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ESSAYS ON ALTERNATIVE PERSPECTIVES ON CROSS-BORDER B2B TRUST AND
COMMITMENT

BY

Yen-Hung Steven Liu

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Doctor of Philosophy

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY
ROBINSON COLLEGE OF BUSINESS
2018

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ACCEPTANCE

This dissertation was prepared under the direction of the Yen-Hung Steven Liu Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

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ABSTRACT

ESSAYS ON ALTERNATIVE PERSPECTIVES ON CROSS-BORDER B2B TRUST AND COMMITMENT

BY

YEN-HUNG STEVEN LIU

APRIL 15th, 2018

Committee Chair: *Dr. Salih Tamer Cavusgil & Dr. Leigh Anne Liu*

Major Academic Unit: *Marketing and International Business*

The relationship marketing literature suggests trust and commitment are two central facets in business-to-business (B2B) relationships. However, extant studies criticize how relationship marketing literature theorizes B2B trust and commitment. This dissertation aims to draw various perspectives from disciplines of Sociology, Psychology, and Management Sciences to examine the cultivation of B2B trust and commitment to shed lights on the literature.

In Essay 1, I reported empirical findings on 202 international buyer-seller relationships. Essay 1 reveals that, within bilateral asset specificity, (1) achieving goodwill reciprocity always enhances trust, regardless of the duration contingency; (2) violating equivalence reciprocity impairs trust over the duration. Essay 1 resolves inconsistent findings of how relationship duration influence on B2B trust in the relationship marketing literature. Indeed, another contribution of Essay 1 is to extend the field's understandings on bilateral asset specificity by proposing the underlying reciprocity in addition to economic-based explanation.

In Essay 2, I argued that, in the triadic business relationship among exporter, importer, and host market buyers, importers are threatened by the risk of disintermediation and face the conundrum between to support and to against the supplier's global marketing in the host market. I reported findings from 164 triadic business. Essay 2 empirically identifies that, from the importer's view, the three focal dyadic business relationships (i.e. exporter-importer, importer-buyer, and exporter-buyer) are interconnected with each other. Importers employ the reference point approach to manage the multi-dyadic business relationships. The results reveal that, importers holistically evaluate the buyer's relative commitment to the importer themselves than to the upstream exporter to form their host market strategies.

ACKNOWLEDGEMENTS

I wish to express my deepest gratitude for the following important people in regards to their guidance and support, not only for the dissertation, but throughout my Ph.D. journey.

It is very fortunate for me to have two mentoring advisors, Dr. Salih Tamer Cavusgil and Dr. Leigh Anne Liu. First, I would like to thank my mentor and co-chair of my dissertation committee, Dr. Cavusgil, for his great guidance. I still remember the first time I met Dr. Cavusgil during an international academic conference. At the conference, I was deeply inspired by Dr. Cavusgil's unique insights about International Business theory as well as his enthusiasm on academic research. Dr. Cavusgil encouraged me to pursue my Ph.D. degree and an academic career in the business administration. This is a great honor and privilege to have the opportunity to be his doctoral student and to closely learn from him. His generosity, guidance, and knowledge over the years has had one of most profound impacts on my life.

In addition, I would like to thank my advisor and dissertation committee co-chair Dr. Leigh Anne Liu. I have learned a lot from her brilliant insights and inspirational guidance. The enthusiasm she has for her research is contagious and motivational for me, even during tough times in my Ph.D. journey. I am extremely grateful and indebted to Dr. Liu for her continuous support for my Ph.D. study and related research. During the Ph.D. pursuit, Dr. Liu's enduring trust in me encouraged my confidence to overcome the difficulties and challenges. I am also grateful for her modelling of an excellent international professor for furthering my thinking about my academic career.

I would like to give my special thanks to my dissertation committee. To Dr. Naveen Donthu, I thank him for the constructive advice and valuable comments to better position the

dissertation. To Dr. Wesley Johnson, I am grateful for his insightful sharing on concurrent B2B literature and suggestions for follow-up studies. I must also thank Dr. Seyda Deligonul for having been advising my academic writing, research methods, and theorization, ever since the first year I entered the program.

I wish to express my appreciation to Dr. Daniel Bello, for his genius support and guidance. Dr. Bello's doctoral seminar in interorganizational relationships significantly prepare me the theoretical foundations needed in this dissertation. I am also grateful for Dr. Bello's suggestions on research method used. As the Chair of the Institute of International Business, Dr. Bello also creates a positive learning environment for IB Ph.D. students that I greatly benefited from.

I am also grateful for the tremendous support from a group of outstanding professors from National Chengchi University (NCCU), Taipei, Taiwan. I would like to pay my special gratitude for Dr. Jyh-Shen Chiou, for his immense help in data collections and instructions for SEM method. I also thank the valuable support and guidance from Dr. Bryan Jean, Dr. Danchi Tan, Dr. Lei-Yu Wu and Dr. Weichieh Su.

I am appreciative for having Yimai Zhang as my same-year colleague in the IB Ph.D. program. We have taken most doctoral seminars together. I am very fortunate to have such a great teammate to complete most course tasks with. She certainly helped me a lot during the Ph.D. journey. I also appreciate the time spent and work with my fellow GSU Ph.D. students, Ayse Ozturk, Tuba Koc, Leslie Zheng, Jingting Liu, Elizabeth Napier, Elena Polyakova, Kubilay Ozkan and Sarah Ku, as well as AJ Corner, Tawfiq Alashoor, Roberto Cortez, Bei Shi, Ta-Tung Cheng. I am also thankful for having my NCCU colleagues, Wan-Chien Lien, Szu-Yu Zhou, Meng-Hsien Yen, John Yang, Chih-Wei Lin, Chih-Hua Valentina Lin, Pi-Hui Chung, and other

friends. I have learned a lot during our discussions and exchange of ideas. I wish to maintain our lasting friendship after graduation.

To my family, thank you all for the encouragement and support during my pursuits for Ph.D. degree. To my mother, Mei-Chi Liao (廖美琪), and my brother, Yen-Pei Liu (劉彥霽), I always knew that you both believed in me and wanted the best for me. For my father, Shuang-Hua Liu (劉雙華), I know you are watching me. I know that, the very first reason I am interested in B2B relationship research, are those childhood talks you shared with me about how you build connection and manage relationship with business stakeholders of your company. Even you are not around, I feel close to you for researching on the area where you spent your whole career with. Also, thank you for teaching me that my job in life was to learn, to be happy, and to understand myself. I hope I didn't let you down in this Ph.D. journey.

I dedicated this dissertation to my wife and children. To my lovely twin daughters, Alexia Yo-Jun Liu (劉宥君) and Ivy Yo-Yu Liu (劉宥妤), you both are the pride and joy of my life. I have learned valuable life lessons from both of you. Thank you both for making me a better person and reminding me the value and importance of constant learning. I appreciate all your warming support and patience during Daddy's Ph.D. studies.

Most of all, my greatest debt is to my wife and my dearest friend, Ting-Shiuan Huang (黃庭瑄). She has been so supportive, caring, and understanding with countless sacrifices throughout this entire Ph.D. journey. Without her standing beside me and encouraging me during the years, this dissertation --- even the written acknowledgement here--- is not possible.

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INTRODUCTION TO ESSAYS

Motivation of the Study

Business-to-Business (B2B) relationship is important in improving relational task performances and values (Jap and Ganesan 2000; Palmatier 2008; Zhang et al. 2016). Extant studies suggest trust and commitment are the two focal factors in B2B relationships (Heide 1994; Doney and Cannon 1997; Dyer and Chu 2000; Heide and Wathne 2006). Morgan and Hunt (1994) suggested that B2B trust and commitment are the dual relationship factors in facilitating information sharing, reconciling conflicts, and enhancing efficient cooperation. A meta-analysis on interorganizational relationship management literature in 1987–2004 also reveals that trust and commitment are the two critical variables across most published works (Palmatier et al. 2006).

Given the widely-acknowledged importance of B2B trust and commitment, however, extant studies criticize on how literature theorize B2B trust and commitment. One of the most prevalent critiques is that B2B relationship management literature adopts the view that neglects the dynamics of social exchanges, changing interorganizational climate, and relationship stages (Chiles and McMackin 1996; McEvily et al. 2003; McEvily and Zaheer 2006). This paper accordingly intends to draw various bodies of literature from Sociology, Psychology, and Management Sciences to examine the formation of B2B trust and commitment to shed lights on international B2B relationship literature.

Responding to the “under-socialized” critics (Granovetter 1985; McEvily et al. 2003), this paper plans to offer examinations on two levels of cross-border B2B relationships. The first essay will examine on trust-building between international buyers and sellers at the one-to-one

relationship level. Based on an examination on dyadic B2B relationships, the first essay identifies the underlying social exchanges within bilateral asset specificity to extend the conventional Transaction Cost Analysis (TCA) perspective, which is one of the mostly used theoretical lens in exporter-importer relationships (Leonidou et al. 2014). The second essay expands to the triadic business relationships among home market exporters, the intermediate importers bridging between home and host markets, and host market industrial buyers. The second essay offers investigation beyond the one-to-one dyad to address the importer's exhaustive configurations in developing relationship marketing strategies in the host market.

Significance of Essay 1

Grounded in Social Exchange Theory (SET), the first essay is motivated by two unresolved issues. First, scholars find mixed results on how relationship duration facilitates B2B trust (e.g. Vanneste et al. (2014)). Building on the Dwyer et al. (1987) conceptual framework, empirical studies follow the assumption that relationship duration is a proxy measure of prior trust-building efforts. In the view of SET, this assumption overlooks that trust-building lies in the exchange process between B2B parties during relationship. The first essay offers clarifications that, trust-building lies in bilateral exchange efforts, and relationship duration is rather a contingency factor that moderates the effects of reciprocal exchanges. Second, although Transaction Cost Analysis (TCA) is one of the most used theoretical lens in B2B trust, TCA is often criticized for neglecting the exchange process in B2B trust-building. To provide clarity to these issues, the first essay empirically validates that bilateral asset specificity constitutes social exchange processes, which communicate goodwill reciprocity and equivalence reciprocity.

In essay 1, empirical findings on 202 international buyer-seller relationships report that, within bilateral asset specificity, (1) achieving goodwill reciprocity always enhances trust, regardless of the duration contingency; (2) violating equivalence reciprocity impairs trust over

the duration. A major contribution of this essay is to extend the field's understandings on bilateral asset specificity by proposing the sociological meanings in addition to solely economic-based explanation.

Significance of Essay 2

The second essay will examine B2B commitment at the triadic business structure level. Specifically, we examine the multi-dyads in a global channel, including three parties of exporting suppliers, importing agents, and host market industrial buyers. Aiming at an extension from the current exporter-importer relationship literature, this essay focuses on the importer's perspective to address the mutual-contingencies between following two dyadic business relationships: exporter-importer and the importer-buyer business links.

Our in-depth interviews reveal a conundrum for importers between to support or to against the supplier's global marketing. On the one hand, importers are motivated to leverage and promote their upstream supplier's industrial brand to achieve better performances in the host market. That is, the exporting supplier's global marketing is a remarkable privilege for importers to take advantage of. On the other hand, importers fear of the threats of disintermediation. For the importers, promoting the exporting supplier's brand in the host market might create the host market buyer's excessively commitment to the supplier, without likewise level of commitment to the importer themselves. To secure their intermediate position in the global value chain, importers might adopt non-cooperation strategy in the host market to attenuate the influences of supplier's global marketing on host market buyers.

Although the conundrum for importers is a critical issue in practice, academic discussions are limited in literature. Based on Organizational Reference Point and Aspiration Theory (Fiegenbaum et al. 1996; Hsieh et al. 2015), we propose that, importers would regard the link between their upstream supplier and downstream buyer as the reference point. This essay

identifies that importers would regard buyer's relative commitment to the importer than to the exporting supplier as a central determinant in deciding the importer's host market strategy. Essay 2 suggests that, as the frontier bridging between the home market and the host market, importers take advantage of their boundary-spanning position to access comprehensive information in the global value chain. The findings confirm that, to decide the strategy between to support and to against to the supplier's global marketing in the host market, importers rely on their advantageous information access to draw exhaustive observations to evaluate the triadic relationships.

In essay 2, based on findings from 164 triadic business relationships among home market exporter, importer, and host market buyer, we empirically identify that (1) from importer's view, the three focal dyadic business relationships (i.e. exporter-importer, importer-buyer, and exporter-buyer) are interconnected with each other, and importers employ the reference point approach to manage the multi-dyadic business relationships; (2) faced with the conundrum between to support and to against the supplier's global marketing in the host market, importers evaluate the buyer's relative commitment to the importer than to the supplier to form their host market strategies.

Essay1: Always Trust in Old Friends? Effects of Reciprocity within Bilateral Asset Specificity on Trust in International B2B Partnerships

1. Introduction

Grounded in Social Exchange Theory (SET), this research addresses two unresolved theoretical issues in interorganizational trust literature. The first observation is that empirical works report inconsistent findings regarding how relationship duration facilitates business-to-business (B2B) trust. We thus aim to offer a clarification on the role of relationship duration in B2B trust-building process. The other theoretical puzzle is from the Transaction Cost Analysis (TCA). The article seeks to fill a gap in theory regarding social aspects of exchange and its development process, specifically related to asset specificity in the context of B2B trust. Our effort is directed to a widely lamented issue (Granovetter 1985; McEvily et al. 2003; McEvily and Zaheer 2006) that TCA downplays social foundations of transactions (e.g., meta-analysis evidence from Palmatier et al. (2006); Leonidou et al. (2014); Zhong et al. (2017)). Heeding the warnings in the literature, we empirically focus on bilateral asset specificity and its role in underlying social exchange process that triggers goodwill reciprocity and equivalence reciprocity.

The conventional view asserts that adequate relationship duration strengthens interorganizational trust through connecting two parties beyond the discrete transaction, enhancing mutual understanding, and aligning them to pursue common goals (Dwyer et al. 1987; Morgan and Hunt 1994). For example, Ganesan (1994) states "...such periods provide both parties with a greater understanding of each other and their idiosyncrasies. Thus, experience with the vendor is likely to increase a retailer's trust in the vendor's credibility and benevolence (p.5)." This theme repeats itself in relationship marketing studies as they underline with the same tone that relationship duration accrues interorganizational trust (Anderson and Weitz 1989; Doney and

Cannon 1997; Zhang et al. 2016). However, empirical findings are mixed. Scholars find that the connection between relationship duration and interorganizational trust varies from positive effects (Brashear et al. 2003; Zhang et al. 2016; Dong et al. 2017), to insignificant effects (Heide 1994; Palmatier et al. 2006; Ekici 2013; Vanneste et al. 2014), to negative effects (Gulati and Nickerson 2008). Therefore, the role of relationship duration on interorganizational trust-building remains unclear.

Building on the Dwyer et al. (1987) conceptual framework, empirical studies attribute a constructive role in developing a mutual understanding and maturity of relationship (Anderson and Weitz 1989; Gulati 1995; Bejou et al. 1996; Sa Vinhas and Heide 2014). Despite such optimism, the length of relationship does not guarantee mutual reliance and relationship bonding (Fichman and Levinthal 1991). Instead, relationships mature during the social exchange process along with the complex experience of shared ideas, and form a mutual identity over bonding between two parties. (Blau 1964; Cropanzano and Mitchell 2005; Cook et al. 2013). In other words, what matters is not how long the relationship lasts, but what has been done in the exchange dynamics within the course of the relationship. Responding to inconsistent empirical findings, scholars call for process-based perspectives on interorganizational trust rather than directly viewing relationship age as a proxy for accumulated trust-building efforts (Heide and Wathne 2006; Möllering 2006; Akrouf and Diallo 2017; Zhong et al. 2017). Thus, our first research question is: *How does relationship duration affect the trust-building process in international B2B partnerships?*

Based on SET, this article posits the contingency role of relationship duration in interorganizational trust-building. The process lies in the relationship dynamics between two parties – how they communicate certain social norms, and comply with them. By complying,

they ensure both predictability and stability to facilitate trust (Blau 1964; Cropanzano and Mitchell 2005; Cropanzano et al. 2016). As such, repeated mutual understandings and expectations on certain norms are incrementally communicated, learned, and internalized through continuing interactions (Cook et al. 2013). Over time, the fog gradually clears in partners' behavior, norms get established, compliance leaves a track record. Alongside with growing compliance, predispositions also multiply, the partners' expectations turn sharper and stricter to ensure sustainable exchange and reduced relational risk. (Blau 1964; Cook et al. 2013). Hence, the importance of norm-complying exchanges on trust increases over time. With this view, one notable contribution of the current study is to identify relationship duration as a contingent moderator between norm-complying exchanges and trust.

Second, another issue within interorganizational trust-building studies is a void left by the Transaction Cost Analysis (TCA). Although the most widely used theoretical lens (i.e., Leonidou et al. (2014) meta-analysis), TCA often receives critical scrutiny in the examination of interorganizational trust. The reasons include neglect of social context, path dependencies, and the interactive process in relationship bonding (Granovetter 1985; McEvily et al. 2003). McEvily et al. (2003) state “the Williamsonian view reflects an under-socialized view of the organization and coordination of economic activity and the relationship between economic actors, based on a limited understanding of how trust really works (p.99).” Responding to the critiques on applying TCA to interorganizational trust-building, we address the underlying reciprocity within bilateral asset specificity.

