

**A multi-level perspective on exit intention in business
relationships**

What are the effects of specific investments in international business
dyads in the seafood industry?

By

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Preface¹

Det er vanskelig å skulle beskrive med få ord de opplevelser og erfaringer jeg har hatt i forbindelse med doktorgradsarbeidet. Som for de fleste andre har det vært både medgang og motgang, dager med inspirasjon, glede og følelse av kontroll og dager med frustrasjon, stress og usikkerhet. Jeg vil allikevel med hånden på hjertet si at det overveiende har vært et privilegium å kunne fordype seg i teori og metode. Det har vært spennende å arbeide seg gjennom forskningsprosessen fra posisjonering til tolkningen av resultatene. Det har vært spennende å begynne en skriveprosess man ikke helt vet hvor ender. Det har vært tid og rom for de små gleder, som henrykkelse over en ny artikkel, eller et nytt teoretisk, logisk argument som passer inn i arbeidet.

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¹ The audience of this preface is mainly Norwegian, and is consequently written in Norwegian. Thanks to the French persons mentioned in this preface is already addressed in French.

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Abstract

This research examines the effect of relationship-specific investments with regard to tolerance of conflict, exit intention and extendedness of relationship. Specific investments are proposed to increase switching costs and thereby create barriers to exiting. Additionally, we presume high levels of relationship-specific investments to enhance partners' ability and willingness to resort to voice when defections and conflicts arise, and hence postpone exit. Moreover, partner-specific investments may emerge as a consequence of individual- or organizational level ties. In consequence, specific investments at both inter-organizational and interpersonal levels are specified. More specifically we propose product adaptation, human asset specificity, and logistical adaptation to be relevant specific investments at the interorganizational level, while cultural knowledge, cultural adaptation and two-way communication are proposed specific investments at the interpersonal level. Furthermore, we propose that organizational dimensions, such as centralization, formalization, size and levels of inclusiveness and inter-organizational dimension, such as history moderate the effect of interpersonal and inter-organizational ties upon the dependent variables. We conduct a quantitative, cross-sectional study to investigate business relationships of French importers and worldwide suppliers of seafood products.

The findings suggest that specific investments at the interpersonal level are more important than investments at the interorganizational level. With regard to the moderating effects of organizational and interorganizational dimensions the findings are mixed. By the means of qualitative data we offer additional and alternative explanations of findings from multiple regression analysis. The qualitative data equally shed light on limitations related to the hypothetic deductive method and the cross sectional survey method used in the research.

Table of contents

	Page
1. Introduction	1
1.1 Theme problem - Dissolution of business relationships	1
1.2 Business relationships are multi-level phenomena	2
1.3 Concept clarifications	6
1.4 Outline of thesis	7
 <i>Part 1 - Theory</i> 	
2. Theoretical perspectives: structural and relational aspects in contracting	8
2.1 Transaction Cost theory	8
2.1.1 The contract problem	10
2.2 Relational Contract theory	13
2.2.1 Discrete transactions and modern contractual relations	14
2.2.2 Intermediate contract norms	17
2.2.3 Non-contractual relations	18
3. A theoretical foundation for multi-level studies	22
3.1 Introduction	22
3.2 A theoretical foundation for meso theory and research	23
3.3 Linkages between micro and macro phenomena	26
4. Literature review of relationship dissolution	29
4.1 Studies investigating business relationship dissolution	29
4.2 The logic behind organizational structures and procedures	35
4.3 Buyer Center literature	37
4.4 The effect of organizations in business relationships	38
5. Development of hypotheses and the conceptual model	41
5.1 Relationship specific investments and effects on dissolution	41
5.2 Organizational and interorganizational dimensions	47
 <i>Part 2 - Method and Measures</i> 	
6. Research design and methodology	55
6.1 Research design and limitations in cross-sectional design	55
6.2 Choice of empirical setting	56
6.3 Data collection on the buyer side of the dyad	58
6.4 Definitions of population and sampling strategy	59
6.5 Data collecting strategy	60
6.5.1 Using personal interviews to collect data	60
6.5.2 Key-informant methodology	62
6.6 Data collection procedures	63
6.6.1 Translation of the questionnaire	63
6.6.2 Sample population and sources	64
6.6.3 Procedures to schedule personal interviews	64
6.6.4 Procedures to conduct personal interviews	65
6.7 Data collection in three regions	66
7. Measurement and operationalization	70
7.1 Construct validity	70
7.2 Measurement of interorganizational phenomena and level issues	70
7.3 Operationalization and measurement	72
7.4 Dependent variables	72
7.5 Independent variables	75

7.6	Moderators	80
7.7	Control variables	82
8.	Measure validation	86
8.1	Reliability	86
8.2	Procedures	87
8.3	Independent variables and factor structure	88
8.3.1	Factor structure and supplier variables	89
8.3.2	Factor structure and buyer variables	91
8.3.3	Factor structure and dependent variables, moderators and control variable	92

Part 3 - Analysis and Findings

9.	Data analysis - Direct effects	94
9.1	Hypotheses postulating direct effects	94
9.2	Interpersonal variables and direct effects	95
9.2.1	Direct effects of cultural knowledge	96
9.2.2	Direct effects of supplier rep cultural adaptation	97
9.2.3	Direct effects of buyer rep cultural adaptation	97
9.2.4	Direct effects of two-way communication	98
9.2.5	Summary	99
9.3	Control variables	100
9.4	Multicollinearity problems	103
9.5	Interorganizational variables and direct effects	105
9.5.1	Direct effects of supplier and buyer firm product adaptation	106
9.5.2	Direct effects of supplier and buyer firm human asset specificity	107
9.5.3	Direct effects of supplier and buyer firm logistical adaptation	107
9.5.4	Summary	108
9.6	Control variables	109
9.7	General discussion of findings	112
10.	Data analysis - Moderating effects	115
10.1	Moderator analysis - Procedures	115
10.2	The moderator hypotheses and conditions for empirical support	116
10.3	Hypotheses postulating moderating effects	117
10.4	Interpersonal variables and moderating effects of organizational dimensions	119
10.4.1	Control variables	123
10.4.2	Summary of findings	125
10.5	Interpersonal variables and the moderating effect of history	127
10.5.1	Control variables	130
10.5.2	Summary of findings	132
10.6	Interorganizational variables and moderating effects of organizational dimensions	134
10.6.1	Control variables	136
10.6.2	Summary of findings	139
10.7	Interorganizational variables and moderating effects of levels of inclusiveness	140
10.7.1	Control variables	142
10.8	Interorganizational variables and the moderating effect of history	144
10.8.1	Control variables	146
10.8.2	Summary of findings	148
10.9	General discussion - moderator analysis and findings	149

Part 4 - Discussions and Implications

11.	Discussions and implications	153
11.1	Discussion of findings - why are interpersonal ties important?	154
11.2	Discussion of findings - Why are structural ties are less important?	157
11.2.1	Rules of exchange in the seafood industry	158
11.2.2	Dependence at supra dyadic levels	161
11.2.3	French market characteristics	162

11.2.4	General investments versus relationship specific investments	163
11.3	Exploratory analysis of cultural knowledge	165
11.4	Limitations	166
11.4.1	Obvious distinction between general and relationship specific investments?	166
11.4.2	Different rationales for making cultural adaptations	169
11.4.3	Opposed effects of supplier firm product adaptation	172
11.4.4	Opposed effects of organization size, formalization and centralization	173
11.4.5	Summary and discussion of limitations	178
11.5	Theoretical perspectives, empirical support and contribution	180
11.6	Suggestions for future research	186
11.7	Managerial implications	188

References 190

Appendices

A	Presentation letter
B	Questionnaire in French
C	Questionnaire in English
D	Factor-analysis
E	Descriptive statistics
F	Split-file analysis: Examination of independent variables and their effect in subsamples

List of Tables and Figures

Figure 1	<i>An interorganizational relationship. Multiple level relationships</i>
Table 2.1	<i>Discrete transactions and modern contractual relations</i>
Figure 5.1	<i>Cross-level model</i>
Figure 5.2	<i>Conceptual model</i>
Table 6.1	<i>Data-collection in France-2003 - Sample and achieved population</i>
Table 7.1	<i>Sources and theoretical definitions of constructs</i>
Table 8.1	<i>Reliability analysis</i>
Table 8.2	<i>Factor structure and factor loadings - independent variables - supplier</i>
Table 8.3	<i>Factor structure and factor loadings - independent variables buyer</i>
Table 8.4	<i>Factor structure and factor loadings - dependent, control and moderator variables</i>
Table 9.1	<i>Interpersonal variables and direct effects</i>
Table 9.2	<i>Direct effects of Interpersonal and control variables</i>
Table 9.3	<i>Overview of findings - direct effects of interpersonal variables and control variables</i>
Table 9.4	<i>Interorganizational variables and direct effects on dependent variables</i>
Table 9.5	<i>Direct effects of Interorganizational and control variables</i>
Table 9.6	<i>Overview of findings - direct effects of interorganizational and control variables</i>
Figure 10	<i>Moderator analysis</i>
Table 10.1	<i>Moderating effects of organizational dimensions - interpersonal variables</i>
Table 10.2	<i>Moderating effects of organizational dimensions - interpersonal variables and control variables</i>
Table 10.3	<i>Overview of findings - Moderating effects of organizational dimensions - interpersonal variables and control variables</i>
Table 10.4	<i>Moderating effects of history with supplier firm - Interpersonal variables</i>

Table 10.5	<i>Moderating effects of history with supplier firm - Interpersonal variables and control variables</i>
Table 10.6	<i>Overview of findings - Moderating effects of history with supplier firm - interpersonal variables and control variables</i>
Table 10.7	<i>Moderating effects of organizational dimensions - Interorganizational variables</i>
Table 10.8	<i>Moderating effects of organizational dimensions - Interorganizational variables and control variables</i>
Table 10.9	<i>Overview of Findings - Moderating effects of organizational dimensions - Interorganizational variables</i>
Table 10.10	<i>Moderating effects of levels of inclusiveness - Interorganizational variables</i>
Table 10.11	<i>Moderating effects of levels of inclusiveness and - Interorganizational variables and control variables</i>
Table 10.12	<i>Overview of Findings - Moderating effects of levels of inclusiveness- Interorganizational variables and control variables</i>
Table 10.13	<i>Moderating effects of history with supplier firm - Interorganizational variables</i>
Table 10.14	<i>Moderating effects of history with supplier firm - Interorganizational variables and control variables</i>
Table 10.15	<i>Overview of Findings - Moderating effects of history - Interorganizational variables and control variables</i>
Table 11.1	<i>Supplier rep cultural knowledge and direct effects</i>

1. Introduction

1.1 Theme problem - Dissolution of business relationships

The purpose of this research is to investigate factors that reduce the dissolution of cross-national business relationships. Until recently, research within the inter-organizational field has focused on the formation and maintenance of business relationships. Lately, research has emerged on dissolution and related constructs such as exit intention and switching (Halinen and Tähtinen, 1999a, Prim-Allaz, 2000, Tähtinen and Havila, 2004, Vaaland, Haugland and Purchase, 2004). However, few studies have investigated relationship dissolution in cross-national dyads, in spite of the fact that in real life, business relationships, specifically cross-national business relationships, experience the termination of relationships (Ping, 1993, Grønhaug, Henjesand and Koveland, 1999, Vaaland, Haugland and Purchase, 2004).

Moreover, considerable costs both economic and psychological are associated with relationship dissolution (Ping, 1993). Building a cross-national business relationship is assumed to be quite complex, time-consuming and therefore costly. Relationship-specific investments, such as development of common business practices, and investments in physical and human capital represent significant switching costs, with regard to search and adaptation costs. Because the termination of business relationships entails considerable costs and renders relationship-specific investments obsolete¹, it is equally important to investigate the factors leading to dissolution (Ping, 1999, Halinen and Tähtinen, 1999b). Lastly, new insights regarding the dynamics and mechanisms within problematic marketing relationships could contribute to problem solving and relationship maintenance.

Factors that reduce relationship dissolution

Scholars in the various literature fields have placed emphasis on distinct aspects in business relationships, regarding potential impact upon the likelihood of relationship dissolution. According to Transaction Cost theory, structural bonds in the form of partner-specific investments are assumed to represent barriers with respect to the termination of business relationships (Williamson, 1985, Anderson and Narus, 1990). This is because partners are assumed to compare the efficiency of transactional options and the cost of exit when making exchange decisions. When conflicts arise, partners typically weigh the cost of safeguarding

¹ We do, however, acknowledge that some business relationships are by nature temporary and time-limited, and that the termination of relationships can be planned and desired (Halinen and Tähtinen, 1999b). In this paper, we focus on continuous business relationships, where potential decisions to dissolve are chosen by one of the involved actors.

specific assets before making decisions to maintain or end the relationship. Dependence is therefore seen as the primary motive for maintaining or dissolving relationships (Gassenheimer, Houston, and Davis, 1998). Idiosyncratic investments in the form of structural and administrative mechanisms for coordinating exchange, such as formalization and standardization procedures, are equally seen as effective in order to reduce the likelihood of relationship dissolution (Van de Ven, 1976, Williamson, 1985, Jap and Ganesan, 2000).

In accord with Relational Contract theory (Macneil, 1980), informal governance mechanisms such as trust and relational norms are proposed to be predominant and highly efficient in order to manage adjustments both inside and across organizations. These informal mechanisms are typically materialized through personal contact between organizational members such as boundary spanners. The effect of relational norms has been investigated in various interfirm settings, and these have been found critical in business relationship continuance (Haugland, 1988, Heide and John, 1992, Prim-Allaz, 2000). Relational aspects in interorganizational relationships have equally been emphasized within the relationship marketing field (e.g. Dwyer, Schurr and Oh, 1987, Doney and Cannon, 1997, Zaheer, McEvily and Perrone, 1998). In parallel to the emphasis put on relationship marketing strategies, boundary spanners, such as sales representatives and purchasing agents, have gained greater attention (Doney and Cannon, 1997). This is because boundary spanners frequently play a key role in the interface between two firms when establishing and managing business relationships. These organizational members are critical in developing and maintaining business exchange because of their ability to facilitate and develop trust and communication (Currall and Judge, 1995, Doney and Cannon, 1997). Further, these individuals are involved in making informal and formal adaptations, developing specialized procedures (Nielson, 1997), reducing negotiation costs and facilitating relational conflict solving (Dwyer, Schurr and Oh, 1987, Zaheer, McEvily and Perrone, 1998). The role of personal contacts in the formation and maintenance stages of exchange relationships has therefore received much attention (Håkansson and Snehota, 1995), while little research has been done to investigate the impact of personal contacts in the termination phase (Halinen and Salmi, 2001).

1.2 Business relationships are multi-level phenomena

In order to investigate business relationship dissolution, we argue for a multi-level perspective. In studies investigating business relationships and more specifically business

relationship dissolution, multi-level issues are commonly neglected. The common practice is the non-specification of levels and the mix of levels (Rousseau, 1985, Macintosh and Lockshin, 1997, Zaheer, McEvily, and Perrone, 1998). However, organizations and inter-organizational relationships are by nature multi-level phenomena comprising organizational members working in multiple departments both inside and across organizations as well as structural properties and specific investments connected to the organizational and the inter-organizational context. In accord with multi-level theory (Rousseau 1985, Klein, Dansereau and Hall, 1994, House, Rousseau and Thomas-Hunt, 1995), both macro phenomena (organization related structures and properties) and micro phenomena (individuals in organizations) are presumed to have an impact upon relationship outcome. Consequently, factors at different levels of analysis, such as interpersonal, organizational and inter-organizational factors are thought to affect the termination of relationships.

Accordingly, studies dealing with inter-organizational issues are confronted with highly complex measurement problems. For example, in the field of interorganizational relations, attributes aligned to objects frequently exist at multiple levels. Empirical studies typically deal with properties of departments, companies, business relationships (both at the inter-organizational level and at the interpersonal level) and in some cases, networks of companies. The common practice of non-specification of levels in these research fields therefore often leads to confusion and level-related ambiguity regarding data-analysis (Klein, Dansereau and Hall, 1994). When investigating business relationships the clarity of measurement at the personal, the firm and the interfirm level is advocated to facilitate and enhance more rigorous theory testing (Bagozzi, 1995, Iacobucci and Ostrom, 1996, Currall and Inkpen, 2002).

The multilevel perspective in our research

In this research we investigate factors reducing business relationship dissolution at the individual, organizational and interorganizational level. The research aims to study cross-national buyer-supplier relationships, which are comprised of interpersonal relationships as well as inter-organizational bonds and properties. Further, the cultural and geographical distance between the dyadic partners are presumed to create additional challenges with respect to the maintenance of the business relationships at both the interpersonal and interorganizational level. For instance, boundary spanners, such as purchasing agents and sales representatives, would play an even more critical role in cross-national dyads in managing the additional complexity in international market channel governance (Thomas,

1991, Nielson, 1997, Zaheer, McEvily and Perrone, 1998). In consequence, it is assumed that dyadic partners make substantial adaptation efforts because of geographical distance as well as because of cultural differences in business norms and conduct, trade policies, market specificities, etc. Relationship-specific investments at both levels are therefore proposed to reduce the likelihood of business relationship dissolution.

Additionally, we presume that the effect of relationship-specific investments at the two levels is moderated by organizational and inter-organizational dimensions. This is because boundary spanners are organizational members possessing both intra and inter-organizational relationships, which in turn require different roles and knowledge (Rousseau, 1985, Seabright, Levinthal and Fichman, 1992, Zaheer, McEvily and Perrone, 1998). Boundary spanners are, for instance, assumed to be more closely involved in the interorganizational relationship than are other members of the organization. Buyer and seller reps that have dealt with each other for many years could develop a close relationship, which may involve more than a pure economic exchange (Macaulay, 1963, Zaheer, McEvily and Perrone, 1998). This close interpersonal relationship could affect the likelihood of business relationship termination. Nevertheless, boundary spanners are organizational members and are equally affected by company factors such as organizational culture, structure, strategies, working policies, norms and procedures (Grønhaug, Henjesand and Koveland, 1999, Blois, 1999, Humphrey and Ashforth, 2000). Up till now, scholars dealing with inter-organizational issues have to a large extent excluded the rich stream of organization theory and research. Empirical evidence from numerous studies demonstrates that organizations influence their members' behavior (Berger and Cummings, 1979, Humphrey and Ashforth, 2000). For instance, organizational dimensions such as size, formalization and centralization are assumed to influence individual autonomy in decision-making (Butler, 1991, Shackleton, 1996, Lau, Goh and Phua, 1999). Additionally, differences with regard to organization size, degree of formalization and centralization are equally thought to affect organizational members' personal interactions with the partner rep (Murry and Heide, 1998, Humphrey and Ashforth, 2000). The firm context could therefore favor or constrain the development of interpersonal ties in business relationships and as a result, the potential effect of those ties on business relationship dissolution. Organizational dimensions are proposed to equally influence the development of structural attachments between firms, and would consequently affect the impact of those ties on dissolution. Additionally, interorganizational dimensions such as prior relationship history are presumed to equally moderate the effect of interpersonal and interorganizational ties on the dependent variable.

To conclude, boundary spanners are presumed to be affected by their own organization as well as the interorganizational relationship. Further, we suggest that organizational dimensions moderate the effect of interpersonal ties on relationship dissolution and the effect of structural ties on dissolution. Our hypotheses regarding when micro variables have a greater effect than macro variables and vice versa are drawn from multi-level theory (e.g. Rousseau, 1985, House, Rousseau and Thomas-Hunt, 1995). Additionally, we base hypotheses on research that has explored and examined how organizations affect individual behavior (e.g. Morand, 1995, Morris, Berthon and Pitt, 1999, Humphrey and Ashforth, 2000). By means of this multi-level perspective we aim to enhance our understanding of the potential constraints and effects of both structural and interpersonal ties upon business relationship dissolution. Accordingly, we formulate the research question in this thesis as follows.

Research question: *How and to what extent do organizational and interorganizational dimensions moderate the effect of interpersonal and structural ties on the likelihood of business relationship dissolution?*

In order to illustrate my multi-level perspective, a figure is presented below. In the figure there are four arrows: the horizontal arrows show structural ties (between the two firms) and interpersonal ties (between the two boundary spanners) and the diagonal arrows illustrate the effect of organizational dimensions in firms A and B on boundary spanner behavior. All the presented relationships shown by the arrows are thought to affect interorganizational relationship outcome.

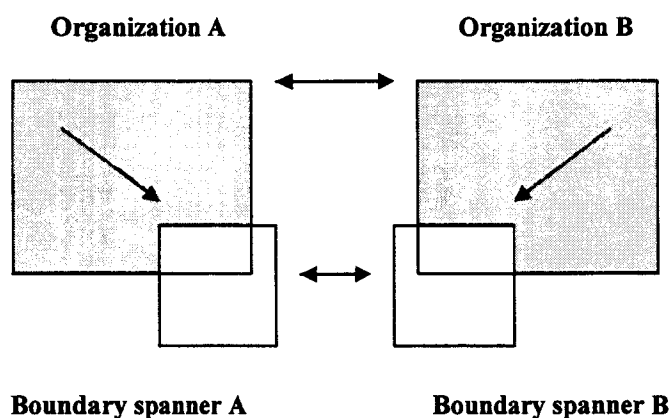


Figure 1: *An interorganizational relationship. Multiple level relationships*

1.3 Concept clarifications

Business relationships and business relationship dissolution

In the current study, we define the concept of *business relationship* in accord with Grønhaug, Henjesand and Koveland (1999). They state that business relationships are often identified through recurring transactions. According to the authors, however, the phenomenon of recurring transactions is not sufficient in order to be termed a relationship. The time dimension is an important criterion in contrast. In addition, and in accordance with the Interaction and Network approach (e.g. Håkansson and Snehota, 1995) business exchange relationships consist of three substantive elements: *activity links*, *resource ties* and *actor bonds*. Activity links include resource exchange, communication, co-ordination and adaptation processes. Resource ties may encompass technological, material and knowledge across firms involved. Finally, firms are connected via various actor bonds, which may include personal relationships, technological bonds, inter-firm knowledge, contracts, norms and inter-firm roles. There should also be some sort of continuity in the exchange relationship, and that the expectation of future exchange is manifested in the relational bonds, i.e. reciprocity, voluntary participation, trust and commitment between firms (Thäthinen and Halinen-Kaila, 1997, Grønhaug, Henjesand and Koveland, 1999).

With regard to *business relationship dissolution*, we notice that studies within the Interaction and Network approach examining business relationship dissolution (e.g. Alajoutsijärvi, Möller and Tähtinen, 2000), Thäthinen and Halinen-Kaila, 1997) define the concept as a dichotomous variable: "*a relationship is dissolved when all activity links are broken and no resource ties and actor bonds exist between the companies*" (Alajoutsijärvi et al., 2000: 1272). The authors, however, acknowledge that there may remain interpersonal relationships across organizations, and that these can be re-activated in other contexts (e.g. Havila and Wilkinson, 1997). With respect to our study we intend to treat the concept of relationship dissolution as a continuous variable. By treating relationship dissolution as a continuous variable, we position ourselves consistent with the idea that it is possible relationships never die. Nevertheless, we presume that firms (by the action of organizational members) behave variably with regard to decisions of dissolution. With regard to the concept of dissolution, we see a process towards cessation of transactions and de-escalation of partner-specific investments.

1.4 Outline of thesis

In part one - *Theory* we present literature that provides the theoretical fundament for our empirical research. In Chapter 2 we introduce Transaction Cost theory and Relational Contract theory to represent theoretical perspectives emphasizing structural and relational aspects in contracts. A theoretical foundation for multi-level studies is offered in Chapter 3. In Chapter 4 we review the literature on business relationship dissolution, and relevant research on organizational effects on individuals' behavior. Development of the conceptual model and hypotheses are carried out in Chapter 5.

In part two - *Method and Measures* we describe methodological and measurement related strategies and subjects. In Chapter 6 we explain the research design and data collection. Development of measures and operationalization is accounted for in Chapter 7. We then validate the included measures in Chapter 8.

In part three - *Analysis and Findings* we test the hypotheses and present the results. In Chapter 9 we test the direct effects of interpersonal and interorganizational variables on the dependent variables. Moderating effects are tested in Chapter 10.

In part four - *Discussions and Implications* we discuss the main contribution of the research, its implications and limitations. We equally present additional and alternative explanations of findings from the regression analysis. We use mainly qualitative data from the same observations to develop these explanations. Finally, future studies and managerial implications are suggested.

2. Theoretical perspectives: structural and relational aspects in contracting

Structural and relational components have been integrated and empirically tested in the inter-firm relationship marketing literature (Murry and Heide, 1998, Gassenheimer, Houston and Davis, 1998, Wathne, Biong and Heide 2000). Different theories postulate the importance of either structural or relational ties or both; e.g. Transaction Cost theory (Williamson, 1991), economic sociology (Granovetter, 1985), organization theory (Ouchi, 1980) and Relational Contract theory (Macaulay, 1963, Macneil, 1980). In the current research, we concentrate on Transaction Cost theory (Williamson, 1979, Williamson, 1991) and Relational Contract theory (Macaulay, 1963, Macneil, 1980) in order to elucidate the logic behind the importance of structural and relational aspects in business relations. In harmony with our research questions and our multi-level perspective, we additionally point out similarities and complementarities in the two theories presented.

2.1 Transaction Cost theory

During the last decade Transaction Cost theory has supplanted traditional neoclassical economics. The new paradigm "New Institutional economics" introduced the concept of the firm, which in Transaction Cost theory is seen as a governance structure. Coase (1937) postulated initially that firms and markets constitute alternative governance structures, which differ in transaction costs. Transaction costs were defined as: "*costs of running the system*". These costs included both *ex ante* costs as e.g. negotiating contracts, and *ex post* costs like monitoring and enforcing agreements. Based on Coase's earlier work, Williamson (1975, 1979, 1985, 1991) made several adjustments and refinements to the Transaction Cost framework. In the framework of a doctoral thesis we will not give a comprehensive outline of this theory, but instead concentrate on the main issues and focus on elements relevant for this research.

The two main assumptions of human behavior

Bounded rationality refers to the human limited cognitive capacity to act rationally. Williamson (1985), nevertheless, explains that economic actors have the intention to act rationally. He further assumes that decision makers have specific problems in absorbing all

relevant information when the environmental context is characterized by great uncertainty. Potential effects of environmental uncertainty are the constant need for adjustments. In situations where comprehensive contracts cannot be written, the economic actor will suffer important costs due to continuous negotiations. Other potential effects might be the performance evaluation problem, which causes extensive costs related for instance, to the gathering of information.

By the assumption of *opportunism*, we understand that economic actors may seek to serve their self-interests and that it is difficult to know in advance who is trustworthy and who is not. Williamson (1985) defines opportunism as "*self-interest seeking with guile*". Opportunistic behavior comprises e.g. lying, cheating and the violating of contracts. The risk and the effect of opportunism is considerable when specific investments have been made in the relationship, and where these investments have limited value outside the relationship. Among other factors, the postulated behavioral assumptions are crucial in Transaction Cost theory because the choice of governance mechanisms is highly interlinked with them.

Key dimensions of transactions

The main dimensions that distinguish transactions are: 1) asset specificity, 2) uncertainty, and 3) frequency. Williamson (1985) further identifies four subcategories of the concept of asset specificity: a) site specificity, b) physical asset specificity, c) human asset specificity, and d) dedicated asset specificity.

The basic logic of Transaction Cost theory

According to the basic logic of Transaction Cost theory, market governance will be chosen when adaptation, performance, and safeguarding costs are low. When transaction costs are high, firms tend to internalize transactions within the organization. Within the Transaction Cost theory framework, internal organization is thought to possess superior properties (in contrast to markets and hybrids), such as the ability to control and monitor exchange, which results in lower transaction costs. Organizational culture and socialization processes inside an organization are also thought to diminish opportunistic behavior (Williamson, 1975). In addition to the two original alternative structures, market exchange and internal organization, increased theoretical and empirical interest have been directed towards the variety of hybrids. Concepts reflecting the hierarchical dimension, such as centralization and formalizing, have subsequently been employed for inter-organizational exchange (Williamson, 1985). Recent empirical studies have also developed and extended the concept of vertical integration to

encompass, for example, vertical control over suppliers' decisions (Grossman and Hart, 1986). Some empirical studies have also integrated and tested the effects of informal mechanisms, such as relational norms (Haugland, 1988, Heide and John 1992, Prim-Allaz, 2000).

2.1.1 The contract problem

Williamson explains that although the discrete transaction paradigm has served both law and economics well, "*...there is increasing awareness that many contractual relations are not of this well-defined kind*" (Williamson, 1979:235). Thus, because transactions vary in nature, different forms of contracts will be needed. With respect to the above position he considers the work of Macneil (1980) as a major contribution in the field, "*...as the legal rule emphasis associated with the study of discrete contracting has given way to a more general concern with the contractual purposes to be served*" (1979:235). Hence, the purpose behind any kind of contract is to facilitate exchange between economic partners. Different kinds of contracts and relevant contracting problems are described below.

Classical contract law

With reference to classical contract law, the major purpose is to enhance and intensify presentation. Presentation refers here to attempts to "*...make or render present in place or time; to cause to be perceived or realized at present*" (Williamson, 1979: 236). In an economic context a complete presentation would entail comprehensive contracting where all future contingencies are taken into account. In order to fulfill discreteness and presentation, classical contract law also presumes the following. First, the identity of the parties is considered irrelevant. Second, the formal governance mechanisms are treated superior to informal governance mechanisms. Third, when problems arise with respect to the exchange, formal and legal documents are seen as predominant in order to solve disagreements.

Neoclassical contract law

Not all kinds of transactions suit the classical contract criteria. Complete presentation is thought to be difficult when contracts are long-term and when environmental situations are fluctuating and uncertain. In such conditions predicting and implementing all potential contingencies in a written contract is seen as very costly and rather impossible. In order to manage contracting under the abovementioned conditions, three alternative solutions are offered (Williamson, 1979). First, transactions of this kind could be renounced. Second, these

kinds of transactions could be subject to internalization, and thereby controlled by hierarchical mechanisms. Finally, third party assistance by arbitration should be provided, as it possesses a number of advantages compared to litigation.

Idiosyncratic exchange

In his article "*Transaction-cost economics: the governance of contractual relations*", Williamson (1979) makes attempts to integrate insights from Relational Contract theory into a Transaction Cost framework. Although, Williamson recognizes elements in Macneil's theory, he also identifies some weaknesses. He points out that Macneil (1980) makes clear that governance structures will vary with the nature of the transaction, but he does not explain the critical dimensions of contract, or the purposes of governance. Williamson (1979) claims that the concept of *incomplete contracts* remains too vague. In addition, Williamson (1979) contends that "*harmonizing interests*" appear to be an important governance function in Macneil's elaboration of relational contracting, although this assumption is not explicitly stated. Williamson thus makes attempts to clarify and define more closely attributes of transactions, by integrating the critical dimensions for characterizing transactions from Transaction Cost theory: 1) uncertainty, 2) the frequency with which transactions recur, and 3) the degree to which durable transaction-specific investments are incurred (1979:239). These three dimensions must be analyzed together in order to assess the adequate governance structure for different types of exchange.

Idiosyncratic exchange, criteria and characteristics

The degree of transaction-specific investments relates to problems of marketability. Is it, for instance, possible for customers to turn to alternative suppliers to buy the commodity? How important is the particular identity of the parties when it comes to consequences of costs? Exchanges are defined as *idiosyncratic*, where the identity of the parties has a major impact upon costs and where specific investments have little value outside the relationship (Williamson, 1979). Physical capital investments (e.g. specific production equipment) and human capital investments (e.g. specialized training) are, according to Williamson (1979), the most important forms of asset specificity and those which qualify as the definition of idiosyncratic exchange. In these exchanges, which are long-term and ongoing, institutional

and personal trust most commonly evolves². One reason for this is that: "*(o)ther things being equal, idiosyncratic exchange relations which feature personal trust will survive greater stress and display greater adaptability*" (1979:240, 241). The author stresses that it is the lack of opportunistic behavior in idiosyncratic exchange, which makes ongoing sequential adjustments possible. Williamson (1979) also contends that, due to the transaction-specific costs mentioned above, the ongoing relationship between the parties will be transformed over time to a *bilateral monopoly*. Williamson (1979) thereby specifies inter-organizational situations under which relational aspects have an impact on relationship outcome, continuance and dissolution.

The problem of adaptability, bilateral and unified structures

Williamson (1979) underscores that the problem of opportunism also might occur in idiosyncratic exchange. In order to diminish opportunism one has to resort to governance structures presumed to create confidence. It is the problem of potential adjustments that represents the main governance problem. In his article of 1979 he distinguishes two types of idiosyncratic exchange, *bilateral structures* and *unified structures*.

Unified structure refers to *internal organization* (hierarchy) of transactions. With respect to adaptive capability, internal organization has superior properties. One reason for this is the assumption of internal coordinating mechanisms (both informal and formal mechanisms), which are thought to diminish opportunistic behavior. Internal organization also requires less documentation regarding adjustments. Further, internal conflicts can be more easily resolved by fiat at less cost. Information is more easily exchanged and interpreted. Internal organization also disposes of a number of incentive instruments, such as career reward (Williamson, 1991).

In contrast, in *bilateral exchange* the parties involved are thought to confront major problems in coping with adjustments. One reason for this is that adjustments have to be mutually agreed upon by the two autonomous parties. Potential conflicting interests and hence opportunistic behavior might therefore arise. The author, however, contends that the problem of opportunism varies according to the kind of adjustments required. The author argues that quantity adjustments are much more easily adjusted than price adjustments, among other factors because of their better incentive-compatibility qualities. In addition, quantity

² The following citation gives an illustration of what the author means: "Where personal integrity is believed to be operative, individuals located at the interface may refuse to be part of opportunistic efforts to take advantage of (rely on) the letter of contract when the spirit of the exchange is emasculated" (79:240).

adjustments should be induced by exogenous factors, and not by strategic goals. Williamson (1979), nevertheless, argues that price adjustments can be made, despite the hazards of opportunism. Price adjustments are however limited to, or relate to, exogenous, germane, and easily verifiable events (Williamson, 1979:250-254). The author discloses that requirements of both quantity and price adjustments would render idiosyncratic exchange impossible.

Consequently, while Williamson (1991) recognizes the existence of internal coordinating mechanisms and their assumed ability to diminish opportunism inside organizations, he is more reluctant to acknowledge inter-organizational coordinating mechanisms and their potential to reduce opportunistic behavior across organizations. Consequently, when considerable adjustments must be done, internalization of transactions is recommended (Williamson, 1979, 1991). According to Relational Contract theory (Macneil, 1980) accounted for below, informal governance mechanisms are seen as predominant and highly efficient in order to manage adjustments both inside organizations and across organizations.

2.2 Relational contract theory

Definitions of contract

In more traditional contract in law perspectives *promise* is understood as a central concept. According to these perspectives (cf 2.1.1), contract can for example be defined as "...a promise or a set of promises for the breach of which the law gives a remedy, or the performance of which the law in some way recognizes as a duty" (Macneil, 1980:4-5). Macneil's definition of contract differs significantly from definitions of contract in traditional law perspectives, as he defines contract as "...no less than the relations among parties to the process of projecting exchange into the future" (1980:4). Related to the concept of promise in contracts, and in contrast to the discrete contract paradigm, the author stresses that in a great number of contractual relations promise is of less importance and is less effective as an exchange projector. Several reasons underlie the above position.

The co-existence of promissory and nonpromissory projectors

First, promissory projectors are thought to be less important because of the existence of nonpromissory exchange-projectors, such as customs, norms, status and habits present in all societies. Because contract occurs in society, Macneil (1980) disagrees with the idea that no relation exists between business partners besides the simple exchange of goods. Contract

between totally isolated, utility-maximizing individuals cannot possibly be thought of as contract, but rather war. As a consequence, the theoretical construct, discrete transaction can exist neither in theory nor in reality.

Macneil (1980) contends that although some nonpromissory projectors, such as kinship, might be more important in societies characterized by a low level of division of labor, nonpromissory exchange-projectors are highly relevant for modern and complex societies as well. Some nonpromissory exchange-projectors, such as positions of command in hierarchies (in organizations) and bureaucracies are even more prominent in modern society. The author underscores that the abovementioned nonpromissory projectors often will be accompanied by promises. Promissory projectors are always accompanied by nonpromissory projectors. In order to govern and project exchange into the future, business partners, therefore, usually resort to both promissory and non-promissory projectors.

Second, in societies characterized by a complex and advanced division of labor, promises will typically remain fragments of any contractual relation or transaction no matter how discrete. This is due to the limited capacity of human beings to absorb information (i.e. bounded rationality). Thus, the inherently fragmentary nature of promises is also thought to explain the co-existence of both promissory and nonpromissory projectors in contracts.

The latter explanatory factor relates to how promises are understood. In a number of contexts, business people are thought to have an overt or tacit recognition that the promise made is never exactly the same as the promise received. This position is due to the fact that a promise always contains two promises, the buyer's and the seller's. Consequently, non-mutual understandings and interpretations might arise. Nevertheless, empirical studies (e.g. Macaulay, 1963) explain that in contractual relations "*(m)uch promise breaking is tolerated, expected, and, indeed, desired*" (Macneil, 1980:9). In order to compensate when promises are seen as less than absolute, nonpromissory projectors therefore will occur.

2.2.1 Discrete transactions and modern contractual relations

Macneil (1980) offers a description of discrete transactions and modern contractual relations in his elaboration on "*The New Social Contract*". In order to elucidate differences between the two types of contract, he presents them as fictional constructs at both ends of a continuum. Below, we see that modern contractual relations, in contrast to discrete transactions, integrate relational aspects in contracting. Business people involved in exchange are presumed to act according to prescribed norms and practices in society and in the specific business relationship. Thus, presuming that economic actors want to establish business relations in the

future, one expects business partners to act in harmony with the existing norms, by relying on a number of nonpromissory projectors (e.g. relational norms such as solidarity and flexibility). In discrete transactions however, promissory projectors are predominant, such as formal agreements and substance issues. We will not scrutinize each dimension but present a summary in Table (2.1), where all the dimensions are shown for discrete and modern contractual relations respectively.

Table 2.1 *Discrete transactions and modern contractual relations*

Discrete transactions	Modern contractual relations
<p><i>1. Personal relations</i> Nonprimary Limited in scope Involve a small part of the personality Formal communication</p>	<p>Primary Unlimited in scope Involve the whole person Informal communication</p>
<p><i>2. Numbers</i> Two parties</p>	<p>A large number of people</p>
<p><i>3. Measurement and specificity</i> High levels of measurement and specificity</p>	<p>High levels of measurement and specificity Emphasis on processes and structures in the ongoing relation</p>
<p><i>4. Sources of contractual solidarity</i> External sources of contractual solidarity</p>	<p>External and internal sources of contractual solidarity Internal and external sources are closely intertwined</p>
<p><i>5. Planning</i> High degree of measurement and specification <i>5.1 Substance issues</i> Exclusive focus on substance issues <i>5.2 Completeness-specificity</i> Complete and specific <i>5.3 Tacit assumptions</i> Non-existent <i>5.4 Participation</i> Unilateral planning acquiring mutuality only by adhesion of the other <i>5.5 Post-commencement planning</i> Non-existent <i>5.6 Bindingness</i> Entirely binding</p>	<p>High degree of measurement and specification Focus on substance issues, structures and processes Incomplete Existent Mutual participation in planning Existent Subject to change</p>
<p><i>6. Sharing and dividing benefits and burdens</i> Benefits and burdens are sharply divided between the parties</p>	<p>Benefits and burdens are sharply divided between the parties Benefits and burdens are shared</p>
<p><i>7. Obligations</i> Originate from the promises of the parties</p>	<p>Originate from the promises of the parties Originate from the relation itself</p>
<p><i>8. Transferability</i> Transferable</p>	<p>Transferable</p>
<p><i>9. Attitude</i> <i>9.1 Awareness of conflict of interest</i> High awareness of conflict of interest <i>9.2 Unity</i> Non-existent <i>9.3 Time</i> Presentiated <i>9.4 Trouble</i> Non-existent</p>	<p>High awareness of conflict of interest High levels of interdependence produce common interests Presentiated and not presentiated Existent</p>
<p><i>10. Power, hierarchy and command</i> The relative power of dependence is static, and given initially</p>	<p>The relative balance of dependence is dynamic and becomes a product of the ongoing relation</p>

2.2.2 Intermediate contract norms

Macneil (1980) further argues for the existence of intermediate norms. Intermediate norms are customs, social habits, morality and the like, which are thought to play a crucial role in economic life and in society in general. These norms can be either internal or external. Norms enforced by the legal system are examples of an external norm. Internal norms are specific for a particular relationship. However, internal and external norms typically merge in societies. Macneil (1980) develop nine intermediate norms: 1) role integrity, 2) mutuality, 3) implementation of planning, 4) effectuation of consent, 5) flexibility, 6) contractual solidarity, 7) the linking norms: restitution, reliance, and expectation interests, 8) creation and restraint of power, and 9) harmonization with the social matrix (cf 1980:36-59). In the below outline we focus on a limited number of norms relevant for the study.

Mutuality, flexibility and contractual solidarity

Mutuality originates "...from the fundamental nature of choice-induced exchange; it occurs only when all participants perceive a possible improvement from their pre-exchange positions" (Macneil, 1980:44). By the norm of mutuality, we do not mean complete equality, but rather some kind of evenness. Given the existence of other alternatives to the parties taking part in exchange, mutuality entails the continuance of the relation. The sources of the norm of mutuality are several. Contractual solidarity, the social matrix of modern technological societies, and contractual norms developed in the specific relation, represent some potential sources. As a result of bounded rationality and the continuous changes in the economic world, the norm of *flexibility* is needed in contracting. In discrete contracts, the norm of flexibility will be found outside the transaction. The flexibility, therefore, is limited to the scope of transaction. In contractual relations, the norm of flexibility is internal within the relations, partly because of the nature of exchange (e.g. contracts are incomplete and long-term). *Contractual solidarity* is the norm of maintaining exchanges together. No exchange would be possible without this norm.

The linking norms: restitution, reliance and expectation interest

Restitution interest is seen as the problem caused by someone profiting by making *promises* and then breaking them. Reliance interest is viewed in terms of reasonable reliance on *promises*. Finally, expectation interest is similar to what has been *promised* (Macneil, 1980:53). The above norms are called the linking norms because they have the capacity to link the other norms to more accurate rules of behavior, including legal rules. In discrete

contracts "...the restitution, reliance, and expectation interests are served by rigorous adherence to their promissory definition, letting all else fall as it may" (Macneil, 1980:55). In modern contractual relations, the abovementioned linking norms will be subject to change in the ongoing relationship. The existence of nonpromissory projectors in contractual relations, which are thought to represent the foundation of *reliance interests*, contributes to making these relations work.

Creation and restraint of power

The author underpins that power is inherent in the concept of exchange. In order to make the abovementioned concepts such as the act of consent, the planning, the linking norms and the like happen, the participants must have the ability to create and change power relations. In contractual relations we can find different types of power, such as economic, social, political, and finally legal power. Contracts are also heavily governed by the norm of restraining power. The other norms previously treated, such as mutuality, contractual solidarity and flexibility play a major role in restraining power in contractual relations. In the below discussion on non-contractual practices, we illustrate how and why our previous explanations of informal contractual governance mechanisms function in a business context.

2.2.3 Non-contractual relations

Prior to Macneil's (1980) elaboration on relational contracts, Macaulay (1963) revealed non-contractual relations in business contexts, more specifically the functions and dysfunctions of contract in an industrial context. Macaulay's findings highlight the ideas on relational contracting presented above. With reference to his study, Macaulay (1963) understands contract by referring to two distinct elements (1963:266): a) *rational planning of the transaction with careful provision for as many future contingencies as can be foreseen*, and b) *the existence or use of actual or potential legal sanctions to induce performance of the exchange or to compensate for non-performance*. The author then explains the use and non-use of contract in business relationships. Below, we focus on the author's tentative explanations with respect to the limited practice and focus on detailed planning and legal sanctions in business relationships.

Tentative explanations of non-contractual practices

The empirical study revealed that business people usually do not see the need of contract in most situations. Several explanatory factors explain this statement. First, business people see

other safeguarding mechanisms as more effective. Consequently, business people prefer to rely on non-contractual governance mechanisms. In addition, in order to avoid misunderstandings and conflicts regarding expectations of quality for example, products are often standardized and specified by professionals in the industry. The use of standardized purchase or seller order forms is also common in exchange. As a result, costs related to the writing and negotiation of contract are lowered.

Second, organizational members tend to follow norms widely accepted in the industry. One reason for this is that organizational members are continually confronted with the ruling norms, either by internal sanctions inside a department in the organization, or across levels in the organization. Organizational members are also confronted with sanctions across organizational boundaries. This is a position that leads us to the third explanation.

Usually, business people have expectations for exchanges in the future. It is, therefore, in their interest to perform according to shared norms and values in an industrial context or in a specific business relationship. Business people are well aware of the fact that dishonest behavior and bad performance lead to a negative reputation, which is seen as very damaging for future business exchange. Thus, according to the above explanations, informal and non-contractual practices are seen as effective governance mechanisms in business relationships.

Contract and undesirable consequences

In addition to the perception that contract is not needed, contracts may also possess undesirable consequences. For example, demands from one party regarding details in contracts in order to plan for contingencies are often seen in conflict with the norm of flexibility, so often needed in contracting. Requirements of details in contracts may also be interpreted as a demonstration of lack of trust in your business partner, and hence create conflicting exchange relationships. Solving exchange conflicts by litigation or by the threat of litigation is also seen as costly and very damaging for future business relationships. Most business people will, therefore, make an effort to avoid a court trial. Despite the negative feelings with respect to contracts, contractual practices exist. A number of reasons underlie this fact. First, comprehensive planning is conducted when "*...planning and a potential legal sanction will have more advantages than disadvantages*" (1963:278). Thus, contract is needed when there is a probability that significant problems will arise. Second, detailed planning is usually accomplished when the contract can ease the communication inside the organization (e.g. between the sales manager and the product manager).

Summary

Macaulay's research reveals that basic behavioral assumptions, such as trust and good faith are common in business relationships. Non-contractual mechanisms are also seen as highly efficient when it comes to making adjustments and solving disputes in an ongoing relationship. Hence, opportunism is not seen as the predominantly ruling behavioral assumption among business people. In order to cope with adjustments, non-promissory projectors were present in most cases and were seen as or even more effective than promissory projectors. In many situations, the norm of flexibility was seen as equally important compared to detailed planning. Finally, common norms widely held in the business context represented effective sanctions towards individuals behaving in disharmony with the norms. The abovementioned findings harmonize with Macneil's (1980) elaboration on modern contractual relations, as he contends that societal and relational aspects constitute important and efficient governance mechanisms in order to manage business relationships.

Transaction Cost theory is more reluctant with regard to reliance upon more informal governance mechanisms across organizations. According to the theory, informal mechanisms, such as social norms are only effective and reliable inside organizations, and thus, bound to organizational boundaries. One exception is idiosyncratic exchange, where highly specialized assets produce a kind of bilateral monopoly. However, in bilateral exchange adjustments are thought to produce major contracting problems. According to Transaction Cost theory, requirements of major adjustments constitute a recurrent problem, mainly because of presumed opportunistic behavior and because formal governance mechanisms are seen as superior to more informal mechanisms.

Nevertheless, even though Relational Contract theory emphasizes informal governance mechanisms, and Transaction Cost theory highlights formal mechanisms, neither Macneil (1980) nor Williamson (1979) reject the existence and importance of formal and informal governance mechanisms in business exchange. With reference to Macneil's (1980) elaboration on discrete transactions and modern contractual relations, and in accordance with Table 2.1, we see that modern contractual relations possess both discrete and relational aspects (specifically dimensions: 3, 4, 5, 5.2, 6, 7, 9. 2). However, the logic and explanation behind the need for discrete elements in contracting vary between Transaction Cost theory and Relational Contract theory. Macneil (1980) argues that discrete elements in modern contractual relations are needed as a governance mechanism due to the advanced and complex division of labor in modern society. Transaction Cost theory also acknowledges complexity,

but the underlying assumption of opportunism is central in order to bring forth the need to safeguard.

In our research, the different views proposed in Transaction Cost theory and Relational Contract theory are not conflicting respectively, since we see business relationships as a multi-level phenomenon, possessing both structural and relational ties. In the chapter that follows we present a theoretical foundation for multi-level studies.

3. A theoretical foundation for multi-level studies

3.1 Introduction

Rousseau (1985) underscores that most phenomena that are investigated in organizational research³ intrinsically possess multi-level and cross-level characteristics. Multi-level issues should therefore be of great importance and interest in organizational research. Unfortunately, until today few theories in organizational research have addressed multi-level issues (Rousseau, 1985). During the last decade, however, a variety of multi-level research has emerged⁴. In the field of inter-firm relationship marketing, the number of articles dealing with multi-level issues even fewer (Fichman and Goodman 1996, Doney and Cannon 1997, Rokkan 1999). A great number of theories in organization theory derive from several basic disciplines, such as psychology and sociology. Traditionally, research in organizational behavior has adopted the levels emphasized in the parent field. Rousseau (1985), however, argues for increased multi-level research as a means to establish organizational behavior as a discipline in its own right⁵. The neglect of multi-level issues makes, for example research dealing with organizational behavior hardly distinguishable from that published by their colleges in psychology and sociology (Whetten, 1978). Klein, Dansereau and Hall (1994) offer a theoretical argument for elaborating multi-level studies. The authors claim that three alternative assumptions underlie the specifications of levels of theory throughout organizational behavior: a) *homogeneity* of subunits within higher level units, b) *independence* of subunits from higher level units, c) *heterogeneity* of subunits within higher level units.

³ In the theoretical articles dealing with multi-level issues (Rousseau 1985, Klein et al. 1994, House et al. 1995), the authors discuss organization theory and organizational research. In the current study, we are dealing with inter-organizational issues as well. We, however, contend that what the above-mentioned articles say about organizations and multi-level issues is equally relevant for inter-organizational research. For practical reasons, we use the term organization, as the authors do, when elaborating on multi-level issues.

⁴ House, Rousseau, and Thomas-Hunt (1995) reviewed six years of publications in two journals, *Administrative Science Quarterly* and the *Academy of Management Journal* from 1988-1993. These journals were chosen primarily because they are the leading U.S. journals in Organizational Behavior. Articles were defined as meso research when the examined effects spanned at least two levels, and included both micro and macro phenomena. The authors found 124 articles (32,2%), which could be classified as meso. The authors make a further classification, along different characteristics, for further reading (1995:104-106).

⁵ From 1988 to 1993, 67% of the empirical articles in the leading journals addressed either the micro or macro organizational level of analysis, and ignored the other (House et al. 1995).

The authors further argue that the aforementioned "...assumptions influence the nature of theoretical constructs and propositions and should, ideally also influence data collection, analysis and interpretation" (Klein et al. 1994:195). The majority of the literature in the organizational field dealing with level issues puts emphasis on the alternative assumptions: a) homogeneity and b) independence. The alternative assumption of heterogeneity has been dealt with in some previous work on level issues⁶ (e.g. Dansereau, Graen and Haga 1975, Rafaeli and Sutton 1991, Porter 1980).

The authors, however, claim that the meaning, relevance and implications of heterogeneity have only been explored to a small extent in the organizational literature. The authors further present a framework comprising guidance for level issues in theory development, data-collection and data-analysis⁷. In contrast to previous contributions (mostly statistical approaches) on level issues (one prominent exception is Rousseau's (1985) typology of mixed-level theories), the authors present a theory-based approach to multi-level issues. Literature adopting a statistical approach focuses on how to justify aggregation, how to analyze data in accordance with the level of theory, and how to analyze multilevel data (Klein et al. 1994). In organization research there has been controversy and confusion regarding the appropriate level of analysis, and thus the appropriate conclusions to be drawn from research in various topics. Klein, Dansereau and Hall (1994), however, claim that statistical approaches have not been able to solve level-related ambiguities, controversies, and critiques. The authors instead argue for an emphasis on the primacy of theory in addressing level issues. A theory-based approach, nevertheless, is not seen as incompatible with statistical indicators used to test level issues.

3.2 A theoretical foundation for meso theory and research

While House, Rousseau and Thomas-Hunt (1995) recognize the growing number of multi-level research, they acknowledge the lack of "...a coherent framework to guide, codify, accumulate, and integrate such research" (House et al. 1995:71). In order to argue for the need to integrate both macro and micro variables in this study, we will draw on insights and propositions elaborated in the House et al. article: "*The meso-paradigm: A framework for the integration of micro and macro organizational behavior*". Meso theory and research concerns "...the simultaneous study of at least two levels of analysis wherein a) one or more levels

⁶ We choose not to go into depth for these examples, as they do not deal with inter-organizational phenomena.

⁷ We will not give a detailed presentation of the elaboration by Klein et al. in this section, but relevant insights and propositions from the article will be used when required throughout the proposal.

concern individual or group behavioral processes or variables, b) one or more levels concern organizational processes or variables, and c) the processes by which the levels of analysis are articulated in the form of bridging, or linking, propositions" (House et al., 1995:73). The authors offer criticism to both the macro paradigm and the micro paradigm, and claim that these paradigms possess inherent limitations, which in turn lead to non-specified theories of organizational behavior. In order to encourage further meso research they give descriptions of how micro and macro theory and research can be incorporated into the meso paradigm. House et al. (1995) also suggest a number of propositions illuminating ways of linking macro and micro phenomena.

Inherent limitations of macro-theories

Impersonal aspects of organizations are addressed by macro theory, since it deals with "*..the behavior of organizations as entities and the nature and effects of their formal and collective parts*" (House et al., 1995: 75). The major causes for organizational actions and performance are assumed to be organizational form, technology, and environmental properties. Several macro variables are uniquely attached to organizations, e.g. hierarchical differentiation, chains of command, formalization, standardization and centralization. Examples of well-known macro theories in the inter-organizational field are Agency theory, Resource Dependency theory, and Transaction Cost theory. A common weakness of these theories is their tendency of making "*...predictions of organizational functioning and performance while treating individuals and groups as "black boxes" whose functioning they do not explain*" (House et al., 1995:76). All that matters is just impersonal social, political, economic and historical forces. Human processes and the role of human agency have received little attention in these macro theories, despite a growing number of empirical studies demonstrating that individuals and groups influence macro phenomena (e.g. Miner, 1987).

Micro-level phenomena and their potential impact upon macro-level phenomena

Micro-level phenomena are thought to have potential impact upon organizations. One basic reason for this is that organizations do not act, but organizational members do. Not all organizational members do, however, have an equal potential in order to affect organizational-level phenomena. Staw and Sutton (1992) suggest several processes by which micro forces have effects in organizations. Organizational members occupying specific organizational roles are assumed to have a great deal of discretion in representing organizations, such as salespersons, retail buyers, recruiters, investment bankers, etc.

Powerful individuals in top-manager positions can formulate strategic decisions influencing behavior in the organization. Organizational members at lower-order levels (e.g. in sales departments) may, however, influence the implementation of strategies initiated by individuals at higher-order levels. Organizational climate and culture are thought to be the aggregate of individual attributes, beliefs, and emotions (House et al., 1995). Hence, individual and group level behavior affect organizations in various ways. For example, boundary-spanning groups affect organization structure and are themselves affected by structure (Ancona, 1990). Boundary spanning individuals are also assumed to potentially influence the decision-making not only within their own organization but also in partner organizations (Gulati, 1998). In parallel, with the emphasis put on relationship marketing strategies, micro-phenomena, such as the role and importance of the salesperson, have gained increased attention in the marketing literature. However, little research has addressed the relative effects of micro and macro variables in inter-organizational settings (Fichman and Goodman, 1996).

The need for meso theorizing in order to develop a meso paradigm

House et al. (1995) give six arguments for the need to integrate micro and macro phenomena in research in order to understand organizational behavior. First, they underpin that: 1) several micro and macro phenomena are unique to organizations, 2) meso research can contribute to specify the appropriate level of analysis and thereby avoid level-related measurement problems and ambiguities, 3) there are a number of phenomena that are common across levels of analysis and hierarchical echelons⁸, 4) there are a number of phenomena that vary across levels of analysis and hierarchical echelons, 5) postulating questions within a meso perspective offers a more integrative investigation, and 6) the meso framework permits *"...codification of empirical findings in a manner that reveals consistencies and gaps in knowledge and facilitates accumulation of knowledge"* (House et al., 1995:79). Furthermore, the authors claim that if scholars in organization theory shift their focus of research and variables to the study of organizationally relevant behavior in organizational contexts and develop tools to conduct research within this perspective, a new paradigm will emerge.

⁸ In order to distinguish two qualitatively different levels, House et al. (1995) employ the word *echelon* to refer to hierarchical or organizational levels, while *level* of analysis refers to, for example individuals, dyads, groups, organizations or cluster of organizations.

3.3 Linkages between micro and macro phenomena

Meso research investigates the relationships between organizational contexts and behavior of individuals, groups, organizations and the like, and evaluates how those relationships shape outcome. In organizations there is a constant mutual feedback process going on linking macro phenomena and micro-phenomena. In order to elaborate on meso research we need mechanisms which can "...help us conceptualize the complex relations between units at different levels of analysis, or at different hierarchical echelons, in organizational settings" (House et al. 1995:86). In addition, the authors explain that there are "...several processes by which micro and macro variables interact and affect each other in ways important for organizational scholars..." (House et al., 1995:87). The three generic meso processes considered important are: *isomorphism*, *discontinuities* and *interlevel relationships*. Within these three groups several under-categories are identified. In this thesis we present phenomena considered relevant.

Isomorphism

Isomorphism is the degree to which the constituent component of a phenomenon and the relationships among the components are similar across levels of analysis (House et al., 1995: 87). House et al. (1995) argue that when isomorphism is identified, consistent patterns of important behavior across individual, group, and organizational processes are revealed, which consequently contributes to the integration and coherence of organizational research. Scholars should therefore search for isomorphism in order to develop a theory of behavior in organizations. A description of an isomorphic phenomenon consists of two kinds of assertions (House et al. 1995:88): 1) a composition assertion specifying the underlying similarity of constructs at different levels of analysis and 2) a multi-level assertion specifying causal relations between constructs, which could be generalized across levels.

