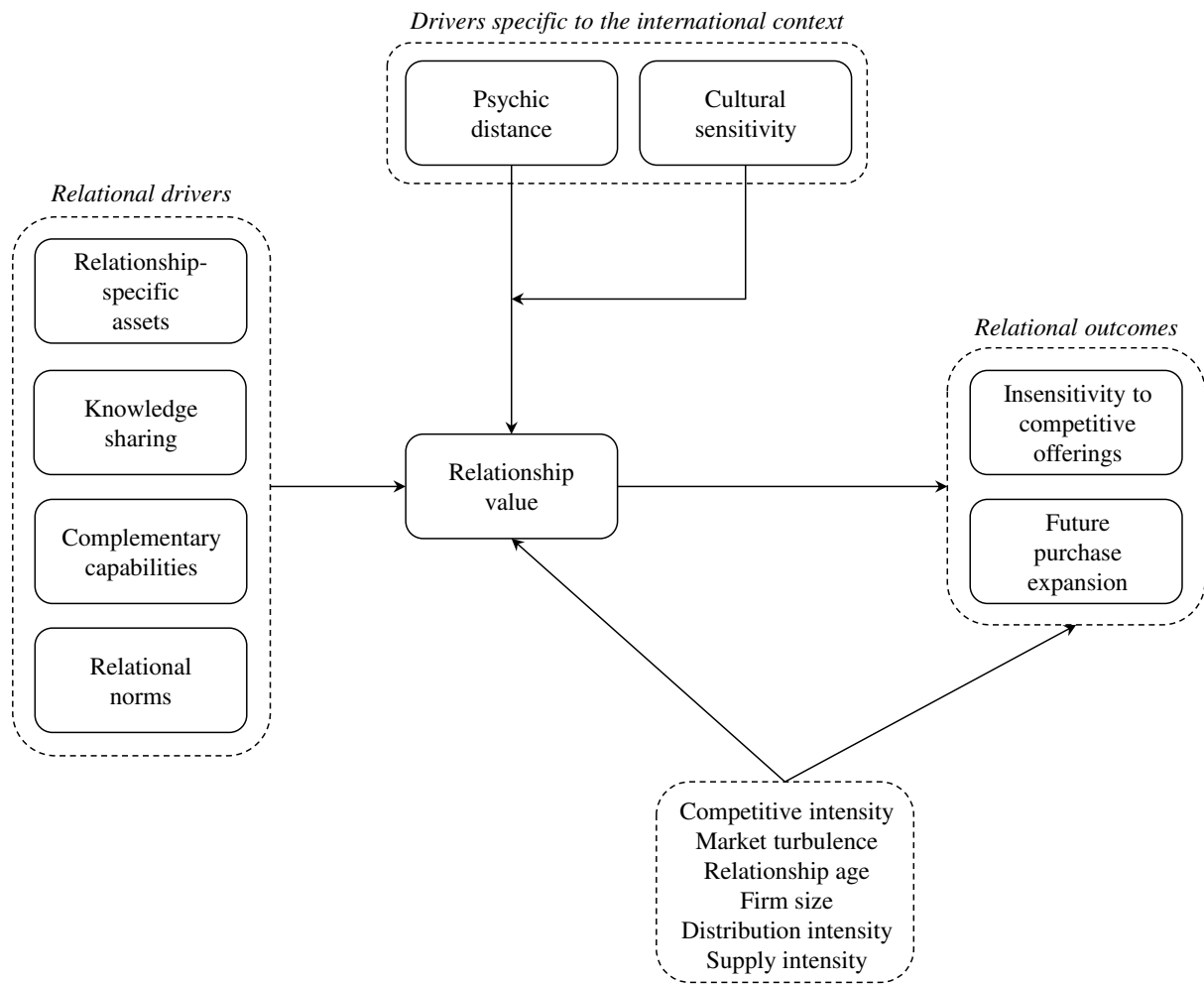Firm size
Distribution intensity
Supply intensity

Figure 2. Graphic Illustration of the Interaction Effect between Psychic Distance and Cultural Sensitivity on Relationship Value