The present study draws from the Social Exchange Theory to propose a more socialized, context-oriented, and path-dependent investigation on the usage of TCA framework in interorganizational trust. Our approach has merits. For instance, Zhong et al. (2017) after a meta-

analysis suggest that TCA and SET could be complementary perspectives in understanding trust across organizational boundaries. Each party interprets the opponent's move depending on whether or not the move complies with the reciprocity norm (Blau 1964; Emerson 1976; Cropanzano and Mitchell 2005; Cook et al. 2013). Given that TCA-based studies claim asset specificity to be one of the most influential factors in interorganizational relationships (Geyskens et al. 2006; Palmatier et al. 2006), we investigate how reciprocity within bilateral asset specificity would influence interorganizational trust. Accordingly, our second research question is: *Does reciprocity within bilateral asset specificities play a role in the trust-building process in international B2B partnerships?*

Building on SET insights, any form of 'give-and-take' interaction constitutes a social exchange process. Accordingly, we contend that bilateral asset specificity consists of an underlying social exchange process between the parties, a process that affirms the opponent's goodwill, strengthens the reciprocity beliefs, and indeed elevates trust. The reciprocity is also constitutive. It facilitates an expectation that a good-deed engenders the return of the good-deed (Blau 1964; Molm et al. 2007). In the mutual exchange of positive behavior, reciprocity emerges in two components (Gouldner 1960; Hoppner and Griffith 2011; Hoppner et al. 2015; Swärd 2016). In the one, the concept of reciprocity is construed on exchanges of latent goodwill intentions (partner's actions in the dyad are more mutual-interest driven than self-interest driven). In the other, reciprocity is built on the equivalence of contributions (the level of investment in comparison to that of the partner). The present investigation contributes to the literature by identifying goodwill reciprocity and equivalence reciprocity within bilateral asset specificity to extend the field's understandings.

The remainder of this paper is organized as follows. First, we introduce the relevant

literature on relationship marketing and describe how applying the SET extends our knowledge. Next, we illustrate our conceptual framework and hypotheses. We then report an empirical study of 202 international buyer-seller relationships. Methodology and empirical results are also presented. Finally, we conclude with theoretical extensions and managerial implications.

2. Theoretical Background

2.1 Interorganizational Trust

Trust is a focal factor in interorganizational relationship studies (Ganesan, 1994; Morgan & Hunt, 1994). For example, Heide (1994) delineates trust as an inter-organization governance mechanism that improves cooperation and reduces opportunism in interorganizational exchange. Doney, Cannon and Mullen (1998) define interorganizational trust as "... as a willingness to rely on another party and to take action in circumstances where such action makes one vulnerable to the other party" (page 4). McEvily et al. (2003) state that mutual trust creates favorable conditions for partners to cooperate and generate improved performance. Extant studies empirically verify that trust-based international B2B relationships enjoy superior relationship performance (Zhang et al. 2003; Cavusgil et al. 2004; Katsikeas et al. 2009).

Although the importance of interorganizational trust is widely acknowledged, two questions remain unanswered. First, the role of the relationship duration is unclear. Conceptual works explore the role of relationship duration in trust but differ on the question of why and how. For example, Dwyer et al. (1987) propose a conceptual model to differentiate between discrete transactions and relational exchanges, suggesting that relationship duration transforms economic transactions into social exchanges. Anderson and Weitz (1989) posit that the age of the relationship represents the level of bilateral relationship inertia in repeated interactions that signify established communications and reliable routines. Similarly, empirical findings are significantly mixed, even among meta-analysis studies. One meta-analytical study corroborates

that relationship duration fails to influence interorganizational trust (Palmatier et al. 2006), but another meta-analysis suggests the relationship duration augments interorganizational trust (Zhong et al. 2017).

2.2 Asset Specificity

Asset specificity is a central piece in TCA. In particular, the TCA posits a strong and purely calculative view of the concept. Put simply, TCA considers the difficulty of redeployment of assets outside the relationship due to specificity. The resulting lock-in condition requires the safeguarding control and places the investing party in an unfavorable position (Williamson 1985; 1991). Bilateral asset specificity lock-in both the parties in the relationship and reduce the concern on opportunism (e.g. Ganesan (1994); Poppo et al. (2015)). TCA-based studies in interorganizational relationship employ the calculative view that bilateral asset specificity stabilizes relationship by creating a “mutual hostage” condition (Heide 1994; Sa Vinhas and Heide 2014).

This above view of asset specificity draws criticism as an under-socialized explanation. The void in the explanation, the scholars argue, emerges from a static framework neglecting attitude changes (Chiles and McMackin 1996); assumption of calculative bounded rationality regardless of the relationship context (Ghoshal and Moran 1996; Bachmann and Zaheer 2008); and a strong assumption of behavioral opportunism across early and mature relationships (Rindfleisch and Heide 1997). Moreover, relationship stage and contingencies of past exchanges alter the social meanings to the relationship-specific investments perceived by each party (Cropanzano and Mitchell 2005; Cook et al. 2013; Cropanzano et al. 2016).

Recognizing the warnings from extant research, we deploy a more socialized angle to examine the TCA framework in interorganizational trust-building (Wathne and Heide 2000;

McEvily et al. 2017). In our view, the SET is a useful companion to serve in augmenting the theoretical arguments of TCA. SET studies suggest that any form of bilateral interaction in the ongoing ‘give-and-take process’ constitutes a social exchange process (Blau 1964; Cropanzano and Mitchell 2005; Cook et al. 2013). Accordingly, we investigate the underlying social exchange process within bilateral asset specificity.

2.3 Social Exchange Theory

Social Exchange Theory (SET) explores social interaction within the exchange process (Blau, 1964; Emerson, 1976). As one of the prominent views in interorganizational relationships (Cropanzano & Mitchell, 2005), SET regards trust as the crucial factor that stabilizes a relationship because trust induces partners to be less calculating and more collaborative to achieve mutual goals (Blau, 1964, Emerson, 1976). In agreement with Zhong et al. (2017) that TCA and SET could be complementary perspectives in understanding interorganizational trust, this research provides a fresh perspective by integrating related research streams.

We borrow from the SET to shed light on multiple theoretical puzzles. First, we propose a model which employs the contingency approach to examine interorganizational trust-building. According to SET, trust cultivation lies in an exchange process where both partners fulfill their mutual expectations on focal norms such as reciprocity. Affirming experiences, in turn, foster stronger reciprocity expectations and future reciprocating behaviors (Cook et al., 2013). We aim to understand how the links between reciprocating activities and trust are dependent on the relationship duration, as the shared beliefs of reciprocity norms evolve through the history of interactions. SET asserts that norms in a continued social exchange root deeper and get sanctioned over time (Blau, 1964; Cook et al., 2013). This learning process gradually reinforces the exchange behavior and a stronger reciprocating stance. Therefore, the SET offers a sound

basis for theorizing duration as a contingency in interorganizational trust-building.

Second, the SET extends our knowledge by identifying reciprocity within bilateral asset specificity. The TCA explanations of asset specificity are purely calculative and forward-looking. Based on SET, the TCA rationale overlooks the exchange process in the dynamics of relationship-specific inputs between parties. For example, Blau (1964) states: “individuals and groups are interested in, at least, maintaining a balance between inputs and outputs and staying out of debts in their social interactions; hence the strain toward reciprocity.” Because reciprocity is bilateral, SET asserts that the level of complying with reciprocity to one party’s relational inputs would depend on the other’s level of relational inputs (Cook et al. 2013). Therefore, we integrate TCA and SET perspectives, offering a discussion of inherent social meanings across different scenarios within bilateral asset specificity to address the neglected social contextualization in TCA.

Extant studies from other disciplines support the idea of underlying reciprocity within bilateral asset specificity. For example, behavioral economists suggest that game players’ reciprocity expectations deepen along accumulated practice of bilateral behavior in repeated games (Dufwenberg and Kirchsteiger 2004; Falk and Fischbacher 2006). Evidence from behavioral economists suggests that reciprocities can be operated through certain strategic interactions between two economic sectors. The idea that reciprocity would be signified, operated, and performed within bilateral asset specificity is also mentioned in a meta-analytical review of relationship marketing studies (Palmatier et al. 2006). After an examination in the interorganizational relationship management literature, Palmatier et al. (2006) suggest: “integrating reciprocity into the relational-mediating framework may also explain the large, direct effect of relationship investment on performance, such that people’s inherent desire to

repay ‘debts’ generated by sellers’ investments may lead to performance-enhancing behaviors (p.152).” We follow this suggestion and empirically examine how reciprocity can be signified, operated, and performed within idiosyncratic bilateral asset specificity.

Finally, extending the SET literature, we identify certain interorganizational activities within the bilateral asset specificity that fulfill reciprocities. Cropanzano et al. (2016) review the SET theoretic remedies in business research and indicate that SET scholars emphasize hedonic value but overlook the exhibited activities. Cropanzano et al. (2016) suggest future SET studies should further examine how the initiating and responding activities in a relationship shape the participants’ attitude and future behaviors (page 46). In response, the present investigation identifies how social norms evolve through exhibited activities (the bilateral asset specificity in our research context) at the interorganizational level.

2.4 Reciprocity: The Focal Norm in Trust-Building

Reciprocity is a critical element in interorganizational exchanges (Dwyer et al. 1987; Rokkan et al. 2003; Zhang et al. 2016). Bagozzi (1995) identifies reciprocity as “the core of marketing relationships (p. 275).” Palmatier et al. (2006) suggest “The classic mediating model of relationship marketing should be adapted to include alternative mediated pathways (e.g., reciprocity) (p.150 in Table 6).” Empirical studies also examine the virtue of reciprocity in relationship marketing (Dwyer et al. 1987; Heide and John 1992; Bello et al. 2003; Hoppner et al. 2015). Palmatier et al. (2009) address the role of customer gratitude in relationship marketing based on the rationale of reciprocity. Overall, the importance of reciprocity in interorganizational relationship management has been widely acknowledged.

In the interorganizational relationship management area, reciprocity is generally defined as a unidimensional concept (Heide and John 1992; Aulakh et al. 1996; Gençtürk and Aulakh 2007;

Paswan et al. 2017). Conceptualization of unidimensional reciprocity in interorganizational studies ranges from increasing interdependences in collaboration (Dwyer et al. 1987), exchange of favors in the mutual give-and-take process (Serva et al. 2005), to reciprocation of relational benefits (Lioukas and Reuer 2015).

To resolve inconsistencies in conceptualizing reciprocity in the literature, recent research regards reciprocity to be a multi-faceted concept in interorganizational partnerships. Pervan et al. (2009) investigate sales relationships in industrial marketing and find that reciprocity evolves with both partner's communication affirming goodwill and equity/balance of the relationship. Hoppner and Griffith (2011) empirically verify two sub-facets of reciprocity in the context of international B2B relationships: immediate exchange of goodwill and return of favors in equivalence. Swärd (2016) conducts in-depth interviews and finds that interorganizational trust lies in both small actions that incrementally contribute to the expression of goodwill and large actions that strongly signify and invoke reciprocal reactions for equivalence.

Accordingly, we follow Gouldner (1960), Hoppner and Griffith (2011), and Swärd (2016), examining two facets of reciprocity in bilateral asset specificity: goodwill and equivalence. Goodwill reciprocity refers to the exchange and affirmation of each other's good-deed toward mutual-interest motivations, which is evaluated through the mutually contingent exchange of gratifications. Equivalence reciprocity is fulfilled when the level of effort or return is equivalent to that of the partner (Gouldner 1960; Hoppner and Griffith 2011; Hoppner et al. 2015).

3. Research Framework & Hypotheses

Our conceptual framework is depicted in Figure 1. Achieving goodwill reciprocity lies in the interdependent exchange process: one party's reciprocating action would align with the other's past action. Continuing dyadic exchange is interdependent and contingent on the partner's goodwill. When perceiving goodwill from the partner's reciprocating actions, an

exchange party is more likely to have the higher level of trust in the relationship (Blau 1964; Cook et al. 2013). Homans (1958) suggests that the opponent's responding actions with reciprocating gratitude could be viewed as a social reward that brings the sense of satisfaction and reliability to the relationship. Blau (1964) specifies that such exchanges secure the relationship with more predictability toward the future, and relational factors related to long-term oriented attitudes such as trust, commitment, and loyalty would evolve through the social rewarding process. More recent SET studies verify that the interactive process of exchanging goodwill is the micro-foundation of forming social exchanges (Rao et al. 2005; Molm et al. 2007). The goodwill exchanges provide the lasting momentum in building trust in ongoing relationships. Therefore, we propose:

Hypothesis 1: Achieving goodwill reciprocity within bilateral asset specificity enhances trust in international B2B partnerships.

In SET, the concept of equivalence suggests that the distribution of effort is approximately equivalent across the participants (Cook et al. 2013). Following SET, we suggest that breaching equivalence reciprocity harms the participant's trust since equivalence reciprocity implies reliability and stability of the exchange (Gouldner 1960; Hoppner et al. 2015; Swärd 2016). Based on SET, equivalence is crucial in sustaining long-term relationships as it signifies a balanced structure between participants that neither participant perceives being unfairly exploited (Emerson, 1976). Violating equivalence reciprocity sends out negative signals. An imbalanced structure creates uncertainty about long-term sustainability. The partner being exploited may seek out alternative relationships if available (Blau 1964). Not adhering to equivalence reciprocity reflects instability, lack of predictability, and creates greater vulnerability for each participant (Hoppner and Griffith 2011; Hoppner et al. 2015). This signals unpredictability on a

partner firm's future strategies and thus undermines trust (Cook et al., 2013). Therefore, we propose:

Hypothesis 2: Violating equivalence reciprocity within bilateral asset specificity harms trust in international B2B partnerships.

We assert that the importance of reciprocity on trust becomes more prominent over the relationship duration. SET suggests that reciprocity norms can be more understood, internalized, and emphasized in longer relationships, amplifying the impact of reciprocity on trust. In accordance with Homans (1958), reciprocity requires a generalized exchange where equivalent returns are not necessarily immediate but, over time, a balance of exchange must be achieved. Accordingly, trust accrues as the relationship evolves. The reciprocating process can create a self-reinforcing cycle, as the norm of reciprocity becomes more accepted, established, and internalized. As such, each partner demands more reciprocated efforts in the relationship. That is, higher expectations evolve after both parties have cooperated and attained mutual reliance. Hence, we contend that both goodwill and equivalence reciprocity within bilateral asset specificity become more salient in mature interorganizational relationships. Because relationship duration implies higher mutual expectations on reciprocity, reciprocity within bilateral asset specificity that achieve or violate the norm would become more impactful on trust over the relationship duration. Thus, we propose:

Hypothesis 3a: Achieving goodwill reciprocity within bilateral asset specificity more strongly enhances trust over the duration of international B2B partnerships.

Hypothesis 3b: Violating equivalence reciprocity within bilateral asset specificity more severely harms trust over the duration of international B2B partnerships.

In harmony with the extant literature, we contend that interorganizational trust enhances relationship performance in international partnerships (Delbufalo 2012; Zhong et al. 2017). Relationship performance refers to the effectiveness and efficacy of the collaborative relationship (Selnes and Sallis 2003; Katsikeas et al. 2009; Katsikeas et al. 2016). Trust enables smooth bilateral communication and coordination that maximize the relationship's potential. Empirical studies have demonstrated that international trust-based B2B relationships lead to better relational performance through forming and reshaping long-term oriented behaviors and attitudes (Chiou and Droge 2006; Zaheer and Zaheer 2006; Katsikeas et al. 2009). Trust brings beneficial effects in interorganizational collaboration such as information sharing (Bachmann and Zaheer 2008) and fewer concerns for opportunism (Dyer 2002). Based on these arguments, we propose:

Hypothesis 4: Trust in international B2B partnerships enhances relationship performance.

----- *Insert Figure 1 About Here* -----

4. Method

4.1 Measuring Goodwill and Equivalence Reciprocity within Bilateral Asset Specificity

Three theoretical and technical reasons support our decision to measure reciprocity in bilateral asset specificity. First, responding to critiques of TCA (Granovetter 1985; Ghoshal and Moran 1996; Zhong et al. 2017), this study directly examines reciprocity within bilateral asset specificity. Second, studies in interorganizational relationship management share the convention of using bilateral asset specificity to measure a variety of focal constructs in SET, such as accumulated invested costs in a relationship (Gulati and Nickerson 2008), level of embeddedness (Gulati and Sytch 2007), and power structure (McEvily et al. 2017). Our analysis aligns with previous SET studies and proposes the meaning of reciprocity within bilateral asset specificity. Finally, our measurement design is widely used and verified in other well-established studies (see He and Wong (2004), O'Reilly and Tushman (2008), and Li and Huang (2012)), indicating

the methodological robustness of our construct operationalization. As such, we investigate how bilateral asset specificity communicate goodwill reciprocity and equivalence reciprocity. An overview of reciprocity elements is presented in Table 1.

----- *Insert Table 1 about here* -----

In our model, we employ the interaction-term between buyer and seller's asset specificity to measure goodwill reciprocity. Interaction-term measures how the impact of one independent variable on the dependent variable is contingent on the moderator (Hair et al. 2009). As discussed, goodwill reciprocity is bilateral. It refers to the exchange and affirmation of each other's good-deed through the mutually contingent interaction of gratifications. When the buyer has invested asset specificity and the seller reciprocates with corresponding asset specificity commitments, the buyer would perceive goodwill in seller's compliance with reciprocity to reinforce trust. Therefore, for the buyer, the level of the perceived goodwill to the seller's asset specificity is associated with the buyer's own invested level of asset specificity. Accordingly, we measure the interaction terms between the buyer and seller's asset specificity to evaluate goodwill reciprocity. Empirical studies offer reasonable support for the operationalization. Jap and Ganesan (2000) conceptualize the interaction between bilateral asset specificity as reciprocal actions that facilitate commitment in a B2B relationship. De Vita et al. (2010) mention that bilateral investments (interaction-term) can be regarded as a credible signal of self-enforcing commitment in an exchange relationship.

TCE-based relationship marketing studies employ the interaction-term between buyer and seller's asset specificity to measure the relationship stability created by "mutual hostage" condition (Artz 1999; Joshi and Stump 1999). Williamson (1985) suggests mutual investments of bilateral asset specificity as an alternative safeguarding mechanism to hierarchy control.

However, follow-up empirical studies employ the interaction-term between buyer and seller's asset specificity to measure "mutual hostage" condition do not find consistent empirical support. Artz (1999) finds that the interaction-term of bilateral asset specificity does not significantly increase relationship performance. Joshi and Stump (1999) report interaction-term of bilateral asset specificity even undermines joint actions.

