The Impact of Managing Business Partners Supported by Web-based Technologies on Inter-organisational Relationships: An Empirical Study from Partners' Perspective Within the ICT Industry

A Thesis Submitted in Fulfilment of the Requirement for the Degree of Doctor of Philosophy in Marketing

12 January 2007

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Declaration

The author hereby declares that no portion of the work referred to this thesis has been submitted in support of an application for another degree or qualification, of this or any other university, or other institute of learning.

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Acknowledgements

In completing this thesis, there are many people to whom I owe a great deal of thanks. First and foremost, I am truly indebted, in a number of ways, to my supervisor, Dr. Christopher Storey, for his support, patience and encouragement at various stages throughout my PhD. His supervision, input, guidance, advice, and comments have helped me to achieve this milestone.

I am grateful to Professor Chris Hendry, Associate Dean of Research at Cass Business School, for his confidence in my abilities and his support that has allowed me to attend conferences and to conduct fieldwork for my research. Not forgetting, I am also grateful to Mrs. Margaret Busgith, Coordinator of PhD Programmes, who has provided me with necessary assistance during my PhD studies.

Thanks are also due to Professor Jean-Charles Chebat, Professor Mark Gabbot, Professor Vince-Wayne Mitchell, and Dr. Caroline Weitz, for adding invaluable advice, comments and suggestions to my research. Their enthusiasm and creativity for producing high-quality research have inspired and motivated me to work harder.

I would also like to extend special thanks to my colleagues, Iqbal, Sharon, Son, and Samir, at Cass Business School for their friendship, invaluable advice, and encouragement. Special thanks are also due to my friends: Itai Beeri, Shahril, and Ashraf, for their assistance with statistical matters.

Moreover, I would like to acknowledge my sincere appreciation for my sponsor, the Council of Trust for the Ingenious People, an agency under the Ministry of Entrepreneur and Co-operative Development of Malaysia, for granting me the educational aid for my studies at the Bachelor, Master, and Doctorate levels.

Most importantly, my deepest gratitude, tribute and love are dedicated to my parents, Hajjah Zainab and Haji Kedah, for their care, support, and encouragement in my life, and I am truly indebted to my wife, Nor Azizah, for her true love, continued support and understanding throughout my education and career. Their prayers and sacrifices have inspired me to make many of my dreams come true.

Abstract

Due to increasing globalisation and intense international competition, companies have begun to realise that supplier–partner relationships are becoming a key force necessary in business-to-business (B2B) distribution channels to achieve significant monetary and non-monetary benefits. However, the tasks required of implementing a successful B2B distribution strategy for a supplier and its partners face greater challenges, and are more complex now than just a few years ago. One of the methods used to overcome the challenges inherent to the supplier-partner relationship is by creating and adopting new solutions, often referred to as Partner Relationship Management (PRM), in order to provide an entire suite of web-based software solutions that are specifically targeted toward building closer and more productive supplier-partner relationships (Mirani, Moore, and Weber, 2001).

In fact, substantial capital is invested in web-based technologies to complement existing traditional approaches for achieving higher business performance and quality relationships. However, this phenomenon raises the following questions: Does the result of this investment alongside traditional approaches have significant impact on business performance? Do these two approaches have significant impact on high quality relationships? If so, what are their driving factors? Therefore, this research addresses these questions in the context of supplier-partner relationships within the Information and Communication Technology (ICT) industry.

Based on a sample of 196 partner organisations, we carry out an empirical study and document the association between both driving factors and indicators of high quality relationships. We find support for the hypotheses posed, such as the impact of certification on relationship setting, marketing support, technical support, and relationship commitment. We also find support for the impact of relationship setting on marketing support, relationship management, technical support, non-economic satisfaction and relationship quality. Furthermore, the results of this research indicate that marketing support and relationship management have significant impact on

economic satisfaction, and that relationship management has significant impact non-economic satisfaction, while technical support has significant impact on customer satisfaction. Finally, we find support for significant relationships between economic satisfaction and relationship commitment, non-economic satisfaction and relationship quality, customer satisfaction and relationship commitment, as well as relationship quality and relationship commitment. Discussion of theoretical and managerial implications, research limitations and further investigation, as well as final conclusions, are also provided.

CHAPTER 1 INTRODUCTION

1.1 Research Background

Our research examines suppliers' key strategy within the Information and Communications Technology (ICT) industry to sell their products (e.g. hardware, software, applications, networking) or services (e.g. maintenance, after-sales service, parts) via business partners to the end customers. This is due to increasing globalisation and intense international competition, ICT companies have begun to realise that supplier–partner relationships are becoming a key force necessary in business-to-business (B2B) distribution channels to achieve significant monetary and non-monetary benefits. In terms of monetary benefits, indirect sales via business partners may increase revenues and improve performance indicators (e.g. sales, market share, profitability) as partners extend a supplier's market reach to sell and service more products (Weber, 2001). For example, in order to compete in today's atmosphere, Cisco Systems, a leading supplier of networking equipment, has transformed itself and its resellers from traditional network-related physical products sellers, into a company that sells network-related solutions, by redefining its business and providing its more than 36,000 resellers with value-added networked-based solutions (Mitchell, 2001). As a result this strategy, Cisco and its resellers are now able to reap the rewards of higher prices and increased margins, at a time when margins on commoditised pure products have been declining. As Cisco demonstrates, the supplier-partner relationships can reduce costs in terms of duplication of efforts and inefficiencies, which in turn, can increase productivity and revenues (Tuten and Urban, 2001).

In terms of non-monetary benefits, the supplier-partner relationships may allow for increased competitive advantages and provide higher quality products and services, such as those that better meet customer needs and expectations (Tuten and Urban, 2001, Rosenbloom, 2007). For example, Kent-Datacomm is a Houston-based Cisco partner. In the mid-1990s, Kent-Datacomm joined the Cisco Channel Partner Program and began to listen to its customers' needs. Partnering with Cisco resulted in Kent changing its target markets, significantly expanding its market reach, and propelling its customers into Internet-ready positions. As a result, over a five-year

period, Kent transformed from a traditional wire and cable distributor into a market leading reseller of solutions for voice access, IP telephony, and network security (Mitchell, 2001).

Despite these significant benefits and the growing importance of indirect sales via business partners, the tasks required of implementing a successful B2B distribution strategy for a supplier and its partners face greater challenges, and are more complex now than just a few years ago (Rosenbloom, 2007). The complex tasks of coordinating and integrating multiple channels that operate at high levels of efficiency has forced practitioners to deal with a variety of challenging issues, such as the role of e-commerce in multi-channel structures, finding an optimal channel mix, creating synergies across channels, building strategic alliances, creating sustainable competitive advantages, managing more complex supply chains, dealing with conflict, and providing the leadership necessary to attain well-integrated multiple channels (Rosenbloom, 2007). One of the methods used to overcome the challenges inherent to the supplier-partner relationships is by creating and adopting new solutions, often referred to as Partner Relationship Management (PRM), in order to provide an entire suite of web-based software solutions that are specifically targeted toward building closer and more productive supplier-partner relationships (Mirani, Moore, and Weber, 2001). In addition, Internet infrastructure and standards have rapidly advanced, providing attractive new opportunities to leverage scarce corporate resources with the availability of a variety of web-based PRM solutions or systems and modules for enhancing inter-organisational relationships (Mirani, Moore, and Weber, 2001).

As PRM solutions provide ever-increasing opportunities to establish and maintain significant competitive advantage by enabling more consistent communication and more streamlined processes between suppliers and partners (Mitchell, 2001), leading suppliers in the ICT industry, such as Cisco, Microsoft, and Intel, pioneer the charge to leverage the capabilities of web-based technologies, building more productive and higher quality supplier-partner relationships (Mirani, Moore and Weber, 2001). The authors add that the promise of technology-based PRM solutions is to help suppliers to increase revenues by expanding partner sales and to improve profits by reducing the manpower required to manage a large network of partners. For this reason, most ICT suppliers have recognised that the use of web-

based technologies to build productive and high quality relationships with their business partners have now become the rule and not the exception. As a result, substantial capital has been invested in the web-based technologies to complement existing traditional approaches for achieving higher business performance and higher quality relationships. However, the tremendous growth in this phenomenon raises a number of questions. Does the result of this investment alongside traditional approaches have significant impact on business performance? Do these two approaches have significant impact on high quality relationships? If so, what are their driving factors? Therefore, this research addresses these questions in the context of supplier-partner relationships within the ICT industry.

1.2 Objectives

Based on literature review in relationship marketing, there is a lack of research demonstrating the impacts of such investment. In particular, there is limited research as to the role and contribution of best practices of traditional relationship marketing supported by web-based technologies in the context of business-to-business environments (e.g. Wilson and Vlosky, 1998; Wu, Yeniyurt, Kim, and Cavusgil, 2006; Ryssel, Ritter, and Gemünden, 2004). Although these researchers develop theories about the effects of ICT investment, there remains still limited examination of the impact of specific ICT investments, such as web-based PRM technologies, alongside traditional approaches on inter-organisational relationships. Furthermore, prior research sheds no light on which driving factors develop and build high quality relationships in the context of the ICT industry. Therefore, this research has two objectives. The first is to understand the best practices of relationship marketing supported by web-based technologies within the industry. The second objective is to find driving factors and their evidences for building high quality relationships. In order to achieve these two objectives, we conduct literature review and qualitative studies to explore key issues related to relationship marketing supported by web-based technologies, while quantitative studies are conducted to provide evidences of the driving factors (i.e. traditional approaches and web-based PRM solutions) that have significant impact on indicators of high quality relationships. It is hoped that the results of this research will offer vital contributions to both academics and

practitioners around the world, in effort to understand best practices for managing partner relationships with the use of web-based technologies.

1.3 Justification for Research

The proposed research is justified due to the growing importance of indirect sales within the ICT industry, gaps in existing academic literature, and the expected benefits of implementing best practices for enhanced supplier-partner relationship management purposes.

Existing literature suggests that indirect sales via business partners have become a major trend and are of growing importance within the ICT industry. Based on recent findings by Gartner Dataquest, the future strength of indirect IT sales will surpass indirect sales by 2007 (Apfel, 2007). In addition, as a result of web-based e-commerce, globalisation, and intense international competition, selling products and services via a wide range of channels has become a major force necessary in order to meet today's increased levels of customer choice and service (Rosenbloom, 2007). Furthermore, according to McQuiston (2001), partnering with resellers has taken an ever-increasing role of importance in the business-to-business marketing arena, especially when faced with vast proliferation of both domestic and international competition as well as markets that are becoming increasingly fragmented. For example, a large number of well-known companies, such as Xerox, Hewlett Packard, and IBM, rely exclusively on representatives to sell their products and choose to outsource certain aspects of their sales functions to independent representatives for at least two reasons. Firstly, doing so allows the company's direct sales forces to concentrate on larger accounts, and secondly, independent representatives have much more intimate knowledge of their particular markets and can penetrate them much more successfully than direct salespersons (Marchetti, Michele, and Brewer, 1998).

Yet despite the increasingly important role of the supplier-partner relationship in the global business arena, there remains a persistent lack of academic research in this area. In fact, according to a number of researchers (Rao, Perry, and Frazer, 2003; Mirani, Moore, and Weber, 2001), the influence of web-based technologies to

enhance inter-organisational relationships receives little attention in existing marketing literature.

Two primary gaps have been identified in existing literature. Firstly, there has been little academic recognition of the role of web-based technologies, such as Partner Relationship Management (PRM) solutions, to enhance supplier-partner relationships in the context of business-to-business environments (e.g. Mirani, Moore, and Weber, 2001; Rao, Perry, and Frazer, 2003). Secondly, relationship marketing literature is heavily focused on business-to-business relationships, such as the buyer-seller or buyer-vendor relationships, in manufacturing, rather than within the ICT industry, as in our research (e.g. Anderson and Weitz, 1992; Morgan and Hunt, 1994). This view of existing literature gaps is in line with previous researchers (Weber, 2001; Mirani, Moore, and Weber, 2001), who find that research in the area of collaborative relationships between suppliers and resellers receive considerably little attention in the marketing literature.

The final justification for this research is found in the potential benefits that this research can offer to practitioners. It is envisaged that the findings of the research will offer managerial implications, such as toward the development and improvement of both web-based technologies and traditional approaches, which need be in place in order for suppliers to effectively manage a large network of business partners. In addition, suppliers should not only limit their focus on the level of interpersonal skills and traditional interaction approaches, but also increase their competencies in utilising web-based technologies, such as PRM solutions, in order to support business partners in selling their products and services. We believe that if the recommendations provided by this research are well established by organisations, personnel will have a clearer understanding and greater awareness of the aspects of marketing support, relationship management, and technical support, in order to achieve higher business performance and greater quality supplier-partner relationships. As this research focuses on the best practices of relationship marketing supported by web-based technology pioneered by supplier organisations within the ICT industry, its findings can also benefit other industries with similar channel management strategies or that rely on indirect sales via business partners to reach end customers.

1.4 ICT Industry Overview

1.4.1 Introduction

This section provides an overview of the global ICT sector and the areas of estimated expenditures, followed by an overview of the ICT sector, in the United Kingdom, Ireland, Malaysia and Singapore. The selection of these countries for our research is based on four primary reasons. Firstly, the use of web-based technology and partner relationship management practices originating from the United States of America (USA) are also implemented by ICT suppliers in the United Kingdom, Ireland, Malaysia, and Singapore, four countries known to be amongst the most pioneering in the world. This is true because when these suppliers expand their business across Europe or Asia, they often implement the same practices in managing their business partners. Secondly, based on experiences living in these countries by the researchers, it can be considered that web-based technologies and their infrastructure are well-developed and on par with the USA. Thirdly, the medium of conducting business within the ICT industry, between leading ICT suppliers and their partners in these countries, exists mainly in the English language and hence, it is unnecessary to translate the original questionnaire for the respondents. Finally, as the researchers are based in London and the research is sponsored by one of education agencies in Malaysia, we have easy access to the contact information of the practitioners in ICT industry of these countries. Therefore, these four countries are viewed appropriate for this research.

According to Kelly (2006), from the Organisation for Economic Co-operation and Development (OECD), the global ICT industry is predicted to grow a vigorous six percent in 2006, however 20 and 30 percent growth, like that seen in the 1990s remains unlikely to be seen again. The OECD predicts that the highest growth areas will be in Internet-related investments, Linux servers, digital storage, personal digital assistants, and new portable consumer products. In addition, Gartner Consulting estimates that global spending in 2005 was approximately USD $1 trillion in the following regions (Institute of Infocomm Research, 2004), as shown in Table 1.1.

Table 1.1: Estimated Global IT Spending Summary (2005 Data in USD)

Value Added Mobile Services (US$621 billion)	Centres on technologies that support, or allow ubiquitous connectivity to applications, devices or systems, such as location sensing and enterprise instant messaging.
Infrastructure for Wireless and Wired Networks (US$428 billion)	Focuses on hardware and software technologies required to support the flow and processing of information. Included in this cluster are wireless and wireline technologies, such as wireless LAN and peer-to-peer.
Multimedia Processing and Management (US$93 billion)	Concentrates on technologies that enable the integrated presentation of text, graphics, video, animation and sound. These technologies allow services like e-learning and professional online services. Examples of technologies in this cluster include digital rights management, input (e.g. speech recognition) and data processing technologies (e.g. audio/data mining).
Web Services and Portals (US$156 billion)	Emphasises new applications and services that arise from evolving web technologies. For commercial viability, there is a need for standardization and inter-operability in this segment. Key segments of this cluster include the technology providers, as well as applications and service providers.
Security and Trust Infrastructure (US$96 billion)	Focuses on aspects of security, such as Firewalls, Encryption Software, Authentication, Authorisation and Access, as well as Anti-virus Software.

(Source: Institute for Infocomm Research [I^2R], 2004)

In summary, estimated global spending in the ICT sector in 2005, as shown in Table 1.1 indicates that the sector has not only the potential for high growth, as one of the most important sectors worldwide, but also makes significant contribution to the world's economy.

1.4.2 ICT Sector in the United Kingdom

According to Whitworth (2003), the United Kingdom is the most favoured inward investment location in Europe, attracting about 40 percent of all inward investment in Europe. The reasons for its popularity are vast, as the country has a great deal to offer overseas companies, such as fast, easy access to the EU single market (the world's largest market, with over 380 million consumers), a highly-skilled, flexible, English-speaking workforce, and an environment that allows businesses to prosper. The UK has also developed an integrated transportation network that provides easy, low-cost, delivery throughout Europe, which makes it conducive to ICT investment. As a result, the ICT industry has become one of the

most significant industries in the United Kingdom, since its shift from a manufacturing-based economy to one that is now more service-sector focused (Whitworth, 2003). Table 1.2 provides a summary of the ICT sector in the United Kingdom and its growth.

Table 1.2: The ICT Sector in the United Kingdom

ICT sector in the United Kingdom	According to British government statistics, in 2001, the ICT industry employed one million people and generated 10 percent of the country's GDP. Software and services together were a $42 billion industry, with expected growth during 2002 of six percent. The United Kingdom also has one of the most advanced telecommunications markets in Europe, and it was worth $67 billion in 2001.

(Source: FAS Division, National Statistics)

1.4.3 ICT Sector in Ireland

According to O'Connor (2002), the ICT sector is a key component of the Irish economy, which includes approximately 1,000 companies, both international and indigenous, employing some 100,000 people and accounting for 33% of Irish exports, while output of ICT products and services is equal to about 16% of Ireland's total GDP. Key market drivers include the technological and regulatory forces that are shaping the ICT industry and the Irish government's objective to position Ireland as a key player in the emerging worldwide 'e-Economy,' such as by providing opportunities for U.S. companies in the Irish ICT sector to span the spectrum of inward investment, strategic partnerships, joint ventures, technology transfer, licensing, and distribution agreements with Irish firms (O'Connor, 2002). Table 1.3 provides a summary of the ICT sector in Ireland based on market segments.

Table 1.3: ICT Sector in Ireland

ICT sector in Ireland	In 2001, within the $3.6 billion Irish ICT market, the principal market segments are: telecom services ($1.6 billion), computers and peripherals ($0.9 billion), computer software ($0.66 billion), and telecom equipment ($0.36 billion).

(Source: Stat-USA Website, 2006)

1.4.4 ICT Sector in Malaysia

According to a report by the Malaysian Institute of Microelectronic Systems (MIMOS, p. 14), a research and development organisation that functions as an advisor to the Malaysian government on technologies, policies and strategies relating to technology development, "the role of ICT in Malaysia has become more crucial than ever with the Malaysian government exhilarating the pace for various sectors of the industry to embrace ICT. ICT would mean information infrastructure, which generally covers the hard infrastructure, regulatory and monitoring systems. Increasingly though, ICT also covers broadcasting and multimedia in the era of convergence."

In the Eighth Malaysian Plan (2001-2005), the emphasis lies on strengthening human resources capabilities, hard and soft infrastructure of ICT, and on building a critical mass of Small Medium Enterprises (SMEs) that are keen on utilizing ICT for further empowerment, as well as encouraging increased Internet usage (MIMOS, 2004). Table 1.4 provides a summary of estimated ICT sector spending in 2003 and its growth in Malaysia.

Table 1.4: ICT Sector in Malaysia

ICT sector in Malaysia	Overall, ICT plays a crucial role in all aspects of Malaysian industry with certain sectors utilising more than others. In 2003, Malaysia's ICT spending was a projected US$7.8 billion, as compared to US$7 billion spent in 2002, an increase of 10.9% ("Malaysia's ICT Spending to Grow..." 2004, Bernama").

(Source: Association of the Computer and Multimedia Industry (PIKOM), 2003)

1.4.5 ICT Sector in Singapore

According to a report by the Institute for Infocomm Research (I^2R) based in Singapore, "Singapore is a country where ICT works seamlessly and efficiently, with people from all walks of life using ICT in one way or another. ICT is used to make connectivity possible and our lives more convenient. One of the critical factors in developing Singapore as a premier ICT hub is the deployment of a robust national information infrastructure with reliable, efficient and cost-effective connectivity to the rest of the world" (Institute of Infocomm Research, 2004, p. 8). As a result, Singapore has become one of the most successful hubs in the world, now offering

direct Internet connectivity to over 30 countries, with more than 90 Mbps bandwidth to key markets in the region (Institute of Infocomm Research, 2004). Table 1.5 provides a summary of Singapore's ICT sector and its revenue growth.

Table 1.5: ICT Sector in Singapore

ICT sector in Singapore	In April 2003, the Infocomm Development Authority of Singapore (IDA) announced a re-visioning exercise of Infocomm 219, initiated to fine-tune the country's ICT plan and to recognise the need for Singapore to develop new sources of growth, including new areas involving creative inputs, like design and the arts. Their vision for Infocomm is "Connected Singapore - Unleashing potential, realising possibilities, through Infocomm." In 2003, the ICT industry in Singapore saw a revenue growth of 2%, reaching S$32.83 billion (US$19.3billion). Companies in the ICT sector were forecasted for positive revenue growth in the region of 5-7% in 2004, and 7-9% in 2005.

(Source: Institute for Infocomm Research [I^2R], 2004)

1.5 Research Participants

Figure 1: Value Chain

Table 1.6 Definition (ICT Supplier, Business Partners, and End Customers)

ICT Supplier: An organisation that produces ICT products or systems and sells them via a network of intermediaries namely business partners
* Business Partners: Organisations or intermediaries responsible for selling and supporting the supplier's products or services to the end customers
End Customers: Organisations or individuals that buy the products or services from business partners

* Note: In our research, the web-based survey is only distributed to business partners via their preferred supplier

In terms of research participants, we have successfully obtained five suppliers interested in participating in our study. Of these five suppliers, three suppliers namely 3Com, McAfee, and Avaya, are operating in the UK for serving European market (e.g. the UK and Ireland), while the remaining two suppliers namely Microsoft and Sun Microsystems, are operating in Malaysia for serving South-East Asian market

(e.g. Malaysia and Singapore). This is the first step of identifying the research participants.

In the second step, we ask representative from these suppliers to allow us to seek the views of managers from their business partners via a web-based survey. However, if the suppliers do not respond to our invitation, we seek contact information of partner organisations directly from the contact directories on their websites. By doing this way, we have successfully increased the number of business partners from Cisco (UK and Ireland), and IBM (UK and Ireland) to participate in our research.

The following, as shown in Table 1.7, is a summary of suppliers' information from our research, of companies that sell their products via business partners.

Table 1.7: Participating Suppliers Summary

Suppliers Used for this Study
3Com is a manufacturer best known for its computer network infrastructure products. The company was co-founded in 1979 by Robert Metcalfe and is headquartered in Marlborough, Massachusetts, USA. The name 3Com comes from the company's focus on "Computers, Communication and Compatibility."
McAfee is an antivirus and computer security company headquartered in Santa Clara, California, USA. It markets McAfee VirusScan and related security products and services, including the IntruShield, Entercept, and Foundstone brands.
Avaya is an American telecommunications company that specialises in VoIP, contact centre and mobile voice and data technology. The Avaya global headquarters is located in Basking Ridge, New Jersey, USA.
Microsoft is a multinational computer technology corporation that develops, manufactures, licenses, and supports a wide range of software products for computing devices. Headquartered in Redmond, Washington, USA, its best-selling products are its Microsoft Windows™ operating system and the Microsoft Office™ suite of productivity software, each of which has achieved near-ubiquity in the desktop computer market. The company also markets both computer hardware products such as the Microsoft mouse as well as home entertainment products, such as the Xbox, Xbox 360 and MSN-TV.
Sun Microsystems is an American vendor of computers, computer components, computer software, and information-technology services, founded in 1982. Sun is headquartered in Santa Clara, California (part of Silicon Valley), USA and is known as the developer of innovative technologies, such as the Java platform and NFS, and as a champion of open systems in general, and UNIX in particular; it has recently emerged as one of the leading proponents of open source software. Sun's products include computer servers and workstations based on its own SPARC and AMD's Opteron processors, storage systems, and a suite of software products including the Solaris Operating System, developer tools, web infrastructure software, and identity management applications.
Cisco is a global company headquartered in San Jose, California, USA, that designs and sells networking and communications technology and services under three brands: Cisco, Linksys, and Scientific Atlanta. Initially, Cisco manufactured only enterprise multi-protocol routers, but today Cisco's products can be found everywhere from the living room to the enterprise to service provider networks.
IBM is a multinational computer technology corporation headquartered in Armonk, New York, USA. The company is one of few information technology companies with a continuous history dating back to the 19th century. IBM manufactures and sells computer hardware, software, infrastructure services, hosting services and consulting services in areas ranging from mainframe computers to nanotechnology.

(Source: www.wikipedia.com)

The above suppliers sell their products via business partners not only for distributing their products or services but also for providing value-added services and proven technical expertise to the end customers. As these suppliers have a network of partners nationwide, the partners add value in the supplier's products or services by fulfilling their customers' needs (i.e. installation, maintenance, after-sales service, product training, technical support) based on their presence in the local market. Furthermore, a network of partners with proven technical expertise and various specialisations enables the end customers to have access to options available that meet their requirements (i.e. consultation, configuration, customisation, analysis). As a result, the suppliers can enhance their products or services and focus on customer satisfaction by identifying the partners' strengths and developing plans for improvement.

It is also important to note that although the above suppliers are participants in our research, the web-based survey is only distributed to their business partners in order to understand their views in support programmes and activities provided by their preferred supplier. This is because the end customers buy supplier's products or services via its business partners. Several examples of business partners are shown in Table 1.8.

Table 1.8: Several Examples of Participating Business Partners

Business Partners
Logicalis www.logicalis.com (3Com Gold Partner, United Kingdom) *The company is an authorised service reseller partner, and an international provider of high-performance IT integration solutions – delivering secure, converged computing and communications infrastructure and services. It offers integrated services comprising the architecture, deployment, integration and management of end customers' networks and systems to deliver optimum solutions that meet their business needs, backed up by a customer endorsed track record of technical excellence.*
Axial Systems www.systems.com (McAfee Elite Partner, United Kingdom) *The company is a specialist supplier of datacom and network analysis tools. It supplies portable and distributed solutions for network management, analysis and security to the UK market. Although the company's coverage is in all market sectors, it has been particularly successful in providing large distributed network management solutions to the major banks and financial institutions. Also, the company offers a wide range of services such as installation, configuration, training and lifetime telephone technical support for its customers.*
EPC Services www.epcservices-uk.com (Avaya Gold Partner, United Kingdom) *The company offers telecommunications and IT consultancy including project management to clients on a global basis. It is also a Voice and Data solutions provider of choice for many SME and Blue Chip companies.*
atQuest Solution www.atquest.com (Microsoft Certified Gold Partner, Malaysia) *AtQuest is a consulting, technology and solution company. Since its establishment, the company has formed alliances with leading software, networking and services companies to better serve our clients with reliable technologies. It has now have extensive business relationships with the world's leading companies in banks and financial services, government agencies and government linked companies, fast moving consumer goods and retailing, high-tech manufacturing, and telecommunications across Asia Pacific.*
Jardine OneSolution www.jos.com (Sun Microsystems Reseller, Malaysia) *The company is one of Asia's leading providers of integrated information technology solutions and services. Jardine OneSolution has been a leading force in the IT industry for more than 50 years. Its customers include some of the best-known multinational and regional companies operating across Asia, including the Standard Chartered Bank, HSBC, MTRC, the Hong Leong Group and Li & Fung. JOS is also a key supplier to the governments of the region including the Government of the Hong Kong SAR, the Singapore Government and the Government of Malaysia. Today, the company delivers a rich blend of IT offerings ranging from Technologies Management & Sustainment (TMS) to Systems Integration (SI).*
s2s www.s2s.ltd.uk (Cisco Certified Gold Partner) *The company is a security specialist in the provision of network consulting and implementation services to the UK SME and mid-market business community. By following a structured lifecycle services methodology in supporting its customers, s2s is able to ensure that consistent levels of service are delivered throughout the deployment of any new technology. Based in Crawley, West Sussex, s2s is a Cisco Gold Partner with advanced specialisations in security, unified communications, wireless LANs and a proven ability in designing, implementing, operating, supporting and maintaining large-scale networks.*
Mesiniaga www.mesiniaga.com.my (IBM Premier Partner, Malaysia) *The company is an ICT solutions providers and integrators. It was born out of a bold idea to create a successful IT company that was to serve as IBM's sole agent and dealer in Malaysia. Today, Mesiniaga is an independent business solutions provider with a range of IT solutions and services supported by many other internationally renowned IT technology companies. Mesiniaga's range of innovative solutions provide the building blocks, management capabilities and security for any IT infrastructure; as well as cutting edge, best of breed business answers that empower productivity, competitive advantage and profitability.*

1.6 Contributions Summary

Based on literature review in relationship marketing and inter-organisational relationships, our empirical research provides a number of significant new contributions to the existing literature. Firstly, we find support for the impact of certification on relationship setting, marketing support, technical support, and relationship commitment. Secondly, we find support for the impact of relationship setting on marketing support, relationship management, technical support, non-economic satisfaction and relationship quality. Thirdly, the results of the empirical research reveal that marketing support and relationship management have significant impact on economic satisfaction, and that technical support has significant impact on customer satisfaction. Finally, we find support for significant associations between economic satisfaction and relationship commitment, and customer satisfaction and relationship commitment.

Also, the results of our empirical research confirm similar associations in previous studies. Firstly, we find support that relationship management has significant impact on non-economic satisfaction as well as on relationship quality. Secondly, the results indicate that economic satisfaction and customer satisfaction have significant impact on non-economic satisfaction. Thirdly, it is also found that non-economic satisfaction has significant impact on relationship quality. Finally, we find support that relationship quality has significant impact on relationship commitment.

1.7 Thesis Outline

This thesis comprises eight chapters; its chapters are inter-related, but may be read separately. The work begins with Chapter 1, which provides an overview of the research background, justification to carry out the research, an overview of ICT sector (in the world, the UK, Ireland, Malaysia and Singapore), and a summary of the supplier companies examined for this research.

Chapter 2 presents a literature review of the research issues and discussion based on our research context. Accordingly, it is divided into three sections. The first

section of Chapter 2 discusses general concepts of relationship marketing, the evolution of relationship marketing and its school of thought. The second section articulates the issues of web-based technologies in relationship marketing, inter-organisational relationships and their advantages. Furthermore, the third section discusses previous studies on indicators of high-quality relationships, such as satisfaction, relationship-quality and relationship commitment, as well as their general inter-relationships, which will be explored and further investigated in Chapters 3 and 4 as well.

Chapter 3 presents a detailed explanation of the qualitative methodology used in stage one of our research, in order to develop a theoretical framework alongside the literature review offered in Chapter 2. It begins with an outline of the research planning, and provides justifications for selecting convergent interview as an exploratory research method for the first stage of this research. Convergent interview is then compared with other qualitative methodologies that might be used as the exploratory research method. This comparison is followed by a description of the convergent interviewing process and how these interviews are planned, conducted, and interpreted in the context of this research. Finally, the data gathered during interviews is analysed, discussed and summarised in Table 3.3.

In Chapter 4, the findings of the literature review and convergent interviews are discussed. Based on these findings, a theoretical framework for the conceptual model is introduced. Also, a detailed discussion for the rationale of the relationships within the conceptual model and research questions for empirical testing are provided.

Chapter 5 discusses the research methodology used and its justification for testing the theory of the research in stage two. A survey is selected as an instrument for this quantitative methodology. Survey procedures, including questionnaire design and administration, sampling, and proposed data analysis strategies are described. The issue of ethical considerations and the conclusions from this section are also discussed.

Chapter 6 discusses two stages used in analysing the data, preliminary analysis and advanced analysis of survey data, which is conducted using SPSS version 12.0 with AMOS version 5.0. Preliminary data analysis is conducted to ensure the quality of data and its suitability for further statistical testing using multivariate analysis techniques of structural equation modelling, with AMOS. This preliminary analysis consists of data preparation, coding, cleaning and screening, correlations of variables and profile of respondents. For advanced analysis, exploratory and confirmatory analyses are used for examining the reliability and validity of each construct used in the research context.

Chapter 7 presents discussion of structural equation modelling as the final procedure for data analysis to test the hypotheses. It also examines and discusses the direct and indirect effects of the model, the results of each hypothesis, and analysis of the control variables.

Finally, the objectives for conducting the research are restated in Chapter 8. This chapter also provides a summary of the principal results of the research, followed by discussions of the theoretical and managerial implications, limitations of the research and potential for further investigation, as well as final conclusions.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This chapter presents discussion of existing literature on the research issues examined in our research context and is divided into three sections. The first section discusses the general concept of relationship marketing, its evolution and the origin of its school of thought. The second section explores the issues of web-based technologies in relationship marketing inter-organisational relationships and their advantages. Furthermore, the third section discusses previous studies on indicators of high-quality relationships, such as satisfaction, relationship-quality and relationship commitment, as well as their general inter-relationships, which will be explored and further investigated in Chapters 3 and 4 as well.

2.2 Relationship Marketing

2.2.1 What is Relationship Marketing?

Before examining the theoretical foundations of relationship marketing in our research context, it will be useful to define relationship marketing. To date, the term, "relationship marketing" has been used to reflect a variety of themes and perspectives, as described by Parvatiyar and Sheth (1998). Yet, there remains no consensus of generally accepted definitions for relationship marketing. Some definitions offer a narrow functional marketing perspective, while others originate from a perspective that is broad and somewhat paradigmatic in approach and orientation (Parvatiyar and Sheth, 1998). Nevertheless, we find a number of definitions that are appropriate for our research context, as they recognise the process of relationship development and maintenance.

Heide (1994) defines relationship marketing as a set of generic processes of relationship initiation, relationship maintenance, and relationship termination. This definition asserts that the objective of relationship marketing is to establish, develop, and maintain successful relational exchanges. Parvatiyar and Sheth (1998) define relationship marketing as "the ongoing process of engaging in co-operative and

collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value, at reduced cost." Similarly, Gronroos (1990, p.138) states that relationship marketing is "to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises." Furthermore, Dwyer, Schurr, and Oh (1987) characterise co-operative relationships as being interdependent and long-term orientated, rather than concerned with short-term discrete transactions. The long term is often emphasised because it is believed that parties involved in relationship marketing will not engage in opportunistic behaviour if they have a long-term orientation, and that such relationships will be anchored in mutual gains and cooperation (Ganesan, 1994).

Having explored a number of existing definitions, a process view of relationship marketing currently prevails in the literature, and indicates that the discipline is in its early developmental stages, whereby marketing practice and research must be directed to different stages of the relationship marketing process (Parvatiyar and Sheth, 1998). In addition to the process view, it is generally accepted that relationship marketing is concerned with cooperative and collaborative relationships, which are particularly related to the standard supplier-partner relationship of our research context. Relationships are formed between a supplier organisation and one or more of its business partners. This relationship leads to greater market value creation, which, in turn, benefits both parties engaged in the channel relationship. Hence, for our research context, we define ***relationship marketing*** as the co-operative and collaborative activities and programmes provided by supplier organisations aimed at supporting their business partners in the aspects of sales, marketing, relationship, and technical support, in order to meet partnership objectives.

2.2.2 Evolution of Relationship Marketing Ideas

According to Parvatiyar and Sheth (1998), the term "relationship marketing" was formally introduced into the literature by Berry in 1983. However, these authors find that several ideas of relationship marketing began to emerge since 1950, by McGarry, who developed the concept of relational orientation, a concept that includes

six activities in marketing functions, such as contractual, propaganda, merchandising, physical, distribution, pricing, and termination. The authors also find that McGarry's work has not been widely publicised and therefore his relational ideas did not lead to the same flurry of interest as those caused by Wroe Alderson's (1965) focus on inter- and intra-channel cooperation.

Although the distributive theory of marketing does not anymore enjoy a central position in marketing, interest in channel cooperation has been sustained for the last three decades, and many relationship-marketing scholars have emerged from the tradition of channel cooperation research (Anderson and Narus, 1990; Stern and El-Ansary 1992; Weitz and Jap, 1995). These authors contribute significantly to the development of relationship marketing knowledge and are forthcoming in applying various theoretical ideas from other disciplines as well, such as economics, law, political science, and sociology (Parvatiyar and Sheth, 1998).

Two influential writings in the 1960s and 1970s provided impetus to relationship marketing thinking, particularly in the business-to-business context. Firstly, Adler (1966) observed the symbiotic relationships between firms that were not linked by traditional marketer-intermediary relationships. Later, Arndt (1979) provided the second impetus, noting the tendency of firms engaged in business-to-business marketing to develop long-lasting relationships with their key customers and suppliers, rather than focusing on discrete exchanges, and termed this phenomenon, "domesticated markets." The impacts of these works spread across two continents.

In the USA, several scholars began examining long-term inter-organisational relationships in business-to-business markets, while in Europe, the Industrial Marketing and Purchasing (IMP) Group emphasised business relationships and networks (e.g. Gummesson, Lehtinen and Grönroos, 1997; Anderson, Hakansson and Johanson 1994; Dwyer, Schurr and Oh 1987; Hakansson 1982; Halen, Johanson and Seyed-Mohamed 1991; Jackson 1985), while the Nordic School tried to emphasise the integration of the network approach in service relationship issues (Holmlund, 1996). In brief, these three major theoretical streams of relationship marketing form the network approach to industrial marketing, developed by North American scholars, the International Marketing and Purchasing Group (IMP), and the Nordic School. A

detailed discussion of these three schools of thought is provided in the following section.

2.2.3 The Emergence of Relationship Marketing Schools of Thought

The North American School

In North America, relationship marketing more narrowly focuses on services marketing than other marketing areas. For example, Berry (1995) first applied the expression "relationship marketing" to services marketing, and in particular to describe a long-term approach to marketing strategy, as opposed to transaction marketing (Bejou 1997; Crosby and Stephen, 1987; Jackson, 1985; Rosenberg and Czepiel, 1995). This research has been conducted in a variety of industrial, cultural and inter-firm contexts (e.g. Ahmed, Patterson and Styles, 1999; Mavondo and Rodrigo, 2001; Sharma and Patterson, 2000).

The IMP Group

The Swedish-based Industrial Marketing and Purchasing (IMP) group took an interaction and network approach to understanding industrial business-to-business activities (Axelson and Eason 1992; Wilkinson 2001). The IMP group drew upon behavioural theories from sociology and organisational theory and employed descriptive case studies to industrial and purchasing situations (Tuominen, 1997; Wilson, 1995). Their research focuses on the role and value of the relations and interaction behaviours, such as the development of technology in relations (Håkansson 1989), international relations (Ford and Rosson, 1982) and networks (Johanson and Mattson 1987).

The Nordic School of Services

In the early 1970s, a separate area of marketing and the second major theoretical contribution to relationship marketing arose from the Nordic School of Services in Scandinavia and Finland. This school established relationship concepts and models derived from its experience with long-lasting relationships between

service providers and customers, and argue that services marketing cannot be separated from overall organisational management (Grönroos 1994). This school asserts that for effective marketing and delivery of services, companies must practice "internal marketing" and involve the entire organisation in developing relationships with its customers (Gronroos 1981). Except for its greater emphasis placed on achieving marketing paradigm shifts by the Nordic School, its approach is similar to relationship marketing ideas put forth by services marketing scholars in the United States (Berry, 1995; Berry and Parsuraman 1991; Bitner 1995; Czepiel 1990). To a certain degree, recent scholars from the Nordic Schools have tried to integrate the network approach popular among Scandinavian and European schools with regard to service relationship issues (Holmlund, 1996).

Both IMP and Nordic Schools share a common denominator that suggests that marketing normally must be built on on-going relationships, unlike the managerial view, which is based on discrete transactions (Dwyer, Schurr and Oh, 1987; Holmlund and Kock, 1996). Thus, relationship marketing focuses on customer retention, product benefits, a long time scale with emphases on customer contact, service, and commitment and quality, as the concern of all (Christopher, Payne and Ballantyne, 1991).

2.3 Web-based Technologies for Relationship Marketing

2.3.1 Emerging Technologies for Supplier-Partner Relationships

A number of authors point out that, "as companies began to realise that retaining profitable customers is a key to long-term profitability, efforts to foster better customer relations, such as Customer Relationship Management (CRM) became an important focus of marketing programs" (e.g Stone, Woodcock, and Wilson, 1996; Mirani, Moore and Weber (2001). Companies pursuing this strategy quickly recognise the central role that automation can play in building customer relations through delivering product information, the product itself, and after-sales service on a more customer-focused, timely, and consistent basis (Mirani, Moore and Weber, 2001). As a result, consultants and software developers first moved quickly to take advantage of this opportunity by developing and refining broad-based suites of CRM software solutions, in order to help companies automate customer-focused

processes. Hence, CRM products were the first solutions designed to improve the efficiency and productivity of the direct sales force, while relating internal sales and customer service representatives (Mirani, Moore and Weber, 2001) as part of strategies to enhance supplier-reseller partnerships.

In recent years, considerable research examines the issue of building customer relationships (e.g. Jarvelin and Lehtinen, 1996; Johnson, 1999). Less attention, however, is afforded to the dyadic relationships between suppliers and partners (Weber, 2001). It is noted that this situation, however, has changed today due to companies having begun to realise that supplier–reseller partnerships may add value for their companies in both monetary and non-monetary aspects and the growing importance of indirect sales via business partners. Firstly, in terms of monetary aspects, supplier-partner relationships may increase revenues and improve performance indicators (e.g sales, market share, profitability) as partners extend a supplier's market reach to sell and service more products (Weber, 2001). For example, in recent years, Cisco transformed itself and its resellers from a company that sells only network-related physical products into a company that sells network-related solutions by redefining its business and providing its more than 36,000 resellers with value-added networked-based solutions (Mitchell, 2001). Mitchell adds that as a result of this strategy, Cisco and its resellers are now able to reap the rewards of higher prices and increased margins, at a time when margins on commoditised pure products have been declining.

Furthermore, supplier-partner relationships reduce typical costs associated with duplication of efforts and inefficiencies, which, in turn increase productivity and revenues (Tuten and Urban, 2001). In terms of non-monetary aspects of the supplier-partner relationship, partners may gain competitive advantages and offer higher quality products and services, such as those that better meet customer needs and expectations (Tuten and Urban, 2001). For example, in the mid-1990s, Kent-Datacomm, a Houston-based Cisco partner joined the Cisco Channel Partner Program and began to listen to its customers. Partnering with Cisco resulted in Kent changing its target markets, significantly expanding its market reach, and propelling its customers into Internet-ready positions. As a result of partnering with Cisco, over a 5-year period, the company transformed from a wire and cable distributor into a

market-leading reseller of solutions for voice access, IP telephony, and network security (Mitchell, 2001).

In addition, to address the challenges of supplier-partner relationships, a number of PRM solutions have developed since 1998 to build and maintain these relationships, for at least two reasons (Mitchell, 2001). Firstly, the primary driving factor has been the growing importance of indirect channels (resellers) as a vehicle for expanding supplier reach, in the effort to sell and service more products; an attractive proposition at a time when efforts to grow revenues are receiving more attention (Mitchell, 2001). Secondly, rapid advances in web-based technologies and standards have allowed for overcoming the complex nature of supplier–partner communications, including tasks of managing and of precisely monitoring the success of partners in converting leads into sales, impacted by the use of inefficient, and labour-intensive communications processes (Mirani, Moore and Weber, 2001).

The emergence of PRM solutions has resulted in companies like Cisco, Microsoft, and Intel leading the charge to leverage Internet capabilities to build more effective communications and relationships with their business partners (Mirani, Moore and Weber, 2001). According to these authors, the companies, and the many consultants and software vendors emulating them, have created a new market space, now referred to as Partner Relationship Management (PRM), which includes an entirely new suite of web-based software solutions that are specifically targeted to building more efficient and productive supplier–partner relationships. These PRM solutions provide an opportunity to establish and maintain significant competitive advantage by enabling more consistent communications and additional streamlined processes between suppliers and partners (Mitchell, 2001).

Some PRM solutions are specialised modules developed and marketed by start-up companies, such as MarketSoft, Partnerware, ChannelWave, and Webridge, while others are integrated PRM solutions from established Customer Relationship Management (CRM) vendors, such as Siebel, Onyx, Pivotal, and Vantive, as well as other integrated components of more broad-based, commerce-focused (i.e., sales, versus customer relations) products from vendors such as Trilogy and Bowstreet (Mirani, Moore and Weber, 2001). According to Weber (2002), although the market

for PRM solutions is relatively new, common characteristics have emerged in PRM functionality, such as leads management, partner profiles, and web-based front office modules (e.g. information dissemination, fund management, timely web-based products, sales, and technical training). In terms of platform technologies, most PRM systems are built using new web-based technologies primarily from Microsoft, such as Internet Information Server (IIS), Active Server Pages (ASPs), Transaction Server (MTS), and COM technology (Mirani, Moore and Weber, 2001).

In terms of target markets, early adopters of PRM solutions tend to be mid-to-large sized high technology companies that sell both hardware and software (Mirani, Moore and Weber, 2001) and are heavily dependent on indirect reseller channels for sales and service (Mitchell, 2001). According to Mitchell (2001), as the promise of PRM solutions is to help suppliers improve revenues by expanding partner sales and improve profits by reducing the manpower required to manage partners effectively, it is predicted that these solutions will be used by other industries as well, such as the financial services, automotive, insurance and media sectors, in the next wave (Mirani, Moore and Weber, 2001).

2.3.2 Advantages of the Use of Web-Based Technologies on Relationship Marketing in Business-to-Business Environments

In the context of B2B activities within the ICT industry, supplier-partner relationships involve substantial and complex business processes, requiring an understanding of both parties' needs. This process must be integrated and complemented with current web-based applications and technologies to best serve the needs of exchange partners. In order to implement these web-based technologies, the process covers a broad range of applications, ranging from simple information dissemination about product specifications, and pricing to integrated supply chain relationships designed to optimise the distribution process (Graham and Hardaker 2000). A number of recent studies emphasise the advantages of web-based applications in the context of B2B. They are summarised in Table 1 (see Appendix A), and discussed in the following sections.

Improved Communications

Previous researches view web-based technologies as new communications mediums. Hoffman and Novak (1996, p. 19) propose that communication on the Internet uses a many-to-many communications model because, "consumers can interact with the medium, firms can provide content through the medium." Likewise, electronic interactions can result in faster communications and increased responsiveness. For example, BHP Billition set up a comprehensive web site to provide information not only about the steel industry and the products and services the company provides, but also to present specific issues, such as test certificates, order status and detailed technical information to support its customers (Chan and Swatman, 2000).

In addition, the Internet improves business communication through effective and efficient information search and exchange (Blankenhorn, 2001, Hutchins, 2001; Zettelmeyer, 2000), as well as enhanced connectivity and interactivity (Dutta and Biren, 2001). That is, the Internet facilitates effective and efficient access to information and allows firms to exchange information with their exchange partners (Fraser, Fraser and McDonald, 2000). For example, Dell's business customers can browse products and price specifications online, place an order and monitor the status of product delivery (Rangan and Bell 1998).

Furthermore, communication is improved by web-based technologies at various points along the value chain (Webster, 2001). Web-based technologies such as those offered by the Internet enhance the communications aspect of the procurement process (Boyle and Alwitt, 1999). Procurement systems become networked over the Internet, including activities that range from information search on availability of other businesses, to the supply of goods and services, through to delivery, contact management and invoicing and payment processing (DCITA, 2000). This e-procurement process reduces traditional formalisation of communication between exchange partners, eliminating "the rules, paper work, hidden procedures and other obstacles" that were previously seen using alternate methods (Kalakota and Robinson 1999, p. 243).

Improved Financial Performance

The next advantage that web-based technologies offer relates to profitability – decreasing costs and increasing revenues. Cost reduction is the most often cited benefit of using Internet-based technologies for B2B e-commerce (e.g. Evans and King, 1999, Vlosky, Fontenot and Blalock, 2000; Yu and Koslow, 1999). However, in addition, many firms benefit from using Internet-based technologies for operational methodology savings, such as in placing orders, receiving invoices, tracking shipments and processing payments, and thus, can achieve electronic integration effects (DeJesus, 2000; Steinfield, Chan and Kraut, 2000). For example, the General Electric halved its 14-day purchasing cycle by communicating with suppliers over an extranet versus using phone, fax and postal mail (Murphy, 1999). Similarly, Federal Express reports that its online services help the company save between US$4 million and US$6 million per year in tracking costs alone (Gilbert, 2001).

In addition to operational cost efficiencies, marketing communication costs can also decrease directly when substituting the Internet for other communication media (Rowley, 1996). For example, online customer support documentation can dramatically cut costs of printing and shipping paper-based technical support materials (Yu and Koslow, 1999).

In addition operational and cost efficiencies, the Internet can also be used to generate revenue involving a number of mechanisms, such as by creating enhanced time to market, expanded global markets, and by decreasing market entry barriers. Unlike traditional media, firms may distribute information using electronic mail or via the web and ensure that it reaches its target as soon as the information is available. Thus, the Internet enables small firms to overcome traditional market entry barriers (Hoffman and Novak, 1996b), particularly to global markets (Quelch and Klein, 1997; Birch and Young, 1997).

Improved Operating Efficiencies and Supply Chain Management

Related to the prior two advantages that web-based technologies can offer, the third advantage is in their ability to improve financial performance. That is, web-based-technologies usage improves operating efficiencies through automated procurement methods, reduced errors and time spent completing business transactions, as well as allowing increased flexibility and responsiveness. For example, as a result of implementing web-based procurement procedures, a New Zealand firm's accounts receivable staff receives fewer calls from customers requesting invoice or credit note reprints, as customers are able to download these directly off of the company's web site (Bhat, Runciman and Chaston, 2001).

Web-based technologies also enable companies to effectively manage their supply chains in an integrated fashion by developing stronger relationships with business partners; ultimately adding value to products and services sold to end customers (Kothandaraman and Wilson, 2001; Lancioni, Smith and Oliva, 2000). In a similar fashion, web-based related resources can be used as catalyst to affect a firm's supply chain capabilities (Wu, Yeniyurt, Kim and Cavusgil, 2006). Furthermore, web-based electronic data interchange and electronic funds transfers enhance supply chain management, allowing swifter and more accurate transactions (Griffith and Palmer, 1999). For example, in order to more effectively manage its suppliers General Electric has changed its business arena from that of a physical business community to an electronic one. As a result, its Trading Process Network is now an online business forum that allows the company to transact approximately US$1 billion worth of business with more than 1,400 suppliers scattered around the globe. This multi-tiered supply chain strategy allows the company to promote the system to other suppliers, who then promote the system to their suppliers (Moozakis, 2001).

Improved Customer Service

Web-based customer service not only affects direct sales, but also improves customer relations that retain customers (Evans and King, 1999). In a similar fashion within the context of channel relationships, the result of empirical studies by

MacDonald and Smith (2003) reveal that buyer satisfaction with technology-mediated communication (STMC) has significant impact on future purchase intentions. Furthermore, using the Internet as a commerce medium can speed service turn-around and enhance delivery times (Geiger and Martin, 1999). Customers can self-serve information, instead of waiting for sales representatives to answer questions or provide information upon request. For example, Cisco Systems reports savings USD $550 million per year in customer service costs using the web-based technologies for customer service functions (Barua, Konana, Whinston and Yin, 2001).

In addition, customer service is no longer limited by time, as using web-based technologies, a business can take customer questions or service requests online and then provide detailed answers within 24 hours (Lancioni, Smith and Oliva, 2000). They also offer opportunities to improve customer service and decrease service delivery costs. For example, General Electric maintains an online, searchable database with over 1,500 technical documents on its industrial products, reducing its cycle time for answering requests from three days to a matter of seconds (Auger and Gallaugher, 1997). Similarly, Federal Express offers customers the ability to track shipments through its web site. This on-line service enables the company's customers to track exactly where their packages are, and when they will be (or have been) safely delivered, while reducing traditional customer service costs associated with live assistance.

Improved Partner Relationships and Collaboration

Using the web-based technologies to support and improve customer service is part of the process of building customer relationships that brings business relationship issues into the realm of cooperative relationships between exchange partners (Griffith and Palmer, 1999; Webster, 2000). Firstly, the use of web-based technologies may facilitate long-term relationships with intermediaries, enabling shared databases and processes that contribute to closer customer relationships (Kalakota and Whinston, 1997; Honeycutt, Flaherty and Benassi, 1998). In addition to traditional modes of communication, e-mail, chat rooms and web-based videoconferencing allow exchange partners enhanced opportunities to exchange documents and opinions more easily, thus strengthening relationships (Boyle and Alwitt, 1999).

Secondly, industry-related sites can be used to generate communities of interest in which manufacturers, retailers and customers discuss issues of concern. For example, Johnson & Johnson, a major pharmaceutical manufacturer, provides online support and advice to consumers and research communities with regard to diseases, prescription, treatments and current research (More and McGrath, 2000).

Finally, the web-based technologies strengthen not only business-to-consumer (B2C) but also B2B relationships by allowing firms to use multimedia information about products and services, such as sound and active pictures (Hicks, 2000). The information on a company's web site can be updated continuously and instantly, and is always available to consumer and business partners (Biland, 2000). For example, Boeing maintains a web site for its suppliers and partners that allows access to a continuing stream of technical specifications at a single web location, enhancing supplier response time and facilitating the company's ability to meet most current technical needs (Griffith and Palmer, 1999).

2.4 Key Constructs Used to Measure Inter-organisational Relationships

2.4.1 Introduction

This section provides a detailed discussion of the key constructs used to measure inter-organisational relationships in the context of our research. Based on literature review, we identify five constructs that will be used for this research. Of these five constructs, three are identified from satisfaction literature, namely economic, non-economic and customer satisfaction. The remaining two constructs include relationship quality and relationship commitment. In line with previous empirical studies, the following sections discuss a literature review of satisfaction, relationship quality and relationship commitment in order to ascertain the driving factors and interrelationships of these constructs.

2.4.2 Satisfaction Literature Review

Satisfaction has been studied in depth in marketing literature and many authors emphasize its importance in distribution channel relationships (e.g. del

Bosque Rodríguez, Collado Agudo, and San Martín Gutiérrez, 2005; Dwyer and Oh, 1987, Geyskens and Steenkamp, 2000; and Selnes, 1998). However, the concept of satisfaction in the literature regarding channel relationships has not yet created a consensus with regard to the conceptualisation and degree of relationship satisfaction (Geyskens, Steenkamp, and Kumar, 1999). From a global perspective, satisfaction is the global evaluation of relationship fulfilment by the firm (Dwyer and Oh, 1987). In this sense, Anderson and Narus (1984) define satisfaction as, "an affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm."

Other authors make varying contributions to the concept of relationship satisfaction as well. Mohr, Fisher, and Nevin (1996) relate relationship satisfaction to the evaluation of one part of relationship characteristics in the channel. In this context, satisfaction results from a cognitive state that indicates whether or not adaptation exists among the prior expectations and rewards received (Mohr and Spekman, 1994) and can affect morale and the intention to take part in collaborative relationships (Andaleeb, 1992).

Gassenheimer and Ramsey (1994) consider that an evaluation of the satisfaction between two members of the marketing channel should include the appraisal of economic results in terms of efficiency and efficacy, as well as the appraisal of social interaction with the partner. Firstly, performance evaluation contains the quantitative outcomes derived from the relationship, whether in objective form (such as sales ratios and incomes) or in subjective form (evaluation of the economic advantages derived from the relationship with the supplier). Secondly, firms seek non-economic rewards in terms of emotions (Gassenheimer, Sterling, and Robicheaux, 1996). A summary of satisfaction literature is listed in Table 2 in Appendix B.

2.4.3 Dimensions of Satisfaction

Satisfaction has been widely considered in prior literature to be a unidimensional variable that results from its affective component (Andaleeb, 1996; Anderson and Narus, 1990; Ganesan, 1994; Gassenheimer, Calantone and Scully, 1995; Selnes, 1998). A number of authors identify two dimensions of satisfaction in channel relationships: economic satisfaction and non-economic, psychological or social satisfaction (Gassenheimer, Calantone, and Scully, 1995; Gassenheimer, Sterling and Robicheaux, 1996; Geyskens and Steenkamp, 2000; and Geyskens, Steenkamp, and Kumar, 1999). Geyskens, Steenkamp and Kumar (1999) demonstrate that an important difference exists between research that focuses on economic results of the relationship and that which studies satisfaction from a more social perspective. In accordance with this finding, satisfaction may result from the sum of satisfaction with products and with specific services (Ghosh, Joseph, Gardner and Thachet, 1997; and Wilson, 1995), or with financial and performance outcomes (Geykens and Steenkamp, 2000), or with social and relational aspects (Siguaw, Baker and Simpson, 2003; Mohr and Spekman, 1994). For this reason, economic and non-economic satisfaction are differentiated in our research, as these two dimensions may have different antecedents resulting from various sources, either in objective or subjective forms.

In accordance with the above discussion, we propose three types of satisfaction, namely economic, non-economic and customer satisfaction. As discussed previously, satisfaction may depend on objective or subjective forms. Hence, marketing support programmes and activities aimed at financial and performance outcomes should be driving factors for economic satisfaction, while relationship management aimed at positive psychosocial aspects of working relationships, such as interactions with the exchange partner that are fulfilling, gratifying, and easygoing, should be driving factors for non-economic satisfaction. Also, it is noted that, "high customer satisfaction ratings are widely believed to be the best indicator of a company's future profits" (Kotler, 1991, p. 19). Therefore, the inclusion of customer satisfaction as a performance measure is essential because the aspects of technical support aimed at delivering high-quality services to end customers will most likely result in customer satisfaction. We maintain that these three types of satisfaction are

extremely important in channel relationships and measures for determining high quality relationships. Therefore, in view of the fact that overall satisfaction is the sum evaluation of everything that makes up a relationship, not only economic, but also non-economic, psychological, or social aspects of cooperation will require evaluation (Geyskens and Steenkamp, 2000).

2.4.4 Definition of Satisfaction

Having briefly discussed the background of satisfaction in relationship marketing literature and its dimensions, we define economic satisfaction as, "a channel member's evaluation of the economic outcomes that flow from the relationship with its partner, such as sales volume, margins, and discounts" (Geyskens and Steenkamp, 2000), while non-economic satisfaction refers to "a positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm" (Anderson and Narus 1990, p. 45). Another dimension of satisfaction namely customer satisfaction, is based on customer's evaluation of a service or product resulting from the business relationships with the partner organisations. It is defined as, "to delight customers by delivering a service or product that goes far beyond customers' expectations." (Valenzuela and Vásquez-Párraga, 2006). These three definitions will be used in the context of this research.

2.4.5 Relationship Quality Literature Review

The current relationship marketing literature pays considerable attention to the concept of relationship quality in inter-organisational relationships (e.g. Mohr and Spekman, 1994; Kumar, Scheer, and Steenkamp, 1995; Wong and Zhou, 2006). This concept seems to have roots in social psychology, which were then embraced by marketing scholars and practitioners in effort to understand inter-organisation interactions and long-term relationship establishment in the field of business-to-business marketing (Wong and Zhou, 2006).

According to Smith (1998), the concept of relationship quality emerges as a central tenet in relationship marketing literature and hence, it is an important indicator of effective management in inter-organisational relationships. In order for suppliers

to benefit fully from the concept of relationship quality, it is critical that they understand the interrelationships between the driving factors and possible outcomes of relationship quality.

2.4.6 Dimensions of Relationship Quality

The purpose of this section is to critically discuss previous researchers' dimensions on relationship quality before deciding the most appropriate choices for our research context. Despite a general shortage of empirical investigation in this area, there have been some useful contributions from a number of authors. However, previous studies employ a variety of different components that are not always clearly defined or distinguishable from each other. In the relevant literature, we find that some authors use relationship quality, while others use relationship value, partnership success or partnership quality to describe the same or similar issue. In general, however, all seek answers to the same question: what comprises a high quality relationship? The following is a discussion of relationship quality as it is observed by a number of authors.

Researchers have different view points from which to determine dimensions of relationship quality. Naude and Buttle (2000) point out that evaluating the issue of relationship quality has remained problematic in spite of the recognised importance of relationships within business-to-business marketing. Previous studies explore this complex area by first identifying five underlying dimensions of high quality relationships in the context of the business-to-business environments, such as in trust; needs fulfilment or satisfaction, supply chain integration or co-ordination, power and profit. Based on a group of 40 executives, the results of conjoint analysis by Naude and Buttle (2000), demonstrate that only two components are the most important ones by the respondents, whereby they perceive that there should be high trust in the relationship (29.64%), and the relationship should yield a profit (25.46%).

Crosby, Evans, and Cowles (1990) use trust and satisfaction as critical components in relationship quality within the context of selling services. They examine antecedents (similarity, service domain expertise, and relational selling behaviour) and consequences (sales effectiveness and anticipation of future

interaction) of relationship quality. Relationship quality is defined from the customer's perspective as being achieved through the salesperson's ability to reduce perceived uncertainty, leading to an environment in which, "... the customer is able to rely on the salesperson's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory." Relationship quality is accordingly a bivariate construct that comprises trust and satisfaction. The authors find that relationship quality has a significant influence on customer's anticipation of future commitment, arguing that "... relationship quality contributes to a lasting bond by offering assurance that the salesperson will continue to meet the customer's expectations (satisfaction) and not knowingly distort information or otherwise subvert the customer's interests (trust)."

Despite these insights, the need for more work to be done in this area is argued by Mohr and Spekman (1994), who state that, "... an understanding of the characteristics associated with partnership success is lacking." On the basis of empirical research, results confirm that the primary characteristics of successful partnership are commitment, coordination and trust; communication quality and participation; and conflict resolution through joint problem solving. Their analysis is based on over 120 questionnaires from partners in computer manufacturer–dealer relationships. In their model, the authors use two indicators of partnership success: an objective indicator (sales volume flowing between the dyadic partners) and an affective measure (satisfaction of one party with the other).

Storbacka, Strandvik, and Gronroos (1994) build upon some of these ideas by developing a conceptual model of the dynamics of relationship quality. Their core thesis is based on the following relationships between the variables: service quality, customer satisfaction, relationship strength, relationship longevity, and customer relationship profitability. Relationship strength is the authors' indicator of relationship quality, and they comment that, "... there are obviously aspects of relationship strength other than customer satisfaction. These include, for example, the existence of bonds between the customer and provider. These bonds function as switching barriers alongside customer satisfaction. Another dimension relates to the customer's (and the provider's) commitment to the relationship. Commitment might be based on customers' intentions and plans for the future." Relationship strength,

they observe, is reflected in both purchase and communication behaviours (e.g. word of mouth, complaints, etc.). Repeat purchase behaviour based on positive commitment by the customer indicates a strong relationship. Relationships, in turn, are strengthened by the presence of bonds between the customer and the provider.

Arguing from a conceptual basis, Wilson and Jantrania (1996) propose that successful business-to-business relationships are characterised by seven attributes: goal compatibility; trust; satisfaction; investments; structural bonds; social bonds; and the relative level of investment in alternative relationships. These are the "... glue which holds it [the relationship] together and allows it to develop." If goals are compatible, companies will view joint action as mutually beneficial.