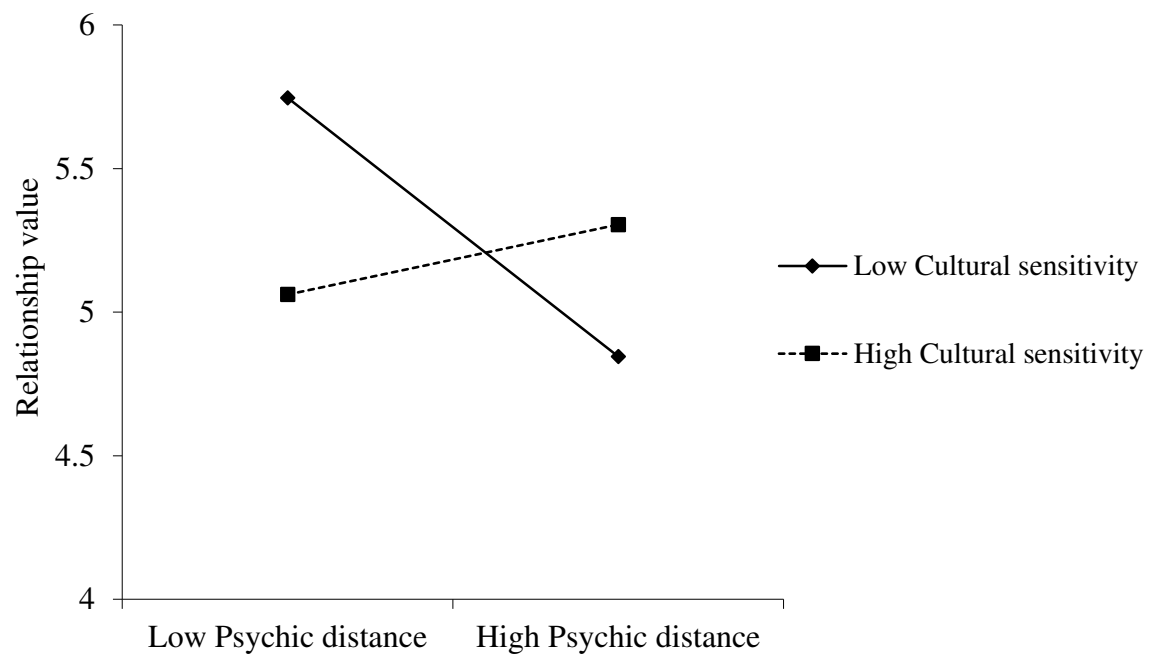**Table 1** Measurement Model Results

Measurement model 1				Measurement model 2		
First-order construct measurement summary: Confirmatory factor analysis				Relational norms measurement summary: Second-order confirmatory factor analysis		
Factor	Item	Standardized Loading	t-value	Factors and Items	Standardized Loading	t-value
RSA	RSA1	.79	15.43	*First-Order Factors*		
	RSA2	.76	14.63			
	RSA3	.77	14.85	SOL		
	RSA4	.82	16.24	SOL1[a]	.92	–
KS	KS1	.72	12.98	SOL2	.88	21.43
	KS2	.81	15.38	SOL3	.84	19.55
	KS3	.68	12.23			
	KS4	.74	13.68	FLEX		
CC	CC1	.73	13.48	FLEX1[a]	.79	–
	CC2	.71	13.14	FLEX2	.78	13.78
	CC3	.70	12.69	FLEX3	.86	15.02
	CC4	.86	16.85			
PD	PD1	.76	14.74	MUT		
	PD2	.86	17.75	MUT1[a]	.80	–
	PD3	.84	17.24	MUT2	.79	13.35
	PD4	.78	15.21	MUT3	.78	13.18
	PD5	.74	14.09			
CS	CS1	.69	12.29	*Second-Order Factor*		
	CS2	.77	14.06			
	CS3	.68	12.09	RELNORM		
	CS4	.77	13.99	SOL	.75	11.95
RV	RV1	.85	17.24	FLEX	.84	11.58
	RV2	.75	14.35	MUT	.82	11.32
	RV3	.80	15.47			
	RV4	.84	16.87			
ICO	ICO1	.70	12.21			
	ICO2	.87	15.51			
	ICO3	.70	12.16			
FPE	FPE1	.80	15.91			
	FPE2	.90	18.85			
	FPE3	.90	18.81			
CI	CI1	.82	16.15			
	CI2	.83	16.45			
	CI3	.78	15.25			
	CI4	.80	15.55			
MT	MT1	.83	16.39			
	MT2	.73	13.68			
	MT3	.74	13.81			
	MT4	.81	15.70			

