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# **Importer Relationship Performance in Latin America: The Role of Trust and Commitment**

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# Importer Relationship Performance in Latin America: the Role of Trust and Commitment

## Abstract

*Firms from emerging markets are increasingly developing relationships with foreign suppliers, although international relationships are difficult to manage due to differences between countries. Relationship marketing research has focused mainly on the export marketing activities of firms and much less attention has been given to the import side of the exchange process. Furthermore, most research has been conducted in developed countries; therefore, more research is needed in emerging markets for a wider generalization of relationship marketing theory. Thus, the objective of this study is to empirically examine the antecedents of importer relationship performance in a Latin American context. A conceptual model that includes the antecedents and outcomes of trust and commitment was developed and tested. The data was collected from a survey of Chilean importers. Confirmatory factor analysis (CFA) was conducted to develop the construct measures and structural equation modeling (SEM) was used to test the model. The findings of this study contribute to a better understanding of the driving forces of trust and commitment and their influence on importing firms' performance in a Latin American developing country perspective.*

**Keywords:** Importer, Relationship Marketing, Chile, Trust, Commitment, Latin America

## 1. Introduction

Firms from emerging markets are increasing their efforts to integrate into the global economy by engaging in relationships with foreign distributors and suppliers (e.g., Hoskisson et al., 2000; Khanna and Palepu, 1997). Nevertheless, international relationships involve unique risks and costs due to the potential problems of co-operating with a partner from a different country.

During the last decade, research has been conducted that explores and advances the relationship marketing paradigm in the international marketing arena. Specifically, trust and commitment are found to be key variables for successful relationship outcomes, since both encourage resisting opportunism and attractive short-term alternatives for the expected long-term benefits of staying with the relationship partner (Morgan and Hunt, 1994). However, relationship marketing research has focused mainly on the export marketing activities of firms (Balabanis et al., 2004; Wasti and Wasti, 2008) and much less attention has been paid to the import side of the international exchange process (Katsikeas, 1998; Katsikeas and Dalgic, 1995). Importers are the counterparts of exporters in the international relationship and may behave differently in the international marketplace; thus, it is necessary to understand importer relationship behavior with a foreign supplier.

Furthermore, the relationship marketing phenomena derives almost exclusively from research conducted in developed countries, so little is known about how relationship marketing works in emerging market countries. This is probably due to the fact that the world's largest exporters and importers are from developed markets such as Germany and the United States. Emerging markets are increasingly becoming prominent in the world economy. In 2002, emerging economies accounted for 12% of the world's foreign direct investment (FDI) outflows (UNCTAD, 2003), predominantly due to the rapid pace of development and government policies that favour economic liberalization. The growing importance of emerging economies is also reflected in increased research (e.g., Hoskisson et al., 2000) and several calls for more studies on emerging markets (Burgess and Steenkamp, 2006). Therefore, the objective of this study is to empirically examine the antecedents of importer relationship performance from emerging markets to address this gap in the literature. Gaining an understanding of emerging country importer relational behavior is important because the way relationships are developed in emerging countries may be different from those in developed country markets (Toyne, 1989).

A conceptual model of importer relationship performance, including the antecedents of trust and commitment, was developed and tested with data collected from a survey of Chilean importers. CFA was conducted to develop the construct measures and structural equation modeling (SEM) was used to test the proposed model. The findings of the study contribute to a better understanding of the driving forces of trust and commitment and their influences on importer's performance in a Latin American emerging country context.

## **2. Literature Review**

Relationship marketing refers to marketing activities directed toward establishing, developing and maintaining successful relationships (Morgan and Hunt, 1994). Specifically, *commitment* and *trust* are proposed as key variables for successful relationship outcomes such as long term relationships and satisfaction (Gundlach et al., 1995; Morgan and Hunt, 1994). Both encourage preserving relationships by resisting opportunism and attractive short-term alternatives for the expected long-term benefits of staying with the relationship partner (Joshi and Arnold, 1997). Trust and commitment are important in

international business because they help mitigate the complications of task complexity, higher uncertainty, and greater structural barriers which affect the long-term success of export/import relationships (Cullen et al., 2000).