Furthermore, previous researchers concentrate on several variables as critical components of relationship quality in order to avoid their research becoming complicated. For example, Kumar, Scheer, and Steenkamp (1995) use trust, conflict, commitment, willingness to invest, and expectations of continuity as critical components. Jap (2001) conceptualises relationship quality as a higher-order concept involving satisfaction with the collaboration, outcome fairness, and willingness to collaborate in the future. She points to these three elements as useful in reducing uncertainty, because they provide insight into the motivations and performance of the other party and project the value and persistence of these factors into the future. Lee and Kim (1999), identify five similar factors that comprise relationship quality (trust, business understanding, benefit/risk share, conflict, and commitment).

The different components underlying relationship quality identified in existing literature are summarised in Table 2.1 below.

Table 2.1 Major Constructs of Relationship Quality

Component	Crosby, Evans and Cowles (1990)	Mohr and Spekman (1994)	Storback, Strandvik, and Gronroos (1994)	Wilson and Jantrania (1996)	Naude and Buttle (2000)	Jap (2001)	Kumar, Scheer, and Steenkamp (1995)	Lee and Kim (1999)
Antecedent								
Trust	X	X		X	X		X	X
Satisfaction	X		X	X	X			
Commitment		X	X				X	X
Co-ordination		X			X			
Participation		X						
Communication		X	X					
Joint Problem / Conflict Resolution		X					X	X
Bonds			X	X				
Goal Congruence				X				
Investments				X			X	
Business Understanding								X
Shared Benefit/Risk								X
Power					X			
Profit					X			
Outcomes								
Dyadic Sales		X						
Satisfaction in Collaboration		X				X		
Outcomes Fairness						X		
Expectations of Continuity	X					X	X	
Sales Effectiveness	X							
Business Perspective								X
User Perspective								X

2.4.7 Relationship Quality Definition

While there is currently no consensus on the definition of relationship quality, in general, it is an overall assessment of the strength of a relationship and the extent to which that relationship meets the needs and expectations of the parties based on a history of successful or unsuccessful encounters or events (Crosby, Evans, and Cowles, 1990). Relationship quality also refers to a customer's perception of how well the whole relationship fulfils expectations, predictions, goals, and desires that the customer has concerning the whole relationship (Jarvelin and Lehtinen, 1996). In the context of supplier-partner relationships for our research, we define relationship quality as an assessment of the results of recent efforts in managing channel relationships that focus on two dimensions, namely trust and functional conflict. Although previous studies consider relationship quality consisting of trust and satisfaction (e.g. Crosby, Evans and Cowles, 1990; Wilson and Jantrania, 1996; Naude and Buttle, 2000), we maintain that these two dimensions, namely trust and functional conflict, are appropriate in our research context for three reasons.

Firstly, satisfaction should be a distinct construct of relationship quality because it has two dimensions, namely economic and non-economic dimensions, and can lead independently to different outcomes, such as trust and commitment (del Bosque Rodríguez, Agudo, and San Martín Gutiérrez, 2005). Geyskens, Steenkamp and Kumar (1999) draw the same conclusion in their meta-analysis of satisfaction within channels, arguing that a distinction need be drawn between economic and non-economic satisfaction, both of which can lead independently to trust and commitment. In accordance with this finding, empirical studies by del Bosque Rodríguez, Agudo, and San Martín Gutiérrez (2005), find that the economic dimension of satisfaction is a result of evaluation of different operative aspects of the commercial interchange, while the non-economic dimension stems from affective and social elements that are linked to the evaluation of different aspects of the interchange, such as interpersonal relationships.

Secondly, commitment is used as the ultimate outcome measure in a number of channel relationship studies (e.g. Siguaw, Baker, and Simpson, 2003; Geyskens, Steenkamp, and Kumar, 1999), which find trust to be "a major determinant of

commitment" (Morgan and Hunt, 1994, p. 24). In addition, we believe that when components of relationship quality, namely trust and functional conflict, are high, the relationship commitment is high as well. Hence, in accordance with prior studies (e.g. Siguaw, Baker, and Simpson, 2003; Geyskens, Steenkamp, and Kumar, 1999), we separate commitment as the outcome of relationship quality in order to complete our research framework.

Thirdly, besides trust as one of components of relationship quality in our research context, we choose functional conflict, in order to examine the role of relationship management and non-economic satisfaction to affect the level of relationship quality. This idea results from previous empirical studies that present only part of the story, by examining the common outcomes of conflict (e.g. trust and commitment), and often ignore whether the conflict is functional, or dysfunctional.

Again, as there is no common consensus regarding the conceptualisation of relationship quality by a number of researchers (e.g. Kumar, Scheer, and Steenkamp, 1995; Crosby, Evans, and Cowles, 1990), we conclude that dimensions of relationship quality may vary depending on the nature of research context. Therefore, we maintain that it is appropriate to consider trust and functional conflict as two important dimensions of relationship quality in our research context.

2.4.8 Relationship Commitment Literature Review

Commitment is a variable that has attracted much attention in relationship marketing literature (Morgan and Hunt, 1994). Initially, commitment was part of the research of organisational behaviour literature concerning employee commitment (Bettencourt, 1997; Kelley and Davis, 1994). Later, marketing researchers adapted the notion of employee commitment for use in studying relational exchange continuity and/or growth (Anderson, Hakansson and Johnson, 1994). Hence, commitment is considered a key construct for developing and maintaining a stable and enduring long-term relationship (Ganesan, 1994; Jap and Ganesan, 2000; Wetzels, De Ruyter and De Birgelen, 1998), as well as a vital ingredient for successful long-term relationships (Dwyer, Schurr and Oh, 1987; Morgan and Hunt, 1994; Gundlach, Achrol and Mentzer, 1995) within an exchange relationship. In

other words, a relationship is more likely to thrive if both parties are committed and consider the partnership an important part of future strategy (Anderson and Weitz, 1992; Pick, 1999; Weitz and Jap, 1995). Furthermore, commitment is also considered the highest level of a relationship (Dwyer, Schurr and Oh 1987), or the most developed state in a relationship (Tuominen 1997, p. 311), in which commitment is one of the most frequently mentioned relationship components; so important that it is claimed to be the "focal point of explanation in marketing, as the discipline moves further away from the transactional view of exchange and embraces the relational view" (Gundalch, Achrol and Mentzer 1995, p. 78). A summary of commitment literature in Table 2 is provided in Appendix B.

2.4.9 Dimensions and Definition of Relationship Commitment

While there is agreement in the literature as to the broad meaning of commitment, there is little consensus on its components. For example, a review of the literature by O'Malley and Tynan (1997) finds that some researchers believe commitment to be a univariate, attitudinal construct that comprises continuity and mutuality; to be distinguished from negative commitment to a relationship in which high switching costs prevent customers from defecting (Denize and Young, 1996). On the other hand, other researchers view commitment as a bivariate construct of independent variables consisting of a state-of-mind, or affective component, which is the desire to continue the relationship, and a calculative or behavioural component, which is the need for a relationship (Geyskens, Steenkamp, Scheer, and Kumar, 1996). In addition, still other scholars view commitment as a multivariate construct, including attitude, involvement and time (Beatty, Homer and Kahle, 1988; Gundlach, Achrol and Mentzer, 1995), or high levels of economic, communication and/or emotional inputs (Dwyer, Scurr and Oh 1987), or service value, structural and social bonds and the perceived attractiveness of alternative relationships (Beaton and Beaton, 1995), and satisfaction and investment in the relationship (Sheaves and Barnes 1996).

Synthesised from the literature above, there appear two main dimensions of commitment: calculative and affective, which have dominated the literature of relationship marketing. This view is in line with other researchers (Gustafsson,

Johnson, and Roos, 2005; Wetzels and de Ruyter) who identify that affective and calculative are two main dimensions of commitment. Calculative commitment is the colder, or more rational, economic-based dependence on product benefits due to a lack of choice or due to high switching costs (Anderson and Weitz, 1992; Dwyer, Schurr, and Oh, 1987; Heide and John, 1992). Calculative commitment is also considered to stem from a cognitive evaluation of the instrumental worth of a continued relationship with the organisation in which all gains and losses, plusses and minuses or rewards and punishments are added up (Morgan and Hunt, 1994). On the other hand, affective commitment is a hotter, or more emotional, factor that develops through the degree of reciprocity or personal involvement that a customer has with a company (Garbarino and Johnson 1999; Morgan and Hunt 1994). Although there is a recent research finding which states that, "while affective commitment creates favourable intentions that help to preserve and reinforce the relationship, calculative commitment has the opposite effects" (Gounaris, 2005), we maintain our position to conclude that both types of commitment do influence the intention to remain in the relationship, which is in line with previous studies (e.g. de Ruyter, Moorman, and Lemmink, 2001).

Therefore, in our research context, we believe that calculative and affective are appropriate dimensions of commitment. Having discussed the two dimensions of commitment, we define it here as, "a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and confidence in the stability of the relationship" (Anderson and Weitz, 192, p. 19).

2.5 Inter-Relationships Between Satisfaction, Relationship Quality and Relationship Commitment

This section discusses inter-relationships between the concept of relationship satisfaction, relationship quality, and relationship commitment in general. This discussion is important for developing the theoretical foundation of our research, before conducting qualitative studies designed to understand key issues of two approaches in support programmes, web-based technology and traditional, as driving factors in achieving successful supplier-partner relationships.

2.5.1 Satisfaction and Relationship Commitment

It is generally accepted in the literature that satisfaction is linked to commitment and several authors consider satisfaction to be an antecedent to commitment (e.g. Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994). For example, Abdul Muhmin (2005) finds that satisfaction is an antecedent of relationship commitment within the context of distribution channels. Furthermore, according to Sharma and Patterson (2000, p.474), satisfaction in their study, "refers to the overall satisfaction experienced by a client during the process of receiving service from the adviser." The researcher's empirical study also demonstrates that satisfaction with service is a direct antecedent of relationship commitment. In addition, according to Gustafsson, Michael, and Roos (2005, p. 211), "satisfaction is a function of performance to date, whereas affective and calculative commitment capture the strength of the relationship and the resultant commitment to proceed forward." In other words, conceptual differences between satisfaction and commitment dimensions are found in that satisfaction is "backward looking," whereas commitment dimensions are more, "forward looking."

Although there is no consensus found in prior research, in the context of this research, if a partner is satisfied with the economic outcomes and business performances as well as the emotional and relational aspects of the relationship, this will lead to a positive affective state in dyadic relationships which in turn, will result in the partners being committed and willing to make further investments in order to continue doing business with each other.

2.5.2 Satisfaction and Relationship Quality

In order to establish a relationship between non-economic satisfaction and relationship quality, the association of non-economic satisfaction with two dimensions of relationship quality namely trust and functional conflict is firstly discussed. Repetitive satisfactory experiences with working relationships between suppliers and partners will result in the belief that the supplier is capable of meeting expectations, and trust in the supplier will be developed over time. Along this line of thinking, Geysken, Steenkamp and Kumar (1999) find in their meta-analysis that non-economic satisfaction has significant effect on trust. On the other hand, non-economic satisfaction as a result of economic satisfaction and social interactions, in our research context, may affect conflicts to become functional. This is due to the presentation of satisfaction in the relationships that can reduce tension and antagonism in conflict. If a conflict occurs, the feeling of satisfaction can affect the channel partners and incline them towards a higher degree of goodwill, rather than resentment and frustration. As a result, they will seek appropriate mechanisms and create a friendly atmosphere to resolve disagreements in order to maintain and strengthen their business relationships with the supplier. In brief, non-economic satisfaction is able to influence trust and functional conflict as two dimensions of relationship quality.

2.5.3 Relationship Quality and Commitment

Researchers define relationship quality as manifesting in several distinct, though related, constructs (Crosby, Evans, and Cowles 1990; Dwyer and Oh 1987). Although there is yet no consensus on which constructs comprise relationship quality, the critical importance of trust and functional conflict with the supplier in developing long-term relationships should be emphasised. Unlike a previous concept used by other researchers (Kumar, Scheer, and Steenkamp, 1995), who considered relationship quality as encompassing conflict, trust, and commitment, here commitment is separated from relationship quality as there has been considerable conceptual and empirical evidence to suggest that it is the ultimate outcome in channel relationships, with causal precedence on conflict, and trust (e.g. Anderson and Weitz, 1992; Morgan and Hunt 1994; Geyskens, Steenkamp, and Kumar, 1999). In this research context, relationship quality is defined as an assessment of the results

of recent efforts in managing channel relationships that focuses on two dimensions, namely trust and functional conflict.

Specifically, trust has been found to be ''a major determinant of commitment'' (Morgan and Hunt, 1994, p. 24); similarly, Siguaw, Baker and Simpson (2003) research distributors' trust in their suppliers, and find it to be significant in terms of relationship commitment. .In addition, Andaleeb's (1996, p. 88) findings indicate that, ''when trust was high, the buyer's commitment was high.'' Furthermore, Morgan and Hunt (1994) point out that marketing science should understand functional and dysfunctional relationships just as medical science understands sickness and health, because functional conflict may increase productivity in relationship marketing and may be viewed as "just another part of doing business" (Anderson and Narus 1990, p. 45). Providing additional empirical support for functional conflict showing a link with relationship commitment, Skarmeas (2005) finds that functional conflict is related positively to future purchase intentions in an importer–exporter relationships. Similarly, this study shows that if functionality of the conflict increases, it will also increase the level of relationship commitment. Based on these findings, it is clearly established that relationship quality is able to influence commitment level.

2.6 Conclusion

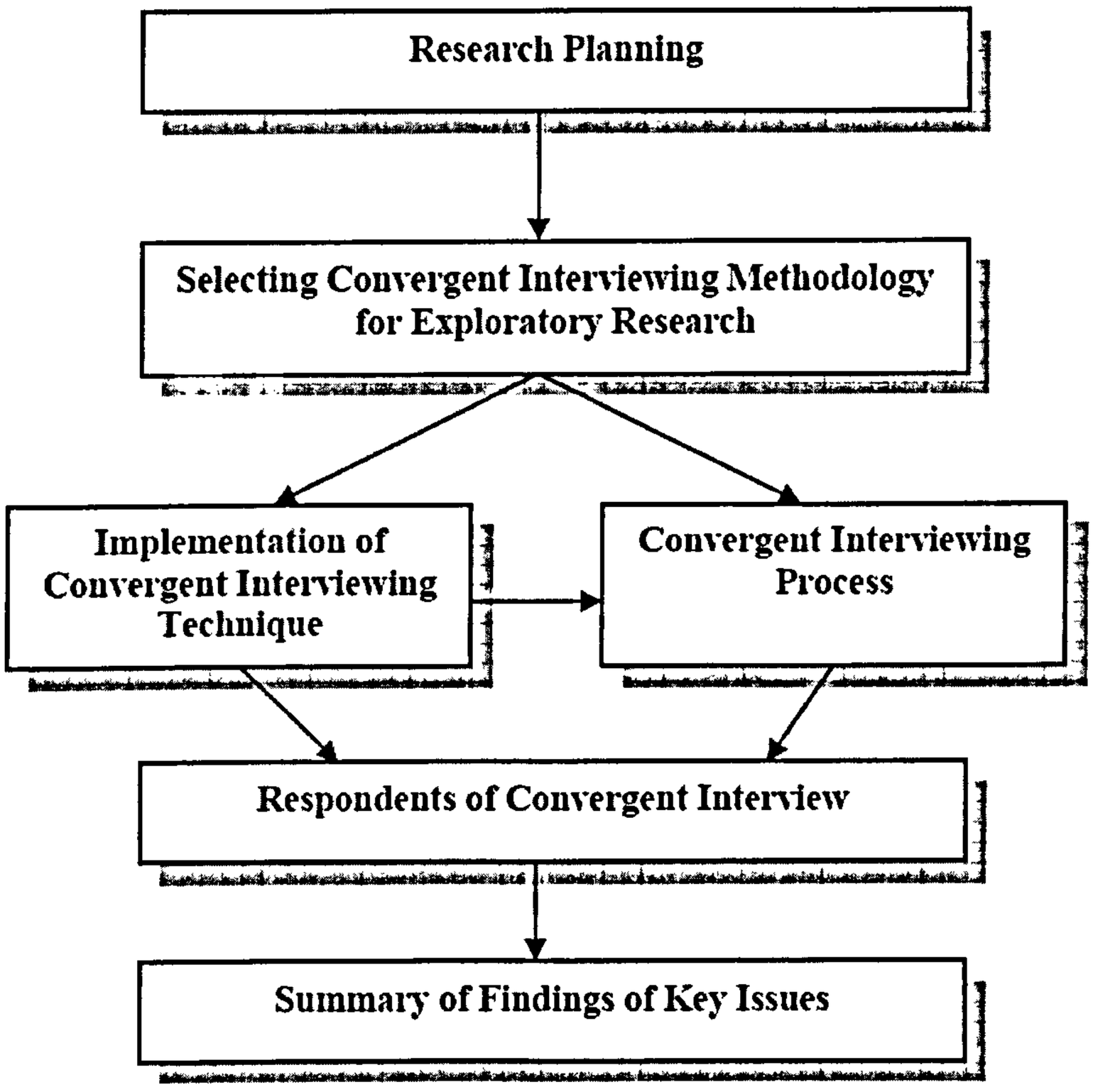
This chapter provides a general theoretical foundation for our research that stems from literature review in relationship marketing and web-based technologies, before focusing on the role of web-based technologies and traditional approaches in affecting supplier-partner relationships. Based on the prior literature review, we find that indicators of high-quality relationships, such as satisfaction (e.g. economic, non-economic, and customer satisfaction), relationship quality and relationship commitment are inter-related and critical for use in measuring the success of supplier-partner relationships. Therefore, this chapter provides important insights from which to commence qualitative studies for developing a conceptual model for our research, which will be discussed in Chapter 3. It is also expected that literature review in these areas alongside findings from qualitative studies, will be useful in guiding us toward finding the appropriate driving factors and providing an explanation for the rationale of our conceptual model in Chapter 4.

CHAPTER 3 QUALITATIVE METHODOLOGY

3.1 Introduction

This section details the qualitative methodology used in stage one of this research in order to refine the theoretical framework developed from the literature in Chapter 2. As shown in Figure 3.1, it begins with an outline of the research planning and justifications for selecting convergent interview as an exploratory research method for the first stage of this research. Convergent interview is then compared with other qualitative methodologies that can be used as an exploratory research method. This comparison is followed by a description of the convergent interviewing process and how the convergent interviews are planned, conducted, and interpreted in the context of this research. Finally, the data gathered during interviews is analysed and discussed.

Figure 3.1 Outline of Interviewing Methodology



3.2.1 Research Planning

Research planning is the design of research to achieve its objectives. It involves making strategic decisions regarding the choice of data collection techniques. For this reason, we will discuss the factors and considerations of using exploratory versus explanatory research and qualitative versus quantitative research before selecting the most appropriate research method for the exploratory stage.

3.2.2 Exploratory versus Explanatory Research

In order to understand the research problem, exploratory research has been conducted by reviewing the relevant literature in Chapter 2 and using convergent interviews (Chapter 3) to identify and gain insights into the key issues in relation to the partner support programmes and activities (e.g. certification, relationship setting, marketing support, relationship management, technical support) involved in inter-organisational relationships. The findings of this exploratory research are used as input for further research.

On the other hand, explanatory research aims to provide evidence of the cause and effect of relationships. Usually, researchers manipulate the independent variables of interest with respect to the controls to examine their effects on other variables. In the context of our research, we use a survey that manipulates different levels of partner relationship management practices towards supplier-partner relationships. This survey technique is discussed in detail in Chapter 5.

3.2.3 Qualitative versus Quantitative Research

We find that Rod Davies, a principal at Orient Pacific Century Market Research, provides an interesting explanation for the differences between qualitative and quantitative research. He suggests that,

> "Quantitative research deals in numbers, logic and objective matters, while qualitative research deals in words, images and subjective matters. Quantitative research focuses on the left brain - objective, comfortable with logic, numbers, and unchanging static data and detailed, convergent reasoning

rather than divergent reasoning. Qualitative research deals with the right brain - the hemisphere accountable for processing data as words, emotions, feelings, colours, and music. The right brain gets us into trouble; the left brain reasons our way out..." (Davies, 2000)

In order to provide a comparison of the characteristics for both methods, a summary of their differences are provided in Table 3.1.

Table 3.1 Differences between Qualitative and Quantitative Research

Qualitative	Quantitative
▪ Concerned with understanding behaviour from actors' own frames of reference ▪ Naturalistic and uncontrolled observation ▪ Data analysis is subjective ▪ Close to the data: the 'insider' perspective ▪ Grounded, discovery-oriented, exploratory, expansionist, descriptive, inductive ▪ Process-oriented ▪ Valid: real, rich, deep data ▪ Ungeneralisable: single case studies ▪ Holistic ▪ Assume a dynamic reality	▪ Seek the facts/causes of social phenomena ▪ Obstructive and controlled ▪ Data analysis is objective with statistical summarisation ▪ Removed from the data: the 'outsider' perspective ▪ Ungrounded, verification oriented, reductionist, hypothetico-deductive ▪ Outcome-oriented ▪ Reliable: hard and replicable data ▪ Generalisable: multiple case studies ▪ Particularistic ▪ Assume a stable reality

(Source: Adapted from Oakley 1999: 156)

At the exploratory stage, we find that the inductive characteristic of a qualitative approach is essential to our study for two reasons. Firstly, managing business partners supported by web-based technologies as a key strategy is new phenomena in relationship marketing literature. In the early stages of theory development, where these phenomena are not well understood, a qualitative method is required to explore this complex topic in depth with experts who have practical experience of applying their knowledge. As the qualitative research allows flexibility in information collection and enables in-depth exploration of issues in a less structured format, it assists us in providing important and necessary information to build the theory that will be tested quantitatively at stage two of this research.

The second reason for using a qualitative method is because of the nature of the information gathered in the first stage of data collection. Qualitative research allows us to gain an in-depth understanding of the underlying reasons and motivations to this method as well as to obtain real, rich, and deep data. As Carson and Coviello (1996, p. 55) argue that "the closer the researcher gets to the phenomenon, the clearer it is understood", we find that the complex concept of partner relationship management practices or so called partner support programmes, can only be understood by in-depth exploration taking a qualitative approach. This fact is also supported by Liebscher (1998) who argues that "qualitative methods are appropriate when the phenomena under study are complex, social in nature, and do not lend themselves to quantification".

With regard to the quantitative method, it will be adopted in the second stage of this research for examining the causes and effects of the theory developed from the relevant literature review and qualitative studies. Discussion of the quantitative method used for this research is provided in Chapter 5.

3.2.4 Selecting Convergent Interviewing for the Exploratory Stage of this Research

This section describes and justifies the choice of convergent interview over other qualitative research methods. Convergent interview is defined as "an adaptive interview technique with a structured data analysis process based on key issues raised by the interviewees that merge from different angles to form a certain construct". For example, a number of interviewees point out key issues from different angles including marketing support such as marketing assistance, marketing solutions, lead support, and marketing co-ordination. By using convergent interview, we narrow down our focus to explore these key issues rather than concentrating only on marketing support in general. This technique uses more specific information and enables us to better understand the concepts underlying the key issues. In addition, Rao and Perry (2003) find that convergent interview is more appropriate than other methods because it provides:

- A way of quickly converging on key issues in an emerging area
- An efficient mechanism for data analysis after each interview
- A way of deciding when to cease data collection

Table 3.2 shows the major characteristics and differences of convergent interview, in-depth interview, case studies and focus groups.

Table 3.2 Major Characteristics and Differences of Qualitative Methods

Characteristics	Convergent interview	In-depth Interview	Case research	Focus group
Main objective	Narrow down research focus	To obtain rich and detailed information	Mainly theory building/confirming	Group interaction
Level of prior theory requirement	Low	Low	Medium to high	To obtain insights and various ideas
Process	Structured process with continuous refinement	Flexible	Structured and standard procedures	Flexible – unstructured to structured
Content	Unstructured	Unstructured to structured	Somewhat structured	Unstructured
Strengths	Progressive	Replication	Replication	Synergistic effect in a group setting
Weaknesses	Potential interviewer bias, requirement of interviewer's knowledge and insufficient on its own	Results may be biased and are not for theory testing	Requirement of sufficient prior theory	Conforming effects in a group setting

Source: developed from Carson, Gronhaug, and Perry (2001) and Yin (1994)

Based on the summary of the characteristics and differences of four qualitative methods, the most appropriate qualitative method for our research context is discussed.

a) Convergent interview versus in-depth interview

In-depth interview is not chosen for our exploratory research because of the following reasons. Firstly, rich and detailed information acquired using in-depth interview may result in some information unrelated to the key issues. For this reason,

it is necessary to narrow down our focus in understanding the underlying concepts of the key issues, to prevent the distortion of new scales due to lack of specific information. Secondly, convergent interview has a more structured way of processing interview results and analysing data with continuous refinement. This is because, according to Rao and Perry (2003), the progressive nature of convergent interview develops a series of successive approximations arising from a continuous refinement of process (e.g. details of the interviewing techniques and sample composition) and content (e.g. interview questions and evolving understanding of the subject matter). In other words, this method is composed of "a series of tasks which lead to the progressive reduction of uncertainty" (Philips and Pugh 1994, p. 72). Therefore, convergent interview is more appropriate than in-depth interview.

b) Case research versus convergent interview

As noted (refer to row 2 of Table 3.2), case research requires sufficient prior theory for use. In the context of our research there is insufficient theory in the literature relationship marketing. There is no insight into how web-based technologies are integrated into partner support programmes and how they impact on high quality inter-organisational relationships. In case research, however, it uses structured and standard procedures. This method is therefore inappropriate for our research at the exploratory stage.

c) Focus group versus convergent interview

A focus group is not used for our exploratory research because convergent interviewing has a more structured way of processing interviews and analysing data (refer to row 4 of Table 3.2). In addition, it is inappropriate to organise a group interaction where some participating practitioners are competitors. Rao and Perry (2003, p. 239) also point out that "business people in a focus group were unlikely to divulge their business innovations to others within the group who might be their competitors". Therefore, convergent interviewing is more appropriate than a focus group for our research at this exploratory stage.

3.2.5 Strengths and Limitations of the Convergent Interviewing Technique

According to Rao and Perry (2003, p. 239), the convergent interviewing technique has three main strengths. Firstly, the technique is useful for the exploration of areas lacking an established theoretical base. This strength offers flexibility to refine the research issues throughout the course of the interviews, resulting in the consolidation of the existing body of knowledge and a more precisely defined research problem. Secondly, it provides a flexible instrument for us to identify and explore key issues related to the research problem allowing researchers to use a funnelling process to control the flow of the type of information being sought. Thirdly, the inherent subjectivity in qualitative data is largely overcome by the interviewer attempting to explain answers after each interview.

Despite these strengths, the limitations associated with the convergent interviewing technique include potential interviewer bias, requirement of interviewee's knowledge on the subject matter, and data obtained being insufficient alone.

In order to minimise the bias, the researcher has one years' previous working experience as a reseller of ICT products and has a reasonable understanding of the general issues of partner support programmes and their impact on inter-organisational relationships. Prior to conducting this interview, the researcher underwent training in qualitative research as well as reviewed relevant literature on relationship marketing and web-based technologies.

Furthermore, to supplement the interviewee's knowledge on the subject matter, we have asked interested organisations to provide their representative who is knowledgeable and expert in managing the affairs of their business partners for this exploratory research. We have been able to interview eleven practitioners from the supplier organisations, partner organisations and a consulting company for web-based application. Their practical experiences and expertise in partner relationship management have contributed meaningful information of key issues on the subject matter for our exploratory research.

Finally, to overcome the limitation that the data obtained alone is insufficient to provide results that can be generalised to the wider population, quantitative research is conducted to validate the theory developed by this convergent interviewing technique along with the preliminary findings from the literature review in relationship marketing. A detailed discussion regarding the quantitative research is provided in Chapter 5.

3.2.6 Implementing the Convergent Interviewing Technique

a) Deciding the sample size

According to Rao and Perry (2003), the optimal sample size for the convergent interviews for marketing research depends on when stability is reached, that is, when agreement among the interviewees is achieved and any disagreement among them is explained, on all the issues raised. Another view, Dick (1990) has suggested that the sample size should be 1 percent of a target population of up to 200 and as a minimum, the sample size should not be less than 12 people. Rao and Perry (2003) suggest that stability is reached after ten interviews in their convergent interviews. In our research context, stability is reached after eleven interviews.

b) Deciding the sampling method

In our exploratory research, a number of leading ICT suppliers were identified with the assistance of world ICT companies at www.hoovers.com. A number of leading ICT suppliers were chosen (e.g United Kingdom, Ireland, and Malaysia) based on a large network of business partners they managed in selling their products and services. The suppliers' main representatives were contacted via email offering research on partner relationship management and inviting participation. By using this approach, a reasonably good response from the practitioners was received and as a result, eleven organisations willing to participate were enlisted. Of these eleven organisations, seven practitioners from supplier organisations, three practitioners from partner organisations and one practitioner from consulting organisation were interviewed. All practitioners were experts with at least two years experience in managing the affairs of partner organisations in this field.

c) Conducting the interviews

The following discussion presents the planning and management issues relating to convergent interviewing and is based mainly on the steps recommended by Dick (1990, pp. 12-14) and Carson, Gronhaug, and Perry (2001):

(1) contacting the respondent;

(2) time and setting;

(3) establishing rapport and neutrality;

(4) opening question;

(5) probe questions;

(6) inviting a summary; and

(7) concluding the interview.

Step 1: Contacting the respondent

The initial contact with potential respondent was established via email and telephone calls. The initial email correspondence was in the form of an invitation letter regarding the purpose of the interview and a brief overview of the research background. If the respondent was interested and responded to the invitation, contact was made by telephone to confirm the agreed venue and time.

Step 2: Time and setting

In this research, respondents were informed that the interview would last approximately 40 minutes. Sometimes, as the interviewees were interested in sharing more information and due to increased number of probe questions in the later interviews, the interview took up to 90 minutes. All interviews were conducted face-to-face at the respondents' office with the exception of an interview with a representative of the consulting organisation which was held at Cass Business School. In person interviews were conducive to establishing rapport with the respondents as well as discussing key issues of managing business partners and their impact on the inter-organisation relationships. All appointments were fixed and confirmed a few days before the interview.

Step 3: Establishing rapport and neutrality

Rapport was established by initial introduction and clarification of a number of preliminary issues at the start of the interview. A brief explanation of the purpose of the research was made to encourage co-operation during the interview. Respondents were then asked for permission to tape record the interview and were informed that the information obtained from the interview would be treated in confidence. Body language and dress code was kept informal.

Step 4: Opening question

The opening question was framed in a manner to encourage the respondent to reveal his or her attitudes about the research topic without placing boundaries on the response (Dick, 1990). It was considered important to provide a broad starting point for the respondent to feel relaxed and comfortable about sharing his or her thoughts and experiences. The opening research question used in the interview was "Could you tell me about the partner support programmes that your company provides to its business partners?"

Step 5: Probe questions

The opening question provided a broad starting point and led to further probe questions to help the respondent to continue his or her explanation and to focus on the key issues discussed. For the purposes of the target research, a number of questions such as "Could you elaborate a little more?" and "Could you provide an example?" were used in the interviews. This procedure also helped to gain more information about the key issues discussed and to keep the interview within the time constraints.

Step 6: Inviting a summary

Dick (1990) suggested that when it is apparent that little more information will be secured, a researcher can start closure by inviting the respondent to pick out the key points from what has been so far discussed, perhaps also indicating their relative priority. For this research, some questions such as "Do you have anything to add

besides the issues you have discussed?" and "Could you highlight briefly the key issues about partner support programmes you have discussed?" were used to invite summary.

Step 7: Concluding the interview

When the respondent could no longer add further information, the researcher summarised the interview to ensure that all questions planned were investigated. The respondent was also offered a copy of the research results and was thanked for his time and co-operation.

3.2.7 Respondents

Table 4.3 illustrates the market specialisation, position, length of managerial experience with the company, and specialty of the respondents.

Table 3.3 Respondents in the Interviews

Respondent's Code	Organisation	Market Specialization	Position	Length (years)	Country
A	Partner	Networking	Network Infrastructure Manager	4	Malaysia
B	Partner	Security	Technical Director	6	Malaysia
C	Partner	Database	General Manager	4	Malaysia
D	Supplier	Software	Business Development Manager	2	Malaysia
E	Supplier	Networking	Sales Director	9	Malaysia
F	Supplier	Networking	Academic Account Director	6	UK
G	Supplier	Hardware and applications	Client Executive	6	UK
H	Supplier	Software	Group Manager for Small and Middle Solutions	2	Ireland
I	Supplier	Hardware and applications	Partner Manager	5	Ireland
J	Supplier	Networking	Director of Technology in Internetworking Systems	5	Ireland
K	Consulting	Partner Relationship Management	Business Consultant	2	UK

In order to maintain confidentiality, the names of respondent were disguised with the letters A to K. These letters will be used in brackets to indicate the evidence for the patterns of data obtained.

3.2.8 Summary of Findings of Key Issues in the Convergent Interviews

Each interview was transcribed within the same week after the interviews were conducted. A report summarising the key issues discussed by each respondent was written in the form of case studies (see Appendix C). Each case study was then compared with another to seek patterns in the data. In brief, the results are summarised in Table 3.4.

Table 3.4 Summary of Issues Raised in Convergent Interviews

Comments	A	B	C	D	E	F	G	H	I	J	K
Issue 1: The role of marketing support on performance											
Marketing assistance	x	x	x	x	x	x	x	x	x	x	-
Lead support	x	x	x	x	-	x	x	x	x	-	x
Co-ordination	x	-	x	-	x	-	x	-	x	-	-
Web-based co-ordination	-	-	x	-	-	-	-	-	x	-	x
Issue 2: The role of relationship management on the quality of the relationship											
Communication/Information sharing	x	x	x	x	x	x	x	-	x	x	x
Account manager	-	x	x	x	x	x	x	-	x	x	-
Conflict resolution	x	-	-	x	x	x	-	-	x	x	-
Issue 3: The role of technical support on performance											
Technical assistance	x	x	x	x	x	x	x	x	x	x	x
Web-based technical solutions	x	x	x	x	-	x	x	x	x	x	x
Product and technical training	x	x	x	-	x	x	x	x	x	x	x
Other issues:											
Certification	x	-	x	x	x	x	x	x	x	x	-
Exclusivity/Privilege	-	-	-		x	x	-	x	x	-	-
Formality	-	-	-	-	-	-	-	-	x	-	-
Performance											
Economic Performance	x	x	x	x	x	-	x	-	x	x	-
Customer Orientation	x	x	x	x	x	x	x	-	x	x	-
Long-term Relationship	x	-	x	x	x	-	x	-	x	x	-

Notes:
x = respondent is in conformity with the importance of the issues in support programs or performance
- = respondent did not raise the issue

As previous empirical studies only focus on traditional approaches that build productive and high quality inter-organisational relationships, the findings in the convergent interviews help in developing and refining the theoretical foundation of the conceptual model. For this reason, a detailed discussion of how these findings are used as shown in Table 3.4, is provided in Chapter 4.

3.2.9 Conclusion

In brief, the convergent interviews are the first stage in investigating the driving factors or the support programs provided by the supplier for its business partners. Our exploratory research finds that the support programs are made up of two approaches; traditional interactions and web-based technology. The findings are summarised in Table 3.3. These supports programmes are expected to have links with indicators of high quality supplier-partner relationships. Based on a literature review and findings of these convergent interviews, a theoretical framework for our research is developed. In the next chapter, we will discuss the theoretical framework of the conceptual model before we discuss the quantitative or survey methodology as an instrument for testing the theory of our research in Chapter 5.

CHAPTER 4 CONCEPTUAL MODEL

In this chapter, findings of the literature review and convergent interviews are discussed. Based on these findings, a theoretical framework for the conceptual model is introduced. Also, a detailed discussion for the rationale of the relationships within the conceptual model and research questions for empirical testing are provided.

4.1 Introduction

This research is heavily grounded in the theory of inter-organisational relationships (e.g. buyer-seller, supplier- reseller, manufacturer-distributor etc) and web-based technologies in the context of business-to-business environments. In the meantime, as the concept of relationship marketing supported by web-based technologies is new phenomena, qualitative research via convergent interviews is conducted in order to understand this concept more clearly. Findings from these interviews are used to develop additional theories to refine the theoretical foundation in the conceptual model as previous empirical studies only focus on traditional approaches that build productive and high quality inter-organisational relationships. Besides refining the conceptual model, the findings also help in improving existing scales, developing new scales, and providing justification for framing the hypotheses.

Furthermore, the main reason behind the examination of relationship marketing supported by web-based technologies is that most suppliers within the ICT industry recognise that the use of web-based technologies alongside traditional approaches for building and maintaining high quality relationships with partners has now become the rule and not the exception. Hence, this research aims to examine how this combination can help achieve high quality inter-organisational relationships. Based on the discussion of the literature in Chapter 2 and the findings of the convergent interviews in Chapter 3, definitions of the construct and conceptual model are developed. For clarity, a summary of the construct and conceptual definitions is presented in Table 4.1, and a diagram of the conceptual model is presented in Figure 4.1.

Table 4.1 Construct and Conceptual Definitions

Construct	Conceptual Definition
Certification	Supplier's requirements for partner organisations to attain proficiency and competency in the supplier's line of products or services
Relationship setting:	The mechanisms provided by the supplier to establish its business relationships with a network of partners
1. Formalisation	The degree to which formal mechanisms for communication exist within the dealer-manufacturer relationship (Mohr, Fisher, and Nevin, 1996)
2. Exclusivity	The right or privilege given to the partner organisations to sell and market the supplier's products or services
3. Relationship System	The shared web-based facility that links the supplier and partners to work together effectively
Marketing Support:	The resources and planning that the supplier provides in order to aid partners in selling its products and services
1. Marketing Assistance	The expenditures of time, effort, or funds directed toward marketing initiatives for a specific supplier's product (Goodman and Dion, 2001).
2. Marketing Solutions	The collection of tools, directly provided by the supplier, mainly for marketing purposes
3. Leads Support	Supplier's customer acquisition strategy to assist partner organisations in quality sales opportunities based on qualification processes
4. Coordination	The extent to which different parties within the relationship work well together to accomplishing a collective set of tasks (Mohr, Fisher, and Nevin, 1996, p. 105)
Relationship Management:	The extent to which parties have the orientation or behavioural tendency to actively cultivate and maintain close working relationships (Crosby, Evans, and Cowles, 1990)
1. Information Sharing	The extent to which critical, often proprietary, information is communicated to one's partner in order to engage jointly in planning and goal setting (Mohr and Spekman, 1994)
2. Relationship Bonds	Personal ties or linkages forged during interaction in a channel relationship; usually between supplier's dedicated account managers and partner's representatives
3. Conflict Resolution	The degree to which disagreements between parties are resolved productively to clear the air of tensions and ill-will (Anderson and Narus, 1990)
Technical Support:	The resources that the supplier provides to its partners for servicing end customers
1. Technical Assistance	The willingness of the supplier to provide necessary technical assistance if the partners are in need
2. Service Quality	The level of quality of technical support as perceived by the partner organisations
3. Technical Training	The specific investments of the channel partners to acquire product knowledge, practical skills, and competencies
4. Technical Solutions	The web-based method or process of solving technical problems
5. Partner Community	A value-added mechanism provided by the supplier aimed at enhancing the existing technical support, enabling the business partners to better serve the end customers
Economic Satisfaction	A channel member's evaluation of the economic outcomes that flow from the relationship with its partner, such as sales volume, margins, and discounts (Geyskens and Steenkamp, 2000)
Non-economic Satisfaction	Positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm (Anderson and Narus, 1984, p. 66)
Customer Satisfaction	To delight customers by delivering a service or product that exceeds customer expectations (Valenzuela and Vásquez-Párraga, 2006)
Relationship Commitment	A desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and confidence in the stability of the relationship (Anderson and Weitz, 192, p. 19)

Relationship Quality:	An assessment of the results of recent efforts to manage channel relationships that focuses on two dimensions, namely trust and functional conflict
1. Trust	The belief that a party's word or promise is reliable and that a party will fulfil its obligations in an exchange relationship (Dwyer, Schurr and Oh, 1987, p. 18)
2. Functional Conflict	An evaluative appraisal of the results of recent efforts to manage disagreements (Anderson and Narus, 1990)

4.2 Rationale for the Relationships Within the Conceptual Model

As discussed earlier in Chapter 1 (Section 1.5), our empirical research is based on partners' perception towards their relationship with the main or preferred supplier. For this reason, it is important to highlight that all variables developed in the conceptual model as shown in Figure 4.1, are limited to partners' perspective only (suppliers' and customers' perspective are not included).

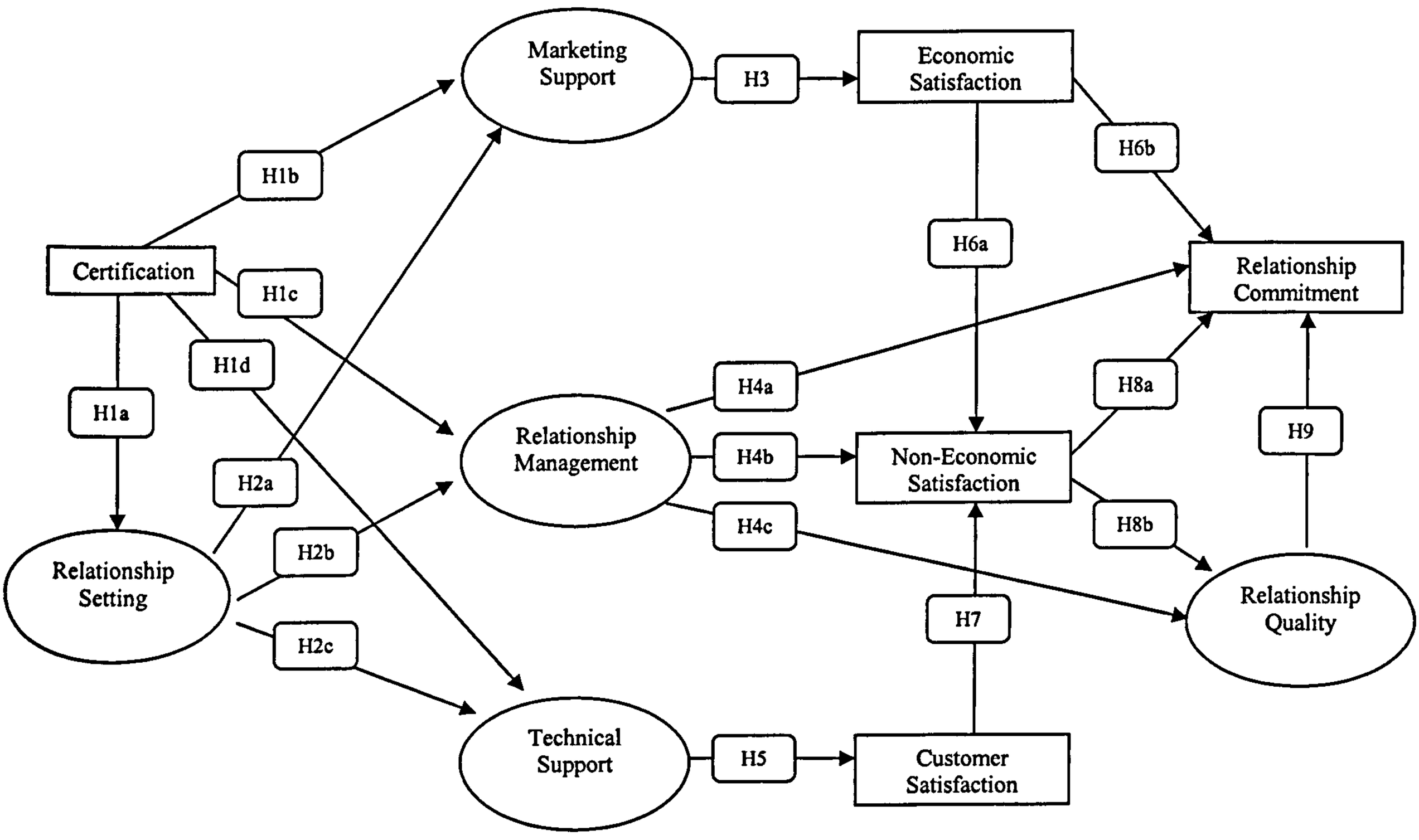


Figure 4.1 Conceptual Model Diagram

Table 4.2: A Summary of Relationships within the Conceptual Model

H1a: Certification will have positive and significant effect on relationship setting H1b: Certification will have positive and significant effect on marketing support H1c: Certification will have positive and significant effect on relationship management H1d: Certification will have positive and significant effect on technical support
H2a: Relationship setting will have positive and significant effect on marketing support H2b: Relationship setting will have positive and significant effect on relationship management H2c: Relationship setting will have positive and significant effect on technical support
H3: Marketing support will have positive and significant effect on economic satisfaction
H4a: Relationship management will have positive and significant effect on relationship commitment H4b: Relationship management will have positive and significant effect on non-economic satisfaction H4c: Relationship management will have positive and significant effect on relationship quality
H5: Technical support will have positive and significant effect on customer satisfaction
H6a: Non-economic satisfaction will have positive and significant effect on relationship commitment H6b: Non-economic satisfaction will have positive and significant effect on relationship quality
H7: Customer satisfaction will have positive and significant effect on non-economic satisfaction
H8a: Non-economic satisfaction will have positive and significant effect on relationship commitment H8b: Non-economic satisfaction will have positive and significant effect on relationship quality
H9: Relationship quality will have positive and significant effect on relationship commitment

4.2.1 Independent Variables

The conceptual model of this research uses five sets of independent variables namely certification, relationship setting, marketing support, relationship management and technical support, in order to examine their link with mediating variables, such as economic satisfaction, non-economic satisfaction and customer satisfaction, as well as dependent variables such as relationship quality and relationship commitment. Each set of independent variables is discussed in detail in the following sections.

Set 1: Certification

Although not explored in prior research of inter-organisational relationships, we attempt to understand the role of certification within the ICT industry in maintaining a close working relationship between a supplier and its partners. We define certification as a supplier's requirements for partner organisations to attain proficiency and competency in the supplier's line of products or services based on skill sets as well as financial and human resources, via a standardised assessment method. In the past decade, we notice that certification becomes an important factor in supplier-partner relationships and plays a key role in setting quality standards within the ICT industry. In fact, Mishra (2006, p. 84) points out that, "the firms' desire to understand customer needs and deliver superior quality have driven them to

seek and display certification;" suggesting that the role of certification is important in reducing information asymmetry for customers and developing trust between exchange partners. Similarly, Terziovski, Samson, and Dow (1997) note that organisations seek certification due pressures from their customers and as a result of government purchasing policy.

During convergent interviews conducted for this study, Mr. C. says that certification is "the main requirement to become a partner [with the company's supplier]." He adds that the supplier sets certain criteria, such as requiring a minimum number of personnel to be certified and a certain percentage of the supplier's products that must be made available to customers, if the partner wants to sell its products and services.

In addition, the findings from convergent interviews demonstrate that there are a number of important factors about certification that are necessary for the supplier to categorise the tier of its partners and to establish quality standards for the products and services delivered to customers. Firstly, the importance of certification is in that it provides a mechanism by which to assess the partner's competency. Mr. C. notes that the supplier provides on-going technical and sales training to ensure the partner's competency. However, he emphasises that technical training is a greater priority "in order to ensure that the partner is able to deliver the standard set by the supplier." He also adds that this certification programme "enables the partner to understand the [supplier's] products and have the necessary skills to deliver the solutions." This statement is supported by a number of respondents in our interviews. For example, Mr. I. says that his company requires "the partners to sit for the exam every 18 months in order to update their product knowledge and skills. The exam is compulsory as they may lose authorisation to sell their products. The main reason behind the compulsory exam is due to the standard of skills required in selling the products to the end customers." Another respondent, Mr. J. holds the same view and points out that reseller training is "a part of accreditation or certification of programmes to ensure that the partners maintain the standard that the company sets for every partner to sell the products and services." Similarly, Mr. F. also indicates a similar point of view by saying that technical evaluation of partners' accreditation

must be carried out, "to ensure that they [the partners] have the ability to deliver the solutions to the customers according to the standard...."

Furthermore, according to Mr. I., on-going certification programmes need to be carried out as a result of "the products' continual change." Expressing another point of view, Mr. F. states that on-going certification programmes are necessary for improving the partners' skills as, "the higher the partner level, the higher the capability of the partners in [terms of] sales and technical aspects."

Having discussed the importance of certification programs such as requirements, competency, and on-going training that are set by suppliers to manage its partner networks, it appears critical for the supplier to manage its partners effectively and to monitor on-going performance. As a partner organisation is usually categorised in either first, second, or third tiers, certification levels thus influence the level of relationship setting, marketing support, relationship management, and technical support.

In the context of this research, examining certification with relation to the level of marketing support, relationship setting, relationship management and technical support is important because the issue is not yet addressed in existing literature and it is possible for practitioners to confuse the links between certification and its expected outcomes with the partnership's driving factors (e.g. relationship setting, level of support programs). In addition, certification cannot be considered part of either the relationship setting or the level of support programmes, as these factors depend on the initial certification requirements as determined by the supplier.

Hence, this research seeks evidence that certification is a determinant of the level of driving factors (e.g. relationship setting, marketing support, relationship management, and technical support) that affect partnership performance (e.g. economic satisfaction, non-economic satisfaction, and customer satisfaction). Thus far, no research yet examines the impact of certification on these driving factors; therefore, this issue is discussed in the following section.

Hypothesis 1a

We propose that certification has a significant impact on relationship setting for at least three reasons. Firstly, certification requirements affect the level of formalisation, such as audits and policies required by the partnership agreement. For example, Cisco provides a standard, formal document specifying the rules, procedures, roles, communication channels, and mechanisms to solve the problems of its channel partner program (see Appendix D). Secondly, certification levels result in different specialisations and requirements for human and financial resources. Hence, certification leads to different sales territories in which partner organisations with which higher certification levels are eligible to have access to restricted products, unique solutions, and designated target markets. Thirdly, partner organisations with more advanced certification levels are able to take greater advantage of the partnership's shared web-based applications and tools because the supplier has given them privilege for a greater number of responses, training to be certified and two-way communication via a dedicated supplier's representative (e.g. Account Manager) who is responsible for one or a group of partner organisations at the advanced level. Therefore, we believe that certification can affect the perceived usefulness and ease-of-use of web-based systems by allowing the partner to work more closely with their supplier, responding to their needs promptly, and providing more efficient two-way communication. Based on this discussion, we hypothesise that:

H1a: Certification will have positive and significant effect on relationship setting.

Hypothesis 1b

Concerning the impact of certification on the level of marketing support, firstly, it is a reflection of the partners' sales expertise in one or more products (see Appendix D). Hence, the higher the certification level, the more specialisations the partners have, and thus, the greater their level of marketing support. Secondly, different certification levels affect the amount of marketing support received because the supplier provides different value-added incentive programmes and rewards for each specialised level of certification (see Appendix D). Unlike partner organisations at the foundation level, more advanced certification levels afford partner organisations access to wider capabilities with several specialisations, skill sets and the human and

financial resources necessary for targeting wider range of sales opportunities. Therefore, higher levels of certification for partner organisations, which in turn, leads to a higher levels of marketing support, such as having access to marketing expertise, co-marketing opportunities, extensive marketing materials and tools, lead to more support, marketing funds, and exclusive marketing coordination. Based on this discussion, we hypothesise that:

H1a: Certification will have positive and significant effect on marketing support.

Hypothesis 1c

In relation to the impact of certification on the level of relationship management, it is hypothesised that certification will have the same significant impact on relationship management as proposed on relationship setting. Firstly, certification levels affect the level of access to supplier's personnel or representatives. For example, partner organisations with the highest certification level at IBM are granted a privileged relationship whereby this supplier appoints a dedicated representative to manage the affairs of the partner organisation (see Appendix C). Secondly, certification levels are proposed to affect the privilege of conflict resolution, as it is more difficult for suppliers to lose partner organisations with higher certification levels and established relationships, than those partner organisations with lower certification levels. Thirdly, certification levels also affect the level of communication and information sharing because partner organisations. Higher certification levels likely receive early product updates, priority support, access to special forums, and invitations to participate in special events (see Appendix D). Based on this discussion, we hypothesise:

H1c: Certification will have positive and significant effect on relationship management.

Hypothesis 1d

With regard to the impact of certification on technical support, certification levels also reflect the depth of partners' technical skills in one or more of the supplier's products (see Appendix D). Different certification levels affect the amount of technical support, as partner organisations with higher certification level

differentiate themselves with several specialisations that enable technical competence in a wide range of the supplier's products. In addition, partner organisations that have higher certification levels are eligible to gain access to exclusive technical support, such as preferred technical assistance, advanced training, and a responsive, web-based relationship system. On the other hand, partner organisations at the foundation level are less able to take advantage of their partnership with the supplier because they receive limited technical support due to limited capabilities in a particular skill set, and therefore, less access to resources. Moreover, exclusive technical support is only provided by the supplier when the partners undertake new certification programmes as required by the supplier, for example, completing training and meeting other requirements from time to time. This is because it is essential to update the partners' proficiency with the new line of supplier's products and services as they are introduced in the market, as failure to do so, will result in de-certification and changes to the level of technical support. Based on this discussion, we hypothesise that:

H1d: Certification will have positive and significant effect on technical support.

Set 2: Relationship Setting

As this conceptualisation of inter-organisational relationships is new in the literature, the concept of the relationship setting, its indicators and hypotheses are discussed here. We define relationship setting as the mechanisms provided by the supplier to establishing its business relationships with a network of partners. It can be conceptualised that the relationship setting is a second order factor that comprises three important indicators, including formalisation, exclusivity and access, to a shared relationship system. We believe that these proposed indicators are important because they prompt the partner organisation to recognize the creation and existence of effective relationship management in a channel partnership for three reasons.

Firstly, the partner's perception on formalisation can be viewed as a behaviour, or process control, which seeks to set standards and rules so that the behaviour of each partner does not deviate from this goal. Secondly, the partner's perception of the level of exclusivity conveys the supplier's fairness in managing the network of partners. Thirdly, the partner's perception of a shared relationship system conveys the supplier's critical value-added system in providing support to enhance

and develop high quality supplier-partner relationships. The rationale for the inclusion of each indicator in the relationship setting is discussed in detail in the following sections.

Indicator 1: Formalisation

Formalisation is defined as "the degree to which rules define roles, authority relations, communications, norms, sanctions, and procedures" (Jaworski and Kohli, 1993, p.56). In a similar fashion, Mohr, Fisher, and Nevin (1996) define formalisation as "the degree to which formal mechanisms for communication exist within the dealer-manufacturer relationship." In the context of this research, formalisation is an important indicator in the relationship setting, as it makes the expectations clear and avoids any misunderstanding between both parties in achieving the goals of the partnership. Hence, four items are adapted from Mohr and Sohi (1995) and one more item is added which relates to the availability of a formal mechanism for problem solving; allowing conflict to be handled via an appropriate channel. Therefore, formalisation, which specifies the rules, standard procedures, roles, terms, communication channels, and mechanisms to solve problems, is required in a relationship setting because both parties need to understand clearly the procedures, benefits, and risks associated with the partnership in order to achieve its business objectives.

Indicator 2: Exclusivity

As the concept of exclusivity has not yet been well defined and has been given very little attention in extant inter-organisational literature, we define exclusivity as the right or privilege given to partners in selling and marketing the supplier's products or services. We believe that exclusivity is an important issue in the relationship setting, as channel partners have different levels of resources and expertise. Hence, partners require different levels of exclusive relationships and suppliers must understand this issue in order to provide more appropriate support programs based on their partners' level of resources and expertise. In addition, the more exclusive the relationships the partners have, the closer their business relationships will be with the supplier. Based on this discussion, four items with regard to the exclusivity construct are proposed. Two items are adapted from Anderson and Weitz (1992) concerning

sales territory and the control of channel competition, and two new items are proposed concerning the level of effectiveness and planning in managing the network of partners from a variety of different partner backgrounds, such as type of partnership, product and market specialisation, size, technical competency, and sales territory.

Indicator 3: Relationship System

Though not explored in prior research, we examine the relationship system involved in maintaining a close working relationship between a supplier and its partners. The relationship system is defined as the shared, web-based facility that links the supplier and partners, allowing them to work together effectively. The existence of this facility is very important, as most suppliers within the industry have recognised that the use of web-based technology for building high quality relationships with partners has become the rule and not the exception. In accordance with this fact, without the relationship system, suppliers will be unable to manage the information needs of a large network of partner organisations in the aspects of marketing, relationship management, and technical support. Our summary judgments in relation to this important facility include the partner's perception of the system's ability to maintain close working relationships, user-friendliness, responsiveness to the user's needs, and communication efficiencies. These four items are proposed for the construction of a relationship system.

Hypothesis 2a

In examining the impact of the relationship setting on marketing support, it is proposed that relationship setting will influence the amount of marketing support for at least three reasons. Firstly, formalisation is welcomed by partner organisations because it creates an assurance as to the level of marketing support that they can expect to receive from the supplier. In accordance with this reasoning, formalisation sets standards and routine procedures for every partner to follow and abide by, creating less confusion, eliminating double standards, and reducing divergent interpretations of similar activities, while providing clear structure, control, and guidelines for determining the partner's level of marketing support. In addition, formalisation can promote consensus on the availability of, and how to effectively manage, marketing support programmes. In the context of our research, formalisation

enables a supplier to devote appropriate resources for marketing purposes in order to support their business partners in selling its products and services. For example, partner organisations that comply with the requirements of the formal agreement are eligible to receive a wide range of benefits, such as recognition for technical capabilities, preferential engagements with the supplier's sales force, access to valuable sales training programmes and productivity tools, as well as access to specific products and solutions, promotions, rebates, and marketing funds (see Appendix D). Drawing upon this discussion, formalisation that is controlled by the supplier is expected to influence the level of marketing support.

Secondly, those partner organisations that are in compliance with the supplier's requirements in the formal agreement are granted a privileged relationship with a broader range of sales opportunities for higher-margins, and therefore higher-returns. These advantages may affect the amount of marketing support as well. Hence, level of exclusivity is also important in the relationship setting, in order to determine the level of marketing support. For example, the supplier can help partner organisations with a higher level of exclusivity to expand their core competencies and to enhance their reputation by increasing their skills in focused areas, in preparation for opening up new markets, creating new opportunities, and aiding higher-margin business models (See Appendix D).

González-Hernando, Iglesias, and Trespalacios (2005) examine the effect of exclusive territory agreements on the performance role of participating companies in manufacturer-dealer relationships and its influence on business performance in terms of sales, profitability and growth. Their empirical studies find that distributor business performance will be higher in exclusive territory, than in non-exclusive territory, relationships. On the other hand, empirical studies (Anderson and Weitz, 1992) also find that distributor's perceptions of exclusivity granted by their manufacturer have a positive correlation with the level of manufacturer commitment. In line with this argument, exclusivity in the context of our research results in the supplier becoming more committed to providing effective marketing support, and thus, affecting the partner's level in terms of standards and commitment.

Thirdly, the supplier should inculcate the partner organisations to realise that the use of web-based technologies alongside traditional approaches is commonplace

and provides effective results. For this reason, perceptions of the relationship system, such as its importance in maintaining close working relationships, efficient mechanisms for two-way communication, user-friendliness, and responsiveness to the partner's needs, should be given careful attention by the supplier. If the supplier places emphasis on the importance of using the system, it will influence the level of marketing support as well. This is because the supplier needs to meet the demands of its channel partners in terms of information and tool requirements for selling its products and services. Specifically, in order to provide support for this factor, Boyle and Alwitt (1999) point out that besides traditional modes of communication, email, chat rooms, and web-based videoconferencing allow exchange partners more opportunities to easily exchange documents and opinions and will strengthen relationships. Furthermore, web-based applications seem easy to use in strengthening B2B and B2C relationships by allowing firms to best utilise multimedia information about products and services, such as sound and active pictures (Hicks, 2000). In addition, information on websites can be updated continuously and instantly, and is always available to consumers and business partners (Biland, 2000).

Finally, Hoffman and Novak (1996, p. 19) propose that communication on the web uses a "many-to-many" communications model in that "consumers can interact with the medium and firms can provide content through the medium." Based on this discussion, the interactions involved in using the system over the Internet will not only result in ease of use as well as responsive, fast and efficient communication, but will also enable a close working relationship between the supplier and its partners, which in turn, may influence the supplier to make continued and further investments in the amount of marketing support that is required by the channel partners over time.

Drawing on the three main arguments above, which examine the outcomes of relationship setting indicators, namely formalisation, exclusivity and relationships systems, it is hypothesised that:

H2a: Relationship setting will have positive and significant effect on marketing support.

Hypothesis 2b

In the context of this research, relationship setting based on the level of formalisation, exclusivity and shared web-based relationship systems facilitate exchange by removing barriers such as risk and uncertainty, signalling commitment to the relationship and enhancing norms of reciprocity and fair exchange, which eventually facilitates positive relational outcomes. Our summary judgments in relation to this issue are that the partner's perception of its supplier's fairness in the setting of the business relationship, such as the level of formalisation, exclusivity and shared relationship system, depending on the certification levels (e.g tier, certifications, specialisations, resources etc), affects the quality of relationship management (e.g. relationship bonds, information sharing and conflict resolution) for at least three reasons.

Firstly, as discussed earlier, formalisation sets standards and routine procedures for every partner to follow and abide by, creating less confusion, eliminating double standards, and reducing divergent interpretations of similar activities, while providing clear structure, control, and guidelines in the business relationships. For example, partner organisations that have complied with the requirements of the formal agreement are eligible to receive a wide range of benefits, which include preferential engagements with the supplier's sales force (see Appendix D). Drawing upon this discussion, formalisation that is controlled by the supplier is clearly expected to influence the level of relationship management via the appointment of managers to look after the affairs of the channel partners.

Secondly, empirical studies by Anderson and Weitz (1992) find that distributor's perceptions of exclusivity are granted by their manufacturer and lead to positive perceptions of the manufacturer's commitment. Similarly, exclusivity in the context of this research will encourage commitment from the supplier in providing more effective relationship management, such as in the allocation of dedicated personnel to manage partner organisations that have exclusive relationships with the supplier. For this reason, these exclusive relationships will likely result in closer relational bonds between the partner and the supplier's personnel (e.g Account Manager) and a higher level of information sharing as well as more effective conflict resolution. In line with this argument, exclusivity in this research context will result

in the supplier becoming more committed to providing a higher quality of relationship management.

Thirdly, as discussed earlier, the supplier should inculcate partner organisations to realise that the use of web-based technologies alongside traditional approaches is now considered the rule and not the exception. For this reason, perceptions of the relationship system, such as its importance for maintaining close working relationships, an efficient mechanism for two-way communication, user-friendliness, and responsiveness to the partner's needs, should be given careful attention by the supplier. If the supplier places emphasis on the importance of using the system, it will influence the quality of relationship management. This is because the supplier's personnel must be responsive and allocate time with channel partners in for interactions over the Internet or extranet. In support of this argument, Boyle and Alwitt (1999) point out that besides traditional modes of communication, email, chat rooms, and web-based videoconferencing, allow exchange partners more opportunities to easily exchange documents and opinions that will strengthen relationships. Furthermore, web-based applications seem easy to use in strengthening B2B and B2C relationships by allowing firms to use multimedia information about products and services, such as sound and active pictures (Hicks, 2000). In addition, the information on the website can be updated continuously and instantly, and is always available to consumers and business partners (Biland, 2000). Finally, Hoffman and Novak (1996, p. 19) propose that communication over the web uses a "many-to-many" communications model because "consumers can interact with the medium, firms can provide content through the medium."