Fit statistics for measurement model 1:
$\chi^2_{(661)} = 1073.45$, $p < .001$ CFI = .93, IFI = .93, NNFI = .92, RMSEA = .05, and AOSR = .05.

Fit statistics for measurement model 2:
$\chi^2_{(24)} = 50.79$, $p < .001$, CFI = .98, IFI = .98, NNFI = .98, RMSEA = .06, and AOSR = .03.

[a] Item fixed to set the scale.

Table 2 Correlation Matrix [a]

	Measures	1	2	3	4	5	6	7	8	9	10	11
1	Relationship-specific assets	1.00										
2	Knowledge sharing	.33	1.00									
3	Complementary capabilities	.16	.16	1.00								
4	Relational norms	.20	.11	.26	1.00							
5	Psychic distance	−.03	.06	−.05	−.01	1.00						
6	Cultural sensitivity	.05	.04	.26	.30	.09	1.00					
7	Relationship value	.39	.35	.33	.32	−.10	.08	1.00				
8	Insensitivity to competitive offerings	.29	.19	.16	.12	.02	.08	.23	1.00			
9	Future purchase expansion	.28	.14	.13	.23	−.07	.07	.26	.15	1.00		
10	Competitive intensity	.11	−.21	.02	.08	−.14	−.01	−.06	−.01	.12	1.00	
11	Market turbulence	−.06	−.10	−.14	−.05	−.02	−.16	−.11	−.01	.05	.05	1.00

[a] Correlations ≥ .12 are significant at the .05 level; correlations ≥ .14 are significant at the .01 level.

Table 3 Structural Equation Model Results

Structural paths	Standardized loading	t-value
Hypothesized paths		
Relationship-specific assets → Relationship value	.23	4.06**
Knowledge sharing → Relationship value	.20	3.45**
Complementary capabilities → Relationship value	.20	3.52**
Relational norms → Relationship value	.21	3.13**
Psychic distance → Relationship value	−.13	−2.48*
Psychic distance * Cultural sensitivity → Relationship value	.15	2.84**
Relationship value → Insensitivity to competitive offerings	.25	4.06**
Relationship value → Future purchase expansion	.33	5.40**
Direct path of moderator		
Cultural sensitivity → Relationship value	−.05	−.89
Control paths		
Competitive intensity → Relationship value	−.06	−1.12
Market turbulence → Relationship value	−.05	−.98
Relationship age → Relationship value	.03	.43
Firm size → Relationship value	−.09	−1.57
Distribution intensity → Relationship value	−.01	−.05
Supply intensity → Relationship value	−.12	−2.38*
Competitive intensity → Insensitivity to competitive offerings	.01	.22
Market turbulence → Insensitivity to competitive offerings	.01	.21
Relationship age → Insensitivity to competitive offerings	−.05	−.61
Firm size → Insensitivity to competitive offerings	.02	.34
Distribution intensity → Insensitivity to competitive offerings	.08	1.41
Supply intensity → Insensitivity to competitive offerings	−.03	−.41
Competitive intensity → Future purchase expansion	.14	2.31*
Market turbulence → Future purchase expansion	.09	1.51
Relationship age → Future purchase expansion	.02	.20
Firm size → Future purchase expansion	.13	1.92
Distribution intensity → Future purchase expansion	−.06	−1.10
Supply intensity → Future purchase expansion	−.01	−.05

Fit indices

$\chi^2_{(45)} = 81.26$, $p < .001$; CFI = .99; IFI =.99; NNFI = .99; RMSEA = .05; and AORS = .02.

