

1992

# Horizontal Selling Alliances: The Effect Of Organizational Distance And Mutual Trust On Dyadic Working Relationships

J Brock Smith

Follow this and additional works at: <https://ir.lib.uwo.ca/digitizedtheses>

---

## Recommended Citation

Smith, J Brock, "Horizontal Selling Alliances: The Effect Of Organizational Distance And Mutual Trust On Dyadic Working Relationships" (1992). *Digitized Theses*. 2131.  
<https://ir.lib.uwo.ca/digitizedtheses/2131>

This Dissertation is brought to you for free and open access by the Digitized Special Collections at Scholarship@Western. It has been accepted for inclusion in Digitized Theses by an authorized administrator of Scholarship@Western. For more information, please contact [tadam@uwo.ca](mailto:tadam@uwo.ca), [wlsadmin@uwo.ca](mailto:wlsadmin@uwo.ca).

**Horizontal selling alliances: the effect of organizational distance and mutual trust on dyadic working relationships.**

**by**

**J. Brock Smith**

**School of Business Administration**

**Submitted in partial fulfilment  
of the requirements for the degree of  
Doctor of Philosophy**

**Faculty of Graduate Studies  
The University of Western Ontario  
London, Ontario  
July 1992**

**© J. Brock Smith 1992**



National Library  
of Canada

Bibliothèque nationale  
du Canada

Canadian Theses Service    Service des thèses canadiennes

Ottawa, Canada  
K1A 0N4

The author has granted an irrevocable non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of his/her thesis by any means and in any form or format, making this thesis available to interested persons.

The author retains ownership of the copyright in his/her thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without his/her permission.

L'auteur a accordé une licence irrévocable et non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de sa thèse de quelque manière et sous quelque forme que ce soit pour mettre des exemplaires de cette thèse à la disposition des personnes intéressées.

L'auteur conserve la propriété du droit d'auteur qui protège sa thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

ISBN 0-315-75339-0

Canada

## ABSTRACT

In response to complex and uncertain environments, marketers are forming horizontal selling alliances in which sales representatives from two or more independent sales forces work cooperatively as partners to provide joint customer solutions. This study examined how organizational differences, perceived trustworthiness, and trusting behaviours affect the effectiveness of selling partner working relationships. Drawing on social exchange theory and the IMP Interaction Approach, conceptual and structural equation research models were developed. These were operationalized using relationship-level and aggregated individual-level indicators. Hypotheses were tested using Partial Least Squares and dyadic, self-report data collected from computer sales representatives.

Organizational differences, particularly differences in reputations for professionalism and job stability, were found to play a modest role in affecting perceptions of partner trustworthiness, but had little indirect impact on the mutual satisfaction of the partners, perceived relationship continuity, or perceived task performance. Dimensions of mutual perceived trustworthiness were found to be key determinants of mutual satisfaction, primarily through the intervening trusting behaviours of relationship-specific investment, communication openness, and forbearance from opportunism. In addition, mutual perceived equity and mutual perceived interdependence were found to be key determinants of mutual satisfaction.

The study highlights the importance of developing trust in working relationships, separating the belief and behavioural components of trust, and examining their



underlying dimensions to be able to develop recommendations for managers and sales representatives in horizontal selling alliances. It also contributes to our understanding of using relationship-level and aggregated individual-level measures to study dyads as a unit of analysis.

## ACKNOWLEDGEMENTS

Many people and organizations were involved in making this work possible. I would particularly like to thank Don Barclay, my mentor and coach, who inspired and expected excellence, and kept me moving forward. Adrian Ryans and Ken Hardy provided timely and constructive feedback and challenged me to think and write clearly. Other professors in the marketing area helped me develop ideas and focus my interests.

Support and encouragement by family and friends made this experience immensely satisfying. My colleagues, particularly Louis Hebert, Tom Davies, Herb Mackenzie, and David Large provided a comradeship that made the doctoral process rich and rewarding. My parents provided wonderful support and encouragement for which I am extremely grateful. I am most appreciative of the love and support provided by my wife Claudia who shared this adventure day to day, helped me keep perspective, and never lost faith. This work is as much hers as mine.

This research could not have been conducted without the cooperation and assistance of two sponsor organizations, their sales representatives, and their selling partners. The effort of these people and their organizations was greatly appreciated. Funding for this research was provided by the Marketing Science Institute and the Plan for Excellence at the University of Western Ontario. The Social Sciences and Humanities Research Council of Canada provided financial support for my doctoral studies.

## DEDICATION

**To Claudia, my partner, who showed me the satisfaction in mutual trust and commitment.**

## TABLE OF CONTENTS

	Page
CERTIFICATE OF EXAMINATION .....	ii
ABSTRACT .....	iii
ACKNOWLEDGEMENTS .....	v
DEDICATION .....	vi
TABLE OF CONTENTS .....	vii
LIST OF FIGURES .....	xii
LIST OF TABLES .....	xii
LIST OF EXHIBITS .....	xiii
<b>CHAPTER 1: RESEARCH QUESTIONS AND OVERVIEW .....</b>	<b>1</b>
1.1 Phenomenon of Interest .....	1
1.2 Research Issue .....	5
1.3 Research Questions .....	8
1.4 Conceptual and Research Models .....	9
1.6 Study Methodology .....	12
1.7 Data Analysis .....	13
1.8 Contributions and Limitations .....	13
<b>CHAPTER 2: REVIEW OF RELATED LITERATURE .....</b>	<b>16</b>
2.1 Strategic Alliances .....	16
2.1.1 Alliance Research .....	17
2.2 Working Relationships .....	23
2.2.1 Conceptual Frameworks .....	24

2.2.2	Conceptual and Research Models .....	29
2.2.3	Summary and Conclusions .....	47
2.3	Personal Selling and Salesforce Management .....	50
2.3.1	Team Selling .....	51
2.3.2	Summary and Conclusions .....	62
2.4	Chapter Summary and Conclusion .....	65
CHAPTER 3:	CONCEPTUAL AND RESEARCH MODELS .....	68
3.1	Central Concepts .....	68
3.1.1	Mutual Satisfaction .....	68
3.1.2	Mutual Trust .....	70
3.1.3	Organizational Distance .....	73
3.1.4	Summary .....	74
3.2	Overview of Conceptual and Research Models .....	75
3.2.1	Theoretical Perspectives .....	76
3.3	Model Development .....	79
3.3.1	Mutual Satisfaction .....	82
3.3.2	Mutual Perceived Equity .....	83
3.3.3	Functionality of Conflict Resolution .....	85
3.3.4	Mutual Trusting Behaviour .....	88
3.3.5	Mutual Perceived Trustworthiness .....	99
3.3.6	Mutual Perceived Interdependence .....	107
3.3.7	Organizational Distance .....	110
3.4	Summary and Conclusions .....	119

<b>CHAPTER 4: METHODOLOGY</b> .....	<b>120</b>
<b>4.1 Research Design</b> .....	<b>120</b>
4.1.1 General Approach .....	120
4.1.2 Cross-sectional Research .....	121
4.1.3 Mail Surveys .....	121
4.1.4 Self-Report Data .....	122
4.1.5 Limitations .....	124
<b>4.2 Operationalization</b> .....	<b>126</b>
4.2.1 General Approach .....	126
4.2.2 Aggregation of Individual Level Data .....	128
4.2.3 Divergent Perspectives .....	135
4.2.4 Scale Items .....	136
4.2.5 Additional Items on the Questionnaire .....	150
<b>4.3 Data Collection</b> .....	<b>152</b>
4.3.1 Research Setting .....	152
4.3.2 Sample .....	153
4.3.3 Required Sample Size .....	153
<b>4.4 Field and Operational Procedures</b> .....	<b>154</b>
4.4.1 General Approach .....	154
4.4.2 Survey Development .....	155
4.4.3 Implementation .....	156
<b>4.5 Data Editing and File Preparation</b> .....	<b>159</b>
<b>4.6 Summary</b> .....	<b>161</b>
<b>CHAPTER 5: ANALYSIS AND RESULTS</b> .....	<b>162</b>
<b>5.1 General Approach</b> .....	<b>162</b>

5.2	Sample and Non-response Bias .....	165
5.2.1	Sample Size .....	165
5.2.2	Survey Reaction and Comments .....	166
5.2.3	Sample Characteristics .....	167
5.2.4	Non-Response Survey .....	169
5.3	Preliminary Analysis .....	171
5.3.1	Item and Construct Reliability .....	172
5.3.2	Key-Informant Convergence .....	173
5.3.3	Model Respecification .....	182
5.3.4	Evaluation of Aggregation Methods .....	186
5.4	PLS Analysis and Results .....	189
5.4.1	Model Specification .....	189
5.4.2	Measurement Model Evaluation .....	194
5.4.3	Structural Model Evaluation .....	204
5.4.4	Direct and Total Effects .....	211
5.5	Method Effects .....	225
5.6	Analysis of Alternate Dependent Variables .....	227
5.7	Chapter Summary .....	233

<b>CHAPTER 6: IMPLICATIONS, CONTRIBUTIONS, AND CONCLUSIONS .....</b>	<b>237</b>
6.1 Study Limitations .....	237
6.1.1 Conceptual Limitations .....	237
6.1.2 Methodological Limitations .....	239
6.1.3 Empirical Limitations .....	242
6.2 Contributions to Marketing Theory and Research .....	243

6.2.1	General Contributions .....	243
6.2.2	Trust .....	246
6.2.3	Other Contributions .....	248
6.3	Contributions to Research Methodology .....	248
6.4	Implications for Marketing Management .....	250
6.5	Directions for Future Research .....	256
6.5.1	Study Extensions .....	256
6.5.2	Other Issues .....	257
6.6	Conclusions .....	258
<b>REFERENCES .....</b>		<b>262</b>
<b>VITA .....</b>		<b>284</b>



## List of Figures

Figure 1: The Phenomenon of Interest .....	6
Figure 2: Conceptual Model .....	10, 80
Figure 3: Research Model .....	11, 81
Figure 4: Confirmatory Composition Model .....	175
Figure 5: Sponsor Model .....	183
Figure 6: Partner Model .....	184

## List of Tables

Table 1: Demographic Profile of Sub-Samples .....	168
Table 2: Demographic Profile of Non-Respondents .....	170
Table 3: Cronbach's Alpha .....	174
Table 4: Perspective Agreement .....	178
Table 5: Aggregation Results .....	188
Table 6: Structural Relationships .....	191
Table 7: Epistemic Relationships .....	193
Table 8: PLS Cross-Loadings .....	195
Table 9: Measurement Results .....	197
Table 10: Structural Results: Sponsor Model .....	206
Table 11: Structural Results: Partner Model .....	207
Table 12: Mutual Satisfaction Cross-Loadings .....	209
Table 13: Direct and Total Effects .....	212
Table 14: Assessment of Method Bias .....	228
Table 15: Alternate Dependent Variables .....	231

## List of Exhibits

Exhibit 1:	The IMP Interaction Model .....	25
Exhibit 2:	Ford's Model of Buyer/Seller Relationship Development .....	27
Exhibit 3:	Dwyer, Schurr, and Oh's Relationship Development Framework .....	30
Exhibit 4:	Anderson and Narus's Model of Distributor Working Relationships .....	32
Exhibit 5:	Anderson and Narus's Model of Working Partnerships .....	34
Exhibit 6:	Anderson and Weitz's Model of Relationship Continuity .....	34
Exhibit 7:	Anderson and Weitz's Model of Commitment and Pledges ...	38
Exhibit 8:	Heide and John's Model of Partner Dependence .....	40
Exhibit 9:	Heide and John's Model of Joint Action .....	41
Exhibit 10:	Wilson and Mummalaneni's Bonding Model .....	43
Exhibit 11:	Mummalaneni and Wilson's Model of Close Relationships ...	45
Exhibit 12:	Crosby, Evans, and Cowles's Relationship Quality Model ...	46
Exhibit 13:	Oliver and Swan's Model of Equity Perception .....	48
Exhibit 14:	Gladstein's Model of Task Group Effectiveness .....	54
Exhibit 15:	Gladstein's Research Model .....	55
Exhibit 16:	Reukert and Walker's Conceptual Framework .....	59
Exhibit 17:	Reukert and Walker's Model of Marketing's Interaction .....	61
Exhibit 18:	Smith and Barclay's Conceptual Framework .....	63
Exhibit 19:	Operationalization Example .....	127
Exhibit 20:	Mathematical Approach to Aggregation .....	130
Exhibit 21a:	First Conceptual Approach to Aggregation .....	132
Exhibit 21b:	Second Conceptual Approach to Aggregation .....	132
Exhibit 22:	Third Conceptual Approach to Aggregation .....	134

The author of this thesis has granted The University of Western Ontario a non-exclusive license to reproduce and distribute copies of this thesis to users of Western Libraries. Copyright remains with the author.

Electronic theses and dissertations available in The University of Western Ontario's institutional repository (Scholarship@Western) are solely for the purpose of private study and research. They may not be copied or reproduced, except as permitted by copyright laws, without written authority of the copyright owner. Any commercial use or publication is strictly prohibited.

The original copyright license attesting to these terms and signed by the author of this thesis may be found in the original print version of the thesis, held by Western Libraries.

The thesis approval page signed by the examining committee may also be found in the original print version of the thesis held in Western Libraries.

Please contact Western Libraries for further information:

E-mail: [libadmin@uwo.ca](mailto:libadmin@uwo.ca)

Telephone: (519) 661-2111 Ext. 84796

Web site: <http://www.lib.uwo.ca/>

## CHAPTER 1: RESEARCH FOCUS AND OVERVIEW

Market globalization, deregulation, and environmental volatility are among many forces motivating alliances among vendors, customers, suppliers and other members in a value chain. Alliances can provide economic, tactical, and strategic advantages such as reducing fixed costs, transferring risk, leveraging expertise, or accessing resources or markets (Porter 1986; Contractor and Lorange 1988). Consequently, strategic alliances are expected to play an increasingly significant role in organizing market opportunities, to the extent that they may become a dominant form of industrial organization by the year 2000 (Achrol, Scheer, and Stern 1990). While much attention has been given to international alliances (e.g., Contractor and Lorange 1988), domestic alliances are becoming increasingly important to protect markets from foreign competition and other domestic consortiums. This dissertation is concerned with the domestic implementation of horizontal selling alliances, an increasingly important type of marketing alliance that has received little research attention.

### 1.1 Phenomenon of Interest

Horizontal selling alliances are concerned with cooperative efforts between two or more independent sales forces. As a form of transorganizational strategic alliance (e.g., Achrol, Scheer, and Stern 1990), horizontal selling alliances can be viewed as a system of inter-partner, boundary-spanning coordination and decision linkages aimed at the joint initiation and maintenance of customer relationships. Horizontal selling alliances are also a type of symbiotic marketing; the cooperative effort between independent vendors (those not linked by the

traditional marketer-marketing intermediary relationship) in either the formulation of joint marketing strategy or the execution of specific programs that constitute a part of separate strategies formulated by the individual firms (Adler 1966; Varadarajan and Rajaratnam 1986). In horizontal selling alliances, organizations with dissimilar cultures, strategies, and/or resources join forces to achieve sales-related benefits that are otherwise unattainable.

Marketers faced with complex, uncertain, and rapidly changing environments are forming horizontal selling alliances to gain access to scarce resources while enhancing their strategic flexibility to adapt to market conditions. IBM, for example, has developed a formal program to build alliance relationships with a variety of hardware, software, and service specialists (Agents). Under this program IBM and Agent marketing representatives are encouraged to work together, cooperatively, to provide integrated customer solutions and ongoing customer support. Digital Equipment Company (DEC) has developed both formal and informal alliances. Informal alliances are initiated by Digital marketing representatives when a customer situation requires the assistance of other hardware and software vendors to market a complete solution. Terms of these informal partnerships are negotiated on a situational basis. PRIME computers has formed national alliances with a variety of hardware and software firms, the terms being negotiated with each vendor depending on their relative contribution to the business and the amount of business generated. Personal computer (PC) vendors such as Xerox, and PC distributors such as ComputerLand, work cooperatively with outside representatives and specialists. ComputerLand, for example, has developed a formal marketing program that pays a commission to specialists such as accountants or lawyers to assist

ComputerLand sales people in marketing and installing customer solutions and training users on the systems.

While the need for horizontal selling alliances is particularly acute in high-technology contexts such as the computer industry, these relationships are also evident in low-technology contexts. Insurance companies, for example, have been observed to join forces and combine instruments to provide large customers with solutions tailored to their needs. Advertising agencies, particularly smaller ones, often join forces to win and maintain national or international accounts. They also augment account teams with creative or strategic specialists as required. Thus, there are a number of contexts where horizontal selling alliances are utilized.

Horizontal selling alliances are distinct from traditional vertical (channel) relationships in a number of ways. First, the coordinating force of serial interdependence (e.g., Thompson 1967) found in channel relationships is missing in horizontal selling alliances where partner relationships are based to a much greater extent on voluntary cooperation and trust. Second, relationships tend to be less formal in horizontal selling alliances where it is difficult to determine both what needs to be done and the value of specific activities, and it is more difficult and costly to monitor these activities. Third, outcome interdependence (e.g., Shea and Guzzo 1987) is much higher in horizontal selling alliances where greater strategy coordination is required to provide a seamless front to customers.

Thus selling partners face greater risk in losing control of process technology and customer relationships, and this risk is not as readily managed by formal

governance structures. IBM has attempted to minimize this risk by having agreements at the organizational level. These agreements outline: each party's expectations and responsibilities (including applications, products, and territories in which the parties will cooperate); the commission structure IBM will provide to the Agent organizations for their assistance; and the support the Agent organizations can expect from IBM.

Finally, where exchange is defined, to a large degree, by the structure of channel relationships and the roles of the participants, exchange in horizontal selling alliances is to a greater extent interpersonal, voluntary and situational. The key relationships in horizontal selling alliances are between the partner sales representatives. Although these sales representatives are encouraged with incentives and rewards to work together, most have considerable choice of the individuals and organizations with whom they want to work, if any. IBM marketing representatives, for example, often have a choice of three or four Agent organizations, and possibly several different individuals, with whom they could work on a given piece of business. Agent sales representatives typically have less flexibility but could work informally with another partner. The roles the sales representatives adopt, the tasks they each perform, the coordination mechanisms they deploy, and the decision-making approaches they use, vary from relationship to relationship, and often by customer situation. Thus, the onus is on the marketing representatives themselves to develop effective working relationships.

The implication of these differences is that horizontal selling alliance (selling partner) relationships tend to be more fragile, interpersonal, and varied than vertical channel relationships, and not as well defined. Consequently, different concepts,

approaches, and techniques may need to be applied to understand them.

## **1.2 Research Issue**

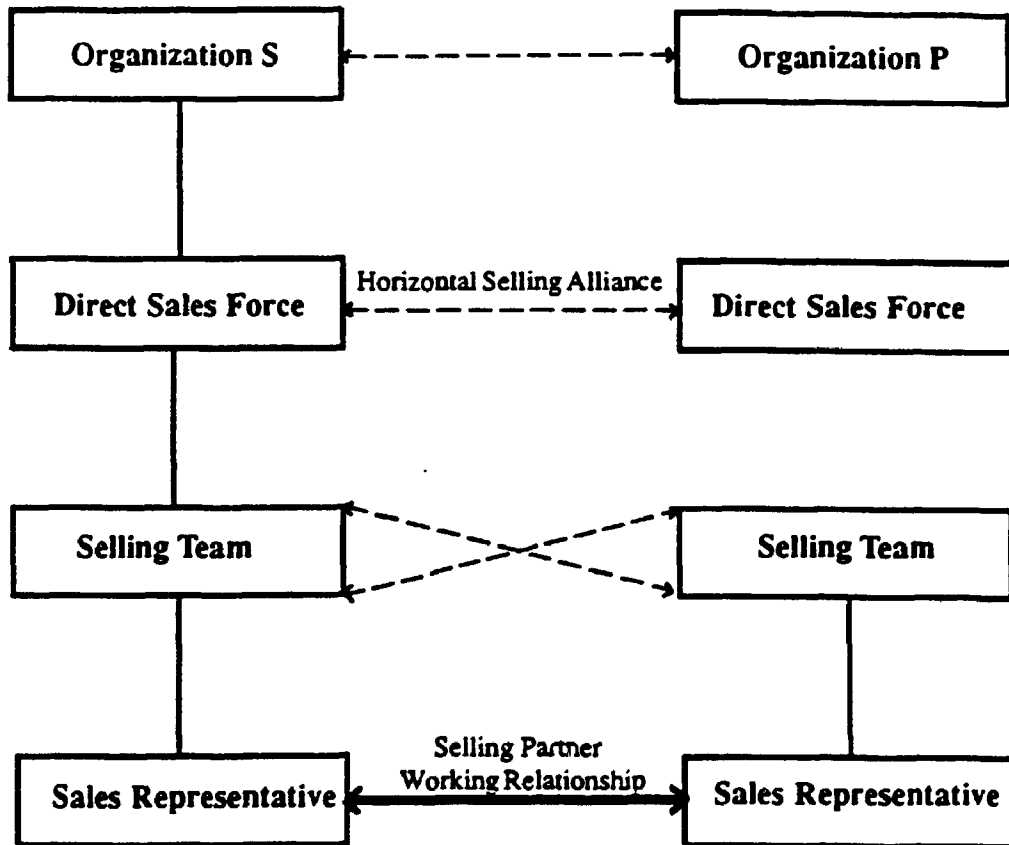
The basic impetus for horizontal selling alliances, then, is that organizations, even those with substantial resources, cannot be experts at everything given the pace and uncertainty of change in many industries, and the increasing complexity of both customer needs and selling tasks. Marketers faced with uncertain and volatile environments, such as in the computer industry, are forming horizontal selling relationships to enter new markets, protect current interests, provide integrated "turn-key" solutions to a wider customer base, and/or gain the strategic flexibility and economic advantages characteristic of bilateral governance structures. When selling alliances are effective they can result in increased customer satisfaction, greater account coverage, greater sales, and a number of other favourable outcomes.

Anticipated benefits from these relationships, however, may never be realized. Alliances often fail, or have problems, in their implementation (Lane and Beamish 1990). In implementing horizontal selling alliances, sales representatives form the nucleus of a selling team (see Figure 1) which may involve personnel from a variety of functional areas (cf., Smith and Barclay 1990). It is usually the partner sales representatives, however, who are charged with leading the team. Thus, a critical success factor in horizontal selling alliances is the development of effective working relationships between the partner sales representatives.

Involving two or more sales representatives in an account situation increases



Figure 1  
The Phenomenon of Interest



account overhead considerably due to increased compensation and the costs of coordinating selling efforts. This coordination is particularly difficult since the partners are typically dealing with multiple members of a buying center, over long sell-cycles, and numerous sources of conflict exist, such as account control, account strategy, and competitive pressure. To overcome these increased costs, selling partners need to be effective in managing their territories and account opportunities.

This was evident in interviews held with sales representatives and managers of five organizations involved in horizontal selling alliances. Generally, there were few concerns with relationships at the organizational level. Management of the organizations had a relatively clear view of the objectives and benefits of the alliance and were generally satisfied with their partners. Where managers and sales representatives had concerns, was in understanding why some working relationships between partner sales representatives were more effective than others. In better relationships the sales representatives worked together closely and openly as true partners. In poor relationships the sales representatives did not trust each other, resulting in either avoidance or an adversarial approach to the relationship, which limited its effectiveness.

Thus, understanding what accounts for differences in the effectiveness of partner working relationships is critical for realizing alliance objectives. Sales representatives that do not want to work together, or cannot work together effectively may also, by example, impede the development of other relationships and undermine management initiatives for effective alliance implementation. This issue is particularly important given the strategic role sales representatives play in

managing internal and external relationships, and the high cost of direct selling. From a sales representative perspective, this issue is important since an understanding of effective working relationships may enhance individual goal achievement and career progression.

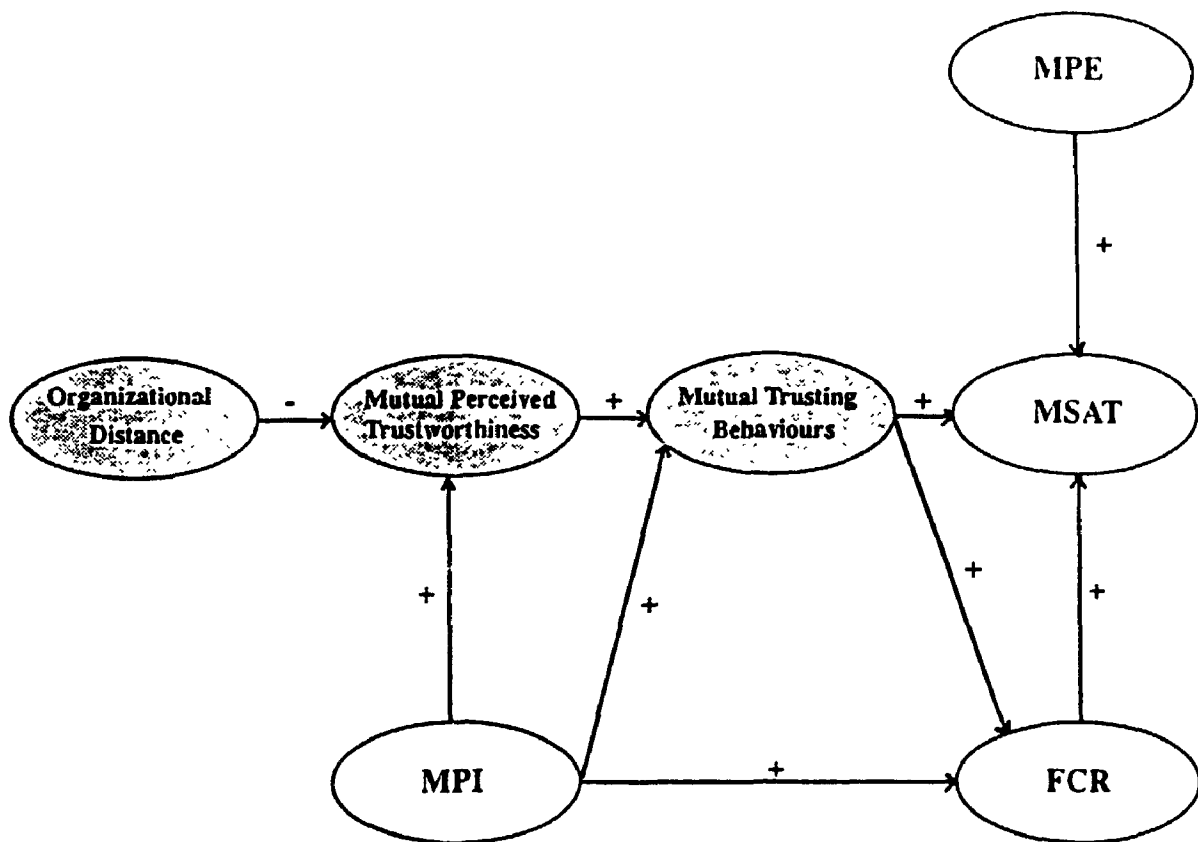
This issue is also important from an academic perspective as its investigation helps to address gaps in the strategic alliance, working relationship, sales management, and small group effectiveness literatures. As will be discussed in Chapter 2, relatively little research has been done on alliance implementation issues or horizontal marketing alliances (Lane and Beamish 1990; Achrol, Scheer, and Stern 1990). Previous studies of working relationships have generally examined relationships at the organizational, not the individual level, and have examined models conceptualized at high levels of abstraction (cf., Anderson and Narus 1990). Finally, little empirical research has been conducted on the team selling phenomenon represented by horizontal working relationships (e.g., Smith and Barclay 1990).

### **1.3 Research Questions**

Numerous input, process, and output constructs at various levels of analysis bear on the issue of effective selling partner working relationships. As will be discussed in Chapter 3, empirical, conceptual, and theoretical evidence in this literature points to two determinants of effective working relationships that may be particularly important: mutual trust and organizational differences. Mutual trust was identified as the critical factor differentiating effective and ineffective relationships in interviews with sales representatives involved in horizontal selling

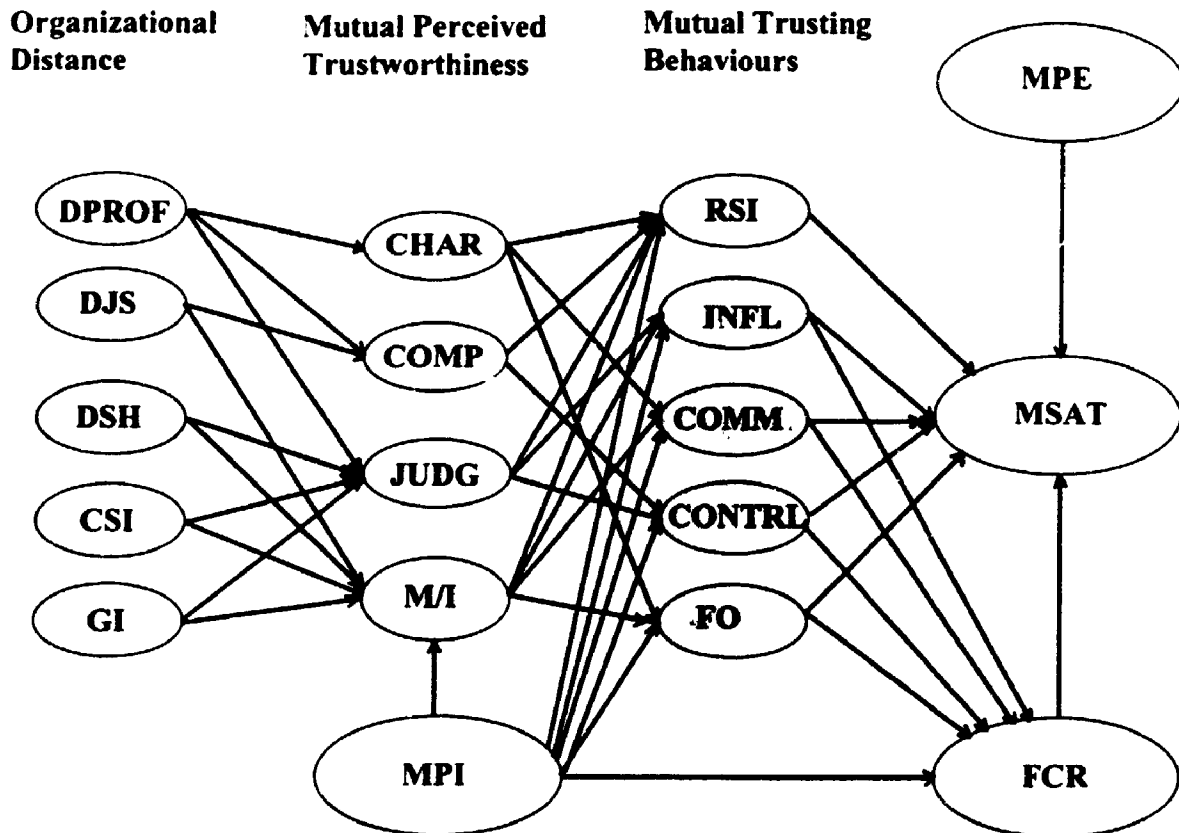
satisfaction, mutual trust, and organizational distance may be the most important to understand for effective selling partner working relationships. The rationale for choosing these concepts over others is provided in the next chapter which incorporates these and other potentially important constructs into conceptual and research models of effective selling partner working relationships.

Figure 2  
Conceptual Model of Effective  
Selling Partner Working Relationships



MPI= mutual perceived interdependence; MPE= mutual perceived equity; MSAT= mutual satisfaction; FCR= functionality of conflict resolution. Note: as indicated, all paths are hypothesized to be positive except for the one relating organizational distance and mutual perceived trustworthiness.

Figure 3  
Research Model of Effective  
Selling Partner Working Relationships



DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motives/intentions; RSI= relationship-specific investment; INFL= influence acceptance; COMM= communication openness; CONTRL= control reduction; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction. Note: all paths are hypothesized to be positive except those relating dimensions of organizational distance and dimensions of mutual perceived trustworthiness.

conceptual and research models of effective selling partner working relationships (Figures 2 and 3). Exchange theory and the IMP Interaction Approach provide theoretical and conceptual underpinnings, and the reviewed literature and preliminary field interviews provide conceptual, empirical, and substantive underpinnings to support propositions and hypotheses. The models focus on mutual satisfaction with horizontal working relationships as the dependent dimension of effectiveness. Mutual satisfaction is necessary for ongoing relationships (Thibaut and Kelly 1959) and has been found to be an important determinant of more objective effectiveness outcomes (e.g., Crosby, Evans, and Cowles 1990). Perceived equity, perceived interdependence, and organizational distance are incorporated in the models as key exogenous constructs while perceived trustworthiness, trusting behaviour, and functionality of conflict resolution are intervening constructs.

The higher-order constructs of organizational distance, mutual perceived trustworthiness, and mutual trusting behaviour, are dimensionalized in the research model of Figure 3. Hypothesized relationships between dimensions of these constructs and others are represented by directional arrows. Theoretical, conceptual and empirical support for the hypotheses are presented in Chapter 3.

## **1.6 Study Methodology**

Chapter 4 provides details of the field survey methodology used to test the hypotheses. A detailed description is provided of how the constructs were operationalized using both relationship-level and individual-level data. One of the issues addressed in this discussion is how to aggregate dyadic, individual-level

data to measure relationship-level properties. This is followed by an overview of the two-stage data collection process that involved mailing pretested surveys to sales representatives of two large multinational computer companies and their selling partners. The chapter concludes with a discussion of the field and operational procedures deployed to collect the data, as well as the data editing and file preparation procedures used in its preparation.

### **1.7 Data Analysis**

Chapter 5 provides the rationale for specifying the research model as a multiple indicator structural equation model and for using Löhmler's (1981) Partial Least Squares (PLS) as the analytic tool. Preliminary analysis is conducted to evaluate the sample and the potential of non-response bias, make an initial assessment of item reliability and the extent of agreement or consistency in key-informant reports, and evaluate alternative aggregation methods. This is followed by an analysis and discussion of the PLS measurement and structural parameter estimates as prescribed by Fornell and Larcker (1981) and Fornell, Tellis, and Zinkhan (1982). The analysis concludes with a brief discussion of differences found in PLS parameter estimates when alternative dimensions of working relationship effectiveness are considered as dependent constructs.

### **1.8 Contributions and Limitations**

The study has both applied and theoretical implications. Managers and sales representatives will gain insights into appropriate interventions for realizing the anticipated benefits of selling alliances. An understanding of which trusting



behaviours are most important for generating mutual satisfaction in a relationship would, for example, indicate to sales representatives and managers which behaviours should be encouraged and rewarded and which should be down-played. An understanding of which dimensions of trustworthiness are most important for promoting these key behaviours would help sales representatives identify which of these to communicate and demonstrate to their partners, and might suggest interventions to promote the frequency of the behaviours. Increasing perceptions of role competence, for example, might be accomplished through providing partner representatives with common sales training and education. Finally, by understanding which organizational differences are most important in influencing perceptions of partner trustworthiness, senior managers may be able to change facets of the organizations to encourage greater trust between the reps.

From an academic perspective, the study will help fill the gaps in the strategic alliance, sales force management, and working relationship literatures identified in Chapter 2. In addition, the study will enhance current conceptualizations and measures of mutual trust and organizational distance. These could be applied in other relationship contexts, such as buyer/seller relationships. As suggested in the brief overview of the methodology, the study is expected to make a further methodological contribution by addressing measurement issues associated with dyadic research. A more detailed discussion of the academic and managerial/applied contributions of the research is provided in the final chapter of the dissertation, Chapter 6.

While the research is expected to make a number of managerial, theoretical, and

methodological contributions, it does have some limitations. The primary limitation is that the study is cross-sectional rather than longitudinal in design. Although conceptual, theoretical, and empirical support is provided for the causal direction of hypotheses, it is conceptually clear that some relationships between modeled constructs are iterative and some are non-recursive. While it would be useful to understand how trust and effective relationships develop, the research questions examined in the dissertation are addressed with a cross-sectional model and it is left to future research to engage in a longitudinal study. The positioning of this dissertation is further specified in the following chapter that reviews the related literature.

## CHAPTER 2: REVIEW OF RELATED LITERATURES

This chapter positions the dissertation within three literature bases that have bearing on horizontal selling alliances and working relationships between partner sales representatives: strategic alliances, working relationships, and personal selling and salesforce management. In doing so it identifies theories, conceptual frameworks, conceptual models, and empirical research that provide a foundation for understanding selling partner working relationships. Gaps in these literature bases that the dissertation plans to address are also identified.

### 2.1 Strategic Alliances

A strategic alliance is an arrangement for economic collaboration between firms at more or less the same level of distribution, involving an exchange of critical skills aimed at extending or buffering the core business strategy, technology, or markets of the partners. Referred to as alliances, cooperative or collaborative ventures, joint ventures, partnerships, and a variety of other terms in the literature, alliances represent alternative modes of organization between the extremes of market-mediated exchange and internal hierarchy (cf., Harrigan 1985; Thorelli 1986). As environment and market factors make it increasingly difficult for individual firms to compete on their own, strategies based on ownership and tight control are giving way to partnerships based on mutual interests, trust, and the management of ongoing relationships (Lane and Beamish 1990). Alliances, however, do not represent a panacea in terms of an organization form. They are notorious for underachieving performance expectations (Radway 1986) and, although there is no hard evidence that the failure rate exceeds the normal

corporate failure rate (Contractor and Lorange 1988), they are thought to be problematic and difficult to manage. Consequently researchers have given considerable attention to alliance issues. The study of alliances is particularly important to marketers since market access is a prime motivation for alliances (Harrigan 1985), and marketers are often confronted with synergistic opportunities with horizontal and vertical members in their value chains (Achrol, Scheer, and Stern 1990). In the discussion below, research streams, findings, and gaps in the alliance literature are briefly reviewed. In general, as a result of divergent perspectives and paradigms, and lack of agreement on conceptualization and measurement issues, it is difficult to compare results across contexts and types of alliances.

### **2.1.1 Alliance Research**

Research on alliances has focused primarily on alliance performance. Specifically, studies have focused on financial indicators of performance such as profitability (e.g., Lecraw 1983; Woo and Willard 1983), other objective indicators of performance such as the survival or continuity/duration of the alliance (e.g., Harrigan 1988), and subjective indicators of performance such as overall participant satisfaction (e.g., Killing 1983; Beamish 1984). However, efforts to identify variables associated with alliance performance have been limited by the inconclusive reliability and validity of performance measures (Geringer and Hebert 1990). A further limitation is that the effectiveness of an alliance can only be determined in relation to its long term objectives (Achrol, Scheer, and Stern 1990), which are often obscured in cross-sectional studies. The above suggests that there are many possible dimensions of effectiveness that could be examined in

horizontal selling alliances, and that these may be relationship specific at the organizational or individual level.

Minding the caveats identified above, numerous studies identify factors that impede or enhance alliance performance. For example, Contractor and Lorange (1988) and Beamish (1984) identify continuing mutual dependence of the partners as being critical for the long term viability of an alliance. Harrigan (1985) identifies partner asymmetries, durability of contributions, and exit barriers, among factors resulting in alliance stability. She further suggests alliances are more likely to succeed when partners possess complementary missions, capabilities, and other attributes that indicate strategic fit and create relatively even bargaining power. Harrigan (1988) found that ventures last longer between partners of similar cultures, asset sizes, and venturing experience levels. Killing (1988) identifies a host of factors that cause problems in alliances, including: lack of familiarity; differing opinions, attitudes, and beliefs; differing objectives; role incongruence; low trust; and task complexity. While these studies are concerned with performance and effectiveness at the organizational level of analysis, they provide some indication of factors that may influence the effectiveness of individual-level working relationships.

Streams within the research on alliance performance have been concerned primarily with three macro level issues: when to form an alliance, how to choose an alliance partner, and how to organize and structure the relationship. A fourth research stream, that has received considerably less attention, is concerned with the micro level issues of alliance implementation and field management.

Illustrative findings in these research streams are now discussed.

Research on motivations and conditions for forming an alliance adheres to the tenet that alliance performance is related to alliance objectives. Three theories are generally advanced to explain the formation of alliances: 1) transaction costs, 2) strategic behaviour, and 3) organizational learning (cf., Kogut 1988a; Spekman and Sawheny 1990). In summarizing the empirical literature on joint venture (JV) motivation, Kogut (1988b) tentatively concludes that market power and efficiency are the primary motivations for JVs. Other studies in this stream have examined the motivation behind international market entry via joint ventures (IJVs). Caves and Mehra (1986) and Kogut and Singh (1986), for example, found that the choice of IJV entry was influenced by the relative size of partner firms, industry characteristics, and cultural compatibility of the home countries. While this research has been conducted at the organizational level, it may have bearing at the individual level in that individual-level motivation for partnerships may be influenced by organizational-level motivation.

Research on partner selection suggests that finding a compatible partner may be the most important determinant of a successful coalition (Porter and Fuller 1986). In perhaps the most comprehensive study of this issue, Geringer (1988) found three partner selection criteria as being most important: partner commitment to the JV, compatibility of top management, and similarity of national and corporate cultures. Of low importance were geographic proximity, satisfactory prior association with the partner, partner access to government funds and contracts, and partner access to low-cost labour. Porter and Fuller (1986) identify other characteristics of good partners including: desired source of competitive advantage, complementary or balanced contribution, compatible strategy, low risk of becoming a competitor, preemptive value, and organizational

compatibility. Of these, Porter and Fuller stress organizational compatibility in suggesting that alliances are easiest to manage when partners have similar organizational structures and procedures. Thus, organizational compatibility may be a key success factor for horizontal selling alliances, and may impact the ability of sales representatives to develop effective working relationships.

A third stream of research has been devoted to issues of organizational governance, structure, and control. Modes of governance that have been examined and compared include: equity based JVs and IJVs (e.g., Contractor and Lorange 1988; Geringer 1988); contractual agreements in areas such as licensing, distribution, technical assistance, supply, or marketing (e.g., Osborn and Baughn 1990; Porter and Fuller 1986); and informal agreements such as strategic networks (e.g., Jarillo 1988; Thorelli 1986). Osborn and Baughn (1990), for example, found agreements were a more common form of governance when the product of the alliance had high technological intensity, while JVs were more common when there was joint research and development (R&D) involved. This suggests that agreements may be a more appropriate form of governance for horizontal selling alliances. However, it is not clear whether these agreements should be formal or informal.

Related to the issue of governance and structure of alliances is that of control; whether alliances should be controlled through ownership (equity alliances) or bargaining power and influence (non-equity alliances). Killing (1983), for example, found some support for dual control as inherently problematic and for ventures dominated by one partner as more stable. This finding may be contingent on context as Beamish (1985) found that JVs in less developed

countries were less stable and less successful when the local partner had majority control. Consequently, the success of horizontal selling alliances may depend heavily on how customer control is managed, but it is not clear whether one partner should dominate.

A final stream of alliance research has been concerned with the implementation and management of alliances. This includes studies of management behaviour, the character of interpersonal relationships between executives, the rate and value of organizational learning, and attributes of successful JV managers (Contractor and Lorange 1988). Other areas of study include management style (cf., Beamish 1988; Walton 1985), management of JV life cycles (cf., Kogut 1988b), the staffing of alliances (cf., Schaan and Beamish 1988), and control of technology within alliances (cf., Geringer and Hebert 1990). Relative to the other streams, however, there has been a dearth of empirical research in this area (Lane and Beamish 1990). While some prescriptions for managers of alliances come out of the research on performance, governance, and choice of alliance partners, most appear to be based on experiential or descriptive reports.

Most of the managerial prescriptions are directed at managers and executives initiating alliances. Killing (1988), for example, suggests managers initiating an alliance should keep the task undertaken, and the organizational arrangement, simple enough to be manageable. Prescriptions for implementing alliances, however, are little more than laundry lists of factors that need attention. Schaan and Beamish (1988), for example, argue that JV general managers must show sensitivity to differences in parent cultures, management style, and expectations, and should focus on building relationships within the parent organizations. They



further suggest parent managers need to develop working relationships with JV general managers. Lane and Beamish (1990) identify commitment as the most important attribute in on-going management of a cooperative venture. This involves relationship skills, constant attention and nourishing, cooperation and two-way communication. They further observe that problems and failures of cooperative ventures are related primarily to deterioration of relationships and unresolved conflicts between partners resulting from defects in the process of initiation and implementation, and the lack of management attention after the venture has started operating. Achrol, Scheer, and Stern (1990) identify commitment, trust development, technology protection, boundary spanning, group cohesiveness, and motivation of alliance participants as central concerns of management of transorganizational strategic alliances. However, they conclude that there is a lack of understanding of key variables and interactions driving alliance behaviour and performance. Thus, while these lists identify important factors for managing alliances, they provide little direction to managers for improving alliance performance. It is not clear, for example, what prescriptions apply to what kinds of alliances and in what situations. However, insofar as these factors apply to management of relationships at the individual-level, they suggest variables and interactions that may impact the effectiveness of selling partner working relationships.

This brief review of the alliances literature suggests, then, that there is a need for empirical research on non-equity ventures or agreements, characteristic of horizontal selling alliances, and on alliance implementation issues. A better understanding of relationship management within alliances is critical for their successful implementation and performance. By incorporating many of the

factors identified as being important to alliance performance at the macro level, and examining their impact at the micro level of managing working relationships within horizontal selling alliances, the dissertation is expected to extend the extant alliance research.

## **2.2 Working Relationships**

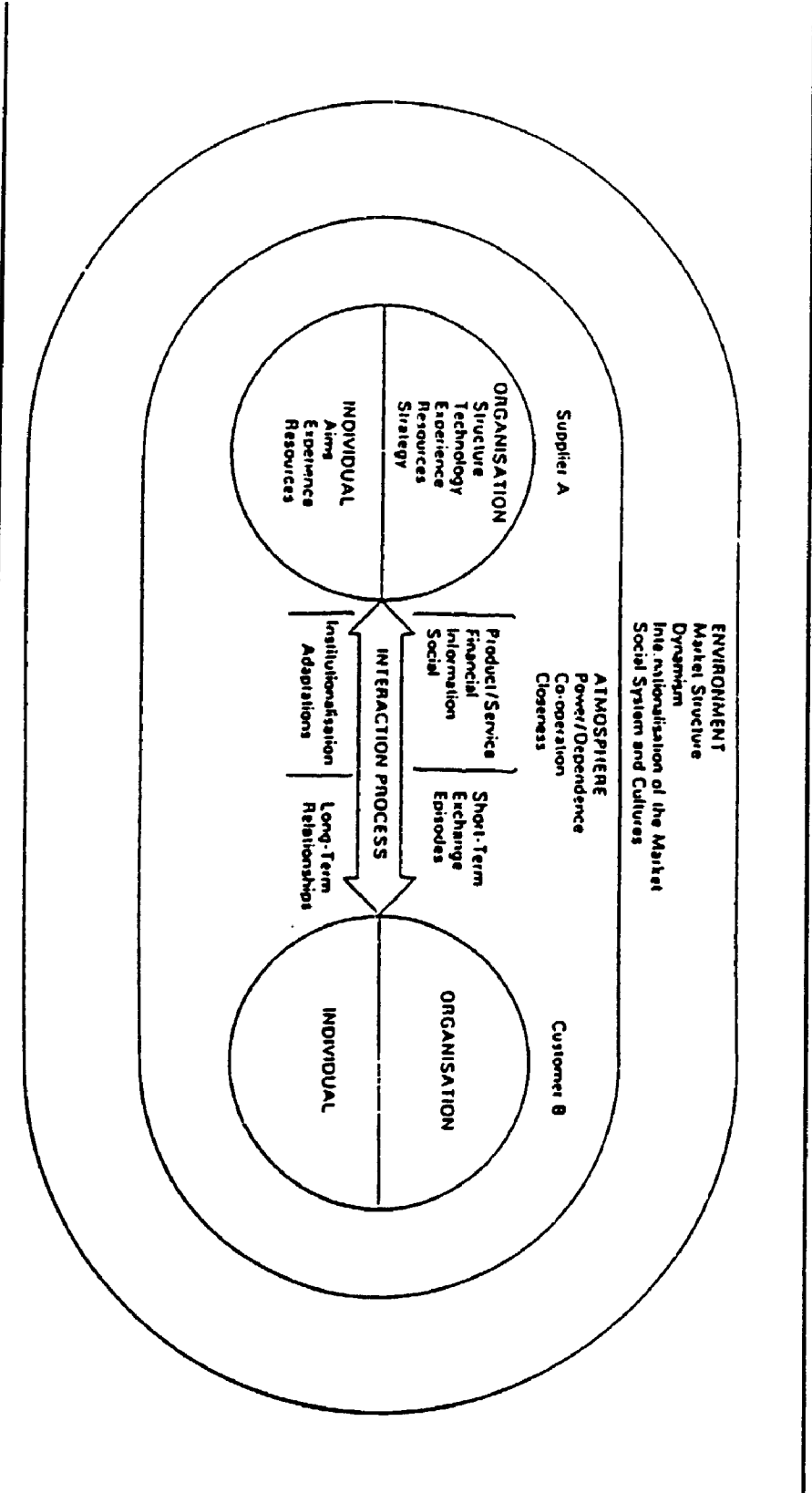
Although marketers have been slow to incorporate notions of strategic alliances (Day and Klein 1987), there has been a long history of research on close working relationships. This research has examined issues predominately in two contexts: buyer/seller relationships and channel relationships. Research on buyer/seller relationships has typically taken a "customer orientation", focusing on participants in the industrial buying centre, and their interactions, both internally and with marketers (cf., Frazier, Spekman, and O'Neil 1988; Johnston and Bonoma 1981). Piqued by the "marketing as selling" paradigm of the 1950s, marketers have only recently identified the need to examine the selling centre side of buyer/seller relationships (e.g., Hutt, Johnston, and Ronchetto 1985; Smith and Barclay 1990). Research on channel working relationships has focused on the effectiveness of manufacturer-distributor dyads (cf., Anderson and Narus 1990; Anderson and Weitz 1989), channel networks (cf., Hakansson 1982; Turnbull and Valla 1986), and the manifestations and use of conflict, power, and influence in channel relationships (cf., Gaski 1984; Keith, Jackson, and Crosby 1990). Relatively little emphasis has been given to horizontal seller-seller relationships. This section reviews major conceptual frameworks and models and key empirical findings that provide insights into working relationship effectiveness. Literature pertaining to the selling side of buyer/seller relationships is reviewed in the subsequent section.

### **2.2.1 Conceptual Frameworks**

Conceptual frameworks identify major factors or contingencies to be considered in examining a phenomenon, but do not hypothesize relationships among them. Two conceptual frameworks have provided the impetus and underpinnings to much of the recent relationship literature: the IMP Interaction Model (cf., Hakansson 1982), and Dwyer, Shurr, and Oh's (1987) conceptualization of the relationship development process. These will be reviewed along with Ford's (1980) framework of relationship development, which extends the IMP model.