The authors suggest five isomorphic phenomena: *inclusiveness*, *entrainment*, *selection effects*, *sense making* and *situational ambiguity*. Inclusiveness and entrainment are structural phenomena; selection effects and sense making are psychological processes; situational ambiguity is both structural and social phenomena. In our study we will focus on inclusiveness.

Inclusiveness

The concept of inclusiveness refers to the proportion of the activity of a unit dedicated to or involved in those of another unit (as in individuals in groups or task forces in organizations). *Inclusiveness* among units at different levels of analysis is hence thought to be an important moderator of effects of one level on another. The more the activities of one unit are involved with those of another, the more impact one will have on the other (House et al., 1995:89). The phenomenon of inclusiveness does not only occur inside organizational boundaries, for example, across echelons (i.e. hierarchies in organizations); the phenomenon occurs equally between organizations, such as among network partners, due to task interdependence, resource dependence, and institutional affiliations (House et al., 1995:90).

The phenomenon of inclusiveness is highly relevant to questions concerning the role, the function and the autonomy of boundary spanners. For example, a salesperson that is highly dependent on and integrated towards another department of the organization (e.g. the product development department) will have to play a different role than salespersons that are less included with respect to specific departments in the organization. Prominent examples of boundary spanners with low levels of inclusiveness would be agents (or salesmen who work for different organizations, but are not regular employees). Agents who only work temporarily for organizations would be less influenced by the culture, the norms, and other specific features connected to the organization, than a full-time employee would. Consequently, this person's work motivation would be better predicted by individual predictions (or in some cases driven by customer need rather than by the needs of his temporary employer). Agents having low levels of inclusiveness with the organization thus give rise to autonomous behavior (House et al., 1995).

House et al. (1995:90) postulate the following propositions: 1) *Effects of one level of analysis on another will be proportionate to the degree to which one level is included in the other, and 2) Inclusiveness in a lower level unit of analysis will be highest when⁹: a) organizational members of the lower units are disposed to be susceptible to the influence of higher level unit members, b) resources are shared by members of unit, c) information is shared by members of unit, and d) organizational members of units serve common clients or customers.*

⁹ We only focus on and point out factors relevant to this study.

Inter-level relationships and the relative effects of macro and micro level variables

With respect to inter-level relationships, the authors postulate propositions regarding the relative effects of macro and micro level variables on each other, and the moderating effects of organizational level on decisions (House et al. 1995:98). Moreover, the authors discuss under which conditions individuals tend to have a greater impact upon organizational-variables, and vice versa under which conditions organizational variables tend to have greater impact upon micro-variables. We summarize the discussion in the following propositions (House et al., 1995:99): 1) *Under conditions of situational ambiguity and where organizational routines and cultural norms have not been established, micro level variables (e.g. boundary spanners) will have their greatest influence on macro level variables (e.g. formalized processes).*

Individuals therefore are presumed to have less impact upon organizational variables when the organization is old, large and where stable and strong organizational cultures are institutionalized. Micro-phenomena are thought to have greater impact upon organizational variables when organizations are young.

The moderating effect of organizational levels

Another relevant dimension addressed by House et al. (1995) is the degree to which units at different echelons are loosely versus tightly coupled. A *tight coupling* is assumed to provoke dependence or interdependence. *Tight coupling* refers to the degree to which the behaviors of units of analysis are covariate with each other. Behaviors of coupled units are assumed to be interactive (not additive), as they bring forth results by reciprocal influence and coordination. Thus, tightly coupled units are more interdependent, since the behaviors of the units are strongly relevant to each other. *Loosely coupled* units are more independent of each other and the behavior in each unit is less relevant to each other. The above discussion leads us to the following proposition: 1) *The tighter the coupling between and among units located at different hierarchical echelons or levels of analysis, the larger will the effect of actions taken by units at one echelon or level on the activities of units at other echelons or levels.*

The above proposition is highly relevant to studies dealing with business relationships. When there are high levels of inclusiveness, the behavior of boundary spanners is assumed to be covariate with the effect of structural factors. And as the two behaviors are interdependent, only high effects of both units can produce a positive relationship outcome.

4. Literature review of relationship dissolution

In this chapter we present studies dealing with business relationship dissolution and related constructs such as exit intention and switching. We then discuss relevant organizational research and interorganizational studies that investigate multi-level issues. The body of research investigating dissolution can roughly be divided into two parts: one, whose focus is the factors leading towards dissolution and that employ a quantitative approach, the other, whose focus is the process, and that employs a qualitative research design. With reference to the presented studies we specifically comment on the neglect of multi-level issues, and problems connected to this.

4.1 Studies investigating business relationship dissolution

Studies with a quantitative approach

In the empirical studies conducted by Ping (1993, 1994, 1995, 1997, 1999) the major focus is to examine either antecedents or structural constraints of retailer exit intention. Theoretical perspectives are mainly drawn from the Political economy framework (Stern and Reve, 1980), from economics (Hirschman, 1970), employee turnover literature and the ending of intimate relationships (Duck, 1982). Further, the author investigates existing relationships, and uses behavioral intention variables (e.g. the intention to exit, the propensity to exit) in order to test associations related to the termination of relationships. The empirical research is conducted in retailer settings using field surveys. Structural equation technique is used to analyze the data.

In Ping (1993), the author studied the effects of satisfaction and structural constraints on retailer exiting, voice, loyalty, opportunism, and neglect. The proposed antecedents were overall satisfaction with the relationship, the relationship “structural constraints” of alternative attractiveness, relationship investment and switching costs. Exiting associations was explained mainly by satisfaction and alternative attractiveness.

In another study, Ping (1994) examined whether satisfaction moderates the association between alternative attractiveness and exit intention. The study supported the conceptual buyer-seller relationship framework proposed by Dwyer, Schurr and Oh (1987) showing that higher satisfaction attenuates the alternative attractiveness-exit intention association. The study provides significant findings, i.e. that satisfaction moderated the alternative

attractiveness-exit intention association, and moreover, satisfaction reduced the alternative attractiveness-exit intention interaction.

An examination of antecedents of retailer exit intention was done in Ping (1995). In addition to satisfaction, the author included traditional economic variables, such as retailer revenue and productivity, and hence tried to fill the gap in the channel reactions-to-dissatisfaction literature¹⁰. In this study economic variables such as revenue, return on investment, and revenue-per-employee were postulated to affect exit intention. Findings suggest that satisfaction was the most important antecedent of exit intention. Revenue, return on investment, revenue-per-employee, and competitive stores were influential about half as much or less on exit intention by comparison. Years in business and years with the wholesaler did not affect exit intention.

In an empirical study, Ping (1997) postulates that cost to exit, overall relationship satisfaction, and demographic variables affect a firm's voice. In addition, demographic variables, such as partner firm revenue, years with partner, years in business, the number of employees, revenue per employee, competition, and return on investment, are included in the study. In the study Ping uses the term structural commitment, which is argued to encompass the following dimensions: alternative attractiveness, investment, and switching costs. The author labels the second-order construct, cost-of-exit. Overall satisfaction had the largest overall effect on voice. Increased retailer cost-of-exit also enhanced the use of voice. Years with the wholesaler was positively correlated with satisfaction and cost-of-exit, which suggest that long-term relationships were associated with increased satisfaction and higher cost-of-exit. Therefore, years with wholesaler were positively, but indirectly, associated with voice.

In Ping (1999) overall satisfaction with a relationship and lack of alternative attractiveness were found to reduce exiting. The author tested the proposed linkages among exit-propensity¹¹, and other responses to relationship problems, such as loyal behavior, voice and neglect. Of the proposed hypotheses involving the relationship between loyal behavior, voice, neglect, and exit-propensity, all but the voice-exit-propensity associations were significant.

Heide and Weiss (1995) studied two aspects of buyer decision-making in high-technology markets¹²: 1) whether buyers include new vendors at the *consideration* stage of the process, and 2) whether they switch to new vendors at the *choice* stage of the process.

¹⁰ whose focus is psychosocial rather than economic

¹¹ Exit propensity is the disinclination to continue the current relationship

¹² which are characterized by high uncertainty and the presence of switching costs tied to technologies or vendors

Further, buyer's consideration sets may be defined as *closed*, i.e. restricted to existing vendors, or *open*, i.e. can include new vendors. Moreover, the authors' main focus is on the factors, which influence whether buyers include new vendors at the consideration stage of the process, and whether they stay with an existing vendor or switch to a new vendor, once the consideration stage is formed. Three categories of factors are included: 1) *buyer uncertainty*¹³, 2) *switching costs*¹⁴, and 3) *situational factors*¹⁵. Findings show that prior experience had no significant effect on buyer consideration set decision. Switching costs had a limiting effect on buyer consideration process. Moreover, vendor related costs restricted buyer choice behavior. Decision importance demonstrated significant and negative effects upon buyer propensity to use a closed consideration set. The variable did not demonstrate any significant effect on switching behavior. Buying process formalization was found to restrict the buyer decision process, both at the consideration and switching phases. While centralization of buyer authority influenced buyers with open consideration sets to favor new vendors at the choice stage, centralization did not affect the consideration decision.

Wathne, Biong and Heide (2000) examined how relationship variables (social and structural) and marketing variables influence supplier choice. The study demonstrates that social bonds had limited effect relative to structural and marketing variables on supplier choice and the likelihood of switching. Social bonds did not play the role of a buffer that protects against competition. The authors also found that buyers and suppliers hold systematically distinct views of the determinants of switching.

Seabright, Levinthal and Fichman (1992) proposed that changes in resource fit between firms were likely to bring forth relationship dissolution, whereas individual and structural attachments developed in interfirm exchange were predicted to reduce the likelihood of dissolution. In their empirical examination of auditor-client relationships using a case-control design, changes in resource fit contributed to increase dissolution, but attachment of individuals decreased dissolution. The conclusion of the study is that boundary spanners play a major role in maintaining relationships. This dissolution study is one of few that explicitly specifies and investigates attachments at both levels.

In her doctoral thesis, Prim-Allaz (2000) examines factors that cause business relationship dissolution between small and medium businesses and the banking sector. Relational norms are proposed to play a major role in ensuring relationship continuance.

¹³ pace of technological change, technological heterogeneity, and lack of experience

¹⁴ technology and vendor-related

¹⁵ buying process centralization and formalization, and purchase importance

Empirical evidence shows that the existence of relational norms is critical. Further, moderating effects of age of the relationship, history of the relationship and structural constraints were found.

Summary

Findings in Ping (1993, 1994, and 1995) could indicate that overall satisfaction with a relationship serves as a form of mobility barrier. However, since the level is not specified, it is unclear to what the author refers. We argue that multi-level issues are neglected in studies conducted by Ping (1993, 1994, 1995, 1997, and 1999). The author refers in his articles to literature whose focus is interpersonal relationships (e.g. Duck 1982, Rusbult, Johnson, and Morrow, 1986) without discussing potential problems of the analogy from individual-to-individual relationships to firm-to-firm relationships. By not taken into consideration the multi-level issue, the author thereby implicitly assumes independence of individuals from higher-level orders or homogeneity of individuals within higher-level orders (e.g. Ping, 1993, 1994). Heide and Weiss (1995) also lean to literature whose focus is not a firm-to-firm relationship. We argue that constructs, such as experience, formalization and centralization are aligned to the organizational level without a sufficient theoretical argument. In Ping (1993, 1999) the behavioral response, neglect, was explained as 'emotional' exiting characterized by impersonal, reluctant, even 'grudging' exchanges. The measure was also explained as the intention to reduce physical contact with the partner firm. These are inherently individual-level characteristics, and the wording of the items gives the impression that the author deals with an individual-to-firm relationship¹⁶, although the author examines a firm-to-firm relationship (cf 1.4). Further, Ping (1993, 1999) explains that neglect involves reduced contact and reduced social exchanges, but not necessarily reduced exchanges with the other party. With regard to this construct it is not clear whether Ping (1999) means that disengagement originates from deteriorated interpersonal bonds, or whether other factors exogenous to the interpersonal relationship leading to business relationship termination lead to deteriorated interpersonal bonds.

Studies with a qualitative approach

A number of studies have investigated the dissolution of relationships by using a qualitative approach. In order to study this phenomenon these studies mainly draw on theories from

¹⁶ This is also the case for the constructs: investment, loyalty, exit, voice, and opportunism.

economics (e.g. Hirschman, 1975), sociology (e.g. Simmel, 1950), and social psychology (e.g. Baxter, 1985, Duck, 1982). The majority of studies focus on the process of the relationship ending (e.g. Tähtinen and Halinen-Kaila, 1997, Havila and Wilkinson, 1997, Giller and Matear, 2000, Alajoutsijärvi, Möller and Tähtinen, 2000). Some authors do, however, discuss and propose factors influencing the process (e.g. Tähtinen, 1998). Communication strategies employed by the actors during the dissolution process are also studied by some scholars (e.g. Giller and Matear, 2000, Alajoutsijärvi, Möller and Tähtinen, 2000, Tähtinen, 2001). Potential factors connected to a relationship that would affect the firm's choice of communication strategies are specified *ex ante* by the authors. A minority, Havila and Wilkinson (1997), focus on the situation resulting after the dissolution of a business relationship.

Perrien, Paradis and Banting (1995) aim to shed light in their study on the dissolution process and specifically examine the reasons why buyers and sellers disengage from a relationship in the commercial banking sector. The authors found that dissolution is mainly a consequence of organizational norms and policies and pricing decisions. Individuals in the sales force that are directly in contact with customers and could eventually contribute to customer retention were not responsible for the global strategies and objectives that produced dissolution. This qualitative study therefore reveals that frontline people do not always possess the power or authority to reduce dissolution.

The majority of studies use a qualitative research design with a strong weight on longitudinal case studies. Findings result, in some studies, in process models and typologies (e.g. Tähtinen and Halinen-Kaila, 1997, Tähtinen and Halinen, 1999, Alajoutsijärvi, Möller and Tähtinen, 2000, Tähtinen, 2001) trying to cover all kinds of endings and all stages of the termination process. Thus, the main contribution of these studies within the literature investigating relationship ending is knowledge of the dissolution phase *per se* (Halinen and Tähtinen, 2000). Although the authors main purpose of their research is to describe and understand the phenomenon of dissolution, we point out some suggestions and results from the studies.

Personal ties and effects

Havila and Wilkinson (1997) found that, despite the existence of interpersonal bonds, boundary spanner bonds did not demonstrate any influence upon the decision to end the focal relationships, due to factors either endogenous to the company (such as organization policy or new market strategies) or because of exogenous reasons (such as political factors, market changes, network changes). This finding indicates that individuals taking part in business

relationship activities have limited decision-making power with regard to major decisions. In contrast, with regard to the choice and use of communication strategies, relational bonds had an impact. For instance, Alajoutsijärvi, Möller and Tähtinen, (2000) found that the beauty of exit was emphasized when strong personal bonds had been developed. Giller and Matear (2001) showed that prior closeness between the firms¹⁷ led to the use of less indirect and more other-oriented strategies. Social bonds also had the tendency to facilitate the termination of the relationship.

Summary

Contrary to most of the quantitative studies presented earlier, the above studies discuss and mention both individual and organizational-level variables (such as personal relationships, technological bonds, inter-firm knowledge, contracts, norms and inter-firm roles). Nevertheless, the neglect of multi-level issues is likewise in this research tradition. The reason for this is the non-specification of levels, and the mix of levels in descriptions of the cases (e.g. Tähtinen and Halinen-Kaila, 1997, Alajoutsijärvi, Möller and Tähtinen, 2000). Further, the alignment of constructs from individual-level to organizational-level is rarely questioned or theoretically justified. The ambiguity of the multi-level nature of a number of constructs is not addressed. In accord with Rousseau (1985), Heide and John, (1994), Iacobucci and Ostrom, (1996), and Blois, (1999), we argue that alignment from one level to another ought to be a theoretical justification.

Moreover, the researchers employ a number of theories, whose focus is individuals, without discussing potential limitations when applying these theoretical frameworks to business-to-business settings. Some researchers do, nevertheless, address that business relationships are more complex, and that the theories employed may possess some limitations. For example, Giller and Matear (2001) explain that financial, legal, technical and administrative bonds in business relationships do render these relationships more complex and complicated. In Alajoutsijärvi, Möller and Tähtinen (2000), Baxter's model was found to not completely grasp the multi-level and multi-actor complexity of the strategies obvious in business relationships. A number of studies also suggest that reasons or factors leading towards dissolution may come from multiple levels, such as the individual, the company, the dyad, the network and the environment (e.g. Havila and Wilkinson, 1997, Tähtinen and Halinen-Kaila, 1997, Tähtinen, 2001). However, no theoretical discussion underlies this

¹⁷ The authors refer to close relationships among boundary spanners.

account, and the relative effect of the various factors is not postulated. Consequently, it is unclear from what kind of factor, or from which level the process of dissolution originates. Moreover, Halinen-Kaila (1997) and Tähtinen (2001) suggest variability among firms with respect to a number of firm characteristics, and that these may have an impact upon firms exiting and use of voice. These assumptions of heterogeneity are not discussed theoretically and not proposed further for testing.

Some of the scholars discuss the phenomenon that individuals in organizations act on behalf of their organization, and probably are affected by, for example company culture, norms and procedures, in contrast to individuals¹⁸ and consumers who act on behalf of themselves. Grønhaug, Henjesand and Koveland (1999) point out this issue and state that *“(s)ales representatives and purchasing agents are constrained and influenced by their organizational context as well, e.g. by organizational rules and procedures directing tasks and the way in which they are assumed to be done”* (1999:179). Another study addresses the possibility that individuals may be influenced by, e.g. the cultural dimension in contexts¹⁹ (Halinen and Salmi, 2001). Further, the authors address power differences among individuals at unlike hierarchical levels (2001:14). To conclude they identify the issue of managing personal relations, and thereby introduce the idea that macro-levels can affect individual relationships.

In our study we claim there is a need to specify the level of constructs, and to test the effect of constructs at multiple levels. Furthermore, we claim that variables, which appear to interact with the theoretical constructs in the study, should be included in the conceptual model on a logical and theoretical basis (McGrath and Brinberg, 1983, Heide and John, 1994, Klein et al., 1994). Halinen and Salmi, (2001) suggest in their article that little is known about the role of personal contacts in the termination phase. Since organizational members probably are affected by organizational and inter-organizational relationships, we argue that a multi-level perspective could shed light on this issue.

4.2 The logic behind organizational structures and procedures

In accord with our multi-level argument, we assume that organizational members typically are influenced by organizational factors. Individual independence or lack of independence with regard to tasks and decision-making is presumed to be influenced by organizational structures. In this research we presume organizational dimensions to have an impact on the effect of

¹⁸ in individual-to-individual relationships

¹⁹ The authors do not specify what level, e.g. the nation, an industry setting, a company?

structural ties versus interpersonal ties. It is therefore of great importance to highlight the theory and logic behind this assumption (Klein, Dansereau and Hall, 1994). In the following sections we elaborate on formal versus informal interaction orders. We then explain the logic behind and the effects of centralization, formalization and standardization. Moreover, we present literature that has addressed, integrated and investigated the multi-level issue in business relationships. In this thesis we include Macaulay's account on the multi-level phenomenon, findings resulting from the buyer center literature and business-to-business studies that have adopted a multi-level perspective.

Formal and informal interaction orders

Morand (1995) elaborates on how organizational contexts can encourage either formal or informal "interaction orders". The author reveals how behavioral informality may be instrumental in the social construction of innovative, organic work of organizations and how formality is implicated in the social construction of bureaucratic, impersonal work organizations. With the terms formality and informality two distinct forms of "interaction orders" are meant. These two forms of interaction possess distinct a set of understandings or conventions about how actors are to orient and conduct themselves (Morand, 1995). The former signals looser, more casual modes of behavior and situational involvement, the latter more disciplined and impersonal modes. Morand's (1995) elaboration ends up in a model showing how formality and informality can play a functional role in different types of organizational settings (1995: 843). The author's argument is highly relevant for the current study, because he addresses the potential impact of organizational factors upon the development of interpersonal relationships. In consistence with Morand (1995) we also underscore that not all organizations wish to encourage the development of close, personal ties. In some organizations, such as public offices, personal relations with clients are even thought of as inappropriate.

The logic behind and effects of centralization, formalization and standardization

Staw, Sandelands and Dutton (1981) discuss the logic behind increased centralization, formalization and standardization and their effects. The authors link the enhancement of control processes to threat. Their discussion is however relevant to organizations' constant confrontation with different forms of environmental changes (e.g. competition, market changes etc.). In addition the authors discuss control processes with a multi-level perspective, which is highly relevant to the study. Staw et al. (1981) contend that for organizations it is

logical to enhance control and coordination processes when they are exposed to threats. A general phenomenon in organizations follows: *"...as the importance of decisions increases, they are made at progressively higher levels within an organizational hierarchy, presumably because top-level decision-making is less likely to differ from the core values or goals of the organization"* (Staw et al. 1981:513). In other words, in threatening situations greater coordination and control is needed since lower-level personnel typically are characterized by heterogeneous motives.

To conclude, in organizations with a high degree of centralization and formalization, organizational members at lower-order levels are likely to possess less decision-making power. The potential effect of interpersonal ties is therefore thought to have less impact upon decisions, such as dissolution. In organizations with a low degree of centralization and formalization the effect of interpersonal ties is expected to be higher.

4.3 Buyer Center literature

The buyer center literature is relevant with respect to this study, among other factors, because a large number of these studies employ a multi-level perspective. This literature focuses on individual, group or buying center, and organizational level variables. In the buyer center literature, purchase decisions are also understood as complex. One reason for that is that a large number of organizational members are involved in the decision-making. Dimensions at higher-level orders (i.e. at the buyer center level and at the organizational level) are assumed to influence individual or group behavior.

Katrichis (1998) found that departmental level interaction patterns influenced organizational purchasing decisions. Morris, Berthon and Pitt (1999) suggested the structure of industrial buying centers to affect purchase decisions. A number of studies have examined the effect of buyer center structural dimensions on boundary personnel behavior. According to these studies, complexity, formalization and centralization constitute the principal dimensions of organizational structure (Lau, Goh, Phua 1999). According to Webster and Wind's model, industrial buying behavior is influenced by (in an hierarchical manner) by environmental, organizational, interpersonal, and individual factors (Lau, Goh, Phua 1999). Shet (1973) explains that industrial behavior is influenced by situational factors, company-specific factors, product-specific factors and psychological factors. Kohli (1989) gives an overview of the main research streams examining the composition of influence in buying centers. The first stream empirical studies show that individual influence on purchase decisions is related to

information control, expertise, position in communication flow, specific self confidence, perceived importance in the decision, formal authority, reward power, risk or novelty of the purchase decision, and size of the buying center. In the second stream, scholars have investigated the pattern of influence of different positions or departments in buying decisions. Findings demonstrate that influence varied according to product type, the stage of the decision process, the decision type, organization size, and organizational structure.

Thus, according to the above outline a number of dimensions designating organizational structure, such as organization size, centralization and formalization, have an impact upon individual influence on purchase decisions. The unit of analysis in the above studies is the buyer center, while we aim to investigate business relationships. Nevertheless, we argue the results are relevant for our research as well. In the below sections we discuss relevant literature that has investigated business-to-business relationships.

4.4 The effect of organizations in business relationships

Macaulay's accounts on multi-level issues

Macaulay (1963) argued that interpersonal ties across levels in an organization as well as across organizational boundaries affect the ongoing business relationship. Although, personal relationships across levels of the two business units put pressure on individuals to perform in conformity to expectations, conflicts and incompatibility typically exist among personnel across levels and firms. Different norms, cultures, rules, procedures, professional background and the like often are existent in intra and inter-organizations. A salesman and a buyer may have dealt with each other for several decades, and a close relationship, which involves more than pure economic exchange may typically evolve. The author hereby emphasizes that business relationships are a multi-level phenomenon. Macaulay's (1963) account for multi-level issues supports the assumption of heterogeneity inside an organization as well as between organizations.

Perceptions of the need of contract

The above-mentioned accounts bring forth potential conflicts when it comes to perceptions of the need of contract. In consistency with the above outline on tentative explanations of business people's perceptions on contract, Macaulay (1963) argues that organizational members at different levels and departments in an organization and across organizations will have different attitudes towards the need to use contract. Salespeople are typically often

opposed to the use of contracts, as contractual negotiations may represent "...a hurdle in the way of a sale" (1963:279). "Holding a customer to the letter of the contract" (1963:279) can also be damaging for future customer relationships.

Purchasing agents and their buyers are typically less hostile to contracts, but they may consider planning contracts as a waste of time. The control department, for example the treasurer, might view contracts as an adequate organizing tool controlling the activities inside the organization. Based on Macaulay's (1963) account on differences in the perceptions on the need of contract, we suggest that people at lower levels in the organization, such as salespeople and buyers, are more reluctant towards the use of contract. One reason for this might be that boundary spanners deal directly with representatives in other organizations. One might, therefore, suspect that relational components are involved when boundary spanners e.g. negotiate in business exchange. Consequently, individuals at lower levels in the organization are assumed to act in a more heterogeneous way. Although Macaulay (1963) addressed the multi-level issue years ago, researchers in the marketing field have, to a small extent, investigated business-relationships with a multi-level perspective (Fichman and Goodman, 1996). Below, we present two relevant studies that have examined business relationships using a multi-level perspective. None of these studies have examined relationship dissolution.

Interorganizational relationship studies with multi-level perspectives

Humphrey and Ashforth (2000) found that exit-voice strategies at the macro-level influenced interpersonal relationships between company representatives and buyers. Moreover, the empirical study showed that "*(b)ecause of strong environmental pressures operating on buyers and suppliers, the interpersonal communications buyers and supplier agents use does not reflect their individual personalities so much as it does the situation*" (2000:728).

Murry and Heide (1998) examined effects (independent and joint effects) of both interpersonal relationships and organization-level variables on two aspects of participation, more specifically: 1) retailer agreement to participate in point-of-purchase programs, and 2) retailer compliance with established agreements. The authors found that the presence of strong personal relationships did not diminish the importance of other variables. Economic incentives (e.g. incentive premiums and monitoring efforts) were stronger determinants of participation than interpersonal relationships. Related to the findings they explain "*(m)any manufacturers indirectly promote the use of weak ties by systematically rotating salespeople across retail accounts*" (1998:59).

Luo (2001) investigates how personal attachments between boundary spanners within cross-cultural cooperative ventures are established and their affect on venture performance. The research shows that that personal attachment depends on three factors: the individual, organizational and the environmental level. At the individual level, an increasing function of overlap in tenure is critical with regard to attachment. At the organizational level, attachment is strengthened by goal congruity between the involved firms, but is obstructed by cultural distance. Market disturbance and regulatory deterrence is found to increase attachment.

5. Development of hypotheses and conceptual model

5.1 Relationship-specific investments and effects on dissolution

In Chapter 2 we presented the major ideas in Transaction Cost theory and Relational Contract theory, and thereby aimed to explain the logic behind the importance of structural and relational aspects in business relationships. Even though the theories differ with regard to human behavioral assumptions, advice that concerns governance mechanisms and reliance on micro versus macro variables, some similarities and complementarities exist.

In accord with Transaction Cost theory, structural ties (macro-variables) are presumed critical and highly efficient, while Relational Contract theory emphasizes the importance of relational ties (micro-variables). To govern bilateral exchange the former theory therefore relies extra on formal governance mechanism (impersonal modes), while the latter theory depends largely on informal governance modes (personal modes). The major reason for disparity with respect to recommendations of governance mechanism lies in the assumption of human behavior, i.e. whether dyadic partners expect opportunistic or trusting behavior. Despite the emphasis on either formal or informal modes, the above theories recognize the existence and need for both formal and informal governance mechanisms in business relationships.

In this research, the purpose is to examine the effect of relationship-specific investments on dissolution. In accord with Transaction Cost theory, relationship-specific investments, in the form of structural bonds, physical assets, and formalized and standardized governance procedures are presumed to enhance continuity and thereby reduce the likelihood of business relationship termination (Dwyer, Schurr and Oh, 1987, Anderson and Weitz, 1992). With respect to investments made in a relationship, there is a difference between specific assets that are specialized, and therefore cannot be used outside a given relationship without a loss in value, and assets that are unspecialized (Williamson, 1975, 1979, 1991). Even if the establishment and maintenance of exchange relationships demand both types of investments, only the specialized ones build attachment. Because general investments retain their value in another relationship, they do not bind exchange partners. Idiosyncratic investments, however, lose value upon transfer to another exchange partner. Because of the associated costs related to marketing or acquiring such investments, exchange partners become locked into existing relationships. Thus, in order to anticipate and safeguard against

potential problems related to adjustments in bilateral exchange, relationship-specific investments serve as barriers to relationship dissolution.

In Relational Contract theory, informal governance mechanisms in the form of trust and relational norms are seen as highly efficient. These informal governance mechanisms typically operate through personal relationships. In this research we therefore use the term interpersonal ties when referring to relational ties. Individuals responsible for dyadic exchange therefore need to make relationship-specific investments with regard to the partner representative, in the form of building interpersonal trust, adjusting to the other partner, gaining relationship-specific knowledge and improving interpersonal communication. These relationship-specific assets developed by boundary spanners are found to increase the understanding of the other's idiosyncrasies, reduce opportunism and thereby lower negotiation and adaptation costs as well as facilitate conflict solving (Dwyer, Schurr and Oh, 1987, Currall and Judge, 1995, Zaheer, McEvily and Perrone, 1998). High levels of specific assets therefore are presumed to increase boundary spanner ability and willingness to resort to voice when defections and conflicts arise, and hence reduce the liability to exit (Hirschman, 1970). Relationship-specific assets between boundary spanners therefore are presumed to enhance both perceived and real switching costs and thereby reduce the likelihood of relationship dissolution (Seabright, Levinthal and Fichman, 1992, Nicholson, Compeau and Sethi, 2000).

Consistent with the above outline, we propose that relationship-specific investments in the form of structural ties and interpersonal ties reduce the likelihood of relationship dissolution, since specific investments increase switching costs and hence produce 'immobility' with respect to exiting. In addition, high levels of specific investments are expected to increase partners' ability and willingness to resort to voice when defections and conflicts arise, and thereby reduce the liability to exit. Accordingly, we formulate the below propositions (P):

P1: *The stronger interpersonal ties are the less likely is it that relationships will be dissolved*

P2: *The stronger structural ties are the less likely is it that relationships will be dissolved*

In harmony with the above outline and our multi-level argument, we further specify that relationship-specific investments can be made at both the inter-organizational and at the interpersonal level. Further, we claim that these can be analytically distinguished, although we recognize specific investments at both levels are related. In organizations, there is mutual

feedback linking macro phenomena and micro phenomena (Giddens, 1979, Rousseau, 1985, Coleman, 1990). For example macro phenomena, such as specific inter-organizational business norms, may emerge as a consequence of informal commitments made by boundary spanners during the formation of a specific relationship. New individual boundary spanners who enter the inter-firm exchange may internalize the existing and prevailing norms in the business relationship (Zaheer, McEvily and Perrone, 1998).

In accordance with Seabright et al. (1992), we specify attachments or ‘immobility’ factors between exchange partners that are embedded in structural ties between two organizations and in individual relationships developed by boundary spanners. In this research, *structural ties* refer to partner-specific investments at the interorganizational level, in the form of physical and human asset investments. These investments are bound in physical equipment or formalized arrangements and procedures that constitute a sort of collective memory in the organization. Even though these investments necessarily are established and maintained by boundary spanners, these assets are assumed to exist despite boundary spanner turnover. It is the collectivity, rather than specific individuals, that is the repository of these assets (Seabright et al., 1992). As the duration of the business relationship increases, *structural ties* are assumed to increase.

Interpersonal ties refer to ties between boundary spanners. *Interpersonal ties* encompass personal skills, knowledge, and personal relationships. Boundary spanners are thus seen as the repository of such assets. Previous experience with boundary spanners thus refers to the interpersonal history of learning and socialization during involvement in exchange activities. Interpersonal ties, however, are related to the tenure of individuals in boundary spanning roles in the exchange relationship. Consequently, boundary spanners establish and maintain interpersonal relationships as long as they are involved with specific exchange activities. Turnover in boundary spanning positions, thus has the potential to weaken business relationships (Seabright et al., 1992).

Interpersonal ties specified in the model

As aforementioned, research on business relationships has investigated different forms of specific investments or assets in relationships between boundary spanners. The phenomenon of interest in our research is cross-national business relationships and more specifically relationships between buyer and supplier organizations and their respective representatives. In this research we specify the following interpersonal investments or adaptations as relevant for

the cross-national business relationships, *cultural knowledge*, *cultural adaptation* and *two-way communication*.

By *cultural knowledge* we refer to *knowledge of the partner's society, culture, norms, customs, and the ability to speak the language of the partner*. To possess cultural knowledge of the partner firms' culture is advantageous when dealing with cross-national exchange (Kale and Barnes, 1991, Thomas, 1998, Bhawuk and Brislin, 2000). This is because boundary spanners holding comprehensive knowledge of foreign cultures are assumed to be aware of differences in morals, customs, beliefs, and lifestyles in numerous countries. Cultural competence is equally associated with openness and tolerance toward culturally different partners. Foreign language fluency is additionally found critical in intercultural business exchange (Kale and Barnes, 1991, Thomas, 1998). One reason for this is that language competence facilitates the understanding and assessment of critical governance issues that are likely to increase the functioning of dyadic exchange. In consequence, boundary spanners that possess cultural knowledge are expected to be highly competent in order to manage cross-national business exchange, and thereby contribute to reduce the likelihood of dissolution. In this research, cultural knowledge is associated to supplier reps only (cf 7.5).

Cultural adaptation refers to *the ability and willingness to adapt culturally to the partner rep on a number of dimensions*. Drawing on cross-cultural research, the following dimensions are found central with respect to cultural adaptation: the partner rep's psychological mind-set, values and beliefs, way of negotiating and the handling of disagreement (Peterson, Kameda and Shimada, 1981, Kale and Barnes, 1991, Simintiras and Thomas, 1998, Mintu-Wimsatt and Gassenheimer, 2000). In the research, cultural adaptation is associated with both supplier and buyer reps. When dealing with cross-national business exchange, cultural adaptation to the partner is recommended (Francis, 1991, Matveev and Nelson, 2004). This is because adaptation is assumed to reduce the probability of inappropriate behaviors and misunderstandings. Further, adaptability involves the ability to understand the culturally different partner, to display empathy and tolerance for cultural differences, to exhibit great knowledge of communicative and interactional styles in various cultures and to be flexible with respect to, e.g. way of thinking and conflict resolution styles (Mead, 1990, Borisoff and Victor, 1998, Matveev and Nelson, 2004). Cultural adaptability is therefore found valuable with respect to the governance of cross-national dyads, and thereby is presumed to reduce the likelihood of relationship dissolution.

Two-way communication refers to *the ability and willingness for a two-way communication*. Important aspects with respect to this variable are the motivation for an open

information sharing, the willingness to allow weaknesses and strengths to be seen as well as to share confidential information (Anderson and Weitz, 1992, Doney and Cannon, 1997). In our research, two-way communication is associated with both supplier and buyer reps. In business relationships contact between boundary spanners is the key mechanism for information gathering and communication (Hakansson, 1982, Mohr and Nevin, 1990, Nielson, 1997). High quality communication between boundary spanners is found to foster interpersonal trust, to increase coordinative behaviors and to enhance problem solving capabilities, which in consequence reduces the likelihood of business relationship termination (Dwyer, Schurr and Oh, 1987, Shapiro, 1988, Anderson and Weitz, 1989, Anderson and Weitz, 1992). In cross-national dyads, communication is even more critical and challenging because of cultural differences (Morris et al., 1998, Simintiras and Thomas, 1998, Mintu-Wimsatt and Gassenheimer, 2000, Matveev and Nelson, 2004).). In addition to the usual business divergences in marketing channels, boundary spanners are required to make an extra effort to surmount various cultural differences, such as by investing in high levels of two-way communication. Based on the above outline we presume that high levels of cultural knowledge, cultural adaptation and two-way communication reduce the likelihood of relationships dissolution. Accordingly, we formulate the following general hypotheses¹:

- H1:** Supplier rep cultural knowledge is negatively related to relationship dissolution
- H2:** Supplier rep cultural adaptation is negatively related to relationship dissolution
- H3:** Buyer rep cultural adaptation is negatively related to relationship dissolution
- H4:** Supplier rep and buyer rep two-way communication² is negatively related to relationship dissolution

Structural ties specified in the model

Interorganizational studies provide various measures that aim to reflect relationship-specific measures in business relationships (e.g. Anderson and Weitz, 1992, Haugland and Reve, 1994, Haugland, 1999, Bensaou and Anderson, 1999, Jap and Ganesan, 2000). In this literature the construct relationship-specific investments is commonly specified to the

¹ In Chapter 9 we formulate more specified hypotheses that we use in the empirical test. The formulated hypotheses presented in Chapter 9 equally include three dependent variables. Exit intention and Tolerance of conflict, that are assumed to reflect aspects or perceptions of dissolution (cf 7.4), and Extendedness of relationship that is included to function as a control analysis.

² Initially we formulated and tested two-way communication as two different measures; supplier rep two-way communication and buyer rep two-way communication. Factor analysis (cf Chapter 8) recommended that these reflect one measure. Therefore, because of data analysis later on in the thesis we formulate only one hypothesis.

interorganizational level (e.g. Ping, 1993, Bensaou and Anderson, 1999, Haugland, 1999). Important dimensions reflected in measures that are employed in empirical studies are specific investments in the form of *product adaptation* (such as tailoring products to customers), *human asset specificity* (such as training of personnel) and *logistical adaptation* (such as improving the distribution of goods)³. These dimensions are assumed critical with respect to governance in cross-national business relationships that are subject to investigation in our research. Partner firms in cross-national dyads are presumed to invest even more in specific investments because of the geographical and cultural distance between the involved parties (Nakata and Sivakumar, 2001, Shenkar, 2001). With regard to structural ties in the form of product adaptation, human asset specificity and logistical adaptation, we propose these investments to reduce the likelihood of relationship dissolution (high levels of e.g. product adaptation are negatively related to relationship dissolution). Structural ties are specified for both organizations involved in the business relationship, and more specifically for this research - the buyer and supplier organization. Below, we formulate general hypotheses (cf previous section) postulating direct effects of structural ties on dissolution.

H5: Supplier firm product adaptation is negatively related to relationship dissolution

H6: Buyer firm product adaptation is negatively related to relationship dissolution

H7: Supplier firm human asset specificity is negatively related to relationship dissolution

H8: Buyer firm human asset specificity is negatively related to relationship dissolution

H9: Supplier firm logistical adaptation is negatively related to relationship dissolution

H10: Buyer firm logistical adaptation is negatively related to relationship dissolution

Moderators specified in the model

In accord with our research question (cf Chapter 1) we aim to examine whether organizational and interorganizational dimensions moderate the effect of structural and interpersonal ties upon relationship dissolution. In this research the following dimensions are proposed to moderate the effect of macro and micro variables: formalization, centralization, size and levels of inclusiveness (organizational dimensions) and history with organization (interorganizational dimensions). In consistence with multi-level theory, organization theory and interorganizational research with a multi-level perspective, we formulate the following proposition. Our multi-level argument is presented in the model below.

³ Development of measures and operationalization is offered in Chapter 7.

P3: *Organizational and interorganizational dimensions are expected to moderate the effect of structural and interpersonal ties upon relationship dissolution*

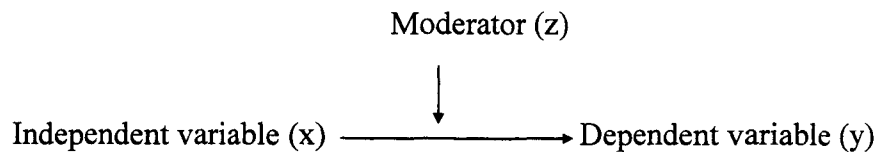


Figure 5.1: *Cross-level model*

In the above model interpersonal ties and structural ties are independent variables (x), organizational and inter-organizational dimensions are presumed moderators (Z), and relationship dissolution is the dependent variable (y).

In the discussion that follows we present the chosen moderators and explain their conceptual relationship with structural and interpersonal ties and with relationship dissolution.

5.2 Organizational and interorganizational dimensions

The theory and research findings presented in Chapter 4 show that organizational members' behavior is influenced by organizational dimensions (Berger and Cummings, 1979, Kohli, 1989, Humphrey and Ashforth, 2000, Wilson, 2000). Further, scholars explain that organizational characteristics, such as formalization and centralization play a functional role in organizational settings, such as to encourage either formal or informal interpersonal interactions and to increase or reduce control over lower level organizational members (Morand, 1995, Staw et al., 1981). In the sections that follow, we present and discuss the following moderators: centralization, formalization, organization size, levels of inclusiveness and history with the organization, and their moderating effects on the relationships between structural ties and dissolution and interpersonal ties and dissolution. In the empirical test later on, we associate the organizational dimensions with the buyer organization only. In consequence, only buyer firm and buyer rep specific investments are assumed to be moderated by the specified organizational dimensions. One exception is the interorganizational dimension: history with supplier organization, where we presume that both supplier and buyer (firm and rep) specific investments are moderated by this moderator. In the hypotheses specified later on in Chapter 10, interpersonal ties include buyer rep cultural

adaptation and supplier and buyer rep two-way communication (cf Chapter 8). Structural ties consist of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation. In this chapter we only formulate propositions of moderators and their moderating effects. The moderator hypotheses are first specified in Chapter 10⁴.

Centralization

By *centralization*, we refer to *the distribution of formal control and power within an organization* (Lau, Goh and Phua, 1999). In organizations with a high degree of centralization, concentration of power and control are typically located among a limited number of organizational members that are likely to be at higher levels in the organization. In organizations with a low degree of centralization, the distribution of power and control is more decentralized. In this study, *centralization* is treated as *the degree to which purchasing decisions are controlled and made by a boundary spanner or at higher levels in the organization* (Lau, Goh and Phua, 1999). We suggest the degree of centralization to influence boundary spanners' degree autonomy in decision-making. Centralization therefore is presumed to moderate the effect of interpersonal ties. This is because boundary spanners' autonomy in buying decisions influences the eventual effect of interpersonal ties and structural ties on relationship dissolution. Moreover, highly centralized organizations would not encourage the establishment of 'close' personal relationships, since the central logic behind increasing centralization is to enhance control of decisions made by lower level organizational members (Staw, Sandelands and Dutton, 1981).

Formalization

By *formalization*, we refer to the degree to which written plans, rules, policies, and procedures are clearly stated. In organizations with a high degree of formalization, we presume boundary spanners to have less discretion in decisions. In organizations characterized by a low degree of formalization, we suggest boundary spanners to be more autonomous and enjoy more discretion in their decision-making. In this study, *formalization* is defined as *the degree to which purchasing decisions are formally prescribed by rules, policies, and procedures to be followed* (Lau, Goh and Phua, 1999).

⁴ With regard to the hypotheses formulated in Chapter 10 we specify the effect of each variable toward three different dependent variables (cf reference to general hypotheses of interpersonal ties). In addition, it is difficult to present general hypotheses in this chapter because the organization and structure of the specified moderator hypotheses changes some (compared to the general and specified hypotheses of direct effects, which keep the same structure).

Further, formalization is assumed to possess moderating effects because boundary spanners' level of autonomy in performing buyer tasks influences the potential impact of interpersonal ties and structural ties upon the likelihood of relationship dissolution.

In addition to the more formal constraints or lack of constraints upon organizational members, we also suggest that organizations characterized by a high degree of formalization would encourage a more formal and impersonal interaction style towards supplier representatives. The development of 'close' interpersonal relationships would therefore be less likely. In contrast, for organizations characterized by a low degree of formalization, a more informal and personal interaction style towards supplier representatives would be advanced. In this context, the development of 'close' interpersonal relationships is more likely (Morand, 1995). In accord with the above discussion, the following propositions are formulated:

P4: *The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when 1) centralization is low and 2) formalization is low.*

P5: *The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when 1) centralization is high, and 2) formalization is high.*

Levels of inclusiveness

Levels of inclusiveness refer "to the proportion of the activity of a unit dedicated to or involved in those of another unit" (House, Rousseau and Thomas-Hunt, 1995:89). In the study, *levels of inclusiveness* refer more specifically to the degree to which a boundary spanner is dedicated to or involved in activities performed by other members in the organization. This moderator is therefore associated with the functional or task-related relationship the buyer representative has toward his organization.

The phenomenon of inclusiveness occurs inside organizational boundaries, e.g. between production and selling related activities. Likewise, it takes place between organizations, such as among network partners, due to task interdependence and resources dependence (House et al., 1995). Inclusiveness between different units (e.g. departments) is thought to be an important moderator of the effects of one on another. The higher the involvement of activities in one department with those of another, the higher the effect one will have on the other.

The phenomenon of inclusiveness is highly relevant to questions concerning the role, function and autonomy of boundary spanners, such as salespersons or purchasing agents. Boundary spanners who are highly dependent on and integrated with other departments in the organization (e.g. the product development department) will have to play a different role than boundary spanners less integrated with activities performed in other departments. An example of relevance to the study would be purchasing agents making buying decisions with respect to products that would not be processed inside their own organization⁵. These boundary spanners would have low levels of inclusiveness towards the production department in their organization. In contrast, a salesperson that sells products developed and produced inside his company would be highly dependent upon activities within the company's production domain. This boundary spanner has high levels of inclusiveness with his organization's production department.

With respect to this research, we argue that levels of inclusiveness possess moderating effects on the relationship between interpersonal and structural ties upon the likelihood of relationship dissolution. For example, in situations where boundary spanners have low levels of inclusiveness, the potential impact of interpersonal ties on dissolution would be higher than when boundary spanners have high levels of inclusiveness. This is because when levels of inclusiveness are low, relationship-specific investments would most likely be bound with the boundary spanner and in the interpersonal relationship and specific investments at the organizational level would be minor. Further, the role and function of the boundary spanner is assumed to be more autonomous when he or she to a lesser degree is integrated with other parts of the organization. In cases where boundary spanners have low levels of inclusiveness, there is also a potential for boundary spanner-customer turnover connection⁶.

In contrast, when boundary spanners have high levels of inclusiveness with the organization they represent, we assume that relationship-specific investments at the organizational level (structural ties), such as product adaptations, would be of great importance. Although the boundary spanner's ability to coordinate information and activities among departments and across organizations is assumed to be significant, he or she would be more like a coordinator. Specific assets related to the organization (and not the specific boundary spanner) would be of greater importance. For example, the boundary spanner could

⁵ Organizations may perform trading activities in addition to processing activities.

⁶ The phenomenon of boundary spanner-customer turnover connection (discussed by e.g. Lovett, Harrison and Virick, 1997) occurs in business life. In most cases where this phenomenon takes place, boundary spanners have low levels of inclusiveness with the organization they represent (see e.g. Seabright, Levinthal and Fichman, 1992, Rokkan, 1999), and relationship-specific assets are mostly bound in the boundary spanner and the interpersonal relationship.

not take the customers with him to a new organization because what the firm offers is highly linked to the whole organization. With respect to levels of inclusiveness we specify moderating effects only with regard to the effect of structural ties on dissolution.

***P6:** The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when the buyer representative has high levels of inclusiveness with the organization he represents.*

Size of organization

By *size of organization*, we refer to *an organization's overall size, indicated by business sales and the number of employees* (Doney and Cannon, 1997). According to House et al. (1995) and their account on the relative effect of micro and macro variables, organizational size, age and institutionalization need to be considered. The reason for this is that through social interaction, organizational members create specific social realities, which in turn evolve to specific norms that guide organizational behavior. In turn, these norms will exist independently of the specific individual. When the organization is large, organization-specific norms are expected to have a great impact upon individuals. Conversely, in small organizations, individuals would have greater impact upon the specific norms existing within a firm. Thus, when organizations become large and mature, individual organizational members (micro variables) are assumed to have less impact upon macro level variables. Boundary spanners working in large organizations are thus presumed to act in a non-autonomous way. In contrast, in small organizations, boundary spanners are thought to act in a more autonomous way.

In very small organizations with e.g. 2-3 members, the manager and the boundary spanner could be the same person, or play the same roles interchangeably. In large firms, the boundary personnel responsible for purchase decisions may have to consider and consult both higher-level managers and other departments in the organization before making a purchase decision. These different situations are presumed to affect the potential impact of interpersonal ties and structural ties upon the likelihood of relationship dissolution. We presume size of organization to moderate the effect of interpersonal ties and structural ties on dissolution. Furthermore, firms with few employees “...*may provide an especially fertile ground for embeddedness that might not exist for larger firms. As firms grow, ties among individuals may become insufficient sources of embeddedness, and other social mechanisms such as interlocks or shared equity may then be needed*” (Uzzi 1997:64). Likewise, smaller organizations frequently depend upon close interpersonal relationships with business partners,

among other factors because small organizations are less able to compete on a cost basis (Lovett, Harrison and Virick, 1997). Since social obligations are an important source of competitive advantage for small businesses, we assume interpersonal ties to have a greater impact upon the likelihood of relationship dissolution in small organizations. Large organizations, however, are less dependent upon specific organizational members since the organization size exhibits a signal (e.g. reputation, competence, market share, etc.) that this firm can be trusted, independently of interpersonal relationships (Doney and Cannon, 1997). We therefore presume interpersonal ties to have less impact upon the likelihood of relationship dissolution in large organizations. In accord with the above discussion the following propositions are formulated.

P7: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when organization size is small

P8: The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when organization size is large

History with organization

This moderator represents an interorganizational dimension and is associated with the relationship between buyer and supplier. A number of studies have demonstrated that history or length of relationship reduce the likelihood of relationship dissolution (Anderson and Weitz, 1989, Heide and John, 1990, Heide and Miner, 1992). The reason for this is that parties make adjustments and learn about each other procedures and values over time. Business partners may also have survived several crises. In the first phases of business relationship building, such as in the awareness and exploration phase, interpersonal relationships are seen as most important. This is because trust building, the development of norms and expectations, to a large extent would depend on competence, perceptions and attraction among boundary spanner personnel (Dwyer, Schurr and Oh, 1987). For business relationships that have reached the commitment phase, governance mechanisms, such as common norms and value systems, would then ensure sustained interdependence. An institutionalization of habits, norms and rules of business practices typically arises as business exchange persists. The beliefs and social meaning shared by the members in the organizations involved thus evolves to a specific culture, which is thought to survive and be transferred

despite the fact that organizational members leave the organization (Van de Ven, 1976, House, Rousseau and Thomas-Hunt, 1995).

History with the organization is assumed to have moderating effects on the relationship between interpersonal ties and dissolution, and structural ties and dissolution. When business relationships are young, and an institutionalization of norms and business practices has not been established, interpersonal ties are assumed to have a higher effect upon the likelihood of relationship dissolution. When business relationships have lasted for several years, and structural ties, such as investments of specific assets and procedures have increased, interpersonal ties would play a minor role, because institutionalized business practices would exert pressure on boundary spanner behavior and because structural ‘immobility’ would present a significant barrier towards exit. One might also assume that organizations are reluctant to jeopardize years of business exchange because of tension between two boundary spanners. Accordingly, the following propositions are formulated.

***P9:** The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when history with the organization is short*

***P10:** The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when history with the organization is long.*

Below, we present the conceptual model.

Independent variables

Moderators

Dependent variable

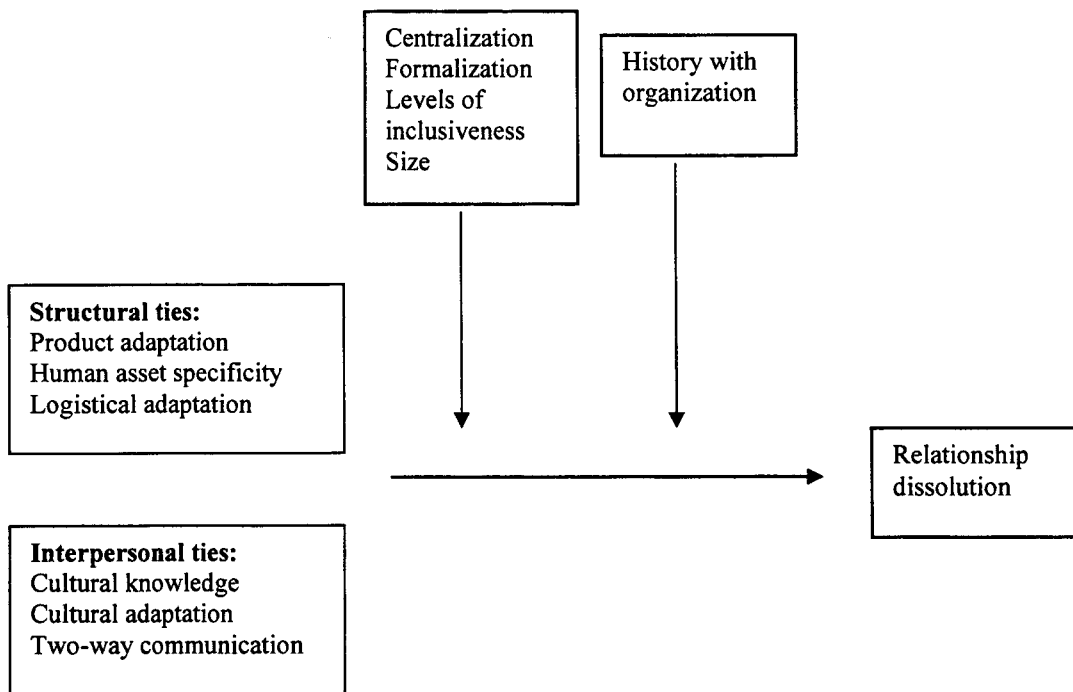


Figure 5.2: *Conceptual model*

6. Research design and methodology

6.1 Research design and limitations in cross-sectional design

With respect to ontological assumptions, we lean to Cook and Campbell (1979). This view does not presuppose a comprehensive explanation of all the causal forces that produce a particular outcome, nor is it intended to establish sufficient and necessary causes. Further, the approach favors a process of falsification, although it recognizes that the observations made in test situations are not theory-free and that the researcher has not conceptualized all the relevant alternative theories. Additionally, it emphasizes attempts to achieve knowledge by pitting causal hypotheses not against other explanatory or descriptive theories but against mundane nuisance factors, which suggest that an observed relationship may not be causal or may involve different constructs than those in which the researcher is interested. The conception of cause thus precludes an essentialist explanation and settles for an investigation of probabilistic causal connections (Cook and Campbell, 1979, Troye, 1994). Further, we employ a hypothetic-deductive method as research strategy. This approach builds on existing research in order to develop the conceptual model and hypotheses.

In this research we adopted a cross-sectional design with a quantitative approach conducted in a field setting. Further, our study is theory testing research; consequently internal validity is of great concern. Internal validity refers to whether the study is robust enough to infer causal relationships between the variables (Cook and Campbell 1979, Troye, 1994). Cross-sectional designs in natural settings are, however, weak designs with respect to theory testing. This is because researchers cannot manipulate independent variables and control for confounding factors. Furthermore, in field studies it is difficult to establish the order of events, such as the causal direction of theoretical variables, among other factors since statistical correlation does not demonstrate causation (Meehl, 1990). Therefore, in cross-sectional field studies researchers must establish the time sequence, or causal direction, on a theoretical and logical basis (Troye, 1994). Experiments are thought to be superior in order to ensure internal validity, because researchers have greater control over third variables that threaten valid inference making (Cook and Campbell, 1979). External validity, i.e. whether causal relationships found in one study can be generalized across persons, settings and times, is nonetheless of equal interest for researchers. External validity is difficult to achieve in experiments due to low representativeness in samples and the reactive arrangements in research procedures (Frankfort-Nachmias and Nachmias, 1996). By increasing heterogeneity

of samples and realism researchers sacrifice control over rival explanations and the possibility of making unambiguous inferences (Cook and Campbell, 1979). Nevertheless, external validity is considered vital in our research since cross-sectional designs carried out in natural settings¹ allow researchers to make statistical inferences to broader populations and permit the generalization of findings to real-life situations.

To sum up, both internal and external validity are critical in the study, therefore concerns regarding both heterogeneity and homogeneity of the sample population are important issues when elaborating the sampling strategy. With regard to our sampling strategy we acknowledge a trade-off between 1) the aim to acquire variation with regard to variables in the model, and 2) to control for extraneous variables (Cook and Campbell, 1979). Further, we used two methods in order to control for extraneous variables: 1) physical control, and 2) statistical control. Physical control concerns arrangements in the survey instrument or data collection procedures that ensure that e.g. all companies possess similar properties with respect to extraneous variables. Alternatively, extraneous variables can be included in the model as a control for alternative explanations², and can be statistically controlled (Frankfort-Nachmias and Nachmias, 1996, Troye, 1994).

6.2 Choice of empirical setting

We selected one specific industry or business setting, the seafood industry. In consequence, potential confounding factors related to particular industries and businesses³ were excluded. Further, the empirical context should fulfill certain main criteria set by theory; more specifically variables included in the conceptual model should manifest themselves in the empirical setting to varying degrees (Troye, 1994, Wathne, 2001). Business relationships between French buyers and suppliers worldwide constitute the level of analysis in the study. Below, we argue for the appropriateness of the empirical setting and the focal business relationships. Likewise, physical and statistical methods employed in order to control for extraneous variables are accounted for in this study.

Relationship-specific investments at both interfirm and interpersonal levels are critical variables in the study. It is therefore of great importance that specific investments are likely to

¹ Additional arguments favoring natural settings are: 1) cross-national business relationships are complex social phenomena, and hence difficult to replicate realistically in a laboratory and 2) the main theoretical variables of interest in the study are dynamic, social phenomena and typically the result of long-term involvement, hence not possible to test within limited time intervals in experiments.

² For example, variables likely to correlate with independent and dependent variables, or either independent or dependent variables, should be included in the model as controls (Wathne, 2001).