From the importer's perspective, research has addressed import stimuli and problems, as well as the antecedents and consequences of buyer-seller relationships (Hewett et al., 2006; Kim, 2001; Liang and Parkhe, 1997). Skarmeas and his colleagues (2002) found a positive relationship between commitment and importer relationship performance. Further, Kim and Oh (2002) found that both task factors and institutional factors influenced distributor (foreign importer) commitment because of the embeddedness in a larger social context. Similarly, Sharma et al. (2006) found that in some cultures, group affiliation was more important than individual preferences; thus, relationship commitment dimensions could vary according to the cultural context. Nevertheless, no attempt has been made thus far to verify these findings in a different cultural research context. On the other hand, trust symbolizes the tie-strength of social capital (Li, 2007), and has received much attention in the buyer/seller, distributor/supplier, and export literature (Li, 2007; Suseno and Ratten, 2007; Zaheer and Zaheer, 2006). However, very little attention has been given to trust from the importer's perspective.

Previous research has identified several antecedents of trust and commitment, such as cultural similarity (Amelung, 1994), opportunism (Morgan and Hunt, 1994), communication (e.g., Anderson and Weitz, 1992; Mohr and Nevin, 1990; Mohr et al., 1996; Zineldin and Jonsson, 2000), and environmental volatility (Skarmeas et al., 2002). The exploration of the trust and commitment relationship phenomena has mostly been based on developed country relational exchange behavior (e.g., Geyskens et al., 1996; Kim and Oh, 2002; Skarmeas et al., 2002). Moreover, the few studies investigating relationship marketing in emerging countries focus solely on the exporter's perspective (Wasti and Wasti, 2008). Although companies from emerging nations account for an increasing portion of the global economy (UNCTAD), they have not been studied as frequently as their counterparts in developed countries.

Emerging markets are generally defined as "low income, rapid growth countries using economic liberalization as their primary engine of growth" (Hoskisson et al., 2000). Emerging market contexts

are characterized by institutional turbulence and lower economic development. Firms from emerging markets are not known for having the most innovative technology, superior human capital, or world recognized brands, and typically experience shortages of financial capital, which can attenuate the implementation of marketing strategies in developed markets (Arnold and Quelch, 1998; Wright et al., 2005).

A recent body of research in the marketing and international business literature has explored the strategies and competencies needed to enter and operate in emerging markets (Eckhardt, 2005; Fahy et al., 2005; Hoskisson et al., 2000; Khanna and Palepu, 2006; Walters and Samiee, 2003; Yaprak et al., 2006; Yiu et al., 2005; Zhang et al., 2007). These studies suggest that due to the different resource endowments and cultures of emerging markets, international strategies developed by local firms may have distinct characteristics compared to those of developed country organizations (Wan and Hoskisson, 2003).

Emerging market firms reside in less generous resource environments, given the relative underdevelopment of their home countries (Guillen, 2000). These firms must pursue strategies that enable them to “catch up” with more resourceful players from developed markets (Bonaglia et al., 2007). For example, Elango and Pattnaik (2007) found that firms from emerging markets draw on the international experience of their parental and foreign networks to build the capabilities and resources to operate internationally. Similarly, Yiu et al. (2005) found that business groups act as substitutes for imperfect market institutions in emerging economies and argue that business groups facilitate organisational legitimation in emerging economies.

Economic resources, along with social and cultural factors, largely determine how to maintain trusting and committed relationships (Toyne, 1989). Further, an importer’s commitment to a foreign supplier may be the result of conformity to social rules rather than a relationship marketing strategy (Kim and Oh, 2002). Consequently, gaining an understanding of emerging country importer relational behavior is necessary because it may differ from developed countries due to differences in the institutional environment.

Our study answers a call for more research on firms located in emerging countries to advance theory (Burgess and Steenkamp, 2006). We attempt to consolidate the relevant trust-commitment literature and develop a conceptual model for understanding the antecedents and consequences of relational trust and commitment in an emerging market context. Although a large number of variables have been examined in relationship marketing studies, only a few have been integrated in more than one study. Specifically, our model will incorporate a manageable number of four antecedents of importer trust and commitment to a foreign supplier. The model is presented in Figure 1 and the hypotheses are discussed in the following section.

**Insert Figure 1 here**

### **3. Research Hypotheses**

#### *3.1 Importer Relationship Trust and Relationship Performance*

Trust has been identified as one of the central constructs in relationship marketing theory (Morgan and Hunt, 1994). Trust is perceived credibility and benevolence (Ganesan 1994) and “exists when one party has confidence in the honesty, reliability, and integrity of their partner” (Coote et al., 2003, p. 597). Relationships characterized by trust show greater adaptability in responding to unforeseen circumstances (Williamson, 1985). Trust in suppliers shows more commitment to stay in the relationship, reduces conflicts, and enhances channel member satisfaction (Anderson and Weitz, 1992; Anderson and Narus, 1990).