The IMP Interaction Model (Exhibit 1) is a descriptive framework of industrial market dynamics developed from a large, inductive study of international buyer/seller relationships (cf., Hakansson 1982; Turnbull and Valla 1986). Having theoretical underpinnings in exchange theory, inter-organizational exchange theory, and institutional economics, the framework has four major elements: the parties to the exchange, their interaction, the atmosphere of the relationship, and its macro environment. The interaction process is defined by product, information, financial and social exchange episodes between individuals or organizations. Successive episodes are linked by social exchange mechanisms to form on-going relationships based on mutual trust (Hakansson 1982). The relationship atmosphere is identified as both a product and mediator of the relationships and is described in terms of factors such as power-dependence, conflict, cooperation, expectations, and social distance. The macro environment represents organizational factors such as strategy, structure, and processes and external factors such as market size, market structure, barriers to trade, and social, economic, political, or technical forces that might influence the relationship.

### Exhibit 1 The IMP Interaction Model



Source: Hakansson (1982)

The IMP research describes how these factors and variables relate to dependent measures of effectiveness such as performance or relationship quality. However, testable hypotheses were not proposed, constructs were not operationalized, and the model has not been subject to a rigorous empirical test. As a framework for guiding research on relationships, the Interaction Model does provide valuable insights. From the standpoint of this dissertation, the IMP work suggests that trust may be a key determinant of ongoing interaction and that such interaction is influenced by both individual and organizational characteristics.

Ford (1980, 1982) developed a framework that considers how close industrial buyer/seller relationships develop and change over time. His framework (see Exhibit 2) identifies five stages of relationship development: the pre-relationship stage, the early stage, the development stage, the long-term stage, and the final stage where the relationship is entrenched and institutionalized. Ford contrasts the middle stages along five key relationship dimensions: experience in the relationship; uncertainty of relationship costs and benefits; distance of the participants (differences or separations in knowledge and understanding, geography, culture, technology, and time); commitment of the participants; and adaptations by the participants. Close, "partnering" relationships can thus be seen as a process of increasing the experience of the partners, reducing uncertainty and distance, growing actual and perceived commitment, encouraging investments and adaptations, and avoiding the complacency that can develop with institutionalization (Ford 1980).

Ford's framework provides a useful extension of the IMP model as it proposes testable propositions relating to relationship development. It is particularly useful

## Exhibit 2 Ford's Model of Buyer/Seller Relationship Development

	1 The Pre-Relationship Stage	2 The Early Stage	3 The Development Stage	4 The Long-Term Stage	5 The Final Stage
<p>Evaluation of new potential supplier</p> <p>Evaluation initiated by:</p> <ul style="list-style-type: none"> <li>— particular episode in existing relationship</li> <li>— general evaluation of existing supplier performance</li> <li>— efforts of non-supplier</li> <li>— other information sources</li> <li>— overall policy decision</li> </ul> <p>Evaluation conditioned by:</p> <ul style="list-style-type: none"> <li>— experienced with previous supplier</li> <li>— uncertainty about potential relationship</li> <li>— "Distance" from potential supplier</li> <li>— Commitment</li> <li>— zero</li> </ul>	<p>Negotiation of sample delivery</p> <p>Experience</p> <ul style="list-style-type: none"> <li>— Low</li> </ul> <p>Uncertainty</p> <ul style="list-style-type: none"> <li>— High</li> </ul> <p>Distance</p> <ul style="list-style-type: none"> <li>— High</li> </ul> <p>Commitment</p> <p>Actual - Low Perceived - Low</p> <p>Adaptation</p> <p>High investment of Management time. Few cost-savings</p>	<p>Contract signed or delivery build-up scale deliveries</p> <p>— Increased</p> <p>— Reduced</p> <p>— Reduced</p> <p>Actual - Increased Perceived - Demonstrated by Informal Adaptations</p> <p>Increasing formal and informal adaptations. Cost savings increase</p>	<p>After several major purchases or large</p> <p>— High</p> <p>— Minimum development of Institutionalization</p> <p>Actual - Maximum Perceived - Reduced</p> <p>Extensive adaptations. Cost savings reduced by Institutionalization</p>	<p>In long established stable market</p> <p>Extensive Institutionalization</p> <p>Business based on Industry Codes of Practice</p>	

Source: Ford (1980)

since Ford (1984) provides operationalizations for many of the key relationship dimensions. From the perspective of this dissertation, the importance of Ford's work lies in his identification of organizational distance, or differences, as being central to relationship development. In particular, Ford (1984) found that buyer perceptions of seller technical and commercial skills were related to their perception of the distance between them. Ford's work also suggests that key determinants of effective relationships may vary by stage of the relationship's development.

Dwyer, Shurr, and Oh's (1987) framework of relationship development (Exhibit 3) is based on the conceptual and empirical foundations of exchange, marital, bargaining, and power theories. It is more frequently cited than Ford's but is less amenable to the development of a propositional inventory. Like Ford, Dwyer, Shurr and Oh identify five progressive stages of relationship development. Unlike Ford, they explicitly recognize dissolution as an ultimate stage that requires attention and management. In the awareness stage, parties position themselves to facilitate recognition as a feasible exchange party. Exploration follows and is an evaluation and trial phase consisting of five subprocesses: attraction, communication and bargaining, development and exercise of power, norm development, and expectation development. These subprocesses facilitate deepening interdependence and enable the parties to gauge the compatibility, integrity, and performance of the other. The subprocesses continue to operate in the expansion stage which is characterized by deepening interdependence, closer bonds, and increased exchange. Trust and satisfaction developed in the exploration phase lead to increased risk taking and motivation to maintain the relationship. The fourth stage, commitment, results when partners make an

implicit or explicit pledge of monogamy; maintaining awareness of other possible partners without entertaining them seriously. Commitment suggests that the parties provide high levels of inputs (investments) into the relationship, the relationship is durable over time, actions are consistent with partner expectations, the parties make efforts to maintain the relationship, they share values, and the norms governing the relationship are institutionalized. In the dissolution stage one party, or both, evaluates the costs and benefits of continuing the relationship in its current form. While they suggest dissolution is not the reversal of expansion and commitment, Dwyer, Shurr, and Oh provide few details of the possible paths of dissolution and their consequences.

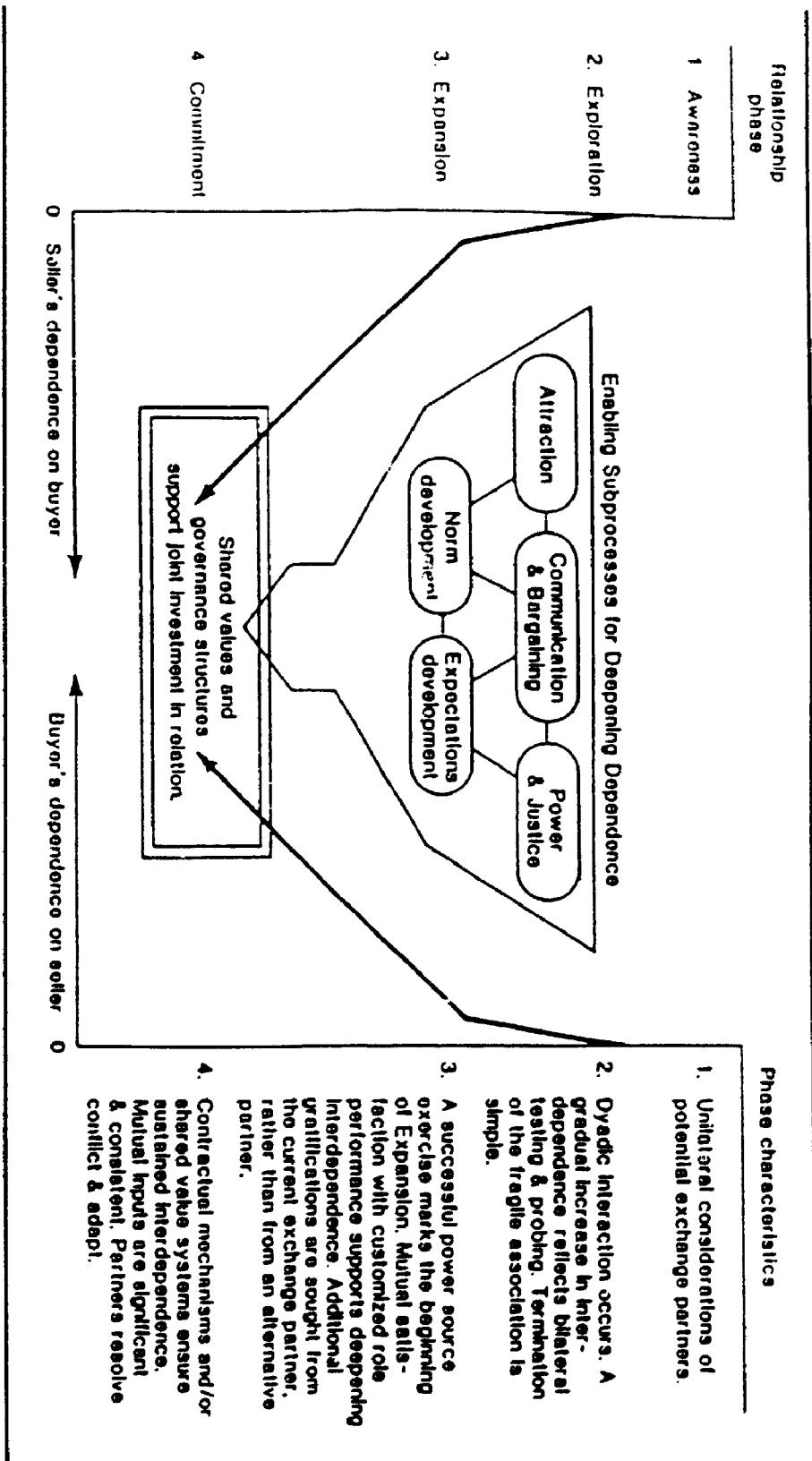
Perhaps the greatest utility of Dwyer, Shurr, and Oh's framework lies in the subprocesses leading to commitment in the relationship. Specifically, they suggest research is needed to understand buyer-seller interactions as bargaining processes, and in understanding the role and development of trust. Thus, their framework provides support for this dissertation's focus on trust as a central determinant of relationship effectiveness.

### **2.2.2 Conceptual and Research Models**

Numerous researchers have drawn on the conceptual frameworks described above, and the theories underlying them, to develop conceptual and research models of relationships. Conceptual models propose causal relationships between factors and high-order constructs. Research models propose causal relationships between constructs that are operationalizable. Six conceptual and research models in the channels context and three in the buyer/seller context are concerned



**Exhibit 3**  
**Dwyer, Shurr, and Oh's Relationship Development Framework**



Source: Dwyer, Shurr, and Oh (1987)

with effective long-term working relationships. As such, they provide guidance for key concepts and interactions that may explain effective working relationships within horizontal selling alliances.

### Channel Relationships

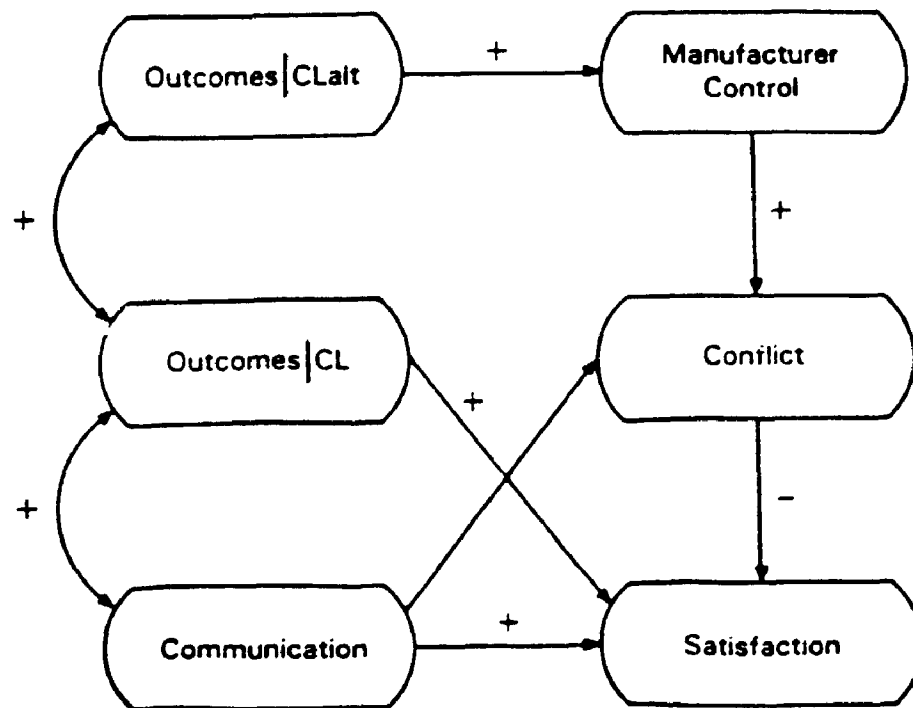
Anderson and Narus (1984, 1990), Anderson and Weitz (1989, 1992), and Heide and John (1988, 1990) developed and empirically tested models of channel relationships. These models incorporate many of the key working relationship factors identified previously and provide support for hypothesized relationships between them.

Anderson and Narus (1984) developed a model of manufacturer-distributor working relationships from the distributor's perspective. Grounded in the social exchange theories of Homans (1961) and Thibaut and Kelley (1959), the model (Exhibit 4) posits that outcomes of interaction are evaluated against expectations based on prior experience and knowledge, direct or indirect, of similar relationships (comparison level - CL) and against the average quality of outcomes available from the next best exchange partner (comparison level of alternatives - Clalt). Specifically, Anderson and Narus hypothesized that distributor satisfaction is a function of the level of conflict and communication in the relationship, as well as outcomes given CL. Outcomes given Clalt were hypothesized to affect satisfaction indirectly through manufacturer control and conflict.

A test of the model uncovered measurement problems which required its

Exhibit 4  
Anderson and Narus's Model of Distributor  
Working Relationships

---



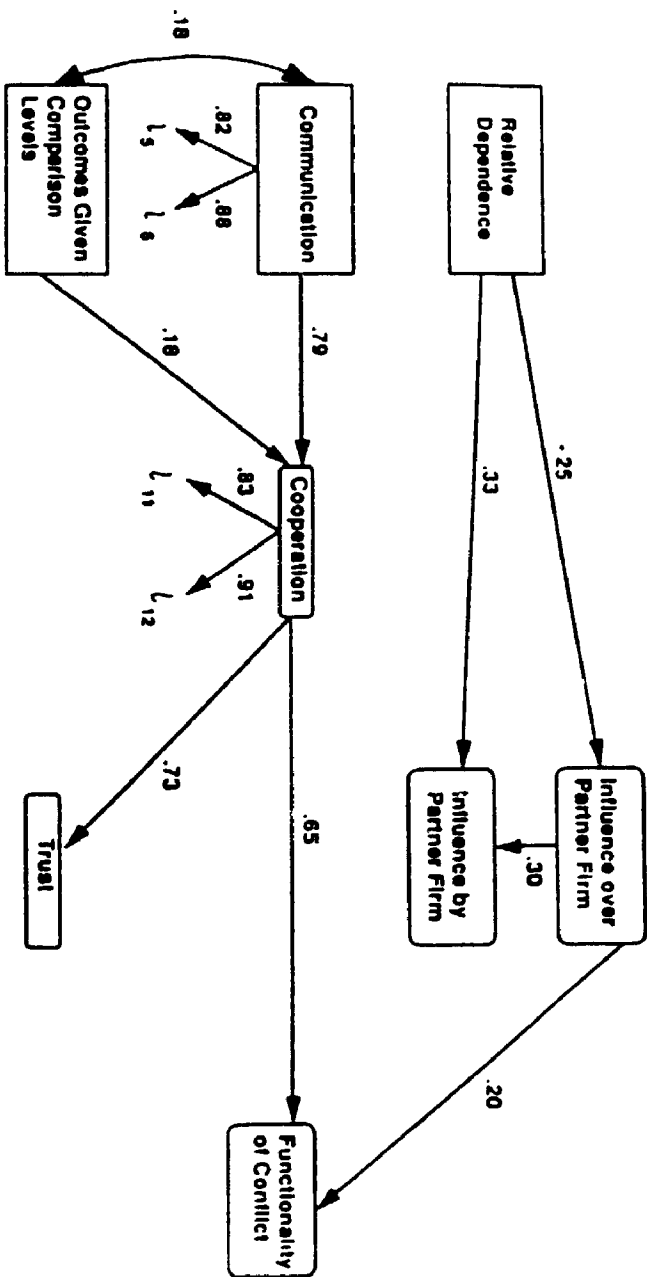
Source: Anderson and Narus (1984)

respecification. Outcomes given Clalt were found to be a strong negative determinant of manufacturer control, which in turn was a strong negative determinant of a combined cooperation/satisfaction factor. Outcomes given CL were found to be a weak determinant of cooperation/satisfaction. The surprising negative relationship between outcomes given Clalt and manufacturer control is explained by the operationalization of control as power. Perhaps most importantly, these results demonstrate the value of social exchange concepts for predicting behaviours in working relationships.

Anderson and Narus (1990) developed a more comprehensive model of distributor-manufacturer working partnerships based on exchange theory and prior channel research and tested it from the perspective of each party. Incorporated in this model (Exhibit 5) are the constructs: relative dependence (outcomes/Clalt), communication, outcomes given CL, trust, cooperation, functionality of conflict resolution, conflict, influence over the partner firm, and influence by the partner firm. These were hypothesized to affect either directly or indirectly the degree of manufacturer or distributor firm satisfaction.

Anderson and Narus tested this model using multiple informants from both distributor and manufacturer firms. While paired data were available from the research design, they did not appear to be used, and results were analyzed separately from the two perspectives. Results of the study were generally encouraging with only a few hypotheses being unsupported. However, measurement problems in both the manufacturer and distributor contexts required that the models be respecified. Rationale behind some of the respecification was either not provided or was questionable. For example,

Exhibit 5  
Anderson and Narus's Model of Working Partnerships



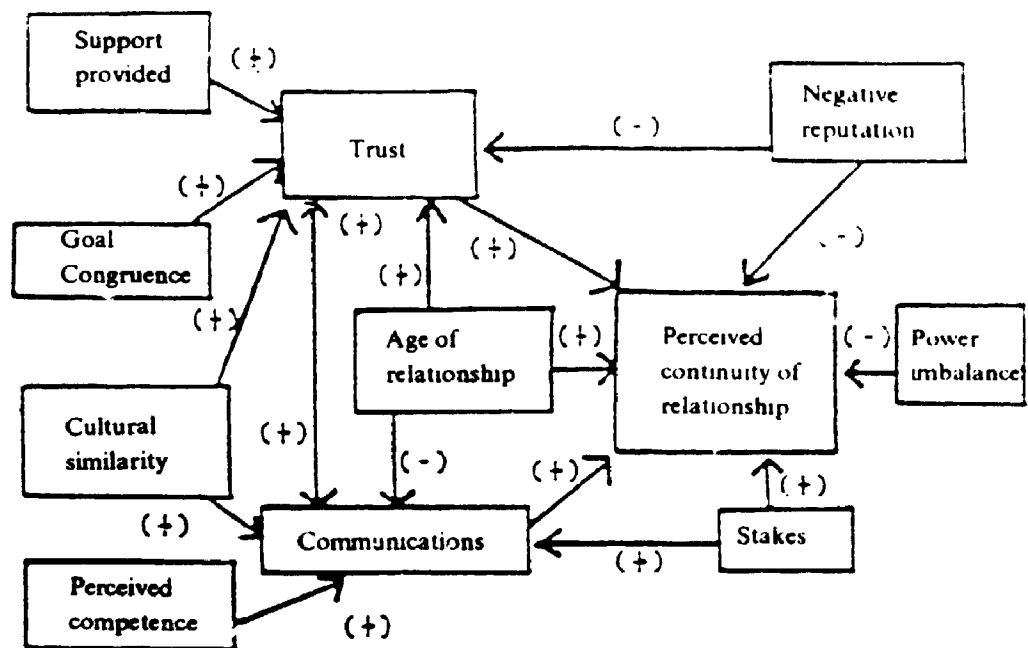
Note: Indicators and their pattern coefficients are depicted only for constructs with multiple indicators. The remaining constructs were each defined by a single indicator with the pattern coefficient set at .995 and the indicator specificity set at 01. All parameter estimates are statistically significant ( $p < .05$ ). Standardized estimates are given.

Source: Anderson and Narus (1990)

Anderson and Narus dropped the single indicator of satisfaction (and hence the dependent construct) in the distributor model suggesting that this one item was multidimensional. Model respecification prevented direct comparisons of the perspectives. However, in both contexts, cooperation had to be respecified as an antecedent to trust, reflecting the adage that trust is earned. Despite some limitations, Anderson and Narus's (1990) study provides support for the importance of certain key constructs, their antecedents, and their consequences. Trust was found to be a core construct in the model, and relative dependence was found to be a key construct for understanding relationship interaction.

Anderson and Weitz (1989) developed and empirically tested a model of channel relationship continuity. Drawing on the social exchange, bargaining, and negotiation literatures, the model posits that effective long term relationships can only be developed when the parties expect the relationship to last. Illustrated in Exhibit 6, the model incorporates three endogenous constructs: perceived continuity of the relationship, trust between the partners, and communication intensity. In testing the model with manufacturers' representatives in the electronics industry, Anderson and Weitz found general support for their model. Specifically, they found that continuity of a channel relationship was determined by trust between the parties, the age of the relationship, stakes in the relationship, the imbalance of power, and the reputation of the parties. Communication was found not to be a direct determinant of continuity but it was found to be an important determinant of trust. Other determinants of trust were found to be: the age of the relationship, the reputations of the parties, cultural similarity, support by partners, and goal congruence. Determinants of communication were found to be: trust, the age of the relationship, stakes, and the perceived

Exhibit 6  
Anderson and Weitz's Model of Relationship Continuity



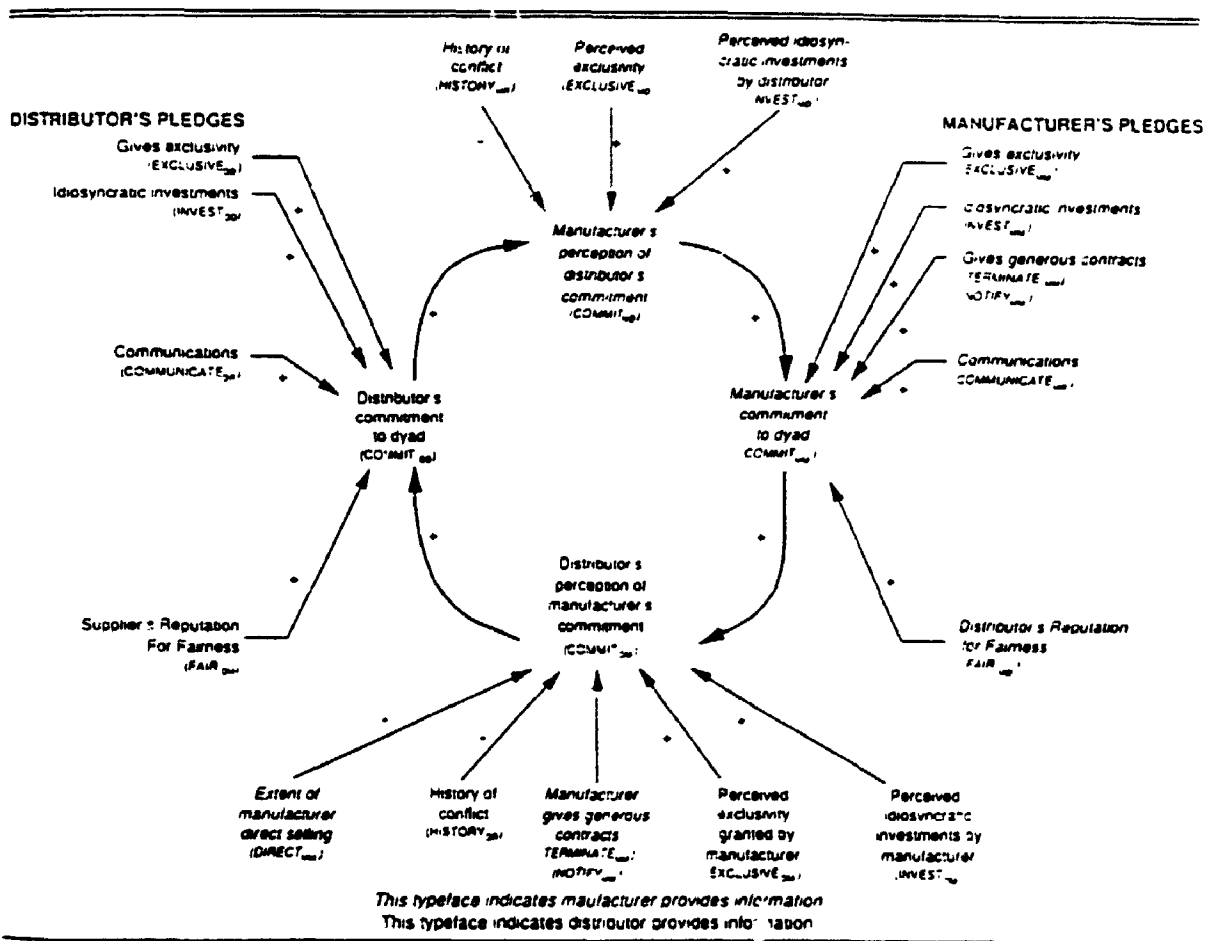
Source: Anderson and Weitz (1989)

competence of the key exchange contact. While acknowledging some measurement issues, Anderson and Weitz conclude that stable dyads are characterized by cordial interpersonal relationships based on trust, and that communication is critical to building trusting relationships. Their finding of a non-recursive (bi-directional) relationship between trust and communication is particularly important as it underscores the iterative (evolving) nature of relationship development.

Anderson and Weitz (1992) developed a model of channel commitment that incorporated distributors' and manufacturers' pledges in terms of idiosyncratic investments and contractual terms, as well as communications, conflict history, and reputations for fairness (see Exhibit 7). This work is particularly relevant to the current study as it acknowledges the cyclical role of perceptions in developing dyadic relationship behaviours and properties. Rather than examining mutual commitment in channel relationships, Anderson and Weitz examined the effects of pledges on distributor's commitment, manufacturer's perception of distributor's commitment, manufacturer's commitment, and distributor's perception of manufacturer's commitment. They found that, as hypothesized, partner pledges (particularly idiosyncratic investment) are used by the other to assess that partner's commitment, and that assessment affects the other's degree of commitment, as does open communication and the other's own pledges. These results suggest that pledges of promised and enacted behaviour play a key signalling role in relationships that must be reciprocated if relationships are to be maintained. Over time, it is this mutual reciprocation of commitment signals that builds trust in relationships. Consequently, this dissertation uses the term trusting behaviours to refer to those behaviours, such as pledges, that signal commitment



### Exhibit 7 Anderson and Weitz's Model of Commitment and Pledges



Source: Anderson and Weitz (1992)

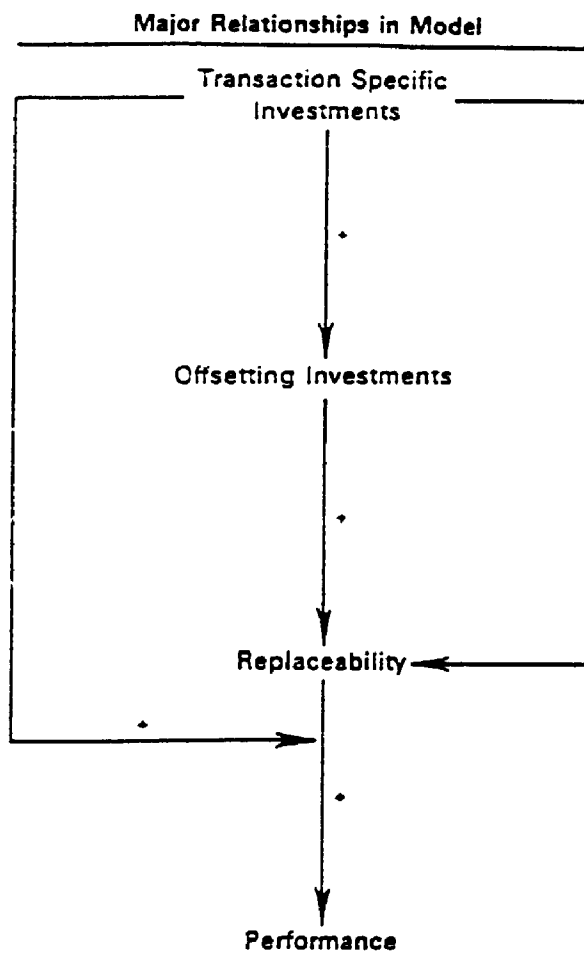
to a relationship.

Heide and John (1988) developed and empirically tested a conceptual model of partner dependence with theoretical underpinnings in institutional economics (cf., Williamson 1975) and dependence theory. The basic premise of the model (Exhibit 8) is that small channel members protect themselves from exploitation by manufacturers by making offsetting investments in customer relationships. Using a sample of manufacturers' agents, Heide and John found support for the idea that transaction specific investments by a channel member are offset by investments in customer relationships. These in turn reduce the channel member's dependence upon the manufacturer (potential replacement of manufacturer) which results in increased outcomes (performance) of the channel member. Heide and John's (1988) model demonstrates the importance of dependence and investment in effective relationships.

Drawing on the same theoretical underpinnings, Heide and John (1990) developed and empirically tested, from the buyer's perspective, a model (Exhibit 9) of joint action in buyer/supplier relationships. Joint action was defined as the degree of interpenetration of organizational boundaries, where extensive joint action was being partners in an alliance. Joint action was found to be a function of continuity expectations, supplier verification, and supplier and buyer investments. Performance ambiguity was found to be a determinant of supplier verification. Technology unpredictability was found to be a determinant of continuity expectations, but unexpectedly, volume unpredictability was not. In the context of horizontal selling alliances, these results may suggest that there is greater motivation for joint action when selling partners expect to continue working

Exhibit 8  
Heide and John's Model of Partner Dependence

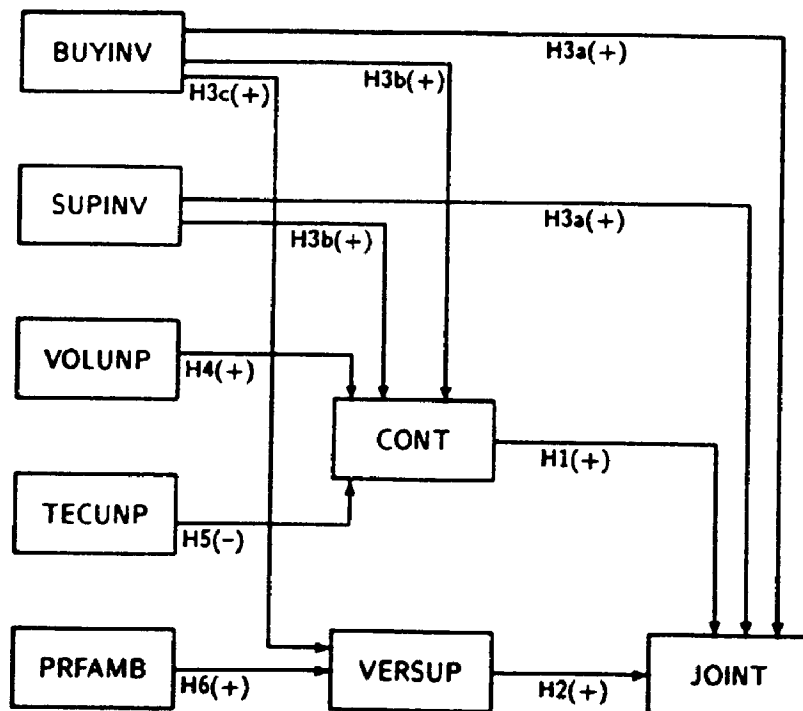
---



---

Source: Heide and John (1988)

**Exhibit 9**  
**Heide and John's Model of Joint Action**  
**in Buyer/Seller Relationships**

**KEY:**

- BUYINV** = buyer's specific investments
- SUPINV** = supplier's specific investments
- VOLUNP** = volume unpredictability
- TECUNP** = technological unpredictability
- PRFAMB** = performance ambiguity
- CONT** = expectations of continuity
- VERSUP** = supplier verification
- JOINT** = joint action

Source: Heide and John (1990)

together, there is ambiguity in the selling task, and there is unpredictability in required solutions.

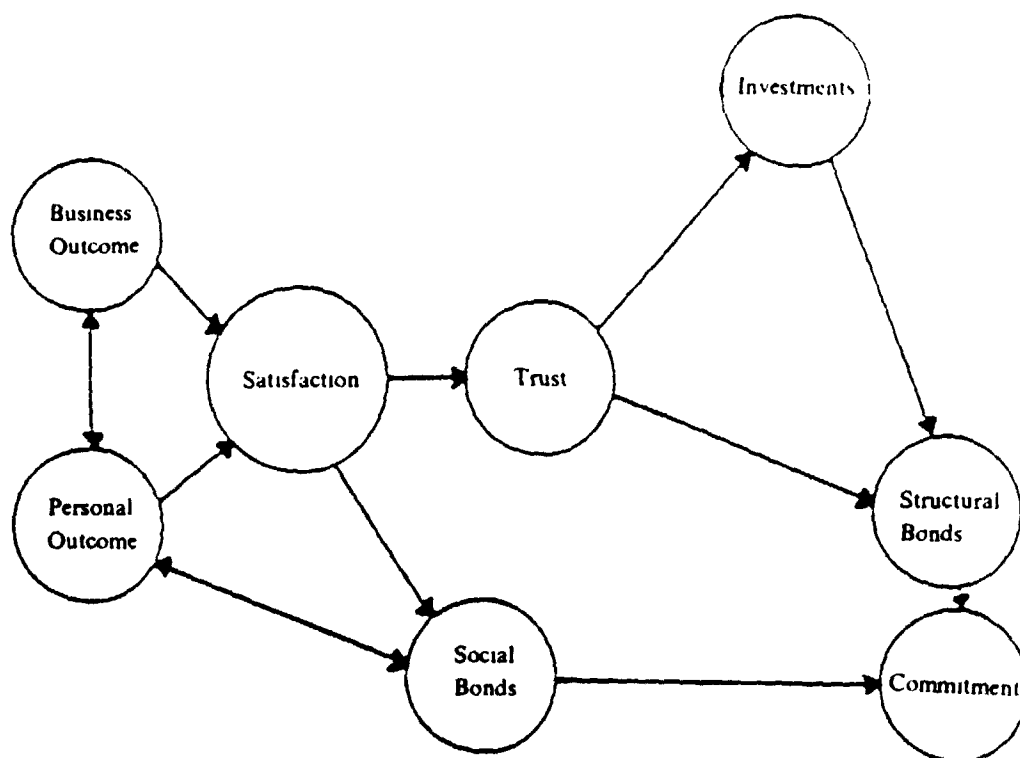
### Buyer/Seller Relationships

While numerous studies have been conducted on buyer/seller relationships, four have drawn on social exchange theory to empirically examine determinants of relationship effectiveness. These models incorporate some of the same constructs found in the channels literature as well as others that may be key in interpersonal working relationships.

Wilson and Mummulaneni's (1988a) bonding model (Exhibit 10) is based on Wilson's (1975) Process Model, the IMP Interaction Model, frameworks of bonding (cf., Turner 1970), Rusbult's (1980) Investment Model, and social exchange theory. Briefly, the model suggests that outcomes of exchange interactions determine the affective responses of participants (e.g., satisfaction), and along with trust, helps them decide whether to make further relationship-specific investments. Over time, social and structural bonds develop in the relationship, strengthening the degree of commitment the parties have to maintaining the relationship. Such commitment is likely to result in continued interactions and further investments. This work further underscores the evolving nature of close relationships and the importance of demonstrating commitment in a relationship for developing trust and satisfaction. Mummulaneni and Wilson (1991) extended their previous work by developing a model of close personal relationships that incorporates key constructs of the bonding model as well as the Clalt construct from exchange theory. Clalt, investments, and satisfaction were

Exhibit 10  
Wilson and Mummalaneni's Bonding Model

---



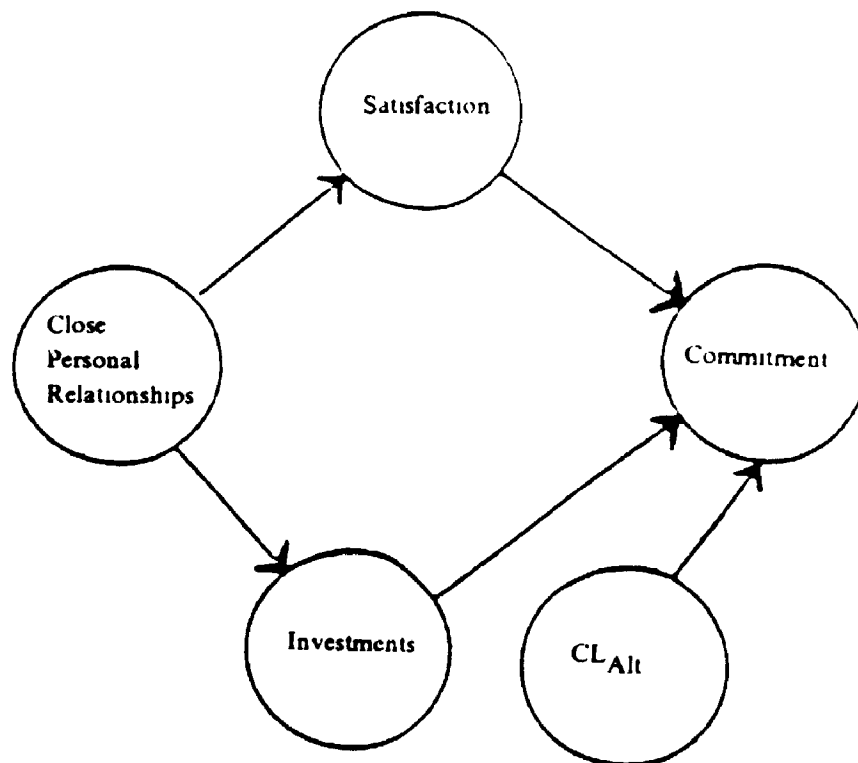
Source: Wilson and Mummalaneni (1988a)

hypothesized as key determinants of commitment in the model (Exhibit 11), while the closeness of relationships was hypothesized as a primary determinant of satisfaction and investment. Strong empirical support was found for the model, reaffirming the importance of these central relationship constructs that may play a major role in selling partner working relationships.

Crosby, Evans, Cowles (1990) advanced and empirically tested a model of sales representative-customer relationship quality in a services context. The model (Exhibit 12) is based on the premise that salespeople need to manage customer relationships to be effective. Briefly, relationship quality was hypothesized as a key determinant of sales effectiveness and the anticipation of future interaction. Relationship quality was conceived as a two dimensional construct consisting of customer satisfaction and trust in the sales representative. Relational selling behaviour, service domain expertise (role competence), and similarity of customer/representative attributes were hypothesized as determinants of relationship quality, and similarity and service domain expertise were hypothesized as determinants of sales effectiveness. Relational selling behaviour was conceptualized as a high-order construct representing selling activities such as cooperative intentions, conflict resolution, communication and disclosure, and intensive follow up. Empirical evidence supported all but one hypothesis: relationship quality was not found to be a determinant of sales effectiveness. This is consistent with the difficulties other researchers (e.g., Gladstein 1984) have had predicting objective sales performance. The major contribution of this research is that the model incorporates high-order constructs from the services marketing, sales, and social psychology literatures to provide insights into key factors and determinants of effective interpersonal relationships, which may have closer

Exhibit 11  
Mummalaneni and Wilson's Model of  
Close Personal Relationships

---

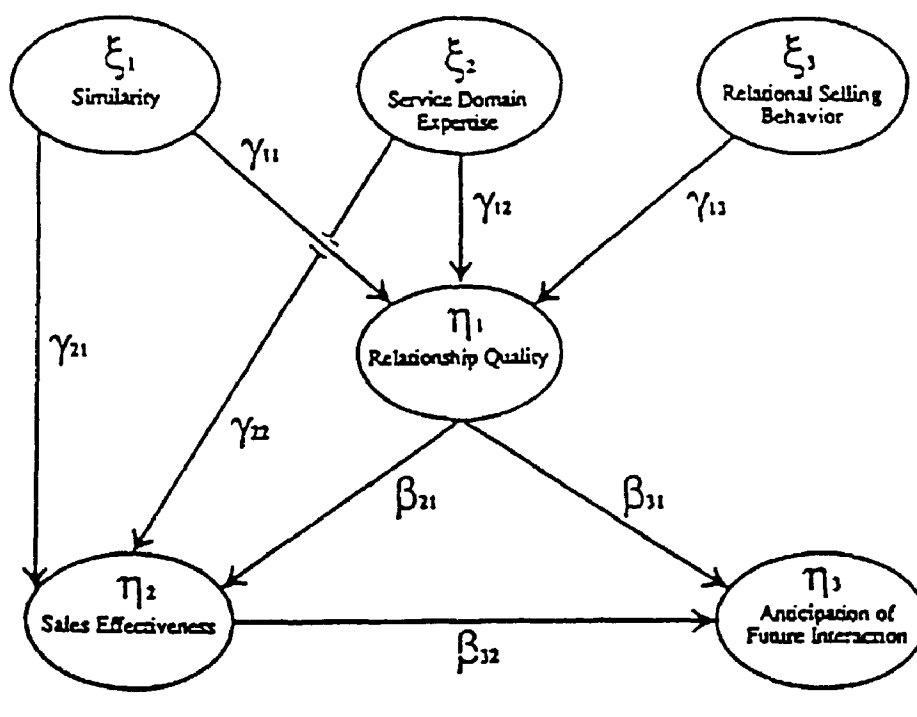


---

Source: Mummalaneni and Wilson (1991)



Exhibit 12  
Crosby, Evans, and Cowles's  
Relationship Quality Model



Source: Crosby, Evans, and Cowles (1990)

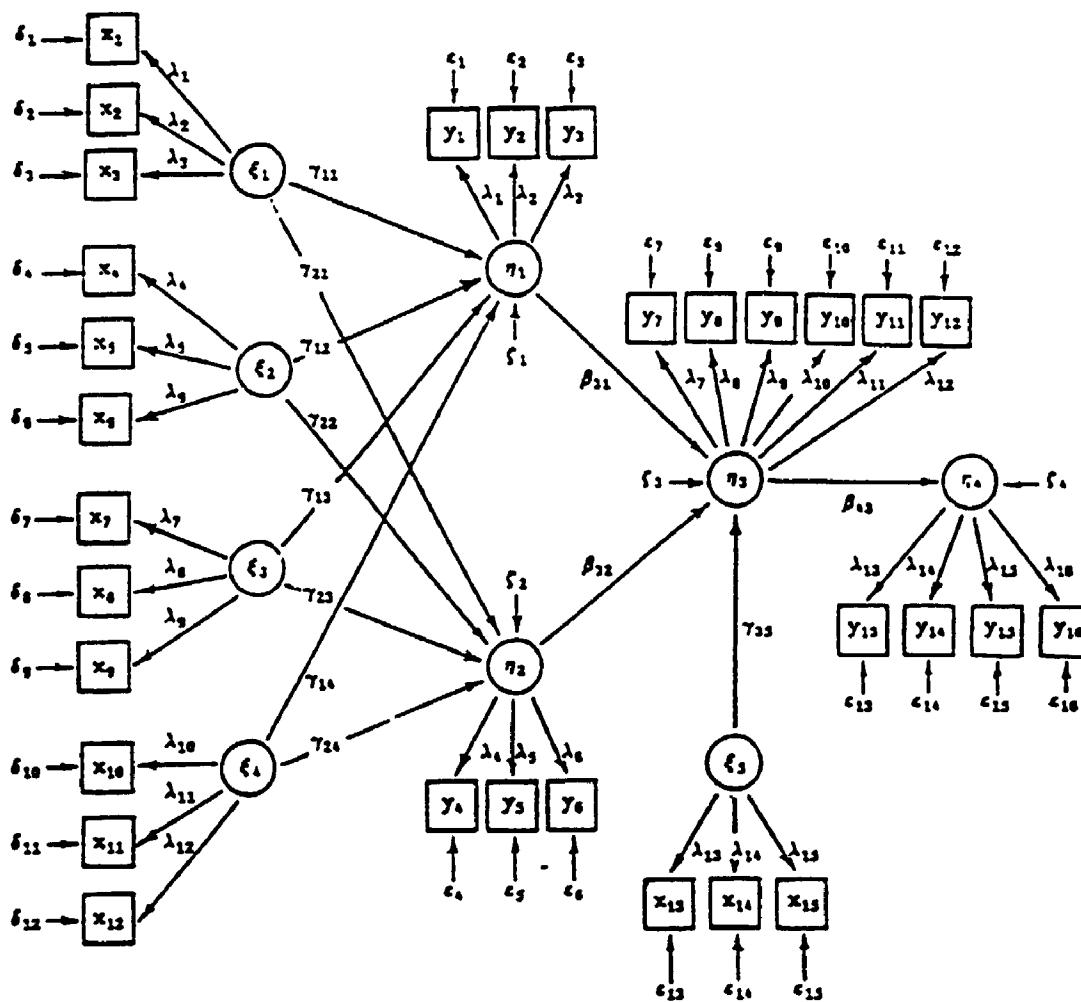
bearing on selling partner working relationships. However, this high-order specification does not lend itself to understanding key relationships between facets or dimensions of the modeled constructs.

A final model reviewed was conceptualized and empirically tested by Oliver and Swan (1989). The model (Exhibit 13) draws on social exchange theory (cf., Homans 1961) and equity theory (cf., Adams 1965), to examine the effect of perceived equity by customers on their satisfaction with the sales representative they dealt with in an automobile purchase. The empirical results of the study were mixed. Fairness was found to be a key determinant of relationship satisfaction, but preference (advantageous inequity) was not. Satisfaction was found to be a strong determinant of repeat purchase intention. These results provide empirical support to the equity theory premise that perceptions of fairness are central to the maintenance of relationships. That they were found in the context of interpersonal buyer/ seller relationships augers well for the examination of fairness in selling partner working relationships.

### **2.2.3 Summary and Conclusions**

This section has reviewed the major conceptual frameworks, models, and empirical findings relating to effective working relationships. This work has focused predominately on buyer/seller and channel relationships between organizations, with somewhat less attention devoted to relationships between individuals. The empirical literature has focused on understanding antecedents and consequences of factors affecting the satisfaction, continuity, and performance of close relationships. Trust, dependence, investment,

Exhibit 13  
Oliver and Swan's Model of Equity Perception



$\xi_1$ - Buyer's inputs	$\eta_1$ - Fairness
$\xi_2$ - Buyer's outcomes	$\eta_2$ - Preference
$\xi_3$ - Seller's inputs	$\eta_3$ - Satisfaction
$\xi_4$ - Seller's outcomes	$\eta_4$ - Intention
$\xi_5$ - Disconfirmation	

Source: Oliver and Swan (1989)

communication, distance, commitment, and equity are among the key factors identified in this literature. While the literature provides useful insights into factors that may be important determinants of effective selling partner working relationships, key antecedents and consequences of these factors have not been examined in this context. Relationships between the factors have not been examined at lower levels of abstraction.

Also, differences in conceptualization, operationalization, perspectives, and study contexts limit the generalizability and comparability of results. Trust, for example, has been conceptualized as a high-order construct representing a firm's belief that a partner would not take actions that would negatively affect the firm (Anderson and Narus 1990). Wilson and Mummalaneni (1988) conceptualize trust as a belief that partners will stand behind their commitments. Not only are these conceptualizations different, neither reflects different facets or components of trust evident in the conceptual literature (cf., Zand 1972; Gabarro 1978).

Extant research has recognized the importance of the interaction between parties in close relationships but has typically focused on only one party's perspective (Anderson and Weitz 1992 is a notable exception). Future research needs to consider the dyad as the unit of analysis. Finally, while attempts have been made to understand how close relationships form and develop over time, further clarification and substantiation of this process is required.

Many of these gaps in the close relationship literature are addressed in this dissertation. The conceptual model developed in Chapter 3 incorporates many of the key constructs identified above, as well as others, thus expanding the

nomological network of previous works. By examining relationships between dimensions of organizational distance, perceived trustworthiness, and trusting behaviour, the dissertation is drawn at a lower level of abstraction than previous works. The research methodology detailed in Chapter 4 is consistent with examination of dyadic relationships as the unit of analysis. The study does not address the gap of understanding how relationships develop over time. However, the research will suggest management and sales representative interventions which may facilitate the development process.

### **2.3 Personal Selling and Salesforce Management**

A third literature base relevant to the issue of effective working relationships within selling alliances is that of personal selling and salesforce management. This research has typically been concerned with the management and effectiveness of individual marketing representatives (cf., Churchill, Ford, and Walker 1985; Ryans and Weinberg 1981). However, in response to trends which are increasing the complexity of selling tasks, sophisticated marketers such as IBM, AT&T, and Xerox are creating or encouraging the formation of selling teams (selling centres) to manage relationships; even with their smallest customers. Academics, however, are only just beginning to examine team selling issues (cf., Smith and Barclay 1990). In horizontal selling alliances, partner sales representatives form the nucleus of an inter-organizational selling team and involve, as required, technical, installation, or other specialists from the combined resources of the alliance. The partner sales representatives themselves must act as a team to acquire resources and coordinate their interaction with customers. Consequently, the descriptive, prescriptive, conceptual, and empirical literature on team selling may provide

insights into effective selling partner working relationships.

### **2.2.1 Team Selling**

Descriptive and prescriptive articles in trade journals suggest there is growing recognition of the importance of adopting a team approach for effective account management. Dreyfack (1988) for example, prescribes "getting your teammates off the bench"; sales representatives can be more effective if they recruit the efforts of home office support staff, troubleshooters, and lead-grabbers. Blessington (1989) discusses ways in which managers can surmount the obstacles that stand in the way of team selling success; the most important of which is recruiting strong team leaders. Cardozo and Shipp (1987) identify the need to integrate a mix of selling methods and personnel for effective and efficient business-to-business marketing. Sellers (1992) describes the trend towards sales collaborating with other arms of companies and uniting salespeople into customer-focused teams.

Most of the work on team selling has focused on formal teams in National (Major) Account Marketing (NAM) programs. However, the concept of informal selling teams (those that evolve without conscious management intervention), is beginning to receive attention in the literature. In the context of horizontal selling alliances, IBM's Business Partner program is a formal approach where agreements are signed, yearly objectives are set, and sales representatives are motivated to work together, while with Digital Equipment and PRIME, selling partnerships tend to evolve through sales representative initiatives. Consequently, the literature on both formal and informal selling teams has a bearing on selling partner working relationships.