³ Such as industry specific norms and practices, legal restrictions and requirements, product specificities and market factors etc.

exist in the chosen dyads. Building business-to-business relationships is considered to be quite complex, time and energy consuming. Cross-national dyads are presumed to be even more complex to establish and to maintain since both cultural differences and geographical distance create additional challenges (Zaheer, McEvily and Perrone, 1998, Nakata and Sivakumar, 2001, Shenkar, 2001). These factors are thought to increase the amount of boundary spanning (Thomas, 1991), as are efforts with respect to cultural adaptation and communication. In consequence, it is likely that there is a need to make specific investments at both levels in the chosen dyads in order to overcome exchange complexity and cultural barriers. The French seafood industry was selected as the empirical setting. The seafood industry today is generally characterized by globalization of markets and production. France represents one of the largest seafood markets in Europe. Further, French buyers mainly depend on imports and typically apply a global sourcing strategy to ensure supply (Produits de la Mer, 2004). The purchasing activity of French buyers therefore implies dealing with geographically and culturally distant business partners. In the questionnaire design, key informants (buyer reps) were asked to select suppliers that originate from either a Nordic country or a non-European country in order to ensure some geographical and cultural distance between the dyadic partners⁴.

Closely related to the phenomenon of specific investments is the long-term orientation of the dyadic partners. Although high volatility in resources and price to some degree discourage the use of specified long-term contracts in the seafood industry, long-term relationships are nevertheless seen as beneficial by the actors. The seafood industry is additionally characterized by a number of uncertainty factors, such as variation in availability, lack of stable supply and extreme perishableness, and long-term business relationships are thought to diminish uncertainty (Nilssen, 1994, Pettersen, 1998). Further, today's fish markets have an increased focus on quality requirements and traceability. Moreover, there is a growth in the amount and kinds of brands related to fish products, including private labels, industrial brands, Quality labels, and collective brands (Produits de la Mer, 2004). The above industry and market characteristics would indicate that relationship-specific investments at both levels are necessary in dyadic exchange.

⁴ With respect to this criterion some exceptions were made to avoid the canceling of established interviews. Specifically, a number of buyers in the south imported largely from Spain. Scotland and Holland were also important supplier countries for buyers up North. Cluster analysis however supports our assumption of cultural distance among France and the included countries. According to Ronen and Shenkar (1985) indications from cluster analysis suggest the Latin European cluster can be subdivided into two groups: France and Belgium and Spain and Italy. In several studies the Germanic and the Nordic countries are differentiated (appear in different clusters) from France (Ronen and Shenkar, 1985).

The likelihood of dissolution of business relationships, or more specifically in this study buyers' exit intention and tolerance of conflict, are principal variables in the study. Selection bias, different forms of dependency, and restrictions with regard to relationship termination, should therefore be excluded or controlled for in the research design. In the questionnaire key informants were asked to select the second or third most important supplier, in order to reduce selection bias (Ganesan, 1994, Zaheer, McEvily and Perrone, 1998). To further ensure partners' independence, buyers were asked to select suppliers with whom they had no financial ties other than the exchange of goods and services. Dependency was controlled for by including variables that encompass dependency in the measurement instrument, such as buyers' perceived *availability of alternative partners* and *switching costs* with regard to the selected supplier.

6.3 Data-collection on the buyer side of the dyad

In the study the level of analysis is the business relationship while the level of data collection is the buyer organization. Below, we discuss factors related to one-sided data versus dyadic data. Further, we offer several arguments for adopting a buyer perspective.

In our study we aim to examine buyers' perceptions with regard to a number of variables. Further, we acknowledge that these perceptions are naturally influenced by their business environment, their position in the French market, the value chain for seafood products as well as the global seafood industry. Suppliers worldwide with whom the French buyers are connected are likely to have different perceptions on the same issues, influenced by their specific environment and position in industry and markets. The purpose of the study is therefore not to identify '*objective realities*' in these business relationships, but to get insights into French buyers' perceptions. Thus, with respect to the choice of collecting data only on the buyer side we lean to Heide and John (1994) who argue that "*...the relevance or appropriateness of dyadic comparisons as an element of a measure-validation process may depend entirely on the nature of the substantive hypothesis being examined*" (1994:543).

When the phenomenon of interest is exit intention and tolerance of conflict, it is vital to consider power relations (Sayer, 1996, Baker, Faulkner and Fisher, 1998), more specifically, which dyadic partner is likely to make decisions regarding termination of relationships. Buyers and sellers do not necessarily share the same perceptions with respect to termination (Baker et al., 1998). Further, the risk of dissolution depends on who has the power, the buyer or the seller (Baker et al., 1998). Generally it is presumed that when buyers have the power, relationships are put at risk, while relationships are more likely to be

continued when sellers possess the power (Baker et al. 1998). As asymmetric power relations are assumed to be natural in market exchange, buyers and sellers may possess dissimilar motives and means to enter into stable or unstable business relationships (Sayer, 1996, Baker et al., 1998). Although power relations, motives and means held by organizational members may differ across business contexts, we presume for this study that buyers most likely have the power of decisions to terminate relationships. With respect to the phenomenon of exit intention and tolerance of conflict we therefore consider it relevant to investigate buyers' perceptions.

6.4 Definitions of population and sampling strategy

With respect to the data-collection in France, we defined the *target population* as follows: we included actors in the seafood industry who were importers of fish products and had direct contact with suppliers⁵. Actors we included in my sample were typically fish wholesalers⁶, seafood traders⁷, and companies involved in salting and curing, canning, shrimp cooking, filleting, and in the production of ready-cooked, dishes and value-added products⁸.

The data collection was conducted in three geographical clusters. The three following regions/city regions were selected: Boulogne-sur-Mer, southern France (Marseille and Montpellier) and Paris (Paris centre and the Rungis market outside Paris). The major population of the French seafood industry is covered within these geographical clusters⁹ (Produits de la Mer, 2004). In these regions, companies within the industry are physically concentrated 'in clusters', around harbors, within industrial zones or within specific fish markets. We refer to the total population of companies in these regions as the *sample population*. The population of companies we obtained in the sample will be referred to as the *achieved sample*.

⁵ Direct contact with suppliers is central since questions in the questionnaire require knowledge about suppliers.

⁶ In French: 'Mareyeurs'. These actors traditionally provided their supplies only from inshore fisheries, but with today's reduced quotas, they increasingly import. We included wholesalers who were importers as well as wholesalers.

⁷ In French: "négoce" or "négociant". These actors normally buy and resell to other customers. Sometimes they are involved in repackaging of imported products, or they forward products to be filleted by order companies before selling. Recently, a number of negotiators dealing with fresh fish invested in their own filleting production equipment. Nevertheless, we define these actors as seafood traders and not processing industry. The seafood traders often emphasized in discussions that they were not industrial ("pas industriels"), thereby making a distinction between their activity and others.

⁸ In French: « saleurs-saurisseurs, conserverie, cuisson de crevettes, filetage, fabrication de plats cuisinés et produits élaborés ».

⁹ The region of Bretagne is also an important area with respect to the seafood industry. I excluded this region mainly because companies were not located in clusters such as e.g. Boulogne-sur-Mer, and would therefore increase the costs of collecting data. In addition, the industry in this region is similar to Boulogne-sur-Mer, i.e. that they equally import from the North Atlantic, possess the same mentality, culture), and would not increase the representativeness of my sample population.

By including the three abovementioned regions in the sample population, we increased the heterogeneity in my sample population, and hence increased external validity with respect to the target population (Calder, Philips and Tybout, 1982, McGrath and Brinberg, 1983). Companies located in northern France (Boulogne-sur-Mer) were to a greater degree oriented towards Nordic suppliers, and in consequence imported fish species from the North Atlantic (both fresh and frozen fish). Importers in the south (Marseille and Montpellier) were oriented toward overseas supplier continents, such as Africa, Asia and Latin America. Consequently, they imported warm sea fish species and mainly frozen products. Importers at the international market of Rungis (outside Paris) were mainly seafood traders and positioned in the fresh fish market. Companies located in the centre and periphery of Paris, however, were more oriented towards frozen products. Therefore, the representativeness of the sample is increased by including three different geographical regions. This sampling strategy is consistent with the model of deliberate sampling for heterogeneity, suggested by Cook and Campbell (1979:75).

Within regions there were also some differences among companies with respect to activities, type of product (species or frozen versus fresh fish), and regarding supplier origins. In addition, the above aspects of heterogeneity ensured variation in the sample population with respect to the included variables concerning organizational dimensions: organization size, centralization, formalization and levels of inclusiveness. The sampling strategy therefore ensured sufficient heterogeneity in the sample population in order to obtain external validity.

To conclude, with regard to the sampling strategy we adopted a deductive process in order to examine internal validity threats¹⁰ as well as to ensure variation in the sample. The main purpose of the sampling strategy was therefore to maximize the three-horned dilemma of generalizability, precision and realism (McGrath, 1982).

6.5 Data collecting strategy

6.5.1 Using personal interviews to collect data

Personal interviews were employed to collect data. A number of reasons underlie the choice of this data collecting strategy. First, the questionnaire was considered too lengthy to use mail questionnaire designs or telephone methods. Second, we assumed *ex ante* that difficulties

¹⁰Relevant factors were e.g. the inclusion of both wild fish and farmed fish suppliers in the survey. Delivery of farmed fish is assumed to be more stable and easy to plan, which is not the case with wild fish, and could affect the structure and the organization of the buying process (e.g. formalization and centralization). With respect to the relationship between environmental uncertainty and organizational structure, there are inconsistent findings, thus no strong relationship is found in the literature (McCabe, 1987). Both wild fish and farmed fish suppliers were therefore included in the sample population.

related to questions and instructions would require assistance when filling out the questionnaire. Third, mail questionnaire designs are in general associated with low response rates. The main focus of the personal interviews was to fill out a structured questionnaire. However, the personal interviews allow both the interviewer and key informant to probe for additional information and to clarify questions. Further, the researcher has greater control over the interviewing situation, ensuring e.g. that key informants possess adequate knowledge when answering questions¹¹. Additionally, personal interviews are assumed to increase response rates since respondents who would not normally take the time to reply to an impersonal mail questionnaire will often respond to a request for a personal interview¹². Furthermore, personal interviews permit complementary collection of data, which may include additional information about the key-informant, the company, and the working environment. The interviewer situation also allows unstructured discussions related to questions in the survey. This additional information may produce further insights into the phenomena of interest, and hence increase the quality of data analysis (Frankfort-Nachmias and Nachmias, 1996).

A number of disadvantages are also related to conducting personal interviews (Frankfort-Nachmias and Nachmias, 1996). First, for reasons of economy and efficacy the companies to be interviewed need to be located in clusters within specific geographical areas (Wilson, 2003). Second, high costs are normally associated with personal interviews. However, by organizing the data collection in four intensive fieldwork periods and by conducting all the interviews myself I¹³ managed to decrease the costs. Third, the possibility for interviewer bias is always present when there is an interaction between interviewer and key-informant, and reactivity is considered to be a possible threat of internal validity (Cook and Campbell, 1979). I therefore acknowledge that there is always a tradeoff between methods, but argue that the benefits of personal interviewing were greater than its assumed weaknesses. Fourth, personal interviews are assumed to increase the lack of anonymity and hence augment concerns of confidentiality (Frankfort-Nachmias and Nachmias, 1996). With respect to these issues I experienced that personal trust building by communication and by physical presence largely decreased initial concern and worries with regard to this.

¹¹ This was specifically useful in order to ensure that key-informants had sufficient knowledge of the research phenomenon, which is a frequent methodological issue in interorganizational studies (Kumar, Stern and Anderson, 1993).

¹² Personal experience with data collection in the focal industry (from previous work and the present study) supports this claim, and was indeed the case for the sample of interest. The fact that I came all the way from Norway and asked for 30 minutes of attention increased people's motivation to participate in the research project.

¹³ With respect to personal experiences related to the data collection I prefer to use "I" instead of "we".

6.5.2 Key informant methodology

Key informants in the study were mainly purchasing agents and general managers in the buyer organization. The key informant method comprises a collection of information about organizations and business relationships in question by using selected knowledgeable organizational members. The key informants are usually selected because of their role and position in the company, and because they possess knowledge and experience about e.g. specific business relationships. They are expected to report on business-related phenomena and patterns of behavior in a global fashion. Therefore, it is presumed that the informant avoids reporting on more personal relations and evaluations connected to the phenomena (Seidler, 1974).

The key informant methodology may possess some weaknesses, such as informant bias and random error¹⁴. Using multiple informants is one strategy in order to increase the reliability and validity of reports (Kumar, Stern and Anderson, 1993, Heide and John, 1994). However, several problems are connected to multiple informant methodology, such as the selection problem and the perceptual agreement problem (Kumar et al., 1993). In addition, the literature offers inconsistent findings and cannot say that multiple informant methodology always is better (Heide and John, 1994). With respect to my study, the selection problem is highly relevant. Knowledgeable key-informants for my study normally occupy positions such as the purchasing agent or the general manager. Since we also include small and medium-sized businesses (in addition to large ones), the number of organizational members having these positions is limited¹⁵. Although the key informant method has received some criticism lately (Kumar et al. 1993), this method is the most frequently used in the field of interfirm marketing relationships (Kumar et al. 1993, Heide and John, 1994). One explanation for this practice is the number of advantages related to this method. The key informant method allows a measure to be specifically created to reflect a theoretical construct, which is not the case with archival methods. Further, global measures (reported on by key informants) are superior for measuring unit-level constructs (Roberts, Hulin and Rousseau, 1978) compared to composite measures¹⁶. This is because they are directly linked to the focal level, and hence do not entail level-related ambiguity and confusion such as aggregated data (Klein, Dansereau

¹⁴ Relevant problem issues are; memory failure related to retrospective accounts, social desirability bias and attributional bias etc. (cf Kumar, Stern and Anderson 1993).

¹⁵ In many companies only one person was in charge of purchasing. Additionally, purchasing agents were often on business journeys abroad visiting suppliers, which also reduced the number of available informants. Heide and John (1990) also experienced the selection problem and concluded that the distribution of knowledge in the context in question made an intrafirm multiple-informant validation strategy virtually infeasible.

¹⁶ Measures that are constructed by aggregating measures at the individual level

and Hall, 1994, Rousseau, 1985). Last, key informant reports are highly efficient compared to composite measures, because a single statement from one individual suffices to measure theoretical constructs (Heide and John, 1994).

Key-informants who participated in the research had the following characteristics (N=96): 65,6% were general managers equally responsible for purchasing activities, 25% were purchasing agents, and 9,4% other functions, 12,5% were women and 87,5% men. With respect to education levels, 35,4% had secondary school/high-school, 28,1% had A-levels/high-school diploma +2, and 36,5% had more than /high-school diploma +2. The age of key-informants varied: 27,1% was up to 40, 35,4 % were between 40 and 50, and 37,5% above 50 years (descriptive statistics).

6.6 Data collection procedures

6.6.1 Translation of the questionnaire

All measurement scales were initially developed in English. In order to conduct the survey in France, a translation of the questionnaire was necessary. With respect to translation of my instrument from English to French, the back translation procedure was employed. This procedure is commonly used in cross-cultural research (Brislin, 1976, Cavusgil and Das, 1997). In back translation, a researcher prepares the measurement instrument in one language and hands it over to a bilingual who translates it into another language. Then, a second bilingual translates the instrument blindly back into the original language. As a result the researcher possesses two versions of the instrument in the original language and can evaluate the quality of the translation. Moreover, the back translation technique has the benefit of “decentering”, i.e. the process “...by which one set of materials is not translated with as little change as possible into another language. Rather, the material in one language is changed so that there will be a smooth, natural-sounding version in the second language” (Brislin, 1976: 222). As a result, the idiosyncrasies of each language add to the final version of the measurement instrument. Furthermore, quality assessment of the translated version is enhanced if the researcher knows the target language (Brislin, 1976).

The translation of my instrument from English to French was carried out by two bilingual French and English speaking colleagues¹⁷. In addition, I know the target language

¹⁷ Isabelle Prim-Allaz (Associate professor at the University of Lyon) translated the questionnaire from English to French, and Moheb Deif (Post-doc at the University of Bologna) translated the French version back into English.

French and could therefore make a proper judgment of the final French version of the questionnaire. Both questionnaires are included in Appendices.

6.6.2 Sample population and sources

The sample population was drawn from two different sources: 1) the *Seafood Sector Guide for Boulogne-sur-Mer in France (2001-2002)*¹⁸, 2) *The Seafood Directory France -2002*¹⁹. In source 1) all kinds of seafood related companies located in Boulogne-sur-Mer were registered. The guide also offered useful information about the companies, such as the name of the general manager and purchasing manager, the number of employees, business sales, activities, trading area, products on sale and address, telephone and fax number. Source 2) included all kinds of seafood related companies in France. This directory offered useful company related information, such as the name of the general manager and purchasing manager, the activities, trading area, products on sale, and the address, telephone and fax number. Information given in the sources was useful for including relevant companies for the study. Since I conducted personal interviews, the location (exact address) of the companies was critical to the organizing of the data collection.

6.6.3 Procedures to schedule personal interviews

Obtaining personal interviews with relevant and knowledgeable individuals in business companies is laborious and time-consuming (Wilson, 2003). The data collection was organized in four intensive fieldwork periods, two in Boulogne-sur-Mer, one in southern France, and one in Paris. Preparations for each intensive fieldwork commenced approximately two weeks before departure. The following procedures were employed.

First, I sent by fax a presentation letter in French introducing myself and my doctoral project. In this letter I notified them that I would be calling them in a few days to schedule a personal interview for a specific period of time. Few companies, however, responded to this presentation letter (for example by saying yes, I am welcome or no, we don't have time to receive you). Therefore, the next step was to call the companies and mention the presentation letter. Although, the sources (list of companies) provided some information about the companies in order to select relevant companies, some were excluded from the initial sample

¹⁸ In French: « Filière produits de la mer - Boulogne-sur-Mer » (published by Boulogne-sur-Mer Seafood Promotion Department).

¹⁹ In French: « Produits de la Mer. Annuaire 2002 » (published by the business newspaper: « Produits de la Mer »).

population after the first telephone contact because they did not fulfil the inclusion criteria (cf. 6.4). In addition, a number of companies were excluded for the following reasons: the company was owned by a foreign supplier firm, the company did not exist as an independent unit anymore (because of mergers and acquisitions) the company had their buying department outside the region (consequently the purchasing manager was out of reach), the firm was practically the same as one other or other companies, i.e. only legally independent units (these related companies usually had only one buying department). The process from initial sample population to achieved sample is accounted for in section 6.7.

Normally, when calling the companies, it took some time to access the right person (the general manager or purchasing manager), because they were either on the phone, in a meeting or traveling. Therefore, I usually spent 1 to 2 weeks calling companies to establish interviews before each fieldwork period. I also contacted companies, by phone and by personal visits to schedule additional interviews. Personal visits typically increased the likelihood of obtaining interviews. The practical feasibility of personal visits was however larger in Boulogne-sur-Mer than the other regions because of the distance among the companies and time constraints. This is one factor that explains the higher response rate for the city region of Boulogne-sur-Mer. I also experienced that key informants helped me to obtain interviews with other companies by referring me to them as a personal contact. Considerable effort lay behind each personal interview obtained.

6.6.4 Procedures to conduct personal interviews

The personal interviews were carried out as follows: I presented myself and my research project and asked the key informant to fill out the questionnaire, preferably while I sat in front of the key-informant (thus having the possibility to closely follow how they answered the different questions). Although most key informants had minor problems filling out the questionnaire, a number of them needed small explanations and confirmations that they were doing it correctly. In order to obtain further insights into the phenomena of interest, I asked key informants why and how questions related to a number of issues. For example, if the key informant reported low values for supplier product adaptations, I would ask if these low supplier investments for product adaptations created problems for the buyer, and eventually why. Further, if they reported high degree of formalization related to buying tasks and method of handling conflicts and disagreements I would ask why and how these activities usually were carried out. This additional information was handwritten during the interview, and rewritten properly the same evening. During the fieldwork periods I also wrote down thoughts

and reflections inspired by discussions with key informants. Key informants used between 20 to 40 minutes to fill out the questionnaire. The interviews, however, lasted from 20 minutes to two hours, depending on their willingness to elaborate on the various phenomena of interest. Below, I describe the data collection in each of the geographic regions.

6.7 Data collection in three geographic regions

Data-collection and achieved sample in Boulogne-sur-Mer

From the initial list of 83 companies, 62 were included in the sample population of Boulogne-sur-Mer according to the aforementioned inclusion criteria. From the sample population of 62 companies the achieved sample was 50, resulting in a response rate of 80,6%. With respect to practical aspects of the data-collection, the logistical challenges were minor. The majority of companies were concentrated in the industrial zone ('La Capécure') and within walking distance. In order to visit companies located elsewhere I used a taxi²⁰. Because of the co-localization of firms I could conduct up to five interviews per day. During my two stays I visited respectively 22 companies in 9 days (pre-test) and 26 companies in 8 days.

Data-collection and achieved sample in southern France

The data collection in southern France was logistically challenging. I visited companies in two city regions: Montpellier and Marseille. In Montpellier most companies were located in the industrial zone of Frontignan (near Sète). From a list of 24 companies 8 were excluded²¹, thus the sample population consisted of 16 companies. Unfortunately, a number of companies could not receive me because of an important seafood exposition in Brussels (3 companies). There were also indirect effects of this exposition, since the personnel who stayed home were quite busy. Additionally, the 8th of May was a holiday in France, which also increased the amount of labor for this sector the other days. Other companies did not participate for other reasons. Therefore, an unusually high number of companies (compared to previous experiences) could not receive me. The achieved sample was therefore only 6 companies. For this reason I spent only three days in this city area. Because of the data collection planned in

²⁰ During my journey in Boulogne-sur-Mer (total one month) I had a 'personal' taxi driver with whom I socialized. He was earlier a fisherman sailing in the North Atlantic, and had a great deal of knowledge about the seafood industry in general as well as the local seafood industry. He offered interesting 'inside information' about the industry and people in Boulogne-sur-Mer.

²¹ In contrast to the fish wholesalers in Boulogne-sur-Mer, few of these were importers in this region, and consequently did not have any direct contact with foreign suppliers. Their main supplies of fish products came from the coastal float and local fish auction markets: 'Les Criées'. This fact reduced the sample population in this area. Coming from Boulogne-sur-Mer, where the majority of fish wholesalers equally were importers, I expected a greater number to be importers in the south as well.

Marseille the next week, I could not postpone interviews to the next week. The final response rate in Montpellier was 37,5%.

In Marseille the initial list of companies was 27, from which five were excluded because they had no direct contact with suppliers. Further, I excluded one company because the buyer unit was located in Monaco. Five companies did not have time to receive me. Thus of 21 companies I obtained interviews with 16, which means a response rate of 76%. Due to recommendations from a seafood importer²² I socialized with in Boulogne-sur-Mer, I easily obtained interviews with a number of companies in Marseille (a fact which probably increased my response rate in this area).

With respect to practical, logistical aspects of the data-collection, the companies I visited were to some degree concentrated, around fish harbors (Port-de-Bouc and Min de Saumaty), industrial zones (rue Payan d'Augery) and the centre of Marseille (the old harbour)²³. The other companies were located outside the city (Aix-en-Provence, Aubagne and Pennes Mirabeau) and these visits represented some constraints with respect to the number of companies I could reach in one day. In the Marseille region I visited a total of 17 companies in five days in spite of considerable logistical challenges, thanks to a well-organized time schedule and good navigation on the road²⁴.

To conclude, for the area of southern France I obtained a response rate of 60% (37 companies in total and 22 interviews). Few companies demonstrated a negative attitude with respect to participation in my research project on the phone. They mainly could not participate because of practical reasons during the specific period. Expanding the stay therefore could have heightened the response rate significantly. Unfortunately, time and financial constraints did not allow this possibility.

Data collection and achieved sample in Paris region

The data collection in Paris was conducted at the International market of Rungis (south of Paris) and in Paris centre and suburban areas. These different areas represented different challenges with respect to companies and logistics.

Companies located at Rungis were mainly seafood traders. The seafood market is operative during the night, thus most personnel start their workday late in the evening and

²² He was a personal friend with a number of seafood importers in southern France, and pointed out the companies and persons he knew (from a list I presented) in order to help me to obtain interviews.

²³ 13 companies were located in these areas.

²⁴ Thanks to a very good friend of mine who operated as my personal driver in southern France. Because of him I manage to accomplish the data collection despite large logistical challenges.

leave their office in the morning between 9 and 10 a.m. Usually the buying and selling are completed by 7 o'clock in the morning. The companies' work schedule therefore complicated my data collection, since their available time to receive me was restricted. However, despite their limited time and tiring work a fairly large number of these companies were willing to receive me (even at 7 o'clock after hours of work during the night!). Most of the interviews were conducted between 7:00 and 12:00 in the morning. A small number of companies however also worked in the afternoon (i.e. from 14:00 to 17-18:00 hours). The companies were co-localized and it was possible to visit a number of companies in one day (e.g. 4, 5 in one day). The co-localization also gave me the opportunity to conduct personal visits. From an initial population of 42 companies, 12 were excluded, which resulted in a sample population of 30. The achieved sample was 13 companies, thus a response rate of 43,3%.

Companies in Paris centre and the suburban area were mainly seafood traders and processing industry. These companies worked during the day; interviews could therefore be conducted both in the morning and in the afternoon. It was however difficult to obtain interviews with these companies. A great number of companies exhibited a negative attitude, and were not willing to receive me²⁵. The logistics were complicated and time-consuming in this area. I used the underground (Metro), suburban trains, buses and taxis in order to visit companies. To get from one section of Paris to another could take up to 2 hours. The maximum number of companies I could visit in one day was therefore only 2 or 3. The initial number of companies was 45, from which I excluded 9 firms, which resulted in a sample population of 36. From this sample population the achieved sample was 11, which refers to a response rate of 30,5%. In total, I ended up with 24 personal interviews in Paris centre and suburban areas and at the International Market of Rungis a total sample of 66, referring to a response rate of 36,4%.

To conclude, the achieved sample population from 4 journeys to France: Boulogne-sur-Mer (2 journeys), southern France (Marseille/Montpellier) and Paris was 96 companies. Below, an overview of the sample population and the achieved sample for each region is presented.

²⁵ The high non-response in this area might be a large city problem. People are stressed and less sympathetic than people in small towns. In addition, these companies probably receive inquiries from students quite often since a great number of universities and business schools are located in Paris. A French research colleague of mine experienced the same problem with companies located in Paris, and achieved a response rate of only 33%.

Table 6.1: Data-collection in France-2003 - Sample and achieved population

	Sample population/Achieved sample	Response rate
Boulogne-sur-Mer	62/50	80,6%
Southern France	37/22	59,5%
Paris	66/24	36,4%
In total	165/96	58,2%

7. Measurement and operationalization

7.1 Construct validity

Construct validity is the most fundamental form of validity and refers to the extent to which an operationalization measures the concept it claims to measure (Cook and Campbell, 1979, Reve, 1985, Troye, 1994). Construct validity thus refers to whether there is a fit between the theory level and the operational level. Does the data really measure what it intends to measure? Further, to ensure meaningful, interpretable and generalizable results, construct validity is a necessary condition. Construct validity includes four subforms of validity: face validity, convergent validity, discriminant validity and nomological validity (Reve, 1985).

Face validity refers to intuitive equivalence between theoretical and operational definitions of variables. Conducting exploratory studies, using expert evaluations and studying existing empirical studies are methods in order to assess face validity. Moreover, multiple measures and multiple methods are advocated in order to ensure construct validity (Cook and Campbell, 1979, Reve, 1985). By multiple measures one refers to the operationalization of constructs by several dimensions or traits. In the study all constructs are measured by multi-item measures except two control variables and two moderator variables. Multi-item measures, multiple measures and multiple methods allow the researcher to test construct validity by analyzing convergent and discriminant validity. *Convergent* validity refers to whether there is a correspondence between multiple measures or methods. *Discriminant* validity concerns the extent to which a construct differs from another construct. *Nomological validity* describes the fit between obtained data-patterns and the theoretical predictions about such data-patterns (Cook and Campbell, 1979, Reve, 1985). In Chapter 8, we use factor analysis to test convergent and discriminant validity in the study. To ensure construct validity in the study we followed the recommended procedures (cf. 7.3) that involve specifying the domain of the construct, generating a sample of items, and purification of measures (Churchill, 1979).

7.2 Measurement of interorganizational phenomena and level issues

The majority of constructs or phenomena investigated in the social sciences are not subject to direct measurement or observation. Most of the constructs are latent and must be inferred indirectly from other indicators (Kumar, Stern and Anderson, 1993, Heide and John, 1994, Troye, 1994). When developing research frameworks measurement issues therefore are vital. In interorganizational research scholars are confronted with additional problems since objects

whose attributes are subject to measurement normally exist at multiple levels, and frequently at a higher level than that of organizational members (Heide and John, 1994). Within the interorganizational field, theoretical constructs typically involve properties of organizations and interfirm relationships. These higher-order units are thought to possess particular properties, which exist independently from the organizational members composing them (Spekman and Stern, 1979, Heide and John, 1994). Further, problems are connected to the development and administration of appropriate measures since higher order units typically are measured by collecting data from individuals.

Furthermore in the field of interorganizational research, analogies from individuals to higher-level units are frequently drawn (Blois, 1999). These analogies from lower-level units to higher-level units are rarely questioned or theoretically justified. One reason for this practice could be that theoretical constructs (e.g. trust and commitment) are drawn from research fields where the level of analysis is the individual or relationships between individuals (and not individuals operating within firms or in business dyads). When aligning one construct from the individual level to the organizational level, researchers should specify how they translate from individuals to organizations in order to avoid theoretical confusion (Iacobucci and Ostrom, 1996, Doney and Cannon, 1997, Zaheer, McEvily and Perrone, 1998). For instance, it is likely that interpersonal trust and interfirm trust would differ as a phenomenon.

It is therefore vital to specify theoretically meaningful constructs at interpersonal and interorganizational levels respectively. Consequently, in the process of measurement and operationalization we specify the level of theory. Further, constructs at different levels are theoretically accounted for¹. Moreover, when developing the measurement scale the wording of items is in harmony with the level of theory². In accord with Robert, Hulin and Rousseau (1978), Rousseau (1985), and Klein et al. (1994), I employ global measures³ when measuring unit-level constructs (such as properties of organizations, departments, and interorganizational relationships).

¹ For example, we specify relationship-specific investments at interorganizational and interpersonal levels that are theoretically meaningful at these levels. In accord with Iacobucci and Ostrom (1996) we argue that structural differences among dissimilar business relationships (e.g. firm-to-firm, individual-to-individual, and individual-to-firm) modify the nature of dyads, such as their relational characteristics, and further what kind of theoretical constructs that are meaningful.

² For example, I use the word *supplier firm* when referring to the firm, and *supplier rep* when referring to the individual. Further, I use *we* when referring to the buyer firm and *I* when referring to the buyer rep.

³ Global measures refer to methods for measuring relationship properties in a direct or global fashion. Content analytic approaches and key-informant approaches represent the main global methods. Composite approaches measure properties of unit-level constructs in an indirect way by aggregating individual measures (Heide and John, 1994).

7.3 Operationalization and measurement

The process of measurement or operationalization involves “*rules for assigning numbers to objects to represent quantities of attributes*” (Churchill, 1979:65). This definition includes the idea that it is the attributes of objects that are measured and not the objects themselves. With regard to specified rules for the process of measurement, we have been inclined to use the framework provided by Churchill (1979). 1) *Specify the domain of the construct*, which includes a thorough description of what is included in the definition and what is excluded. In order to conceptualize constructs and specify conceptual domains, we carried out a comprehensive literature review. When available and adequate for the study we used existing measures. Existing scales used in previous research were checked for unidimensionality, internal consistency and reliability of the measures, ensuring measures having Cronbach’s Alpha well above the 0,7 criterion suggested by Nunnally (1978). When possible new measures in the study were developed based on conceptual dimensions drawn from the literature. 2) *Generate a sample of items*, which capture the conceptual domain specified in the study. When generating items a combination of an inductive and deductive approach was employed. Reviews of the literature, discussions with colleagues⁴ as well as extensive reading of available context related information⁵ (e.g. business newspapers) was effected in order to generate relevant items. In order to verify the relevance and the clarity of the items, we conducted a pre-test of the questionnaire among 22 French buyer firms in Boulogne-sur-Mer. Only small modifications of the items were made as a result of the pre-test, and the test firms were included in the final sample. Face validity of measures was consequently tested by consulting literature, colleagues and practitioners. Below, we explain the procedures related to the process of measurement or operationalization for all variables.

7.4 Dependent variables

Relationship dissolution - How to study relationships dissolution?

In the relationship dissolution literature, studies are either retrospective in character, or tend to deal with hypothetical relationships (Duck, 1982). The use of retrospective reports in dissolution studies is considered problematic however. Several reasons underlie this position. In personal relationships for example, one assumes a considerable *post mortem* attributional activity, regarding retrospective explanations and analysis for both the relationship and the

⁴ Judgment and ideas from these colleagues represent some form of experience survey (Churchill, 1979) since they have extensive knowledge with regard to measures within the theoretical field as well as the focal industry.

⁵ I primarily read the French business newspaper, “Produits de la Mer”, dealing with the French seafood industry and the French market in particular and in general the seafood industry worldwide.

dissolution. The abovementioned aspects of relationship dissolution are significant, and are “...recognized tacitly in the objections that are sometimes raised against retrospective reports of relationship dissolution” (Duck, 1982:27). The reports may mirror retrospective biases, idealization and self-interest.

Researchers investigating relationship dissolution between business actors also address problems with retrospective reports (e.g. Ping, 1993, Wathne, Biong and Heide, 2000, Prim-Allaz, 2000). Respondents being asked questions *ex post* about their behaviors related to a terminated business relationship might introduce retrospective biases, due to lack of memory about the relevant factors and considerations. More seriously, social desirability biases may be introduced, to the extent that respondents would rationalize their actual choices (Wathne, Biong and Heide, 2000). Further, non-response problems are reported in dissolution research using retrospective approaches, since business actors typically are not willing to elaborate and explain the reasons for leaving a relationship (Ping, 1993, Prim-Allaz, 2000).

In order to avoid the abovementioned problems related to retrospective reports with respect to dissolution we opted for behavioral intention variables. Further, we intended to treat the concept of relationship dissolution as a continuous variable. The study therefore aims to measure *intentions to dissolve*.

Exit intention

We prefer Ping (1993, 1994, 1995, and 1999)⁶ with respect to conceptual definition, conceptual domain, and operational definition and items in order to measure buyer firm’s intention to dissolve relationships or in Pings wording *intention to exit*. The conceptualization taps *the degree of intention to discontinue the relationship with the current partner*. In the study, intention to exit is operationalized as the propensity to terminate the current supplier relationship. The intention to exit construct includes a number of activities preceding the act of physically leaving a relationship, such as thinking of exiting, intending to search for alternatives, and intention to exit. Physical exit is the last step in this sequence and involves actually leaving the relationship.

The exit intention measure includes buyer firm’s consideration with regard to continuation, replacement of the supplier and ending of the business relationship (Ping, 1994). Some modifications were done with respect to the wording of items. We have used systematically *my firm* is looking for a replacement supplier instead of Ping’s systematic wording (e.g. 1993, 1995, 1999) “*I am* looking for a ...” instead of “*My firm* is...”, which

⁶ The author has defined the concept slightly differently in the mentioned studies, but the items are the same.

produces by this wording of items confusion with respect to the level of analysis. The anchors of the scale range from 1 = strongly disagree and 7 = strongly agree. The items are listed below. The complete questionnaire in English and in French is included in Appendices.

1. Occasionally my firm will consider ending the business relationship to the supplier.
2. My firm is not likely to continue the business relationship with the supplier.
3. My firm will probably consider a replacement supplier in the near future.
4. My firm will probably stop doing business with my supplier in the future.

Tolerance of conflict

Multiple measures and methods are advocated in order to cross-validate the results (Cook and Campbell, 1979). In the study we have therefore included a hypothetical or prospective element in order to measure buyer's tolerance of conflict related to a number of relevant but hypothetical conflict issues. This measure is conceptually related to intention to exit since informants are asked to what degree they would leave the current partner depending on different conflict issues. Tolerance of conflict is further defined as *the degree of intention to discontinue the relationship with the current partner given conflict situations*. By placing key-informants in hypothetical but specific and relevant conflict situations we aim to measure buyer's tolerance of conflict, or in other words to what degree they would resort to voice or exit related to a number of conflict situations. Thus, prospective methods presuppose a view of humans as thinking, strategizing social actors recognizing "...the role which imagination and mental rehearsal plays in real social life" (Baxter, 1982:240). Acknowledging that hypothetical situations cannot substitute recalled conflict experiences or actual interaction behavior, prospective methods can nevertheless produce insights, which suggest what situational factors could affect predictable strategy choices (such as exit) (Harré and Secord, 1973, Baxter, 1982).

In order to develop the measurement scale, and specifically identify relevant conflict dimensions, we have drawn on existing studies from the market channel conflict literature (e.g. Lusch, 1976a, Lusch, 1976b, Wilkinson, 1981) and an exploratory critical incident study⁷ (Keaveny 1995⁸). The following conflict dimensions were identified as relevant for the study: *Product quality, Quantity, Delivery, Holding back information, Pricing, and Response*

⁷ The critical incident technique is essentially a procedure allowing the collection of events or facts (positive or negative) relatively important with respect to behavior, in specific situations. The procedure further permits classification, using content analysis in order to define categories from a set of data. The technique should be perceived as a set of flexible principles, adapted to the specific study (e.g. Keaveny, 1995, Perrien, Paradis and Banting, 1995, Prim-Allaz, 2000).

⁸ The study aims to understand the determinants of customer's decisions to switch service providers. Questions are: what critical events, combination of events, or series of events cause switching? The study included 500 service customers and resulted in more than 800 critical behaviors which caused switching. Further, these critical incidents were classified into eight general categories, 8 causal variables (Keaveny, 1995).

to failures. Items related to quantity and delivery were deleted in the measure validation process (Chapter 8). Items presented below do not include the deleted items. The response anchors are: 1 = very likely and 7 = not likely at all.

1. If this supplier occasionally delivers products of lower quality than our firm requires, we would consider leaving the current partner.
2. If this supplier holds back information that could be useful to us, we would consider leaving the current partner.
3. If this supplier demands too high prices, we would consider leaving the current partner.
4. If this supplier occasionally does not respond in order to correct failures, we would consider leaving the current partner.

Extendedness of relationship

Extendedness of a relationship is defined as *the degree to which the parties anticipate the relationship will continue into the future with an indeterminate end point* (Heide and Miner, 1992). The more strongly a party expects that a relationship will continue in the future and that its end point is indeterminate, the higher is the extendedness of that relationship. A relationship's level of extendedness thus reflects the strength of the expectation that it will continue indeterminately. The scale is adapted from Lusch and Brown (1996⁹). The anchors are 1 = strongly disagree and 7 = strongly agree. The items are presented below.

1. We expect our relationship with this supplier to continue a long time.
2. Renewal of the relationship with this supplier is virtually automatic.
3. Our relationship with this supplier is enduring.
4. Our relationship with this supplier is a long-term alliance.

This dependent variable was included to function as a control analysis compared to exit intention and tolerance of conflict that are assumed to reflect perceptions of dissolution.

7.5 Independent variables

Relationship-specific investments at the interorganizational level

The interorganizational literature provides various measures in order to capture the construct relationship-specific investments (e.g. Anderson and Weitz, 1992, Bensaou and Anderson, 1999). In this section we focus on relationship specific investments at the interorganizational level. Measures found in the literature vary according to the number of dimensions included, and the degree of context specificity. With respect to my study and the specific industry we identified, the following dimensions regarding relationship-specific investments are relevant: *product adaptation*, *human assets specificity* and *logistic adaptation*. With regard to the degree of context specificity, the product adaptation scale and the logistical adaptation scale

⁹ Their scale is adapted from Noordewier, John, and Nevin (1990) and Heide and Miner (1992)

are highly adapted to the industrial context, while the human assets specificity scale is more general in character.

Further, in the study buyer perceived relationship-specific investments as well as buyer perception of supplier relationship specific investments were measured. When relevant we formulated identical items for both buyer and supplier relationship-specific investments, such as the scale measuring human assets specificity. With respect to product adaptation and logistical adaptation, items varied to some degree between buyer firm and supplier firm because the partners were involved in different activities due to their position in the value chain.

Product adaptation

In order to develop the product adaptation scale we resorted to the interorganizational literature (e.g. Anderson and Weitz, 1992, Jap and Ganesan, 2000), empirical research examining distribution channels for farmed salmon (Haugland and Reve, 1994, Haugland, 1999), an exploratory study conducted in the seafood industry (Pettersen, 1998), as well as extensive reading of the French business newspaper, “Produits de la Mer”. Prior empirical studies from the same industry provided only items measuring supplier’s relationship-specific investments. For the study relevant items for buyer firms have been equally developed. In the study both suppliers delivering both farmed fish and wild fish were included in the sample. Because of differences related to the ‘production’ activities¹⁰ of the final product, two separated scales were developed, one for farmed fish and one for wild fish. *Ex post* data-collection these two scales were combined in data analysis.

Conceptual definition is *the degree to which the product is adapted to a specific firm*. The scale includes the following dimensions: specific investments in plant and equipment, selection of specific fish farmers (farmed fish) or fishing boats (wild fish), specific fish feeding methods (farmed fish) or capture methods (wild fish), slaughter methods (farmed fish) or technical improvements (wild fish), quality, traceability and method of packaging. The multi-item scale consists of 7 items with anchors ranging from 1 = not at all to 7 = to a large degree. The items for both supplier scales and one buyer scale are presented below.

¹⁰ Farming activities for farmed fish and harvesting activities for wild fish.

Supplier product adaptation scale

1. This supplier has made specific investments in plant and equipment in order to deliver fish to our firm.
2. This supplier has chosen specific fish farmers/fishing boats as suppliers to our firm.
3. This supplier has invested in specific fish feeding methods/capture methods adapted to our firm's requirements.
4. This supplier has made significant investments in slaughter methods/technical improvement aboard adapted to our firm's requirements.
5. This supplier has made significant investments to provide fish of quality adapted to our requirements.
6. This supplier has made specific adaptations ensuring that the fish is traceable according to our requirements.
7. This supplier has made specific investments to adapt the method of packaging in accordance with our firm's requests.

Buyer product adaptation scale

1. We have made specific investments in plant and equipment in order to take delivery of fish products from this supplier.
2. We have made specific investments in our processing methods to deal with fish from this supplier.
3. We have invested significantly in the method of handling fish from this supplier resulting in the best possible quality.
4. We have invested a great deal to ensure the traceability of the fish delivered from this supplier.
5. We have made specific investments in the method of packaging dedicated to fish products from this supplier.
6. We have invested a great deal to market fish products from this supplier.

Human asset specificity

The human asset specificity scale describes the degree of specific human knowledge necessary for handling the business relationship with a specific partner firm. The scale includes dimensions regarding investments in personnel, learning about the other firm, the establishment of satisfying communication procedures, becoming familiar with the partner and development of procedures and routines. The multi-item scale, which includes 5 items (anchors 1 = not at all, 7 = to a large degree), has been adapted from Anderson and Weitz (1992), Heide and John (1990), and Haugland (1999). The supplier scale is presented below.

In the buyer scale "We have made..." is used instead of "This supplier...".

1. This supplier has made a substantial investment in personnel dedicated to this relationship.
2. In cooperation with our firm, this supplier had to learn about our firm on many dimensions.
3. This supplier has put in a lot of energy in order to establish satisfying communication procedures with our firm.
4. This supplier has put in a lot of effort in order to become familiar with our firm.
5. The supplier has developed procedures and routines that are dedicated to this specific exchange relationship.

Logistic adaptation

The logistic adaptation scale describes the extent to which the logistic is adapted to the partner firm. In the literature, logistic adaptations are frequently measured with a single item, often

included as one dimension in a general multi-item scale measuring relationship-specific investments (e.g. Cannon and Perrault, 1999, Buvik and John, 2000, Jap and Ganesan, 2000). The multi-item logistic adaptation scale in my study has been developed and adapted from interorganizational research (Cannon and Perrault, 1999, Buvik and John, 2000, Jap and Ganesan, 2000), and prior research within the same industry (Pettersen, 1998, Haugland, 1999). The scale includes investments regarding the terms of delivery, freshness/cold chain requirements, volumes of fish to be delivered and punctual delivery. The multi-item scale includes 4 items (anchors 1 = not at all, 7 = to a large degree). The supplier and buyer scale items differ, therefore both are presented below.

Supplier logistic adaptation scale

1. This supplier has tailored his logistics systems to meet our firm's requirements with respect to terms of delivery.
2. This supplier has made internal adjustments in order to deliver fish in accordance with our firm's freshness/cold chain requirements
3. This supplier has made significant adaptations in order to meet our firm's requests regarding volumes of fish to be delivered.
4. This supplier has made extensive adjustments in order to meet our firm's requirements with respect to punctual delivery.

Buyer logistic adaptation scale

1. We have adapted our logistical systems to meet the requirements of further distribution of fish from this supplier.
2. We have made significant internal adjustments in order to take delivery of fresh/frozen fish from this supplier.
3. We have made significant adaptations in order to handle the volumes of fish delivered from this supplier.
4. We have made extensive adjustments in order to take punctual delivery of fish from this supplier.

Relationship-specific investments at the interpersonal level

Research within the interorganizational literature has examined various measures related to investments or bonds at the interpersonal level (e.g. Seabright et al., 1992, Doney and Cannon, 1997, Nicholson, Comepeau and Sethi, 2001). With respect to this study of cross-national buyer-supplier business relationships, we have specified the following dimensions of interpersonal investments or adaptations as relevant: *cultural knowledge*, *cultural adaptation* and *two-way communication*. The cultural knowledge and cultural adaptation scales were developed based on dimensions drawn from the cross-cultural literature and two-way communication was based on existing scales from the relationship marketing literature.

Cultural knowledge

The cultural knowledge scale taps the degree of knowledge about France. The scale includes the following dimensions: society and culture, norms and customs, and language. The scale was developed based on dimensions drawn from the cross-cultural literature (Kale and Barnes, 1991, Thomas, 1998, Bhawuk, Dharm and Brislin, 2000, Nakata and Sivakumar, 2001). The multi-item scale includes 3 items with anchors 1 = strongly disagree to 7 = strongly agree. Only supplier rep cultural knowledge has been measured in the study. This is because we assume a greater need for supplier reps to understand French society, culture and language than vice versa since supplier firms and reps are obliged to adapt their export activity to the French market. Supplier rep cultural knowledge is further associated with general cultural competence about the partner's national culture and language, and hence refers to a personal competence asset. This measure therefore has the character of being a general-purpose measure (and not a relationship-specific measure unless the supplier rep relates to only one French customer). The items are presented below (we use the term rep instead of representative).

1. This supplier rep has good knowledge about French society and culture.
2. This supplier rep has a good understanding of French norms and customs.
3. This supplier rep speaks good French.

Cultural adaptation

The cultural adaptation scale describes the degree of capability and willingness to adapt culturally to a partner firm's rep. The scale consists of the following dimensions: psychological mind-set, values and beliefs, way of negotiating, and the handling of disagreements. The scale was developed based on dimensions drawn from the cross-cultural literature (Peterson, Kameda and Shimada, 1981, Kale and Barnes, 1991, Simintiras and Thomas, 1998, Schults, Evans and Good, 1999, Mintu-Wimsatt and Gassenheimer, 2000, Bhawuk, Dharm and Brislin, 2000, Nakata and Sivakumar, 2001). The multi-item scale includes 4 items with the anchors 1 = not at all to 7 = to a large degree. In the study both supplier and buyer rep cultural adaptation is measured, and the supplier scale is shown below. In the buyer scale "I have" is used instead of "this supplier representative..."

1. This supplier rep has put a lot of energy into understanding my way of thinking.
2. This supplier rep has invested much time into comprehending my values and beliefs.
3. This supplier rep has put a lot of energy into adapting to my way of negotiating.
4. This supplier rep has made an effort to become accustomed to my way of handling disagreements.

Two-way communication

In order to develop a communication scale relevant for my study, we gave preference to the scales by Anderson and Weitz (1992) and Doney and Cannon (1997). The communication scale taps *degrees of partner's capability and willingness for a two-way communication*. The scale encompasses dimensions including partner's willingness to maintain open and frequent two-way interchanges on relevant issues, showing weaknesses and strengths, and to share confidential information. The multi-item scale includes 4 items (anchors 1 = strongly disagree, 7 = strongly agree). Both supplier and buyer rep capability and willingness for a two-way communication were measured in the study. The supplier rep communication scale is presented below. The buyer rep communication scale differs as we use "I keep..." instead of "This supplier..."

1. This supplier rep keeps us well informed about what is going on in their firm and related activities.
2. This supplier rep seeks our advice and counsel concerning their marketing efforts.
3. This supplier rep is willing to let us see their weaknesses as well as their strengths.
4. This supplier rep will share confidential information to help us.

7.6 Moderators

Organizational dimensions: Centralization and formalization

In the study the constructs centralization and formalization are connected to the buyer organization¹¹, more specifically at the buying department level¹². In accord with Rousseau (1985) we argue that it is important to specify and to identify relevant and meaningful levels of measurement. It is vital to identify the organizational unit whose characteristics are assumed to influence the behavior of purchasing agents. Within the buying group literature, the above constructs are either associated to the task level (e.g. buying process) or at the departmental or firm level (McCabe, 1987). In this study measures at both levels have been developed and included in the questionnaire. The four constructs came out as distinct constructs in factor analysis (see Appendix D). However, only the measure at the buying department level was used further in the hypotheses testing¹³.

¹¹ Most studies within the interorganizational literature measure centralization and formalization at the interorganizational level (e.g. Haugland and Reve, 1993, Haugland 1999).

¹² However, I acknowledge the difficulty for informants to distinguish between the buyer group level and the organizational level (Rousseau, 1985). Additionally, organizational size may influence the relevance of distinguishing the two levels.

¹³ This is because I had to reduce the number of variables to run the models. Further, there were no large differences between the two measures with respect to effects and correlations with the other variables.

Formalization and centralization

Formalization taps the degree to which written plans, rules, policies, and procedures are clearly stated and followed by an organizational member. At the departmental level formalization is operationalized as the perceived degree to which tasks (e.g. buying tasks) are formally prescribed by rules, policies and procedures required (Lau, Goh and Phua, 1999).

Centralization refers to the distribution of formal control and power within an organization. At the departmental level centralization is operationalized as the degree to which decisions with respect to tasks (e.g. buying tasks) are controlled and made by few organizational members within higher hierarchical positions in the firm. The two scales were adapted from Spekman and Stern (1979), McCabe (1987), and Lau, Goh and Phua (1999). Only buyer firm perceptions with respect to formalization and centralization were measured in the study. The multi-item scales consist of 4 items (anchors: 1 = strongly disagree, 7 = strongly agree). A pretest of the questionnaire recommended a change in the formulation of the two reversed items. Below are the items of the scales.

Formalization scale

1. In this department tasks are described by formal rules and written documents.
2. In this department we follow standard procedures when performing work activities.
3. In this department we follow standard operating procedures when making decisions.
4. In this department we follow written and/or verbal instructions in our work.

Centralization scale

1. In this department approval from someone higher in the organization is required for making decisions.
2. In this department we follow instructions from someone higher in the organization when existing rules and procedures are not adequate to make decisions.
3. In this department individuals (alone or a few together) cannot make decisions without consulting members higher in the organization.
4. In this department individuals (alone or a few together) cannot resolve problems without consulting members higher in the organization.

History with organization

History taps the length of time a company has done business with the current supplier firm. A number of studies within the interorganizational field have investigated the theoretical construct history. History has been measured in a similar way by Anderson and Weitz (1989), Ping (1995), and Doney and Cannon (1997), by asking key informants to report on the length of time the company had done business with the current supplier. In my study I choose Ping's (1995) wording with an open-ended question: *How many years have you done business with your supplier?* The measure history with boundary spanner was equally included in the

questionnaire¹⁴. The measure was however not included in data analysis since the formulation of moderator hypotheses does not include moderator effects of history with boundary spanner.

Levels of inclusiveness

Levels of inclusiveness refer “...to the proportion of the activity of a unit dedicated to or involved in those of another unit” (House, Rousseau and Thomas-Hunt, 1995:89). More, specifically, in my study levels of inclusiveness refer to the degree to which a boundary spanner is dedicated to or involved in activities performed by other members in the organization. To my knowledge the construct levels of inclusiveness have not been measured in an empirical study, therefore a scale was developed for this study. The purpose of the scale was to measure to what extent the purchasing agent is involved in other activities relevant for the focal firm. The following activities were found relevant for the study: processing, product-development and logistics. Further, key-informants were asked to indicate how often (1 = never to 7 = always) they are involved with the abovementioned activities. The measure, levels of inclusiveness, was measured with respect to buyer reps involvement only in the buyer organization¹⁵.

Size of organization

Various aspects of size of an organization can be relevant when the purpose is to measure an organization’s overall size, such as market share, position within an industry, business sales, reputation, number of employees etc, (Singh, 1986, Doney and Cannon, 1997, Kuk, 2004). In this study, size of organization refers to an organization’s overall size, indicated by business sales and the number of employees (e.g. Singh, 1986, Kuk, 2004). Key-informants were asked to report on the number of employees, both full time and part-time employees, as well as the buyer firms’ business sales last year. In the study the two indicators of size were found to correlate (.626**). Only the number of employees¹⁶ was used in further data analysis.

7.7 Control variables

In this research we controlled for dependence and overall satisfaction with supplier firm performance. With regard to the phenomenon of dependence, buyer firm’s dependence on

¹⁴ With respect to history with boundary spanner we use the wording for the item by Doney and Cannon (1997): *For how many years have you been doing business with this supplier representative?*

¹⁵ This restriction was done because the informant (buyer rep) is not expected to possess detailed knowledge with respect to supplier rep’s involvement in supplier firm activities.

¹⁶ *Ex post* data collection, we combined the number of part-time and full time employees in a new variable.

their partner was assumed to create lock in situations where buyers may be forced to remain in relationships despite recurrent problems. When buyer firms have invested substantially in specific investments in a partner, they may be reluctant to leave because of the potential loss of resources invested in the relationship. The constructs *availability of alternative partners* and *switching costs* reflect dependence in relationships between firms. These variables have been found to affect business firms' probability to leave their current partners (Ping, 1993, Prim-Allaz, 2000). Buyers having few alternative suppliers would be reluctant to terminate current supplier relationships because they are concerned about future supplies. Switching costs also affect whether buyer firms are liable to leave their partners (Gassenheimer, Houston and Davis, 1998). Dependence on a partner firm therefore causes buyer firms to remain in the relationship, despite potential conflicts and dissatisfaction.

Moreover, buyer firm overall satisfaction with supplier firm performance is likely to influence buyer firm exit intentions. In business dyads partners may be satisfied with some aspects of the relationship, while dissatisfied with other aspects. Usually buyers evaluate the overall satisfaction with supplier firm performance when making decisions whether to remain in the current relationship or whether to search for a new supplier (Ping and Dwyer, 1992, Giller and Matear, 2001). Therefore, dissatisfaction with one aspect of the relationship does not necessarily lead to termination. Consequently, buyers' perception of the overall satisfaction with supplier firm performance is assumed to affect their decisions of leaving a partner firm. Below, we present control measures employed in the research.

Availability of alternative supplier firms

The availability of alternative suppliers scale taps the degree to which a buying firm has alternative sources of supply (Ladegård, 1997, Cannon and Perrault, 1999). In the study we employed a one-item scale, and the wording of the item was adapted from Ladegård (1997): If this supplier relationship is dissolved other firms can deliver what we buy from this supplier (anchors: 1 = not true at all-7 = perfectly true). Moreover, I added a second question concerning the number of alternative suppliers (given in 5 different categories: 1-2, 3-4, 5-9, 10-15 and 16-20). The two measures were correlated (.278**). In further data analysis only the second measure (with 5 categories) was used.

Switching costs

Switching costs refer to the cost of changing to an alternative partner. The operational definition is the perceived cost and loss that would be required to terminate the current

relationship and secure an alternative relationship (Heide and John, 1988, Ping, 1993, Ping, 1999). In the study we employed a global measure adapted from Ping (1999) including all kinds of switching cost by means of a single item: Considering everything, the costs to stop doing business with the current supplier and start up with the alternative supplier would be high (anchors: 1 = strongly disagree - 7 = strongly agree).

Overall satisfaction with supplier firm performance

Supplier performance refers to how well a supplier firm carries out a number of activities. In the study we measured buyer firms' perceived overall satisfaction with supplier performance. Empirical studies have focused on different performance aspects and employed various measures (e.g. Doney and Cannon, 1997, Zaheer, McEvily and Perrone, 1998, Cannon and Perrault, 1999). In the study we included relevant supplier firm activities and supplier firm related aspects, such as providing product quality, delivery, the management and workers, and after sale services (anchors: 1 = needs improvement -7 = executes superior performance). The four-item scale was adapted from Stump and Heide (1996) and Cannon and Perrault (1999).