Commenting on the insignificance of proposed reciprocal asset specificity on performance, Artz (1999) comments " ... it may be that certain governance mechanisms, e.g., relational norms, can effectively moderate the impact of these factors thereby allowing interfirm exchanges to continue (page 11)." Responding to the call, we testify the underlying social exchanges within bilateral asset specificity that performs reciprocity. Regarding the interaction-term between bilateral asset specificity, our framework suggests that SET-based explanation of reciprocity is a more robust conceptualization than the TCA-based logic of mutual hostage. The reason is that we identify trust as the focal mediator that connects the interaction-term of bilateral asset specificity with relationship performance. As Blau (1964) states "only social exchange tends to engender feelings of personal obligations, gratitude, and trust; purely economic exchange as such does not." Our identification of the trust mediator supports the underlying social exchanges and explains the unsupported hypotheses presented by TCA-based investigations (Artz 1999; Joshi and Stump 1999).

The proposed model also considers the effect of equivalence reciprocity through observing the inequality between the buyer and seller's asset specificity. To measure inequality, we adopt absolute difference, which is an adequate measure to capture the level of inequality between two variables (He and Wong, 2004). SET has two explanations regarding inequality in bilateral relationship contributions. One is that the more dominant partner uses its power advantage to

demand the opponent sacrifice unilateral contributions and take advantage of the opponent's excessive efforts (Emerson 1962; Ebers and Semrau 2015). Because power structure is controlled in our model, we believe inequality within bilateral asset specificity reflects the other SET explanation that participants fail to fulfill the norm of equivalence (Cropanzano & Mitchell, 2005). We justify this conclusion noting that any distortion in bilateral asset specific contributions will impede the trust between the parties involved.

4.2 Scales & Measurements

We employed scales established in the literature. Additionally, modified scales are employed to accommodate to address the needs of our model. All scales are listed in the Appendix. The measurement of the supplier and buyer's asset specificity is adapted from Katsikeas et al. (2009), Heide and John (1990), Rokkan et al. (2003). The scale for trust is adapted from Doney and Cannon (1997). The relationship performance construct is modified from Selnes and Sallis (2003). Control variables include industry, firm age, firm size, dependence, contact frequencies, and psychic distance between the buyer and seller.

To capture the effect of cross-national variation, we use psychic distance as a subjective measure of dissimilarity between the international buyer and seller in the context of culture, language, and legal systems (Johanson and Vahlne 1977; 1990). Psychic distance is a well-developed concept in the international business literature. It refers to "the sum of factors preventing the flow of information from and to the market." (Johanson and Vahlne 1977) Also, we contend that using a self-reported measure better fits the assertions of the SET. Social Exchange Theory suggests that interpretations of the social signals are subjective (Blau 1964). Using self-reported psychic distance measures appropriately controls the respondent's subjective awareness of cross-national differences, better aligning with the SET. Finally, psychic distance

allows us to capture the overall influences caused by cross-national differences (Katsikeas et al. 2009; Obadia et al. 2015).

Aligning with the interorganizational relationship management literature, we follow the definition proposed by Doney and Cannon (1997) and argue interorganizational trust as “the perceived credibility and benevolence of a target of trust” (p.2). In accordance with a review article on interorganizational trust measures (Seppänen et al. 2007), this is one of the mostly used definitions in the interorganizational relationship management literature.

To rule out alternative explanations other than reciprocity in trust-building, we capture and control the effect of the power structure in each interorganizational relationship. Specifically, the SET suggests that power structure is an alternative motive driving each participant’s relationship-specific investments (Blau, 1964), and dependence imbalances in each relationship is a strong proxy for power structure (Emerson 1962). Thus, we control the level of dependencies to address the effect of our focused reciprocity norm.

To check for common method variance (CMV), we employed the CFA marker approach. The subjects are questioned about their perceived goal importance in attending trade shows with items adapted from Godar and O'Connor (2001). CFA marker technique requires a marker variable that is theoretically unrelated to the focal variables, for which its expected correlation with the focal variables is zero (Lindell and Whitney 2001). After consulting with two knowledgeable scholars, we conclude that the proposed CFA marker (the buyers’ goals of attending the trade show) has no confounding effect on our study.

Overall, all items used were reviewed by two expert academics as well as two experienced practitioners to check for face validity in this specific research context.

4.3 Data and Research Subjects

The present study employs SET to analyze a relationship with the unilateral focus on the buyer's viewpoint. A unilateral data collection is carried out. There are two reasons for the research design. First, a unilateral focus allows us to simplify the reciprocity interpretations. Although an exchange is embedded within the dyad, SET assesses the role of interpretation of social outcomes (i.e. social reward minus social cost) as a determinant of norm compliance and perceived relational bond (Blau, 1964; Granovetter, 1985; Holmes, 1981). For our research, considering interpretations from both bilateral sides may require massive controls on other unrelated issues between the dyad, such as misalignments in perceptions caused by information asymmetry. As a pioneer study investigating sociological meanings underlying asset specificity, we contend that a unilateral focus on the buyer's side avoids excessive ambiguity. Therefore, a unilateral focus on the buyer's perspective fits our research purpose in addressing the contextual meaning of asset specificity.

Second, reciprocity in social exchanges is typically based on subjective assessments. Before reciprocating, a partner must sense, read, and interpret the other side's actions. The effectiveness of this process depends on the receiver's visceral interpretations of such actions (Blau, 1964; Holmes, 1981). The proposed empirical analysis based on primary data is consistent with the tenets of SET. Overall, a unilateral focus concurs with the SET in providing a compelling analysis.

Research Subjects. The data used in this investigation is from a large-scale survey of senior procurement executives representing international buyers in the global electronics industry. The sampling scope includes very different companies without particular focus on region or country. In the electronic OEM–supplier context, buyers have alternative options to partner up with different sellers (Kang et al. 2009; Jean et al. 2010b). This is important because the SET assumes

that partners hold the discretion of choosing alternative partnerships (Emerson, 1972, 1976). In addition, the electronics industry is not immune to high uncertainty and risk. Firms in this industry must learn to cope with short product life cycles, technological uncertainty, and difficulties in negotiations for better margins. Business cycles in the electronics industry mature fast, making it a suitable industry to examine relationship development. As such, the global electronics industry is an ideal choice for the present investigation.

To access the senior procurement executives of buyer firms in the electronics industry, the sampling frame comprised of registered buyers in the annual convention of *Computex Taipei*. This event is Asia's largest, and the world's second-largest, ICT (Information and Communications Technology) trade show. The event attracts a large cross-section of senior procurement executives in the industry. It is a meeting place for manufacturers of notebooks, tablet PCs, motherboards, servers, wafer OEMs, LCD monitors, WLAN (Wireless Local Area Network, and PND (Portable Navigation Devices). Since 1981, *Computex Taipei* has come to be known as an elite gathering of innovators and entrepreneurs who showcase the most advanced and innovative ICT products. As such, this trade show provides an ideal venue for both a wide spectrum of subjects and gaining access to electronics industry senior executives.

We randomly selected 1,300 cases among the buyer firms registered in Computex 2014. Executives at each firm were contacted and asked whether they would be willing to participate in the survey. After eliminating invalid cases, complete survey data were secured from 202 respondents. The final response rate was 15.5 percent. The countries of origin for the buyers and sellers are summarized in Table 2. A rich variety of sub-industries are represented: software/IT: 25.25 %; electronics: 30.69 %; chemicals: 1.5 %; telecommunications: 7.9 %; engineering: 8.9 %; and others: 25.76 percent. Respondents are owners (5.9%), top managers including CEOs,

CFOs, CMOs and the like (17.3%), middle managers (36.6%), purchasing and sales account managers (20.7%) from global buyer companies. The average tenure (years of service) of respondents is 7.4 years. Each informant was asked to respond concerning the buying relationship they considered the most critical to their firm.

----- *Insert Table 2 about here* -----

4.4 Structural Equation Modelling Analysis

For the analysis, we followed the approach suggested by Hair et al. (2012). These authors point to the complementary characteristics of covariance-based sequential equation modeling (CB-SEM) and partial least square sequential equation modeling (PLS-SEM). Following their suggestion, we first used the CB-SEM technique to conduct a CFA to check the measurement model validity including all of our used variables measured with reflective scales. Then, PLS-SEM is used to test the structural model where we have variables with both formative and reflective measures. Psychic distance, one of our control variables, is a predefined formative latent variable. Using PLS-SEM to conduct the structural model analysis allows us to benefit from PLS's flexibility in specifying both formative and reflective measures without loss of information in the data set (Hair et al. 2012). The PLS analysis was conducted using SmartPLS version 3.1.9 software with the defaulted bias-corrected and accelerated bootstrap method and 500 subsample settings. The CFA was conducted using LISREL ver. 8.54.

We assessed the convergent validity of constructs by examining the average variance extracted (AVE) and the significance of item loadings. The AVE attempts to measure the level of explained variance that a latent variable component captures from its indicators relative to the amount due to measurement error. The AVE values should be greater than the 0.50 cut-off level (Gefen et al. 2011). The construct reliability is examined using the composite reliability (CR)

developed by Werts et al. (1974). Acceptable values of CR statistic should exceed 0.70 (Fornell and Larcker 1981). To evaluate the discriminant validity, we compared the square root of AVE with the correlations among the latent variables (Fornell and Larcker 1981).

To contend with both interaction and inequivalence between buyer and seller's asset specificity, we followed the method used by a series of empirical studies from another established literature stream (He and Wong 2004; Cao et al. 2009; Raisch et al. 2009). Our two-way and three-way interaction terms (i.e. interaction-term between bilateral asset specificity, interaction-term between bilateral asset specificity \times duration, and inequivalences between bilateral asset specificity \times duration) were generated based on the two-stage approach in SmartPLS with mean-centered interaction terms to avoid multicollinearity. Because our measures of buyer and seller's asset specificity are paralleled items, we generated our inequivalence measures with absolute difference values across pairs of matched items. The reliability and validity checks empirically support the appropriateness of this approach.

Finally, we conducted a CMV post check with a comprehensive CFA marker technique presented by Williams et al. (2010). Compared with the partial correlation CFA marker technique proposed by Lindell and Whitney (2001), the comprehensive CFA marker technique accounts for the measurement error; therefore it is a superior statistical test for CMV effects in an SEM setting (Williams et al., 2010).

5. Results

5.1 Measurement Model Results.

The CFA results are reported in Table 3. The CB-SEM technique was employed to conduct the CFA to ensure robustness of our measurement model. All item loadings reach statistical significance, indicating convergent validity. The CFA model goodness-of-fit (CFI=0.97, NNFI=0.95, SRMR=0.058) indicators are satisfactory (Hu and Bentler 1999). Construct

reliability is supported by composite reliability statistics above 0.7. The AVE statistic is above 0.5, indicating convergent validity (Hair et al., 2009).

The correlation matrix and discriminant validity check are presented in Table 4. All square roots of the AVEs are greater than the off-diagonal elements in the corresponding rows and columns, demonstrating discriminant validity (Fornell & Larcker, 1981). Overall, these results show that all statistics in the measurement model reach the requisite threshold suggested in the literature. We thus confirm the measurement models' validity using multiple indicators: reliability, convergent validity, and discriminant validity.

----- *Insert Tables 3 and 4 about here* -----

5.2 Structural Model and Hypothesis Testing

The PLS structural model checks are summarized in Table 5. He and Wong (2004) recommend two separate examinations of the interaction-term and absolute difference in two models to avoid ambiguity in the interpretation of the results. Accordingly, we examined five PLS structural models by stepwise addition of focal independent variables to ensure robustness of the results. The Model 1 is the baseline model including only control variables. Because H4 is the widely accepted hypothesis in literature, we firstly added H4 (trust --> performance) and H1 (goodwill reciprocity --> trust) to Model 2 to incrementally check the validities of the added hypothesis. The increase in R^2 and a minor decrease in SRMR between Model 2 and Model 1 indicates the appropriateness of adding two variables. The significance of coefficients in Model 2 empirically supports H4 and H1. Compared to Model 2, in Model 3 includes Hypothesis 3a (goodwill reciprocity \times duration --> trust). The statistical insignificance of the corresponding coefficient and increased SRMR denote that Hypothesis 3a is not supported.

Model 4 examines the main effect of violating equivalence reciprocity between asset specificity on trust. Compared with Model 1, the values of R^2 and SRMR are greater in Model 4.

However, H2 is not supported. In Model 5, we add Hypothesis 3b, which argues that relationship duration moderates the link between violating equivalence reciprocity and trust. Hypothesis 3b is confirmed. Model 6 indicates the robustness of results with all variables included. Overall, Three of five hypotheses are empirically supported (Table 6).

----- *Insert Tables 5 and 6 about here* -----

Figure 2 illustrates the interaction effect within bilateral asset specificity (Model 2) presented in Table 4. In Figure 2, scenario A in the upper-right side on the dotted line reflects the practice of equivalence reciprocity (high in both buyer and seller's asset specificity), where the corresponding trust value on the vertical axis is the highest. Scenario B over the middle-right side on the solid line implies the buyer's indebtedness of reciprocal acts (high in seller's asset specificity but low in buyer's), where the corresponding trust value on the vertical axis is the second highest. The middle-left side of the dotted line, Scenario C, denotes practices of the discrete transaction (both low in buyer and seller's asset specificity), where the corresponding trust value on the vertical axis is the third highest. The practice of priming trust with favors is described in scenario D over the bottom-left side on the dotted line (high buyer's asset specificity but low in seller's), where the corresponding trust value on the vertical axis is the lowest.

Figure 3 illustrates how relationship duration serves as a moderator variable. With short durations (the dotted line with negative slope, given duration equals to mean duration $-1 \times$ standard deviation), an increase in inequivalence within bilateral asset specificity would not significantly decrease trust. In contrast, the solid line with a negative slope denotes long durations (given duration equals mean duration $+1 \times$ standard deviation), where an increase in the magnitude in asset specificity inequivalence significantly diminishes the level of trust.

----- *Insert Figures 2 and 3 about here* -----

5.3 Common Method Variance

The results were examined for common method variance (CMV), concluding that the results are not biased by CMV. First, two of the hypotheses are moderating effects, and the results indicate statistical significance. According to Siemsen et al. (2010), CMV does not severely bias if the moderating hypothesis reaches statistical significance. Hence, the statistical significance of Hypotheses 3b indicates that CMV is not problematic.

Second, in our questionnaire design, we varied the format of measurement items, from a 7-point scale (e.g., trust) to open-ended numbers (e.g., duration). The anchor labels of 7-point scales also vary from construct to construct. These are measurement designs recommended for avoiding CMV (Podsakoff et al. 2003; Podsakoff et al. 2012).

Finally, we followed the procedures recommended by Williams et al. (2010) and included a CFA marker in our questionnaire for statistical post check. The results are summarized in Table 7. We first added the marker items into our item pools and conducted an additional CFA analysis. The results provide reference values for conducting the baseline model parameters. We then added the marker to conduct the baseline model with the orthogonal approach suggested by Lindell and Whitney (2001). Next, we allowed the other items to be loaded on the marker with the equality constraint to build the Method-C model. The insignificant Chi-square difference between baseline model and Method-C model indicates a lack of congeneric method variance (Williams et al., 2010). Finally, we let the items used to be freely loaded on the marker to conduct the Method-U model. The insignificant Chi-square difference between Method-C and Method-U indicates the results are not biased by non-congeneric method variance (Williams et al., 2010).

----- *Insert Table 7 about here* -----

6. Discussion

Our empirical findings shed light on the two unresolved issues that motivated the present study. First, the results offer clarifications on the moderating role of relationship duration in interorganizational trust cultivation. Second, based on the empirical findings, we verify reciprocity in bilateral asset specificity. A proposed typology is offered to identify four scenarios in bilateral asset specificity, and we address the buyers' corresponding level of trust across the four possible conditions.

6.1 The Contingency Role of Relationship Duration in B2B Trust-Building

We find empirical support for the view that inequivalences within bilateral asset specificity impair trust over the relationship duration (H3b). Results suggest that violating equivalence reciprocity becomes more harmful to trust over time. Indeed, as can be seen in Table 5, relationship duration does not directly influence trust (as a control variable), but significantly moderates the impact of inequivalent asset specificity on trust (H3b). The findings align with our contention that relationship duration is the contingency in interorganizational trust-building rather than an antecedent to measure overall trust-building efforts.

Interestingly, some empirical findings are contrary to expectations. Hypothesis 3a, where we propose goodwill reciprocity becomes more influential on trust over the duration, is not supported. Likewise, Hypothesis 2, proposing that violating equivalence reciprocity harms trust is not supported. However, the findings support another associated proposition that violating equivalence reciprocity becomes more harmful to trust over relationship duration (Hypothesis 3b).

Plausible explanations for the unsupported hypotheses lie in the different level of strictness between goodwill and equivalence reciprocity. Goodwill reciprocity has a relatively loose

requirement that only requires the seller's asset specificity to reciprocate with the buyer's. However, equivalence reciprocity further requires approximately equivalent level of bilateral asset specificity contributions. Goodwill reciprocity is relatively tolerant of the partner's behavior in exchange for the possibility of future pay off. The SET suggests trust cultivation always requires initiating the process with goodwill so that the other party will reciprocate. This, in turn, creates another round of reciprocating exchanges (Blau 1964). A purpose for signaling goodwill is to indebt the other party to reciprocate the favor, but not necessarily immediately or equivalently (Blau 1964). Goodwill reciprocity permits relatively loose norm-actualization, and thus it functions universally across all relationships. Our findings suggest that achieving goodwill reciprocity is a universal norm in trust cultivation that is important, regardless of relationship maturity.

On the other hand, equivalence reciprocity strictly warrants partners to reciprocate in relatively equivalent value. This requirement is rigid and stricter. In that, it might take longer for participants to understand, accept, and internalize as a mutually accepted norm and shared obligation. This result suggests the idea that young relationships might have completely different anticipation in bilateral asset specificity compared to mature relationships. Early in the relationship, there is a 'honeymoon effect' which makes the partners less aggressive in their demands and interprets the relational behavior with a positive forward look (Fichman and Levinthal 1991). In the more mature relationships, this pattern is replaced by a hangover effect which more strictly measures the equivalence in relational contributions; such expectations are formed incrementally through the historical experiences of give-and-take.