Previous research has found that trust improves the likelihood that buyer firms will continue doing business with the supplier in the future (Doney and Cannon, 1997; Ganesan, 1994). It also has a positive effect on mutual satisfaction (Smith and Barclay, 1997). Nevertheless, perceptions of trust and its consequences may vary across countries (Bstieler and Hemmert, 2008; Zaheer and Zaheer, 2006). For example, some studies have found that the outcome of trust is relationship effectiveness (Moore, 1998). Other studies have found that trust influences the intention to stay in the relationship (Ruyter et al., 2001) and leads to satisfaction and financial performance (Siguaw et al., 1998). Thus, the literature suggests that trust should have a positive impact on importer relationship performance with a foreign supplier; therefore, the following hypothesis is proposed:

***Hypothesis 1: There is a positive relationship between Chilean importer trust and relationship performance.***

### *3.2 Importer Relationship Commitment and Relationship Performance*

Commitment is an essential part of successful long-term relationships (Gundlach et al., 1995) and a key construct of relationship marketing (Morgan and Hunt, 1994). Relationship commitment is defined as an enduring desire to maintain a valued relationship (Moorman et al., 1992), and as a willingness to make short-term sacrifices to realise longer-term benefits (Dwyer et al., 1987). Commitment is “central to relational performance because without such commitment, it is unlikely that trading partners will be able to work closely and cooperatively” (Sharma et al., 2006 p. 64). Congruently, Bucklin and Sengupta (1993) found that commitment affects the perceived effectiveness of a relationship and Skarmeas et. al. (2002) found that importer commitment has a positive impact on relationship performance. Although these studies suggest that commitment might have a positive effect on importer relationship performance, this is yet to be examined in a developing country importer/exporter research setting. Thus, the following hypothesis is proposed:

***Hypothesis 2: There is a positive relationship between Chilean importer commitment to a foreign supplier and importer relationship performance.***

### *3.3 Supplier Opportunistic Behavior and Importer Relationship Commitment and Trust*

Previous literature focusing on opportunism and its impact on trust and commitment has shown mixed results. Although some scholars have found a significant negative relationship between opportunism and commitment (Joshi and Arnold, 1997; Skarmeas et al., 2002), others have found a positive relationship (Zineldin and Jonsson, 2000), or a non-significant result (Moore, 1998). Likewise, in terms of the effect of opportunism on trust, Morgan and Hunt (1994) found a significant negative relationship, while Zineldin and Jonsson (2000) found significant positive impact. Thus, there is no consensus in the literature regarding the effect of opportunism on trust and commitment, although it seems to have a negative link with both factors. These findings suggest a need to further investigate the impact of the opportunistic inclination of suppliers on importer trust and commitment in an emerging market context. Thus, the following hypotheses are stated:



***Hypothesis 3: There is a negative relationship between foreign supplier's opportunism and Chilean importer trust.***

***Hypothesis 4: There is a negative relationship between foreign supplier's opportunism and Chilean importer commitment.***

### *3.4 Cultural Similarity and Importer Relationship Commitment and Trust*

According to the internationalization literature, firms perform better in foreign markets that are culturally similar to their home market due to similarities in language, business practices, and cultural environments (Conway and Swift, 2000; Hewett et al., 2006; Johanson and Vahlne, 1977). Additionally, international buyers and sellers are more likely to prefer a culturally similar market to engage in long-term relationships (Kanter and Corn, 1994). Amelung (1994) argues that cultural similarity between parties provides an incentive to build trustworthy relationships. Thus, although the literature suggests that importers are more likely to appear trustworthy to suppliers in culturally similar markets, this needs to be tested in an alternative research context. Based on these arguments, it is hypothesized that:

***Hypothesis 5: There is a positive relationship between importer/supplier cultural similarity and Chilean importer trust.***

***Hypothesis 6: There is a positive relationship between importer/supplier cultural similarity and Chilean importer commitment.***

### *3.5 Environmental Volatility and Importer Relationship Commitment and Trust*

Environmental volatility refers to the unpredictability of future contingencies and changes of events surrounding a transaction (Ganesan, 1994; Klein et al., 1990; Leblebici and Salancik, 1981). Previous studies have found that environmental volatility has a negative effect on relationship quality (Kumar et al., 1995), where “parties want to remain flexible in such uncertain environments, and consequently they exhibit lower commitment to the relationship” (p.57). Environmental volatility has also been found to create problems when writing contracts and in maintaining commitment with the partner (Klein et al., 1990). From a transaction cost perspective, environmental volatility increases uncertainty, which ultimately affects parties' relationships (Williamson, 1985). This suggests that environmental uncertainty is likely to reduce commitment in the relationship. However, Skarmeas et al. (2002) found no significant direct impact of environmental volatility on importer commitment. Consequently, it is necessary to test the following hypotheses:

***Hypothesis 7: There is a negative relationship between environmental volatility and Chilean importer trust.***

***Hypothesis 8: There is a negative relationship between environmental volatility and Chilean importer commitment.***

### *3.6 Communication and Importer Relationship Commitment*

Communication is defined as the extent to which the partners of the exchange relationship engage in the unrestricted sharing of information in order to overcome obstructions as well as achieve goal success (Anderson and Weitz, 1992; Selnes, 1998). Several studies have examined the effect of communication on commitment and most of these studies have found a positive relationship (e.g., Anderson and Weitz, 1992; Mohr et al., 1996; Zineldin and Jonsson, 2000). However, this relationship needs further validation in a different international context. Therefore, the following hypothesis is proposed:

***Hypothesis 9: There is a positive relationship between Chilean importer-foreign supplier communication and Chilean importer commitment.***

## **4. Research Design and Methodology**

As this research has taken a quantitative approach, the proposed hypotheses were tested using a sample of importers from Chile. The sample frame was derived from the directory of the Chilean Import-Export Bureau (ProChile) ([http://www.prochile.cl/servicios/directorio/resultado\\_ucrm.php](http://www.prochile.cl/servicios/directorio/resultado_ucrm.php)), who publish a list of 5,123 industrial and commercial importers and their detailed contact information. Firms that were listed up to June 2007 were included in this sample frame. Initially, 2000 importing firms were drawn randomly and contacted through email to solicit their participation in the survey and also to identify the key informants. This process yielded 1000 firms that agreed to participate in the survey. Finally, a pre-tested Chilean version of the questionnaire was sent to the participants. A two-stage mail out with follow-up telephone calls and e-mails yielded a total of 215 responses, with a response rate of 21.5%. After eliminating seven cases with extensive missing data and four extreme outlier cases, 204 cases were used to test the proposed structural model. In this sample, a total of 61% of the informants were either owners, CEOs, Directors, or General Managers, with an average of more than 17 years experience in the profession as well as high involvement in decision-making processes.

The survey questionnaire was developed using available extant measures in the literature. A panel of experts reviewed the original English version of the questionnaire before pre-testing it. To improve its psychometric properties and to facilitate quick response, the questionnaire was translated into Spanish, which is the main native language in Chile. The method used to translate the questionnaire into Spanish was direct translation (Brislin, 1970), by which a bilingual qualified business academic translated the questionnaire directly from the original English language version into Spanish. A committee was formed with Chilean academics working in Australia and a meeting was organized to review the translated Spanish version of the questionnaire. Further, the questionnaire was pre-tested by a small number of actual importers in Chile to refine the wording, readability and clarity of the measures before conducting the final survey. To reduce the common method bias, semantic differential scales and 7-point Likert-type scales were used (Podsakoff et al., 2003). The unit of analysis was relationship commitment between Chilean importers and their foreign suppliers where the importer's perception on their major supplier relationship was assessed.

In the development of constructs, extant measures from different distributor/supplier and importer/exporter literatures were adapted and/or adopted for the present context. The only exception was the cultural similarity construct, which was different to Hofstede's (1980) cultural index and newly developed for this study. The sources of the construct measures and their operationalizational indicators are illustrated in Table 2. In the measurement purification process, item-to-total correlations, standardized Cronbach Alpha, Exploratory Factor Analysis (EFA) (all in SPSS), single measurement models, and Confirmatory Factor Analysis (CFA) (with AMOS 16) were conducted for all constructs. Based on these analyses and suggested modifications, six measurement indicators from the five constructs were dropped. Considering common procedures in structural equations modeling (SEM), all refined measures in the CFA were used to test the proposed SEM model (Anderson and Gerbing, 1991). The correlations, means and standard deviations for the construct measures are shown in Table 1.

**Insert table 1 here**

The result of the CFA indicated a reasonable model fit ( $\chi^2 = 762.47$ ; df, 384,  $\chi^2/df=1.99$ , RMSEA=.07, IFI = .91, TLI = .90, and CFI =.91). This result also shows that the construct is a very good fit. The detailed CFA results with standardized loading scores for each construct measure are exhibited in Table 2.