Table 7.1: Sources and conceptual definitions of constructs

Construct	Conceptual definition
Exit intention Adapted from Ping (1993, 1994, 1995, 1999)	Exit intention refers to the degree of intention to discontinue the relationship with the current partner
Tolerance of conflict New, conceptual dimensions drawn from Lusch (1976a, Lusch (1979), Wilkinson (1981), and Keaveny (1995)	Tolerance of conflict is defined as the degree of intention to discontinue the relationship with the current partner depending upon various conflict situations
Extendedness of a relationship Adapted from Lusch and Brown (1996)	Extendedness of a relationship is defined as the degree to which the parties anticipate the relationship will continue into the future with an indeterminate end point
Product adaptation Developed and adapted from Anderson and Weitz (1992), Haugland and Reve (1994), Pettersen (1998), Haugland, (1999), Jap and Ganesan, (2000), and Produits de la Mer ¹⁷	Product adaptations refer to the degree to which the product is adapted to a specific firm
Human asset specificity Adapted from Heide and John (1990), Weitz (1992), and Haugland (1999).	Human asset specificity describes the degree of specific knowledge necessary for handling the business relationship with a specific partner firm
Logistic adaptation Developed and adapted from Pettersen (1998), Haugland (1999), Cannon and Perrault (1999), Buvik and John (2000), and Jap and Ganesan (2000)	Logistic adaptation describes the extent to which the logistic is adapted to the partner firm
Cultural knowledge New, conceptual dimensions were drawn from Kale and Barnes (1991), Thomas (1998), Bhawuk, Dharm and Brislin (2000), Nakata and Sivakumar (2001).	Cultural knowledge taps the degree of knowledge about French society, culture and language

¹⁷ French business newspaper dealing with the seafood industry

<p>Cultural adaptation New, conceptual dimensions were drawn from Peterson, Kameda and Shimada (1981), Kale and Barnes (1991), Simintiras and Thomas (1998), Schults, Evans and Good, (1999), Mintu-Wimsatt and Gassenheimer (2000), Bhawuk, Dharm and Brislin (2000), Nakata and Sivakumar (2001).</p>	<p>Cultural adaptation taps the degree of capability and willingness to adapt culturally</p>
<p>Two-way communication Adapted from Anderson and Weitz (1992) and Doney and Cannon (1997).</p>	<p>Communication refers to the degree of capability and willingness for a two-way communication</p>
<p>Formalization (department level) Adapted from Spekman and Stern (1979), McCabe (1987), and Lau, Goh and Phua (1999).</p>	<p>Formalization is defined as the degree to which written plans, rules, policies, and procedures are clearly stated and followed by an organizational member</p>
<p>Centralization (department level) Adapted from Spekman and Stern (1979), McCabe (1987), and Lau, Goh and Phua (1999).</p>	<p>Centralization refers to the distribution of formal control and power within an organization</p>
<p>History with organization Adapted from Ping (1995)</p>	<p>History with organization refers to the length of time a company has done business with a partner firm</p>
<p>Levels of inclusiveness New, conceptual idea from House, Rousseau and Thomas-Hunt (1995)</p>	<p>Levels of inclusiveness are defined as the proportion of the activity of a unit dedicated to or involved in those of another unit</p>
<p>Size of organization Adapted from Singh, (1986) Kuk (2004).</p>	<p>Size of organization refers to an organization's overall size, indicated by the number of employees</p>
<p>Availability of alternative partners Adapted from Ladegård (1997), Cannon and Perrault (1999)</p>	<p>Availability of alternative partners taps the degree to which firms have alternative sources of supply</p>
<p>Switching costs Adapted from Ping (1999)</p>	<p>Switching costs refer to the cost of changing to an alternative partner firm</p>
<p>Overall satisfaction with supplier firm performance Adapted from Stump and Heide (1996) and Cannon and Perrault (1999)</p>	<p>Overall satisfaction with supplier firm performance refers to how well a supplier firm carries out a number of exchange activities</p>

8. Measure validation

Construct validity is the most fundamental form of validity (Cook and Campbell, 1979, Reve, 1985). In this research project, mainly multi-item measures were employed, which allowed construct validity to be tested by analyzing convergent and discriminant validity. *Convergent* validity refers to whether there is a correspondence between multiple measures and methods. *Discriminant* validity concerns the extent to which a construct differs from another construct (cf. Chapter 6). In this study, factor analysis was used to assess convergent and discriminant validity of measures. Further, Cronbach's Alpha was utilized to assess the reliability and convergent validity of the construct measures.

8.1 Reliability

Reliability refers to the extent to which a variable or a set of variables is consistent in what it intends to measure. When multiple measures are taken, measures that are consistent in their values are reliable. Contrary to validity, reliability relates to the consistency of the measures, whereas validity is concerned with how well the concept is defined by the measures (Hair, Anderson, Tatham and Black, 1998). Three basic methods can be used to assess the reliability of measurement scales: test-retest, internal consistency and alternative forms (Carmines and Zeller, 1979). In this study, the normal procedure to assess internal consistency by using Cronbach's alpha was employed. Cronbach's alpha is a measure of reliability that ranges from 0 to 1, with values of 0.60 to 0.70 deemed the lower limit of acceptability (Hair et al., 1998).

To validate the measures, reliability analysis was run to estimate the item-to-total correlation. To delete items we relied on low-item-to-total correlation, and related indications of increased Cronbach's Alpha after deletion. The exclusion of items was in addition evaluated based on conceptual evaluations. All measurement scales, except levels of inclusiveness (Cronbach's alpha of 0, 6), exhibited satisfactory internal consistency with Cronbach's alpha of above .76. The measure that described levels of inclusiveness has however the character of being a causal or formative indicator, i.e. the correlations of items was explained by factors outside the model. For this reason there were no recommendations for the magnitude of correlations¹ (Bollen and Lennox, 1991). In the table below, Cronbach's alpha for all measures is presented.

¹ This measure is therefore not included in the factor analysis.

Table 8.1: Reliability analysis

Measures	Cronbach's Alpha	Measures	Cronbach's Alpha
Supplier firm product adaptation (ff)	0.88	Buyer rep cultural adaptation	0.91
Supplier firm product adaptation (wf)	0.84	Supplier rep two-way communication	0.85
Buyer firm product adaptation	0.83	Buyer rep two-way communication	0.85
Supplier firm human asset specificity	0.87	Formalization	0.82
Buyer firm human asset specificity	0.86	Centralization	0.93
Supplier firm logistical adaptation	0.88	Overall satisfaction with supplier firm performance	0.76
Buyer firm logistical adaptation	0.86	Intention to exit	0.84
Supplier rep cultural knowledge	0.89	Extendedness of relationship	0.88
Supplier rep cultural adaptation	0.86	Tolerance of conflict	0.80

ff= farmed fish, wf=wild fish

8.2 Procedures

We employed factor analysis to test for convergent and discriminant validity. To test for discriminant validity, or in other words item-of-different-constructs divergence, several analyses of groups of variables were run. Factor analysis was run for groups of variables. The following procedures and specifications were done: 1) Alpha factoring², 2) varimax (the method of orthogonal rotation³), and 3) replace with mean. Additionally, we ran factor analysis with promax (the method of oblique rotation⁴) to compare factor structures. In Alpha factoring the number of factors that are retained was concluded by the criterion that the associated eigenvalues should be greater than 1 (Kim and Mueller, 1978:27).

First, the factor structure was examined by specification of eigenvalues⁵, thus adopting an exploratory approach, i.e. we did not set any *a priori* constraints with regard to the number of

² This method is based on the principle that factor loadings are determined in such a way that the common factors extracted have maximum correlations with corresponding common factors assumed to exist in the universe (Kaiser and Caffrey, 1965:5)

³ This is a factor rotation in which the factors are extracted so that their axes are maintained at 90 degrees. Each factor is independent of, or orthogonal to, all other factors. The correlation between the factors is determined to be 0 (Hair et al., 1998: 90).

⁴ This is factor rotation computes so that the extracted factors are correlated. Rather than arbitrarily constraining the factor rotation to an orthogonal solution, the oblique rotation identifies the extent to which each of the factors are correlated (Hair et al., 1998: 89).

⁵ Criteria for addressing the number of factors that retain factors with eigenvalues greater than 1 when the correlation (not adjusted) matrix is decomposed. (Kim and Mueller, 1978:43)

factors extracted. Second, common factors were specified according to prior theoretical considerations, thus adopting a more confirmatory approach. We then compared the resulting two pattern matrixes, and evaluated eventual differences (Kim and Mueller, 1978, Hair et al., 1998). Exploratory and confirmatory approaches produced the same factor structure for all groups of variables. Additionally, the orthogonal and oblique method produced the same factor structure. In this chapter we only present the orthogonal (varimax) rotation method in tables, while factor matrixes for the oblique method (promax) are included in Appendix D. In the sections that follow we first examine independent variables, then dependent variables, moderators and control variables.

8.3 Independent variables and factor structure

First, independent variables referring to various relationship-specific investments were tested for discriminant validity. In the study, buyer reports on both supplier and buyer relationship-specific investments were included. However, paired constructs, such as supplier and buyer relationship-specific investments on the same phenomena typically correlated in dyads. This is because reciprocity with respect to behavior is a common phenomenon in business relationships (Macneil, 1980). For instance, when supplier reps make substantial investments in the focal business relationship, expectations with regard to buyer rep investments naturally would increase. Correlation analysis supported the assumption of reciprocity for the paired constructs. Correlation analysis showed significant correlations for cultural adaptation (.608**), two-way communication (.738**), product adaptation (.440**), human asset specificity (.711**), and logistical adaptation (.348**).

Because of expectations of reciprocity related to the empirical phenomenon and actual high correlations between paired constructs we ran separate factor analysis for supplier and buyer constructs respectively. First, however, we account for differences in symmetries (high cross-construct factor loadings) between the paired constructs, and discuss eventual redundancy of constructs.

Paired constructs and degrees of symmetry

Factor analysis revealed that some paired constructs exhibit higher symmetry than others. When running factor analysis, some constructs loaded on the same factor and statistically came out as the same construct, while others came out as distinct constructs, i.e. load on two factors. Two-way communication and human asset specificity loaded on the same factor and thus came out as the same construct (statistically), thus showing high symmetry. The other

paired constructs appeared as distinct constructs, thus showing moderate and low symmetry. One explanation for differences in symmetries may be that the measures two-way communication and human asset specificity have identical items for both the supplier and buyer side of the dyad. With the exception of cultural adaptation, product adaptation and logistical adaptation had dissimilar items for supplier and buyer firm because of their different positions in the value chain and related activities and responsibilities.

Additionally, dyadic partners may expect higher reciprocity with respect to some phenomena compared to others. Discussions with key informants supported this presumption. Reciprocity in e.g. communication is considered crucial, while there is lower expectation of reciprocity with regard to e.g. product adaptation and logistical adaptation.

With regard to the measures two-way communication and human asset specificity factor analysis provides empirical indications with regard to redundancy of construct evaluations. According to Singh (1991) redundancy between two or more constructs has to be evaluated from both conceptual and empirical perspectives. Within the conceptual perspective a theoretically sound justification is required, i.e. to state that the constructs in question are logically distinct conceptualizations or not. From the empirical perspective, empirical observations, such as tests of discriminant validity, can indicate whether the constructs factor analyzed are different constructs (Kim and Mueller, 1978, Singh, 1991). In accord with the above recommendations, we kept human asset specificity (supplier and buyer firm) as two distinct constructs, since conceptual evaluations and results from data analysis (Chapters 9 and 10) indicated these to be distinct constructs. Two-way communication (supplier and buyer side) will be treated as one construct in further analysis (regression analysis in Chapters 9 and 10), since the communication between supplier and buyer rep can be seen conceptually as one construct.

8.3.1 Factor structure and supplier variables

In Table 8.2 below we present all independent variables related to buyer perception of supplier rep investments and supplier firm investments, including product adaptation⁶, human asset specificity, logistical adaptation, cultural knowledge, cultural adaptation and two-way communication. The aforementioned procedures for factor analysis were employed and the

⁶ In the questionnaire two separate measures for product adaptation were included, for wild fish and farmed fish respectively. In the sample I obtained only 18 questionnaires dealing with farmed fish. This fact constituted a problem when running the factor analysis and therefore the measure product adaptations for farmed fish was excluded in the factor analysis. The two measures are combined in further regression analysis.

factor matrix with varimax rotation method is presented in tables. The pattern matrix demonstrates a 6-factor solution, which is in accord with theoretical expectations.

Table 8.2: *Factor structure and factor loadings - independent variables - supplier*

Measures	Factor 1 Product adaptation	Factor 2 Two-way Communication	Factor 3 Human asset specificity	Factor 4 Logistical adaptation	Factor 5 Cultural adaptation	Factor 6 Cultural knowledge
Prow5a1	.671	.084	.251	.102	-.006	.107
Prow5a2	.779	.132	.084	.123	.001	-.087
Prow5a3	.712	-.060	.153	.093	-.074	.181
Prow5a4	.737	-.013	.218	.078	-.026	.125
Prow5a5	.839	-.044	.233	.131	.054	.148
Prow5a6	.793	.097	-.129	.137	.127	-.122
Prow5a7	.727	.267	-.141	.166	.216	-.048
Ass6a1	.256	-.074	.621	.034	.062	.091
Ass6a2	.146	.411	.578	.313	.176	-.094
Ass6a3	.150	.195	.676	.216	.106	-.052
Ass6a4	.014	.226	.786	.292	.212	-.089
Ass6a5	.082	.274	.654	.343	.211	-.162
Log7a1	.160	-.080	.186	.740	.163	.095
Log7a2	.153	.082	.399	.681	.063	.126
Log7a3	.217	.106	.254	.716	.242	.108
Log7a4	.258	.026	.116	.748	.286	.053
Frcu8a1	.083	.197	.017	.112	.132	.920
Frcu8a2	-.005	.304	-.136	.184	.067	.777
Frcu8a3	.107	.045	.008	.012	.106	.716
Cuad8b1	-.054	.224	.157	.054	.825	.124
Cuad8b2	.024	.371	.161	.191	.673	.063
Cuad8b3	.101	.154	.175	.336	.694	.169
Cuad8b4	.107	.269	.120	.305	.725	.068
Com9a1	.103	.598	.083	.182	.210	.141
Com9a2	.086	.793	.126	.053	.170	.086
Com9a3	.081	.780	.254	-.040	.190	.187
Com9a4	.018	.676	.064	-.094	.185	.137

Extraction method: Alpha factoring

Rotation method: Varimax with Kaiser Normalization

In the factor matrix above, items belonging to specific constructs were found to load on the same factor. Items belonging to product adaptation (wild fish) loaded on factor 1, human asset specificity on factor 3, logistical adaptation on factor 4, cultural knowledge on factor 6, cultural adaptation on factor 5, and two-way communication on factor 2, and all items-of-same-construct exhibited high factor loadings. The 6-factor solution is satisfactory, and discriminant validity of the 6 constructs is supported in the factor analysis. Additionally, the factor analysis supports our conceptually-based specifications of relationship-specific

investments at inter-organizational and interpersonal levels, since these measures appear as distinct constructs.

8.3.2 Factor structure - buyer variables

In Table 8.3 below we present all independent variables related to buyer perception of buyer rep investments and buyer firm investments, including product adaptation, human asset specificity, logistical adaptation, cultural adaptation and two-way communication. The aforementioned procedures for factor analysis were employed and the factor matrix with varimax rotation method is presented in tables. The pattern matrix demonstrates a 5-factor solution, which is in accord with theoretical expectations. In the factor matrix below items belonging to the same construct were found to load on the same factor. Items belonging to product adaptation loaded on factor 2, human asset specificity on factor 5, logistical adaptation on factor 3, cultural adaptation on factor 1, and two-way communication on factor 4, and all items-of-same-construct exhibited high factor loadings. The 5-factor solution is satisfactory, and discriminant validity of the 5 constructs is supported in the factor analysis. Furthermore, measures at inter-organizational and interpersonal levels came out as distinct constructs.

Table 8.3: Factor structure and factor loadings - independent variables buyer

Measures	Factor 1 Cultural adaptation	Factor 2 Product adaptation	Factor 3 Logistical adaptation	Factor 4 Two-way Communication	Factor 5 Human asset specificity
Pro5b1	-.109	.639	.142	.035	.276
Pro5b2	.059	.769	.097	.057	.016
Pro5b3	-.040	.848	.114	.025	.143
Pro5b4	.150	.583	.223	.012	.184
Pro5b5	.130	.576	.127	-.039	.012
Pro5b6	.388	.528	.143	.085	.143
Ass6b2	.309	.254	.181	.251	.579
Ass6b3	.279	.199	.081	.082	.791
Ass6b4	.405	.136	.168	.114	.755
Ass6b5	.505	.241	.130	.156	.562
Log7b1	.051	.272	.469	.070	.308
Log7b2	.082	.282	.836	.095	.025
Log7b3	.251	.281	.818	.051	-.003
Log7b4	.027	.071	.864	.092	.216
Adap8c1	.755	.063	.009	.214	.346
Adap8c2	.785	.072	.003	.264	.208
Adap8c3	.773	.087	.161	.331	.245
Adap8c4	.660	.045	.252	.222	.179
Com9b1	.309	.188	-.062	.684	-.040
Com9b2	.158	.016	.148	.669	.122
Com9b3	.116	-.056	.045	.909	.136
Com9b4	.256	-.020	.120	.694	.135

Extraction method: Alpha factoring

Rotation method: Varimax with Kaiser Normalization

8.3.3 Factor structure - dependent variables, moderators and control variable

Last we assess discriminant validity with regard to the dependent variables: tolerance of conflict, exit intention, extendedness of relationship, and the moderator variables: formalization and centralization, and last the control variable: overall satisfaction with supplier firm performance. In the pattern matrix in Table 8.4 below, the expected 6-factor structure assumed by theory was supported. Items belonging to extendedness of relationship loaded on factor 1, centralization on factor 2, exit intention loaded on factor 3, formalization on factor 4, tolerance of conflict on factor 5, overall satisfaction with supplier firm performance on factor 6, and all items have high own-construct loadings. The factor analysis indicates satisfactory discriminant validity for the constructs.

Table 8.4: Factor structure and factor loadings - dependent, control and moderator variables

Measures	Factor 1 Extended - ness of relationship	Factor 2 Centrali zation	Factor 3 Exit intention	Factor 4 Formalizat ion	Factor 5 Tolerance of conflict	Factor 6 Overall satisfaction of supplier firm performance
Form13a1	-.005	.134	.114	.646	.091	-.097
Form13a2	-.087	.064	-.022	.854	.050	.096
Form13a3	-.007	.012	.023	.704	-.037	.070
Form13a4	.155	.157	-.102	.740	-.000	.055
Cent13b1	-.036	.913	-.024	.110	-.009	.125
Cent13b2	-.002	.798	.051	.175	-.067	.010
Cent13b3	.055	.935	.057	.064	.006	-.000
Cent13b4	.041	.864	.102	.039	-.072	.004
Exit18.1	-.369	.056	.636	.129	.165	-.067
Exit18.2	-.235	.071	.728	.136	.135	.026
Exit18.3	-.288	.037	.615	-.050	.297	-.180
Exit18.4	-.169	.072	.814	-.160	.161	-.097
Perf12.1	.502	.001	-.133	.065	-.005	.445
Perf12.2	.267	.121	-.052	-.197	-.082	.424
Perf12.3	.153	-.049	-.008	.174	-.033	.688
Perf12.4	.424	.143	-.166	.054	.054	.743
Exte19.1	.857	.036	-.316	.055	-.042	.167
Exte19.2	.592	.039	-.128	-.108	-.089	.189
Exte19.3	.914	-.002	-.347	.064	-.038	.154
Exte19.4	.780	-.002	-.134	.061	-.083	.176
Tolc20.1	-.179	-.084	.244	.016	.668	-.015
Tolc20.5	.004	-.167	.181	.080	.565	-.030
Tolc20.6	-.091	-.003	.090	.012	.620	.014
Tolc20.7	.047	.098	.018	-.009	.829	-.041

Extraction method: Alpha factoring

Rotation method: Varimax with Kaiser Normalization

Summary

Analysis of construct validity showed satisfying results. Reliability analysis revealed satisfactory internal consistency for all measures with Cronbach's Alpha well above the acceptable lower limit of 0,70. Factor analysis demonstrated discriminant validity for all measures, with the exception of two-way communication and human asset specificity (cf. 8.3). In this chapter convergent and discriminant validity has been assessed, and the results indicate high reliability and convergent validity for the included measures.

9 Data analysis - Direct effects

In this chapter we present the hypotheses and test the direct effects of interpersonal and interorganizational variables on the dependent variables. Multiple regression analysis is run to test the hypotheses. In order to test the hypotheses we estimate separate models for respectively interpersonal variables and interorganizational variables. Furthermore, the effect of the independent variables is tested in separate models for each of the dependent variables *tolerance of conflict*, *exit intention* and *extendedness of relationship*. Moreover, the findings resulting from multiple regressions are presented and commented. Below, we formulate hypotheses postulating direct effects.

9.1 Hypotheses postulating direct effects

Interpersonal variables

- H1:** Supplier rep cultural knowledge is 1) positively related to buyer firm tolerance of conflict (H1a), 2) negatively related to buyer firm exit intention (H1b), and 3) positively related to buyer firm extendedness of relationship (H1c).
- H2:** Supplier rep cultural adaptation is 1) positively related to buyer firm tolerance of conflict (H2a), 2) negatively related to buyer firm exit intention (H2b), and 3) positively related to buyer firm extendedness of relationship (H2c).
- H3:** Buyer rep cultural adaptation is 1) positively related to buyer firm tolerance of conflict (H3a), 2) negatively related to buyer firm exit intention (H3b), and 3) positively related to buyer firm extendedness of relationship (H3c).
- H4:** Two-way communication¹ is 1) positively related to buyer firm tolerance of conflict (H4a), 2) negatively related to buyer firm exit intention (H4b), and 3) positively related to buyer firm extendedness of relationship (H4c).

Interorganizational variables

- H5:** Supplier firm product adaptation is 1) positively related to buyer firm tolerance of conflict (H5a), 2) negatively related to buyer firm exit intention (H5b), and 3) positively related to buyer firm extendedness of relationship (H5c).

¹ This measure is a combination of supplier rep and buyer rep two-way communication (cf Chapter 8) and we refer to this measure as two-way communication.

- H6:** Buyer firm product adaptation is 1) positively related to buyer firm tolerance of conflict (H6a), 2) negatively related to buyer firm exit intention (H6b), and 3) positively related to buyer firm extendedness of relationship (H6c).
- H7:** Supplier firm human asset specificity is 1) positively related to buyer firm tolerance of conflict (H7a), 2) negatively related to buyer firm exit intention (H7b), and 3) positively related to buyer firm extendedness of relationship (H7c).
- H8:** Buyer firm human asset specificity is 1) positively related to buyer firm tolerance of conflict (H8a), 2) negatively related to buyer firm exit intention (H8b), and 3) positively related to buyer firm extendedness of relationship (H8c).
- H9:** Supplier firm logistical adaptation is 1) positively related to buyer firm tolerance of conflict (H9a), 2) negatively related to buyer firm exit intention (H9b), and 3) positively related to buyer firm extendedness of relationship (H9c).
- H10:** Buyer firm logistical adaptation is 1) positively related to buyer firm tolerance of conflict (H10a), 2) negatively related to buyer firm exit intention (H10b), and 3) positively related to buyer firm extendedness of relationship (H10c).

9.2 Interpersonal variables and direct effects

In order to test the hypotheses we estimated three models, one for each of the dependent variables, Model 1 (M1) for *tolerance of conflict*, Model 2 (M2) for *exit intention* and Model 3 (M3) for *extendedness of relationship*. Further, we conducted multiple regression analysis to test the postulated relationships. In Table 9.1 below, the estimated coefficients and levels of significance are presented. Collinearity diagnostics is given for each model (cf Chapter 10).

Table 9.1: Interpersonal variables and direct effects

	Dependent variables		
	Model 1 Tolerance of conflict ² Beta (Sig. T)	Model 2 Exit intention ³ Beta (Sig. T)	Model 3 Extendedness of relationship ⁴ Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.165(.074)*	.178(.065)*	.034(.380)
Supplier rep cultural adaptation	.069(.309)	-.165(.126)d	.376(.004)***
Buyer rep cultural adaptation	-.035(.399)	.256(.036)**	-.200(.073)*
Two way communication	.374(.001)***	-.210(.049)**	.122(.158)d
R-squared	.141	.063	.138
R-squared (adj.)	.100	.019	.097
F	3.485	1.447	3.399
Sig (F)	.005***	.113d	.006***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: p>0.10 and p<0.16

The overall goodness of fit for model M1 and M3 is satisfactory, while model M2 is satisfactory within the directional support criteria. The explained variance is however lower than we would expect with regard to M2. In accordance with postulated hypotheses, all interpersonal variables are assumed to be positive with regard to *tolerance of conflict*, negative with regard to *exit intention* and positive with regard to *extendedness of relationship*. In the following sections the effects of interpersonal variables upon the dependent variables are presented and commented.

9.2.1 Direct effects of cultural knowledge

The findings showed that supplier rep cultural knowledge had a negative and significant effect upon tolerance of conflict. This result is contrary to our expectations, and H1a received no empirical support. Further, statistics demonstrate that this variable exerted a positive and significant effect upon exit intention, which was equally contrary to our expectations since a negative effect was postulated. Supplier rep cultural knowledge therefore demonstrated no

² VIF values from 1.258 to 1.879, Tolerance values from .532 to .795

³ VIF values from 1.240 to 1.880, Tolerance values from .532 to .806

⁴ VIF values from 1.223 to 1.890, Tolerance values from .529 to .817

positive impact upon exit intention, and H1b was not empirically supported. In consequence, statistics in M1 and M2 indicate that supplier reps having low cultural knowledge are more likely to be met by high tolerance of conflict and lower exit intention than supplier reps possessing high cultural knowledge. With regard to M3 and extendedness of relationship, supplier rep cultural knowledge showed a positive, but weak effect. Consequently, H1c had no empirical support. This finding indicates that the effect of supplier rep cultural knowledge was minor compared to the other independent variables with regard to extendedness of relationship.

9.2.2 Direct effects of supplier rep cultural adaptation

Supplier rep cultural adaptation had a positive, but weak effect on tolerance of conflict (M1). Hypothesis H2a was therefore not empirically supported. The weak effect of this variable in M1 may be due to multicollinearity problems and is explained in section 9.4. Further, supplier rep cultural adaptation had a considerably high, negative effect with regard to exit intention (M2). This indicates that high levels of supplier rep cultural adaptation lowered buyer firm exit intention. The effect is in harmony with theory and H2b received directional support.⁵ In line with our expectations, supplier rep cultural adaptation demonstrated a positive and significant effect on extendedness of relationship (M3), and H2c had empirical support. The findings in M2 and M3 therefore underpin our theory, which postulates that supplier rep cultural adaptation has a positive impact on the continuity of the dyad.

9.2.3 Direct effects of buyer rep cultural adaptation

Buyer rep cultural adaptation displayed a negative and weak effect on tolerance of conflict (M1). In addition to being weak, the effect of buyer rep cultural adaptation was contrary to our directional expectations. H3a was therefore not empirically supported. The weak effect of this variable in M1 may be due to multicollinearity problems and is explained in section 9.4.

Further, buyer rep cultural adaptation showed a positive and significant effect with regard to exit intention (M2). This result is contrary to our expectations and H3b was not empirically supported. In opposition to our predictions, buyer rep cultural adaptation had a negative and significant effect on extendedness of relationship (M3). H3c therefore had no empirical support. Statistics in M2 and M3 indicate that high levels of buyer rep cultural adaptation had no positive impact on exit intention and extendedness of relationship. Rather

⁵ Variables with effects within the range of $p > 0, 10$ and $p < 0, 16$ are specified to have directional support in the analysis.

high efforts to adapt culturally, contributed to heighten buyers' exit intentions and to lower relationship continuity. In M1 the effect of this variable is equally in the opposite direction although the effect was weak. One explanation for the above results could be that buyer reps that make substantial effort typically deal with problematical relationships. Hence, relatively high transaction costs may be associated with maintenance in these business relationships. In consequence, if buyer reps associate high levels of cultural adaptation with frustration and unbalanced efforts, it is logical that this variable would neither contribute to heighten tolerance of conflict nor lower exit intention. Some scholars have addressed this possibility (e.g. Gassenheimer, Houston, and Davis, 1998, Vaaland, Haugland and Purchase, 2004).

However, this explanation does not harmonize with the above results showing that supplier reps cultural adaptation efforts had a positive impact on relationship outcome. We postulated *a priori* that efforts by both supplier reps and buyer reps would affect relationship outcome positively. Correlation analysis equally showed that the two measures correlated (0,608**), which is logical because of the typical norm of reciprocity in business relationships. We are not aware of research that suggests divergence between supplier reps efforts and buyer reps efforts. In Chapter 11.4 we discuss this issue in greater detail based on qualitative data from the personal interviews.

9.2.4 Direct effects of two-way communication

In harmony with our postulated theory, results showed that two-way communication had a positive and significant effect upon tolerance of conflict (M1), and H4a had empirical support. The measure tolerance of conflict included a number of critical events economic actors typically confront in on-going supplier relationships, leading the informants to think in terms of conflict solving with the current supplier firm. With respect to these critical events, two-way communication is considered crucial, which was supported by the above statistics.

Further, two-way communication had a negative and significant effect upon exit intention, and H4b was empirically supported. This finding indicates that high levels of two-way communication lowered buyer firm exit intentions. With regard to extendedness of relationship, two-way communication showed a positive effect. The effect is in harmony with the expected direction, and H4c had directional support. This finding indicates that dyadic communication has a lower impact on extendedness of relationship vis-à-vis exit intention and tolerance of conflict.

9.2.5 Summary

Supplier rep cultural knowledge demonstrated no positive impact on the dependent variables, rather the opposite. High levels of cultural knowledge were negatively related to tolerance of conflict and positively related to exit intention (significant effects in the opposite direction) (M1 and M2). With regard to extendedness of relationship (M3), supplier rep cultural knowledge displayed a weak effect. In Chapter 11.3 we develop an alternative model to address effects of cultural knowledge.

Supplier reps' ability and willingness to adapt culturally had a positive impact on both exit intention (M2) and extendedness of relationship (M3), while the variable displayed a positive, but weak effect toward tolerance of conflict (M1). These findings harmonize with prior theorizing that proposed cultural adaptation efforts to increase the mutual understanding between boundary spanners, thereby improving the functioning of the dyad. In consequence, cultural adaptation lowered buyer exit intentions and increased relationship continuance.

Contrary to the postulated theory, buyer rep cultural adaptation showed no positive impact on exit intention (M2) and extendedness of relationship (M3), while the effect with regard to tolerance of conflict (M1) was negative and weak. The statistics indicate that high levels of buyer rep cultural adaptations efforts enhanced exit intentions and reduced extendedness of relationship. To explain this result we propose this effort to be associated with high transaction cost and possibly problematic relationships, which could increase exit intention. However, further investigation is needed to explain the disparity in effect between supplier and buyer reps efforts on the dependent variables. Additionally, the above speculation regarding buyer rep efforts is equally contrary to central ideas in Transaction Cost theory that predict buyers' (or buyer reps') own investments or efforts to create exit barriers. In Chapter 11 we discuss these issues further.

Results from all models (M1, M2 and M3) show that two-way communication had a strong and positive impact on the dependent variables. These findings indicate that supplier rep and buyer rep ability and willingness for a two-way communication is crucial in cross-cultural dyads. Further, the results showed that the effect of two-way communication was strongly related to tolerance of conflict and exit intention. Statistics therefore underpinned prior theoretical outlines apropos the conceptual closeness of tolerance of conflict and exit intentions, i.e. responses to critical events and the ability and willingness to resolve conflicts were highly associated to perceptions with regard to relationship dissolution.

9.3 Control variables

In the models below we controlled for switching cost, availability of alternative supplier firms and overall satisfaction with supplier firm performance. In Table 9.2, statistics show that the overall goodness for all models increased.⁶ The explained variance (R-squared and R-squared adjusted) increased for M1C (M1 and control variables), M2C and M3C. Further, the significance level of M2C increased. Thus, the inclusion of the control variables increased the explained variance of all models notably. Below, we inspect and comment changes in Beta-coefficients for each model respectively.

Table 9.2: Direct effects of Interpersonal and control variables

	Dependent variables		
	Model 1C Tolerance of conflict ⁷ Beta (Sig. T)	Model 2C Exit intention ⁸ Beta (Sig. T)	Model 3C Extendedness of relationship ⁹ Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.287(.008)***	.215(.042)**	-.066(.272)
Supplier rep cultural adaptation	.238(.061)*	-.094(.279)	.153(.142)d
Buyer rep cultural adaptation	-.038(.393)	.157(.142)	-.010(.469)
Two way communication	.372(.003)***	-.191(.078)*	.007(.478)
Switching cost	-.027(.408)	.071(.279)	.052(.313)
Availability of alternative supplier firms	.081(.237)	-.074(.265)	.073(.244)
Overall satisfaction with supplier firm performance	-.103(.203)	-.223(.045)**	.513(.000)***
R-squared	.210	.120	.320
R-squared (adj.)	.135	.038	.256
F	2.811	1.468	4.979
Sig (F)	.006***	.096*	.000***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

⁶ The exception is M1C which had a minor reduction in significance level.

⁷ VIF values from 1.190 to 2.164, Tolerance values from .462 to .840

⁸ VIF values from 1.183 to 2.165, Tolerance values from .462 to .846

⁹ VIF values from 1.182 to 2.188, Tolerance values from .457 to .846

Changes in MIC - Tolerance of conflict

The negative effect of supplier rep cultural knowledge increased in significance level, yet, the effect is still opposite to the theory. Further, the positive effect of supplier rep cultural adaptation increased and became significant and H2a had empirical support. With regard to direct effects of control variables on the dependent variable and directional expectations, we expected switching cost to be positively related, availability of alternative supplier firms to be negatively related and overall satisfaction with supplier firm to be positively related.

Direct effects of switching cost were low and negative, thus the direction was opposite of what we would expect. Further, availability of alternative supplier firms had a low and positive effect, which was as well the opposite of our directional expectations. Thus, negative levels in switching costs and a large number of available supplier firms produced higher tolerance of conflict among buyer firms, which was opposite to our theoretical expectations. Last, overall satisfaction with supplier firm performance reduced buyer firms' tolerance of conflict, which was equally opposite to what we would expect.

Changes in M2C- Exit intention

The positive effect of supplier rep cultural knowledge increased in significance level, nevertheless, the effect remained opposite to theory. The negative effect of supplier rep cultural adaptation was reduced and the effect no longer had directional support. The positive, opposite effect of buyer rep cultural adaptation decreased and was within the directional support criteria, yet showed an opposite directional effect. The negative effect of two-way communication decreased in significance level but remained significant.

With regard to direct effects of control variables on the dependent variable and directional expectations, we expected switching cost to be negatively related, availability of alternative supplier firms to be positively related and overall satisfaction with supplier firm to be negatively related. Both dependence variables showed low and opposite effects with regard to exit intention, while overall satisfaction with supplier firm performance showed a negative and significant effect, which was in harmony with expectations.

Changes in M3C- Extendedness of relationship

The effect of supplier rep cultural knowledge turned to a low and negative effect, contrary to directional expectations. Further, the effect of supplier rep cultural adaptation decreased for directional support. The negative and significant effect of buyer rep cultural adaptation decreased to approach a zero-effect. Likewise, the effect of two-way communication changed

from a positive effect that had directional support to a zero-effect. H4c therefore had no empirical support in M3C.

With regard to direct effects of control variables on the dependent variable and directional expectations, we expected switching cost to be positively related, availability of alternative supplier firms to be negatively related and overall satisfaction with supplier firm to be positively related. The statistics showed that switching cost had a weak and positive effect, which was in harmony with expectations, while availability of alternative supplier firms had a weak and positive effect, which was contrary to our expectations. Last, overall satisfaction with supplier firm had a positive and significant effect on extendedness of relationship. This finding indicates that this control variable had the greatest impact on extendedness of relationship compared to the other independent variables.

Summary

Compared to the findings in M1, M2 and M3 we observe some changes in effect levels. H2a has empirical support in M1C, compared to no empirical support in M1. H2b has no empirical support in M2C compared to empirical support in M2. H2c has directional support in M3C compared to empirical support in M3. Last, H4c has no empirical support in M3C while H4c has directional support in M3. Overall, the inclusion of control variables contributed to reductions in significance levels of the interpersonal variables.

With regard to the effects of control variables, switching cost and availability of alternative supplier firms reflecting dependence in the business relationships, weak effects on the dependent variables were revealed. The statistics therefore indicate that buyer firms' perceived dependence toward the supplier firm had low impact on relationship outcome. In Chapter 11.2 we offer alternative explanations for the observed weak effects of the dependence variables. Overall satisfaction with supplier firm performance demonstrated a positive impact (significant effects) on exit intention and extendedness of relationship. These results indicate that supplier firms' general performance based on more general investments¹⁰ was of great importance in these business relationships. General versus relationship specific investments are discussed further in Chapter 11.2.

In Table 9.3 we present an overview of the findings of direct effects of interpersonal variables and control variables on the dependent variables.

¹⁰We can infer this because the overall satisfaction with supplier firm performance measure included general performance dimensions such as product quality and logistics, and not the extent to which these dimensions were tailored to the specific customer.

Table 9.3: *Overview of findings - direct effects of interpersonal variables and control variables*

	Dependent variables		
	Model 1C Tolerance of conflict	Model 2C Exit intention	Model 3C Extendedness of relationship
Independent variables			
Interpersonal variables			
Supplier rep cultural knowledge	H1a No empirical support Sig.	H1b No empirical support Sig.	H1c No empirical support
Supplier rep cultural adaptation	H2a Empirical support	H2b No empirical support	H2c Directional support
Buyer rep cultural adaptation	H3a No empirical support	H3b No empirical support	H3c No empirical support
Two way communication	H4a Empirical support	H4b Empirical support	H4c No empirical support

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)

Directional support: $p > 0.10$ and $p < 0.16$ (one-tailed)

Sig. = Significant moderating effects contrary to expectations with regard to direction

9.4 Multicollinearity problems

Multicollinearity is likely to represent a problem in the models presented, although collinearity diagnostics displayed acceptable tolerance measures. Direct effects of independent variables on the dependent variables may be concealed because of multicollinearity. In this research, the interpersonal variables were correlated to various degrees. Correlation statistics showed that supplier rep cultural knowledge¹¹ had a positive and significant correlation with regard to supplier rep cultural adaptation (.274**¹²), and two-way communication (.275**). Supplier rep cultural adaptation was highly correlated with buyer rep cultural adaptation (.608**), and moderately with two-way communication (.408**). Buyer rep cultural adaptation was significantly correlated to two-way communication (.462**).

¹¹ It is not logically sound that supplier rep knowledge correlates with buyer rep cultural adaptation, which is supported by statistics (-.047).

¹² One-tailed. Likewise for all correlation statistics presented in the analysis chapters.

Besides, in this research we use the paired constructs supplier and buyer rep cultural adaptation, which in accord with theory (e.g. Macneil, 1980) is presumed to correlate because of the norm of reciprocity. Prior examination of these constructs (cf.. Chapter 8), however, recommended us to treat them as distinct constructs. Parallel to the inspection of results, we equally checked for multicollinearity problems. In the section below we check for and reveal concealed effects in the multiple regressions.

Supplier rep cultural knowledge

With regard to M1 and tolerance of conflict, bivariate regression analysis revealed a positive, but weak effect of supplier rep cultural knowledge on tolerance of conflict ($t = .137$, $p > 0.10$). With regard to M2 and exit intention, bivariate regression analysis showed equally a positive, but weak effect of supplier rep cultural knowledge upon exit intention ($t = .362$, $p > 0.10$). Bivariate regression analysis therefore did not reveal notably concealed effects that could support our theory. In M3, bivariate regression analysis showed that cultural knowledge had a positive and significant effect upon extendedness of relationship ($t = 2.105$, $p < 0.05$). Thus, multiple regression analysis did to some extent conceal the direct effect of supplier rep cultural knowledge, but only with regard to extendedness of relationship.

Supplier rep, buyer rep cultural adaptation and two-way communication

With regard to tolerance of conflict (M1), multiple regression analysis revealed weak effects of supplier rep and buyer rep cultural adaptation. First, we ran two separate multiple regressions with supplier rep cultural adaptation and buyer rep cultural adaptation respectively. Nevertheless, the effect of these variables did not increase with regard to tolerance of conflict. When running bivariate regression analysis however, both supplier rep cultural adaptation and buyer rep cultural adaptation revealed positive and significant effects upon tolerance of conflict ($t = 1.580$, $p < 0.10$, $t = 1.626$, $p < 0.10$). Hence, in M1, the effect of supplier and buyer rep cultural adaptation on tolerance of conflict was to a large degree concealed because of multicollinearity.

Bivariate regression analysis run for all interpersonal variables showed weak, non-significant results with regard to exit intention (M2), demonstrating that all variables in the multiple regression added explanatory power in the model.

With regard to extendedness of relationship (M3), bivariate regression analysis showed a weak and positive effect of buyer rep cultural adaptation ($t = .560$, $p > 0.10$), which was in accord with our directional expectations. Further, bivariate regression showed that

two-way communication had a positive and significant effect on extendedness of relationship ($t= 2.173$. $p<0.05$), while in the multiple regression the effect of two-way communication only lay within the directional support criteria.

To conclude, some effects were concealed in the multiple regressions. However, multicollinearity is not equally problematic for all interpersonal variables and all models. On the other hand, problems of multicollinearity may be difficult to avoid completely in business relationship research. Constructs we deal with will naturally to some degree be conceptually related since they all are associated with the empirical phenomenon we investigate. It is however likely that multicollinearity problems arise when paired constructs are used in multiple regression models, since these are highly correlated *a priori*. Conceptual cause-effect associations between the independent variables are equally likely to produce multicollinearity. In Chapter 11.3 we develop an alternative model to explore cause-effect relationships between the interpersonal variables.

9.5 Interorganizational variables and direct effects

In this chapter we test direct effects of the interorganizational variables on the dependent variables. In order to test the hypotheses we estimated three models, one for each of the dependent variables, Model 4 for *tolerance of conflict*, Model 5 for *exit intention* and Model 6 for *extendedness of relationship*. Multiple regression analysis was conducted to test the postulated relationships. In Table 9.4, the estimated coefficients and levels of significance are presented.

Table 9.4: Interorganizational variables and direct effects on dependent variables

	Dependent variables		
	Model 4 Tolerance of conflict ¹³ Beta (Sig. T)	Model 5 Exit intention ¹⁴ Beta (Sig. T)	Model 6 Extendedness of relationship ¹⁵ Beta (sig. T)
Independent variables			
Supplier firm product adaptation	-.012(.464)	.101(.224)	-.005(.486)
Buyer firm product adaptation	-.102(.229)	.020(.442)	-.191(.074)*
Supplier firm human asset specificity	.229(.104)d	-.091(.306)	-.105(.271)
Buyer firm human asset specificity	-.053(.372)	.180(.135)	-.070(.327)
Supplier firm logistical adaptation	-.046(.371)	-.046(.369)	.326(.008)***
Buyer firm logistical adaptation	-.026(.423)	-.030(.410)	-.108(.197)
R-squared	.027	.029	.115
R-squared (adj.)	-.042	-.040	.051
F	.392	.418	1.805
Sig (F)	.441	.433	.054*

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: p > 0.10 and p < 0.16 (one-tailed)

The overall goodness of fit for models M4 and M5 was not satisfactory, while model M6 was satisfactory. Further, the explained variance was very low (R-squared) for M4 and M5. Additionally, R-squared adjusted was negative in M4 and M5. The explained variance (R-squared) was higher for M6, while R-squared adjusted was positive for this model. These findings indicate that interorganizational variables exerted a lower impact on the dependent variables than interpersonal variables, and this was particularly true with regard to tolerance of conflict (M4) and exit intention (M5). In the following sections the results in each of the models are presented and explained. In accordance with postulated hypotheses, all interorganizational variables were assumed to be positive with regard to *tolerance of conflict*, negative with regard to *exit intention* and positive with regard to *extendedness of relationship*.

¹³ VIF values from 1.469 to 2.790, Tolerance values from .358 to .681

¹⁴ VIF values from 1.469 to 2.790, Tolerance values from .358 to .681

¹⁵ VIF values from 1.482 to 2.782, Tolerance values from .360 to .675

9.5.1 Direct effects of supplier and buyer firm product adaptation

Supplier firm product adaptation showed a weak effect that approached a zero effect upon tolerance of conflict (M4) and extendedness of relationship (M6). Further, this variable exerted a moderate, positive effect on exit intention (M5), which was opposite to directional expectations. Consequently, H5a, H5b and H5c had no empirical support.

Buyer firm product adaptation had a moderate and negative effect on tolerance of conflict (M4), a weak effect on exit intention (M5) and a negative, significant effect on extendedness of relationship (M6). The effect of this variable in both M4 and M6 was in the opposite direction and thus contrary to our theory *a priori*. The presented effects of buyer firm product adaptation therefore imply that H6a, H6b and H6c had no empirical support.

9.5.2 Direct effects of supplier and buyer firm human asset specificity

Supplier firm human asset specificity demonstrated a positive effect on tolerance of conflict (M4), which was within the directional support criteria. Hence, H7a had directional support. The same variable had a moderate, negative effect on exit intention (M5), showing the same tendency as in M4, but the effect was not within the directional support criteria. With regard to extendedness of relationship, the effect of supplier firm human asset specificity was moderate, but positive, thus showing opposite effects. In consequence, H7b and H7c had no empirical support.

Buyer firm human asset specificity had a negative and low effect on tolerance of conflict (M4), a positive and moderate effect on exit intention (M5) and a negative, low effect on extendedness of relationship (M6). Thus, the effect of this variable was in the opposed direction with regard to all dependent variables. Hence, H8a, H8b, and H8c were not empirically supported.

9.5.3 Direct effects of supplier and buyer firm logistical adaptation

Supplier firm logistical adaptation showed a negative, weak effect on tolerance of conflict (M4) and exit intention (M5), while the effect was positive and significant with regard to extendedness of relationship (M6). Thus, H9a and H9b had no empirical support, while H9c had empirical support.

The effect of buyer firm logistical adaptation was negative and weak toward tolerance of conflict (M4) and exit intention. Further, the effect of this variable was negative and moderate toward extendedness of relationship, and hence opposite to our expectations. H10a, H10b and H10c therefore had no empirical support.

9.5.4 Summary

The above presentation of results revealed few significant effects on the dependent variables. We equally checked for multicollinearity in the models, since the independent variables correlated to some degree. Nonetheless, bivariate regressions did not reveal any noteworthy concealed effects. All interorganizational variables therefore seemed to add explanation in the models.

Only supplier firm human asset specificity showed substantial positive impact upon tolerance of conflict. The reason for this may be that the human dimension is inherent in this variable. With respect to the resolution of conflicts the human dimension is presumed to be important. Supplier firm human asset specificity had equally a positive, but lower impact upon exit intention (M5). The similar tendency of this variable in M4 and M5 may indicate that the human dimension is important with regard to both tolerance of conflict and exit intention.

Comparing M1 and M4, the results indicate that tolerance of conflict was to a greater extent affected by interpersonal variables, specifically boundary spanners' communication efforts. This is logical since the handling of critical events requires high levels of communication. Further, the measure supplier firm human asset specificity had some similarities with communication since the measure encompassed one item with respect to 'establishing satisfying communication procedures'. Further, the other items include: learning about the buyer firm, becoming familiar with the partner, and developing procedures and routines dedicated to the relationship. These efforts can be considered important when trying to resolve disagreements and conflicts in the current relationship. It is therefore logically sound that supplier firm human asset specificity exerted positive impact on tolerance of conflict. Correlation analysis equally showed positive associations between supplier firm human asset specificity and two-way communication (.385**). Further, both variables were positive with regard to tolerance of conflict, but only two-way communication displayed a significant relationship (.352**), while supplier firm human asset specificity showed a non-significant relationship (.099).

None of the interorganizational variables displayed substantial effects to reduce buyer firm exit intention (M5). Only supplier firm human asset specificity showed a tendency in this respect. Thus, high levels of specific investments compared to low levels of specific investments did not seem to affect this dependent variable. In Chapter 11.2 we offer alternative explanations of the low variation with respect to buyer firm exit intention.

Only supplier firm logistical adaptation showed a positive and significant effect with regard to extendedness of relationship. This result implies that supplier firm logistical adaptation is crucial related to relationship continuity. Informants' accounts supported this result and explained that supplier logistical adaptation is critical in particular for the delivery of fresh fish. Dealing with fresh fish increased the need for adaptations because fresh fish is perishable and needs to be handled rapidly, either to be processed or to be sold quickly to customers. Inferior logistical organization led to customer dissatisfaction and decreased profits.

Buyer firm logistical adaptation, on the other hand, showed an important negative effect with regard to extendedness of relationship, which is opposed to our theoretical postulations. This result indicates that supplier firms' efforts related to logistics were more important than buyer firms' efforts. The reason for this can be due to supplier and buyer firms' different positions in the value chain and thereby different activities and responsibilities. In the seafood industry the supplier firm is typically in charge of the logistics, although the buyer firm, or more correctly the buyer rep, is heavily involved in the planning and coordination of the logistics. The levels of logistical adaptation are therefore likely to be higher for supplier firms than for buyer firms, which were equally supported by mean statistics. Statistics showed that the mean and standard deviation was: 14, 79 (7, 80) for supplier firms, while the mean for buyer firms was: 10, 29 (7, 19). On the other hand, the negative effect of buyer firm logistical adaptation can be due to (likewise as for buyer rep cultural adaptation, cf. 9.2.3) problematic relationship and high adaptation cost but uncertain outcomes (Gassenheimer, Houston and Davis, 1998).

To conclude, the above findings presented imply that interorganizational variables exerted low positive impact on the dependent variables. The overall goodness of fit for models 4 and 5 (tolerance of conflict and exit intention) was not satisfactory, while the fit was satisfactory for model 6 (extendedness of relationship). Few significant effects were found. Supplier firm human asset specificity had directional support with regard to tolerance of conflict (M4), and supplier firm logistical adaptation had a significant effect with respect to extendedness of relationship (M6). Below, we include control variables in the models.

9.6 Control variables

In Table 9.5, statistics showed that the explained variance (R-squared) increased for M4C, M5C and M6C. However, despite the rise in explained variance, M4C and M5C remained non-significant, while the significance level of M6C increased. Thus, the overall goodness of fit for M6C was satisfactory, while the overall goodness of fit for M4C and M5C remained

unsatisfactory. Below, we present and interpret changes in Beta-coefficients for interorganizational variables and control variables.

Table 9.5: Direct effects of Interorganizational and control variables

	Dependent variables		
	Model 4C Tolerance of conflict ¹⁶ Beta (Sig. T)	Model 5C Exit intention ¹⁷ Beta (Sig. T)	Model 6C Extendedness of relationship ¹⁸ Beta (sig. T)
Independent variables			
Supplier firm product adaptation	-.175(.112)	.135(.172)	-.099(.208)
Buyer firm product adaptation	-.064(.329)	.014(.462)	-.171(.083)*
Supplier firm human asset specificity	.280(.069)*	-.071(.353)	-.142(.188)
Buyer firm human asset specificity	-.011(.474)	.113(.252)	.034(.407)
Supplier firm logistical adaptation	-.068(.339)	-.061(.354)	.223(.058)*
Buyer firm logistical adaptation	-.007(.481)	-.033(.405)	-.034(.386)
Switching cost	.145(.131)	.054(.338)	.056(.304)
Availability of alternative suppliers	.044(.364)	-.031(.402)	.015(.446)
Overall satisfaction with supplier performance	.051(.348)	-.148(.129)	.474(.000)***
R-squared	.064	.062	.326
R-squared (adj.)	-.050	-.052	.243
F	.561	.544	3.932
Sig (F)	.412	.419	.000***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: 0, 10 to 0, 16

Interorganizational variables and changes in effects in M4C, M5C and M6C

Supplier and buyer firm product adaptation increased substantially toward tolerance of conflict (M4C). Yet, the effect remained in the opposite direction to our hypothesis. Supplier firm human asset specificity showed an increase in Beta, and H7a had empirical support. In M5C (exit intention), the effect of supplier firm product adaptation was lightly increased, but

¹⁶ VIF values from 1.244 to 2.768, Tolerance values from .361 to .804

¹⁷ VIF values from 1.244 to 2.768, Tolerance values from .361 to .804

¹⁸ VIF values from 1.257 to 2.761, Tolerance values from .362 to .796

remained contrary to theory. With regard to M6C (extendedness of relationship), the negative effect of supplier firm product adaptation and supplier firm human asset specificity increased, and remained opposite to our expectations. The effect of buyer firm asset specificity became positive, but was still weak. The positive effect of supplier firm logistical adaptation decreased, but remained significant (lower significance level), and empirically supported H9c.

In M4, M5 and M6, moderate to large, opposed effects were observed. The inclusion of controls additionally contributed to produce stronger opposing effects related to a number of variables. The opposed effects of supplier firm product adaptation increased in all models. Further, the opposed effect of buyer firm product adaptation remained quite large in both M4C and M6C. Supplier firm human asset specificity had a stronger, negative effect in M6C. Last, buyer firm human asset specificity remained considerable in M5C, while it increased in M6C. To explain all the abovementioned opposed effects is difficult. In Chapter 11.4 we offer alternative explanations of the opposed findings of supplier firm product adaptation.

Summary

Besides raising the significance level of supplier firm human asset specificity in M4C, the inclusion of control variables did not contribute to great changes in Beta relevant for the support of our hypotheses. Overall, the presentation of the results reveals that the interorganizational variables exerted low impact on the dependent variables. The overall goodness of fit for models 4 and 5 (tolerance of conflict and exit intention) was not satisfactory, while the fit was satisfactory for model 6 (extendedness of relationship). Further, the findings display few significant effects. Supplier firm human asset specificity had empirical support with regard to tolerance of conflict, while supplier firm logistical adaptation had empirical support with respect to extendedness of relationship. Hence, only two of 16 hypothesized relationships received empirical support. These weak findings require further speculation. In Chapter 11.2 we present additional and alternative explanations. An overview of the findings is given in the Table 9.6 below.

Table 9.6: Overview of findings - directs effects of interorganizational and control variables

	Dependent variables		
	Model 4 Tolerance of conflict	Model 5 Exit intention	Model 6 Extendedness of relationship
Independent variables			
Supplier firm product adaptation	H5a No empirical support	H5b No empirical support	H5c No empirical support
Buyer firm product adaptation	H6a No empirical support	H6b No empirical support	H6c No empirical support
Supplier firm human asset specificity	H7a Empirical support	H7b No empirical support	H7c No empirical support
Buyer firm human asset specificity	H8a No empirical support	H8b No empirical support	H8c No empirical support
Supplier firm logistical adaptation	H9a No empirical support	H9b No empirical support	H9c Empirical support
Buyer firm logistical adaptation	H10a No empirical support	H10b No empirical support	H10c No empirical support

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: 0, 10 to 0, 16

9.7 General discussion of findings

Direct effects - interpersonal and interorganizational variables

Supplier rep cultural adaptation efforts showed significant impact on both exit intention and extendedness of relationship in the model without control variables, while the same variable exhibited a significant effect toward tolerance of conflict, a negative, moderate effect with regard to exit intention, and a positive effect within the directional support criteria toward extendedness of relationship in the models with controls. Even though not all effects were significant they were in accord with the postulated direction. Hence, supplier reps' cultural adaptation efforts are important in the cross-national dyads, since they contribute to increase tolerance of conflict, reduce exit intention and enhance extendedness of relationship.

This result suggests that supplier reps' efforts by adapting to the cultural foreign partner reps' psychological mind set, values and beliefs, way of negotiating and the handling of disagreement played a role in these dyads. By adapting culturally, supplier reps demonstrated their empathy and understanding with the partner rep and showed cultural flexibility. This adaptability with respect to the partner rep is presumed to increase their cross-

cultural coping skills, and thereby improve the functioning of the dyad. According to the results, interpersonal relationships and investments therefore can represent a counterforce to cross-national differences in dyads (Luo, 2001). In consequence, culture can be considered a dynamic phenomenon that can be dealt with by individuals' efforts (Kim, 1988, Thomas, 1998, Bhawuk, Dharm and Brislin, 2000).

Further, this finding indicates that supplier rep cultural adaptation efforts were of greater importance than buyer rep cultural adaptation (cf. below). This can be explained by the fact that supplier firms export seafood products to the French market and in consequence need to learn from and adapt to the French partner, who possesses expertise on specificities concerning the French market and customer requirements. Supplier reps ability and willingness to adapt therefore is presumed to increase market and customer product adjustments. Further, according to the results, buyer firms appraised the cultural adaptation efforts undertaken by supplier reps in the sense that these efforts affect their long-term orientation (affect positively the dependent variables).

Two-way communication showed significant effects toward tolerance of conflict and exit intention. This result supported our contention that these dependent variables are conceptually close, i.e. responses to current conflicts are presumed highly associated to intentions with regard to relationship exit. Further, in accord with the literature the findings indicated that communication is central with regard to conflict resolution (Borisoff and Victor, 1998). In order to resolve conflicts communication is fundamental with regard to assessment of the conflict, such as obtaining an understanding of the nature of and cause of the conflict, as well as to find creative solutions for the problem, such as the appropriate conflict-handling behavior. High levels of two-way communication therefore facilitate the resolution of disagreements and disputes, such as the creation and search for remedies and positive outcomes for both partners (Shapiro, 1988, Anderson and Weitz, 1992, Borisoff and Victor, 1998).

Supplier rep cultural knowledge showed significant, opposite effects, in particular toward tolerance of conflict and exit intention. This finding indicates that cultural knowledge had no positive impact on the dependent variables. Even though this variable was highly correlated with supplier rep cultural knowledge and two-way communication, notable multicollinearity problems was only found with regard to extendedness of relationship (cf. 9.4). Cultural knowledge could however play a role in these dyads, but within an alternative cause-effect model. In Chapter 11.3 we run exploratory data analysis.

Buyer rep cultural adaptation showed significant, opposed effects with regard to exit intention and extendedness of relationship in the models without control variables. In the models with controls, the variable showed important, opposed effect only toward exit intention. Hence, this variable showed either weak or opposed effects. Buyer reps' cultural adaptation efforts hence showed no positive impact in the cross-national dyads. Further, this finding indicates that the effect of supplier rep versus buyer reps cultural adaptation efforts diverged. Possible explanations for this finding are elaborated upon in Chapter 11.4.2.