Hence, we believe that interactions over the Internet will not only result in ease-of-use as well as responsive, fast and efficient communication, but will also afford maintenance of a close working relationship between supplier and partner representatives. Although this concept has not been tested yet in the context of relationship marketing, we believe that these positive outcomes are a result of the use of a relationship system and will affect the quality of relationship management as it enhances the interactions between both suppliers' and partners' personnel.

Drawing on the three main arguments above, which discuss the outcomes of relationship setting indicators, namely formalisation, exclusivity and relationships system, we hypothesise:

H2b: Relationship setting will have positive and significant effect on relationship management.

Hypothesis H2c

In the context of this research, relationship setting based on the level of formalisation, exclusivity and shared relationship system, affects the level of technical support for at least three reasons. Firstly, formalisation is welcomed by the partner organisations because it creates an assurance of the level of technical support it can expect to receive from the supplier (see Appendix D). As discussed earlier, formalisation sets standards and routine procedures for every partner to abide by, creating less confusion, eliminating double standards, and reducing divergent interpretations of similar activities, while providing clear structure, control, and guidelines for determining the partner's level of technical support. In addition, formalisation enables a supplier to devote the appropriate resources to technical support to ensure that business partners are able to meet the quality standards in serving end customers. Therefore, this factor clearly determines the level of technical support.

Secondly, if partner organisations are already compliant with the supplier's requirements, they will be granted a privileged relationship, allowing them to advance in certain specialisations, for example, in providing technical support for specialised or restricted products. Hence, it is important to include the level of exclusivity in the relationship setting because the supplier can help its partner organisations to expand their core competencies and to enhance their reputation by increasing skills in focused areas based on the partner organisation's resources and expertise. Typically, partner organisations at the foundation level, specialising in one product, receive a limited amount of technical support, while partner organisations at a higher certification level, specialising in a wider range of products, receive a greater amount of technical support. Specifically, empirical studies by Anderson and Weitz (1992) find that distributor's perceptions of the exclusivity granted by their manufacturer have a positive relationship to emphasising the manufacturer's commitment. Similarly, we

believe that exclusivity in our research context commits the supplier to providing a high quality of technical support with greater investments in web-based technologies and technical personnel. Hence, partner organisations that have exclusive relationships with their supplier will most likely receive enhanced benefits, such as direct technical assistance from the supplier, training programmes, service quality, and technical solutions, which in turn, will influence the level of technical support.

Thirdly, the supplier should also inculcate the partner organisations to realise that the use of web-based technologies alongside traditional approaches is both effective and commonly adopted. For this reason, perceptions of the relationship system, such as its importance for maintaining close working relationships, two-way communication, user-friendliness, and responsiveness to the partner's needs, should be given careful attention by the supplier. If suppliers emphasise the importance of using the system, it will influence the level of technical support. This is because the supplier must provide the necessary information and tools for channel partners to solve technical problems to the benefit of customers. In serving their customers as well as meeting the expectations of technical support via the Internet, such as in offering faster response time, support that is relevant to their needs, and ease-of-use, this medium becomes an efficient communications tool. Based on this discussion, the effectiveness of the relationship system may influence the supplier to make continued investments over time in the level of technical support provided to its channel partners.

Drawing on the three main arguments above, which discuss the outcomes of relationship setting's indicators, namely formalisation, exclusivity and the relationship system, we hypothesise:

H2c: Relationship setting will have positive and significant effect on technical support.

Set 3: Marketing Support

The third set of independent variables is marketing support. In this section, we discuss the concept of marketing support in general, followed by its indicators, and then form a hypothesis in the following sections. We define marketing support as

the resources and planning that the supplier provides in order to aid partners in selling its products and services. We believe that marketing support is crucial for business partners as the lack of such support is a common complaint among channel partners, leading to resentment and poor relationships (Anderson and Weitz, 1989). This is often because a supplier manages a vast network of partners, for example, in the case of Cisco and its resellers, the challenge is in keeping a large number of resellers (in Cisco's case, 36,000) ahead of customer's needs by implementing a series of steps to accomplish this objective (Mitchell, 2001). Mitchell notes that in order for high volume reseller partners like Cisco to achieve its objectives, the supplier must provide resellers with the appropriate training, tools and support in both pre- and post-sales.

Furthermore, based on findings from convergent interviews, sales and marketing support was found to be crucial to support partners in generating sales. Mr. D., Business Development Manager at Microsoft said that, "the most important factor that ensures the company and its partners' survival to date is the sales and marketing programmes." Sales and marketing programmes can take a number of formats, such as advertisements in magazines, newspapers, as well as broadcast media coverage (e.g. television, Internet, etc).

In accordance with the above, proposed definition for marketing support, it is conceptualised as a second order factor that comprises four indicators: marketing assistance, marketing solutions, leads support, and coordination. Of these four indicators, marketing assistance, marketing solutions and leads support are three new constructs, while coordination in marketing activities is a construct adapted and slightly modified from empirical research by Mohr and Spekman (1994). Each of these indicators is selected for its ability to impart sales support provided by the supplier. These four indicators require careful attention from the supplier in order to aid partners in selling its products and services. Indeed, if the supplier provides appropriate support programmes for its channel partners, it will mostly likely be rewarded with better business performance and improved relationships. The rationale for inclusion of each indicator in marketing support is discussed in detail in the following section.

Indicator 1: Marketing Assistance

Marketing assistance is not yet well defined in previous literature on relationship marketing. Hence, we define marketing assistance as then "expenditure of time, effort, or funds directed toward marketing initiatives for a specific supplier's product," in line with the definition of idiosyncratic investment as introduced by Goodman and Dion (2001). In their research, Goodman and Dion offer several examples of these investments, such as product training sessions, dedicated personnel, promotional programmes, advertising campaigns, direct mail programmes, and equipment demonstrations (Goodman and Dion, 2001).

Based on exploratory studies, in order to motivate the partners or channel members to sell the supplier's products and services, the supplier provides marketing expertise, advertising, and sales promotional materials. Marketing expertise is an important factor, as it provides essential information on the partner's progress, needs, and problems, to the supplier in order for it to provide effective support to the partners. This fact is supported by one of the participants in the interviews, Mark McManus, Academic Sales Director at Novell, who states that,

> "Novell conducts group meetings for all business experts as an on going concern to discuss the progress, needs, and problems of the partners in running the business."

In addition to advertising, sales and marketing materials are also important elements that help partners to sell the supplier's products and services. In relation to this issue, Mr. C. emphasises that his supplier provides, "sales training in the form of case studies, business proposals, and testimonials. So far, these tools have been useful for marketing purposes." He adds that these materials are usually available on the supplier's web portal. Similarly, Mr. E. explains that one way his company develops productive supplier-partner relationships is by providing "sales training available in the web portal, such as case studies, reports, and online training." Likewise, Mr. A. mentions that, "our company provides basic online training for sales which contains self-study, case studies, and presentation slides" for partners to use for marketing purposes.

In order to put this indicator into operation, three new items encompassing the issues of effectiveness, marketing expertise, and marketing communication strategy are proposed.

Indicator 2: Marketing Solutions

Marketing solutions can be defined as tools provided by the supplier directed mainly at marketing purposes. Several examples of these tools include case studies, web-based sales presentations, product demonstrations, and online catalogues. Simpson, Siguaw and Baker (2001) note that the Internet and direct marketing access to end consumers (e.g. via web portals) can increase the value of channel partners. They offer an example in Mitsubishi, in that it provides its dealers with a customer management database tool and an online presence in the form of pilot programmes. Since introduction, the database tool has led to a 10-15% increase in business to users, and the web site has had 4,000 hits, selling more than 100 cars(Marchetti, 1999). In order to put this indicator into operation, we propose three new items, encompassing the issues of effectiveness, marketing expertise, marketing communication, marketing materials and tools in sales and marketing support, and include the availability of marketing materials, interactive tools, and e-commerce systems.

Indicator 2: Leads Support

One advantage of using web-applications to manage customer leads is that it can make information easily accessible, allowing profiles to be created and communication activities to be readily performed, such as in e-mails, notes, and meetings that are logged, so a history is kept of every contact. Leads that show interest in buying become opportunities, while leads that do not qualify are marked as inactive, but retained in the database for business reporting purposes.

As the concept of leads support is new to existing literature of inter-organisational relationships, we define leads support as supplier's customer acquisition strategies to assist partner organisations in quality sales opportunities based on qualification processes. We argue that lead support is important in order to

optimise the initial pre-sales process, freeing up sales personnel to focus on the most valuable prospects and opportunities. Having quality leads is imperative to ensuring success in managing customer prospects, as poor leads management may result in wasted time and money. Several benefits to leads management related to performance include eliminated errors due to manual processes, increased revenue, as well as improved sales lead generation and processes, and more efficient lead qualification. Similarly, Murtaza and Shah (2004) point out that a vendor may generate leads for its resellers using filtering tools or decision support tools that help rank the quality level of leads. If feedback is provided to the vendor after completion of a sale, it will help the vendor to assess lead generation efficiency and effectiveness.

Based on this discussion, we propose three new items encompassing the issues of qualified leads, effective mechanisms for prospective customers to learn about the partners and efficient systems for managing customer leads. Therefore, leads support is also an important construct in sales and marketing support in helping the business partners to increase sales opportunities and enhance business performance.

Indicator 4: Marketing Co-ordination

Co-ordination refers to "the extents to which different parties in the relationship work well together in accomplishing a collective set of tasks" (Mohr, Fisher, and Nevin, 1996, p. 105). In our research context, we specifically look at whether the supplier and its partners' marketing activities are synchronised and well organised for smooth and effective interfacing. We believe that if sales and marketing activities are coordinated effectively, a collective set of tasks can be conducted smoothly that will lead to better business performance.

Furthermore, based on findings of the convergent interviews, we find that practitioners widely use web-based technologies for co-ordinating events and business activities. Hence, we propose that that the elements of web-based functions should be considered important complimentary tools for more effective co-ordination in supplier-partner relationships. Kim, Cavusgil and Calantone's (2005) research supports this argument, in which the researchers find that IT adoption for supply chain communication systems (SCCS) has significant effect on co-ordination. The researchers used market performance as the outcome variable in the study, assessed

by sales growth, market share, market development, and product development. Based on this discussion, web-based technologies as tools for marketing coordination are able to play a role in forming effective and efficient planning for marketing activities, which in turn, enhances business performance.

In order to put this indicator into practice, four items from Mohr and Spekman are modified and adapted (1994). Based on findings of the convergent interviews, two new items with specific functions for planning marketing initiatives and synchronising marketing activities between the supplier and its partners are proposed.

Hypothesis 3

Consistent with the above discussion, level of marketing support is predicted to have a significant impact on economic satisfaction, in our research context. Paswan (2003) confirms in his empirical study that channel support activities (e.g. advertising and sales promotional material) have a significant effect on the growth rate. On the other hand, Simpson, Siguaw, and Baker (2001) point out that service factors may affect value and financial performance for a reseller. Furthermore, the results of an empirical study by Mohr and Spekman (1994) reveal that a higher level of coordination has a significant impact on creating more successful partnerships as compared with less successful partnerships. They suggest that, "without high levels of coordination, just-in-time processes fails, production stops, and any planned mutual advantage cannot be achieved." Finally, Murtaza and Shah (2004, p. 46) find that web-based applications for channel partner management "enables the vendors to build large-scale lead management systems capable of handling referrals of up to hundreds of thousands of leads to partners. The system tracks each lead from assignment through sale, ending the mysteries that plague inefficient channel relationships. The system will improve data flow with PRM that would result in increased revenues for both the vendor and the reseller."

Extant literature cited above offers discussion of the important elements of marketing assistance, marketing solutions, leads support, and coordination, as well as their association with business performance. Our summary judgments in relation to marketing support include effective and high quality marketing programmes and activities, such as marketing assistance, marketing solutions, lead support, and

coordination, will result in high performance in terms of sales volume, market share, new customers and profits. Based on this discussion, we hypothesise that:

H3: Marketing support will have positive and significant effect on economic satisfaction.

Set 4: Relationship Management

As discussed earlier in Chapter 2, relationship marketing is a general concept used in the literature while relationship management is a subset of relationship marketing. In this section, the concept of relationship management, followed by its indicators and hypotheses, is discussed. ***Relationship management*** refers to the extent to which relaters have the orientation or behavioural tendency to actively cultivate and maintain close working relationships (Crosby, Evans, and Cowles, 1990). It is a higher-order construct, representing the mix of behaviours, approaches, and styles used to effectively manage relationships (Brock, 1998). De Ruyter, Moorman and Lemmink (2001) find that relationship management has been widely acknowledged as an essential part of companies' operating strategies in high technology markets. The authors highlight the fact that "as relationship management becomes institutionalised in high-technology firms and an emphasis is placed on integrated networks between suppliers and customers, relationship promoters or account managers are appointed, and formal transactions reflect informal and interpersonal agreements and commitments" (p. 273). Although there are many dimensions of relationship management that stand out in social exchange theory and in existing literature on inter-organisational relationships, we identify relationship bonds, information sharing, and conflict resolution as key indicators in this context, based on both literature review of inter-organisational relationships and the results of convergent interviews.

Indicator 1: Relationship Bonds

As the concept of relationship bonds receives little attention in the literature on inter-organisational relationships, relationship bonds are defined here as personal ties or linkages forged during interaction in a channel relationship, usually between the supplier's dedicated account managers and its partner's representatives. Smith describes (1998, p. 78-79) relationships, or social bonds as "the degree of personal

friendship and appreciation shared between a buyer and seller, as well as the linking of personal selves or identities through self disclosure, closeness, providing support or advice, being empathetic and responsive, feelings of affiliation, attachment, or connectedness; and shared experiences". Furthermore, De Ruyter, Moorman and Lemmink (2001) note that relationship management has become institutionalised in high-technology firms and emphasis is placed on integrated networks between suppliers and customers in which relationship promoters or account managers are appointed. Hence, relationship bonds are considered important in the context of this research, in relationship management's ability to develop non-economic satisfaction and relationship quality.

Indicator 2: Information Sharing

We define information sharing as the extent to which critical, often proprietary, information is communicated to one's partner in order to engage jointly in planning and goal setting (Mohr and Spekman, 1994). In our research context, a high degree of information sharing is an essential condition of a relational exchange because it is an overt transference of information between two channel partners that conveys relational activities and sets the stage for a continuous relationship. That is, value is created and transferred by sharing information that assists the supplier in serving and collaborating with its partners. Dwyer, Schurr and Oh (1987, p. 17) underscore the importance of information transference when they include communication, among other variables, as an essential element in the exploration phase of the relational exchange process as noted by this comment, "a relationship seems unlikely to form without bilateral communication of wants, issues, inputs, and priorities." Therefore, information sharing is used in this study as another essential indicator in relationship management in the context of this research.

Indicator 3: Conflict Resolution

Conflict resolution is defined here as "the degree to which disagreements between relaters are resolved productively to clear the air of tensions and ill-will" (Anderson and Narus, 1990). Conflict often exists in inter-organisational relationships due to inherent interdependencies between parties working together (Wiertz, de Ruyter, Keen, and Streukens, 2004; Mohr and Spekman, 1994). Hence,

conflict-handling, or resolution, is crucial for the life of supplier-partner relationships, especially if the conflict is destructive, resulting in hostility and bitterness. Achrol (1997, p. 59) describes harmonisation of conflict as "a spirit of mutual accommodation," as agreement is sought by finding acceptable compromises instead of by resorting to formal procedures. Based on this discussion, we find that conflict resolution is also an essential indicator of relationship management in the context of this research.

Hypothesis 4a, 4b and 4c

The key indicators of relationship management are considered to be relationship bonds, information sharing, and conflict handling, and are crucial in affecting positive relational outcomes, such as non-economic satisfaction and relationship quality, for at least three reasons.

Firstly, activities or programmes involving relationship management consist of a series of successive face-to-face interactions between supplier account managers and its partner representatives. As a result, these interactions build threads in the woven fabric of the relationship and provide a context, or history, that keeps both parties together. Furthermore, these interactions, successful or unsuccessful, provide the context or basis of relationship bonds from which other relational outcomes, such as the level of non-economic satisfaction, relationship commitment and relationship quality, can be evaluated.

Secondly, a number of researchers have identified that information sharing is an essential condition of exchange (e.g. Lusch and Brown, 1996; Lewin and Johnston, 1997; Siguaw, Baker, and Simpson, 2003), which in turn, has a significant impact on non-economic satisfaction, and elements of relationship quality, such as trust and commitment (Siguaw, Baker, and Simpson, 2003). Other researchers (e.g. Dwyer, Schurr and Oh, 1987, p. 17) have echoed a similar sentiment by pointing out the importance of information transference as an essential element in communication, such that, "a relationship seems unlikely to form without bilateral communication of wants, issues, inputs, and priorities." Hence, implying the importance of information sharing in building and maintaining business relationships, which in turn can affect

positive relational outcomes, such as non-economic satisfaction, relationship commitment and relationship quality.

Thirdly, Wiertz, de Ruyter, Keen, and Streukens (2004) point out that constructive conflict handling can provide vitality and progress to the relationship. As such, we believe that if both parties engage in a dialogue in which conflict is solved constructively in good faith, the respective expectations of the two parties will become clear. Accordingly, Wiertz, de Ruyter, Keen, and Streukens (2004) state that conflict resolution strengthens the partnership and results in other positive relational outcomes, such as understanding and trust. Based on this argument, we believe that conflict resolution can also influence positive relational outcomes, as mentioned previously.

In conclusion, if effective relationship management is implemented, it may reduce the risk of inherent interdependencies between both parties, which in turn will provide a strong foundation for greater commitment and greater satisfaction with the relationship, as well as form the essential elements of relationship quality, such as necessary trust and functional conflict. Therefore, we hypothesise that:

H4a: Relationship management will have positive and significant effect on relationship commitment.

H4b: Relationship management will have positive and significant effect on non-economic satisfaction.

H4c: Relationship management will have positive and significant effect on relationship quality.

Set 3: Technical Support

In this section, we discuss the concept of technical support in general followed by its indicators and hypotheses. Technical support is defined as the resources that suppliers provide its partners for servicing end customers. According to Goffin (1999), technical support, which is also referred to as product support, is important for manufacturers to manage because it can be a major source of revenue, is essential for achieving customer satisfaction, can provide a competitive advantages, and plays a

role in increasing the success rate of new products. However, despite its importance, technical support receives very little attention in the literature on inter-organisational relationships. Based on literature review and the results of convergent interviews, technical support is proposed as a second order construct made up of technical assistance, technical solutions, technical training, service quality, and partner community. These three constructs are proposed as critical in both the pre- and after-sales for the partners to provide high quality service to the end customers. The rationale for the inclusion of each indicator in technical support is discussed in detail in the following sections before we discuss its impact on customer satisfaction.

Indicator 1: Technical Assistance

Technical assistance is not yet well defined in previous literature on relationship marketing. Hence, we define technical assistance as the willingness of the supplier to provide necessary technical assistance if the partners are in need. In the context of this research, technical assistance is considered as one of important issues in the after-sale services due to the technical nature of the ICT products. Based on the findings of the convergent interviews, all respondents point out that business partners are provided with direct technical assistance 24-hour and 7-day a week if they face complex technical problems (see Appendix C). This fact is supported by Mr. D who states that, "The partner has access to contact technical engineers in Shanghai if there is any unsolved technical problem". Furthermore, Mr C points out that, "Technical assistance is provided by supplier if the system breaks down. This emergency service is located in Australia and the US and is available 24-hour 7-day a week. Also, Mr. B holds the same views by saying that, "Usually, the partner's engineers have 24-hours 7-days a week back-up from the supplier's engineers around the world". Similarly, Mr. F points out that if the business partners face major technical problem, third line technical support engineer will attend to them. Based on these findings, technical assistance is considered as an important issue in technical support.

Indicator 2: Technical Solutions

As the concept of technical solutions is new in the literature of inter-organisational relationships, we define technical solutions as the web-based method or process for solving a technical problem. In our research context, we find that PRM functions and features are similar to CRM, with the only difference being that they are dedicated to partner organisations. Based on the findings from the interviews, technical solutions to support partners in solving technical problem are important because they offer tools that can help deliver consistent service experiences for the partners to best serve various customers. This consistent consumption experience of the supplier's technical solutions will help deliver quality service to end customers, which in turn positively affects customer satisfaction. Therefore, technical solutions are also essential in technical support.

Indicator 3: Product Training

As product training is not yet explored and defined in extant literature on inter-organisational relationships, we define it as the specific investments by channel partners to acquire product knowledge, practical skills, and competencies. Despite the growing importance of training research during the last decade, very little attention is paid to the effects of training programmes. A number of authors (e.g. Huang, 2001; Cosh, Duncan, and Hughes, 1998) attempt to rectify this situation. Recently, Cosh, Duncan, and Hughes (1998) investigate a sample of 1,640 UK SMEs that had participated in surveys in 1991 and 1995. As a result of their investigation, the researchers find a positive link between training and firm survival.

Furthermore, with regard to web-based applications that support training programmes, a number of researchers (e.g. Welsh, Wanberg, Brown, and Simmering, 2003; Salas, Kosarzycki, Burke, Fior, and Stone, 2002) agree that technological advances are dramatically altering the training and development landscape of businesses, namely in the form of e-learning. E-learning is defined as "the use of computer network technology, primarily over an intranet or through the Internet, to deliver information and instruction to individuals (e.g. employees)" (Welsh, Wanberg, Brown and Simmering, 2003). Accordingly, Rosenberg (2001, p. 11) points out that "some companies and industry experts include knowledge management and virtual

collaboration in their definition of e-learning, describing e-learning broadly to include any system that generates and disseminates information designed to improve performance (Rosenberg, 2001, p.11). However, to date, there is no clear and concise review of existing practitioner and academic literature on e-learning, despite published estimates indicating that organisations have increased and will continue to increase the use of technology to deliver training (Welsh, Wanberg, Brown and Simmering, 2003). In particular, the increased use of Internet technologies to deliver training has been heralded the 'e-Learning Revolution' (Galagan, 2000). Similarly, this finding supports the results of convergent interviews, which highlight the importance of training via the Internet to allow ICT suppliers to support their business partners to increase performance and productivity.

In summary, having discussed the importance of training on the firm's performance, we believe that training using both traditional and web-based approaches is an essential part of providing high quality service for the partners to serve the customers effectively and efficiently. Therefore, product training is an important indicator of technical support in our research context.

Indicator 4: Service quality

In our research context, we refer to service quality as the degree of quality of technical support as perceived by the partner organisations. We believe that the key to technical support success lies in the provision of excellent service. The results of convergent interviews propose that service quality in the context of supplier-partner relationships is made up of three dimensions: assurance, reliability, and accessibility of the technical support. We maintain that these dimensions contribute to a positive experience of the service encounter between partner organisations and their supplier. Correspondingly, a positive service encounter will lead the partner organisations to become capable of providing high service quality to end customers, who in turn will be satisfied with performance of the technical support they receive from the partner organisations.

The first important dimension of service quality in our research context is assurance. Based on the findings of convergent interviews, we find that the issue of

assurance is important for the partner organisations. This is because managers express concern about the level of effectiveness of web-based technical support facilities to provide immediate technical solutions for their needs. Secondly, the issue of reliability is also important because the partner organisations require product updates, such as specifications that rapidly change in the ICT market. The third important dimension is accessibility, which has been defined as the time required to maintain contact and the ease of contact (Wiertz, de Ruyter, Keen, and Streukens, 2004). A study of operational determinants of satisfaction with a CIC (Feinberg, Kim, Hokama, De Ruyter, and Keen, 2000) identifies accessibility as the most significant determinant of caller satisfaction in the call centre. Similarly, in our research context, if a business partner must wait too long before he or she may communicate with a supplier's representative, he or she will most likely abandon efforts to communicate, which will result in a negative perception of service quality.

In summary, exploring the importance of service quality and its dimensions, we believe that service quality is one of the important indicators for achieving customer satisfaction in technical support.

Indicator 5: Partner Community

This section discusses the concept of partner community and offers an explanation of how this aspect is important for business partners as well as how it affects customer satisfaction. Although there is no prior research about the partner community, we define it as a value-added mechanism provided by the supplier aimed at enhancing existing technical support that enables the business partners to best serve the end customers. In doing so, the supplier typically encourages participation in interactions via message boards, chat rooms, and web seminars.

According to Mr. H., "Microsoft has endless information available on the web to the extent that the partners are more knowledgeable than the supplier. Some examples are the formation of an e-community and talking to the peers online for troubleshooting. Information richness on the web is very useful and already established for the partners in the post-sales and a part of the strengths of technical support."

In fact, Mr. H. demonstrates the importance of the partner community and its ability as a value-added mechanism to enhance existing technical support in order to help the business partners to serve the end customers more effectively. This is because information richness, trouble-shooting tips and hands-on experience amongst business partners can be shared through these interactions, which strengthen existing technical support. If this mechanism is properly utilised, business partners can react more quickly and accurately to solve the technical problems customers face, and as a result, increase their level of satisfaction.

Hypothesis 5

Based on the above discussion, we believe that technical support will have a significant impact on customer satisfaction. As discussed earlier, Goffin (1999) points out that technical support, which is also referred to as product support or after-sales service, is important for manufacturers because not only is it a major source of revenue, providing a competitive advantage, and playing a role in increasing the success rate of new products, but it is also essential for achieving customer satisfaction for several reasons.

Firstly, direct technical assistance is important for ensuring customer satisfaction as the nature of ICT products are complicated and in certain cases, the technical problems can only be solved by the supplier. Therefore, technical assistance such as providing call centres or on-call engineers in support of technical issues faced by the business partners, is necessary for both parties to achieve high level of customer satisfaction. Secondly, in examining the effect of technical solutions on customer satisfaction, Mithas, Krishnan, and Fornell (2005) examine the link of web-based applications, such as Customer Relationship Management (CRM) applications and customer satisfaction. Their empirical study about the effect of CRM applications on customer satisfaction demonstrates that CRM applications have a significant effect on the improvement of customer knowledge and satisfaction. Thirdly, in linking technical training and customer satisfaction, Huang (2001) points out that "an educated and well-trained work force is considered to be essential to the maintenance of a business firm's competitive advantage in a global economy." It is also believed that technical training can be a powerful agent to facilitate the development of channel partners' capabilities in achieving customer satisfaction.

Fourthly, according to Wiertz, de Ruyter, Keen, and Streukens (2004), the perception of service quality in the context of channel partners such as providing customer interactions centre (CIC) has a significant influence on the channel intermediary's satisfaction with the new service function. Although there has been considerable debate about the causal ordering between service quality and satisfaction in prior research, this research is in agreement with previous researchers (e.g. Wiertz, de Ruyter, Keen, and Streukens, 2004; Selnes, 1998; Fornell, Johnson, Anderson, Cha, and Bryant, 1996) who posit that service quality is an antecedent of satisfaction. Finally, according to Mr. H, as partner community offers information richness, trouble-shooting tips and hands-on experience amongst business partners, it has become an important web-based tool that strengthens existing technical support. This information is invaluable and may help business partners to react more quickly and accurately for solving the technical problems faced by their customers. Therefore, if this mechanism is properly utilised, business partners can increase their customers' level of satisfaction.

In conclusion, existing literature cited above, has discussed the important elements of technical support, namely technical assistance, technical solutions, technical training, service quality, and partner community as well as their association with customer satisfaction. Consistent with the above discussion, we hypothesise:

H5: Technical support will have positive and significant impact on customer satisfaction

4.2.2 Mediating Variables

We expect that economic satisfaction, non-economic satisfaction and customer satisfaction as mediating variables, in our conceptual model, will have an impact on the independent variables, namely relationship commitment and relationship quality. In the following sections, each mediating variable is examined in detail and its consequences are discussed as well.

Hypotheses 6a and 6b

Economic satisfaction is defined as "a channel member's evaluation of the economic outcomes that flow from the relationship with its partner such as sales volume, margins, and discounts" (Geyskens and Steenkamp, 2000). According to Geyskens, Steenkamp, and Kumar (1999, p. 224), "an economically satisfied channel member considers the relationship to be a success with respect to goal attainment. It is satisfied with the general effectiveness and productivity of the relationship with its partner, as well as with the resulting financial outcomes." A meta-analytical study by Geyskens, Steenkamp, and Kumar (1999) reveals that the two dimensions of satisfaction, economic and non-economic, are not a unitary construct. They argue that "understanding this distinction between economic satisfaction and social satisfaction is important because a channel member's activities may produce economic satisfaction with its counterpart, while undermining the counterpart's social satisfaction, or vice versa." Del Bosque Rodríguez, Agudo, and San Martín Gutiérrez (2005) find that the relationship between these two dimensions of satisfaction receives little attention in the marketing literature. In order to examine these two dimensions of satisfaction, they conduct an empirical study and find that economic satisfaction has a strong positive effect on non-economic satisfaction. In addition, when there is a high level of economic satisfaction, the members will be willing to respond to a particular problematic situation positively and constructively, thereby increasing their social satisfaction with the relationship (Geyskens and Steenkamp, 2000). Based on this discussion, we hypothesise that:

H6a: Economic satisfaction will have positive and significant effect on non-economic satisfaction.

The relationship between economic satisfaction and relationship commitment is not yet addressed in the literature. However, it is generally accepted in the literature that satisfaction is linked to commitment and several authors consider satisfaction to be an antecedent to commitment (e.g. Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994). Abdul Muhmin (2005) finds that satisfaction is an antecedent of relationship commitment within the context of distribution channels. His two empirical studies (2002, 2005) demonstrate that satisfaction has a significant effect on relationship commitment. Although there is no

consensus, in the context of this research, if a partner is satisfied with the economic outcomes and business performance, this will lead to a positive affective state in their dyadic relationships, which in turn will result in the partners being committed to the relationship and willing to make further investments in order to continue doing business with the supplier. Based on this discussion, we hypothesise:

H6b: Economic satisfaction will have positive and significant effect on relationship commitment.

Hypotheses 7

It is important to highlight that customer satisfaction and non-economic satisfaction are two separate constructs in our empirical research. Although the research is based on partners' perspective, customer satisfaction refers to partners' perception towards another business performance besides economic satisfaction while non-economic satisfaction refers to partners' perception towards the overall support programmes provided by their preferred supplier. In the context of this research, customer satisfaction can be defined as to delight customers by delivering a service or product that exceeds customers' expectations (Valenzuela and Vásquez-Párraga, 2006). Highly satisfied customers spread positive word-of-mouth, demonstrate readier acceptance of other products in the product line, and exhibit brand loyalty or increased intentions to repurchase (Kellar and Preis, 2004). Patterson, Johnson, and Spreng (1997) find a strong link between customer satisfaction and repurchase intention, with customer satisfaction explaining 78% of the variance in repurchase intention. This finding is also supported by the empirical research of Eggert and Helm (2003) who find a greater effect of customer satisfaction, which was positively related to repurchase intention and word-of-mouth intention, but negatively related to search for alternatives. According to Szymanski and Henard (2001, p. 19), "unlike the antecedents of customer satisfaction, very few studies have investigated the outcomes of customer satisfaction."

Therefore, we attempt to fill existing gaps in the literature and believe that if the partners provide outstanding service to the customers, their customers will be very likely to purchase products from them again. In addition, the customers will be

unlikely to search for alternatives, and therefore become loyal to the partners. As a result, the partners will continue to have business dealings and future sales opportunities with existing customers. Thus, it is believed that if important performance goals, such as customer satisfaction, meet or exceed customer expectations, this will lead to non-economic satisfaction in the partner's relationship with the supplier. This is because satisfaction in this research context depends on the second party's perception of the first party's contribution to performance outcomes. Accordingly, if the support programmes provided by the supplier are deemed effective and efficient for the partners to use in serving their customers, this will lead to the partner's appreciation of the supplier's contribution to customer satisfaction. In addition, customer satisfaction is capable of lowering the level of conflict and reducing the number of complaints against the business partners, which in turn will result in the partners having higher levels of non-economic satisfaction toward their supplier. Based on this discussion, we hypothesise that:

H7: Customer satisfaction will have positive and significant effect on non-economic satisfaction.

Hypotheses 8a and 8b

Anderson and Narus (1984, p. 66) conceptualise satisfaction in channel relationships as a "positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm." In extant relationship marketing literature, it is generally accepted that satisfaction is linked to commitment and several authors consider satisfaction as an antecedent to commitment (e.g. Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994). Abdul Muhmin (2005) finds that satisfaction is an antecedent of relationship commitment within the context of distribution channels. His two empirical studies (2002, 2005) demonstrate that satisfaction has a significant effect on relationship commitment. Furthermore, according to Sharma and Patterson (2000, p.474), satisfaction in their study, "refers to the overall satisfaction experienced by a client during the process of receiving service from the adviser." Their empirical study also demonstrates that satisfaction with service is a direct antecedent of relationship commitment. In addition, according to Gustafsson, Michael, and Roos (2005, p. 211),

"satisfaction is a function of performance to date, whereas affective and calculative commitment capture the strength of the relationship and the resultant commitment to proceed forward." In other words, the conceptual difference between satisfaction and commitment dimensions is in that satisfaction is "backward-looking," whereas commitment dimensions are more "forward-looking."

Although there is considerable debate about the causal ordering between non-economic satisfaction and relationship commitment, such as found in previous research by Del Bosque Rodríguez, Agudo, and San Martín Gutiérrez (2005), who find relationship commitment to be one of determinants of non-economic satisfaction, this research is in agreement with a number of other prior researches (e.g. Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994). If a partner is satisfied with past outcomes in the working relationship with the supplier, this will lead to a positive affective state in their dyadic relationships. Consequently, the partner will be very likely to be committed to the relationship and willing to make further investments in order to continue business dealings with the supplier. Therefore, we hypothesise:

H8a: Non-economic satisfaction will have positive and significant effect on relationship commitment.

Consistent with the above discussion, which posits that non-economic satisfaction has significant effect on relationship commitment, we also believe that the outcome will be similar with regard to trust and functional conflict as with the two dimensions of relationship quality.

The centrality of satisfaction and trust in facilitating inter-organisational relationships is well established in marketing exchange literature (Anderson and Narus, 1984; Dwyer, Schurr, and Oh, 1987; Morgan and Hunt, 1994; Selnes, 1998, De Ruyter and Wetzels, 2000). As both partners and their supplier depend on high-quality interactions between each other in order to serve the end customers, satisfaction with the working relationship of the other party, and trust, are crucial elements of the relationship. In accordance, the partners and the supplier need not only to have high-levels of satisfaction, but also require clear expectations of how the

other party should perform that are best met if the other party knows about them via trust. Dwyer, Schurr and Oh (1987, p. 18) define trust as, "the belief that a party's word or promise is reliable and that a party will fulfil its obligations in an exchange relationship." Anderson and Narus (1984, p. 45) complement this definition by stating that trust is, "the firm's belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm." Thus, trust that develops over time and is viewed as an essential ingredient for successful relationships should be examined with non-economic satisfaction, in the context of this research.

Furthermore, functional conflict is defined as an evaluative appraisal of the results of recent efforts to manage disagreements (Anderson and Narus, 1990). Massey and Dawes (2004) define functional conflict as a constructive challenge of ideas, beliefs, and assumptions, respect for others' viewpoints even when parties disagree, and consultative interactions involving useful give and take. This refers to situations where conflict aftermath or outcome results in long-term benefits to both exchange partners (Skarmeas, 2006; and Rawwas, Vitell, and Barnes, 1997). Drawing on inter-organisational relationships, non-economic satisfaction may affect functional conflict via effective relationship management. This is because non-economic satisfaction results from social interactions perceived by channel partners and is an important factor in stabilizing the relationship with the supplier. When a channel partner notices the supplier's efforts to emphasise producing high quality relationships, such as in non-economic satisfaction, this provides intangible evidence that the supplier has the intention to protect the business relationships. Such assurances create a positive, supporting exchange atmosphere that encourages channel partners to resolve disagreements amicably and to work in concert for the welfare of the relationship.

In an attempt to establish a relationship between non-economic satisfaction and relationship quality, its relationship with trust and functional conflict is discussed. Selnes (1998) propose that trust is an aggregate evaluation at some higher level than satisfaction, and that satisfaction is, in fact, an important determinant of trust. Repetitive satisfactory experiences with a working relationship between the supplier and its partner will result in the belief that the supplier is capable of meeting the

partner's expectations, and trust in the supplier will be developed over time. Similarly, Geysken, Steenkamp and Kumar (1999) find in their meta-analysis that non-economic satisfaction has significant effect on trust.

On the other hand, in the context of this research, non-economic satisfaction as a result of economic satisfaction and social interactions may allow conflicts to become functional. This is because the presence of satisfaction in relationships can reduce tension and antagonism in conflicts. If a conflict occurs, this feeling can affect the channel partners and incline them towards a higher degree of goodwill, rather than toward resentment and frustration. As a result, both parties will seek appropriate mechanisms to create a friendly atmosphere in which to resolve disagreements in order to maintain and strengthen the business relationship. In brief, as trust and functional conflict are two important dimensions of relationship quality in our research context, it is hypothesised:

H8b: Non-economic satisfaction will have positive and significant effect on relationship quality.

4.2.3 Dependent Variables (Relationship Quality and Relationship Commitment)

Hypothesis 9

Researchers define relationship quality as manifested in several distinct, though related, constructs (Crosby, Evans, and Cowles 1990; Dwyer and Oh 1987). Although there is no consensus as to which constructs comprise relationship quality, the critical importance of trust and functional conflict with the supplier in developing long-term relationships should be emphasised. Unlike a previous concept used by other researchers (Kumar, Scheer, and Steenkamp, 1995), who consider relationship quality as encompassing conflict, trust, and commitment, here commitment is separated into relationship quality, as there is considerable conceptual and empirical evidence in favour of the fact that it is the ultimate outcome in channel relationships, with causal precedence on conflict, and trust (e.g Anderson and Weitz, 1992; Morgan and Hunt 1994; Geyskens, Steenkamp, and Kumar, 1999). In this research context, relationship quality is defined as an assessment of the results of recent efforts in

managing channel relationships that focuses on two dimensions, namely trust and functional conflict.

On the other hand, relationship commitment is defined as the "enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpande, 1992, p. 316) and it comprises three facets, "a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and confidence in the stability of the relationship" (Anderson and Weitz, 192, p. 19). We consider commitment to be the final outcome in our research context, as it is often considered a key ingredient for long-term exchange relationship success by a number of researchers (e.g Dwyer and Oh, 1987; Siguaw, Baker and Simpson, 2003; Geyskens, Steenkamp, and Kumar, 1999). Similarly, relationship marketing literature recognises relationship commitment as another potential driver of loyalty (Bendapudi and Berry, 1997; Morgan and Hunt 1994) towards a brand or supplier even when satisfaction level is low.

In examination of commitment by Gundlach, Achrol, and Mentzer (1995), the authors argue that the construct is made up of three components: (1) instrumental—some form of financial investment, (2) attitudinal—a psychological attachment, and (3) temporal—a requirement that the relationship exists over time. In the context of this research, all three components appear relevant to the study. With regards to the instrumental component, financial investments from the partners are essential to gain benefits in supplier-partner relationships. Additionally, the second component of commitment, attitude, is relevant because it appears to be related to psychological attachment towards the dyadic relationships, which may lead the partners to be more committed and to place efforts into continuing the business relationship with the supplier. Finally, many business-to-business relationships are ongoing rather than transactional, suggesting a temporal component for the partners to seek a long-lasting business relationship with the supplier.

Specifically, trust has been found to be "a major determinant of commitment" (Morgan and Hunt, 1994, p. 24); similarly, Siguaw, Baker and Simpson (2003) research distributors' trust in their supplier and find it to be significant in terms of relationship commitment. In addition, Andaleeb's (1996, p. 88) findings indicate that,

"when trust was high, the buyer's commitment was high." Similarly, Geyskens, Steenkamp, and Kumar (1999) also find in their meta-analysis that trust has a significant effect on commitment.

Furthermore, disagreements are, at least partly, a function of work processes (Frazier, 1999). A contemporary view amongst various streams of literature designed to examine disagreements or conflicts is that they have two underlying dimensions, one dysfunctional and the other functional. Hence, as there are always disagreements, or "conflict," in relational exchanges (e.g. Morgan and Hunt, 1994; Dwyer, Schurr, and Oh 1987), the hostility and bitterness that results from disagreements not being resolved amicably can lead to such pathological consequences as relationship dissolution. However, when disputes are resolved amicably, such disagreements can be referred to as "functional conflict," because they prevent stagnation, stimulate interest and curiosity. Morgan and Hunt (1994) point out that marketing science should understands functional and dysfunctional relationships just as medical science understands sickness and health. This is because functional conflict may increase productivity in relationship marketing and be viewed as "just another part of doing business" (Anderson and Narus 1990, p. 45).

In channel relationships characterised by functional conflict, exchange partners exhibit a willingness to consider new ideas and changes, opinions and feelings are expressed freely and there is consultative interaction with useful give and take between trading parties (Menon, Bharadwaj and Howell, 1996). Such business relationships that deal effectively and efficiently with disagreements are successful, difficult to replace and/or duplicate, and have great potential for further improvement. In providing empirical support of functional conflict as linked with relationship commitment, Skarmeas (2006) finds that functional conflict is related positively to future purchase intentions in an importer–exporter relationship. Similarly, this research shows that if functionality of the conflict increases, the level of relationship commitment will also increase.

In summary, relationship quality in our research context is conceptualised as a second order factor with two dimensions, namely trust and functional conflict. Consistent with the above discussion, it is believed that relationship quality will result

in greater commitment, expectation of continuity, and willingness to invest in the relationships. In addition, considerable conceptual and empirical evidence favours the conclusion that relationship commitment is the ultimate outcome in channel relationships (e.g. Anderson and Weitz 1992; Morgan and Hunt 1994; Geyskens, Steenkamp, and Kumar, 1999; Siguaw, Baker and Simpson, 2003). Therefore, in accordance with prior research, relationship commitment is used to complete our conceptual model and the following hypothesis results:

H9: Relationship quality will have positive and significant effect on relationship commitment.

4.3 Conclusion

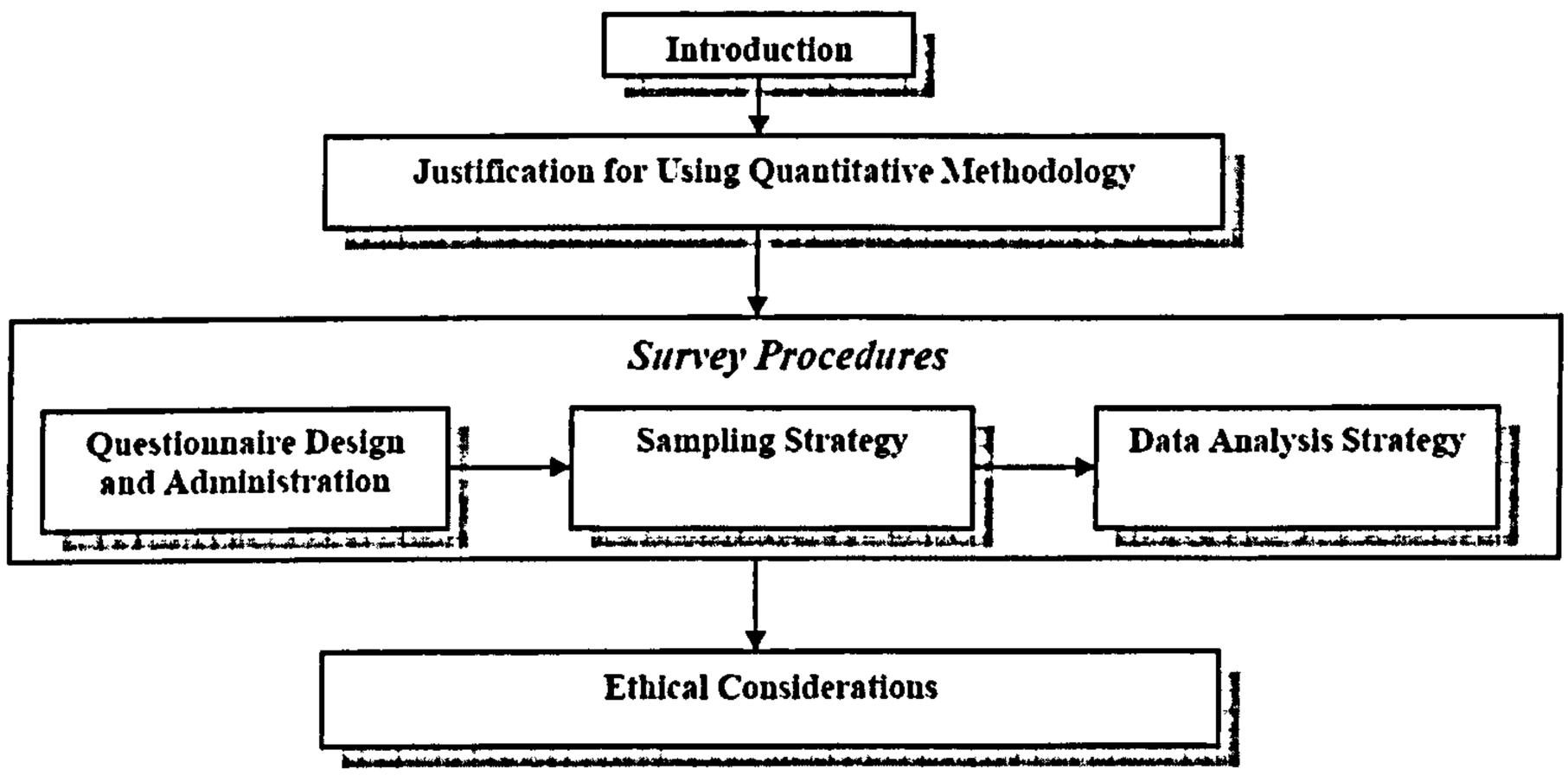
This chapter firstly describes conceptual and operational definitions, underlying all the model constructs of the research. Based on literature review and findings of this study's convergent interviews, a detailed discussion of the theoretical framework for the rationale of the relationships within the conceptual model and research questions posed for empirical testing is provided. This creates an important foundation from which to develop the questionnaire, support the hypotheses and results of data analysis, as well as from which to examine the theoretical and managerial implications, as discussed in following chapters.

CHAPTER 5 QUANTITATIVE METHODOLOGY

5.1 Introduction

In Chapter 3, the overall design of the qualitative methodology used for building the theory and forming the first stage of this research is described and justified. Eleven practitioners from seven supplier organisations, three partner organisations, and one consulting company are participating. Convergent interviews are conducted because they represent a useful qualitative research method to explore new issues about partner relationship management within the ICT industry. Findings from the interview can be used along with the literature from relationship marketing to build a model that will be tested in the second stage of this research. In the second stage, the research methodology used for testing the theory of the research is described. This chapter discusses the justification for using the quantitative methodology in the second stage of the research as shown in Figure 5.1. A survey is selected as an instrument for this quantitative methodology. Survey procedures, including questionnaire design and administration, sampling, and proposed data analysis strategies are described. The issue of ethical considerations and the conclusions from this section are also discussed.

Figure 5.1 Outline of Quantitative Methodology



5.2 Justification for Using Quantitative Methodology

Based on a literature review of marketing, it has been found that the majority of researchers examining a similar nature of research question selected a quantitative method for their study. For example, researchers (e.g. Lee and Kim, 1999; de Ruyter, Moorman, and Lemmink, 2001; MacDonald and Smith, 2003; Li, Ragu-Nathan, and Rao, 2006) use quantitative study methods to examine causes and effects. Nevertheless, there have also been a number of researchers (e.g. McQuistion, 2001; Ratnasingam and Phan, 2003) who have selected qualitative methods in their studies to examine a similar nature of research questions.

The above scenario has provided a dilemma for novice researchers and casts doubt on which research method is more appropriate. Ellram and Edis (1996) suggest that research method selection depends on researchers' skill and nature of research questions. On the other hand, Yin (2003) suggest three conditions to be considered before making the decision in selecting an appropriate research method including the type of research question posed, the extent of control an investigator has over actual behavioural events, and the degree of focus on contemporary as opposed to historical events. The breakdown of the three conditions with appropriate strategy is summarised in Table 5.1.

Table 5.1 Relevant Situations for Research Strategies

Strategy	Form of research questions	Requires control over behaviour events?	Focuses on contemporary events?
Experiment	How, why	Yes	Yes
Survey	Who, what, where, how many, how much	No	Yes
History	How, why	No	No
Case Study	How, why	No	Yes

Source: R., Yin, Case Study Research: Design and Methods (Applied Social Research Methods), 2003)

In relation to our research context, the research questions posed are mainly 'what and how much' type of research questions. This is indicated in Table 5.1. It is also not necessary to have control over behavioural events and does not investigate historical events but is concerned with the contemporary events of partner relationship management practices and their effects. Based on Table 5.1, the nature of the

research questions meet three conditions suggested by Yin and the appropriate methodology for the research is determined as the survey method. The nature of the study is to test the theory developed from the exploratory research in the first stage. Therefore, quantitative methodology is considered more appropriate for this research.

5.3 Questionnaire Design and Administration

This section will discuss how the questionnaire is designed in order to motivate the respondents to co-operate and complete it as accurately as possible. Firstly, the questionnaire is structured into six sections. These sections are created to minimise the cognitive 'stress' placed upon the respondent. Although sectioned, it is important not to 'lead' the respondent in their replies to the questions. General questions which framed the subject area are positioned at the front of the questionnaire while sensitive questions related to high quality relationships and performances are positioned at the end of the questionnaire. The reason behind positioning these questions in such a way was to take advantage of the 'rapport' developed with the respondent and to obtain as much information as possible before the respondent became disillusioned.

The six sections of the questionnaire are now described. Each study variable is measured by using a multiple-item measurement scale. All measures use a seven-point Likert type response format with strongly disagree and strongly agree as the anchors except for control variables in the last section. The questionnaire used in this research is attached in Appendix E. The following sections describe in detail the steps taken for questionnaire design and administration.

Step 1: Specifying the research questions and variables

The first step in designing the questionnaire is to determine the information needed to achieve the research objectives. Based on findings from the relevant literature and exploratory research via convergent interviews, research questions are identified as shown in Table 5.2.

Table 5.2 Research Questions

Research questions
1. How does certification affect the relationship setting?
2. How does certification affect partner support programmes?
3. How does relationship setting affect partner support programmes?
4. How do partner support programmes determine performance?
5. How does performance determine high quality relationships?

The following sections discuss the design and development process of the questionnaire. Summary of the steps is provided in Figure 5.2.

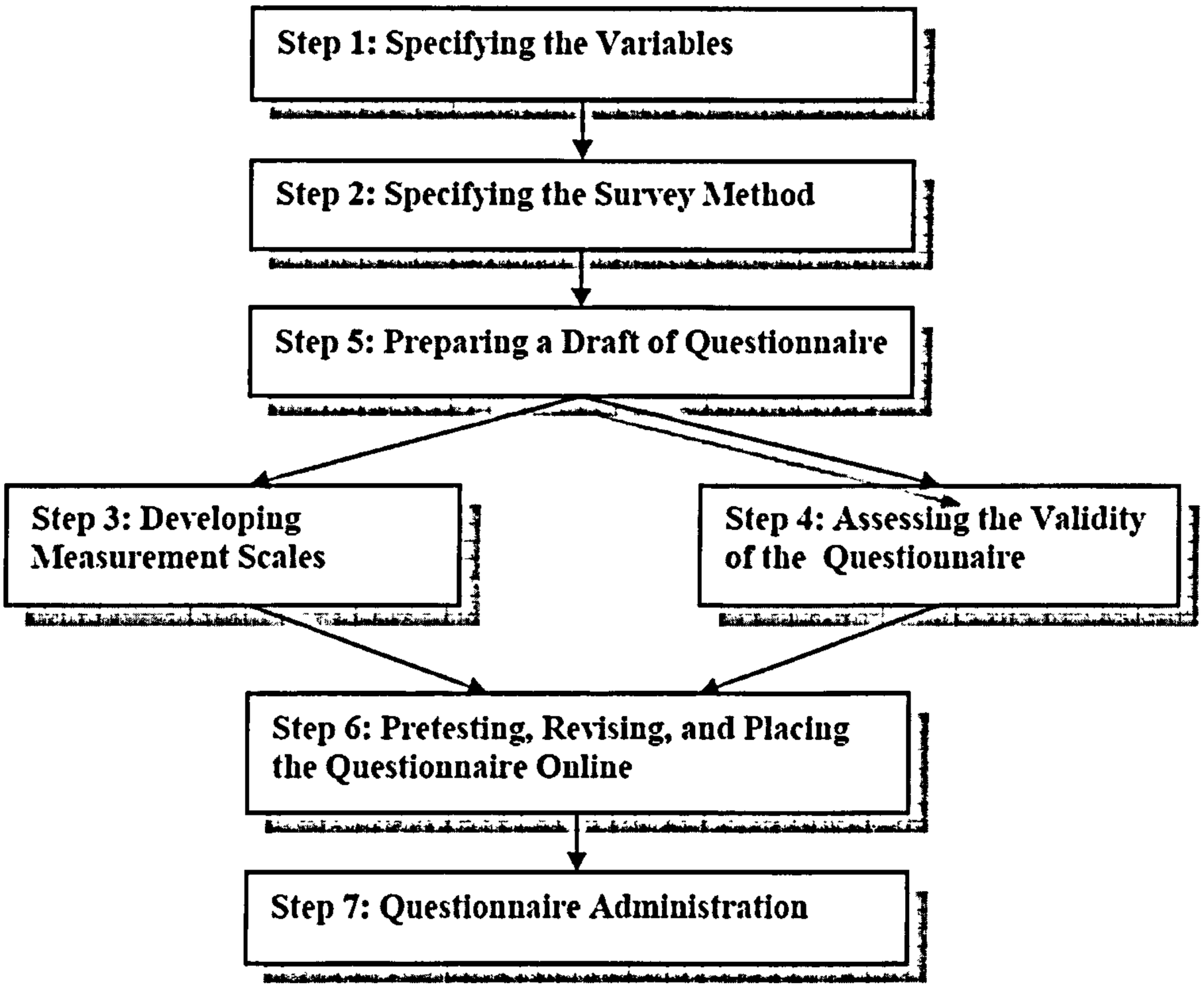
Step 1: Specifying the variables

In specifying the variables, three categories namely independent variables, mediating variables, and dependent variables are included. The independent variables are represented by five sets. Of the five sets, one set is the first-order construct namely certification and the remaining four sets are second-order constructs namely relationship setting, marketing support, relationship management, and technical support. On the other hand, the mediating variables are represented by three constructs namely economic satisfaction, non-economic satisfaction, and customer satisfaction. Finally, the dependent variables are represented by two constructs namely relationship commitment and relationship quality. A summary of these variables is shown in Table 5.3. A detailed discussion for each variable will be discussed in Chapter 6.

Table 5.3 Independent, Mediating and Dependent Variables

Independent Variables	Mediating Variables	Dependent Variables
Certification, relationship setting, marketing support, relationship management, and technical support	Economic satisfaction, non-economic satisfaction and customer satisfaction	Relationship commitment and relationship quality

Figure 5.2 Questionnaire Design and Development Process



Step 2: Specifying the survey method

In order to specify which method is appropriate for our quantitative research, web-based or internet survey is chosen rather than mail survey as it has advantages over the mail survey such as greater speed, lower cost, improved accuracy in encoding data and the ease of obtaining international samples (Pincott and Branthwaite, 2000). In addition, as we are not allowed to have access to contact information of partners, most suppliers ask us to conduct the survey via email so that they can distribute the survey to their partners on our behalf.

However, a number of authors (e.g. Pincott and Branthwaite, 2000 etc) find that web-based survey has several limitations such as poor response rate, unrepresentative samples, and incorrectness of questionnaire self-completion. In order to handle these limitations, we take the following steps.

Firstly, to reduce poor response rate, the attention of the respondents is attracted to respond to the survey with:

- A professional covering letter addressed to each respondent sent directly via email with a link to respond to the web-based survey.
- Attractive prizes such as One Pair Tickets to Idyllic Island in Malaysia, Two £50 Amazon Vouchers, and Ten 256Kb USB Drives to encourage more people to participate and complete the survey
- An attachment in PDF file in case the respondents preferred to respond to the survey manually and return it by fax
- Two follow-up "reminder" emails with links to the web-based survey and survey in PDF file are sent one week after the first email is sent. Each email is sent once every week.
- A copy of the results is offered to the participating managers

Secondly, to overcome unrepresentative samples, respondents who have experience in partnering with their suppliers are identified. The respondents are also identified as the managers or experts who are responsible for dealing with the supplier organisations directly.

Thirdly, to reduce the level of incorrectness of questionnaire self-completion, all new questions are carefully designed to be as straightforward as possible. They are also piloted and pre-tested to ensure that the questions could be understood as easy as possible. In addition, respondents are encouraged to make contact via email or telephone if they had any difficulty with the survey. Moreover, words of encouragement are provided for the respondents to have a break in filling in the web-based survey such as 'Well done! You have completed the first part of the survey', 'Keep up the good job! You have completed the half part of the survey', and 'Good! You are almost done' so that they are able to complete the survey correctly in a relaxing manner.

Step 3: Selecting the response format

In the questionnaire, all variables are measured by using seven-point Likert type response format with strongly disagree and strongly agree as the anchors with the exception of control variables.

There are two reasons for selecting this response format. Firstly, it is widely used by marketing researchers and allows for a degree of intensity and feelings to be expressed. Secondly, it provides a direct measure of a respondent's opinions and makes the responses easy to be administered, coded, and adapted for statistical analysis.

On the other hand, control variables located in the last section of the questionnaire use closed and open ended response format. The purposes of having these questions are for control and sample analysis. Six questions use closed ended and two questions use open ended response format.

Step 4: Assessing the reliability and validity of the questionnaire

This section discusses assessing the validity and reliability of the questionnaire used for this study. Each of the basic types of validity and reliability are addressed. For this reason, their definitions and the assessment strategies considered to ensure high level of validity and reliability in the questionnaire are provided. The discussion is summarised in Table 5.4.

Table 5.4 Assessing Reliability and Validity of the Questionnaire

Types of validity and reliability	Definition	Assessment strategies
Validity	The accuracy of measurement, that is, a valid scale measures what it is designed for (Bollen 1989; Davis and Cosenza, 1993)	Approaches taken to scale development (Churchill, 1979)
Content validity	The degree to which the content reflects the intended concept (Parasuraman, 1991; Neuman, 2000; Burns and Bush, 2000)	Literature review, feedback from experts, pre-testing the questionnaire, and confirmatory factor analysis
Construct validity	The degree to which a construct achieves empirical and theoretical meaning (Steenkamp and Van Trijp, 1991)	Literature review, pre-testing of questionnaire, data analysis
Convergent validity	The degree of association between two difference measurement scales which are supposed to measure the same concept (Davis and Cosenza, 1993)	Data analysis
Discriminant validity	The degree to which the measurement is different constructs (Davis and Cosenza, 1993)	Data analysis
Reliability	A measure is reliable to the extent that independent but comparable measures of the same trait or construct agree (Churchill, 1979)	Clear statement and multiple indicators in the questionnaire, pre-testing of questionnaire

Validity is concerned with the accuracy of the measurement, that is, a valid scale measures what it is designed for (Davis and Cosenza, 1993). External validity concerns the ability of this research to be generalised to a target population while internal validity concerns whether the relationship amongst the variables measured is genuine. Thus, the research design controls for accurate and unambiguous measurement of the variables of the interest, and tries to eliminate or neutralise systematic and random errors (Emory and Cooper, 1991; Neuman, 2000).

Several types of measurement validity are relevant to this research. Measurement validity is the extent to which a measure captures the concept of interest. It is assessed theoretically and empirically in the research (Kervin, 1992; Parasuraman, 1991). Content validity is the degree to which the content of an

indicator reflects the intended concept (Neuman, 2000; Burns and Bush, 2000). To strengthen content validity, the research follows several recommended procedures by Davis and Cosenza (1993). Initially, the insights gained from the exploratory interviews provide an understanding of the key issues involved. That is, prior literature is assessed to identify possible dimensions and interviewees in stage one of the research and other experts in the field are asked to suggest any amendments to the items. Then, the questionnaire is developed and pre-tested on small sample. Based on the feedbacks received, certain items are modified or dropped. In brief, content validity is achieved through careful research design.

On the other hand, construct validity occurs when the theoretical implications which drive the concepts are consistent with the resulting empirical evidence (Davis and Cosenza, 1993; Parasuraman, 1991), convergent validity occurs when multiple indicators operate in a consistent manner to form a single measure (Neuman, 2000). Multiple items are used for our research to measure all the constructs as discussed in step one. Thus, we believe this approach produces convergent validity. Construct validity is established when the data is statistically analysed and reported in Chapter 7.

Unlike validity which is concerned with the accuracy of measurement, reliability is concerned with its stability and consistency (Davis and Cosenza, 1993). A reliable measure is one which provides consistent results and relatively free from random error (Zikmund, 1994; Malhotra, 1999). In our research context, reliability is achieved by clearly conceptualising constructs by ensuring precise and consistent measurements through using multiple items of constructs, pre-testing and replicating measurements (Neuman, 2000). In order to achieve a high level of reliability, clear constitutive and operational definitions of concepts are developed as shown in Table 4.1 (in Chapter 4). All constructs are operationalised by using multiple indicators because multiple indicators of the same concept are likely to be more reliable and less likely to have the same systematic error (Hair, Anderson, Tatham, and Black, 1998; Neuman 2000). In addition, the survey instrument is pre-tested and modified before being administered (discussed in step five in this section). Therefore, the issue of reliability is carefully considered. As validity and reliability also requires the data to

be analysed, a more detailed assessment is addressed in Chapter 6 where the data is statistically analysed.

Step 5: Preparing the draft questionnaire

Principles of good question design are applied in preparing the content, wording, and structure. Firstly, only brief, applicable and insensitive questions are developed so that the respondents only need put a moderate amount of effort to complete the questionnaire. Secondly, each question is assessed to make certain it is understood easily and examples are provided if necessary. Definitions of key terms such as Partner Relationship Management and PRM systems or solutions are provided to allow full understanding of the questions and to be able to answer them easily. Thirdly, the structure of the question is arranged from the questions related to the antecedents of partnership performance, followed by the questions related to partnership performance and high quality relationships. Furthermore, the questions within the subject areas are grouped together. In order to minimise measurement error in developing these questions, they are pre-tested and adjusted accordingly.