Therefore, the differences in the level of strictness between two reciprocity facets might explain the finding that: (1) the main effect of goodwill reciprocity on trust is significant (H1),

but the main effect of equivalence reciprocity on trust is not supported after controlling the duration (H2); (2) influences of equivalence reciprocity on trust are duration-dependent (H3b), but of goodwill reciprocity are duration-independent (H3a).

6.2 Reciprocity within Bilateral Asset Specificity: A Proposed Typology

The study findings confirm goodwill reciprocity between buyer and seller's asset specificity in trust-building (H1). Interorganizational trust cultivation lies in the series of social exchanges that confirm and update each partner's goodwill. This research demonstrates that such goodwill exchange can be achieved within idiosyncratic bilateral asset specificity. A buyer interprets the goodwill sent from the seller's asset specificity contingent on the buyer's incumbent level of asset specificity.

Based on our findings, we propose a typology of four possible scenarios. This typology is depicted in Figure 4. In each, we examine, from the buyer's perspective, how trust develops from bilateral asset specificity. The four scenarios include: (i) both parties provide contributions with high asset specificity; (ii) low levels of buyer's asset specificity, but high levels of seller's; (iii) high levels of buyer's asset specificity, but low levels of seller's; and (iv) both parties provide low asset specificity.

----- *Insert Figure 4 about here* -----

The upper-right corner in Figure 4 denotes the case that both goodwill and equivalence reciprocity is attained, meaning both the buyer and seller have a history of high mutual asset specificity. In this case, high levels of asset specificity are exchanged with equivalent contributions. Under these conditions, goodwill reciprocity is achieved through reciprocating responses, and equivalence reciprocity is satisfied through an approximately equivalent level of contribution. Attainments in both facets of reciprocity ensure the strongest future predictability in

the relationship and thus generate the highest level of trust.

In the upper-left corner of Figure 4, the level of buyer's trust is second highest when receiving excessive favors in goodwill. In this scenario, the buyer recognizes the seller's sacrifice as a goodwill gesture to trigger future reciprocal exchanges. The buyers in this scenario attain more options to act. That is, the buyer can choose to: (1) selfishly enjoy the partner's excessive asset specificity and terminate the relationship by stopping the exchange process; or (2) to reciprocate with equivalent asset specificity contributions which, in turn, strengthens the mutual trust in the relationship (Blau, 1964; Emerson, 1972, 1976). In other words, the buyer can potentially take advantage of the seller's excessive asset specificity. These results indicate that the perceived goodwill from the seller's unselfish sacrifice will generate the second highest level of the buyer's trust.

The bottom-left corner illustrates a scenario of discrete transactions without significant social interactions or norms. In this scenario, the buyer's trust is the third highest. Here, given the absence of asset specificity from each party, neither participant is handicapped if the relationship is terminated (Blau, 1964). The SET refers to this as "economic exchange" as it represents standardized economic agreements (Blau, 1964). In the case of discrete transactions, buyers are involved in economic transactions without many exchanges within bilateral asset specificity. The buyer's trust toward the seller is based on the contractual obligations and market institutions.

The buyer's trust is lowest in the 'favor given in initiating goodwill reciprocity' scenario, represented at the bottom-right corner in Figure 4. Buyers in this scenario encounter the potential risk that the partner might not adhere to norms of goodwill reciprocity. The buyer's high levels of asset specificity imply the buyer's expectation of future payback. If such expectation is not fulfilled, discord arises (Molm et al., 2007). The lack of reciprocal asset specificity may lead to

disappointment by the buyer. The buyer's trust toward the seller declines along with continued excessive favors.

7. Implications and Directions for Future Research

7.1 Theoretical Contributions

The present investigation contributes to our understanding of interorganizational trust in four important ways. First, we offer a novel perspective in attempting to resolve mixed findings regarding the role of relationship duration in interorganizational trust-building. The study addressed a weakness in existing research – viewing relationship age as a direct measure of relational bonding and overall efforts on cultivating trust. Building on social exchange theory (SET), we have been able to demonstrate that interorganizational trust results from the reciprocal exchanges. The relationship develops as the participants incrementally communicate, internalize, and mutually accept the meanings and requirements of reciprocity (Blau, 1964; Cook et al., 2013; Homans, 1958).

In other words, the results support the view that it is not necessarily how long the relationship endures that builds trust, but it is how parties interact and communicate with each other during the relationship. Hence, we confirm that relationship duration does not directly enhance trust but rather moderates the effect of reciprocating actions on trust. Figure 3 depicts how relationship duration moderates the connection between asset specificity inequivalence and trust. We provide an empirically supported explanation for the conflicting findings regarding the influence of relationship duration. Therefore, the findings clarify the contingency role of relationship duration with theoretical insights and empirical support.

Second, we address an overlooked approach in interorganizational trust-building -- underlying reciprocity within bilateral asset specificity. The present study extends our understanding of asset specificity by proposing the contextual meanings that are neglected in

transaction cost analysis. The contingent meanings in bilateral asset specificity represent a significant departure from how most scholars have been using calculative logic in interpreting asset specificity. In line with ample critiques of TCA (Granovetter 1985; Chiles and McMackin 1996; Ghoshal and Moran 1996), our findings suggest organizations are not purely economic-rational entities in managing interorganizational relationships. We offer rigorous evidence that the TCA overlooks the social exchange process and interactive nature of interorganizational trust-building. We specify that organizations are dependent on pre-dispositions and generate interpretations on asset specificity which are socially embedded in the ongoing exchanges between dyadic parties. The results yield new nuances of social exchange process within bilateral asset specificity to extend traditional theoretical concepts. Hence, the findings contribute to interorganizational trust studies by specifying reciprocity within bilateral asset specificity.

Further, we specify the mutual-contingencies between buyer and seller's asset specificity on trust cultivation. Because the TCA deemphasizes the interactive exchanging nature, TCA-based studies on interorganizational trust portray a simplistic linear connection of one partner's asset specificity on trust with the calculative logic (e.g. Doney and Cannon (1997); Katsikeas et al. (2009)). Studies delineate that, because asset specificity increases the investing party's switching cost to be locked-in the relationship, the opponent would reduce concerns for being exploited by the investing partner's opportunistic behaviors and thus elevates the opponent's trust (Williamson 1994; Geyskens et al. 2006). An underlying assumption in the TCA-based frameworks is one party's asset specificity on trust is independent of the other's existed level of asset specificity. This assumption does not consider the social contingencies, relationship stages, and social norms. According to the SET, meanings of relationship-specific inputs are contextual-oriented and highly dependent on the history of interaction (Blau 1964; Molm et al. 2007). We

empirically verify that, in the dynamic social exchange process within bilateral asset specificity, how buyers read and perceive reciprocity in the seller's asset specificity would depend on the buyer's incumbent level of asset specificity (Figure 4).

Third, this research responds to the call for robust examinations of interorganizational reciprocity. Scholars have been ardent about the mechanisms and conceptualization of interorganizational reciprocity (Rokkan et al. 2003; Palmatier et al. 2006; Zhang et al. 2016). In line with studies that suggest multi-faceted reciprocity in interorganizational relationship management (Hoppner and Griffith 2011; Hoppner et al. 2015; Swärd 2016), the present investigation further identifies how the dual reciprocity facets (i.e. goodwill and equivalence) are fulfilled within bilateral asset specificity that, in turn, affect interorganizational trust.

Moreover, the study details how relationship duration varyingly moderates the effects of dual reciprocity facets on trust. Regarding goodwill reciprocity, our findings suggest that goodwill is universally essential in cultivating trust across different relationship stages. Achieving goodwill reciprocity provides momentum in sustaining interorganizational trust in relationships. On the other hand, equivalence is a stricter facet of reciprocity that requires decent communication and mutual understandings to be commonly accepted. Our findings suggest that violating equivalence reciprocity is not universally harmful to trust across all relationship stages. However, as the relationship matures, the expectation for equivalence is heightened, and each party becomes less tolerant of inequivalent efforts between the parties (Cook et al., 2013; Gouldner, 1960). As relationship tenure lengthens, uneven bilateral asset specificity violates the equivalence reciprocity principle and erodes trust.

Finally, this research also contributes to the SET. In the context of cross-border B2B relationships, our findings reveal that each party learns and internalizes the norm of reciprocity

through continuing observations on their international partner's past actions. . Numerous SET studies discuss the cross-cultural differences of norms accepted in different societies (Leung and Morris 2015; Gelfand and Jackson 2016). In a cross-border partnership, common grounds on appropriate reciprocity may be limited due to cultural differences. However, the present study suggests mutual requirements on reciprocity can still be established through continuing social exchanges between international buyers and sellers. Therefore, the findings demonstrate that reciprocity norm can be established and fulfilled in cross-border partnerships; such norms are shaped through ongoing bilateral strategic actions such as asset specificity.

7.2 Managerial Implications

The present study offers four implications for managerial practice. First, practitioners would find the proposed contingency role of duration on interorganizational relationship management to be of importance. Findings support the view that, in evaluating the robustness of interorganizational trust, the duration of the relationship is not a solid direct indicator. The contingent effect of relationship duration on trust is demonstrated. Hence, managers should seek for more process-based indicators such as mutual asset specificities in a partnership.

Second, managers should also be cognizant that each firm's expectations in a business relationship evolve over time. To maintain trust in interorganizational relationships, managers should accordingly adjust their decisions and activities to align with the dynamic expectations and changing norms in the relationship. Our findings also imply such collaborative adjustments with reciprocating attitudes takes time to achieve. Managers should be aware that, because bilateral consensus on equivalence takes a fair amount of time to achieve, attaining equivalence reciprocity is a long-term relational asset in international B2B connections. Therefore, practitioners should regard long-term relationship trust as a unique resource that is valuable, rare,

costly to imitate, and difficult to be substituted (Barney 1991). The development of such a competitive advantage lies in mindful management in ongoing social exchanges with senses of time horizon.

Third, this study specifies the mutual-contingencies between buyer and seller's asset specificity in interorganizational trust. We identify the underlying exchange process within bilateral asset specificity in the interorganizational relationship management. In addition to the conventional idea of cost-benefit analysis on investment evaluations, practitioners should also be aware of the reciprocal message being sent when making business decisions in interorganizational relationship management. Our findings suggest that even asset specificity, a factor that most scholars and practitioners interpret and evaluate with economic rationality, can carry substantial social signals in interorganizational relationships. Therefore, managers should be cognizant of signals sent by one's partner and should reciprocate accordingly.

Finally, the study implies that strategic decisions should not solely depend on static analysis but have a long-term and dynamic view. The present value analysis in investment evaluations might neglect the potential future benefits of long-term business relationship buildings. Benefits from a relationship should not be limited to present accruals, but be valued for their potential from the future undertaking. Overall, our research suggests that, in addition to economic rationale, practitioners should recognize the values of reciprocity within bilateral asset specificity to bond with key business stakeholders.

7.3 Limitations and Future Research

While the current study provides rich theoretical and practical implications, there are good grounds for future research. First, due to time and financial constraints, all respondents completed the questionnaire within a limited time frame. We gathered information on both

independent and dependent variables from a cross-sectional design. Therefore, mono-respondent bias is a concern. Future research may benefit from using panel data to clarify the dynamic aspects and capture possible extensions of the present framework.

Also, as a study with the focus on reciprocity within bilateral asset specificity, this research follows the SET and focuses on goodwill and equivalence exchanges. Future studies might consider examining other social meanings within bilateral asset specificity, such as fairness, justice, and altruism.

Third, to ensure that our findings are generalizable to different cultures, this study investigated international buyer-seller pairs from a variety of country bases (see Table 2), and controlled psychic distance in each cross-border partnership pair. Future studies can test our theorization in different settings to examine the contextual influences. For example, institutional effects might be another contingent variable to examine if our framework performs differently across advanced markets, emerging markets, and developing markets.

Fourth, based on multiple meta-analysis studies in interorganizational relationship management (Geyskens et al. 1999; Palmatier et al. 2006; Parmigiani and Rivera-Santos 2011; Leonidou et al. 2014), interorganizational trust is defined as a unidimensional construct. Accordingly, we used one of the mostly applied definitions from Doney and Cannon (1997) to align with this research stream. However, we suggest future studies use a multi-faceted definition of interorganizational trust to thoroughly examine the effects of goodwill and equivalence reciprocity.

Finally, the proposed conceptualization of reciprocity may also be performed within other types of bilateral business activities, such as joint marketing campaigns and R&D investments. It is hoped the present investigation will motivate scholars to pursue such avenues for further

development of knowledge on interorganizational relationships.

ESSAY 2: A Conundrum for Importers: To Support or to Against the Exporting Supplier's Marketing in the Host Market? A Multi-Dyadic View.

1. Introduction

Since incorporated in 1965, Motokov has been the exclusive importer of the Czech Skoda automobiles to serve the British market. From 1965 to 1989, Motokov had achieved outstanding turn over near £60 million per year. Building on their past success, in the 1990s, Motokov committed more marketing resources in the British market. Motokov's decision in elevating marketing efforts significantly promoted Skoda's brand awareness in U.K. However, Motokov's distinguished contributions did not pay off well. The increased brand awareness in the British market fueled Skoda's interests of taking over for more profits. In mid 1990s, Skoda decided to terminate the exclusive distribution contract with Motokov and started their wholly-owned subsidiary to directly serve the U.K. market. In other words, Motokov's success of promoting Skoda in the British market turned out to be threats for Motokov's own industrial position. Failed to manage the risk of disintermediation, in 2002, Motokov completely lost its business in U.K.'s automobile supply chain. In 2006, Motokov could not survive the crisis and was dissolved in U.K. (Mills and Camek 2004).

The Motokov case exemplifies a conundrum for importers: Should importers contribute full efforts to enforce and support the supplier's global marketing in the host market? On the one hand, suppliers might hold global brand advantages such as acknowledged premium product qualities, advanced technologies, and established global reputations. In the host market, importers are motivated to utilize the supplier's global brand to expand sales, enhance customer loyalties, and increase price margins. For importers, the contracted supplier's brand advantage and global marketing are valuable privileges. Importers can leverage the supplier's marketing to better compete with other business rivals in the host market. Therefore, driven by the interests of

better profits, importers are likely to support and leverage the supplier's global marketing in the host market.

On the other hand, faced with the supplier's advantageous global marketing, importers might have concerns about the stability of their intermediate role in the global channel. From importers' view, the supplier's marketing in the host market might enhance the host market buyer's commitment to the supplier, without likewise increased level of the buyer's commitment to the importer themselves. A paradoxical effect of importer's excellence in supporting the supplier's marketing is that it threatens the importer's own intermediary position. As the Motokov case describes, the importer's supports in supplier's marketing might elevate the supplier's brand awareness, market share, and customer loyalties in the host market. These marketing advancements established by the importer's support might turn out enabling the suppliers to cut out the middleman and directly connect with the buyers. The reason is that disintermediation allows the upstream suppliers to charge higher margins. Hence, in fear of instabilities of their intermediate roles, importers might choose to adopt non-cooperation strategy to attenuate or even against the supplier's global marketing in the host market.

More than one decade after the Motokov's case, this conundrum for importers is still relevant to importers' business. A recent official report on Hong Kong's importing and exporting industry suggests: "The business environment for Hong Kong's trading (importing and exporting) firms is becoming more challenging amid the growing trend toward direct dealing between customers and manufacturers, known as trade disintermediation (Hong Kong Trade Development Council, 2017, p. 3). "

Although the conundrum for importers between to support and to against the supplier's marketing is a vital issue in practice, academic discussions remain under-addressed in literature.

Contemporary studies investigate the exporter-importer relationship from the exporter's perspective, with little consideration on the link between importers and host market buyers. Based on principal-agent theory, extant studies investigate how exporters resolve misaligning incentives between exporters and importers. For example, studies suggest that exporters could resolve the issue through formal and customized contracting (Cavusgil et al. 2004; Zhou et al. 2008), incentive designs (Obadia et al. 2015), specified investments to the importer (Katsikeas et al. 2009), and solid interpersonal and interorganizational connections (Dong et al. 2017).

However, a global vertical-marketing channel is composed of at least three business parties, including the home market exporter, the intermediary importer, and the host market industrial buyer (see Figure 5). As exporter's strategies in managing the exporter-importer relationship are well understood, relatively scant attention has been devoted to the importer's side. Accordingly, this paper aims to investigate on the multi-dyadic relationships from the importer's perspective. Therefore, this study intends to answer the following research question: *How do importers deal with the conundrum for importers (to support or to against the supplier's marketing in the host market) amid the multi-dyadic business relationships among exporting suppliers, importers, and host-market buyers?*

----- *Insert Figure 5 Here* -----

This paper strives to offer following contributions. First, this paper identifies *the conundrum for importers* between two candidate strategies in the host market: non-cooperation to against supplier's marketing in the host market; inputting resources to build long-term oriented relationships with host market buyers.

On the one hand, importers might strategically adopt non-cooperative strategies to attenuate supplier's marketing influence on the host market buyers. The purpose is to secure the

importer's own intermediate position in the multi-dyadic relationships. Drawing on Dahlquist and Griffith (2014), we conceptualize the importer's non-cooperation against supplier's global marketing as strategies that attenuate and reduce the supplier's influences on host market buyers.

On the other hand, when importers' intermediary position is rather secured, importers would adjust their customer relationship management strategies to achieve B2B long-term orientations with the host market buyers. B2B long-term orientation refers to the bilateral expectation of future interaction that focuses on achieving mutual future goals and is concerned with both current and future mutual outcomes (Heide and John 1990; Ganesan 1994; Heide and Wathne 2006). Long-term oriented B2B relationships are evidenced to achieve better strategic integration (Johnson 1999) and reducing sellers' future inventory costs and promotion expenses (Kalwani and Narayandas 1995). Hence, we argue that when importers have strong confidence in its intermediary role in the present and future, they would actively input resources and efforts to establish long-term oriented B2B relationships with the host market buyers to achieve best performances in the long run. Hence, this research illustrates how importers contingently decide the marketing strategy in the host market to cope with *the conundrum for importers*.