Overall, interorganizational variables showed weak effects. Only two variables, supplier firm human asset specificity and supplier firm logistical adaptation exhibited significant effects in accord with theory, respectively toward tolerance of conflict and toward extendedness of relationship. Further, some important, opposed effects were observed. Supplier firm product adaptation showed notable, opposed effects toward all dependent variables. Additionally, buyer firm product adaptation (significant effect) and supplier firm human asset specificity exhibited effects contrary to theory. These opposed effects may be due to confounding effects related to heterogeneity in the sample. In Chapter 11.4.3 we try to explain some of these opposed findings.

The overall findings from the analysis of direct effects suggest that supplier rep cultural adaptation and two-way communication had the strongest impact on the dependent variables. Further, the above findings imply that specific investments at the inter-firm level were of less importance in the investigated dyads. In Chapter 11.1 and 11.2 we discuss and analyze further why interpersonal ties are important and why structural ties are less important.

10. Data analysis - Moderating effects

10.1 Moderator analysis - procedures

Multiple regression analysis was conducted in order to test the hypothesized relationships between the variables. In this chapter we aim to test the effect of moderators. A moderator variable is presumed to affect the strength or the direction of the relationship between the dependent and the independent variable (Baron and Kenny, 1986). The figure below illustrates the method we used to analyze moderating effects. A variable is found to have moderating effects if the relationship reflected by arrow c is significant.

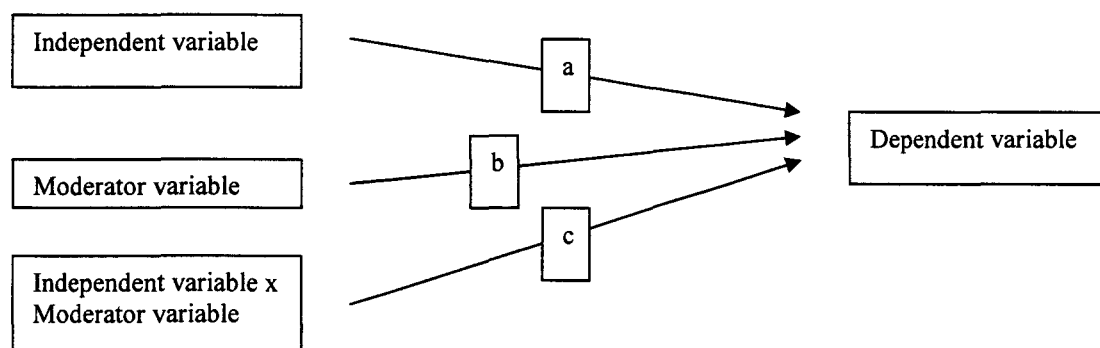


Figure 10.1: Moderator analysis (Baron and Kenny, 1986)

We centered the scales of the variables entering the interaction terms, in order to reduce collinearity problems (Cronbach, 1986). Collinearity diagnostics displayed acceptable tolerance values and VIF values (variance inflation factor) for all variables.¹ Tolerance and VIF values were given associated to each model. In order to test moderating effects of organizational and interorganizational dimensions we ran separate analyses for interpersonal and interorganizational variables respectively. Further, several multiple regressions were conducted with regard to moderators (group of moderators or one moderator). Later on in this chapter we test moderating effects of organizational and interorganizational dimensions on the relationship between independent variables and the dependent variables and present the findings, but first we explain conditions for empirical support of the moderator hypotheses.

¹ VIF and tolerance values indicate the degree of multicollinearity. The usual threshold for VIF values is 10.0 which corresponds to a tolerance value of 10 %, i.e. collinearity does not explain more than 10 % of any independent variable's variance. Tolerance values that approaches zero indicate that the variable is highly predicted (collinear) with the other predictor variables. Further, the threshold for condition indices is usually in a range of 15 to 30, with 30 as the most commonly used value (Hair, Anderson, Tatham and Black, 1998:220).

10.2 The moderator hypotheses and conditions for empirical support

In a split file analysis² we explored whether interorganizational and interpersonal variables exhibited differences in Beta-coefficients with respect to direction and strength related to the dependent variables in subsamples of the sample, i.e. in small versus large organizations, young versus old business relationships, etc. This examination is critical before testing the moderator hypotheses in multiple regressions since an implicit presumption lies behind the formulation of the moderator hypotheses: interpersonal and interorganizational variables have to exert a positive impact upon the dependent variables, i.e. increase tolerance of conflict, reduce exit intention and increase extendedness of relationship. In the wording of the hypotheses only the expected strength is explicitly postulated, whereas the expected direction, negative or positive relationships is implicitly presumed. This basic assumption is critical with regard to the interpretation of the statistics and consequently the theoretical implications of the findings. Thus, when independent variables showed a negative impact with regard to dependent variables in both subsamples, there was no theoretical meaning to include these variables in the moderator analysis, even if the Beta-coefficients exhibited significant differences in the subsamples.

In Chapter 9 we observed that a number of the independent variables displayed a negative impact with regard to the dependent variables. It is therefore crucial to conduct a systematic examination of independent variables and their effects in respectively small and large organizations; low degree versus high degree of formalization, etc. (each subsample), to ensure that only independent variables that exhibited a positive impact with regard to the dependent variables would be included in further analysis. More specifically, this examination was done by dividing the sample into two subsamples and further to estimate the regression model for each of the subsamples, including the estimation of Beta-coefficients and directions as well as significant differences between Beta-coefficients in subsamples. The eventual exclusion of independent variables from further analysis, multiple regressions where we test the moderator hypotheses, is explained related to the statistics presented in each of the tables. The inspection of the effect of independent variables in subsamples revealed significant differences in Beta-coefficients for the majority of variables. However, a number of independent variables showed a negative impact either in both or one of the subsamples. Based on this inspection, variables that displayed a negative impact were excluded. Based on this inspection of statistics, we formulated moderator hypotheses that included variables

² This split file analysis is documented in Appendix F.

showing a positive impact.³ The inspection of independent variables and their effect in subsamples is presented and discussed in Appendix F.

10.3 Hypotheses postulating moderating effects

Interpersonal variables and Organizational dimensions

- H11:** The positive effect of buyer rep cultural adaptation on buyer firm tolerance of conflict is stronger when 1) organization size is small (H11a), 2) formalization is low (H11b), and 3) centralization is low (H11c)
- H12:** The negative effect of buyer rep cultural adaptation on buyer firm exit intention is stronger when 1) formalization is low (H12b), and 2) centralization is low (H12c)
- H13:** The positive effect of buyer rep cultural adaptation on buyer firm extendedness of relationship is stronger when 1) organization size is small (H13a), 2) formalization is low (H13b), and 3) centralization is low (H13c)
- H14:** The positive effect of two-way communication on buyer firm tolerance of conflict is stronger when 1) organization size is small (H14a), 2) formalization is low (H14b), and 3) centralization is low (H14c)
- H15:** The negative effect of two-way communication on buyer firm exit intention is stronger when 1) organization size is small (H15a), 2) formalization is low (H15b), and 3) centralization is low (H15c)
- H16:** The positive effect of two-way communication on buyer firm extendedness of relationship is stronger when 1) organization size is small (H16a), 2) formalization is low (H16b), and 3) centralization is low (H16c)

Interpersonal variables and History with organization

- H17:** The positive effect of 1) supplier rep cultural adaptation (H17a), 2) buyer rep cultural adaptation (H17b), and two-way communication (H17c) on tolerance of conflict is stronger when history with organization is short.
- H18:** The negative effect of 1) supplier rep cultural knowledge (H18a), 2) supplier rep cultural adaptation (H18b), buyer rep cultural adaptation (H18c) and two-way communication (H18d) on exit intention is stronger when history with organization is short.

³ In consequence the number of moderator hypotheses is lower than we expected *ex ante* data analysis. This is particularly true for moderator hypotheses that include interorganizational variables.

H19: The positive effect of 1) supplier rep cultural knowledge (H19a), 2) supplier rep cultural adaptation (H19b), buyer rep cultural adaptation (H19c) and two-way communication (H19d) on extendedness of relationship is stronger when history with organization is short.

Interorganizational variables and Organizational dimensions

H20: The positive effect of buyer firm product adaptation on buyer firm tolerance of conflict is stronger when 1) formalization is high (H20b)

H21: The negative effect of buyer firm product adaptation on buyer firm exit intention is stronger when 1) organization size is large (H21a), formalization is high (H21b)

H22: The positive effect of buyer firm asset specificity on buyer firm tolerance of conflict is stronger when 1) organization size is large (H22a) and 2) centralization is high (H22c)

H23: The negative effect of buyer firm asset specificity on buyer firm exit intention is stronger when 1) formalization is high (H23a)

H24: The positive effect of buyer firm logistical adaptation on buyer firm tolerance of conflict is stronger when 1) organization size is large (H24a)

H25: The negative effect of buyer firm logistical adaptation on buyer firm exit intention is stronger when 1) organization size is large (H25a), formalization is high (H25b) and 3) centralization is high (H25c)

Levels of inclusiveness

H26: The positive effect of 1) buyer firm product adaptation (H26a), 2) buyer firm human asset specificity (H26b) and 3) buyer firm logistical adaptation (H26c) on buyer firm tolerance of conflict is stronger when levels of inclusiveness are high

H27: The positive effect of 1) buyer firm human asset specificity (H27b) on buyer firm extendedness of relationship is stronger when levels of inclusiveness are high

History with organization

H28: The positive effect of 1) buyer firm human asset specificity (H28b) and 2) supplier firm logistical adaptation (H28c) on buyer firm tolerance of conflict is stronger when history with organization is long

H29: The negative effect of 1) supplier firm product adaptation (H29a), 2) buyer firm human asset specificity (H29b) and 3) buyer firm logistical adaptation (H29d) on buyer firm exit intention is stronger when history with organization is long

H30: The positive effect of 1) supplier firm product adaptation (H30a), 2) supplier firm logistical adaptation (H30c) on buyer firm extendedness of relationship is stronger when history with organization is long

10.4 Interpersonal variables and moderating effects of organizational dimensions

In order to test the postulated moderator hypotheses we ran separate multiple regressions for moderating effects of organizational dimensions: organization size, formalization and centralization and the interorganizational dimension history with supplier firm. Further, we ran three separate models for each category; organizational dimensions (M7a, M7b, and M7c) and history with supplier firm (M8a, M8b, M8c) to test the effect on the dependent variables: tolerance of conflict, exit intention and extendedness of relationship. Furthermore we ran models to control for overall satisfaction with supplier firm performance and the dependence variables, switching cost and availability of alternative supplier firms. In the sections that follow we present and discuss findings for all models.

The organizational dimensions are associated with buyer firms only. Further, dimensions related to the buyer firms (degree of formalization, degree of centralization and organization size) are presumed to moderate the effect of interpersonal variables (buyer rep cultural adaptation and two-way communication⁴) on the dependent variables. In accord with previous outline and the postulated hypotheses, we expect the effect of buyer rep cultural adaptation and two-way communication to be stronger when: 1) organization size is small, 2) formalization is low, and 3) centralization is low.

In Table 10.1 below, the estimated coefficients and levels of significance are presented. The overall goodness of fit for M7a and M7c was satisfactory, while the fit was not satisfactory for M7b. This is similar compared to results from data analysis testing the direct effects of interpersonal variables (M1, M2, and M3). The explained variance in M7a, M7b and M7c (both R-squared and R-squared adjusted) increased compared to M1, M2 and M3. Thus, by including the interaction terms we raise the explanatory power of the models. The presentation and discussion of findings are organized according to each of the tested models.

⁴ In this study we do not presume buyer firm organizational dimensions to moderate the effect of supplier rep adaptations. Two-way communication, however, technically includes both supplier and buyer rep communication efforts.

Table 10.1: Moderating effects of organizational dimensions - interpersonal variables

	Dependent variables		
	Model 7a Tolerance of conflict ⁵ Beta (Sig. T)	Model 7b Exit intention ⁶ Beta (Sig. T)	Model 7c Extendedness of relationship ⁷ Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.133(.110)d	.189(.056)*	.067(.279)
Supplier rep cultural adaptation	.041(.384)	-.142(.177)	.376(.007)***
Buyer rep cultural adaptation	-.044(.371)	.231(.058)*	-.199(.084)*
Two-way communication	.454(.000)***	-.290(.023)**	.070(.308)
Organization size	-.211(.020)**	-.113(.150)d	-.066(.268)
Buyer rep cultural adaptation x Organization size	.255(.007)***		-.082(.227)
Two-way communication x Organization size	-.003(.488)	-.006(.480)	-.112(.152)d
Formalization	.010(.463)	.070(.271)	.036(.375)
Buyer rep cultural adaptation x Formalization	-.200(.056)*	.129(.171)	.010(.472)
Two-way communication x Formalization	.305(.008)***	-.154(.134)d	-.059(.330)
Centralization	-.053(.309)	.194(.051)*	-.051(.327)
Buyer rep cultural adaptation x Centralization	-.123(.137)d	-.196(.052)*	.272(.013)**
Two-way communication x Centralization	-.106(.183)	.097(.217)	-.184(.070)*
R-squared	.325	.157	.229
R-squared (adj.)	.209	.028	.097
F	2.814	1.213	1.734
Sig (F)	.001***	.145d	.036**

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: p>0.10 and p<0.16 (one-tailed)

⁵ VIF values from 1.137 to 2.035, Tolerance values from .465 to .876

⁶ VIF values from 1.088 to 2.144, Tolerance values from .466 to .919

⁷ VIF values from 1.117 to 2.176, Tolerance values from .459 to .895

Moderating effects of organizational dimensions with regard to tolerance of conflict (M7a)

Statistics showed that size of the organization moderates the effect of buyer rep cultural adaptation on tolerance of conflict, i.e. the effect of buyer rep cultural adaptation is higher in large organizations than in small organizations. This effect was positive and significant, but contrary to our expectations, and H11a had no empirical support. Further, organization size did not exhibit significant moderating effects of two-way communication on tolerance of conflict; therefore H14a had no empirical support.

Further, the results show that formalization moderated the effect of buyer rep cultural adaptation on tolerance of conflict, i.e. the effect of this variable is higher in organizations having low degree of formalization than within organizations having high degree of formalization. The effect was negative and significant, and H11b had empirical support. Moreover, the effect of two-way communication on tolerance of conflict was found to be stronger in buyer firms having high degree of formalization compared to low formalized firms. The effect was positive and significant, but contrary to our findings, thus H14b had no empirical support.

Moreover, the effect of buyer rep cultural adaptation on tolerance of conflict was found to be higher in organizations having low degree of centralization than within organizations having high degree of centralization. The effect was negative and H11c had directional support. Further, the results showed no significant moderator effect of two-way communication on tolerance of conflict, although the effect had the expected direction and approached the directional support criteria. H14c therefore was not empirically supported.

To conclude, organization size, formalization and centralization moderated the effect of buyer rep cultural adaptation with regard to tolerance of conflict. Further, only formalization moderated the effect of two-way communication upon tolerance of conflict. Formalization and centralization moderated buyer rep cultural adaptation in accord with our expectations, while organization size moderated in disharmony with the postulated hypotheses. Furthermore, formalization moderated two-way communication contrary to directional expectations. In Chapter 11.4 we discuss opposed findings and suggest alternative explanations.

Moderating effects of organizational dimensions with regard to exit intention (M7b)

Statistics display that organization size did not moderate the effect of two-way communication on exit intention. Therefore H15a had no empirical support. The findings showed that formalization did not moderate the effect of buyer rep cultural adaptation upon

this dependent variable; therefore H12b had no empirical support. The direction of the effect was however in accord with hypotheses, i.e. the effect of buyer rep cultural adaptation was higher when levels of formalization were low. Further, formalization moderated the effect of two-way communication, i.e. two-way communication exhibited stronger effects in highly formalized firms. The effect was negative and contrary to our findings⁸, and H15b had no empirical support.

Furthermore, centralization was found to moderate the effect of buyer rep cultural adaptation, and the effect was negative and significant. This finding indicates that the effect of buyer rep cultural adaptation on exit intention was stronger in highly centralized organizations. This result was contrary to our expectations and H12c had no empirical support. The results showed no significant interaction effect between centralization and two-way communication upon exit intention, thus H15c had no empirical support.

To close, centralization exhibited moderating effects with respect to the effect of buyer rep cultural adaptation on exit intention, however, the effect was contrary to directional expectations. Formalization moderated the effect of two-way communication, but opposed to our hypotheses. The opposed findings are discussed in greater detail in Chapter 11.4.

Moderating effects of organizational dimensions with regard to extendedness of relationship (M7c)

The results showed that organization size did not moderate the effect of buyer rep cultural adaptation on extendedness of relationship, thus H13a had no empirical support. Further, organization size had moderating effects with regard to two-way communication, i.e. the effect of two-way communication was stronger in small organizations than in larger organizations. The effect was negative and H16a had directional support.

Further, formalization exhibited no moderating effects with regard to buyer rep cultural adaptation and two-way communication upon extendedness of relationship, thus H13b and H16b were not empirically supported.

Furthermore, the effect of buyer rep cultural adaptation on extendedness of relationship was stronger in highly centralized organizations. The effect was positive and significant, but contrary to our hypothesis and H13c had no empirical support. Last, the effect of two-way communication on extendedness of relationship was found to be higher in organizations with low degree of centralization. The effect was negative and significant and H16c had empirical support.

⁸ The effect is within the directional support criteria but not in accord with expected direction.

To close, organization size and centralization moderated two-way communication in accord with our expectations, while centralization moderated the effect of buyer rep cultural adaptation in disharmony with our hypothesis. Formalization did not moderate the effect of buyer rep cultural adaptation and two-way communication.

10.4.1 Control variables

In Table 10.2 below, results from multiple regression analyses including the control variables are shown. The results show that the goodness of fit for all models: M7aC, M7bC and M7cC was satisfactory. M7bC (exit intention) became significant and satisfactory compared to M7b. The explained variance in the models with control variables (both R-squared and R-squared adjusted) increased compared to the models without control variables. Thus, including dependence and overall satisfaction with supplier firm performance heightened the explanatory power of the models. Below, we discuss changes in Beta-coefficients⁹, and focus the discussion on significant moderator effects in the following models with control variables compared to previous models without control variables. Moreover, significant effects of moderator variables on the dependent variables are discussed.

Model M7aC - tolerance of conflict

The significant moderating effect of organization size on the relationship between buyer rep cultural adaptation and tolerance of conflict was subject to a minor reduction, but remained significant. Moreover, the significant effect of the interaction term between buyer rep cultural adaptation and formalization and two-way communication and formalization respectively was strengthened. The interaction term between centralization and two-way communication (not significant) was reduced and the negative, direct effect of centralization became significant. Although correlation analysis showed a positive and significant correlation between centralization and respectively buyer rep cultural adaptation (.224*) and two-way communication (.345**), this moderator variable had a negative, direct effect on the dependent variables in all models (M7aC, M7bC and M7cC). That is to say, centralization reduced tolerance of conflict, heightened exit intention and reduced extendedness of relationship. The theoretical associations between centralization and the interpersonal variables and the outcome variables respectively are therefore not easy to understand. All control variables revealed weak effects on tolerance of conflict.

⁹ Beta-coefficients showing minor to zero changes are not discussed.

Table 10.2: Moderating effects of organizational dimensions - interpersonal variables and control variables

	Dependent variables		
	Model 7aC Tolerance of conflict ¹⁰ Beta (Sig. T)	Model 7bC Exit intention ¹¹ Beta (Sig. T)	Model 7cC Extendedness of relationship ¹² Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.259(.013)**	.251(.024)**	-.047(.341)
Supplier rep cultural adaptation	.158(.152)d	-.152(.183)	.221(.089)*
Buyer rep cultural adaptation	-.011(.468)	.153(.149)d	-.028(.421)
Two-way communication	.471(.000)***	-.352(.010)**	.017(.452)
Organization size	-.196(.037)**	-.112(.166)	-.034(.376)
Buyer rep cultural adaptation x Organization size	.247(.010)**		-.052(.312)
Two-way communication x Organization size	-.059(.298)	-.017(.443)	-.134(.108)d
Formalization	.023(.416)	.094(.208)	.023(.416)
Buyer rep cultural adaptation x Formalization	-.278(.015)**	.155(.129)d	.008(.474)
Two-way communication x Formalization	.323(.007)***	-.169(.114)d	-.084(.258)
Centralization	-.166(.077)*	.257(.023)**	-.117(.158)d
Buyer rep cultural adaptation x Centralization	-.125(.141)d	-.229(.033)**	.182(.064)*
Two-way communication x Centralization	-.013(.456)	.041(.371)	-.069(.280)
Switching cost	-.050(.329)	.114(.180)	.019(.434)
Availability of alternative supplier firms	.058(.302)	-.120(.165)	.128(.129)d
Overall satisfaction with supplier firm performance	-.043(.364)	-.156(.121)d	.427(.000)***
R-squared	.394	.249	.383
R-squared (adj.)	.245	.081	.231
F	2.640	1.483	2.520
Sig (F)	.002***	.069*	.003***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed), Directional support: p > 0.10 and p < 0.16 (one-tailed)

¹⁰ VIF values from 1.142 to 2.497, Tolerance values from .400 to .875

¹¹ VIF values from 1.177 to 2.494, Tolerance values from .401 to .850

¹² VIF values from 1.172 to 2.603, Tolerance values from .384 to .853

Model M7bC - exit intention

The moderating effect of formalization with respect to buyer rep cultural adaptation increased and H12b had directional support. Moreover, the moderating effect of centralization related to buyer rep cultural adaptation heightened, and the significance level increased. Switching cost showed a positive, but not significant effect on exit intention, while availability of alternative supplier firms had a negative effect (not significant). These findings indicate that high switching costs raised buyer firms exit intentions, whereas a large number of available supplier firms reduced exit intention, whereas the theory proposed the opposite. Transaction Cost theory predicts that high switching costs and few alternative partners would create barriers to exiting (cf. Chapter 5). In Chapter 11.2 we discuss the phenomenon of dependence in the seafood industry. Overall satisfaction with supplier firm performance had a negative and significant effect on exit intention, which was in accord with our expectations.

Model M7cC - extendedness of relationship

The moderating effect of organization size with reference to two-way communication increased, but remained within the directional support criteria. Further, the moderating effect of centralization with regard to buyer rep cultural adaptation was reduced but remained significant at a lower significance level, while with respect to two-way communication the effect became not significant. Switching cost had a weak effect on the dependent variable. Availability of alternative supplier firms had a positive effect on extendedness of relationship, which was contrary to theory. Last, overall satisfaction with supplier firm performance had a positive and significant effect on the dependent variable, which was in harmony with what our expectations.

10.4.2 Summary

The above-presented findings revealed a number of moderating effects, but few of the postulated moderator hypotheses received empirical support. In Table 10.3 we offer an overview of the findings and empirical support of the hypotheses. Of a total of 17 postulated moderating relationships, only 3 hypotheses received directional support and 1 had empirical support. Further, we found opposed, significant moderating effects for 4 hypotheses, while 1 exhibited opposite tendency. Eight of the hypotheses had no empirical support, which indicates that the effect of the interpersonal variables on the dependent variables was not moderated by organizational dimensions.

Table 10.3: Overview of findings - Moderating effects of organizational dimensions - interpersonal variables and control variables

	Dependent variables		
	Tolerance of conflict	Exit intention	Extendedness of relationship
Independent variables			
Interpersonal variables			
Buyer rep cultural adaptation x Organization size	H11a No empirical support Sig.		H13a No empirical support
Two way communication x Organization size	H14a No empirical support	H15a No empirical support	H16a Directional support
Buyer rep cultural adaptation x Formalization	H11b Empirical support	H12b Directional support	H13b No empirical support
Two way communication x Formalization	H14b No empirical support Sig.	H15b No empirical support Opposite tendency	H16b No empirical support
Buyer rep cultural adaptation x Centralization	H11c Directional support	H12c No empirical support Sig.	H13c No empirical support Sig.
Two way communication x Centralization	H14c No empirical support	H15c No empirical support	H16c No empirical support

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)

Directional support: $p > 0.10$ and $p < 0.16$ (one-tailed)

Sig. = Significant moderating effects contrary to expectations with regard to direction

Opposite tendency = effect contrary to expectations with regard to direction, but within the directional support criteria

The above-presented findings indicate that the effect of buyer rep cultural adaptation was stronger in large organizations than in small organizations, at least with regard to tolerance of conflict. This finding was opposite to theoretical predictions. Further, organization size did not moderate the effect of two-way communication with respect to tolerance of conflict and exit intention, while moderating effect was found with regard to extendedness of relationship. The effect of two-way communication therefore seemed to be equally important in both large and small organizations, at least with respect to tolerance of conflict and exit intention. The direct effect of two-way communication was equally large and significant with regard to tolerance of conflict and exit intentions (cf. 9.2.4)

Furthermore, formalization moderated the effect of buyer rep cultural adaptation in accord with hypotheses with regard to tolerance of conflict and exit intention. That is to say,

when the buying process was less formalized the need and in consequence the effect of interpersonal ties was stronger. These results indicated that formalized procedures in the buying process to a certain extent substituted the need for interpersonal adaptations, which is logic since a stronger emphasis on formalized procedures and written documents probably to some extent weakens the need for interpersonal relationships. When the buying process is formalized there is less need for continuous, reciprocal interpersonal adaptations including relational norms. The theoretical implications of these findings are consistent with aforementioned theory (cf.. chapter 4 and 5) proposing that formalized procedures are likely to replace the coordination of interorganizational activities through personal contact (e.g. Luo, 2001).

Formalization was equally found to moderate the effect of two-way communication with regard to tolerance of conflict and exit intention. The effect was however opposed to our directional expectations, since we expected the effect of two-way communication to be stronger in less formalized settings. With regard to extendedness of relationship, formalization had no moderating effect.

The findings related to centralization and its moderating effects exhibited low consistency. With respect to tolerance of conflict, the moderator effects of centralization were in accord with directional expectations, indicating that interpersonal adaptations and two-way communication were more important when degree of centralization was low. With regard to exit intention and extendedness of relationship, the results indicated that interpersonal adaptations were more critical when degree of centralization was high. Furthermore, centralization moderated the effect of two-way communication upon extendedness of relationship in accord with our hypothesis. This finding implies that interpersonal communication had greater effect on relationship continuance when there was low degree of centralization. These findings exhibited low consistency with respect to the moderating effects of centralization. In Chapter 11.4 we discuss opposed effects and inconsistent effects.

10.5 Interpersonal variables and moderating effects of history

With regard to this moderator we presumed history with supplier firm to affect both supplier rep and buyer rep variables. Therefore, we included supplier rep cultural knowledge, supplier rep and buyer rep cultural adaptation and two-way communication in the interaction terms. Further, in accord with the postulated hypotheses we expected the effect of interpersonal variables to be stronger when history was short. In Table 10.4 below, the estimated coefficients and levels of significance are presented. The overall goodness of fit for Model

M8a, M8b and M8c was satisfactory. Hence, the goodness of fit increased with respect to exit intention and compared to M2 (direct effects). The explained variance increased (both R-squared and R-squared adjusted) compared to M1, M2, and M3. Thus, including the interaction terms contributed to raise the explained variance in the models. Below, we present the results and focus the discussion on moderating effects.

Table 10.4: Moderating effects of history with supplier firm - Interpersonal variables

	Dependent variables		
	Model 8a Tolerance of conflict ¹³ Beta (Sig. T)	Model 8b Exit intention ¹⁴ Beta (Sig. T)	Model 8c Extendedness of relationship ¹⁵ Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.174(.064)*	.139(.114)	.052(.325)
Supplier rep cultural adaptation	.050(.364)	-.090(.270)	.313(.018)**
Buyer rep cultural adaptation	.105(.232)	.254(.039)**	-.183(.101)
Two way communication	.263(.027)**	-.210(.061)*	.156(.125)d
History with organization	-.112(.223)	-.223(.069)*	.236(.059)*
Supplier rep cultural knowledge x History with organization		-.395(.005)***	-.017(.454)
Supplier rep cultural adaptation x History with organization	-.082(.294)	.690(.000)***	-.278(.079)*
Buyer rep cultural adaptation x History with organization	.269(.032)**	-.368(.007)***	.048(.371)
Two way communication x History with organization	-.336(.006)***	-.010(.471)	.002(.495)
R-squared	.218	.200	.202
R-squared (adj.)	.141	.111	.112
F	2.828	2.244	2.246
Sig (F)	.004***	.014**	.014**

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: p>0.10 and p<0.16 (one-tailed)

¹³ VIF values from 1.317 to 2.341, Tolerance values from .427 to .759

¹⁴ VIF values from 1.323 to 3.810, Tolerance values from .262 to .756

¹⁵ VIF values from 1.303 to 3.807, Tolerance values from .263 to .768

Moderating effects with regard to tolerance of conflict - M8a

History did not moderate the effect of supplier rep cultural adaptation on tolerance of conflict, and H17a had no empirical support. Further, statistics showed that the effect of buyer rep cultural adaptation on tolerance of conflict was higher when history with supplier firm was long than when history with supplier firm was short. In our hypothesis we postulated the opposite, i.e. the effect of buyer rep cultural adaptation was expected to be stronger in young business relationships. Hence, H17b had no empirical support. This finding however added new insights since buyer rep cultural adaptation with regard to all dependent variables demonstrated directional opposite effects in all models testing direct effects (cf. Table 9.1). The moderating effect of history therefore displayed that buyer rep cultural adaptation had a positive and significant effect in relationships that have lasted for some time. We also observed that the direct effect of buyer rep cultural adaptation increased and became positive in M8a, compared to M1, where the effect of this variable was weak and negative. Thus, history had a positive effect on this variable.

Furthermore, history moderated the effect of two-way communication on tolerance of conflict, i.e. the effect of two-way communication was stronger when history was short and H17c had empirical support. This finding indicated that two-way communication was of critical importance in the early phases of relationship building.

Moderating effects with regard to exit intention- M8b

The results showed that the effect of supplier rep cultural knowledge was stronger when relationships were old. This finding is contrary to our expectations, and H18a had no empirical support. The finding is however of interest since the direct effect of supplier rep cultural knowledge was still positive with regard to exit intention (a negative effect was expected). Further, in the models where we tested for direct effects (cf. Table 9.1), cultural knowledge exhibited opposed effects with regard to both tolerance of conflict and exit intention. In this moderator analysis, we revealed that the effect of supplier rep cultural knowledge had a negative impact (reduces exit intention), but only when relationships have lasted for some time. Hence, the moderator analysis enhanced our knowledge related to the effect of cultural knowledge.

History was found to moderate the effect of supplier rep cultural adaptation, i.e. the effect of this variable was higher in young relationships, and H18b had empirical support. Further, buyer rep cultural adaptation had stronger effects when relationships have lasted for some time. This finding was contrary to our expectations, but likewise as in M8a, and H18c

had no empirical support. No significant moderating effect of history was found for two-way communication, thus H18d had no empirical support.

Moderating effects with regard to extendedness of relationships - M8c

History did not moderate the effect of supplier rep cultural knowledge, thus H19a had no empirical support. Further, significant moderating effects were found for supplier rep cultural adaptation, i.e. the effect of this variable was stronger when relationships were young. Our postulated hypothesis, H19b therefore had empirical support. No significant moderating effects were found with regard to the effect of buyer rep cultural adaptation and two-way communication, thus H19c and H19d had no empirical support.

10.5.1 Control variables

In Table 10.5 below, the statistics showed that the goodness of fit was satisfactory for all models: M8aC, M8bC and M8cC. Compared to M8a, M8b and M8c (without control variables) the goodness of fit increased for all models. The explained variance was strengthened (both R-squared and R-squared adjusted) for all models. Below, we discuss changes in Beta-coefficients with respect to moderator effects, and direct effects of moderators on the dependent variables.

M8aC - Tolerance of conflict

Moderating effects of history with regard to buyer rep cultural adaptation and two-way communication increased slightly. Inclusion of the control variables therefore did not weaken moderating effects. The negative, direct effect of history was strengthened and became significant. Further, the dependence measures exhibited low and opposite, directional effects. Furthermore, overall satisfaction with supplier firm performance showed a quite large negative effect (within the directional support criteria), contrary to what we would expect. According to theoretical expectations, history, switching cost, low availability of alternative partners and overall satisfaction with supplier firm should raise buyers firms' tolerance of conflict. We are not aware that there is a plausible explanation for these presented statistics.

Table 10.5: Moderating effects of history with supplier firm - Interpersonal variables and control variables

	Dependent variables		
	Model 8aC Tolerance of conflict ¹⁶ Beta (Sig. T)	Model 8bC Exit intention ¹⁷ Beta (Sig. T)	Model 8cC Extendedness of relationship ¹⁸ Beta (sig. T)
Independent variables			
Supplier rep cultural knowledge	-.327(.004)***	.107(.199)	-.011(.464)
Supplier rep cultural adaptation	.260(.048)**	.078(.318)	.071(.326)
Buyer rep cultural adaptation	.086(.275)	.135(.174)	-.009(.474)
Two-way communication	.280(.023)**	-.124(.183)	-.001(.498)
History with organization	-.202(.098)*	-.264(.053)*	.254(.049)**
Supplier rep cultural knowledge x History with organization		-.555(.002)***	.081(.324)
Supplier rep cultural adaptation x History with organization	-.053(.370)	.887(.000)***	-.410(.037)**
Buyer rep cultural adaptation x History with organization	.293(.021)**	-.405(.003)***	.072(.296)
Two-way communication x History with organization	-.345(.006)***	-.044(.373)	.099(.219)
Switching cost	-.076(.250)	.033(.388)	.074(.247)
Availability with alternative supplier firms	.093(.204)	-.070(.270)	.025(.408)
Overall satisfaction with supplier firm	-.129(.145)	-.312(.008)***	.540(.000)***
R-squared	.307	.283	.375
R-squared (adj.)	.198	.160	.266
F	2.814	2.298	3.451
Sig (F)	.002***	.008***	.000***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

¹⁶ VIF values from 1.262 to 2.517, Tolerance values from .397 to .792

¹⁷ VIF values from 1.255 to 5.578, Tolerance values from .179 to .797

¹⁸ VIF values from 1.255 to 5.578, Tolerance values from .179 to .797

M8bC - Exit intention

The moderating effect of history with regard to supplier rep cultural knowledge, supplier rep cultural adaptation and buyer rep cultural adaptation displayed an important increase. The negative, direct effect of history on exit intention was further strengthened. This result indicates that history reduced buyer firm exit intentions, and was logically consistent with the aforementioned theory (cf. Chapter 5). The dependence measures exhibited low and opposite directional effects, while overall satisfaction with supplier firm performance had a negative, significant effect, in harmony with our expectations.

M8cC - Extendedness of relationship

The moderating effect of history with regard to supplier rep cultural adaptation increased, while the other interaction terms remained non-significant. The direct effect of history on the outcome variable was positive, significant and in harmony with expectations. The dependence measures exhibited low effect and only switching cost revealed directional effect in accord with our expectations. Last, overall satisfaction with supplier firm performance demonstrated a positive and significant effect, which was in harmony with expectations.

10.5.2 Summary

With regard to exit intention the effect of supplier rep cultural knowledge was found to be stronger when relationships had lasted for some while. This opposite finding indicates that buyer firm's valued cultural knowledge to a greater extent when business relationships had lasted for some time. To our knowledge there is no adequate alternative explanation for this result. Further, supplier rep cultural adaptation demonstrated larger effects in young business relationships at least with regard to exit intention and extendedness of relationship, which is in accord with earlier presented theory. Conversely, buyer rep cultural adaptation demonstrated higher effects when relationships were old. This finding is hence opposite to our theoretical predictions. In 11.4 we discuss opposed findings thoroughly.

Two-way communication displayed equal effects in both short and long business relationships with regard to exit intention and extendedness of relationship. With regard to tolerance of conflict the finding indicates that there was a greater need for two-way communication in the early phases of business relationship with regard to increasing tolerance of conflict. This finding is therefore in harmony with theory presented earlier. The test of direct effects of two-way communication in prior analysis (cf. Table 9.1) equally showed that communication is critical with regard to tolerance of conflict.

With regard to direct effects of history on exit intention and extendedness of relationship, we found results in harmony with expectations, i.e. history reduced exit intention and increased the extendedness of relationship, and both effects were significant. With regard to tolerance of conflict, history had a negative effect, i.e. reduced tolerance of conflict. An overview of the findings is presented in Table 10.6.

Table 10.6: *Overview of findings - Moderating effects of history with supplier firm - interpersonal variables and control variables*

	Model 8a Tolerance of conflict	Model 8b Exit intention	Model 8c Extendedness of relationship
Independent variables			
Interpersonal variables			
Supplier rep cultural knowledge x History		H18a No empirical support Sig.	H19a No empirical support
Supplier rep cultural adaptation x History	H17a No empirical support	H18b Empirical support	H19b Empirical support
Buyer rep cultural adaptation x History	H17b No empirical support Sig.	H18c No empirical support Sig.	H19c No empirical support
Two way communication x History	H17c Empirical support	H18d No empirical support	H19d No empirical support

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)

Sig. = Significant moderating effects contrary to expectations with regard to direction

Of a total of eleven postulated hypotheses only 3 received empirical support, 3 interaction terms were significant but opposed to theory, and 5 displayed no significant moderating effects. The findings suggest that the importance of supplier rep and buyer rep respectively, cultural adaptation varied according to phases in the business relationships. Further the moderator analysis showed that supplier rep cultural knowledge and buyer rep cultural adaptation exerted positive effects when relationships had lasted for some time. These findings add new insights with regard to these variables and their effect on the outcome variables. However, additional theory as well as exploratory research is needed to fully comprehend the opposed moderating effects. In Chapter 11.6 we make suggestions for future research.

10.6 Interorganizational variables and moderating effects of organizational dimensions

In order to test the moderator hypotheses we ran separate regression analysis for the respective organizational dimensions: organization size, formalization and centralization, levels of inclusiveness and history with supplier firm. In this section the following models were run to test the moderator hypotheses. Two models were run to test moderating effects of organizational dimensions (M9a and M9b), levels of inclusiveness (M10a and M10c) and three models were run to test moderating effects of history (M11a, M11b, M11c). The presentation of the findings is structured with reference to the moderators: organizational dimensions, levels of inclusiveness and history.

The organizational dimensions were associated to buyer firm only.¹⁹ Further, these dimensions were presumed to moderate the effect of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation upon the dependent variables. In accord with previous outline and formulated hypotheses, we expected the effect of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation to be stronger when: 1) organization size is large, 2) degree of formalization is high, and 3) degree of centralization is high.

In Table 10.7 below, the statistics are presented. The overall goodness of fit was not satisfactory for M9a and M9b. This result was likewise for M4 and M5 (cf. Table 9.4). Thus, including the interaction terms did not raise the goodness of fit for the models, although the F-value increased in M9a. The explained variance (R-squared) rose significantly for both models. Further, R-squared adjusted was positive for tolerance of conflict, while R-squared adjusted remained negative for exit intention. Below, the results are presented and discussed for each model respectively.

¹⁹ In this study we do not presume buyer firm organizational dimensions to moderate the effect of supplier firm product adaptation, human asset specificity and logistical adaptation.

Table 10.7: Moderating effects of organizational dimensions - Interorganizational variables

	Dependent variables	
	Model 9a Tolerance of conflict ²⁰ Beta (Sig. T)	Model 9b Exit intention ²¹ Beta (Sig. T)
Independent variables		
Supplier firm product adaptation	.056(.345)	.115(.200)
Buyer firm product adaptation	-.020(.448)	-.013(.470)
Supplier firm human asset specificity	.279(.066)*	-.090(.321)
Buyer firm human asset specificity	-.103(.278)	.064(.364)
Supplier firm logistical adaptation	-.106(.220)	-.034(.405)
Buyer firm logistical adaptation	-.042(.381)	-.080(.297)
Organization size	-.129(.160)	-.279(.022)**
Buyer firm product adaptation x Organization size		-.219(.072)*
Buyer firm human asset specificity x Organization size	.299(.013)**	
Buyer firm logistical adaptation x Organization size	-.041(.392)	-.140(.181)
Formalization	-.089(.258)	.304(.020)**
Buyer firm product adaptation x Formalization	-.152(.146)d	.229(.108)
Buyer firm human asset specificity x Formalization		.022(.441)
Buyer firm logistical adaptation x Formalization		-.007(.480)
Centralization	.157(.096)*	.062(.312)
Buyer firm human asset specificity x Centralization	-.118(.156)d	
Buyer firm logistical adaptation x Centralization		.020(.437)
R-squared	.164	.135
R-squared (adj.)	.023	-.038
F	1.162	.778
Sig (F)	.162	.349

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support: p > 0.10 and p < 0.16 (one-tailed)

²⁰ VIF values from 1.236 to 3.091, Tolerance values from .324 to .809

²¹ VIF values from 1.366 to 3.177, Tolerance values from .315 to .732

Moderating effects of organizational dimensions - M9a -tolerance of conflict

The effect of buyer firm asset specificity on tolerance of conflict was found to be higher in larger firms than in small firms. This result was in harmony with theory and H22a was empirically supported. In accord with prior analysis and discussions this finding indicates that buyer human asset specificity, which involves the human dimension, was critical with regard to tolerance of conflict and consequently the resolution of conflicts in larger firms. Organization size did not moderate the effect of buyer firm logistical adaptation, and H23a had no empirical support.

Further, the effect of buyer firm product adaptation was higher when degree of formalization was low, the effect was however not significant but within the directional support criteria. This result was not in accord with theory, and H20b had no empirical support. In Chapter 11.4 we discuss alternative explanations that may shed light on this finding.

The effect of buyer firm human asset specificity was higher when centralization was low, although the effect was not significant, but within the directional support criteria. The result was not in accord with theory, since we expected the effect of this variable to be higher in centralized firms; H22c had no empirical support.

Moderating effects of organizational dimensions - M9b -exit intention

The effect of buyer firm product adaptation on exit intention was found to be higher in large firms than in small firms. This finding was in accord with our expectations, the effect was significant and H21a had empirical support. The effect of buyer firm logistical adaptation was also higher in large firms, but the effect was not significant, and H24a had no empirical support. Further, formalization moderated the effect of buyer firm product adaptation, but in the opposite direction, and the effect was within the directional support criteria. This same tendency in statistics was equally observed with regard to M9a, tolerance of conflict, and H21b had no empirical support. We discuss alternative explanations in Chapter 11.4. Formalization did not moderate the effect of buyer firm human asset specificity, or buyer firm logistical adaptation. Therefore, H23a and H25b had no empirical support. Last, centralization did not moderate the effect of buyer firm logistical adaptation, thus H25c had no empirical support. Below, we include the control variables in the models.

10.6.1 Control variables

Below, estimated Beta coefficients and significance levels are presented in Table 10.8. The goodness of fit for M9aC and M9bC was not satisfactory. The explained variance (R-squared) increased for both models compared to M9a and M9b, whereas R-squared adjusted was reduced for M9aC and remained negative for M9bC. Thus, controlling for dependence and supplier firm performance heightened R-squared adjusted for both models, but the models remained unsatisfactory. We focus the discussion on changes in moderating effects compared to M9a and M9b.

Moderating effects of interorganizational variables and control variables - M9aC

The inclusion of control variables slightly changed the level of moderating effects in M9aC, but no changes in significance levels were observed. Further, switching cost displayed a positive effect, although not significant on tolerance of conflict, i.e. high switching cost raised buyer firm's tolerance of conflict in harmony with theory. Availability of alternative supplier firms showed an opposite and weak effect, while supplier performance had a positive and weak effect on tolerance of conflict.

Moderating effects of interorganizational variables and control variables - M9bC

The moderating effect of formalization with regard to buyer firm product adaptation increased and became significant, but still opposite to our theoretical expectations. Controlling for dependence and supplier firm performance only contributed to minor changes for the other interaction terms. The dependence measures exhibited weak and opposite effects on exit intention, contrary to what we would expect. Overall satisfaction with supplier firm performance had a negative and significant effect on the dependent variable, which was in accord with our expectations.

Table 10.8: Moderating effects and organizational dimensions - Interorganizational variables and control variables

	Dependent variables	
	Model 9aC Tolerance of conflict ²² Beta (Sig. T)	Model 9bC Exit intention ²³ Beta (Sig. T)
Independent variables		
Supplier firm product adaptation	-.073(.315)	.154(.144)
Buyer firm product adaptation	.014(.467)	-.060(.367)
Supplier firm human asset specificity	.316(.052)*	-.077(.351)
Buyer firm human asset specificity	-.055(.381)	-.008(.484)
Supplier firm logistical adaptation	-.108(.251)	-.034(.419)
Buyer firm logistical adaptation	-.040(.393)	-.106(.250)
Organization size	-.136(.164)	-.263(.035)**
Buyer firm product adaptation x Organization size		-.237(.067)*
Buyer firm human asset specificity x Organization size	.298(.017)**	
Buyer firm logistical adaptation x Organization size	-.029(.427)	-.152(.176)
Formalization	-.039(.391)	.344(.012)**
Buyer firm product adaptation x Formalization	-.186(.116)d	.284(.075)*
Buyer firm human asset specificity x Formalization		.008(.480)
Buyer firm logistical adaptation x Formalization		.029(.424)
Centralization	.133(.154)d	.079(.286)
Buyer firm human asset specificity x Centralization	-.140(.128)d	
Buyer firm logistical adaptation x Centralization		.024(.430)
Switching cost	.080(.269)	.052(.352)
Availability of alternative partners	.047(.357)	-.068(.301)
Overall satisfaction with supplier firm performance	.046(.364)	-.201(.074)*
R-squared	.199	.191
R-squared (adj.)	.008	-.033
F	1.040	.852
Sig (F)	.214	.317

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

d = Directional support: p>0.10 and p<0.16 (one-tailed)

²² VIF values from 1.239 to 3.066, Tolerance values from .326 to .807

²³ VIF values from 1.359 to 3.170, Tolerance values from .315 to .736

10.6.2 Summary

In Table 10.9 below we present an overview of the findings. Of a total of 10 hypotheses, 2 received empirical support, 3 had large, opposed moderating effects and 6 received no empirical support. Buyer firm product adaptation demonstrated stronger effect with regard to exit intention, while buyer firm human asset specificity had stronger effect with regard to tolerance of conflict in larger firms than in small firms, and H21a and H22a had empirical support. Further, 3 large, opposed, moderating effects were found. The effect of buyer firm product adaptation was found to be stronger with regard to tolerance of conflict (directional) and with regard to exit intention (significant) by low levels of formalization. These findings were contrary to the postulated theory. Further, buyer firm human asset specificity was found to be stronger with regard to tolerance of conflict (directional) by low levels of centralization. The other hypotheses had no empirical support. Hence, of a total of 10, large, moderating effects were found for 5 hypotheses, but 3 of these were in opposed directions. In Chapter 11.4 we discuss these limited and opposed findings and relate them to limitations in the research.

Considerable, direct effects of the moderators revealed that organizational dimensions did have an impact on the dependent variables. However, with regard to direct effects of moderators on the outcome variables, no theory was postulated *a priori*. In Table 10.8 we observe mixed findings related to directions of effects, i.e. positive or negative impact on respectively tolerance of conflict and exit intention. Additional knowledge of the causal mechanisms operating between the included moderators and the outcome variable is therefore needed.

Table 10.9: Overview of Findings - Moderating effects of organizational dimensions - Interorganizational variables

	Dependent variables	
	Model 9aC Tolerance of conflict	Model 9bC Exit intention
Independent variables		
Interorganizational variables		
Buyer firm product adaptation x Organization size		H21a Empirical support
Buyer firm human asset specificity x Organization size	H22a Empirical support	
Buyer firm logistical adaptation x Organization size	H23a No empirical support	H24a No empirical support
Buyer firm product adaptation x Formalization	H20b No empirical support Opposite tendency	H21b No empirical support Sig.
Buyer firm human asset specificity x Formalization		H23a No empirical support
Buyer firm logistical adaptation x Formalization		H25b No empirical support
Buyer firm human asset specificity x Centralization	H22c No empirical support Opposite tendency	
Buyer firm logistical adaptation x Centralization		H25c No empirical support

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)

Directional support: $p > 0.10$ and $p < 0.16$ (one-tailed)

Sig. = Significant moderating effects contrary to expectations with regard to direction

Opposite tendency = effect contrary to expectations with regard to direction, but within the directional support criteria

10.7 Interorganizational variables and moderating effects of levels of inclusiveness

In Table 10.10 the statistics are shown. The goodness of fit was not satisfactory for M10a while the fit was satisfactory for M10b. This was likewise for the models: M4 and M6. The explained variance R-squared increased for both models; while R-squared adjusted increased for M10b, it was still negative for M10a. Thus, the inclusion of the interaction terms heightened the explained variance of the model, while this was not the case with regard to the

goodness of fit. Below, we present the results and discuss significant moderator effects in the table.

Table 10.10: Moderating effects of levels of inclusiveness - Interorganizational variables

	Dependent variables	
	Model 10a Tolerance of conflict ²⁴ Beta (Sig. T)	Model 10b Extendedness of relationship ²⁵ Beta (sig. T)
Independent variables		
Supplier firm product adaptation	.022(.436)	.060(.324)
Buyer firm product adaptation	-.134(.170)	-.229(.041)**
Supplier firm human asset specificity	.193(.146)d	-.151(.189)
Buyer firm human asset specificity	-.034(.417)	-.065(.337)
Supplier firm logistical adaptation	-.040(.386)	.311(.009)***
Buyer firm logistical adaptation	-.008(.477)	-.101(.215)
Levels of inclusiveness	-.064(.322)	.077(.261)
Buyer firm product adaptation x Levels of inclusiveness	.055(.347)	
Buyer firm human asset specificity x Levels of inclusiveness	.192(.072)*	.251(.015)**
Buyer firm logistical adaptation x Levels of inclusiveness	.053(.345)	
R-squared	.106	.166
R-squared (adj.)	-.006	.084
F	.950	2.017
Sig (F)	.247	.028**

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support (d): p>0.10 and p<0.16 (one-tailed)

Moderating effects of levels of inclusiveness - M10a and M10b

No significant moderator effects of levels of inclusiveness were found with regard to the effect of buyer firm product adaptation on tolerance of conflict. Thus, H26a was not empirically supported. Significant moderator effects of levels of inclusiveness were found with regard to the effect of buyer firm human asset specificity on tolerance of conflict.

²⁴ VIF values from 1.502 to 2.941, Tolerance values from .340 to .666

²⁵ VIF values fro 1.259 to 2.824, Tolerance values from .354 to .794

According to the findings, the positive effect of buyer firm human asset specificity was found to be higher when levels of inclusiveness were high. This was likewise with regard to extendedness of relationship. The results were in harmony with theory and H26b and H27b were empirically supported. Further, no significant moderator effect was found with regard to the effect of buyer firm logistical adaptation on tolerance of conflict, consequently H26c had no empirical support. These findings indicate that the phenomenon of inclusiveness needed to be considered when examining the effect of structural bonds, such as human asset specificity. With regard to product adaptation and logistical adaptation, however, the results indicate that levels of inclusiveness were less relevant.

10.7.1 Control variables

In Table 10.11 we present the findings when control variables are included in the models. The goodness of fit was not satisfactory for M10aC, while the fit was satisfactory for M10bC. Compared to M10a the significance level increased in M10bC as well as the explained variance (both R-squared and R-squared adjusted). For M10aC the explained variance (R-squared) increased, while the goodness of fit was reduced.

M10aC and M10bC

Significance levels remained the same with regard to the interaction term between buyer human asset specificity and levels of inclusiveness. Further, the moderating effect of levels of inclusiveness was increased with regard to buyer firm logistical adaptation, the effect was positive and H26c had directional support.

Switching cost had a positive and significant effect upon tolerance of conflict, i.e. high switching costs raised buyer firms' tolerance of conflict, which was in accord with theory. The control variables: availability of alternative supplier firms and overall satisfaction with supplier firm performance, exhibited weak effects on the dependent variable.

Table 10.11: Moderating effects of levels of inclusiveness and - Interorganizational variables and control variables

	Dependent variables	
	Model 10aC Tolerance of conflict ²⁶ Beta (Sig. T)	Model 10bC Extendedness of relationship ²⁷ Beta (sig. T)
Independent variables		
Supplier firm product adaptation	-.124(.197)	-.060(.318)
Buyer firm product adaptation	-.113(.221)	-.195(.059)*
Supplier firm human asset specificity	.236(.108)d	-.185(.128)
Buyer firm human asset specificity	-.002(.496)	-.031(.415)
Supplier firm logistical adaptation	-.030(.427)	.243(.044)**
Buyer firm logistical adaptation	-.047(.376)	-.032(.397)
Levels of inclusiveness	-.019(.448)	.012(.457)
Buyer firm product adaptation x Levels of inclusiveness	.054(.355)	
Buyer firm human asset specificity x Levels of inclusiveness	.192(.078)*	.163(.071)**
Buyer firm logistical adaptation x Levels of inclusiveness	.147(.149)d	
Switching cost	.163(.099)*	.060(.292)
Availability of alternative partners	.023(.426)	.009(.465)
Overall satisfaction with supplier firm performance	-.013(.461)	.444(.000)
R-squared	.155	.349
R-squared (adj.)	-.002	.248
F	.987	3.460
Sig (F)	.472	.000***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support (d): p > 0.10 and p < 0.16 (one-tailed)

Summary

The above presentation shows that the moderator levels of inclusiveness moderated the effect of human asset specificity with regard to tolerance of conflict and extendedness of relationship, as well as moderated the effect of logistical adaptations with regard to tolerance

²⁶ VIF values from 1.243 to 2.969, Tolerance values from .337 to .796

²⁷ VIF values from 1.258 to 2.844, Tolerance values from .352 to .795

of conflict. Of a total of 4 hypotheses, 2 received empirical support and 1 directional support. We therefore conclude that levels of inclusiveness should be considered when investigating the effect of specific investments, such as human asset specificity. Below in Table 10.12, we present an overview of findings.

Table 10.12: Overview of Findings - Moderating effects of levels of inclusiveness- Interorganizational variables

	Dependent variables	
	Model 10aC Tolerance of conflict	Model 10bC Extendedness of relationship
Independent variables		
Interorganizational variables		
Buyer firm product adaptation x Levels of inclusiveness	H26a No empirical support	
Buyer firm human asset specificity x Levels of inclusiveness	H26b Empirical support	H27b Empirical support
Buyer firm logistical adaptation x Levels of inclusiveness	H26c Directional support	

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)
Directional support: $p > 0.10$ and $p < 0.16$ (one-tailed)

10.8 Interorganizational variables and moderating effects of history

In Table 10.13 below, we present the results from the analysis testing the moderating effects of history. The goodness of fit for M11b (exit intention) and M11c (extendedness of relationship) was satisfactory, while the fit was not satisfactory for M11a. Thus, compared to M5 and test of direct effects on exit intention, the inclusion of the interaction terms increased the goodness of fit with regard to this outcome variable. Compared to M4, M5 and M6, the explained variance (R-squared and R-squared adjusted) increased for all models. Below, we present the findings and discuss significant moderator effects.

Table 10.13: Moderating effects of history with supplier firm - Interorganizational variables

	Dependent variables		
	Model 11a Tolerance of conflict ²⁸ Beta (Sig. T)	Model 11b Exit intention ²⁹ Beta (Sig. T)	Model 11c Extendedness of relationship ³⁰ Beta (sig. T)
Independent variables			
Supplier firm product adaptation	-.004(.488)	.121(.174)	.018(.443)
Buyer firm product adaptation	-.163(.123)d	.092(.244)	-.161(.117)d
Supplier firm human asset specificity	.188(.157)d	-.026(.441)	-.179(.157)d
Buyer firm human asset specificity	-.006(.485)	.057(.364)	-.033(.421)
Supplier firm logistical adaptation	.039(.396)	-.198(.082)*	.281(.025)**
Buyer firm logistical adaptation	.052(.351)	-.052(.344)	-.181(.088)*
History with supplier firm	.056(.359)	-.109(.222)	.147(.121)d
Supplier firm product adaptation x History with supplier firm		-.152(.088)*	.157(.109)d
Buyer firm human asset specificity x History with supplier firm	.269(.036)**	-.343(.011)**	
Supplier firm logistical adaptation x History with supplier firm	.093(.229)		-.235(.051)*
Buyer firm logistical adaptation x History with supplier firm		-.207(.037)**	
R-squared	.078	.170	.150
R-squared (adj.)	-.025	.066	.054
F	.759	1.634	1.565
Sig (F)	.327	.056*	.070*

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Directional support (d): p > 0.10 and p < 0.16 (one-tailed)

Moderating effects - M11a - Tolerance of conflict

History was found to moderate the effect of buyer firm human asset specificity, i.e. these investments had stronger effects when relationships had lasted for some time. This finding was in accord with theory and H28b had empirical support. Further, the effect of supplier firm logistical adaptation was in the expected direction, but the effect was not significant. Thus, H28c had no empirical support.

²⁸ VIF values from 1.368 to 3.008, Tolerance values from .332 to .731

²⁹ VIF values from 1.196 to 2.968, Tolerance values from .337 to .836

³⁰ VIF values from 1.461 to 2.945, Tolerance values from .340 to .684

Moderating effects - M11b - Exit intention

The effect of supplier firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation was stronger when business relationships had lasted for some time, the effects were significant and in accord with expectations and H28a, H28b and H28d had empirical support. These findings indicate that interorganizational investments represented a barrier that reduced exit intentions in old relationships. In young relationships, however, these kinds of investments had less impact on buyer firms exit intentions. Thus, the moderator analysis added new insights with regard to specific investments and effects on outcome variables.

Moderating effects - M11c - Extendedness of relationship

The effect of supplier firm product adaptation was higher when relationships had lasted for some time, and the effect was in accord with directional expectations, thus H30a had directional support. Further, the effect of supplier firm logistical adaptation was higher in young business relationships. The result was contrary to our directional expectation, and H30c had no empirical support. This finding indicates that supplier firms' efforts in making logistical adaptations were critical early in relationships, which can be considered logical in the seafood industry. Once these adaptations are established, only maintenance and coordination remain in the daily handling of exchange.