Step 6: Pre-testing, revising and placing the questionnaire online

The pre-testing and revising of the questionnaire is conducted by selecting three groups of people to provide feedback which include three academics who are experts in marketing research, a consultant of Partner Relationship Management Systems, and thirty one respondents drawn from the survey population in Malaysia. The pre-testing is carried out in a small sample of the population to detect and remedy any possible errors in the questionnaire design. We find that there are only a few minor errors to be corrected, such as the choice of words and a few inappropriate questions that are dropped (e.g. questions for supplier's competitive advantage). Therefore, the original questionnaire is maintained and used for final survey distribution.

Furthermore, by using the data from the Malaysian respondents in the pre-testing, the functionality of the web-based survey is tested to ensure it was in perfect working order. The web-based survey is provided by questionpro.com as this

company has been providing reliable and professional web-based survey system for academic researchers from leading universities in the USA.

Step 7: Questionnaire administration

Response behaviour

There is a sparse literature about the most effective means of conducting web-based surveys. In order to encourage responses, researchers should minimise social cost, provide rewards to the respondents and establish trust that the rewards will be delivered. To minimise the social cost, the questionnaire is pre-tested to allow the respondents to complete the survey within 20 minutes. In addition, the respondents are given two options to return the questionnaire either online via or manually via fax which are considered as almost no cost for them to do so. Furthermore, to provide rewards, lucky draws for the respondents to win attractive prizes (e.g. one pair return flight ticket from London to idyllic island in Malaysia, 2 Amazon vouchers worth £50 each, and 10 Kingston USB drives) are included in order to encourage participation and completion of the questionnaire. An executive summary of the research results is offered to all interested respondents. In addition, all respondents who complete the survey are given a souvenir as a token of appreciation for their participation. Finally, to establish trust with the respondents, an introduction outlining the importance and the purposes of the survey is provided for the respondents to understand the significance in academic research. Furthermore, the logo and university email are used to establish trust and therefore, enhancing the response rate.

Validity of the Response (Response Bias)

Response bias occurs when respondents answer questionnaire items with a certain slant (Zikmund, 2000). Social desirability bias occurs where respondents over-report desirable personal characteristics, under-report undesirable ones, or create a relationship where none exists (Lockhart and Russo, 1996). In this research, the social effect is minimised by emphasising the confidentiality and the benefits of the participation in the introduction part of the survey.

Similarly, an acquiescence response, or the tendency to agree or disagree with questionnaire items regardless of the content, could influence this research. In order to reduce its impact, respondents are given no indication which answers are most desired by the researcher and are encouraged to answer honestly (Alreck and Settle, 1985). In turn, negative affectivity bias is the disposition to experience stressful emotional states which could operate as an inflator, suppressor or moderator variable (Lockhart and Russo, 1996). Thus, in order to provide emotional expression of hostility and dissatisfaction of the support programs and activities, an empty space at the end of the survey is provided for the respondents who wished to do so.

Furthermore, the level of questionnaire difficulty affects the validity of the measuring instrument to the extent that respondents fail to understand the instructions, specific questions, and response alternatives (Lockhart and Russo, 1996). In order to minimise the impact of questionnaire difficulty in this research, careful design and pre-testing are given attention as discussed previously.

According to Lockhart and Russo (1996), non-response bias may be beneficial for the survey because the subjects disqualify non-respondents from the research if the topic is irrelevant to them, or because they may have difficulty in answering the questions, or feel that they do not know enough about the topic. On the other hand, the level of non-response in the survey may bias the results (Fink, 1995) and a higher response rate does not necessarily decrease bias because there are individuals who respond simply because of their interest in the survey topic (Lockhart and Russo, 1996).

5.4 Sampling Strategy

Another area in conducting field work for the survey is to determine which subjects should be surveyed in order to obtain appropriate information for the research problem. The following steps shown in Table 5.5 are taken into considerations for the sampling strategy.

Table 5.5 Steps in the Sampling Process of the Research

Steps	Description	Application in this research
1. Selecting the population related to the research problems	Including elements (the unit of which the data is collected), sampling units (non-overlapping elements), extent and time	Element = partner's representatives in the IT industry Extent = UK, Malaysia, Singapore and Ireland Time = July – December 2005
2. Selecting the sampling frame	The means of the representing the population	Supplier organisations were randomly selected from 50 largest ICT companies (www.forbes.com). Then, we successfully identified approximately 1590 partner organisations
3. Determining the size of the sample	The selection of the number of people or objects of the population to be investigated	200 is a reasonable rate for structural equation modelling analysis
4. Selecting a sampling technique	The method by which a sample is selected, either probability or non-probability. In probability sampling every element in the population has a known, non-zero probability of selection	Probability, simple random sampling.

Step 1: Selecting the population related to the research problem and research design.

In this research, the population consists of practitioners at a managerial level from partner organisations who have at least one year's experience in dealing with their supplier's representatives. The working experience between supplier's representatives and partner's representatives can be also called partner relationship management practices, provided and controlled by the supplier organisations. Hence, our research is interested in seeking the views of these practitioners or managers within organisations that are partners to leading ICT suppliers.

With regards to the selection of participating countries, we consider the United Kingdom, Malaysia, Ireland and Singapore for four reasons. Firstly, the use of web-based technologies in partner relationship management practices originating from the USA, are also implemented by ICT suppliers in the United Kingdom, Ireland, Malaysia, and Singapore, four countries known to be amongst the most pioneering in

the world. This is because when these suppliers expand their business across Europe or Asia, they implement the same practices in managing their business partners. Secondly, based on experiences living in these countries by the researchers, it can be considered that web-based technologies and their infrastructure are well developed in these countries and on a par with the USA. Thirdly, the medium of conducting business in these countries within the ICT industry, between leading ICT suppliers and their partners, exists mainly in English language and hence, it is unnecessary to translate the original questionnaire for the respondents in Malaysia and Singapore. Finally, as the researchers are based in London and the research is sponsored by one of education agencies in Malaysia, we have easy access to the contact information of the practitioners in ICT industry of these countries. Therefore, these four countries are viewed appropriate for this research.

Step 2: Selecting the sampling frame

From www.forbes.com website, the top 50 world's largest companies within the ICT industry (i.e. Technology, Hardware, and Equipment) are identified. However, only companies which have channel or partner relationship management are approached. Thus, companies that do not have channel or partner relationship management (e.g. Dell, Google, Yahoo etc) are not included or invited to participate in the research study. Invitation letters are sent to every company that has partner organisations that sold its products and services. However, responses are only received from 3Com, McAfee, and Avaya in the United Kingdom, as well as Microsoft and Sun Microsystems from Malaysia. These companies supply contact information of partner organisations so that we can contact them regarding the research. This forms the first approach. For those companies that do not respond, we seek contact information of partner organisations from the partner directory in their website. This second approach gives us contact details of hundreds of partner organisations from Microsoft (UK and Ireland), Cisco (UK and Ireland), and IBM (UK and Ireland) which are included in our sample.

Step 3: Determining the sample size

As we intend to use structural equation modelling (SEM) to examine the relationships amongst multiple variables in a single research model, a sample size of

200 is required for this research method (Hair, Anderson, Tatham, and Black, 1998). Assuming a conservative response rate of 20 percent for a web-based survey, a target size of 1590 is used to provide a result of 260 complete and incomplete responses. In this research, 196 complete responses were received with 41 incomplete responses giving a total of 237 responses and this response rate meets the minimum requirement for further analysis using SEM.

Step 4: Selecting a sampling technique

Table 5.6 Breakdown of Sample by Supplier and Country

Supplier/Country	UK and Ireland	Number of Responses	Malaysia and Singapore	Number of Responses
Oracle (4)	-	-	10	4
Anonymous (18)	495*	18	-	-
Avaya (10)	195	10	-	-
3Com (41)	132	41	-	-
Microsoft (67)	455	48	31	19
Cisco (11)	11	6	9	5
IBM (19)	21	9	15	10
Sun (5)	5**	3	6	2
McAfee (18)	191	18	-	-
Others (3)	-	-	3	3
Total	1516	153	74	43

*** The supplier have only participated in the survey half-way due to the change in its plan of conducting a partner survey on their own**

**** The supplier has only provided contact information of five companies and does not wish to continue its participation**

Table 5.6 Summary of Response Rate

Response type	The United Kingdom and Ireland	Malaysia and Singapore
Total sample frame	1516	74
Complete responses	153	43
Incomplete responses	41	-
Unwilling to participate	5	-
Complete responses	153	43
Response rate	10.09%	58%

Total usable responses = 196

Total response rate = (196 / 1590) x 100 = 12.33%

To begin the survey, an email containing an invitation letter is sent to the whole sample of 1590 potential respondents. Email is used due to two reasons. Firstly, due to the data protection act, a number of participating supplier organisations do not provide the contact information of the partner organisations. For this reason, they send the web-based survey on our behalf. Secondly, we find that email is the best way to distribute the survey based on a comparison with other methods as discussed previously. In distributing the web-based survey, the link of the web-based survey is included in the letter of the email if the respondents would like to respond the survey online. A copy of the survey is also provided as a PDF file in case the respondents preferred to respond to the survey manually. In order to increase the response rate, we send the email at least once every week for up to three rounds. This is because a number of respondents might be either busy with workloads or on holiday or on annual leave at the time of survey distribution. The lapse time of one week is selected in order to minimise the number of emails received by the potential respondents so that the email invitation is perceived by the respondents as ethical and considerate in carrying out the survey.

In brief, all avenues for obtaining a high response rate are explored. As a result, 10.09% and 58% response rates are achieved from the two regions (e.g. the United Kingdom and Ireland; Malaysia and Singapore) respectively. In Malaysia and Singapore, the response rate is higher due to an official supporting letter provided by the Ministry of Entrepreneur and Co-operative Development of Malaysia, a sponsor of this research, to encourage participation in the research, is used alongside the questionnaire. Overall, however, 12.33% total response rate for these two regions is considered satisfactory based on three reasons. Firstly, the research is in the context of business-to-business environments and its sample size is not as big as the sample size in a consumer market. Secondly, the respondents are high profile professionals (i.e managers and above) who have tight schedules and in many cases are too busy with their work commitment to respond. Thirdly, some leading ICT suppliers are

unable to participate as they have their own annual survey for their partners. Furthermore, recent empirical research using web-based survey in the context of business-to-business environments also receive 10.7% usable response rate (Wu, Yeniyurt, Kim, and Cavusgil, 2006). Therefore, 196 responses for our research do not pose a significant problem for our research and are considered reasonable.

5.5 Non-Response Bias

In order to assess non-response bias, we examine the differences between early and late respondents as suggested by Armstrong and Overton (1977) where the "late respondents'' are considered as the representative of organisations that do not respond to the survey (Wu, Yeniyurt, Kim, and Cavusgil, 2006). The results of t-tests reveal that there is no significant difference on major constructs between the two groups. Therefore, it appears that non-response bias does not pose a significant problem for our research.

5.6 Ethical Considerations

The authority to conduct research is related to the researcher's responsibility to protect both sponsor and the respondents (Neuman, 2000). When we conduct the research in convergent interview and survey, we inform the participants about the purposes of the research, encourage them to respond, offer them incentives, and send the research results to any interested respondents. We also state that all returned questionnaires will be treated in the strictest confidence and only aggregated results will be provided. The respondents can rest assured that all information provided will only be used in relation to this research and will not be used to identify any individual or organisation.

5.7 Conclusion

In brief, this chapter describes the research design adopted, steps taken in administration of the questionnaire, and the sampling strategies adopted for the second stage of our research. Furthermore, measurement development issues are analysed in which the validity and reliability of the survey instrument is established. Sample selection and processes are justified before discussing the ethical issues needed to be considered in collecting data. In summary, the next chapter will discuss the data collection and its analysis in relation to the research problems.

CHAPTER 6 ANALYSIS OF SURVEY DATA

6.1 Introduction

The methodology used to collect data in stage two of this research is described in the previous chapter. In this chapter, we will discuss about two stages in analysing the data: preliminary analysis and advanced analysis of survey data. Data analysis is conducted using SPSS version 12.0 with AMOS version 5.0.

6.2 Preliminary Analysis

The purpose of conducting a preliminary data analysis is to ensure the quality of data and its suitability for further statistical tests using multivariate analysis technique of structural equation modelling (SEM) with AMOS. This preliminary analysis consists of data preparation, coding, cleaning and screening, correlations of variables and profile of respondents.

6.2.1 Data preparation

Data preparation translates the data collected in the research into a form suitable for analysis. This process ensures that the basic data array is complete and accurate by coding, transcribing or entering the data into a computer database, cleaning the data for accuracy and accounting for missing responses (Malhotra, 1999).

6.2.2 Coding the data

Coding the data is done by assigning a code to each possible response to each question in the survey (Malhotra, 1999). All items in our questionnaire are coded except for open-ended question for the respondents to comment, in order to commence a comprehensive data analysis.

Raw data are edited once they have been collected. This process acts as a quality screen by ensuring the raw data collected meets acceptable standards. In other words, we ensure that the data is complete, legible, free of inconsistencies, completed

by eligible respondents and accurate (Malhotra, 1999). Of the 237 questionnaires collected, 41 are considered unusable due to incompleteness. We find that most of incomplete questionnaires are only filled out with a few answers or less than 15% of the complete questions. Therefore, these 41 data sets are excluded in our final survey data as it is assumed that the respondents are either unwilling to cooperate or not serious with the survey.

Nevertheless, the questionnaires with only a few non-response items are retained because we believe that the respondents may not know the answer or may answer in an unexpected format. In order to handle these data sets, we replace the missing data with mean value of the variable based on all valid responses. This method has been a widely accepted approach in handling missing data. Percentage of missing data in our survey is indicated in Table 6.1 based on the structure of the questionnaire. The results exhibit that none of the proportions of missing values exceeds 2% for each question in the main sections of the questionnaire. On the other hand, in the section of control variables, a question regarding market specialisation has the highest percentage of missing data which is 7.1%.

Table 6.1 Percentage of Missing Data for Each Question

Question	% of missing data	Question	% of missing data	Question	% of missing data
Sales support		**Service quality**		**Cooperation**	
Q1	0.0	Q1	0.0	Q1	0.0
Q2	0.0	Q2	0.0	Q2	0.0
Q3	0.0	Q3	0.0	Q3	0.0
Q4	0.0	**Q4**	**1.0**	Q4	0.0
Q5	**0.5**	Q5	0.0	**Q5**	**1.5**
Q6	0.0	**Partner Network**		Q6	0.0
Q7	0.0	Q1	0.0	Q7	0.0
Q8	**1.0**	Q2	0.0	**Q8**	**0.5**
Q9	0.0	**Q3**	**0.5**	Q9	0.0
Marketing Planning		Q4	0.0	Q10	0.0
Q1	0.0	Q5	0.0	**Trust**	
Q2	0.0	Q6	0.0	Q1	0.0
Q3	0.0	**Q7**	**1.0**	Q2	0.0
Q4	**0.5**	Q8	0.0	Q3	0.0
Q5	0.0	Q9	0.0	**Q4**	**0.5**
Q6	0.0	**Certification**		Q5	0.0
Q7	**1.0**	Q1	0.0	Q6	0.0
Q8	**1.0**	Q2	0.0	**Q7**	**0.5**
Technical Support		**Q3**	**1.5**	**Q8**	**0.5**
Q1	**0.5**	Q4	0.0	**Partner Performance**	
Q2	0.0	Q5	0.0	Q1	0.0
Q3	0.0	Q6	0.0	Q2	0.0
Q4	0.0	Q7	0.0	Q3	0.0
Q5	**1.5**	Q8	0.0	Q4	0.0
Q6	**0.5**	**Relationship Management**		Q5	0.0
Q7	**2.0**	Q1	0.0	Q6	0.0
Q8	**0.5**	Q2	0.0	Q7	0.0
Q9	**0.5**	Q3	0.0	Q8	0.0
Training		Q4	0.0	Q9	0.0
Q1	**0.5**	Q5	0.0	**Relationship Commitment**	
Q2	0.0	Q6	0.0	**Q1**	**0.5**
Q3	0.0	**Q7**	**0.5**	**Q2**	**0.5**
Q4	0.0	Q8	0.0	**Q3**	**0.5**
Q5	**1.0**	**Q9**	**1.0**	Q4	0.0
Q6	**0.5**	**Q10**	**0.5**	Q5	0.0
Q7	**0.5**	**Q11**	**0.5**	Q6	0.0
Q8	0.0			Q7	0.0
Q9	**0.5**			Q8	0.0
				Q9	0.0
				Q10	**0.5**

Table 6.1 (Continued)

Question	% of missing data
Control Variables	
Q1	2.0
Q2	7.1
Q3	4.1
Q4	4.1
Q5	4.6
Q6	3.1
Q7	4.1
Q8	4.6

In term of missing data points, we find that there are 45 missing data in the main sections. Hence, the percentage of missing total points in the main sections is .002 which will not affect further data analysis. However, in the section for control variables, we find 66 missing data of 1568 total data points. Hence, the percentage of missing total points is .043.

6.2.3 Data Cleaning and Screening

Having transferred and edited the raw data into a computer file, errors are checked through data cleaning and screening. The purpose of this process is to ensure that the data have been transcribed accurately by identifying outliers, inconsistent responses and missing data (Malhotra, 1999). Two main categories of the problems are found such as case-related issues (e.g. the accuracy of the data input, missing values, and outliers) and distribution issues (e.g. normality, linearity, and homoscedasticity or multicolinearity). The first category of case related issues is minimised in our research because data entry errors are minimal in the web-based survey. Nevertheless, our survey data are checked for accuracy and edited for appropriate treatment of the missing values (Malhotra, 1999). We also run frequencies on each variable by using SPSS to check outliers and missing data. The second problem concerning the distribution issues is addressed by examining descriptive statistics and frequency distributions of each variable to verify that they are not out-of-order values and standard deviations are plausible. Based on these procedures, cases with missing data have been found and treated.

Table 6.2 Correlations for Main Variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Certification	1																		
2. Formalisation	.355	1																	
3. Exclusivity	.305	.607	1																
4. Relationship system	.295	.639	.743	1															
5. Marketing assistance	.283	.473	.583	.569	1														
6. Marketing solutions	.406	.525	.527	.582	.631	1													
7. Lead support	.286	.456	.584	.586	.490	.578	1												
8. Marketing coordination	.408	.516	.637	.638	.580	.661	.700	1											
9. Relationship management	.321	.718	.658	.769	.566	.508	.488	.624.	1										
10. Technical assistance	.150	.404	.527	.483	.446	.431	.526	.534	.559	1									
11. Technical solutions	.334	.538	.683	.659	.536	.619	.638	.679	.563	.569	1								
12. Product training	.442	.485	.575	.554	.449	.599	.518	.541	.518	.533	.587	1							
13. Service quality	.360	.410	.541	.535	.449	.544	.489	.488	.440	.542	.595	.727	1						
14. Economic satisfaction	.340	.521	.544	.589	.448	.420	.478	.600	.710	.394	.505	.521	.426	1					
15. Non-economic satisfaction	.251	.592	.641	.694	.655	.540	.448	.556	.782	.453	.550	.569	.512	.676	1				
16. Customer satisfaction	*.047*	*.137*	*.084*	*.133*	.280	.235	*.026*	*.095*	.223	.212	*.102*	.257	.247	.188	.357	1			
17. Relationship quality	.232	.232	.699	.714	.652	.512	.492	.574	.800	.525	.546	.554	.516	.645	.851	.325	1		
18. Relationship commitment	.297	.297	.319	.338	.365	.358	.209	.361	.493	.237	.206	.443	.350	.474	.569	.538	.560	1	
19. Relationship quality	.312	.312	.506	.411	.328	.386	.385	.420	.395	.204	.435	.448	.378	.396	.381	*-.027*	.419	.173	1

(Bold) Correlation is significant at the 0.01 level (2-tailed).
(Normal) Correlation is significant at the 0.05 level (2-tailed).
(Italic) Correlation is not significant

6.2.4 Correlations of Main Variables

The next step is to measure the relationship among the variables. We examine the correlations between variables to help preparing for further analysis with SEM. The correlation coefficient is a measure of the closeness of the relationship or association between independent and dependent variables (Hair, Anderson, Tatham and Black, 1998). Although the later SEM analysis is more complex than the simple correlation coefficients, the correlation analyses of the variables as shown in Table 6.2 helps the researcher to become 'immersed' in the data (Frost and Stablein, 1992, p. 246).

Relationships between independent and dependent variables reported in Table 6.2 have been expected in terms of direction. However, the results of these analyses indicate that high and significant correlations amongst the variables. The results suggest the risk of multicolinearity. In order to overcome this problem, a number of researchers (e.g. Conley and Pollard, 1998; Alpert and Bibb, 1974) suggest performing a factor analysis and then, creating a compound variable by adding the correlated variables together. In the context of this research, we compare all possible predictor combinations based on theoretical foundation developed from the literature review and findings of the convergent interviews. For example, we conduct an exploratory factor analysis for four separate pairs of closely correlated variables such as marketing assistance, marketing solutions, lead support and coordination, before combining these factors into an independent variable or a second-order factor. This procedure will also be conducted on other correlated independent variables that can be combined to form three additional second-order factors in the research model, such as relationship setting, relationship management and technical support. Therefore, multicolinearity amongst the main variables does not pose a significant problem to the main model of our research. Detailed discussion of this procedure and its results are provided in section 6.4.

Table 6.3 Correlations of Control Variables

	C1	C2	C3	C4	C5	C6	C7	C8
Certification	**-.25**	(.25)	.15	**.24**	**.23**	**.23**	(.06)	(-.01)
Formalisation	**-.30**	-.18	(.00)	.16	.18	(.13)	(-.11)	-.16
Exclusivity	(-.13)	(-.08)	(-.06)	(.13)	(.06)	(.07)	(-.12)	-.17
Relationship system	**-.20**	(.11)	(-.04)	(.14)	(.06)	(.07)	(-.03)	(-.11)
Marketing assistance	**(.00)**	(.09)	(.06)	(.11)	(-.01)	(-.00)	(-.03)	(-.11)
Marketing solutions	**-.12**	(.09)	(.01)	(.14)	(.06)	(.08)	(.08)	(-.02)
Lead support	**-.17**	(-.10)	(-.04)	(-.14)	(.06)	(.13)	(-.04)	-.16
Marketing coordination	**-.14**	(-.06)	(-.01)	**.25**	(.14)	(.11)	(-.09)	**-.21**
Relationship management	**-.36**	(-.14)	(.05)	**.26**	(.19)	(.11)	(-.14)	-.16
Technical assistance	(-.13)	(-.06)	(-.05)	(.06)	(.07)	(.05)	(.05)	(-.03)
Technical solutions	(-.15)	(-.01)	(-.10)	.14	(.10)	(.10)	(-.06)	**-.16**
Product training	-.19	(-.04)	(-.00)	**.15**	(.02)	(.08)	(.09)	(.00)
Service quality	(-.10)	-.00	(-.08)	(.10)	(-.02)	(-.00)	(.03)	(-.04)
Partner community	(-.13)	(-.02)	(-.03)	**.22**	(-.06)	(-.05)	(-.04)	(-.07)
Economic satisfaction	**-.32**	(-.05)	(-.05)	**.40**	.18	(.09)	(-06)	-.15
Non-economic satisfaction	-.18	(-.12)	(-.01)	**.24**	(.03)	(-.02)	(-.06)	(-.13)
Customer satisfaction	(.08)	(-.08)	(-.12)	(.03)	(-.04)	(-.13)	(.03)	(.04)
Relationship quality	(-.14)	(-.10)	(-.05)	**.24**	(.02)	(-.01)	(-.08)	(-.11)
Relationship commitment	-.16	(-.02)	**.22**	(.03)	(-.02)	(-08)	(-.07)	**.29**

(Bold) Correlation is significant at the 0.01 level (2-tailed).
(Normal) Correlation is significant at the 0.05 level (2-tailed).
( ) Correlation is not significant

Legend:

C1 = Level of partnership	C5 = Annual turnover
C2 = Market specialised	C6 = Number of employees
C3 = Length of relationship	C7 = Time in current position
C4 = Proportion of sales	C8 = Time in managerial experience

6.2.5 Correlations of Control Variables

In order to measure the relationship between control variables and main variables, we examine the correlations as part of data preparation procedures for further analysis. The results indicate that most relationships reported in Table 6.3 are not correlated. Therefore, the correlations of control variables with the main variables do not pose a significant problem to our research.

However, three interesting results appear in this analysis. Firstly, the level of partnership is found highly correlated with certification. Secondly, the proportion of sales due to being a partner to the supplier is found highly correlated with the economic satisfaction and finally, the length of partnership is found highly correlated with relationship commitment. These results imply that these control variables, the level of partnership, the proportion of sales, and the length of partnership, are found to

have similarities with items used in other constructs such as certification, economic satisfaction, and relationship management scales respectively. Therefore, these control variables are unnecessary to be included in the research model for further analysis.

6.3 Profile of Respondents

This section will provide a detailed description of the sample in order to establish a clear picture of the characteristics of the respondents in the sample. Characteristics of the respondents are shown in Table 6.4.1 to 6.4.8.

Table 6.4.1 Country

Country	No. of Respondents	%
UK	148	75.5
Ireland	5	2.6
Singapore	6	3.1
Malaysia	37	18.9

The results from the survey reveal that the majority of respondents are from the United Kingdom (75%). The remaining respondents are from Ireland (5%), Singapore (6%), and Malaysia (37%).

Table 6.4.2 Level of Partnership

Level of partnership	No. of Respondents	%
1st Tier	67	41.9
2nd Tier	62	38.8
3rd Tier	31	19.4

With regard to the level of partnership, the results from the survey reveal that majority of the respondents are from 1st Tier (41.9%) and the remaining respondents are 2nd (38.8%) and 3rd Tier (19.4%).

Table 6.4.3 Market Specialisation

Market specialisation	No. of Respondents	%
Software	74	40.7
Hardware	59	32.4
Services	29	15.9
Training	3	1.6
Hardware and Services	2	1.1
Software, Hardware and Services	6	3.3
Hardware, Services and Training	1	0.5
All market	8	4.4

In terms of market specialization, the results of the survey reveal that 40.7% are from respondents whose company specialise in software followed by 32.4% in hardware, 15.9% in services, and 1.6% in training, 1.1% in hardware and services, 3.3% in software, hardware and services, 0.5% in hardware, services, and training, and the remaining 4.4% specialise in mixed products or services.

Table 6.4.4 Length of Partnership with Supplier

Length of partnership with the supplier:	No. of Respondents	%
Less than a year	17	8.7
2-5 years	91	46.4
5 – 10 years	48	24.5
More than 10 years	32	16.3

The results of the survey also reveal that 8.7% are from respondents whose company have partnership with the supplier for less than a year, followed by 46.4% between 2 - 5 years, 24.5% between 5 – 10 years, and 16.3% more than 10 years.

Table 6.4.5 Proportion of Sales Due to Being a Partner of the Supplier

Proportion of sales:	No. of Respondents	%
Less than 25% of total sales	109	55.6
25 - 50%	43	21.9
51 - 75%	23	11.7
More than 75%	13	6.6

Furthermore, the results from the survey reveal that 55.6% of the respondents have less than 25% of the total sales, 21.9% of the respondents have between 25 – 50% of total sales, 11.7% of the respondents have between 51 – 75%, and 6.6% have more than 75% of total sales due to being a partner of the supplier.

Table 6.4.6 Approximated Annual Turnover of the Company in the Previous Year

Approximated annual turnover	No. of Respondents	%
Less than 500K	28	14.7
500K - 1 million	22	11.5
1 - 10 millions	74	38.7
10 - 100 millions	46	24.1
More than 100 millions	12	6.3

Note: The above figure has been converted in British Pounds Sterling (£). Approximated turnover in Irish, Malaysian, and Singaporean currencies are included in Appendix F.

In terms of approximated annual turnover in the previous year, the results of the survey reveal that 14.7% are from companies with less than 500K, followed by 11.5% between 500K – 1 million, 38.7% between 1 – 10 millions, 24.1% between 1-10 millions, and 6.3% more than 100 millions.

Table 6.4.7 Number of Employees

Number of employees	No. of Respondents	%
Less than 25	74	37.8
26 - 100	46	23.5
101 - 500	41	20.9
501 - 1000	14	7.1
1001 - 5000	6	3.1
More than 5000	9	4.6

In addition, the results of the survey reveal that 37.8% are from companies with less than 25 employees, followed by 23.5% between 26 – 100 employees, 20.9% between 101 – 500 employees, 7.1% between 501 – 1000 employees, 3.1% between 1001 – 5000 employees, and 4.6% more than 5000 employees.

Table 6.4.8 Managerial Experience at Current Position and with the Company

Managerial experience at current position (years): 2.91 years
Managerial experience with the company (years): 2.95 years

Finally, the results of the survey reveal that average managerial experience at current position is 2.91 years while managerial experience with the company is 2.95 years.

6.4 Variable/Construct Development and Analysis

This section discusses the exploratory and confirmatory analysis of each construct of our conceptual model for examining the reliability and validity of each construct used in the research context.

6.4.1 Independent Variable I: Certification

The first independent variable is a new construct namely certification. It is a first-order construct represented by eight items concerning the influence of certification status in the market, the issue of maintaining the standards in the ICT industry, and the amount of support the partner organisations receive. We also develop three other questions related to certification requirements such as the resources (i.e. capital, number of employees), level of knowledge and competency, and specific training programs. Furthermore, the remaining two questions focus on the regular reviews and monitoring of the quality standards on customer service provided by the partner organisations. This construct is developed based on literature review and the results of convergent interviews.

In order to begin the analysis, we firstly submit eight items that make up certification to an exploratory factor analysis. Gerbing and Hamilton (1996) have shown that exploratory factor analysis can be a useful precursor to the use of confirmatory factor analysis. The results of the exploratory factor analysis indicate that eight items have loaded on two-factor solution. Six items have loaded on the first factor and the remaining two items have loaded on the second factor. We drop two items that have loaded on the second factor because the eight items are designed to measure certification as the first-order construct. Therefore, the factor analysis re-run and the results indicate that the remaining six items have loaded on one-factor. The factor loadings are .64, .75, .85, .79, .80, and .74 for certification, with no cross-loading higher than .30.

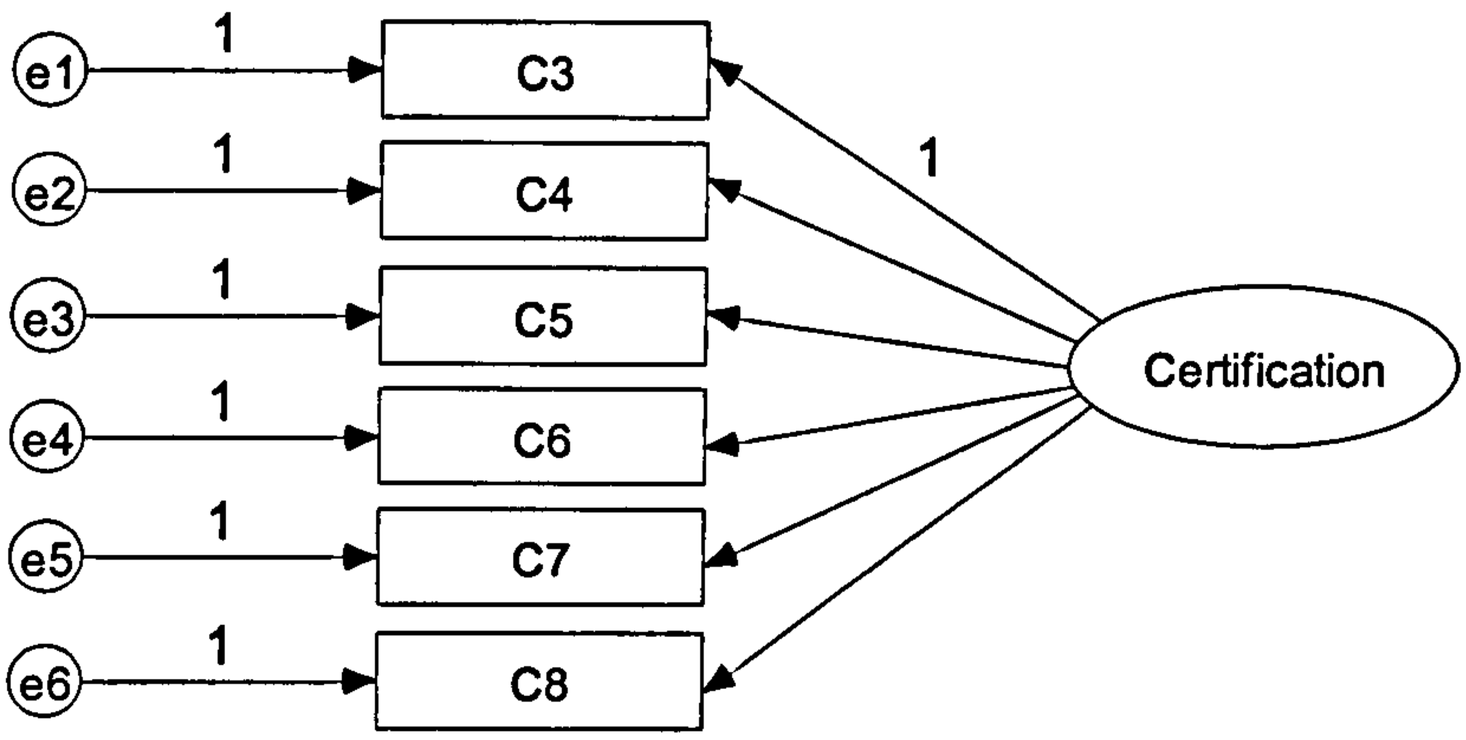


Figure 6.1 First-order Factor Model of Certification

Therefore, the first latent variable, certification is initially measured by six observed variables. The structure of this measurement model is presented in Figure 6.1. The results of the confirmatory factor analysis (CFA) of the measurement component of the certification as one-factor model are summarised in Table 6.5.1.

Table 6.5.1 Co-efficient Alpha and Loading Estimates for Certification

Certification (α = 0.85)	**Label**	λ
The certification level of status affects the amount of support we receive from our supplier	**C3**	**.54**
Our supplier requires us to have substantial resources (i.e capital, number of employees) in place before being granted certified status	**C4**	**.70**
Our supplier requires our employees to demonstrate a high level of knowledge (e.g via examinations, test, qualifications etc) before being certified	**C5**	**.84**
In order to be certified, our supplier requires our employees to undertake specified training	**C6**	**.77**
Our supplier regularly reviews our certification status	**C7**	**.72**
Our supplier regularly monitors the quality of service we deliver to our customers	**C8**	**.65**

The coefficient alpha for certification is high (.85) as shown in Table 6.5.1, indicating that it is a construct with high internal reliability.

The results of confirmatory factor analysis suggest that the loading of four items for certification as shown in Table 6.5.1 are above .70 which mean that they meet the ideal standardised regression weights except items C3 and C8 with loadings .51 and .65 respectively. According to Hair, Anderson, Tatham, and Black (1998), modest reliability in the range of 0.5 to 0.6 is sufficient while a coefficient showing

good reliability is above .70 in an applied setting for exploratory research. Therefore, as these loadings (e.g. C3 and C8) are above recommended cut off value of .50, they are still considered acceptable.

6.4.2 Independent Variable II: Relationship Setting (second-order factor)

This second set of independent variable namely relationship setting is a second-order factor construct. It covers the issues of formal agreement, level of exclusivity and relationship system which are considered as three important indicators of relationship setting in our research context. Two of these indicators namely formalisation and exclusivity are adapted from previous studies by Mohr and Sohi (1995), and Anderson and Weitz (1992) while one indicator namely relationship system is a newly developed scale derived from the findings of the convergent interviews.

Indicator 1: Formalisation

The first important indicator in relationship setting is formalisation which is adapted from Mohr and Sohi (1995). These researchers used four-item, five-point Likert-type scale to assess the extent to which formal mechanisms for communication exist within the manufacturer-dealer relationship. Coefficient alpha reported for this indicator is 0.86.

Indicator 2: Exclusivity

The second important indicator in relationship setting is exclusivity which is adapted from Anderson and Weitz (1992) and literature review. These researchers use five-item to assess the distributor's perceived exclusivity granted by the manufacturer and the coefficient alpha reported for this indicator is 0.72. However, two reverse coded questions have been dropped as they imply the same meaning with the other two questions. Similarly, the remaining one question related to the number of distributors carrying the supplier's product line has been dropped as well as it is inappropriate in the context of this research. To replace these items, we use two new

items concerning the level of effectiveness in managing and planning the network of partners from a variety of different partner backgrounds such as type of partnership, product and market specialisation, size, technical competency, and sales territory.

Indicator 3: Relationship System

The final important indicator in relationship setting namely relationship system is a newly developed scale based on the findings of the convergent interviews. It represents four-item concerning the system's user friendliness, ability to help maintaining a close working relationship, responsiveness to the user's needs, and efficiency in communication.

To begin the analysis, we submit twelve items making up these three indicators of relationship setting to an exploratory factor analysis. Based on literature review and the results of convergent interviews, we set three-factor solution namely formalisation, exclusivity and relationship system. The results of the exploratory factor analysis by using varimax rotation indicate that one item has loaded on the wrong factor. The item is from the scale designed to measure formalisation. Thus, this item is dropped and the factor analysis re-run. This results in a three-factor solution with all items loading on the appropriate factor as proposed. The factor loadings are .78, .84, and .84 for formalisation (FORM), .79, .75, .64, and .68 for exclusivity (EX), and .78, .88, .85 and .61 for relationship system (WPRM), with no cross-loading higher than .30.

Furthermore, this three-factor solution is used as three indicators of the second order factor namely relationship setting where each of the indicators (e.g. FORM, EX, and WPRM) has been averaged to arrive at a single score. The purpose of this procedure is to incorporate the three indicators into relationship setting as shown in Figure 6.2.

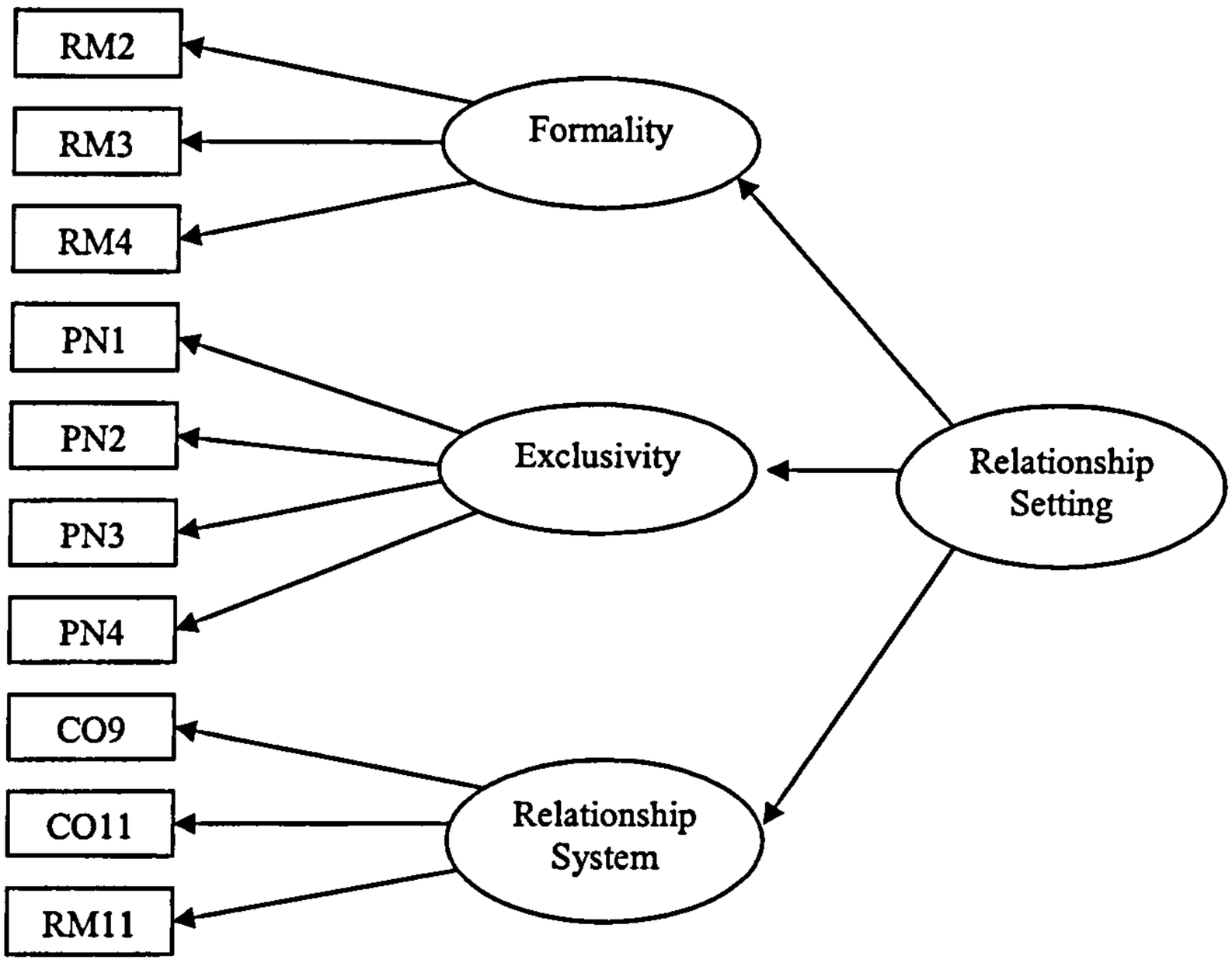


Figure 6.2 Second-order Factor Structure for Relationship Setting

Table 6.5.2 Co-efficient Alpha of Indicators and Loading Estimates for Relationship Setting

Relationship Setting	Label	λ
Indicator 1: Formalisation (α = 0.88)		
There are rules and standard procedures covering all aspects of our business relationship with the supplier	**RM2**	**.84**
Within this business relationship, the roles of the supplier and partner are clearly specified	**RM3**	**.90**
The terms of our business relationship are formalized	**RM4**	**.79**
Indicator 2: Exclusivity (α = 0.85)		
The way in which this supplier manages its network of partners is very effective	**PN1**	**.87**
The supplier has a very well planned network of partners	**PN2**	**.86**
In our business relationship with this supplier, we have a well designated market or sales territory	**PN3**	**.70**
Our supplier manages its network of partners to avoid them directly competing with each other	**PN4**	**.65**
Indicator 3: Relationship System (α = 0.94)		
Our supplier's PRM systems help us maintain a close working relationship	**CO9**	**.88**
We find our supplier's PRM system to be very user-friendly	**CO10**	**.96**
We find our supplier's PRM systems to be very responsive to our needs	**CO11**	**.97**
Our supplier provides fast and efficient communication systems that enhance the flow of information between us	**RM11**	**.75**
Second-Order Factor:		
Formalisation	**FORM**	**.73**
Exclusivity	**EX**	**.86**
Relationship System	**WPRM**	**.88**

The coefficient alpha for three proposed indicators of relationship setting as shown in Table 6.5.2 is high (88, .85, and .94), indicating they are indicators with high internal reliability.

We then conduct confirmatory factor analysis on first and second-order factor in order to evaluate the psychometric properties of the proposed items and indicators. This procedure is taken in order to assess the convergent validity of our items and indicators by inspecting their standardised regression weights.

As shown in Table 6.5.2, the initial results of CFA indicate that all items' loading are between .79 and .90 for FORM, .65 and .87 for EX, and between .75 and .97 for WPRM. As each item's loading is above .70, it meets the requirement for an ideal standardised regression weight except item PN4 with item's loading of .66. However, as it is above recommended cut-off value of .50, it is still considered acceptable. This procedure of CFA is for first-order factor.

For second-order factor, we conduct another CFA. The results indicate that the indicators of the second-order factor meet the criteria of ideal standardised regression weights of .70 with loadings .73, .86, and .88 for FORM, EX, and WPRM respectively.

6.4.3 Independent Variable III: Marketing Support (second order factor)

The third set of independent variable namely marketing support covers the issues of formal agreement, level of exclusivity and shared relationship system. The indicators for this set of independent variables include formalisation, exclusivity, and web-based relationship system. These indicators are newly developed scales and derived from preliminary findings of the convergent interviews except marketing co-ordination.

Indicator 1: Marketing assistance

The first important indicator in marketing support namely marketing assistance is a newly developed scale based on the preliminary findings of the

convergent interviews. It represents three-item concerning the level of effectiveness in sales and marketing support, marketing advice and expertise, marketing communication programmes, as well as marketing materials and tools.

Indicator 2: Marketing Solutions

The second important indicator in marketing support namely marketing solutions is also a newly developed scale based on the preliminary findings of the convergent interviews. It represents three-item concerning the issues of marketing materials, interactive tools, and e-commerce systems (e.g online catalogue, order, delivery, quotation, etc) to help the channel partners to sell the supplier's product lines.

Indicator 2: Leads support

The third important indicator in marketing support namely leads support is also a newly developed scale based on the preliminary findings of the convergent interviews. It represents three-item concerning the issues of quality leads, systems (e.g web portal, web-based application) that help the prospective customers to learn about the partners, as well as managing customer leads.

Indicator 3: Marketing Co-ordination

The third important indicator in marketing support namely marketing co-ordination is adapted from Mohr and Spekman (1994). These researchers suggest that "co-ordination is related to boundary definition and reflects the set of tasks each party expects the other to perform" (p. 138). They use three-item with coefficient alpha 0.68. However, one item has been eliminated by these researchers during scale purification. As this indicator is below Nunnally's criterion of .70 for reliability and two questions posed by these authors are not sufficient for our research context, we add four items. Of these four items, two items focus on the collaborative efforts between the supplier and the partners in marketing activities, while the other two items focus on the issues related to synchronising the marketing activities with a large number of partners and specific functions in managing the marketing initiatives.

These four new items are also derived from the preliminary findings of the convergent interviews.

To analyse marketing support, we submit seventeen items making up the four proposed components of this construct to an exploratory factor analysis. Based on literature review and the results of interviews, we set four-factor solution namely marketing assistance, marketing solutions, lead support, and marketing co-ordination. The results of the exploratory factor analysis by using varimax rotation indicate that two items have loaded on the wrong factor. The two items are from the scale designed to measure marketing assistance. Thus, these items are dropped and the factor analysis re-run. This results in a four-factor solution with all items loading on the appropriate factor as proposed. The factor loadings are .79, .82, and .72 for marketing assistance (MA), .70, .75, and .60 for marketing solutions (MO), .74, .73, and .73 for lead support (LS), and .75, .80, .80, .76, .70, and .74 for marketing co-ordination (MC), with no cross-loading higher than .30.

Furthermore, this four-factor solution is used as four indicators of the second order factor namely marketing support where each of the indicators (e.g. MA, MO, LS, and MC) has been averaged to arrive at a single score. The purpose of this procedure is to incorporate the four indicators into marketing support as shown in Figure 6.3.

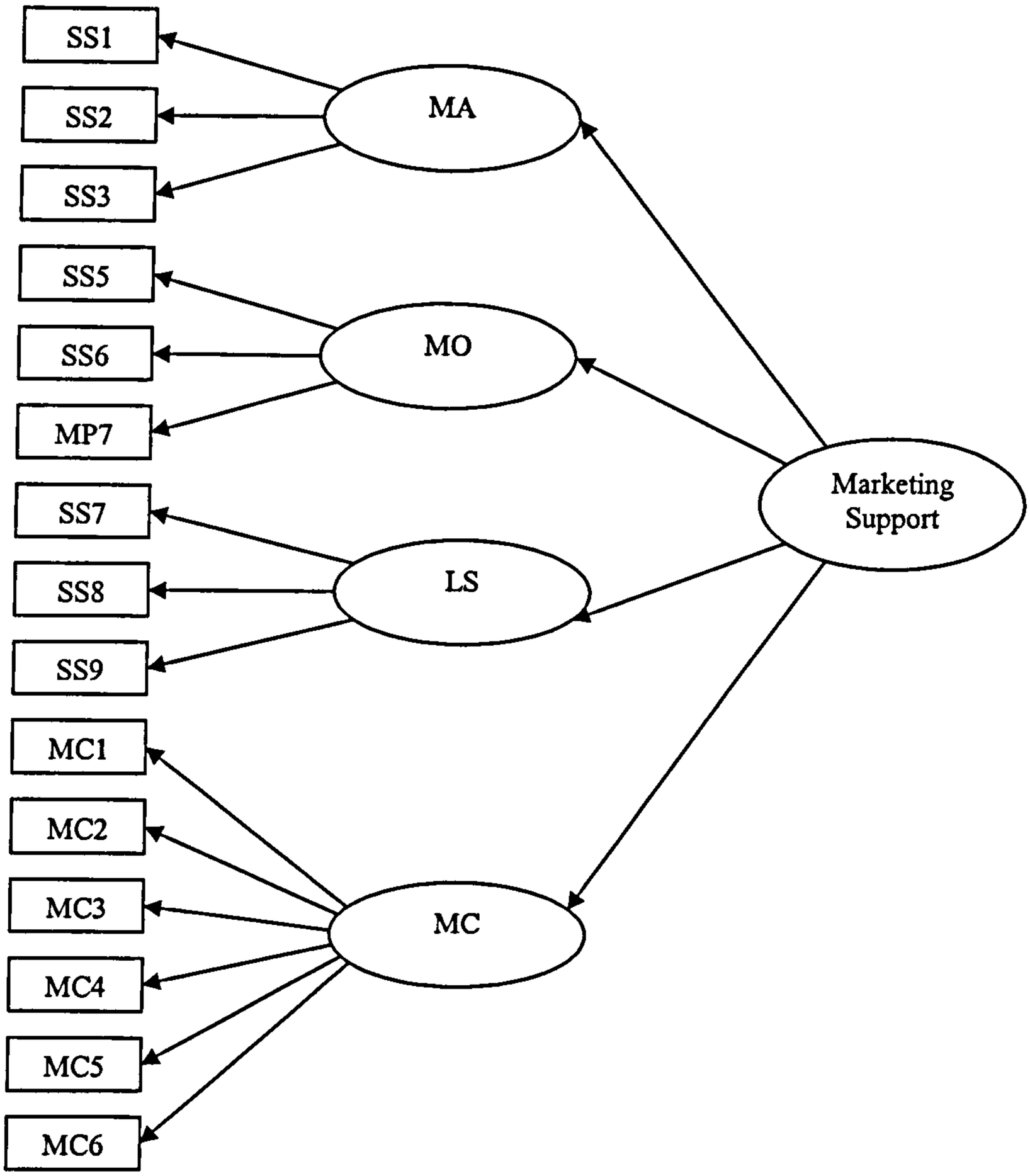


Figure 6.3 Second-order Factor Structure for Marketing Support

Table 6.5.3 Co-efficient Alpha of Indicators and Loading Estimates for Marketing Support

Marketing Support	Label	λ
Marketing Assistance (α = 0.84)		
Our supplier provides us with highly effective sales and marketing support	**SS1**	**.91**
Our supplier provides marketing advice and expertise when we need it	**SS2**	**.87**
Our supplier makes substantial investments in marketing communication programs in our market (e.g. advertising, direct mail, trade show, magazine etc)	**SS3**	**.83**
Marketing Solutions (α = 0.77)		
Our supplier provides extensive marketing materials (e.g. promotional materials, white papers, case studies etc) to help us market its products/services	**SS5**	**.90**
Our supplier provides interactive marketing tools (e.g. online or cd sales presentations, webinar, product demos etc) to help us market its products/services	**SS6**	**.77**
Our supplier provides effective e-commerce systems (e.g. online catalogue, order, delivery, quotation, etc) to help us market its products/services	**MP7**	**.53**

Leads Support (α = 0.80) Our supplier provides us with high quality leads Our supplier provides effective mechanisms (e.g. web sites) that help prospective customers learn about our company Our supplier provides effective systems for managing customer leads	**SS7** **SS8** **SS9**	**.80** **.65** **.82**
Marketing Co-ordination (α = 0.93) Our supplier is willing to co-ordinate their marketing activities with our own The marketing activities of the supplier and ourselves are closely aligned Our supplier's marketing activities compliment our own Marketing to end customers is a collaborative effort between the supplier and ourselves Our supplier's PRM systems have specific functions to help us plan and manage our marketing initiatives Our supplier's PRM systems help to synchronize the marketing activities of the supplier and ourselves	**MP1** **MP2** **MP3** **MP4** **MP5** **MP6**	**.80** **.85** **.89** **.81** **.82** **.84**
Second-Order Factor: Marketing Assistance Marketing Solutions Lead Support Marketing Co-ordination	 **MA** **MO** **LS** **MC**	 **.72** **.78** **.76** **.86**

The coefficient alpha for four proposed indicators of marketing support as shown in Table 6.5.3 is high (84, .77, .80, and .93), indicating that they are indicators with high internal reliability.

We then conduct confirmatory factor analysis on first and second-order factor in order to evaluate the psychometric properties of the proposed items and indicators. This procedure is taken in order to assess the convergent validity of our items and indicators by inspecting their standardised regression weights.

As shown in Table 6.5.3, the initial results of CFA indicate that all items' loading are between .83 and .91 for marketing assistance (MA), between .53 and .90 for marketing solutions (MO), between .65 and .82 for lead support (LS), and between .80 and .89 for marketing co-ordination (MC). As each item's loading is above .70, it meets the requirement for an ideal standardised regression weight except items MP7 and SS8 with items' loading .53 and .65 respectively. However, as they are above recommended cut-off value of .50, they are still considered acceptable. This procedure of CFA is for first-order factor.

For second-order factor, we conduct another CFA. The results indicate that the indicators of the second-order factor meet the criteria of ideal standardised regression weights of .70 with loadings .72, .78, .76, and .86 for MA, MO, LS, and MC respectively.

6.4.4 Independent Variable IV: Relationship Management

The fourth set of independent variable namely relationship management, covers the issues of relationship bonds, information sharing, and conflict resolution. Unlike relationship setting which deals with the mechanisms of establishing a working relationship link between a supplier and its vast network of partners, relationship management deals with the ongoing activities and programs which are usually managed by supplier's representatives (e.g Account Manager, Partner Manager). The indicators for this set of independent variable include relationship bonds, information sharing, and conflict resolution. Two indicators, information sharing and conflict resolution, are derived from empirical studies by previous researchers (e.g Mohr and Spekman, 1994; Lee and Kim, 1999) except relationship bonds which are derived from preliminary findings of the convergent interviews and insights gained from a research by Smith (1998).

Indicator 1: Relationship bonds

The first important indicator in relationship management namely relationship bonds is a newly developed scale based on previous research by Smith (1998) and the findings of convergent interviews. This indicator is important because direct relationship between partner's representatives and their supplier's representatives need careful attention in maintaining high-quality channel relationships. Therefore, we propose three-item related to the issue of a close personal relationship such as confidence, empathy and mutual understanding, and extensive informal communication.

Indicator 2: Information sharing

The second important indicator in relationship management namely information sharing is adapted from Mohr and Spekman (1994). Initially, these researchers use eight-item, five-point Likert scale to assess "the extent to which critical information, often proprietary information is communicated to one's partner" (p. 139). However, four items have been eliminated by these researchers during scale purification and the coefficient alpha reported for the final scale was 0.68. In our research context, we drop two-items and only use the remaining two-items for two reasons. Firstly, two questions posed imply almost similar meaning. Secondly, the scale used by these researchers is below Nunnally's criterion of 0.70 for reliability. Thus, we add one more item in order to form three-item for this scale which concerns about the supplier's encouragement to welcome partner's participation in giving advice and suggestion for improvements or development purposes in achieving their partnership objectives. This new item is derived from the discussion by Mohr and Spekman (1994) who point out that input to decisions and goal formulation are important aspects of participation for more successful partnerships.

Indicator 3: Conflict resolution

The third and final important indicator in relationship management namely conflict resolution is adapted from Lee and Kim (1999). These researchers use three-item, five-point Likert scale to assess "the degree of the act of working harmoniously between partners" (p. 57). The coefficient alpha reported was 0.67. As this scale is below Nunally's criterion of 0.70 for reliability, we drop one item (e.g. in our relationship, we recognise and support what and when our service provider wants), because we view it as being inappropriate in the context of this research. We replace it with a new item adapted from De Ruyter, Moorman, and Lemmink (2001) which concerns the constructive solutions provided by the supplier in case of conflicts occur.

To begin the analysis, the first step in modelling relationship management is submitting fourteen items making up the three proposed components of this variable to an exploratory factor analysis. Based on literature review and the results of interviews, three-factor solution namely relationship bonds, information sharing, and

conflict resolution is set. The results of the exploratory factor analysis indicate that all fourteen items have loaded on only one factor. The factor loadings are between .74 and .89. Therefore, relationship management is not second-order factor as proposed.

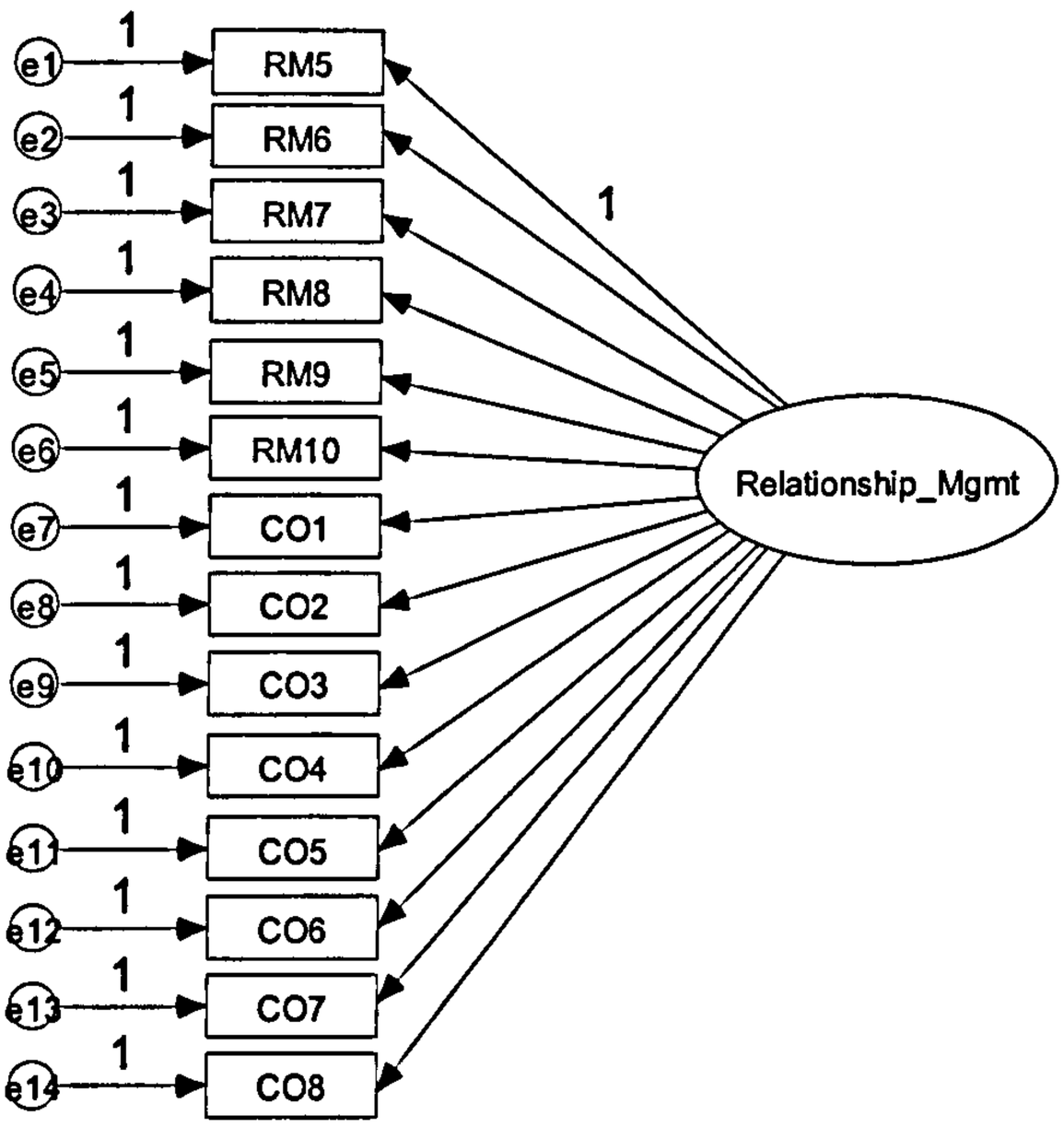


Figure 6.4 First-order Model Structure of Relationship Management

As shown in Figure 6.4, relationship management is a one-factor model measured by fourteen observed variables. As such, confirmatory factor analysis is conducted and the results of the measurement component of the relationship management as one-factor model are summarised in Table 6.5.4.

The coefficient alpha for relationship management is high (0.96) as shown in Table 6.5.4, indicating that it is a construct with high internal reliability.

The results also suggest that the loading for each item of relationship management as shown in Table 6.5.4 (between .71 and .88) is above 0.70 which mean all items meet the ideal standardised regression weights.

Table 6.5.4 Co-efficient Alpha and Loading Estimates for Relationship Management

Relationship Management (α = 0.96)	Label	λ
We have a close personal relationship with our supplier's representatives	RM5	.84
We have complete confidence in our supplier's representative	RM6	.87
There is a great deal empathy and mutual understanding between our supplier's representative and ourselves	RM7	.88
There is frequent communication between our supplier and our company	RM8	.85
In coordinating activities with our supplier, formal communication channels are followed (i.e, channels that are regularized, structured modes versus causal, informal, word-of-mouth modes)	RM9	.71
There is extensive informal communication between our supplier's representatives and ourselves	RM10	.83
Both parties always respond promptly to any request for information	CO1	.80
Both parties keep each other informed about events or changes that may affect the other party	CO2	.84
Our supplier encourages us to give advice and suggestion for improvements or development purposes	CO3	.77
Our supplier is willing to help us whenever we ask	CO4	.79
Our supplier shows a keen interest in our business	CO5	.88
In the relationship with our supplier, most problems are solved through mutual discussion	CO6	.88
In the relationship with our supplier, we have formal mechanisms to solve problems	CO7	.76
When problems occur, our supplier always attempts to come up with constructive solutions	CO8	.85

6.4.5 Independent Variable V: Technical Support (Second-order Factor)

The fifth set of independent variable namely technical support, covers the aspects of technical assistance, technical solutions, product training, service quality, and partner community. These indicators are newly developed scales and derived from preliminary findings of the convergent interviews except for service quality.

Indicator 1: Technical assistance

This indicator is a newly developed scale based on the preliminary findings of the convergent interviews. It represents three-item concerning the level of supplier's willingness in directly helping the end customers based on requests and needs such as enquiries, technical problems, and training.

Indicator 2: Technical solutions

The second important indicator in technical support is technical solutions. It is a newly developed scale based on the preliminary findings of the convergent interviews. This new scale focuses on key issues related to important presence of web-based applications in supporting and servicing the customers, integrating multiple customer "touch points" (e.g telephone, email, etc) to deliver seamless service to the customers, and fulfilment systems (i.e. logistics, tracking, delivery, etc.) that are effective to deliver quality services to the customers.