### National Account Marketing: formal selling teams

National account marketing (NAM) is widely gaining acceptance as an important salesforce strategy (Colletti and Tubridy 1987). Reflecting this growing acceptance has been a proliferation of articles, texts, popular business books, and research reports on the topic. Publications in this area, however, have generally been descriptive and prescriptive. Shapiro and Wyman (1981), for example, describe situations in which NAM can be used effectively, characteristics of effective programs, and managerial issues relating to their implementation. More detailed descriptions of the advantages of NAM, and how to establish and manage national account teams is provided in reports by the Conference Board (Platzer 1984), the Research Institute of America (1986), and the Bureau of Business Practices (1986). In a conceptual piece, Tutton (1987) prescribes the need to segment a national account, and develop a marketing strategy for each segment.

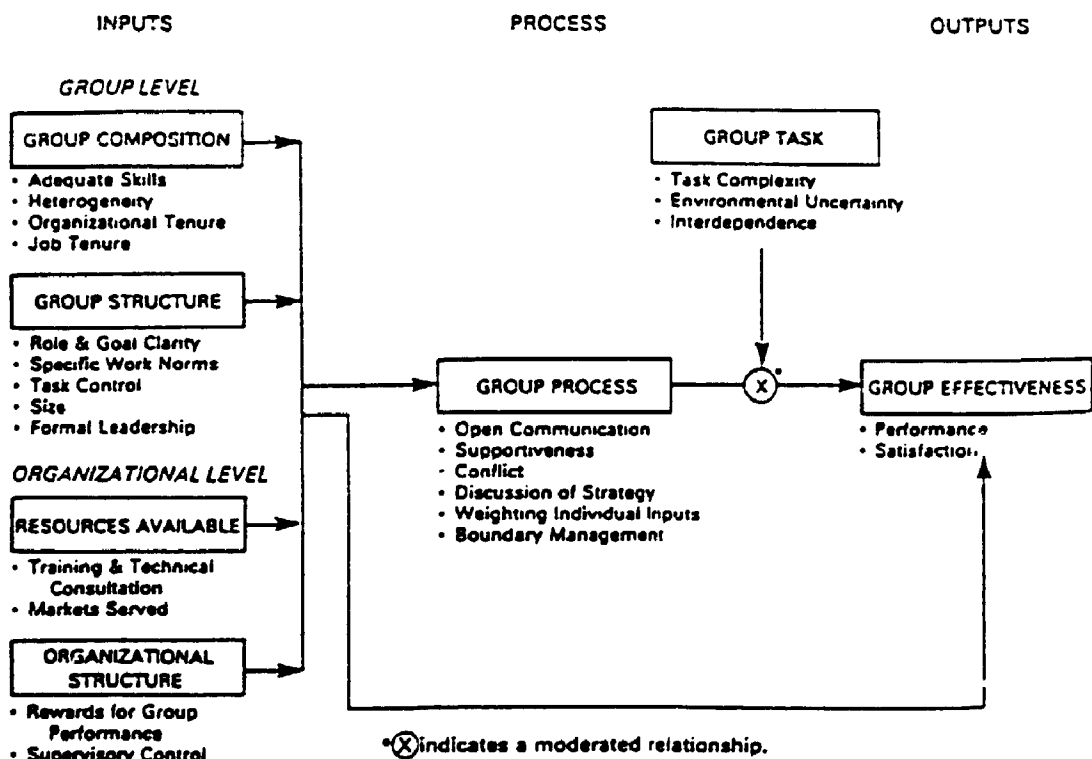
What little empirical research has been conducted on NAM has also been mostly descriptive. Stevenson (1981), for example, interviewed marketing executives at 33 large industrial firms to determine whether NAM was an effective strategy. He found that national account marketing resulted in an increased share of the sales in those accounts, greater overall market share, greater profitability, and better communication between the buyer and seller. Colletti and Tubridy (1987) surveyed 105 members of the National Account Marketing Association and compiled descriptive statistics on their responses to questions about program expectations, organizational structure, job definitions, representative duties, time allocations, representative skill requirements, compensation, and evaluation and control systems. This study, however, did not address or propose specific

hypotheses concerning any of these issues.

A search of the literature found only one empirical study investigating formal marketing teams that were not NAM related; Gladstein's (1984) model of task group effectiveness. This study investigated factors determining the effectiveness of marketing teams (salespeople, system designers, and implementers) in an industrial communications company. Gladstein's conceptual model (Exhibit 14) was developed from organization theory and small group research. It proposes that group effectiveness (performance, satisfaction, and continuity) is determined by group processes (such as communication, supportiveness, and boundary management), which in turn is influenced by group composition, group structure, organizational resources, and organizational structure. Gladstein further suggests that the relationship between group process and group effectiveness is moderated by the group task (task complexity, environmental complexity, and interdependence). Gladstein's research model (Exhibit 15) incorporates the high-order constructs: subjective effectiveness, sales performance, intra-group process, boundary management, leadership, and structuring of activities. Results of the study supported the model for subjective effectiveness but not sales performance. However, conceptual and empirical issues limit their validity. For example, LISREL structural parameter estimates were not reported and the fit of the model was poor. Conceptualizing the model at such a high level of abstraction also limits understanding of key relationships between dimensions of group structure and process. These limitations suggest there is a need for further investigation of the effectiveness of formal selling teams. This example, and the paucity of empirical research on national account marketing, suggest a dire need for empirical study of team selling issues at all levels: operational, tactical, and strategic.



**Exhibit 14**  
**Gladstein's Model of Task Group Effectiveness**



**Figure 1. General model of group behavior: Constructs and measured variables.**

Source: Gladstein, (1984)

Exhibit 15  
Gladstein's Research Model

The model specifies three relationships among the endogenous variables: between structure and process, process and effectiveness, and structure and effectiveness. A more complex set of relationships is needed, however, with a five-factor model. The five-factor model and the associated betas are given in Figure 2.

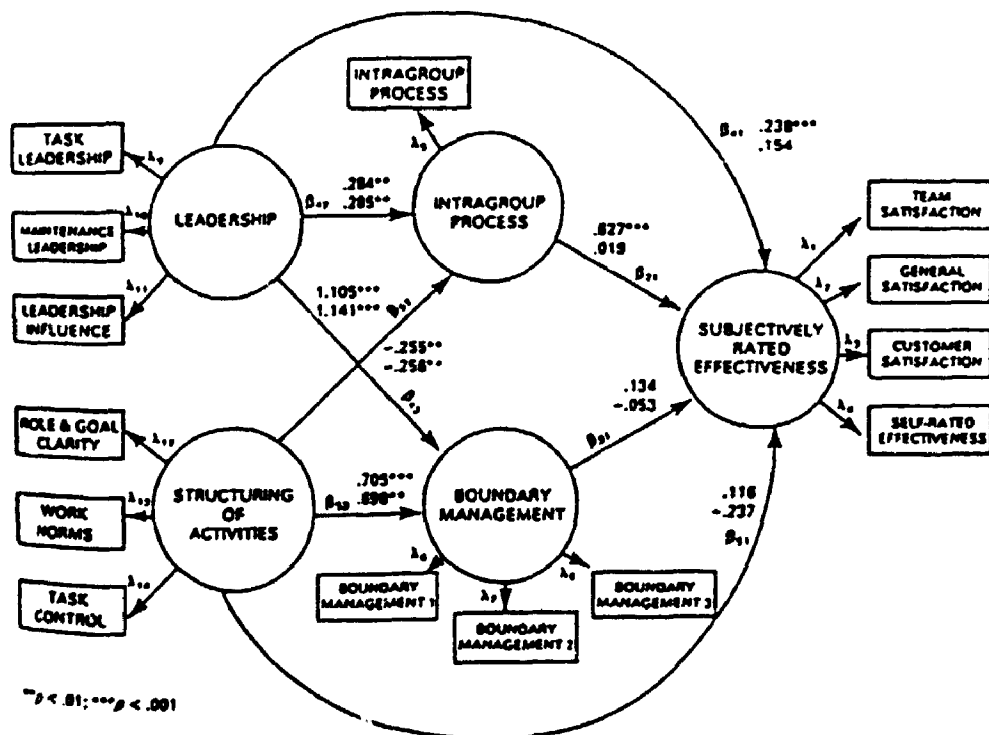


Figure 2. The full model: Relationships between endogenous variables.

Source: Gladstein (1984)

### Account Management: informal selling teams

Marketers are beginning to recognize the importance of team selling in accounts that do not warrant a formal, dedicated approach. Gronroos (1983), for example, suggests that all service employees with customer contact, regardless of functional area, are inevitably part of the marketing program. McQuiston and Johnston (1984) and Ruekert and Walker (1987) discuss the increasing frequency of coalitions of functional areas being involved with customers. George, Kelly, and Marshall (1986) identify the strategic importance of integrating and coordinating various elements of the customer contact process for service firms and offer a seven-part model for organizing the activities of customer contact employees. Beyond recognition of the need to understand team selling, marketers have made initial attempts to conceptualize the phenomenon and provide frameworks for guiding their study. These are reviewed below.

Hutt, Johnston, and Ronchetto (1985) provide an initial conceptualization of selling centres and define them as "inter-functional decision units of selling organization members who are involved in initiating and maintaining exchange relationships with industrial customers." They also attribute the following characteristics to them: formal or informal; fluid participation; varied composition by firm and situation; cross functions and levels; and members with varied customer orientations, having common and conflicting goals, and operating under different reward systems. They further suggest that members of a selling centre adopt one or more roles in the selling process: responsible for, approve, consult, inform, and implement, while the sales manager performs an important coordinative function within the selling centre. Hutt, Johnston, and

Ronchetto further outline how coordination and control strategies for managing selling centres follow from the nature of both the selling and buying tasks in a given situation. They suggest, for example, that less formal coordination is appropriate with rising interdependence and task uncertainty as with new selling tasks, and more formal coordination and control is appropriate when low interdependence exists, as with routine selling tasks.

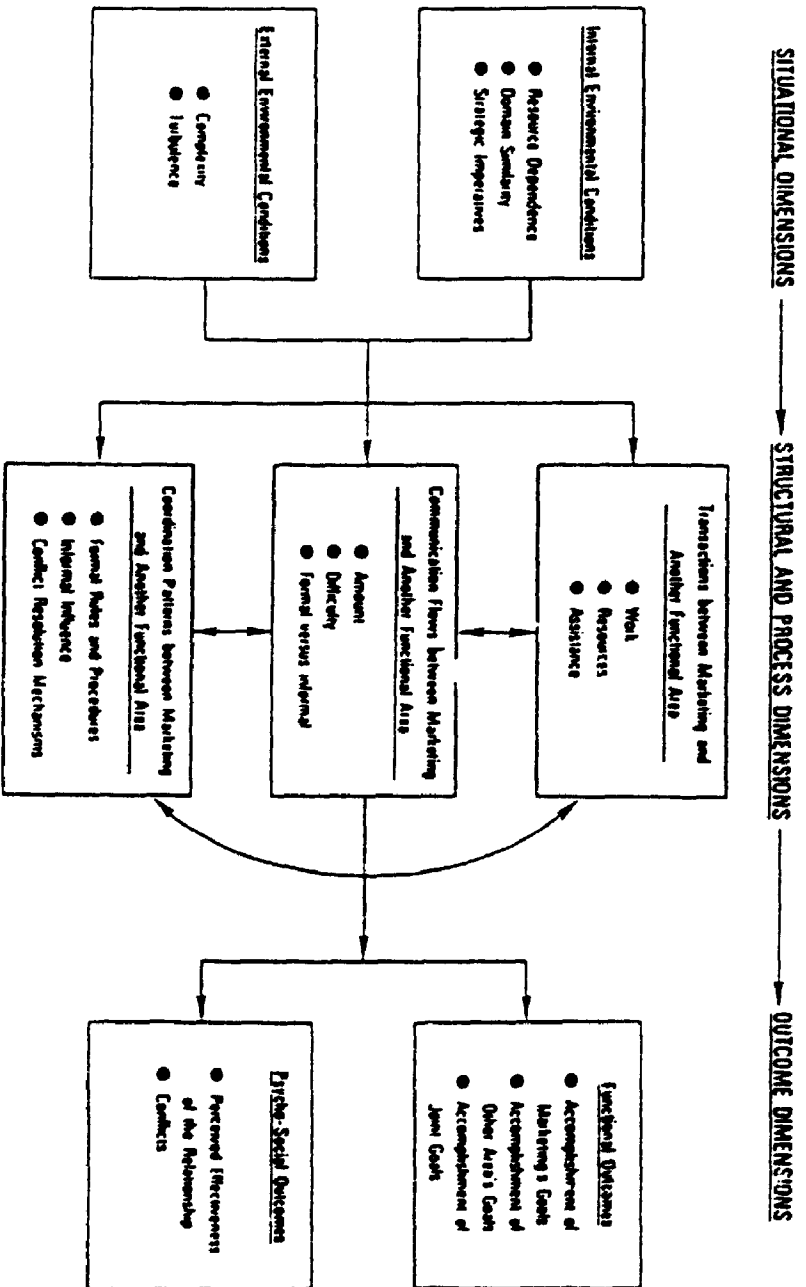
Building on this work, Spekman and Johnston (1986) outline issues in managing the selling centre. Central to their discussion is the issue of coordinating activities across departments to present a united effort to customers. They suggest that this can be achieved through joint marketing planning and execution by first diagnosing the functional interdependence of selling centre members, then managing this interdependence by creating and maintaining shared appreciations of interdependencies, reaching agreement on appropriate coordination and control strategies, and then implementing and maintaining account strategies. This requires cooperation and support from senior management and is facilitated by a strong customer orientation within the organization.

Smith and Barclay (1990) extended previous conceptualizations of the selling centre phenomenon in three ways. First, they suggest that extraorganizational members should be included within the bounds of the selling centre since it is not uncommon to find extraorganizational members such as agents, associates, lead users, consultants, or alliance partners playing key sales-related roles. They further suggest that the boundary of selling centre membership should include only those people with direct customer contact, in person, by phone, or by correspondence. Second, they propose that the domain of a selling centre could

be described with respect to a specific buying decision, an on-going relationship, or multiple relationships across customer locations and over time. They recommend that a reductionist approach be taken in initial selling centre studies. Finally, they suggest selling centres should be conceptualized as a collectivity that evolves along a continuum from a social network to a fully organized task group, implying that researchers could choose to investigate selling centres as networks or groups, or their evolution from networks to groups. Smith and Barclay (1990) also provide illustrative examples of the utility of a framework of theoretical perspectives for addressing key selling centre issues.

Ruekert and Walker (1987) offer a more detailed framework to address the issue of how and why marketing personnel interact with personnel in other functional areas to plan, implement, and evaluate marketing strategies. Based on social systems theory and resource dependence models, their framework (Exhibit 16) outlines relationships among key situational dimensions, organization structure and process dimensions, and outcome dimensions of an inter-functional social system. While this framework is concerned with the strategy of intra-organizational sales teams, similar concepts may be applicable to inter-organizational sales teams and suggests resource dependence may be a key factor impacting the effectiveness of selling partner working relationships. Ruekert and Walker (1987) demonstrate the utility of their framework by developing and testing a model (Exhibit 17) that links two internal environment variables (resource dependence and domain similarity) with six relationship structure/process variables (including communication and influence), and three outcome variables (conflict, conflict resolution mechanisms, and perceived effectiveness). Ruekert and Walker found correlation support for most of their

Exhibit 16  
 Reukert and Walker's Conceptual Framework of  
 Marketing's Interaction with Other Functional Units

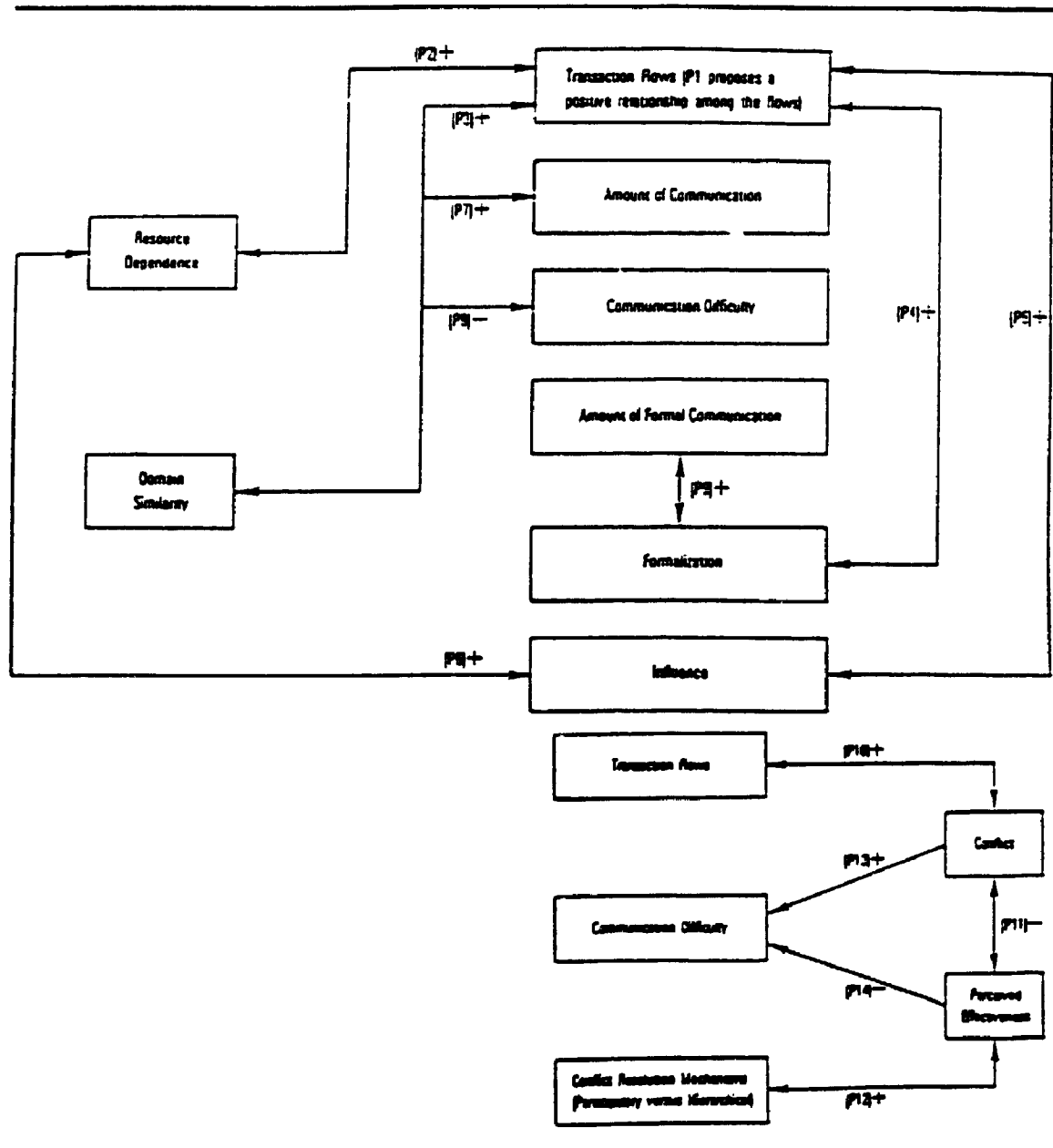


Source: Reukert and Walker (1987)

propositions except for the hypothesized links between conflict and effectiveness, and communication difficulty and effectiveness. While acknowledging limitations of their study, Ruekert and Walker tentatively conclude that: interaction within a work group is enhanced by resource dependencies; allowing parties to work out their own conflicts enhances the effectiveness of their relationship; domain similarity enhances the amount of communication in the relationship which reduces inter-departmental conflict and enhances effectiveness, at least from the marketers' perspective; and increased interaction increases conflict between departments and leads to the formalization of rules, operating procedures and communication.

Building on these previous works, Smith and Barclay (1992) assess the utility of small group research for understanding team selling and use it to develop a general framework of team selling effectiveness. They conclude that small group research has produced a bewildering array of empirical findings relating to group effectiveness but issues and problems associated with small group research, such as the practical irrelevance of laboratory studies, limit the generalizability of the findings. Further there are no generally accepted task typologies to organize the findings of small group research, and even if an approach such as McGrath's (1984) task circumplex is adopted, selling teams are involved in all the tasks in the circumplex at different points in a sales cycle. Thus it is difficult to determine which small group findings might apply to team selling. Drawing on the descriptive, normative, and prescriptive literature on small group effectiveness and team building, Smith and Barclay (1992) develop a framework (Exhibit 18) of group inputs, processes, and outputs at the individual, group, organization, and task/environment levels of analysis that can be used as a tool for guiding team

**Exhibit 17**  
**Reukert and Walker's Model of**  
**Marketing's Interaction with Other Functional Units**



Source: Reukert and Walker (1987)



selling research. In the context of selling partner working relationships, this framework is particularly useful for identifying various outcome dimensions of effectiveness and group-level inputs and processes. Although not explicit in the framework, the organizational-level inputs suggest inter-organizational factors such as conflict or differences in strategy and climate that might influence the effectiveness of the inter-organizational selling teams created in horizontal selling alliances.

### **2.3.2 Summary and Conclusions**

While marketers are beginning to recognize the importance of team selling and issues associated with coordinating and managing their inter-functional and even inter-organizational nature, they have received little empirical attention. Ruekert and Walker's (1987) conceptual model and empirical test provides some insights which may be applicable to selling partner working relationships. Their conceptual framework and the issues identified by Smith and Barclay (1990) provide some direction for team selling research as does the framework and conceptual model developed by Smith and Barclay (1992). From a managerial perspective, the central issue is understanding how to influence team selling task performance. The dissertation study helps fill the empirical gap identified by examining factors that facilitate or impede the development of effective relationships between partner sales representatives that represent the core of an inter-organizational selling team. While the dissertation takes a reductionist approach in considering only the core dyadic relationship within these selling teams, it is the sales representatives who generally take or are given a leadership role within the team and are responsible for acquiring and directing team

**Exhibit 18**  
**Smith and Barclay's Conceptual Framework**  
**of Team Selling Effectiveness**

	INPUTS	PROCESSSES	OUTPUTS
Individual Level	<p><b>Selling Center (SC) Member Characteristics</b></p> <ul style="list-style-type: none"> <li>- profile</li> <li>- personality</li> <li>- general ability</li> <li>- skills/knowledge/ability</li> <li>- motivation/n. ach</li> <li>- attitudes</li> <li>- goals</li> <li>- effort</li> </ul> <p><b>SC Leader Characteristics</b></p> <ul style="list-style-type: none"> <li>- personal values</li> <li>- connectedness</li> <li>- social skills</li> <li>- maturity</li> <li>- leadership style</li> <li>- training</li> <li>- personality</li> </ul> <p><b>Supervisor Characteristics</b></p> <ul style="list-style-type: none"> <li>- expectations</li> <li>- perceived independence</li> <li>- management style</li> </ul>	<p><b>Task Behavior</b></p> <ul style="list-style-type: none"> <li>- leader behavior</li> <li>- social loafing</li> </ul> <p><b>Power/Influence</b></p> <ul style="list-style-type: none"> <li>- social facilitation</li> <li>- social impact</li> <li>- interpersonal attraction</li> <li>- leader influence</li> </ul> <p><b>Individual Development</b></p>	<p><b>Performance Outcomes</b></p> <p><b>Objective</b></p> <ul style="list-style-type: none"> <li>- individual task performance</li> <li>- leadership performance</li> <li>- individual recognition/rewards</li> </ul> <p><b>Subjective</b></p> <ul style="list-style-type: none"> <li>- perception of self/other task perf</li> <li>- perception of group maint. behavior of self/other</li> </ul> <p><b>Other Outcomes</b></p> <ul style="list-style-type: none"> <li>- job satisfaction</li> <li>- job enrichment</li> <li>- turnover</li> <li>- change in member characteristics</li> </ul>
Group Level	<p><b>Selling Center Structure</b></p> <ul style="list-style-type: none"> <li>- formalization</li> <li>- centralization</li> <li>- complexity</li> <li>- specialization</li> <li>- formal leadership</li> <li>- density of ties</li> <li>- proximity</li> <li>- member interdependence</li> </ul> <p><b>Selling Center Composition</b></p> <ul style="list-style-type: none"> <li>- member mix</li> <li>- characteristic homogeneity</li> <li>- skill variety/heterogeneity</li> <li>- compatibility</li> <li>- org tenure</li> <li>- job tenure</li> <li>- size</li> </ul> <p><b>Selling Center Climate</b></p> <ul style="list-style-type: none"> <li>- norms and values</li> <li>- effort</li> <li>- self regulation</li> <li>- strategic planning</li> <li>- customer orientation</li> <li>- shared beliefs</li> <li>- potency</li> <li>- sentiments</li> <li>- trust</li> <li>- affect</li> </ul>	<p><b>Task Behavior</b></p> <ul style="list-style-type: none"> <li>- decision making</li> <li>- performance strategy</li> <li>- boundary management</li> <li>- coordination</li> </ul> <p><b>Power/Influence</b></p> <ul style="list-style-type: none"> <li>- motivation/rewards</li> <li>- conflict resolution</li> <li>- weights in decision making</li> </ul> <p><b>Communication</b></p> <ul style="list-style-type: none"> <li>- verbal interaction patterns</li> <li>- non-verbal inter. patterns</li> </ul> <p><b>Group Development</b></p> <ul style="list-style-type: none"> <li>- cohesiveness</li> <li>- leadership</li> <li>- team building</li> </ul>	<p><b>Performance Outcomes</b></p> <p><b>Objective</b></p> <ul style="list-style-type: none"> <li>- group task performance</li> <li>- sales targets</li> <li>- other targets</li> <li>- customer actions</li> <li>- recognition</li> <li>- commitments</li> <li>- group recognition/rewards</li> </ul> <p><b>Subjective</b></p> <ul style="list-style-type: none"> <li>- perceived task performance</li> <li>- perceived group maint. perf</li> <li>- perceived buyer/seller relationship maint.</li> <li>- customer satisfaction</li> </ul> <p><b>Other Outcomes</b></p> <ul style="list-style-type: none"> <li>- change in group climate</li> <li>- norms and values</li> <li>- shared beliefs</li> <li>- sentiments</li> </ul>

## Exhibit 18 Con't

	INPUTS	PROCESSES	OUTPUTS
Organizational Level	<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>- focus</li> <li>- horizon</li> <li>- goals</li> </ul> <p><b>Structure</b></p> <ul style="list-style-type: none"> <li>- formalization</li> <li>- centralization</li> <li>- span of control</li> <li>- systems</li> </ul> <p><b>Composition</b></p> <ul style="list-style-type: none"> <li>- size</li> <li>- demography</li> <li>- member compatibility</li> <li>- resource availability</li> <li>- information</li> <li>- skills/training</li> <li>- technology</li> <li>- management</li> </ul> <p><b>Climate</b></p> <ul style="list-style-type: none"> <li>- culture, norms and values</li> <li>- market orientation</li> <li>- group vs. individual</li> <li>- sentiments</li> </ul>	<p><b>Task Behavior</b></p> <ul style="list-style-type: none"> <li>- marketing planning</li> <li>- recruiting</li> <li>- training</li> <li>- boundary management</li> </ul> <p><b>Power/Influence</b></p> <ul style="list-style-type: none"> <li>- motivation/rewards</li> <li>- resource dependence</li> <li>- perceived partnering maint.</li> </ul> <p><b>Communication</b></p> <ul style="list-style-type: none"> <li>- feedback</li> <li>- information available</li> <li>- information systems</li> </ul> <p><b>Organizational Development</b></p>	<p><b>Performance Outcomes</b></p> <p><b>Objective</b></p> <ul style="list-style-type: none"> <li>- sales performance</li> <li>- market share</li> <li>- \$ or unit volume</li> <li>- financial performance</li> <li>- NIBT</li> <li>- ratios</li> </ul> <p><b>Subjective</b></p> <ul style="list-style-type: none"> <li>- perceived task performance</li> <li>- perceived org. maint. perf.</li> <li>- perceived partnering maint. perf.</li> <li>- competitive strength</li> <li>- resources available</li> </ul> <p><b>Other Outcomes</b></p> <ul style="list-style-type: none"> <li>- norms/culture</li> <li>- image</li> </ul>
Task/External Environment Level	<p><b>Task Environment</b></p> <ul style="list-style-type: none"> <li>- selling task</li> <li>- interdependence</li> <li>- design</li> <li>- complexity</li> <li>- goal homogeneity</li> <li>- difficulty</li> <li>- buying task</li> <li>- novelty</li> <li>- importance</li> <li>- complexity</li> <li>- buyer/seller relationship</li> <li>- working relationship</li> <li>- structure</li> <li>- processes</li> </ul> <p><b>Industry Environment</b></p> <ul style="list-style-type: none"> <li>- concentration</li> <li>- competition</li> <li>- market growth</li> <li>- uncertainty/threats</li> </ul> <p><b>Macro Environment</b></p> <ul style="list-style-type: none"> <li>- social</li> <li>- economic</li> <li>- political</li> <li>- technological</li> </ul>		

Source: Smith and Barclay (1992)

resources. Understanding how to influence the effectiveness of their working relationship is critical for improving the effectiveness of the larger team.

## **2.4 Chapter Summary and Conclusion**

This chapter reviewed three literature bases that provide insight into understanding determinants of the effectiveness of selling partner working relationships and identified gaps in this literature that the dissertation helps to address.

The review of the strategic alliances literature suggested that little research attention has been given to issues of alliance implementation or horizontal marketing alliances. Previous studies focused on macro level not micro level issues, and relationships between organizations or departments not individuals. It was suggested that considerable work remains to be done to understand key variables and relationships driving alliance behaviour and performance, and the managerial prescriptions to improve their effectiveness.

Concern for micro level issues of effective relationship management was found in the working relationship literature. However, this work has mainly been concerned with buyer/seller relationships and channel relationships between organizations, not seller/seller relationships. The conceptual frameworks, models and empirical research reviewed identified a variety of potentially important constructs and relationships for understanding determinants of effective working relationships in selling alliances. Many of these, however, require specification and examination at lower levels of abstraction to provide useful management

insights. One of the key messages of the working relationship literature is that key determinants of effectiveness may be moderated by the stage of development in the relationship.

The review of the selling and salesforce management literature suggested that research focus has, almost exclusively, been on strategic, tactical, and operational issues pertaining to management of individual sales representatives and entire salesforces. Little attention has been given to the increasingly important concept of team selling. Selling partner working relationships represent the core of a larger inter-organizational selling team. Thus factors identified in conceptual frameworks and models as potential determinants of team selling effectiveness may also be determinants of effective selling partner working relationships.

Together, these three literature bases that suggest a variety of inputs, processes, and outputs that could be examined in understanding the effectiveness of selling partner working relationships. These include: organizational context and differences, domain similarity, boundary management, mutual trust, interdependence, equity (fairness), conflict resolution approaches, communication, relationship atmosphere, commitment, group norms, social and structural bonds, satisfaction, continuity, and objective performance. While the literature reviewed here provides some assistance in identifying which of these are the most managerially or theoretically relevant factors and relationships, informed intuition may be the most appropriate guide for researchers.

Guided by the literature reviewed, key theoretical perspectives, field interviews, and personal experience, it is suggested that relationships between mutual

satisfaction, mutual trust, and organizational distance may be the most important to understand for effective selling partner working relationships. The rationale for choosing these concepts over others is provided in the next chapter which incorporates these and other potentially important constructs into conceptual and research models of effective selling partner working relationships.

## CHAPTER 3: CONCEPTUAL AND RESEARCH MODELS

Based on personal experience, preliminary interviews, the literature reviewed, and marketing theory, the primary dimension of effectiveness chosen as the dependent construct of the dissertation was mutual satisfaction with the working relationship. Mutual trust was chosen as a key process factor determining this outcome, and organizational distance was chosen as a key input determinant. These and three other potentially important determinants identified in the literature, mutual perceived interdependence, mutual perceived equity, and functionality of conflict resolution, are linked in a nomological network in this chapter and support is developed for propositions (relationships not explicitly tested) in a conceptual model and specific hypotheses in a research model. These models are developed and constructs defined following a brief discussion of the three central factors and further rationale for their choice.

### 3.1 Central Concepts

#### 3.1.1 Mutual Satisfaction

Among alternative effectiveness outcomes, mutual satisfaction, the extent to which both sales representatives in a selling partner relationship are satisfied, is an appropriate choice as the primary dependent construct for the dissertation for three reasons. First, conceptual, anecdotal, and empirical evidence in the buyer/seller and channel relationship literatures suggests that satisfaction with a working relationship is a necessary precursor to task performance and relationship continuity (cf., Anderson and Narus 1990; Crosby, Evans, and

Cowles 1990). Unless both parties to a relationship are satisfied, they are unlikely to put in the effort required to make the relationship lasting and effective. Consequently, mutual satisfaction and what determines it, is of key interest to managers concerned with realizing the anticipated benefits of horizontal selling alliances. Also, efforts to improve mutual satisfaction in partner working relationships may contribute to overall job satisfaction and consequently help reduce turnover. Second, focus on mutual satisfaction is consistent with previous studies of working relationships (e.g., Anderson and Narus 1990) and is consistent with a key exchange theory concept that voluntary exchange will not take place unless the needs of both parties are satisfied. Mutual satisfaction reflects an overall affective appraisal of all aspects of a working relationship (Anderson and Narus 1984) and hence reflects whether needs of the partners are being addressed. Finally, more objective effectiveness indicators, such as task performance, are difficult to model and measure in most selling situations (Gladstein 1984), but would be particularly difficult in contexts characterized by rapid change, long sell cycles, and active competition which is often the case with horizontal selling alliances.

While it is beyond the scope of the study to examine objective indicators of effectiveness, two other subjective indicators, mutual perceived task performance and mutual perceived relationship continuity, are examined as alternative dependent constructs. Mutual perceived task performance is a subjective evaluation by the partner sales representatives of how well they are doing in meeting the sales and other objectives of the partnership. Mutual perceived relationship continuity is the extent both partners expect the relationship to continue in the foreseeable future. These constructs were chosen as alternative



dependent constructs as they tap different domains of effectiveness than satisfaction, and at least in the case of continuity, have been examined in previous models of effective working relationships (e.g., Anderson and Weitz 1989).

### **3.1.2 Mutual Trust**

Trust is the belief and/or feeling that another can be relied upon with confidence, and that actions that increase one's vulnerability to another will not be taken advantage of by that other (cf., Blau 1964; Zand 1972). Mutual trust exists when exchange partners trust each other. There is growing recognition in the marketing literature that development of mutual trust is critical for facilitating exchange (cf., Young and Wilkinson 1989; Dwyer, Shurr, and Oh 1987). From an economic perspective, mutual trust is required because parties cannot fulfil their obligations to each other at the same time (McKean 1972), which results in both partners experiencing, at one time or another, short term inequalities and exposure to risk (Williamson 1985). To maintain stable dyads in situations of uncertainty and bounded rationality, trust is required as a supplement or even a substitute to formal legal contracts (Anderson and Weitz 1989). Particularly in situations of mutual dependency, trust (rather than monitoring and control) is essential to ensure investment in relationships, and to reassure partners that adaptations to unforeseen contingencies will be made in a jointly optimal way (Lorenz 1986; Williamson 1975). From a social exchange perspective, trust is essential for stable relationships since exchange entails unspecified obligations and parties have no way to ensure appropriate reciprocation (Blau 1964).

Drawing on these and other perspectives, researchers have proposed that trust in

a relationship can lead to: synergistic effort, optimized investment, greater and more fluid adaptability, and greater customer satisfaction (Magrath and Hardy 1989); reduced costs of duplication (Scanzoni 1979); reduced costs of monitoring and control (Ouchie 1980); reduced transaction costs of search, haggling, dispute settling (Reve 1981); reduced uncertainty (Dixon and Wilkinson 1986); better decisions and smoother implementation (Sinetar 1988; Zand 1972); constructive dialogue and cooperative problem solving (Pruitt 1981); less defensiveness (Gibb 1961); and improved productivity and employee satisfaction (Dwivedi 1985). The importance of trust in effective working relationships is also evident in the conceptual frameworks and models reviewed in Chapter 2.

Despite recognition of the importance of trust, the construct is relatively unexplored in the marketing context (Smith 1991; Dwyer, Shurr and Oh 1987). While Dwyer and Legace (1986), and Magrath and Hardy (1989) provide some conceptual foundations and directions for trust research in marketing, it is not clear what trust is in the context of working relationships, how it should be measured, or how it relates to other concepts such as trustworthiness, being trusting, risk taking, and cooperation. Anderson and Narus (1990) provide some insight into the first issue, suggesting that trust in working relationships involves less intensity and personal commitment than trust in interpersonal relationships since participants expose less of themselves and their own resources to possible loss. Measures of trust are varied, reflecting differences in conceptualization.

Dwyer and Lagace (1986) identify three general trust conceptualizations: trust as a personality trait, trust as a predisposition towards another, and trust as risk-taking behaviour. Of these, the personality approach is identified as being least

productive for marketing research and practice (Dwyer and Legace 1986). Trust as a specific predisposition towards another is a conceptualization that views it as a cognitive belief or expectation and/or an affective sentiment or feeling about the likelihood of an event. This is the conceptualization generally adopted in the marketing literature (e.g., Anderson and Narus 1990; Anderson and Weitz 1989) and is referred to as perceived trustworthiness by Schurr and Ozanne (1985) and Swan et al. (1988). Trust as risk-taking behaviour is the conceptualization championed by Deutsch (1958) where a party's belief about the trustworthiness of another leads them to engage in behaviour that has potentially high negative consequences relative to potential benefits. Swan, Trawick, and Silva (1985) adopt this perspective in their view of purchase behaviour as indicative of customer trust.

These varied conceptualizations suggest that trust in working relationships may be appropriately viewed as an attitude having cognitive, affective, and conative components. However, the complex linkages of these components of trust "pose major problems for operational definition" (Golembiewski and McConkie 1975). To simplify understanding and use of the trust construct, it makes sense to refer to the belief and affect components as perceived trustworthiness, and the behavioural/behavioural-intent component as trusting behaviour. Insofar as affect and beliefs lead to behavioural-intent and subsequent behaviour, trustworthiness is a logical antecedent to trusting behaviour. This approach is consistent with Kee and Knox's (1970) conceptualization of subjective and manifest trust. It is also consistent with Dwyer and Legace's proposal that "an individual's regard of another as being cooperative, reliable, honest, and altruistic will lead that individual to take actions which risk vulnerability or dependence on

the other for the potential of valued outcomes" (1986, p. 42).

One would expect a variety of factors to influence perceived trustworthiness, trusting behaviour, and the possible linkages between them, particularly situational and environmental antecedents. For trust in selling partner working relationships, one potentially important precursor is organizational distance.

### **3.1.3 Organizational Distance**

Organizational distance is a high order concept representing differences and incompatibilities between exchange partners at the organizational level. Overcoming distance or separations is central to the concept of marketing as exchange (Houston and Gassenheimer 1987). Cunningham (1982), for example, identifies incompatibilities between firms, in terms of language, culture, and style as barriers to relationship development. Oliver argues that reciprocity contingencies for relationship formation are "affected primarily by the relative or comparative properties of the participants and their degrees of congruence with one another" (1990, p. 259). Levine and White (1961) and Aldrich (1975) talk of the importance of congruent goals, orientations, and philosophies in exchange relationships. As a final example, Sims (1986) conducted a study of inter-organizational teams and found that team problems were caused by differences in individual epistemologies, backgrounds, interests and expectations, as well as organizational structures and procedures.

While working relationships are affected by differences at both the organizational and individual levels, organizational differences are likely to be more important in

the sales context. Sales representatives are trained to be adaptive in working with varied personalities and other individual differences of coworkers and customers. Further, the process of natural selection suggests that sales representatives who stay in the business are able to overcome individual differences to get the job done. Sales representatives, however, have only limited experience overcoming organizational differences such as differences in planning horizons, culture, and reward systems. The selling team members with whom sales representatives traditionally interact may be from other functional areas, but they likely share a common organizational culture and strategy. In the inter-organizational selling teams resulting from horizontal selling alliances, partner sales representatives do not even have those in common.

It is appropriate to examine organizational differences in a study of effective selling partner working relationships because they represent factors that could impact an organization's ability to have successful alliances which are difficult to change. Problems of individual differences impact specific relationships and could be addressed relatively easily by re-assigning sales territories.

Organizational differences could impact numerous relationships and changes would require more time and the involvement of senior managers. Consequently it is important to understand which organizational differences have the greatest impact on selling partner working relationships.

#### **3.1.4 Summary**

Of the vast array of inputs, processes, and outputs that could be examined to address the issue of what accounts for, or influences, effective selling partner

working relationships, three stand out in the theoretical, empirical, and substantive domains as being among the most important: organizational distance, mutual trust, and mutual satisfaction. In providing a rationale for the importance of these constructs, it was suggested that mutual trust might most appropriately be thought of in terms of distinct belief/affect (mutual perceived trustworthiness) and behaviour (mutual trusting behaviour) components. These constructs, and selected others are organized in conceptual and research models (Figures 2 and 3) to address the two research questions of the dissertation: How do organizational differences, perceptions of trustworthiness, and trusting behaviours affect the effectiveness of selling partner working relationships?; and which dimensions of organizational differences, perceived trustworthiness, and trusting behaviours are most important in explaining relationship effectiveness? These models, their underpinnings, and rationale for propositions and hypothesized relationships are discussed below.

### **3.2 Overview of Conceptual and Research Models**

The conceptual model illustrated in Figure 2 (see Chapter 1) proposes that organizational distance, mutual perceived interdependence, and mutual perceived equity are key exogenous determinants of mutual satisfaction while mutual perceived trustworthiness, mutual trusting behaviour, and functionality of conflict resolution are key intervening determinants of mutual satisfaction. The higher order constructs organizational distance, mutual perceived trustworthiness, and mutual trusting behaviour are dimensionalized in the research model (Figure 3, see Chapter 1). Conceptual and theoretical underpinnings for hypothesized relationships are provided by the Interaction Approach of the IMP group (cf.,

Hakansson 1982), and social exchange theory (cf., Thibaut and Kelley 1959). The models are also grounded in previous models of working relationships (e.g., Anderson and Narus 1984, 1990; Anderson and Weitz 1989), conceptual frameworks of team selling (e.g., Smith and Barclay 1992), and discussions with sales representatives and managers involved in horizontal selling alliances. The unit of analysis for the research is the dyadic working relationship between partner sales representatives.

Following a discussion of the appropriateness of the chosen theoretical perspectives, modeled constructs are defined and conceptualized, and hypothesized relationships are supported. The chapter ends with a brief discussion of how the models integrate and extend previous models of working relationships.

### **3.2.1 Theoretical Perspectives**

One integrative perspective applied to the study of dyadic relationships, and championed by the IMP group, is the Interaction Approach. Based on inter-organizational and social exchange theories (cf., Levine and White 1961; Thibaut and Kelley 1959), systems theory (cf., Katz and Kahn 1978), and new institutional economics (cf., Williamson 1975), the Interaction Approach views exchange relationships between organizations and between their representatives as dynamic, self-regulating systems in which decisions are made adaptively and interactively, with the outcomes of short term exchanges (episodes) impacting the subsequent structure, process, and atmosphere of ongoing relationships (Hakansson 1982; Turnbull and Valla 1986). Four sets of factors are identified in the approach as being central to the interaction process: interaction elements, characteristics of

the parties, the macro environment, and the atmosphere of the relationship. The Interaction Approach serves as an appropriate encompassing perspective for the study because: the research questions are set in the context of inter-organizational exchange; mutual trusting behaviours relate to interaction elements; organizational distance relates to characteristics of the parties; mutual perceived interdependence relates to the macro environment; and mutual perceived trustworthiness, mutual perceived equity, functionality of conflict resolution and mutual satisfaction relate to the atmosphere of the relationship. However, as a high order perspective, it does not in itself provide propositions and rationale for individual behaviour and interaction. Consequently, theoretical support for individual-level hypotheses is drawn from social exchange theory.

### Social Exchange Theory

Exchange and marketing are intimately entwined. Marketing is generally defined in terms of exchange (cf., Alderson 1957; Kotler and Turner 1989), and some have questioned whether they are distinct or parallel conceptualizations (Houston and Gassenheimer 1987). While there is no single social exchange theory, most conceptualizations are based on the works of Homans (1961), Blau (1964), and Thibaut and Kelley (1959). Homans's exchange theory is based on operant conditioning and views social behaviour as being learned by rewards and punishments. Blau uses economics as an underlying base and builds on Homans's work by recognizing emergent properties or interactions not accounted for by operant conditioning. For example, he suggests exchange is influenced by the nature of the relationship and the social context. Thibaut and Kelley (1959) and Kelley and Thibaut (1978) extend Homans's work by integrating concepts from



and theory and game theory. They view social exchange as a process by which two people acquire valued resources, where decisions are driven by needs, and outcomes reinforce subsequent behaviour. Subsequent exchange theories such as Foa and Foa's (1974) resource exchange theory, and more general theories of social interaction such as Walster, Berscheid, and Walster's (1978) equity theory, draw heavily on the three earlier works. Consequently, the various forms of social exchange theory share some central tenets. As adapted from Cook (1987), these are:

1. decisions are made by actors in response to, or in anticipation of, another party; reinforcement or punishment of decision outcomes results in learning used in subsequent decisions.
2. actors have a set of values, goals, or purposes and their behaviour will be consistent with these (bounded rationality).
3. interaction is voluntary, based on self-interest.
4. contacts rest on the giving and returning of equivalent value, which is governed by norms of reciprocity and fair exchange, and where the values exchanged are subjective and dependent on the assessment of the giver and receiver.
5. individuals who supply rewarding services to another obligates the other to furnish benefits to the first.
6. obligations, the rate, and time frame of exchange are unspecified.

Social exchange is an appropriate theoretical base for examining relationships between partner sales representatives involved in horizontal selling alliances for three reasons. First, the theory is consistent with the unit of analysis of the study. Drawing on basic theories such as need theory, cognitive dissonance, and

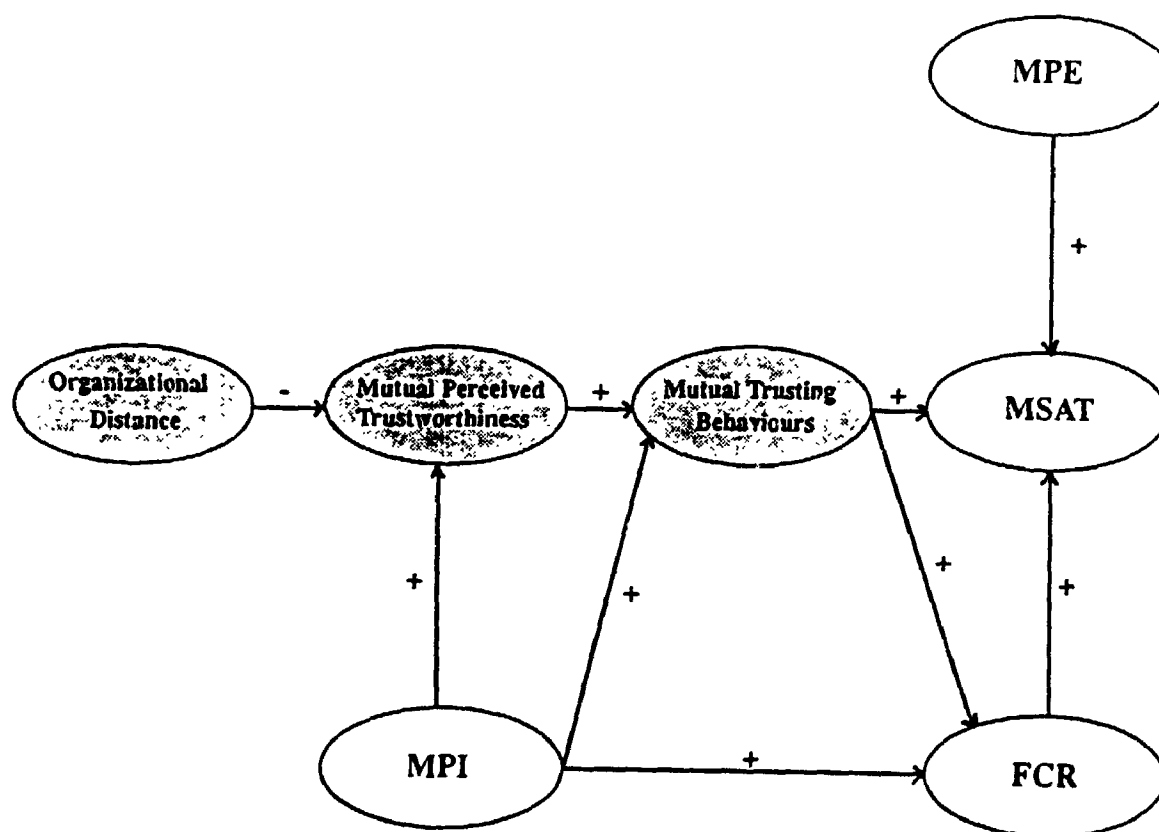
attribution theory, its basic tenets provide rationale for both individual and interpersonal behaviour. Second, the tenets are consistent with the study context. Exchange between the representatives in most horizontal alliances is voluntary; representatives are not forced to work with a specific other, they often have a choice of partners or could work alone. Finally, its use is consistent with the view of marketing as exchange and studies concerned with longitudinal exchange relations, interpersonal processes, and person-environment relations, that have been conducted by marketers and other social scientists.

### **3.3 Model Development**

In this section, modeled constructs are defined and the high order constructs of organizational distance, mutual perceived trustworthiness, and mutual trusting behaviours are dimensionalized. Theoretical, conceptual, and empirical support is provided for the propositions represented by paths (directional arrows) in the conceptual model of Figure 2. Where available, theoretical and empirical support is provided for specific hypotheses involving dimensions of the high-order constructs, but generally a conceptual argument is used for specifying some paths and not others in the research model of Figure 3. For convenience these Figures are repeated on the pages following.