**Insert table 2 here**

#### *4.1 Reliability and Validity*

Testing the reliability and validity of the construct measures was conducted using alpha reliability, AVE, correlations, and CFA analyses and tests. As presented in Table 1 and 2, the analyses reveals that no correlations between constructs (lowest score is .74) exceeds the lowest alpha reliability scores of .75, confirming the discriminant validity of the constructs (Gaski, 1984). Conversely, as evidence of convergent validity, CFA results in Table 2 signify that all items are significantly associated with their hypothesized factors. Further, for each pair of constructs, a series of  $\chi^2$  difference tests were conducted between constrained (1df) and unconstrained models (Atuahene-Gima, 2005). In all tests, the unconstrained model was found to have a better fit than the constrained model, supporting the convergent and discriminant validity of the measures used in this study. To check and reduce the common method bias variance, the questionnaire initially mixed positive and negatively worded items. Further, to satisfy the statistical contention of common method bias variance, questionnaire items were recoded to make all the constructs symmetric. Using Podsakoff and Organ's (1986) procedure, factor analysis was conducted for all constructs and illustrated that there was no single factor or any general factor that accounted for most of the variance in the independent and dependent variables. Thus, no common method bias variance issues were identified.

**Insert Table 3 here**

### **5. Analysis and Findings**

For this study, structural equation modeling (SEM) in AMOS 16 was used to test the proposed model and the hypothesized paths. The SEM analysis shows good model fit ( $\chi^2/df=2.01$ , IFI=.91, TLI=.90, CFI=.91 and RMSEA=.071). The variables in the model explained 65%, 47% and 76% of the variances in trust, importer commitment and importer performance respectively. Further, the

results of the hypotheses testing (illustrated in Table 3), shows that eight of nine hypotheses are supported. However, a bootstrap approximation process suggests that the interaction effects of the variables are significant. This specifically indicates that the indirect effects of cultural similarity, environmental volatility, supplier opportunism and communication on importer performance are significant at .001 level.

The results of Hypotheses 1 and 2 indicate that importer trust ( $\beta=.46, p<.001$ ) and commitment ( $\beta=.91, p<.001$ ) are significantly positively related to importer performance. Therefore, **Hypothesis 1** and **Hypothesis 2** are supported. The perceived effects of foreign supplier opportunism on importer trust and commitment is significantly negative ( $\beta=-.35, p<.001$ , and  $\beta=-.11, p<.05$ ), hence **Hypothesis 3** and **Hypothesis 4** are supported. Regarding Hypothesis 5 and 6, the results suggest that the cultural similarity between the importer and foreign supplier is a significant, positive factor for importer trust ( $\beta=-.34, p<.001$ ) and commitment ( $\beta=-.13, p<.05$ ); thus, **Hypothesis 5** and **Hypotheses 6** are supported. The results of Hypothesis 7 and 8 suggest that environmental volatility is not significantly related to importer trust ( $\beta=-.07, p<.29$ ), but it is significantly negatively related to importer commitment ( $\beta=-.20, p<.01$ ). Therefore, **Hypothesis 7** is not supported but **Hypothesis 8** is supported. Hypotheses 9 suggest that communication is significantly positively related to importer commitment ( $\beta=.21, p<.001$ ). Thus, **Hypothesis 9** is supported.

## **6. Discussion and Conclusions**

### *6.1 Discussion of Findings*

Most international research has focused mainly on the exporter perspective of relationship marketing activities (Balabanis et al., 2004), while little consideration has been given to the importer perspective of the exchange process (Wasti and Wasti, 2008). Importers complement exporters in the foreign relationship and are as important as exporters in understanding relational behavior in the international marketplace. Moreover, the development of relationship marketing theory draws almost exclusively from research conducted in developed countries. Thus, this study attempted to assess importer relational behavior from an emerging country in order to contribute to a better understanding of international relationships.

Consistent with previous studies conducted in developed markets, the results of this study highlight the importance of relational behaviour for improving international performance, and clearly suggest that trust and commitment are essential to importer relational performance in the emerging-market Chilean context. These results support Sharma et al.'s (2006) work on the positive effect of importer commitment on importer relationship performance and reinforce the proposal that commitment is fundamental to enhance relationship performance between partners from developed (Skarmeas et al., 2002) or developing country contexts. In relation to trust, some authors argue that there can be a variation in the perception and consequences of trust across countries (Zaheer and Zaheer, 2006). However, our results show that for Chilean importers, trust improves importer relationship performance in the same way as developed country firms. The finding is also consistent with previous studies that associate trust with positive relationship outcomes (Moore, 1998; Ruyter et al., 2001; Siguaw et al., 1998).