Indicator 3: Product training

The third important indicator in technical support is product training. It is a newly developed scale based on the preliminary findings of the convergent interviews. This new scale focuses key issues in product training scheme such as its investment, on-going programs, qualified instructor, tailored programs, interactive and effective systems for the training needs of the partner organisations.

Indicator 4: Service quality

The fourth important indicator namely service quality scale is measured with five items adapted from Parasuraman, Berry, and Zeithaml (1991). Three dimensions of service quality such as assurance, reliability, and accessibility are measured. Assurance consists of one item, reliability consists of two items, and accessibility consists of two items. All items have been modified for our research based on the preliminary findings of the convergent interviews. In summary, the five-item used in the context of this research concerns the issues of quality service, effective systems, up-to-date technical and service-related materials, 24 hours 365 days a year and real-time access. The first important dimension of service quality in our research context is assurance. Based on the findings of convergent interviews, we find that the issue of assurance is important for the partner organisations. This is because the interviewed managers are concerned about the level of effectiveness of web-based technical support facilities in providing immediate technical solutions for their needs. Secondly, the issue of reliability is also important because the partner organisations

need product updates such as specification that rapidly change in the IT market. The third important dimension is accessibility due to the necessity for partner organisations to access technical assistance 24 hours a day 365 days a year. Hence, according Wiertz, de Ruyter, Keen, and Streukens (2004), accessibility has been defined as the time required to contact and the ease of contact.

Indicator 5: Partner community

The fifth important indicator is a new construct namely partner community. It has five items concerning the high quality support to its network of partners, encouragement for interacting and sharing information, useful forums for discussions, valuable discussions with other partners, and co-operation with other partners. This construct is developed based on literature review and the results of convergent interviews.

The first step in modelling technical support is submitting twenty eight items making up the four proposed components of technical support to an exploratory factor analysis. Based on literature review and the results of interviews, five-factor solution namely supplier's technical assistance, technical solutions, product training, service quality, and partner community is set. The results of the exploratory factor analysis indicate that twenty eight items have loaded on five-factor solution as proposed while three items have loaded on the wrong factor. Of the three items, two items are from the scale designed to measure technical solutions and one item is from the scale designed to measure partner community. Thus, these items are dropped and the factor analysis re-run. This results in a five-factor solution with all items loading on the appropriate factor. The factor loadings are .80, .86, .77 for technical assistance (TA), .49, .80, .74, and .71 for technical solutions (TSO), .58, .79, .77, .71, .70, .80, .77, .75, and .72 for product training (TINV), and .57, .73, .77, .77, and .60 for service quality (SEQ), and .79, .72, .78, and .84 for partner community (PC) with no cross-loading higher than .30.

Furthermore, this five-factor solution is used as five indicators of the second order factor namely technical support where each of the indicators (OTA, TSO, TINV, SEQ, and PC) has been averaged to arrive at a single score. The purpose of this procedure is to incorporate the five indicators into technical support as shown in Figure 6.5.

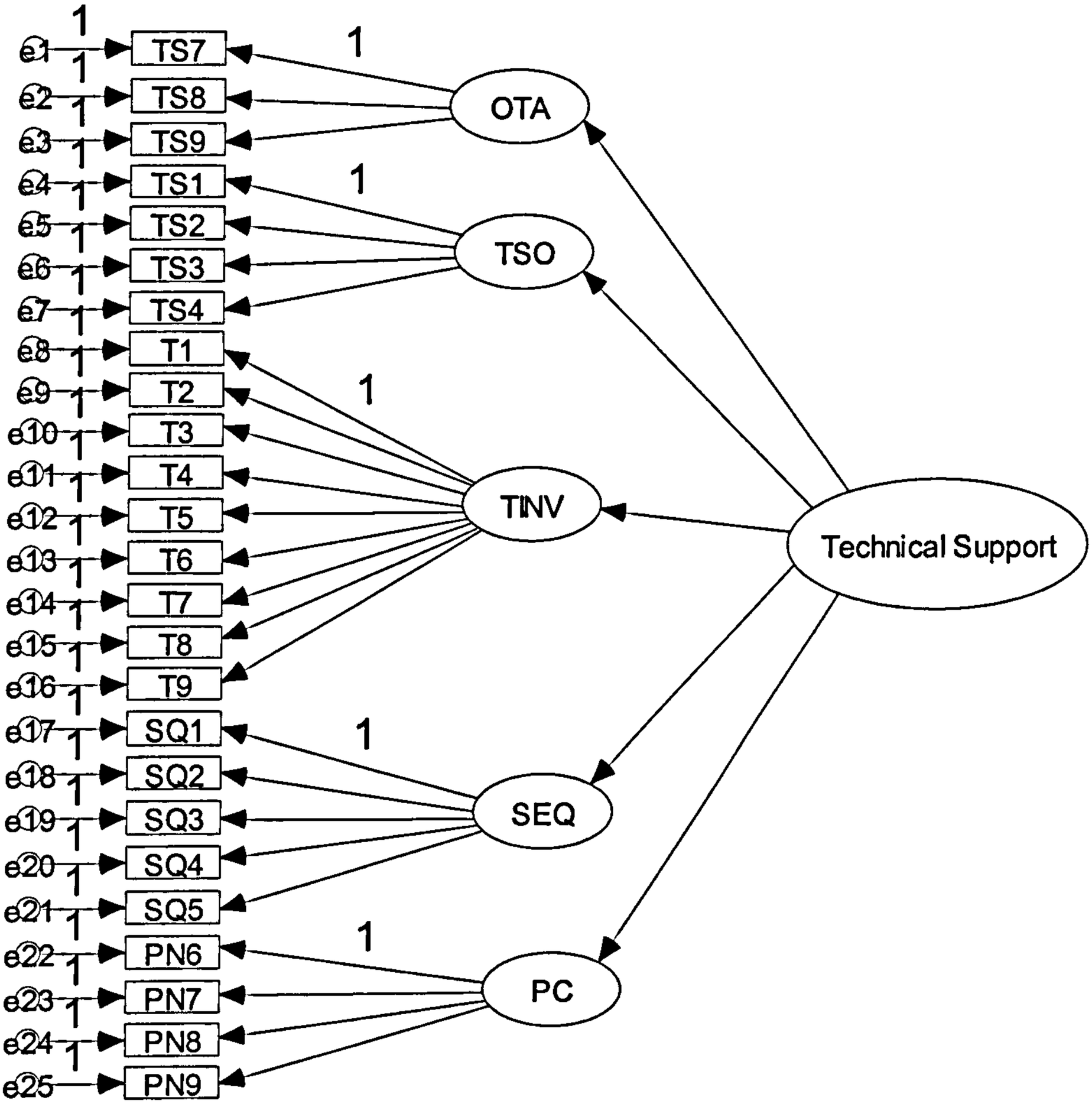


Figure 6.5 Second-order Factor Structure for Technical Support

Table 6.5.5 Co-efficient Alpha and Loading Estimates for Technical Support

Technical Support		
Construct	**Label**	**λ**
Offline Technical Support (α = 0.86)		
Our supplier is willing to respond to queries from our customers (e.g. replying to email, discussion forums etc.)	**TS7**	**.79**
If necessary, our supplier is willing to directly help our customer solve their problems	**TS8**	**.98**
If necessary, our supplier is willing to provide training to our customers	**TS9**	**.75**
Technical Solutions (α = 0.85)		
Our supplier provides highly effective assistance for our own customer support/service activities	**TS1**	**.70**
Our supplier's PRM systems are very important in enabling us to effectively support/service our customers	**TS2**	**.71**
Our supplier's PRM systems help us integrate multiple customer "touch points" (e.g telephone, email, etc), thus delivering a seamless service to our customers	**TS3**	**.86**
Our supplier provides effective fulfilment systems (i.e. logistics, tracking, delivery, etc.) to help us deliver a better service to our customers	**TS4**	**.77**
Product Training (α = 0.95)		
Our supplier has made significant investments in developing our expertise	**T1**	**.74**
Our supplier provides on-going training programs to maintain and upgrade our technical knowledge	**T2**	**.82**
Our supplier provides instructor-led technical training that enables our staff to learn from leading experts in the field	**T3**	**.82**
Our supplier provides tailored technical training based on individual needs	**T4**	**.76**
Our supplier provides an extensive knowledge-base of product and technical reference materials	**T5**	**.78**
Our supplier provides high quality self-learning facilities (e.g. e-learning systems) to help us develop our product and technical knowledge	**T6**	**.88**
Our supplier provides self-learning facilities that help us to learn at our convenience and own pace	**T7**	**.86**
Our supplier provides interactive (or hands-on) learning systems that motivates our staff to learn	**T8**	**.87**
Our supplier's systems help us effectively manage the training and learning needs of all our staff	**T9**	**.76**
Service Quality (α = 0.88)		
Our supplier provides a high quality technical support that exceeds our expectations	**SQ1**	**.80**
Our supplier provides effective systems for technical support (e.g. self-help, FAQ, knowledgebase, etc.)	**SQ2**	**.84**
Our supplier's technical and service-related reference materials are always 'up-to-date'	**SQ3**	**.81**
We are able to access help 24 hours a day 365 days a year	**SQ4**	**.77**
We can access real-time support systems for solving technical problems	**SQ5**	**.71**
Partner Community (α = 0.84)		
Our supplier encourages us to interact and share information with other partners of our supplier	**PN6**	**.83**
Our supplier provides useful forums (e.g message boards, chat rooms, webinar etc) for discussions between the partners of the supplier and between the partners and the supplier	**PN7**	**.69**
Discussions with other partners are valuable in helping us solve technical problems	**PN8**	**.67**
Our relationship with other partners of our suppliers is one of co-operation rather than competition	**PN9**	**.81**
Second-Order Factor:		
Technical Assistance	**OTA**	**.67**
Technical Solutions	**TSO**	**.76**
Product Training	**TINV**	**.84**
Service Quality	**SEQ**	**.83**
Partner Community	**PC**	**.48**

The coefficient alpha for four proposed indicators of technical support as shown in Table 6.5.5 is high (.86, .85, .95, .88, and .84), indicating that they are indicators with high internal reliability.

We then conduct confirmatory factor analysis on the latent variable or the second-order factor in order to evaluate the psychometric properties of the proposed indicators. This procedure is taken in order to assess the convergent validity of our indicators by inspecting their standardised regression weights.

As shown in Table 6.5.5, the initial results CFA indicate that the items' loading meet the ideal standardised regression weights of .70. The results are between .75 and .98 for OTA, between .70 and .86 for TSO, between .74 and .88 for TINV, between .71 and .84 for SEQ, and between .67 and .83 for PC. This procedure of CFA is for first-order factor.

For second-order factor, we conduct another CFA. The results indicate that the indicators of the second-order factor meet the criteria of ideal standardised regression weights of .70 with loadings .67, .76, .84, .83, and .48 for TSO, TINV, and SEQ except for OTA and PC which loadings are .68 and .48 respectively. As items' loading for OTA is above recommended cut off value of .50, it is still considered acceptable, however, the items' loading for PC is below recommended cut off value of .50, this indicator is dropped for further analysis.

6.4.6 Mediating Variable I: Economic Satisfaction

According to Geyskens and Steenkamp (2000) economic satisfaction is the evaluation performed by a channel member of the economic results derived from his relationship with his partner, such as turnover, margins and discounts. In our research context, economic satisfaction is measured by five items. Four items are adapted from Wu, Mahajan, and Balasubramaniam (2003). The name of this scale is sales performance and its coefficient alpha reported is 0.84. The scale assesses the increase in market share, sales volumes, customer acquisition, and customer retention. All four items are slightly modified to suit the questions for our research context. For

additional item, we develop one question related to perceptions of profitability as a result of having business relationship with the supplier.

The first step in modelling economic satisfaction is submitting five items making up economic satisfaction as the first-order factor to an exploratory factor analysis. Based on literature review and the results of interviews, we propose five items for economic satisfaction as a construct. The results of the exploratory factor analysis indicate that five items have loaded on one-factor solution as expected. The factor loadings are .84, .89, .92, .91 and 91.

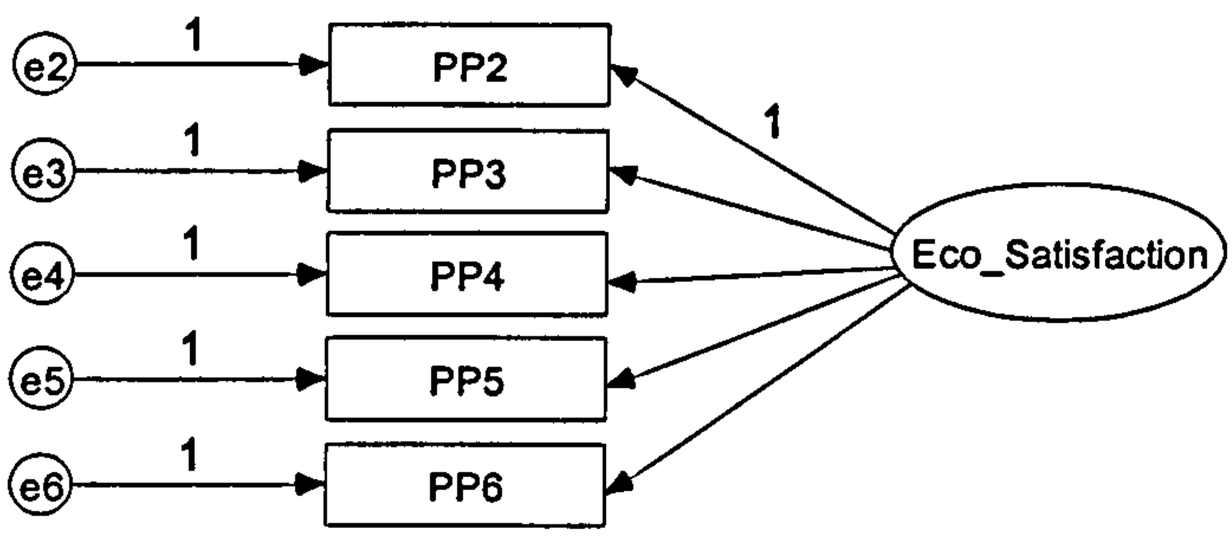


Figure 6.6 First-order Factor Model for Economic Satisfaction

The model of economic satisfaction has five indicators. The structure of the one-factor model of economic satisfaction is presented in Figure 6.6 and the results of confirmatory factor analysis of the measurement component of economic satisfaction as one-factor model are summarised in Table 6.5.6.

Table 6.5.6 Co-efficient Alpha and Loading Estimates for Economic Satisfaction

Economic Satisfaction (α = 0.94)	**Label**	λ
Our business relationship with this supplier is very profitable	**PP2**	**.78**
Sales volumes and revenues from our business relationship with this supplier have increased significantly	**PP3**	**.85**
Due to our business relationship with this supplier, our company has gained a significant share of the market	**PP4**	**.91**
Due to our business relationship with this supplier, our company has been able to attract significant numbers of new customers	**PP5**	**.91**
Due to our business relationship with this supplier, our company has been able to increase sales from existing customers	**PP6**	**.89**

The coefficient alpha for economic satisfaction is high (0.94) as shown in Table 6.5.6, indicating that it is a construct with high internal reliability.

The results also suggest that the loading of five items for economic satisfaction as shown in Figure 6.7 (.78, .85, .91, .91, and .89) are above 0.70 which imply that all items meet the ideal standardised regression weights.

6.4.7 Mediating Variable II: Non-economic Satisfaction

Non-economic satisfaction with the supplier is measured by three items. These three items are adapted from Walter, Muller, Helfert, and Ritter (2003). The researchers referred to Anderson and Narus (1984, p. 66) who define satisfaction as "a positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm". The coefficient alpha reported for this scale is 0.71. However, one of these three items is modified to emphasise the recommendation to other companies in order to make the scale more relevant to our research context.

The first step in modelling non-economic satisfaction is submitting three items making up non-economic satisfaction as the first-order factor to an exploratory factor analysis. Based on literature review, we develop three items for non-economic satisfaction as a construct. The results of the exploratory factor analysis indicate that three items have loaded on one-factor solution as expected. The factor loadings are .94, .96, and .92.

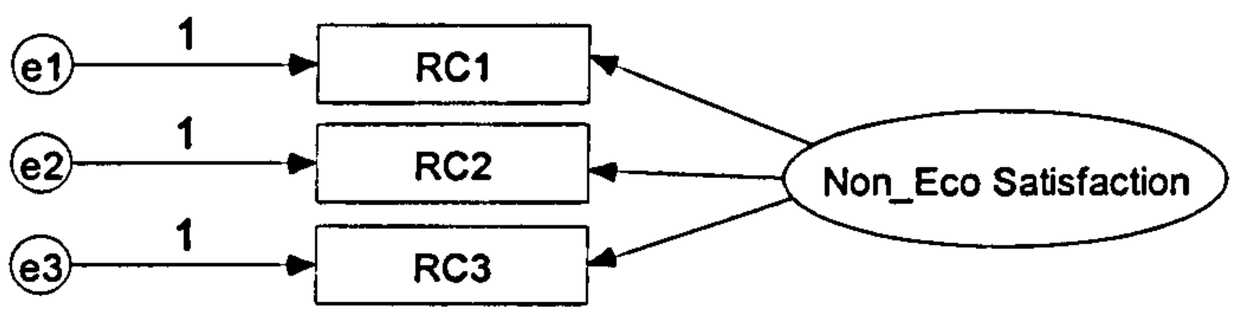


Figure 6.7 First-order Factor Model for Non-Economic Satisfaction

The model of non-economic satisfaction has three indicators. The structure of the one-factor model of non-economic satisfaction is presented in Figure 6.7 and the

results of confirmatory factor analysis of the measurement component of non-economic satisfaction as one-factor model are summarised in Table 6.5.7.

Table 6.5.7 Co-efficient Alpha and Loading Estimates for Non-economic Satisfaction

Non-economic Satisfaction (α = 0.94)	Label	λ
Compared to our ideal, we are highly satisfied with the performance of the supplier	RC1	.91
All in all, we are very pleased with the quality of the working relationship with our supplier	RC2	.97
If he had the opportunity, we would recommend other companies to partner with this supplier	RC3	.85

The coefficient alpha for non-economic satisfaction is high (0.94) as shown in Table 6.5.8, indicating that it is a construct with high internal reliability.

The results also suggest that the loading of three items for non-economic satisfaction as shown in Figure 6.7 (0.91, 0.97, and 0.85) are above 0.70 which mean all items meet the ideal standardised regression weights.

6.4.8 Mediating Variable III: Customer Satisfaction

Customer satisfaction with the partner organisations is measured by three items adapted from Wu, Mahajan, and Balasubramaniam (2003). This scale assesses the change in overall customer satisfaction, customer word of mouth, and loyalty. The coefficient alpha reported for this scale is 0.78. All three items are slightly modified in order to make the scale more relevant to the context of this research.

The first step in modelling customer satisfaction is submitting three items making up customer satisfaction as the first-order factor to an exploratory factor analysis. Based on literature review, we develop three items for customer satisfaction as a construct. The results of the exploratory factor analysis indicate that three items have loaded on one-factor solution as expected. The factor loadings are .90, .94, .and .88.

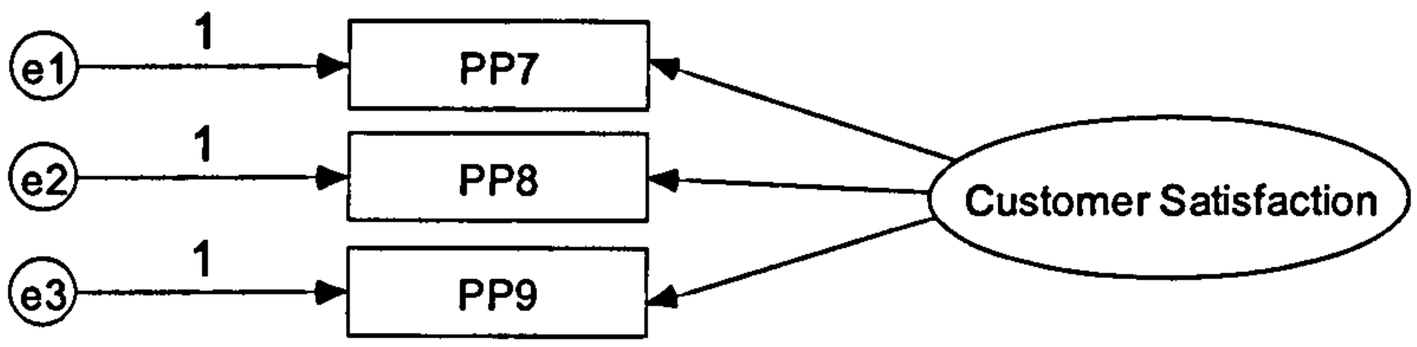


Figure 6.8 One-factor Model Structure of Customer Satisfaction

The model of customer satisfaction has three indicators. The structure of the one-factor model of customer satisfaction is presented in Figure 6.8 and the results of CFA of the measurement component of customer satisfaction as one-factor model are summarised in Table 6.5.8.

Table 6.5.8 Co-efficient Alpha and Loading Estimates for Customer Satisfaction

Customer Satisfaction (σ = 0.89)	**Label**	λ
Overall, we believe that our customers are satisfied with our company	**PP7**	**.84**
If our customers had the opportunity, we believe that they would recommend other companies to do business with us	**PP8**	**.96**
Our customers show a high degree of loyalty to us	**PP9**	**.79**

The coefficient alpha for customer satisfaction is high (0.89) as shown in Table 6.5.8, indicating that it is a construct with high internal reliability.

The results of confirmatory factor analysis also suggest that the loading of three items for customer satisfaction as shown in Figure (0.84, 0.96, and 0.79) are above 0.70 which mean all items meet the ideal standardised regression weights.

6.4.9 Dependent Variable I: Relationship Quality

The first dependent variable is relationship quality. It is conceptualised as second-order construct consisting of trust and functional conflict. Trust is measured by four items. Three items are adapted from Kumar, Sheer, and Steenkamp (1995). These researchers use ten-item, seven-point Likert-type scale to measure a firm's trust in the honesty and benevolence of its partners. Perceptions of honesty reflect the degree to which a firm believes that the partner is honest, truthful, and reliable while perceptions of benevolence refers to the extent to which a firm believes that the

partner is interested in the welfare of the dealer firm. The coefficient alpha reported for this scale is 0.91. In our research context, two items are adapted from honesty, and one item from benevolence. For additional item, we develop a question related to strong bargaining position of the supplier to make the scale more relevant to the context of this research. On the other hand, functional conflict is measured by four items. Initially, three reverse coded items are adapted from Kumar, Sheer, and Steenkamp (1995). However, we convert these items to be non-reverse coded as they are more appropriate to describe functional conflict. Based on literature review and results of the convergent interviews, we also add one item to describe the outcome of working relationship with the suppliers whether it is characterised by co-operation rather than conflict.

To begin the analysis, we firstly submit eight items making up the two proposed components of relationship quality as the second-order factor to an exploratory factor analysis. The results of the exploratory factor analysis indicate that all eight items have loaded on one-factor solution with factor loadings .88, .82, .79, .82, .90, .90, .89, and .77. Therefore, relationship quality is not second-order factor as conceptualised.

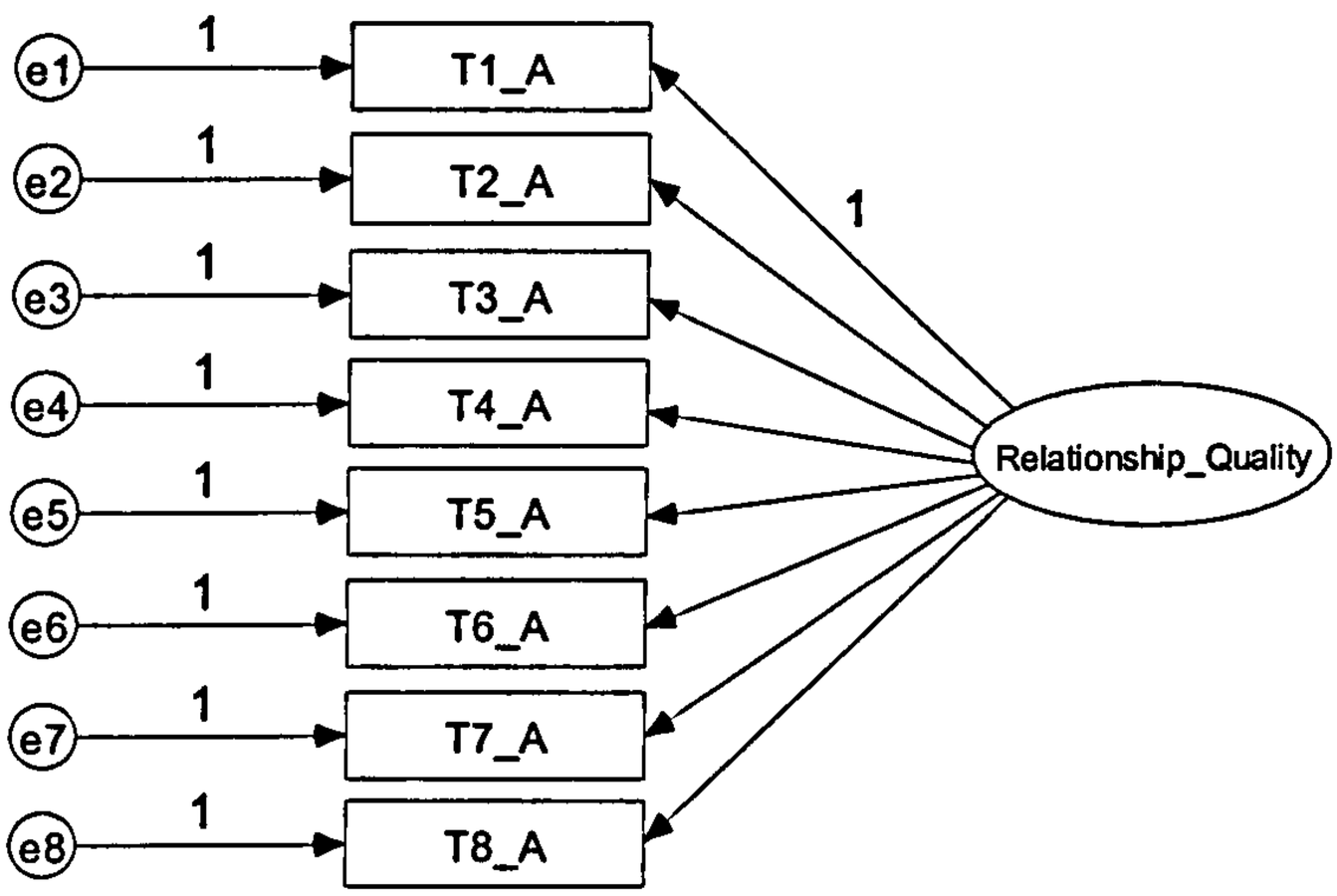


Figure 6.9 First-order Factor Structure of Relationship Quality

The structure of the one-factor model of relationship quality is presented in Figure 6.9 and the results of CFA of the measurement component of relationship quality as one-factor model are summarised in Table 6.5.9.

Table 6.5.9 Co-efficient Alpha and Loading Estimates for Relationship Quality

Relationship Quality (σ = 0.94)	Label	λ
We trust that the supplier keeps the promises they make to our firm	T1_A	.83
Whenever the supplier gives us advice on our business operations, we know they are sharing their best judgment	T2_A	.77
When making important decisions, we can count on the supplier to consider how its decision and actions will affect us	T3_A	.70
We trust that the supplier does not take advantage of a strong bargaining position	T4_A	.74
Within our company, there is a high degree of goodwill, rather than resentment, towards our supplier	T5_A	.90
We consider our relationship with this supplier to be very rewarding, rather than frustrating	T6_A	.91
Our working relationship with this supplier is characterized by co-operation rather than conflict	T7_A	.90
This supplier and our company have only minor disagreements over key issues	T8_A	.75

The coefficient alpha for trust is high (0.94) as shown in Table 6.5.9, indicating that it is a construct with high internal reliability.

The results of confirmatory factor analysis also suggest that the loading of each item for relationship quality as shown in Table 6.5.9 (.83, .77, .70, .74, .90, .91, .90, and .75) are above 0.70 which mean all items meet the ideal standardised regression weights.

6.4.10 Dependent Variable II: Relationship Commitment

The final dependent variable is relationship commitment. It is measured by seven items. All seven items are adapted from Kumar, Sheer, and Steenkamp (1995). These researchers specify affective commitment, willingness to invest, and expectation of continuity as three first-order factors for the second-order factor of commitment. The coefficient alpha reported for this scale is 0.86. Affective commitment occurs when a firm wants to maintain a channel relationship because of its positive effect towards the channel partner. Expectation of continuity incorporates the reseller's perceptions of its own and its supplier's continuity intentions. Willingness to invest includes capital investment, efforts devoted to the supplier's

line, and willingness to increase identification with the supplier. Of the seven items adapted from Kumar, Sheer, and Steenkamp (1995), three items are related to affective commitment, one item is related to expectation of continuity, and the remaining three items are related to willingness to invest.

The first step in modelling relationship commitment is submitting five items making up relationship commitment as the first-order factor to an exploratory factor analysis. Based on literature review, we develop seven items for relationship commitment as a construct. The results of the exploratory factor analysis indicate that seven items have loaded on two-factor solution. Five items have loaded on the first factor and the remaining two items have loaded on the second factor. We drop two items that have loaded on the second factor and the factor analysis re-run. The results indicate that all five items have loaded on one-factor. The factor loadings are .71, .93, .91, .92, and .92 with no cross-loading higher than .30.

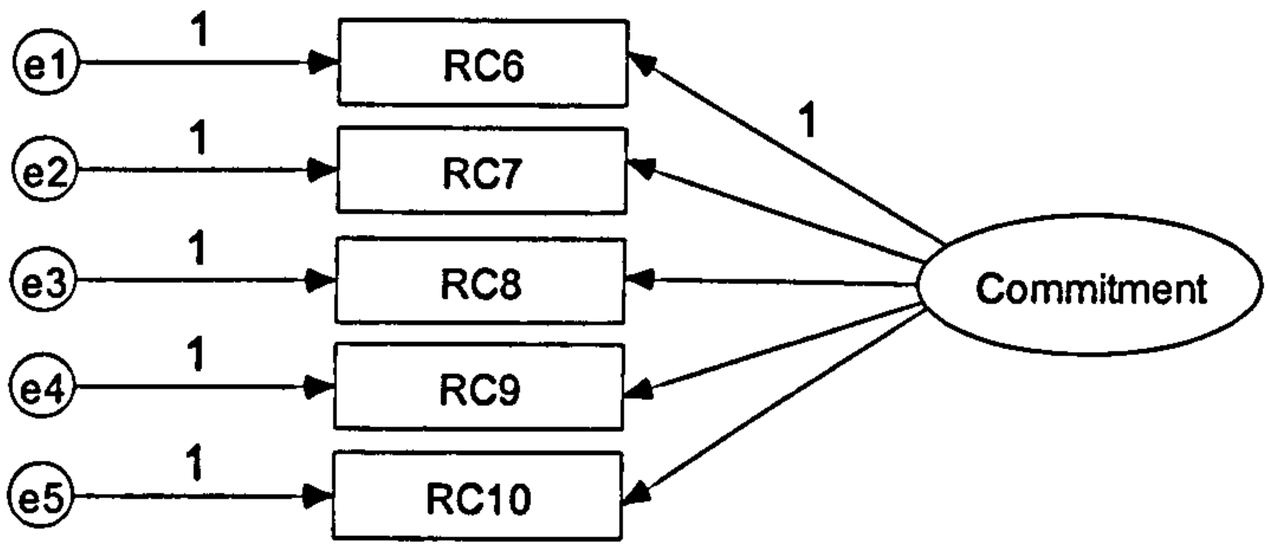


Figure 6.10 First-order Factor Structure of Relationship Commitment

The model of relationship commitment has five indicators. The structure of the one-factor model of relationship commitment is presented in Figure 6.10 and the results of confirmatory factor analysis of the measurement component of relationship commitment as one-factor model are summarised in Table 6.5.10.

Table 6.5.10 Co-efficient Alpha and Loading Estimates for Relationship Commitment

Relationship Commitment (σ = 0.92)	Label	λ
We have made significant investments (in time and money) dedicated to our relationship with this supplier	RC6	.61
We are committed to this relationship and remaining part of the supplier's network	RC7	.90
We are willing to make further investment in our business with this supplier	RC8	.90
We are willing to put more effort in building our relationship with this supplier	RC9	.92
We expect our relationship with this supplier to be long lasting	RC10	.90

The coefficient alpha for relationship commitment is high (0.92) as shown in Table 6.5.10, indicating that it is a construct with high internal reliability.

The results of CFA also suggest that the items' loading for relationship commitment as shown in Figure 6.10 (.61, .90, .90, .92, and 0.90) are above .70 which mean all items meet the ideal standardised regression weights except for item RC6 which is .61. However, as it is above recommended cut-off value of .50, it is still considered acceptable.

6.4 Conclusion

In summary, this chapter provides discussion about preliminary and advanced analysis of survey data. The preliminary analysis consists of data preparation, coding, cleaning and screening, correlations of variables and profile of respondents. On the other hand, advanced analysis consists of exploratory and confirmatory analyses of variables. These procedures are essential to ensure the quality of the data and their suitability for further statistical tests using multivariate analysis technique of structural equation modelling which will be discussed in Chapter 7.

CHAPTER 7 STRUCTURAL EQUATION MODELLING

7.1 Introduction

Byrne (2001) defines structural equation modelling as, "a statistical methodology that takes a confirmatory (i.e., hypothesis-testing) approach to the analysis of a structural theory bearing on some phenomenon" (Byrne, 2001, p. 3). Hence, this chapter presents discussion of structural equation modelling as the final procedure for data analysis to test the hypotheses. It also examines and discusses the reliability and validity of the constructs, direct and indirect effects of the model, the results of each hypothesis, and analysis of control variables.

7.2 Structural Equation Modelling

7.2.1 Sub-Model I

This section discusses the use of structural equation modelling (SEM) in this research to test the hypotheses. As the number of total items with 49 parameters adversely affects the acceptance of structural equation modelling for a moderate sample of 196 in our research context, we follow a strategy used by a number of researchers (e.g. Wiertz, de Ruyter, Keen, and Streukens, 2004; Heide and John, 1990; and Kumar, Stern, and Archol, 1992) who base their analysis on the rule of 5:1 (five respondents per one parameter). Therefore, we split the conceptual model into two sub-models.

As shown in Figure 7.1a, the first original sub-model comprises certification, relationship setting, marketing support, relationship management, economic satisfaction, non-economic satisfaction, relationship commitment and relationship quality. The number of parameters in this sub-model 1 is 35, meets the requirement of 5:1 rule for a 196-sample size (i.e. 35 x 5 = 175, 175 < 196). Discussion of the sub-model is provided in the following sections.

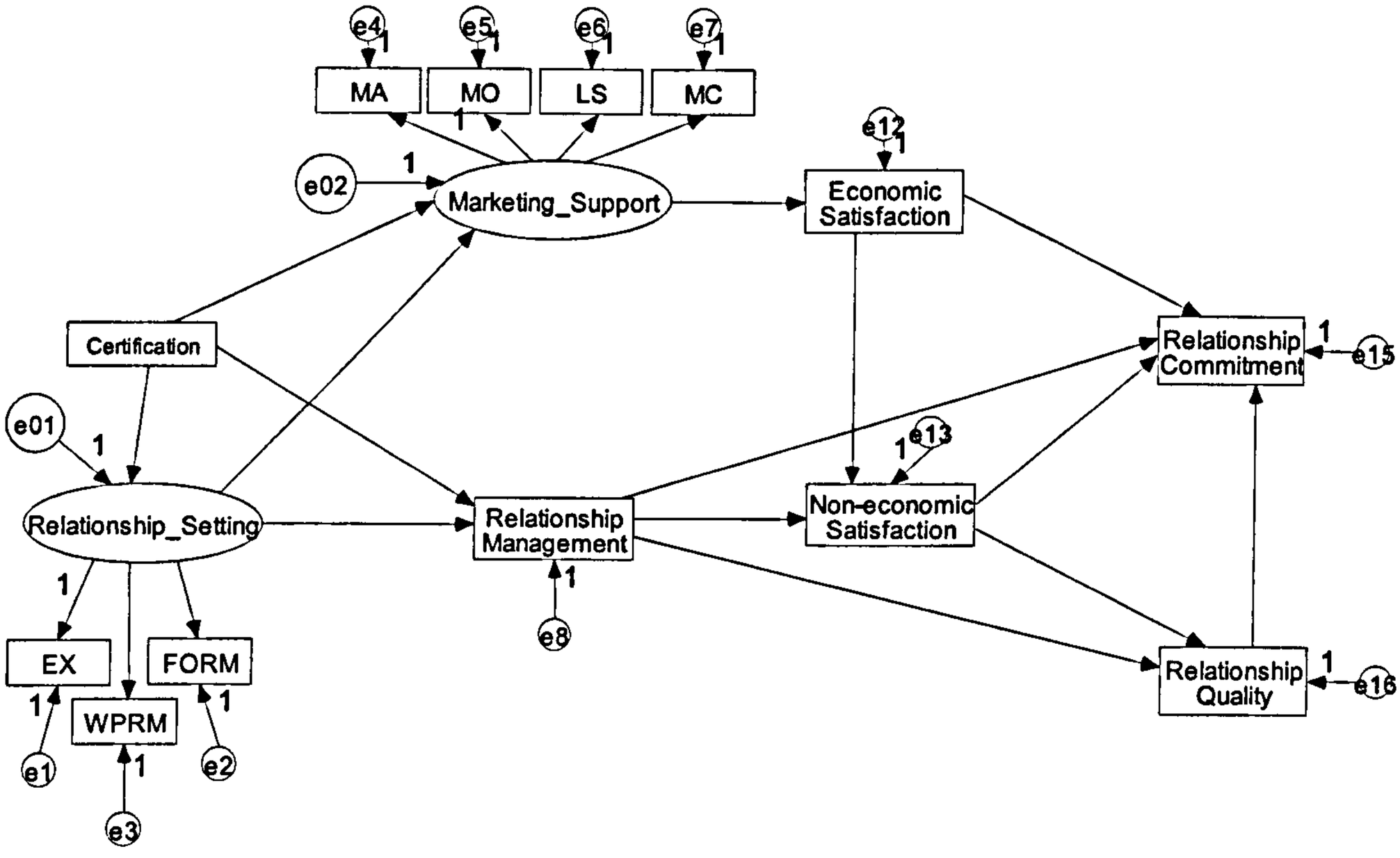


Figure 7.1a Original Sub-Model I

Initial results indicate that the data does not fit well in the first sub-model ($\chi 2$=217.611, chi/df=3.818, df=57, p=.00; cfi=.914; gfi=.849; tli=.882; RMSEA=.120). Hence, this model is slightly modified by examining the AMOS diagnostics and assessing the conceptual impact of removing an item, considering the need to tap all relevant aspects of the focal construct (Siguaw, Baker, and Simpson, 2003). Based on these criteria, the worst performing items are deleted from selected constructs and the model is re-estimated. Therefore, we follow the strategy used by previous researchers (Siguaw, Baker, and Simpson, 2003) in which this process continues until an acceptable model fit is found. For this reason, two items (C3 and C8) are deleted from the certification scale, two items are deleted (RM8 and RM9) from the relationship management scale, and one item (T3_A) is deleted from the relationship quality scale. As a result, five total items are deleted in sub-model 1.

Furthermore, a number of links are found insignificant, such as the direct relationship between certification and relationship management, between relationship management and relationship commitment, as well as between non-economic satisfaction and relationship commitment. Therefore, these links are removed from the model.

Nevertheless, during this final analysis, modification indices suggest a number of links as shown in Figure 7.1b. The links, which also contribute to an adequate fit to the data and meet the requirement of the 5:1 rule (i.e 36 x 5 = 180, 180 < 196) include direct relationships between certification and relationship commitment, between relationship setting and non-economic satisfaction, between relationship setting and relationship quality, as well as between relationship management and economic satisfaction. Justification for the rationale of testing these unexpected links is provided in section 7.2.3. The summary and requirements for a good fit of the refined model are shown in Table 7.1.

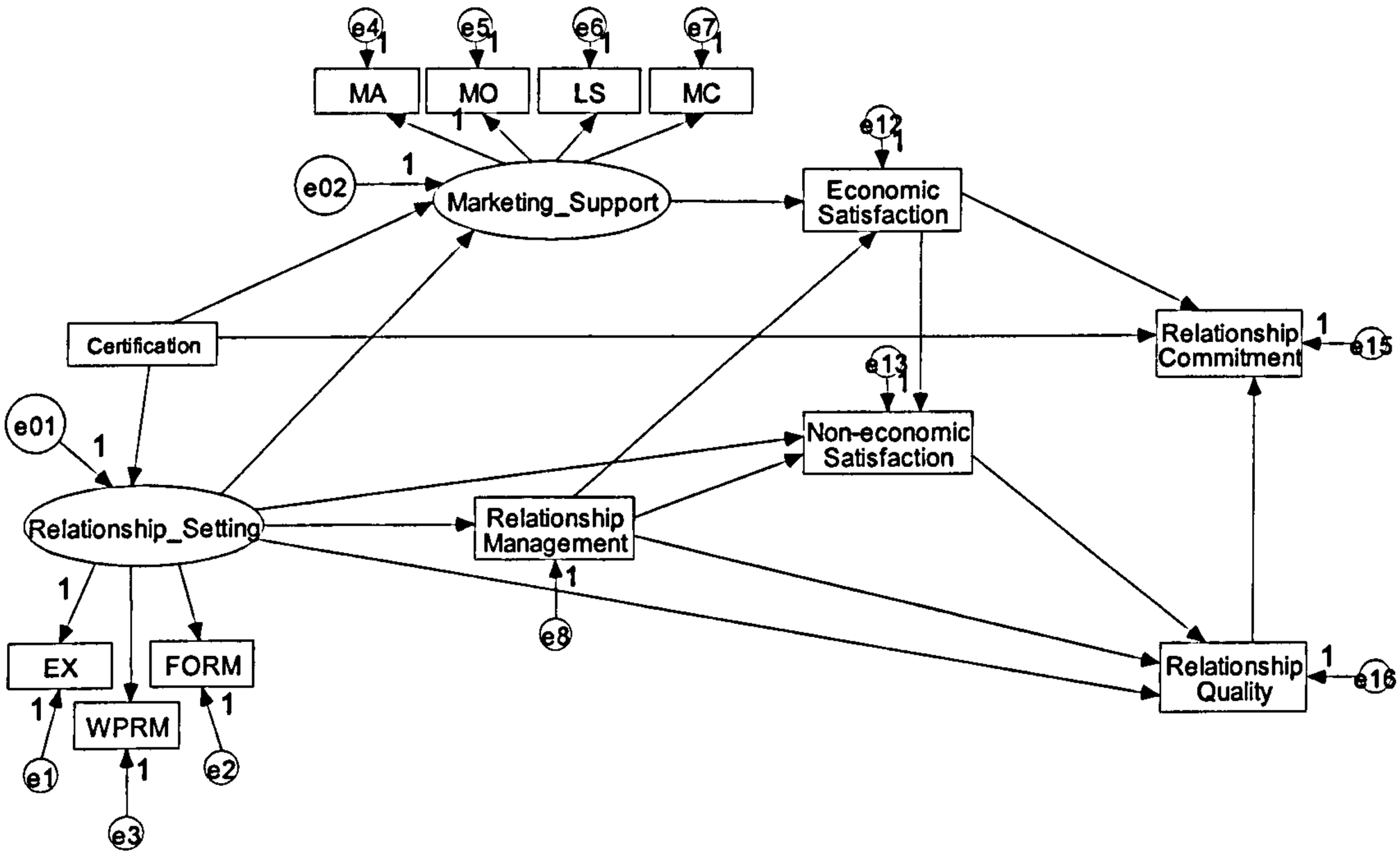


Figure 7.1b Refined Sub-Model I

Table 7.1 Characteristics of Fitness Measure Demonstrating Good Fit of Refined Sub-Model I for N < 250

Fit Measure	m ≥30	Results	Decision
Chi-square χ2 Degree of Freedom Normed Chi-square (CMIN/DF)	<3	129.32 56 2.31	Accepted
P	Significant	.00	Accepted
Root mean square of error of estimation (RMSEA)	Values < .08 with CFI above .92	.08	Accepted
Goodness-of-fit Index (GFI)	Close to .90 or above	.90	Accepted
Comparative Fit Index CFI) or Tucker-Lewis Index (TLI)	Above .92	.96 .94	Accepted

Source: (Hair et al, 2006)

Note: m = number of observed variables; N applies to number of observations per group when applying CFA to multiple groups at the same time.

7.2.2 Sub-Model II

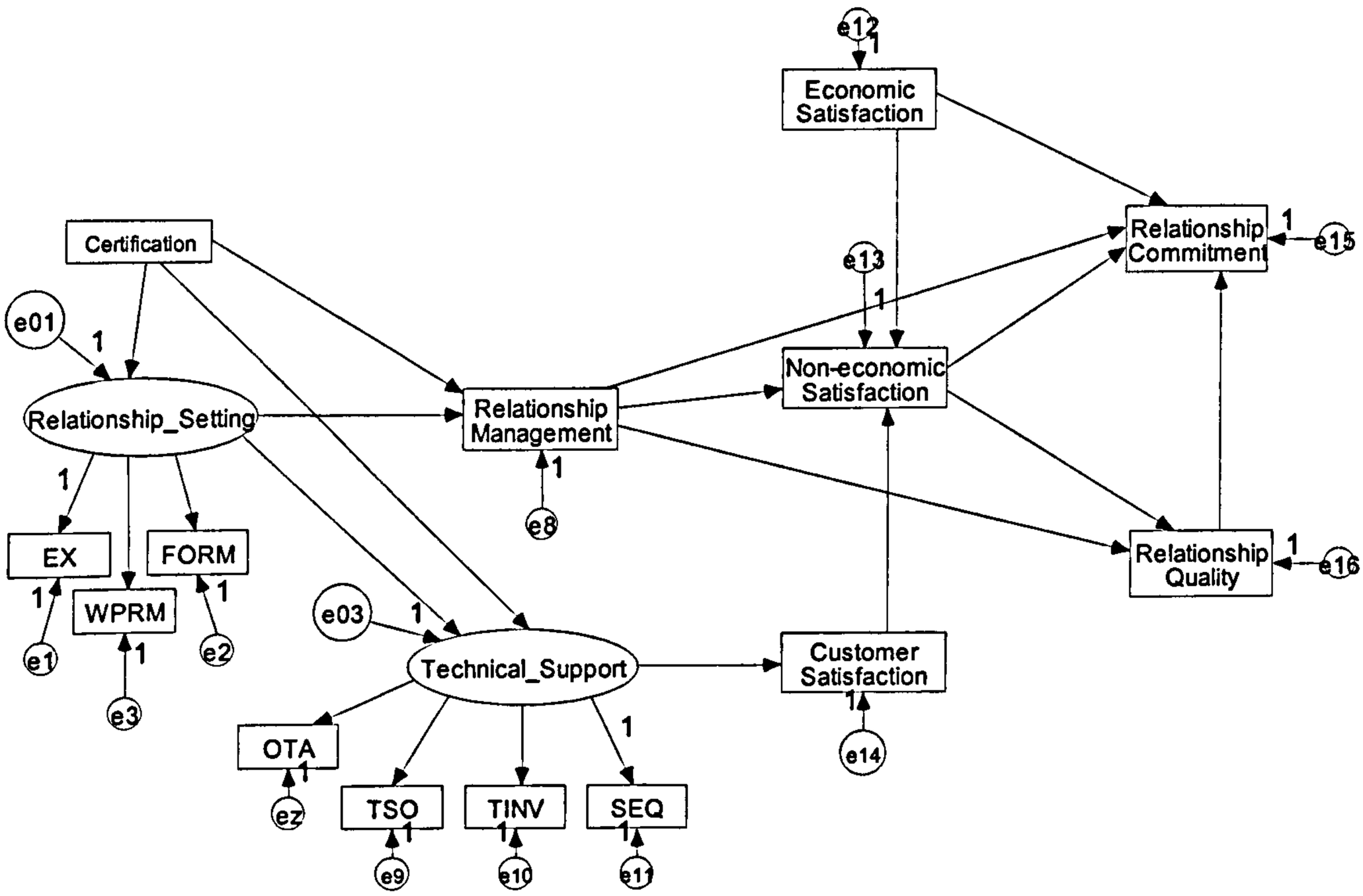


Figure 7.2a Original Sub-Model II

As shown in Figure 7.2a, the second original sub-model consists of certification, relationship setting, relationship management, technical support, economic satisfaction, non-economic satisfaction, relationship commitment and

relationship quality. The number of parameters in this Sub-model 2 is 37, meets the requirement of 5:1 rule (five respondents per one parameter) for a 196-sample size (i.e. 37 x 5 = 185, 185 < 196).

We then run SEM for the second sub-model as shown in Figure 7.2a. The initial results indicate that the data do not fit well in this second sub-model (χ2=407.711, chi/df=5.909, df=69, p=.0; cfi=.824; gfi=.788; tli=.768; RMSEA=.159). Hence, this model is slightly modified by examining the AMOS diagnostics and by assessing the conceptual impact of removing an item, taking into account the need to tap all relevant aspects of the focal construct (Siguaw, Baker, and Simpson, 2003). Based on these criteria, the worst performing items are deleted from selected constructs and the model is re-estimated. Again, we follow the strategy used by Siguaw, Baker, and Simpson (2003) in which this process continues until an acceptable model fit is found. For this reason, the worst performing indicator in technical support namely technical assistance (OTA) is deleted from this independent variable.

Furthermore, a number of expected links are insignificant are removed from the model as explained earlier in section 7.2.1. Nevertheless, during this final analysis, modification indices suggest another link as shown in Figure 7.1b. The link, which also contribute to an adequate fit to the data and meet the requirement of the 5:1 rule (i.e. 37 x 5 = 185, 185 < 196), is a direct relationship between customer satisfaction and relationship commitment. Justification for the rationale of testing this link is provided in section 7.2.3. The summary and requirement for good fit of the model is shown in Table 7.2.

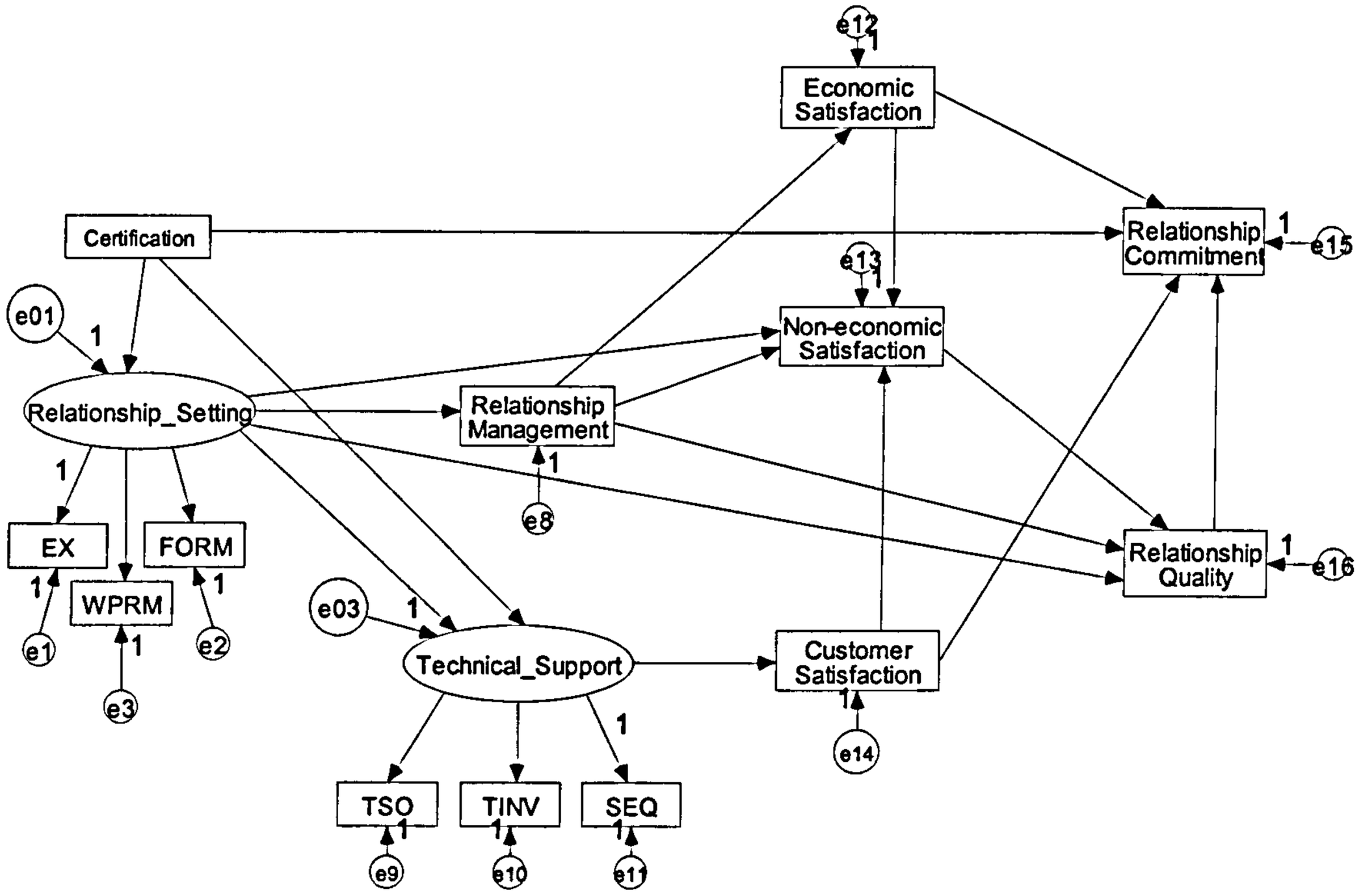


Figure 7.2b Refined Sub-Model II

Table 7.2 Characteristics of Fitness Measure Demonstrating Good Fit of Refined Sub-Model II for N < 250

Fit Measure	m ≥30	Results	Decision
Chi-square $\chi 2$ Degree of Freedom Normed Chi-square (CMIN/DF)	<3	124.17 55 2.26	Accepted
P	Significant	.00	Accepted
Root mean square of error of estimation (RMSEA)	Values < .08 with CFI above .92	.08	Accepted
Goodness-of-fit Index (GFI)	Close to .90 or above	.90	Accepted
Comparative Fit Index CFI) or Tucker-Lewis Index (TLI)	Above .92	.96 .94	Accepted

Source: (Hair et al, 2006)

7.2.3 Justification for Testing Non-Hypothesised Links

Certification and Relationship Commitment

Initially, we predict that certification has only direct impact on relationship setting, marketing support, and technical support as a result of supplier's requirements that the partners need to meet in order to determine their level of support programmes. Hence, we believe that the outcomes of these driving factors such as economic and non-economic satisfaction will affect relationship commitment. However, during final analysis using AMOS software, modification indices suggest that certification has direct impact on relationship commitment. Although not hypothesised earlier, this link is tested for two reasons. Firstly, when the partners are required to undertake new certification programmes via training, not only they receive new sets of technical skills, but also gain advantages in selling the supplier's latest product lines and other competitive advantages, in terms of knowledge and capability. Secondly, when partners fail to update their proficiency with the latest lines of suppliers' products and services, it will result in de-certification and changes in their level of support programmes. Consequently, these two reasons force partner to attend to future sales opportunities and the prior investments that they have made. Therefore, these factors not only become exit barriers for the partners if they want to switch to another supplier but also increase their level of commitment to existing business relationships.

Relationship Setting and Non-Economic Satisfaction

Theoretically, a link between relationship setting and non-economic satisfaction is not hypothesised earlier as it has not been previously reported in the literature. Hence, we predict that relationship setting has only direct impact on relationship management which in turn, will affect non-economic satisfaction. However, during final analysis, we encounter a positive, direct relationship between relationship setting and non-economic satisfaction as suggested by modification indices. Although this link is not hypothesised earlier, it is tested due to the nature of relationship setting, which places attention of formalisation, level of exclusivity and relationship system, reflecting the opinion of the channel partners in non-economic satisfaction. If, in the eyes of the channel partners, formalisation is established for a

win-win situation, the level of exclusivity is treated fairly, and the relationship system is perceived effective, these indicators will likely be driving factors that increase the level of non-economic satisfaction in the relationship.

Relationship Setting and Relationship Quality

Initially, a link between relationship setting and relationship quality is not hypothesised as we predict that relationship setting has only direct impact on relationship management which in turn, will affect relationship quality as evidenced in the result. However, during final analysis, modification indices suggest a direct link between relationship setting and relationship quality. Although the link is not hypothesised earlier, it is tested due to the nature of relationship setting, which places attention of formalisation, level of exclusivity and relationship system, reflecting the opinion of the channel partners in relationship quality. Therefore, if formalisation is established for a win-win situation, level of exclusivity is treated fairly, and relationship systems are perceived effective by channel partners, these driving factors will likely increase relationship quality as they influence trust on the supplier and conflict to be functional.

Relationship Management and Economic Satisfaction

With regards to a link between relationship management and economic satisfaction, we initially predict that relationship management has only direct impact on non-economic satisfaction as this is the only link that has been previously reported in the literature. However, during final analysis, modification indices suggest that relationship management has also direct impact on economic satisfaction. Although not hypothesised earlier, this link is tested for three reasons. Firstly, relationship bonds that are interpreted as an element of closeness in supplier-partner relationships can be considered as one of the best practices in keeping partners' interest, especially in achieving key economic objectives. Hence, the presence of interpersonal or social skills, is still essential in achieving these objectives. Secondly, information sharing may give the impression that when suppliers interchange information, the partners perceive the supplier to be competent, due to having sufficient information about business strategy and best practices. This suggests that an interchange of crucial

information made by the supplier allows partners to develop their tasks more efficiently in the relationships, which in turn, affords increased sales, profits and cost reductions. Thirdly, conflict resolution is also an important factor to help partners to fulfil their requests in discounts, rebates, or special prices for increasing their profit margins as well as economic satisfaction. Therefore, if relationship bonds are well established, crucial information is transmitted effectively, and conflict resolution is properly managed, these driving factors will likely increase relationship quality as they influence trust on the supplier and conflict to be functional.

Customer Satisfaction and Relationship Commitment

Theoretically, we initially predict that customer satisfaction has only direct impact on non-economic satisfaction which in turn, will affect the level of relationship commitment via relationship quality as evidenced in the result. However, during final analysis, modification indices suggest that customer satisfaction has direct impact on relationship commitment. Although not hypothesised earlier, this link is tested because customers who experience high levels of satisfaction will exhibit loyalty behaviours, such as saying positive things about the company to others, encouraging friends and relatives to deal with the firm, making a conscious effort to use the firm's product or service offerings, and recommending the firm to someone who seeks their advice (Wong and Zhou, 2006; Parasuraman, Zeithaml, and Berry, 1994). As a result, customers will very likely have continuous business dealings with the partners, which will ultimately affect the partner's commitment with the supplier's line of products.

7.2.4 Final Conceptual Model

The previous results of the two sub-models confirm that they meet the requirements for goodness of fit. Based on this confirmation, we combine the two sub-models as the final conceptual model for our research as shown in Figure 7.3. In addition, the summary and requirements for good fit of the model are also provided in Table 7.3.

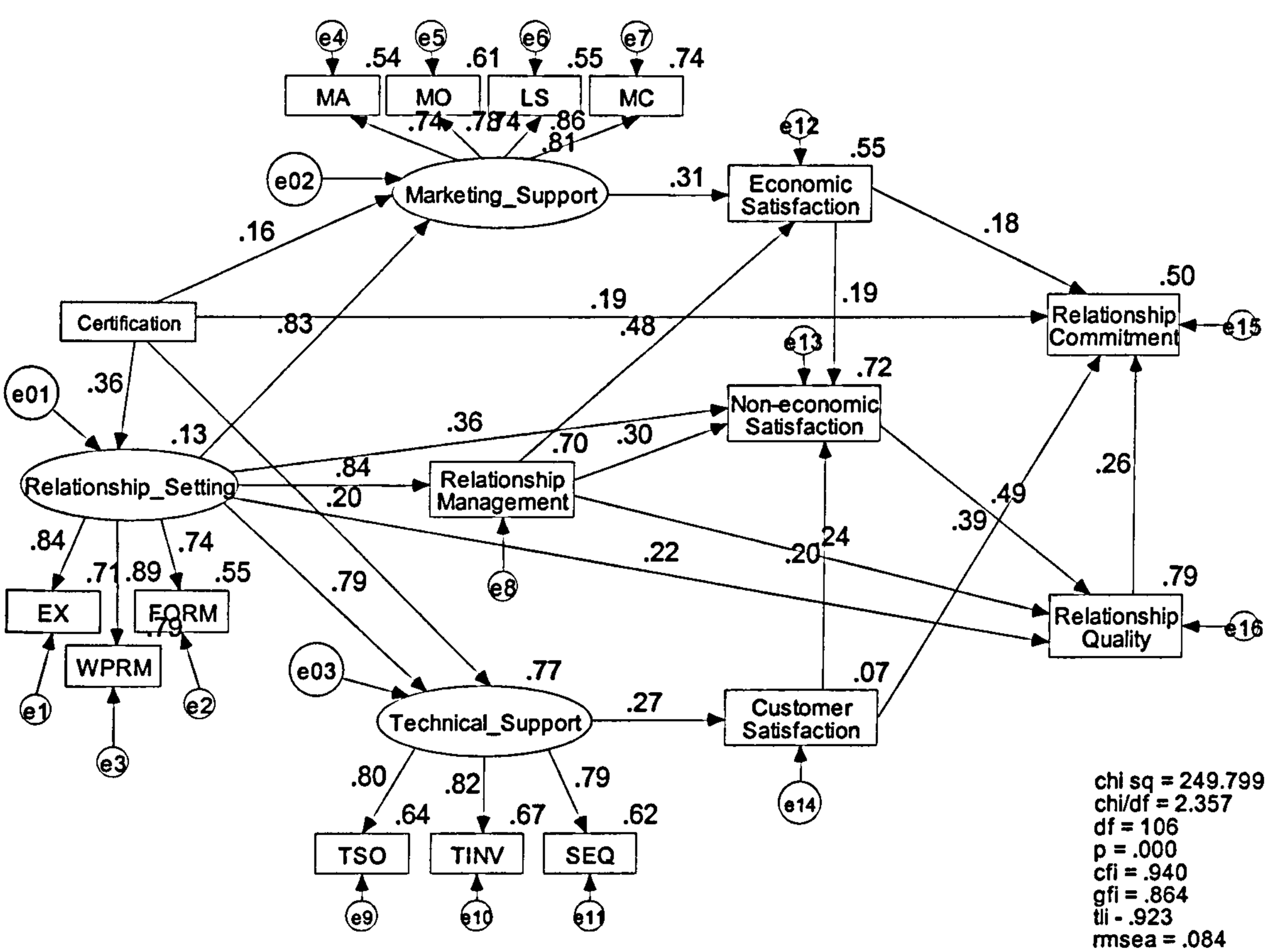


Figure 7.3 Final Conceptual Model

Legend:

EX = Exclusivity	**TSO = Technical Solutions**
FORM = Formalisation	**TINV = Product Training**
WPRM = Relationship System	**SEQ = Service Quality**
MA = Marketing Assistance	
MO = Marketing Solutions	
LS = Lead Support	
MC = Marketing Coordination	

Table 7.3 Characteristics of Fitness Measure Demonstrating Good Fit of Final Conceptual Model for N < 250

Fit Measure	m ≥30	Results	Decision
Chi-square $\chi 2$ Degree of Freedom Normed Chi-square (CMIN/DF)	<3	249.80 106 2.36	Accepted
P	Significant	.00	Accepted
Root mean square of error of estimation (RMSEA)	Values < .08 with CFI above .92	.08	Accepted
Goodness-of-fit Index (GFI)	Close to .90 or above	.86	Accepted
Comparative Fit Index CFI) or Tucker-Lewis Index (TLI)	Above .92	.94 .92	Accepted

Source: (Hair et al, 2006)

As shown in Table 7.3, we have successfully obtained a good fit to the data, indicating support for the final model. Therefore, the overall model fit provides the necessary and sufficient information to determine that each set of items in our conceptual model is unidimensional (Wiertz, de Ruyter, Keen, and Streuken, 2004).