With the exception of organizational distance and functionality of conflict resolution, all the constructs in the model are conceptualized as mutually held feelings or beliefs. Thus individual-level concepts such as satisfaction, perceived trustworthiness, and perceived equity are elevated to the level of the relationship, where both the degree to which a particular feeling or belief is held by the partners

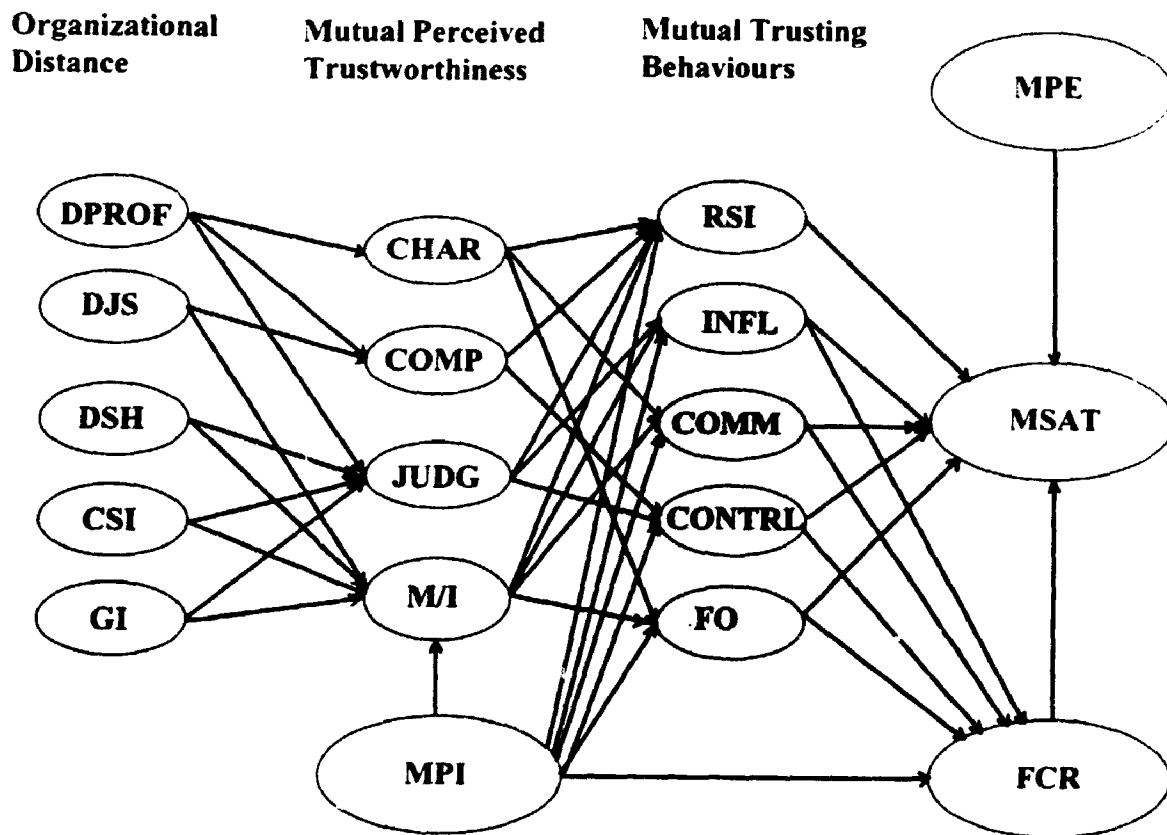
Figure 2  
 Conceptual Model of Effective  
 Selling Partner Working Relationships




---

MPI= mutual perceived interdependence; MPE= mutual perceived equity; MSAT= mutual satisfaction; FCR= functionality of conflict resolution.

Figure 3  
Research Model of Effective  
Selling Partner Working Relationships



DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motives/intentions; RSI= relationship-specific investment; INFL= influence acceptance; COMM= communication openness; CONTRL= control reduction; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

and the congruence of their perspectives are captured conceptually. Mutuality infers commonly held perspectives. Neither the degree or congruence of feelings and beliefs captures the essence of the construct alone, and precludes treating these components as separately.

### 3.3.1 Mutual Satisfaction

As discussed previously, **mutual satisfaction** with a selling partner working relationship is the primary dependent construct of the study. Satisfaction is a positive affective state resulting from the appraisal of all aspects of a working relationship (Anderson and Narus 1984). It is a global evaluation based on the standard of comparison level (Thibaut and Kelley 1959); a metric of other relationships experienced either directly or by observation of others. **Mutual satisfaction**, is the extent to which both parties in a relationship are satisfied. Satisfaction needs to be mutual for effective long term relationships (Anderson and Weitz 1989) as dissatisfaction may lead to termination of the relationship.

The conceptual model proposes that **mutual satisfaction** is determined primarily by **mutual perceived equity** in a relationship, **mutual trusting behaviour**, and the **functionality of conflict resolution**. **Mutual trusting behaviour** is proposed as a determinant of **functionality of conflict resolution**, while **mutual perceived interdependence** is proposed as a determinant of **mutual perceived trustworthiness**, **mutual trusting behaviour**, and **functionality of conflict resolution**. **Organizational distance** is proposed as a determinant of **mutual perceived trustworthiness**, and **mutual perceived trustworthiness** is proposed as a determinant of **mutual trusting behaviour**. These constructs are

defined and dimensionalized below and support is provided for the propositions and specific hypotheses.

### 3.3.2 Mutual Perceived Equity

Perceived equity in a relationship is an individual's subjective evaluation of the fairness of the relative costs/benefits of the relationship. Drawing on concepts from attribution theory, exchange theorists suggest that individuals in all ongoing relationships assess, at least implicitly, the relationship between contribution and rewards. Homans argues that fairness in exchange is governed by the rule of distributive justice: "A man in an exchange relation with another will expect that the rewards of each man be proportional to his costs" (1961, p. 75). Adams (1965) and Walster, Walster, and Berscheid (1978) draw on these concepts of fair exchange and distributive justice in developing equity theory. Equity theory suggests that individuals evaluate exchange outcomes in relation to their partner and comparison levels in terms of "what is right", "what is deserved", or "what is fair", rather than against expectations or specific targets. These assessments are made under a norm of "weak proportionality" or approximate, rather than strict, equality (Messick and Sentis 1979). Homans argues that exchange will not continue unless both parties are making a profit [rewards less costs] (1961, p. 61) as disadvantaged parties in inequitable situations may be motivated to change or terminate the relationship. Consequently, the model is concerned with **mutual perceived equity**; the extent the reward to contribution ratio is perceived as being fair by both of the partners.

Exchange theory suggests that perceived equity by both partners is an important

determinant of satisfactory exchange (cf., Foa and Foa 1974). Homans purports that parties involved in unfair exchange will feel distressed and the one treated unfairly will feel angry. Blau (1964) suggests that satisfaction with a relationship is determined, in part, by comparative expectations formed by analysis of rewards-received less the costs of maintaining the relationship. Walster, Walster, and Berscheid (1978) argue that judgements of equity or fairness serve an important role in determining feelings of satisfaction with a partner. That **mutual perceived equity** is an important determinant of mutual satisfaction follows from the individual case. If either party perceives that the relationship is inequitable, the subsequent anger, resentment, or frustration of the disadvantaged party is likely to affect their overall evaluation of the relationship. Thus, there is theoretical and conceptual support for the following hypothesis:

- H<sub>1</sub>: Greater **mutual perceived equity** in a selling partner working relationship will lead to greater **mutual satisfaction** of the sales representatives.

The hypothesized relationship between **mutual perceived equity** and **mutual satisfaction** is supported by empirical organizational research. Perception of equity has been found to be an important determinant of job satisfaction and related outcomes such as absenteeism and turnover. Dubinski and Levy (1989), for example, found that perceived equity among retail salespeople was positively related to overall job satisfaction. Dittrich, Couger and Zawaski (1985) found that fairness in managers providing employees with decision latitude was the most important determinant of job satisfaction among data processing personnel.

A second stream of research relating equity and satisfaction is concerned with

sales transactions. Role play studies by Fisk and Coney (1982) and Fisk and Young (1985) found that perceptions of equity were important determinants of customer satisfaction with airlines. Similarly, Mowen and Grove (1983) found significant negative effects of inequity on satisfaction and repeat purchase intention in a role play study of car buying behaviour. Oliver and Swan (1989) extended these works in a survey-based study of customer satisfaction with automobile sales representatives. Their structural equation model incorporated fairness (equity), preference (advantageous inequity), and disconfirmation of expectations as determinants of satisfaction. Fairness was found to be a more important determinant of interpersonal satisfaction ( $\beta=.680$ ) than was disconfirmation ( $\tau=.344$ ), and preference was not important at all ( $\beta=-.027$ ).

### **3.3.3 Functionality of Conflict Resolution**

Conflict is inevitable in any exchange relationship (Mallen 1963). While conflict has traditionally been seen as something to avoid or eliminate, marketers are beginning to recognize that the way in which conflict is managed or resolved differentiates effective from ineffective relationships (Dwyer, Shurr, and Oh 1987; Robicheaux and El-Ansary 1976). **Functionality of conflict resolution** is the degree to which disagreements between partners are resolved productively, to "clear the air" of tensions and ill-will (Anderson and Narus 1990; Rosenberg and Stern 1970). As such, it is a property of a relationship. Functional modes of conflict resolution involve collaboration, sharing, and accommodation (Thomas 1976). These promote cordial relations, cooperative problem solving, and greater understanding between the parties. Dysfunctional modes of conflict resolution involve competition and avoidance (Thomas 1976). These promote distortion,



hostility, alienation, and coercive influence which can drive parties apart. Notions of constructive and destructive conflict resolution are also advanced by Deutsch (1973).

Conceptually, one would expect exchange partners to be more satisfied with their relationship when conflict is resolved in a functional manner. If conflict resolution is perceived as an opportunity to work things out amiably, or "clear the air", partners are likely to feel positive about their relationship. If conflict resolution is dysfunctional, at least one partner is likely to perceive it as a source of stress, ill-feeling, or frustration which is likely to cause negative feelings about the relationship. From a theoretical perspective, social exchange theory suggests that mutual satisfaction with a relationship requires the give and take characteristic of functional modes of conflict resolution (cf., Blau 1964). This is particularly evident in Kelley and Thibaut's discussion of the relationship between Marya and Sergey in Tolstoy's novel Family Happiness. Marya and Sergey handle conflict in their marriage with avoidance, a dysfunctional mode of conflict resolution which results in frustration and dissatisfaction with their relationship (Kelley and Thibaut 1978, p. 11). Thus, it is hypothesized that:

**H<sub>2</sub>: Greater functionality of conflict resolution will lead to greater mutual satisfaction in selling partner working relationships.**

While there is considerable empirical support of a negative relationship between the level of conflict in a relationship and satisfaction (cf., Anderson and Narus 1990; Gaski 1984), few studies have examined the relationship between **functionality of conflict resolution and mutual satisfaction**. Anderson and

Narus (1990) hypothesized an indirect relationship between functionality of conflict and satisfaction through the intervening variable of conflict in their study of distributor and manufacturer perspectives of channel working relationships. However, as measurement problems forced dropping satisfaction out of the distributor model, and functionality of conflict out of the manufacturer model, Anderson and Narus were unable to test their hypothesis.

A number of studies have examined the impact of various modes of conflict resolution on relationship satisfaction. Burke (1970), for example, found that withdrawal (avoidance) and forcing (competition) modes of conflict resolution were negatively related to satisfaction in superior/subordinate relationships while collaboration was positively related to satisfaction. In a study of inter-group conflict among aerospace engineers and scientists, Chan (1989) found job satisfaction to be negatively related to the use of avoidance and accommodation in conflict resolution. Lau (1990) found collaboration and sharing (collaboration) modes of conflict resolution to be positively related, and competition and accommodation negatively related, to satisfaction in buyer/seller relationships. Thus, while there are inconclusive results involving collaboration, there is some evidence to support the hypothesis that **functionality of conflict resolution** will lead to **greater mutual satisfaction** in selling partner working relationships.

Further empirical support for the hypothesis can be found in studies of group intervention. Watson, DeSanctis, and Poole (1988), for example, examined the impact of a group decision support system (GDSS) on group satisfaction with decision outcomes. The GDSS software, designed to facilitate democratic participation in group discussions, could be considered a tool for the functional

resolution of conflict. Results of the study indicated that groups using the GDSS were generally more satisfied with the decision outcome than groups using no tool at all, but the GDSS did not offer much advantage over traditional pencil and paper tools for facilitating the functional resolution of conflict.

Indirect support for the hypothesis is provided by studies of power. Hunt and Nevin (1974) showed, for example, that fast food franchisee satisfaction was most enhanced by the use of non-coercive power sources (rewards, assistance) rather than coercive punishments. Similar findings were reported by Lusch (1977), Wilkinson (1981), and Brown and Frazier (1978) in other channel contexts. Insofar as non-coercive power sources encourage functional resolution of conflict, these studies support a positive relationship between **functionality of conflict resolution** and **mutual satisfaction** with selling partner working relationships.

### **3.3.4 Mutual Trusting Behaviour**

Trusting behaviour is action that increases one's vulnerability to another, whose behaviour is not under one's control, in a situation in which the penalty one suffers if the other abuses that vulnerability is greater than the benefit one gains if the other does not (Zand 1972; Deutsch 1957). Trusting behaviour is more than risk taking. It is the manifestation of trust when the cognitive evaluation of costs, benefits, and probabilities say "do not do it" and you "do it" anyway based on intangible feelings that the behaviour will be rewarded or at least not punished (Lorenz 1986). Based on the exchange theory principle of reciprocity, trusting behaviours need to be mutual for the behaviours to be replicated. Thus, the model incorporates **mutual trusting behaviour**, a current assessment of recent

experiences in the relationship that signals vulnerability and hence commitment.

From a social exchange perspective, **mutual trusting behaviour** is critical for the continuation of exchange relations. Since exchange entails unspecified obligations and parties have no way to ensure appropriate reciprocation, trust is essential for stable relationships (Blau 1964). Mutual trust is built over time through successive interactions of reciprocated and rewarded trusting behaviour. When both parties take action that increases their vulnerability to the other, and the other does not take advantage of that vulnerability, firm attachments and closer bonds develop between the exchange partners that involve a sense of commitment and shared history. Blau writes: "Since trust is essential for stable social relations, and since exchange obligations promote trust, special mechanisms [such as norms for reciprocation] exist to perpetuate obligations and thus strengthen bonds of indebtedness and trust" (1964, p. 99). Thus, ongoing exchange is promoted through the exchange obligations inherent in **mutual trusting behaviour** and the subsequent development of trust in the relationship.

#### Dimensions of trusting behaviour

While a variety of actions may indicate **mutual trusting behaviour**, five stand out in social exchange theory and extant research as being central to ongoing exchange relationships: **relationship-specific investment, control reduction, influence acceptance, communication openness, and forbearance from opportunism**. These are briefly defined and conceptualized below and are represented in the research model (Figure 3).

**Relationship-specific investment** is the resource, effort, and attention devoted to a relationship that does not have outside value (Wilson and Mummala'neni 1988b). Similar to Williamson's (1985) notion of transaction specific investments, and the IMP Group's (1982) notion of adaptations, **relationship-specific investment** reflects commitment to the relationship that cannot be recovered if a relationship is terminated. Investments by parties in a relationship "serve to intensify the relationship, for they demonstrate not only the interest that party has in building a strong relationship, but also its faith that the other party will reciprocate" (Wilson and Mummala'neni 1988, p. 51).

**Influence acceptance**, is the extent to which exchange partners voluntarily change their strategies or behaviours to accommodate the desires of the other. By being open or receptive to influence attempts, exchange partners show a willingness to assume greater risk or vulnerability in their relationship, which promotes the development of trust (Gibb 1964; Zand 1972). Willingness to comply or cooperate with another's demands facilitates exchange since the power it provides "is a generalized means, parallel to money, which can be used to attain a variety of ends" (Blau 1964, p. 22).

**Communication openness** is the formal and informal sharing of timely information between firms (Anderson and Narus 1984; Anderson and Weitz 1989). It is concerned with the mutual disclosure of plans, programs, expectations, goals, motives, and evaluation criteria rather than the quantity or frequency of information exchanged (Arndt 1979; Derlega et al. 1987). By being open in their communication, exchange partners exhibit trusting behaviour that their confidences will not be betrayed. **Communication openness** is also identified by

Zand (1972) and Gibb (1964) as a requirement for trust development.

**Control reduction** is the extent to which exchange partners withhold the use of power in their relationship (cf., Brown and Frazier 1978; Gaski and Nevin 1985). Power is the ability of one partner to control the decision variables in the marketing strategy of the other (e.g., El-Ansery and Stern 1972). In exchange theory terms, Kelley and Thibaut (1978) identify two broad kinds of power: fate control, the ability to affect another's outcomes regardless of the other's behaviour; and behaviour control, the ability to make it desirable for another to change his/her behaviour through one's own actions. Rather than attempting to evoke change in another's behaviour by either of these means, or through various sources of power (cf., French and Raven 1959), a partner may exhibit trusting behaviour by freeing another to make his or her own decisions. Such control reduction is a third factor identified by Gibb (1964) and Zand (1972) as being necessary for trust development. When one partner uses his or her power to impose solutions on the other, it creates animosity and the motivation to respond in kind. Such dysfunctional use of power simply escalates the level of conflict in the relationship (cf., Lusch 1977; Brown and Frazier 1978).

Finally, **forbearance from opportunism** is acting in the spirit of cooperation, not cheating, and not withholding helpful action (cf., Buckley and Casson 1988; John 1984). Where social exchange is characterized by unspecified obligations, there exists an opportunity for each partner to take advantage of the other. Short of incurring costs of monitoring or controlling another's behaviour, exchange partners must trust that each will forbear from such opportunistic behaviour (Williamson 1975). Trust is hard to develop and easily broken. Cheating or

opportunism quickly reduces the level of trust in a relationship, which may ultimately lead to its termination (Hardy and Magrath 1989). **Forbearance from opportunism** is a trusting behaviour that signals that each partner is taking a long term perspective of their relationship.

Each of these five trusting behaviours indicates a commitment by the partners to making the relationship work. They facilitate exchange by removing barriers of risk and uncertainty, with each episode contributing to a positive atmosphere and trust in the relationship. By investing time, effort and other irrecoverable resources into a relationship, exchange partners signal the importance each attributes to it which establishes psychological ties or bonds. Each party is motivated to make investments to maintain the relationship and reciprocation of that investment is expected (Blau 1964). By accepting influence attempts of the other and controlling their own use of power and influence, partners promote a climate of give and take. By being open in their communication, partners align perceptions and expectations, clarify roles, and avoid misunderstandings that can result in misgivings and disaffection (Anderson and Weitz 1989). By forbearing from opportunism, partners avoid feelings of anger and betrayal that arise from breaking norms of reciprocity and fair exchange. Thus, one would expect relationships characterized by these trusting behaviours to be more satisfying to the participants than ones where such behaviours are not reciprocated. If trusting behaviours are lacking on the part of either partner, the other will quickly learn that his/her behaviours are not being rewarded, resulting in their termination and a downward spiral of mistrust and dissatisfaction.

From an attribution perspective, trusting behaviours may be interpreted and

explained by partners in "interpersonal" terms and used to create, maintain, or reflect attitudes, and feelings about the relationship (Newman 1981). Thus, trusting behaviours may be viewed as "hoops", or tests, that partners must jump through to warrant ongoing exchange. This perspective is supported by the IMP research (cf., Hakansson 1982) which suggests that exchange partners set tests for each other and credibility is achieved by making investments in the relationship. Exchange partners are likely to feel more satisfied when these "tests" are passed.

This discussion provides conceptual and theoretical support for the following general proposition and specific hypotheses:

- H<sub>3</sub>: Greater **mutual trusting behaviour** in a relationship will result in greater **mutual satisfaction** of the exchange partners.
- H<sub>3a</sub>: Greater **relationship-specific investment** in a relationship will result in greater **mutual satisfaction** of the exchange partners.
- H<sub>3b</sub>: Greater **influence acceptance** in a relationship will result in greater **mutual satisfaction** of the exchange partners.
- H<sub>3c</sub>: Greater **communication openness** in a relationship will result in greater **mutual satisfaction** of the exchange partners.
- H<sub>3d</sub>: Greater **control reduction** in a relationship will result in greater **mutual satisfaction** of the exchange partners.
- H<sub>3e</sub>: Greater **forbearance from opportunism** in a relationship will result in greater **mutual satisfaction** of the exchange partners.

Empirical support for relationships between **mutual satisfaction** and these dimensions of **mutual trusting behaviour** are found in the channels,



buyer/seller, and interpersonal relationship literatures. Crosby, Evans, and Cowles (1990), for example, found strong support for their hypothesis that relational selling is positively related to perceptions of relationship quality. In that study, relational selling was a higher order construct that reflected contact intensity (effort/investment), disclosure (communication openness), and cooperation. Relationship quality was a higher order construct that reflected trust and satisfaction.

Empirical support for the hypothesized relationship between **relationship-specific investment** and **mutual satisfaction** is mixed. In testing his investment model, Rusbult (1980) found that investment size did not significantly affect satisfaction. However, Rusbult only examined the relationship between one's own investment and satisfaction, not of a partner's investment and one's own satisfaction. In a subsequent longitudinal study, Rusbult (1983) found that satisfaction and investment size were both strong determinants of relationship continuity. Mummalaneni and Wilson (1991) and Anderson and Weitz (1992) found investments to be a strong determinant of perceived commitment in their respective studies of buyer/seller and channel relationships. Thus there is some indirect evidence to support a hypothesized relationship between **relationship-specific investment** and **mutual satisfaction**.

Insofar as cooperation is indicative of accepting influence, numerous studies provide empirical support for the hypothesized relationship between **influence acceptance** and **mutual satisfaction**. For example, in a laboratory study of bilateral duopolistic channel relationships, Dwyer (1980) found strong support for a hypothesized relationship between perceived cooperation in a relationship and

participant satisfaction. Pruitt (1981) and Evans and Beltramini (1987) report evidence of a positive relationship between cooperation and satisfaction in negotiation contexts. Tjosvold, Andrews, and Jones (1983) found a strong positive relationship between cooperative orientation and job satisfaction among medical lab technicians. Pollock and Colwill (1987) identify support in the participatory decision making (PDM) literature that management use of PDM leads to increased job satisfaction for the majority of workers. Since power is seen as an expandable resource in this literature, managers need not perceive a reduction in power from using PDM nor a reduction in satisfaction. Finally, in their study of manufacturer/ distributor dyads, Anderson and Narus (1990) found evidence of an indirect relationship between partner cooperation and manufacturer satisfaction through the intervening construct trust. While in the present study the belief and behavioural components of trust are treated separately, the Anderson and Narus result linking trust and satisfaction provides some support for hypothesized relationships between dimensions of **mutual trusting behaviour** and **mutual satisfaction**.

The hypothesized positive relationship between **communication openness** and **mutual satisfaction** is well supported in the literature. Gladstein (1984) found a strong relationship between intra-group process (open communication, supportiveness, and low interpersonal conflict) and group satisfaction in her study of sales teams. Anderson and Narus (1990) found an indirect relationship between communication and manufacturer satisfaction through the intervening variable trust. This relationship was found to be stronger than the one between cooperation and satisfaction. Anderson and Weitz (1989) also examined the relationship between communication and trust. They found evidence of a strong

interlocking relationship where communication builds trust and trust facilitates subsequent communication. While they did not examine satisfaction in their model, Anderson and Weitz found that communication and trust were important determinants of relationship continuity, an outcome previously identified as requiring **mutual satisfaction**. Finally, open communication has been found to be an important determinant of job satisfaction. Frone and Major (1988) examined communication quality and job satisfaction among managerial nurses. They found that the quality of information received from hospital administration related positively to job satisfaction for high and low job-involved nurses but quality of information from immediate coworkers was only related positively to job satisfaction for high job-involved nurses.

Empirical support for the hypothesized positive relationship between **control reduction** and **mutual satisfaction** is also found in the literature. Anderson and Narus (1984) found that when high power channel members attempted to exploit their advantage through the use of power, lower power members became dissatisfied with the relationship. In their 1990 study, Anderson and Narus found a negative indirect relationship between use of influence by a distributor and the satisfaction of the manufacturer in channel dyads. Influence use increased the level of conflict in the relationship which in turn, reduced the degree of satisfaction with the relationship. Gaski and Nevin (1985) examined the differential effects of exercised and unexercised power sources in a channel context. They found that the exercise of coercive power has a stronger negative effect on satisfaction than the presence of coercive power. The use of reward power and the presence of reward power were both found to be positively related to satisfaction and were of similar magnitude. Frazier and Sumrners (1986) found

that manufacturer use of coercive power negatively influenced dealer satisfaction. These studies suggest that **control reduction** by exchange partners should lead to greater **mutual satisfaction**.

Relatively little empirical research has been conducted on the consequences of opportunism or cheating in interpersonal relationships. Some work has been done in the context of marital infidelity. Rhodes (1984), for example, observes that affairs often result in feelings of anger, distrust, and depression within the non-participating spouse and feelings of guilt or ambivalence with the participating spouse. Wiggins and Lederer (1984) found empirical evidence that the frequency of extramarital liaisons is negatively related to marital happiness and satisfaction. In a series of interviews with divorced men and women, Spanier and Margolis (1983) found that subjects identified spouse infidelity as a cause of marital problems, but perceived their own infidelity as an effect of marital problems. This suggests that the relationship between cheating and satisfaction may be non-recursive, but cheating should result in dissatisfaction. While bonds and emotional ties are clearly stronger in marriage than working relationships, and hence feelings of betrayal may be stronger, these studies provide some support for the hypothesis that greater **forbearance from opportunism** will result in **greater mutual satisfaction** in selling partner working relationships.

**Mutual trusting behaviour** may also impact **mutual satisfaction** indirectly, through **functionality of conflict resolution**; in particular the trusting behaviours: **influence acceptance, communication openness, control reduction, and forbearance from opportunism**. These trusting behaviours, to a greater extent than **relationship-specific investment**, indicate a willingness of

exchange partners to be open, cooperative, non-coercive, and fair in their dealings with each other which encourages an atmosphere for functional, productive, conflict resolution. Anderson and Narus (1990) hypothesized a relationship between trust and **functionality of conflict resolution**, arguing that trust in a relationship enables disagreements to be worked out amicably and encourages partners to view conflict as being "just another part of doing business". Measurement problems prevented them from testing this hypothesis. However, in the same study, Anderson and Narus found a strong relationship between cooperation and **functionality of conflict resolution** ( $\beta=.65$ ) among distributors and an indirect relationship between communication and **functionality of conflict resolution**, through the intervening variable cooperation. The importance of communication and appropriate use of power in bargaining and conflict resolution was also identified by Dwyer, Shurr, and Oh (1987). Similarly, Schultz and Anderson (1984) proposed a model of conflict resolution based on communication theory, arguing that communication is important for changing negative perceptions that can impede conflict resolution. Thus, there is conceptual and empirical support to hypothesize that relationships characterized by **influence acceptance, communication openness, control reduction, and forbearance from opportunism** are likely to exhibit greater **functionality of conflict resolution**:

- H<sub>4a</sub>: Greater **influence acceptance** in a working relationship will lead to greater **functionality of conflict resolution**.
- H<sub>4b</sub>: Greater **communication openness** in a working relationship will lead to greater **functionality of conflict resolution**.
- H<sub>4c</sub>: Greater **control reduction** in a working relationship will lead to greater **functionality of conflict resolution**.

H<sub>4d</sub>: **Greater forbearance from opportunism in a working relationship will lead to greater functionality of conflict resolution.**

### 3.3.5 Mutual Perceived Trustworthiness

Perceived trustworthiness is the belief or expectation of another's role performance and fiduciary responsibility (Young and Wilkinson 1989); that is, that the other party can be trusted. It is when one party believes the other is truthful, is confident the other can be relied upon, and hopes that the other will remain faithful to the promises it has made (Magrath and Hardy 1989). More generally, it is the belief that another will perform actions that will result in positive outcomes for oneself or one's firm, and not take unexpected actions that would result in negative outcomes for oneself or one's firm (Anderson and Narus 1990). For stable, ongoing relationships, perceived trustworthiness must be mutual (Anderson and Weitz 1989; Magrath and Hardy 1989). Consequently, the conceptual model incorporates **mutual perceived trustworthiness**, where perceptions of partner trustworthiness are combined to reflect the extent of trustworthiness commonly held in the relationship. In terms of the IMP Interaction Model, **mutual perceived trustworthiness** could be considered part of the atmosphere surrounding an exchange relationship; specifically, the social distance arising from mutual attitudes and perceptions (cf., Turnbull and Valla 1986).

Based on preliminary interviews with sales representatives involved in horizontal selling alliances, and integrating the works of Swan (cf., Swan, Trawick, and Silva 1985; Swan, et al. 1988) and Gabarro (1978; 1987), **mutual perceived trust-**

**worthiness** is conceptualized as having four dimensions: **character, role competence, judgement, and motives/intentions**. Trust is thought to develop over time to be increasingly specific and contextual. These dimensions of mutual perceived trustworthiness are thought to tap the domain of specific attributes considered in voluntary, interpersonal, working relationships. Other dimensions, such as likeability (Swan et al. 1988), may be important in buyer/seller, subordinate, organizational, or other relationships.

**Character** is the extent partners mutually perceive each other as having the personal attributes of: integrity, responsibility, dependability, and consistency. While this conceptualization combines elements of Swan et al.'s (1988) dimensions of dependability and responsibility, interviewed sales representatives perceived these aspects of character similarly. Consequently, character was not further dimensionalized.

**Role competence** is the extent to which partners mutually perceive each other as demonstrating the skills necessary for effective task performance (Gabarro 1978). In this context, necessary skills are technical (functional) knowledge, industry and customer knowledge, interpersonal/social skills, and marketing and selling skills.

**Judgement** is the mutually held belief by the partners that each other's decisions and actions are sound or appropriate. Gabarro (1978) found that managers made a distinction between being able to trust the competence of an employee and being able to trust their judgement. Judgement was seen as the ability to apply skills and knowledge to a particular situation. As such, **judgement** is situationally defined; sales representatives may learn to trust the decisions of a partner in some

situations but not in others.

**Motives/intentions** relate to beliefs about the underlying causes of a partner's actions. It is an assessment of a partner's purpose or agenda, commitment, and orientation to a relationship. Actions must be perceived as being benevolent or benign to evoke trust. While Gabarro (1978) includes motives and intentions as a dimension of character, here it is conceptualized as a distinct evaluation. An individual could be perceived as having strong character but questionable motives and intentions. The Canadian Prime Minister, Pierre Trudeau, for example was considered by most Canadians to be a man of great character, but many westerners wondered if he had their best interests at heart. Given that there is some conflict over customer control in selling partner working relationships, sales representatives are expected to make a distinction between trustworthy **character** and trustworthy **motives/intentions**.

These four dimensions of **mutual perceived trustworthiness** are hypothesized to be necessary conditions for **mutual trusting behaviour**. Neither partner is likely to engage in behaviour that increases its vulnerability to the other, unless s/he believes the other is trustworthy and will not take advantage of the situation to the partner's detriment. Blau writes: "The establishment of exchange relations involves making investments that constitute commitments to the other party. Since social exchange requires trusting others to reciprocate, the initial problem is to prove oneself trustworthy" (1964, p. 98). Similarly, Wilson and Mummalaneni suggest that **perceived trustworthiness** is a necessary precondition for investment in a relationship: "... without a sense of trust it is not likely that any serious investment at the personal or resource level is likely (1988b, p. 10).



Conceptually, trustworthiness is an ongoing assessment based on previous experience, structural factors, and situational factors (Kee and Knox 1970). Previous experience is an accumulation of episodes where trusting behaviours were rewarded or punished, and reciprocated or not. This implies that the relationship between perceived trustworthiness and trusting behaviour is iterative. Trusting behaviour is unlikely without perceived trustworthiness, and perceived trustworthiness is based, in part, on past experiences of reciprocated trusting behaviour. These factors reinforce each other in either positive or negative spirals of action and reaction. While the relationship between trustworthiness and trusting behaviour is iterative, it is not directly non-recursive. For example, mutual perceptions of trustworthy **character** may trigger **relationship-specific investment**, but the affect of such investment is unlikely manifest in future perceptions of trustworthy **character**. Similarly, mutual perceptions of trustworthy **judgement** may affect **influence acceptance** but not vice versa. Thus, in a cross sectional study it is appropriate to conceptualize trustworthiness as being antecedent to trusting behaviour. The temporal concern that current evaluations of trustworthiness cannot be the antecedent of prior trusting behaviour can be addressed conceptually by acknowledging: the iterative nature of the relationship; that both constructs are rooted conceptually in the past; and that *ceteris-paribus*, evaluations of trustworthiness are relatively stable over time (Huston and Robins 1982).

This discussion suggests there is conceptual and theoretical support to propose a positive relationship between **mutual perceived trustworthiness** and **mutual trusting behaviour**:

- H<sub>3</sub>: Greater **mutual perceived trustworthiness** in a working relationship will lead to greater **mutual trusting behaviour**.

Empirical support for this proposition is found in the buyer/seller relationship literature. In a study of bargaining behaviour in organizational purchasing, Shurr and Ozanne (1985) found some support for their hypothesis that buyer perceptions of seller trustworthiness lead to greater use of integrative (cooperative) behaviour and less use of distributive (competitive) behaviour. In studies of personal selling, Hawes, Mast and Swan (1989), Swan et al. (1988), and Swan, Trawick, and Silva (1985) demonstrate the importance of buyer perceptions of sales representative trustworthiness in facilitating the trusting behaviour of making a purchase. In other contexts, Loomis (1959), Zand (1972), and Pruitt (1981) found that perceptions of trust facilitate mutual acceptance, open communication, and increased commitments to agreements.

While there is conceptual, theoretical, and empirical support to hypothesize a causal relationship between **mutual perceived trustworthiness** and **mutual trusting behaviour**, some dimensions of **mutual perceived trustworthiness** are more likely to be determinants of certain dimensions of **mutual trusting behaviour** than others. As dimensions of perceived trustworthiness have not previously been examined as predictors of other constructs, only conceptual support is available for specific hypotheses.

**Relationship-specific investment** is perhaps the only dimension of **mutual trusting behaviour** that may be determined, to some degree, by all four dimensions of **mutual perceived trustworthiness**. If either partner perceives the other as being untrustworthy in terms of **character, role competence, judgement, or motives/intentions**, that partner is less likely to invest time, effort, and other resources into the relationship. The other partner, seeing that his or her

investments are not being reciprocated, will also reduce these investments. Thus, it is hypothesized that:

- H<sub>5a1</sub>: Greater mutual perceptions of trustworthy **character** will lead to greater **relationship-specific investment** by selling partners.
- H<sub>5a2</sub>: Greater mutual perceptions of trustworthy **role competence** will lead to greater **relationship-specific investment** by selling partners.
- H<sub>5a3</sub>: Greater mutual perceptions of trustworthy **judgement** will lead to greater **relationship-specific investment** by selling partners.
- H<sub>5a4</sub>: Greater mutual perceptions of trustworthy **motives/intentions** will lead to greater **relationship-specific investment** by selling partners.

**Influence acceptance** is a **mutual trusting behaviour** that is likely determined by the **judgement** and **motives/intentions** dimensions of **mutual perceived trustworthiness**. To be open to each other's suggestions, opinions, and recommendations, partners need to feel comfortable that such influences are based on sound judgement, and that the direction is appropriate. The partners also need to feel confident that there are no hidden agendas or ulterior objectives behind the sentiment of such influences. Partner reliability, dependability, and competence do not directly relate to the quality or soundness of their suggestions or recommendations and hence **character** and **role competence** are likely not considered when partners assess their vulnerability in accepting influence attempts. Thus it is hypothesized that:

- H<sub>5b1</sub>: Greater mutually perceived trustworthy **judgement** will lead to greater **influence acceptance** by exchange partners.

H<sub>sb2</sub>: Greater mutually perceived trustworthy **motives/intentions** will lead to greater **influence acceptance** by exchange partners.

**Communication openness** is a **mutual trusting behaviour** that is likely determined by the **character** and **motives/intentions** dimensions of **mutual perceived trustworthiness**. To be willing to accept the vulnerability and risk of full disclosure, exchange partners must believe that their confidences will not be broken and that the other can be relied on to be discrete and responsible with the information. If either party does not trust the motives or intentions of the other, they are unlikely to provide the other with strategic or confidential information. As **role competence** and **judgement** relate to skills the partners possess in terms of knowledge and its application, they provide little information about the risk of whether confidences might be broken. Consequently, two determinants of **communication openness** are hypothesized:

H<sub>sc1</sub>: Greater mutually perceived trustworthy **character** will lead to greater **communication openness** in selling partner working relationships.

H<sub>sc2</sub>: Greater mutually perceived trustworthy **motives/intentions** will lead to greater **communication openness** in selling partner working relationships.

**Control reduction** is a **mutual trusting behaviour** that is likely determined by the **role competence** and **judgement** dimensions of **mutual perceived trustworthiness**. To feel comfortable in refraining from the use of power and influence, exchange partners must believe that the other is capable of making proper strategic decisions. Such decisions require technical, industry, and customer knowledge, and marketing and selling skills as well as judgement in

applying them to the particular situation. If a partner feels any of these are lacking in the skill set of the other, s/he may step in and try to influence the other's actions. **Character** and **motives/intentions** are not readily changed by another's use of power so they are unlikely determinants of control reduction. Thus, it is hypothesized that:

H<sub>sd1</sub>: Greater mutually perceived trustworthy **role competence** will lead to greater **control reduction** in selling partner working relationships.

H<sub>sd2</sub>: Greater mutually perceived trustworthy **judgement** will lead to greater **control reduction** in selling partner working relationships.

**Forbearance from opportunism** is a **mutual trusting behaviour** that is likely determined by the **character** and **motives/intentions** dimensions of **mutual perceived trustworthiness**. A partner that is reliable, dependable, and consistent is less likely to cheat in a relationship than one of questionable character. Being able to rely on each other's character also reduces the need to cheat preemptively. There is incentive to maintain mutual perceptions of trustworthy character by not engaging in opportunistic behaviour. Similarly, if the partners perceive each others' motives/ intentions as being benevolent or benign, each is less likely to cheat the other to even the score or reduce their vulnerability. It is when one party, or both, thinks the other has a hidden agenda or dishonourable intentions that rationale for cheating develops. **Role competence** and **judgement** are not concerned with the likelihood the other partner will cheat first, and hence are not likely determinants of forbearance from opportunism. Thus, it is hypothesized that:

H<sub>se1</sub>: Greater mutually perceived trustworthy **character** will lead to greater **forbearance from opportunism** in selling partner working relationships.

H<sub>se2</sub>: Greater mutually perceived trustworthy **motives/intentions** will lead to greater **forbearance from opportunism** in selling partner working relationships.

### 3.3.6 Mutual Perceived Interdependence

**Mutual perceived interdependence** is the extent to which both partners in a relationship recognize that they need the contribution or "value" that the other provides to realize their individual objectives. In social exchange terms, perceived interdependence is conceptualized as outcomes given comparison level for alternatives, the standard that represents the quality of outcomes, or values, that are available from the best alternative exchange relationship (Thibaut and Kelley 1959; Kelley and Thibaut 1978). If the benefits each partner provides in the relationship are perceived as being greater than those that could be attained elsewhere, both parties are motivated to maintain and develop their partnership. If either party perceives that the other's value is readily attainable from another source, there is little incentive to relationship continuity and their relationship is inherently unstable due to the imbalance of power created (Burgess and Huston 1983; Kelley and Thibaut 1978). What we call **mutual perceived interdependence**, Sethuraman, Anderson, and Narus (1988) call partnership advantage. They argue that partnership advantage is a fundamental exchange concept reflecting the need for differential mutual benefits or outcomes to maintain long term relationships. **Mutual perceived interdependence** as relative value is distinct from goal interdependence, in that the latter is concerned with the degree to which

the goals or objectives of exchange partners are intertwined and require cooperation.

Only if exchange partners perceive interdependence in value will there be incentive to engage in, or reciprocate, trusting behaviour and resolve conflict in a functional manner (cf., Loomis 1959; Deutsch 1957). If one party perceives themselves to be relatively independent of the other and the other party perceives themselves as being relatively dependent, the dependent partner is likely to become mistrustful and apprehensive of the other's intentions (Anderson and Weitz 1989; Dwyer, Shurr, and Oh 1987).

Specifically, the partner that perceives little advantage in dealing with a particular partner is unlikely to make **relationship-specific investments**, as these represent commitment to the relationship and establish exit barriers. Having less interest in sustaining the relationship, that partner is less likely to be open to influence from the other, may be uncooperative, is more likely to use his or her power to control the other, and is less likely to be concerned with functional conflict resolution (Anderson and Narus 1990; Gaski 1984). This proposition is empirically supported, in part, by the strong negative relationship found by Anderson and Narus (1984) between distributor dependence and manufacturer use of control. Further, being apprehensive of the other's intentions and power, the dependent partner may withhold vital information, reducing their own vulnerability, while perhaps using information as a source of power (Brock 1968). This view is supported empirically by Anderson and Narus's (1990) finding of a strong positive correlation between relative dependence and communication in working relationships. Finally, the partner that perceives little advantage in dealing with a specific other

is not concerned with a long term relationship and is more likely to engage in opportunism. Hardy and Magrath (1989) suggest cheating occurs in imbalanced power relationships by the more powerful party, because the other has little recourse means of punishment, and by the less powerful party, out of frustration and as means of repairing perceived inequities. Thus, mutual trusting behaviours might only be expected in relationships where both parties perceive an advantage in dealing with the other, and both parties have something to lose by its termination. This discussion provides conceptual, theoretical, and some empirical support to suggest:

- H<sub>6</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater mutual perceptions of trustworthy motives and intentions of the participants.**
- H<sub>7</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater functionality of conflict resolution.**
- H<sub>8</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater mutual trusting behaviour.**
- H<sub>8a</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater relationship-specific investment.**
- H<sub>8b</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater influence acceptance.**
- H<sub>8c</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater communication openness.**
- H<sub>8d</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater control reduction.**
- H<sub>8e</sub>: **Greater mutual perceived interdependence in a working relationship will lead to greater mutual forbearance from opportunism.**



### 3.3.7 Organizational Distance

**Organizational distance** is a high order construct representing separations in structure, strategy, culture, technology, time and geography that must be overcome to actualize inter-organizational exchange (cf., Ford 1980, 1984). It is concerned with incongruity, incompatibility, heterogeneity and differences between organizations that can affect relationships between firm members. Thus, **organizational distance** is conceptualized at the inter-organizational level of analysis. Combined with the relationship level constructs previously defined, the addition of **organizational distance** to the model results in mixed level propositions. Numerous authors encourage mixed level models but warn of fallacies that can arise if there is no theory (correspondence rules) to support cross-level hypotheses (e.g., Rousseau 1985). Such theory is provided by the IMP Interaction Approach and Kee and Knox's (1970) conceptual model of trust development.

Insofar as structural and situational factors are used as cues in evaluations of trustworthiness (Kee and Knox 1970), organizational differences should play a role in such evaluations. The IMP studies found, for example, that trust development was a function of social distance and cultural differences (Turnbull and Valla 1986). Ford (1984) found a significant negative correlation between an industrial buyer's perception of a seller's technical and commercial skills and factor scores relating primarily to the cultural and social distance between them. Altany (1989) suggests learning to adapt to cultural patterns in Europe is important in establishing trust in inter-organizational relationships. Dubinsky et al. (1986) found that organization-sales representative congruence was an important determinant of the degree sales representatives feel they are accepted

and trusted by fellow employees. Thus, organization and environment differences may affect perceptions of trust in working relationships. This is supported by attribution theory, which suggests that to interpret or explain behaviours and feelings, partners may attribute characteristics of the organizations onto its representatives. Young and Wilkinson (1989) and Swan, Trawick, and Silva (1985) found such attributions in customer evaluations of salesperson trustworthiness. From a role theory perspective, **organizational distance** may hinder role socialization (cf., Solomon et al. 1985) between the partners, thus impairing their ability to judge each other's behaviour, and hence, their trustworthiness. Thus there is conceptual, theoretical and empirical support to propose:

**H<sub>3</sub>: Greater organizational distance will lead to lower mutual perceived trustworthiness.**

Preliminary interviews held with managers and sales representatives involved in horizontal selling alliances identified five organizational distance factors that create barriers to developing trust in working relationships, differences in: reputations for professionalism, job stability (turnover), strategic horizon, goals, and control systems. Many of these are constructs that have been examined in a variety of organizational behaviour and industrial marketing contexts as determinants of outcomes such as job satisfaction, organizational commitment, and relationship continuity (cf., Anderson and Weitz 1989; Mueller and Price 1989). Here, they are hypothesized to differentially affect dimensions of **mutual perceived trustworthiness**. Conceptual and, where available, empirical support is provided for specific hypotheses in the discussion that follows.

Difference in **reputations for professionalism** is the degree to which exchange partners perceive their partner's firm as having a stronger or poorer reputation for professional conduct. Firms develop reputations for professionalism by the ethics, standards, beliefs, values, abilities, and actions of employees and managers, and their collective approach to the marketplace, customers, suppliers, competitors, and other stakeholders. Professional reputations are known to, and are used by, other firms and individuals in making decisions about exchange relationships (cf., Gaedeke and Tootelian 1988).

For organizations to survive in the competitive environments that require horizontal selling alliances, and to be considered as an alliance partner, organizational reputations for professionalism must be reasonably strong. Consequently, the absolute level of **reputations for professionalism** may be less of an issue than whether the reputation of the partner organization is stronger or weaker than one's own. A sales representative would have little reason to question a partner's trustworthiness if that partner works for an organization with similarly strong standards, values, and business approach to his or her own since behavioural expectations would be met and there would be no need for attributions. A sizeable difference, either positive or negative however, might trigger consideration of partner trustworthiness, particularly early in a relationship when there is little direct experience to draw upon. In particular, partner perceptions of differences in organizational **reputations for professionalism**, may provide information to assess the other's trustworthiness in terms of **character, role competence and judgement**. An evaluation of whether a partner's organization has generally stronger or weaker standards, values, and business approaches, may help partners assess each other's dependability and

reliability, and their selling and business skills, and this organization-level information may influence or bias the interpretation of events and behaviours relating to the appropriateness of partner decisions. This information is less likely to affect partner assessments of trustworthy **motives/intentions**, however, since these require a shared history within a relationship. Thus it is hypothesized that:

- H<sub>9a1</sub>: Negative (positive) perceived differences in partner firm **reputations for professionalism** will lead to lower (higher) evaluations of mutually perceived partner trustworthiness in terms of **character**.
- H<sub>9a2</sub>: Negative (positive) perceived differences in partner firm **reputations for professionalism** will lead to lower (higher) evaluations of mutually perceived partner trustworthiness in terms of **role competence**.
- H<sub>9a3</sub>: Negative (positive) perceived differences in partner firm **reputations for professionalism** will lead to lower (higher) evaluations of mutually perceived partner trustworthiness in terms of **judgement**.

Difference in **job stability** is the degree to which exchange partners perceive their partner's firm as having a stronger or weaker reputation for turnover. It is concerned not only with sales representatives leaving a firm, but also with sales representatives leaving a particular position within an organization, and its associated relationships. Stability is identified by Oliver (1990) as a critical contingency of relationship formation. When the task environment is stable, people have time to forge interpersonal bonds, develop norms, and clarify roles (Aldrich 1975). Instability causes uncertainty in relationships, a state which organizations and individuals try to avoid (e.g., Aldrich 1979; Williamson 1985).

While perceptions of the absolute level of **job stability** in a partner organization

may have a bearing on the perceived trustworthiness of one of its sales representatives, a difference or incongruence in relative job stability in partner firms likely plays a stronger role. This is because the expectations or norms that sales representatives hold for acceptable turnover in jobs or territories are likely based on their own organizational experiences. Only when faced with a different level of stability than expected might this organizational difference break through perceptual screens and be considered important information.

In particular, this information might influence perceptions of partner trustworthiness in terms of **role competence**, and **motives/intentions** to a greater extent than other dimensions. Sales representatives that perceive partner organizations as having lower **job stability**, for example, might attribute to his or her partner, negative traits and characteristics often associated with high turnover, such as not spending sufficient time gaining industry, customer, and product knowledge, or developing the network of internal and external relationships, that are necessary for role competence. Insofar as job instability reflects depletion of experienced sales representatives, a perception of lower **job stability** may result in negative evaluations of partner technical knowledge, selling skills, and general business experience. In this situation, partners may be perceived as being less likely to take a long term view in managing a territory and more concerned with short term gains or political agendas. This may lead to questioning of partner motives and intentions. Thus it is hypothesized that:

**H<sub>9bt</sub>: Negative (positive) perceived differences in partner firm job stability will lead to lower (higher) evaluations of mutually perceived partner trustworthiness in terms of role competence.**

H<sub>9b2</sub>: Negative (positive) perceived differences in partner firm **job stability** will lead to lower (higher) evaluations of mutually perceived partner trustworthiness in terms of **motives/intentions**.

**Strategic horizon** relates to whether firms take a long term or short term view in their planning and strategic initiatives. Firms that take a long term view are concerned with their market position months or years later. They are less concerned with short term results and tactics. Firms that take a short term view focus on strategies and tactics that have relatively immediate effects. For example, they may be concerned with making payroll at the end of the month. While these firms may have some longer term plans, they generally cannot afford to take short term losses for long term gains.

It is unlikely that sales representatives put value judgements on the **strategic horizon** of partner organizations in terms of being better or worse than their own firm, but perceived differences in **strategic horizon** may impact perceptions of partner trustworthiness, particularly in terms of **judgement** and **motives/intentions**. If alliance partners have conflicting **strategic horizons**, their organizational values and beliefs will likely conflict. Sales representatives might be expected to make decisions, at least in part, in accordance with the values of their firms. Thus, a sales representative from a firm with a short-term horizon might expect the decisions and actions of a partner from a firm with a long-term horizon to be inappropriate or unsound, and vice-versa. Moreover, partners from firms with different strategic horizons would likely suspect each other of having hidden agendas or ulterior motives believing they are aligned with organizational values. A perceived difference in **strategic horizon** is unlikely to influence perception of

trustworthy **character** and **role competence** as they not directly related to partner values and beliefs. Thus it is hypothesized that:

H<sub>9c1</sub>: Greater perceived differences in firm **strategic horizons** will lead to lower evaluations of mutually perceived partner trustworthiness in terms of **judgement**.

H<sub>9c2</sub>: Greater perceived differences in firm **strategic horizons** will lead to lower evaluations of mutually perceived partner trustworthiness in terms of **motives/intentions**.

A control system is an organization's set of procedures for monitoring, directing, evaluating, and compensating its employees (Anderson and Oliver 1987).

**Control system incongruity** is the degree to which the control systems of different organizations are perceived to be incompatible or at cross purposes.

Salesforce control systems lie on a continuum between two extremes: outcome-based, where representatives assume all risk and management provides no direction, and behaviour-based, where representatives assume no risk and management is highly involved in prescribing representative activities (Anderson and Oliver 1987). Incongruity of control systems is not concerned with the relative mix of outcome and behavioural initiatives, but with whether these initiatives clash and incent partners to engage in conflicting behaviours. For example, the control system of one organization may motivate sales representatives to focus on particular accounts that the control system of another organization motivates them to ignore.

If partners think their control systems are in conflict or are at cross purposes, each would likely expect the other to engage in conflicting behaviours or at least

suspect the motives and intentions behind such behaviour. Control systems, particularly the reward component, would also be expected to influence decision making and direct sales representatives to conclusions, actions, or judgements that partners might consider inappropriate. While this suggests **control system incongruity** may influence partner perceptions of trustworthy **judgement** and **motives/intentions**, it is unlikely to impact assessments of **character** and **role competence** as these are less subject to external influence. Thus it is hypothesized that:

H<sub>9d1</sub>: Greater perceived **control system incongruity** will lead to lower mutually perceived partner trustworthiness in terms of **judgement**.

H<sub>9d2</sub>: Greater perceived **control system incongruity** will lead to lower mutually perceived partner trustworthiness in terms of **motives/intentions**.