10.8.1 Control variables

In Table 10.14 below, we present the statistics. The goodness of fit for M11aC was not satisfactory, while the goodness of fit was satisfactory for M11bC and M11cC. Thus, compared to models without the control variables, M11aC remained unsatisfactory; the goodness of fit for M11bC remained roughly the same, while the fit for M11cC increased. The explained variance (R-squared) increased for all models, whereas R-squared adjusted heightened substantially for M11cC. Below, we discuss the findings and focus on moderating effects.

Table 10.14: Moderating effects of history with supplier firm - Interorganizational variables and control variables

	Dependent variables		
	Model 11a Tolerance of conflict ³¹ Beta (Sig. T)	Model 11b Exit intention ³² Beta (Sig. T)	Model 11c Extendedness of relationship ³³ Beta (sig. T)
Independent variables			
Supplier firm product adaptation	-.157(.146)d	.116(.201)	-.077(.268)
Buyer firm product adaptation	-.128(.195)	.117(.202)	-.153(.116)d
Supplier firm human asset specificity	.258(.092)*	-.066(.359)	-.174(.145)d
Buyer firm human asset specificity	.040(.410)	-.009(.480)	.061(.348)
Supplier firm logistical adaptation	.003(.493)	-.168(.147)d	.159(.147)d
Buyer firm logistical adaptation	.071(.313)	-.073(.295)	-.086(.249)
History with supplier firm	.046(.388)	-.068(.320)	.101(.196)
Supplier firm product adaptation x History with supplier firm		-.210(.038)**	.157(.132)d
Buyer firm human asset specificity x History with supplier firm	.212(.086)**	-.339(.014)**	
Supplier firm logistical adaptation x History with supplier firm	.130(.168)		-.196(.104)d
Buyer firm logistical adaptation x History with supplier firm		-.216(.039)**	
Switching cost	.124(.171)	.068(.287)	.070(.265)
Availability of alternative supplier firms	.062(.313)	-.132(.140)d	.044(.348)
Overall satisfaction with supplier firm performance	.051(.349)	-.137(.137)d	.467(.000)***
R-squared	.105	.216	.344
R-squared (adj.)	-.046	.070	.232
F	.696	1.482	3.064
Sig (F)	.375	.073*	.001***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

d = Directional support: p > 0.10 and p < 0.16 (one-tailed)

³¹ VIF values from 1.317 to 2.930, Tolerance values from .341 to .789

³² VIF values from 1.213 to 2.925, Tolerance values from .342 to .824

³³ VIF values from 1.313 to 2.842, Tolerance values from .352 to .762

Moderating effects - M11aC - Tolerance of conflict

The moderating effect of history decreased slightly with regard to the effect of buyer firm human asset specificity, although significance levels remained the same. The interaction term between history and supplier logistical adaptation increased, but it remained not significant. With reference to direct effects of control variables, switching cost showed a positive, but not significant effect. Further, availability of alternative supplier firms and overall satisfaction with supplier performance displayed weak effects upon the dependent variable.

Moderating effects - M11bC - Exit intention

The moderating effect of history on the effect of supplier firm product adaptation increased in significance level, and strengthened. There were only minor changes in the moderating effects of history with respect to buyer firm human asset specificity and buyer firm logistical adaptation, and the significance levels remained the same. Switching cost had a positive and weak effect, while availability of alternative supplier firms showed a negative effect within the directional support criteria. Both effects were contrary to theoretical expectations. Overall satisfaction with supplier firm performance had a negative effect within the criteria of directional support, and the effect was in accord with our expectations.

Moderating effects - M11cC - Extendedness of relationship

The interaction term between history and supplier firm product adaptation remained within the directional support criteria. The moderating effect of history with respect to supplier firm human logistical adaptation decreased, and the effect was within the directional support criteria. The effect was however still opposed to theory. The dependence measures exhibited positive and weak effects with regard to the dependent variable, while overall satisfaction with supplier firm performance demonstrated a positive and significant effect, which was in accord with expectations.

10.8.2 Summary of findings

The moderator analysis revealed that some specific investments at interorganizational levels had stronger effects when business relationships had lasted for some time. Of a total of 7 hypotheses, 4 received empirical support, while 1 had directional support. Two hypotheses had no empirical support, and one of these showed an opposed tendency in the effect. Hence history was found to moderate the effect of specific investments, and should be considered in future studies. With the exception of the opposite moderating effect of supplier firm logistical

adaptation on extendedness of relationship, all interaction terms showed effects in the expected direction. These findings from the moderator analysis therefore represent additional knowledge compared to the findings found in the analysis of direct effects. Further, correlation analysis between history and interorganizational variables revealed only one positive, significant correlation between history and supplier firm logistical adaptation (.306**). Correlation analysis therefore did not reflect any linear, positive relationship between history and the amount of investments actors make.

Table 10.15: Overview of Findings - Moderating effects of history - Interorganizational variables and control variables

	Dependent variables		
	Model 11aC Tolerance of conflict	Model 11bC Exit intention	Model 11cC Extendedness of relationship
Independent variables			
Interorganizational variables			
Supplier firm product adaptation x History		H29a Empirical support	H30a Directional support
Buyer firm human asset specificity x History	H28b Empirical support	H29b Empirical support	
Supplier firm logistical adaptation x History	H28c No empirical support		H30c No empirical support Opposite tendency
Buyer firm logistical adaptation x History		H29d Empirical support	

Empirical support: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$ (one-tailed)

Directional support: $p > 0.10$ and $p < 0.16$ (one-tailed)

Opposite tendency = effect contrary to expectations with regard to direction, but within the directional support criteria

10.9 General discussion - moderator analysis and findings

The examination of the effect of independent variables in subsamples referred to in 10.2 revealed significant differences in Beta-coefficients for the majority of variables. These findings indicate that organizational and interorganizational dimensions moderated the relationship between independent variables and the outcome variables. The moderator analysis however offered a mixed result with respect to empirical support of the postulated

hypotheses. Additionally, a great number of the interaction terms were not significant. Below we summarize the findings from the moderator analysis.

Organizational dimensions - interpersonal variables

Organization size moderated the effect of two-way communication (directional) toward extendedness of relationship in accord with theory, while organization size moderated the effect of buyer rep cultural adaptation with regard to tolerance of conflict in the opposite direction. Organization size did not moderate the effect of two-way communication toward tolerance of conflict and exit intention.

Formalization moderated the effect of buyer rep cultural adaptation with regard to tolerance of conflict and exit intention in accord with theory. Moreover, formalization moderated the effect of two-way communication with regard to the same variables in direction contrary to theory. With regard to extendedness of relationship, no moderating effects were found.

Centralization moderated the effect of buyer rep cultural adaptation toward tolerance of conflict in accord with theory, while it moderated the same variable with regard to exit intention and extendedness of relationship in direction opposite to predictions. Centralization did not moderate the effect of two-way communication.

To close, the above findings offered mixed results with respect to theoretical implications. Two-way communication was to a lesser degree affected by organizational dimensions than buyer rep cultural adaptation.³⁴ This may indicate that dyadic communication was critical in all buyer firms despite the size of the firm, degree of formalization and centralization. Moreover, the results suggest that formalization and centralization processes or mechanisms could to a lesser degree be a substitute for the dynamics of interpersonal communication.

History with supplier firm - interpersonal variables

History moderated supplier rep cultural knowledge in the opposed direction with regard to exit intention. The effect of supplier rep cultural adaptation was moderated by history toward exit intention and extendedness of relationship. Further, significant opposed effect of buyer rep cultural adaptation was found with regard to tolerance of conflict and exit intention. History moderated the effect of two-way communication toward tolerance of conflict. Five

³⁴ Only 3 of 9 interaction terms were significant or within the directional criteria, while for buyer rep cultural adaptation, 6 of 8 interaction terms were significant or within the directional criteria.

interaction terms showed non-significant effects. The results indicate that supplier rep cultural knowledge and buyer rep cultural adaptation had stronger effects in relationships that had lasted for some while, whereas supplier rep cultural adaptation and two-way communication had stronger effects in young relationships. Hence, the results were mixed with respect to a priori theory. The results therefore indicate that the role and effect of cultural adaptation on respectively supplier and buyer side of the dyad differed dependent on relationship length.

Organizational dimensions - interorganizational variables

Organization size moderated the effect of buyer firm product adaptation toward exit intention and buyer firm human asset specificity toward tolerance of conflict, whereas logistical adaptation was not moderated by organization size. Formalization moderated buyer firm product adaptation, but in the opposite direction. In Chapter 11.4 we discuss plausible reasons for this. Further, formalization did not moderate buyer firm human asset specificity or buyer firm logistical adaptation. Centralization moderated (directional) buyer firm human asset specificity, but the effect was contrary to directional expectations. Centralization did not moderate the effect of logistical adaptation.

To conclude, the effect of logistical adaptations was generally not affected by organizational dimensions. Further, organization size proved to moderate interfirm specific investments in accord with theory, whereas formalization and centralization moderated specific investments in the opposed direction.

Levels of inclusiveness - interorganizational variables

Levels of inclusiveness moderated the effect of buyer firm asset specificity with regard to tolerance of conflict and extendedness of relationship, whereas the moderator variable moderated the effect of buyer firm logistical adaptation toward tolerance of conflict. No moderating effect was found for buyer firm product adaptation. These findings suggest that buyer reps involvement with other activities and departments in the buyer firm strongly influenced the effect of these investments. The finding supported prior theorizing (cf. Chapter 5).

History with supplier firm - interorganizational variables

History moderated the effect of supplier firm product adaptation with regard to exit intention and extendedness of relationship in accord with theory. Further, the effect of buyer firm human asset specificity was moderated by history toward tolerance of conflict and exit intention. History moderated buyer firm logistical adaptation with respect to exit intention,

while the opposite tendency was found for supplier firm logistical adaptation. Hence, specific inter-firm investments had stronger effects in mature relationships, which was in harmony with prior theorizing (cf. Chapter 5).

Summary of moderator analysis

Moderator analysis including the organizational dimensions, organization size, formalization and centralization showed inconsistent results, in the sense that these dimensions moderated in accord with theory and contrary to theory as well as showed no moderating effects. These results may be due to several factors, such as industry specific factors, weaknesses in research design and measurement-instrument, and are elaborated in Chapter 11. Despite the inconsistent findings, we contend the above moderators play a role in business relationships. Boundary spanners are organizational members, in consequence they are influenced by organizational structure, procedures, norms and the like (cf. Chapters 3, 4 and 5). Organizations therefore should not be treated as 'black boxes' in interorganizational research. The rich stream of organization research should therefore be considered when investigating these relationships.

History or the length of relationships proved to moderate the effect of specific investments. The moderator analysis provided additional knowledge on the effect of various interpersonal investments dependent on relationship length. Interorganizational investments proved to have stronger effects in relationships that had lasted for some while. Twelve of 18 interaction terms were found significant (in directions opposed and in accord with theory). History therefore should be considered when examining effects of specific investments, since some investments may play a greater role in early phases while others may have stronger impact in later phases.

Levels of inclusiveness showed an influence on the effect of buyer firm human asset specificity specifically. These findings support the idea that boundary spanners' degree of involvement (or levels of inclusiveness) with the organizations had consequences for the effect of inter-firm specific investments.

Even though we did not receive empirical support with respect to all moderator hypotheses, we argue that organizational and interorganizational dimensions should be considered when examining the effect of interpersonal and interorganizational investments. Yet, exploratory research is required to fully comprehend underlying causal mechanisms of the organizational and interorganizational moderators included (cf. Chapter 11).

11 - Discussions and implications

In this part of the thesis we discuss findings and theoretical implications. In Chapter 11.1 we offer additional and alternative explanations to the presented findings in Chapters 9 and 10. An alternative model to show effects of cultural knowledge is offered in Chapter 11.3. Further, we discuss limitations of the chosen research method and design in Chapter 11.4. Furthermore, we discuss theoretical perspectives, empirical support and contribution of the doctoral research in Chapter 11.5. We then propose future studies. Last, managerial implications are suggested.

As aforementioned (Chapter 6) we adopted a hypothetic deductive approach to conduct this research. This approach builds on existing research in order to develop the conceptual model and hypotheses. To test the hypotheses we employed a structured questionnaire that provided us with quantitative data. Besides the survey method, the research provided us with qualitative data collected during the personal interviews (cf. 6.4). In this part of thesis we mainly resort to qualitative data collected in the personal interviews (n=96) to offer additional and alternative explanations of findings. The collection of qualitative data had a more exploratory character, and hence can be referred to as an inductive approach.¹ *Ex post* data analysis (regression analysis) these qualitative data were systematically and minutely analyzed to search for meaning in the statistics, in particular with regard to weak and opposed effects. More specifically, I experienced the research process as a circular process involving *a priori* theory, inspection and analysis of statistics and analysis of qualitative data. This process can be referred to as a continuous back and forth switching between the “context of discovery” and “the context of justification” (Troye, 1994). Through this process I acquired new insights into the phenomena of interest, which resulted in additional and alternative explanations. Furthermore, this process released new thoughts with respect to *a priori* theory and logic.

We argue that the clarification offered in this part of thesis provide an additional, more nuanced and multifaceted explanation of the findings as well as of the empirical phenomena in question.² Yet, this elucidation is not part of an attempt to verify our theoretical

¹ We are aware of Popper’s argument that induction logically is not possible (Troye, 1994). During the process of observation we are unavoidably influenced by perceptions and theories that guide our observations. Related to the discussion above, the term induction rather refers to a more exploratory and open approach to observations compared to the initial deductive approach.

² Some researchers may reply that I risk undermining the statistical findings as well as the adopted research design by providing these alternative explanations. Nevertheless, in my thesis I stand by the hypothetic deductive

perspectives, such as by offering ad-hoc explanations. The purpose of these clarifications is rather to address important explanatory variables that were not integrated into our *a priori* theoretical perspectives. Further, these variables are proposed to define (or restrict) the external validity of the postulated theories. We equally suggest that the new explanatory variables contribute to extend the *a priori* theoretical perspectives to comprise more realistic and complex set of explanatory variables. Hence, while we stand by the principle of falsification, we recognize that theories within the social sciences rarely offer complete explanations of empirical phenomena. In consequence, neither verification nor falsification can provide proof that a theory is not true (Troye, 1994).

11.1 Discussion of findings - Why are interpersonal ties important?

Findings in Chapters 9 and 10 demonstrate that interpersonal variables to a larger degree were associated with the dependent variables compared to the interorganizational variables. In this chapter we draw on qualitative data to explain why interpersonal ties are important in the seafood industry.

Interpersonal adaptations are by nature relationship-specific

Throughout out the fieldwork I learned that some activities are more predisposed to standardization, while other activities more naturally are relationship-specific. Key-informants were more liable to be satisfied with general investments with regard to some activities or exchange aspects, such as general standards for product quality. With regard to other dyadic activities, such as cultural adaptation, informants expected these to be partner-specific. This is because some activities by nature are difficult to standardize. With the exception of cultural knowledge, which we consider market-specific and not customer-specific, interpersonal variables in the form of cultural adaptation and two-way communication are difficult to standardize and we argue they by nature are partner-specific. Thus, inherent liabilities associated with various dyadic activities affect the appropriateness of standardization processes. These differences further affect the relevance and effect of exchange activities presumed to be partner-specific. The above conclusion is consistent with previous research (e.g. Seabright et al., 1992). They found that attachment of individuals reduced the likelihood of switching in the context of auditor-client relationships. Further, they explain this result by proposing that in the specific context "... *the substitutability of*

method, but exhibit transparency with regard to the research process. Having access to qualitative data permits a combination of a deductive and inductive research method that I argue heightens the quality of my research.

individuals for structural mechanisms is limited, either because of difficulties in standardizing interpersonal activities or the need to maintain flexibility in the coordination process“(Seabright et al., 1992: 154).

Relational norms are realized through interpersonal relationships

Relational norms, such as flexibility, solidarity, reciprocity and trust (Macneil, 1980) were emphasized by informants as important governance mechanisms in the dyad. High fluctuations in resources and markets created the need for continuous adaptations and negotiations on various matters, such as price. Disagreements and negotiations about product quality, logistical performance as well as price had to be dealt with on a frequent basis. According to the buyer reps, these current critical events were managed through relational conflict solving and rarely through third parties. The interpersonal relationships therefore contributed to smooth conflict solving and thereby reduced the likelihood of relationship termination.

Relational norms therefore were important because of difficulties in specifying completed contracts *ex ante*, and because the dyadic partners were obliged to agree upon substantial adjustments during the buying process. To manage the various adjustments relational norms were activated, and according to informants these were materialized through interpersonal relationships. Thus, the development and realization of relational norms were contingent upon interpersonal relationships. Relational norms therefore were not subject to standardization, formalization or institutionalization, but were developed and cultivated through human contact. The below quotes illustrate this point. The number attached to each quote refers to one of the 96 buyer companies. The original French quotes are given in footnotes. All quotes exemplify the activation of flexibility, solidarity and reciprocity through personal contact.

“If I have a personal relationship with a supplier, I know I can rely on his help and he can rely on mine. Other suppliers, with whom you don't have a personal relationship, won't give you any leeway.”³ (31)

³“*Si j'ai une relation personnelle avec un fournisseur je sais qu'il va m'aider et l'inverse. Avec d'autres jamais, il n'y a pas de souplesse.*” (31). The French term “fournisseur” was used in discussions to refer to both the person and to the firm. Informants did not always distinguish between these two in the informal discussions. However, with respect to the questionnaire they were obliged to distinguish between the levels, and reported corresponding to the level. Thus, informants were forced through the items to separate the two levels, which they analytically managed to do. When informants specifically meant the company and only this level they used the French term “société”.

*"If you know each other you can solve problems smoothly."*⁴(56)

Interpersonal relationships embody the contract

Further, interpersonal relationships are needed in order to compensate for the lack of formal contracts in the industry. Personalizing interpersonal contact is crucial in order to obtain supplies as well as to maintain the business relationship. The quotes that follow illustrate this position further.

*"We spend a lot of time getting to know each other, meeting each other's family, forging bonds, building trust so that we can be sure of the supplier. The relational aspect is important in order to develop privileged relationships."*⁵(65)

*"Impersonal relationships don't work very well in the seafood industry. If I don't have a personal relationship with the suppliers they tend to forget us. We have a demand for seafood products so we have to establish personal relationships – focus on the human dimension – in order to get the products, especially when there's a market shortage."*⁶(40)

The phenomenon of boundary spanner turnover connection

In harmony with the above explanations it is not surprising that the phenomenon of boundary spanner turnover connection (e.g. Lovett, Harrison and Virick, 1997, Rokkan, 1999) is common within this industry. This phenomenon came up quite frequently in interviews, because informants were forced to analytically distinguish between the individual (supplier rep) relationship and the supplier firm relationship. For instance when I asked them to report on relationship length related to the individual as well as to the firm,⁷ they sometimes reported higher length with respect to the individual. The reason for this was prior business contact with this person when he or she worked in another company. This indicates that the interpersonal relationships were critical to the extent that buyer reps are willing to follow the supplier rep when he or she leaves an organization. The below quotes exemplify this phenomenon.

⁴ *"Si deux personnes se connaissent on peut résoudre les problèmes avec soupless.e"* (56)

⁵ *"On passe beaucoup de temps à se connaître, voir la famille, tisser des liens et bâtir la confiance pour être sûr du fournisseur. L'aspect relationnel est important pour avoir des liens privilégiés."* (65)

⁶ *"Dépersonnaliser les relations ne marche pas très bien dans la filière pêche. Si je n'ai pas des relations personnalisées avec les fournisseurs - ils ont tendance à nous oublier. On est demandeur des produits de la mer, donc on est obligé de personnaliser les relations - cultiver l'aspect humain - pour avoir le poisson, surtout quand il y a un marché de pénurie."* (40)

⁷ In the thesis the measure history with boundary spanner is not included in data analysis, mainly because of space limitations. The two measures: history with boundary spanner and history with organization are nonetheless highly correlated (.854**).

“In this industry, building relationships is of utmost importance, because once the quality is acceptable, the rest depends on your relationship with the supplier. Trust is very important, and we often follow the supplier when he moves to a new company, provided that the new company can offer products of the same quality.”⁸ (21)

“We knew this supplier already when she worked for another company. When she changed companies, we followed her. In this industry, trust between people is important, so we tend to follow the person.”⁹ (50)

The phenomenon of boundary spanner turnover connection is however contingent upon a set of conditions in order to occur. The boundary spanner typically has to enjoy discretion in his work, such as making buying decisions autonomously. Nonetheless, isomorphism related to perceived importance of personal relationships across hierarchical levels could equally produce this phenomenon (cf. 11.4.4). Further, the products and quality of the products that are offered in the various firms ought to be quite similar. Furthermore, requirements of large specific investments at the interorganizational level are not compatible with this phenomenon (e.g. Joskow and his study on coal suppliers and electric utilities, 1987). Conversely, the phenomenon of boundary spanner turnover connection is likely to occur in dyads where interpersonal relationships and adaptations, such as interpersonal trust, knowledge of each other idiosyncrasies, relational norms and two-way communication are critical in order to maintain dyadic exchange. Consequently, the major investment and competence in these business relationships is bound in individuals and not in firms.

11.2 Discussion of findings - Why are structural ties less important?

In this chapter we elaborate first on plausible industry-specific explanations such as the practice of multi-sourcing, the informal industry practices related to tolerance of switching and restriction of the exit option and the supra dyadic related dependence phenomenon. Second, we discuss general investments versus relationship-specific investments and why general investments often are sufficient in a buyer firm perspective. The main purpose of these alternative explanations is to explain the low effect of the interorganizational variables (relationship specific investments at the interorganizational level) on the dependent variables. Additionally, we aim to clarify the low association between interorganizational variables and

⁸ *“Dans cette industrie le relationnel est très important parce que des que la qualité de produit est acceptable - le reste c'est le relationnel. La confiance est très important et on suit souvent le représentant quand il change de société à condition que la nouvelle société puisse offrir la même qualité de produit.” (21)*

⁹ *“ Le représentant, on la connaît depuis qu'elle travaillait dans une autre société. Lorsqu'elle a changé de société on l'a suivi. Dans cette industrie la confiance entre personnes est très important - donc on a tendance à suivre la personne.” (50)*

the dependence measures, and the overall weak effects of the dependence measures on the dependent variables. Furthermore, we aim to elucidate the low variation in exit intention.

11.2.1 Rules of exchange in the seafood industry

The practice of multi-sourcing

Interorganizational arrangements, such as “monogamous” or “polygamous” relationships may diverge in time as well as across business contexts (Baker, Faulkner, and Fisher, 1998). Different causes lie behind these practices or norms, such as legal restrictions (e.g. Levinthal and Fichman, 1988). Further, there exist institutionalized rules of exchange or cultural norms that guide the rules with regard to “...who can transact with whom and the conditions under which transactions are carried out” (Baker et al., 1998:150). These rules of exchange also guide buyer and sellers firms’ use of the ‘exit option’ and the right to switch among available partners. Further, the various informal practices are expected to be interlinked within industrial contexts.

In the seafood industry the practice of multi-sourcing is typical. In interviews key-informants emphasized the practice of using several supplier firms in order to ensure supply of specific fish species. This practice was necessary to ensure stability in supplies, because available seafood resources typically fluctuate and vary across supplier firms, regions and countries. In addition, buyer firms were not sure of getting the required supply from one specific supplier firm, because these firms occasionally would prefer other markets or customers when higher prices were offered. Because of this uncertainty, the majority of buyer firms were always in search for new supplier firms, although they emphasized they had no intention to supplant the existent partner. The quotes that follow illustrate the above outline.

“Even though we’re talking about farmed fish, there are fluctuations in the market, so that’s why they don’t always use the same suppliers and the supplier doesn’t always sell to the same customers. It’s a spot market and price is everything. But we like to have stable business relationships.”¹⁰ (1)

“In this industry you usually have a number of suppliers and you always have to be prepared to establish and maintain relationships with new ones.”¹¹ (2)

¹⁰ “Même si c’est une espèce d’élevage il y a des fluctuations dans le marché, donc à cause de ce phénomène là - ils n’achètent pas toujours chez le même fournisseur - et le fournisseur ne vend pas toujours aux mêmes clients. C’est un marché de spot, et les prix dictent. Mais, c’est souhaitable d’avoir des relations commerciales stables.” (1)

¹¹ “C’est normal dans ce métier d’avoir un bon nombre de fournisseurs - et de toujours être prêt à établir et maintenir des relations avec d’autres.” (2)

*"We need as many supplier firms as possible to be sure to get the volumes we need."*¹² (36)

The practice of multi-sourcing therefore allows buyer firms to be tolerant vis-à-vis switching, because they can obtain a supply elsewhere. Furthermore, key-informants emphasized that tolerance of switching was contingent upon relational norms such as flexibility, solidarity and reciprocity. If the partner firm was in desperate need of buying or selling, actors naturally activated the abovementioned relational norms and set aside strict profit thinking for the specific transaction. Equally, if the actors for different reasons could not buy or sell, the partner firm expressed no bad feelings.

In conjunction with the tolerance of switching rule, there were restrictions upon buyer firms' decisions to resort to exit (terminate the relationship). According to informants' accounts there was a prevailing norm of exhibiting high tolerance toward critical events (e.g. occasionally lower product quality, late delivery etc.) and consequently keeping existing supplier firm-relationships. The majority of informants reported that they preferred relational conflict solving to resolve these critical events, and no one reported that they resorted to third parties. Furthermore, demonstrating low tolerance when dealing with critical events could produce a bad reputation within the business setting. The quotes below illustrate the above explanations.

*"We try to solve problems in the best possible way for the suppliers and ourselves. If we send back trucks two or three times, we'll never see a truck here again."*¹³ (29)

*"We never break off relationships, but sometimes we have enough supplies and we don't need more volume, and there are no hard feelings."*¹⁴ (4)

*"We can punish them for a while if there have been serious problems, but then we start accepting deliveries again."*¹⁵ (23)

*"I've never broken off a relationship with a supplier firm. There would have to be very serious problems for me to do that."*¹⁶ (16)

¹² *"On a besoin d'avoir un maximum de fournisseurs pour pouvoir toujours avoir des volumes."* (36)

¹³ *"On essaye de résoudre les problèmes au mieux pour le fournisseur et pour nous. Si on renvoi des camions 2-3 fois, c'est qu'on ne verra plus des camions ici."* (29)

¹⁴ *"Il n'y a jamais de rupture, mais des fois on est chargé et on n'a pas besoin des volumes, et il n'y a pas de remords."* (4)

¹⁵ *"On peut les punir pendant une certaine période, si il a eu des problèmes graves, mais après on accepte des livraisons."* (23)

¹⁶ *"Je n'ai jamais quitté un fournisseur. Il faut qu'il ait des problèmes très graves."* (16)

Thus, based on the above outline and quotes, it is not surprising that there was low variation among the firms with regard to exit intention. Thus, regardless of the level of relationship-specific investments (interorganizational level), buyer firms typically reported low exit intentions¹⁷.

Further, the practice of multi-sourcing has additional effects, in the sense that it to some degree reduces the appropriateness of making high relationship-specific investments in dyads. Thus, the high number of supplier firms a buyer firm relates to, precludes to some extent the possibility of making costly and comprehensive investments with respect to one specific relationship¹⁸. Since only relationship-specific investments are presumed to bind actors and create immobility in dyads (e.g. Williamson, 1979, Anderson and Weitz, 1989), the practice of multi-sourcing therefore indirectly reduces dyadic related dependence. Statistics support this suggestion showing that control variables reflecting dependence (dyadic related) have low effects on dependent variables. Thus, according to the above theory, we would expect low levels of tolerance of conflict, exit intention and extendedness of relationship since few specific investments (at the interorganizational level) bind the partners. However, other factors than inter-firm specific investments bind partners in this industrial setting.

With respect to practices such as multi-sourcing (and in this case relatively high number of supplier firms) this actual practice may eventually experience modifications because of emerging market changes. In the sample there was some variation with respect to relationship-specific investments. Buyer firms involved in private labels, own brands, specific product qualities and the like were more concerned about relationship-specific investments. Additionally, the increased emphasis on traceability, food safety, consumer power, and brands¹⁹ in important seafood markets (mainly European Union, Japan and USA) would alter buyer firms' attitudes and practices. The emerging market development could oblige buyer firms to limit actual relationships, and thereby eventually increase the amount of relationship-specific investments. Thus, the actual practices in the industry today may alter in accordance with changes in markets.

To conclude, informal practices in the seafood industry, such as multi-sourcing, tolerance of switching and restrictions in the use of the exit option influenced the amount of

¹⁷ The measure exit intention also showed the lowest standard deviation of all variables: 1, 87 (0.5 item-level).

¹⁸ However, a number of informants meant that recent market demands would oblige buyer firms to limit actual relationships, and thereby increase the possibility to know the partner better and eventually make more adaptations. Thus, the actual practices in the industry today may change in accordance with e.g. market changes.

¹⁹ Brands include industry brands, private labels (retailer brands), ecology labels, country/region/place focused brands, specific quality labels (label rouge) etc. That is, all kind of brands that market some kind of product quality, intangible assets and images that can be harmed if the products do not fulfill consumers' expectations.

relationship-specific investments in the dyads, dyadic related dependence and caused low variation with regard to exit intention.

11.2.2 Dependence at supra dyadic levels

Although statistics reflected dyadic related dependence to a small extent, key-informants were concerned about the phenomenon of dependence in the interviews. During the research process I gained an understanding that informants elaborated upon a kind of dependence that was not associated with e.g. high switching cost in the dyad, but more specifically associated to the specific market situation. Important factors that influenced buyer firms' perceived market situation were the total amount of volume of seafood products available in the market²⁰ and buyer firms' competitiveness relative to other French buyers as well as relative to buyer firms in other national markets. A number of buyer firms explained that there typically existed an imbalance in power between buyers and supplier firms.²¹ This situation was particularly true for buyer firms that imported frozen white fish from the North Atlantic. They further emphasized that they were more dependent upon the supplier firm than vice versa. However, this dependence was not constant since the buyer firms explained they only became dependent on a supplier firm given specific market situations, shortage of seafood products ("marché de pénurie"). The below quotes illustrate this form of dependence.

"When there's a market shortage we feel dependent on them, but right now, no we don't."
²² (9)

*"We have a demand for seafood products so we have to establish personal relationships – focus on the human dimension – in order to get the products, especially when there's a market shortage."*²³ (40)

*"We have a demand – we need them more than they need us. There's a strong focus on price in the French market."*²⁴ (25)

The last quote illustrates a second point, specifically characteristic of the French market.

²⁰ With market they sometimes referred to the local market (e.g. Boulogne-sur-Mer, Rungis), the French market, the European market or the global market. The relevance of each market varied according to the fish species.

²¹ Our *ex ante* argument (cf 6.3) presupposed buyers to have the power. Recent concentration processes within the seafood industry in supplier countries may have contributed to modify power relations. The question of who has the power seems to be context and situation specific and subject to change.

²² *"Sur un marché de pénurie oui, mais actuellement non, on ne se sent pas dépendant."* (9)

²³ *"On est demandeur des produits de la mer, donc on est obligé de personnaliser les relations - cultiver l'aspect humain pour avoir le poisson, surtout quand il y a un marché de pénurie,"* (40)

²⁴ *"On est demandeur - on a plus besoin d'eux que l'inverse. Le marché français c'est un marché de prix."* (25)

11.2.3 French market characteristics

A number of French buyer firms characterized their market as a market with high focus on price.²⁵ By this characteristic they meant that their customers, such as French retailing chains and French consumers were not willing to pay high prices for seafood products. And this fact reduced this market's attractiveness in price-competition with other better paying markets. The French buyer firms were obliged to operate according to an *inclusive* approach to the market, i.e. in their buying strategies they included "...not only exchange but the production and consumption of the exchanged goods..." (Sayer,1995:98). Additionally, in buying decisions French buyer firms typically evaluated the rapport between quality and price (le rapport "qualité prix")²⁶. This idiom affected their way of thinking and further influenced their sourcing strategies. The quote below underpins this proposition.

*"If the consumer has money we can say, buy quality, i.e. cod. But when he doesn't have money we tell him to get good value for his money, i.e. buy Alaska Pollock."*²⁷ (Quote from master thesis, Pettersen, 1998:127)

The English expression "*value for the money*" is not semantically equivalent with the French "*le rapport qualité prix*", and no French expression equates the English idiom (Villemus, 1996: 65).

Another characteristic of the French market was the openness compared to the more conservative North European markets (Germany, Great Britain and the Nordic countries) with regard to seafood species. This openness allows French buyer firms to execute an extensive global sourcing, which includes a continuous search for new fish products to eventually replace existing seafood products.²⁸ The French buyer firms therefore have a truly global approach to supplies, which may compensate or simply coincide with the other more negative characteristics (high focus on price) that reduce the competitiveness of the French market in a global seafood market perspective²⁹.

²⁵ For instance, French actors explained that British buyers usually are willing to pay higher prices for cod than they are. Further, French buyers had a hard time importing King Crab from Norway, because the Japanese are willing to pay more.

²⁶ This is an established expression in France, and was frequently used in discussions related to buying decisions.

²⁷ "*Si le consommateur a de l'argent on peut lui dire, acheter de la qualité, le cabillaud. Mais au moment où il n'a pas d'argent donc on lui dit, acheter le meilleur rapport qualité prix, acheter le colin d'Alaska.*"

²⁸ A good example is the rapid transition from Nordic shrimps to tropical shrimps in France. The demand of Nordic shrimps fell by 50 % in volume the last 10 years (today 5000 tons), while the demand of tropical shrimps has risen. The total import of volume of shrimps today is 80 000 tons (Produits de la Mer, Nr. 83: February /March 2004).

²⁹ Obviously, there are French high quality niche markets that are willing to pay high prices for seafood products as well. However, in the sample a great number of actors sold to customers that emphasize price.

To conclude, French buyer firms accounted for asymmetries in power with regard to supplier firms. This perceived dependence was to a greater extent associated to market situations of shortage, and not to high dyadic switching cost. When there were less seafood products on the market, the French market's focus on price reduced French buyer firms competitiveness relative to better paying markets and they became the dependent party. In conjunction or in order to compensate for this position in the global fish market, French buyer firms applied a dynamic global sourcing strategy.

11.2.4 General investments versus relationship-specific investments

In interviews I asked informants whether low levels of supplier firm relationship-specific investments represented a problem for their firm. A number of informants explained that they were satisfied when supplier firms met general market requirements. They did not expect supplier firms to make adaptations just for them, specifically when the supplier firm already had made general adjustments to export to the European market (implementation of the European Union norms) and in addition had adjusted to the French market³⁰. Based on the above outline, parties external to dyads were equally involved in the governance of business exchange e.g. by setting the standards for production and product quality.

Kaplinsky (2000) argues that *“(t)he intricacy and complexity of trade in the globalization era requires sophisticated forms of coordination, not merely with respect to logistics (who ships what, where and when), but also in relation to the integration of components into the design of the final product and the quality standards with which this integration is achieved”* (Kaplinsky, 2000:124). It is therefore increasingly critical that *“...key actors in the value chain take responsibility for the inter-firm division of labor and for the capacities of the particular participants to upgrade their activities”* (Kaplinsky, 2000: 124). This activity is termed *governance* (Gereffi, 1994) and can be classified into three forms of governance (Kaplinsky, 2000: 124): 1) *legislative governance*, which refers to the basic rules that define the conditions for participation in the chain, 2) *judicial governance*, which includes the need to audit performance and check compliance to meet the rules, and 3) *executive governance*, which provides assistance to value chain participants in meeting these rules. With regard to these three forms of governance both internal and external parties to the chain are typically involved.

³⁰ French market-specific requirements included.

For instance, European institutions may set the standards for product quality within the European Union (legislative governance), while national institutions take responsibility to monitor the compliance of rules (judicial governance), and last governmental industrial policy support may be involved in upgrading supplier firms to meet the standards (executive governance). Simultaneously, in buyer-driven chains where buyer firms are thought to play the critical governing role,³¹ these firms are equally assumed to be involved in all three kinds of governance as well. Thus, the involvement from an external party does not exclude the necessity of involvement from an internal party; however, involvement from e.g. public or specialized firms may reduce the burden and responsibility for buyer firms.

With reference to the focal dyads, buyer firms generally were satisfied with European Union standards of production and product quality, while the logistics often were subject to partner adjustments.³² When local institutions were not efficient in monitoring production standards,³³ buyer firms were obliged to follow up closely (“suivre de près”). Thus, in today’s global exchange dyadic partners are not the only actors involved in governance, and international standards and harmonization of standards are growing.³⁴

This recent development may explain why buyer firms to a large extent relied on supplier firm’s general investments to meet e.g. established product quality standards, and why they were less concerned with relationship-specific adaptations. In addition, the practice of multi-sourcing and buyer firms’ perceived dependence might equally explain the low emphasis on relationship-specific investments at the interorganizational level.

³¹ Value chains in the seafood industry are in my view buyer-driven chains, among other factors, since knowledge related to market and customer requirements is critical.

³² Statistics support this statement for supplier firm logistical adaptation in the sense that only this variable is positively related to supplier firm performance (.225*). A plausible explanation could be that high supplier firm performance of logistics is contingent on partner specific logistical adaptations.

³³ Which was frequently the case related to supplier firms in Africa, Asia and Latin America.

³⁴ Relevant examples are: legislations related to ensure traceability in the value chain exemplified by the new European Regulation (effective from 1. of January 2005) which aims to create a European Authority for Food Safety. This new legislation implies measures such as; schedules, various guides to acceptable practice, HACCP certificates, which all contain elements that help to ensure traceability. Lately, the international market of Rungis (Paris) made investments of 50 million Euros to satisfy European sanitary norms and to improve the seafood pavilion with respect to standards of quality, hygiene, food safety along the whole cold food chain (finished in 2004). These are general investments aimed to satisfy requirements of product quality and hence satisfy supplier firms in general. All supplier firms that export to European markets are required to satisfy European Norms (Produits de la Mer, 2004).

11.3 Exploratory analysis of cultural knowledge

Findings from multiple regression analysis in Chapter 9 revealed a large and opposite effect of supplier rep cultural knowledge in M1 and M2 (cf. 9.2.1). Further, multicollinearity problems were to various degrees found among the interpersonal variables (cf. 9.4). We therefore suggest that alternative models could result in better data fit. When variables are highly correlated it is equally plausible to presume cause-effect relationships between the variables. In the alternative model below, we propose cultural knowledge to function as a cause or antecedent with regard to both cultural adaptation and two-way communication.

Cultural knowledge comprises competence in language as well as knowledge of the partner's society and culture. This basic cultural competence is found to enhance boundary spanners' ability and willingness to make cultural adaptations (Kale and Barnes, 1991, Thomas, 1998, Bhawuk, Dharm and Brislin, 2000). Further, cultural knowledge is proposed to affect two-way communication directly, since language competence and knowledge of cultural traits of the other partner firm, people and society is presumed to increase the capacity for a two-way communication (Kim, 1988, Mead, 1990). Hence, supplier rep cultural knowledge is presumed to operate indirectly through supplier rep cultural adaptation³⁵ and two-way communication. In Table 11.1 below, statistics from bivariate regression analysis are presented.

Table 11.1: *Supplier rep cultural knowledge and direct effects*

Independent variable	Dependent variables	
	Supplier rep cultural adaptation Beta (sig. T)	Two-way communication Beta (sig. T)
Supplier rep cultural knowledge	.274(.004)**	.275(.004)**
R-squared	.075	.076
R-squared (adj.)	.065	.066
F	7.398	7.380
Sig (F)	.004***	.004***

*** p < 0.01, ** p < 0.05, * p < 0.10 (one-tailed)

Statistics show that supplier rep cultural knowledge has a positive and significant effect upon both supplier rep cultural adaptation and two-way communication. These findings support the above theory outline that proposes cultural knowledge to affect positively individuals' ability

³⁵ Supplier rep cultural knowledge is not expected in theoretical terms to have any effect upon buyer rep cultural adaptation, which is also confirmed by statistics (t = -.047, p>0.10).

and willingness to adapt culturally and to communicate in cross-national dyads. Cultural knowledge therefore facilitates and enhances both cultural adaptation and two-way communication, and thereby contributes indirectly to positive relationship outcomes.³⁶

11.4 Limitations

In this chapter we present limitations in the research. These limitations are mainly related to the hypothetic deductive method adopted in the study, i.e. our theoretical assumptions related to cause-effect relationships were essentially based on existing theory and not based on induction. Our theory fundament, conceptual model and related hypotheses appeared logical and plausible *ex ante* data collection and data analysis. Nevertheless, when our simple and theoretically abstract ideas confronted the complex and real world, we experienced some “noise”.

In the sections that follow we first discuss the appropriateness of the central distinction between general and relationship-specific investments with regard to the focal business relationships. Second, we draw attention to problems related to heterogeneity in the sample with respect to business actors’ different rationales and strategies. This is discussed in 11.4.2 and 11.4.3. Third, we explain opposed moderating effects of organization size, formalization and centralization. Last, we discuss general limitations in the research.

11.4.1 Is there an obvious distinction between general and relationship-specific investments?

In Transaction Cost theory it is central to distinguish between general and relationship-specific adaptations or investments. Compared to general investments, only relationship-specific investments are thought to produce exit barriers, since these investments can not be transferred to other relationships but lose value outside the relationship. Closely related to the phenomenon of specialized investments is actors’ perception of partner dependence (Williamson, 1975, 1979, 1991). Yet, our data generally exhibited weak associations between specialized investments and dependent variables, such as exit intention. The dependent variables additionally displayed weak effects on all dependent variables. The above central principle therefore received modest support in our data. Insights acquired through discussions

³⁶ Findings that include the cultural aspects in the cross-cultural dyads are until now treated in one empirical article: Buyer Tolerance of Conflict in Cross National Business Relationships: An Empirical Study (in a review process). Theory and data (quantitative and qualitative) related to cultural aspects are not integrated in this thesis, mainly because of time and space constraints.

with actors in the seafood industry caused a rethinking of the above theoretical thoughts. In the sections that follow we discuss different aspects related to basic assumptions in Transaction Cost theory.

Can the value of relationship specific investments be transferred?

During discussions related to challenges in cross-cultural dyads buyer reps sometimes referred to prior relationship experiences. Buyer reps emphasized that earlier practice related to the establishment and the maintenance of business relationships with firms and people from particular parts of the world increased their knowledge and skills to deal with these relationships. Extensive prior experience dealing with for instance West-African, Asian or Nordic supplier firms improved their competence to deal with firms and people from these regions according to buyer reps.³⁷ In consequence, even though competence and investments associated to specific partners may not be transferred completely actors most likely are capable of transferring some knowledge and abilities from prior to new relationships. The measures cultural adaptation and human asset specificity, which are both relationship specific in character, are of specific relevance in this study.³⁸ According to actors' perceptions a more general purpose strategy may lie behind these investments in the focal business relationships. Buyer reps explained that it was natural and evident for them to make substantial effort to get to know the other partner. Dyadic adaptation activities were simply integral to their job. Buyer reps adapted to the partner rep because it was considered a natural human activity and because it was necessary to get the relationship to function. These perceptions are exemplified in the quotes below.

*"Establishing and maintaining relationships is my job."*³⁹(65)

*"The basics of business are to adapt and communicate to make things work."*⁴⁰ (2)

³⁷ Related to this argument is the rough division of labor between seafood importers in the southern part of France and in Boulogne-sur-Mer (northern France). The former is oriented and specifically competent toward southern Europe, Asia, South America and Africa, while the latter is specialized toward the North Atlantic and the Northern and Eastern sphere of Europe.

³⁸ Some may reply that potential value transfer is contingent upon the nature of the investment, such as between intangible and tangible assets. However, results from this study indicated that the more tangible specific investments, such as product adaptation and logistical adaptation, proved to be lesser related to dependence and exit barriers. Further, according to other studies (e.g. Lorenz, 1988), the general purpose strategy undertaken by actors is not less relevant in industries where physical assets, such as large machinery are central. Actors in these industries tend equally to invest in general purpose equipment, and partner-specific machine tools are empirically rare.

³⁹ *"C'est mon métier d'établir et de maintenir des relations."* (65)

⁴⁰ *"C'est le fond du commerce de s'adapter et de communiquer - pour que ça marche."* (2)

Further, substantial efforts made in business relationships were not necessarily associated to high switching costs or exit barriers.⁴¹ The weak association between specific investments, dependence and exit barriers is logically consistent with the suggestion that investments related to prior experiences may remain as a resource base within the individual as well as within the firm when relationships fade away or dissolve. Hence, contrary to theory postulated *a priori*, partner-specific experience and competence can to some extent be transferred to new business relationships, and hence reduce negative immobility effects.

General and specific investments - difficult to distinguish empirically

When conducting the personal interviews, a number of informants expressed some difficulties in distinguishing between general and specific investments, particularly with reference to interfirm investments. According to the buyer reps, these kinds of investments typically occurred gradually. In consequence, informants did not perceive these investments as 'planned' investments, but more like natural, continuous interfirm adaptations. Therefore quantifying the amount of investments was sometimes difficult. When business relationships had lasted for many years it was even harder to recall the amount or level of investments. By discussing and explaining the meaning of relationship-specific investments versus general investments, informants managed to fill out the questionnaire. Nevertheless, in discussions with informants I realized that the distinction between general and specific is not that obvious and unproblematic to make.

This is the case because it is difficult to evaluate: first, the amount of investments (considerable time lags), second, whether the investments are general or specific (most investments would be a combination of both), and third, whether informants would seldom have complete information in order to evaluate the amount of investments, in particular when one side of the dyad reports for the partner firm. Thus, while the distinction between general and specific investments is simple to make in theory, this distinction is not easy to make with reference to 'real' business life activities.

Nevertheless, despite the abovementioned problems with regard to evaluation of the amount of specific investments, the phenomenon of idiosyncrasies in dyads is present and important. Informants frequently explained that they preferred doing business with the same

⁴¹ Even though a large amount of time and energy is used with regard to making these investments, we acknowledge that the actual financial investment probably is lower compared to investments in costly product equipment.

supplier firm because they knew each other well⁴², and because the acquired mutual knowledge facilitated business exchange. Thus, idiosyncratic investments exist and exert an impact on the functioning and continuance of business exchange. Nevertheless, our interorganizational variables did not capture the relevant idiosyncrasies in this business context, or at least variables having a large impact on the dependent variables.

Actors did not express the same problems when asked to distinguish general investments and relationship-specific investments at the interpersonal level. This expressed facility is logically consistent with our aforementioned proposition (11.1) that suggests interpersonal adaptations to be inherently relationship-specific. Higher perceived relevance associated with the interpersonal investments equally facilitated the task of reporting on these measures.

11.4.2 Different rationales for making cultural adaptations

Data analysis in Chapter 9 revealed important opposed effects of buyer rep cultural adaptation on the dependent variables.⁴³ Informants' accounts with regard to motives or rationales behind their cultural adaptation efforts may shed light on these opposed findings. Qualitative data revealed considerable heterogeneity in the sample with respect to buyer reps' different rationales related to the activity of making cultural adaptations toward the partner rep. The below explanations reflect a limitation related to the chosen method, because we presumed *a priori* that boundary spanners would have identical rationales and strategies, while in reality they differed largely. This variation in the sample may represent a confounding factor in data analysis. The explanations that follow offer nonetheless additional insights with regard to underlying reasons for buyer reps' cultural adaptation efforts in cross-national dyads. Additionally, we try to explain the opposed effects of this variable.

It is natural that we adapt more to culturally distant partners

A number of buyer reps explained that they usually made substantial efforts in cultural adaptation in order to understand culturally distant partners. This effort was crucial in order to make these dyads function with respect to a number of aspects critical in the business exchange. Buyer reps typically invested highly to develop a mutual understanding with respect to required product quality, packaging methods, and logistical performance as well as

⁴² In French: “ *On garde toujours les mêmes fournisseurs parce qu'on se connait, on connait le goût et les préférences de l'autre, c'est plus facile...* ”

⁴³ This was specifically the case for the models without control variables (Table 9.1)

with regard to negotiation practices and ways to resolve conflicts. Making these efforts was perceived as natural, and integral exchange activities when dealing with cross-cultural relationships (cf. 11.4.1) were to a lesser degree associated to exit barriers.

We adapt more because we are more dependent

Other buyers explained that they typically adapted more with respect to the partner rep, because they were to a greater extent dependent on the partner than vice versa. This was true when the supplier firm was a large firm relative to the buyer firm, and when the buyer firm was a small customer relative to other customers. In these cases buyer reps typically made more efforts than the partner. By adapting they tried to improve their position as a buyer in competition with other buyer firms. This strategy can be seen as consistent with previous discussions (cf. 11.1), such as the necessity and strategy to personalize supplier relationships because of the lack of formal contracts. Because of the lack of power, these buyer reps had minor influence with regard to decisions of relationship continuance. According to the buyer reps, the outcome of their cultural adaptation efforts was uncertain.

Previous discussions in Chapter 11.2.2 and 11.2.3 equally address power asymmetries between buyer firms and seafood suppliers. In our view buyer firms' perception of power imbalances vis-à-vis supplier firms' reduces the relevance of our *a priori* theoretical argument. When buyer firms have limited decision-making power with regard to termination or continuance of relationships, specific investments are less likely to produce exit barriers. This is because the perceived power asymmetries alter the motive with regard to adaptation efforts as well as the eventual effect of specific investments.

Differences in expectations

Moreover, the personal interviews revealed variation among the buyer reps with respect to attitudes and expectations related to cultural adaptation efforts in the dyad. Some buyer reps made substantial efforts with respect to cultural adaptation because they were cognizant of the benefits resulting from mutual adaptations. This attitude was often related to aspirations of more close and long-term relationships thought to produce better products and profits.⁴⁴ Yet, the efforts undertaken by buyer reps were not always met by the same attitudes and efforts by the partner reps. Buyer reps could therefore undertake substantial cultural adaptations despite supplier reps' lack of willingness to adapt in equal terms. These buyer reps expressed high

⁴⁴ Other buyer reps were less ambitious and expressed lower expectations with respect to the partner rep. In consequence these buyer reps generally made less effort. Yet, this low effort did not affect their exit intention.

frustration with respect to the partner rep, among other factors because this lack of reciprocity lowered the products' market fit and market potential. In consequence, buyer reps' cultural adaptation efforts did not always improve relationship outcome, because buyer reps' efforts were not met by mutual efforts by the partner rep.

Summary

To conclude, various rationales underlie buyer reps' cultural adaptation efforts. These rationales were based in various perceptions; perceived cultural distance relating to supplier firms and supplier reps, perceived power asymmetries vis-à-vis supplier firms, as well as buyer reps market ambitions and expectations toward the supplier rep. The results in M1, M2 and M3 (cf. Table 9.1 and 9.2) indicate that buyer reps own efforts had no positive impact on buyer firms' tolerance of conflict, exit intentions and extendedness of relationship.

Rationales, such as the perceived dependence may explain the low effect with reference to the dependent variables. When buyer firms perceive low influence with regard to decisions of continuity and dissolution, their own efforts will not necessarily increase their decision power in the dyad. Alternative explanations suggested by other research propose that high transaction costs related to the management of the relationship (cf. 9.2.3), which in this research can be exemplified by buyer reps efforts, are likely to increase exit intentions (Gassenheimer, Houston and Davis, 1998). Hence, when buyer reps relate high efforts to frustration and unbalanced efforts, these efforts are less likely to increase buyer tolerance of conflict, increase exit intention and enhance extendedness of relationship, rather the opposite. This explanation is equally plausible for buyer reps having high ambitions and expectations. These buyers invest heavily but are not met by reciprocity in their cultural adaptation efforts. This lack of reciprocity produces frustration and is detrimental for relationship commitment.

Buyer reps cultural adaptation efforts because of cultural distance are more difficult to explain. High investments in culturally distant supplier reps would logically strengthen relationship commitment and raise long-term orientations. Specific industry factors discussed in 11.2, such as multiple-sourcing strategies, French buyer firms dynamic global sourcing practices, the French market's attractiveness in the global market, high tolerance toward switching as well as informal barriers toward using the exit option, can however to some degree explain the low impact of buyer reps efforts on the dependent variables.

The various rationales accounted for above, offer a more nuanced and fine-grained picture of this dyadic activity. Yet, we recognize that it is difficult to offer a logical, consistent picture that in a simple way explains the opposed effects of buyer reps' cultural adaptation.

Nevertheless, we argue that the qualitative data offer additional insights to understand the opposed effects of buyer rep cultural adaptation in this research.

11.4.3 Opposed effects of supplier firm product adaptation

Data analysis in Chapter 9 showed opposed effects of supplier firm product adaptation in all models (Table 9.5). Not all the opposed effects were significant, but these were large enough to search for alternative explanations. Heterogeneity with regard to buyer firms' strategies can provide some plausible explanations.

In interviews I learned that high levels of specifically supplier firm product adaptation typically were associated with buyer firms' market requirements as well as specific characteristics related to the product (e.g. high quality products, products sold as brands or private labels). For instance, buyer firms' involved in high quality private labels⁴⁵ (often in partnerships with French retailer chains) were obliged to ensure that supplier firms made substantial adaptations in order to ensure the high quality of products to the customer (the retailer). However, the specific adaptations supplier firms made did not necessarily reduce buyer firms' exit intention toward them, compared to dyads where supplier firms were required to invest less. Rather the contrary, since buyer firms with high expectations and requirements vis-à-vis their partners, typically demonstrated low tolerance with regard to defections in supplier firm performance. Consequently, strict performance aspects would be of greater importance than the more soft relational aspects in these dyads because of buyer firms' high requirements. Therefore, these buyer firms would exhibit lower tolerance of conflict, higher exit intentions and lower extendedness of relationship than buyer firms with lower requirements. For instance, in dyads where the level of supplier firm product adaptation is low, buyer firms typically had low expectations with regard to supplier firm product adaptation, because they are satisfied with general market standards.

Thus in dyads, actors typically invest because of some reasons, such as high market requirements and demanding customers. Buyer firms having low market requirements and less demanding customers have lower expectations with regard to supplier firm investment. Heterogeneity in the sample with respect to differences in market requirements among the buyer firms may therefore be able to explain the opposite effects of supplier firm product

⁴⁵ Within the seafood product category the share of private labels are increasing in France. Private labels also include high quality products where the supplier and the country origin are emphasized in the marketing. Recently, tropical shrimps from Madagascar were the most sold origin in French supermarkets. Buyers, such as retailer chains and importers have been highly involved in developing the shrimp industry in Madagascar. These are complicated products and strict supervision is conducted in order to ensure quality (Produits de la Mer, 2004).

adaptation. An additional measure asking whether buyer firms were satisfied with the actual level of investments would increase the quality of data analysis.

11.4.4 Opposed effects of organization size, formalization and centralization

Opposed moderating effects of organization size

Results presented in Chapter 10 (Table 10.2) showed that organization size moderated the effect of buyer rep cultural adaptation opposite to our directional expectations, i.e. buyer rep cultural adaptation demonstrated higher effects upon tolerance of conflict and exit intention in large organizations. According to our previous theoretical outline with regard to the logic behind our hypotheses (Chapter 5), large firms would depend to a lesser degree on personal relationships than smaller firms. Whereas this research showed that the effect of interpersonal ties were even stronger in large organizations. This result may be due to specific industry factors. Earlier discussions in Chapter 11.1 revealed that interpersonal relationships were important because of e.g. the lack of formal contracts and the need for relational norms. The personalization of supplier firm relationships is critical within this industrial context. Being a large company that possesses market power and other social mechanisms did not, according to both quantitative and qualitative data, seem to compensate for the human dimension in exchange. The following quote from a buyer rep in one of France largest companies illustrates this assertion.

“Impersonal relationships don't work very well in the seafood industry. If I don't have a personal relationship with the suppliers they tend to forget us. We have a demand for seafood products so we have to establish personal relationships – focus on the human dimension – in order to get the products, especially when there's a market shortage.”⁴⁶ (40)

To conclude, it is necessary to personalize dyadic exchange in order to ensure regular supplies of seafood products even for large companies.

Opposed moderating effects of formalization

Findings showed that two-way communication had stronger effects with regard to tolerance of conflict and exit intention when formalization was high compared to when formalization was

⁴⁶“Dépersonnaliser les relations ne marche pas très bien dans la filière pêche. Si je n'ai pas des relations personnalisées avec les fournisseurs - ils ont tendance à nous oublier. On est demandeur des produits de la mer, donc on est obligé de personnaliser les relations - cultiver l'aspect humain - pour avoir le poisson, surtout quand il y a un marché de pénurie.” (40)

low (Table 10.2). This finding was contrary to our directional expectations, and requires further explanations.

In order to understand this finding we resort to informants' perception of the construct formalization. Discussions with informants filling out the questionnaire the majority of informants revealed difficulties in reporting on formalization without relating this concept to some empirical phenomenon, and the majority related formalization to various market and customer requirements. Formalized procedures had a purpose and several factors, mostly context-led⁴⁷ contributed to the need of increasing the formalization of the buying process. Therefore, informants naturally associated high degree of formalization with more strict market and customer requirements, including traceability, product quality requirements⁴⁸, the use of "cahier de charges" (formal specifications and requirements related to the product and the production) etc. The quote below, uttered by a buyer rep reflects the above explanation

"You have to follow rules and procedures to meet the requirements of today's market, especially when it comes to quality and traceability. The actors have to follow formal rules and procedures to an ever greater extent." ⁴⁹(2)

In addition, informants emphasized that business exchange within the industry remains complex and difficult to predict despite the fact that some exchange dimensions have been subject to formalization, such as traceability and product quality.⁵⁰ For example, despite formalized procedures related to some exchange aspects, it was still difficult to specify *ex ante* completed contracts. Further, a number of exchange activities within the industry, in particular those related to the exchange with fresh seafood were difficult to standardize. This activity was characterized as small scale and traditional⁵¹ and thus not adequate for increased formalization and standardization. The following quote illustrates informants' positions.

⁴⁷ By context, industry factors, market factors as well as customer requirements were included. These factors are all interrelated and we refer to these factors as context factors.

⁴⁸ Which currently are related to the market phenomenon of consumer power, recurrent scandals in agri-business, (mad cow disease, salmonella), the implementation of European Union standards related to product quality and production facilities and processes, requirements with regard to traceability of products, French public veterinary controls, etc.