Having discussed the fitness measure demonstrating good fit of the final model, we follow strategy used by (Wiertz, de Ruyter, Keen, and Streuken, 2004) to explain the reliability of scales, construct validity, and discriminant validity in the following sections before testing the direct and indirect effects as well as the hypotheses posed.

7.3 Reliability and Validity of Constructs

7.3.1 Reliability

Having examined the goodness-of-fit for the model, we examine the reliability and validity of the constructs. Reliability is the degree to which measures are free from random error. On the other hand, validity is the ability of a construct's indicator to measure accurately the construct, that is, whether a variable measures what it is supposed to measure Hair, Anderson, Tatham, and Black (1998).

In the context of this research, reliability of each construct is checked to ensure that it is free from random error and provides consistent results (Zikmund, 2000; Malhotra, 1999). There are four approaches that can be selected. These approaches include test-retest, alternative forms, split-sample, and internal comparison method (Carmines and Zeller 1979). The disadvantage of the first two approaches is that they require the same test to be given to the same people after a period of time. In other words, they require us to conduct the web-based survey twice which is inappropriate in the context of research for business-to-business environment. Furthermore, the disadvantage of the third approach is that it requires a larger sample than our study in order to examine the differences between correlations of the first and second halves of the sample and the correlations of odd and even items (Zikmund, 2000). In the context of this research, we choose the fourth approach as it is suitable to administer a single test of scale, item and construct reliability (Carmines and Zeller, 1979).

In relation to **reliability of scales,** co-efficient alpha which is one of the most commonly used statistical measurements is applied to assess the reliability of the measuring scales with multiple items (Hayes, 1998). It indicates the degree of consistency of the observed variables (Carmines and Zeller, 1979). According to Hair, Anderson, Tatham, and Black (1998), modest reliability in the range of 0.5 to 0.6 is sufficient while a coefficient showing good reliability is above .70 in an applied setting for exploratory research.

Thus, co-efficient reliability test on all variables is performed and the summary of the results is shown in Table 7.4.

Table 7.4 Reliability of the Scales

Scales (Final)	Co-efficient Alpha Nunally's Criterion > .70	Composite Reliability (CR) > .70 (.60 acceptable) $\frac{(\Sigma\lambda)^2}{(\Sigma\lambda)^2 + \Sigma\delta}$
Certification (CERT) – 4 items	.83	.92
Formalisation (FORM) – 3 items	.88	.93
Exclusivity (EX) – 4 items	.85	.96
Relationship System (WPRM) – 4 items	.91	.96
Marketing Assistance (MA) – 3 items	.84	.94
Marketing Solutions (MO) – 3 items	.77	.89
Lead Support (LS) – 3 items	.80	.85
Marketing Co-ordination (MC) – 6 items	.90	.98
Relationship Management (RM) – 12 items	.96	.99
Technical Solutions (TSO) – 4 items	.85	.90
Product Training (TINV) – 9 items	.96	.96
Service Quality (SEQ) – 5 items	.88	.88
Economic Satisfaction (ES) – 5 items	.94	.94
Non-Economic Satisfaction (ECO) – 3 items	.94	.94
Customer Satisfaction (CS) – 3 items	.89	.90
Relationship Quality (RQ) – 7 items	.94	.98
Relationship Commitment (RC) – 4 items	.92	.95

The results in Table 7.4 indicate that the reliability of all scales are acceptable, ranging from .77 to .96. These results meet Nunally's criterion of .70.

Furthermore, the **composite reliability** is assessed as suggested Joreskog (1971). As shown in Table 7.4, the results indicate the composite reliability values are ranging from .85 to .99. These results meet the recommended cut-off value of .60 (Nunally and Bernstein, 1994).

In addition to assessing reliability of scales, researchers are encouraged to report at least one measure of construct reliability based on estimated model parameters (Baumgartner and Homburg, 1996). For this reason, a summary of variance extracted of the constructs is provided in Table 7.5.

Table 7.5 A Summary of Variance Extracted

Variables	Variance Extracted (VE) > .50 $(\Sigma\lambda^2)/n$	Square Root of Average Variance Extracted
CERT	.57	.75
FORM	.72	.85
EX	.69	.83
WPRM	.78	.88
MA	.76	.87
MO	.56	.75
LS	.58	.76
MC	.70	.84
RM	.69	.83
TSO	.59	.77
TINV	.68	.82
SEQ	.61	.78
ECO	.86	.93
NON_ECO	.83	.91
CS	.75	.87
RQ	.61	.85
RC	.73	.85

As shown in Table 7.5, the variance extracted for all variables is greater than .50, implying that the variance due to measurement error is less than the variation in the indicators explained by the variables or constructs.

7.3.2 Validity

With regards to the issue of **construct validity,** we use convergent validity to measure some characteristics that correlate or converge with other measures of the same characteristics (Aaker, Kumar and Day, 2001). Thus, convergent validity is assessed by testing the significance and magnitude of each indicator's coefficient (cf. Anderson and Gerbing, 1988). As both composite reliability and average variance extracted exceed the recommended cut-off values of .70 and .50 respectively (Wiertz, de Ruyter, Keen, and Streukens, 2004), the convergent validity of our constructs in this research is established.

To assess **discriminant validity,** we compare the square root of the average variance extracted with the correlation between two constructs. As shown in Table 7.6, the results indicate the square root of the average variance extracted exceeds the correlation, which is the case of each pair of constructs in our research. Therefore, these results confirm the presence of discriminant validity.

Table 7.6 **A comparison between the square root of the average variance extracted and the correlations between two constructs**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Certification	**.75***																
2. Formalisation	**.355**	**.85***															
3. Exclusivity	**.305**	**.607**	**.83***														
4. Relationship system	**.295**	**.639**	**.743**	**.88***													
5. Marketing assistance	**.283**	**.473**	**.583**	**.569**	**.87***												
6. Marketing solutions	**.406**	**.525**	**.527**	**.582**	**.631**	**.75***											
7. Lead support	**.286**	**.456**	**.584**	**.586**	**.490**	**.578**	**.76***										
8. Marketing coordination	**.408**	**.516**	**.637**	**.638**	**.580**	**.661**	**.700**	**.84***									
9. Relationship management	**.321**	**.718**	**.658**	**.769**	**.566**	**.508**	**.488**	**.624.**	**.83***								
10. Technical solutions	**.334**	**.538**	**.683**	**.659**	**.536**	**.619**	**.638**	**.679**	**.563**	**.77***							
11. Product training	**.442**	**.485**	**.575**	**.554**	**.449**	**.599**	**.518**	**.541**	**.518**	**.587**	**.82***						
12. Service quality	**.360**	**.410**	**.541**	**.535**	**.449**	**.544**	**.489**	**.488**	**.440**	**.595**	**.727**	**.78***					
13. Economic satisfaction	**.340**	**.521**	**.544**	**.589**	**.448**	**.420**	**.478**	**.600**	**.710**	**.505**	**.521**	**.426**	**.93***				
14. Non-economic satisfaction	**.251**	**.592**	**.641**	**.694**	**.655**	**.540**	**.448**	**.556**	**.782**	**.550**	**.569**	**.512**	**.676**	**.91***			
15. Customer satisfaction	*.047*	*.137*	*.084*	*.133*	**.280**	**.235**	*.026*	*.095*	**.223**	*.102*	**.257**	**.247**	**.188**	**.357**	**.87***		
16. Relationship quality	**.232**	**.232**	**.699**	**.714**	**.652**	**.512**	**.492**	**.574**	**.800**	**.546**	**.554**	**.516**	**.645**	**.851**	**.325**	**.85***	
17. Relationship commitment	**.297**	**.297**	**.319**	**.338**	**.365**	**.358**	**.209**	**.361**	**.493**	**.206**	**.443**	**.350**	**.474**	**.569**	**.538**	**.560**	**.85***

*** The Square Root of Average Variance Extracted**
(Bold) Correlation is significant at the 0.01 level (2-tailed).
(Normal) Correlation is significant at the 0.05 level (2-tailed).
(Italic) Correlation is not significant

7.4 Analysis of Variance (ANOVA)

As our sample consists of nine groups of partner organisations, analysis of variance is needed to find whether the population means are equal. In this section, we conduct two ANOVA tests.

The first test is to compare the mean scores of the nine groups except for three partner organisations with unknown preferred supplier. In order to explore the impact of type of supplier on five outcome variables namely economic satisfaction, non-economic satisfaction, customer satisfaction, relationship quality and relationship commitment, a one-way between-groups analysis is conducted. Subjects are divided into nine groups according to their preferred supplier (0: Oracle, 1: Anonymous, 2: Avaya: 3: 3Com, 4: Microsoft, 5: Cisco, 6: IBM, 7: Sun Microsystems, and 8: McAfee). The results of the analysis are shown in Table 7.7.

Table 7.7 ANOVA (* all groups except for one group with unknown supplier)

		Sum of Squares	df	Mean Square	F	Sig.
(PP2 to PP6)	Between Groups	18.903	8	2.363	1.327	.232
	Within Groups	327.554	184	1.780		
	Total	346.457	192			
(RC1 to RC3)	Between Groups	19.024	8	2.378	1.222	.288
	Within Groups	358.079	184	1.946		
	Total	377.103	192			
(PP7 to PP9)	Between Groups	13.927	8	1.741	1.524	.151
	Within Groups	210.135	184	1.142		
	Total	224.062	192			
MEAN(T1_A, T2_A, T4_A, T5_A to T8_A)	Between Groups	16.277	8	2.035	1.399	.199
	Within Groups	267.513	184	1.454		
	Total	283.790	192			
MEAN(RC7 to RC10)	Between Groups	32.550	8	4.069	3.428	.001
	Within Groups	218.389	184	1.187		
	Total	250.938	192			

As shown in Table 7.7, the results reveal that there is no statistical difference at the $p<.05$ level for the impact of type of supplier on economic satisfaction, non-economic satisfaction, customer satisfaction, and relationship quality. However, there is a statistical difference at the $p<.05$ level of the impact of type of supplier on relationship commitment (RC7 to RC10).

Table 7.8 ANOVA (* Five Largest Groups of Partner Organisation)

		Sum of Squares	df	Mean Square	F	Sig.
(PP2 to PP6)	Between Groups	3.018	4	.754	.411	.800
	Within Groups	289.771	158	1.834		
	Total	292.789	162			
(RC1 to RC3)	Between Groups	6.550	4	1.638	.833	.506
	Within Groups	310.416	158	1.965		
	Total	316.967	162			
(PP7 to PP9)	Between Groups	6.296	4	1.574	1.330	.261
	Within Groups	186.931	158	1.183		
	Total	193.227	162			
MEAN(T1_A, T2_A, T4_A, T5_A to T8_A)	Between Groups	8.518	4	2.129	1.503	.204
	Within Groups	223.824	158	1.417		
	Total	232.342	162			
MEAN(RC7 to RC10)	Between Groups	8.071	4	2.018	1.769	.138
	Within Groups	180.248	158	1.141		
	Total	188.319	162			

Having received a statistically significant difference somewhere among the groups, we conduct the second test to compare the mean scores of **the five largest groups of partner organisations in the sample.** The reason to conduct such test is to explore the impact of type of supplier on five outcome variables namely economic satisfaction, non-economic satisfaction, customer satisfaction, relationship quality and relationship commitment. Hence, a one-way between-groups analysis is conducted and subjects are divided into five groups according to their preferred supplier (1: Anonymous, 3: 3Com, 4: Microsoft, 6: IBM, and 8: McAfee). As shown in Table 7.8, the results reveal that there is no statistical difference at the $p<.05$ level for the impact of type of supplier on economic satisfaction, non-economic satisfaction, customer satisfaction, relationship quality and relationship commitment.

In conclusion, as the results of the analysis reveal that there is a statistical significance for the impact of type of supplier on relationship commitment in the first test but not in the second test, a small number of participating partner organisations from Oracle (e.g. only n=4) can be one of the factors. Therefore, further attention needs to be placed in this area which will be discussed in section 8.6 in Chapter 8.

7.5 Standardized Direct and Indirect Effects

Table 7.9 Summary of Effects

Effect of	On	Direct Effect regression coefficient	Indirect Effect	Total Effect	Hypotheses	Result
Certification	Relationship Setting	0.36	-	0.36	H1a	Supported
Certification	Marketing Support	0.17	0.30	0.47	H1b	Supported
Certification	Relationship Commitment	0.14	0.19	0.33	-	Unexpected Link
Certification	Relationship Management	-	0.30	0.30	H1c	Rejected
Certification	Technical Support	0.18	0.28	0.46	H1d	Supported
Relationship Setting	Marketing Support	0.82	-	0.82	H2a	Supported
Relationship Setting	Non-Economic	0.36	0.42	0.78	-	Unexpected Link
Relationship Setting	Relationship Management	0.84	-	0.84	H2b	Supported
Relationship Setting	Relationship Quality	0.23	0.58	0.81	-	Unexpected Link
Relationship Setting	Technical Support	0.79	-	0.79	H2c	Supported
Marketing Support	Economic Satisfaction	0.31	-	0.31	H3	Supported
Relationship Management	Economic Satisfaction	0.48	-	0.48	-	Unexpected Link
Relationship Management	Relationship Commitment	-	0.21	0.21	H4a	Rejected
Relationship Management	Non-Economic	0.30	0.09	0.39	H4b	Supported
Relationship Management	Relationship Quality	0.24	0.19	0.43	H4c	Supported
Technical Support	Customer Satisfaction	0.27	-	0.27	H5	Supported
Economic Satisfaction	Non-Economic	0.19	-	0.19	H7a	Supported
Economic Satisfaction	Relationship Commitment	0.12	0.03	0.15	H7b	Supported
Customer Satisfaction	Non-Economic	0.20	-	0.20	H8	Supported
Customer Satisfaction	Relationship Commitment	0.41	0.03	0.44	-	Unexpected Link
Non-Economic	Relationship Commitment	-	0.17	0.17	H9a	Rejected
Non-Economic	Relationship Quality	0.48	-	0.48	H9b	Supported
Relationship Quality	Relationship Commitment	0.34	-	0.34	H10	Supported

Based on the final conceptual model, we investigate the relative importance of the independent variables on the dependent variables. It is important to look at both direct and indirect effects that make up the total effects of an explanatory variable on a dependent variable. If any indirect effect does not receive proper attention, the relationship between two variables may not be fully considered. The summary of the total effects for the model is provided in Table 7.4. All the hypotheses are consistently supported by the data except for three hypotheses (H1c, H4a, and H9a).

7.5.1 Certification

As can be seen in Table 7.3, the certification is an important process in determining the level of marketing support and technical support, both directly and indirectly supporting H1b and H1d. We also find an unexpected link between certification and relationship commitment where certification has both direct and indirect effects on relationship commitment. Furthermore, the certification is the only determinant of relationship setting and thus, supporting H1a. However, as there is no direct link between certification and relationship management, this finding implies that this variable is not influential to relationship management, thus rejecting H1c.

7.5.2 Relationship Setting

Relationship setting is crucial in supplier-partner relationships in determining the level of support programs and achieving the business objectives. As shown in Table 7.4, relationship setting has both direct and indirect effects on non-economic satisfaction as well as relationship quality. Therefore, these results provide evidence to support these two unexpected links. In addition, relationship setting has the strongest influence on level of marketing support, relationship management and technical support which support H2a, H2b and H2c.

7.5.3 Marketing Support, Relationship Management and Technical Support

Marketing support, relationship management and technical support can be considered as a key strategy in partner support programs. As shown in Table 7.4, economic satisfaction is not only affected by marketing support as predicted but also by relationship management which is unexpected. This finding supports H3 and the

unexpected link between relationship management and economic satisfaction. Furthermore, relationship management has both direct and indirect effects on non-economic satisfaction and relationship quality which support H4b and H4c. However, relationship management has only indirect effect on relationship commitment and therefore, rejecting H4a. Also, technical support has direct effect on customer satisfaction which supports H5.

7.5.4 Economic, Non-economic and Customer Satisfaction

As shown in Table 7.4, the first dimension of satisfaction namely economic has both direct and indirect effects on relationship commitment which supports H7b. Furthermore, economic satisfaction has direct effect on non-economic satisfaction and thus, supporting H7a. On the other hand, the second dimension of satisfaction namely non-economic has direct effect on relationship quality. Thus, this finding supports H9b. However, non-economic satisfaction has indirect effect on relationship commitment thus, rejecting H9a. Interestingly, customer satisfaction has both direct and indirect effects on relationship commitment. This provides evidence for unexpected link between these two variables. Also, customer satisfaction has direct effect on non-economic satisfaction which supports H6.

7.5.5 Relationship Quality and Commitment

Finally, there is a direct effect between relationship quality and relationship commitment. This finding implies the importance of relationship quality on the partner's intention to remain in the relationship. A detailed discussion on this issue will be provided in the last chapter.

7.6 Testing hypotheses of the final model

As expected, most of our hypotheses are statistically supported with p value less than .10% except for three hypotheses which are not statistically significant. All the inter-construct relationships are positive.

Table 7.10 Hypotheses of the Final Model

H1a: Certification has positive and significant effect on relationship setting	Supported
H1b: Certification has positive and significant effect on marketing support	Supported
H1c: Certification has positive and significant effect on relationship management	Rejected
H1d: Certification has positive and significant effect on technical support	Supported
* Certification has positive and significant effect on relationship commitment	Unexpected link
H2a: Relationship setting has positive and significant effect on marketing support	Supported
H2b: Relationship setting has positive and significant effect on relationship management	Supported
H2c: Relationship setting has positive and significant effect on technical support	Supported
* Relationship setting has positive and significant effect on non-economic satisfaction	Unexpected link
* Relationship setting has positive and significant effect on relationship quality	Unexpected link
H3: Marketing support has positive and significant effect on economic satisfaction	Supported
H4a: Relationship management has positive and significant effect on relationship commitment.	Rejected
H4b: Relationship management has positive and significant effect on non-economic satisfaction	Supported
H4c: Relationship management has positive and significant effect on relationship quality	Supported
* Relationship management has positive and significant effect on economic satisfaction.	Unexpected link
H5: Technical support has positive and significant effect on customer satisfaction	Supported
H6a: Economic satisfaction has positive and significant effect on non-economic satisfaction	Supported
H6b: Economic satisfaction has positive and significant effect on relationship commitment	Supported
H7: Customer satisfaction has positive and significant impact on non-economic satisfaction	Supported
* Customer satisfaction has positive and significant impact on relationship commitment	Unexpected link
H8a: Non-economic satisfaction has positive and significant effect on relationship commitment	Rejected
H8b: Non-economic satisfaction has positive and significant effect on relationship quality	Supported
H9: Relationship quality has positive and significant effect on relationship commitment	Supported

Note: * Unexpected link found in the final analysis

7.7 Analysis of Control Variables

In order to analyse the effects of control variables, we follow strategy used by Wu, Yeniyurt, Kim, and Cavusgil (2006) who select firm size to be examined with the ultimate outcomes of the research model namely marketing performance and financial performance. However, in the context of this research, the ultimate outcomes are relationship quality and commitment. Hence, we include both annual sales and the number of employees to examine firm size with these two outcomes in the SEM analysis. The rationale for examining this relationship is that larger firms may derive greater synergy effects, from human and financial resources, leading to higher quality business relationships. However, the results of this analysis indicate that the annual sales and the number of employees do not have significant relationship with relationship quality and commitment. Therefore, this relationship is removed to be considered as a control variable in the final analysis.

7.8 Conclusion

This chapter reports the results of final data analysis as the major study of the research. Interestingly, having used structural equation modelling technique to test the hypotheses, there are a number of confirmed and disconfirmed results. The results of this final analysis will be used as explanation for theoretical and managerial implications in the next chapter.

CHAPTER 8 IMPLICATIONS AND CONCLUSIONS

8.1 Introduction

This chapter provides a summary of the principal results of this research followed by discussion of theoretical and managerial implications, limitations of the research and issues for further investigation, as well as final conclusions. Nevertheless, the objectives for conducting the research are restated in the following section.

8.2 Objectives

Although a number of researchers (e.g. Wilson and Vlosky, 1998; Wu, Yeniyurt, Kim, and Cavusgil, 2006; Ryssel, Ritter, and Gemünden, 2004) develop theories about the effects of ICT investment, there is still limited knowledge about the impact of specific ICT investment, such as web-based PRM technologies, alongside traditional approaches on inter-organisational relationships. Furthermore, prior research does not shed light on which driving factors develop and build high quality relationships in the context of the ICT industry. Therefore, this research has two objectives. The first is to understand the best practices of relationship marketing supported by web-based technologies within the industry. The second objective is to find driving factors and their evidences for building high quality relationships. In order to achieve these two objectives, literature review and qualitative studies are conducted to explore key issues related to relationship marketing supported by web-based technologies, while quantitative studies are conducted to provide evidences of the driving factors (i.e. traditional approaches and web-based PRM solutions) that have significant impact on indicators of high quality relationships. It is hoped that the results of this research will offer a vital contribution to both academics and practitioners around the world, to understand best practices in managing business partners with the use of web-based technologies.

8.3 Level of Contribution

In order to categorise the level of contribution that this research can offer, we specify status of the research in the extant literature based on each research question. This is due to the fact that each research question may have been investigated in some depth in the generic literature, but not in existing web-based technologies literature. On the contrary, it may be speculated on, or implied in or mentioned in passing, but not empirically investigated, in either generic or web-based technologies literature. Furthermore, our research questions may either relate to no relevant prior research, or to issue that have only attracted minor research, indicating that this research offers significant contribution to extant literature and for practitioners.

Therefore, we refer to the three levels of this research's contribution as to: minor, some, and great, extent. The first level of contribution is confirmation or disconfirmation of expectations about a phenomenon that has been already investigated in some depth in existing generic literature. This level of contribution is referred as 'to minor extent', as showed in Table 8.1. The second level of contribution relates to the issue of speculation, or limited empirical investigation in the literature. This level of contribution adds to existing literature at a level referred to as 'to some extent'. Finally, the third level of contribution involves a new area of research, where minor or no prior research exists. It, therefore, advances extant literature and is referred to here as 'to great extent'. In brief, the three levels of contribution such as confirmations/disconfirmations, additions and advances are ascending in their level of importance.

Table 8.1 Principal Results Summary

Research Questions and Results	Status of the Research in Extant Literature	Extent of Contribution to Extant Literature
1. How does certification affect relationship setting?		
H1a: Certification has positive and significant effect on relationship setting.	No prior empirical research	To great extent
2. How does certification affect partner support programmes (marketing support, relationship management and technical support)?		
H1b: Certification has positive and significant effect on marketing support. H2c: Certification has NO SIGNIFICANT EFFECT on relationship management.	No prior empirical research	To great extent (except for H2C)

H2d: Certification has positive and significant effect on technical support.		
* Certification has positive and significant effect on relationship commitment.	No prior empirical research	To great extent
3. How does relationship setting affect partner support programmes (marketing support, relationship management and technical support)?		
Relationship setting has positive and significant effect on indicators of partner support programmes, such as: H2a: Marketing support H2b: Relationship management H2c: Technical support	No prior empirical research	To great extent
* Relationship setting has positive and significant effect on non-economic satisfaction. * Relationship setting has positive and significant effect on relationship quality.	No prior empirical research	To great extent
4. How do partner support programmes determine performance (economic, non-economic and customer satisfaction)?		
H3: Marketing support has positive and significant effect on economic satisfaction.	No prior empirical research	To great extent
* Relationship management has positive and significant effect on economic satisfaction.	No prior empirical research	To great extent
H4a: Relationship management has NO SIGNIFICANT EFFECT on relationship commitment.	Investigated in some depth in generic literature	To minor extent (disconfirmation)
H4b: Relationship management has positive and significant effect on non-economic satisfaction.	Investigated in some depth in generic literature	To minor extent (confirmation)
H4c: Relationship management has positive and significant effect on relationship quality.	Investigated in some depth in generic literature	To minor extent (confirmation)
H5: Technical support has positive and significant effect on customer satisfaction.	No prior empirical research	To great extent
5. How does the performance determine high quality relationships (relationship commitment and relationship quality)?		
H6a: Economic satisfaction has positive and significant effect on non-economic satisfaction.	Investigated in some depth in generic literature	To minor extent (confirmation)
H6b: Economic satisfaction has positive and significant effect on relationship commitment.	No prior research on the link between economic satisfaction and relationship commitment	To great extent
H7: Customer satisfaction has positive and significant effect on non-economic satisfaction.	No prior empirical research	To great extent
* Customer satisfaction has positive and significant effect on relationship commitment.	No prior empirical research	To great extent
H8a: Non-economic satisfaction has NO SIGNIFICANT EFFECT on relationship commitment.	Investigated in some depth in generic literature	To minor extent (disconfirmation)
H8b: Non-economic satisfaction has positive and significant effect on relationship quality.	Investigated in some depth in generic literature	To minor extent (confirmation)
6. How does relationship quality determine commitment in the relationship?		
H9: Relationship quality has positive and significant effect on relationship commitment.	Investigated in some depth in generic literature	To minor extent (confirmation)

Note: * Unexpected link from the results of data analysis

8.4 Theoretical Implications

8.4.1 Results for Certification and Relationship Setting

This section discusses the results of two factors, namely certification and relationship setting, which determine the level of support programmes, such as marketing support, relationship management and technical support. Three unexpected links emerge from the final analysis and are discussed before we report findings in the conclusion of this section.

Result for H1a: Certification has positive and significant effect on relationship setting.

The link between certification and relationship setting, which is made up of formalization, exclusivity and relationship system, is not yet addressed in prior literature. However, based on findings from the convergent interviews, it is noted that certification is a process that determines the type of formalisation, level of exclusivity and emphasis toward the use of relationship system. The results of our research provide evidence that certification has both positive and significant effect on relationship setting. Therefore, as there is no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H1b: Certification has positive and significant effect on marketing support.

The link between certification and relationship setting that comprises formalisation, exclusivity and relationship system is not yet addressed in prior literature. However, based on findings from the convergent interviews, it is noted that certification reflects the depth of partners' sales expertise in one particular product or more (see Appendix D). Hence, the higher certification level, the more specialisations and requirements required for higher levels of marketing support. Secondly, we find that different certification levels affect the amount of marketing support, as the supplier provides different value-added incentive programmes and rewards for each specialisation level of certification (see Appendix D). Unlike

partner organisations at the foundation level, more advanced certification levels enable partner organisations to have wider capabilities with several specialisations, skill sets, human and financial resources, for targeting a wider range of sales opportunities. Therefore, higher levels of partner organisations in certification are created, which in turn, lead to higher levels of marketing support, such as access to marketing expertise, co-marketing opportunities, extensive marketing materials and tools, lead support, marketing funds, and exclusive marketing coordination.

In addition, the results of our research provide evidence that certification has positive and significant effect on marketing support. Therefore, as there is no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H1c: Certification has NO significant effect on relationship management.

The link between certification and relationship management, made up of relationship bonds, information sharing, and conflict resolution, is not yet addressed in extant literature. However, based on findings from the convergent interviews, it is noted that certification affects the level of access to supplier's personnel or representatives. For example, partner organisations with the highest certification level at IBM are granted a privileged relationship, whereby this supplier appoints a dedicated representative to manage the affairs of the partner organisations (see Appendix C). As a result, this practice is expected to shape higher quality relationship bonds, information sharing and conflict resolution technique.

However, the results of our empirical research provide evidence that certification has no significant effect on relationship management. The main reason is that the perceived quality of relationship management is determined by the best practices of supplier orientation in setting the partnership, in terms of formalisation, exclusivity and relationship system. Therefore, as there is no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H1d: Certification has positive and significant effect on technical support.

The link between certification and technical support, which comprises technical solutions, technical training, and service quality, is not yet addressed in existing literature. Based on findings from the convergent interviews, it is also noted that certification reflects upon the depth of partners' technical skills, in one or more supplier's line of products (see Appendix D). We find that different certification requirements affect the amount of technical support, as partner organisations with higher certification levels differentiate themselves with several specialisations that enable them to be technically competent in a wide range of the supplier's products. For example, partner organisations that have higher certification levels are eligible for access to exclusive technical support, such as preferred technical assistance, advanced training, and responsive web-based relationship systems. In contrast, partner organisations at the foundation level receive less technical support due to limited capabilities in a particular skill set, and limited resources to take advantage of the partnership with the supplier. Moreover, exclusive technical support is provided by the supplier only when the partners are undertaking new certification programmes, as required by the supplier, from time to time via completing the training and meeting other requirements. This is because it is essential to update the partners' proficiency with the new line of supplier's products and services introduced in the market and failure to do so will result in de-certification and, therefore, changes in the level of technical support.

In addition, the results of our research provides evidence that certification has both positive and significant effect on technical support. Therefore, as there is yet no prior empirical research on this association, our research makes **a new contribution** to the extant literature within the context of supplier-partner relationships.

Result for the Unexpected Link: Certification has positive and significant effect on relationship commitment.

Although the link between certification and relationship commitment is not yet addressed in prior literature, we initially thought it to have no direct effect on relationship commitment. Hence, there is no discussion for a hypothesis between

certification and relationship commitment. However, the results of our research provide evidence that certification has both positive and significant effect on relationship commitment. At least two reasons can be considered to explain this finding. Firstly, when the partners are required to undertake new certification programmes via training, not only they receive new sets of technical skills, but also gain advantages in selling the supplier's latest product lines and other competitive advantages, in terms of knowledge. Secondly, when partners fail to update their proficiency with the latest lines of suppliers' products and services, it will result in de-certification and changes in the level of support programmes. These two reasons force partner to attend to future sales opportunities and the prior investments that they have made. Therefore, these factors may become exit barriers for the partners if they want to switch to another supplier and increase their level of commitment to existing business relationships. As there is yet no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H2a: Relationship setting has positive and significant effect on marketing support.

Although the link between relationship setting and marketing support is not yet addressed in the literature, the results of our research provide evidence that relationship setting, comprising formalisation, exclusivity, and relationship system, has both positive and significant effect on marketing support. At least three reasons can be considered to explain this finding. Firstly, formalisation is welcomed by partner organisations because it creates an assurance on the level of marketing support that they can expect to receive from the supplier. Secondly, partner organisations that are in compliance with the supplier's requirements in the formal agreement will be granted a privileged relationship, with a broader range of sales opportunities for higher-margins and therefore higher returns (see Appendix D). Thirdly, the supplier should inculcate the partner organisations to realise that the use of web-based technologies alongside traditional approaches is considered the rule and not the exception. For this reason, perceptions on relationship systems, such as its importance for maintaining close working relationships, efficient mechanisms for two-way communication, user-friendliness, and responsive to the partner's needs,

influence perceptions on the level of marketing support as well. As there is yet no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for the Unexpected Link: Relationship setting has positive and significant effect on non-economic satisfaction.

An unexpected link between relationship setting and non-economic satisfaction emerges from analysis of the data. We encounter a positive, direct relationship between relationship setting and non-economic satisfaction; an observation that has not been previously reported in literature. This relationship likely results from the fact that relationship setting, which places attention of formalisation, level of exclusivity and relationship system, reflects the opinion of the channel partners. If, in the eyes of the channel partners, formalisation is established for a win-win situation, the level of exclusivity is treated fairly, and the relationship system is perceived effective, these indicators will likely be driving factors that increase the level of non-economic satisfaction in the relationship. As there is yet no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H2b: Relationship setting has positive and significant effect on relationship management.

Although the link between relationship setting and relationship management is not yet addressed in the literature, the results of our research provide evidence that relationship setting, consisting of formalisation, exclusivity, and relationship system, has both positive and significant effect on relationship management. At least three reasons are considered to explain this finding. Firstly, as discussed, formalisation sets standards and routine procedures for every partner to follow and abide by, creating less confusion, eliminating double standards, and reducing divergent interpretations of similar activities, while providing clear structure, control, and guidelines within the relationships. Secondly, exclusivity, in our research context, requires the supplier to commit to providing more effective relationship management, such as the allocation of dedicated personnel to manage partner organisations that have exclusive relationships with the supplier. Thirdly, emphasis on the use of web-based

technologies along side with traditional approaches, as the rule and not the exception, will not only result in perceptions on the relationship system as important to maintaining close working relationships, creating efficient mechanisms for two-way communication, providing user-friendliness, and responsiveness to the partner's needs, but will also result in higher quality relationship management. As there is yet no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for the Unexpected Link: Relationship setting has positive and significant effect on relationship quality.

Another unexpected link between relationship setting and relationship quality emerges from the analysis of the data. We encounter a positive, direct relationship between relationship setting and relationship quality, an observation that is not previously reported in literature. This relationship likely results from the relationship setting, which places attention of formalisation, level of exclusivity and relationship system that reflects the opinion of the channel partners. If, in the eyes of channel partners, formalisation is established for a win-win situation, level of exclusivity is treated fairly, and relationship systems are perceived effective, it is believed that these driving factors will increase the relationship quality as it influences trust on the supplier and functional conflict. As there is no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H2c: Relationship setting has positive and significant effect on technical support.

Although the link between relationship setting and technical support is not yet addressed in the literature, the results of our research provide evidence that relationship setting, consisting of formalisation, exclusivity, and relationship system, has both positive and significant effect on technical support. In brief, at least three reasons can be considered to explain this finding. Firstly, as discussed earlier, formalisation is welcomed by partner organisations because it creates an assurance on the level of technical support that they expect to receive from the supplier (see Appendix D). Secondly, if partner organisations are already compliant with the

supplier's requirements, they will be granted a privileged relationship from which to advance in certain specialisations and be provided with technical support for specialised or restricted products. Thirdly, the emphasis on the use of web-based technologies alongside traditional approaches, as the rule and not the exception, will not only result in perceptions on the relationship system as important to maintaining close working relationships, efficient mechanisms for two-way communication, user-friendliness, and responsiveness to the partner's needs, but also will result in elevated perceptions on the level of technical support. As there is no prior empirical research on this association, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

8.4.2 Conclusion

In conclusion, we find that certification has significant impact on the relationship setting, marketing support, technical support, and relationship commitment within the context of our research. On the other hand, relationship setting has significant impact on marketing support, relationship management, technical support, non-economic satisfaction and relationship quality.

Interestingly, these results offer a number of important theoretical implications that can be used as key strategies in developing and maintaining inter-organisational relationships. These results imply that certification and relationship setting may be considered for pre-requisites for effective support programmes, such as marketing support, relationship management, and technical support, as well as other elements of high quality relationships, such as relationship commitment, non-economic satisfaction and relationship quality. Without certification requirements, levels of competency within supplier's product line or services may be poor, or inconsistent, which in turn, will influence the effective use of support programmes, as well as the level of commitment to the relationship. Accordingly, without an appropriate relationship setting, opportunistic behaviours, unclear expectations, and poor understandings of the importance of the relationship system, will not only create barriers to the perceptions of effective support programmes, but also to the feeling of being satisfied, and as to whether expectations are met, as well as on the quality of the relationship.

8.4.3 Results for Marketing Support, Relationship Management, and Technical Support

This section discusses the results of three driving factors, namely marketing support, relationship management, and technical support, on performance and high quality relationships such as economic satisfaction, non-economic satisfaction, customer satisfaction, relationship quality and relationship commitment. An unexpected link emerges from the final analysis of relationship management and economic satisfaction that is discussed before we report the interesting findings in the conclusion of this section.

Result for H3: Marketing support has positive and significant effect on economic satisfaction.

Although the marketing support link that comprises marketing assistance, marketing solutions, leads support, and coordination, and economic satisfaction receives attention in prior literature, there is yet no empirical evidence that provides for this association. However, in general, extant literature finds that channel support activities (e.g. advertising, sales promotional material) have significant effect on growth rate. Furthermore, Simpson, Siguaw, and Baker (2001) determine that service factors may affect value and financial performance for a reseller. Also, the results of empirical study by Mohr and Spekman (1994) reveal that higher level of coordination has significant impact on more successful partnerships as compared with less successful partnerships. In addition, Murtaza and Shah (2004, p. 46) find that a web-based application for channel partner management "enables the vendors to build large-scale lead management systems capable of handling referrals of up to hundreds of thousands of leads to partners. The system tracks each lead from assignment through sale, ending the mysteries that plague inefficient channel relationships. The system will improve data flow with PRM would result in increased revenues for both the vendor and the reseller."

Consistent with these general findings, results of our research reveal that marketing support, consisting of marketing assistance, marketing solutions, lead support, and coordination, has both positive and significant effect on economic

satisfaction. As there is only general empirical research on this association, our research makes **a contribution by adding this specific finding** to extant literature within the context of supplier-partner relationships.

Result for the Unexpected Link: Relationship management has positive and significant effect on economic satisfaction.

We find another unexpected link between relationship management and economic satisfaction emerges from analysis of the data that has both positive and direct relationship between relationship management and economic satisfaction; an observation that is not reported in prior literature as a result of specific dimension of economic satisfaction as discussed in Chapter 4. This relationship likely results from relationship bonds that are interpreted as an element of closeness between the supplier and the partners in the relationship, which in turn, is considered one of the best practices in keeping partners' interest, especially in achieving key economic objectives. Furthermore, information sharing may give the impression that when suppliers interchange information, the partners perceive the supplier to be competent, due to it having sufficient information about business strategy and best practices. This suggests that an interchange of crucial information made by the supplier allows partners to develop their tasks more efficiently in the relationship, which in turn, affords increased sales, profits and cost reductions. Also, conflict resolution may help partners to fulfil their requests for discounts, and therefore to increase profit margins, which in turn, raises the partner's economic satisfaction.

Furthermore, previous research by Mohr and Spekman (1994) reveal that factors of relationship management such as trust, commitment, communication quality, joint planning, and problem resolution, have significant impact on general concept of satisfaction. These factors serve to better align partners' expectations, goals, and objectives, and therefore, contributing to partnership success which is measured by dyadic sales and satisfaction to the relationship. Nevertheless, we find that there remains no previous empirical research to examine the relationship between relationship management and specific dimension of economic satisfaction. Therefore, our research makes **a new contribution** to extant literature within the context of supplier-partner relationships.

Result for H4a: Relationship management has NO significant effect on relationship commitment.

Although the link of relationship management consisting of relationship bonds, information sharing, and conflict resolution, as well as relationship commitment receive attention in the literature, there is not yet empirical evidence that provides this association. However, in general, the dimensions of relationship management, namely relationship bonds, information sharing, and conflict resolution, are considerably studied in isolation. Based on literature review and qualitative research, we propose that the complex channel environment within the ICT industry necessitates a more appropriate conceptualisation of relationship management than has previously been proposed. As a result, we identify three important dimensions needed for relationship management in the context of supplier-partner relationships. These dimensions include relationship bonds, information sharing and conflict resolution.

In recent empirical studies, De Ruyter, Moorman, and Lemmink (2001) find that relationship characteristics represented by four indicators namely account support, communication, co-operation, and harmonisation of conflict have significant impact on affective commitment. However, in the context our research, the results reveal that relationship management has no significant effect on relationship commitment. At least two reasons can explain these results. Firstly, in making the partners to be committed to the relationship, relationship management should focus on producing both economic and non-economic satisfaction, as well as elements of relationship quality, such as trust and functional conflict. Secondly, the perceptions of having relationship closeness or relationship bonds, information exchange and conflict resolution are perceived as the triggers, and not contributors, to relationship commitment. Therefore, the level of contribution of this finding can be considered as to some minor extent which disconfirms the previous studies.

Result for H4b: Relationship management has positive and significant effect on non-economic satisfaction.

Although the link of relationship management consisting of relationship bonds, information sharing, and conflict resolution, and non-economic satisfaction receives attention in prior literature, there is no empirical evidence to provide for this association. However, in general, extant literature finds that activities or programmes in relationship management develop a series of successive face-to-face interactions between supplier's account managers and partner's representatives, thereby building threads in the woven fabric of the relationship. As a result, interactions provide a context, or history, that keeps both parties together. Furthermore, a number of empirical studies identify information sharing as an essential condition of exchange (e.g. Lusch and Brown, 1996; Lewin and Johnston, 1997; Siguaw, Baker, and Simpson, 2003), which in turn, has significant impact on non-economic satisfaction. Additionally, the results of empirical studies find that conflict resolutions are positively associated with satisfaction (Mohr and Spekman, 1994).

Consistent with these general findings, the results of our research reveal that relationship management, consisting of relationship bonds, information sharing, and conflict resolution, has both positive and significant effect on non-economic satisfaction. As there has been a number of empirical studies on this association (e.g. Mohr and Spekman, 1994; Siguaw, Baker, and Simpson, 2003), the level of contribution for this finding can be considered as to minor extent which confirms the previous studies.

Result for 4c: Relationship management has positive and significant effect on relationship quality.

Although the link of relationship management consisting of relationship bonds, information sharing, and conflict resolution, and relationship quality receives attention in the literature, there is no empirical evidence to provide this association. However, in general, the dimensions of relationship management, namely relationship bonds, information sharing, and conflict resolution, are studied extensively in isolation. Based on literature review and qualitative research, we propose that the complex channel environment within the ICT industry necessitates a more appropriate

conceptualisation of relationship management. As a result, we identify three important dimensions required for relationship management in the context of supplier-partner relationships. These dimensions include relationship bonds, information sharing and conflict resolution. In a similar fashion, these dimensions are used in line with previous empirical research, which considers relationship management as a partnership quality that comprises three key dimensions, namely interdependence of relationship, information exchange and harmonisation of conflict (Weirtz, de Ruyter, Keen, and Streukens, 2004). The results of prior research indicate that partnership quality has both positive and significant effect on trust.

Similarly, the results of our research indicate that relationship management has positive and significant effect on relationship quality, made up of two dimensions, namely trust and functional conflict. Therefore, the contribution of this finding can considered as to minor extent which confirms the previous studies.

Result for H5: Technical support has positive and significant effect on customer satisfaction.

Although the link of technical support consisting of technical solutions, technical training, and service quality, receives attention in the literature, there is no empirical evidence that provides this association. However, in general, extant literature finds that CRM applications have a significant effect on improvement of customer knowledge and customer satisfaction (Mithas, Krishnan, and Fornell, 2005). Furthermore, Huang (2001) points out that "an educated and well-trained work force is considered to be essential to the maintenance of a business firm's competitive advantage in a global economy," which is believed to be a powerful agent to facilitate the development of channel partners' capabilities in achieving customer satisfaction. In addition, a number of empirical studies (e.g. Wiertz, de Ruyter, Keen, and Streukens, 2004; Selnes, 1998; Fornell, Johnson, Anderson, Cha, and Bryant, 1996) find that service quality is an antecedent of satisfaction.

Consistent with these general findings, the results of our research reveal that technical support consisting of technical solutions, technical training, and service quality, has both positive and significant effect on customer satisfaction. As there is

only general empirical research on this association, our research makes **a new contribution by adding this specific finding** to extant literature within the context of supplier-partner relationships.

8.4.4 Conclusion

In summary, marketing support has significant impact on economic satisfaction and technical support has significant impact on customer satisfaction. On the other hand, relationship management has significant impact on economic satisfaction, non-economic satisfaction, and relationship quality.

Interestingly, these results indicate a number of important theoretical implications that can be used as key strategies in inter-organisational relationships. The results imply that marketing support and technical support are critical driving factors toward achieving economic and customer satisfaction. However, despite the importance of web-based technologies as tools in sales and marketing, the interpersonal element in relationship management is still crucial to achieving economic objectives. Hence, academics and practitioners should not ignore the importance of maintaining an interpersonal element, or soft skill, alongside the use of web-based technologies in the marketing aspect. In the meantime, relationship management, in certain cases, may be insufficient to ensuring both partners are committed to the relationship. Hence, academics and practitioners should consider other factors, such as economic perspectives or customer satisfaction levels, which can be used as driving factors to influence the level of commitment. Furthermore, consistent with previous empirical studies, relationship management plays an important role in ensuring channel partners be emotionally satisfied and have quality business relationships.

8.4.5 Results for Economic, Non-Economic, and Customer Satisfaction

This section discusses the results of three factors, namely economic, non-economic, and customer satisfaction, on level of commitment to the relationship and relationship quality. An unexpected link that emerges as a result of analysis of customer satisfaction and relationship commitment is also discussed before we report findings in the conclusion of this section.

Result for 6a: Economic satisfaction has positive and significant effect on non-economic satisfaction.

The link between the two dimensions of satisfaction (non-economic and economic) receives little attention in marketing literature (del Bosque Rodríguez, Agudo, and Gutiérrez, 2005). A number of authors (Dwyer, Schurr, and Oh, 1987; Geyskens and Steenkamp, 2000) point out that channel relationships are initially economic relationships, in which the channel members depend on the economic results of the relationship to survive and grow. Therefore, when there is a high level of economic satisfaction, channel members are willing to respond to a particular problematic situation positively and constructively, thereby increasing their non-economic satisfaction with the relationship (Geyskens and Steenkamp, 2000). Empirical research by del Bosque Rodríguez, Agudo, and Gutiérrez (2005) provides evidence that the greater the distributor's economic satisfaction with the manufacturer, the greater his or her non-economic satisfaction.

Similarly, the results of our research reveal that economic satisfaction has both positive and significant effect on non-economic satisfaction. Therefore, the level of contribution of this finding can be considered as to minor extent as it confirms this relationship in line with previous studies (del Bosque Rodríguez, Agudo, and Gutiérrez, 2005).

Result for 6b: Economic satisfaction has positive and significant effect on relationship commitment.

The link between economic satisfaction and relationship commitment is not yet addressed in extant literature. However, in general, there exists considerable

debate about the causal ordering of non-economic satisfaction and relationship commitment such as that of previous research by Del Bosque Rodríguez, Agudo, and San Martín Gutiérrez (2005), who finds relationship commitment to be one of determinants of non-economic satisfaction. On the other hand, other studies find that satisfaction has significant effect on relationship commitment (e.g. Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994).

In our research context, we believe that if a partner is satisfied with the economic outcomes and business performance, a positive affective state in their dyadic relationships will emerge, which, in turn will result in the partners becoming committed to the relationship and willing to make further investments in order to continue doing business with the supplier.

Furthermore, the results of our research indicate that economic satisfaction has both positive and significant effect on relationship commitment. This finding emphasises the importance of economic satisfaction stemming from business performance as one of the critical components necessary to develop and establish long-term partnerships. Therefore, as this research provides the first empirical evidence in this regard, it offers **a new contribution** to extant literature by adding this finding, which suggests that economic satisfaction is extremely influential on relationship commitment within the context of business-to-business environments.

Result for H7: Customer Satisfaction has positive and significant effect on Non-Economic Satisfaction.

The link between customer satisfaction and non-economic satisfaction for an intermediary, such as a partner organisation in the channel distribution, is not yet addressed in the literature. However, in general, it is noted that highly satisfied customers spread positive word-of-mouth, demonstrate acceptance of other products in the product line more readily, and exhibit brand loyalty or increased intentions to repurchase (Kellar and Preis, 2004). Patterson, Johnson, and Spreng (1997) find a strong link between customer satisfaction and repurchase intention, with customer satisfaction explaining 78% of the variance in repurchase intention. This finding is supported by empirical research from Eggert and Helm (2003) who find more effects

of customer satisfaction, which is positively related to repurchase intention and word-of-mouth intention, but negatively related to search for alternatives.

Based on this discussion, we believe that satisfied customers are extremely likely to purchase products from the partners, and in turn, will not search for other alternatives, eventually becoming loyal to their partners. For this reason, partners will continue to have business dealings with suppliers as a result of continuous sales opportunities that are created with the existing customers due to the supplier-partner relationship. In addition, customer satisfaction is capable of lowering the level of conflict and reducing the number of complaints against the partners, which will likely result in higher levels of non-economic satisfaction by the partner toward the supplier's product quality and performance. This clearly has impact on the partner's level of non-economic satisfaction towards the supplier that provides high quality products and services.

In general, most previous studies limit their focus on examining the effects of customer satisfaction from customer's perspective. On the other hand, our empirical studies examining the effects of customer satisfaction from the partners' perspective, specifically, on their level of non-economic satisfaction towards their supplier's efforts in providing high quality services. Therefore, the finding provides evidence that customer satisfaction can lead to positive and significant effect on the level of partners' non-economic satisfaction towards their supplier's efforts in providing high quality services. Therefore, this finding can be considered as **a new contribution** to the current literature.

Result for the Unexpected Link: Customer Satisfaction has positive and significant effect on Relationship Commitment.

The relevance of customer satisfaction in gaining loyal customers and generating positive word-of-mouth is largely undisputed (e.g Wong and Zhou, 2006; Anderson and Sullivan, 1993). Indeed, several studies find satisfaction to be a leading factor in determining customer loyalty (e.g. Anderson and Fornell, 1994; Rust and Zahorik, 1993). In order to make partners to become committed, it is essential that supplier organisations constantly monitor and increase the level of customer

satisfaction for a number of reasons. Firstly, customers who experience high levels of satisfaction are more likely to exhibit loyalty behaviours, such as saying positive things about the firm to others, encouraging friends and relatives to deal with the firm, making a conscious effort to use the firm's product or service offerings, and recommending the firm to someone who seeks their advice (Wong and Zhou, 2006; Parasuraman, Zeithaml, and Berry, 1994). As a result, customers will very likely have continuous business dealings with the partners, which will ultimately affect the partner's commitment with the supplier's line of products.

In general, most previous studies limit their focus on examining the effects of customer satisfaction from customer's perspective. On the other hand, our empirical studies examining customer satisfaction from the partners' perspective, which find evidence that customer satisfaction is influential in determining the level of partners' commitment to their channel relationships. Therefore, the finding can be considered as **a new contribution** to the current literature.

Result for 8a: Non-economic Satisfaction has no significant effect on Relationship Commitment.

In relationship marketing literature, it is generally accepted that satisfaction is linked to commitment. In fact, several authors consider satisfaction to be an antecedent to commitment (e.g Abdul Muhmin, 2002 and 2005; Sharma and Patterson, 2000; Morgan and Hunt, 1994). Likewise, Abdul Muhmin (2005) finds that satisfaction is an antecedent of relationship commitment within the context of distribution channels. His two empirical studies (2002 and 2005) demonstrate that satisfaction has significant effects on relationship commitment.

On the contrary, the results of our research indicate that non-economic satisfaction has no significant effect on relationship commitment. This finding emphasizes that non-economic components of satisfaction stemming from affective and social elements, such as interpersonal relationships, are insufficient in committing the partners to the relationship. In our research context, partners will only be committed if their expectations are fulfilled, such as to include economic satisfaction and relationship quality. This finding is in line with previous studies (e.g Dwyer, Schurr, and Oh, 1987; Geyskens and Steenkamp, 2000), which find that channel

relationships are initially economic relationships in which the channel members depend on the economic results in order to survive and grow.

On the contrary, the results of our research indicate that non-economic satisfaction has no significant effect on relationship commitment. This finding emphasises that non-economic components of satisfaction stemming from affective and social elements, such as interpersonal relationships, are insufficient to develop and establish long-term partnerships. Therefore, the level of contribution of this finding can be considered as to minor extent which disconfirms the previous studies.

Result for 8b: Non-economic Satisfaction has positive and significant effect on Relationship Quality.

In an attempt to establish a link between non-economic satisfaction and relationship quality, we first discuss its relationship with two dimensions of relationship quality, namely trust and functional conflict. Selnes (1998) proposes that trust is an aggregate evaluation at some higher level than satisfaction, and that satisfaction is, in fact, an important determinant of trust. We believe that repetitive satisfactory experiences with working relationships between suppliers and partners will result in the belief that the supplier is capable of meeting expectations, and therefore, trust in the supplier will be developed over time. Similarly, Geysken, Steenkamp and Kumar (1999) find in their meta-analysis, that non-economic satisfaction has significant effect on trust.

On the other hand, non-economic satisfaction as a result of economic satisfaction and social interactions in our research context, may affect conflicts to become functional. This is because the presence of satisfied feelings in relationships can reduce tension and antagonism in subsequent conflicts. If a conflict occurs, we believe that this feeling can affect the channel partners to incline them towards a higher degree of goodwill than one of resentment and frustration. As a result, the partners will seek appropriate mechanisms to create a friendly atmosphere from which to resolve disagreements in order to maintain and strengthen business relationships with the supplier.

Similarly, the results of our research reveal that non-economic satisfaction has both positive and significant effect on relationship quality. This finding is in line with previous empirical research by Wong and Zhou (2006) who find that customer satisfaction is positively associated with relationship quality in the context of the retail environment. Therefore, the contribution of this finding can be considered as to minor extent which confirms the previous studies.

8.4.6 Conclusion

In summary, economic, non-economic, and customer satisfaction play important roles in the business-to-business relationship that impact its level of commitment and quality.

Interestingly, these results indicate a number of important theoretical implications that can be used to create a key strategy in inter-organisational relationships. The results imply that economic satisfaction is essential to achieve non-economic satisfaction and to cause partners become committed to the relationship. Furthermore, academics should pay careful attention that customer satisfaction is not only crucial for non-economic satisfaction, but also for causing the channel partners to become committed to the relationship. This is a result of satisfied customers who have repurchase intentions for future business transactions of dealings with the partners. When this occurs, the partners will automatically be committed to their relationship with their suppliers from the continuous business transactions or dealings of their customers.

However, non-economic satisfaction alone is insufficient to cause partners to become committed to the relationship. Hence, academics and practitioners should not ignore the importance of economic satisfaction alongside non-economic satisfaction for making the partners be committed to their relationship. In the meantime, non-economic satisfaction plays an important role to influence trust and functional conflict as components of relationship quality in our research context. Therefore, academics should consider this aspect as well in examining the level of relationship quality in business-to-business environments.

8.4.7 Result for the Link Between Relationship Quality and Relationship Commitment

This section discusses the final result of the link between relationship quality and relationship commitment, as well as presents interesting findings in the conclusion.

Result for H9: Relationship Quality has positive and significant effect on Relationship Commitment.

In our research context, relationship commitment is the ultimate outcome of partnership as it operates as a channel member's intention to continue the relationship (Anderson and Weitz, 1989; Scheer and Stern, 1992). We believe that in a high quality relationship such as one that involves a high level of trust and functional conflict, will result in partners becoming committed to relationships and willing to invest in valuable assets specific to an exchange; demonstrating that they can be relied upon to perform essential functions in the future. To support this argument, the results of empirical research by Wong and Zhou (2006) provide evidence that relationship quality is positively associated with affective commitment.

Similarly, the results of our research reveal that relationship quality has positive and significant effect on relationship commitment. Therefore, the contribution of this finding can be considered as to minor extent which confirms the previous studies (e.g. Wong and Zhou, 2006).

8.4.8 Conclusion

In summary, relationship quality represented by trust and functional conflict play important roles that impact the level of commitment for the channel partners to continue their business relationship.

Interestingly, this result indicates a number of important theoretical implications that can be used as key strategies in inter-organisational relationships. As evidenced by empirical analysis, relationship quality represented by trust and functional conflict is significant in determining the level of commitment in inter-

organisational relationships. Hence, academics and practitioners should attend to both elements, namely trust and functional conflict, in relationship quality when examining other positive relational outcomes, such as level of commitment to the relationship. In addition, examining functional conflict is highly recommended, as ignoring this element may cause incorrect theoretical conclusion to be drawn if the conflict that occurs is dysfunctional.

8.5 Managerial Implications

Based on the results of this final analysis, this section provides a detailed discussion of managerial implications on a number of key issues. Limitations of the research and implications for further investigation are also discussed before providing the final conclusions of the thesis.

8.5.1 Implication 1: Guidelines for Using Certification and Relationship Setting to Determine the Level of Support

a) Certification

The results of our research reveal that certification has directly favourable impacts on supplier-partner relationships, particularly on relationship setting and relationship commitment. As it is common for channel partners with higher certification levels to make significant investments (e.g. personnel, financial resources) dedicated to maintaining their business relationships, suppliers must be proactive in managing certification programmes with appropriate requirements of capital, number of employees, and level of expertise, in order to ensure that channel partners have the abilities necessary in working together to achieve both parties' business objectives.

Annual review of certification status is also important to ensure that channel partners possess the appropriate level of knowledge and competency that can meet the organisation's quality standards. In doing so, the suppliers should require channel partners to undertake specified training programmes and examinations so that they can possess the relevant skills to sell the latest products and services offered by the

suppliers. As indicated in the results of our research, appropriate certification programmes and requirements are crucial to affecting relationship settings and to forming channel partners' commitments to their business relationships.

Furthermore, the results of our research reveal that certification has direct impacts on marketing and technical support. As channel partners perceive higher certification levels as distinct competitive advantages and valuable industrial marketing tools for their customers, who require certain level of quality technical standards, suppliers need to continuously place attention and emphasis on certification requirements. This is because certifications reflect the amount of support and resources that must be provided by the supplier, particularly with regard to those key channel partners whose expectations with regard to support programmes are oftentimes highly demanding.

b) Relationship Setting

In our research context, relationship setting is uniquely conceptualized as consisting of the concept of formality, exclusivity, and shared relationship systems as perceived by the channel partners. The results of our research indicate that these dimensions are important in representing relationship setting to affect the level of support, non-economic satisfaction and relationship quality.

It is important to note also that, while we measure relationship setting from the perception of the partners, the components of relationship setting are largely controllable by suppliers and therefore, can be altered to provide appropriate relationship setting. In doing so, suppliers should be cognizant of the need to capitalize on the three proposed dimensions of relationship setting as discussed in the following section.

Firstly, suppliers should place emphasise specific rules and standard procedures for formal agreements with their channel partners. This is necessary to avoid problems with opportunistic behaviours, as well as to determine the level of support that must be provided for the channel partners. On the other hand, business relationships that are too formalised may become barriers for both parties in working

together harmoniously. With regard to this issue, we believe that a high level of formality, for example, formal is more common than informal interaction, will most likely negatively affect the potential for harmonious working relationships. Therefore, suppliers should allow for certain levels of negotiations with regard to its formal agreements, by focusing more on necessary support programmes and business activities rather, than on the formal agreement itself. We believe that a clear and fair formal agreement is not only able to affect the level of support programmes, but also to affect non-economic satisfaction, trust, and functional conflict issues that may arise, as indicated in the results of our research.

Secondly, suppliers should place emphasis on the level of exclusivity depending on the resources and certification levels that its channel partners possess, in order to avoid channel conflict. As we find strong evidence in the results of our research for the role of this dimension of relationship setting with non-economic satisfaction and relationship quality, perceptions of exclusivity should not neglected. This is because suppliers that aim for a network of satisfied channel partners should adhere to the principle of equity in channel relationships based on their expertise, level of investment and resources in order to ensure fairness in the issue of exclusivity. Although it may be difficult to implement, suppliers should take additional steps to manage levels of exclusivity, especially for key channel partners with successful proven records in terms of business performance. In doing so, suppliers should develop a well-planned network of channel partners that are divided based on their performance-related tier, provide a well designated market or sales territory, and avoid channel partners that directly compete with each other.

On the other hand, it is also important to note that suppliers should offer reasonable justifications for their decisions as to those channel partners who do not meet the requirements for being granted exclusivity, if objections are raised. In order to enhance perceptions by lower level channel partners, suppliers should give similar exclusivity opportunities to all channel partners if certain requirements are met. In sum, suppliers that are able to manage the issue of exclusivity effectively will most likely have more satisfied channel partners, improved partner performance, and higher levels of quality relationships.

The final indicator of relationship setting is the perceptions of the effectiveness of the shared relationship system. As indicated in the results of our research, this dimension is crucial as it has significant impact on support levels, including non-economic satisfaction and relationship quality. Therefore, suppliers need to highlight that they have invested significantly in the relationship system in order to better service the growing needs of its channel partners in sales and marketing, maintaining relationships, and technical support. However, the relationship system can only be effective if it is utilised appropriately by its channel partners. In order to motivate channel partners to utilise the system to a satisfactory level, perceptions built on the system's significant benefits, such as its ability to maintain close working relationships, user-friendliness, responsiveness to the needs of channel partners, as well as efficient and fast communication tools, can be used as key influential factors. Although this strategy may take time, suppliers should provide on-going training programmes especially when there are updates of the system or applications that can be useful tools for the channel partners in increasing their sales and marketing productivity, interpersonal skills, and technical competency.

8.5.2 Implication 2: Guidelines for Implementing Support Programmes and Activities to Affect Business Performance and Quality Relationships

The past decade has seen an emphasis on relationship marketing in the channels literature (Siguaw, Baker and Simpson, 2003), yet clear operational support programmes as driving factors that affect performance and high-quality inter-organisational relationships still receive relatively little attention. On the contrary, the research presented in this paper provides three types of support programmes with their proposed indicators. The findings indicate that, for partner organisations, high perceived levels of supplier support programmes, such as found in marketing support, relationship management and technical support, are crucial for driving successful business performance and quality relationships for all parties. A discussion of these support programmes on the outcomes is provided in the following sections.

a) Marketing Support

In our research context, marketing support is uniquely conceptualised as consisting of the level of assistance in sales and marketing that is perceived by the channel partners. Our conceptualization of the four proposed dimensions of marketing support includes marketing assistance, marketing solutions, lead support and marketing coordination. The results of our research indicate that these dimensions are important for representing marketing support to affect the level of perceived economic satisfaction.

It is also important to note that, while we measure marketing support from the perception of the partners, the components of marketing support are largely controllable by suppliers, and therefore can be altered to produce high quality levels of marketing support. Nevertheless, in doing so, suppliers should be cognizant of the need to capitalize on the four proposed dimensions of marketing support.

Firstly, our research suggests that marketing assistance is one of crucial indicators of successful business performance that has significant impact on the channel partners' economic satisfaction. Therefore, suppliers should emphasise effective of sales and marketing support. In doing so, suppliers should provide marketing advice and expertise to help channel partners to sell its products and services, as well as to invest in cooperative advertising; as Anderson and Weitz (1992, p. 20) explained, to "link the supplier and distributor in the customer's mind through promotions."