**Goal incongruity** reflects perceived differences in organizational goals, and the tactics used to achieve them. If the goals of one organization can only be achieved by reducing the goal attainment of another, they are in conflict. Such incompatibility leads to an atmosphere of hostility (Cunningham 1982) and can impede the development of trust in relationships (Stern and El-Ansary 1982; Anderson and Weitz 1989). Of course, to have formed a selling alliance in the first place, some organizational goals must be compatible. However, other goals and tactics may not be compatible and sales representatives may not recognize commonalities. **Goal incongruity** is the degree to which exchange partners perceive that their firms have conflicting goals and objectives. As such it relates to the competitive facet of goal interdependence (cf., Tjosvold 1984).



Tjosvold (1984) identifies numerous studies that suggest group members evaluate each other more positively when they believe their goals are cooperatively linked or interdependent and not competitively linked. Thus, **goal incongruity** may affect evaluations of partner trustworthiness. In particular, sales representatives that perceive high organizational **goal incongruity** may question each other's **judgement** and **motives/intentions**. Sales representative decisions and actions generally reflect the goals of their organization. Therefore selling partners might expect the other's judgement to be based on the other's organizational goals. If the goals of partner firms are incongruent, sales representatives are less likely to trust their partner's judgement about decisions and actions that affect their mutual outcomes. Partners whose firms have incongruent goals might also interpret the behaviours and actions of the other negatively, believing they reflect the conflicting rather than common objectives. Suspicions of motives and intentions would be less likely if the goals of the organizations were highly congruent. As with **control system incongruity**, **goal incongruity** is not likely to influence perceptions of trustworthy **character** and **role competence** as these are less subject to external influence. Thus, the final hypotheses are:

- H<sub>9e1</sub>: Greater perceived organizational **goal incongruence** will lead to lower mutually perceived partner trustworthiness in terms of **judgement**.
- H<sub>9e2</sub>: Greater perceived organizational **goal incongruence** will lead to lower mutually perceived partner trustworthiness in terms of **motives/intentions**.

### 3.4 Summary and Conclusions

This chapter has drawn on the IMP Interaction Approach, social exchange theory, models of channel relationships, and preliminary field interviews to develop a causal model of effective selling partner working relationships. This model extends previous work in the buyer/seller and channel relationship areas in a number of ways. First, it incorporates numerous constructs, both established and unestablished, to extend the nomological network of previous models. Second, it separates the belief and behavioural components of trust, examining relationships between dimensions of **mutual perceived trustworthiness** and **mutual trusting behaviour**. Third, the model focuses on dyadic relationships as the unit of analysis: previous works have typically examined the perspective of one participant or both separately (cf., Anderson and Narus 1990; Anderson and Weitz 1989). Finally, it hypothesizes the effects that key organizational differences may have on the extent of mutual perceived trustworthiness between individuals, incorporating some of the organizational differences Anderson and Weitz (1989) examined in the context of inter-organizational trust. Thus, while the model draws on and extends work in the buyer/seller and channel areas, it is not a buyer/seller or channel model. It is concerned with interpersonal working relationships between sales representatives involved in horizontal selling alliances. Testing the model may help managers design interventions to build more effective sales teams, and improve marketers' understanding of selling partner working relationships and the concept of trust.

## CHAPTER 4: METHODOLOGY

This chapter outlines the methodology used to test the research model in Figure 3. It begins with an overview of the research design and a discussion of its limitations. Details pertaining to operationalization, data collection, and implementation then follow. The chapter concludes with a discussion of the data handling approach adopted in the study. The objective of the methodology is to confront the theory represented in the model with reliable, valid data. Design decisions reflect this objective.

### 4.1 Research Design

#### 4.1.1 General Approach

The research model (Figure 3) was operationalized as a multiple indicator structural equation (causal) model. Hypotheses were tested using a cross-sectional, field survey research design in which pre-tested mail questionnaires were used to collect perceptual, self-report information from computer sales representatives involved in horizontal selling alliances. The data were collected in two stages. In stage one, sales representatives were randomly chosen from the employee records of two large multinationals in Canada known to be involved in horizontal selling alliances. These two large firms were chosen on a convenience basis. Sales representatives that had been involved in at least two partner relationships were asked to respond to questions about one of them in the context of a specific customer situation. In the second stage, the partners identified in stage one were phoned to solicit their cooperation, and were then sent an

equivalent survey to gain their perspectives of the relationships. It was anticipated that this design would generate at least 80 paired responses, the minimum required for data analysis and hypothesis testing using the chosen structural equation modeling algorithm Partial Least Squares (PLS). Because the methodology employed new measures and dyadic perspectives, the research was considered somewhat exploratory in nature. In the discussion that follows, rationale is provided for the research design decisions and limitations of the methodological approach.

#### **4.1.2 Cross sectional research**

A cross-sectional approach was appropriate in this context since the research is concerned with understanding the impact of organizational distance and mutual trust on the degree of mutual satisfaction in selling partner working relationships, and is not concerned with how trust develops, or how determinants of satisfaction interact over time. While a longitudinal study of trust development would make an important contribution to the literature, it is beyond the scope the dissertation. Conceptually, the iterative nature of trust and relationship development was recognized in developing the research model in Chapter 2, but rationale was provided for the causal ordering of the modeled constructs.

#### **4.1.3 Mail Surveys**

A mail survey design was chosen over a telephone survey or personal interviews as it is a more efficient and effective method for collecting summary information and retrospective reports. It also provided sales representatives with flexibility to

respond at a convenient time. Telephone surveys or personal interviews would not allow sufficient time for thoughtful retrospection. Moreover, data collection with these alternative approaches would have been very time consuming given the large number of constructs in the research model and the intent to measure constructs with multiple indicators.

#### **4.1.4 Self-Report Data**

The collection of self-report data, rather than subjective reports of managers or co-workers, or even information from more objective sources such as sales call reports, is consistent with the social exchange view that partner behaviour is driven by the partners' "subjective reality". The partners themselves are the only people who can tap into the atmosphere and dynamics of their relationship. While there are potential problems associated with self-report data (cf., Nisbett and Wilson 1977), it is the only currently available means of directly tapping covert perceptions, feelings, and thoughts, and participants may be the only ones who can describe overt, private events and behaviours (Harvey, Christensen, and McClintock 1983). Although there is potential for respondents to play up their own roles and behaviours and downplay the roles and behaviours of their partner, evidence suggests this should not be a large concern. In a meta-analysis of sales representative performance, Churchill et al. (1985) found that self-report measures did not create an upward bias in findings, suggesting that such measures do not lead to significantly higher correlations compared to other "more objective" measures.

Two types of self-report data were collected: sales representatives as individual

participants in the relationship, and sales representatives as key-informants about their relationship. For the first case, sales representatives were asked to report on their own beliefs, attitudes, and behaviours as well as their perceptions of the beliefs, attitudes, and behaviours of their partner. Respondents, for example, were asked about their own satisfaction with a relationship as well as their belief about their partner's satisfaction. To be consistent with the study's unit of analysis, individual-level responses were then aggregated to produce second-order data consistent with the conceptual meaning of mutuality. The alternative aggregation approaches that were considered are discussed in section 4.3.2.

In the second case, each of the partners was asked to report on properties of the relationship, and the degree to which beliefs about the relationship were mutually held. With the former, partners responded to statements relating to properties such as the degree of open communication in the relationship. With the latter, partners were asked to consider statements such as "we are happy with our relationship" and to respond by combining their own assessment of happiness with their belief about the partner's assessment of happiness. These key-informant responses are directly consistent with the study's unit of analysis.

The two types of data represent multi-methods, which enhances construct validity. Greater comfort will be instilled that the intended meaning of constructs is captured if responses aggregated from the individual-level are consistent with responses at the relationship-level. In addition, having both individual and key-informant data allows respecification of the model at the individual level, if desired or required.

#### 4.1.5 Limitations

As with any methodology, there are some potential limitations of the above approach which need to be recognized. One concern based on assimilation and other balance theories, is that respondents might consciously or unconsciously align self-reports of attitudes and behaviours to be consistent. Balance theories suggest that individuals reduce the mental discomfort of dealing with inconsistent cognitive elements (attitudes, beliefs, or environment) by distorting one or both of the cognitions to make them more consonant. Thus, sales representatives who hold strong beliefs about the trustworthiness of the other, may align their responses about trusting behaviour in the relationship to be consistent with those beliefs. The extent to which this is a threat to statistical validity is debated in the literature. Anderson (1973), for example, suggests there is considerable controversy and some disaffection with balance theories due to an accumulation of conflicting evidence. He suggests that one reason for mixed results is that people have a "latitude of acceptance" in which they are quite comfortable holding dissonant cognitions. Similarly, Oliver (1980) argues that people are under no particular pressure, nor often have the desire, to assume the mental effort required to bridge inconsistencies. Thus, assimilation/balance may not be a big concern. However, an attempt was made to reduce the potential impact of assimilation/balance in the survey design by separating questions about beliefs and behaviours. Obtaining responses from both sides of a relationship was also thought to reduced the potential impact of assimilation/balance.

A second concern raised by the research of Staw (1975) and others, is that respondents may base their reports on their own implicit theories of what makes

for an effective relationship. Staw found that respondents with knowledge of group performance attributed characteristics to the group that were not evident by objective measures. Thus, results of the dissertation may merely reflect these implicit theories (Gladstein 1984; Nisbett and Wilson 1977). As with the assimilation issue, the survey used in this research was designed to reduce the impact of implicit theories. Instructions and questions were worded, and questions ordered, to minimize stimulation of causal attributions. To reduce attributions about effective relationships, respondents were told that the purpose of the study was to help marketers better understand selling alliances.

A third concern relates to the external validity of the study. Use of a two firm convenience sample begs the question of whether the results can be generalized to other firms within the computer industry, or other industries where selling alliances may be appropriate. If no significant differences were found between the responses of the two sub-samples, one might be more willing to accept the generalizability of the results within the computer industry. Beyond the computer industry, managers would need to assess the similarities and differences of their context to the ones examined. While there may be limitations to the application of the results, the dissertation is primarily concerned with understanding effects, and generalizing to theory.

Finally, the research design only tests recursive relationships. While the causality of hypothesized relationships was supported in Chapter 3, there is clearly learning taking place within ongoing relationships that is not reflected in this cross-sectional methodology. This learning, or the possibility of indirect non-recursive relationships was acknowledged conceptually in Chapter 3.



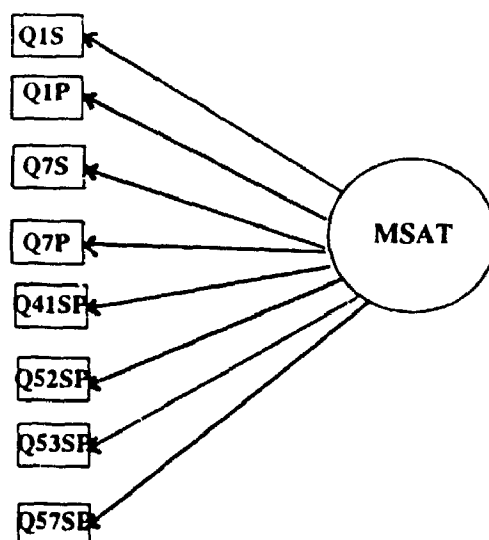
## 4.2 Operationalization

### 4.2.1 General Approach

Constructs were operationalized with multiple indicators using a mix of original and adapted items. The scale formats were predominately closed-ended Likert statements with seven ordered responses between the descriptors "strongly disagree" and "strongly agree", with the exception of some items measuring respondent demographics. Respondents did not indicate in the pre-test that they found response format consistency too tedious, while such consistency facilitates ease of response. Cox (1980) recommends using either five or seven response alternatives as an odd number gives a neutral choice, and fewer or more choices can constrain differences or makes distinctions more difficult. Seven was chosen as a personal preference and as this did not appear to be an issue in the pre-test.

Choice of specific scale items was guided by the conceptual definition of the constructs, related work in the literature, the preliminary interviews held with representatives and managers involved in horizontal selling alliances, and pre-test results. Most constructs, (those conceptualized at the individual level and elevated to the level of the relationship) were operationalized with two sets of indicators: partner perspectives as key-informants of the dyadic relationship, and an aggregation of individual-level perspectives of their own or partner's beliefs, attitudes, and behaviours (second level data). These two approaches are illustrated in Exhibit 19. Sponsor and Partner responses to relationship-level questions (e.g., Q1 and Q7) provide separate indicators for measuring constructs. Individual-level responses are combined to form one indicator. As previously

Exhibit 19  
Operationalization Example



	strongly disagree	strongly agree
<b>Relationship-Level Questions</b>		
Q1: Some aspects of our working relationship could be better. (-)	1 2 3 4 5 6 7	
Q7: Overall, we are both quite satisfied with our working relationship.	1 2 3 4 5 6 7	
<b>Individual-Level Questions</b>		
Q41: I am happy with my working relationship with this rep.	1 2 3 4 5 6 7	
Q52: Compared to other working relationships I've known or heard about, the one I have with this rep is quite good.	1 2 3 4 5 6 7	
Q53: I am happy with his/her contribution in identifying and developing joint sales opportunities.	1 2 3 4 5 6 7	
Q57: I think s/he likes working with me.	1 2 3 4 5 6 7	

S= Sponsor respondent perspective; P= Partner respondent perspective, SP= aggregated perspective

discussed, use of both key-informant and aggregate response data enhanced construct validity in the study while providing flexibility for model respecification, if required.

#### **4.2.2 Aggregation of Individual Level Data**

Choice of the specific aggregation method used in the dissertation was both a conceptual and an empirical issue. The conceptual issue was finding a way to combine two individual responses so that the resulting score reflects the extent of mutuality between them. Mutuality is concerned with both the degree or level of partner responses and their agreement. Consequently, the commonly used linear approaches to aggregation such as sums, averages, or differences, were inappropriate in this context. An average for example, would result in a [1,7] paired response being equated with a [4,4] paired response, when conceptually, [1,7] suggests lower mutuality than [4,4]. A difference score would equate the responses [1,2] and [6,7] in terms of agreement, but would not capture the difference in level. While there are a variety of ways to capture both the degree and agreement components of mutuality, it is not clear which method is most appropriate in this context. Following is a discussion of some alternative approaches but which is most appropriate is left as an empirical issue to be examined in the dissertation results.

While authors such as Hannon (1971) and Borgatta and Jackson (1980) have addressed macro aggregation issues such as ecological fallacies, biases, and spurious correlation, the aggregation literature provides little direction for identifying appropriate combination rules for second-order data. In one of the

rare treatments of the issue, Thompson and Walker (1982) identify some common aggregation approaches, but rather than critique their relative merits, they simply admonish the use of any method without considering the conceptual and statistical implications.

In general, there are two basic approaches to aggregation: mathematical and conceptual. Non-linear mathematical approaches would combine individual scores by using ratios, products, correlations, or agreement coefficients to generate an ordinal, and perhaps interval, scale of mutuality. Although non-linear combinations can result in spurious correlations and other statistical anomalies (McNemar 1969), these problems are avoided in this context since responses are independent, are from separate sources, and the aggregation is within a dyad, consistent with the unit of analysis (cf., McNemar 1969; Hannon 1971).

One appealing non-linear mathematical approach is taking the square root of the product of partner responses. As illustrated in Exhibit 20, divergent responses such as [5,7] are combined to produce a lower score of mutuality than consistent scores such as [6,6]. Responses such as [2,6] and [3,4] which result in the same mutuality score could be considered conceptually equivalent, which is also appealing. Further, by taking the square root of the product, the original metric of a scale is maintained easing interpretation, there is less chance of an inflated correlation due to size of units (e.g., Gehlke and Biehel 1934), and the resulting scale is continuous ranging from 1 to 7.

Conceptual approaches to aggregation involve the generation of an ordinal scale

Exhibit 20  
Mathematical Approach to Aggregation

---

<u>Paired Response</u>	<u>SHORT (S*P)</u>
[1,1]	1.00
[1,2]	1.41
[1,3]	1.73
[1,4]	2.00
[2,2]	2.00
[1,5]	2.24
[1,6]	2.45
[2,3]	2.45
[1,7]	2.65
[2,4]	2.83
[3,3]	3.00
[2,5]	3.16
[2,6]	3.46
[3,4]	3.46
[3,5]	3.87
[4,4]	4.00
[3,6]	4.24
[4,5]	4.47
[3,7]	4.58
[4,5]	4.47
[4,6]	4.90
[5,5]	5.00
[4,7]	5.29
[5,6]	5.58
[5,7]	5.92
[6,6]	6.00
[6,7]	6.48
[7,7]	7.00

---

of mutuality by ranking equivalent sets of responses. Three methods of determining sets of equivalent responses were deployed in the dissertation: applying a rule of logic, adapting a rule of logic from another expert judge, and grouping responses that fall within an interval generated by an empirical combination rule. For example, a rule of logic, consistent with the common method in sociology of grouping cases on the basis of location (cf., Hannon 1971), would be to put convergent responses (e.g., [1,1], [7,7]), which are relatively easy to interpret, into their own set. Responses that are in close proximity (e.g., [1,2], [6,7]) could then be added to those sets. Divergent responses (e.g., [1,6] and [1,7]), which are difficult to interpret, might be put into sets where they are considered conceptually equivalent (e.g., [1,6] and [2,2]), or used to create new sets. It is not clear, however, whether a [1,7] response pair is the same, less, or more than a [3,3] response pair in terms of mutuality. For simplicity, and since the dissertation is not concerned with the relative power of partners, response order is not considered; a [2,1] paired response is deemed to be the same as a [1,2] paired response.

One implementation of this approach is illustrated in Exhibit 21a. Paired responses at the low end of the two dimensional space, [1,1] and [1,2], are assigned a value of 1 in mutuality. Paired responses at the high end of the two dimensional space, [7,6] [7,7], are assigned a value of 9. Other sets of conceptually equivalent responses are assigned a value between 1 and 9. Responses of [1,7] [1,6] [2,4] and [3,3], for example, are assigned a value of 3. This mapping results in an ordinal scale and avoids the statistical problems of non-linear mathematical aggregation methods since correlations are not being manipulated. However, some information is lost by forming sets of conceptually equivalent responses.

**Exhibit 21a**  
**First Conceptual Approach to Aggregation**

**Conceptual Map**

7		(1,1) (1,2)	= 1
6		(1,3) (1,4) (1,5) (2,2) (2,3)	= 2
5		(1,6) (1,7) (2,4) (3,3)	= 3
4		(2,7) (2,6) (2,5) (3,4)	= 4
3		(3,5) (3,6) (3,7) (4,4)	= 5
2		(4,5) (4,6) (5,5)	= 6
1		(4,7) (5,6)	= 7
		(5,7) (6,6)	= 8
		(6,7) (7,7)	= 9

**Exhibit 21b**  
**Second Conceptual Approach to Aggregation**

**Conceptual Map**

7		(1,1) (1,2)	= 1
6		(1,3) (2,2)	= 2
5		(1,4) (1,5) (2,3)	= 3
4		(2,4) (3,3)	= 4
3		(1,6) (1,7) (2,6) (2,7)	= 5
2		(2,5) (3,4)	= 6
1		(3,5) (4,4)	= 7
		(3,7) (3,6) (4,5)	= 8
		(4,6) (5,5)	= 9
		(4,7) (5,6)	= 10
		(5,7) (6,6)	= 11
		(6,7) (7,7)	= 12

A second conceptual approach (Exhibit 21b) was derived by following a generally symmetric progression that groups convergent responses (e.g., [3,3] with near convergent responses that produce the same mean (e.g., [2,4] ). Extreme divergent responses (e.g., [1,7] and [2,6] ) are grouped together and ranked higher than [3,3] but lower than [3,4]. This approach was consistent with that suggested by a faculty member at the University of Western Ontario and resulted in a twelve point ordinal scale.

A third conceptual approach, slightly less arbitrary than the previous two, would be to group and rank equivalent sets of responses based on ranges of the square root of their products. For example, the response pairs [1,1] [1,2] and [1,3] all have square root products between 1.0 and 1.49, and could be assigned a value of 1 in mutuality. The response pairs [1,4] [1,5] [1,6] [1,7] [2,2] and [2,3] all have square root products between 1.5 and 2.49, and could be assigned a value of 2 in mutuality. While these cut-off points are arbitrary, this approach results in a seven-point ordinal scale that reflects the original metric of the scale (see Exhibit 22). However, response pairs such as [1,4] and [1,7], which could be considered conceptually distinct, are included in the same ranked set.

Determination of which of these four aggregation approaches is most appropriate for testing the research model was left as an empirical issue to be assessed in a preliminary analysis of the data. This analysis was conducted outside of the context of the causal model because there was not sufficient data for a hold-out sample and the results might have been sample specific. Consequently, the analysis was based on factors such as which approach provides the greatest item reliability, which produces the greatest explained variance in a simple multiple



Exhibit 22  
Third conceptual approach to Aggregation

---

<u>Paired Response</u>	<u>SQRT (S*P)</u>	<u>SET</u>
[1,1]	1.00	1
[1,2]	1.41	
[1,3]	1.73	2
.		
[2,3]	2.45	
[1,7]	2.65	3
.		
[3,4]	3.46	
[3,5]	3.87	4
[4,4]	4.00	
[3,6]	4.24	
[4,5]	4.47	5
.		
[5,6]	5.48	
[5,7]	5.92	6
[6,6]	6.00	
[6,7]	6.48	
[7,7]	7.00	7

---

regression, and which provides a distribution closest to that of the normal distribution. These criteria are somewhat arbitrary and subjective but are consistent with the objective of Partial Least Squares (PLS) which is to maximize variance explained within and between constructs. The last criteria was considered valuable even though PLS is as robust as regression analysis with respect to the assumption of normally distributed residuals.

#### 4.2.3 Divergent Perspectives

One potential concern with this dyadic approach to operationalization is the possibility that partners may have divergent perspectives on the relationship-level items. John and Reve (1982), for example, found little sentiment convergence in channel relationships. Sethuraman, Anderson, and Narus (1988) found a significant, but moderate correlation between manufacturer and distributor perceptions of the contribution the distributor made to the relationship ( $r=.394$ ), but an insignificant correlation between the partners' perception of the manufacturer contribution to the relationship. In this dissertation, there is a similar concern for some of the dimensions of **organizational distance** and for **functionality of conflict resolution**. If partner responses are not consistent, the model will need to be either respecified to represent divergent views as separate constructs, or the model will have to be analyzed from the perspectives of the partners separately.

Divergent perspectives for the other constructs are less of a concern since they are measured with a mix of relationship-level and aggregated items. Relationship-level measures may be eliminated if perceptual agreement is not significant (James

1982); for example, if Sponsor sales representative responses to the statement "some aspects of our working relationship could be better" are significantly different than their partners' responses to that statement (e.g., Q1S and Q1P in Exhibit 19). For the individual-level responses, divergent perspectives are not a problem since aggregation will simply result in lower scores of "mutuality". Assessment of divergent responses was also conducted in the preliminary analysis because perceptual agreement within a relationship cannot be assessed within the context of the causal model and because of a limitation of PLS that does not allow complete assessment of perceptual agreement between key-informants across relationships.

#### **4.2.4 Scale Items**

Following are the statements and questions that were used to tap the constructs depicted in the research model (Figure 3). They are presented in the order they were developed in Chapter 3. The label in front of statements indicates the question number in the survey instrument (e.g., Q41). A negative sign at the end of a statement (-) indicates an item that was reverse scored.

**Mutual satisfaction** was measured using a scale adapted from the satisfaction scales of Anderson and Narus (1984) and Westbrook and Oliver (1981) which demonstrated acceptable measurement properties. In particular, Oliver and Swan (1989) used the Westbrook and Oliver scale in a causal model of buyer/seller relationships and experienced consistent loadings ranging from .81 to .94. Four statements were adapted to tap perceptions of individual satisfaction with a working relationship:

Q41: I am happy with my working relationship with this rep.

Q52: Compared to other working relationships I've known or heard about, the one I have with this rep is quite good.

Q53: I am happy with his/her contribution in identifying and developing joint sales opportunities

Q57: I think s/he likes working with me.

Partner responses to these statements were aggregated to produce four indicators of **mutual satisfaction**. Four additional indicators were produced by the responses of each partner to statements about the degree of mutual satisfaction in their relationship:

Q1: Some aspects of our working relationship could be better. (-)

Q7: Overall, we are both quite satisfied with our working relationship.

**Mutual perceived equity** was measured using an original scale based on Oliver and Swan's (1989) measure of "fairness", equity theory, and the conceptual definition of the construct. Oliver and Swan's scale could not be adopted outright as some items could have been interpreted as relating to fairness in the sense of not cheating, which would likely load highly on the construct of mutual forbearance. Four indicators were generated by partner responses to the following statements about the relationship:

Q8: The relative benefits we get out of our relationship are consistent with the relative investment we put into it.

Q34: The distribution of rewards and recognition in our relationship is not fair. (-)

Two more indicators were generated by aggregating partner responses to the following statements:

Q47: Given the effort I put into our relationship, I should get more out of it. (-)

Q86: This rep does not deserve what s/he gets out of our relationship. (-)

**Functionality of conflict resolution** was measured using Anderson and Narus's (1990) scale item plus three others generated from the conceptual definition of the construct; the degree to which disagreements have been productively resolved, strengthen the relationship, and bring the partners closer together. As **functionality of conflict resolution** is conceptualized at the relationship level, the items only reflect partner perceptions of the relationship. These items are:

Q27: What disagreements we do have tend to increase the productivity of our working relationship.

Q33: What conflict there is in our relationship tends to be dysfunctional. (-)

Q36: The way disputes are handled in our relationship serves to bring us closer together.

Q39: Differences that arise between us are not worked out very well. (-)

**Relationship-specific investment** was measured with an original scale based on

the conceptual work of Anderson (1985) and Wilson and Mummalaneni (1988) and Mummalaneni and Wilson (1991). Three statements were developed to tap partner perceptions of mutual investment in relationships:

- Q2: This rep and I have devoted a lot of time and energy to making our relationship work.
- Q25: We have made an effort to increase the amount of time we spend together.
- Q26: There is a lot of equity built up in our relationship that would be lost if our relationship ended.

In addition to the six indicators represented by each partner's response to the three relationship-level questions, three more statements were developed to tap individual-level perceptions of **relationship-specific investment**:

- Q42: I've made an effort to demonstrate my interest in our relationship.
- Q49: Relative to other partner relationships I've been involved in, I've committed a lot of resources to cultivating this one.
- Q89: This rep has invested heavily in our relationship.

**Influence acceptance** was measured by an original scale adapted from the cooperation measures of Anderson and Narus (1990) and Dwyer (1980) and the conceptual work of Gibb (1964) and Zand (1972). Items were chosen to reflect the conceptual definition of **influence acceptance**; the degree to which each party voluntarily changes its own strategy or behaviour to accommodate the desires of the other. Two statements were designed to tap perceptions of mutual influence acceptance in the relationship and generate four indicators of the construct:

Q11: We are not very receptive to each other's influence attempts. (-)

Q13: We try to accommodate each other when making decisions that affect joint (mutual) outcomes.

Two other indicators were generated by aggregating partner responses to the following statements:

Q45: I have adapted my way of doing things to accommodate the needs or style of this rep.

Q64: This rep is generally open to the suggestions I make about our work.

**Communication openness** was measured using items adapted from the communication measures of Anderson and Weitz (1989) and Anderson and Narus (1990) which have demonstrated acceptable measurement properties. Specific items were also consistent with the conceptual definition of communication openness, being concerned with the formal and informal sharing of timely information between partners, and the mutual disclosure of plans, programs, expectations, goals, motives, and evaluation criteria. Four statements were intended to tap partner perceptions of **communication openness** to produce eight indicators of the construct:

Q3: We frequently discuss accounts and opportunities.

Q4: We tell each other things we wouldn't want others to know.

Q23: We talk candidly with each other.

Q24: We provide each other with timely information.

Three other indicators were generated by aggregating partner responses to statements about their own communication openness:

Q51: If I have a problem with this rep, I'll tell him or her about it.

Q63: S/he is responsive to my needs for information.

Q95: Sometimes I think this rep holds back on telling me what s/he knows about the accounts and opportunities we work on together. (-)

**Control reduction** was measured by an original scale based on the conceptual work of Gibb (1964), Zand (1972), and Golembiewski and McConkie (1975). Developed items were also consistent with items in the channels literature measuring power and power use (cf., Phillips 1981; Wilkinson 1981). Moreover, they were consistent with the conceptual definition of **control reduction**; withholding the use of power to evoke change in another's behaviour and freeing another to make his or her own decisions. Two statements were designed to tap perceptions of mutual control reduction in the relationship and produce four indicators of the construct:

Q12: We try not to influence each other's behaviour.

Q16: We both try to use whatever power we have to get our own way. (-)

Three others indicators were produced by aggregating responses to the following individual-level statements:

Q46: I let this rep make his/her own decisions, even if I don't completely agree with them.



Q55: I will use whatever power I have over this rep to maintain control of a customer situation. (-)

Q71: If I don't want to do something, this rep does not try to force me to.

**Forbearance from opportunism** was measured by an original scale developed from its conceptual definition; refrainment from opportunism, not cheating or taking advantage of the other, and not withholding helpful action. Three relationship property statements were designed to generate six indicators of the construct:

Q5: There is some cheating and deceit in our relationship. (-)

Q32: Sometimes we engage in opportunistic behaviour at each other's expense. (-)

Q40: We always act in the spirit of cooperation.

Two other indicators were formed by aggregating both partners' responses to the following statements:

Q61: There have been times when I've had to compromise my relationship with this rep in order to look after myself. (-)

Q62: S/he has benefited from our relationship to my detriment. (-)

**Character** was operationalized with items capturing the reliability/dependability dimension of the construct. Hawes, Mast, and Swan (1989) found that both purchasing executives and manufacturer representatives identified this dimension as most important in purchaser perceptions of sales representative

trustworthiness. Preliminary interviews with representatives involved in horizontal selling alliances also identified reliability/dependability as an important character trait in exchange partners. Two indicators were generated by having each partner respond to the following question:

Q30: We can count on each other.

Three other indicators were adapted from Swan et al.'s (1988) four item scale of customer perception of sales representative dependability. This scale was found to have a reliability of  $\alpha = .87$ . Swan's fourth statement was dropped after the pre-test found it to be unreliable in this context.

Q66: S/he is not very reliable. (-)

Q79: S/he is quite dependable.

Q87: Sometimes s/he does not follow through on commitments made to me. (-)

**Role competence** was measured using a mix of original and adapted scale items. Four individual-level statements tapping sales representative perceptions of their partner's role competence were adapted from Swan et al.'s (1988) competence scale. Three others were developed that were consistent with the conceptual definition of the construct; the degree to which a representative perceives another as demonstrating skills necessary for effective task performance.

Q73: I'm comfortable bringing this rep into most customer situations.

Q75: When it comes to hardware, this rep knows enough to be effective.

Q76: S/he understands the customer's business.

Q77: I can count on this rep's ability to adapt to specific customer situations.

Q82: S/he has strong interpersonal/social skills.

Q88: This rep really knows the industry.

Q90: S/he does not know as much about the applications we are supposed to market as s/he should. (-

Partner responses to these questions were aggregated to form seven indicators of **role competence**. Two other statements tapping each partner's perceptions of **role competence** were intended to generate four more indicators:

Q21: Neither of us has to be concerned about the other's technical skills and knowledge.

Q31: We have complete confidence in each other's ability to interact with customers.

**Judgement** was measured using an original scale developed from the conceptual work of Gabarro (1978) and the conceptual definition of the construct, where judgement is the belief that the decisions and actions of another are sound or appropriate. Two indicators were generated by gaining partner perspectives on the following statement:

Q17: We respect each other's judgement.

Three other indicators were formed by aggregating individual-level responses to

the following statements:

Q84: Sometimes his/her judgement is way off.

Q91: Sometimes I have to question his/her marketing and selling skills.

Q94: Sometimes I wonder about the appropriateness of decisions made by this rep.

The second of these items was originally thought to measure **role competence** but was found in the pre-test to load highly on **judgement**.

**Motives/intentions** was operationalized by eight indicators generated from the conceptual work of Gabarro (1978) and the conceptual definition of the construct. **Motives/intentions** is concerned with beliefs about the underlying causes of a partner's action. It is an assessment of a partner's purpose or agenda, commitment and orientation to a relationship. Four indicators were generated by each partner responding to the following relationship level statements:

Q15: There are few hidden agendas in our work together.

Q20: Neither of us has to wonder about the purpose behind the other's behaviour.

Four additional indicators were formed by aggregating partner responses to the following statements:

Q65: S/he is among the most honest people I know.

Q70: S/he would use me if it benefited him/her. (-)

Q80: S/he often has ulterior motives for doing things. (-)

Q85: S/he acts with good intentions.

**Mutual perceived interdependence** was measured by an original scale based on the conceptual work of Anderson and Narus (1984, 1990) and Sethuraman, Anderson, and Narus (1988). Specific items were generated to be consistent with the conceptual definition of the construct; the degree to which both parties in a partnership recognize and depend on the other's value or contribution to the relationship. Two statements tap partner perceptions of mutual interdependence in the relationship:

Q6: We both recognize that we need each other to accomplish our objectives.

Q28: We are both dependent on the other to be successful.

Partner responses to these statements will produce four indicators of **mutual perceived interdependence**. Four other indicators were formed by aggregating partner responses to statements about their own dependence on the relationship:

Q44: I get access to resources and products through this rep that I could not otherwise obtain.

Q56: I could be just as effective working with another rep. (-)

Q67: I don't think this rep perceives a great advantage in working with me over other alternative partners. (-)

Q81: S/he brings unique value to our relationship that would be difficult to replace.

**Organizational distance** was measured with Likert-scale items using anchors of strongly agree and disagree for **control system incongruity** and **goal incongruity** and anchors of "my partner's firm is much less/lower than my firm" and "my partner's firm is much great/more than my firm" for differences in **reputation for professionalism, job stability, and strategic horizons**. For these latter constructs, the scales were recoded such that a score of zero was no perceived difference, -3 was indicative of the partner firm being much less/lower in an attribute, and +3 was indicate of the partner firm being much more/greater than the respondent's firm in an attribute.

**Difference in reputations for professionalism** was measured with items generated from the conceptual definition of the construct which is concerned with differences in the professional/ethical reputations of the partners' firms. Partners responded to perceived differences between their organizations on three attributes relating to professionalism:

Q108: Reputation for professionalism.

Q110: Ethical standards.

Q111: Customer orientation.

**Difference in job stability** was measured with a scale developed from the conceptual definition of the construct; the difference in the reputations firms have for turnover in sales positions. Two indicators were generated by partner responses to the following attributes.

Q109: Degree of turnover in sales positions.

Q112: Length of time a rep typically stays in a territory (-).

These were coded to reflect instability to be consistent with the hypothesized negative relationship with **mutual perceived trustworthiness**. A third potential item "Likelihood that success is rewarded by transfer" was dropped after it was found to have low reliability in the pre-test.

**Difference in strategic horizons** was also measured with scale items generated from its conceptual definition; whether the organizations have conflicting orientations (long term vs short term) to strategic planning. Four indicators were generated by partner responses about the following attributes:

Q115: Concern with short-term strategy.

Q116: Concern with long-term strategy.

Q117: Concern with short-term results.

Q118: Concern with long-term results.

**Control system incongruity** was also operationalized with items developed from the conceptual definition of the construct; the degree to which the control systems (e.g., rewards, incentives, procedures, and feedback) are compatible and not at cross purposes. Six indicators were generated by the extent partners agreed or disagreed with three statements:

Q101: The reward/incentive programs of our firms are compatible and not at cross purposes. (-)

Q103: The procedures and systems our firms have in place to control or influence our behaviours are not at cross purposes. (-)

Q107: Differences in our reward systems get in the way of us working as a team.

A seventh indicator was generated by aggregating partner responses to the following statement:

Q104: When we work together on an account, I am incented to pursue different customer solutions than this rep.

**Goal incongruity** was measured using items adapted from Anderson and Weitz's (1989) measure of goal congruence, that were consistent with the conceptual definition of the construct. Four indicators were generated by the extent partners agree or disagree with two statements:

Q105: The goals of our organizations are consistent and compatible. (-)

Q106: Our firms have different views on the best tactics to achieve our common goals.

A fifth indicator was generated by aggregating partner responses to the following statement:

Q102: Meeting my firm's objectives does not impair this rep's ability to meet his/her own firm's objectives.



#### 4.2.5 Additional Items in the Questionnaire

The literature reviewed in Chapter 2 suggests that three extraneous factors may moderate modeled relationships: the nature and complexity of the task, the age of the relationship, and power asymmetry in the relationship. These were captured in the survey so that, if there were sufficient data, their moderating effects could be evaluated.

**Age of the relationship** was measured by aggregating responses to the following open-ended question:

Approximately how long have you (had you) been working with this rep?

**Task complexity** was measured by aggregating responses to the following question:

Compared to other representatives in your organization, how complex is your selling task?

- Much Less Complex
- Less Complex
- About the Same
- More Complex
- Much More Complex

**Power Asymmetry** was captured by aggregating partner perspectives of how the following attributes were shared in their relationship. They were asked:

In my relationship with this rep, I have much less/more...

Power.  
Influence.  
Leadership.  
Lead Generation.  
Account Control.

Previous models of working relationships have examined outcomes or indicators of effectiveness other than mutual satisfaction. To obtain data for analysis of alternative dependent variables, respondents were also asked to provide information on their perceptions of partnership task performance and relationship continuity.

**Mutual perceived task performance** was measured with six items generated from the following relationship-level statements with strongly agree/disagree anchors:

- Q9: The customers we've dealt with together have been pleased with our work.
- Q10: We have closed a lot of business together.
- Q35: From a performance perspective, our working relationship has been effective.

An additional item was captured by aggregating representative responses to the following individual level question:

- Q59: My manager has been pleased with my performance with this rep.

**Mutual perceived continuity** was measured by aggregating responses to two individual level questions:

Q58: I'd like our relationship to last.

Q93: I think s/he wants to maintain a long-term relationship with me.

### **4.3 Data Collection**

#### **4.3.1 Research Setting**

Three multinationals involved in selling alliances in the mini-computer industry in Canada were approached on a convenience basis, at the Vice President of Marketing level, as potential sponsors and first stage participants in the study. Personal interviews with field and staff managers resulted in the participation of two of these firms. These firms are among the most progressive in the use of horizontal selling alliances. Sampling within a small number of firms, rather than across many firms, enhances the internal validity of the study by holding extraneous organizational factors not captured in the model, such as culture and size, reasonably constant within each of the sub-samples. While this approach may have reduced the external validity of the study, it was deemed more useful to understand effective working relationships at the leading edge of horizontal selling alliances.

### **4.3.2 Sample**

For stage one of the data collection, sales representatives thought by staff managers to be involved in selling alliances were randomly sampled by the sponsor organizations from employee lists. Random sampling was conducted to avoid regional or territory biases. As the study involved 15 to 20 minutes of a sales representative's time near year-end for one firm and quarter-end for the other, the sponsors limited access to their sales force to 338 sales representatives (88 from one sponsor and 250 from the other). Sales representatives selected in stage one were asked to consider customer situations during the past six months in which they were involved in a horizontal selling relationship. Half the respondents were then asked to pick one where some success was achieved. The other half were asked to pick one where little or no success was achieved. The intent of this manipulation was to indirectly generate variance in satisfaction. Left to choose any relationship, it was thought that sales representatives might tend to report on better ones. The sample for stage two was partner sales representatives identified by stage one respondents. Specific field and operational procedures are discussed in section 4.4.

### **4.3.3 Required Sample Size**

PLS is an analytic tool based on ordinary least squares regression. A general rule of thumb concerning sample size with OLS regression is the use of 10 cases for each predictor variable in the regression model (Pfaffenberger and Patterson 1987). Applied to the PLS context, this rule suggests 10 cases would be required for each predictor variable for the most complex regression in the model. As

evident in the research model (Figure 3), the most complex regression between latent variables involves the seven predictors of mutual satisfaction. As evident in the previous discussion of operationalization, the most complex potential regression in the measurement model involves eleven indicators of mutual communication openness, eight or nine of which were expected to be included in the final analysis. This suggests that a minimum of 90 paired responses would be required from the 338 sales representatives in the stage one sample. This was considered aggressive, but achievable given documented success of Dillman's (1978) operational procedures, which were closely adhered to, and indications from the pre-test that 90% of respondents would volunteer the name and organization of a specific partner.

#### **4.4 Field and Operational Procedures**

This section outlines the procedures used in developing and implementing the survey instrument. It provides an overview of the general approach taken, survey development and content considerations, pretest procedures, and implementation elements. The objective of the field and operational procedures was to maximize the return of reliable, valid, and useable data.

##### **4.4.1 General Approach**

The field and operational procedures adopted in the study adhered closely to the Total Design Method (TDM) offered by Dillman (1978) for the development and implementation of cost effective mail and telephone surveys. While the literature offers many prescriptions for mail survey research, these are often contradictory

and are either based solely on experience or tested piecemeal. Moreover, conventional wisdom found effective in other contexts has been found less effective in industrial markets (cf., Jobber 1986). TDM is an integrated approach that has been successfully applied in industrial and non-industrial contexts. Dillman (1972), for example reports an average response rate of 74% in non-business surveys using TDM. Walker, Kirschman, and Conant (1987) report useable response rates of 36.9% and 65.3% in two industrial studies that used TDM. Barclay (1991) adopted TDM and achieved a useable response rate of 41.9% in the first stage of an industrial survey and 49.9% in the second stage.

TDM is a series of design and implementation elements based on exchange theory notions that people are motivated to complete surveys in accordance with the benefits such action is expected to bring. Dillman suggests that optimized response and data quality can be achieved by generating respondent interest, lowering respondent costs, and establishing respondent trust that anticipated benefits will be realized. Survey development prescriptions relate to the survey format and length, page formats, survey covers, question placement, and instructions. Implementation prescriptions related to basic appeals, the cover letter, the survey package, pre-tests, and follow-ups.

#### **4.4.2 Survey Development**

In keeping with Dillman's assertion that the survey format should offer cues as to the worth of the questionnaire, the survey instrument was produced as a reduced booklet, half a legal page in size, and stapled in the middle. The survey instrument was produced using laser printing and duplicating on quality white

bond paper. The quality of the instrument was consistent with the objective of communicating the importance of the survey. The length of the survey was limited to 12 pages with no questions on the front or back covers. While respondent objections to length can be overcome with other procedures, response rates generally decrease with instruments longer than 10 pages (Baumgartner and Heberlein 1984). The front cover incorporated the name, address, and logo of the University of Western Ontario as well as directions for who should respond and why. The back cover was blank and was identified as space for comments. Question pages were formatted for flow and ease of comprehension, incorporating plenty of white space and simple instructions.

To reduce concerns about assimilation and attribution, relationship-level items were separated from individual-level items, and items relating to the same higher order constructs were grouped together with similar semantic anchors. This was intended to encourage cognitive ties between responses and facilitate ease of response. Separating relationship and individual-level items also provided a check for response bias. Questions were ordered by importance or personal relevance, with the most potentially objectionable or sensitive items positioned at the end.

#### **4.4.3 Implementation**

Effective survey implementation is critical for optimum response and data quality (Dillman 1978). TDM provides details to increase the personal relevance of surveys and maintain respondent interest in completing the task. The basic appeal Dillman favours is one of social-usefulness rather than altruism.

Consequently, an appeal was made to respondents to complete the survey to help their companies and marketers in general to better understand selling alliances. Whereas Dillman advocates use of a token financial incentive as well as a summary of the results, respondents were only offered a management summary. Michaels (1983) found that a summary report was the incentive most desired by respondents. In addition, Barclay (1986) found this approach to be effective in an industrial context.

A cover letter was used to convey the basic appeal for participation and counter anticipated objections to the task. This one page letter stated the purpose of the study, identified endorsements, specified how the respondents were chosen, stressed the study's relevance to the respondent, stressed its importance to the profession, identified the importance and ease of response, promised confidentiality but not anonymity, justified numbering of the instrument, instructed respondents how to respond, and closed with an appeal for timely response. The cover letter for stage one participants was signed by a senior marketing manager of the sponsoring organizations. Openly coded surveys facilitate response matching and follow-ups and have been found not to impair data quality or response rates (Albaum 1987). Dillman (1978) found that less than .5% of respondents remove survey numbers. Anonymity was not possible in this case since paired responses were required, but respondents were promised that identifying information would be destroyed once partner responses were matched.

The survey packet was designed to communicate the importance of the survey and distinguish it from junk mail. The survey packet for stage one respondents consisted of: an 8.5 x 11 white Business School transmittal envelope, a numbered



questionnaire, a personalized cover letter on sponsor organization letterhead, and a pre-stamped manila return envelope addressed to the University.

The survey packet was pretested in two phases. In the first phase faculty and doctoral students involved in industrial marketing research were asked to critique packet elements. Refinements of the packet were then field tested among 40 sales representatives involved in selling alliances in Southwestern Ontario. This was not a pilot study as paired responses were not collected, respondents were asked to report on two relationships, one effective and one ineffective, and only items measuring key model constructs were included. Of the forty survey packages mailed, 29 (72%) were returned, resulting in 47 useable questionnaires. This provided feedback on question clarity, format, instructions, survey length and willingness to identify a specific partner. Factor and reliability analyses of the pre-test results were used to refine survey measures.

Stage one survey packets were then mailed using the internal mail systems of sponsor organizations in early March and April of 1991. This timing was chosen so the packets arrived early in the year and in the middle week of the month when sales activities are lower (Michaels 1983). Daily return statistics were used to monitor the need for, and timing of, additional follow-ups. This monitoring led to sending of an electronic-mail reminder message ten days after the first mailing, a second mailing three weeks after the first, and a second reminder message five days after the second mailing. A small third mailing was required to supply respondents that had phoned for a second survey replacement. As found by Dillman (1978), follow-up mailings accounted for more than half the responses attained.

Second stage mailings were conducted shortly after stage one returns. Prior to mailing, an advanced notification phone call was made to solicit respondent cooperation. The survey packet was similar to that mailed in stage one, but the cover letter was produced on Business School letterhead and modified slightly to communicate the importance of getting both perspectives of the relationship and thanking them for their agreement to participate. Responses were tracked on an individual basis and up to four follow-up phone calls and two additional mailings were conducted.

When follow-up attempts failed to motivate additional first stage responses, a telephone survey was conducted to assess non-response bias and determine the reasons for non-response. Sampling for the non-response survey was conducted randomly within geographic stratum, as it was thought responses might vary with proximity to the University, and region of the country. The telephone survey itself involved an open ended question about the reason for non-response, the extent to which the respondent was involved in selling partner relationships, and demographic information about the length of time they had been with their organization, their sales territory type, and the type of hardware they were involved in marketing. Due to limited time resources and sponsor reluctance to bother the sales representatives unduly, the non-response sample size was chosen to be 10% of the non-response population, or 25, whichever was less.

#### **4.5 Data Editing and File Preparation**

Data was entered into a SPSS-PC data file using a word processing package as an editor, following the procedures outlined by Grant (1988), and adhering to the

guidelines provided by Smith et al. (1986). A separate data file was created for each day of data entry. The first data line contained the respondent code and the survey stage (stage one coded partner S and stage two coded partner P). Responses to questions for each page of the questionnaire were then entered onto a separate data line with an end of line character entered after each line. Missing data was coded with "9" to uniquely identify its existence. These procedures facilitated visual inspection of response profiles to check for data input errors, as well as computer assisted analysis to identify invalid responses. Separating data files helped identify the source of entry problems and facilitated their resolution. SPSS-PC programs were created to match paired responses, join the data from the two sponsor subsets and recode reversed items.

Missing data was handled with a substitution approach adapted from Barclay (1986). Casewise deletion could have resulted in a low useable response rate, and the potential loss of information would have been particularly troublesome for analysis of paired data. Pairwise deletion would have maximized information used in the study and was an option for constructing PLS correlation matrices. However, pairwise deletion is not random and could have been biased (e.g., Warwick and Lininger 1975). Moreover it produces inconsistent sample sizes and precludes the use of jackknifing to provide significance levels for parameter estimates. Jackknifing requires a complete data matrix and hence substitution for missing data. While a variety of substitution approaches have been proposed (cf., Warwick and Lininger 1975), the following was deemed most appropriate in this context. Surveys with more than four unanswered questions were considered unusable as substitution of more than four answers could have impaired the quality of the data. Missing values were then substituted for individual-level

items with the mean response of other items tapping the same construct for that case. Across all useable questionnaires there were less than 20 missing values, and case specific information was available for substitution. Similarly, for relationship-level items, missing values were substituted with the mean response of other items tapping the same construct for that case. The response provided by the partner (information unique to the dyad) or the mean value of that item across dyads were not used for substitution.

#### **4.6 Summary**

This chapter has provided an overview of, and rationale for, the methodology deployed to collect the data necessary to test the research model (Figure 3). Consistent with the objective of confronting the theory represented in the model with reliable, valid data, the research model was specified as a multiple indicator causal model. Original and adapted scale items, at both the relationship and individual levels, were developed. These provided multiple method indicators and flexibility for model respecification. Two-stage mail surveys were proposed to collect dyadic, self-report data from sales representatives of two mini-computer multinationals and their partners in horizontal selling relationships. By adhering to prescriptions of Dillman's (1978) Total Design Method in field and operational procedures, adequate response for data analysis was anticipated. The steps taken in data analysis, and the results of the study are presented in the next chapter.

## CHAPTER 5: ANALYSIS AND RESULTS

This chapter outlines the approach taken in confronting the research model with the data collected. It begins with a discussion of the general approach taken to the analysis, and the rationale for choosing Partial Least Squares (PLS) as the analytic tool for testing the model and research hypotheses. This is followed by a discussion of the sample achieved, response rates, and non-response bias. Then presented are the objectives and procedures of a preliminary descriptive analysis that was designed to assess and refine the data set and measures prior to their examination in the context of the causal model. This is followed by a comprehensive report and discussion of the PLS measurement and structural results. The chapter concludes with a discussion of the results of substituting **mutual perceived task performance** and **mutual perceived relationship continuity** for **mutual satisfaction** as the outcome variable in the model.

### 5.1 General Approach

The analysis follows the approach prescribed by Fornell and Larcker (1981), and Fornell, Tellis, and Zinkhan (1982) for evaluating structural equation models using Lohmöller's (1981) Partial Least Squares algorithm. PLS was more appropriate than multiple regression, principal-components factor analysis and canonical correlation, to which PLS is related, because the model has multiple endogenous constructs. PLS was also more appropriate in this context than other causal modeling approaches, such as LISREL (e.g., Jöreskog and Sörbom 1981), for the following reasons:

First, PLS is more appropriate when the goal of the research is prediction (Fornell and Bookstein 1982). PLS maximizes explained variance using fixed point, ordinary least squares. LISREL can be implemented with a variety of estimating algorithms (Bollen 1989), but the most commonly used is maximum likelihood which minimizes residual covariances and maximizes covariance fit. As a primary objective of this study is to understand which constructs and variables can be manipulated to improve satisfaction in horizontal working relationships, the predictive approach of PLS is more appropriate.