Second, this research identifies interdependencies among multiple dyadic B2B relationships (exporter-importer, importer-buyer, and exporter-buyer). To manage the threats of disintermediation, importers form their relationship management strategies beyond just evaluating on the single exporter-importer dyadic relationship. Instead, importers hold a more holistic view and evaluate multiple dyads of exporter-importer, importer-buyer, and exporter-buyer relationships. Drawing on strategic reference point theory (Fiegenbaum et al. 1996; Shinkle 2012; Hsieh et al. 2015) and relationship marketing theory (Morgan and Hunt 1994; Garbarino and Johnson 1999), we define the buyer's relative commitment to the importer than to

the supplier (abbrev. as *the buyer's relative commitment*) as how much the host market buyers are more committed to the importer than committed to the exporting supplier. We argue that, with holistic examinations on the multiple dyads, *the buyer's relative commitment* indicates the stability, firmness, and durability of the importer's intermediary position in the vertical value chain. As the boundary-spanner bridging between home market and host market, importers are experienced with both markets and in the advantageous position of forming comprehensive observation on multiple key B2B dyads to accordingly determine the host market strategies for their best.

Finally, this paper describes importers' proactive strategies in elevating their firmness of industrial positional in the global value chain. As described in Figure 5, importers are frontiers for delivering first-hand communication, observing host market buyers' preferences, and offering instant technical, financial, and logistic support. Rather than passive reactions to the threat of disintermediation from the supplier's global marketing, our findings suggest that importers would build their advantage through ongoing close encounters with host market buyers to cultivate *the buyer's relative commitment*. Our results suggest that, when importers build their position-shielding advantages that earn *the buyer's relative commitment*, importers can comfortably support and leverage the supplier's global marketing to create a win-win situation.

The remainder of this study is organized as follows. In the next section, the conceptual framework and research hypotheses are proposed. This is followed by descriptions of the methodology, measurements, and data analysis of the study. Finally, we conclude the article with a discussion of the results and its managerial implications.

2. Theoretical Backgrounds and Research Framework

2.1 Expanding from Dyadic to Multi-Dyadic Relationships: Insights from Supplier-OEM Relationships

Because prior exporter-importer studies are much based on theories derived from domestic B2B relationship settings, we briefly review the studies in domestic supplier-intermediary relationships. Studies address the importance of dyadic supplier-intermediary relationship qualities. For example, robust supplier-intermediary relationships enhance bilateral information sharing and communication (Selnes and Sallis 2003; Hult et al. 2007; Jean et al. 2010a), joint problem-solving (Tuten and Urban 2001; Dong et al. 2017), and better sales and marketing performances (Kumar et al. 1992; Sa Vinhas and Heide 2014). The critical role of supplier-intermediary relationship is therefore well-acknowledged. Many studies use the lens of Principal-Agent Theory to consider the supplier-intermediary relationships (Anderson and Weitz 1989; Bergen et al. 1992; Lassar and Kerr 1996; Obadia and Stöttinger 2015). That is, the conflicts of interest between suppliers and intermediaries might generate suppliers' (the principals) concerns on intermediaries' (the agents) opportunism. It is imperative for suppliers to align the downstream intermediary's incentives with the suppliers through contract designs or monitoring mechanisms (Obadia et al. 2015).

Although B2B marketing studies have recently moved from dyadic investigations to multi-dyads in vertical industrial channels (Wathne and Heide 2004; Ross Jr and Robertson 2007; Choi and Wu 2009; Dahlquist and Griffith 2014), the strategies and behaviors adopted by the intermediaries remain least understood. From suppliers' standpoint, studies have illustrated how suppliers manage the relationship with intermediary distributors to best reach their indirect end customers (Anderson and Weitz 1989; Ross Jr and Robertson 2007; Homburg et al. 2014). Supply chain management literature also evidences how suppliers can benefit from building favorable triadic supplier-supplier-buyer business connections (Choi and Wu 2009). From the

end buyer' view, substantial works have presented how industrial buyers select their indirect upstream suppliers and intermediaries to best utilize their benefits (Choi and Hartley 1996; Wuyts et al. 2004; Hoetker 2005).

However, investigations on the intermediaries' side are relatively scarce. Given that intermediaries take the boundary-spanning position in value chain (Piercy 2009; Zhang et al. 2011), the importance of intermediaries in industrial marketing is salient for both (1) delivering marketing campaigns and communications to the end buyers and (2) observing end customers' changes in demands and responses to marketing campaigns, passing them back to the supplier. It is surprising that the role and behaviors of intermediaries are under-discussed in industrial marketing literature. Therefore, this study aims to offer observations from importers' side to investigate intermediary importers' host market strategies and offer a novel angle in current literature.

Dahlquist and Griffith (2014) is an exceptional study that investigates the issue from the intermediaries' perspective. Dahlquist and Griffith (2014) find that intermediaries might oppose against supplier's direct marketing to end buyers. Dahlquist and Griffith (2014) claim that, when the upstream supplier increases marketing investments to downstream end buyers, the intermediary firm would sense the threats that the supplier might shift end buyer's preference to the supplier's advantage. Thus, suppliers' direct marketing investments might lead to intermediaries' opposing against suppliers marketing'. As acknowledged in their research limitations, the conclusion from Dahlquist and Griffith (2014) neglects the intermediary-customer relationship. Therefore, this paper fulfills this conceptual void in the literature by showing that, through building connections with the end buyers with value-added services and asset specificity, intermediaries might acquire buyer's relative commitment over the suppliers.

2.2 The Triadic Relationship among Exporters, Importers, and Host Market Buyers

Contracting with importers is a favorable internationalization approach for some exporting manufacturers since it demands lower cost (Johanson and Vahlne 1977; 1990; Bello and Lohtia 1995). However, for the exporting suppliers, an issue of partnering with an importer is that importers might misunderstand, twist, or poorly enforce the supplier's marketing campaign in the host market (Cavusgil and Zou 1994; Bello and Gilliland 1997). Prior studies illustrate that exporters can manage the issue through relational governance (Bello and Gilliland 1997; Leonidou et al. 2014) and formal contract design (Cavusgil et al. 2004; Zhou et al. 2008). However, as warnings indicated by Liang and Parkhe (1997), importers are the under-explored party in the international B2B relationship studies. Drivers and consequences of importers' strategies between enforcing and opposing supplier's marketing in the host market are little discussed.

The exporters-importers are like two-sides of coins in the international trade. However, compared to studies on exporters (Styles et al. 2008; Leonidou et al. 2014; Obadia et al. 2015), investigations on importers' strategies are relatively little. Liang and Parkhe (1997) suggested that the overlooked area of importers' behaviors might imply an erroneous assumption, which is that the international trades are always driven and dominated by exporters. Later studies responding to Liang and Parkhe (1997) have investigated exporter-importer relationships from the importers' side, but mostly following the approach of exporter studies that focus on dyadic relationship qualities between exporters and importers. (Skarmeas et al. 2002; Lee et al. 2004; Bianchi and Saleh 2010; Leonidou et al. 2011; Saleh et al. 2014a).

During our in-depth interviews, a senior account manager from importing company shared the insights: "..... (As an importer) It is more than just building relationships with our

exporting suppliers. Linking with host market buyers also matters a lot. Our host market buyers are so experienced, brilliant, and professional. If the buyers find our company not offering decent value-added services, the buyers might directly go to the supplier to remove our role in the value chain. Hence, assuring values provided and earning commitments from host market customers are also central tasks for us.” Furthermore, for importers, the threat of disintermediation does not just come from the supplier side. Over the era of Internet and globalization, host market buyers can easily access the home market exporter and request for direct business exchanges. Our in-depth interviews unveil importers’ concerns on how disintermediation might threaten the importers’ industrial position’s stability and firmness. As a boundary-spanner linking between overseas suppliers and domestic buyers (Piercy 2009; Zhang et al. 2011), importers’ full behaviors and strategies are much more beyond the exporter-importer dyads. Therefore, to fully understand how importers resolve *the conundrum for importers* in the host market, it is essential to account for the importer-buyer relationship to give the whole picture.

Two reasons account for importers’ multi-dyadic consideration in business relationship management. First, as the boundary-spanner bridging home market suppliers and host market buyers (Piercy 2009; Zhang et al. 2011), importers have broad information availabilities for directly linking to the two stakeholders. We argue that, importers can exploit their bridging role to draw a holistic view to develop their strategies in multi-dyadic relationships.

Second, for some exporting suppliers, importers are the major frontiers of exporting channels in the foreign market (Johanson and Vahlne 1977; Bello and Lohtia 1995). Importers thus also benefit from cross-national market differences between the home country and the host country. That is, cross-national differences in culture, institutions, economic developments, and business practices generate barriers for exporting suppliers to accurately interpret information

from host markets (Johanson and Vahlne 1977; Laursen et al. 2012). Compared to exporting suppliers without much experiences in the host market, importers can more precisely read the host market's changes in business climate as well as customer preferences to generate more accurate and responsive strategies. These two reasons enable importers to access comprehensive and holistic observations on multi-dyads within the vertical industrial channel.

Extended from multi-dyadic business relationship studies in domestic settings (Wathne and Heide 2004; Ross Jr and Robertson 2007; Choi and Wu 2009; Dahlquist and Griffith 2014), this study intends to examine the multi-dyadic perspective in cross-national triadic relationships on the importers' side. Therefore, this paper proposes a framework from importers' perspective to investigate on key determinants of local marketing strategy adoptions (See Figure 6).

----- *Insert Figure 6 about here* -----

Two factors account for the disintermediation threats to contemporary industrial importers. The first is Information Technology (IT) developments. IT developments have eliminated the costs of information flows to more directly bridge multiple cross-border business sectors. For example, IT integration undermine the operating costs of customized online ordering systems between cross-border buyers and sellers (Jean et al. 2010b; Kim et al. 2013). The IT advancements, therefore, enhance the level of direct exchanges between foreign suppliers and domestic customers. The second is the trend of globalization. Globalization has lowered substantial barriers to direct international trades, such as diminishing costs of cross-national logistics, integration of world financial systems, and convergence of global consumer preferences (Cavusgil et al. 2014). For the industrial importers, both IT developments and globalization have demolished the protection wall of cross-country differences, causing the crisis of possible international disintermediation. Therefore, due to the recent rapid evolvement of IT

advancement and globalization, exporting supplier's marketing on host market buyers generate forceful disintermediation threats, which constitutes the conundrum for importers between to support and to against the supplier's marketing.

2.3 Strategic Reference Point: From Commitment in Dyads to Relative Commitment in Multi-Dyads

A substantial research stream addresses the importance of commitment in the inter-organizational relationship (Dwyer et al. 1987; Anderson and Weitz 1992; Skarmeas et al. 2002; Palmatier 2008; Zhang et al. 2016). B2B commitment is defined as believes that enduring relationship with another is so imperative that each party should take certain rules or obligations at maintaining it (Morgan and Hunt 1994; Ring and Van de Ven 1994). Commitment is evidenced to be a crucial element of future intentions (Garbarino and Johnson 1999) and a driver of long-term B2B relationship success (Palmatier et al. 2006). Ample evidence has also shown commitment as a key element in international exporter-importer relationships. (Skarmeas et al. 2002; Bianchi and Saleh 2010; Saleh et al. 2014a).

Strategic reference point theory posits that, organizations can intentionally set up strategic reference points responding to internal or external pressures to achieve their strategic goals (Fiegenbaum et al. 1996; Shinkle 2012). Organizational reference point means the targeted level of performance in specific organizational areas (Ansoff 1979; Fiegenbaum et al. 1996; Shinkle 2012). Previous studies evidenced that the established strategic reference point embedded in organizations can originate from threats on the organizations' survival (Osiyevskyy and Dewald 2015), and firms might use their major competitors' performances and strategies as the key reference point to improve their internal efficiencies (Hsieh et al. 2015).

Accordingly, to evaluate the stability of their industrial position, we argue that importers

would evaluate and compare the level of commitment among multiple business dyads. Because the risk of disintermediation is a vital threat for any intermediary company's survival (Berthon et al. 2003; Mills and Camek 2004; Walters 2008), we argue the intermediary importers would regard the supplier-buyer link as the key reference point.

Overall, this paper proposes that, because (1) concerns for disintermediation crisis that threatens the importer's survival and (2) full access for thoroughly observations on cross-national multi-dyads, we believed the reference point theory offers both theoretical foundation and empirical relevance in understanding managerial insights behind the conundrum for importers.

Drawing from both literatures of relationship marketing (Anderson and Weitz 1992; Morgan and Hunt 1994; Palmatier 2008; Zhang et al. 2016) and organizational strategic reference point and aspiration level (Fiegenbaum et al. 1996; Shinkle 2012), we argue that *the buyer's relative commitment* reflects the importer's confidence in the firmness of their industrial position. As discussed, we defined *the buyer's relative commitment* as how much the host market buyer is more committed to the importer than to the exporting supplier. As a direct comparison between the buyer-importer and the buyer-supplier relationships, *the buyer's relative commitment* is the key determinant in deciding importers' host market strategies to cope with *the conundrum for importers*.

2.4 The Conundrum for Importers: to Support or to Against the Exporting Supplier's Marketing in the Host Market

The intermediary position enables importers with flexibilities to select host market strategies. The cross-national structure of exporter-importer relationships increases the exporter's difficulties in monitoring importer's actions and strategies in the host market (Cavusgil et al. 2004; Leonidou et al. 2014). Although formal contracts might list importer's responsibilities, incentives, and performance goals, the incompleteness of formal contracts might still leave

available rooms or gray areas for importers to design and perform host market strategies on their own interests (Williamson 1985; Hill 1990; Brown et al. 2000; Lado et al. 2008).

Based on Dahlquist and Griffith (2014), we define non-cooperation as importers' business approach to reduce the effects of the supplier's direct marketing investments on host market customers. Dahlquist and Griffith (2014) find that OEM firms would sense opportunistic threats of upstream suppliers intentionally shifting end customers' preferences for the upstream suppliers' interests. Likewise, our in-depth interviews with practitioners reveal that, importers might concern about being exploited or replaced in the global value chain. Hence, non-cooperation against exporting suppliers' marketing is an accessible strategy for importers to stabilize and secure their intermediate industrial position.

When perceiving *the buyer's relative commitment* over the exporting supplier, importers would not regard disintermediation as a credible threat. Therefore, *the buyer's relative commitment* hinders the chances of non-cooperation against suppliers' marketing.

Hypothesis 1. The buyer's relative commitment to the importer than to the supplier mitigate importers' non-cooperation against the suppliers' marketing in host market.

Second, when *the buyer's relative commitment* is firm, importers would view exporting suppliers' marketing advantages as assets rather than threats in business operations in the host market. To leverage these assets, importers can invest in developing long-term oriented relationships with host market buyers. B2B long-term orientation refers perception of mutual dependence of outcomes that each sector's contribution is expected to benefit the joint outcomes in the long run (Ganesan 1994). Such long-term oriented mindset is evidenced to be toward a specific B2B relationship, not generalized to all business partners (Noordewier et al. 1990). Indeed, in the buyer-seller setting, research has claimed that long-term oriented B2B relationship

benefits the supplying firm through reducing transactional cost, inventory cost, and discretionary expenses in the long run (Kalwani and Narayandas 1995).

Accordingly, for importers, whether or not to build a long-term oriented relationship with host market buyers depends on importer's confidence in their intermediary industrial position. When the threats of disintermediation are salient, there exist high structural uncertainties for the importers. In this scenario, building long-term oriented relationships with host market buyers is inaccessible and vulnerable due to severe volatilities and uncertainties (Ganesan 1994; Ryu et al. 2007). On the other hand, when importers are confident and optimistic about their future business in the marketing channel, importers hold a long-term view in the multi-dyadic relationship and are more likely to build long-term oriented relationships with host market buyers. Therefore, *the buyer's relative commitment* motivates the importer to invest and build long-term orientation with host market buyers.

Hypothesis 2. The buyer's relative commitment to the importer than to the supplier facilitate importers' long-term oriented relationships with host market buyers.

2.5 Exporting Supplier's Marketing Advantages

According to industrial marketing literature (Mudambi et al. 1997; Bendixen et al. 2004; Aaker 2012), in the multi-dyadic relationships among upstream supplier, intermediary, and downstream buyers, upstream suppliers can invest in industrial marketing to affect downstream buyers' preferences. The first key industrial marketing advantages we identified in the research context is the exporting suppliers' brand credibility. Differentiating B2B brand from B2C brands, Mudambi et al. (1997) identifies company reputation and image as a critical element in B2B marketing. Specifically, we focus on the credibility of the company brand. Brand credibility relates to the overall perceived trustworthiness of the brand reputation and image in the received

brand signal (Erdem et al. 2006). Credibility is evidenced to be a central determinant of relational commitment (Morgan and Hunt 1994; Fein and Anderson 1997; Sharma and Patterson 1999). Within the B2B multi-dyads, although upstream suppliers in industrial marketing channels sell their products to intermediary distributors and agents, industrial suppliers can still earn impactful reputations of their industrial brand credibility to affect indirect buyers' purchasing decisions (Mudambi et al. 1997; Seyedghorban et al. 2016). For instance, Intel's chip ingredient marketing "Intel Inside" in the 1990s effectively signaled the industrial brand credibility and affected contemporary OEM firms' procurement decisions (page 31, Aaker 2012). Therefore, we propose the following hypothesis.

Hypothesis 3a. The exporting supplier's brand credibility undermines the buyer's relative commitment to the importer than to the supplier.

Another advantage of suppliers' marketing is direct asset specificity to the host market buyers. Studies have identified asset specificity as a key determinant in building B2B commitments, because asset specificity represents credible safeguards of durable relationships (Williamson 1985; Ganesan 1994; Morgan and Hunt 1994; Jap and Ganesan 2000; Rokkan et al. 2003). For some exporting suppliers, idiosyncratic asset specificity is essential for cross-national communications and promotions. For example, Cisco not only offers their electronic components to the intermediary service providers but also sets up direct communication with the oversea industrial buyers to understand their needs for future product developments (Nidumolu et al. 2009). Cisco thus has invested specified assets in relationships with their indirect customers, including communication channels, oversea knowledge learning, and customized product designs. Cisco's contributions in building online communication channels increase their customers' commitment to Cisco themselves due to convenient service accessibility and

specified knowledge storage in the online system (Afuah 2003). Accordingly, we argue that exporting suppliers' asset specificity to the host market buyers facilitates better mutual communications and exchanges, thus elevating the host market buyer's commitment to the supplier.