Secondly, suppliers should invest in and place emphasis on marketing solutions, as they are also important influencers of economic satisfaction. For example, extensive marketing materials (e.g. promotional materials, white papers, case studies, etc) should be readily available as important tools to help channel partners to market the supplier's products and services. In addition, in motivating the channel partners to utilise these tools, providers should be interactive in offering such opportunities as product demonstrations and sales presentations being provided through the supplier's web portal. This is important in order to help channel partners

to learn and update their product knowledge and sales strategy in order to enhance sales and marketing of the supplier's products and services.

Thirdly, unlike marketing assistance that focuses on mass strategy, generating qualified leads oftentimes involves complex sale processes for most ICT products in the business-to-business environments. In addition, recent studies, find that 80 percent of marketing expenditures on lead generation are wasted because the leads were subsequently lost, ignored or discarded by sales personnel (Caroll, 2006). Hence, suppliers should focus on the specific needs and wants of its target audience, as well as engage in long-term sales processes.

Caroll (2006), CEO of InTouch Inc, suggests eight critical success factors necessary to manage customer leads, such as engaging in dialogue and conversation with the prospects, incorporating sales and marketing team collaboration, screening ideal customer profiles, defining appropriate universal leads, processing effective leads management, maintaining customer databases, integrating multimodal tactics (e.g. face-to-face meetings, email, direct mail, business events, etc), and consistently nurturing lead generation programmes. We believe that if suppliers emphasise the continuous improvements of effective lead generation, either offline or online, it will not only result in increased return on investments (ROI), but also significantly impact economic satisfaction, as indicated in the results of our research. In doing so, dedicated personnel and web-based applications for managing lead generation programmes should be provided in order to help manage channel partners' lead generation programmes effectively.

Fourthly, the last important indicators of marketing support, namely coordination, is also important to make marketing activities functional and affect the level of economic satisfaction as indicated in the results of our study, suppliers should pay careful attention to coordination skills. Hence, as these skills reside in people, rather than organisational structures or roles or tasks, these skills should be emphasised as core competences of key marketing personnel, especially in the management and development training roles. In addition, as it becomes increasingly common to interact with channel partners via the Internet, suppliers should consider using web-based applications, as these applications may help manage coordination

activities more effectively because using web-based technologies can offer benefits such as greater interactions and cost reductions, which in turn, can result in stronger marketing activities coordination and minimise traditional collaboration problems.

b) Relationship Management

Relationship management in our research context is uniquely conceptualised as consisting of behaviours perceived by the channel partners. This conceptualisation is believed appropriate since the actions and behaviours of one channel partner are those facets of a partnership that are most likely to signal the desired perception of relationship management to the other party. Furthermore, our conceptualisation of the three dimensions of relationship management, namely relationship bonds, communication, and conflict resolution, results in channel partners that are not only able to recognise the creation and transference of value by suppliers, but also able to help channel partners in achieving their business objectives while maintaining long-term relationships.

It is also important to note that, while we measure relationship management from the perception of partners, the components of relationship management are actually controlled by the supplier; hence, deliberate engendering of perceptions on relationship management by the supplier is possible as well. Therefore, in order to ensure high quality relationship management, suppliers should remain cognizant of the need to capitalise on the three proposed dimensions of relationship management.

Firstly, suppliers should allocate personnel who are assigned to a certain number of channel partners to take care of all specific problems or issues that may arise (Wiertz, de Ruyter, Keen and Streukens, 2005). Furthermore, because within the ICT industry, sales and service personnel usually have highly-technical backgrounds, these individuals may lack social skills necessary to facilitate establishing and maintaining long-term relationships. Hence, suppliers should pay careful attention to hiring or training competent personnel who are able to view themselves as relationship managers who represent complex bundles of services for channel partners (de Ruyter, Moorman and Lemmink, 2001). In addition, the suppliers should identify the set of key competencies and skills that personnel should

possess through selection, recruitment or promotions, to ensure suitable candidates are found for this position, and to invest in training programmes that emphasise partner orientation (Guenzia, Pardob and George, 2006).

Secondly, in order to ensure effective information exchange, suppliers should allocate sufficient personnel to offer routine (e.g. weekly or semi-monthly) opportunities for personal interaction via personal visits, telephone calls, or e-mail, and periodically (e.g. monthly or quarterly) schedule appointments to personally meet key channel partners in order to ensure that the organisation maintains a complete understanding of the supplier's value chain, and to identify ways in which additional value can be offered now and in the future. As previous research by Price and Arnould (1999, p. 51) finds, frequent interaction (e.g., communication and customer orientation), even when contact is restricted to telephone conversations, facilitates development of commercial friendships, and, in turn, commercial friendships lead to different forms of preferential treatment.

Thirdly, in order to ensure constructive conflict resolution, suppliers should handle channel conflicts proactively by providing formal mechanisms before conflict arises. Encouraging participation, such as giving advice and suggestions for improvements or development purposes, as well as a willingness to help and a keen interest in the problems faced by channel partners, are essential in handling conflict effectively. Again, frequent communications or interactions are also crucial to minimising conflict with channel partners as poor communication is nearly always one of the major causes of conflict.

c) Technical Support

Technical support in our research context is uniquely conceptualised as consisting of the level of technical assistance as perceived by the channel partners. This conceptualization is believed to be very appropriate since customer satisfaction within the ICT industry has been always been linked with the use and implementation of web-based solutions, technical training, and service quality. Hence, our conceptualisation of the three dimensions of technical support, namely training solutions, training investment and service quality, may lead channel partners to

recognise the creation and transference of technical standards and competency in technical support. In addition, this may create the intent to provide technical assistance as needed by channel partners to best serve end customers.

As indicated in the results of our study, the three dimensions of technical support are crucial in order for channel partners to achieve their business objectives and to maintain long-term relationship with suppliers. These dimensions of technical support are controlled by the supplier and hence, deliberate engendering of perceptions on high level of technical support by the supplier is possible. Therefore, in order to ensure high quality technical support, suppliers should be aware of the importance of capitalising on these dimensions.

Firstly, suppliers need to invest in and place emphasis on technical solutions, as they have important effects upon the level of customer satisfaction. In order to provide effective technical solutions, suppliers must evaluate which elements and applications of technical support systems should be highlighted in order to motivate channel partners to utilise the system to best serve its customers. The results of our research suggest that perceived effectiveness and importance of the technical support system can motivate channel partners to use the system and hence, provide better service to their customers. Accordingly, although it is difficult to influence and may take time, technical solutions are among the dimensions that must be emphasised in order that channel partners will not only be motivated to utilise the system, but also to perceive it as a useful tool for providing technical support to their customers.

In the meanwhile, the results of our research also indicate that multiple customer contact points (such as telephone, email, and FAQ sections of websites), and fulfilment systems aid channel partners in providing enhanced service to their customers. Hence, effective integration in realising the benefits of the technical support system should not be neglected by suppliers. In doing so, the training should be provided so that the system and its applications will become familiar to the personnel of channel partners, in order to utilise it effectively. This is important as efficient use of technical support solutions can directly impact customer satisfaction and indirectly impact partner non-economic satisfaction.

Secondly, in order to ensure effective training programmes, suppliers must emphasise continual training and development programmes. As the results of our research indicate that training investment has a significant relationship with customer satisfaction, suppliers must provide highly qualified and experienced training instructors, or product experts, for training programmes with the objectives to increase technical competency, enhance product knowledge, and to increase the level of expertise of its channel partners. Furthermore, suppliers should provide creative and effective training programmes through web-based applications, such as hypermedia content presentation, non-linear instruction interaction, and case studies, as these can motivate channel partners to learn and increase their knowledge, conveniently at their own pace at a minimum cost. In summary, training investments will result in high levels of competency and expertise among channel partners, which in turn, will significantly impact customer satisfaction.

Thirdly, guaranteeing high service quality for the technical support system will lead to a feeling of confidence among channel partners in relying on the system. As indicated by the results of our research, service quality significantly impacts customer satisfaction. Accordingly, we believe that if the characteristics of a system include quality, effective, up-to-date reference materials, 24 hours access, and are available in real-time, the result will be increased performance of the channel partners in serving its customers. Based on these findings, we suggest suppliers control service quality by ensuring that the response time does not exceed a predetermined time limit, and allow the channel partners to quickly gain access to the right person (e.g. customer service, technician) whenever necessary.

Furthermore, suppliers should provide knowledge databases and up-to-date reference materials that are relevant to the needs of its channel partners. The issue of ease of accessibility and real-time access should also not to be neglected, as these may signal feelings of confidence as to the responsiveness and assurance of the web-based system, when the channel partners independently handle technical problems for their customers.

8.5.3 Implication 3: Guidelines for Focusing on Performance to Develop High Quality Relationships

a) Economic and Non-Economic Satisfaction

According to Geysken and Steenkamp (2000, p. 24), "virtually all marketing channel studies to date have treated channel member satisfaction as a unidimensional construct." However, recent studies reveal the critical need to recognise the presence of two different types of satisfaction for effective channel governance: economic satisfaction and non-economic satisfaction (Geyskens, Steenkamp, and Kumar, 1999). Therefore, in our research context, we develop and test a new measure of satisfaction, capable of providing information on the economic as well as the non-economic component of satisfaction.

Based on this approach, the distinctiveness of the economic and non-economic satisfaction constructs is further supported by the fact that these two types of satisfaction are differentially related to a number of consequences, as we determine as a result of our research. Interestingly, the results of this research reveal that economic satisfaction has significant impact on relationship commitment and non-economic satisfaction, while non-economic satisfaction has significant impact on relationship quality. These findings hold several managerial implications.

Firstly, suppliers must understand that channel partners' satisfaction in their relationship with the supplier has both economic and the non-economic dimensions, although related to one another. This is because without knowing the interplay between economic satisfaction and non-economic satisfaction, suppliers are unable to influence effectively the likely response strategies of their channel partners.

The above scenario raises a question as to which circumstances might require suppliers to devote more resources to improve their channel partners' economic satisfaction, versus non-economic satisfaction, or vice versa. We suggest that suppliers first and foremost concentrate on discouraging channel partners' destructive response strategies. To this extent, organisations should closely monitor their channel partners' economic satisfaction, and enhance it whenever necessary and possible,

because as long as economic satisfaction is sufficiently high, non-economic satisfaction does not contribute to encouraging exit. In doing so, suppliers should use a number of instruments for enhancing a channel partner's economic satisfaction, such as providing high quality products (e.g. such as those that the end customers like and come back for), attractive discounts, as recommended by previous researchers (Geyskens and Steenkamp, 2000), as well as high quality support programmes (e.g. sales and marketing, relationship management, and technical support).

Thirdly, in the event channel partners' economic satisfaction is low, for example, in the case of new channel partners, or under severely competitive conditions (e.g. those that force suppliers to lower prices by cutting into their profit margins) that cannot be easily enhanced in the short run, suppliers should focus on enhancing non-economic satisfaction. This is in response to the results of our research, which reveal that high levels of non-economic satisfaction have significant impact on relationship quality. As relationship quality consists of two dimensions, namely trust and functional conflict, non-economic satisfaction is believed to have the capability of maintaining the level of trust and resulting in functional conflict. Therefore, this finding suggests that suppliers should enhance non-economic satisfaction in such case as it reduces destructive responses to current channel problems. Moreover, non-economic satisfaction has direct impact on relationship quality that increases relationship commitment. Therefore, suppliers should understand the positive consequences of non-economic satisfaction so as to enhance the functioning of channel relationships and to overcome current problems or conflicts that may occur. As such, suppliers should also utilise this approach as a viable strategy in order to prevent channel partners from engaging in destructive responses or possibly exiting relationships if their economic satisfaction is low.

b) Customer Satisfaction

The results of this study suggest that supplier's key strategies to sell products and services via channel partners indicate that satisfied customers have significant impact on channel partners' non-economic satisfaction and relationship commitment. The findings drawn from this research contribute to several interesting managerial implications.

Firstly, by assuring satisfied customers with the products and services, suppliers are able to indirectly influence the level of non-economic satisfaction of its channel partners. This is the result of customer satisfaction, which creates continued business dealings, enhanced repurchase intentions, company recommendations to others, and a high degree of loyalty for channel partners. As a result, fewer complaints by the channel partners are likely and potential conflicts can be reduced. In addition, when the customers have continuous business dealings with their channel partners, the same consequences will hold with regard to the channel partner's relationships with the supplier. This will likely result in the channel partners' willingness to make further investment, and increased efforts to build upon the existing business relationship with the supplier, expecting a long-lasting partnership, and increased commitment to remain part of the supplier's network.

Secondly, suppliers should initiate a survey (e.g. annually) to receive customer feedback, to investigate customer satisfaction in relation to its corresponding channel partners. Customer feedback that is obtained through independent representatives may be inaccurate or misleading, potentially leading to bad decisions. Furthermore, customer surveys are important in order to obtain adequate feedback, comments and suggestions from customers and the collected information can be used not only for improving the level of service quality that customers receive from channel partners, but also to enhance an understanding of customer needs, expectations, perceptions and reactions to the supplier's products and services.

8.6 Research Limitations and Implications for Further Investigation

Our research provides a number of new insights into the impact of support programmes on inter-organisational relationships within the ICT industry. However, the findings of our research should be viewed in the context of a number of limitations. These limitations require attention as they have implications for the potential direction of further research opportunities.

As the scope of our research focuses on supplier-partner relationships within the ICT industry, using this single type of business-to-business context limits the results as it relates to the industry specifically, and can only offer a good illustration,

rather than a representation for use in other industries. For example, the results of our research reveal that non-economic satisfaction has no significant impact on relationship commitment. This may not be similar for business-to-business contexts in other industries. In addition to differences in business-to-business contexts, other industries may also differ in terms of the extent of use of web-based technologies and traditional approaches for developing successful inter-organisation relationships. As such, similar research in other industries is needed to cross-validate the findings of our research and to guarantee the ability to generalise the results.

Furthermore, this research's findings should also be viewed under possible confounding effects of other factors, such as the different levels of respondents' experiences with using web-based technologies and unique offline relationships with their corresponding suppliers. This is at a personal level. At an organisational level, our empirical research is only based on the partners' perceptions; hence, it will be worthwhile to obtain the point of view of the suppliers and customers as well. Therefore, further research as to type of respondents and organisations in channel relationships may also be considered for future investigation.

Moreover, as our empirical research is conducted in the United Kingdom, Ireland, Malaysia, and Singapore, cultural differences may exert influence on the results. However, as our sample is only moderate (n=196) and a larger sample size is needed to examine the impact of cultural differences on the results, we are unable to do so, and further research is required to examine this issue. It is also important to note that as the validity of this research is limited to the cultural settings of these countries, similar research should be replicated in different countries in order to guarantee the generalise-ability of the results.

Another limitation is the inaccessibility of other important variables in the model. For example, product quality and product performance can affect customer satisfaction levels. Hence, further research can be conducted to expand the model developed as a result of this research. As indicated in the results of our research, customer satisfaction has low loading of .07, although it is significantly influenced by technical support. This implies that other important antecedents of customer

satisfaction, such as product quality and product performance, should be included in the model as well.

Also, all concepts and relationships are measured at one point in time as a static perspective. It is also appropriate to examine supplier-partner relationships over time in order to account for the dynamics of business relationships. This consideration is important in this research for to reasons. Firstly, the nature of web-based technology is commonly known to evolve over time and becomes more diffused throughout organisations. Hence, we envisage that continuous development and improvement in web-based technologies, particularly in partner relationship management areas, will result in more extensive use of web-based technologies than as merely complementary tools for the maintenance of supplier-partner relationships. Secondly, the strategies used by suppliers to provide support programmes for their channel partners may change in the future in order to remain competitive in the market. Therefore, evolution of the web-based technologies in the supplier-partner relationship offers further research opportunities, as some of the results examined in this research may change or intensify in the future.

Furthermore, this research examines the best practices of relationship marketing, called partner support programmes that comprise web-based technologies and traditional approaches. An interesting study can only focus on the use of specific functions of web-based technologies in managing business partners and attempts to find its impact on inter-organisational relationships. For example, Rao and Perry (2002) examine the impact of Internet use on inter-organisational relationships in service industries (e.g. banking). Therefore, similar research about the use of specific functions of PRM and its impact within the ICT industry can also be carried out.

Another limitation of this research is found in that it is performed only within the context of the business-to-business environments. Hence, this provides an interesting future research direction in the context of the business-to-customer realm, such as examining the impact of the use of web-based technologies on customer satisfaction and long-term orientation.

As two indicators namely technical assistance and partner community are dropped from the analysis, it can also offer further investigation. In addition, the concept of technical assistance and partner community are still new for technical support and not widely recognised, and hence, they may only be used by a few channel partners. Therefore, in-depth understanding and their current usage needs to be addressed as well in future research.

Finally, as the result in the ANOVA indicates that there is a statistically difference at the $p<.05$ level in the mean scores of relationship commitment for the nine groups, further attention needs to be placed in this area in future research investigation.

In conclusion, despite limitations of this research and the need for further investigation, we believe that our research offers invaluable contributions to marketing theory and practice. The findings of our research can still be generalised to other industries provided that they share common characteristics of business strategy in the supply chain management. For example, the theory and findings of our research can be used for business-to-business contexts in which suppliers have appropriate support programmes for their business partners or resellers to sell their products and services such as in franchise, telecommunication, automotive, manufacturing, building and construction, medical, pharmaceutical, oil and gas, and textile industries.

8.7 Final Conclusions

As demonstrated by the results of our research, support programmes and activities for channel partners can no longer be limited to traditional approaches but also require the use of web-based technologies. Hence, it is increasingly necessary for the suppliers to understand that managing the affairs of channel partners is essential using these two approaches, such that it requires strong interpersonal skills and high competency in using web-based technologies in order deal with channel partners most effectively. Furthermore, at the personnel level, this understanding should not be the sole responsibility of a few specialists in partner relationship management, but rather should be part of key responsibilities for every personnel who is charge of managing channel partners and also part of the organisational culture. At the organisational level, channel partner orientation should be seen as a key strategic business objective from both economic and non-economic dimensions. To achieve this business objective, channel partners must be treated as strategic business partners, linked to supplier organisations by dedicated personnel who are highly competent in managing channel partners and sophisticated partner relationship management systems that can afford seamless integration of sales and marketing, relationship, and technical support throughout the network of channel partners.

Theoretically, it is important to emphasise that research on the best practices of partner relationship management supported by web-based technology is still limited, although there has been a number of studies attempting to address this issue in existing marketing literature. Therefore, this research offers new opportunities for further investigation in order to fully address this issue. Practically, it is also important to emphasise that those suppliers that fail to understand and attend to this issue, will become less competitive organisations in managing their channel partners and possibly disappear in the business in the long-term. In addition, the benefits of managing business partners supported by web-based technologies have been found not only to improve suppliers' gross revenues through expanding sales capabilities of their business partners, but also to enhance supplier-partner relationships and reduce manpower required to manage a vast network of partners effectively. Therefore, it is crucial that suppliers continue their efforts to develop and improve partner

relationship management in order to remain competitive and ensure their place in the market over the long-term.

In conclusion, the primary contribution of this research is to provide an empirically-tested theoretical foundation which to establish the best practices of managing business partners supported by web-based technologies. We believe that this foundation will benefit both practitioners and academics by creating knowledge for the purpose of helping each to understand, explain, and predict supplier-partner relationships within the ICT industry. Finally, it is hoped that this research provides a comprehensive understanding to justify strategies in partner relationship management with greater impact on business performance and quality supplier-partner relationships.

APPENDIX A

Table 1: Business Applications Using Web-based Technologies in Chronological Order

Author/year of publication	Improved communication	Improved financial performance	Improved operational efficiency	Improved customer service	Improved partner relationships
Keeler (1995)	√	√			
Sterne (1996)	√	√			
Hodkinson & Keil (1996)	√	√	√		
Murphy (1996)	√	√	√	√	
Quelch & Klein (1996)	√	√			
Kalakota & Whinston (1997)	√	√	√	√	√
Birch & Young (1997)	√	√			
Soh, Mah, Gan, Chew & Reid (1997)	√	√	√	√	√
Honeycutt, Flaherty & Benassi (1998)	√	√			√
Banaghan & Bryant (1998)			√		
Yu & Koslow (1999)	√	√	√	√	
Geiger & Martin (1999)	√			√	
Griffith & Palmer (1999)	√			√	
Evans & King (1999)	√	√	√	√	
Silverstein (1999, 2001)	√	√	√	√	√
Reedy, Schullo & Zimmerman (2000)	√		√		√
Vlosky, Fontenot & Blalock (2000)	√	√	√	√	√
Chan & Swatman (2000)	√			√	
Fraser, Fraser & McDonald (2000)	√				
Avlonitis & Karayanni (2000)		√	√	√	
Turban et al. (2000)	√	√	√	√	
(Plant 2000)		√			
Chircu & Kauffman (2000)		√			
Gome (2000)		√			
Levy (2000)		√	√		
Wymbs (2000)	√	√	√	√	
Walsh & Godfrey (2000)				√	
McWilliam (2000)	√			√	√
Lancioni, Smith & Oliva (200)		√	√	√	√
O'Keeffe (2001)		√	√	√	√
Brewton & Kingseed (2001)		√	√		√
Bhat, Runciman & Chaston (2001)	√	√	√	√	√
Cunningham, J. (2001)	√	√	√	√	√
Webster, J. (2001)	√				
Dann & Dann (2001)	√	√	√	√	√
Dussault (2001)	√	√	√	√	√
Huggins (2001)	√	√	√	√	√
Kothandaraman & Wilson (2001)			√	√	√

APPENDIX B

Table 2: Relational Bonds (e.g Satisfaction and Commitment) in the Literature

Author	Year of publication	Social bonds										
		Trust	Commitment	Satisfaction	Shared values	Equity	Value	Dependence	Power	Cooperation	Communicatio	Conflict
Anderson and Narus	1984			√						√		√
Rosson	1984		√	√						√		√
Crosby & Stephens	1987			√							√	
Dwyer, Schurr & Oh	1987								√		√	
Anderson & Weitz	1989	√			√			√		√	√	
Frazier, Gill & Kale	1989			√		√		√	√			
Kale	1989							√				√
Landros & Monczka	1989		√							√	√	√
Lascelles & Dale	1989			√					√		√	
Leonidou	1989	√							√	√	√	
Turnbull & Wilson	1989							√				
Young & Wilkinson	1989	√						√	√	√		√
Aderson & Naurus	1990	√	√	√				√	√	√	√	√
Crosby, Evans & Cowles	1990	√		√						√		
Johnson, Sakano and Onzo	1990								√			√
Sriram & Mummalaneni	1990		√					√				
Frazier and Rody	1991		√							√		√
Lagace, Dahistrom & Gassebheimer	1991	√		√						√		
Moore	1991			√								√
Anderson & Weitz	1992	√	√					√	√		√	√
Boyle, Dwyer, Robicheaux & Simpson	1992								√	√	√	
Dant & Schul	1992			√				√				√
Heide & John	1992							√		√		
Moorman, Zaltman & Deshpande	1992	√	√							√		
Han, Wilson & Dant	1993								√			
Havilia & Sandstrom	1993	√							√	√	√	
Johnson, Sakano, Cote and Onzo	1993			√					√	√		
Moorman, Deshpande & Zaltman	1993	√										
Anderson, Fornell & Lehmann	1994			√								
Anderson, Hakansson & Johnanson	1994		√					√		√		
Ganesan	1994	√		√				√				
Gilbert, Young & O'Neal	1994	√								√	√	
Heide	1994							√				√
Morgan & Hunt	1994	√	√	√							√	

Author	Year of publication	Trust	Commitment	Satisfaction	Shared values	Equity	Value	Dependence	Power	Cooperation	Communicatio	Conflict
Palmer & Bejou	1994	√		√								
Wray, Palmer & Bejou	1994	√		√								
Callaghan, McPhail & Yau	1995	√										
Cullen, Johnson & Skano	1995	√	√	√					√			√
Dion, Easering & Miller	1995			√								
Goodman, Fichman, Learch & Snyden	1995			√						√	√	
Kumar, Scheer & Steenkamp	1995	√	√					√				√
Leuthesser & Kohli	1995			√						√		
Mohr & Sohi	1995			√							√	
Wilson	1995		√		√			√		√		
Hubbert, Bitner & Kleine	1996			√								
Iancobucci & Ostram	1996										√	√
Johnson, Cullen, Sakano & Takenouch	1996	√										
Lusch & Brown	1996							√				
Schijns & Schroder	1996	√		√				√		√		
Styles and Ambler	1996	√	√					√	√	√		
Young, Gilbert & Mc Intyre	1996		√						√		√	
Bendapudi & Berry	1997	√								√		
Doney & Cannon	1997	√							√	√		
Fontenot and Wilson	1997	√	√	√				√	√		√	
Kim and Frazier	1997	√	√					√			√	√
Kozak & Cohen	1997	√	√					√			√	
LaBahn & Kohli	1997	√	√									√
Lawson	1997	√		√							√	
Lewin & Johnston	1997	√	√					√		√	√	
Low	1997	√						√			√	√
Patterson & Spreng	1997			√			√					
Ross, Anderson & Weitz	1997		√					√	√	√	√	
Simoson & Mayo	1997	√	√	√					√			
Simoson & Wren	1997		√								√	√
Smith & Barclay	1997	√	√	√				√				
Smith, Ross & Smith	1997		√	√						√		√
Babin & Griffin	1998			√								
Dorsch, Swanson & Kelley	1998	√	√	√								
Joshi & Arnold	1998							√		√		
Kim & Frazier	1998	√	√					√				√
Kumar, Scheer & Steenkamp	1998							√	√			
Morris, Brunyee & Page	1998	√	√					√	√	√		√
Siguaw, Simson & Baker	1998	√	√	√								
Smith	1998	√	√					√			√	
Stern, Thompson & Amould	1998	√				√						√
Williams, Han & Qualis	1998		√					√				
Buttle & Ahmad	1999	√	√		√							
Cannon & Perreault	1999							√		√		
Garbarino & Johnson	1999	√	√	√								
Grayson & Ambler	1999	√	√									

Author	Year of publication	Trust	Commitment	Satisfaction	Shared values	Equity	Value	Dependence	Power	Cooperation	Communicatio	Conflict
Hasting	1999	√	√	√	√			√	√	√	√	
Jap, Manolis, Weitz	1999							√			√	
Joshi & Rodney	1998		√					√		√		√
Sharma & Patterson	1999	√	√								√	
Teale	1999	√	√			√			√			
Phan, Styles & Patterson	2000	√	√	√							√	
Sweeney	2000	√	√	√		√	√					
Bennett & Gabriel	2001	√	√									
Hewett & Beardon	2001	√						√		√		
Perry, Cavage & Coote	2001	√	√			√		√				
Cannon & Homburg	2001										√	
Nicholson, Compeau & Sethi	2001	√			√			√				
Ruyter, Moorman & Lemmkin	2001							√			√	√
Young & Denize	2001		√									
Total		**52**	**48**	**42**	**18**	**16**	**10**	**41**	**38**	**34**	**34**	**32**

APPENDIX C

1. IBM (Ireland – Supplier Organisation)

IBM is one of the market leaders in selling ICT hardware and software for "low and high end" customers and Mr David Tallon is the IBM Ireland Business Partner Manager. He reports to the Country Manager and his main responsibilities include recruiting partners, managing partners' programs and monitoring partners' performance. He is also in charge of Account Managers and Partner Managers, who themselves are in charge of major end customers and primary business partners respectively.

He defined partners as primary business partners that have acquired certain skills and accreditation. These partners are classified into three groups: hardware, software, and high volume of sales. He explained that all partners have to sit for exams as part of their accreditation programs. For example, partner that specialises in software products needs to have personnel who have a certain degree of skills ranging from sales to technical aspects of the products. They are required to take a compulsory exam every 18- month otherwise they may lose the authorisation to sell the products. In addition, the products also keep changing as a result of competition with other companies. So, the objective of the exam is to update their products knowledge and skills as they need to acquire certain standard of skills in selling the products to the end customers.

All primary business partners are managed by the Partner Managers. The company has a dedicated team to manage 4 partners for "the high end" related products, 10 partners for the software products and 15 partners that sell a high volume of hardware products (PCs, servers, and desktops).

The support programs for the partners are dependent on their type. Some of the examples are demo centre facilities, training for specialised skills, and a dedicated team for assistance.

In general, 90% of the business is identified by business partners while the remaining 10% is identified by IBM sales force through the lead generation. IBM conducts its marketing in two ways. Firstly, it focuses on "brand awareness" through the media coverage. Secondly, it focuses on specific lead generation. For example, IBM has a sales force team who will call the end customers from time to time. The company also does a lot of direct marketing activities, giving special offers, and organising seminars. On the other hand, IBM calls centre focuses on a specific market such as products for solicitors etc. Each potential customer in this market is contacted via phone by a dedicated team whether he or she is interested in buying the product.

Besides these programs, IBM also provides training and accreditation programs. Usually, on-going talk such as product refresh session is held once in every quarter of the year and various business events are held from time to time by the UK team.

Regarding joint planning exercise, each Partner Manager has a face-to-face discussion with their business partners in the beginning of each year. The key issues in the discussion include market planning exercise, total revenues they hope to make, how to achieve it, which sectors are involved, how many leads

are needed, how many leads need to close and marketing campaign activities. Every year, this plan becomes a working document and is reviewed quarterly.

Moreover, forecasting the sales target and checking the sales performance are also carried out in every quarter of the year. For example, if they wish to sell 10 millions, issues such as amount of revenues that they need to get for every quarter, resources that IBM need to allocate, the leads which need to be done are discussed as well as running relevant lead generation activities. In the event of the Partner Manager anticipates that they cannot achieve the target based on current progress, a revision will be conducted in order to make it materialised.

IBM evaluates the partners' performance in four ways. Firstly, customer satisfaction is considered the highest priority and every transaction worth more than 10 thousands will be evaluated. At the moment, IBM appoints third party to evaluate customer satisfaction and whether they have delivered the solutions according to the standard. Secondly, technical competency of partners' personnel is also an important indicator to measure partner's performance. Thirdly, the company also wishes that all the partners have a long-term business relationship. Fourthly, the amount of revenues that the partners have generated for IBM is also an important measure. This is because if they failed to meet the target sales, then they would not receive any rebate.

In building high quality relationship, IBM appoints a Relationship Manager who will see the business partners at least once a week. The Relationship Manager maps out the plan for that year, how much revenue they want to achieve, the amount of technical support they need, and the marketing campaigns. Also, Relationship Manager will contact them every month to monitor the progress in order to ensure that everything is working according to the plan. IBM has also invested a lot of resources to build up the partners' skills in selling the products. The company believes that by doing this, it will assist in building of trust, commitment, and understanding of one another in business. However, according to David, there are always conflict between IBM and its partners. Therefore, a dedicated team or a more senior manager is always available to solve it properly as soon as possible.

In terms of sharing information, strategy and planning in business, discussion sessions are conducted on ongoing basis either face-to-face or via email. At present, they have communication schedules for communication with partners such as seminars, monthly newsletters containing updates, and many more.

Furthermore, co-ordination is achieved by limiting the number business partners operating in Ireland. This is to avoid the partners from competing in the same market as this may cause undesirable effects on IBM's revenues.

IBM still uses Customer Relationship Management (CRM) for the partners but the function is similar to Partner Relationship Management (PRM) that is allowing the partners to have access to the internal system.

In the website, the partners can gain access to extensive information provided by IBM. These include the amount of revenues generated, accreditation programmes, lead management, and network that

they have. Communicating through the videoconferencing is unimportant but email has been used very extensively.

In the sales lead management web, partners are able to use forecasting tool, track lead status as well as seeing the whole sale cycle. This includes ability to check which lead has closed.

Moreover, IBM also provides technical support through the web and telephone. If there is any emergency, partners can send email to the first line technical support or call centre which are available 24 hours 7 days a week. If the problem is not resolved, it will be transferred to the second line technical support. Finally, if the problem is severe, it will be dealt with by the lab. This facility is especially needs to be available to support products in the banking sector.

Co-ordination of events at local, regional and international level is also accomplished via the web. For example, upcoming events are automatically alerted to the partners in advance so that they do not miss them.

2. IBM (the United Kingdom – Supplier Organisation)

Don Broughton is the Client Executive at IBM UK. He has been in this position for the past six years. He began the discussion by explaining that IBM is a complex organization where it is managed by a matrix form of organization. It is divided into individual industrial sector such as finance, distribution, public sector, and SMB (Small and Medium Business).

IBM has Client Managers whose responsibility is to manage the customer relationship. However for big size customer companies such as Lyods Bank, a dedicated team dealing with this matter will be assigned to them.

IBM has master product units such as Brand PC, software, hardware, and IGS (IBM Global Services). These products are mostly sold through the partners and managed by a division of partner management called Business Partner Organization (BPO). Don is one of the Client Managers who are responsible for the BPO. The distributor that he manages has annual revenues of 130 millions pounds.

He explained that in the IBM organization, there is tier relationship between the distributor, reseller (partner), and customer.

Their large-size partners (resellers) have direct relationship and buy directly from the IBM. On the other hand, small-size resellers buy the products from the distributors. He added that a distributor does not fall into any type of partner, but a reseller can be of different types, either premier, advanced, or member partners.

In general, IBM partners sell both IBM and other suppliers' products. However, some of them specialise in selling one product only. Premier partners usually sell more than one products.

Each product has specific support program and certification level. For example, a server has a different support program than that of software product. Also, each product line has a specific certification level. This certification is divided into two main aspects; sales and technical, and is required before a

partner is allowed to sell the products. For that reason, IBM organizes hundreds of different exams because of numerous types of product lines and different types of partnership level.

In terms of managing core business activities, IBM has regular meetings, organises business partner events, provides all necessary information in the web, and provides key strategic information to the partners.

Usually, a partner has to present his master plan of each year in January and February. This plan is prepared one year ahead prior to its submission as the master plan of the year.

IBM also has partner reward programmes by providing various marketing funds, rewards, and rebates for the partners. So, the more products they sell, the more reward they receive. They can also apply for a fund after marketing campaign.

Don pointed out that his primary roles are in monitoring the revenues and customer satisfactions through appropriate support programmes. Apart from that he is responsible to reduce the complexity for partners in dealing with IBM due to the diversity of products, business issues, as well as various training and certification programmes. He also tries his best to help partners to have appropriate training programs in order to become specialists.

Some of the activities are sales forecasting which is performed on weekly basis, planning and product order which are carried out whenever the business partners come to have their regular discussions at IBM office. Usually, they are held once a week.

Some of the problems that need to be solved in business dealings are delivery of wrong product and knowing the right person to contact. For example, in the case of delivery of a large faulty equipment to the customer's site, the task is how to deploy an IBM engineer to fix the equipment as soon as possible. This is one of the reasons why they need to contact the Client Manager directly.

Evaluation is a part of support programs that is carried out by IBM. In the case of premier partners, they are required to have sufficient number of highly skilled staff, and high volume of sales. Also constant reviews are carried out to ensure that the partners deliver the solution according to the standard set by IBM .

As the main revenues come from business partners, IBM always tries to share with them as much knowledge and expertise as possible. This is because sharing of strategic information will help the partners to grow. Amongst the information that IBM shares is the trend in market growth whether growing or declining. However, IBM has to be careful about certain confidential information since some partners may also have partnership with IBM's competitor.

Other important support program is providing information on product quality and its advantages, and warranty to help the partners to be successful.

IBM competitive advantage is that it offers various types of products compared to its competitors. (Microsoft=software), (Oracle=database), (Sun=server), (Hewlett Packard=business consulting, hardware). In fact about 1/3 of the revenues comes from IGS (IBM Global Services), which makes IBM a unique leading IT company.

In the web, IBM partners have access to sales materials, technical information programmes, product information and pricing. However sometimes there are too many information, instructions and links in the web, which can be complex, making it difficult for partners to use them.

Web is also used to inform the partners regarding new update, certifications, and training programmes. These are accomplished by allowing the partners to have certain access to the web. Each has its own privilege to certain information as IBM does not want them to know irrelevant and confidential ones.

He added that the uniqueness of the web for sales support is that it is easy to inform the partners about anything including marketing and new programmes. For example, email can provide links and allow the information to be delivered instantaneously. So, it is very effective compared to the traditional method

Don said that in the web, there is also a directory for customers to find contact information of the partners' sales, technical and marketing representatives. So, this makes it easy for all parties to have effective communication.

Usually, IBM Partner Manager communicates regularly with the partners by email and telephone. The advantage of email is that one can have a quick response and is able to provide various information and very detailed messages which can be tailored very easily according to the partner's request. So email helps building closer working relationship with the partner. However, face-to-face meeting is still needed.

There is also lead management in the web. It is a tool for customers and partners to find product specification and other information. However, to close the lead, the partner needs to do follow-up and have face-to-face meeting.

In terms of technical support, IBM has a comprehensive database ranging from common to complex problems. This is important for the partners and customers because it contains the solutions for troubleshooting. The code can be easily downloaded from the web and this is done by self help because IBM does not usually send engineer to the site.

In building high quality relationship with the partners, IBM has satisfaction survey conducted by an independent party as well as world wide partner satisfaction survey covering various issues on sales, marketing, relationship, responsiveness etc.

Don also pointed out that the measures used to assess the partners are business performance, their intention to stay, as well as partner and customer satisfactions.

He agreed that the current trend makes it very difficult if there is no web technology to complement the traditional interaction. For example, as supplier-partner relationships are one-to-many, he does not think that they can handle demands by the partners if the majority of them want to find information by contacting the Account Managers.

Other than that, IBM has a continuous Research and Development (R & D) programme and takes feedbacks from the customers and partners regarding how to improve their products. In the R & D there are technology roadmap, innovation and competitors' products analysis. These are part of vital strategy to sustain the company's growth and to ensure products survival in future.

3. Microsoft (Ireland – Supplier Organisation)

Paul Mason is the Group Manager for small and middle solution (SMB) in sales and marketing department at Microsoft in Ireland. He has been in this position for more than 2 years. He began the discussion by highlighting the new programmes that Microsoft has recently launched for maintaining the brand reputation from being devalued as a result of having too many partners.

The new programmes are based on competency model in 11 different areas. Amongst them are security, networking, software asset management, e-business etc. The partners may specialise in one product so that they can invest and deploy their people to achieve the required competencies. In order to become a certified partner, each partner needs to be certified in a specialised area depending on its interest, size and revenues gained. Using this competency model, there will be a limited number of partners acquiring the certifications for each product.

It is critical to manage the partners appropriately because 96% of the revenues come from partners in Ireland. As Microsoft only carry out the sales and marketing aspects, the partners need to provide all the technical resources. This is the reason that Microsoft has to be careful in selecting the right partner to pioneer this competency model. For example, too huge markets have driven down the cost using IT infrastructure and therefore, in order to migrate to new solutions, appropriate competency (infrastructure) with proven skills, tack record, case studies are amongst the key criteria for choosing the business partners in this programme. At this stage, Microsoft will provide training, consultants, co-marketing program, and telesales in helping generate sales leads and close them.

It is fairly straight forward to become a certified Microsoft partner. A partner that has specialised in sales, marketing, technical expertise will be given the certification. The exception is the Gold partner because it needs certain requirements. High level partner who is committed will be rewarded in a meaningful way, for example, selecting them in the new support programme such as competency model.

The partners are not charged for any assistance given by Microsoft. Also the higher accreditation that the partners have, the more software they can get. They also receive the training in using the latest technology.

High level of technical competency to deliver Microsoft solution to the end customers is required as well as other important investments (e.g. time and skills).

Technical aspect is a very important issue in the support programs. It is one of the reasons that Microsoft provides very intensive support programs in the post-sales period. Courses and hands-on technical training are run by the vendor who is a certified training instructor. It is outsourced to professional trainer in order to provide more effective training programmes for the partners. There is also world technical conference with minimum cost for any partner to attend. Apart from that Microsoft provides free business package regularly for the business partners.

Gold partner is a managed partner who receives high level of interactions with Microsoft dedicated team, specialist, and consultant. In addition, all partners receive service of toll free number for

sales and technical support without having to pay additional cost. It is a high quality service and most partners use them in the pre-sales period before meeting the customer. Some information that they need in this pre-sales period are product comparison with competitors' products and any issues that they are unsure about.

Microsoft has countless information available in the web to the extent that the partners can sometimes be more knowledgeable than the supplier. Some of the examples are forming the e-community and talking to the peers online for troubleshooting. The richness of information in the web is very useful for the partners in the post-sales and forms part the strong technical support.

Microsoft also emphasized on product innovation and R&D as part of branding and product development strategy. They always refer to customers' needs and receive feedback from the partners, customers and internal staff. Designing and innovating a better product is a very sophisticated process because Microsoft business is about software and not IT service.

The uniqueness of the web technology in supporting the partners is that it adds value to the relationships. With the technology, Microsoft makes it feasible for customers to find partner information, to conduct customer and internal web survey, as well as to provide integrated online technical support. For example, the customer or the partner can send payments to the account department through the web.

With regard to security issue, the aspects of confidentiality and virus or worms are always raised in exchanging information with the partner. Therefore, the data integrity has always been considered as primary concern. Also, security usually means to block and avoid the attacks of malicious texts, virus or worms. That is why sometime Microsoft uses the latest software to send the document that can be neither printed nor forwarded and will expire in two days.

As there are different levels of partnership, Microsoft gives privileges to the highest ones by making it easy for the partners to navigate the web to find information. This is done by using log in ID, password, and routing certain information.

From time to time, the company regularly improves the new service and analyses the number of people that visit the web page. He pointed out that the advantage of the web is that they can change or send information and respond quickly.

Siebel is the developer of the PRM solution for the company. All details of the partners are recorded including their areas of interests. This enables Microsoft to send the right information at the right time. Apart as communication tool, PRM also acts as web portal that functions to generate sales lead and Microsoft is committed to using it for more sales opportunities because it is a very important tool for both partners and customers in the pre-sales period.

Microsoft attempts to make online strategy as web centric for the product especially for the post-sales. He pointed out that it is already a reality that if a customer has experienced the integration of the product, it will be very significant because the current trend is to design the product to be well integrated with the web. For example, home user can upload new update to patch his or her software to avoid any hacker to send virus.

The use of the web integration with the product can protect the software from potential virus. Therefore, continuous upload of new update is a very powerful way to protect one's software when connecting to the Internet.

4. Lucent Technologies (Ireland – Supplier Organisation)

Patrick Dillon is Director of Technology in Internetworking Systems for Lucent Technologies. He has held this position for five years. He began the discussion by explaining that in the past three years, Lucent has established partners' programs due to their high expectations in terms of response time and product delivery. At present, Lucent has three partners. They receive training support in both sales and technical aspects which are conducted not only manually but also over the web. Course materials are developed and provided by Lucent for the partners. The focuses are on new product features and their advantages in comparison to the competitors.

The first support program that Patrick emphasised is training programmes. He explained that training programmes are compulsory for the partners so that they have the required skills and are able to serve the end customers. In addition, it is part of accreditation or certification programmes to ensure that every partner acquires the standard set by Lucent in selling the products and services.

Joint planning is very important for Lucent to monitor the partners' performance. It is conducted on ongoing basis in order to help the partners understand the market and industry.

Marketing assistance is provided by Lucent to help partners in presenting the product to the viable customer. Moreover, Lucent works together with the partners by identifying the opportunities and the weaknesses that they have in order to help generating the revenues for the partners. This marketing assistance also helps partner to gain more market share and increase their sales volume. Some examples of the marketing assistance are organising events (i.e seminars, trade shows, conference, golf competition etc) and providing marketing materials.

Lucent also provides demonstration lab as part of product development assistance for the partners. This facility is very important for partners as it helps to save cost and time in solving any problems related to the products.

As the partners are particular in response time and product delivery, Lucent provides dedicated team and web-based applications to meet their needs. In the web, Lucent provides products information and specifications, as well as their advantages, which are essential to be available for the partners. Furthermore, Lucent has been providing web facilities such as marketing, technical, and ordering assistance. These enable the partners to check the order status, standard guide, and providing 24-hour a day 7-day a week customer management centre.

To date, email has played an important role in communication and information exchange between Lucent and the partners. In terms of managing conflict, Lucent always endeavours to minimise it by solving the problem as soon as possible and meeting the partners' demands promptly. There is a dedicated

team to serve the partners for this purpose. Apart from this approach, Lucent encourages the partners not to compete with each other to avoid channel conflict. However, there is no standard measure or human resources to control this competition.

In describing high quality relationship, Patrick explained that important elements in this aspect are having understanding of each other's business, giving commitment, and solving the conflict as soon as possible.

In order to measure partners' performance, they are initially screened before being selected. Once selected, they have to participate in certain certification programmes and meet the sales target. Besides that, customer satisfaction and having a long-term business partnership are also considered as successful partnership indicators.

The finding in this interview indicates that the number of partners involved with the supplier has affected the motivation for the supplier to employ the web technology. The greater the number of the partners, the more likely is the use of web-based support. In addition, secondary players in the market also emulate them to employ the web technology. If a company is the market leader, we found that it would use more of the web technology to provide support programs that can build efficient and productive supplier-partner relationships.

5. Novell (the United Kingdom – Supplier Organisation)

Mark McManus is the Academic Account Director at Novell. The company is one of the leading IT suppliers in providing networking solutions. Its headquarters is based in Utah, US, and it has been in the industry for the past 25 years. He has been working with the company for six years and his main responsibility is managing the affairs of business partners in education sector.

He defines the partner as a company that has the expertise in sales and technical aspects of the product. The partners that are managed by Account Manager and receive intensive support programs are called "business expert". On the other hand, resellers are not managed by the Account Manager and do not receive any support programs. They are simply independent companies that buy the products from the business experts and sell them to the end customers.

Mark began the discussion by informing that Novell has established a dedicated enterprise team to provide intensive support programs for the partners. He is aware of the importance of providing main support programs through human and web-based interactions as the key success factor in forming a successful partnership.

He also explained that there are three different levels of partnership. The first level is the resellers who sell products directly to the end customers and have no direct relationship with Novell. The second level is the business partners who have direct relationships with Novell and the third level is the business experts who specialise in Novell products. All of these partners receive intensive support programs.

In order to provide marketing assistance, the company supports the partners with various programs and events such as training, seminars, trade shows, and conferences. Novell also conducts group meeting

for all its business experts on ongoing basis. He said that the meeting is held for discussion of their progress, needs, and problems in running the business.

Moreover, Novell has a main office in Bracknell where the company provides conference room, meeting room and office equipment facilities to be used by the partners. Also the partners can bring their customers to the main office for any marketing purposes.

The company also provides resources such as Account Managers who are in charge of managing the partners' affairs. Each Account Manager is assigned to a specific sector such as education, health, and government sector. The main responsibility of the Account Manager is to provide consultation in sales and technical support for the partners. For example, if the partner does not understand the technical aspects of the products, the Account Manager will give them the appropriate consultation.

Apart from that the company conducts assessment programs to evaluate the partners' technical competency. Full technical training is provided from time to time so that they can upgrade their skills and receive up-to-date products information.

The training certification programs consist of sales and technical aspect. For sales aspect, Novell organises a sale certification program which is called Certified Novell Salesperson (CNS). Novell requires the business experts to have a certain number of personnel be certified in sales aspects before they are allowed to sell Novell's products. On the other hand, technical aspects have three types of certification program which are Certified Novell Administrator (CNA), Certified Novell Engineer (CNE), and Master Certified Novell Engineer (MCNE). For example each partner is required to have at least one person having MCNE certification. All of the course materials are provided by Novell in the web where the business experts can access them at anytime. Some examples of the web training facilities are CD presentation, visual examples, testing tools, and web-based seminars. Modules and examinations for the certification programs are also provided by Novell.

Sales evaluation is conducted not only based on the sales target but also the monthly sales forecast. Usually, the Account Manager will discuss with the partners on their current sales performance and whether they can meet the annual sales target. The Account Manager also provides support to the partners by identifying new sales leads. At the end of the year, the partners will be assessed whether they have achieved the target sales volume. At this stage, if the partners' sales volume is below the target, a revision will be made and suggestions will be given to overcome the problems. The sales on maintenance and upgrade protection are easy to forecast but the new solution sales is more difficult to forecast. The key of effective solution sales is the close relationship with the customers because business expert can forecast them in advance after a series of consultation and discussion with the customers.

In order to achieve the sales target, Novell also provides a marketing team expert to look after the partners. Usually, the business experts have to plan for marketing activities. For example, if they are arranging a series of seminar across the country, they need to inform the Novell regarding the background of potential customers, and the expected revenues generated from the events. These are evaluated on case to case basis. The company will provide the necessary fund and back-up assistance for the events.

Joint planning is conducted in two ways. The business experts are asked to provide annual sales and marketing plans, lists of current and potential customers, market segments, and expected turnover which are documented as reference. On the other hand the Account Manager will provide various helps for the partners such as consultation through regular meeting and telephone discussion. Overall, all of these activities act as virtual stimulants for development of close relationships between Novell and the partners.

Small conflicts may arise in some situations. For example, when Novell wanted to sell its products directly to the end customers in certain cases, initially the business experts disagreed with the plan. However after negotiations and assurance that Novell would be providing intensive support (i.e. promotions, funding etc) for the partners to sell the products, they have agreed with the plan.

Novell has web application developed by Siebel to enhance the support programs. Lead management in the web is the marketing assistance that Novell provides using web application. The functions of the web lead management are tracking the lead and its status, as well as recording it for internal use for revision with the partners. This system also allows the partners to assess the effectiveness and benefits of previous marketing events. In addition, the lead management in the web provides partners' contact details, specialisations, and sales information which are accessible to the customers. Also, the system only provides relevant information that is routed to the particular partner.

With regard to sharing information and communication in the web, Novell uses it heavily for exchanging information with the partners on regular basis. Novell also provides latest product information, up-to-date price lists, and special promotions in the web for the partners.

The web is also used to co-ordinate the partners by listing resellers and business experts according to their specialisations and local areas. This makes it easy for the potential customers to contact them. If there are enquiries from the customers, Novell will give recommendations by directing them to contact the appropriate partners.

Web technical support is provided where the business experts can either fill in the form or have online communications with the first line technical support. The business experts are also given a privilege to make 50 free calls. The telephone calls are to contact the first and second line technical support in order to solve minor problems. If the problem is major, third line technical support engineer will attend to them. For example, in the academic market, the resellers pay the dedicated support engineer who works with Novell but give support to the business experts.

Technical evaluation on the accreditation that the partners have is carried out to ensure that they have the ability to deliver the solutions to the customers according to the standard. Also Novell will recommend if they can advance themselves to higher partner level. This is because the higher the partner level, the higher capability the partner has in sales and technical aspects.

In building high quality supplier-partner relationships, Novell considers the business plan and its fulfilment as indicators to measure the relationships. In order to achieve this, the company has provided various programs to build high quality relationships as discussed before. Some of the programs are

encouraging them to have face-to-face meeting, telephone discussion, and to use the facilities in the main office. Overall, the key factor in establishing high quality relationships is the human interaction while the web application is an important complementary tool to make it more effective and efficient.

Indicators of partnership success are determined by three major aspects namely the revenues, level of bias, and customer satisfaction. Firstly, Novell will check the revenues that the partners have generated and compare them with the forecasted revenues that were made in the beginning of the year. If the partners have accomplished this objective, Novell will try to help the partners to increase their sales volume by identifying new opportunities through the lead generation. Novell also tries to assist them to increase their level of competency up to business expert system integrator, which is the highest competency level. Secondly, Novell is concerned about the level of partner bias. Novell always wants the partners to be very satisfied and have no bias with its personnel and products. The company is aware of whether the partners are biased or vice versa, and hope that the situation continues to improve from time to time so that the partner will have a long-term business relationship with Novell. Thirdly, Novell is very particular about customer satisfactions. The company wants that the customers to be satisfied and not complaining about the products with the business experts.

Mark also explained that in order to meet the challenge in competition with market leader such as Microsoft, the company is finding ways to improve the support programs to build more efficient and productive supplier-partner relationships.

6. Nera Infocom – (Partner Organisation, Avaya)

Mohd Affendy Zainal is the Network Infrastructure Manager at one of leading IT partners in Malaysia. This company is a partner of international IT supplier providing networking solutions. He has been in the position for approximately four years. His knowledge and experience in the support programs and activities made him an appropriate candidate for our exploratory interview.

There are currently four partners operating in Malaysia and each has its own market segment co-ordinated by the IT supplier. This co-ordination is important so that each partner does not compete with each other to obtain a project from the government through the open tender system. In addition, the supplier also controls the price and discount to avoid conflict amongst the partners.

He started the discussion by explaining that marketing assistance by the supplier is a very important program for generating partner's sales. He reported that the supplier organises presentations for the partners to potential customers either in the government or private sector. This measure is one of the ways to help them getting involved in the business and penetrating the new market.

Apart of those programs, sales and technical training are considered as key support activities. This is especially true in the technical aspect. The partners are required to undergo certain training to be certified.

Evaluation on sales target is made on annual basis. The sales target is set by the supplier and there is no strict measure on performance to date if this requirement is not met. As for evaluation on technical aspect, the supplier provides adequate training and certification programs to the partners.

He also pointed out that technical support is critical in the post-sales period where the supplier provides back-up engineers and intensive technical information in the form of brochures and newsletters.

Moreover, the supplier has joint action programs with the partners such as organising exhibitions, having regular discussions, and working together for special projects.

As there are only four partners in Malaysia, only small conflicts arise. Usually if there is conflict, it can be solved easily.

With regard to the use of web-based technology, the supplier provides basic online training for sales which contains self-study, case studies, and presentation slides. For online technical training, the supplier provides white papers, technical issues, products information, and business proposals as useful tools for the partners.

The supplier also utilises the web communication on a regular basis. It uses not only email but also video and voice conferencing to save cost and share their views in certain issues.

However, the key features of the web solutions are technical assistance and marketing tools. Technical assistance is important to back-up the post-sales as it provides solutions through self-study, FAQ, email, and form to fill in. As for web marketing, it provides partner's details and a site for ordering the products or services. This tool helps the partners to get sales from new customers.

In terms of defining high quality relationship, Mohd Affendy explained that it is important to be trusted and committed with the partnership. At the same time, other important elements such as understanding and sharing the benefits and risks are also needed to have efficient and productive supplier-partner relationships.

He also explained that measurements of the partners' performance include business performance, long-term relationship intention, and customer satisfaction. To measure business performance, the key indicator is the sales volume.

7. Allbumi Network (Partner Organisation, Top Layer)

Harin Ibrahim is the Technical Director at a small and medium size company providing security solutions. He has more than six years experience at this position. The company has partnership program with one of the leading security solutions in the world. Apart from his experience and expertise in technical aspects of the company, he is involved actively in the support programs and activities provided by the supplier. The uniqueness of this partner is that its supplier is based in the United States and has no office in Malaysia. Therefore, his company relies heavily on web technology to communicate, share information, advertise, and getting technical support from the supplier in the post-sales.

Harin started the interview with discussion on the marketing assistance provided by the supplier. On the web portal, the supplier provides lead management such as product information, news, partner information, and help desk. These features play an important role in marketing of the supplier's products and introducing local partners. He then explained that the supplier also helps promoting its products in leading magazines such as Newsweek and Business Times. Based on this publicity, customers who are interested in the products will find out more information from local partners that are able to provide the service. When the customers fill in the form provided, the supplier will receive the information and then direct the customers to an appropriate partner by giving them partner's information. At this stage, the customers will contact the local partner and the partner will attend to the customers, answer their questions, and give product presentation. On the other hand, customers also learn about the supplier's products through recommendation by other companies that use them.

He continued the discussion by explaining that he has access to the partner's sites in the web portal where the supplier provides login id and password to each partner. One of the key functions of the web portal is that it provides online technical support as after-sales service. Usually, the partner writes the product id and explains the problems online. The supplier then will provide solution or give feedback about the problems. However, if there is any fault with the hardware, the company will return it to the supplier in the United States. At the same time, the partner will give new replacement to the customers from the stock that it has.

Moreover, the supplier organises technical and sales training especially for new products. The supplier comes to the partners' country and provides the necessary training. Usually, this training program is conducted twice a year. The supplier also provides training to the partners but the emphasis is on marketing aspect such as case studies and business proposals. He said that this is an important marketing tool for them that makes it easier to get a project.

There is a joint action program in marketing especially to penetrate the government market. To date, the supplier organises seminars for potential customers in the government sector. The partner also participates in the seminar by giving talks to them. The aims are to educate and build awareness on the need of security solutions in every organisation. Besides this program, the supplier conducts joint planning in marketing from time to time if there is a necessity to do so.

Evaluation is conducted on annual basis with emphasis on sales performance. The supplier also helps a lot in sharing information with the partners especially on business strategy, experience, and expertise.

As the supplier' office is too far for the partner to have a face-to-face meeting, the partners rely on web communication to liaise with the supplier's representatives. Email and videoconferencing are very useful tools for them to communicate and to solve a conflict if it arises. This method has been very effective to bridge the gap of time difference between the east and the west regions in the globe.

In terms of partner co-ordination, the supplier segregates one another in either government or private sector to avoid conflicts in pricing and having competition with each other.

With respect to having a high quality relationship, he said that it is one of success factors for the partnership. Understanding each other, providing reliable product, being committed, delivering on time, and making prompt payment are amongst the important aspects to build trust. He pointed out that it is this reason that the support programs are needed to be continuous and consistent for this level of relationship.

To measure partner's performance, Harin explained that the objectives of the partnership are sales generation and satisfying the customers. In order to satisfy the customers, the supplier provides interactive online technical training. However, in Malaysia, this facility is not used by the customers yet. Furthermore, although the supplier has no office in Malaysia, the company appointed Country Manager, Chian Soon Hin, who acts as a freelance representative to look after the affairs of all partners in Malaysia. The Manager has either informal or formal meeting with the partners on a regular basis to discuss about sales, marketing and technical issues.

8. Encoral Digital Solutions (Partner Organisation, Oracle)

Hamdan Salleh is General Manager at a partner company providing database solutions. He has more than four years experience in this position. His main responsibilities are marketing and sales consulting of the products.

The partners here are defined as certified and member partners. The supplier maintains certain criteria such as a number of certified personnel and selling certain percentage of the supplier's products.

The supplier provides technical and sales training from time to time especially in launching a new product and their updates. To ensure the partner is competent in both technical and sales, certification programs are part of the main requirements to become a partner. There are two types of certification programs: COP (Certified Oracle Partner) and COS (Certified Oracle Solutions). However, the emphasis is on technical training in order to ensure that the partner is able to deliver the standard set by the supplier. Also, it enables the partner to understand the products and has the necessary skills to deliver the solutions.

Pricing is one of the major issues regulated by the supplier. In addition, the supplier always considers the partner's need of special price in order to sell the solution at a lower price and make it more competitive.

Co-ordination is conducted to by locating the partner in either private or government market. For example, the company specialises in education solution for government sector. The reasons are because the partner who has experience in dealing with the customers often has a close relationship with them. On the other hand, other partners concentrate in other products such solutions in banking, health, telecommunication, oil and gas in either government or private sector depending on their specialisation and strength. Co-ordination amongst partners is also important to avoid conflict in the market and unnecessary competition.

Another important support program is marketing assistance. This includes funding, publicity, and personnel support. For example, when a partner takes initiative to organise a seminar on e-solution for education product in the government sector, the supplier allocates fund to support the program.

The supplier also works together with the partners in marketing, sales and product development. Some examples are renting a booth in an exhibition and organising a conference and joint event for product presentation where the partner is introduced to the potential customers. In the exhibition the partners also obtain potential customers' information and identify their needs for appropriate solutions. This approach allows the partners to get new customers who are seriously looking for appropriate solutions.

In terms of sales support, some projects are given by the supplier to the partners. On the other hand, some projects are also managed by the partners. Based on business proposals by all partners, the supplier sets a target in terms of volume of sales which the partner agrees to commit. For example, if total sales volume is targeted at 1 billion and one of the partners agrees to commit 5% of it, the remaining part of sales target is taken by other partners to commit. Moreover, the supplier also sets sales quota for the partner to meet based on government annual budget. In this context, the partner has to decide how much sales quota it wishes to meet and state it to the supplier. From time to time, sales volume is checked to evaluate partner's performance.

In order to liaise with the supplier, the partner communicates with the representative or Account Manager. This is conducted by conversation via phone or face to face meeting to discuss about technical, business strategy, and current problems. To build a close supplier-partner relationship, social meeting during new product launching and having lunch together are some of the ways that are being practised.

The supplier also shares information by organising presentations by experts from the US and Singapore. The presentations discuss about sales target, product advantages, current and future plans. The supplier's representatives also share their views, knowledge and expertise in the meeting or discussion.

To date, conflict only happens occasionally. This tends to happen when a new supplier's representative comes to replace a senior staff who has been promoted to another place. When conflict arises with the new representative, the partner usually solves it by having a meeting with the Country Manager.

Technical assistance is provided by supplier if the system breaks down. This emergency service is located in Australia and the US and is available 24-hour 7-day a week.

In terms of setting up support programs in the web portal, the supplier has invested heavily in the web solutions for managing the partners more effectively. Amongst the most important support facilities are web communication, web sales lead, web technical support, and web training.

The most common means of communication in the web is the email. Another means is videoconferencing where the supplier and partner can share their knowledge and exchange information. Using videoconferencing, participants around the world can ask questions and receive answers promptly. For sales presentation, discussions that can be carried out in the videoconferencing include benefits of the new product and its enhanced features. On the other hand, for technical presentation, the discussions

include product requirement, comparison with competitor's products, and enhanced technical features. This videoconferencing helps to save cost and time compared to bringing the experts to the partner's training centres.

Web sales training is provided in the form of case studies, business proposals, and testimonials. These tools have so far been useful for marketing purposes. Interactive learning is also provided.

Web collaboration is important for time management between the both parties. For example, the partner has to ensure that events organised by the supplier do not coincide in terms of time with the one it organises.

Lead management in the web portal is also important for generating sales for the partners. In the website, the supplier provides partner information, specialisation, and location for potential customers to contact and obtain more details.

Another important feature of web based support program that is widely used is technical support. This includes self-help, email, CD, and interactive online support. This facility is used if the partner needs immediate technical solutions in the web.

Hamdan concluded that all of these support programs are purposely established to satisfy the customers and to prepare partners' personnel to be professionally trained, well equipped with product knowledge, and be committed. Through these support programs, the building of efficient and productive supplier-partner relationship can be achieved in the aspects of quality relationship, business performance, partner retention, and customer satisfaction.

9. Microsoft (Malaysia -Supplier Organisation)

Yasin Karim has been in two years as Business Development Manager at one of leading international IT supplier providing various IT solutions which include software, hardware, and networking solutions.

He defined partners as those who are managed by the Account Manager. The company has more than 2,500 Certified Partners in Malaysia but only Gold Certified Partners are managed by the Partner Account Manager. These partners need to have certain criteria such as 70% selling are of the supplier's products and have certain number of certified engineers with MCSE (Microsoft Certified System Engineer) and MCSD (Microsoft Certified System Developer) as set by the company.