Second, PLS makes minimal measurement demands with respect to scale development, residual distributions, and sample size (Lohmöller 1982; Fornell and Bookstein 1982). Its assumptions are the same as multiple regression: nominal or better data, and independent and normally distributed residuals (cf., Barclay 1986). As with regression, PLS is robust with respect to the normality of residuals. LISREL (as a result of maximum likelihood estimation) assumes that data are interval and multivariate normal, and that samples are large (cf., Bollen 1989). In this study, most of the scales were ordinal and the sample size was expected to be relatively small, suggesting the use of PLS. Use of LISREL would require a minimum sample of 300 relationships, well beyond the scope of the project.

Third, while LISREL accommodates only reflective epistemic relationships, PLS accommodates both formative and reflective epistemic relationships. Thus, in PLS, constructs can be treated as factors giving rise to observables (i.e., with reflective indicators), or as indices produced by the observables (i.e., with formative indicators). The decision to specify indicators as formative or reflective is based on theoretical considerations, study objectives, and the potential for item

multicollinearity (Fornell and Bookstein 1982). As will be discussed subsequently, both formative and reflective indicators were used in the research, requiring PLS to accommodate these epistemic relationships.

Finally, PLS is more efficient than LISREL in estimating large models (cf., Bartl, Unverdorben, and Lohmöller 1981). The PLS algorithm has no upper limit to the size of structural equation models (Wold 1982) and is only limited by computer resources. By iteratively estimating subsets of model parameters, PLS can achieve convergence faster than LISREL which iteratively attempts to estimate parameters for the entire model at once. As there are 24 latent constructs in the research model and more than 70 manifest variables, PLS is more likely to reach convergence than LISREL.

There is, however, one disadvantage to using PLS in this research context. PLS does not allow the researcher to restrict correlations between factors or residuals. Consequently, the techniques prescribed by Anderson (1987) and Kumar and Dillon (1990) for the use of confirmatory measurement models in the analysis of multiple-informant reports could not be applied. These approaches decompose trait, measure specificity, and informant bias variance, allowing unconfounded assessment of the validity of organizational or relationship-level constructs. By definition, these factors are assumed to be unique and uncorrelated with each other, which cannot be achieved using Partial Least Squares. The implication of this limitation is that convergent validity may be overestimated and discriminant validity overstated (Anderson 1987).

This limitation was been partially countered by incorporating multiple methods

(aggregated and relationship-level data) in multiple measures of many of the modeled constructs. Also, as will be subsequently evident, a stricter test of discriminant validity was applied in the analysis, where items loading almost as high on another construct as on the intended were removed from further consideration. Finally, a preliminary analysis was conducted to remove items lacking significant agreement between Sponsor (stage one respondents) and Partner (stage two respondents) perspectives. This was to reduce the impact of informant bias on convergent validity.

## **5.2 Sample and Non-response Bias**

### **5.2.1 Sample Size**

Field and operational procedures generated a first stage response rate of 53% (47% from the larger subsample and 70% from the smaller subsample). Of the 180 completed surveys returned, 27 were unusable because the respondents did not provide their partner's name. Eight were unusable due to respondents completing the questionnaire about the wrong type of relationship (e.g., some responded about relationships with partners where management of that relationship was the main responsibility of the sales representative). Four more were rejected because respondents identified the same partners as two other respondents and it was considered unreasonable to request that those partners complete three questionnaires. Two others were rejected to protect sponsor identities when respondents from the two sponsor organizations identified the same partner. Four other partners had changed jobs and were not locatable. Of the 135 partners phoned to participate in stage two of the study, 10 could not be reached after



successive attempts, thus surveys were mailed without prior agreement to participate. Only one partner declined on initial contact stating a recent bad experience concerning promises of confidentiality as the reason. Persistent phone and mail follow-ups resulted in 105 partner responses, and thus 105 paired responses, for a second stage response rate of 78%. Forty-two of the paired responses were achieved from the smaller subsample (second stage response of 82%) and sixty three were achieved from the larger subsample (second stage response of 75%).

### **5.2.2 Survey Reaction and Comments**

As illustrated by the generally strong response rates, reaction to the survey was positive. Comments written on the surveys and made during telephone conversations indicated that Partner sales representatives were particularly pleased that the study was being conducted, and that the sponsor organizations were taking interest in the effective management of partner relationships. Many of the Partner respondents took the opportunity to identify initiatives that the sponsor organizations could take to improve working relationships. These mostly involved requests to improve their own lot, such as better pricing or partner incentives, better customer delivery, and more responsiveness. However, other suggestions were made to improve working relationships, such as: leaving sales representatives in territories longer, developing synergy programs, strategic development workshops, standardizing agreements, having duplicate sales credits, and providing formal and informal recognition of partner contributions. Relatively few of the questionnaires had missing values (less than 20) and none had more than three missing values. The questions most often unanswered related to functionality of conflict resolution and performance. These were all handled as

described in Chapter 4 by substituting the mean value of other items relating to a particular construct, on a case-by-case basis.

### 5.2.3 Sample Characteristics

The two sub-samples demonstrated similar demographic profiles in terms of relationship tenure, organizational tenure, gender, and type of hardware the sales representatives sold (see Table 1 below). The median tenure (age) of working relationships considered for the study was 1.2 years, 23% were less than a year old, and 36% were more than 2 years old. The median tenure the respondents had with their organizations was 3 years, while about 12% had been with their organizations more than 8 years. About 86% of the respondents were male, which is consistent with industry norms and 1986 Census data for technical sales representatives (Statistics Canada 1986). Most of the respondents (more than 70%) were involved in selling mainframe computers, large mini computers, or a mix of hardware solutions. One slight difference was observed between the sponsor sub-samples. For 53% of the useable surveys in the smaller sponsor sub-sample, respondents were asked to report on a partner with whom they had little or no success. In the larger sponsor sub-sample, 46.4% of the useable surveys made this request. The research design for each sub-sample called for a 50/50 split.

To assess whether the two sub-samples were drawn from the same larger population, and hence could be combined in the analysis, a multivariate analysis of variance (MANOVA) was conducted, separately, for the items relating to each construct by sub-sample. Cochran's C statistic was used to assess homogeneity of variance by item and Hotelling's  $T^2$  was used to test equality of the multivariate

Table 1  
Demographic Profile of Sub-samples

	<u>Smaller Sub-sample</u>	<u>Larger Sub-sample</u>
<b>Relationship Tenure</b>		
< 1yr	23.8%	22.4%
≥ 1yr, < 2yrs	39.3%	33.6%
≥ 2yrs, < 3yrs	28.6%	28.0%
≥ 3yrs	8.9%	16.0%
<b>Organizational Tenure</b>		
< 3yrs	39.3%	38.4%
≥ 3yrs, < 5yrs	28.6%	30.4%
≥ 5yrs, < 8yrs	16.7%	22.4%
> 8yrs	15.4%	8.8%
<b>Gender</b>		
Male	89%	85%
Female	11%	15%
<b>Hardware Sold</b>		
Mini/mainframe <sup>a</sup>	40.5%	49.6%
Mini/workstations <sup>b</sup>	33.3%	16.2%
A mix	26.2%	34.4%

<sup>a</sup> Large mini-computers or mainframe computers

<sup>b</sup> Small mini-computers, multi-user systems, or workstations

means between the sub-samples. A significant difference in sub-sample variance (at the .05 level) was found for only four of the 118 items examined. A significant difference (at the .05 level) in multivariate means was found for three of the 16 constructs. Univariate F-tests found significant differences (at the .05 level) for only one item in two of these constructs and for two items in the other construct. Together these findings provide fairly strong support to infer that the two sub-

samples were drawn from the same population and could hence be combined for further analysis.

#### **5.2.4 Non-Response Survey**

As discussed in the previous chapter, a telephone survey of non-respondents was conducted to determine the reasons for non-response, and if these were not legitimate, to identify differences between respondents and non-respondents. As data collection for the smaller sub-sample was completed first, and there were only 26 non-respondents, a random sample of 13 sales representatives, stratified by geographic region, was drawn. Two of these non-respondents could not be reached after successive attempts. Of the eleven non-respondents contacted, six said they had little experience working with partners, three did not work with partners at all, one was too busy and one did not complete any surveys unless it was mandatory. Thus nine of the eleven gave legitimate reasons for non-response. The demographic profiles of the non-respondents (Table 2 below) was similar to that of the respondents (Table 1), with one exception: fewer non-respondents sold larger mini/mainframe systems. This makes sense since there might be a greater need for working with partners on this type of business. Given the high legitimacy of non-response and similarity in demographic profiles, no attempt was made to assess differences on key survey items.

For the larger sub-sample, it was known a priori that fewer sales representatives were actively involved in partner relationships than in the smaller sub-sample. Given the high proportion of legitimate non-responses found in the smaller sub-

Table 2  
Demographic Profile of Non-respondents

	<u>Smaller Sponsor Sub-sample</u>	<u>Larger Sponsor Sub-sample</u>
<b>Organizational Tenure</b>		
< 3yrs	27.3%	26.7%
≥ 3yrs, < 5yrs	36.4%	26.7%
≥ 5yrs, < 8yrs	27.3%	33.3%
> 8yrs	9.0%	13.3%
<b>Gender</b>		
Male	91%	73%
Female	9%	26%
<b>Hardware Sold</b>		
Mini/mainframe <sup>a</sup>	27.3%	33.3%
Mini/workstations <sup>b</sup>	45.4%	40.0%
A mix	27.3%	26.7%

<sup>a</sup> Large mini-computers or mainframe computers

<sup>b</sup> Small mini-computers, multi-user systems, or workstations

sample, a different non-response approach was taken with the larger sub-sample. On the second mailing, sales representatives that could not or would not complete the questionnaire were asked to return it after completing only the demographics section and providing a reason for non-response. Fifteen of the 130 non-respondents (11.5%) complied with this request and two others returned the survey blank. The demographic profile of these non-respondents closely matched the respondent sample and the non-respondents of the smaller sub-sample (Table 2). Thirteen of the non-respondents provided legitimate reasons for non-response in that they either had not worked with partners at all, had not worked with partners in the past six months, or did not have enough experience with a partner to

complete the questionnaire. One identified herself and indicated she was very satisfied with the relationship but did not have time to complete the questionnaire. The other suggested the questionnaire was too long. Although this was not a random sample, and there could be bias in who chose to comply with the non-response request, the results are consistent with the random sample taken from the smaller sub-group. Due to similarity to the random sample, time and resource constraints, and sponsor reluctance to further bother the sales force, further assessment of non-response bias in the larger sub-sample was not attempted. It was concluded that the Sponsor respondents were at least representative of the sample frame.

Due to the high overall proportion of stage two responses (78%) and frequent telephone contact with laggards, non-response bias was not considered as much of a concern with the stage two sub-samples. Of the 30 non-respondents, three had changed jobs after initial contact. Four others were of the ten not reached initially by phone to solicit cooperation, and all of these were partners doing business in Canada from the United States. Finally, one was a partner who had already completed a survey about another relationship and "had done his bit". The others were too busy to complete the survey between successive follow-up phone calls and eventually exhausted the resources of the researcher. Informal discussions with these sales representatives about their jobs and partner relationships did not identify major trends or characteristics among the laggards.

### **5.3 Preliminary Analysis**

A preliminary analysis was conducted to assess the extent of agreement or

consistency between partner responses to the same relationship-level statements, and to decide which of the alternative approaches to individual-level response aggregation was the best to adopt in the subsequent PLS analysis. As previously suggested, this analysis was completed outside the context of the causal model due to limitations of PLS and the need to refine the measures before structural parameter estimation. The assessment of consistency was required to be comfortable that partners were indeed key-informants reporting on the same relationship, and to minimize the potential effects of response bias. Phillips and Bagozzi (1986), however, suggest that before such consistency can be assessed, it must first be established that a set of items the informants have rated converge to a common construct. This required an initial assessment of item and construct reliability.

### 5.3.1 Item and Construct Reliability

Item and construct reliability was assessed for all the measures presented in Chapter 4 by first examining the variance and distribution of each item, and then calculating the Cronbach's alpha for the relationship-level and individual-level items (together) relating to the Sponsor and Partner perspectives (separately) of each construct. Three items were eliminated from further analysis due to low variance and extremely skewed distributions: the **reputation for professionalism** item relating to ethics (item Q110); the **motives/intentions** item "s/he acts with good intentions" (item Q85) and the **mutual satisfaction** item "I think s/he likes working with me" (item Q57). That there were few perceived differences in the ethical standards of computer firms by sales representatives and that these standards were perceived as being quite high, was not surprising given the nature of the business and the experience levels of the respondents. It was somewhat

surprising, however, that most of the respondents thought that their partner acted with good intentions. Finally, in retrospect the satisfaction item was not worded well as it would have been difficult not to agree with the statement.

The remaining items were then incorporated in an assessment of construct reliability using Cronbach's alpha. The results of this analysis (Table 3 below) were generally encouraging. Most of the alphas were above .70, and all but five of 32 were above .50, Nunnally's (1968) minimum criteria for exploratory research. The results reported for differences in **strategic horizon** were after two items, Q116 "concern for long term strategy" and Q118 "concern for long-term results", were removed from the analysis. These items were found to have very low inter-item reliabilities in relation to the items Q115 "concern with short-term strategy" and Q117 "concern with short-term results", suggesting that they tap a different construct. Of the constructs with low internal consistency, four of five related to both perspectives on **influence acceptance** and **control reduction**. These constructs were both measured with new items. Even when Sponsor and Partner perspectives of individual-level items were combined, the reliabilities were still very low, suggesting poor items. However, because Cronbach's alpha is an atheoretical calculation and measurement properties might be different in the context of the theory provided by the research model, these and the other poorly measured constructs were not eliminated from further analysis.

### **5.3.2 Key-Informant Convergence**

The preferred approach to assessing whether partner sales representatives had consistent perspectives, and thus their responses could be used as multiple



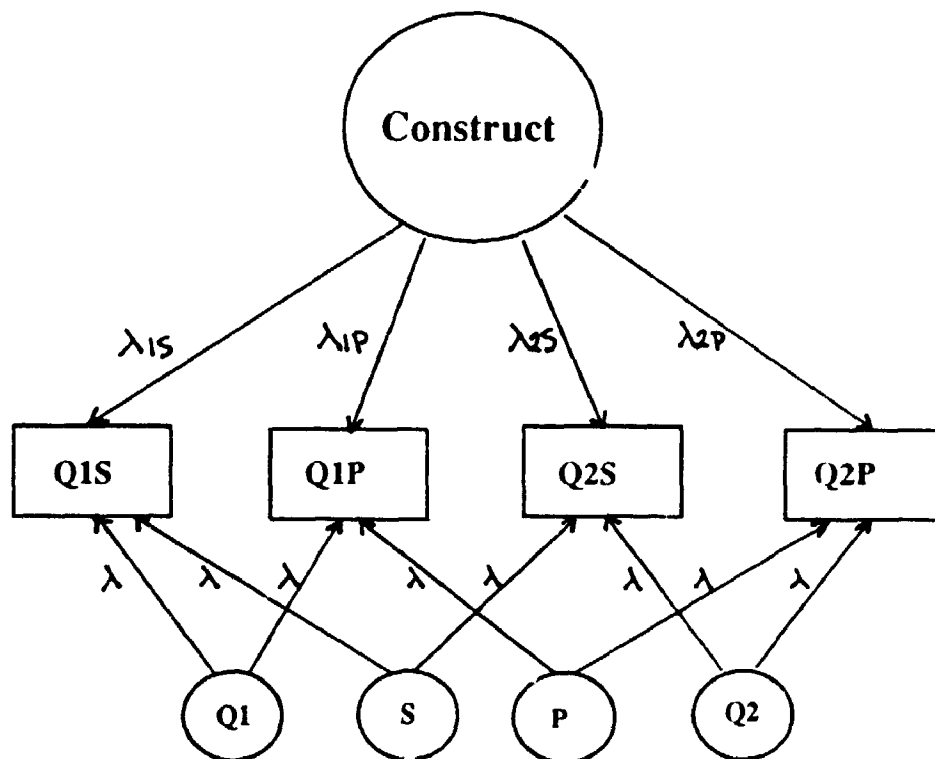
Table 3  
Cronbach's Alpha

	<u>Sponsor Perspective</u>	<u>Partner Perspective</u>
D Reputations for Professionalism	.63	.17
D. Job Stability	.73	.61
D. Strategic Horizon	.87	.85
Control System Incongruity	.68	.76
Goal Incongruity	.69	.53
Mutual Perceived Interdependence	.73	.75
Character	.81	.71
Role Competence	.88	.87
Judgement	.81	.84
Motives/Intentions	.76	.69
Relationship-specific Investment	.82	.80
Control Reduction	.48	.32
Communication Openness	.81	.77
Influence Acceptance	.45	.50
Forbearance from Opportunism	.81	.77
Functionality of Conflict Resolution	.56	.68
Mutual Perceived Equity	.74	.72
Mutual Satisfaction	.85	.87

D = Perceived difference in

key-informant indicators, is the first-order confirmatory measurement approach described by Kumar and Dillon (1990). This approach decomposes trait, measure specific, and perspective sources of variance. Measure specific factors represent the unique variance that can be attributed to key-informant responses to the same question (this is illustrated in Figure 4). Significant loadings on measure specific factors is evidence of perceptual consistency for that measure. However, as discussed earlier, PLS does not allow the correlation restrictions necessary to isolate the unique measure specific variance, precluding use of this approach.

Figure 4  
Confirmatory Composition Model



S= Sponsor Factor; P= Partner Factor; Q1= Measure Specific Factor #1, Q2= Measure Specific Factor #2;  $\lambda$ = Factor Loading.

As a coarse estimate of perceptual consistency, intraclass correlation coefficients proposed by Shrout and Fleiss (1979) were employed. Using a mixed effects two-way analysis of variance (ANOVA), the consistency within each relationship between  $k=2$  informant responses across  $n=118$  questionnaire items (both individual and relationship-level) was assessed using Shrout and Fleiss' Case 3 intraclass correlation coefficient (ICC-3). This is calculated as:

$$ICC-3 = \frac{BMS - EMS}{BMS + (k-1)EMS}$$

where BMS is the between targets mean square and EMS is the residual mean square. This statistic is appropriate when each target (question) is rated by the same  $k$  judges (respondents), who are the only judges of interest. Its significance is tested using the F ratio  $BMS/EMS$  evaluated with  $(n-1)$  and  $(n-1)(k-1)$  degrees of freedom. In two of the 105 partner relationships ICC-3 was not significant at the .05 level. Inspection of the two questionnaire pairs indicated a wide discrepancy in reports of relationship tenure (two years vs 30 days, and five years vs two years). This, and wide discrepancies on perspectives of trust, satisfaction, and other facets of the relationship, suggests that the respondents might not have been reporting on the same relationship or were not thinking at the relationship level. Consequently, these relationships were dropped from further analysis.

Perceptual agreement between Sponsor and Partner perspectives was then calculated for each relationship-level item using a one-way ANOVA and Shrout and Fleiss' Case-1 intraclass correlation coefficient (ICC-1). This statistic was appropriate since there was a random sample of sales representatives and a

different set of  $k=2$  informants rated the relationships (targets). Because a different set of informants reported on each of 103 relationships, the effects due to informants, the interaction between informants and relationships, and random error were not separable. This made the test more conservative than the Case 3 coefficient previously deployed (Shrout and Fleiss 1979). ICC-1 is calculated as:

$$ICC-1 = \frac{(BMS - WMS)}{BMS + (k-1)WMS}$$

where BMS is as before and WMS is the within mean square. The significance of this coefficient is tested with an F ratio  $BMS/WMS$  with  $(n-1)$  and  $(k-1)(n-1)$  degrees of freedom. When F is significant WMS is low relative to BMS, suggesting that the variance in ratings is due to relationship differences, not perspective (informant) differences.

As concern for type-one error was relatively low at this stage of the analysis, (before examining measurement properties in the context of the causal model), a p value of .10 was used as the cut-off for perceptual agreement. This is consistent with the objective of seeking evidence in support of the alternative hypothesis that there is a difference in Sponsor and Partner perspectives. ICC-1 was significant (at the .10 level) for 18 of the 42 relationship-level items in the study (see Table 4). In general, Sponsor and Partner perspectives were similar for the relationship properties of **functionality of conflict resolution, relationship-specific investment, communication openness, and forbearance from opportunism;** for the relationship-level items tapping **mutual perceived trustworthiness** in terms of **character and judgement;** and for the **organizational distance**

Table 4  
Perspective Agreement

Construct	ICC-1. F	p. value
<b>Mutual Satisfaction</b>		
Q1: Some aspects of our working relationship could be better. (-)	.98	.53
Q7: Overall, we are both quite satisfied with our working relationship.	1.44	.03
<b>Mutual Perceived Equity</b>		
Q8: The relative benefits we get out of our relationship are consistent with the relative investment we put into it.	.93	.63
Q34: The distribution of rewards and recognition in our relationship is not fair (-)	1.01	.46
<b>Functionality of Conflict Resolution</b>		
Q27: What disagreements we do have tend to increase the productivity of our working relationship.	1.63	.01
Q33: What conflict there is in our relationship tends to be dysfunctional. (-)	1.13	.26
Q36: The way disputes are handled in our relationship serves to bring us closer together.	1.38	.05
Q39: Differences that arise between us are not well. (-)	1.84	.00
<b>Relationship-specific Investment</b>		
Q2: This rep and I have devoted a lot of time and energy to making our relationship work.	1.80	.00
Q25: We have made an effort to increase the amount of time we spend together.	1.63	.01
Q26: There is a lot of equity built up in our relationship that would be lost if our relationship ended.	1.11	.29
<b>Influence Acceptance</b>		
Q11: We are not very receptive to each other's influence attempts. (-)	1.04	.42
Q13: We try to accommodate each other when making decisions that affect joint (mutual) outcomes.	1.10	.31

Table 4 Con't

Construct	ICC-1. F	p. value
<b>Communication Openness</b>		
Q3: We frequently discuss accounts and opportunities.	1.68	.00
Q4: We tell each other things we wouldn't want others to know.	1.23	.13
Q23: We talk candidly with each other.	1.34	.07
Q24: We provide each other with timely information.	1.11	.29
<b>Control Reduction</b>		
Q12: We try not to influence each other's behaviour.	1.18	.19
Q16: We both try to use whatever power we have to get our own way. (-)	.97	.55
<b>Forbearance from Opportunism</b>		
Q5: There is some cheating and deceit in our relationship. (-)	1.42	.04
Q32: Sometimes we engage in opportunistic behaviour at each other's expense. (-)	1.23	.14
Q40: We always act in the spirit of cooperation.	1.59	.01
<b>Character</b>		
Q30: We can count on each other.	2.19	.00
<b>Role Competence</b>		
Q21: Neither of us has to be concerned about the other's technical skills and knowledge.	1.03	.44
Q31: We have complete confidence in each other's ability to interact with customers.	1.26	.19
<b>Judgement</b>		
Q17: We respect each other's judgement.	1.81	.00
<b>Motives/Intentions</b>		
Q15: There are few hidden agendas in our work together.	1.09	.31
Q20: Neither of us has to wonder about the purpose behind the other's behaviour.	1.03	.43

Table 4 Con't

Construct	ICC-I. F	p. value
<b>Mutual Perceived Interdependence</b>		
Q6: We both recognize that we need each other to accomplish our objectives.	1.11	.30
Q28: We are both dependent on the other to be successful.	1.57	.01
<b>Difference in Reputations for Professionalism</b>		
Q108: Reputation for professionalism.	1.61	.01
Q110: Ethical standards.	.98	.54
Q111: Customer orientation.	.96	.58
<b>Difference in Job Stability</b>		
Q109: Degree of turnover in sales positions.	1.61	.01
Q112: Length of time a rep typically stays in a territory (-).	1.38	.05
<b>Difference in Strategic Horizon</b>		
Q115: Concern with short-term strategy.	1.62	.01
Q117: Concern with short-term results.	1.42	.04
<b>Control System Incongruity</b>		
Q101: The reward/incentive programs of our firms are compatible and not at cross purposes. (-)	.12	1.00
Q103: The procedures and systems our firms have in place to control or influence our behaviours are not at cross purposes. (-)	.10	1.00
Q107: Differences in our reward systems get in the way of us working as a team.	.13	1.00
<b>Goal Incongruity</b>		
Q105: The goals of our organizations are consistent and compatible. (-)	.09	1.00
Q106: Our firms have different views on the best tactics to achieve our common goals.	.07	1.00

---

dimension of **strategic horizon** and **job stability**. One of the two relationship-level items tapping **mutual satisfaction** and **mutual perceived inter-dependence** also had significant agreement between Sponsor and Partner perspectives as did one of the three items tapping the difference in **reputations for professionalism**.

On examining the non-significant items relating to **mutual satisfaction**, **functionality of conflict resolution**, **relationship-specific investment**, and **forbearance from opportunism**, it appears the results may reflect item wording that respondents did not understand and could have interpreted differently. However, that all the relationship-level items relating to **mutual perceived equity**, **control reduction**, **influence acceptance**, **role competence**, **motives/intentions**, **control system incongruity**, and **goal incongruity** were non-significant, suggests Sponsor and Partner perspectives on these facets of their relationships may be quite different, rather than being reflective of item wording. With the exception of **influence acceptance** and **control reduction**, these facets of relationships were possibly more difficult to evaluate in terms of mutuality in that it is more difficult to know a partner's perspective on non-behavioral issues.

Because there were individual-level items available to measure most of the constructs where there was not agreement between Sponsor and Partner perspectives of relationship-level items, consideration was given to dropping the non-significant items rather than completely respecifying the model from the two different perspectives. However, this would have resulted in single indicators for the organizational differences of **reputations for professionalism**, **control system incongruity**, and **goal incongruity**, which in PLS implies perfect



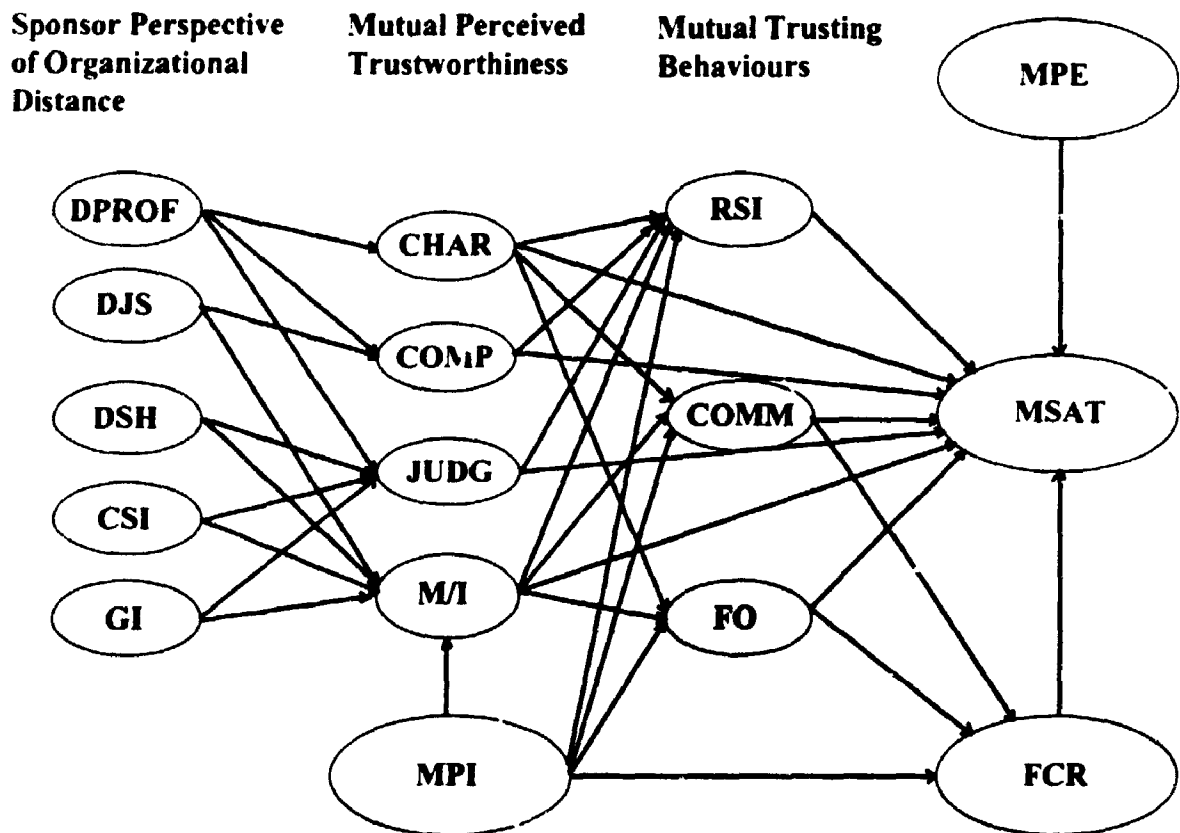
measurement. To avoid this undesirable situation, and because initial PLS runs found differences in Sponsor and Partner perspectives with respect to the other dimensions of organizational distance, the research model was respecified to reflect, separately, Sponsor and Partner perspectives on organizational distance.

### **5.3.3 Model Respecification**

With specification of separate constructs for the Sponsor and Partner perspectives on **organizational distance**, the number of constructs in the research model went beyond the specification limits of the personal computer version of PLS used in the analysis. Consequently two new models were specified; one incorporating Sponsor perceptions of organizational differences (Figure 5) and the other incorporating Partner perceptions of organizational differences (Figure 6). This splitting of perspectives meant that the individual-level items Q102 ("meeting my firm's objectives does not impair this rep's ability to meet his/her own firm's objectives") and Q104 ("When we work together on an account, I am incented to pursue different customer solutions than this rep") had to be dropped from the analysis.

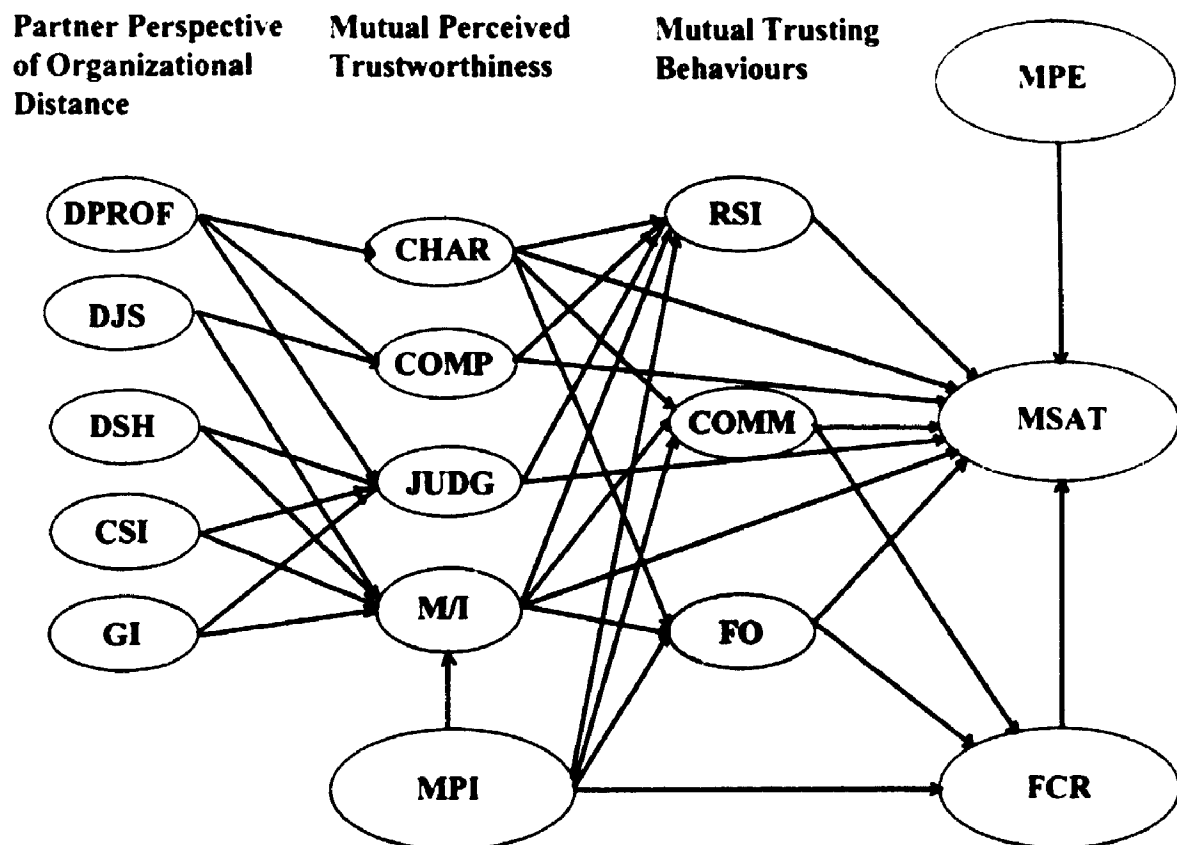
Two other changes were made in formulating the new research models. First, pre-test results indicated high correlations (above .60) between dimensions of **mutual perceived trustworthiness** and **mutual satisfaction**, suggestive of possible direct relationships not previously modeled. Such direct effects make sense from an exchange theory perspective in that partners are less likely to be satisfied with a relationship if either believe the other cannot be relied upon with confidence. Anderson and Narus's (1990) finding of a direct relationship between trust and

Figure 5  
Sponsor Model



DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motives/intentions; RSI= relationship-specific investment; COMM= communication openness; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

Figure 6  
Partner Model



DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motives/intentions; RSI= relationship-specific investment; COMM= communication openness; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

satisfaction in channel relationships provides illustrative empirical support for adding four hypotheses and hence paths to the models:

- H<sub>10a</sub>: Greater mutually perceived partner trustworthiness in terms of **character** will lead to greater mutual satisfaction of the selling partners.
- H<sub>10b</sub>: Greater mutually perceived partner trustworthiness in terms of **role competence** will lead to greater mutual satisfaction of the selling partners.
- H<sub>10c</sub>: Greater mutually perceived partner trustworthiness in terms of **judgement** will lead to greater mutual satisfaction of the selling partners.
- H<sub>10d</sub>: Greater mutually perceived trustworthiness in terms of **motives/intentions** will lead to greater mutual satisfaction of the selling partners.

Second, initial PLS analysis of the respecified research models would not run with the constructs **control reduction** and **influence acceptance** in the model as the latent variables died away during estimation. This suggests that the measurement properties of these constructs were extremely poor. Supporting this conclusion was the finding that with elimination of the relationship-level items tapping these constructs (due to differences in Sponsor and Partner perspectives), the resulting reliabilities (Cronbach's alpha) of these constructs dropped to less than .3. Consequently, these constructs were dropped from further analysis and only three dimensions of **mutual trusting behaviour** were included in the respecified research models.

### 5.3.4 Evaluation of Aggregation Methods

In the next step of the preliminary analysis, the alternative aggregation approaches for handling individual-level items (as illustrated in Exhibits 20, 21a, 21b, and 22) were compared and contrasted in terms of the normality of resulting distributions, reliability, and predictive validity. This analysis was heavily guided by the researcher as the literature provided no direction in terms of assessment criteria.

Three constructs were chosen on a convenience basis for the analysis: **mutual satisfaction (MSAT)**, **character (CHAR)**, and **relationship-specific investment (RSI)**. Twelve constructs were then produced by applying the four aggregation approaches to three sets of items (See Table 5 below). The prefixes "M", "C1", "C2", and "C3" in front of the constructs CHAR, RSI, and MSAT represent, respectively, the mathematical approach of Exhibit 20, the conceptual approach of Exhibit 21a, the second conceptual approach of Exhibit 21b, and the third conceptual approach of Exhibit 22.

The non-parametric Kolmogorov-Smirnov test was used to assess the normality of the distributions resulting from a summation of the scale items aggregated under the four approaches. This test was chosen over the Chi-Square test as it is more powerful (Siegal and Castellan 1988) and its assumption of ordinal data was satisfied. As illustrated in Table 5, the only aggregation approach that produced a distribution for MSAT not significantly different from the normal distribution, (at the .05 level), was the mathematical approach of Exhibit 20. Although all of the aggregation approaches produced distributions similar to the normal distribu-

tion for the other constructs, the mathematical approach produced the distribution closest to normal in each case.

Item reliability was assessed using Cronbach's alpha. As illustrated in Table 5, the four aggregation approaches produced fairly similar results. However, the mathematical approach consistently produced the highest alpha's and the highest alpha's when the poorest item in the scale was removed. The first conceptual approach produced the lowest reliability in all cases when the poorest item in the scale was removed.

To assess predictive validity, multiple regression analyses were conducted using summed scales of MSAT as the dependent construct, and entering summed scales of CHAR and RSI as independent constructs. The four approaches were then compared, using the variance explained ( $R^2$ ) as an indication of predictive validity. All four approaches explained similar variance, but the second conceptual approach explained the most, and the first conceptual approach the least. Together, this analysis produced inconclusive results and no single aggregation approach stood out as being the best, although all appeared reasonable. To confirm that this similarity in results held in the context of the causal models, the mathematical approach and the first conceptual approach were compared in terms of measurement parameter estimates. The two approaches produced differences in measurement estimates no greater than 0.03 and the direction of the differences was found not to be significant at the .05 level using the non-parametric sign test. As the mathematical approach of Exhibit 20 produced consistently good results across the decision criteria and is less open to criticism on conceptual grounds, it was adopted for the remainder of the analysis.

Table 5  
Aggregation Results

	M- CHAR	C1- CHAR	C2- CHAR	C3- CHAR	M- RSI	C1- RSI	C2- RSI	C3- RSI	M- MSAT	C1- MSAT	C2- MSAT	C3- MSAT
K-S Test of Normality												
Z	.66	.88	.99	1.0	.63	.75	1.0	1.0	1.3	1.4	1.6	1.9
2-tail p.	.77	.42	.28	.25	.83	.62	.24	.27	.07	.04	.01	.00
Reliability												
Alpha	.72	.69	.70	.68	.65	.66	.65	.66	.90	.88	.90	.89
Alpha*	.80	.75	.79	.80	.70	.69	.70	.71	.91	.90	.91	.91
Multiple Regression												
R <sup>2</sup>									.57	.55	.59	.57

\* Alpha when the poorest item in the scale was removed.

## 5.4 PLS Analysis and Results

As previously discussed, analysis of the two research models (Sponsor and Partner perspectives of **organizational distance**) followed the approach prescribed by Fornell and Larcker (1981), Fornell, Tellis, and Zinkhan (1982) for evaluating structural equation models using Lohmöller's (1981) Partial Least Squares algorithm. The PLS algorithm iteratively estimates two sets of parameters. Structural parameters represent the direct relationships, or paths, between unobserved constructs (latent variables). Measurement parameters represent epistemic relationships between observed items (manifest variables) and the constructs they measure. As previously discussed, these epistemic relationships can be specified as being **formative**, where unobserved constructs are indices defined by a linear combination of observed variables, or **reflective**, where the unobserved constructs give rise to the observed variables. Under either specification, unobserved constructs are defined in that they are specified as exact linear combinations of their measures. Error in measurement is assumed to be uncorrelated between constructs.

### 5.4.1 Model Specification

For PLS to estimate structural and measurement parameters, the direct and indirect relationships depicted in the research models (Figures 5 and 6), and the associated epistemic relationships relating items to constructs need to be specified. Structural equations can be formulated as:

$$\eta = \beta \eta + \Gamma \xi + \zeta$$



where  $\eta$  is an  $(m \times 1)$  column vector representing  $m$  endogenous constructs;  $\beta$  is an  $[m \times m]$  matrix of path coefficients ( $\beta_{ij}$ 's) relating endogenous constructs;  $\Gamma$  is an  $[m \times n]$  matrix of path coefficients ( $\gamma_{ij}$ 's) relating to endogenous to exogenous constructs;  $\xi$  is an  $[n \times 1]$  column vector of exogenous constructs; and  $\zeta$  is an  $[m \times 1]$  column vector of residuals. Table 6 shows the matrix of  $\Gamma$  and  $\beta$  coefficients representing hypothesized relationships (paths) in the research models of Figures 5 and 6 (one table can be used to represent the relationships in both models since the structural relationships are the same in each). While the subscripts on path coefficients usually indicate specific paths between ordered  $\eta$ 's and  $\xi$ 's, here for simplicity they represent the subscripts used in developing the research hypotheses. Although **mutual perceived equity** is an exogenous construct, it is placed next to the endogenous construct **mutual satisfaction** to be consistent with the model development and Figures. Reading across Table 6, one can specify the predictable part of the endogenous variables. The predictable part of **functionality of conflict resolution**, for example is:

$$\eta_8(\text{FCR}) = \gamma_7 \xi_6(\text{MPI}) + \beta_{4b} \eta_6(\text{COMM}) + \beta_{4d} \eta_7(\text{MFO}) + \zeta_8$$

Measurement equations for reflective epistemic relationships in PLS are specified as:

$$Y = \lambda_y \eta + e$$

$$X = \lambda_x \xi + \delta$$

where  $Y$  is a  $[p \times 1]$  vector of  $p$  measures of endogenous constructs;  $X$  is a  $[q \times 1]$  vector of  $q$  measures of exogenous constructs;  $\lambda_y$  is a  $[p \times m]$  matrix of factor

Table 6  
Structural Relationships

	$\xi_1$	$\xi_2$	$\xi_3$	$\xi_4$	$\xi_5$	$\xi_6$	$\eta_1$	$\eta_2$	$\eta_3$	$\eta_4$	$\eta_5$	$\eta_6$	$\eta_7$	$\xi_7$	$\eta_8$	$\eta_9$
	DPROF	DJS	DSH	CSI	GI	MPI	CHAR	COMP	JUDG	M/I	RSI	COMM	FO	MPE	FCR	MSAT
DPROF																
DJS																
DSH																
CSI																
GI																
MPI																
CHAR		$-\gamma_{\eta_1}$														
COMP		$-\gamma_{\eta_2}$	$-\gamma_{\eta_1}$													
JUDG		$-\gamma_{\eta_3}$	$-\gamma_{\eta_1}$	$-\gamma_{\eta_2}$												
M/I			$-\gamma_{\eta_2}$	$-\gamma_{\eta_1}$	$-\gamma_{\eta_2}$	$\gamma_6$										
RSI				$-\gamma_{\eta_2}$	$-\gamma_{\eta_1}$		$\beta_{\eta_1}$	$\beta_{\eta_2}$	$\beta_{\eta_3}$				$\beta_{\eta_4}$			
COMM										$\beta_{\eta_1}$	$\beta_{\eta_2}$					
FO										$\beta_{\eta_1}$						
MPE										$\beta_{\eta_1}$						
FCR												$\beta_{\eta_1}$	$\beta_{\eta_2}$			
MSAT							$\beta_{\eta_1}$	$\beta_{\eta_2}$	$\beta_{\eta_3}$	$\beta_{\eta_4}$				$\gamma_1$		$\beta_2$

DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motives/intentions; RSI= relationship-specific investment; COMM= communication openness; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

loadings (correlations) between measures and endogenous constructs;  $\lambda_x$  is a  $[q \times n]$  matrix of factor loadings (correlations) between measures and exogenous constructs; and  $e$  and  $\delta$  are  $[p \times 1]$  and  $[q \times 1]$  vectors of endogenous and exogenous measurement errors. For formative epistemic relationships, equations are specified as:

$$\begin{aligned}\eta &= \pi_y Y + \vartheta_y \\ \xi &= \pi_x X + \vartheta_x\end{aligned}$$

where  $\pi_y$  is an  $[m \times p]$  matrix of regression weights for endogenous constructs;  $\pi_x$  is an  $[n \times q]$  matrix of regression weights for exogenous constructs; and  $\vartheta_y$  and  $\vartheta_x$  are column vectors of inner residual scores, which are assumed to be equal to zero. Rather than illustrate these epistemic relationships in a Figure or present them in matrix form, Table 7 summarizes which questions were indicators for which constructs, and whether these relationships were specified as being formative or reflective. The five dimensions of **organizational distance** were measured with formative indicators. Items such as differences in "rep turnover" and differences in "territory turnover", for example, can be thought of as forming an index or giving rise to the unobserved constructs. As such, the indicators of dimensions of **organizational distance** define the constructs, rather than the observed variables being caused by the unobserved constructs. This formative specification is also consistent with Lohmöller's (1981) proposition that exogenous constructs be modeled with formative indicators in absence of theoretical knowledge. The other constructs in the model were measured with reflective indicators since the unobserved constructs can be thought of as giving rise to the observed items. This suggests that the observed behaviours and

Table 7  
Epistemic Relationships

Construct Relationships		# of Indicators	Questions	Epistemic
DPROF	(S)	2	QS108 <sup>1</sup> , QS111	Formative
DPROF	(P)	2	QP108 <sup>2</sup> , QP111	Formative
DJS	(S)	2	QS109, QS112	Formative
DJS	(P)	2	QP109, QP112	Formative
DSH	(S)	2	QS115, QS117	Formative
DSH	(P)	2	QP115, QP117	Formative
CSI	(S)	3	QS101, QS103, QS107	Formative
CSI	(P)	3	QP101, QP103, QP107	Formative
GI	(S)	2	QS105, QS106	Formative
GI	(P)	2	QP105, QP106	Formative
MPI		6	QS28, QP28, M44 <sup>3</sup> , M56, M67, M81	Reflective
CHAR		5	QS30 QP30 M66 M79 M87	Reflective
COMP		7	M73 M75 M76 M77 M82 M88 M90	Reflective
JUDGE		5	QS17 QP17 M84 M91 M94	Reflective
M/I		3	M65 M70 M80	Reflective
RSI		7	QS2 QP2 QS26 QP26 M42 M49 M89	Reflective
COMM		7	QS3 QP3 QS23 QP23 M51 M63 M95	Reflective
MFO		6	QS5 QP5 QS40 QP40 M61 M62	Reflective
FCR		6	QS27 QP27 QS36 QP36 QS39 QP39	Reflective
MPE		2	M47 M86	Reflective
MSAT		5	QS7 QP7 M41 M52 M53	Reflective

<sup>1</sup> Sponsor sales representative's perspective of Question 108

<sup>2</sup> Partner sales representative's perspective of Question 108

<sup>3</sup> Individual-level responses aggregated by the mathematical approach

expressions of feelings are driven by forces within the sales representatives and their partner relationship. Thus, **mutual satisfaction** is seen as the source behind observed responses to questions such as "I am happy with this relationship".

### 5.4.2 Measurement Model Evaluation

Prior to evaluating structural relationships and evidence for or against hypothesized relationships, the psychometric properties of the measures must be assessed. Measurement model parameters indicate how well manifest (observed) variables relate to the latent (unobserved) constructs from a variety of perspectives. Due to the possibility of formative indicator multicollinearity (Fornell and Bookstein 1982), indicator loadings were interpreted for all constructs. Loadings represent the correlation between individual indicators and their underlying constructs and are interpreted in the principal components tradition where a high loading indicates that an item contributes highly to the captured meaning of a construct. Analysis of the strength and pattern of loadings allows assessment of item reliability, composite reliability, construct validity and convergent validity. Assessment of discriminant validity requires an assessment of measurement results in relation to structural parameters.

Initial evaluation of the measurement models, as specified in Table 7, identified a discriminant validity issue for six of the constructs common to both the Sponsor and Partner models. Four items loaded more highly or almost as highly on other constructs in the model than on their intended constructs: QP17, M73, QP26, and QP3 (see Table 8). This result was not entirely unexpected given that: 1) many measurement items were original or adapted; 2) there could be some informant (perspective) bias despite attempts to minimize it in preliminary analysis; and, 3) many items related to constructs that were dimensions of higher-order constructs. As high cross-loadings may also inflate structural parameter estimates, these items were removed from the analysis, following Anderson (1987), before evaluating the

Table 8  
PLS Cross-Loadings

	DPROF	DJS	DSH	CSI	GI	MPI	CHAR	COMP	JUDG	MI	RSI	COMM	EQ	FCR	MPE	MSAT
QS17	-.25	-.44	-.23	-.27	-.34	.41	.55	.72	.57	.61	.36	.63	.62	.51	.48	.65
QP17	-.12	-.20	-.29	-.14	-.08	.53	.55	.68	.60	.62	.53	.58	.61	.57	.54	.67
M84	-.04	-.04	-.11	-.22	-.35	.44	.53	.72	.54	.49	.30	.44	.45	.32	.51	.53
M91	-.18	-.14	-.05	-.17	-.30	.41	.46	.75	.58	.48	.29	.49	.48	.47	.55	.53
M94	.25	-.03	-.23	-.27	-.40	.62	.69	.87	.71	.72	.41	.66	.72	.59	.68	.71
M73	-.25	-.31	-.26	-.07	-.18	.59	.66	.77	.80	.70	.56	.75	.60	.59	.57	.77
M75	-.23	-.24	-.06	-.08	-.19	.52	.46	.52	.73	.52	.51	.58	.34	.54	.47	.58
M76	-.22	-.17	-.15	-.03	-.13	.50	.46	.57	.78	.59	.52	.56	.38	.54	.47	.52
QS2	-.14	-.22	-.09	.08	-.09	.31	.12	.17	.28	.27	.62	.39	.14	.41	.14	.32
QP2	-.31	-.17	-.13	-.05	-.04	.55	.34	.41	.52	.43	.75	.53	.29	.51	.39	.57
QS26	-.25	-.36	-.23	-.02	-.28	.50	.37	.38	.43	.50	.65	.52	.32	.44	.31	.49
QP26	-.12	.05	-.08	-.04	-.01	.57	.28	.33	.49	.32	.60	.45	.25	.52	.34	.44
QS3	-.23	-.22	-.25	-.21	-.28	.45	.30	.35	.37	.42	.53	.63	.36	.45	.26	.48
QP3	-.17	.01	.02	-.05	.03	.46	.25	.32	.50	.35	.58	.53	.24	.52	.31	.45
QS23	-.29	-.33	-.28	-.26	-.30	.44	.57	.68	.51	.60	.41	.71	.61	.54	.47	.62
QP23	-.11	-.22	-.18	.03	-.05	.38	.37	.44	.54	.47	.47	.65	.39	.55	.41	.52

DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; MI= motives/intentions; RSI= relationship-specific investment; COMM= communication openness; FO= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

structural model. For the relationship-level items where one respondent's perspective resulted in high cross-loadings, both partner's perspectives were removed (e.g., both QP3 and QS3 were removed). This was to simplify interpretation of the captured meaning of constructs. Had only one of these items been removed, constructs would have been measured with the Sponsor perspective of some items and the Partner perspectives of others. This would have been inconsistent with the conceptual meaning of mutuality and it would not be clear what the resulting constructs represented.

Although the initial evaluation also identified items with low loadings, these were not removed from the analysis. Like factor loadings, PLS loading estimates indicate the captured meaning of constructs. Low loadings do not contribute as much to the meaning as high loadings but still contribute some. They also help define the meaning of constructs by contrast to high loadings. Hence they were retained. Low loadings also have little impact on structural parameter estimates. Thus there is no reason for removing them as there is for high cross-loadings. With these changes, the resulting measurement models demonstrated acceptable psychometric properties. Measurement results for the Sponsor and Partner models are presented in Table 9 and are discussed below.