Hypothesis 3b. The exporting suppliers' asset specificity to the host market buyer undermines the buyers' relative commitment to the importer than to the supplier.

2.6 Importers' Advantages in Shielding the Intermediate Position

Importers' advantage in shielding their intermediary position lies in their boundary-spanning role within the business multi-dyads (Joseph et al. 1995; Zhang et al. 2011; Hingley et al. 2015). Boundary-spanning perspective suggests that, as nodes linking between their upstream and downstream stakeholders, intermediaries take advantage of the accessible resources from both sides to develop the position-generated capabilities (Zhang et al. 2011). In our research context, with widened opportunities to access and communicate with host market industrial customers, importers are more capable of detecting and satisfying the host market buyer's needs.

A practical case of leveraging boundary-spanning resources to develop certain capabilities is Arrow Electronics Incorporated, a Fortune Global 500 company as well as the largest electronic component distributor in the world. Through Arrow's worldwide branches accessing global customers, Arrow's branded manufacturing suppliers (e.g. Intel) benefit from Arrow's services of global marketing, market share expansions, and end customer relationship building. For Arrow's customers, Arrow offers industrial design support, delivery, and component quality evaluation services (Hall and Madigan 2000; 2014). In 2017, Arrow's excellent services have won Fortune's "World's Most Admired Companies" list for the 17th consecutive year based on evaluations from industry executives, directors and analysts. (Fortune

2017).

Due to the relative scarcity of investigations on intermediary-buyer industrial relationships, we conducted in-depth interviews with practitioners to discuss on importers' overall competitiveness in value-added services. Our interviews show that, when evaluating on importers' competitiveness, the industrial buyers would consider multiple aspects such as the importer's reputations, technical supports, and logistic and financial services. Importers' professional capabilities in these business aspects benefit their industrial customers and thus, in turn, increase *the buyer's relative commitment*.

Hypothesis 4a. Importers' business competitiveness facilitates the buyer's relative commitment to the importer than to the supplier.

In addition to developing boundary-spanning capabilities to increase their competitiveness, importers can further invest asset specificity to host market buyers to improve effectiveness and efficiencies of their value-added services. Asset specificity signals the importers' high switching cost in the relationship with the host market buyer (Heide and John 1992; Wathne et al. 2001), sending signals of importers' intentions in agreeing with buyers' requests. Indeed, in coping with host market buyers' needs and demands, importers might input specified investments such as customer-specific knowledge learnings, customized ordering and operating systems, and specified physical assets such as plants and logistic investments (Katsikeas et al. 2009). Such idiosyncratic investments are particularly for satisfying and dealing with specific customers' needs. Therefore, importers' asset specificity to host market buyers would in turn enhance buyers' commitment to importers.

Hypothesis 4b. Importers' asset specificity to host market buyers facilitates the buyer's

relative commitment to the importer than to the supplier.

3. Methods

3.1 Sampling Frame and Data Collection

We began our research by conducting in-depth interviews with 10 senior managers of Taiwan import agents. This qualitative and exploratory approach provided valuable input for the refinement of the questionnaire and the adaptation of key constructs to the context. We also conducted a pilot study with 12 importers before the survey collection. In the second stage, based on what we learned in interviews, the pilot study and review of the literature regarding business to business relationship, we developed the survey instrument using procedures suggested by Dillman (2011).

In the data collection process, we administered two parts of cross-sectional surveys to enhance data qualities. Because this study requires responses from upper management as key respondents, we targeted purchasing managers and sales managers of the importing firms as the primary informants. For the Part I of the questionnaires, we surveyed the importer's purchasing managers to address the relationship between the importer and their major foreign supplier. The major supplier means the supplier's products would account for most of importer's sales volumes in the host market in the sales year. Then, in Part II, we matched the corresponding the host market buyer that purchases most of the product/services from the exporting supplier identified in Part I. We asked the importer's responsible marketing managers to complete the questionnaire measuring the importer-buyer relationship. Therefore, for each importer subject, we collected two parts of paired questionnaires from two key respondents.

We first drew a random sample of 1,814 Taiwanese importers from the official directory of Importers and Exporters Association of Taiwan which firms located in six metropolitan areas. The directory provides basic information of companies, including the phone number, e-mail,

contact address, firm ownership and business type. Before distributing the questionnaires, we contacted each firm to identify appropriate respondents by phone calls. The respondents needed to have job title of product, project, or purchasing manager (responsible for contacting upstream supplier) and key account, sales, or marketing manager (responsible for contacting downstream customers). As a result, we had a qualified sample of 558 firms accepting to participate in the survey.

Following the suggestions offered by Dillman (2000b) and Chidlow et al. (2015), we mailed a packet to qualified respondents which contains: (1) cover letter: explain the purpose of the study and promise anonymity; (2) questionnaire; (3) return envelope. Respondents were then contacted again to ascertain their receipt of the questionnaires and were urged to return the completed questionnaires promptly. After eliminating 13 invalid ones, 164 usable responses remained for further analysis, resulting in a response rate of 9.04 percent. We checked non-response bias by dividing the early respondents of the first quartile and the late respondents of the last quartile (Dillman 2000a). T-tests were performed on demographic variables such as employee numbers and relationship age. These descriptive variables show insignificant differences between the early and late groups in responding to our mail survey.

3.2 Measurement Scales

We used established measurements in previous studies and modified slightly to increase their applicability in our research context (Table 9. lists all the finalized scales). Table 9 shows the construct names related measurement items, reliability, convergent validity, and model fitness statistics (Anderson and Gerbing 1988; Hu and Bentler 1998). All the items are measured with Lickert seven-point scale (Very strong disagree -3 to very strong agree +3). The scales were originally developed in English and translated into Chinese to deal with the subject's language backgrounds. We used conventional translation and back-translation which were completed

independently by two English-Chinese bilingual academics (Gelfand et al. 2002). Then, the two versions of the questionnaire were reviewed by an independent third academic scholar to assure the Chinese version had achieved idiomatic accuracy. After that, the questionnaire was slightly refined according to personal interviews with another five marketing and sales managers to make sure the questionnaire did not have any major concerns with the clarity of instructions. This study has seven primary constructs: supplier's brand credibility to the host market buyer, supplier's asset specificity to the host market buyer, the importer's competitiveness to the host market buyer, the importer's asset specificity to the host market buyer, buyer's relative commitment to the importer over the supplier, importer's non-cooperation against supplier's marketing, and importer's long-term oriented relationship with the host market buyer.

----- *Insert Table 9 about here* -----

The scales for both supplier's asset specificity to the buyer and importer's asset specificity to the buyer are adapted from Anderson and Weitz (1992), Kang et al. (2009), and Subramani and Venkatraman (2003). On the one hand, our pre-study interviews with practitioners reveal that three kinds of foreign suppliers' specified investments were imperative for to accessing local industrial buyers: investments for product and service promotion, for customized operating or ordering systems, and for accumulating the specified knowledge in product development. On the other hand, our interviews also report that customers prefer importer' investments in physical assets such as plants and logistics, in customized software, in operating systems, and in knowledge for future sales program designs. Therefore, the three-item scales of the two asset specificity constructs were developed with theoretical foundations and adapted base on our interview findings.

We adapted scales used by Erdem et al. (2006) and Worm and Srivastava (2014) to capture the supplier's overall brand credibility to the buyer. We followed the definition used by Erdem et

al. (2006) that brand credibility carries a signal of the believability contained in a brand. Thus, in our adapted scales, we measure how much the B2B buyers would trust in the brand's implied skills, qualities, and how much the supplier would deliver what they promise.

The importers' competitiveness is composed of multiple aspects including importers' reputations, technical supports, logistic and financial services. After an extensive search in B2B literature, we found the criteria of industrial purchasing developed by Hutt and Speh (2007) adequately fit our research context and best resonate with our practitioners' feedback insights. Therefore, our scales for importer's competitiveness are adapted from Hutt and Speh (2007) and their follow-up study Zablah et al. (2010).

We used the scales developed by Kim and Frazier (1997) to measure following two B2B commitment constructs: the buyer's commitment to the importer and the buyer's commitment to the exporting supplier. As mentioned, buyer's relative commitment is defined as how much the industrial buyer is more committed to the importer than to the exporting supplier. To capture the construct, we designed paired items of the two commitment constructs to calculate the difference scores. Difference score is a decent measurement to address the level of disagreement and incongruence between two constructs (He and Wong 2004). The rigor of difference score approach has been evidenced by rich empirical works (Kristof 1996; He and Wong 2004; Andriopoulos and Lewis 2009; Li and Huang 2012). The satisfactory statistics of factor loadings and reliability reported in Table 9 also support the appropriateness of our measuring approach.

"Non-cooperation" refers to the intermediary's behaviour intended to seek ways to mitigate the supplier's marketing advantages by offsetting the exporting supplier's allocation of marketing investments to the downstream customer (Douthit and Stevens 2014). We made a slight modification on three items from Douthit and Stevens (2014). Scales for agent's long-term

orientation are adapted from Lusch and Brown (1996). Control variables include firm size (employee number), duration of the relationship, and supplier-agent contract type (exclusive or non-exclusive).

4. Analyses and Results

We conducted the Confirmatory Factor Analysis (CFA) and structural equation modeling (SEM) using software Mplus version 7. The control variables, the importer's size, relationship age, and contract type, were included in the CFA and SEM analyses.

4.1 Measurement Model Results

To illustrate, in Table 9 all the t statistics of item loading reach statistical significance at $\alpha = 0.01$. The Average Variance Extracted (AVE) statistics for each construct are above the required threshold of 0.5 in the literature (Hair et al. 2009). These are supportive statistics for convergent validities and satisfactory internal consistency of the hypothesized CFA model. All the reported construct statistics of Composite Reliability (CR) exceed 0.7, presenting satisfactory construct reliability from the post check (Hair et al. 2009). The goodness-of-fit statistics are RMSEA=0.057, CFI=0.934. Based on the combined criteria of RMSEA<0.06 and CFI> 0.90 proposed by Hu and Bentler (1999), the hypothesized CFA model provide acceptable goodness-of-fit.

Table 10 presents the correlation matrix and discriminant validity examination results. We performed two tests to evaluate discriminant validity. First, Fornell and Larcker (1981) suggested that discriminant validity can be determined by whether the square root of AVE for each construct exceeds the correlations between construct pairs. The results in Table 10 demonstrate that the square root of AVE is greater than pairwise correlation coefficients for each construct. In the second test, discriminant validity can also be determined by whether the confidence interval of

correlations between two latent constructs includes 1 (Bagozzi and Yi 1988). Among our pairwise correlations in CFA, no confidence interval includes 1. These results support discriminant validities of our measures.

----- *Insert Table 10 about here* -----

Finally, because we require two respondents to report paired questionnaires in data collection process, such a design of multiple responding sources prevent our results from serious common method biases (Podsakoff et al. 2012). Indeed, we used Harman's single factor analysis, exploratory factor analysis (EFA), and CFA to post-check for common method variance (CMV) in our sample (Podsakoff and Organ 1986; Chang et al. 2010). The non-rotated single factor explains only 18% of the variance, and EFA and CFA show no main factor accounting for most correlations with other factors. Hence, our post-checks show no potential CMV problem in our data sample.

4.2 Structural Model Results

We summarized structural model results in Table 11. The goodness-of-fit statistics indicate satisfactory results (CFI= 0.921, RMSEA= 0.063) (Gefen et al. 2011). All our hypothesized links are supported by empirical evidence.

----- *Insert Table 11 about here* -----

In Hypotheses 1 and 2 we address how *buyers' relative commitment* determines the importers' consequential strategies to cope with supplier's marketing. The results support Hypothesis 1 that *buyers' relative commitment* decreases the non-cooperation against supplier's marketing. Hypothesis 2 testing also confirms that *buyers' relative commitment* lead to building long-term oriented relationships with host market buyers.

In Hypotheses 3a and 3b, we proposed the effects supplier's brand credibility and direct asset specificity to the buyer on *buyers' relative commitment*. Hypothesis 3a testing indicates that supplier's brand credibility undermines *buyers' relative commitment* (p=0.084), and the result of

Hypothesis 3b implies that supplier's asset specificity directly to the industrial buyer also undermines *buyers' relative commitment* ($p=0.006$).

Finally, in Hypotheses 4a and 4b, this paper addresses two importers' shielding advantages to stabilize the industrial position. The two advantages are importers' competitiveness and asset specificity to the buyer that benefit *buyers' relative commitment* over the supplier. Our results support Hypothesis 4a that importers' competitiveness increases the *buyers' relative commitment* ($p=0.003$), and Hypothesis 4b testing presents importers' asset specificity augments the *buyers' relative commitment* as well ($p=0.091$).

5. Discussions and Conclusions

5.1 Theoretical Contributions

This study has following contributions to the literature. First, this study offers insights to the triadic business relationship among exporters, importers, and host market buyers from the importer's side. Responding to the call from Liang and Parkhe (1997) on the need of research on importers, studies offer ample investigations on exporter-importer relationship management from the importer's perspective (Skarmeeas et al. 2002; Lee et al. 2004; Dong et al. 2008; Saleh et al. 2014a). However, most empirical studies on exporter-importer relationships solely focus on the bilateral relationship qualities and governance mechanisms without considering the importer-buyer connection (Anderson and Weitz 1989; Eisenhardt 1989; Bergen et al. 1992; Lusch and Brown 1996). As suggested by Liang and Parkhe (1997), in addition to the relationship-building between importers and exporters, scholars should further investigate on importers' strategy in linking with other host market stakeholders. Otherwise, the exporter-importer literature would be lopsided by only addressing on exporters' view that assumes importers as passive and silent offer takers (Liang and Parkhe (1997), p.27). Building on the predominant works on relational elements such as trust and commitment between exporters and importers (Rodríguez and Wilson

2002; Bianchi and Saleh 2010; Saleh et al. 2014b), this study further describes importers' strategies in host market to extend the field's understandings.

Second, this study identifies the interconnectedness among three business dyads (exporter-importer, importer-buyer, and exporter-buyer) in the cross-national industrial marketing channel. We identify how characteristics of one business relationship drive the importer's corresponding strategies in managing another business relationship. Substantial studies have described the key relationship factors in establishing solid connection between two firms (Heide 1994; Morgan and Hunt 1994; Heide and Wathne 2006). In addition to predominant theories in one-to-one relationship, we employ a holistic view to examine the dynamics among multiple business dyads. This paper identifies how relationship elements within one B2B pair (e.g. the exporting supplier's asset specificity to the host market buyer) affects the relationship management strategies in another B2B pair (e.g. the importer's non-cooperation against the supplier's marketing) within the vertical marketing channel. The results of this paper suggest that, although relationship marketing research has extensively examined on the dyadic framework (Palmatier et al. 2006), relationship factors of a B2B pair cannot fully account for the firm strategies within the dyad. Therefore, this study proposes a comprehensive framework beyond the pair horizons.

Finally, numerous conceptual studies have highlighted the crucial role of intermediaries in marketing channels. Reasons include that intermediaries are the last mile of delivering product and service values to the end customers (Donnelly 1976; Cosimano 1996) and the frontiers in gathering knowledge of the market trends and consumers' preference (Peng and Ilinitch 1998). In response to the calls of examinations on intermediary's boundary-spanning function (Joseph et al. 1995; Zhang et al. 2011; Hingley et al. 2015), this study fills the gap by offering empirical

investigations from the importer's standpoint. Our results suggest importers might cultivate position-generated capabilities in securing their intermediary position. These capabilities facilitate *the buyer's relative commitment* and in turn mitigate the importer's noncooperation against exporting supplier's marketing in the host market. Considering that contemporary research employs principal-agency theory and view suppliers as dominant principles and intermediary as inferior agencies (Anderson and Weitz 1989; Eisenhardt 1989; Watson et al. 2015), we believe our findings from the intermediary's side clarifies the intermediary' strategy development and offer a novel angle in literature. Extended from studies on B2B commitments between dyads (Styles et al. 2008), in considering multi-dyads among suppliers, importers, and host market buyers, this study proposes the importance of the buyer's relative commitment to the importer than to the supplier. Therefore, this study broadens the discussions from contemporary exporter-importer literature by further considering the importer-buyer link.

5.2 Limitations and Future Studies

First, based on our in-depth interviews with senior practitioners, we have identified two key dimensions of suppliers' marketing advantages --- suppliers' brand credibility and asset specificity to the buyer --- and two key elements of importers' advantages in shielding the intermediate position --- the importers' business competitiveness and asset specificity to the buyer. Based on studies on transactional cost economics and relationship marketing, we believed our findings offer substantial theoretical insights. Future studies might follow this research to further examine other key elements in multi-dyadic business relationships.

Second, because the current study acts as preliminary research concerning the conundrum for importers, we selected a cross-sectional measurement to illustrate possible relationships between constructs. All respondents completed the survey questionnaire within a limited period. We understand that this type of research is limited in explanations to observed sample trends and

the findings are restricted to consider time as an intrinsic variable (Lin 1976). Therefore, we suggest that future research use panel data to further investigate the dynamic trends and capture possible extensions of the present framework.

Finally, due to time and resource constraints, this research only collects data from Taiwanese industrial importers regarding their oversea suppliers and domestic buyers. Our research validities are supported by satisfactory statistics and legit data collection process. Future studies might apply our framework in other importing contexts to test the generalizability of our findings.