Yasin started the discussion by emphasising that the most important factor that enables the company and its partners survive to date is the sales and marketing programs. These programs are effective to generate sales and penetrate new market. Some of the programs are ongoing advertisements, brochures, conferences, CD presentations and training. Technical support is also important but it is mainly utilised in the post-sales. All the partners must be certified in the products to ensure their competency in technical and sales aspects.

In describing support activities or programs that build efficient and productive relationship, Yasin explained that some of the main activities are training, marketing support, sharing information, and joint planning.

Training is conducted by using either traditional or web-based method. It is part of the requirements to become certified partners and involves both sales and technical aspect. From time to time, especially in the new product launching, the emphasis on both aspects is considered critical for generating revenues and satisfying customers. Regarding training using traditional method, the supplier organises a number of training series at its office, authorised training centres and overseas. On the other hand, web-based method is conducted interactively with course materials, case studies, online presentation, and testimonials provided in the web. However in Malaysia, interactive training program is not conducted yet because the broadband technology is not widely used in comparison to the US and some European countries.

Apart from training program, the company also has a joint planning session with the partners where both parties discuss about their strategy. The partners also participate in the events organised by the supplier such as exhibitions, seminars, and conferences. They also receive support from the supplier in professional sales presentation of products and services for specialised customers.

In addition, partner co-ordination is determined by the partner's specialisation and segregated into either government or private sector. The strength of the partner and which market that it wishes to specialise are amongst the factors that are considered.

Both parties also share information in the business strategy and future planning. The supplier also asks the partner to report the lead management promptly. For example, if the partner plans to sell 500 licenses and needs product demonstration, it has to report as to what is happening and the current progress. This significantly helps to build trust and understanding amongst one another especially in maintaining the performance and exploring new opportunities. In addition, the partners are also involved in part of the product development such as pre-test and feedback. This is useful for the supplier in order to enhance and improve the solutions which can satisfy the end customers.

The company also provides various marketing programs in the magazines, newspapers, and media coverage which help significantly in introducing new products and generating revenues. These campaigns help partners to sell the latest products, retain current customers, and penetrate new market. In addition, the supplier allocates resources to the partner if a project's size is significant. Some of the supports given in terms of resources are providing prototype, funds, consultation and technical staff for getting involved in the preliminary part of the project. The supplier also gives project to the partner and provides certain level of assistance as well as checking the partner's progress.

With regard to using web-based technology as supporting tool, he pointed out that the company has heavily invested in the web-based technology to support its partners. The main investments are in the intensive training programmes, appropriate lead management, easing communication, and supports in the after-sales service.

Lead management assists partners to get new customers that are looking for solutions in the web. By clicking partner's locators in web, the customer can find partner's information and specialisation for further enquiries. If there is any enquiry, the company will reply to the potential customers and direct them to appropriate partners. By this means, partners are able to attend to the potential customers and finally set appointments for product presentations.

Web communication has become a common practice amongst the partners and the supplier. It is conducted via the email, net meeting, and videoconferencing. This facility has helped significantly to build supplier-partner relationship as one team. Apart from that the company also provides important information in the web for business planning and strategy.

If there is a conflict, partner account manager will attend to the partner and discuss with them and solve their problems promptly. Usually this is conducted informally.

Product support is a critical back-up facility for partners in the web. This facility helps reducing response time and makes the after-sales service very efficient. Self-help, interactive web application, and email are the most common means for supporting partners in the post-sales. Also, the partner has access to contact technical engineers in Shanghai if there is any unsolved technical problem.

Evaluation is also considered important by the company. Due to this, the company appoints an independent company to conduct survey for evaluating partners' competency in sales and technical aspect. This company contacts the customers to assess partners' proficiencies in various areas including sales, marketing, technical, relationship etc. The results are forwarded to the company which provides feedback to all partners in one of the seminars.

Yasin also agreed on the measures of partner's performance being related to business performance, long-term relationship, and customer satisfaction. The indicators are meeting sales target, becoming loyal with the supplier, and delivering the solutions within time and budget requirements.

Finally, he explained that having high quality relationship is paramount for both parties to work together. Some of the elements in this quality relationship are sharing values, achieving high skill standard, being committed and having trust of each other.

10. Cisco (Malaysia - Supplier Organisation)

Abdul Aziz Ali is the Sales Director at a leading international IT supplier providing networking solutions. He has worked with this company for more than nine years. His extensive knowledge and experience in support programs, activities, and facilities provided by this company to its partners made him a very suitable candidate for our exploratory interview.

The partner of this company is defined as companies that have business contract with it. This company has formed a partnership with a number of IT companies and categorizes them as gold, silver, and premier reseller who sell its products and services to end customers. However, only gold and silver reseller

are considered as partners because these companies have contract with it and are looked after by the company's representatives in order to build an efficient and productive supplier-partner relationships.

He started the discussion about support programs by explaining the co-ordination arranged by the company for its partners. The company co-ordinates the partners by classifying them according to their specialisations such as local area network, wide area network, IP telephony, security, and network management system. These specialisations are based on the partners' interest, strengths, and competency. Then, he explained that the company provides the partners both sales and technical training free of charge but the emphasis is given on the technical aspect.

Next, he explained that partners may sometimes struggle to earn a reasonable profit margin in selling certain products, so the company provides some incentives for them as one of the ways to maintain good relationships and their profits. The incentives are in the form of rebate given when the partners reach certain amount of sales volume.

The company has conducted a series of joint planning with the partners for marketing purposes. This is to determine which market they want to penetrate together such as government sector, private sector and specialised customer. They also organise events such as seminars and exhibitions where both parties participate.

Evaluation as one of support programs is also important to assess partners' performance. It is called channel business plan and performed by reviewing performance in areas such as market segmentation, revenues, and sales volume in the previous year. After this evaluation, both parties are committed to work together to achieve sales target for the following year. This evaluation is not conducted in a strict way; there is no penalty if the partner does not meet the target. The company also appoints an independent company to carry out annual survey to evaluate the supplier's and partners' performance through the customer feedback. Based on the results, the supplier will assess the strengths and the weaknesses of the products and services as well as taking further action to overcome the weaknesses.

The company's representative meets and communicates with the partners and the customers almost on daily basis. Apart from this, it is also crucial to share information, knowledge, strategy, and planning to achieve the desired results.

In terms of dealing with conflicts between the supplier and its partners, the company has a team of committee to handle this subject matter and always tries its best not repeat the same mistake. Conflict harmonisation is also achieved by involving the higher level of managers depending on the case whether it is at local or regional level. Although not all of the problems can be solved, providing a place to complain and being consistent to all partners are the main ways to overcome the conflicts.

Abdul Aziz also stressed that partners' technical competency is critical for post-sale services. Due to this reason, all partners must have technical certification for certain specialisation of products and services. Although the supplier has its own engineers but this is only meant for pre-sales and not for post-sales. One of their duties is to support the partner's engineers in certain projects to gain customer's trust. If necessary, the supplier's engineers can back-up the partners in the post-sales but it has never happened so

far. Usually, the partner's engineers have 24-hours 7-days a week back-up from the supplier's engineers around the world.

With regard to the use of web-based technology, he emphasised that the company always tries to utilise the system as much as possible to have efficient and productive supplier-partner relationships. The key features that the company uses to a great extent are sales training, technical training, lead management, web communication, and technical assistance. Sales training include case studies and intensive information using multimedia and interactive method. The web also provides information to the partners and customers in the forms of web alerts, advertisements, and hot link. Furthermore it is crucial for the company to provide information sharing in the web.

Other minor applications of the web technology are net meeting and booking the supplier's facilities such as laboratory equipment and technology.

In terms of measuring performance, Abdul Aziz said that three major measures that his company uses to evaluate its partners are business performance, long-term relationship intention, and customer satisfaction. Firstly, measuring sales volumes plays an important role to find out whether the partner still purchases from the supplier and do not move to another supplier. It is also important to maintain the price competitively and meet the partner's requirements from time to time. Secondly, to measure customer satisfaction, the company appoints an independent company to conduct surveys for this purpose. The company also gives out forms to the customers to fill in to rate the supplier and the partners. Similar forms are given to the partners to fill in to give feedback to the supplier.

For building of high quality relationship, he pointed out that trust, commitment and understanding are the key elements that should be maintained and nurtured.

11. Partner Relationship Management Systems: (Noroch Consulting)

In order to understand the key issues in Partner Relationship Management (PRM) systems or solutions, we interviewed Olivier Choron who is a founder of Noroch Consulting Ltd. Previously, he held various senior channel marketing positions within the IT industry (e.g 3Com and Nortel Networks). He was greatly involved in the planning and implementation of several global channel extranets, online incentive management and web-based dynamic co-branding solutions.

With regard to the company background, Noroch Consulting was established in 2003 by Olivier Choron. The company provides business consultancy dedicated to the PRM and Business-to Business markets while forming partnership with Click Commerce Inc. as solutions provider. The company advises clients on how to improve their partner processes and systems to maximise their distributions and channel investments.

He began the discussion by pointing out that the main role of PRM solution for the partners can be divided into two parts: providing information and resources. The information solution includes product and

marketing information while the resources solution includes partner's contact information, lead management, marketing fund management and product order.

The uniqueness of the PRM solution developed by Click Commerce is that it focuses on a new approach where a partner can have customised and personalised information. Therefore, it enables the partner to see only relevant information and is very user-friendly.

According to Olivier, this easy access solution combined with real-time information and convenient product order lead to higher partner satisfaction level in having working relationship with the supplier. In addition, a partner can request special price in order to win the business deal. This is especially relevant when the partner needs to order high volume of products or is in a competitive state. The solution has a intelligent system to route the request to the supplier so that he or she can make a decision quickly.

Furthermore, the solution also helps in managing the marketing fund more effectively through well-documented fund and budget allocation available for the partners.

In terms of PRM functions that benefit the partner, it has four important functions which include communication, training (e-learning, courses), information sharing (personalised and readable), and catalogue (pricing, quoting, ordering, and special pricing).

With regard to lead management, the solution has application to help generating new leads for the partner. In this lead management, the solution provides management of marketing fund for the partner to use as well as provides a platform for business planning such as how many people should attend the training program every quarter, sales forecasting, requirement of marketing fund, and monthly progress of point of sales. This application helps the partner to understand the business process in working together with the supplier and increases the effectiveness of marketing campaign and lead management.

In terms of support service, the solution provides after-sales service for the partner in dealing with issues such as repair, product return, product code, and self-help for troubleshooting.

The solution also plays an important role to close the gap of relationship between the partner and the supplier in all areas which include well-recorded interactions, telephone calls, and so forth.

Other advantages of the solution include real-time and integration with ERP system (back end).

The PRM deployment solves the problem of lacking in product information and partner complaining of not receiving leads. With marketing application in the PRM solution, supplier is able to provide rich information on various kinds of products and services as well as generating more sales lead for the partners. In addition, management of marketing fund by the partners has also improved by reducing its complexity.

PRM deployment helps to improve sales effectiveness by providing immediate response to special pricing if requested as discussed above. Ordering and returning of products are also made easier, faster and more accurate in comparison to manual method. Furthermore sales effectiveness has improved by provision of an easy access to online training facility. This facility reduces cost and encourages the partner to attend and utilise it.

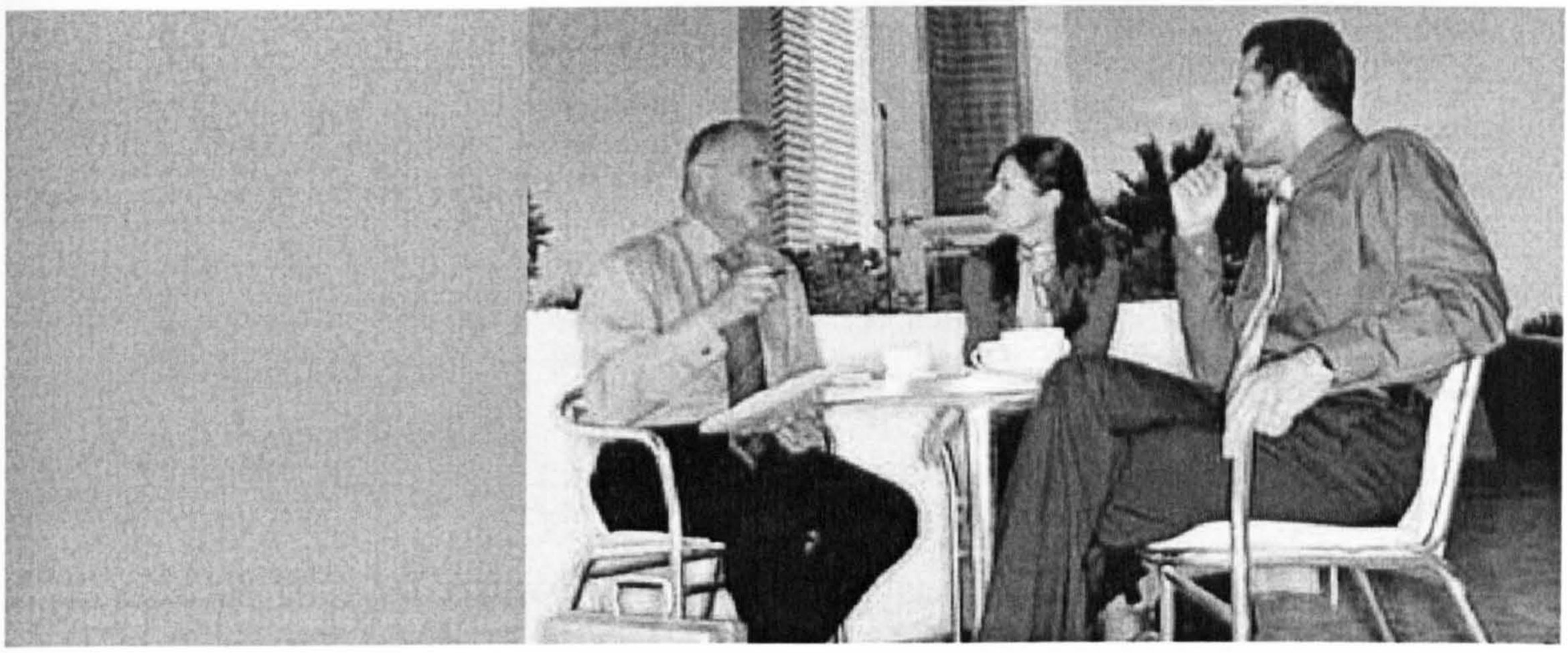
Besides improving traditional way in sales and marketing, PRM deployment helps to develop close working relationship where partner is treated on individual basis. Due to differences in partnership tier, lead and price, personalisation and customisation of information are important issues in doing business together.

PRM solution has also reduced partners' dependency as they can receive the information they need by themselves in the after-sales service. With the PRM technology, partners are not only able to manage warranty and product return more quickly but also to solve product problems online effectively by using the self-help and database facilities.

Finally Olivier pointed out that the PRM features such as user-friendliness, more customised and using latest technology play important role to improve the support programs by the use of PRM technology.

APPENDIX D

CiscoChannel Partner Program



Overview for Cisco Channel Partners

Discover the Enhanced Cisco Channel Partner Program

Enabling Partner Growth, Differentiation and Profitability

The industry is changing, customer needs are changing, and the way Cisco Systems® and our partners drive growth and differentiate ourselves is changing. Customers are demanding integrated technology skills breadth and depth, and a full lifecycle services approach to their network and business strategy. An industry evolution is underway, in which intelligence is migrating to the network and the network is becoming the integrated, intelligent platform where communications, applications, and IT services all work together as a system. This is creating unprecedented growth opportunities for Cisco® and you, our partner.

To meet customer needs and help you capture this dynamic growth opportunity, the industry-leading Cisco Channel Partner Program has evolved to help you accelerate growth, differentiate your business, and increase your profitability.

The enhanced program enables you to extend your capabilities to be a provider of broad, integrated networking solutions, highly specialized solutions, or both—and rewards you for doing so. The Cisco Lifecycle Services approach has been integrated to help you successfully deploy, operate, and optimize Cisco solutions to strengthen your customer relationships and enhance profitability.

One thing that hasn't changed is Cisco's commitment to reward partners for their loyalty to Cisco and value-add to customers—through enhanced economic incentives, new ways to capitalize on the Cisco brand, preference with the Cisco sales organization, co-marketing opportunities and funding, and a variety of service enablement programs.

Cisco is leading, evolving, and investing heavily in our Channel Partner Program. Partners that evolve and lead with us have unprecedented opportunities to grow with us. Only with Cisco's Channel Partner Program and unique solutions portfolio can you maximize your growth, differentiation, and profitability.

The Cisco Channel Partner Program Evolution

The Cisco Channel Partner Program will continue to offer certifications, specializations, and incentives. You will be able to build on your existing investments while developing key customer-driven capabilities.

Expanding Skill Breadth

Your investment in developing broader, integrated technology skills will enable you to deliver the integrated networking solutions customers are demanding and enable you to broaden your role and open new markets.

Increasing Skill Depth

Your focus on developing deeper technology skills will enable you to further differentiate your business by offering complex advanced technology solutions, vertical solutions, and applications.

Enabling the Cisco Lifecycle Services Approach

Incorporating the Cisco Lifecycle Services approach will help you to define the activities you need to successfully deploy and operate Cisco solutions, to optimize technology performance, and to reduce your deployment risk. As a result, you can strengthen your customer relationships and enhance profitability by implementing or integrating these proven, repeatable processes into your services business.

Certifications

The program continues with Premier, Silver, and Gold Certification levels. Certification level directly reflects a your technology skills breadth across key technologies, to ensure your ability to deliver integrated solutions. Certification is no longer utilizing a points-based model.

Premier Certification requires the Express Foundation Specialization.

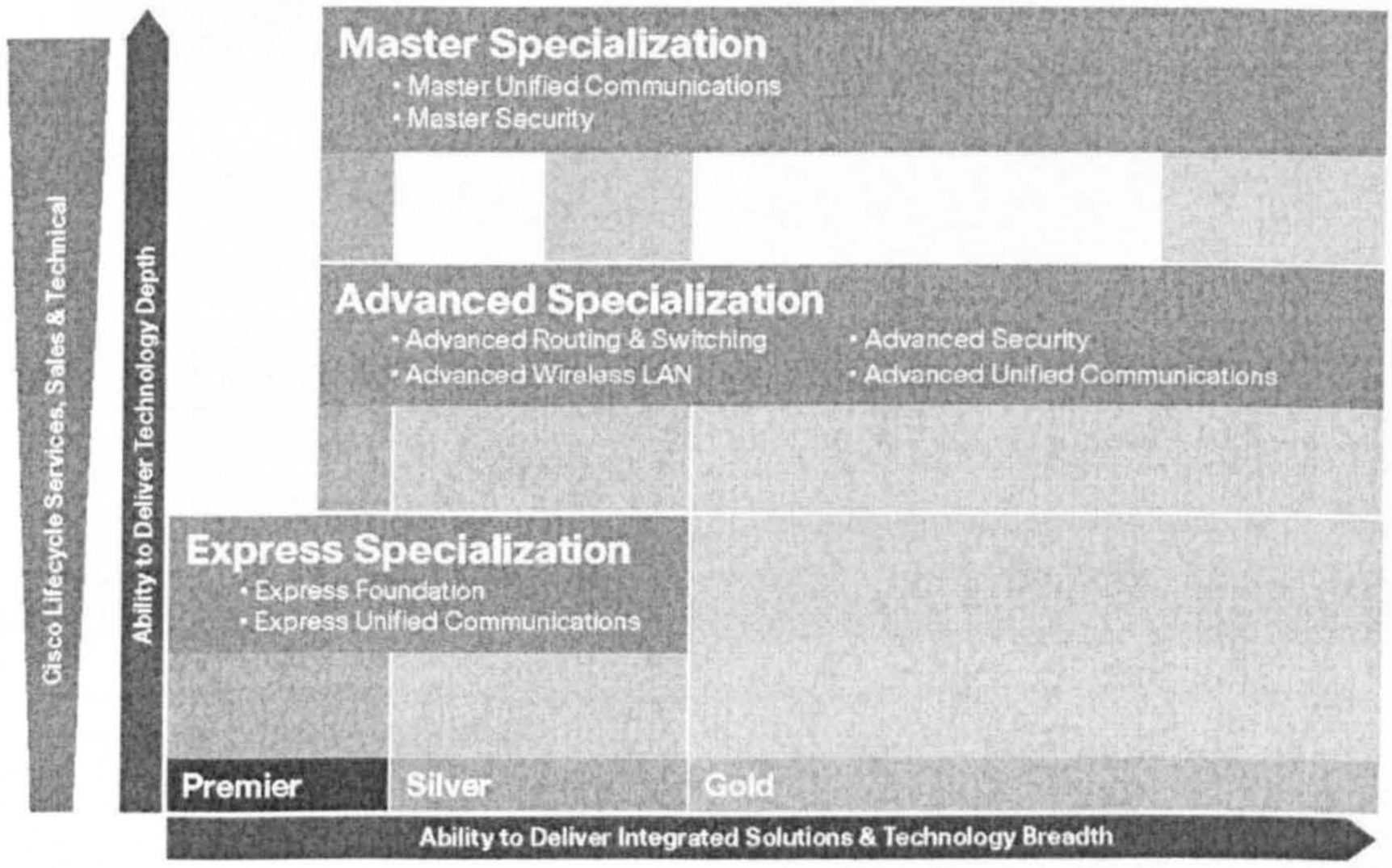
Silver Certification requires the Express Foundation Specialization, plus either of the two following options:

- Any two advanced specializations
- Express Unified Communications Specialization plus one advanced specialization, excluding the Advanced Unified Communications Specialization

Gold Certification requires all four of the following: Advanced Routing & Switching, Advanced Security, Advanced Unified Communications, and Advanced Wireless LAN Specializations.

Program Structure

Figure 1. Certification and Specialization Framework



Specializations

Three levels of specialization have been established to directly reflect your depth of sales, technical, and services expertise in a particular technology. There will be six base specializations for you to choose from that will count toward your achievement of certification. The six base specializations are listed below in the Express and Advanced Specialization levels.

Express Specialization: Two Express Specializations are available to you. The Cisco Express Foundation Specialization provides integrated training on routing and switching, wireless LAN, and security technologies. This training is required for all Premier and Silver Certified Partners. The Express Unified Communications Specialization is also available qualifying you in the area of converged data/voice/video networking.

Advanced Specialization: Partners can achieve Advanced Specialization in unified communications, security, wireless LAN, and routing and switching technologies. Your certification level determines how many specializations are required.

Master Specialization: Partners with a highly qualified practice in a given technology can achieve Master Specialization, regardless of certification level. This enables you to deliver more complex business solutions, and the new Master Specialization branding provides more opportunities for differentiation.

Figure 2. Specializations Overview

Base (6) Specialization	Optional (4) Specialization	Retired (7) Specialization
Advanced Unified Communications	CRM-Express Solution	IP Communications Express (March 14, 2006)
Advanced Routing & Switching	Global Commerce	IP Communications (March 14, 2006)
Advanced Security	Security VPN/Firewall Express	Routing & Switching (March 14, 2006)
Advanced Wireless LAN	Storage Networking	VPN Security (March 14, 2006)
Express Foundation		Wireless LAN (March 14, 2006)
Express Unified Communications		Teleworker Solution (December 20, 2005)
		Converged Business Solution (December 20, 2005)

Base =	Specializations are part of the new Certification program rules
Optional =	Specializations are not included in the new Certification program rules
Retired =	Retirement announced on date noted good until expiration

Figure 2 shows the base and optional specializations in the enhanced Channel Partner Program as well as the retired specializations.

Integrated Cisco Lifecycle Services

New integrated Cisco Lifecycle Services training offers you an understanding, by technology, of identified repeatable, proven processes for selling, delivering, and supporting Cisco solutions. Applying the Cisco Lifecycle Services approach will help you improve your deployment success, customer satisfaction, and productivity, providing you with more opportunities to strengthen customer relationships and improve profitability. All Cisco Lifecycle Services training for Express and Advanced specializations, along with Steps to Success tools, are free of charge.

Program Requirements

Training Requirement

Our technical training offerings have been enhanced and simplified. New sales and Cisco Lifecycle Services training courses are now available free of charge to enhance your sales effectiveness and your application of Cisco Lifecycle Services practices. More than 40 percent of all courses are offered through e-learning, which improves your productivity and makes it easier to do business with Cisco.

Individual Certification Requirement

The individual certification requirements will now be determined by specialization roles, except for the CCIE® requirements for Silver and Gold Certification, which remain the same. To help strengthen your sales and technical skills and reduce risk related to turnover of your trained employees, we are introducing role dedication. Each base specialization role must be satisfied by a unique individual. Individuals satisfying roles in Express Foundation can also be utilized to fill one role in one other base specialization. For optional specializations, we will continue to allow one person to satisfy up to two roles in each of two specializations. The specialization role dedication may require that more of your staff take the training, which should broaden the expertise across your organization and help improve your customer satisfaction. Overall, the minimum number of individuals required for Silver and Gold Certification has been reduced.

Table 1.
Role requirements for each specialization

Program Requirements	Account Manager	Project Manager	Systems Engineer	Field Engineer	Total Individuals
Advanced Unified Communications	CSE (2)	PM (1)	CCDA (1)	CCVP (1)	5
Advanced Wireless LAN	CSE (1)		CCDA (1)	CCNA (1)	3
Advanced Security	CSE (1)		CCDA (1)	CCSP (1)	3
Advanced Routing & Switching	CSE (1)		CCDA (1)	CCNP as FE1 (1) CCIE as FE2 (1)	4
Express Unified Communications	CSE (1)		CCDA (1)	CCNA (1)	3
Express Foundation	CSE (1)		CCDA (1)	CCNA (1)	3

"One thing hasn't changed is Cisco's commitment to reward you for your loyalty."

Lab Requirement

To reduce your out-of-pocket costs, there is no longer a lab purchase requirement except for specific Unified Communications specializations. You will still need to have demonstration capabilities. Cisco Shared Support Program and Systems Integrator Support partners will require a support lab.

Customer Satisfaction Requirement

Customer satisfaction is a cornerstone of our program; these requirements remain the same. Partners that have achieved outstanding customer satisfaction will be rewarded with Customer Satisfaction Excellence recognition in the Cisco Partner Locator. Also, enhanced survey tools will more accurately and easily measure customer satisfaction levels to make it easier to do business with Cisco.

Rewarding Partner Loyalty and Value-Add

One thing that hasn't changed is Cisco's commitment to reward you for your loyalty to Cisco Systems and value-add to customers—through enhanced economic incentives, new ways to capitalize on the Cisco brand, Cisco promotion of a your value, co-marketing opportunities, and a variety of service enablement programs. In addition to equipping you with products, services, training, and support, becoming a Cisco Certified Partner or Specialized Partner strengthens your relationship with Cisco and its sales organization. This positions you to take advantage of more sales opportunities than ever before.

We understand how crucial economic incentives are to your profitability. We will continue to reward you with programs for investing in certification, driving advanced technologies (Value Incentive Program), developing new business (Opportunity Incentive Program), selling solutions (Solutions Incentive Program), and migrating the installed base (Technology Migration Program [TMP] and Trade-In Accelerator Promotion [TAP]).

To reward the value partners provide by developing deeper advanced technology capabilities, we are offering all certified partners Advanced Specialization discounts for Unified Communications, Security, and Wireless LAN specializations. Tiered Value Incentive Program (VIP) rewards for the three new specialization levels will also be offered.

Program Changes and Additions

Table 2. Summary of the primary changes and additons to the Cisco Channel Partner Program.

	New	Benefit
Certifications	• Based on required specializations and no points	• Clear definition of differentiation
Specializations	• Three Levels: Express, Advanced, and Master Specializations • Six Base Specializations, Four Optional Specializations	• Differentiation opportunity • New Master Specialization Branding
Training	• Technical: Enhanced and simplified • 40% of training free of charge • Fewer hours for Express Unified Communications Specialization • Majority of Technology Specialists roles align to one course	• Enhanced, simpler • More e-learning available • Increase sales effectiveness
Individual Certification	• Role dedication based on unique individuals within specializations • Fewer certified individuals required for Silver and Gold Certification • Express Foundation Specialization role utilized in one other Advanced Specialization roles • CCIE requirement maintained • More individuals may need to complete training	• Better resource alignment • Technical and Sales depth strengthened • Improved customer satisfactions
Lab & Demonstration	• No annual lab purchase required (except Unified Communications Specializations) • Support lab required for Cisco Shared Support Program and Systems Integrator Support partners only • Demonstration capability required	• Cost savings
Customer Satisfaction	• Top partners achieving customer satisfaction excellence identified in Partner Locator • Enhanced survey tools • Customer satisfaction requirements unchanged	• Differentiation based upon customer satisfaction • Ease of doing business
Cisco Lifecycle Services Framework	• Comprehensive training & tools • Comprehensive Cisco Lifecycle Services training free of charge • Steps to Success tools and process	• Enhance or compliment service offerings • Depolyment success and higher customer satisfaction
Economic Incentives	• New Advanced Specialization discounts • Tiered VIP rewards based on new specialization levels	• Opportunities for profitability

Providing Return on Investment

The return on the investment in being a Cisco Certified Partner can be tremendous. Cisco is investing heavily in the Channel Partner Program, with training, tools, and incentives to help prepare you to take advantage of growing market opportunities and to make it easier to do business with us. As partners, you need to invest in training to evolve your capabilities to continue to create value. To lower your costs, we have eliminated the annual lab purchase requirement and reduced the required number of certified individuals for Silver and Gold Certified Partners. With streamlined tools, online learning, and repeatable Cisco Lifecycle Services processes, your cost to maintain certification will be reduced over time and their productivity will increase.

The combination of lowering cost of doing business, enhanced economic incentives, and driving new business will enhance your growth, profitability, and return on investment over time.

Enabling Partner Growth and Differentiation

Drive growth and differentiate your business as a provider of integrated networking solutions and/or highly specialized solutions

Integrated technology breadth

- Broaden your role and open new markets as an integrated infrastructure provider
- Take advantage of Cisco's unique solutions portfolio and Intelligent Information Network (IIN) strategic vision

Advanced technology depth

- Differentiate into specialized solutions, vertical markets, and applications
- Gain recognition for your deeply specialized value-add, with three specialization levels that offer opportunities to differentiate your business
- Compete on a level playing field for equal expertise

Cisco Lifecycle Services approach

- Drive profitability through repeatable processes for selling, delivering services, and enhancing your services portfolio
- Reduce risk in deploying and supporting Cisco solutions
- Strengthen customer relationships
- Improve productivity and customer satisfaction

Cisco brand and solutions

- Capitalize on Cisco's leading brand recognition
- Take advantage of Cisco Channel Partner Program branding

Enabling Partner Profitability

Drive profitability and take advantage of your partnership with Cisco through incentives and rewards

Economic Incentives

- Rewards for investing in certification.
- Rewards for driving advanced technologies (Value Incentive Program), developing new business (Opportunity Incentive Program), selling solutions (Solutions Incentive Program) and migrating the installed base (Technology Migration Program [TMP] and Trade-In Accelerator Promotion [TAP]).
- Discounts for Advanced Unified Communications, Advanced Security, and Advanced Wireless LAN Specializations now available to all partners.
- We are adding tiered Value Incentive Program rewards for each specialization level–Express, Advanced, and Master.

Sales and Marketing Programs

- Strengthen your relationship with the Cisco sales organization and market your unique value proposition to create greater sales opportunities through:
  - Recognition of partner status on Partner Locator for Cisco sales organizations and customers
  - Free sales training to enhance sales effectiveness
  - Preferred product access (varies by geography)
  - Cisco promotion of partner value to customers
  - Partner co-marketing programs, like Cisco Campaign Builder, for reduced costs and quicker time to market
  - Joint marketing funds for pre-approved direct marketing activities

Service Enablement

- Cisco Lifecycle Services e-learning: Five modules, each approximately five hours in length, and free of charge
- Cisco Lifecycle Services training for partner executives includes introductory business-focused module free of charge
- Cisco Partner Services Enablement Tool: For partners with Advanced Specializations, this tool provides access to leading service best practices, self-assessments, and recommendations (available Q3CY2006).
- Cisco Steps to Success Web portal: Provides you with in-depth content methodologies, tools, and templates for Cisco Lifecycle Services. (www.cisco.com/go/stepstosuccess)
- Eligibility for support programs:
  - Partner-branded Cisco Shared Support Program eligibility: Gold and Silver Certified Partners that were previously supported under Systems Integrator Support (varies by geographic region)
  - Partner Voice Support Offering (PVSO) eligibility: Partners with a Master Unified Communications Specialization (varies by geographic region)
  - Preferred routing within Cisco Technical Assistance Center (TAC)
  - Added capabilities within TAC Service Request Tool: Severity 2 cases can now be submitted online

"Cisco is investing heavily in our enhanced, value-based partner program."

Competitive Edge

Only with Cisco's industry-leading Channel Partner Program, unique solutions portfolio, and Intelligent Information Network (IIN) strategic vision can you maximize your growth, differentiation, and profitability.

Making the Transition

Cisco understands that you will need to prepare for and align with the enhanced partner program. We are providing a generous transition period of up to two years. This provides time to consider the different specialization options and opportunities available to you, as well as completing the training and other requirements.

Important Transition Dates

- On March 14, 2006, six new base specializations were introduced.
- In addition, several existing specializations were retired, including IP Communications, IP Communications Express, Routing & Switching, Wireless LAN, and Security/VPN. You can apply for new specialization or renew these retired specializations through June 15, 2006.
- During the first year of the transition, March 2006 through March 2007, you can achieve new specializations as your specializations expire. Certifications will be renewed under the current program during this period.
- In October 2006, the new Advanced Specialization discounts will be implemented, allowing six months for you to qualify.
- Starting on March 1, 2007, new certification requirements will apply upon your next certification anniversary that falls on or after this date.
- By March 2008, all partners will be certified under the new program.

Transition Process

Cisco channel account manager will work closely with you to access your business goals and strategy in conjunction with your current certification and specialization status, and guide you through the transition.

Getting Started

Cisco is investing heavily in our enhanced, value-based partner program. Our goal is to enable you to accelerate your growth, give you more opportunities to differentiate your business, and increase profitability.

More information and tools are available on the Cisco Partner Central Website at:
www.cisco.com/go/enhancedpartnerprogram/

Cisco Systems

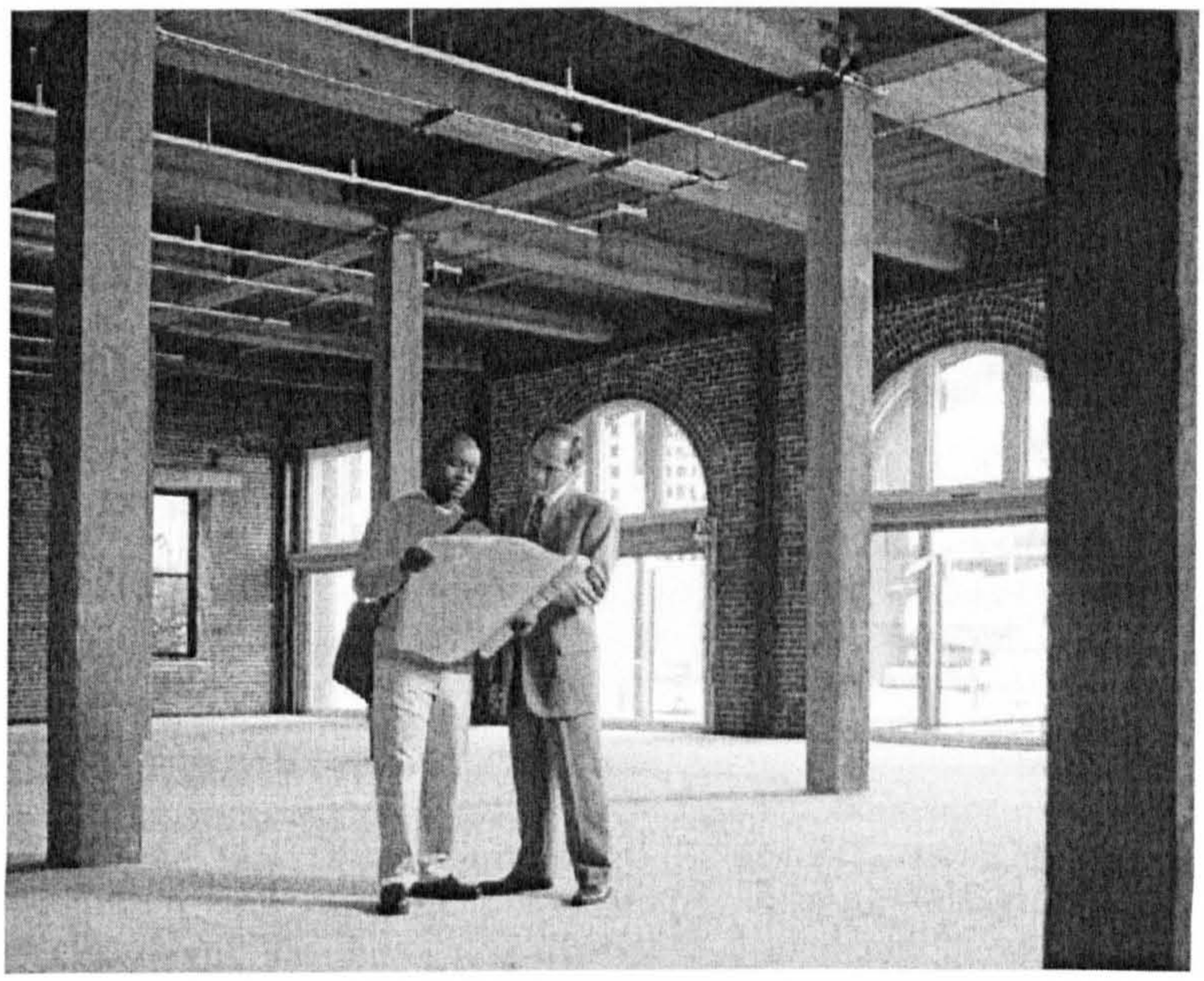
CHANNEL SPECIALIZATION PROGRAM

VALUE OF SPECIALIZATION

- **EXPAND YOUR CORE COMPETENCIES**
  Increasing your company's skills in focused areas can open up new markets, create new opportunities, and help higher-margin business models.
- **ENHANCE YOUR REPUTATION**
  Superior knowledge translates to exceptional support and an improved reputation for technical excellence.
- **STAY A STEP AHEAD**
  Specialization validates your technical competency to customers and differentiates your company and staff.
- **EARN POINTS TOWARD CERTIFICATION**
  Specialization puts you on the path to the Cisco Channel Certification Program and an even broader range of benefits.

Expertise is a powerful competitive tool. Cisco Systems® offers resources and a knowledge base that can help you build your company's skill sets and create new business opportunities.

Specialization is a key element of the Cisco Channel Partner Program—one of the most respected in the industry. The Cisco® Channel Partner Program helps you develop your expertise, increase customer satisfaction, maximize your profitability, grow your business, and build credibility with your customers.



www.cisco.com/go/partner/specialization

EXPAND YOUR COMPETENCE AND INCREASE CUSTOMER CONFIDENCE

THE BENEFITS OF BEING SPECIALIZED:

- Technical Recognition
  Specialization allows you to be recognized for specific technical capabilities within your organization.
- Access to Technical Resources
  You get access to the Cisco Virtual Lab and other related technical symposia so you can hone your skills using Cisco resources and expertise.
- Individual Career Enhancement
  Individuals can gain valuable sales and technology training, as well as earn Cisco Career Certification badges—increasing the overall competency level of your organization.
- Qualifies for Certification
  Your specialization points also contribute to the completion of your Cisco Channel Partner Program certification efforts.
- Product Access
  Cisco specialized partners enjoy convenient access to specific products and solutions.
- Promotions
  Some specializations entitle you to participate in special financing, lab discounts, rebates, and more. (Note: Offers may vary by region.)
- Broader Solution Opportunities
  Cisco specializations can help your company to move into higher-margin, higher-return, services-based and solutions-based business models.
- Business Focus
  Specialization training helps your business develop specific skill sets that are more closely aligned with your strategic focus.

WHAT'S IN IT FOR YOU?

The Cisco Channel Specialization Program develops and demonstrates your skill levels through structured training road maps and a knowledge validation process, helping your company to pursue new markets.

At the same time, you are able to provide your customers with objective evidence of your company's commitment to excellence. Cisco specializations help assure your customers that your company has superior product knowledge, delivers outstanding and consistent technical support, and has a close relationship with Cisco.

SPECIALIZATION TYPES

There are three types of specializations—all focused on your success:

- Technology
  Specific to networking technology or solutions areas.
  Requirements: Ability to demonstrate competencies in core Cisco technologies, and integration expertise with software applications complementary to a specific technology.
- System Solutions
  Network planning, design, implementation, and operational capabilities.
  Requirements: Achievement of the corresponding Cisco technology specialization is a prerequisite, as well as achievement of the specified customer satisfaction ratings; additional investments in staff, training, labs, and infrastructure.
- Global Commerce
  Commercial and logistics services for global customers.
  Requirements: Achievement in the following areas: global order management, invoicing, product delivery logistics, and providing global customer agreements.

THE VALUE OF SPECIALIZATION POINTS

Becoming a Cisco Registered Partner is the first step on your path to becoming a specialized partner and provides you with a formalized association with Cisco.

Participating in the Cisco Channel Specialization Program not only provides direct benefits to your company, it also makes your company eligible to participate in the Cisco Channel Certification Program. By qualifying as a Cisco Gold, Silver, or Premier Certified Partner, your company gains additional resources and business opportunities, including access to the power of the Cisco brand, preferential engagements with the Cisco sales force, and a wealth of world-class product and service resources, technical support, productivity tools, online training, marketing resources, and sales promotions.

PROGRAM REQUIREMENTS

Each specialization earns your company points that can be applied toward certification. The minimum number of points required for the three certification levels are:

- Premier: 20 points
- Silver: 40 points
- Gold: 70 points

Specialization points are based on the complexity and strategic value of the technology and solution, maturity in the product lifecycle, and market opportunity. New specializations are continually in development, reflecting the ongoing Cisco commitment to bring you the most current technology training in new market opportunities. Table 1 below summarizes the latest specializations from Cisco effective June 2004.

Table 1. Cisco Systems Specializations

NAME	SKILLS	POINTS
Technology		
IP Communications	Deploy and support a highly scalable, reliable, and available distributed multi-service IP Communications solutions that are based on a converged architecture in a single office, remote site, or entire enterprise.	40
IP Communications Express	Knowledge and expertise in selling, designing, installing, and supporting an IP communications solutions for small- and medium-sized businesses, particularly enterprise autonomous branch offices.	20
Routing and Switching	Ability to build, configure, and troubleshoot campus networks and remote access networks using Cisco Catalyst multilayer switching technologies over high-speed ethernet and Cisco routers connected in LANs and WANs.	20
Security VPN/ Firewall Express	Demonstrated knowledge and expertise in selling, designing, installing, and supporting a network security solution that integrates both VPN capabilities and firewall protection, specifically for customers in the small- to medium-sized business (SMB) segment.	10
Storage	Confirmation that your organization fully understands the Cisco MDS 9000 Intelligent SAN family of products including how to assess, design, deploy, and optimize them in advanced storage networking solutions.	30
VPN/Security	Capability to sell design, sell, install and deliver support services, for scalable, reliable, and comprehensive security solutions.	25
Wireless LAN	Proven experience with site design, deploying wireless access points and operating a wireless infrastructure.	20
System Solutions		
Business Ready Teleworker Solution	Ability to design, implement, and support Cisco voice- and video-enabled IPSec Virtual Private Networks (V3PN). Must have proven knowledge and skills relating to advanced applications—such as integrated security and remote management—that help make the home office a true extension of the corporate network.	15
Converged Business Solution	Demonstrated experience in selling, designing, installing, operating, and optimizing end-to-end converged networking solutions for small- and medium-sized business (SMB) customers. Proven capability to deliver a complete network that integrates routing and switching, security, wireless, and IP Communications technologies.	15
CRM Express Solution	Proven expertise in integrating Cisco CallManager Express (CME) with the Microsoft CRM application. Must have the ability to sell, design, and install a comprehensive IP telephony-integrated solution that is based on Microsoft CRM software to deliver a complete customer solution.	10
Global Commerce		
Global Commerce	A global presence and proven capability in providing consistent commerce and product logistics services to global customers. Demonstrated practices and capabilities in global order management, invoicing, product delivery logistics, and negotiating global customer agreements.	20

As the markets for networking technology and customer needs evolve, so does the strategic importance of Cisco specializations. Occasionally Cisco makes modifications to its specialization program. For the latest information, please refer to www.cisco.com/go/partner/specialization.

IT PAYS TO BE SPECIALIZED

When it comes to successfully deploying technologies, services, or solutions, it's not who you know—it's what you know. By participating in the channel specialization program, your company can:

- Advance to new levels of expertise, competence, and skill that will translate to increased business and higher customer satisfaction.
- Take advantage of the resources and experience that Cisco offers—and the strength of a close association with Cisco—as you build core competencies.
- Gain the ability to pursue new markets and migrate to higher margin services-based and solutions-based business models.

For complete information about participating in the channel specialization program, see www.cisco.com/go/partner/specialization.

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Printed in the USA

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APPENDIX E

CITY Cass Business School
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Developing Successful Partnerships: The Partner's Perspective

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Developing Successful Partnerships: The Partner's Perspective

Background of research

The aim of this research is to understand the support activities and systems that your supplier (e.g Microsoft) provides to your company – often referred to as Partner Relationship Management (PRM). We are seeking the views of managers within organizations that are partners to the leading IT/IS suppliers. This research is being undertaken by Cass Business School, City University, London within the IT industry across Europe and Asia.

Recently most suppliers of IT systems have recognized that the use of web-based technology for building high quality relationships with partners has become the rule and not the exception. Many have invested substantial amounts to implement this web-based technology alongside traditional support methods in the areas of marketing, relationship management, and customer service. Our research aims to understand how these can help partners provide a higher quality service to end customers and ultimately to increase their sales and profits.

Benefits to your company

Your response to this questionnaire is very important to us. Based on your response, we can make a vital contribution to your company by giving sound recommendation to supplier regarding the type and extent of the support your company receives.

Definitions of key terms

Partner Relationship Management (PRM) - The overall business strategy used by the supplier to help itself and its partners to achieve their partnership goals.

PRM Systems or Solutions - Web-based applications provided by the supplier to support its partners (extranets, partner portals, online configuration tools, marketing materials etc).

If you require any further information about this research, please contact:

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Please return the completed questionnaire by fax at 020 70408328 or by post at the following address:

Dr. Christopher Storey
Cass Business School
Faculty of Management
106 Bunhill Row
London EC1Y 8TZ

Thank you in advance for your co-operation!

SURVEY INSTRUCTIONS:

For each statement, please indicate to what extent you agree/disagree with the statement.

Please answer all the questions in relation to the relationship your company has with Microsoft.

MARKETING SUPPORT

This section covers the resources and aids the supplier provides to help your company selling its products/services.

Sales Support

	Strongly Disagree			*Nuetral = Neither Disagree Nor Agree*			*Strongly Agree*
Our supplier provides us with highly effective sales and marketing support	☐	☐	☐	☐	☐	☐	☐
Our supplier provides marketing advice and expertise when we need it	☐	☐	☐	☐	☐	☐	☐
Our supplier makes substantial investments in marketing communication programs in our market (e g. advertising, direct mail, trade show, magazine etc)	☐	☐	☐	☐	☐	☐	☐
Our supplier makes available substantial funds for us to use in marketing its products/services	☐	☐	☐	☐	☐	☐	☐
Our supplier provides extensive marketing materials (e g promotional materials, white papers, case studies etc) to help us market its products/services	☐	☐	☐	☐	☐	☐	☐
Our supplier provides interactive marketing tools (e g. online or cd sales presentations, webinar, product demos etc) to help us market its products/services	☐	☐	☐	☐	☐	☐	☐
Our supplier provides us with high quality leads	☐	☐	☐	☐	☐	☐	☐
Our supplier provides effective mechanisms (e.g. web sites) that help prospective customers learn about our company	☐	☐	☐	☐	☐	☐	☐
Our supplier provides effective systems for managing customer leads	☐	☐	☐	☐	☐	☐	☐

Marketing Planning

	Strongly Disagree			*Neutral*			*Strongly Agree*
Our supplier is willing to co-ordinate their marketing activities with our own	☐	☐	☐	☐	☐	☐	☐
The marketing activities of the supplier and ourselves are closely aligned	☐	☐	☐	☐	☐	☐	☐
Our supplier's marketing activities compliment our own	☐	☐	☐	☐	☐	☐	☐
Marketing to end customers is a collaborative effort between the supplier and ourselves	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems have specific functions to help us plan and manage our marketing initiatives	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems help to synchronize the marketing activities of the supplier and ourselves	☐	☐	☐	☐	☐	☐	☐
Our supplier provides effective e-commerce systems (e g. online catalogue, order, delivery, quotation, etc) to help us market its products/services	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems make it convenient for us to access supplier funds for marketing purposes	☐	☐	☐	☐	☐	☐	☐

CUSTOMER SUPPORT

This section covers the support the supplier provides to your company to serve your end customers.

Technical Support

	Strongly Disagree			*Neutral*			*Strongly Agree*
Our supplier provides highly effective assistance for our own customer support/service activities	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems are very important in enabling us to effectively support/service our customers	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems help us integrate multiple customer "touch points" (e g telephone, email, etc), thus delivering a seamless service to our customers	☐	☐	☐	☐	☐	☐	☐
Our supplier provides effective fulfillment systems (i e. logistics, tracking, delivery, etc.) to help us deliver a better service to our customers	☐	☐	☐	☐	☐	☐	☐
We can find solutions to most of our customer's problems without referring directly to our supplier	☐	☐	☐	☐	☐	☐	☐
Our supplier provides extensive self-help systems (e g. FAQ, knowledge base, automatic downloads etc.) that help our customers become more self-sufficient in solving common technical problems	☐	☐	☐	☐	☐	☐	☐
Our supplier is willing to respond to queries from our customers (e g. replying to email, discussion forums etc.)	☐	☐	☐	☐	☐	☐	☐
If necessary, our supplier is willing to directly help our customer solve their problems	☐	☐	☐	☐	☐	☐	☐
If necessary, our supplier is willing to provide training to our customers	☐	☐	☐	☐	☐	☐	☐

Training

	Strongly Disagree			*Neutral*			*Strongly Agree*
Our supplier has made significant investments in developing our expertise	☐	☐	☐	☐	☐	☐	☐
Our supplier provides on-going training programs to maintain and upgrade our technical knowledge	☐	☐	☐	☐	☐	☐	☐
Our supplier provides instructor-led technical training that enables our staff to learn from leading experts in the field	☐	☐	☐	☐	☐	☐	☐
Our supplier provides tailored technical training based on individual needs	☐	☐	☐	☐	☐	☐	☐
Our supplier provides an extensive knowledge-base of product and technical reference materials	☐	☐	☐	☐	☐	☐	☐
Our supplier provides high quality self-learning facilities (e g. e-learning systems) to help us develop our product and technical knowledge	☐	☐	☐	☐	☐	☐	☐
Our supplier provides self-learning facilities that help us to learn at our convenience and own pace	☐	☐	☐	☐	☐	☐	☐
Our supplier provides interactive (or hands-on) learning systems that motivates our staff to learn	☐	☐	☐	☐	☐	☐	☐
Our supplier's systems help us effectively manage the training and learning needs of all our staff	☐	☐	☐	☐	☐	☐	☐

Service Quality

	Strongly Disagree			Neutral			Strongly Agree
Our supplier provides a high quality technical support that exceeds our expectations	☐	☐	☐	☐	☐	☐	☐
Our supplier provides effective systems for technical support (e g. self-help, FAQ, knowledgebase, etc.)	☐	☐	☐	☐	☐	☐	☐
Our supplier's technical and service-related reference materials are always 'up-to-date'	☐	☐	☐	☐	☐	☐	☐
We are able to access help 24 hours a day 365 days a year	☐	☐	☐	☐	☐	☐	☐
We can access real-time support systems for solving technical problems	☐	☐	☐	☐	☐	☐	☐

PARTNER NETWORK MANAGEMENT

This section covers key issues on how the supplier manages its entire network of partners.

Partner Network

	Strongly Disagree			Neutral			Strongly Agree
The way in which this supplier manages its network of partners is very effective	☐	☐	☐	☐	☐	☐	☐
The supplier has a very well planned network of partners	☐	☐	☐	☐	☐	☐	☐
In our business relationship with this supplier, we have a well designated market or sales territory	☐	☐	☐	☐	☐	☐	☐
Our supplier manages its network of partners to avoid them directly competing with each other	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems provides high quality support to its network of partners	☐	☐	☐	☐	☐	☐	☐
Our supplier encourages us to interact and share information with other partners of our supplier	☐	☐	☐	☐	☐	☐	☐
Our supplier provides useful forums (e g message boards, chat rooms, webinar, etc) for discussions between the partners of the supplier and between the partners and the supplier	☐	☐	☐	☐	☐	☐	☐
Discussions with other partners are valuable in helping us solve technical problems	☐	☐	☐	☐	☐	☐	☐
Our relationship with other partners of our supplier is one of co-operation rather than competition	☐	☐	☐	☐	☐	☐	☐

Certification

	Strongly Disagree			Neutral			Strongly Agree
Certification level or status is a key influence amongst customers in our market	☐	☐	☐	☐	☐	☐	☐
Certification helps maintain standards in the industry	☐	☐	☐	☐	☐	☐	☐
The certification level or status affects the amount of support we receive from our supplier	☐	☐	☐	☐	☐	☐	☐
Our supplier requires us to have substantial resources (i.e capital, number of employees) in place before being granted certified status	☐	☐	☐	☐	☐	☐	☐
Our supplier requires our employees to demonstrate a high level of knowledge (e g via examinations, test, qualifications etc) before being certified	☐	☐	☐	☐	☐	☐	☐
In order to be certified, our supplier requires our employees to undertake specified training	☐	☐	☐	☐	☐	☐	☐
Our supplier regularly reviews our certification status	☐	☐	☐	☐	☐	☐	☐
Our supplier regularly monitors the quality of service we deliver to our customers	☐	☐	☐	☐	☐	☐	☐

RELATIONSHIP MANAGEMENT

This section covers how the supplier organizes and manages its relationship with your company.

Relationship Management

	Strongly Disagree			Neutral			Strongly Agree
The way in which the supplier manages its business relationship with us is very effective	☐	☐	☐	☐	☐	☐	☐
There are rules and standard procedures covering all aspects of our business relationship with the supplier	☐	☐	☐	☐	☐	☐	☐
Within this business relationship, the roles of the supplier and partner are clearly specified	☐	☐	☐	☐	☐	☐	☐
The terms of our business relationship are formalized	☐	☐	☐	☐	☐	☐	☐
We have a close personal relationship with our supplier's representatives	☐	☐	☐	☐	☐	☐	☐
We have complete confidence in our supplier's representative	☐	☐	☐	☐	☐	☐	☐
There is a great deal empathy and mutual understanding between our supplier's representative and ourselves	☐	☐	☐	☐	☐	☐	☐
There is frequent communication between our supplier and our company	☐	☐	☐	☐	☐	☐	☐
In coordinating activities with our supplier, formal communication channels are followed (i.e, channels that are regularized, structured modes versus causal, informal, word-of-mouth modes)	☐	☐	☐	☐	☐	☐	☐
There is extensive informal communication between our supplier's representatives and ourselves	☐	☐	☐	☐	☐	☐	☐
Our supplier provides fast and efficient communication systems that enhance the flow of information between us	☐	☐	☐	☐	☐	☐	☐

Cooperation

	Strongly Disagree			Neutral			Strongly Agree
Both parties always respond promptly to any request for information	☐	☐	☐	☐	☐	☐	☐
Both parties keep each other informed about events or changes that may affect the other party	☐	☐	☐	☐	☐	☐	☐
Our supplier encourages us to give advice and suggestion for improvements or development purposes	☐	☐	☐	☐	☐	☐	☐
Our supplier is willing to help us whenever we ask	☐	☐	☐	☐	☐	☐	☐
Our supplier shows a keen interest in our business	☐	☐	☐	☐	☐	☐	☐
In the relationship with our supplier, most problems are solved through mutual discussion	☐	☐	☐	☐	☐	☐	☐
In the relationship with our supplier, we have formal mechanisms to solve problems	☐	☐	☐	☐	☐	☐	☐
When problems occur, our supplier always attempts to come up with constructive solutions	☐	☐	☐	☐	☐	☐	☐
Our supplier's PRM systems help us maintain a close working relationship	☐	☐	☐	☐	☐	☐	☐
We find our supplier's PRM systems to be very user-friendly	☐	☐	☐	☐	☐	☐	☐
We find our supplier's PRM systems to be very responsive to our needs	☐	☐	☐	☐	☐	☐	☐

Trust

	Strongly Disagree			Neutral			Strongly Agree
We trust that the supplier keeps the promises they make to our firm	☐	☐	☐	☐	☐	☐	☐
Whenever the supplier gives us advice on our business operations, we know they are sharing their best judgment	☐	☐	☐	☐	☐	☐	☐
When making important decisions, we can count on the supplier to consider how its decision and actions will affect us	☐	☐	☐	☐	☐	☐	☐
We trust that the supplier does not take advantage of a strong bargaining position	☐	☐	☐	☐	☐	☐	☐
Within our company, there is a high degree of goodwill, rather than resentment, towards our supplier	☐	☐	☐	☐	☐	☐	☐
We consider our relationship with this supplier to be very rewarding, rather than frustrating	☐	☐	☐	☐	☐	☐	☐
Our working relationship with this supplier is characterized by co-operation rather than conflict	☐	☐	☐	☐	☐	☐	☐
This supplier and our company have only minor disagreements over key issues	☐	☐	☐	☐	☐	☐	☐

PARTNERSHIP PERFORMANCE

This section covers the success of the partnership.

Partner Performance

	Strongly Disagree			Neutral			Strongly Agree
In terms of overall success, our business relationship with this supplier has exceeded our expectations	☐	☐	☐	☐	☐	☐	☐
Our business relationship with this supplier is very profitable	☐	☐	☐	☐	☐	☐	☐
Sales volumes and revenues from our business relationship with this supplier have increased significantly	☐	☐	☐	☐	☐	☐	☐
Due to our business relationship with this supplier, our company has gained a significant share of the market	☐	☐	☐	☐	☐	☐	☐
Due to our business relationship with this supplier, our company has been able to attract significant numbers of new customers	☐	☐	☐	☐	☐	☐	☐
Due to our business relationship with this supplier, our company has been able to increase sales from existing customers	☐	☐	☐	☐	☐	☐	☐
Overall, we believe that our customers are satisfied with our company	☐	☐	☐	☐	☐	☐	☐
If our customers had the opportunity, we believe that they would recommend other companies to do business with us	☐	☐	☐	☐	☐	☐	☐
Our customers show a high degree of loyalty to us	☐	☐	☐	☐	☐	☐	☐

Relationship Commitment

	Strongly Disagree			Neutral			Strongly Agree
Compared to our ideal, we are highly satisfied with the performance of the supplier	☐	☐	☐	☐	☐	☐	☐
All in all, we are very pleased with the quality of the working relationship with our supplier	☐	☐	☐	☐	☐	☐	☐
If we had the opportunity, we would recommend other companies to partner with this supplier	☐	☐	☐	☐	☐	☐	☐
If we wanted to, it would be problematic for us to switch to another supplier	☐	☐	☐	☐	☐	☐	☐
It would be very costly to us if we lost this supplier	☐	☐	☐	☐	☐	☐	☐
We have made significant investments (in time and money) dedicated to our relationship with this supplier	☐	☐	☐	☐	☐	☐	☐
We are committed to this relationship and remaining part of the supplier's network	☐	☐	☐	☐	☐	☐	☐
We are willing to make further investment in our business with this supplier	☐	☐	☐	☐	☐	☐	☐
We are willing to put more effort in building our relationship with this supplier	☐	☐	☐	☐	☐	☐	☐
We expect our relationship with this supplier to be long lasting	☐	☐	☐	☐	☐	☐	☐

CONTROL VARIABLES

These final questions are for control and sample analysis purposes.

What is the level of partnership that your company has with Microsoft? *(please tick one only)*

☐ 1st Tier (Highest Level) ☐ 2nd Tier (Medium Level) ☐ 3rd Tier (Foundation Level)

In relation to this supplier's products, which type of the following markets does your company specialize?

☐ Software / Solutions ☐ Hardware ☐ Services
☐ Training ☐ Other (please specify) _____

How long has your company had a formal relationship with this supplier? *(please tick one only)*

☐ Less than a year ☐ 2 - 5 years
☐ 6 - 10 years ☐ More than 10 years

Approximately what proportion of sales is due to being a partner of this supplier? *(please tick one only)*

☐ Less than 25% of our total sales ☐ 25% - 50%
☐ 51% - 75% ☐ More than 75%

Approximate annual turnover of your company in the previous year? *(please tick one only)*

☐ Less than 500K ☐ 500K - 1 millions ☐ 1 millions - 10 millions
☐ 10 millions - 100 millions ☐ More than 100 millions

Number of employees in your company? *(please tick one only)*

☐ Less than 25 ☐ 26 - 100 ☐ 101 - 500
☐ 501 - 1000 ☐ 1001 - 5000 ☐ More than 5,000

Managerial Experience

How many years have you been in your current position? _____

In total, how many years managerial experience do you have within the company? _____

In order to provide effective support to your business activities, what are the THREE main areas that your supplier needs to improve? (Optional)

1._____

2._____

3._____

Please feel free to use this empty space below to add any comments

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Thank you

Thank you for completing this questionnaire, and for contributing to this major research project.

In gratitude for your support, we would like to offer you the opportunity to receive an **EXECUTIVE REPORT** of the research results.

Yes, I would like to be sent the results of this research project ☐

Please fill in your contact information below for us to send the **SOUVENIR** to you (for the first 200 respondents) and to enter into our lucky draw to win one of the **PRIZES** provided.

Note. All provided information will not be used to identify any individual or organisation in any way.

Your Name: _____

Email: _____

Designation/Position: _____

Company Name: _____

Company Address: _____

_____

_____

_____

CASS MEANS BUSINESS

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Cass Business School (Sir John Cass Business School, City of London) was formerly known as City University Business School. Its brand new building was opened by Her Majesty the Queen in May 2003 with stylish and spacious accommodation which will maintain its unique physical presence in the City.

The School offers a full range of undergraduate and post graduate degrees and has extensive executive education programmes. We have currently 1500 students with 100 full-time and more than 150 part-time staff. The School undertakes research of national and international significance and supports almost 100 PhD students. These features make it one of the strongest Business Schools in London.

APPENDIX F

Table 3: Approximated Annual Sales in British, Irish, Malaysian, and Singaporean Currencies

	UK (£)	Ireland (€)	Malaysia (RM)	Singapore ($)	Total
Less than 500K	21	1	6	1	28
500K - 1 million	16	1	4	1	22
1 - 10 millions	58	1	9	2	70
10 - 100 millions	31	2	16	2	51
More than 100 millions	12	0	13	0	25
Percentage (%)	70.4%	2.6%	24%	3%	100%

A

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