In terms of the antecedents of trust and commitment in the Chilean context, our SEM results show that cultural similarity is significantly and positively correlated with importer trust and commitment. Chilean importers are more likely to prefer suppliers from culturally similar markets for developing long-term relationships (Hewett et al., 2006). This may be due to their collectivistic orientation and risk-averse cultural trait (Hofstede, 1980). These findings are consistent with theoretical arguments (Johanson and Vahlne, 1977) and with past findings reported in Conway and Swift (2000).

With regards to the effect of supplier opportunism on importer trust and commitment, the findings show a negative relationship, which is consistent with previous studies conducted in developed country contexts (e.g., Morgan and Hunt, 1994). Chilean managers' perceptions of foreign supplier opportunism will hinder the international relationship performance. These results suggest that the perceptions of importing managers from developing or emerging countries are similar in terms of the negative effect of opportunistic behaviour on long-term trustworthy relationships.

Regarding environmental volatility, the results show that environmental volatility has a negative effect on Chilean importer relationship commitment to a foreign supplier, but has no significant effect on these importers' trust on the foreign supplier. It seems that drivers that impact relationship trust

have more to do with foreign suppliers' characteristics as opposed to environmental characteristics. However, environmental volatility can hinder an importer's commitment to working with a particular supplier in order to remain flexible due to the uncertainty and unpredictability of events surrounding a transaction (Ganesan, 1994; Klein et al., 1990). This result in the Chilean context challenges Skarmeas et al.'s (2002) finding of no significant direct impact of environmental volatility on importer's commitment, but is consistent with previous research that suggests a negative effect of environmental volatility and relationship quality (e.g., Kumar et al., 1995).

Finally, regarding the effect of communication on importer relationship commitment, our SEM results show that communication between partners is significantly and positively correlated with importer commitment. This finding implies that more sharing of information and improved communication between Chilean importers and their foreign suppliers will likely lead to increased importer commitment to that supplier. This result is consistent with previous studies that have found a similar positive relationship (e.g., Mohr et al., 1996; Zineldin and Jonsson, 2000).

## *6.2. Theoretical Implications*

The findings of this study contribute to the literature by extending the theoretical bases of relationship marketing theory (Morgan and Hunt, 1994), internationalization theory (Johanson and Vahlne, 1977) and transaction cost theory (Williamson, 1975). They also expand our knowledge base of importer trust and commitment behaviour. Specifically, this study expands the literature on importer relationship performance by assessing the drivers and outcomes of relationship trust and commitment in an emerging Latin American context. These results are important because they empirically test theories developed mainly in first world countries, in the context of a vigorous Latin American marketplace, which increasingly attracts foreign suppliers.

Previous research has identified that trust and commitment between partners play a fundamental role in buyer-seller relationship success (Gundlach et al., 1995; Smith and Barclay, 1997). Accordingly, this study has made an attempt to add to the extant knowledge base by examining a new research context in a different international setting to validate the effects of the four antecedents of importer trust and commitment in enhancing relationship performance. In particular, this research

extends the line of inquiry on importer relationship performance by testing the model in a different research context (e.g., Skarmeas et al., 2002). The study also contributes to developing and validating existing measures and providing new measures in the present research context.

Finally, this study also contributes to research regarding theoretical approaches to entering and operating in emerging markets (Fahy et al., 2005; Hoskisson et al., 2000; Khanna and Palepu, 2006; Yaprak et al., 2006; Yiu et al., 2005; Zhang et al., 2007), which suggest that local firms from emerging markets may have different characteristics than developed country organizations due to differences in culture and resources (e.g., Wan and Hoskisson, 2003). Although the results of this study do not support this contention and emerging country importer relational behavior is similar to developed market firms, the findings are consistent with studies that suggest that firms from emerging markets draw on the international experience of their foreign networks to build the capabilities and resources to operate internationally (Kim and Oh, 2002).

### *6.3. Managerial Implications*

The findings of this study provide relevant results and suggestions to import and export managers from both developing and developed countries. This research shows that relational variables do matter for international exchanges, and exposes a number of factors that need to be taken into consideration for enhancing relationship performance among international partners. Importers play a significant role in the international exchange process, and understanding their relationship behaviour with respect to a foreign supplier is very relevant for scholars and practicing managers.