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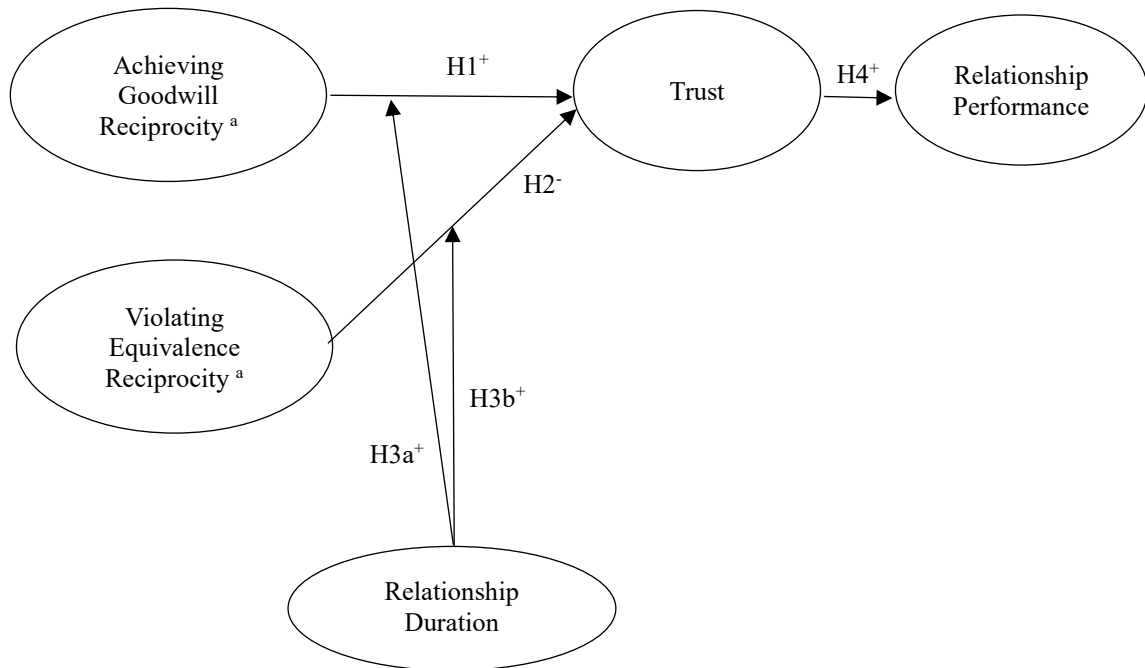
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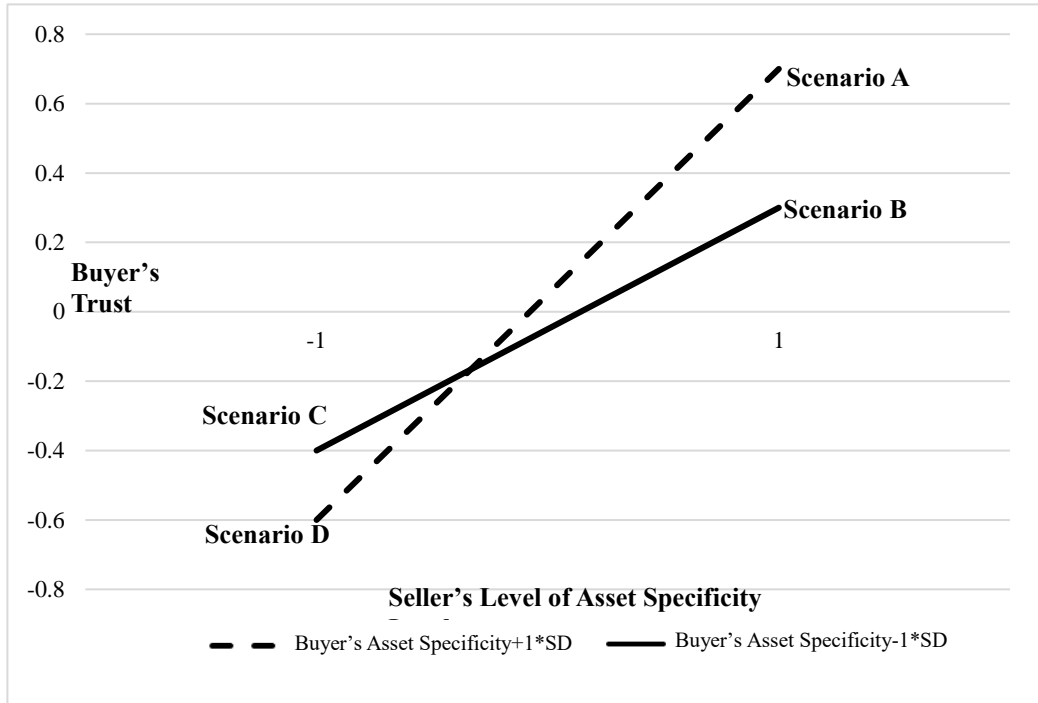
Figures

Figure 1. Research Framework of Essay 1



a: Achieving or violating the reciprocity norm within bilateral asset specificity; Control variables include buyer's asset specificity, seller's asset specificity, dependences, contact frequency, buyer's firm size, buyer's firm age, and psychic distance.

Figure 2. Interdependences between Buyer and Seller’s Asset Specificity on Trust (Model 2 in Table 3)



All stats are standardized.

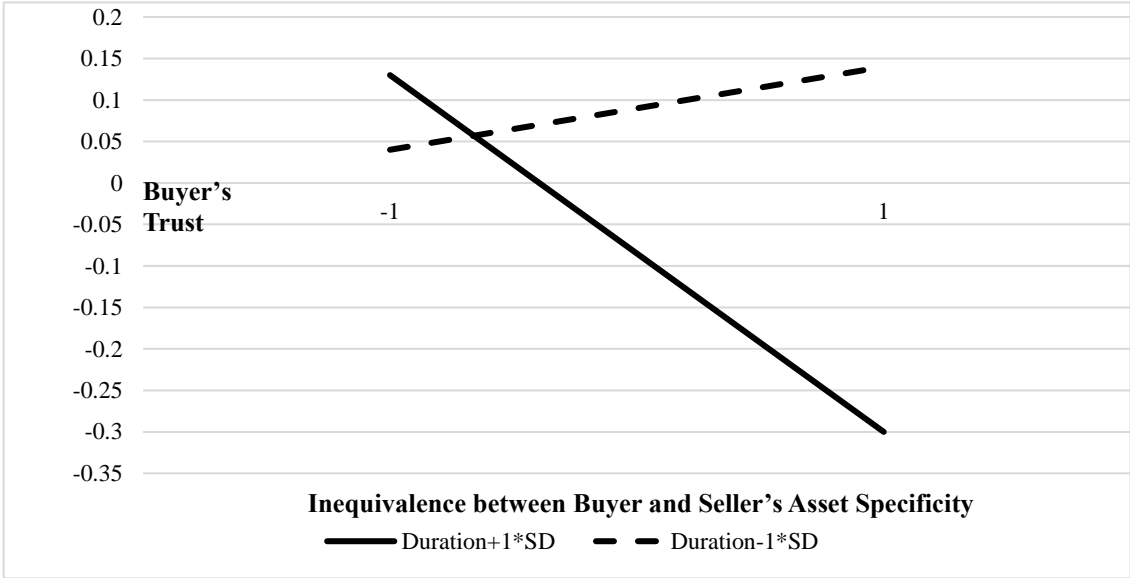
Scenario A: Buyers perceive equivalence reciprocity, where the buyer’s trust level is highest.

Scenario B: Buyers are indebted by receiving excessive goodwill from the seller, where the buyer’s trust level is 2nd highest.

Scenario C: Buyers perceive discrete transaction, where the buyer’s trust level is 3rd highest.

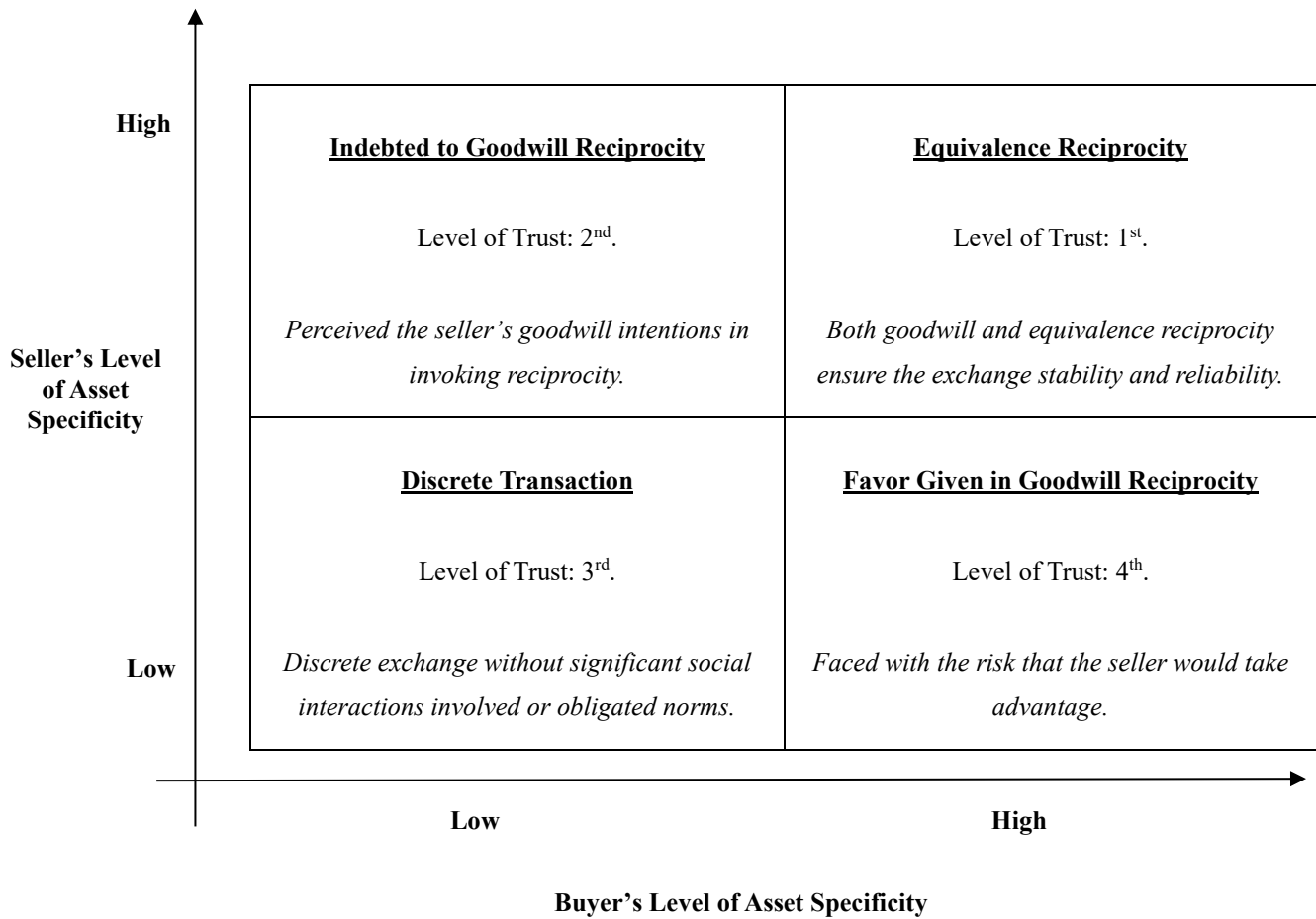
Scenario D: Buyers are insecure by giving excessive goodwill without reciprocal feedback, where the buyers’ trust is the lowest.

Figure 3. Relationship Duration Moderates the Connections between Violating Equivalence Reciprocity and Trust (Results of Model 5 in Table 3)



All stats are standardized. Note: The dotted line denotes that at early relationship stage, inequivalence within bilateral asset specificity does not significantly influence trust. However, in relationships with longer durations (the solid line), inequivalence in bilateral asset specificity violates equivalence reciprocity and significantly undermines trust.

Figure 4. A Proposed Typology of Reciprocity within Bilateral Asset Specificity (Buyer's Perspective)



Descriptions for each quadrant:

Upper-right: Both equivalence and goodwill reciprocity are fulfilled, where the buyer's trust level is the highest (1st).

Upper-left: Buyers are indebted by receiving excessive goodwill, where the trust level is 2nd highest.

Bottom-left: Buyers perceive discrete transaction, where the trust level is 3rd highest.

Bottom-right: Buyers are insecure by giving excessive goodwill without reciprocal feedback, where the trust level is the lowest.

Figure 5. Multi-dyadic Structure of Cross-Border Industrial Marketing Channels (Essay 2)

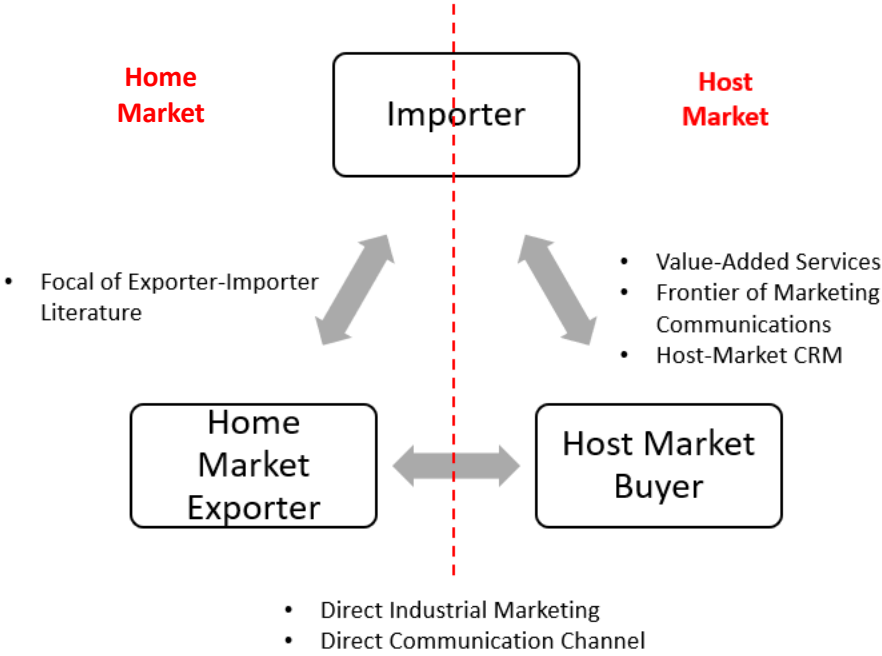
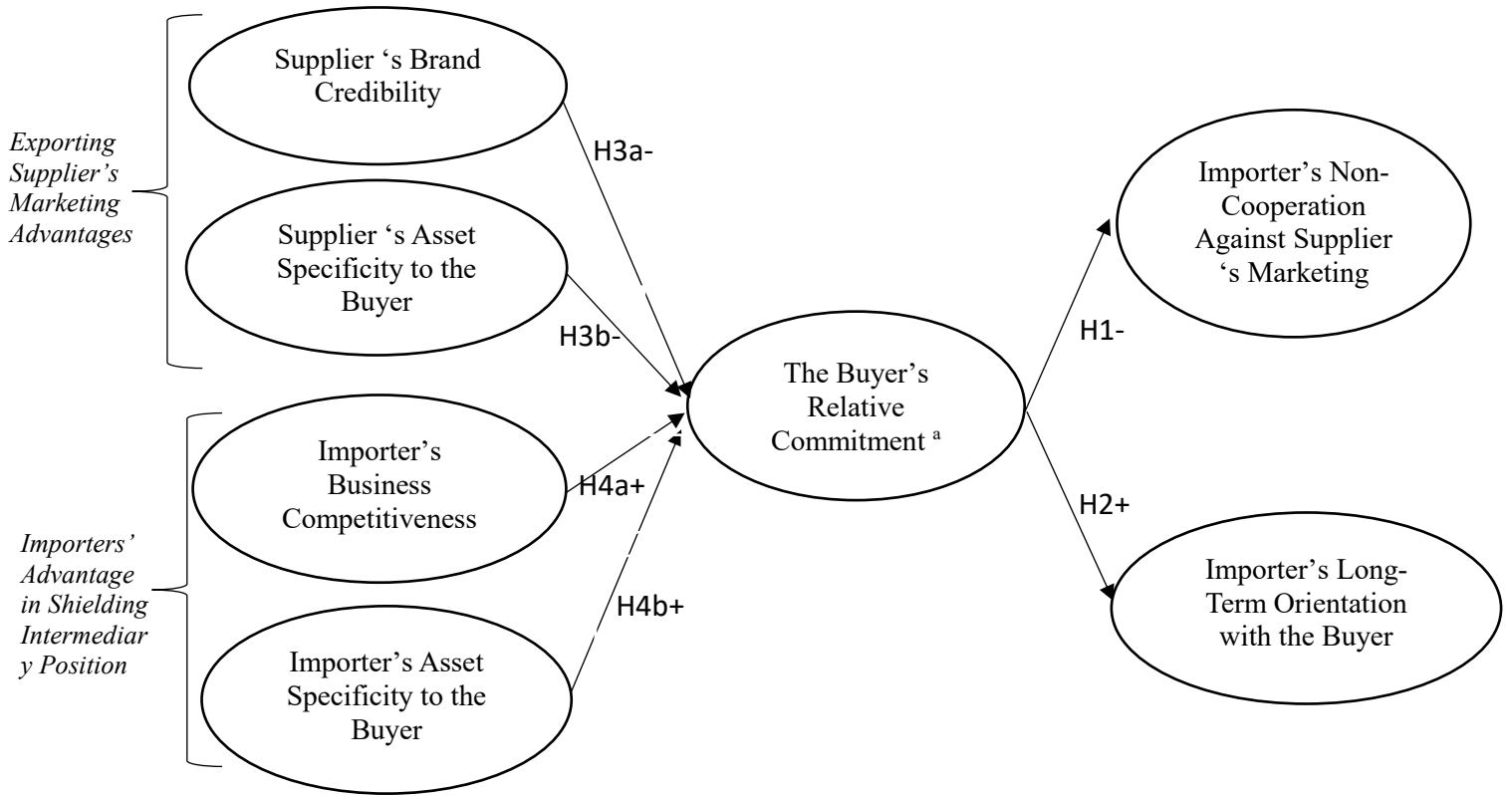


Figure 6. Research Framework of Essay 2



a: abbreviation of the buyer's relative commitment to the importer than to the exporting supplier; Control variables are agent's firm size (employee numbers), relationship age, cultural distance, the exclusive/non-exclusive agent contract.