Split Group Moderator Tests		
Low cultural sensitivity group (n = 132)		
Psychic distance → Relationship value	−.27	−3.51**
High cultural sensitivity group (n = 139)		
Psychic distance → Relationship value	.04	.58

** $p < .01$.
 * $p < .05$.

Appendix

Relationship-specific assets (α = .87; mean = 3.99; standard deviation = 1.63)
Both parties have made substantial investments in resources dedicated in this relationship
If this relationship were to end, both parties would be wasting a lot of knowledge that is tailored to this relationship
Both parties have invested a great deal in building up their joint business
If either party were to switch to a competitive manufacturer or distributor, they would lose a lot of the investments made in this relationship

Knowledge sharing (α = .82; mean = 3.31; standard deviation = 1.35)
Both parties share their special knowledge and expertise with each other in this relationship
In this relationship, joint training activities are designed to improve mutual learning
Both parties are encouraged to share fresh ideas with each other in this relationship
In this relationship, both parties learn from each other

Complementary capabilities (α = .84; mean = 4.73; standard deviation = 1.23)
Both parties have contributed different capabilities to this relationship
Both parties have used complementary strengths that have been useful to this relationship
Both parties have combined our separate abilities that have enabled us to achieve goals we could not have otherwise
Capabilities brought into this relationship by each party have been very valuable for the other

Relational norms
Solidarity (α = .91; mean = 4.91; standard deviation = 1.46)
Problems that arise in the course of this relationship are treated by the parties as joint rather than individual responsibilities
The parties are committed to improvements that may benefit the relationship as a whole, and not only the individual parties
The parties in this relationship do not mind owing each other favors
Flexibility (α = .85; mean = 4.91; standard deviation = 1.20)
Both parties expect to be able to make adjustments in the ongoing relationship to cope with changing circumstances
When some unexpected situation arises, both parties would rather work out a new deal than hold each other to the original term
Both parties are flexible in response to requests for changes in this relationship
Mutuality (α = .83; mean = 4.45; standard deviation = 1.25)
Even if costs and the benefits are not evenly shared between us in a given time period, they balance out over time
In our relationship, none of us benefits more than one deserves
Both parties usually get a fair share of the rewards and cost-savings in this relationship

Psychic distance (α = .89; mean = 3.72; standard deviation = 1.37)
Culture (traditions, values, language)
Accepted business practices
Economic environment
Legal system
Communication infrastructure

Cultural sensitivity (α = .82; mean = 4.48; standard deviation = 1.37)
This foreign supplier understands how distributors and suppliers conduct business at home
This foreign supplier is willing to adapt to the way we do business at home
This supplier is sensitive to the difficulties we encounter when doing business with foreign companies
This foreign supplier is aware of how we conduct business at home

Relationship value (α = .88; mean = 4.36; standard deviation = 1.34)
This overseas supplier relationship creates superior value for us when comparing all the costs versus benefits involved
Considering the costs of doing business with this overseas supplier, we gain a lot in our overall relationship with them
The benefits we gain in our relationship with this overseas supplier far outweigh the costs
Our firm has a valuable relationship with this overseas supplier

Insensitivity to competitive offerings (α = .80; mean = 4.07; standard deviation = 1.35)
If a competing supplier would reduce its price by a small percentage, we would switch and buy from that supplier (R)
Any small change in this supplier's or a competing supplier's product offerings could result in our firm changing this supplier (R)
Right now, we buy from this supplier, but that could change very quickly (R)

Purchase expansion intentions (α = .90; mean = 3.44; standard deviation = 1.54)
Our firm expects to increase its purchases from this overseas supplier in the near future
In the near future, this overseas supplier will receive a larger share of our business
Over the next few years, this overseas supplier will be used more than it is now

Competitive intensity (α = .88; mean = 4.32; standard deviation = 1.13)
Competition in this market is cut-throat
There are many competitive actions in this market
Intense competition is a hallmark of this market
One hears of a new competitive move in this market almost every day

Market turbulence (α = .86; mean = 4.38; standard deviation = 1.06)
In our kind of business, customers' product preferences change quite a bit over time
Our customers tend to look for new products all the time
Customer product demands and preferences are highly uncertain
It is difficult to predict changes in this market