The findings imply that import managers should build committed and trustworthy relationships with foreign suppliers in order to improve relationship performance. Importer trust and commitment to a foreign supplier is strong when dealing with a foreign supplier from a culturally similar country, and when there is no perception of opportunistic proclivity from the supplier. The perceptions of Chilean importing firm managers suggests that cultural similarity for Chilean importing firms is highly necessary to build a trustworthy relationship. However, under conditions of environmental volatility, importer commitment may decrease due to the levels of uncertainty of events. High levels of communication among partners can also help improve importer commitment to the relationship.



This study is also valuable for exporters, which are the counterpart of importers in the exchange process. Export firms must encourage the development of trusted and committed relationships with importers through improved communication and sharing of information, and avoid the temptation of opportunistic behaviour in order to increase the likelihood of improved performance outcomes. Especially trustworthy relationships will help foreign suppliers to do business in uncertain environments, which are common in Latin American markets.

#### *6.4. Limitations and Future Research:*

Several limitations might have affected the generalisability of the results of this study. First, this empirical investigation is conducted from the perspective of the importer; thus, the exporter's perspective was not incorporated. This may limit the holistic view of the dyadic relationship. Second, the findings are based on managers' self-reported perceptions of trust, commitment, and relationship performance at a single point in time, rather than as a longitudinal assessment. Thus, this study does not reflect the changing situation and relationship phenomena that occur between importer and supplier over time. Although the response rate of participants was not very high (21.5%), this rate is similar to response rates reported by other import/export performance studies using electronic-based questionnaires (Diamantopoulos and Kakkos, 2007). These findings can be further strengthened by validating them in other Latin American emerging country contexts.

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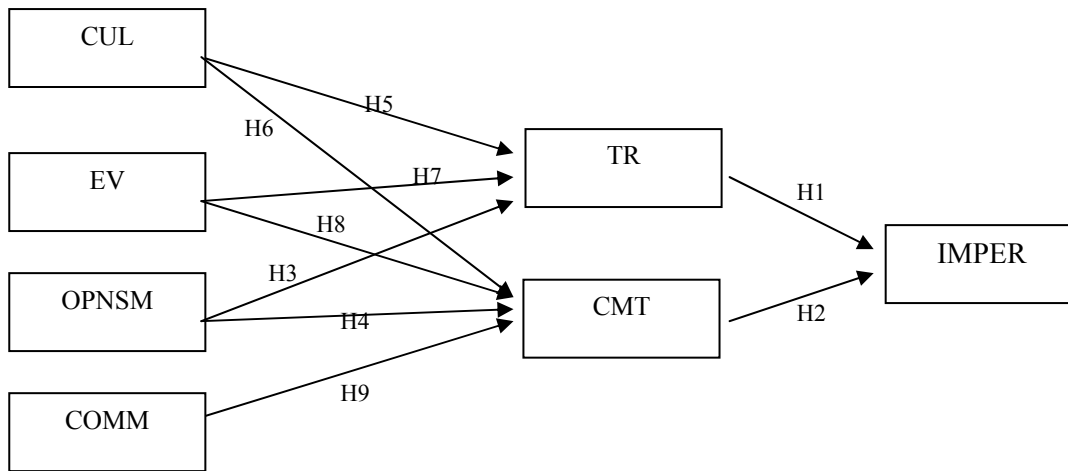
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Note<sup>1</sup>: Detail results are not shown due to space limitations, but they are obtainable from the authors on request.

**Figure 1: Proposed Conceptual Model**



Legend: IMPER=Importer relational performance, TR=Trust, CMT=Commitment, CUL=Cultural similarity, EV=Environmental Volatility, OPNSM=Opportunism, COMM= Communication

**Table 1: Means, Standard Deviations and Correlations**

	Mean	Std. Deviation	1	2	3	4	5	6	7
1. Comt	5.70	.917	1.00	.574**	.472**	.481**	-.249**	-.343**	.740**
2. Com	5.28	1.268	.574**	1.00	.380**	.473**	-.179*	-.290**	.552**
3. Trust	5.95	.871	.472**	.380**	1.00	.621**	-.600**	-.315**	.673**
4. Culs	5.56	1.117	.481**	.473**	.621**	1.00	-.421**	-.313**	.614**
5. OPP	2.48	1.297	-.249**	-.179*	-.600**	-.421**	1.00	.063	-.463**
6. ENV	3.10	.950	-.343**	-.290**	-.315**	-.313**	.063	1.00	-.386**
7. CONs	5.79	1.036	.740**	.552**	.673**	.614**	-.463**	-.386**	1.000

\*\* Correlation is significant at the 0.01 level and \* Correlation is significant at the 0.05 level.