Tables

Table 1. Conceptualization and Measurements of Reciprocity Elements of Essay 1

Reciprocity Facets	Definition	Measurement	Explanations
Goodwill Reciprocity	Responding with goodwill to reciprocate the opponent's favors (Gouldner, 1960; Rabin, 1993).	Interaction-term between buyer and seller's asset specificity	Seller's asset specificity inputs reciprocate with the buyer's existed asset specificity to signify goodwill.
Equivalence Reciprocity	Equivalence in bilateral contributions devoted or output received (Gouldner, 1960; Hoppner & Griffith, 2011; Sahlins, 1974).	Absolute difference between buyer and seller's asset specificity	The misalignments between buyer and seller's asset specificity signify violations of equivalence.

Table 2. The Country Bases of Sampling Dyads of Essay 1

Regions	Buyers	Sellers
Africa	2	-
China	13	57
Europe	39	19
India	12	1
Indonesia	5	
Japan	10	13
Malaysia	1	-
Mongolia	1	-
Mid-East	17	1
North America	21	35
Oceania	6	-
Philippines	5	1
Singapore	2	3
South America	2	-
South Korea	4	5
Taiwan	60	66
Thailand	2	1

Asian buyers and sellers are reported at country-level.

All buyer-seller relationship samples are cross-border pairs.

Table 3 CFA Results and Reliability Tests for Reflective Measures of Essay 1

Items	Standardized Loadings	Construct CR	Construct AVE
Buyer's Asset Specificity 1	0.832**	0.9171	0.7351
Buyer's Asset Specificity 2	0.919**		
Buyer's Asset Specificity 3	0.882**		
Buyer's Asset Specificity 4	0.791**		
Seller's Asset Specificity 1	0.863**	0.9169	0.7341
Seller's Asset Specificity 2	0.888**		
Seller's Asset Specificity 3	0.868**		
Seller's Asset Specificity 4	0.806**		
Trust 1	0.759**	0.8854	0.6602
Trust 2	0.736**		
Trust 3	0.855**		
Trust 4	0.890**		
Relationship Performance 1	0.822**	0.8983	0.6885
Relationship Performance 2	0.820**		
Relationship Performance 3	0.863**		
Relationship Performance 4	0.813**		

** Significant at alpha = .01

CFA model goodness-of-fit statistics: CFI=0.97. NNFI=0.95, SRMR=0.058.

Table 4 Correlation Matrix and Discriminant Validity of Essay 1.

Constructs	1	2	3	4	5	6	7	8	9	10	11	12
1. Buyer's Asset Specificity	0.857											
2. Seller's Asset Specificity	0.657	0.857										
3. Trust	0.331	0.517	0.813									
4. Performance	0.495	0.644	0.675	0.830								
5. Achieving Goodwill Reciprocity ^a	-	-	0.144	0.052	0.732							
6. Violating Equivalence Reciprocity ^b	0.005	-	-	-	0.032	0.740						
7. Psychic Distance ^c	0.003	0.168	-	0.150	0.093	-	-					
8. Duration ^d	0.084	0.057	-	-0.05	0.141	-	-	-				
9. Firm Age ^d	-	-	-	-	-	-	-	0.336	-			
10. Firm Size ^d	0.086	0.092	0.061	0.167	0.024	0.047	0.081	-	-	-		
11. Power ^d	-	-	-	0.011	-	0.108	-	0.113	0.106	-		
12. Contact Frequency ^d	0.020	0.048	0.020	-	0.120	0.116	-	-	-	-	-	
	0.159	0.100	-	-	-	0.023	-	0.138	-	-	-	
	0.118	0.187	0.048	0.048	0.018	-	0.087	-	0.157	0.080	-	
			0.209	-	-	-	-	0.145	0.143	0.026	0.073	-
				0.075	0.014	0.128	0.075					

a: Operationalized by interaction-term between buyer and seller's asset specificity; b: Operationalized by absolute difference

between buyer and seller's asset specificity; c: Formative construct; d: Constructs measured by single item;

Numbers on the diagonal are the square root of average value extracted (AVE).

Table 5. PLS Hypotheses Testing and Model Goodness-of-Fit of Essay 1

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Controlled Effect Estimates						
Buyer's Firm Age -> Performance	-0.135	-0.122*	-0.122*	-0.122*	-0.122*	-0.122*
Buyer's Firm Age -> Trust	-0.030	-0.034	-0.038	-0.031	-0.020	-0.029
Buyer's Asset Specificity -> Performance	0.157*	0.156**	0.156**	0.156*	0.156*	0.156*
Buyer's Asset Specificity -> Trust	-0.006	0.048	-0.023	0.031	0.016	0.000
Power -> Performance	-0.142**	-0.090*	-0.090	-0.090	-0.090	-0.090
Power -> Trust	-0.110	-0.123*	-0.107*	-0.108	-0.089	-0.098
Duration -> Performance	-0.046	-0.009	-0.009	-0.009	-0.009	-0.008
Duration -> Trust	-0.094	-0.075	-0.049	-0.091	-0.088	-0.071
Contact Frequencies -> Performance	0.143**	0.087*	0.087*	0.086*	0.086*	0.086*
Contact Frequencies -> Trust	0.121*	0.097*	0.124*	0.124*	0.093	0.089
Psychic Distance->Performance	0.045	0.095	0.095	0.095	0.095	0.095
Psychic Distance->Trust	-0.104	-0.119	-0.096	-0.101	-0.111	-0.106
Seller's Asset Specificity -> Performance	0.517**	0.277**	0.277**	0.277**	0.277**	0.277**
Seller's Asset Specificity -> Trust	0.551**	0.510**	0.528**	0.474**	0.479**	0.482**
Buyer's Size -> Performance	0.046	0.052	0.052	0.052	0.052	0.052
Buyer's Size -> Trust	-0.015	0.005	-0.027	0.002	0.005	-0.016
Hypothesized Effect Estimates						
Trust -> Performance (H4)		0.451**	0.451**	0.451**	0.451**	0.451**
Achieving Goodwill Reciprocity ^a -> Trust (H1)		0.147**	0.124*			0.105*
Achieving Goodwill Reciprocity ^a -> Duration -> Trust (H3a)			-0.003			0.001
Violating Equivalence Reciprocity ^b -> Trust (H2)				-0.084	-0.084	-0.076
Violating Equivalence Reciprocity ^b * Duration -> Trust (H3b)					-0.130**	-0.020**
PLS Model Goodness-of-Fit Statistics						
Adjusted R ²	0.462	0.602	0.602	0.602	0.619	0.619
SRMR	0.060	0.062	0.064	0.064	0.064	0.065

a: Operationalized by interaction-term between buyer and seller's asset specificity; b: Operationalized by absolute difference

between buyer and seller's asset specificity; **: Significant at alpha = .01; *: Significant at alpha = .05.

Table 6. Summary of Hypotheses Testing of Essay 1

Hypotheses	Contents	Results
Hypothesis 1	Achieving goodwill reciprocity within bilateral asset specificity enhances trust.	Supported
Hypothesis 2.	Violating equivalence reciprocity within bilateral asset specificity harms trust.	Not Supported
Hypothesis 3a.	Achieving goodwill reciprocity within bilateral asset specificity more effectively enhances trust over the relationship duration.	Not Supported
Hypothesis 3b.	Violating equivalence reciprocity within bilateral asset specificity more severely harms trust over the relationship duration.	Supported
Hypothesis 4.	Trust increases relationship performance.	Supported

Table 7. CFA Marker: the CMV Check of Essay 1

Model	Chi-Square	df	CFI
CFA	356.39	142	0.96
Baseline	363.97	146	0.96
Method-Constrained	360.21	145	0.96
Method-Unconstrained	351.55	130	0.96
Chi-Square Comparison Results	$\Delta \chi^2$	Δdf	Chi-Square Critical Value
Baseline vs Method-C	3.76	1	3.841
Method-C vs Method-U	8.66	15	24.996

Note: the insignificance of $\Delta \chi^2$ statistics indicate our results is not biased by congeneric nor non-congeneric method variances.

Table 8. Measurement Scales of Essay 1.

Construct	Measurement
Buyer's Firm Age	How long has your firm been in business? ___years
Buyer's Firm Size	How many full-time employees does your company have? ____employees (employee No.)
Dependence	What percentage of the total purchasing volume in this product category is accounted for by this supplier (0%.-100%)? ___%.
Relationship Duration	How long have your company been doing business with this supplier? _____years
Contact Frequencies	Please indicate the frequency your firm did business with this supplier? (7 points very infrequently... very frequently scale)
Seller's Asset Specificity	(Adapted from Katsikeas et al. (2009), Jan B Heide and John (1990), and Rokkan et al. (2003)). <ol style="list-style-type: none"> 1. This supplier has invested a great deal in our business. 2. This supplier has made extensive internal adjustments in order to deal effectively with our firm 3. This supplier has made substantial commitments of time and money in training their people to deal with our firm. 4. This supplier has gone out of its way to link us with their product line or logistic system. (7 points strongly disagree... strongly agree scale)
Buyer's Asset Specificity	(Adapted from Katsikeas et al. (2009), Jan B Heide and John (1990), and Rokkan et al. (2003)). <ol style="list-style-type: none"> 1. We have invested a great deal in this supplier's business. 2. We have made extensive internal adjustments in order to deal effectively with this supplier. 3. Our firm has made substantial commitments of time and money in training our people to deal with this supplier. 4. Our firm has gone out of its way to link this supplier with our product line or logistic system.

	(7 points strongly disagree... strongly agree scale)
Psychic Distance	<p>(Formative scale adapted from Bello and Briggs (2009); Obadia, Bello, and Gilliland (2015)) Please evaluate the degree of dissimilarity in this supplier's operating country and environment.</p> <ol style="list-style-type: none"> 1. Culture (traditions, values, language) 2. Accepted business practices 3. Economic environment 4. Legal system 5. Communication infrastructure <p>(7 points very similar... very different scale)</p>
Trust	<p>(Adapted from Doney and Cannon (1997))</p> <ol style="list-style-type: none"> 1. This supplier keeps promises it makes to our firm. 2. We believe the information that this vendor provides us. 3. When making important decisions, this supplier considers our welfare as well as its own. 4. We trust this vendor keeps our best interests in mind. <p>(7 points strongly disagree... strongly agree scale)</p>
Relationship Performance	<p>(Adapted from Selnes and Sallis (2003))</p> <ol style="list-style-type: none"> 1. Flexibility to handle unforeseen fluctuations in demand has been improved because of the relationship. 2. The relationship with this supplier company has resulted in better product quality. 3. The relationship has a positive effect on our ability to develop successful new products. 4. The relationship helps us to detect changes in end-user needs and preferences before our competitors do. <p>(7 points strongly disagree... strongly agree scale)</p>
Relative Importance of Goals in Attaining Trade Show	<p>(CFA Marker adapted from Godar and O'Connor (2001))</p> <p>Please evaluate the importance of following objectives for your attendance to this trade show...</p>

	<ol style="list-style-type: none">1. Collect information about new products/developments in the industry.2. Collect information about competitors' prices, products, and strategies.3. Collect information in general. <p>(7 points strongly disagree... strongly agree scale)</p>
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Table 9. Scales and Measurement Model Results of Essay 2

<i>Constructs & Item Descriptions</i>	<i>Standardized loading</i>
Construct: Supplier's Brand Credibility (AVE= 0.8249, CR= 0.9493).	
• In the eyes of our customer, the supplier's brand delivers what it promises.	0.798
• The supplier's brand has name that our customers trust.	0.980
• Our customers trust in the skills of the supplier's brand.	0.955
• In the eyes of our customer, the supplier's brand has reputations for high quality.	0.889
Construct: Supplier's Asset Specificity to the Buyer (AVE= 0.7504, CR= 0.9001).	
• If the supplier terminates the relationship with this end buyer, the supplier would lose a lot of investments of promotions it has made in this indirect buyer.	0.838
• If the supplier terminates the relationship with this end buyer, the supplier would lose a lot of investments of customized software and operating systems it has made in this indirect buyer.	0.910
• If the supplier terminates the relationship with this end buyer, the supplier would lose a lot of investments of knowledges in developing new products and programs it has customized for this indirect buyer.	0.849
Construct: Importers' Business Competitiveness (AVE= 0.5707, CR= 0.8673).	
<i>Please answer the relative importance of following criteria in the customer's selection of your company as the cooperated industrial importer (1-not important...7-very important).</i>	
• The importer's support services (e.g., pre-sale and post-sale services including training, maintenance, call center support).	0.812
• The importer's functionality (e.g., preciseness, reliability).	0.879
• The importer's reputation (e.g., how well known the agent is, how others view it in general terms, agent company history).	0.774
• Logistics and distribution offered by the importer (e.g., availability of product, ease of ordering, lead time, delivery reliability and convenience, capacity to handle the order).	0.609
• Price offered by the importer (e.g., quoted price, degree of discount, financial support services).	0.672
Construct: Importers' Asset Specificity to the Buyer (AVE= 0.8198, CR= 0.9314).	
• If we terminate the relationship with this customer, we would lose a lot of	0.869

investments of physical assets we've made in this buyer.	
• If we terminate the relationship with this customer, we would lose a lot of investments of customized software and operating systems we've made in this buyer.	0.851
• If we terminate the relationship with this customer, we would lose a lot of investments of knowledges in developing new programs we've customized for this buyer.	0.990
Construct: The Buyer's Relative Commitment to the Importer than to the Supplier (AVE= 0.5606, CR= 0.7925) ^a	
• This customer is going to continue business relationship with <i>our firm</i> (or <i>this supplier</i>) for many years.	0.783
• This customer devotes more time to <i>us</i> (or <i>this supplier</i>) when we (or <i>this supplier</i>) need (s) help.	0.756
• For this customer, <i>we are</i> (or <i>this supplier is</i>) a very important ally of the whole distributorship.	0.705
Construct: Non-Cooperation Against Supplier 's Marketing (AVE= 0.7683, CR= 0.9084).	
<i>When considering this Supplier and Industrial Buyer...</i>	
• ...our firm seeks ways to reduce the effects of the supplier's marketing investments in the local industrial buyer.	0.836
• ...our firm seeks ways to counter the effects of the supplier's marketing investments in the local industrial buyer.	0.940
• ...our firm seeks ways to offset the supplier's influence on the local industrial buyer.	0.850
Construct: Long-Term Orientation with the Buyer (AVE= 0.7168, CR= 0.8833)	
• We expect the relationship with our major customer to continue a long time.	0.825
• Renewal of the relationship with our major customer is virtually automatic.	0.801
• Our relationship with our major customer is enduring.	0.920

a: calculated from different scores of paired items between *The Buyer's Commitment to the Importer* and *The Buyer's Commitment to the Exporting Supplier*. AVE: Average Variance Extracted. CR: Composite Reliability. Goodness-of-fit statistics: RMSEA=0.057, CFI=0.934. CFA analysis includes control variables.

Table 10. Correlation Matrix and Discriminant Validity of Essay 2.

Constructs	1	2	3	4	5	6	7
1. Supplier's Brand Credibility	0.908						
2. Supplier's Asset Specificity	0.127	0.866					
3. Importers' Business Competitiveness	0.253	0.094	0.755				
4. Importers' Asset Specificity	0.065	0.445	0.181	0.905			
5. The Buyer's Relative Commitment to the Importer than to the Supplier	-0.018	-0.201	0.246	0.090	0.749		
6. Importer's Non-Cooperation Against Supplier 's Marketing	-0.003	0.387	0.128	0.261	-0.151	0.877	
7. Importer's Long-Term Orientation with the Buyer	0.338	0.043	0.473	0.141	0.194	0.013	0.847

Numbers on the diagonal are the square root of average variance extracted (AVE).

Table 11. Structural Model Results of Essay 2.

Hypotheses & Controls	Standardized Estimation (p-value)
Hypotheses	
Hy. 1 The Buyer's Relative Commitment ^a -> Importers' Non-Cooperation Against Supplier 's Marketing (-)	-0.152 (0.093)*
Hy. 2 The Buyer's Relative Commitment ^a -> Importers' Long-term Orientation to the Buyer (+)	0.160 (0.070)*
Hy. 3a Importers' Business Competitiveness -> The Buyer's Relative Commitment ^a (+)	0.276 (0.003)**
Hy. 3b Importers' Asset Specificity to the Buyer -> The Buyer's Relative Commitment ^a (+)	0.167 (0.091)*
Hy. 4a Supplier's Brand Credibility -> The Buyer's Relative Commitment ^a (-)	-0.153 (0.084)*
Hy. 4b Supplier's Asset Specificity to the Buyer -> The Buyer's Relative Commitment ^a (-)	-0.271 (0.006)**
Controls	
Importers' Size-> The Buyer's Relative Commitment ^a	-0.113 (0.257)
Importers' Size-> Importers' Non-Cooperation Against Supplier 's Marketing	-0.151 (0.113)
Importers' Size-> Importers' Long-term Orientation to the Buyer	0.056 (0.349)
Cultural Distance-> The Buyer's Relative Commitment ^a	0.009 (0.924)
Cultural Distance-> Importers' Non-Cooperation Against Supplier 's Marketing	-0.193 (0.041)**
Cultural Distance-> Importers' Long-term Orientation to the Buyer	0.051 (0.388)
The Relationship Age -> The Buyer's Relative Commitment ^a	0.117 (0.243)
The Relationship Age -> Importers' Non-Cooperation Against Supplier 's Marketing	0.001 (0.992)
The Relationship Age -> Importers' Long-term Orientation to the Buyer	-0.098 (0.458)
Exclusive/Non-Exclusive Import -> The Buyer's Relative Commitment ^a	0.244 (0.261)

Exclusive/Non-Exclusive Import-> Importers' Non-Cooperation Against Supplier 's Marketing	0.100 (0.636)
Exclusive/Non-Exclusive Import -> Importers' Long-term Orientation to the Buyer	-0.098 (0.458)

Note: a: abbreviation of the buyer's relative commitment to the importer than to the exporting supplier; *: significant at alpha = 0.1. **: significant at alpha = 0.05 (two-tailed). Goodness-of-fit: CFI= 0.921, RMSEA= 0.063. Control variables are standardized in the SEM model.

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