Item reliability was assessed by examining the variance in an item shared with its associated construct (Fornell and Larcker 1981). With standardized variables this is simply  $\lambda^2$ , which should be greater than .50 if constructs explain more than half the variance in their indicators. For the Sponsor model, 22 of 63 loadings were less than .71 (and hence  $\lambda^2$  was less than .50). For the Partner model, 25 of 61 loadings were less than .71. Low and negative loadings can be a result of:

Table 9  
Measurement Results

Scale	Item/Description	Sponsor Model			Partner Model		
		Alpha	$\lambda$	AVE IC	Alpha	$\lambda$	AVE IC
DPROF		.63		.73 .84	.17	.53	.67
	Q108 Reputation			.85 <sup>1</sup>		.44 <sup>2</sup>	
	Q111 Customer orientation			.86		.93	
DJS		.73		.73 .84	.61	.32	.18
	Q109 Rep turnover			.99		-.24	
	Q112 Territory turnover			.69		.77	
DSH		.87		.86 .92	.86	.34	.43
	Q115 Focus on short term strategy			.99		.19	
	Q117 Focus on short term results			.86		.79	
CSI		.79		.52 .75	.73	.63	.83
	Q101 Incompatible incentives			.44		.72	
	Q103 Incompatible systems			.97		.84	
	Q107 Reward incongruence			.66		.81	
GI		.65		.73 .84	.23	.56	.71
	Q105 Goal incongruence			.76		.90	
	Q106 Difference in tactics			.94		.56	
MPI		.72		.45 .82	.72	.45	.82
	QS28 Both dependent on other			.49		.49	
	QP28 Both dependent on other			.56		.56	
	M44 <sup>3</sup> Provides unique access			.61		.61	
	M56 Less effective with another partner			.71		.71	
	M67 Partner perceives unique value			.71		.71	
	M81 Partner difficult to replace			.86		.86	
M/I		.72		.66 .85	.72	.66	.85
	M65 Among the most honest I know			.88		.88	
	M70 Would not use me if benefit			.70		.70	
	M80 Partner hasn't ulterior motives			.84		.85	



Table 9 Continued

Scale	Item/Description	<u>Sponsor Model</u>			<u>Partner Model</u>		
		Alpha	$\lambda$	AVE IC	Alpha	$\lambda$	AVE IC
JUDG		.80		.72 .88	.80		.71 .88
	M84 Rarely poor judgement			.81			.80
	M91 Unquestionable marketing skills			.83			.83
	M94 Appropriate decisions made			.90			.90
COMP		.88		.62 .91	.88		.63 .91
	M75 Partner knows hardware			.74			.74
	M76 Partner knows customer's business			.81			.81
	M77 Adapts to situations			.89			.88
	M82 Strong social skills			.76			.76
	M88 Partner knows the industry			.79			.80
	M90 Partner knows applications			.74			.75
CHAR		.76		.55 .86	.76		.55 .86
	QS30 We can count on each other			.77			.77
	QP30 We can count on each other			.66			.67
	M66 Partner is reliable			.85			.85
	M79 Partner is quite dependable			.85			.85
	M87 Partner follows through			.52			.52
RSI		.77		.52 .84	.77		.52 .84
	QS2 Have both devoted time/energy			.61			.61
	QP2 Have both devoted time/energy			.79			.79
	M42 I've tried to show interest			.52			.52
	M49 I've committed lots of resources			.75			.75
	M89 My partner has invested heavily			.87			.87
COMM		.73		.50 .83	.73		.50 .83
	QS23 We talk candidly			.75			.75
	QP23 We talk candidly			.64			.64
	M51 If have problem, tell partner			.55			.55
	M63 Partner is responsive			.83			.83
	M95 Partner doesn't withhold info			.72			.72

Table 9 Continued

Scale	Item/Description	<u>Sponsor Model</u>			<u>Partner Model</u>		
		Alpha	$\lambda$	AVE IC	Alpha	$\lambda$	AVE IC
<b>FO</b>		<b>.75</b>		<b>.45 .83</b>	<b>.75</b>		<b>.45 .83</b>
	QS5 No cheating in relationship			.62			.62
	QP5 No cheating in relationship			.54			.54
	QS40 Act in spirit of cooperation			.66			.66
	QP40 Act in spirit of cooperation			.70			.70
	M61 Not compromised the relationship			.71			.71
	M62 Partner actions not detrimental			.77			.77
<b>MPE</b>		<b>.57</b>		<b>.69 .82</b>	<b>.57</b>		<b>.69 .82</b>
	M47 Outcomes fair given my effort			.77			.77
	M86 Partner deserves what s/he gets			.89			.89
<b>FCR</b>		<b>.71</b>		<b>.41 .80</b>	<b>.71</b>		<b>.41 .80</b>
	QS27 Conflict aids productivity			.50			.50
	QP27 Conflict aids productivity			.61			.61
	QS36 Disputes bring us closer together			.65			.65
	QP36 Disputes bring us closer together			.66			.66
	QS39 Differences worked out well			.65			.65
	QP39 Differences worked out well			.73			.73
<b>MSAT</b>		<b>.84</b>		<b>.64 .90</b>	<b>.84</b>		<b>.64 .90</b>
	QS7 Both quite satisfied (S)			.62			.62
	QP7 Both quite satisfied (P)			.69			.69
	M41 Happy with this relationship			.92			.92
	M52 R'ship good relative to others			.91			.91
	M53 Happy with partner's contribution			.82			.82

<sup>1</sup> Sponsor sales representative's perspective of Question 108<sup>2</sup> Partner sales representative's perspective of Question 108<sup>3</sup> Individual-level responses aggregated by the mathematical approach

a) random error in measurement, b) multidimensionality in the constructs, or c) a methods effect where some items in a scale are measured differently than others (Barclay 1986).

For dimensions of **organizational distance**, where all items were at the relationship-level, low loadings are likely due to multidimensionality. In each case of a low or negative loading, the corresponding loading from the other perspective (Sponsor or Partner model) was relatively high. This suggests that the item itself is not unreliable but that the items load on different constructs for the Sponsor and Partner perspectives. For example, Partner sales representatives perceived a difference in organizational goals (Q105) but to a lesser extent tactics (Q106) while Sponsor sales representatives perceived a difference in tactics but to a lesser extent a difference in organizational goals. As a second example, sales representative turnover (Q109) was only a concern of Sponsor sales representatives. These findings suggest that Sponsor and Partner perspectives of **organizational distance** are indeed different on some dimensions. This likely reflects a difference in the relative size of the Sponsor and Partner firms in the study, but also suggests that the constructs may mean different things to different respondents.

For the rest of the constructs, which were common to both models, 16 of the 22 items with low loadings were relationship-level items. Thus aggregated individual-level items were found to have more in common with each other than with the relationship-level items. This is not too surprising given that responses to relationship-level items required an estimate by respondents of their partner's feelings or perceptions which may not have been accurate. It was encouraging, however, that the loadings on relationship-level items were not a lot lower than the loadings

on aggregated individual-level items, as this suggests the two methods were generally measuring the same construct. However, these results do suggest a need for collecting dyadic individual-level data, when possible, rather than relying solely on key-informant data.

Convergent validity was assessed using Fornell and Larcker's (1981) guidelines that the average variance explained in items by their respective constructs (AVE) be greater than the variance due to measurement error. Calculated as the average squared loading of items measuring a construct, AVE should be greater than .50. Three of the 11 constructs common to the Sponsor and Partner models did not meet this criteria: **mutual perceived interdependence**, **forbearance from opportunism**, and **functionality of conflict resolution**. In each case AVE would have been greater than .50 if the poorest item had been removed from the analysis. AVE was also less than .50 for Partner perspectives of differences in **job stability** and differences in **strategic horizons** due to a low loading on each. For the reasons described in the preliminary analysis, poor items were not removed.

The composite reliability of related items was assessed using Fornell and Larcker's (1981) formula for internal consistency (see IC in Table 9). This approach is similar to Cronbach's alpha (Cronbach 1951), but where Cronbach assumes equally weighted items (loadings of unity), Fornell and Larcker incorporate PLS loading estimates. Internal consistency was evaluated against Nunnally's (1978) criteria of .70 for exploratory research. The measures of three constructs did not meet this criteria; Partner perspectives of differences in **reputations for professionalism**, **job stability**, and **strategic horizon**. All three of these constructs had two indicators, one of which was low or negative,

suggestive of multidimensionality. As previously suggested, these results may be indicative of the relative sizes of the sponsor and partner organizations. Partner respondents were evaluating one of two sponsor organizations. Thus the items with low loadings may reflect issues, such as sales representative turnover, that do not apply as much to large organizations as to smaller ones.

Finally, discriminant validity, the extent to which constructs are unique and differ from others in the model, was assessed in two ways. First, correlations between constructs should be significantly different from unity. As evident from the structural results (Table 10 for the Sponsor model and Table 11 for the Partner model) some of correlations between constructs were as high as .80, but all were found to be significantly different from unity (at the .001 level) using Fisher's Z transformation. Second, the variance shared between two constructs ( $\gamma^2$  or  $\beta^2$ ) should be less than AVE, the variance shared between either construct and its measures (Fornell and Larcker 1981; Fornell, Tellis, and Zinkhan 1982). In all cases AVE was greater than  $\gamma^2$  or  $\beta^2$ . Consequently the models demonstrated discriminant validity.

As indicated by the generally consistent PLS loading patterns, the intended meaning of the constructs common to the Sponsor and Partner models was captured by their indicators. As previously discussed, however, differences in meaning were observed between the models for the dimensions of **organizational distance**.

For **reputations for professionalism**, differences in "customer orientation" was captured in the Partner perspective, but not differences in "reputations". This

reflects a significant difference in the Sponsor and Partner means on the "reputation" item Q108 ( $p < .001$ ). Both Partner and Sponsor respondents thought that the sponsor firms had stronger reputations for professionalism, but Sponsor respondents thought so to a greater extent.

A difference in the meaning of **job stability** was also captured in the two models. "Sales representative turnover" (Q109) was captured to a greater extent than "territory turnover" (Q112) in the Sponsor model ( $\lambda = .99$  vs  $.69$ ), but "sales representative turnover" was not captured in the Partner model ( $\lambda = -.24$ ). This is interesting since the Partner mean scores on both these items were greater than the Sponsor scores ( $p < .07$  and  $p < .001$ , respectively), which suggests Partner sales representatives perceive their Sponsor partners as having less job stability. The loadings, however, suggest that Sponsor sales representatives are more concerned with "sales representative turnover", and Partner sales representatives more concerned with "territory turnover" when evaluating partner trustworthiness.

For **strategic horizon**, a difference in "short term strategy" (Q115) was captured in the Sponsor model ( $\lambda = .99$ ) but not in the Partner model ( $\lambda = .19$ ). Since the mean scores and variance on these items were not significantly different, these results suggest that Partner respondents perceive sponsor firm focus on short term strategy in a different light than focus on short term results.

Finally, the captured meaning of **goal incongruity** was primarily a perceived difference in "tactics" (Q106) in the Sponsor model ( $\lambda = .94$ ) and "goals" (Q105) in the Partner model ( $\lambda = .90$ ). This is interesting in that the mean scores for Q106 suggest both Sponsor and Partner respondents thought that the goals of the

organizations were consistent and compatible. There was a significant difference ( $p < .02$ ) in the mean responses to Q105, however, as Sponsor respondents thought that the tactics that the firms used were different but Partner respondents did not.

Analysis of the measurement models suggests that while improvement could be made in refining the measures for future research, the psychometric properties of the measurement models generally met suggested guidelines and were similar to the results of other PLS studies (e.g., Duxbury and Higgins 1991; Qualls 1987). Consequently, the measurement results were deemed sufficient to interpret structural parameter estimates. Such interpretation of structural model parameters must be conducted carefully in light of the meaning captured by the measurement model (Fornell, Tellis, and Zinkhan 1982).

### 5.4.3 Structural Model Evaluation

Evaluation of PLS structural parameter estimates is conducted at two levels: nomological validity and hypothesis testing. Nomological validity, the extent to which the theoretical network is verified (Bagozzi 1981), can be assessed by examining three factors: the variance explained ( $R^2$ ) in endogenous constructs, especially **mutual satisfaction**; the signs of path coefficients; the significance of path coefficients (Fornell and Robinson 1983); and Fornell and Larcker's (1981) measure of redundancy.

#### Explanatory Power

As shown in Tables 10 and 11, the variance in **mutual satisfaction** explained by

the models was high ( $R^2=.83$  for both models). This is well above norms for social science research, even considering the number of predictors in the models. Previous research, however, has found strong correlations between trust and satisfaction. Anderson and Narus (1990), for example, found a correlation of  $r=.63$  between trust and satisfaction with channel relationships. Thus the results seem to suggest that important predictors of **mutual satisfaction** were identified in the models. However, two other factors may have also contributed to the high  $R^2$ . First, attempts to minimize the effects of assimilation and attribution in the survey design may not have been entirely successful. Respondents may have tried to align their attitudes and beliefs to be consistent with reported behaviours. They might also have had their own implicit theories of what makes for effective relationships and responded in a fashion consistent with their theories. Second, the manipulation of having half the first stage respondents identify a successful relationship and the other half a relationship that has had little or no success, may have inflated the variance explained.

While a variety of factors may have contributed to the high variance explained in **mutual satisfaction**, the cross-loadings (see Table 12) of the two items with the highest loadings on this construct, M41 (I am happy with this relationship") and M52 ("Compared to other working relationships I've known or heard about, the one I have with this rep is quite good"), could account for up to 16% of the variance explained.

It is not clear whether assimilation or attribution account for these cross-loadings, or whether they are indicative of strong relationships between modeled constructs. However, as will be subsequently discussed, the results of the study are not highly



Table 10  
Structural Results: Sponsor Model

	$\xi_1$	$\xi_2$	$\xi_3$	$\xi_4$	$\xi_5$	$\xi_6$	$\eta_1$	$\eta_2$	$\eta_3$	$\eta_4$	$\eta_5$	$\eta_6$	$\eta_7$	$\xi_7$	$\eta_8$	$\eta_9$
	DPROF	DJS	DSH	CSI	GI	MPI	CHAR	COMP	JUDGE	MI	RSI	COMM	MFO	MPE	FCR	MSAT
DPROF	.24 <sup>a</sup>	.16	.01 <sup>a</sup>	.06 <sup>a</sup>	-.23	-.20	-.22	.20	-.20	-.26	-.31	-.21	-.18	-.19	-.29	
DJS	..	.46	-.11 <sup>a</sup>	-.03 <sup>a</sup>	-.16 <sup>a</sup>	-.26	-.23	-.08 <sup>a</sup>	-.26	-.27	-.37	-.22	-.10 <sup>a</sup>	-.21	-.28	
DSH	..	..	-.03 <sup>a</sup>	.09 <sup>a</sup>	-.32	-.30	-.19	-.16	-.39	-.24	-.33	-.26	-.15 <sup>a</sup>	-.27	-.30	
CSI	..	..	..	..	.56	-.23	-.17	-.11 <sup>a</sup>	-.26	-.20	.00 <sup>a</sup>	-.20	-.37	-.24	-.21	
GI	..	..	..	..	..	-.29	-.24	-.42	-.32	-.10 <sup>a</sup>	-.32	-.32	-.38	-.33	-.18	
MPI	..	..	..	..	..	..	.69	.71	.59	-.65	.68	.59	.54	.59	.65	
CHAR	-.20	..	..	..	..	..	..	.73	.68	.74	.57	.77	.74	.60	.66	
COMP	-.17	-.19	..	..	..	..	..	..	.69	.63	.61	.71	.56	.65	.65	
JUDGE	-.16	..	-.11	-.06 <sup>a</sup>	-.37	..	..	..	..	.67	.38	.67	.67	.69	.56	
MI	..	-.11	-.15	-.01 <sup>a</sup>	-.15	.54	..	..	..	..	.43	.73	.76	.65	.51	
RSI	..	..	..	..	..	.50	.22	.30	-.19	-.11	..	.58	.34	.40	.64	
COMM	..	..	..	..	..	+.03 <sup>a</sup>	.50	..	..	.34	..	..	.70	.61	.70	
MFO	..	..	..	..	..	-.07	.42	..	..	.50	..	..	..	.65	.62	
MPE	..	..	..	..	..	..	..	..	..	..	..	..	..	..	.59	
FCR	..	..	..	..	..	.33	..	..	..	..	..	..	..	..	..	
MSAT	..	..	..	..	..	..	.21	-.05	.10	.04	.26	.17	.07	.21	.11	
Variance Explained (R <sup>2</sup> )		.49	.22	.08	.04	.52	.65	.65			.59	.83				

<sup>a</sup> path coefficients below the diagonal, latent variable correlations above.  
<sup>b</sup> .. = not hypothesized  
<sup>c</sup> Not significant at the .05 level

Table 11  
Structural Results: Partner Model

	$\xi_1$	$\xi_2$	$\xi_3$	$\xi_4$	$\xi_5$	$\xi_6$	$\eta_1$	$\eta_2$	$\eta_3$	$\eta_4$	$\eta_5$	$\eta_6$	$\eta_7$	$\xi_7$	$\eta_8$	$\eta_9$
	DPROF	DIS	DSH	CSI	GI	MPI	CHAR	COMP	JUDGE	MI	RSI	COMM	MFO	MPE	FCR	MSAT
DPROF	..	.24 <sup>a</sup>	.18	.22	.14	-.20	-.16	-.20	-.27	-.15	-.07 <sup>a</sup>	-.07 <sup>a</sup>	-.17	-.18	-.17	-.19
DIS	.. <sup>b</sup>	..	.03 <sup>a</sup>	.15	.07 <sup>a</sup>	-.23	-.26	-.12 <sup>a</sup>	-.30	-.24	-.02 <sup>a</sup>	-.25	-.22	-.21	-.07 <sup>a</sup>	-.19
DSH	..	..	..	.29	.04 <sup>a</sup>	-.02 <sup>a</sup>	-.01 <sup>a</sup>	-.03 <sup>a</sup>	-.20	-.01 <sup>a</sup>	.04 <sup>a</sup>	.01 <sup>a</sup>	.00 <sup>a</sup>	.05 <sup>a</sup>	.02 <sup>a</sup>	.02 <sup>a</sup>
CSI	..	..	..	..	.65	-.28	-.36	-.30	-.28	-.41	-.17	-.28	-.31	-.32	-.17	-.30
GI	..	..	..	..	..	-.28	-.34	-.30	-.18	-.28	-.17	-.27	-.25	-.27	-.22	-.24
MPI	..	..	..	..	..	..	.69	.71	.59	.65	.68	.60	.54	.59	.65	.75
CHAR	-.16	..	..	..	..	..	..	.73	.68	.74	.57	.77	.74	.60	.67	.80
COMP	-.18	-.07 <sup>a</sup>	..	..	..	..	..	..	.69	.62	.61	.71	.55	.65	.66	.73
JUDGE	-.21	..	-.11	-.18	-.03	..	..	..	..	.67	.38	.67	.67	.70	.56	.71
MI	..	-.06 <sup>a</sup>	.09	-.32	.08	.57	..	..	..	..	.43	.73	.76	.65	.51	.72
RSI	..	..	..	..	..	.50	.22	.30	-.19	-.11	..	.58	.34	.40	.64	.68
COMM	..	..	..	..	..	+.03 <sup>a</sup>	.49	..	..	.34	..	..	.70	.61	.70	.80
MFO	..	..	..	..	..	-.07	.42	..	..	.50	..	..	..	.65	.62	.71
MPE	..	..	..	..	..	..	..	..	..	..	..	..	..	..	.59	.75
FCR	..	..	..	..	..	.33	..	..	..	..	..	..	.39	.16	..	..
MSAT	..	..	..	..	..	..	.21	-.05	.10	.04	.26	.17	.07	.21	.11	..
Variance Explained (R <sup>2</sup> )		.49	.13	.04	.03	.52	.65	.65		.59	.83					

<sup>a</sup> path coefficients below the diagonal, latent variable correlations above.  
<sup>b</sup> .. = not hypothesized  
<sup>c</sup> Not significant at the .05 level

dependent on these two items. Item loadings and path coefficients relating other constructs in the models do not change. Only the relative importance of predictors of mutual satisfaction are affected by including these items in the analysis, and there is not sufficient justification for their removal.

Although the models were not specified to maximize prediction of other endogenous constructs, much of their variance was also explained. Interestingly, dimensions of **organizational distance** were relatively strong predictors of **motives/intentions** ( $R^2=.49$ ) but not of the other dimensions of **mutual perceived trustworthiness**. This suggests that other factors, such as perhaps direct experience with a partner, may be more important than organizational differences for assessing trustworthiness in terms of character, competence, and judgement. The relatively high variance explained for dimensions of **mutual trusting behaviour** ( $R^2>.52$ ), and the finding of discriminant validity among the constructs, supports the conceptual distinction made between perceived trustworthiness and trusting behaviour.

### Path Coefficients

With the exception of some interesting differences relating to dimensions of **organizational distance**, path coefficient parameter estimates were identical for the Sponsor and Partner models (Table 10 and 11). In both models, all but three path coefficients were found to be significant at the .05 level using Fornell and Barclay's (1983) jackknifing algorithm. This non-parametric technique provides standard errors which tend to be more conservative and less biased than traditional parametric statistics (Achen 1982). Three of the 32 significant path

Table 12  
Mutual Satisfaction Cross-Loadings

Original Model <sup>1</sup>		R <sup>2</sup> (mutual satisfaction) = .83															
		DPROF	DJS	DSH	CSI	GI	MPI	CHAR	COMP	JUDG	M/I	RSI	COMM	EQ	MPE	FCR	MSAT
QS7	-.24	-.20	-.09	-.21	-.31	.41	.47	.43	.42	.42	.41	.39	.44	.43	.48	.42	.62
QP7	-.08	-.06	-.13	-.09	-.04	.53	.49	.41	.42	.36	.36	.43	.41	.38	.46	.56	.69
M41	-.23	-.31	-.41	-.19	-.29	.67	.80	.66	.67	.76	.60	.60	.78	.75	.69	.68	.92
M52	-.27	-.33	-.32	-.15	-.19	.70	.78	.73	.66	.66	.66	.68	.82	.66	.63	.68	.91
M53	-.32	-.16	-.16	-.18	-.24	.65	.59	.64	.59	.58	.58	.57	.64	.52	.60	.62	.82

Items M41, M52 Removed<sup>2</sup> R<sup>2</sup> (mutual satisfaction) = .67

	DPROF	DJS	DSH	CSI	GI	MPI	CHAR	COMP	JUDG	M/I	RSI	COMM	EQ	MPE	FCR	MSAT
QS7	-.24	-.20	-.09	-.21	-.31	.41	.47	.43	.42	.41	.39	.44	.43	.48	.42	.63
QP7	-.08	-.06	-.13	-.09	-.04	.53	.49	.41	.42	.36	.43	.41	.38	.47	.56	.77
M53	-.32	-.16	-.16	-.18	-.24	.65	.59	.64	.59	.58	.57	.64	.53	.59	.62	.87

<sup>1</sup> Sponsor and Partner model results were identical. <sup>2</sup> Other measurement and structural results were identical to the original model.  
 DPROF= difference in reputations for professionalism; DJS= difference in job stability; DSH= difference in strategic horizon; CSI= control system incongruence; GI= goal incongruence; MPI= mutual perceived interdependence; CHAR= character; COMP= role competence; JUDG= judgement; M/I= motive/intention; RSI= relationship-specific investment; COMM= communication openness; F/O= forbearance from opportunism; FCR= functionality of conflict resolution; MPE= mutual perceived equity; MSAT= mutual satisfaction.

coefficients in the Sponsor model, and five of the significant path coefficients in the Partner model were in the direction opposite to that hypothesized. Thus evidence was found to support most of the research hypotheses.

### Redundancy

Redundancy is the amount of variance explained in the measures of an endogenous construct by the set of predictor constructs indirectly related to the measures (Barclay 1986). Calculated as the product of the variance explained in the endogenous construct ( $R^2$ ) and its AVE, the redundancy coefficient provides some indication of overall appropriateness of the model in explaining what was observed with respect to the endogenous construct. The redundancy for **mutual satisfaction** was found to be .53 in both the Sponsor and Partner models. This was found to be significant (at  $p < .001$ ) using Miller's F-statistic (Fornell and Larcker 1981). Although this suggests that key determinants of **mutual satisfaction** may be represented in the models, it does not provide an indication of model fit. Unlike LISREL, PLS does not attempt to minimize residual covariance and hence there is no summary statistic to measure the overall fit of the models.

These three attributes of the models: the high variance explained, the signs and significance of the path coefficients, and the redundancy of **mutual satisfaction**, support the conclusion that the models have nomological validity. Having found the psychometric and nomological properties of the models to be adequate, direct and indirect support for hypotheses can now be assessed.

#### 5.4.4 Direct and Total Effects

Path coefficients, interpreted like standardized regression coefficients, indicate the strength of direct relationships between constructs. The sign, size, and significance of path coefficients can thus be used as evidence to support or reject hypotheses. Since paths are imbedded in a nomological network which places constraints on parameter estimates, evidence in support of hypothesized relationships provides some support for causal attributions. Total effects, the sum of the direct and indirect effects, indicate how important a predictor is within the nomological network. A construct could have a low or non-significant direct effect on another construct but still be a key determinant by its effect through intervening constructs. Table 13 summarizes the direct and total effects of antecedent constructs on the endogenous constructs in the models. Where there are no indirect effects, and thus the direct equals the total, the direct effect is not repeated and the total effect is marked with a ".". As the results are the same for the constructs common to the Sponsor and Partner model, only the results pertaining to the dimensions of **organizational distance** are illustrated for the Partner model. These results and their implications are discussed below.

#### Mutual Satisfaction

The predictors of **mutual satisfaction** explained 83% of the variance in the construct. All of the path coefficients were significant at the .05 level, and only one was not in the direction hypothesized. Although all the predictors of **mutual satisfaction** were modest, the most important of these were: **relationship-specific investment** ( $\beta_x=.26$ ), **mutual perceived equity** ( $\gamma_1=.21$ ), **character**

Table 13  
Direct and Total Effects

Antecedent	CHAR		COMP		JUDG		M/I		RSI		COMM		FO		FCR		MSAT		
	D	T <sup>a</sup>	D	T	D	T	D	T	D	T	D	T	D	T	D	T	D	T	
DPROF (S)																			
DJS (S)																			
DSH (S)																			
CSI (S)																			
GI (S)																			
MPI																			
CHAR																			
COMP																			
JUDG																			
M/I																			
RSI																			
COMM																			
FO																			
MPE																			
FCR																			
DPROF (P)																			
DJS (P)																			
DSH (P)																			
CSI (P)																			
GI (P)																			

<sup>a</sup> Direct Effects; <sup>b</sup> Total Effects; <sup>c</sup> Not significant; (S) = Sponsor Model; (P) = Partner Model; Construct abbreviations as on previous Tables; Bold numbers indicate large indirect effects.

( $\beta_{10a}=.21$ ), and **communication openness** ( $\beta_{3c}=.17$ ), followed by **functionality of conflict resolution** ( $\beta_2=.11$ ) and **judgement** ( $\beta_{10c}=.10$ ). Weaker direct predictors were found to be **forbearance from opportunism** ( $\beta_{3d}=.07$ ), **motives/intentions** ( $\beta_{10d}=.04$ ). Thus evidence was found in support of hypotheses:  $H_1$ ,  $H_2$ ,  $H_{3a}$ ,  $H_{3c}$ ,  $H_{3d}$ ,  $H_{10a}$ ,  $H_{10c}$ , and  $H_{10d}$ . Contrary to hypothesis  $H_{10b}$ , the relationship between **role competence** and **mutual satisfaction** was not significantly greater than zero ( $\beta_{10b}=-.05$ ). With one exception, the relative importance of the predictors was found to be similar when total effects were considered: **character** was found to have an indirect effect ( $\beta_1=.20$ ) on **mutual satisfaction** through the intervening constructs **relationship-specific investment, communication openness, and forbearance from opportunism**. In general, the dimensions of **organizational distance** had relatively low indirect effects on **mutual satisfaction**, with differences in **reputations for professionalism** being the only dimension with an empirically relevant impact (.10 in the Sponsor model and .08 in the Partner model).

These results, consistent with the works of Wilson and Mummalaneni (1988) and Anderson and Weitz (1989), support exchange theory and transaction cost theory notions that relationship-specific investment and communication openness are key to strong working relationships. That **character** has both strong direct and indirect effects on **mutual satisfaction** suggests it is particularly critical for partners interested in building strong relationships to demonstrate their own reliability and dependability. The unexpected negative path coefficient between **role competence** and **mutual satisfaction** ( $H_{10b}$ ) is difficult to interpret, particularly when a positive relationship between these constructs was found when total effects were considered. Perhaps, other facets being equal, sales representatives



may not want their partners to be too competent as there is an element of competition within the relationship for control of the customer relationship. Similarly, the total effects of **motives/intentions** indicate that this dimension of **mutual perceived trustworthiness** is worthy of attention by partner sales representatives. Together the dimensions of **mutual perceived trustworthiness** were found to be key determinants of **mutual satisfaction**, but primarily by their indirect effects on **mutual trusting behaviours**. Interestingly, dimensions of **organizational distance** did not play much of a role in predicting **mutual satisfaction**. The results suggest, however, that managers and sales representatives should consider the professional reputations and customer orientation of prospective partner organizations. That the other dimensions had little impact on **mutual satisfaction** may be a result of the model specifications where **character** was found to be a key determinant of **mutual satisfaction** and only **reputations for professionalism** was hypothesized as a determinant of the extent partners perceived each other as being of trustworthy character.

These results also add to the growing evidence that **functionality of conflict resolution** is important for strong working relationships (e.g., Anderson and Narus 1990). That **mutual perceived equity** was found to be an important predictor of **mutual satisfaction** adds to the work of Oliver and Swan (1989) and Anderson and Weitz (1992) that suggest fairness is a critical concept in effective working relationships. Finally, while a direct relationship between **mutual perceived interdependence** and **mutual satisfaction** was not hypothesized, there was a moderate indirect effect (.23) which suggests that recognizing each other's value may be an important determinant of the **mutual satisfaction** of selling partners.

Interestingly, when the **mutual satisfaction** items M41 and M52 were removed from the analysis, the direct effects of **functionality of conflict resolution** and **mutual perceived equity** went up to .23 from .11 and to .28 from .21, respectively. The direct effects of **character** and **communication openness** went down to .16 from .21 and to .02 from .17, respectively. With the exception of **communication openness**, only the relative importance of predictors was affected by modifying the measurement model. That **communication openness** went from a modest to relatively weak direct predictor of **mutual satisfaction** suggests a sensitivity due to cross loadings and the relatively strong relationship between **communication openness** and **functionality of conflict resolution**. Thus there is a need for further research on the relationship between these two constructs. The other results of the study did not change with this change in the measurement model.

### Functionality of Conflict Resolution

Predictors of **functionality of conflict resolution** explained 59% of the variance in the construct. **Communication openness** was found to be the most important direct determinant ( $\beta_{4b}=.39$ ), which is consistent with the findings of Anderson and Narus (1990) and Anderson and Weitz (1989) that open communication fosters functional conflict resolution. As expected, **mutual perceived interdependence** and to a lesser extent **forbearance from opportunism** were also found to be key determinants ( $\gamma_7=.33$  and  $\beta_{4d}=.16$ , respectively). These results provide evidence in support of hypotheses  $H_{4b}$ ,  $H_{4d}$ , and  $H_7$ . When indirect effects were considered, **mutual perceived interdependence** became the most important determinant of **functionality of conflict resolution** (.45). Thus to factor

functional conflict resolution, partner sales representatives should be made aware of their interdependence, or interdependence should be increased; and they should be open in their communication. **Character** and **motives/intentions**, not hypothesized to relate to **functionality of conflict resolution** directly, were found to have modest positive indirect impacts, suggesting that reliability, dependability, and integrity indirectly provide a foundation for functional conflict resolution. Dimensions of **organizational distance** did not have much of an indirect impact on **functionality of conflict resolution** at all, as the greatest indirect effect, relating to **control system incongruity**, was found to be  $-.05$  in the Sponsor model and  $.07$  in the Partner model. That **control system incongruity** had this positive indirect effect is somewhat surprising, but may indicate that differences in reward and incentive programs are less problematic for working relationships than differences in monitoring and control systems.

### Relationship-specific Investment

Fifty-two percent of the variance in **relationship-specific investment** was explained by modeled constructs. The strongest predictors were found to be **mutual perceived interdependence** ( $\gamma_{s2} = .50$ ), **role competence** ( $\beta_{s2} = .30$ ), and **character** ( $\beta_{s3} = .22$ ) which provides evidence in support of hypotheses  $H_{s1}$ ,  $H_{s2}$ , and  $H_{s3}$ . The finding that **mutual perceived interdependence** is strongly related to **relationship-specific investment** is consistent with Heide and John's (1988) discussion of dependence theory and transaction cost theory. Although Heide and John argue that investment leads to increased dependency in relationships, the opposite causation also makes sense in that **mutual perceived interdependence** provides a safe environment for **relationship-specific investment**.

Being able to rely on the character and competence of a partner also provides such an environment.

Interestingly, evidence was found to reject hypotheses  $H_{3a3}$  and  $H_{3a4}$  as the path coefficients relating **judgement** and **motives/intentions** to **relationship-specific investment** were found to be negative ( $\beta_{3a3} = -.19$  and  $\beta_{3a4} = -.11$ , respectively). One explanation for this result is that of dependence balancing in safeguarding relationship-specific investments. Heide and John (1988) found that specific investments in agency-principal relationships increase the degree to which offsetting investments are undertaken to balance the risk of dependency. In this context, partners that can trust each other's judgement and motives/intentions may be motivated to reduce their dependency by engaging in offsetting investments in other relationships. The results also make post-hoc sense from an achievement perspective in that resources are scarce, and if partners can trust each other to make correct decisions that do not compromise each other's positions, those scarce resources are better spent in the development or maintenance of other relationships.

Dimensions of **organizational distance** were found to have very modest indirect effects on **relationship-specific investment** through the intervening dimensions of **mutual perceived trustworthiness**. Of these, **goal incongruity** in the Sponsor model and **control system incongruity** in the Partner model had the greatest effects (.09 and .07, respectively). These effects were positive due to the negative direct relationships involving the intervening constructs **judgement** and **motives/intentions**.

### Communication Openness

Predictors of the mutual trusting behaviour **communication openness** explained 65% of its variance. **Character** and **motives/intentions** were found to be the strongest determinants ( $\beta_{sc1}=.50$  and  $\beta_{sc2}=.34$ ), evidence in support of  $H_{sc1}$  and  $H_{sc2}$ . The hypothesized direct relationship between **mutual perceived interdependence** and **communication openness** was not supported as the direct path coefficient ( $\gamma_{sc}=.03$ ) was not significant at the .05 level. The indirect effect, however, was found to be stronger (.19), suggestive that interdependence may facilitate communication openness by making partners more aware that they can trust each other's **motives/intentions**. Thus, it appears particularly important for building strong relationships that partners communicate or demonstrate that they have no hidden agendas or ulterior motives in their actions. Indirect effects also indicated that the organizational difference of **reputations for professionalism** had a very modest negative impact on communication openness in both models (-.10 in the Sponsor model, and -.08 in the Partner model), as did **control system incongruity** in the Partner model (-.11), through the intervening constructs **character** and **motives/intentions**. This latter result suggests that Partner sales representatives are somewhat sensitive to differences in reward and incentive programs and their impact on the motives and intentions of their partners.

### Forbearance from Opportunism

Similar results to those of communication openness were found for the mutual trusting behaviour **forbearance from opportunism** as predictors explained 65%

of the variance in the construct. **Character** and **motives/ intentions** were found to be strongest determinants having direct effects of  $\beta_{se1}=.42$  and  $\beta_{se2}=.50$ , respectively, and no indirect effects. This is evidence in support of hypotheses  $H_{se1}$  and  $H_{se2}$  which suggest that sales representatives are more likely to forbear from opportunism when partners are perceived as being honest, reliable, and unlikely to take advantage of a situation. Simply, they are less likely to cheat if they think their partner will not cheat.

Interestingly, the hypothesized positive relationship between **mutual perceived interdependence** and **forbearance from opportunism** ( $H_{se}$ ) was not supported as the direct path coefficient was found to be negative ( $\gamma_{se}=-.07$ ). However, when total effects were considered, **mutual perceived interdependence** was found to have a moderate positive indirect effect (.27). This suggests that while greater interdependence between partners is valuable overall, sales representatives could perceive this interdependence as latitude for opportunism in that it is less likely to destroy a relationship when partners are not easily replaced. More modest indirect effects were also found for dimensions of **organizational distance**. In the Sponsor model, only **control system incongruity** did not have an indirect effect in the -.06 to -.08 range, suggesting that organizational differences have some negative impact on the propensity for partners to cheat in their relationship through the intervening constructs **character** and **motives/ intentions**. Interestingly, **control system incongruity** had an indirect effect of -.16 in the Partner model, suggesting that differences in reward and incentive programs can undermine the development of trust in working relationships.

### Character

In both the Sponsor and Partner models, relatively little of the variance in **character** was explained by the sole hypothesized predictor of organizational differences in **reputations for professionalism** ( $R^2 = .04$  and  $R^2 = .03$ , respectively). However, the path coefficients ( $\gamma_{9a1} = -.20$  in the Sponsor model and  $\gamma_{9a1} = -.16$  in the Partner model) were negative, as expected, providing evidence in support of hypothesis  $H_{9a1}$ . Although the results may not be significantly different in the two models, the direction of the difference makes some sense. Sales representatives from larger firms may be influenced more by perceived differences in professional reputations and customer orientation than sales representatives from smaller firms in assessing the reliability and dependability of partners.

### Role Competence

As with **character**, relatively little variance in **role competence** was explained in the Sponsor and Partner models ( $R^2 = .08$  and  $.04$ , respectively). This suggests that hypothesized organizational differences play a minor role relative to other unmodeled factors (like perhaps direct experience) in assessing the competence, and reliability or dependability of partners. Modest evidence was found, however, in support of  $H_{9a2}$  as the path coefficients relating **reputations for professionalism** and **role competence** were  $\gamma_{9a2} = -.17$  and  $\gamma_{9a2} = -.18$  in the Sponsor and Partner models, respectively. Perceived differences in **job stability** was found to be a significant predictor of **role competence** in the Sponsor model ( $\gamma_{9b1} = -.19$ ) but not in the Partner model ( $\gamma_{9b1} = -.07$ ,  $p > .05$ ). This is likely due to measurement problems for **job stability** in the Partner model, which had low

internal consistency (Table 9). Thus, only partial evidence was found in support of  $H_{9b1}$ .

### Judgement

Organizational differences were found to play a greater, but still modest, role in the assessment of **mutual perceived trustworthiness** in terms of partner **judgement**. Twenty-two percent of the variance in **judgement** was explained in the Sponsor model and 13% in the Partner model. In the Sponsor model, the most important determinants were **goal incongruity** ( $\gamma_{9e1} = -.37$ ) and perceived differences in **reputations for professionalism** ( $\gamma_{9a3} = -.16$ ), followed by perceived differences in **strategic horizon** ( $\gamma_{9c1} = -.11$ ). Although the path coefficient was in the expected direction, **control system incongruity** was not significantly related to **judgement** at the .05 level ( $\gamma_{9d1} = -.06$ ).

The results for the Partner model were quite different. Perceived differences in **reputations for professionalism** ( $\gamma_{9a3} = -.16$ ) and **control system incongruity** ( $\gamma_{9d1} = -.18$ ) were found to be the most important determinants, followed by perceived differences in **strategic horizon** ( $\gamma_{9c1} = -.11$ ). **Goal incongruity** was found to be significantly related to **judgement** (at the .01 level) but the path coefficient was very small ( $\gamma_{9e1} = -.03$ ).

These results can be interpreted by examining the meaning captured in the measurement models. In the Sponsor model where **goal incongruity** was concerned with differences in tactics, a strong negative relationship between **goal incongruity** and **judgement** makes sense: One might expect a partner's judge-



ment to be influenced by the tactics his or her firm generally uses to attain their goals. That **control system incongruity** was not significantly related to **judgement** in the Sponsor model may be a result of the measures not tapping incentive and reward differences to the same extent as in the Partner model. Judgement might be expected to be influenced more by rewards and incentives than other control systems. These results provide some evidence in support of hypotheses  $H_{9a3}$ ,  $H_{9c1}$ , and  $H_{9e1}$ . Hypothesis  $H_{9d1}$  was only supported in the Partner model.

### Motives/Intentions

Predictors of **motives/intentions** explained 49% of the variance in the construct in both the Sponsor and Partner models. **Mutual perceived interdependence** was by far the strongest determinant of **motives/intentions** ( $\gamma_6 = .54$  in the Sponsor model and  $\gamma_6 = .57$  in the Partner model). These results suggest that partners are more likely to perceive each other as having trustworthy motives and intentions if they are highly interdependent.

In the Sponsor model, perceived differences in **strategic horizon** ( $\gamma_{9a2} = -.15$ ), **goal incongruity** ( $\gamma_{9a2} = -.15$ ), and perceived differences in **job stability** ( $\gamma_{9b2} = -.11$ ) were significantly (but modestly) related to **motives/intentions** as predicted. **Control system incongruity** ( $\gamma_{9d2} = -.01$ ) was not. In the Partner model **control system incongruity** was found to be a strong determinant of **motives/intentions** ( $\gamma_{9d2} = -.31$ ) while **job stability** was not significantly related to **motives/intentions** at the .05 level ( $\gamma_{9b2} = -.06$ ). Contrary to hypotheses  $H_{c2}$  and  $H_{e2}$ , the path coefficients relating perceived differences in **strategic horizon** and **goal incongruity** to **motives/intentions** were found to be positive in the Partner

model ( $\gamma_{9c2}=.09$  and  $\gamma_{9e2}=.08$ ).

The paths between **control system incongruity** and **motives/intentions** make some sense when examining the captured meaning of the constructs. In the Partner model, reward and incentive differences are captured to a greater extent in measuring **control system incongruity** than in the Sponsor model; one might expect rewards and incentives to influence perceptions of partner motives and intentions to a greater extent than other control systems. The unexpected results in the Partner model suggest that goal incongruence and perceptions of greater focus on short term results by partner firms could be positively related to perceptions of trustworthy **motives/intentions**. This would make sense if an understanding of these differences reduced uncertainty in how partners were expected to act. Uncertainty in goals and strategic horizon might have more impact on working relationships than either absolute or directional differences.

### Summary

Structural parameter estimates provided evidence in support of most of the research hypotheses. Interesting results among constructs common to the Sponsor and Partner models were the unexpected negative path coefficients between **motives/intentions** and **relationship-specific investment**, and **judgement** and **relationship-specific investment**, respectively. That perceived trustworthiness by selling partners does not necessarily result in greater commitment of time and resources makes post-hoc sense in this context where scarce resources can be more productively used in other relationships if a partner can be trusted to perform alone, or with minimal involvement.

Some differences were found between the Sponsor and Partner perspectives of organizational differences. These were generally consistent with differences in the captured meaning of constructs. Across the five organizational differences examined, perceived differences in **reputations for professionalism** was the most consistently important determinant of dimensions of **mutual perceived trustworthiness**, but all relationships were quite modest. **Control system incongruity** was important to Partner sales representatives but not Sponsor sales representatives. **Goal incongruity** and perceived differences in **job stability** were important to Sponsor sales representatives but not Partner sales representatives.

Although modest, the results further suggest that organizational differences negatively impact sales representative perceptions of partner trustworthiness, particularly in terms of their **motives/intentions** and **judgement**. In turn, the **mutual perceived trustworthiness** dimensions of **character** and **motives/intentions**, and to a lesser extent **judgement** and **role competence**, play some role in the development of **mutual satisfaction** in working relationships. Much of this impact is indirect by cultivating an environment for the mutual trusting behaviours of **relationship-specific investment**, **communication openness**, and **forbearance from opportunism**. However, the indirect effects of dimensions of **organizational distance** on **mutual satisfaction** were found to be very modest, suggesting at least that those differences examined, play a minor role relative to other modeled and unmodeled constructs. Although not tested in the study, organizational differences might be expected to only play a role early in a relationship when other information is not available to evaluate partner trustworthiness.

The most important determinants of **mutual satisfaction** found were: **character, relationship-specific investment, and mutual perceived equity**. **Communication openness and functionality of conflict resolution** may also play a key role, although the results suggest further investigation of these predictors is required.

These results suggest that effective selling partner working relationships, at least in terms of the satisfaction of the partners, likely involve some core elements: partners perceive each other's value; demonstrate their reliability and dependability to each other; act forthright without hidden objectives; signal commitment to the relationship by investing time, effort, and other resources to the relationship; are open in their communication; do not take advantage of each other; treat each other fairly in terms of recognition for their relative contributions; and likely handle conflict openly and in a way that brings them closer together. Suggestions for how sales representatives and managers might manage key determinants of **mutual satisfaction** to improve working relationships are discussed in the next and final chapter.

## **5.5 Method Effects**

As discussed earlier in this chapter, one of the limitations of using PLS in the analysis of the Sponsor and Partner models was not being able to isolate sources of variance attributable to organizational perspective (informant bias), measure specificity, and method effects. The similarity between the results for the Sponsor and Partner models provides some evidence to suggest that informant bias is relatively low. ShROUT and Fleiss' (1979) Class-1 intraclass correlation coefficient

was used as a coarse estimate of measure specificity to eliminate items that lacked perceptual consistency. What has not been addressed is the possibility of method effects relating to the use of individual-level and relationship-level items. This possibility was raised when relationship-level items were generally observed to have lower loadings in the Sponsor and Partner models than aggregated individual-level items.

To make some assessment of method effects, the models were respecified first using only aggregated individual-level indicators (except for **functionality of conflict resolution** which had no individual-level indicators) and then using only relationship-level indicators (except for **motives/intentions**, **role competence**, and **mutual perceived equity** which had no relationship-level items that met criteria for perceptual agreement). The measurement results for these revised models (not reported) were generally consistent with those of the full model (Table 9). However, the measurement results for the individual-level models were stronger than the relationship-level models, particularly with respect to the dimensions of **mutual trusting behaviours** and **functionality of conflict resolution**, where the average variance explained was less than .50 for all four constructs.

The direct effects for the full models, the individual-level models, and the relationship-level models are reported in Table 14. As evident from the Table, the direct effects for the individual-level models were generally consistent with those previously reported for the full models. However, **character** was found to be a much less important predictor of **mutual satisfaction** and **forbearance from opportunism**, and **motives/intentions** was not a predictor of **relationship-**

**specific investment** at all. The direct effects for the relationship-level models were less consistent with the full models. In these models, **judgement** and **functionality of conflict resolution** were the most important predictors of **mutual satisfaction**, while **communication openness** had little impact and **forbearance from opportunism** had a negative effect. Mutual perceived interdependence was not an important predictor of **functionality of conflict resolution** or **relationship-specific investment** and not as important a predictor of **motives/intentions**. Organizational differences also had a generally stronger, though still modest, effect in the relationship-level models.

These results are interesting, but difficult to interpret. For the individual-level models, where the measurement properties were as strong or stronger than the full models, the results in terms of relative importance of determinants are fairly consistent with those previously discussed. For the relationship-level models, the structural results are quite different, but measurement properties were weak to the point that structural results should not be relied upon. It is more likely that observed differences resulted from measurement difficulties rather than a methods effect. However, the results do suggest that studies using key-informant data may lead to quite different conclusions than studies using aggregated individual-level data. Researchers might be advised to collect both, as done in this study, in case similar difficulties are encountered in getting reliable responses about relationship-level properties.

## **5.6 Analysis of Alternative Dependent Variables**

In Chapter 3 it was argued that **mutual satisfaction** was an appropriate

Table 14  
Assessment of Method Bias

<u>Endogenous Construct</u> <u>Antecedent</u>	<u>Direct Effects</u> <u>Full Models<sup>1</sup></u>	<u>Direct Effects</u> <u>Individual-Level<sup>2</sup></u>	<u>Direct Effects</u> <u>Relationship-Level<sup>3</sup></u>
<b>Mutual Satisfaction</b>			
functionality of conflict resolution	.11	.14	.28
mutual perceived equity	.21	.15	.27
forbearance from opportunism	.07	.11	-.13
communication openness	.17	.19	.02
relationship-specific investment	.26	.28	.15
motives/intentions	.04	.09	.00
judgement	.10	.11	.33
role competence	-.05	.02	-.10
character	.21	.08	.12
<b>Functionality of Conflict Resolution</b>			
forbearance from opportunism	.16	.15	.28
communication openness	.39	.29	.55
mutual perceived interdependence	.33	.43	.06
<b>Forbearance from Opportunism</b>			
motives/intentions	.50	.62	.46
character	.42	.09	.48
mutual perceived interdependence	-.07	-.08	-.07
<b>Communication Openness</b>			
motives/intentions	.34	.41	.28
character	.50	.35	.46
mutual perceived interdependence	.03	.09	.00
<b>Relationship-Specific Investment</b>			
motives/intentions	-.11	.00	-.16
judgement	-.19	-.24	.09
role competence	.30	.29	.53
character	.22	.18	.04
mutual perceived interdependence	.50	.48	.17

Table 14 Con't

<u>Endogenous Construct</u> <u>Antecedent</u>	<u>Direct Effects</u> <u>Full Models<sup>1</sup></u>		<u>Direct Effects</u> <u>Individual-Level<sup>2</sup></u>		<u>Direct Effects</u> <u>Relationship-Level<sup>3</sup></u>	
	<u>S<sup>4</sup></u>	<u>P<sup>5</sup></u>	<u>S</u>	<u>P</u>	<u>S</u>	<u>P</u>
	<b>Character</b>					
reputations for professionalism	-.20	-.16	-.21	-.10	-.13	-.23
<b>Role Competence</b>						
reputations for professionalism	-.17	-.18	-.17	-.17	-.18	-.20
job stability	-.19	-.07	-.19	-.07	-.19	-.07
<b>Judgement</b>						
reputations for professionalism	-.16	-.21	-.16	-.21	-.17	-.05
strategic horizon	-.11	-.11	-.11	-.11	-.29	-.12
control system incongruity	-.06	-.18	-.06	-.18	-.18	-.33
goal incongruity	-.37	-.03	-.37	-.03	-.12	.01
<b>Motives/Intentions</b>						
job stability	-.11	-.06	-.12	-.08	-.13	-.13
strategic horizon	-.15	.06	-.15	.09	-.25	-.06
control system incongruity	-.01	-.31	-.04	-.28	-.01	-.41
goal incongruity	-.15	.08	-.15	.06	-.21	.06
mutual perceived interdependence	.54	.57	.53	.55	.27	.38

<sup>1</sup> only one set of results are reported when they are the same for the Sponsor and Partner models

<sup>2</sup> only individual-level indicators used, except for functionality of conflict resolution

<sup>3</sup> only relationship-level indicators used, except for motives/intentions, role competence, and mutual perceived equity.