⁴⁹ *"C'est impératif de suivre des règles et procédures afin d'accomplir les exigences dans le marché actuel, surtout relatif à la qualité et la tracabilité. De plus en plus tous les acteurs sont obligés de suivre des règles et des procédures formelles."* (2)

⁵⁰ Because of the emerging market requirements for firms within the seafood industry some firms hired people solely responsible for ensuring the traceability of products as well as product quality, and these activities were formal and written. These issues had to be documented (needed to be traced) in case of complaints from customers.

⁵¹ In French: "artisanal."

“You can’t have highly formalized and standardized procedures because in this field you have to be flexible, things keep changing: price, quality, quantity, exchange rates. One day is never like the next.”⁵² (75)

The next quote illustrates the need to communicate, despite increased formalization with respect to some exchange aspects.

“We work according to very strict product specifications. These are often very detailed. But we also discuss things – market developments and other less formal issues.”⁵³ (90)

Thus, formalized procedures do not compensate for interpersonal communication. Rather, high degree of formalization reflects greater complexity in exchange, which increases the need for coordination and consequently requires high levels of communication. To conclude, our *ex ante* theoretical perceptions of the concept formalization (cf. 4.2) did not coincide with informants’ perception of the concept, which can explain the opposite directional effects for two-way communication.

Inconsistent moderating effects of centralization

In Chapter 10 (Table 10.2) the findings revealed low consistencies with respect to centralization and its moderating effects. Centralization moderated the effect of buyer rep cultural adaptation and two-way communication with regard to the dependent variables⁵⁴, but in both expected and unexpected directions. Further, it is difficult to assert a pattern with respect to the findings. In order to search for alternative explanations, we resort to informants’ perception of centralization and their explanation of how organizational member in the seafood industry actually worked together.

Our *ex ante* theoretical assumptions with respect to centralization were somewhat simplistic confronted with informants’ accounts on working practices. The need to consult organizational members higher in the hierarchy depended largely upon the type of decision, the type of problem or conflict with the current supplier firm relationship. Further, in most firms buyer reps worked independently and had great autonomy in their work, but at the same time they were also obliged to consult their working colleagues for various reasons.

⁵² *“Ce n’est pas possible d’avoir des procédures très formalisées et standardisées - parce que dans ce métier il faut être flexible - il y a constamment des changements : des variations des prix, qualité, quantité et de cours - il n’y a jamais un jour qui ressemble à un autre.” (75)*

⁵³ *« On travaille selon des cahiers de charges très strictes. C’est souvent très précis et mises au point dans les cahiers de charges. Mais à côté on discute - l’évolution des marchés et d’autres aspects pas très formels.” (90)*

⁵⁴ Two of six interaction terms exhibited no significant moderator effects.

First, because purchasing seafood products had implications for other activities in the firm, buyer reps had to consult colleagues before making important decisions. For example, purchasing agents had to inform each other continuously with regard to buying decisions. A buyer rep could not order a truck of cod without consulting other members. This was because he or she had to be ensured that no one else had bought a truck with cod the same day. Further, the processing manager had to be informed to make sure the production facilities could handle the volumes of fish. Last, the sales managers had to be consulted to make certain there were customers willing to buy the ordered cod. Thus, all activities in house had to be coordinated continuously across activities and departments. Consequently, the main purpose of the ongoing consulting activities was mostly coordination and to a lesser degree was a means to reduce purchasing agents' autonomy.

Second, informants emphasized the small scale and traditional traits of the seafood industry. In particular, dealing with fresh seafood was emphasized as complex and difficult to standardize. Fresh seafood had to be evaluated thoroughly among other factors because of the large range of quality differences. Further, fresh products were perishable and consequently decisions must be made rapidly. In addition there was often uncertainty with respect to species and volumes because of low predictability in the harvesting activity. Therefore, consulting other organizational members was necessary when making decisions, because evaluations are qualitative in nature and complex and because decisions have to be made quickly.

Thus, the overall impression from discussions with informants is that buyer reps worked independently with respect to buying decisions, but consulted others for the purpose of coordination and for the purpose of making the right decisions with respect to complex products and buying decisions. According to the majority of informants there was no real hierarchy in the firms⁵⁵ although purchasing agents usually did not make decisions in isolation. Informants explained there was not a hierarchy but the organizational members shared the responsibilities⁵⁶ with respect to working activities and decision-making in the firm. Our *ex ante* theoretical presumptions related to decision-making being either centralized or decentralized (along a continuum) therefore did not include this working practice: a combination of autonomy in decision-making and shared responsibility in group.

⁵⁵ There were however some informants who asserted there existed a real hierarchy. This was the case for both small and large firms. For instance in family-run companies consisting of husband and wives, sons and daughters, decision-making was often centralized.

⁵⁶ In French: "*ce n'est pas vraiment une hiérarchie, mais plutôt un partage de responsabilité.*"

Consequently, our measurement instrument therefore may not have been sufficiently appropriate in order to capture nuances with respect to centralization within this context. Hence, low construct validity may explain the low consistency in findings. The *ex ante* postulated logic related to centralization and behavioral consequences (cf. Chapter 5) therefore is not necessarily incorrect, and could have been empirically supported in contexts where real hierarchies exist. In the focal context however, this empirical phenomenon was rare. Thus, since the observed working practices diverged from the expected phenomenon (degrees of centralization) we cannot expect the behavioral consequences to converge. Further theoretical and empirical research is needed to assert appropriate constructs as well as to assess behavioral outcomes.

With respect to the specific industry context, qualitative and observation data offered some indications with regard to behavioral effects. The overall impression from interviews and visits in the companies was low emphasis on centralized decision-making according to positions and hierarchical levels. Some informants even accentuated that the concept of hierarchy has pejorative connotations. Observation data further validated this impression. Few companies had separate offices and usually organizational members (purchasing agents and often also sales managers) sat together around a table or in the same large office, ensuring the relevant organizational members were within reach for questions. While visiting the companies I also observed and listened to how they worked and for instance consulted each other in buying decision processes, which were characterized by high intergroup involvement and informal interaction. Further, informants did not reveal tensions or conflicting interests between departments or hierarchical levels with respect to buying decisions and the importance of personal relationships.⁵⁷⁵⁸ This observation is in contrast to earlier theoretical accounts (cf. 4.2, 4.3 and 4.4). Thus, the human dimension was not less important for organizational members higher up in the hierarchy. To conclude, lack of coherence between theoretical construct, measure and the observed phenomenon probably produced inconsistency in findings.

⁵⁷ E.g. I interviewed both general managers and purchasing agents and no specific differences in perceptions were revealed.

⁵⁸ There is one exception to this assertion. The specific French company had recently been subject to acquisition by a foreign (Nordic) company, and there were conflicting interests between the new top management and French purchasing agents with respect to the importance of personal contacts in supplier firm relationships. The Nordic company wanted to reduce the emphasis on personal relationships to obtain better prices and products.

11.4.5 Summary and discussion of limitations

In this chapter we draw attention to limitations in the research. The main limitations are related to the chosen deductive method. The conceptual model and hypotheses as well as the causal mechanism are grounded in existing theory. Confronted with complex realities, these abstract and somewhat simplistic ideas were challenged. The research design and cross-sectional survey equally revealed several limitations that influenced the results. In Chapter 6 we explained that the concern of generalizability, precision and realism is a three-horned dilemma in research. With reference to our empirical research we experienced that theory testing in natural settings is a great challenge. Related to this is the major concern of both heterogeneity and homogeneity of the sample population.

With regard to the sampling strategy we adopted recommended procedures to examine internal validity threats as well as to ensure variation in the sample. In addition, previous knowledge of the focal industry was evaluated as sufficient due to prior research experience within the seafood industry and with French buyer firms, additionally strengthened by an extensive reading of industry related materials (e.g. Produits de la Mer). Nevertheless, anticipating all potential confounding effects due to either homogeneity or heterogeneity proved to be unrealistic. Likewise, is it questionable whether a more thorough sampling strategy procedure could remedy all concerns related to both internal and external validity?

To conduct qualitative, in-depth interviews prior to the data collection could however have clarified cause-effect relationships postulated in the model. The pre-test of the questionnaire was in principle directed at improving ambiguous questions, imprecise vocabulary and scaling methods and less related to illuminate causal mechanisms in the model. If employed, this alternative procedure refers rather to a more inductive method, allowing empirical data to build theory. Moreover, integrating holistic, contextual factors and explanations would be incompatible with our quantitative approach, emphasizing parsimony and predicting abilities. Hence, some limitations are consequently associated to the hypothetic deductive method and cross-sectional surveys. One limitation is that this approach favors simple and abstract models of the empirical world. When this abstract, theory-based reasoning is confronted with individuals in specific industry contexts, the complexity of the real world, specificities associated to organizations, markets and industries typically interfere and create noise with respect to the results. Related to this, we argue that our access to qualitative data increased our ability to explain findings by integrating and referring to contextual specificities as well as contextual realities.

During the research process we experienced that some theoretical aspects and ideas related to the conceptual model and hypotheses were less relevant because of industry related factors. Critical aspects in the seafood industry that interfered in the study were: 1) the overall emphasis on interpersonal relationships, 2) a relatively lesser need for relationship-specific investments at the interorganizational level⁵⁹, 3) the practice of using multiple suppliers, and 4) the combination of autonomy and group –decision-making in the organizations, etc. These aspects interfered in the study and influenced the results. Confounding factors are however not specific to this study, but typically exist in all field-experiments (empirical studies in natural settings, Cook and Campbell, 1979). Based on our research we therefore ask how theory-testing studies can contribute to scientific progress while simultaneously considering contextual factors (or at least not totally neglecting these factors).

The sample of the study was small (n=96). A larger sample would probably increase the statistical power of the study and give additional and stronger findings. A larger sample could equally permit the use of more sophisticated statistical tools, such as structural equation techniques. Yet, the chosen data collection strategy of using personal interviews would not permit a larger sample because of time and financial constraints.

In the research we adopted a buyer perspective and collected data from one side of the dyad (this strategy is argued in 6.3.3). Even though several arguments (both theoretical and practical) support this strategy, we recognize some shortcomings. For instance, key informants (buyer reps) would sometimes have problems reporting on supplier reps and supplier firms' investments in the dyad.⁶⁰ Yet, the overall impression was that key-informants were knowledgeable of the selected supplier firm relationship.

The research investigated the buyer-supplier relationships at one point in time (cross-sectional) by using retrospective accounts (with the exception of the prospective measure, tolerance of conflict). This method has necessarily some limitations and weaknesses, such as memory error and social desirability bias when reporting on the phenomena of interest (Wilson, 2003). Additionally, relationship aspects are dynamic and constantly evolving and hence could benefit from longitudinal research methods. A longitudinal study of some selected relationships by observation methods in combination with qualitative research

⁵⁹ This fact had consequences for the moderator analysis in the sense that a large number of interorganizational variables were excluded from the moderator analysis (cf 10.2). Independent variables showing positive effects would be an advantage in order to test the moderator hypotheses.

⁶⁰ Key informants sometimes expressed this difficulty in the personal interviews. Occasionally, the key-informant selected another relationship if his knowledge was not sufficient to answer the questions. The personal interview situation gave me the opportunity to evaluate whether key-informants were knowledgeable.

techniques could provide additional and in-depth insights with regard to the governance of these cross-national dyads.

As aforementioned, we treated the concept of relationship dissolution as a continuous variable, and not as a dichotomous variable. The main reason for this choice was problems related to retrospective reports in dissolution studies, such as social desirability biases⁶¹ and non-response problems. Since we asked informants to report on current relationships (and not dissolved ones), it is difficult to predict, even *ex post* data collection, whether an alternative strategy could have worked. It is possible that another research design, e.g. including reports on both dissolved and current relationships or only dissolved relationships would produce additional insights with respect to dissolution in the business setting.

11.5 Theoretical perspectives, empirical support and contribution

This research investigated the effect of specific investments on tolerance of conflict, exit intention and extendedness of relationship. The measure tolerance of conflict was developed for the study, and proved to function satisfactorily with respect to internal consistency (cf. Chapter 8). Further, nomological validity was to some degree supported in the regression analysis, since tolerance of conflict exhibited the same statistical tendency as the conceptually close construct exit intention for a number of variables. Correlation analysis equally supported our *a priori* theoretical expectations with regard to the conceptual relationships between the dependent variables: Tolerance of conflict was negatively correlated to exit intention (-.298**), and positively correlated to extendedness of relationship (.188*).⁶² The development of the measure tolerance of conflict therefore is a contribution to the dissolution literature.

In the study we specified relevant specific investments at both the interpersonal level and at the interorganizational level. In Chapter 4 we revealed that the non-specification of levels and the mix of levels are common in the dissolution literature. The specification of levels as well as the examination of specific investments at both the interpersonal and interorganizational levels represent a contribution to this literature. The findings from the regression analysis suggest that specific investments at the interpersonal level were more important than investments at the interorganizational level. Specific investments at the interorganizational level generally exhibited low impact. With respect to interpersonal ties, supplier rep cultural adaptation and two-way communication had the strongest impact on the

⁶¹These were assumed higher with respect to reporting on dissolved relationships than other relationship phenomena (cf. 7.4).

⁶²Exit intention was negatively related to extendedness of relationship (-.510**).

dependent variables. These findings indicate that supplier reps cultural adaptation efforts toward the buyer rep were critical in these dyads. Cultural adaptability and flexibility associated with the supplier rep therefore are of great importance when dealing with cross-national business exchange. Communication was found equally important in these relationships. This is logical since communication is central with respect to conflict solving and hence highly critical in order to prevent dissolution (Borisoff and Victor, 1998). High quality and levels of communication were likewise crucial because communication barriers as well as cultural differences related to conflict resolution styles are presumed to exist in these dyads.

Moreover, we examined whether organizational and interorganizational dimensions moderated the effect of interpersonal and structural ties on the dependent variables. By testing moderating effects we claimed that boundary spanners are organizational members influenced by organization e.g. size, structure and procedures. The moderator analysis represents a contribution to the dissolution literature since few studies specify how organizational contexts influence e.g. the decision-making power of organizational members (cf. Chapter 4), and hence these individuals impact on dissolution. The findings however are mixed. With respect to the moderating effects of organizational dimensions, a limited number of moderator hypotheses received empirical support and several of the interaction terms exhibited significant opposed effects. History moderated interpersonal ties in both expected and opposed directions, while structural ties were moderated by history in accord with our expectations. Levels of inclusiveness moderated structural ties in accord with our theory. Nevertheless, the split-file analysis revealed significant differences in Beta-coefficients between subsamples, such as between small and large organizations (cf. Chapter 10 and in Appendix F). The moderators therefore had an impact on the effect of interpersonal and interorganizational ties upon relationship outcome. Hence, organizations should not be treated as 'black boxes' in interorganizational research. Yet, some theorizing remains to fully comprehend how the included moderators affected structural and interpersonal ties and further how these ties effected relationship outcome (cf. Chapter 11.4). Additionally, industry-specific factors, such as common rules of exchange within the industrial setting, equally influenced organizational members' perceptions and behavior (cf. 11.2), and hence produced isomorphism across firms with respect to, e.g. the emphasis on personal relationships (cf. 11.1 and 11.4.4)

In addition to the survey and quantitative data, the personal interviews permitted access to observation and qualitative data. These data provided additional insights to the

phenomena of interest. In Chapters 11.1 and 11.2 we used these data to offer additional, more in-depth explanations for the results from the regression analysis. These data revealed that interpersonal variables or interpersonal ties were important in this industry because ties between boundary spanners typically embodied the contract. Formal and fully-specified contracts were difficult to obtain because of high fluctuations in both resources and markets. For this reason buyer reps were obliged to personalize the supplier firm relationships in order to get supplies. Interpersonal relationships therefore represented a substitute for comprehensive, formal contracts. The personalization of relationships was additionally important because the seafood market was characterized by equivalent products across firms. The main differentiators in consequence were relational aspects, such as interpersonal trust, service and mutually developed idiosyncrasies. These findings reconciled with other studies in commoditized industrial markets (e.g. Uzzi, 1996, Narayandas and Rangan, 2004).

Furthermore, relational norms, such as solidarity, flexibility and reciprocity were found critical in the governance of the dyads. These relational norms were typically materialized through interpersonal relationships. The relational norms reduced the cost of potential adjustments in the ongoing exchange, more specifically costs related to negotiation and conflict solving. The above findings rather support Relational Contract Theory than Transaction Cost Theory (cf. Chapter 2). Adjustment problems in bilateral exchange were managed by personal contacts across firms, and did not represent a great governance problem in the dyads. Non-contractual mechanisms were highly efficient. The performance evaluation problem, which was assumed large because of geographical distance, was largely solved by the role of external parties to the dyad (cf. 11.2.4) and by intangible assets developed in the interpersonal relationships. Generally, buyer reps safeguarded themselves by using the same set of suppliers, in whom they trusted. Moreover, socialization processes across firms in the business setting produced a common set of rules of exchange, which guided and sanctioned actors' behavior (cf. 2.2.3, 11.2.1). Opportunism was therefore equally subject to severe control at a level beyond the dyad.

Specific inter-firm investments had generally low impact on relationship outcome in the dyads. Qualitative data indicate that the practice of multi-sourcing as well as the emergence of general standards for production and product quality in the seafood industry reduced the need for specific investments at the interorganizational level. With respect to *a*

priori theory and specifically Transaction Cost Theory,⁶³ this theory failed to recognize the role of external parties (cf. 11.2.4) in the development of general standards (e.g. EU-norms), the monitoring of these standards, as well as the assistance to meet the standards. In the current process of globalization of trade and production, the evolution of international standards is likely to continue. The existence of international standards however did not completely exclude governance activities undertaken by the internal dyadic partners, specifically toward supplier firms located in countries where public assistance was weakly developed. Hence, both external and internal parties are responsible for the governance of the advanced and complex division of labor in today's global seafood industry. This fact was not incorporated in our *a priori* theory, and consequently reduced the appropriateness of our logic.

Specific investments were *a priori* presumed to increase perceived switching costs and thereby reduce exit intentions. The logic in this argument assumed some similarity or relatedness with respect to underlying reasons for making specific investments. Further, this logic presupposed actors to possess equal power with respect to decisions of dissolution. Our qualitative data revealed that different rationales and strategies caused buyer firms to make specific investments (cf. 11.4.2 and 11.4.3). Perceived dependence vis-à-vis supplier firms was found to increase the amount of own investments, without the expected effect of reducing exit intentions. Buyer firms involved in marketing and selling brands, private labels, and high quality products were more concerned about own and partner-specific investments. Yet, these investments did not produce the expected effects. In consequence, when examining the effect of specific investments it would be useful to identify possible rationales for making specific investments, because divergence in rationales could alter the outcome of these investments.

Based on the above summary as well as discussions in Chapter 11, the findings provided little support for Transaction Cost Theory. This is because the main principles and behavioral assumptions in this theory were not in harmony with actors' perceptions and behavior, and consequently did not produce the postulated effects on outcome variables. This theory-testing research was conducted in one specific industry, the seafood industry. Findings resulting from this study may not be completely generalizable to other global industries or businesses. The conceptual framework of Transaction Cost Theory may be more relevant in industries and businesses where the use of comprehensive contracts is common, where firms

⁶³ Relational Contract theory (cf. 2.2) addresses the role of external actors, when referring to intermediate contract norms, e.g. in the form of legal systems. Macaulay (1963) (cf. 2.2.3) explains the use of general standards in industries.

relate to a limited number of partner firms, and where specific inter-firm investments are greatly needed. In contrary, Relational Contract Theory is to a greater extent relevant in the chosen business setting. Hence, the specific business setting influences the relevance of theoretical perspectives and vice versa.

Nevertheless, generalizability of findings is our concern (cf. Chapter 6). With respect to external validity there are two concerns: 1) generalizing to particular target persons, settings and times, and 2) generalizing across types of persons, settings and times (Cook and Campbell, 1979). With respect to the former concern, we argue that our sampling strategy ensured a representative sample that enabled us to generalize our findings to the French seafood industry as well as to relationships between French buyers and suppliers worldwide. Our findings are likely to be relevant for the seafood industry in other countries as well. This is because there are specific traits related to seafood resources and markets that are likely to influence business relationships globally. Yet, some differences may exist because of actors' different positions in the value chain as well as in the global market. Divergence may equally exist because of national culture, such as differences in the reliance upon personal relationships between high context cultures versus low context cultures (Hall, 1976).

Even though our data and insights were drawn from one specific business setting we argue that some findings can be generalized in accordance with the latter concern. Findings related to the relative importance of interpersonal versus structural ties can to some extent be generalized to industries and markets characterized by equivalent products at competitive prices, high fluctuations in resources and price, multiple-sourcing, and by infrequent use of complete contracts. Furthermore, the critical importance of supplier rep cultural adaptation and communication would be relevant for businesses that operate across nations. In addition, exploratory analysis (cf. 11.3) showed that supplier rep cultural knowledge had a strong indirect effect on relationship outcome, as it operates through supplier rep cultural adaptation and two-way communication. Hence, boundary spanners' basic cultural competence of the partner's culture, society and language is of great importance in order to increase the functioning of cross-national dyads. The research therefore suggests that cultural competence and cultural adaptation efforts related to individuals play a critical role in the governance of cross-national dyads.

From the presented findings (cf. Chapters 9 and 10) and discussions (cf. Chapter 11) we equally deduce some implications, which we generalize to business relationships in a more general scope. This is because the relevance of the findings should, on a conceptual or logical

basis, not be restricted to the specific context of the study, but are likely to be relevant in other contexts as well.

With respect to the theory of specific investments and postulated effects, we suggest that actors' different rationales underlying specific investments initiatives, such as perceived power asymmetries and strict market requirements (cf. 11.4.2 and 11.4.3) bring forth consequences and may alter effects of specific investments. Further, with respect to the issue of dependence between firms in value chains, actors' perceived dependence can be associated to other levels than partner-related dependence, such as perceived dependence released by market shortage of specific products (cf. 11.2.2). This form of dependence differs from dyadic-related dependence (e.g. switching costs), and should equally be considered in studies.

Related to the issue of general versus specific investments, the research suggests that governance of value chains typically are assisted and undertaken by both external and internal partners to the dyad (cf. 11.2.4). This fact has implications for the relative need and effect of general versus specific investments in dyads. When external partners, such as public and private institutions, are highly competent and efficient, firms would rely on general standards and specific investments made by internal partners would be hence less relevant.

The research revealed other associations to the construct formalization than our *ex ante* theory. Actors' associations to formalization were market and customer requirements. This finding is equally plausible for other industries, which are less bureaucratic in character. Perceptions related to this construct are therefore likely to differ across business settings. Different associations to formalization are important to consider because these differences are likely to produce dissimilar behavioral effects.

With respect to the construct centralization, the research revealed a specific working practice, which combined autonomy with shared decision-making. The behavioral consequences of this practice differed from the postulated consequences of centralized decision-making. It is probable that the abovementioned combination as well as other combinations exist in several organizations and industries. In consequence, we propose that variants other than centralized and decentralized decision-making are likely to have implications for organizational members' autonomy and behavior, and hence should be considered.

With respect to contribution we argue that the combination of deductive and inductive methods increased the quality of this research. The deductive approach provided an empirical test of the hypotheses in the form of statistics, while the inductive methods gave the opportunity to confront *a priori* theory and ideas with actors that operate in real business

settings (which in my opinion should be considered an empirical “test” of our theoretical perspectives as well).

11.6 Suggestions for future research

Data analysis of direct effects revealed that cultural knowledge and buyer rep cultural adaptation had opposed effects with respect to the dependent variables. Furthermore, the moderator analysis showed that history moderated the effect of interpersonal variables differently. This thesis did not offer or generate theory to explain these differences in effects. Exploratory research is therefore needed to illuminate these differences in findings.

Qualitative data indicated that idiosyncrasies exist between firms and specifically between boundary spanners. With respect to inter-firm investments we failed to specify relevant specific investments. Opposed effects of some interpersonal variables indicate that other variables should be sought. Even though we grasped some relevant factors that bind actors (for instance why interpersonal ties are important, cf. 11.1), we lacked in-depth insights with respect to: 1) why buyers tend to stick to the same suppliers,⁶⁴ 2) what were the main idiosyncrasies that bind actors, 3) what characterized the process of relationship building that produces idiosyncrasies, etc. Exploratory research is therefore needed to fully grasp the relevant specific investments in the dyads investigated.

The research suggests that general investments were sufficient for a number of buyers. Other buyers were more concerned about specific investments (cf. 11.2.4). The reasons for this were factors related to buyer firms (strategies and perceptions), as well as factors related to capabilities of external actors (public institutions). It would be useful to incorporate the suggested factors that moderated the importance of general versus specific investments in future studies. This could be done by conducting a survey that investigates e.g. buyers’ expectations toward suppliers with respect to making general versus specific investments.

Even though we investigated cross-national business relationships, we put little emphasis on cross-cultural issues in this thesis (cf. 11.3). The study however showed that individuals’ cultural competence (cf. 11.3) and cultural adaptation efforts increased the functioning of these dyads, despite national cultural differences. Additionally, buyer reps explained that prior experience increased their capability to deal with culturally distant partners (11.4.1). These findings indicate that boundary spanners’ competence and efforts can reduce problems connected to national cultural barriers. Future research is recommended to

⁶⁴ In this chapter, supplier and buyer refer to supplier firm and buyer firm. When suggesting future studies we operate at a more general level and do not specify in detail the level (firm or individual).

gain more insights with respect to the role of boundary spanners in the governance of cross-national business relationships, more specifically how these individuals can reduce the cultural distance in the dyads.

The research revealed the existence of a common business culture within the seafood industry. This culture produced isomorphism with respect to rules of exchange across firms and across nations, and thereby contributed to facilitate exchange across national cultures. We barely grasped the issue of industry cultures, since this issue was not the main focus of our research. Future research is needed to fully understand how industry cultures affect business exchange across cultures, such as: 1) what processes bring forth the building and sustaining of industry cultures, 2) in what respect may industry cultures facilitate exchange across national cultures, and 3) how does industry culture interact with national cultures?

In the thesis we adopted a buyer perspective, more specifically the perspective of French buyers. To gain increased knowledge of cross-national dyads within the seafood industry it is necessary to investigate other buyer markets as well, such as the British and the Japanese. These buyers' perceptions and strategies toward suppliers (such as exit intentions and tolerance of conflict) could differ from the French buyers because of their position within the global market, as well as because of their national cultures.

Moreover, future studies are recommended to adopt a supplier perspective. Suppliers' perceptions and explanations would possibly give both different and similar views of the researched phenomena. Conducting a dyadic data collection, i.e. to investigate both buyers and suppliers, would equally add knowledge with respect to the governance of cross-national business relationships. Further, longitudinal research using qualitative methods could provide deeper insights with regard to how partners establish and maintain business exchange in this setting.

Different research designs may produce different results and insights with respect to dissolution or exit intentions. Future research should employ other designs, e.g.: 1) treat the concept of dissolution as a dichotomous variable, 2) compare dissolved and current relationships, and 3) investigate factors that caused relationship dissolution (exploratory research).

The findings of the moderator analysis (cf. Chapter 11) as well as discussions of opposed and inconsistent effects (cf. 11.4.4) indicated that more research is needed to: 1) clarify the conceptual cause-effect relationship between the included moderators and the independent variables and further suggest how this relationship affect dissolution, 2) ensure the theoretical meaning of constructs (e.g. formalization) that coincide with actors'

perceptions of the meaning of these constructs.⁶⁵ Propositions developed by multi-level theoreticians (cf. Chapter 3) have been tested to a small extent in interorganizational settings. Our research indicates that exploratory research is needed to illuminate the abovementioned factors, before conducting new research employing a multi-level perspective.

11.7 Managerial implications

A great number of industries today are confronted with the process of globalization in different ways. This evolution implies building and managing business exchange with geographically and culturally distant actors. Importers are typically involved in global sourcing in the search for products and services, while suppliers are confronted with various customer and market requirements in important seafood markets. Since this study has investigated the perception and strategies of French buyers, findings from this research should bear some implications for suppliers exporting to the French market. The managerial implications are however likely to be relevant for other buyer-supplier dyads as well.

When suppliers deal with buyers, they should consider both formal and informal aspects. In addition to fulfilling the more formal requirements of buyers, such as product quality, stable delivery, high volumes and price, suppliers should equally be aware of the more informal aspects of governance. Assets in the form of interpersonal relationships, mutually developed idiosyncrasies, interpersonal trust and relational norms are equally important, and may constitute the main differentiators in some business settings. Emphasizing personal aspects of the business relationships could further improve the functioning of the dyad, such as increasing the mutual understanding of business partners, thereby improving market adjustments and profits. Suppliers can increase learning and dynamics in business dyads because of strong interpersonal relationships. Likewise, if suppliers aim to maintain relationships with buyers, they should emphasize communication and efficient and smooth conflict solving. Related to these activities, both communication and relational conflict solving is facilitated within the frame of close, interpersonal relationships.

When dealing with culturally different business partners, actors should equally be aware of culturally induced differences related to critical aspects in business exchange. In order to anticipate and deal with these cultural differences individuals responsible for the business exchange can reduce cultural barriers by using their cultural competence and cultural adaptability to approach the partner. Supplier reps are advised to make an effort in cultural

⁶⁵ This concern differs from concerns of construct validity. For instance, both formalization and centralization exhibited high internal consistency (cf. Chapter 8).

adaptations toward the partner, because these efforts typically are highly rewarded. Cultural adaptation efforts are specifically important in the early phases of relationships. Supplier firms and more specifically human resource management are recommended to increase their focus on cultural competence. Initiatives should be implemented in order to improve organizational members' cultural competence, specifically the competence of individuals responsible for managing cross-cultural relationships. Possible initiatives could be to emphasize cultural competence, cultural awareness and cultural flexibility when selecting new organizational members. Moreover, employees within the company who frequently deal with culturally distant business partners could benefit from cross-cultural training (e.g. Bhawuk, Dharm and Brislin, 2000). By implementing these initiatives, organizational members' ability to carry out business exchange with cultural distant business partners would improve.

Not all buyers were equally concerned about specific investments. Overall satisfaction with supplier firm performance was not connected to supplier firms' specific investments, but more to general investments made in supplier firms to meet requirements from several markets and customers. Suppliers therefore are advised to make investments (general or specific) in accord with buyers' expectations and requirements. Suppliers are further recommended to encourage and value public assistance related to meeting general standards, because the effort and competence of external partners in governance would reduce the need for making specific investments. Buyers' expectations and requirements are however closely connected to the evolution in markets. Suppliers should therefore be attentive to changes in markets which could alter and increase market requirements and hence the need for specific investments. The increased focus on issues such as traceability, consumer power and branding could imply closer, fewer and more long-term buyer-supplier relationships in order to ensure product traceability as well as product quality and associated brand image.

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Appendix A: Presentation letter

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Mai 2003

Sujet : Projet de recherches

Monsieur, Madame

Suite à la préparation de ma thèse de doctorat, je voudrais passer à l'interview des entreprises dans la filière pêche en France. Lors de mon enquête en France je contacte des sociétés en Boulogne-sur-Mer, le sud de la France (Marseille/Montpellier) et Paris.

Mon étude est conduite par le 'Norwegian School of Economics and Business Administration' à Bergen (Norvège), et traite sur les relations commerciales entre importateurs français et leur fournisseurs de produits de la mer. Le questionnaire est composé de questions relatives aux échanges de biens et services entre votre entreprise et un fournisseur important. Il comprend des questions relatives à différents aspects de cette relation entre fournisseur et importateur, ainsi que des questions relatives à votre entreprise.

Je serai à Marseille/Montpellier dans la période 5 mai au 15 mai, et je me permets de vous contacter par téléphone l'un des prochains jours pour éventuellement prendre un rendez vous. Je serais très reconnaissante si vous pourriez me recevoir.

Dans l'attente de votre réponse, je vous prie d'agréer, l'expression de mes salutations distinguées.

Inger Beate Pettersen

Questionnaire destined to firms in the French seafood industry

Thank you for participating in my research project. This study is conducted by the Norwegian School of Economics and Business Administration in Bergen (Norway), and deals with business relationships between French importers and their suppliers of seafood products.

This questionnaire contains a number of questions concerning your firm’s exchange of goods and services with an important supplier. The questionnaire includes questions regarding a number of aspects in supplier-importer exchange, as well as questions concerning characteristics of your firm. Most questions are given as statements, and you will be asked to indicate on a rating scale (from 1 to 7) to what extent you agree with these statements.

It is unnecessary to search for information in order to answer the questionnaire.

All information given in this questionnaire will be treated strictly confidentially. Research will be presented only in an aggregated form, and cannot be traced back to any specific firm.

Questionnaire

Part A

Question 1 Information about your firm

What activities are performed in your firm? Please, place a cross mark behind activities performed in your firm.

- 1 Fish wholesaler 2 Import 3 Export
- 4 Packaging 5 Filleting 6 Filleting by order
- 7 Salting and curing 8 Canning 9 Ready-cooked dishes/value-added products
- 10 Processing of deep-freezed products 11 Stockage & distribution 12 Logistics

Other activities ? _____

Question 2 Information about your firm

2a How many people were employed in your company last year?

Full-time employees _____

Part-time employees _____

2b Business sales 2002? _____

2c Is your firm a part of a larger group? Yes No

If yes, what were the business sales for the whole group in 2002? _____

If yes, is your firm partly owned by this group? Yes No

If yes, what was the ownership rate? _____

Is your firm a voluntary member? Yes No

In this section we will ask you to select one supplier based on the following criteria and further give some information about this supplier.

We would like you to select a supplier with whom you are currently doing business. This supplier should fulfill the following criteria:

- **The supplier should be the second or third most important supplier**
- **The supplier should preferably be of Nordic origin (e.g. Norway, Iceland, Baltic countries, Russia) or from a non-European country (e.g. Brazil, Chili, Thailand etc.)**
- **Financial ties, except the exchange of goods and services, cannot exist between your firm and the supplier firm.**

Question 3 Information on the supplier

3a Please indicate the supplier's country of origin: _____

3b Please indicate one of the main fish species you buy from this supplier

Farmed fish: _____ or Wild fish: _____

3c Please indicate the type of product: 1 Fresh 2 Frozen 3 Canned

3d Please indicate the supplier's percentage of total supply (related to this fish species) to your firm:
In volume (ca. %) _____ In value (ca. %) _____

3e What activities are performed by your supplier? Please, place a cross mark behind activities performed by your supplier.

- 1 Seafood trader 2 Export 3 Fishing 4 Seafood farming
 5 Packaging 6 Filleting 7 Processing of deep-frozen products
 8 Logistics Other activities ? _____

3f Please indicate the type of transport:

- 1 By truck 2 By ship 3 By plane

3g Please specify the time of transport:

In hours/in days/or in weeks: _____

Question 4a History of business with the supplier firm

1. How many years have your firm done business with the supplier firm? _____ Years

Part B

Question 5

In this part of the questionnaire we are interested to know about specific investments your firm and the supplier firm have made in this particular supplier-importer exchange. More specifically, we will ask you about investments related to product adaptations, personnel, and logistics. With reference to product adaptations we propose two different sections, one for farmed fish and one for wild fish. Please, choose the section which corresponds to the type of fish selected in question 3.

Please, indicate to what degree the following statements are *not at all* true or *to a large degree* true by circling a number from 1 to 7.

Question 5a Product adaptations made by the supplier firm. FARMED FISH

	Not at all				To a large degree		
1. This supplier has made specific investments in plant and equipment in order to deliver fish to our firm	1	2	3	4	5	6	7
2. This supplier has chosen specific fish farmers as suppliers to our firm	1	2	3	4	5	6	7
3. This supplier has invested in specific fish feeding methods adapted to our firm's requirements	1	2	3	4	5	6	7
4. This supplier has made significant investments in slaughter methods adapted to our firm's requirements	1	2	3	4	5	6	7
5. This supplier has made significant investments to provide fish of quality adapted to our requirements	1	2	3	4	5	6	7
6. This supplier has made specific adaptations ensuring that the fish is traceable according to our requirements	1	2	3	4	5	6	7
7. This supplier has made specific investments to adapt the method of packaging in accordance with our firm's requests	1	2	3	4	5	6	7

Question 5a Product adaptations made by the supplier firm. WILD FISH

	Not at all				To a large degree		
1. This supplier has made specific investments in plant and equipment in order to deliver fish to our firm	1	2	3	4	5	6	7
2. This supplier has chosen specific fishing boats as suppliers to our firm	1	2	3	4	5	6	7
3. This supplier has invested in specific capture methods adapted to our firms requirements	1	2	3	4	5	6	7
4. This supplier has made significant investments in technical improvement aboard adapted to our firm's requirements	1	2	3	4	5	6	7
5. This supplier has made significant investments to provide fish of quality adapted to our requirements	1	2	3	4	5	6	7
6. This supplier has made specific adaptations ensuring that the fish is traceable according to our requirements	1	2	3	4	5	6	7
7. This supplier has made specific investments to adapt the method of packaging in accordance with our firm's requests	1	2	3	4	5	6	7

Question 5b Product adaptations made by your firm

	Not at all				To a large degree		
1. We have made specific investments in plant and equipment in order to take delivery of fish products from this supplier	1	2	3	4	5	6	7
2. We have made specific investments in our processing methods to deal with fish from this supplier	1	2	3	4	5	6	7
3. We have invested significantly in the method of handling fish from this supplier resulting in the best possible quality	1	2	3	4	5	6	7

4. We have invested a great deal to ensure the traceability of the fish delivered from this supplier	1	2	3	4	5	6	7
5. We have made specific investments in the method of packaging dedicated to fish products from this supplier	1	2	3	4	5	6	7
6. We have invested a great deal to market fish products from this supplier	1	2	3	4	5	6	7

Question 6a Investments in personnel and procedures made by the supplier

	Not at all				To a large degree		
1. This supplier has made a substantial investment in personnel dedicated to this relationship	1	2	3	4	5	6	7
2. In cooperation with our firm, this supplier had to learn about our firm on many dimensions	1	2	3	4	5	6	7
3. This supplier has put a lot of energy in order to establish satisfying communication procedures with our firm	1	2	3	4	5	6	7
4. This supplier has put a lot of effort in order to become familiar with our firm	1	2	3	4	5	6	7
5. The supplier has developed procedures and routines that is dedicated to this specific exchange relationship	1	2	3	4	5	6	7

Question 6b Investments in personnel and procedures made by your firm

	Not at all				To a large degree		
1. We have made a substantial investment in personnel dedicated to this supplier	1	2	3	4	5	6	7

2. We have had to learn about this supplier on many dimensions	1	2	3	4	5	6	7
3. We have put a lot of energy in order to establish satisfying communication procedures with the supplier	1	2	3	4	5	6	7
4. We have used much time and resources to become familiar with this supplier	1	2	3	4	5	6	7
5. The procedures and routines developed with this supplier is dedicated to this specific exchange relationship	1	2	3	4	5	6	7

Question 7a Logistic adaptations made by the supplier

	Not at all				To a large degree		
1. This supplier has tailored his logistics systems to meet our firm's requirements with respect to terms of delivery	1	2	3	4	5	6	7
2. This supplier has made internal adjustments in order to deliver fish in accordance with our firm's freshness/cold chain requirements	1	2	3	4	5	6	7
3. This supplier has made significant adaptations in order to meet our firm's requests regarding volumes of fish to be delivered	1	2	3	4	5	6	7
4. This supplier has made extensive adjustments in order to meet our firm's requirements with respect to punctual delivery	1	2	3	4	5	6	7

Question 7b Logistic adaptations made by your firm

	Not at all				To a large degree		
1. We have adapted our logistical systems to meet the requirements of further distribution of fish from this supplier	1	2	3	4	5	6	7
2. We have made significant internal adjustments in order to take delivery of fresh/frozen fish from this supplier	1	2	3	4	5	6	7

3. We have made significant adaptations in order to handle the volumes of fish delivered from this supplier

	1	2	3	4	5	6	7
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4. We have made extensive adjustments in order to take punctual delivery of fish from this supplier

	1	2	3	4	5	6	7
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Question 8 Contact with supplier representative

In this part of the questionnaire we will ask you about aspects related to the contact you have with one specific supplier representative. These questions concern aspects related to the representative’s knowledge about French language, customs and culture as well as abilities and willingness to adapt, abilities to communicate, liking and the frequency of contact. Even if you are in contact with several persons in the supplier firm, we will ask you to select one person you have had most contact with.

1. How many persons are you in contact with, on a regularly basis, in the supplier firm? _____

2. What is the nationality (country of origin) of your selected supplier representative? _____

3. History of business with the supplier representative

1. How many years have you been doing business with this supplier representative? _____ years

Question 8a Cultural knowledge

Please, indicate on a scale from 1 to 7, to which extent you agree with the following statements

	1	2	3	4	5	6	7
	Strongly disagree				Strongly agree		
1. This supplier representative has good knowledge about French society and culture	1	2	3	4	5	6	7
2. This supplier representative has a good understanding of French norms and customs	1	2	3	4	5	6	7
3. This supplier representative speaks well French	1	2	3	4	5	6	7

Question 8b Supplier representative's ability and willingness to adapt

	Not at all				To a large degree		
1. This supplier representative has put a lot of energy in understanding my way of thinking	1	2	3	4	5	6	7
2. This supplier representative has invested much time to comprehend my values and beliefs	1	2	3	4	5	6	7
3. This supplier representative has put a lot of energy into adapting to my way of negotiating	1	2	3	4	5	6	7
4. This supplier representative has made an effort to become accustomed to my way of handling disagreements	1	2	3	4	5	6	7

Question 8c Buyer representative's ability and willingness to adapt

	Not at all				To a large degree		
1. I have put a lot of energy in understanding the supplier representative's way of thinking	1	2	3	4	5	6	7
2. I have made an effort to comprehend the supplier representative's values and beliefs	1	2	3	4	5	6	7
3. I have put a lot of energy to adapt to the supplier representative's way of negotiating	1	2	3	4	5	6	7
4. I have made an effort to become accustomed to the supplier representative's way of handling disagreements	1	2	3	4	5	6	7

Question 9a Supplier representative's ability and willingness to communicate

	Strongly disagree				Strongly agree		
1. This supplier representative keeps us well informed about what is going on in their firm and related activities	1	2	3	4	5	6	7

2. This supplier representative seeks our advice and counsel concerning their marketing efforts	1	2	3	4	5	6	7
3. This supplier representative is willing to let us see their weaknesses as well as their strengths	1	2	3	4	5	6	7
4. This supplier representative will share confidential information to help us	1	2	3	4	5	6	7

Question 9b Buyer representative's ability and willingness to communicate

	Strongly disagree				Strongly agree		
1. I keep the supplier representative well informed about what is going on in our firm and related activities	1	2	3	4	5	6	7
2. I seek this supplier representative's advice and counsel concerning our marketing efforts	1	2	3	4	5	6	7
3. I am willing to let them see our weaknesses as well as our strengths	1	2	3	4	5	6	7
4. I will share confidential information in order to help them	1	2	3	4	5	6	7

Question 10 Liking

	Strongly disagree				Strongly agree		
1. This supplier representative is friendly	1	2	3	4	5	6	7
2. This supplier representative is always nice to us	1	2	3	4	5	6	7
3. This supplier representative is someone we like to have around	1	2	3	4	5	6	7
4. I have an affinity for this supplier representative	1	2	3	4	5	6	7

Question 11 How often are you in contact with the supplier representative?

	Strongly disagree				Strongly agree		
1. The supplier's rep and I conduct business together frequently	1	2	3	4	5	6	7
2. I deal with this supplier's rep on a frequent basis	1	2	3	4	5	6	7
3. I frequently come into contact with the supplier's rep	1	2	3	4	5	6	7
4. This supplier's representative frequently visits our place of business	1	2	3	4	5	6	7

5. Please, indicate how often you are in contact with the supplier representative

5a Face-to-face, number of times in a year? ca. _____

5b On telephone, number of times in a month? ca . _____

Question 12 Supplier performance

Please circle a number indicating if the supplier needs improvement or executes superior performance on the given domains.

	Needs improvement				Executes superior performance		
2a Product quality	1	2	3	4	5	6	7
2b Delivery/logistics	1	2	3	4	5	6	7
2c The management and the workers	1	2	3	4	5	6	7
2d After sale service	1	2	3	4	5	6	7

Part C

13 Characteristics of your firm

In this section we present a number of statements regarding the way of working in your firm, and more specifically within the buying group. Please indicate on a scale ranging from 1 to 7 to what extent you agree with the following statements.

Question 13a

	Strongly disagree				Strongly agree			
1. In this department tasks are described by formal rules and written documents	1	2	3	4	5	6	7	
2. In this department we follow standard procedures when performing work activities	1	2	3	4	5	6	7	
3. In this department we follow standard operating procedures when making decisions	1	2	3	4	5	6	7	
4. In this department we follow written and/or verbal instructions in our work	1	2	3	4	5	6	7	

Question 13b

	Strongly disagree				Strongly agree			
1. In this department approval from someone higher in the organization is required for making decisions	1	2	3	4	5	6	7	
2. In this department we follow instructions from someone higher in the organization when existing rules and procedures are not adequate to make decisions	1	2	3	4	5	6	7	
3. In this department individuals (alone or a few together) cannot make decisions without consulting members higher in the organization	1	2	3	4	5	6	7	
4. In this department individuals (alone or a few together) cannot resolve problems without consulting members higher in the organization	1	2	3	4	5	6	7	

Question 14a The way of handling conflicts and disagreements

In ongoing business exchange conflicts, disagreements (large and minor) related to for example product quality, delivery requirements, lack of information exchange, price, and service usually occur. These kinds of events need to be handled and resolved by the implicated firms. Please, indicate on a scale from 1 to 7 to what extent you agree in the following statements which describe how these kinds of problems are handled in your firm.

Question 14a

	Strongly disagree				Strongly agree		
1. The management of conflicts/disagreements with this supplier are described by formal rules and written documents?	1	2	3	4	5	6	7
2. There are standard procedures to follow when handling problems related to the on-going exchange with this supplier?	1	2	3	4	5	6	7
3. Buyers have to follow standard operating procedures when making decisions related to the handling of relationship problems?	1	2	3	4	5	6	7
4. You have to follow written and /or verbal instructions when managing problems related to the on-going exchange?	1	2	3	4	5	6	7

Question 14b

	Strongly disagree				Strongly agree		
1. The approval from someone higher in the organization is required for decisions related to handling conflicts/disagreements with this supplier?	1	2	3	4	5	6	7
2. Instructions from someone higher in the organization is needed when existing rules and procedures are not adequate to make decisions related to problems in the current supplier relationship?	1	2	3	4	5	6	7
3. Buyers (alone or few together) cannot make decisions related to problems in this specific supplier without consulting members higher in the organization?	1	2	3	4	5	6	7

4. Problems related to this particular relationship cannot be resolved by buyers (alone or a few together) without consulting members higher in the organization?

	1	2	3	4	5	6	7
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Question 15 The capacity to solve relationship conflicts

	Strongly disagree				Strongly agree		
1. Together with the supplier we are able to solve all conflicts that may occur	1	2	3	4	5	6	7
2. Both parties, intend to solve conflicts by working together rather than responding to neutral party or lawsuits	1	2	3	4	5	6	7
3. Occasionally, particular difficult conflicts that are threatening our cooperation may occur	1	2	3	4	5	6	7
4. It is expected that both parties in a positive way are helping to solve conflicts	1	2	3	4	5	6	7

Question 16 Contact with other activities and firm personnel

In this question we are interested to know to what extent you are involved with other activities than purchasing in your firm. In addition, we want to know if and how many other organizational members you regularly work and cooperate with.

Question 16a Involvement in other activities

Please indicate on a scale from 1 to 7 how often, (never to always), you are involved in the following activities in your own firm.

	Never				Always		
1. Processing	1	2	3	4	5	6	7
2. Product-development	1	2	3	4	5	6	7
3. Logistics	1	2	3	4	5	6	7

Question 16b Cooperation with other personnel

With reference to the following activities, could you please indicate the number of persons within your own firm you work or cooperate together with?

- I work together with _____ persons, performing market activities
- I work together with _____ persons, performing processing activities
- I work together with _____ persons, performing product-development activities
- I work together with _____ persons, performing logistic activities

Question 17a Availability of alternative suppliers

The following question asks about how your firm considers the availability of other suppliers. Please, circle a number to indicate to what extent the below statement is not true at all to perfectly true.

	Not true at all				Perfectly true		
1. If this supplier-relationship is dissolved other firms can deliver what we buy from this supplier	1	2	3	4	5	6	7
2. If there are alternative suppliers who can deliver what you buy from the current supplier firm, what is the number of alternative suppliers? Please circle the correct number of alternative suppliers.							
a) 1-2	<input type="checkbox"/>	b) 3-4	<input type="checkbox"/>	c) 5-9	<input type="checkbox"/>	d) 10-15	<input type="checkbox"/>
		e) 16-20	<input type="checkbox"/>				

Question 17b Overall satisfaction with the supplier firm

Please, circle any number from 1 to 7 describing your agreement with the following statements.

	Strongly disagree				Strongly agree		
1. Overall, we are satisfied with the supplier representative	1	2	3	4	5	6	7
2. In general, we are satisfied with the supplier firm	1	2	3	4	5	6	7
3. Our relationship with this supplier is not at all pleasant	1	2	3	4	5	6	7
4. All in all, the quality of products delivered from this firm is satisfactory	1	2	3	4	5	6	7
5. All in all, the quality of services provided from this supplier is satisfactory	1	2	3	4	5	6	7
6. Overall, the quality of the relationship with this supplier is good	1	2	3	4	5	6	7

Question 17c Switching costs

Strongly disagree

Strongly agree

1. Considering everything, the costs of terminating our business relationship with the current supplier and start up with an alternative supplier would be high

1 2 3 4 5 6 7

Part D

Question 18

The following question asks whether your firm occasionally would think to leave the current supplier. Please, circle a number, from 1 to 7, to indicate the extent of agreement with the following statements.

Strongly disagree

Strongly agree

1. Occasionally my firm will consider ending the business relationship to the supplier

1 2 3 4 5 6 7

2. My firm is not likely to continue the business relationship with the supplier

1 2 3 4 5 6 7

3. My firm will probably consider a replacement supplier in the near future

1 2 3 4 5 6 7

4. My firm will probably stop doing business with my supplier in the future

1 2 3 4 5 6 7

Question 19

This question asks about your firms expectations of how long the supplier relationship is going to last. Please, judge the following statements and describe your firm's extent of agreement by circling a number.

Strongly disagree

Strongly agree

1. We expect our relationship with this supplier to continue a long time

1 2 3 4 5 6 7

2. Renewal of the relationship with this supplier is virtually automatic

1 2 3 4 5 6 7

3. Our relationship with this supplier is enduring

1 2 3 4 5 6 7

4. Our relationship with this supplier is a long-term alliance

1 2 3 4 5 6 7

Question 20 How is your firms tolerance for conflict situations?

Below follows a number of statements describing possible conflict situations between your firm and the supplier. With respect to each of the below statements please indicate, by circling the appropriate number, the degree to which it is likely that you would leave the current partner.

	Not likely at all							Very Likely
1. If this supplier occasionally delivers products of lower quality than our firm require, we would consider leaving the current partner	1	2	3	4	5	6	7	
2. If this supplier delivers less quantity than we order, we would consider leaving the current partner	1	2	3	4	5	6	7	
3. If this supplier does not deliver on time, a day later than agreed upon, we would consider leaving the current partner	1	2	3	4	5	6	7	
4. If this supplier does not deliver on time, some hours later than agreed upon, we would consider leaving the current partner	1	2	3	4	5	6	7	
5. If this supplier holds back information that could be useful to us, we would consider leaving the current partner	1	2	3	4	5	6	7	
6. If this supplier demands too high prices, we would consider leaving the current partner	1	2	3	4	5	6	7	
7. If this supplier occasionally does not respond in order to correct failures, we would consider leaving the current partner	1	2	3	4	5	6	7	

Question 21 Some information about you

1. What is your post in this firm? _____

2. Could we ask you about your educational background?

- Secondary school/high school
- A-levels/high-school diploma + 2
- More than A-levels/high-school diploma + 2

3. Your age, please? _____ years

Your sex: F M

Thank you very much for your cooperation!

Questionnaire destiné aux entreprises dans la filière pêche en France

Merci d'avoir accepté de me recevoir. Cette étude est conduite par le « Norwegian School of Economics and Business Administration » à Bergen (Norvège), et traite sur les relations commerciales entre importateurs français et leur fournisseurs de produits de la mer.

Ce questionnaire est composé de questions relatives aux échanges de biens et services entre votre entreprise et un fournisseur important. Il comprend des questions relatives à différents aspects de cette relation entre fournisseur et importateur, ainsi que des questions relatives à votre entreprise. La plupart des questions correspondent en fait à des affirmations pour lesquelles vous devez indiquer sur une échelle (allant de 1 à 7) dans quelle mesure vous êtes en accord avec cette affirmation.

Il n'est pas nécessaire de rechercher des informations pour remplir le questionnaire.

Toutes les informations données dans ce questionnaire seront traitées de façon strictement confidentielle. Les résultats de cette recherche ne seront présentés que de façon agrégée, et il ne sera pas possible d'y retrouver une entreprise en particulier.

Questionnaire**Partie A**

Question 1 Quelques informations sur votre entreprise

Quelles activités exerce votre entreprise? Merci de cocher les activités conduites par votre entreprise :

- | | | |
|--|---|---|
| <input type="checkbox"/> 1 Mareyage | <input type="checkbox"/> 2 Import | <input type="checkbox"/> 3 Export |
| <input type="checkbox"/> 4 Conditionnement | <input type="checkbox"/> 5 Filetage | <input type="checkbox"/> 6 Filetage en prestation de service |
| <input type="checkbox"/> 7 Saleur, saurisseur | <input type="checkbox"/> 8 Conserverie | <input type="checkbox"/> 9 Fabrication de plats cuisinés et produits élaborés |
| <input type="checkbox"/> 10 Fabrication de produits surgelés | <input type="checkbox"/> 11 Stockage & distribution | <input type="checkbox"/> 12 Logistique |

D'autres activités ? _____

Question 2 Quelques informations sur votre entreprise

2a Combien de personnes étaient employées par votre entreprise l'année passée?

Employés à temps plein _____

Employés à temps partiel _____

2b Chiffre d'affaires 2002? _____

2c Votre entreprise fait-elle partie d'un groupe? Oui Non

Si oui, quel a été le chiffre d'affaires de ce groupe en 2002? _____

Si oui, votre entreprise est-elle :

Possédée seulement partiellement par ce groupe ? Oui Non

Si oui, quel est le taux de possession ? _____

Membre volontaire du groupe ? Oui Non

Dans cette section, nous vous demandons de sélectionner un de vos fournisseurs sur les critères présentés ci-dessous et de nous donner quelques informations sur ce fournisseur.

Nous souhaiterions que vous sélectionniez un fournisseur avec qui vous avez actuellement une relation commerciale.

Ce fournisseur doit remplir les conditions suivantes :

- **Il doit être votre troisième plus important fournisseur ;**
- **Il doit être, de préférence, d'origine nordique (par exemple, la Norvège, l'Islande, Pays Baltiques, la Russie) ou d'un pays non européen (par exemple le Brésil, le Chili, la Thaïlande etc.)**
- **Aucun lien financier ne doit exister entre votre entreprise et ce fournisseur, à l'exception des transactions à caractère commercial**

Question 3 Informations sur le fournisseur et le produit

3a Merci d'indiquer le pays d'origine du fournisseur : _____

3b Merci d'indiquer l'une des principales espèces de poisson que vous achetez auprès de ce fournisseur

Poisson d'élevage : _____ ou Poisson sauvage : _____

3c Merci de cocher le type de produit : 1 Frais 2 Congelé 3 En conserves

3d Merci d'indiquer le pourcentage de vos approvisionnements (par rapport à cet espèce) réalisé par votre entreprise auprès de ce fournisseur :

En volume (ca. %) : _____ En valeur (ca. %) : _____

3e Quelles activités exerce votre fournisseur? Merci de cocher les activités conduites par votre fournisseur :

1 Négoce 2 Export 3 Capture 4 Aquaculture

5 Conditionnement 6 Filetage 7 Fabrication de produits surgelés

8 Logistique D'autres activités ? _____

3f Merci d'indiquer le moyen de transport pour ce produit :

1 Par camion 2 Par bateau 3 Par avion

3g Merci d'indiquer combien de temps il faut pour le transport :

En heures/en jours/ou en semaines : _____

Question 4a Durée de votre relation avec ce fournisseur

1. Depuis combien d'années travaillez-vous avec ce fournisseur? _____ Années

Partie B

Question 5

Dans cette partie du questionnaire, nous nous intéressons aux adaptations spécifiques que votre entreprise et votre fournisseur ont réalisées pour cette relation commerciale. Plus précisément, nous allons vous interroger sur les modifications relatives à l'adaptation des produits, au personnel et à la logistique. A propos des questions qui sont relatives à l'adaptation des produits, nous vous proposons deux sections différentes, une pour les poissons d'élevage et une pour les poissons sauvage. Merci, de choisir celle qui correspond au type de poisson sélectionné dans question 3.

Merci d'indiquer dans quelle mesure vous êtes d'accord avec les affirmations suivantes.