Legend: Comt =Commitment, Com =Communication, Trust, Culs =Cultural Similarity, OPP =Opportunism, ENV =Environmental Volatility, CONs =Importer Performance

**Table 2: Construct Measures and CFA Results**

Constructs	Measure		*Std Estimate	t-Value
	Sources	Indicators		
Communication ( $\alpha = .89$ , AVE=.87)	Adapted measure from Coote <i>et al.</i> 's (2003) and Selnes's (1998) studies	Communicating business changes Communicating business benefit for both Communicating events and changes in the market Communicating new possibilities Communicating problem <sup>a</sup>	.770 .838 .854 .797 -	12.06** 13.41** 15.40** 13.40** -
Supplier opportunism ( $\alpha = .84$ , AVE=.83)	Adapted measure from Skarmeas <i>et al.</i> 's (2002) study	Exaggerating needs Breaches formal or informal agreements Trend of altering facts <sup>a</sup> Trend of bargaining Trend of benefitting from other party's loss	.628 .853 - .692 .863	9.51** 13.78** - 10.66** 14.65**
Environmental Volat ( $\alpha = .75$ , AVE=.76)	Measure adapted from Celly and Frazier's (1996)	Predictability of product's market environment Predictability of market share of product <sup>a</sup> Possibility of monitoring market trend Possibility of sales forecasts Predictability of the results of marketing	.564 - .612 .715 .646	7.29** - 8.24** 9.64** 8.47**
Cultural Similarity ( $\alpha = .89$ , AVE=.84)	New measure based on Swift's (1999) and Sim & Ali's (1998) studies	Similarity of the styles of greeting Similar business practices Similar business negotiations style Similarity of standards of ethics and morals Similarity of the uses of contracts and agreements	.770 .695 .841 .806 .801	11.03** 13.80** 12.73** 13.10** 13.61**
Trust ( $\alpha = .92$ , AVE=.91)	Adapted measure from Coote <i>et al.</i> (2003), Mavondo & Rodrigo's (2001) studies	Honesty Truthfulness Reliability Openness <sup>a</sup> Integrity Monitoring of the supplier <sup>a</sup>	.916 .846 .841 - .840 -	14.55** 17.60** 14.55** - 13.63** -
Importer Commitment ( $\alpha = .83$ , AVE=.78)	Adapted measure from Zineldin & Jonsson (2000) and Skarmeas <i>et al.</i> 's (2002) studies	Helping attitude <sup>a</sup> Nature of responding to the help Future purchasing trend Trend of continuing/maintaining working Intentions to develop and strengthen relationship Relationship requirements <sup>a</sup> Satisfaction with the relationship cooperation	- .551 .678 .831 .883 - .636	- 7.62** 10.52** 14.62** 15.22** - 8.65**
Importer Performanc ( $\alpha = .94$ , AVE=.87)	Adapted measure Skarmeas <i>et al.</i> 's (2002) study	Productiveness Worthwhile Effectiveness Rewarding	.907 .934 .903 .856	16.87** 17.66** 16.35** 14.70**
<b>Fit Statistics: CMIN/DF= 1.99; RMSEA=.071; IFI=.91; TLI=.90; CFI=.91</b>				

$\alpha$  =Cronbach Alpha, AVE= Average Variance Extracted, <sup>a</sup> Items are excluded from the measures, \* Standardized Estimate, \*\*p= .001

**Table 3**  
**Results of Hypotheses Testing**

Hypotheses	Path directions		Estimate	C.R.	P	Result
H <sub>1</sub>	TR	→ OUT	.457	7.122	***	Supported
H <sub>2</sub>	CMT	→ OUT	.908	7.378	***	Supported
H <sub>3</sub>	OP	→ TR	-.351	-6.098	***	Supported
H <sub>4</sub>	OP	→ CMT	-.108	-2.184	.029	Supported
H <sub>5</sub>	CUL	→ TR	.341	5.184	***	Supported
H <sub>6</sub>	CUL	→ CMT	.131	1.915	.055	Supported
H <sub>7</sub>	EN	→ TR	-.065	-1.055	.291	Not Supported
H <sub>8</sub>	EN	→ CMT	-.198	-2.808	.005	Supported
H <sub>9</sub>	COM	→ CMT	.205	4.157	***	Supported

Results significant at \*\*\*p= .01, \*\*p= .05, \*p= .10 levels.