Question 5a Adaptations des produits réalisées par votre fournisseur. POISSON D'ELEVAGE

	Pas du tout					Tout à fait	
1. Ce fournisseur a fait des investissements spécifiques dans son usine et en matière d'équipement pour nous livrer du poisson	1	2	3	4	5	6	7
2. Ce fournisseur a sélectionné des fermes d'élevages spécifiques pour nous livrer du poisson	1	2	3	4	5	6	7
3. Ce fournisseur a investi dans des méthodes d'alimentation spécifiques adaptées à nos exigences	1	2	3	4	5	6	7
4. Ce fournisseur a fait des investissements importants pour adapter ses méthodes d'abattage à nos exigences	1	2	3	4	5	6	7
5. Ce fournisseur a fait des investissements importants pour nous fournir une qualité de poisson adaptée à nos exigences	1	2	3	4	5	6	7
6. Conformément à nos exigences, ce fournisseur a fait des adaptations spécifiques pour permettre la traçabilité du poisson	1	2	3	4	5	6	7
7. Ce fournisseur a fait des investissements spécifiques pour adapter ses méthodes de conditionnement pour répondre aux demandes de notre entreprise	1	2	3	4	5	6	7

Question 5a Adaptations des produits réalisées par votre fournisseur. POISSON SAUVAGE

	Pas du tout							Tout à fait								
1. Ce fournisseur a fait des investissements spécifiques dans son usine et en matière d'équipement pour nous livrer du poisson	1	2	3	4	5	6	7									
2. Ce fournisseur a sélectionné des bateaux de pêche spécifiques pour nous livrer du poisson	1	2	3	4	5	6	7									
3. Ce fournisseur a investi dans des méthodes de capture spécifiques adaptées à nos exigences	1	2	3	4	5	6	7									
4. Ce fournisseur a fait des améliorations techniques à bord adaptées à nos exigences	1	2	3	4	5	6	7									
5. Ce fournisseur a fait des investissements importants pour nous fournir une qualité de poisson adaptée à nos exigences	1	2	3	4	5	6	7									
6. Conformément à nos exigences, ce fournisseur a fait des adaptations spécifiques pour permettre la traçabilité du poisson	1	2	3	4	5	6	7									
7. Ce fournisseur a fait des investissements spécifiques pour adapter ses méthodes de conditionnement pour répondre aux demandes de notre entreprise	1	2	3	4	5	6	7									

Question 5b Adaptations des produits réalisées par votre entreprise

	Pas du tout							Tout à fait								
1. Nous avons fait des investissements spécifiques dans notre usine et en matière d'équipements pour pouvoir nous faire livrer du poisson par ce fournisseur	1	2	3	4	5	6	7									
2. Nous avons fait des investissements spécifiques dans nos méthodes de production afin de traiter le poisson de ce fournisseur	1	2	3	4	5	6	7									

3. Nous avons investi de façon importante dans nos méthodes de traitement du poisson de ce fournisseur de façon à obtenir la meilleure qualité possible	1	2	3	4	5	6	7
4. Nous avons beaucoup investi pour assurer la traçabilité du poisson livré par ce fournisseur	1	2	3	4	5	6	7
5. Nous avons fait des investissements spécifiques dans des méthodes de conditionnement propres au poisson de ce fournisseur	1	2	3	4	5	6	7
6. Nous avons beaucoup investi pour commercialiser le poisson de ce fournisseur là	1	2	3	4	5	6	7

Question 6a Investissements en matière de personnel et de procédures réalisés par votre fournisseur

	Pas du tout				Tout à fait		
1. Ce fournisseur a fait des investissements substantiels dans le personnel participant à cette relation	1	2	3	4	5	6	7
2. En coopération avec notre entreprise, ce fournisseur a dû apprendre à connaître notre entreprise dans différents domaines	1	2	3	4	5	6	7
3. Ce fournisseur a dépensé beaucoup d'énergie pour mettre en place des procédures de communication satisfaisantes avec notre entreprise	1	2	3	4	5	6	7
4. Ce fournisseur a fait beaucoup d'efforts de façon à devenir familier avec notre entreprise	1	2	3	4	5	6	7
5. Ce fournisseur a développé des procédures et des pratiques spécifiques à notre relation commerciale	1	2	3	4	5	6	7

Question 6b Investissements en matière de personnel et de procédures réalisés par votre entreprise

	Pas du tout				Tout à fait		
1. Nous avons fait des investissements substantiels pour le personnel travaillant spécifiquement avec ce fournisseur	1	2	3	4	5	6	7

2. Nous avons dû apprendre à connaître notre fournisseur dans différents domaines	1	2	3	4	5	6	7
3. Nous avons dépensé beaucoup d'énergie pour mettre en place des procédures de communication satisfaisantes avec le fournisseur	1	2	3	4	5	6	7
4. Nous avons dépensé beaucoup de temps et d'énergie pour devenir familier avec ce fournisseur	1	2	3	4	5	6	7
5. Nous avons développé des procédures et des pratiques spécifiques à notre relation commerciale	1	2	3	4	5	6	7

Question 7a Adaptations en termes logistiques réalisés par le fournisseur

	Pas du tout				Tout à fait		
1. Ce fournisseur a adapté ses systèmes logistiques pour répondre aux besoins de notre entreprise en terme de respects des conditions de livraison	1	2	3	4	5	6	7
2. Ce fournisseur a opéré des ajustements en interne pour nous livrer le poisson en accord avec nos exigences de fraîcheur/da la chaîne du froid	1	2	3	4	5	6	7
3. Ce fournisseur a fait des adaptations importantes pour répondre à nos demandes en terme de volume de poisson livré	1	2	3	4	5	6	7
4. Ce fournisseur a fait des modifications pour répondre aux conditions de notre entreprise en terme des livraisons en juste à temps	1	2	3	4	5	6	7

Question 7b Adaptations en termes logistiques réalisés par votre entreprise

	Pas du tout				Tout à fait		
1. Nous avons adapté notre système logistique afin de répondre aux conditions de livraison des clients à qui nous livrons le poisson provenant de ce fournisseur	1	2	3	4	5	6	7

2. Nous avons fait des modifications importantes en interne de façon à pouvoir recevoir le poisson frais/congelé de ce fournisseur	1	2	3	4	5	6	7
3. Nous avons fait des adaptations importantes de façon à traiter le volume de poissons livré par ce fournisseur	1	2	3	4	5	6	7
4. Nous avons fait d'importantes modifications adaptations pour prendre des livraisons en juste à temps de ce fournisseur	1	2	3	4	5	6	7

Question 8 Contact avec le représentant du fournisseur

Dans cette partie du questionnaire, nous vous interrogeons sur vos contacts avec un représentant de votre fournisseur. Ces questions concernent les connaissances de ce représentant relatives à la langue, aux coutumes, à la culture françaises ainsi que sur sa capacité et sa volonté à s'adapter, sur ses capacités à communiquer et sur la fréquence des contacts. Même si vous êtes en contact avec plusieurs personnes chez votre fournisseur, nous vous demandons de ne sélectionner que celle avec laquelle vous avez le plus de contacts et de répondre en fonction de cette personne.

1. Avec combien de personnes êtes-vous en contact, de façon régulière, dans l'entreprise de votre fournisseur? _____
2. Quelle est la nationalité (pays d'origine) du représentant de votre fournisseur? _____
- 3. Durée de votre relation avec ce représentant du fournisseur**
 1. Depuis combien d'années travaillez-vous avec le représentant de ce fournisseur ? _____ Années

Question 8a Connaissance de la culture française

Indiquer, sur une échelle de 1 à 7, dans quelle mesure vous êtes d'accord avec les affirmations suivantes.

	Pas du tout d'accord				Tout à fait d'accord		
1. Le représentant de ce fournisseur a de bonnes connaissances sur la société et la culture françaises	1	2	3	4	5	6	7
2. Le représentant de ce fournisseur a une bonne compréhension des normes et des coutumes françaises	1	2	3	4	5	6	7
3. Le représentant de ce fournisseur parle bien français	1	2	3	4	5	6	7

Question 8b Capacités et volonté du représentant du fournisseur de s'adapter

	Pas du tout				Tout à fait		
1. Le représentant de ce fournisseur a dépensé beaucoup d'énergie pour comprendre ma façon de penser	1	2	3	4	5	6	7
2. Le représentant de ce fournisseur a investi beaucoup de temps pour comprendre mes valeurs et mes volontés	1	2	3	4	5	6	7
3. Le représentant de ce fournisseur a dépensé beaucoup d'énergie pour s'adapter à ma façon de négocier	1	2	3	4	5	6	7
4. Le représentant de ce fournisseur a fait des efforts pour s'accoutumer à ma façon de gérer les désaccords	1	2	3	4	5	6	7

Question 8c Votre capacité et votre volonté de vous adapter

	Pas du tout				Tout à fait		
1. J'ai dépensé beaucoup d'énergie pour comprendre la façon de penser du représentant de mon fournisseur	1	2	3	4	5	6	7
2. J'ai investi beaucoup de temps pour comprendre les valeurs et les volontés du représentant de ce fournisseur	1	2	3	4	5	6	7
3. J'ai dépensé beaucoup d'énergie pour m'adapter à la façon de négocier du représentant de ce fournisseur	1	2	3	4	5	6	7
4. J'ai fait des efforts pour m'accoutumer à la façon de gérer les désaccords du représentant de ce fournisseur	1	2	3	4	5	6	7

Question 9a Capacité et volonté du représentant du fournisseur à communiquer

	Pas du tout d'accord				Tout à fait d'accord		
1. Le représentant de ce fournisseur nous tient bien informés de ce qu'il se passe dans son entreprise et dans ses activités	1	2	3	4	5	6	7

2. Ce fournisseur nous demande notre avis et nos conseils à propos de ses actions de commercialisation	1	2	3	4	5	6	7
3. Le représentant de ce fournisseur nous permet de constater ses forces et ses faiblesses	1	2	3	4	5	6	7
4. Ce fournisseur est prêt à partager des informations confidentielles afin de nous aider	1	2	3	4	5	6	7

Question 9b Votre capacité et votre volonté à communiquer

	Pas du tout d'accord				Tout à fait d'accord		
1. Je tiens le représentant de ce fournisseur bien informé de ce qu'il se passe dans notre entreprise et dans nos activités	1	2	3	4	5	6	7
2. Je demande à notre fournisseur son avis et ses conseils à propos de nos actions de commercialisation	1	2	3	4	5	6	7
3. Je permets à notre fournisseur de constater nos forces et nos faiblesses	1	2	3	4	5	6	7
4. Je suis prêt(e) à partager des informations confidentielles afin de les aider	1	2	3	4	5	6	7

Question 10 Amabilité

	Pas du tout d'accord				Tout à fait d'accord		
1. Le représentant de ce fournisseur est très sympathique	1	2	3	4	5	6	7
2. Le représentant de ce fournisseur est toujours très aimable avec nous	1	2	3	4	5	6	7
3. Le représentant de ce fournisseur est quelqu'un que nous aimons rencontrer souvent	1	2	3	4	5	6	7
4. J'ai des affinités avec le représentant de ce fournisseur	1	2	3	4	5	6	7

Question 11 Fréquence des contacts avec le représentant du fournisseur

	Pas du tout d'accord				Tout à fait d'accord		
1. Le représentant de ce fournisseur et moi-même travaillons fréquemment ensemble	1	2	3	4	5	6	7
2. Je traite avec le représentant de ce fournisseur de façon régulière	1	2	3	4	5	6	7
3. Je suis régulièrement en contact avec le représentant de ce fournisseur	1	2	3	4	5	6	7
4. Ce fournisseur visite fréquemment nos bureaux	1	2	3	4	5	6	7
5. Merci d'indiquer la fréquence avec laquelle vous aviez communiqué avec le représentant de votre fournisseur							
5a. En face-à-face, nombre de fois dans l'année ? ca. _____							
5b. Par téléphone, nombre de fois par mois ? ca. _____							

Question 12 Performance du fournisseur

Merci d'entourer le nombre correspondant à la performance de votre fournisseur sur chacun des points suivants :

	A besoin de s'améliorer				Est très performant		
a La qualité des produits	1	2	3	4	5	6	7
b La livraison	1	2	3	4	5	6	7
c La direction et les travailleurs employés	1	2	3	4	5	6	7
d Le service à la clientèle	1	2	3	4	5	6	7

Partie C

Question 13 La façon de travailler dans votre entreprise...

Nous nous intéressons ici à la façon dont vous travaillez dans votre entreprise, notamment au niveau du département ou d'une unité d'achat. Merci, d'indiquer sur une échelle de 1 à 7 dans quelle mesure vous êtes d'accord avec les affirmations suivantes.

Question 13a

	Pas du tout d'accord				Tout à fait d'accord		
1. Dans cette unité, les tâches sont décrites par des règles formelles et des documents écrits	1	2	3	4	5	6	7
2. Dans cette unité, nous suivons des procédures standards lorsque nous travaillons	1	2	3	4	5	6	7
3. Dans cette unité, nous suivons des procédures opérationnelles standardisées lorsque nous avons à prendre des décisions	1	2	3	4	5	6	7
4. Dans cette unité, nous respectons des instructions écrites et/ou verbales pour réaliser notre travail	1	2	3	4	5	6	7

Question 13b

	Pas du tout d'accord				Tout à fait d'accord		
1. Dans cette unité, l'approbation d'un supérieur hiérarchique est nécessaire pour prendre des décisions	1	2	3	4	5	6	7
2. Dans cette unité, nous suivons les instructions d'un supérieur hiérarchique lorsque les règles et les procédures existantes ne permettent pas la prise de décision	1	2	3	4	5	6	7
3. Dans cette unité, les individus (seuls ou à quelques uns) ne peuvent pas prendre des décisions sans consulter un supérieur hiérarchique	1	2	3	4	5	6	7
4. Dans cette unité, les individus (seuls ou à quelques uns) ne peuvent pas résoudre des problèmes sans consulter un supérieur hiérarchique	1	2	3	4	5	6	7

Question 14a Résolution des conflits et des désaccords

Les conflits, les désaccords (importants ou mineurs) relatifs, par exemple, à la qualité des produits, aux conditions de livraison, au manque d'information, au prix, aux services sont une réalité de la vie des affaires. Ces différents types de problèmes nécessitent d'être traités et résolus par les entreprises concernées. Merci d'indiquer sur une échelle de 1 à 7 dans quelle mesure vous êtes en accord ou en désaccord avec les énoncés suivants qui décrivent la façon dont les problèmes sont traités dans votre entreprise.

Question 14a

	Pas du tout d'accord				Tout à fait d'accord		
1. La gestion des conflits/ désaccords avec ce fournisseur est décrite par des règles formelles et des documents écrits	1	2	3	4	5	6	7
2. Il existe des procédures standardisées à suivre lorsque vous devez régler un problème lié à un échange existant avec un fournisseur	1	2	3	4	5	6	7
3. Les acheteurs doivent suivre des procédures opérationnelles standardisées quand ils prennent des décisions liées au règlement des problèmes relationnels	1	2	3	4	5	6	7
4. Vous devez suivre des instructions verbales et/ou écrites pour régler des problèmes liés à des échanges en cours	1	2	3	4	5	6	7

Question 14b

	Pas du tout d'accord				Tout à fait d'accord		
1. Il est nécessaire d'avoir l'approbation d'un supérieur hiérarchique pour prendre des décisions relatives à la résolution de conflits/désaccords avec ce fournisseur	1	2	3	4	5	6	7
2. Lorsque les règles et les procédures existantes ne permettent pas de prendre de décisions relatives à un problème avec ce fournisseur, il est nécessaire de faire appel à un supérieur hiérarchique	1	2	3	4	5	6	7
3. Les acheteurs (seuls ou en groupe) ne peuvent pas prendre des décisions relatives à des problèmes avec ce fournisseur sans faire appel à un supérieur hiérarchique	1	2	3	4	5	6	7

4. Les acheteurs (seuls ou en groupe) ne peuvent pas résoudre les problèmes relatifs à cette relation commerciale sans en référer à un supérieur hiérarchique

1 2 3 4 5 6 7

Question 15 La capacité à résoudre des conflits

Pas du tout d'accord

Tout à fait d'accord

1. Ensemble avec le fournisseur, nous sommes capables de résoudre les conflits qui se produisent

1 2 3 4 5 6 7

2. Les deux parties se proposent de travailler ensemble pour résoudre les conflits, plutôt que de faire appel à une tierce partie ou de recourir à des poursuites judiciaires

1 2 3 4 5 6 7

3. Occasionnellement, des conflits particulièrement durs et menaçant notre coopération peuvent apparaître

1 2 3 4 5 6 7

4. Il est attendu que les deux parties cherchent à résoudre les conflits de façon constructive

1 2 3 4 5 6 7

Question 16 Implication dans d'autres activités et coopération avec d'autres personnes

Nous souhaitons savoir, ici, dans quelle mesure vous êtes, au sein de votre entreprise, impliqué(e) dans d'autres activités que les achats. Nous souhaiterions également savoir avec combien d'autres personnes vous travaillez régulièrement au sein de votre entreprise.

16a Implication dans d'autres activités

Merci d'indiquer, sur une échelle de 1 à 7, combien de fois (jamais à toujours) vous êtes impliqué(e) dans les activités suivantes, dans votre entreprise.

Jamais

Toujours

1. Production

1 2 3 4 5 6 7

2. Développement de produits

1 2 3 4 5 6 7

3. Logistique

1 2 3 4 5 6 7

16b Coopération avec d'autres personnes

Par rapport aux activités suivantes, pourriez-vous indiquer le nombre de personnes, au sein de votre entreprise, avec qui vous travaillez?

Je travaille avec ____ personnes pour réaliser les activités commerciales

Je travaille avec ____ personnes pour réaliser les activités de production

Je travaille avec ____ personnes pour réaliser les activités de développement de produits

Je travaille avec ____ personnes pour réaliser les activités logistiques

Question 17a Présence d'autres fournisseurs

La question suivante vise à savoir s'il existe d'autres fournisseurs potentiels pour votre entreprise. Merci d'indiquer, sur une échelle de 1 à 7 dans quelle mesure vous considérez l'énoncé suivant comme étant entièrement faux ou totalement exact.

	Entièrement faux				Totalement exact		
1. Si cette relation avec ce fournisseur s'arrête, d'autres entreprises pourraient nous fournir ce que nous prenons chez lui.	1	2	3	4	5	6	7
2. S'il existe d'autres fournisseurs capables de vous proposer ce que vous achetez à ce fournisseur, combien sont-ils? Merci de cocher la bonne réponse :							
a) 1-2 <input type="checkbox"/>	b) 3-4 <input type="checkbox"/>	c) 5-9 <input type="checkbox"/>	d) 10-15 <input type="checkbox"/>	e) 16-20 <input type="checkbox"/>			

Question 17b Satisfaction globale par rapport au fournisseur

Merci d'indiquer, sur une échelle de 1 à 7 dans quelle mesure vous êtes en accord avec les affirmations suivantes.

	Pas du tout d'accord				Tout à fait d'accord		
1. De façon générale, nous sommes satisfaits de notre relation avec le représentant de ce fournisseur	1	2	3	4	5	6	7
2. De façon générale, nous sommes satisfaits de notre relation avec ce fournisseur	1	2	3	4	5	6	7
3. Notre relation avec ce fournisseur n'est vraiment pas agréable	1	2	3	4	5	6	7
4. Dans l'ensemble, la qualité des produits livrés par ce fournisseur est satisfaisante	1	2	3	4	5	6	7
5. Dans l'ensemble, la qualité des services rendus par ce fournisseur est satisfaisante	1	2	3	4	5	6	7
6. Dans l'ensemble, la qualité de cette relation que nous entretenons avec ce fournisseur est bonne	1	2	3	4	5	6	7

Question 17c Coûts relatifs au changement de fournisseur

	Pas du tout d'accord				Tout à fait d'accord		
17c Tout considéré, les coûts liés à l'arrêt de cette relation et au démarrage d'une relation avec un nouveau fournisseur seraient très élevés	1	2	3	4	5	6	7

Partie D

Question 18

Les questions suivantes sont relatives au fait de savoir si votre entreprise envisage de quitter ce fournisseur. Merci d'entourer un nombre, entre 1 et 7, indiquant dans quelle mesure vous êtes en accord ou en désaccord avec les affirmations suivantes.

	Pas du tout d'accord				Tout à fait d'accord		
1. Par moment, nous pensons mettre un terme à notre relation avec ce fournisseur	1	2	3	4	5	6	7
2. Nous avons peu de chances de poursuivre notre relation commerciale avec ce fournisseur	1	2	3	4	5	6	7
3. Nous allons probablement considérer un nouveau fournisseur en remplacement	1	2	3	4	5	6	7
4. Nous allons probablement cesser nos relations commerciales avec ce fournisseur	1	2	3	4	5	6	7

Question 19

Les questions suivantes s'intéressent aux attentes de votre entreprise en matière de durée de la relation avec ce fournisseur. Merci d'évaluer les affirmations suivantes et d'entourer le nombre correspondant à votre situation.

	Pas du tout d'accord				Tout à fait d'accord		
1. Nous pensons que cette relation commerciale avec ce fournisseur va durer encore longtemps	1	2	3	4	5	6	7
2. Le renouvellement de notre relation avec ce fournisseur est tacite	1	2	3	4	5	6	7
3. Notre relation avec ce fournisseur est durable	1	2	3	4	5	6	7
4. Notre relation avec ce fournisseur est une alliance de long terme	1	2	3	4	5	6	7

Question 20 Le niveau de tolérance de votre entreprise face aux situations de conflit

Vous trouverez, ci-dessous, un ensemble d'énoncés qui décrivent des comportements possibles d'un fournisseur. Pour chacun des énoncés, merci d'indiquer à quel degré c'est probable que les incidents suivants pourraient mener à une rupture de relation avec votre fournisseur.

	Très peu probable				Très probable		
1. Si ce fournisseur nous livrait occasionnellement des produits de qualité inférieure à ce que nous attendons, nous considérerions de le quitter	1	2	3	4	5	6	7
2. Si ce fournisseur nous livrait occasionnellement des quantités inférieures à ce que nous avons commandé, nous considérerions de le quitter	1	2	3	4	5	6	7
3. Si ce fournisseur occasionnellement ne nous livrait pas dans les temps mais un jour après la date convenue, nous considérerions de le quitter	1	2	3	4	5	6	7
4. Si ce fournisseur occasionnellement ne nous livrait pas dans les temps mais quelques heures après l'heure convenue, nous considérerions de le quitter	1	2	3	4	5	6	7
5. Si ce fournisseur occasionnellement faisait de la rétention d'informations qui pourraient nous être utiles, nous considérerions de le quitter	1	2	3	4	5	6	7
6. Si ce fournisseur occasionnellement nous demandait des prix trop élevés, nous considérerions de le quitter	1	2	3	4	5	6	7
7. Si, occasionnellement, ce fournisseur ne réparait pas ses erreurs, nous considérerions de le quitter	1	2	3	4	5	6	7

Question 21 Quelques renseignements sur vous

1. Quelle est votre fonction dans l'entreprise ? _____

2. Pouvons-nous vous demander quel est votre niveau de formation ? (Cocher la case correspondante)

- Secondaire
- Niveau Bac + 2
- Au-delà de Bac+2

3. Pouvons-nous vous demander votre âge ? _____ ans

Merci de cocher votre sexe : F M

Nous vous remercions infiniment de votre collaboration !

Appendix D: Factor analysis

The constructs centralization and formalization at the buyer department level (13a and 13b) and the task level (14a and 14b) came out as distinct constructs (cf 7.6).

Table 12.1: *Factor structure and factor loadings - centralization and formalization at buyer department level and at task level*

Rotated Factor Matrix^a

	Factor			
	1	2	3	4
FORM13A1	5,946E-02	,136	,607	,249
FORM13A2	4,537E-02	4,424E-02	,835	,183
FORM13A3	2,658E-02	-2,04E-02	,718	,111
FORM13A4	2,512E-02	,152	,719	9,972E-02
CENT13B1	,297	,827	,134	-7,98E-03
CENT13B2	,420	,720	,162	4,227E-02
CENT13B3	,349	,867	7,469E-02	-1,66E-02
CENT13B4	,339	,807	4,375E-02	-3,13E-02
FORM14A1	4,103E-02	-3,43E-02	,187	,719
FORM14A2	,162	-1,66E-02	,130	,749
FORM14A3	,166	2,374E-03	,142	,751
FORM14A4	-1,08E-02	3,943E-02	,124	,613
CENT14B1	,864	,340	3,634E-02	9,972E-02
CENT14B2	,791	,356	3,525E-02	,131
CENT14B3	,879	,341	3,659E-02	,129
CENT14B4	,891	,366	8,453E-02	,135

Extraction Method: Alpha Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Factor matrixes for the oblique method (promax) (cf Chapter 8, section 8.2)

Table 12.2: *Factor structure and factor loadings - Independent variables supplier*

Pattern Matrix^a

	Factor					
	1	2	3	4	5	6
prowf5a1	,660	3,567E-02	,212	-2,77E-02	-7,55E-02	7,871E-02
prowf5a2	,790	,125	-3,97E-03	2,880E-02	-8,11E-02	-,135
prowf5a3	,716	-,109	,125	4,904E-04	-,112	,164
prowf5a4	,743	-7,32E-02	,191	-5,14E-02	-6,30E-02	,102
prowf5a5	,840	-,145	,190	-2,22E-02	3,187E-02	,116
prowf5a6	,823	7,466E-02	-,257	6,846E-02	8,747E-02	-,184
prowf5a7	,735	,244	-,299	8,645E-02	,139	-,126
ass6a1	,219	-,214	,698	-,164	7,913E-02	,102
ass6a2	2,471E-02	,348	,505	,184	-1,31E-02	-,139
ass6a3	5,052E-02	9,397E-02	,678	5,528E-02	-6,36E-03	-2,09E-02
ass6a4	-,115	9,008E-02	,781	,119	9,363E-02	-,110
ass6a5	-4,46E-02	,169	,604	,211	6,327E-02	-,197
log7a1	-1,79E-02	-,206	1,976E-02	,849	-6,56E-03	5,613E-02
log7a2	-3,88E-02	-9,38E-03	,263	,740	-,169	9,263E-02
log7a3	3,416E-02	-2,11E-02	7,150E-02	,765	4,112E-02	5,189E-02
log7a4	8,862E-02	-,110	-9,09E-02	,829	,115	-8,43E-03
frcu8a1	5,545E-03	,107	-1,80E-02	5,674E-02	6,058E-02	,907
frcu8a2	-9,39E-02	,291	-,222	,218	-7,20E-02	,753
frcu8a3	7,318E-02	-4,59E-02	1,161E-02	-5,51E-02	,108	,715
cuad8b1	-8,39E-02	-3,88E-02	,102	-,191	,955	6,018E-02
cuad8b2	-4,09E-02	,186	5,174E-02	1,105E-02	,675	-1,15E-02
cuad8b3	1,119E-02	-9,65E-02	5,846E-02	,184	,721	,101
cuad8b4	2,908E-02	4,708E-02	-1,83E-02	,148	,737	-1,31E-02
com9a1	2,448E-02	,614	-4,50E-02	,121	2,033E-02	7,755E-02
com9a2	2,651E-02	,863	1,109E-02	-4,88E-02	-5,12E-02	1,873E-02
com9a3	3,075E-02	,816	,187	-,211	4,565E-03	,129
com9a4	-2,11E-03	,728	-8,85E-04	-,218	5,208E-02	8,559E-02

Extraction Method: Alpha Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

Table 12.3: Factor structure and factor loadings - Independent variables buyer

Pattern Matrix^a

	Factor				
	1	2	3	4	5
pro5b1	-,288	,631	1,836E-02	5,079E-02	,266
pro5b2	-1,47E-03	,825	-3,29E-02	3,843E-02	-,109
pro5b3	-,168	,890	-3,58E-02	2,658E-02	6,227E-02
pro5b4	6,923E-02	,549	,113	-5,61E-02	9,280E-02
pro5b5	,120	,598	3,353E-02	-9,32E-02	-9,85E-02
pro5b6	,373	,498	1,793E-02	-4,36E-02	-5,33E-03
ass6b2	,108	,108	4,743E-02	,140	,567
ass6b3	5,165E-02	2,558E-02	-7,33E-02	-4,53E-02	,870
ass6b4	,211	-6,61E-02	2,924E-02	-5,23E-02	,792
ass6b5	,386	9,141E-02	-1,57E-02	-2,39E-02	,517
log7b1	-,107	,130	,431	1,987E-02	,279
log7b2	-1,16E-02	,110	,877	3,561E-02	-,118
log7b3	,220	,105	,850	-6,50E-02	-,187
log7b4	-,131	-,165	,923	3,742E-02	,155
adap8c1	,777	-5,20E-02	-,112	-2,02E-02	,220
adap8c2	,849	-1,41E-02	-,106	3,450E-02	3,640E-02
adap8c3	,793	-3,84E-02	6,086E-02	,103	6,055E-02
adap8c4	,693	-8,83E-02	,193	1,624E-02	1,365E-02
com9b1	,237	,225	-,153	,673	-,209
com9b2	-8,31E-03	-3,54E-02	,103	,685	2,974E-02
com9b3	-,107	-8,65E-02	-1,03E-02	,971	5,355E-02
com9b4	,109	-7,94E-02	6,794E-02	,682	2,850E-02

Extraction Method: Alpha Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Table 12.4: *Factor structure and factor loadings - dependent, control and moderator variables*

Pattern Matrix^a

	Factor					
	1	2	3	4	5	6
form13a1	8,789E-02	8,178E-02	,121	,653	4,582E-02	-,138
form13a2	-,135	-5,73E-03	-6,19E-02	,850	2,596E-02	9,220E-02
form13a3	-6,82E-03	-5,38E-02	4,099E-02	,710	-7,47E-02	5,383E-02
form13a4	,149	9,645E-02	-7,59E-02	,735	1,250E-03	-1,63E-02
cent13b1	-,144	,920	-9,20E-02	2,069E-02	3,668E-02	,107
cent13b2	-1,81E-02	,794	3,075E-02	,112	-5,22E-02	-2,92E-02
cent13b3	5,045E-02	,943	3,479E-02	-1,29E-02	3,612E-02	-5,56E-02
cent13b4	5,283E-02	,868	,105	-2,95E-02	-6,15E-02	-4,04E-02
exit18.1	-,187	1,773E-02	,641	,129	1,268E-02	3,700E-02
exit18.2	-1,66E-02	1,316E-02	,810	,130	-4,13E-02	,119
exit18.3	-5,59E-02	2,309E-02	,614	-4,65E-02	,164	-,105
exit18.4	,140	3,920E-02	,931	-,158	-2,32E-02	-2,37E-02
perf12.1	,413	-3,85E-02	1,902E-02	3,031E-02	2,676E-02	,390
perf12.2	,144	,107	4,245E-02	-,244	-5,77E-02	,429
perf12.3	-6,49E-02	-,112	7,001E-02	,120	-3,98E-02	,758
perf12.4	,179	9,593E-02	-6,20E-02	-2,58E-02	,108	,747
exte19.1	,894	1,562E-02	-9,05E-02	4,854E-02	3,331E-02	-2,79E-02
exte19.2	,621	2,445E-02	6,151E-02	-,119	-5,55E-02	7,623E-02
exte19.3	,960	-2,34E-02	-,108	6,314E-02	4,314E-02	-5,61E-02
exte19.4	,869	-5,94E-02	,124	6,290E-02	-5,82E-02	1,227E-02
tolc20.1	-,125	-8,04E-02	,129	-2,46E-03	,639	4,648E-02
tolc20.5	9,410E-02	-,174	,138	7,802E-02	,540	-1,64E-02
tolc20.6	-9,15E-02	9,024E-03	-3,02E-02	-1,54E-02	,632	4,875E-02
tolc20.7	6,986E-02	,125	-,117	-4,88E-02	,876	-5,45E-02

Extraction Method: Alpha Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Appendix E: Descriptive statistics

Table 13.1: Mean, Standard deviation, Skewness and Kurtosis of variables

Variables (number of items)	Mean	Std	Skewness ¹	Kurtosis ²
Independent variables				
<i>Interpersonal variables</i>				
Supplier rep cultural knowledge(3)	4.5	1.9	-0.11	-1.18
Supplier rep cultural adaptation (4)	3.8	1.7	0.24	-0.89
Buyer rep cultural adaptation (4)	3.8	1.9	0.18	-1.12
*Supplier rep two-way communication (4)	3.9	1.8	0.09	-1.01
*Buyer rep two-way communication (4)	3.9	1.7	0.06	-0.92
<i>Interorganizational variables</i>				
**Supplier firm product adaptation (7)	3.4	1.6	0.03	-0.74
(Farmed seafood, n=18)				
**Supplier firm product adaptation (7)	3.2	1.6	0.22	-1.18
(Wild seafood, n=78)				
Buyer firm product adaptation (6)	2.3	1.5	1.10	1.77
Supplier firm human asset specificity (5)	3.3	1.7	0.09	-1.27
Buyer firm human asset specificity (4)	3.6	1.9	0.17	-1.19
Supplier firm logistical adaptation (4)	3.7	2.0	0.12	-1.17
Buyer firm logistical adaptation(4)	2.6	1.8	0.98	-0.28
Moderators				
Formalization (4)	4.6	1.6	-0.42	-0.55
Centralization (4)	4.2	1.8	0.08	-1.41
Levels of inclusiveness (3)	4.8	1.7	-0.42	-0.62
***History with supplier firm (1)	7.6	6.3		

*The measures Supplier rep and Buyer rep two-way communication are combined to one measure in data analysis (cf chapter 8).

**The two measures Supplier firm product adaptation are combined to one measure in data-analysis

***The number given in table reflects number of years

¹ A positively skewed distribution indicates few large values, while a negatively skewed distribution indicates few small values. Skewness values falling outside the range of -1 to +1 indicate a substantially skewed distribution. Consequently, the measures Exit intention, Extendedness of relationship and Availability of alternative supplier firms have a substantial skewed distribution (Hair et al., 1998).

² Measures the peakedness or flatness of distribution compared to a normal distribution. A positive value indicates a peaked distribution while negative values indicate a flat distribution (Hair et al., 1998).

Variables (number of items)	Mean	Std	Skewness	Kurtosis
Dependent variables:				
Exit intention (4)	2.1	0.5	2.22	4.56
Tolerance of conflict (4)	4.5	1.4	-0.25	-0.31
Extendedness of relationship (4)	5.7	0.9	-1.15	0.73
Control variables:				
Availability of alternative supplier firms (1)	5.8	1.7	-1.41	1.19
Switching cost (1)	3.0	1.9	0.59	-0.69
Overall satisfaction with supplier firm performance (4)	5.4	1.1	-0.42	-0.21

Appendix F: Split-Half analysis - Examination of independent variables and their effect in subsamples

In this part of appendices we examine the effect (direction and strength) of independent variables in the subsamples (cf 10.2). We equally test for the significance of differences between coefficients in the subsamples, and comment on this related to each table. Based on the below examination, we exclude independent variables from the moderator analysis presented in Chapter 10.

14.1 Organization size

Estimation of the regression models for the subsamples - Tolerance of conflict

With respect to tolerance of conflict we expect the independent variables to be positively related. In Table 14.1a below, Beta-coefficients and significance levels for the subsamples are presented. Statistics in Table 14.1a show the effect of buyer rep cultural adaptation is negative in sample 0 and positive in sample 1, although we expected the effect to be positive and higher in sample 0 than in sample 1. This finding is contrary to our expectations, however, the effect is large and differences between subsamples are significant. We therefore include the variable and search for alternative explanations.

The effect of two-way communication is positive in both samples and higher in sample 1. Thus, strength is not in accord with theory. The effect of two-way communication is as well stronger in sample 1 compared to sample 0 with regard to exit intention. These findings are not consistent with our theoretical expectations, however, since the effects are large, and the effects are positive in sample 1 for both variables, and since differences in Beta-coefficients between subsamples are significant we include the variables in further analysis, and search for alternative explanations.

Table 14.1a: Size of organization - Tolerance of conflict

Independent variables	Dependent variable - Tolerance of conflict			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Buyer rep cultural adaptation	-.120	.541	.676 (.208)	18.248 (.000)***
Two-way communication	.291	.483	4.248 (.023)**	12.754 (.000)***
Interorganizational variables				
Buyer firm product adaptation	-.014	.005	.009 (.464)	.001 (.488)
Buyer firm human asset specificity	-.125	.237	.733 (.198)	2.672 (.055)*
Buyer firm logistical adaptation	-.061	.084	.170 (.341)	.317 (.288)

Sample 0=small organizations, Sample 1=large organizations
 F (sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

Further, the effect of buyer firm product adaptation is positive, but weak in sample 1. In addition, there is no significant difference between Beta-coefficients in the subsamples. Buyer firm product adaptation is therefore excluded from further analysis. Buyer firm human asset specificity exhibit a negative effect in sample 0 and a positive in sample 1, which is in harmony with expectations. The variable is therefore included in the moderator analysis. Buyer firm logistical adaptation is negative with regard to tolerance of conflict in sample 0, but positive in sample 1 and is used in further analysis.

Estimation of the regression models for the subsamples - Exit intention

With regard to exit intention, independent variables are presumed to be negatively related to exit intention. In Table 14.1b below, buyer rep cultural adaptation shows a positive effect in both subsamples which is contrary to theory. The variable is therefore not included in further analysis. Two-way communication has a negative effect in both subsamples and the effect is higher in sample 1 than in sample 0, which is not in accord with theory. This is likewise for the effect of two-way communication upon tolerance of conflict; the effect is positive in both samples, but higher in sample 1. We observe a pattern, include the variable and seek for alternative explanations.

Buyer firm product adaptation and buyer firm logistical adaptation show negative effects in sample 1, which is in accord with theory, and the two variables are included in further

analysis. Buyer firm human asset specificity has positive effects in both subsamples and is excluded from further analysis.

Table 14.1b: Size of organization - Exit intention

Independent variables	Dependent variable - Exit intention			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Buyer rep cultural adaptation	.128	.029	.763 (.194)	.039 (.423)
Two-way communication	-.115	-.133	.618 (.218)	.777 (.192)
Interorganizational variables				
Buyer firm product adaptation	.237	-.053	2.555 (.059)*	.129 (.361)
Buyer firm human asset specificity	.127	.025	.760 (.194)	.029 (.433)
Buyer firm logistical adaptation	.094	-.079	.412 (.262)	.293 (.296)

Sample 0=small organizations, Sample 1=large organizations
 F(sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

Estimation of the regression models for the subsamples - Extendedness of relationship

In Table 14.1c, below, the effect of buyer rep cultural adaptation and two-way communication are both positive in sample 0, which is in accord with our postulations. The variables are used in further analysis. Further, the effect of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation have a large and negative effect in sample 1, which is in disharmony with our expectations. These variables therefore are not included in further analysis.

Table 14.1c: Size of organization - Extendedness of relationship

Independent variables	Dependent variable - Extendedness of relationship			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Interpersonal variables				
Buyer rep cultural adaptation	.112	-.011	.582 (.225)	.006 (.470)
Two-way communication	.372	-.037	7.371 (.005)***	.057 (.406)
Interorganizational variables				
Buyer firm product adaptation	-.145	-.312	.922 (.171)	4.750 (.018)**
Buyer firm human asset specificity	.021	-.227	.020 (.445)	2.436 (.063)*
Buyer firm logistical adaptation	-.060	-.264	.164 (.344)	3.384 (.036)**

Sample 0=small organizations, Sample 1=large organizations
 F(sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

14.2 Formalization

Estimation of the regression models for the subsamples - Tolerance of conflict

The results in Table 14.2a show the effect of buyer rep cultural adaptation and two-way communication are positive in both subsamples. The positive effect is however higher in sample 1 than in sample 0, which is contrary to our expectations. Since the effect is positive in both subsamples and because the analysis shows a consistent pattern for the two variables, we include the variables for further moderator analysis. Alternative explanations have to be searched for later on since the strength of the effects is contrary to our expectations.

Further, the effect of buyer firm product adaptation and buyer firm logistical adaptation is negative in sample 1, which is contrary to our expectations. The effect of buyer firm product adaptation is positive, in sample 0, which is likewise for this variable with regard to exit intention. The variable is included in further analysis, and we search for alternative explanations. The effect of buyer firm logistical adaptation is also positive in sample 0, but the effect is very weak, and the variable is excluded.

With respect to buyer firm human asset specificity this variable shows a positive, although low effect in both subsamples. Further, there is no significant difference between Beta-coefficients in the subsamples, and the variable is not included in further analysis.

Table 14.2a: Formalization - Tolerance of conflict

Independent variables	Dependent variable - Tolerance of conflict			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Buyer rep cultural adaptation	.169	.197	1.269 (.133)d	1.896 (.088)*
Two-way communication	.282	.417	3.721 (.030)**	9.469 (.002)***
Interorganizational variables				
Buyer firm product adaptation	.039	-.034	.064 (.401)	.053 (.410)
Buyer firm human asset specificity	.081	.076	.291 (.296)	.276 (.301)
Buyer firm logistical adaptation	.003	-.011	.001 (.491)	.005 (.471)

Sample 0=low degree of formalization, Sample 1=high degree of formalization
F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

Estimation of the regression models for the subsamples - exit intention

With regard to exit intention we expect the independent variables to have a negative relationship. In Table 14.2b below, buyer rep cultural adaptation has a negative effect in sample 0, whereas the effect is positive in sample 1. This result is in harmony with our expectations, and the variable is included for further analysis. Two-way communication show negative effects in both subsamples, while the effect is stronger in sample 0, which is in accord with expectations. Two-way communication is hence included in the moderator analysis.

The interorganizational variables exhibit negative effects in sample 0, while they show a positive effect in sample 1, i.e. product adaptation, human asset specificity and logistical adaptations decreases exit intentions by low degrees of formalization, while by high degrees of formalization these adaptations increases exit intentions. This finding is contrary to our expectations; however, since the pattern is consistent across the buyer variables we include them in further analysis and search for alternative explanations.

Table 14.2b: Formalization - Exit intention

Independent variables	Dependent variable - Exit intention			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Interpersonal variables				
Buyer rep cultural adaptation	-.111	.221	.554 (.231)	2.403 (.064)*
Two-way communication	-.215	-.050	2.129 (.076)*	.111 (.371)
Interorganizational variables				
Buyer firm product adaptation	-.094	.086	.387 (.269)	.337 (.283)
Buyer firm human asset specificity	-.112	.193	.570 (.227)	1.812 (.093)*
Buyer firm logistical adaptation	-.164	.094	1.246 (.135)d	.418 (.261)

Sample 0=low degree of formalization, Sample 1=high degree of formalization
 F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

Estimation of the regression models for the subsamples - extendedness of relationship

We expect independent variables to be positively related to extendedness of relationship. In Table 14.2c, buyer rep cultural adaptation shows a positive and large effect in sample 0, which is in accord with our expectations. Further, two-way communication exhibit positive effects in both subsamples, with stronger effects in sample 0, which is in accord with theory. These variables are therefore included in further analysis.

Furthermore, the effect of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation is negative in all subsamples. These variables are consequently excluded from further analysis.

Table 14.2c: Formalization - Extendedness of relationship

Independent variables	Dependent variable - Extendedness of relationship			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Buyer rep cultural adaptation	.108	-.007	.511 (.240)	.002 (.481)
Two-way communication	.312	.121	4.641 (.019)**	.670 (.209)
Interorganizational variables				
Buyer firm product adaptation	-.150	-.265	.966 (.166)	3.402 (.036)**
Buyer firm human asset specificity	-.028	-.172	.035 (.427)	1.441 (.118)
Buyer firm logistical adaptation	-.213	-.069	2.087 (.078)*	.222 (.320)

Sample 0=low degree of formalization, Sample 1=high degree of formalization
 F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

14.3 Centralization

Estimation of the regression models for the subsamples - Tolerance of conflict

With regard to tolerance of conflict we expect the independent variables to be positively related. The results in Table 14.3a show the effect of buyer rep cultural adaptation is positive in both samples, and higher in sample 0 than in sample 1. This result is in accord with our expectations, and the variable is included in further analysis. The effect of two-way communication is positive in both subsamples, and exhibit higher effects in sample 0, which is in harmony with expectations, and the variable is included.

Moreover, the effect of buyer firm product adaptation and buyer firm logistical adaptation is negative with regard to tolerance of conflict in sample 1. However, we expected a positive effect. In addition, for buyer firm product adaptation and buyer firm logistical adaptation there are no significant differences between Beta-coefficients in the subsamples. These variables are therefore not included in the moderator analysis. The effect of buyer firm human asset specificity show a positive effect in sample 0 and a negative effect in sample 1, which is in disharmony with our expectation. Nevertheless, we include the variable and search for alternative explanations.

Table 14.3a: Centralization - Tolerance of conflict

Independent variables	Dependent variable - Tolerance of conflict			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Interpersonal variables				
Buyer rep cultural adaptation	.263	.048	3.268 (.039)**	.105 (.374)
Two-way communication	.429	.266	9.721 (.002)***	3.415 (.036)**
Interorganizational variables				
Buyer firm product adaptation	.017	-.131	.014 (.454)	.756 (.195)
Buyer firm human asset specificity	.147	-.055	.993 (.162)	.141 (.355)
Buyer firm logistical adaptation	-.029	-.057	.038 (.423)	.152 (.349)

Sample 0=low degree of centralization, Sample 1=high degree of centralization
 F(sig.)=Beta-coefficient (Sig.), Significance .level (one-tailed)

Estimation of the regression models for the subsamples - Exit intention

With regard to exit intention we expect independent variables to be negatively related. According to statistics buyer rep cultural adaptation has a negative effect only in sub sample 1, which is in opposite to our expectations. This is likewise for the effect of this variable on extendedness of relationship, which is as well contrary to theory. Since the statistics show a consistent pattern, we include this variable and search for alternative explanations. Two-way communication exhibit a negative effect in both subsamples, and the effect is higher in sample 0, which is in accord with expectations, thus the variable is included.

None of the interorganizational variables show negative effects with regard to exit intention, with the exception of buyer firm logistical adaptation which has a weak and negative effect in sample 0. The variables are expected to exhibit negative and strong effects in sample 1. The interorganizational variables are therefore excluded from further analysis.

Table 14.3b: Centralization - Exit intention

Independent variables	Dependent variable - Exit intention			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Buyer rep cultural adaptation	.285	-.072	3.972 (.026)**	.243 (.312)
Two-way communication	-.196	-.115	1.756 (.096)*	.607 (.220)
Interorganizational variables				
Buyer firm product adaptation	.030	.057	.040 (.422)	.138 (.356)
Buyer firm human asset specificity	.138	.025	.890 (.175)	.028 (.434)
Buyer firm logistical adaptation	-.052	.029	.126 (.362)	.039 (.422)

Sample 0=low degree of centralization, Sample 1=high degree of centralization
 F(sig.)=Beta-coefficient (Sig.), Significance .level (one-tailed)

Estimation of the regression models for the subsamples - Extendedness of relationship

We expect a positive relationship between the independent and the dependent variable. The results in Table 14.3c show that the effect of buyer rep cultural adaptation is negative in sample 0, and positive in sample 1, which is not in accord with our expectations. The effect is however large and the finding is likewise as for exit intention, the variable is therefore included. The effect of two-way communication is positive in both subsamples and higher in sample 0, which is in accord with the hypothesis. The variable is hence included.

Further, the effect of buyer firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation is negative with regard to extendedness of relationship in all subsamples, although we expected a positive effect. These variables are therefore not included in the moderator analysis.

Table 14.3c: Centralization - Extendedness of relationship

Independent variables	Dependent variable - Extendedness of relationship			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Interpersonal variables				
Buyer rep cultural adaptation	-.047	.170	.099 (.378)	1.374 (.124)d
Two-way communication	.298	.176	4.197 (.024)**	1.445 (.118)
Interorganizational variables				
Buyer firm product adaptation	-.129	-.253	.749 (.196)	2.945 (.047)**
Buyer firm human asset specificity	-.104	-.063	.496 (.243)	.186 (.334)
Buyer firm logistical adaptation	-.130	-.100	.771 (.192)	.463 (.250)

Sample 0=low degree of centralization, Sample 1=high degree of centralization
 F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

14.4 Levels of inclusiveness

Estimation of the regression models for the subsamples - Tolerance of conflict

With regard to the moderator levels of inclusiveness we presume this variable to influence the effect of interorganizational variables and not the interpersonal variables, hence only interorganizational variables are examined. In accord with the postulated hypotheses we expect interorganizational variables to have a positive effect, and the effect is presumed to be stronger when levels of inclusiveness are high (sample 1). In Table 14.4a below all interorganizational variables show positive effects in sample 1, while they exhibit negative effects in sample 0. This finding is in accord with theory and the variables are included in the moderator analysis.

Table 14.4a: Levels of inclusiveness - Tolerance of conflict

Independent variables	Dependent variable - Tolerance of conflict			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Buyer firm product adaptation	-.170	.096	1.243 (.136)	.428 (.258)
Buyer firm human asset specificity	-.177	.336	1.397 (.122)	6.119 (.009)***
Buyer firm logistical adaptation	-.118	.089	.611 (.220)	.383 (.270)

Sample 0=low levels of inclusiveness, Sample 1=high levels of inclusiveness
F(sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

Estimation of the regression models for the subsamples - Exit intention

With regard to exit intention we expect interorganizational variables to be negatively related. The effect of buyer firm product adaptation is positive in both subsamples, consequently this variable is excluded in further analysis. Buyer firm human asset specificity show a large positive effect in sample 0 and a zero effect in sample 1, thus the result show that the positive effect, which is contrary to theory, is dramatically decreased when levels of inclusiveness is high. This result support theory, but since the effect is zero we do not include this variable in further analysis. Buyer firm logistical adaptation show a negative effect in sample 0 while the effect is positive in sample 1. Exploratory regression analysis testing moderator effect show the effect is stronger by high levels of inclusiveness. Consequently, the result has no meaning since the split file analysis reveal the effect is positive and contrary to expectations. Thus, all interorganizational variables are excluded with regard to exit intention.

Table 14.4b: Levels of inclusiveness - Exit intention

Independent variables	Dependent variable - Exit intention			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Buyer firm product adaptation	.038	.076	.061 (.403)	.268 (.304)
Buyer firm human asset specificity	.228	.000	2.417 (.064)*	.000 (.500)
Buyer firm logistical adaptation	-.053	.055	.123 (.364)	.147 (.352)

Sample 0=low levels of inclusiveness, Sample 1=high levels of inclusiveness
F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

Estimation of the regression models for the subsamples - Extendedness of relationship

The results in Table 14.4c show the effect of buyer firm product adaptation and buyer firm logistical adaptation is negative related to extendedness of relationship in both subsamples, these variables are therefore not included in the moderator analysis. However, buyer firm human asset specificity show a positive effect in sample 1, which is in accord with our expectations, and is therefore included in further analysis.

Table 14.4c: Levels of inclusiveness - Extendedness of relationship

Independent variables	Dependent variable - Extendedness of relationship			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Buyer firm product adaptation	-.254	-.192	2.896 (.048)	1.717 (.099)
Buyer firm human asset specificity	-.327	.079	5.259 (.014)	.296 (.295)
Buyer firm logistical adaptation	-.227	-.111	2.387 (.065)	.587 (.224)

Sample 0=low levels of inclusiveness, Sample 1=high levels of inclusiveness
F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)

14.5 History

Estimation of the regression models for the subsamples - Tolerance of conflict

The moderator variable history is presumed to influence both the supplier and the buyer side of the dyad. We therefore examine both supplier and buyer variables with regard to this moderator. In Table 14.5a below, statistics show the effect of supplier rep cultural knowledge is negative in both subsamples, and the variable is hence excluded. Further, the effect of supplier rep cultural adaptation is positive in both subsamples, showing a higher effect in sample 0, which is in accord with theory, and the variable is included. The effect of buyer rep cultural adaptation is positive in both subsamples, but higher in sample 1, which is contrary to our expectations. The effect is large and the finding is consistent across the dependent variables, and the variable is consequently included. Further, the effect of two-way communication is positive in both subsamples, and higher in sample 0, which is in accord with theory, and we include the variable for further analysis.

Statistics show that buyer firm product adaptation and buyer firm logistical adaptation have negative effects in both subsamples, and the variables therefore are excluded.

Furthermore, the effect of supplier firm product adaptation, supplier firm human asset specificity and buyer firm human asset specificity is negative in sample 0, while the effect is positive in sample 1, which is in accord with expectations. However, exploratory regression analysis testing moderating effects show that the effect of supplier firm product adaptation and supplier firm human asset specificity is highest in young business relationships, and thus in relationships where the effect is negative. The theoretical implications of the finding are therefore meaningless, and these variables are therefore excluded. However, buyer firm human asset specificity is included for further analysis. Last, supplier firm logistical adaptation has positive effects in both subsamples, and is included in further analysis.

Table 14.5a: History - Tolerance of conflict

Independent variables	Dependent variable - Tolerance of conflict			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Supplier rep cultural knowledge	-.022	-.005	.021 (.443)	.001 (.488)
Supplier rep cultural adaptation	.235	.121	2.569 (.058)*	.666 (.210)
Buyer rep cultural adaptation	.098	.263	.435 (.257)	3.347 (.037)**
Two-way communication	.448	.246	11.070 (.001)***	2.826 (.050)*
Interorganizational variables				
Supplier firm product adaptation	-.072	.149	.234 (.316)	1.051 (.156)
Buyer firm product adaptation	-.014	-.088	.009 (.462)	.347 (.280)
Supplier firm human asset specificity	-.051	.293	.119 (.366)	4.143 (.024)**
Buyer firm human asset specificity	-.113	.228	.579 (.226)	2.519 (.060)*
Supplier firm logistical adaptation	.038	.009	.006 (.399)	.004 (.476)
Buyer firm logistical adaptation	-.044	-.035	.089 (.384)	.056 (.407)

Sample 0=young business relationships, Sample 1= old business relationships
 F(sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

Estimation of the regression models for the subsamples - Exit intention

With regard to exit intention we expect independent variables to be negatively related. The effect of supplier rep cultural knowledge and buyer rep cultural adaptation show negative effects in sample 1, while the effect in sample 0 is positive. This is not in accord with our expectations. However, the tendency for cultural knowledge is similar for extendedness of relationship, while there is a consistent pattern for buyer rep cultural adaptation across the dependent variables. These two variables are hence included. Supplier rep cultural adaptation shows a negative effect in sample 0 and a positive effect in sample 1. This is in harmony with our expectations, and the variable is included. The effect of two-way communication has a negative effect in both samples and is therefore included in further analysis. The effect of buyer firm product adaptation is positive in both subsamples, and is hence excluded.

The effect of supplier firm logistical adaptation is weak and positive in sample 1, and the variable is excluded. The effect of supplier firm product adaptation, supplier firm human asset specificity, buyer firm human asset specificity and buyer firm logistical adaptation show a negative effect in sample 1, which is in harmony with the postulated hypotheses. Exploratory regression analysis testing moderating effects show, however, that the effect of supplier firm human asset specificity has a greater effect in young relationships, thus where the effect is positive. This variable is therefore excluded. In consequence, for further analysis we include supplier firm product adaptation, buyer firm human asset specificity and buyer firm logistical adaptation.

Table 14.5b: History - Exit intention

Independent variables	Dependent variable - Exit intention			
	Beta-coefficient		F (Sig.)	
	Sample 0	Sample 1	Sample 0	Sample 1
Interpersonal variables				
Supplier rep cultural knowledge	.110	-.033	.542 (.233)	.052 (.411)
Supplier rep cultural adaptation	-.070	.097	.216 (.322)	.437 (.256)
Buyer rep cultural adaptation	.340	-.091	5.893 (.009)***	.383 (.270)
Two-way communication	-.057	-.191	.143 (.354)	1.704 (.099)*
Interorganizational variables				
Supplier firm product adaptation	.208	-.126	2.038 (.080)*	.756 (.195)
Buyer firm product adaptation	.088	.061	.344 (.280)	.164 (.344)
Supplier firm human asset specificity	.111	-.053	.560 (.229)	.128 (.361)
Buyer firm human asset specificity	.331	-.131	5.543 (.012)**	.819 (.185)
Supplier firm logistical adaptation	-.001	.001	.000 (.497)	.000 (.498)
Buyer firm logistical adaptation	.124	-.082	.706 (.203)	.315 (.289)

Sample 0=young business relationships, Sample 1= old business relationships
 F(sig.)=Beta-coefficient (Sig.), Significance level (one-tailed)

History - Extendedness of relationship

All interpersonal variables show positive effects in both subsamples, with the exception of buyer rep cultural adaptation which has a negative effect in sample 0. Supplier rep cultural adaptation and two-way communication have higher effects in sample 0, which is in accord with our expectations. In contrast, supplier cultural knowledge and buyer rep cultural adaptation exhibit stronger positive effects in sample 1. Thus, the results are somewhat mixed, and not consistently in concurrence with theory. However, the pattern for buyer rep cultural adaptation is likewise with regard to tolerance of conflict and exit intention. Further, supplier rep cultural knowledge has higher decreasing effects in sample 1 with respect to exit intention as well. All interpersonal variables are therefore included in further analysis.

Statistics show that all interorganizational variables exhibit negative effects in both subsamples, with the exception of supplier firm product adaptation and supplier firm logistical

adaptation which have positive effects in sample 1. Thus we exclude all but supplier firm product adaptation and supplier firm logistical adaptation from further analysis.

Table 14.5c: History with supplier firm - Extendedness of relationship

Independent variables	Dependent variable - Extendedness of relationship			
	Beta-coefficient		F (Sig.)	
Interpersonal variables	Sample 0	Sample 1	Sample 0	Sample 1
Supplier rep cultural knowledge	.189	.216	1.597 (.107)	2.310 (.068)*
Supplier rep cultural adaptation	.326	.217	5.112 (.015)**	2.275 (.069)*
Buyer rep cultural adaptation	-.035	.045	.055 (.408)	.092 (.382)
Two-way communication	.252	.180	2.913 (.048)**	1.507 (.113)
Interorganizational variables				
Supplier firm product adaptation	-.156	.191	1.093 (.151)	1.783 (.094)*
Buyer firm product adaptation	-.228	-.204	2.361 (.066)*	1.917 (.087)*
Supplier firm human asset specificity	-.020	-.152	.017 (.448)	1.062 (.154)
Buyer firm human asset specificity	-.237	-.015	2.626 (.056)	.011 (.459)
Supplier firm logistical adaptation	.067	.169	.196 (.330)	1.387 (.123)d
Buyer firm logistical adaptation	-.063	-.252	.173 (.340)	3.181 (.041)**

Sample 0=young business relationships, Sample 1= old business relationships
F(sig.)=Beta-coefficient (Sig.), Sig.level (one-tailed)