<sup>4</sup> Sponsor Model

<sup>5</sup> Partner Model



subjective indicator of partnership effectiveness as research has found it to be a necessary precursor to other outcomes such as objective task performance and relationship continuity. In this section, the results of substituting **mutual satisfaction** by two other indicators of partnership effectiveness, **mutual perceived task performance** and **mutual perceived relationship continuity** are discussed. As only the dependent construct in the Sponsor and Partner models were changed, the measurement and structural parameter estimates for the other constructs in the models were almost identical to those previously reported. Further, the results relating to **mutual perceived task performance** and **mutual perceived relationship continuity** were identical for the Sponsor and Partner models. Consequently the discussion focuses only on the measurement properties of **mutual perceived task performance** and **mutual perceived relationship continuity**, and the direct and total effects of their predictors.

As evident in Table 15 below, the measurement properties associated with the new models were acceptable. Both met Fornell and Larcker's (1981) criteria for internal consistency (reliability) and convergent validity. However, one of the relationship-level items designed to measure **mutual perceived task performance**, "the customers we've dealt with together have been pleased with our work" (Q9), had to be eliminated from the analysis due to lack of perceptual agreement between Sponsor and Partner perspectives.

The structural results for **mutual perceived task performance** were somewhat different than those found for **mutual satisfaction**. **Relationship-specific investment**, **mutual perceived equity**, and **character** were found to be stronger predictors of **mutual perceived task performance** than of **mutual satisfaction**,

Table 15  
Alternate Dependent Variables

<u>Measurement Model Differences</u>						
	Alpha	$\lambda$	AVE	IC		
<b>Mutual Perceived Task Performance</b>	.77		.53	.85		
QS10 We have closed a lot of business together.		.64				
QP10 We have closed a lot of business together.		.72				
QS35 From a performance perspective, our relationship has been effective.		.73				
QP35 From a performance perspective, our relationship has been effective.		.71				
M59 My manager has been pleased with my performance with this rep.		.84				
<b>Mutual Perceived Relationship Continuity</b>	.60		.58	.80		
QS38 Our relationship will likely continue for the foreseeable future. (S)		.62				
QP38 Our relationship will likely continue for the foreseeable future. (P)		.71				
M58 I'd like our relationship to last.		.92				
<u>Structural Model Differences</u>						
<u>Dependent Construct:</u>	<u>Direct Effects</u>			<u>Total Effects</u>		
	MS <sup>1</sup>	TP <sup>2</sup>	RC <sup>3</sup>	MS <sup>4</sup>	TP	RC
<u>Antecedent</u>						
Functionality of Conflict Resolution	.11	.09	.07	.11	.09	.08
Mutual Perceived Equity	.21	.39	.08	.21	.39	.08
Forbearance from Opportunism	.07	.01	.06	.08	.03	.08
Communication Openness	.17	-.12	.07	.21	-.09	.09
Relationship-Specific Investment	.26	.50	.05	.26	.50	.05
Motives/Intentions	.04	-.04	.05	.13	-.12	.12
Judgement	.10	-.17	-.05	.05	-.27	-.06
Role Competence	-.05	-.17	.27	.03	-.02	.28
Character	.21	.27	.32	.41	.35	.41
Mutual Perceived Interdependence				.23	.21	.11
Reputations for Professionalism				-.10 (-.08)	-.03 (.00)	-.12 (-.01)
Job Stability				-.02 (-.01)	.02 (.01)	-.07 (-.03)
Strategic Horizon				-.02 (.01)	.04 (.02)	-.01 (.02)
Control System Incongruity				.00 (-.05)	.02 (.09)	.00 (-.03)
Goal Incongruity				-.04 (.01)	.12 (.00)	.00 (.01)

<sup>1</sup> mutual satisfaction; <sup>2</sup> mutual perceived task performance; <sup>3</sup> mutual perceived relationship continuity; <sup>4</sup> Partner model results in brackets.

while both the direct and total effects of **communication openness, judgement, role competence, and motives/intentions** were found to be negative, despite positive latent variable correlations. The former results reinforce the importance of investing time and effort into relationships, treating each other fairly, and demonstrating reliability and dependability. The latter results are difficult to interpret. They may suggest that open communication can be counter-productive as can over reliance on partner skills, decisions, and motives. As with mutual satisfaction, dimensions of organization distance had little indirect effect on mutual perceived task performance.

The results for **mutual perceived relationship continuity** were quite different. Dimensions of **mutual trusting behaviours** were found not to be important determinants of **mutual perceived relationship continuity** at all, nor was **mutual perceived equity**. The only major determinants were **character** and **role competence**. These results likely reflect the meaning of **mutual perceived relationship continuity** captured by the indicator "I'd like our relationship to last." Given the choice, sales representatives would stick with partners who are reliable, dependable, and competent. Other factors might be important in determining whether the relationship will in fact last.

Together, these results suggest that determinants of effective partner working relationships may depend heavily on how effectiveness is conceptualized. This is consistent with the work of Gladstein (1984) who found that predictors of subjective task performance were not good predictors of objective task performance in a sales context. These differences, however, do not reduce the utility of the results pertaining to **mutual satisfaction**, as this construct is critical for maintaining

ongoing relationships and for job satisfaction. Further research is required to understand the differential effects of key antecedents on individual, group, and organizational-level outcomes.

### **5.7 Chapter Summary**

This chapter has presented the analysis and results of a study designed to address two research questions:

1. How do organizational differences, perceived trustworthiness, and trusting behaviours impact the effectiveness of horizontal working relationships?
2. Which dimensions of organizational differences, perceived trustworthiness, and trusting behaviours are most important for explaining mutual satisfaction and other indicators of effectiveness?

Field and operational procedures generated a sample of 105 paired responses from partner sales representatives involved in horizontal selling alliances in the computer industry. This sample represented an average useable response rate of 65% (53% in stage one of data collection and 78% in stage two) and was found, using descriptive statistics, to capture a range of respondent organizational experience and relationship tenure. A non-respondent survey found legitimate reasons for most of the non-responses and the demographic profile of the non-respondents closely matched that of the sample.

Preliminary analysis was conducted to assess the extent of agreement or consistency between partner responses within relationships and the Sponsor and Partner

perspectives across relationships. In two of the 105 relationships, a wide discrepancy was found in the reports of the partners and these were dropped from the analysis. Finally, perceptual agreement between Sponsor and Partner responses was found for only 18 of 42 relationship-level items, necessitating respecification of the research model (Figure 3) into two new models (Figures 5 and 6) that recognized differences in Sponsor and Partner sales representative perspectives of **organizational distance**. These new models also incorporated additional direct paths (hypotheses) between dimensions of **mutual perceived trustworthiness** and **mutual satisfaction**, as suggested by pre-test results and supported by social exchange theory.

An analysis of alternative methods of aggregating individual-level responses to derive relationship-level properties found little difference between the mathematical approach of Exhibit 20 and the conceptual approaches of Exhibits 21a, 21b, and 22. The mathematical approach of taking the square root of the product was chosen as being the most appropriate for the PLS analysis as it produced consistently strong results in terms of distribution normality, construct reliability, and predictive validity, and is less open to criticism on conceptual grounds.

The PLS results demonstrated acceptable psychometric and nomological properties sufficient to interpret structural parameter estimates that provide evidence in favour of, or against, hypothesized relationships. Correlations among constructs were consistent with previous studies and resulted in high variance explained in both the Sponsor and Partner models. Most of the path coefficients were significant at the .05 level and were in their hypothesized directions.

In general, dimensions of **organizational distance**, particularly differences in **reputations for professionalism**, were found to have a negative impact on dimensions of mutual perceived trustworthiness, particularly evaluating partner **motives/intentions** and **judgement**. Dimensions of **organizational distance**, however, were found to have little indirect effect on **mutual satisfaction**. This may be the result of the model specification where **character** was found to be a key determinant of **mutual satisfaction** and only **reputations for professionalism** was hypothesized as a determinant of **character**.

Dimensions of **mutual perceived trustworthiness**, particularly **character** and **motives/intentions**, were found to be important determinants of **mutual satisfaction** primarily indirectly, by encouraging an environment for the mutual trusting behaviours of **relationship-specific investment**, **communication openness**, and **mutual forbearance from opportunism**. Negative path coefficients were unexpectedly observed between **motives/intentions** and **relationship-specific investment**, and **judgement** and **relationship-specific investment**, respectively. This result is consistent with the need of sales representatives to manage scarce resources effectively. When they can trust each other to make appropriate decisions for the partnership, time, energy, and resources would be better spent developing or maintaining other relationships. The most important determinants of mutual satisfaction were found to be **character**, **relationship-specific investment**, and **mutual perceived equity**, which suggests the need for partners to be reliable and dependable, put time and effort into their relationships, and treat each other fairly.

Finally an analysis was conducted that substituted other indicators of relationship

effectiveness for **mutual satisfaction** in the models. Determinants of **perceived task performance** and **relationship continuity** were found to differ quite substantially from those of **mutual satisfaction** suggesting the need to consider multiple dimensions of effectiveness in evaluating factors to improve working relationships. However, the results of these substitutions did not change the parameter estimates of relationships between dimensions of **organizational distance**, **mutual perceived trustworthiness**, and **mutual trusting behaviours**, suggesting that these aspects of the nomological network are relatively stable or consistent across indicators of effectiveness.

The implications of these findings for marketing theory, research, and management are discussed in the following chapter. Limitations of the study and directions for future research are also identified.

## CHAPTER 6: IMPLICATIONS, CONTRIBUTIONS, AND CONCLUSIONS

This chapter discusses the implications and contributions of the study and its results for marketing theory and research, research methodology, and marketing management. These implications and contributions are positioned within the limitations of the study and directions for future research.

### 6.1 Study Limitations

An understanding of the study limitations is necessary to appropriately appreciate the study implications and contributions. These limitations are conceptual, methodological, and empirical in nature.

#### 6.1.1 Conceptual Limitations

Conceptual limitations relate to the conceptual model and research models developed in Chapter 3. First, the unit of analysis of these models was the inter-organizational working relationship between partner sales representatives involved in horizontal selling alliances. To be fully consistent with the IMP Interaction Approach, the conceptual underpinning of the dissertation, the research domain could have been expanded to include all members of the selling team that is created when such alliances are implemented. This, however, was beyond the scope of the study. In addition, the unit of analysis chosen for the study is somewhat specialized in that most selling teams do not have inter-organizational members, which restricts the external validity of the study.



Second, the models specify recursive relationships between constructs that are clearly interrelated over time. While the iterative nature of these relationships was recognized, and rationale was provided for the causal direction of hypotheses, the models are cross-sectional in nature and do not directly address the issue of how trust and relationships develop.

Third, the study focuses primarily on **mutual satisfaction**, just one of many possible indicators of effectiveness. Although alternative dependent variables of **mutual perceived task performance** and **mutual perceived relationship continuity** were substituted for **mutual satisfaction**, these were also subjective in nature. Objective measures are much more difficult to collect, and the results, although possibly different (Gladstein 1984), would not have been as relevant. This is because factors, such as the competitive environment, can obscure the relationship between appropriate action and sales results. Selling partners, for example, could be working effectively, but have little to show for their efforts in the short run when client relationships are forming, sell cycles have not been completed, or a better solution exists in the marketplace. Understanding determinants of **mutual satisfaction** is more managerially useful as the partners will not achieve long term success unless the needs of both are being met and they want to continue their relationship. It should be recognized, however, that **mutual satisfaction** is an intermediate objective for achievement of relationship effectiveness.

Finally, potential moderating constructs such as complexity of selling tasks, relationship tenure, and power asymmetries were identified in Chapter 4, and measured, but were not incorporated into the models or analysis. The sample size

achieved did not lend itself to testing the models on subsets of data, such as comparing new relationships to long-standing ones in terms of factors that influence their effectiveness.

These conceptual limitations put some bounds on the generalizability of the results. However, they relate primarily to the choice of the unit of analysis and the research questions to be examined in the dissertation, and as such, do not restrict conclusions drawn within the study context. Although the study is not concerned with how relationships develop over time, directions for developing effective working relationships are evident from the results and will be discussed subsequently.

### **6.1.2 Methodological Limitations**

Methodological concerns of respondent assimilation and attribution were discussed in sections 4.1.5 and 5.4.3. The limitation that method effects and key-informant bias can not be assessed using PLS was discussed in sections 5.1 and 5.5. Other limitations relating to the study design and analysis are now discussed.

The primary limitation of the study design is in it being cross-sectional rather than longitudinal. While this was discussed as a conceptual issue of recognizing the iterative and non-recursive nature of relationships, it is also a methodological issue. Data were collected at one point in time. This snapshot of a relationship may not have been representative since relationships evolve and feelings about the relationship and a partner may change from day to day. However, the impact that this variation might have on the study is reduced substantially by the random

sampling of respondents.

A second design limitation that relates to external validity is that sponsor organizations were chosen on a convenience basis. Although these sponsors were chosen to be representative of the computer industry, the results may not be generalizable beyond the sponsor organizations. However, the finding of few differences between the responses of the two sub-samples suggests the effects of organizational context are likely low, and that the sponsor organizations are probably representative of at least the computer industry. Generalizations beyond the computer industry may be further limited by the study's context where partner organizations tended to be much smaller than sponsor organizations. Study results could thus reflect differences in the power of the partners. However, size asymmetry does not necessarily imply power asymmetry as smaller firms could be in strong positions due to unique solutions or strong customer relationships.

A third design limitation is the possibility of a methods effect relating to the collection of both key-informant and individual-level data using the same perceptual self-report instrument. It could be argued that associations between some modeled constructs may be an artifact due to the measurement of antecedent and dependent variables using the same method. Resources did not permit collection, where possible, of objective measures which would have corroborated the research findings. For most of the modeled constructs, however, the intent of the study was to measure perceptions. It was argued that partners in a relationship are the only ones who can report on individual beliefs, attitudes, and perceptions of events or partner behaviours and that it is these that guide

behaviour in relationships.

Three other limitations relate to PLS as an analytic tool. First, as with all structural equation modeling algorithms, there is a limit to the extent causality can be inferred by structural parameter estimates. Although the restrictions imposed on structural relationships allow greater confidence in making causal statements compared to either correlation or regression analysis, some caution is still warranted. Second, PLS assumes linear relationships, not curvilinear relationships or interaction effects. The relationship between **mutual perceived trustworthiness** and **mutual trusting behaviour** or **mutual satisfaction**, for example, may be exponential to a threshold point early in a relationship then not become an issue or a concern until trust is violated. There might also be interaction effects between **mutual perceived interdependence**, dimensions of **mutual perceived trustworthiness**, and dimensions of **mutual trusting behaviours** that were not evaluated in the analysis. For example, trusting both partner judgement and motives/intentions may affect relationship-specific investment differently than if those dimensions were examined separately. Finally, PLS has no test for overall goodness of fit. Its objective, like ordinary least squares regression, is explaining variance. Consequently, it is not possible to determine if the models specified were reasonable using a fit criterion.

These methodological limitations suggest some care is required in interpreting causal statements and in generalizing the results beyond the computer industry. The limitations of PLS suggest there may be more to be understood in terms of relationships between predictors of **mutual satisfaction**. However, this does not undermine the usefulness of the knowledge that was gained.

### 6.1.3 Empirical Limitations

The implications of the results should also be interpreted in light of empirical limitations of the study. Although the measurement properties of the models were generally encouraging, some difficulties were encountered. First, two hypothesized dimensions of **mutual trusting behaviour** were dropped from the analysis due to lack of perceptual agreement between Sponsor and Partner perspectives and poor item reliability. These dimensions, **influence acceptance** and **control reduction**, were evident in exchange theory but scales had not been previously developed. Second, more than half of the relationship-level items were dropped from the analysis due to lack of perceptual agreement. Findings of a lack of perceptual agreement were consistent with previous studies (e.g., Anderson and Narus 1990) and likely reflect actual differences in perspectives rather than poor measures. Measurement properties were acceptable when the scales were examined from each partner's perspective. Third, three constructs common to the Sponsor and Partner models had an average variance explained (AVE) somewhat below .50, as did two dimensions of **organizational distance** in the Partner model. These results were due to one or two indicators of each construct having a low loading. Poor items were not removed as they did not affect structural parameters. Finally, Sponsor and Partner perspectives of **organizational distance** had to be examined separately in two models. These measurement difficulties are consistent with other studies that have used PLS with new measures (e.g., Barclay 1986), and suggest that interpretation of the study results must recognize the meaning actually captured by construct indicators in the revised models.

Despite these limitations, the study is more complete than, and unique from, previous works. First, the conceptual and research models integrate previous models of working relationships and expand the nomological network of constructs and relationships examined. Second, the research model dimensionalizes higher-order constructs allowing better understanding of relationships between key constructs. Third, the study examines dyadic relationships between individuals, not organizations. Fourth, it uniquely utilizes both relationship-level and individual-level data. Finally, the results of the study are generally consistent with previous works and theory and identify factors on which sales representatives and managers might focus to improve working relationships. Specific implications and a richer description of the contributions of the study follow.

## **6.2 Contributions to Marketing Theory and Research**

The study makes a number of general contributions to marketing and business theory and research by being concerned with inter-organizational, dyadic relationship between sales representatives.

### **6.2.1 General Contributions**

As proposed in Chapter 2, the study helps fill gaps in a number of literature bases. First, it contributes to the alliances literature by being concerned with horizontal selling alliances and an alliance implementation issue. Most of the alliance literature in marketing has been concerned with vertical alliances such as with JIT suppliers or "partnering" in other channel relationships and has not examined horizontal relationships between firms at the same level of a value chain (Achrol,

Scheer, and Stern 1990). In business-policy the literature has been concerned primarily with issues of alliance formation, structure, and control. While implementation of alliances has been recognized as a critical issue for their success (e.g., Lane and Beamish 1990), there have been few empirical studies of the management of alliances and management of relationships within them. By empirically examining factors that influence the effectiveness of working relationships within alliances, this dissertation provides managerial prescriptions for alliance implementation. These will be subsequently discussed.

Second, the study contributes to the working relationship literature by integrating many of the key factors identified in that work, and extending previous models by incorporating new constructs relating to dimensions of **organizational distance** and examining relationships at lower levels of abstraction. Some of the dimensions included in the study, such as **goal incongruence** and **control system incongruence**, have been examined in models of channel relationships (e.g., Anderson and Weitz 1989); others, such as differences in **reputations for professionalism** and **job stability** and **strategic horizon**, have not. While distance is a central concept in social exchange theory and the IMP Interaction Approach, few studies have incorporated the concept. That the effects of **organizational distance** on determinants of **mutual satisfaction** were found to be modest and lower than expected suggests a need for further research on the distance concept. Distance, for example, may only be critical early in the formation of exchange relationships.

Third, the study contributes to the personal selling and sales force management literature by being one of the first empirical studies of the horizontal selling

alliance phenomenon. As discussed in Chapter 1, these alliances are increasingly being formed in high-technology and other contexts in response to environmental and competitive pressures. Further, as partner sales representatives form the nucleus of an inter-organizational selling team, the study represents one of the few empirical pieces that provide insight into the increasingly important area of team selling. Understanding determinants of **mutual satisfaction** and other indicators of effectiveness in selling partner relationships may provide insight into factors that could help make selling teams more effective. For example, it may be appropriate for all members of the team to invest time and effort into building relationships, to be open and honest in their communication, and act in ways that demonstrate their value and trustworthiness.

Fourth, the study makes some contribution to the small group literature by investigating small group effectiveness in a field setting and examining groups primarily involved in creative/planning tasks. Little research has been conducted on these types of groups, particularly in industry (McGrath 1984).

Finally, the study adds to the relatively few empirical studies of dyadic marketing relationships. In most of the previous channel and working relationship studies (e.g., Anderson and Narus 1990; Anderson and Weitz 1992) dyadic data were collected, but relationship properties such as mutual satisfaction or mutual trust were not examined. Rather, each side of the dyad was modeled separately, or the study examined the interaction of individual perspectives. With the exception of respecifying the research model for Sponsor and Partner perspectives of **organizational distance**, the methodology of this dissertation remained consistent with the dyad as the unit of analysis. In doing so it demonstrated that dyadic



relationships between individuals can be fruitfully examined, especially as aggregated individual-level responses.

### **6.2.2 Trust**

The conceptual and research models also contribute to the marketing and business literature by enhancing researchers' understanding of trust. Previous studies, particularly those in marketing, have generally viewed trust as a unidimensional, high-order construct (e.g., Anderson and Narus 1990) and have not considered the dimensions or facets of trust evident in the small group literature (the work by Swan and his colleagues (e.g., Swan et al. 1988) are notable exceptions). In this dissertation, it was argued that trust is a property of a relationship in that it can only be assessed in relation to a specific other. Consistent with Kee and Knox (1970), the trustworthiness and trusting behaviour components of trust were identified as distinct higher-order concepts that iteratively, but not directly non-recursively, reinforce one another. Dimensions of these higher-order constructs appropriate to the selling alliance context were constructed from theory and previous literature, scales were developed, and antecedents and consequences were examined. This conceptual and empirical treatment of the trust concept may be useful to researchers studying trust or mutual trust in other contexts. For example, the conceptualized dimensions of perceived trust worthiness were found to exhibit discriminant and convergent validity; these could be examined in other contexts to determine which dimensions are most important to different types of relationships.

Second, the finding of differential effects of dimensions of **mutual perceived**

**trustworthiness** on dimensions of **mutual trusting behaviour** provide support for separating the belief and behavioural components of trust and examining relationships at lower levels of abstraction. Greater understanding is obtained when dimensions of trust are considered rather than the higher order construct.

Third, the finding that the effect of **mutual perceived trustworthiness** on **mutual satisfaction** is primarily indirect through the mediating dimensions of **mutual trusting behaviour** suggests more attention be given to these behavioural manifestations of trust.

Fourth, that **relationship-specific investment** and to a lesser extent **communication openness** and **distance from opportunism** were found to be the most important dimensions of **mutual trusting behaviour** adds to the growing evidence that concepts from transaction cost analysis and exchange theory are central to understanding marketing phenomenon as exchanges.

Fifth, the finding of a negative path coefficient between trustworthy **motives/intentions** and **relationship-specific investment** and trustworthy **judgement** and **relationship-specific investment**, despite positive latent variable correlations, suggests there are unanalyzed effects in the model. This could suggest an interaction effect or a non-linear relationship relating to trust that is not currently understood. Trust, for example, may be important to a threshold level and then not considered until the trust is broken.

### 6.2.3 Other Contributions

Other contributions to marketing theory and research stem from the results of the study. First, the finding that organizational differences play a modest role in evaluating partner trustworthiness provides evidence in support of the need to take a multi-level systems view in examining close relationships. Although dimensions of **organizational distance** did not have much indirect impact on **mutual satisfaction**, some evidence was found to reinforce "distance" as being an important concept in exchange theory.

Second, the finding that **mutual perceived interdependence** plays a critical role in facilitating **mutual trusting behaviours** and assessments of trustworthy **motives/intentions** supports the work done by Tjosvold (1984) and others on the importance of interdependence for small group effectiveness in the context of close working relationships.

Finally, the finding that mutual perceived equity is a relatively important predictor of **mutual satisfaction** and **mutual perceived task performance** contributes to the general literature on equity theory by adding to the limited empirical evidence that equity or fairness is critical in exchange relationships.

## 6.3 Contributions to Research Methodology

From a methodological perspective, the study contributes in a number of ways. First, the study successfully utilized both individual-level and relationship-level data. Some differences were found in parameter estimates, however, between

models specified primarily with individual-level indicators and models specified primarily with relationship-level (key-informant) indicators. This suggests that either the partners were not able to report accurately about their relationship, or that the aggregation approach utilized does not adequately reflect differences in perspectives. Consequently, it would be prudent for researchers to collect both individual-level and relationship-level data until potential method effects are more fully understood. That there was perceptual convergence on some relationship-level items is encouraging since studies of other inter-organizational dyads had not achieved such success (e.g., Phillips 1981).

Second, mathematical and conceptual methods were devised and evaluated for aggregating individual-level data to form relationship-level indicators consistent with the conceptual meaning of mutuality. Although the empirical evaluation of these approaches was somewhat simplistic, all of the approaches proposed demonstrated acceptable measurement properties. Thus the study provides direction for others facing the issue of how to combine individual responses to measure constructs such as mutual satisfaction or mutual trust when a simple sum or average is not conceptually appealing.

Finally, scales for key dimensions of **organizational distance**, **mutual perceived trustworthiness**, and **mutual trusting behaviour** were developed from theory and previous efforts, and were found to have acceptable measurement properties. These scales could be applied fruitfully in other contexts, such as customer perceptions of sales representative trustworthiness or channel member perceptions of manufacturer trustworthiness, and might encourage research at lower levels of abstraction.

#### 6.4 Implications for Marketing Management

From an applied perspective, understanding relationships between dimensions of **organizational distance, mutual perceived trustworthiness, mutual trusting behaviours** and other hypothesized determinants of **mutual satisfaction**, will help managers design environments and interventions to build effective inter-organizational sales teams as follows:

1. **Relationship-specific investment**, the commitment of limited resources to a relationship, was found to be a critical determinant of both **mutual satisfaction** and perceived effectiveness in terms of **task performance**. As sales representatives are often involved in multiple selling partner relationships, they need to demonstrate their commitment to a particular relationship by investing time, effort and other resources and they need to make these efforts known to their partners. This could be accomplished through acts as simple as initiating joint lunches, or keeping a partner abreast of industry and customer news, to doing initial prospecting and bringing qualified leads into the partnership. Managers might facilitate this process of mutual investment by initiating or encouraging team-building activities such as regular account or territory planning sessions where investments and commitment could be demonstrated on a regular basis.
2. The results also suggest, however, that when partners recognize each other's value and can trust each other to perform independently, a great investment of time, effort, and other resources may not be necessary. These resources would be better applied to cultivating or maintaining other relationships.

While this makes intuitive sense, it suggests a balance needs to be found in terms of **relationship-specific investment**. Sufficient commitment must be demonstrated to maintain a level of trust in a partnership so that it is not threatened by pursuit of other relationships. Consequently, it may make sense for partners to poll each other periodically to determine if commitment to the relationship and the territory meets expectations.

3. **Mutual perceived equity**, or the sense of fairness in a relationship, was also found to be an important determinant of both **mutual satisfaction** and **mutual perceived task performance**. Concerns for equity suggest that the relative contributions of the partners need to be recognized and rewarded by management fairly, either formally or informally. Sales representatives themselves could manage perceived equity in a relationship by making sure that their partners' efforts are recognized by the management of both partner organizations such as by writing a letter, hosting a recognition event, or simply bringing up the partner's contribution in casual conversation. They also need to be aware of pulling their own share, particularly in terms of lead generation and prospecting.
4. **The degree to which conflict is resolved functionally and productively in a relationship** was found to have a lesser, but still significant, impact on effective working relationships. Conflict can arise in selling partner relationships from a variety of sources, but particularly from differing objectives, struggle over account control and strategy, pricing decisions, and decisions of when to involve or drop a partner. To establish an environment for the functional resolution of conflict, partners need to be open and honest

with their communication, they need to perceive each other's value in the relationship, and they must be able to trust each other not to act opportunistically. Outcomes of conflict resolution might also be improved by providing sales representatives and partners with training in conflict management or negotiation skills.

5. The results also suggest that it is critical for selling partners to develop mutual perceived trustworthiness in terms of **character** and **motives/intentions**, followed closely by **role competence** and **judgement**. Sales representatives need to demonstrate and communicate their reliability, dependability, integrity and honesty as a precursor to demonstrating and communicating their competence and judgement. As one sales representative interviewed put it, "An atmosphere of distrust is not just created by big things like not meeting commitments, demonstrating a lack of judgement, or low-balling verbal pricing, but also from little things like not returning calls and not calling with account updates."

As previously discussed, the results also suggest that in situations of high **mutual perceived interdependence** and when partners trust each other, particularly in terms of **judgement** and **motives/intentions**, then **relationship-specific investment** can decrease, enabling more efficient allocation of scarce resources to other relationships. Thus, developing mutual perceptions of trustworthy **judgement** and **motives/intentions** appears to be a critical task. Towards this end, sales representatives might try to establish their credibility with new partners by using references to accounts on which they have worked and other partner relationships in

which they may have been involved, and then building up a history of sound decisions within the new relationship. They should also be frank in identifying their goals and objectives and not engage in behaviour that might be interpreted as only self serving.

6. **Mutual perceived interdependence** was found to be a critical factor in: developing trust in partner **motives/intentions**, supporting an environment for trusting behaviours such as investing time and effort into relationships, being open in communication, and not acting opportunistically, thus ultimately generating effective working relationships. Consequently, sales representatives need to communicate and demonstrate their value to their partners. Managers could recognize partnership achievements to increase perceived value of the relationship. Further, by putting experienced and successful sales representatives in territories that require partner relationships, managers could increase the likelihood that the sales representatives are perceived as providing value to those relationships. Finally, the sales representatives themselves could demonstrate the value they bring to the relationship. For example, they could develop specialized product or customer knowledge or develop a network of key resources which help makes sales representatives indispensable.
7. **Perceived organizational differences in terms of reputations for professionalism** were found to play an important role in Sponsor and Partner representative perceptions of partner trustworthiness. Managers might try to close perceived gaps by developing joint sales training or communication skills workshops focusing on the approach to the business,



ethics, quality, and a customer orientation. Not talking disparagingly about a partner organization would also help minimize perceived differences in **reputations for professionalism**.

8. Organizational differences in terms of **job stability** were found to be a concern of Sponsor sales representatives. This suggests that managers of Partner firms should be aware of the detrimental effect of perceived turnover on effective working relationships and try to minimize it, perhaps through changes to recruitment, training, and reward practices. Managers of firms with varied career paths might consider leaving their sales representatives in territories longer to minimize detrimental impressions of territory turnover.
9. Sponsor sales representatives generally perceived their Partners' focus on short term strategy and results as having a negative impact on trustworthiness, while Partner sales representatives tended to perceive Sponsors' focus on short term strategy positively. This is consistent with Sponsor organizations having a longer term focus and Partner organizations having a shorter term focus, in general. An awareness and appreciation of these differences would be a first step in enhancing perceptions of partner trustworthiness. This might be accomplished by having the sales representatives spend time working in each others' organizations.
10. Organizational differences in terms of control and reward systems were found to be a concern of only Partner sales representatives. The non-significant results relating to Sponsor sales representatives may be due to a difference in the meaning captured by the measures of **control system**

**incongruence**; Partner sales representatives focused on reward differences and Sponsor sales representatives focused on control system differences. However, Partner and Sponsor managers should both be aware that incongruent or incompatible control and reward systems can get in the way of trust development in partner working relationships. For example, if one partner gets paid for the total goods and services sold to an account, and the other only gets paid on part of it (such as only the computer hardware and not software), the partners may not trust each other to recommend the best solution for the customer. As a second example, sales representatives that get paid on contribution dollars may not readily trust a sales representative that gets paid on sales volume, in that the latter may be less concerned with profitability and the cost of support. In general, attempts to promote interdependence through rewards and controls would help facilitate strong partnerships.

11. Finally, a tendency was found for Sponsor sales representatives to perceive their partners as following different tactics to achieve a goal. This had a negative impact on Sponsor sales representative assessments of partner trustworthiness in terms of **judgement and motives/intentions**. This suggests that selling partners need to not only discuss their goals for the relationship but what tactics will be used to achieve them. Account planning sessions would be helpful in this regard.

Together, the results suggest a number of factors, prescriptions, and initiatives that sales representatives and managers could consider to develop stronger, more effective, selling partner relationships. While the relative importance of key

factors may depend on the indicator of effectiveness considered, mutual satisfaction is an important outcome for long-term relationships. To develop mutually satisfying relationships, partners need to develop **mutual perceived trustworthiness** in terms of reliability/dependability, competency in skills and knowledge, judgement, and motives/intentions. These foster **mutual trusting behaviours**, in particular the investment of time, effort, and other resources into the relationship, which along with treating partners fairly, provide the adhesive and catalyst for strong relationships.

## **6.5 Directions for Future Research**

This study is just a first step in understanding a variety of horizontal selling alliance, team selling, and working relationship issues. The discussion that follows outlines possible extensions of this research as well as related issues.

### **6.5.1 Study Extensions**

Additional research is required to address horizontal selling alliance issues such as when and with whom they should be formed, how they should be structured, and how they should be governed or controlled. In particular, it would be interesting to understand how these relationships are initiated and how they develop over time. A diary approach to data collection might provide a rich source of information to investigate issues such as what are the stages of relationship development, what key incidents assist or impede relationship development, and what bonds develop between the partners.

As horizontal selling alliances are often used to enter new markets, a cross-cultural study of selling partner relationships would also be useful. There may be, for example, differences in the determinants of effective selling partner relationships depending on the cultural context. Trust, for example, may be a very different concept in Japan than in North America. Cultural differences in the nature and type of relationship bonds might also impact effective working relationships.

Other directions for future research stem from results of the study. First, other organizational differences might be examined, such as ease of doing business with the partner firm. Second, examination of interpersonal factors might provide greater insight into perceptions of trustworthiness. Third, as mutual perceived interdependence was found to be a relatively important predictor of **mutual trusting behaviours** and **mutual satisfaction**, further investigation of the role of interdependence in close working relationships is warranted. Finally, a more rigorous test is required of the alternative aggregation approaches proposed in this study. By obtaining a larger sample and using LISREL as the analytic tool, the alternative approaches could be compared in the context of the theory provided by a model, and any method effects could be more clearly identified.

### **6.5.2 Other Issues**

Future research might also address the conceptual limitations of the study by examining intra-organizational selling teams; expanding the domain to include all the members of a selling team; examining other determinants at the individual, group, organizational, and environment levels of analysis; and studying other

indicators of effectiveness, particularly objective indicators of task performance. An additional issue concerned with team selling effectiveness would be to understand the key roles adopted by team members. Ultimately, the research domain needs to expand to understand the nature and extent of interactions between members of the selling team and the buying centre. These are the interactions that make the selling team effective or ineffective.

One of the key issues yet to be addressed in the working relationship literature is understanding how trust develops and evolves over time. As a first step, relationships in this study could be analyzed using relationship duration as a moderating variable. This might indicate which dimensions of mutual perceived trustworthiness are most important early in relationships and which are most important later in relationships. However, a longitudinal study of trust formation and development is required for more meaningful insights.

## **6.6 Conclusions**

In response to environmental uncertainty and complexity, marketers are increasingly forming horizontal selling alliances that result in the development of inter-organizational working relationships between partner sales representatives. To begin understanding what factors account for or influence the effectiveness of these working relationships, this study addressed two research questions:

1. How do organizational differences, perceived trustworthiness and trusting behaviours impact the effectiveness of horizontal working relationships?

2. Which dimensions of organizational differences, perceived trustworthiness, and trusting behaviours are most important for explaining mutual satisfaction and other indicators of effectiveness?

The study methodology involved collecting self-report data from sales representatives of two sponsor organizations in the computer industry and the selling partners that they identified in completing a mail questionnaire. Field and operational procedures generated 105 paired (dyadic) responses of which about half were concerned with relationships that had achieved some success, rather than little or no success. Sponsor and Partner perspectives of 18 of 42 relationship-level items were significantly consistent that they could be used as indicators of constructs along with individual-level responses that were aggregated using the square root of the score products. Sponsor and Partner perspectives of organizational differences were generally not consistent, necessitating the specification of two separate research models.

In both the Sponsor and Partner models, 32 of the 35 path coefficients were found to be significant. Of these, three in the Sponsor model and five in the Partner model were in the direction opposite to that hypothesized. The most interesting unexpected result suggests that there may be situations of high interdependence and perceived trustworthiness where partners would not want high levels of **relationship-specific investment**. While this finding makes post-hoc sense in that scarce resources could be used to cultivate other relationships, inconsistencies between path coefficients and latent variable correlations also suggest that there may be curvilinear effects or threshold points involving key constructs in the study of marketing relationships.

Organizational differences were found to play some role in sales representative perceptions of partner trustworthiness, but had little impact on the **mutual satisfaction** of the partners or other indicators of effectiveness. Perceived differences in **reputations for professionalism** were found to negatively impact mutual perceptions of trustworthy **character** and **role competence** in both the Sponsor and Partner models. Perceived differences in **job stability** and **goal incongruence** were primarily a concern of Sponsor sales representatives, while **control system incongruence** was found to be only a concern of Partner sales representatives. Sponsor sales representatives perceived a partner firm's focus on short term strategy and results negatively while Partner sales representatives perceived their partner firm's short term strategic horizon positively. These results are generally consistent with the sampling frame where the Sponsor organizations were large multinationals and the Partner firms were much smaller and in a less powerful position.

**Mutual perceived trustworthiness** relating to **character**, **role competence**, **judgement**, and **motives/intentions** were found to be key determinants of **mutual satisfaction**, primarily through the intervening trusting behaviours of **relationship-specific investment**, **communication openness**, and to a lesser extent, **forbearance from opportunism**. **Mutual perceived equity**, or fairness, was also found to be an important determinant of **mutual satisfaction**. **Mutual perceived interdependence** was found to be an important predictor in the models, particularly with respect to **relationship-specific investment** and the **motives/intentions** dimension of **mutual perceived trustworthiness**. Together, modeled constructs explained more than 80% of the variance in **mutual satisfaction** and 50-65% of the variance in many other endogenous constructs.

When mutual satisfaction was replaced by **mutual perceived task performance** and **mutual perceived relationship continuity**, two other subjective indicators of effectiveness, the results were identical for the unchanged paths but were somewhat different for those directly related to the dependent construct. **Mutual perceived equity, relationship-specific investment, and mutual perceived trustworthiness** in terms of **character** were found to be stronger determinants of **mutual perceived task performance** than **mutual satisfaction**. The results pertaining to **mutual perceived relationship continuity** were quite different in that partner perceptions of trustworthy **character** and **role competence** were found to be the only strong determinants. This likely reflects the meaning captured in the construct by the indicator "I'd like our relationship to last", which does not really capture the expectation of relationship continuity. The results suggest that the relative importance of key determinants of effective working relationships may depend heavily on the facet of effectiveness considered. However, **mutual satisfaction** is a key outcome with direct implications for the long-term viability of relationships. Thus the prescriptions resulting from this study would be a first step in building environments for effective selling partner relationships.

Overall, these results suggest that the study was successful in addressing the two research questions posed. Together, they suggest that to develop effective working relationships, selling partners need to: be trustworthy, particularly in terms of being reliable and dependable; demonstrate their commitment to the relationship in terms of investments and open communications; treat each other fairly; and recognize the value each brings to the relationship.



## REFERENCES

- Achen, Christopher H. (1982), Interpreting and Using Regression. Sage University Paper Series on Quantitative Application in the Social Sciences, No. 07-029, Beverly Hills: Sage Publications.
- Achrol, Ravi S., Lisa K. Scheer, and Louis W. Stern (1990), "Designing Successful Transorganizational Marketing Alliances", Marketing Science Institute Working Paper No. 90-118.
- Adams, J. Stacy (1965), "Inequity in Social Exchange," in Advances in Experimental Social Psychology Vol. 2, L. Berkowitz, ed., New York: Academic Press, 267-99.
- Adler, Lee (1966), "Symbiotic Marketing," Harvard Business Review, Vol. 44, 59-71.
- Albaum, Gerald (1987), "Do Source and Anonymity Affect Mail Survey Results?," Journal of the Academy of Marketing Science, Vol. 15 (3), 74-81.
- Alderson, Wroe E. (1957), Marketing Behavior and Executive Action. Homewood, IL.: Richard D. Irwin, Inc.
- Aldrich, Howard (1975), "An Organization-Environment Perspective on Cooperation and Conflict between Organizations in the Manpower Training System," in Interorganizational Theory, A. Negandhi, ed. Kent OH: Kent State University Press.
- \_\_\_\_\_ (1979), Organizations and Environments. Englewood Cliffs, NJ: Prentice Hall.
- Altany, David (1989), "Europe 1992: Culture Clash," Industry Week, Vol. 238 (19), 13-20.
- Anderson, Erin (1985), "The Salesperson as Outside Agent or Employee: A Transaction Cost Analysis," Marketing Science, Vol. 4 (Summer), 234-54.

- \_\_\_\_\_ and Richard L. Oliver (1987), "Perspectives on Behavior-Based Versus Outcome-Based Salesforce Control Systems," Journal of Marketing, Vol. 51, 76-88.
- \_\_\_\_\_ and Barton Weitz (1989), "Determinants of Continuity in Conventional Industrial Channel Dyads," Marketing Science, Vol. 8 (Fall), 310-23.
- \_\_\_\_\_ and Barton Weitz (1992), "The Use of Pledges to Build and Sustain Commitment in Distribution Channels," Journal of Marketing Research, Vol. 29 (February), 18-34.
- Anderson, James C. (1987), "An Approach for Confirmatory Measurement and Structural Equation Modelling of Organizational Properties," Management Science, Vol. 33 (April), 525-41.
- \_\_\_\_\_ and James A. Narus (1984), "A Model of the Distributor's Perspective of Distributor-Manufacturer Working Relationships," Journal of Marketing, Vol. 48 (Fall), 62-74.
- \_\_\_\_\_ and James A. Narus (1990), "A Model of Distributor Firm and Manufacturer Firm Working Partnerships," Journal of Marketing, Vol. 54 (January), 42-58.
- Anderson, Rolph E. (1973), "Consumer Dissatisfaction: The Effect of Disconfirmed Expectancy on Perceived Product Performance," Journal of Marketing Research, Vol. 10 (February), 38-44.
- Arndt, Johan (1979), "Toward a Concept of Domesticated Markets," Journal of Marketing, Vol. 43 (Fall), 69-75.
- Bagozzi, Richard P. (1981), "Attitudes, Intentions, and Behavior: A Test of Some Key Hypotheses," Journal of Personality and Social Psychology, Vol. 41 (October), 607-27.
- Barclay, Donald W. (1986) "The Impact of the Organization Context on Conflict in Organizational Buying: A Systems View," unpublished doctoral dissertation, The University of Michigan.

- \_\_\_\_\_ (1991), "Interdepartmental Conflict in Organizational Buying: The Impact of the Organizational Context, Journal of Marketing Research, Vol. 28 (May), 145-159.
- Bartl, P., K. Unverdorben, and J. Lohmöller (1981), Soziale Probleme im Grundwehrdienst: Eine Pfadanalyse zu Alkohol - und Suicid Problemen, cited by H. Wold, "Systems Under Indirect Observation Using PLS," in A Second Generation of Multivariate Analysis Vol. 1, Claes Fornell, ed., New York: Praeger, 325-47.
- Baumgartner, Robert M. and Thomas A. Heberlein (1984), "Recent Research on Mailed Questionnaire Response Rates," in Making Effective Use of Mailed Questionnaires, Daniel C. Lockhart ed. San Francisco, CA: Jossey-Bass, 65-76.
- Beamish, Paul W. (1984), "Joint Venture Performance in Developing Countries", unpublished doctoral dissertation, The University of Western Ontario.
- \_\_\_\_\_ (1985), "The Characteristics of Joint Ventures in Developed and Developing Countries," Columbia Journal of World Business, Vol. 20 (3), 13-19.
- \_\_\_\_\_ (1988), "Control in Non-Equity Strategic Coalitions," paper presented at the University of Toronto Research Seminar in International Business.
- Blau, Peter (1964), Exchange and Power in Social Life. New York: Wiley.
- Blessington, Mark (1989), "Five Ways to Make Team Selling Work (Really!)", Business Month, Vol. 134 (August), 71-72.
- Bollen, Kenneth A. (1989), Structural Equations with Latent Variables. Toronto: John Wiley & Sons.
- Borgatta, Edgar F. and David J. Jackson (1980), Aggregate Data: Analysis and Interpretation. New York: Sage Publications.
- Brock, T. (1968), "Implications of Commodity Theory for Value Change," in Psychological Foundations of Attitudes, A. Greenwald, T. Brock, and T. Ostrom, eds., New York: Academic Press, 243-76.

- Brown, James R. and Gary L. Frazier (1978), "The Application of Channel Power: Its Effects and Connotations," in Research Frontiers in Marketing: Dialogues and Directions, S. Jain, ed. Chicago: American Marketing, 266-76.
- Buckley, Peter F. and Mark Casson (1988), "A Theory of Cooperation in International Business," in Cooperative Strategies in International Business, F. Contractor and P. Lorange, eds., Toronto: Lexington Books, 31-53.
- Bureau of Business Practice (1986), "National Accounts: Trends for the Eighties and Beyond", August 30.
- Burgess, Robert L. and Ted L. Huston (1983), "Social Exchange in Developing Relationships: An Overview," in Social Exchange in Developing Relationships, R. Burgess and T. Huston, eds., New York: Academic Press, 3-28.
- Burke, R. J. (1970), "Methodology for Resolving Superior-Subordinate Conflict. The Constructive Use of Subordinate Differences and Disagreements," Organizational Behavior and Human Performance, Vol. 5, 393-411.
- Cardozo, Richard and Shannon Shipp (1987), "New Selling Methods Are Changing Industrial Sales Management," Business Horizons, September/October, 23-28.
- Caves, E., and K. Mehra (1986), "Entry of Foreign Multinationals into U.S. Manufacturing Industries," in Competition in Global Industries, M. E. Porter, ed., Boston: Harvard Business School Press.
- Chan, Marjorie (1989), "Intergroup Conflict and Conflict Management in the R&D Divisions of Four Aerospace Companies," IEEE Transactions on Engineering Management, Vol. 36 (2), 95-104.
- Churchill, Gilbert A. (Jr), Neil M. Ford, Steven W. Hartley and Orville C. Walker (Jr) (1985), "The Determinants of Salesperson Performance: A Meta Analysis," Journal of Marketing Research, Vol. 22 (May), 103-18.
- \_\_\_\_\_, \_\_\_\_\_ and Orville C. Walker, Jr. (1985), Salesforce Management: Planning, Implementation, and Control (second edition). Homewood, Ill: Richard D. Irwin, Inc.

- Colletti, Jerome A. and Gary S. Tubridy (1987), "Effective Major Account Sales Management," Journal of Personal Selling & Sales Management, Vol. 7 (August), 1-10.
- Contractor, Farok J., and Peter Lorange (1988), "Why Should Firms Cooperate? The Strategy and Economic Basis for Cooperative Ventures," In Cooperative Strategies in International Business, F. J. Contractor and P. Lorange, eds., Toronto: Lexington Books.
- Cook, Karen S. (1987), Social Exchange Theory. Beverly-Hills: Sage Publications.
- Cox, E. P. (1980), "The Optimal Number of Response Alternatives for a Scale: A Review," Journal of Marketing Research, Vol. 17 (November), 407-422.
- Cronbach, L. J. (1951), "Coefficient Alpha and the Internal Structure of Tests," Psychometrics, Vol. 16, 297-334.
- Crosby, Lawrence A., Kenneth R. Evans, and Deborah Cowles (1990), "Relationship Quality in Services Selling: An Interpersonal Influence Perspective," Journal of Marketing, Vol. 54 (July), 68-81.
- Cunningham, Malcolm T. (1982), "Barriers to Organizational Interaction," in International Marketing and Purchasing of Industrial Goods - An Interaction Approach, H. Hakansson, ed., New York: John Wiley and Sons.
- Day, George, and S. Klein (1987), "Cooperative Behavior in Vertical Markets: The Influence of Transaction Costs and Competitive Strategies," In Review of Marketing, M. Houston, ed. Chicago, IL: American Marketing Association, 39-66.
- Derlega, V.J., B.A. Winstead, T.P. Wong, and M. Greenspan (1987), "Self Disclosure and Relationship Development: An Attributional Analysis," in Interpersonal Process: New Directions in Communication Research, M. Roloff and G. Miller, eds., London: Sage Publications.
- Deutsch, M. (1957), "Conditions Affecting Cooperation," Final Technical Report for the Office of Naval Research, Contract # 285 (10).

- \_\_\_\_\_ (1958), "Trust and Suspicion." Journal of Conflict Resolution, Vol. 2, 265-79.
- \_\_\_\_\_ (1973). The Resolution of Conflict: Constructive and Destructive Processes. New Haven, Conn.: Yale University Press.
- Dillman, Don A. (1972), "Increasing Mail Questionnaire Response in Large Samples of the General Public," Public Opinion Quarterly, Vol. 36, (Summer), 254-57.
- \_\_\_\_\_ (1978). Mail and Telephone Surveys: The Total Design Method. New York: John Wiley.
- Dittrich, John E., J. Daniel Couger and Robert A. Zawacki (1985), "Perceptions of Equity, Job Satisfaction, and Intention to Quit Among Data Processing Personnel," Information & Management, Vol. 9 (2), 67-75.
- Dixon, D.F. and I.F. Wilkinson (1986), "Toward a Theory of Channel Structure," in Research in Distribution Systems, L.P. Bucklin, and J.C. Carment, eds., Greenwich, CT: JAI Press.
- Dreyfack, Raymond (1988), "The Selling Edge: Get Your Teammates Off The Bench." American Salesman, Vol. 33, No. 6, (June), 19-22.
- Dubinsky, Alan J. and Michael Levy (1989), "Influence of Organizational Fairness on Work Outcomes of Retail Salespeople," Journal of Retailing, Vol. 65 (Summer), 221- 52.
- \_\_\_\_\_, Roy D. Howell, Thomas N. Ingram, and Danny N. Bellenger (1986), "Salesforce Socialization," Journal of Marketing, Vol. 50 (October), 192-207.
- Duxbury, Linda E. and Chris A. Higgins (1991), "Gender Differences in Work-Family Conflict. Journal of Applied Psychology, Vol. 76, 60-74.
- Dwivedi, R.S. (1985), "Increasing Trust Improves Productivity," Long Range Planning, Vol. 18 (3), 82-90.
- Dwyer, F. Robert (1980), "Channel Member Satisfaction: Laboratory Insights," Journal of Retailing, Vol. 56 (Summer), 45-64.

- \_\_\_\_\_ and Rosemary R. Legace (1986), "On the Nature and Role of Buyer-Seller Trust," in AMA Summer Educator's Conference Proceedings, Series 52, Terence Shimp et. al., eds., Chicago: American Marketing Association, 40-5.
- \_\_\_\_\_ Paul H. Schurr, and Sejo Oh (1987), "Developing Buyer-Seller Relationships," Journal of Marketing, Vol. 51 (April), 11-27.
- El-Ansary, Adel I. and Louis W. Stern (1972), "Power Measurement in the Distribution Channel," Journal of Marketing Research, Vol. 9 (February), 47-52.
- Evans, K. R. and R. F. Beltramini (1987), "A Theoretical Model of Consumer Negotiated Pricing: An Orientation Perspective," Journal of Marketing, Vol. 51 (April), 58-73.
- Fisk, Raymond P. and Kenneth A. Coney (1982), "Postchoice Evaluation: An Equity Theory Analysis of Consumer Satisfaction / Dissatisfaction with Service Choices," in Conceptual and Empirical Contributions to Consumer Satisfaction and Complaining Behavior, H. K. Hunt and R. Day, eds., Bloomington IN: Indiana University School of Business, 9-16.
- \_\_\_\_\_ and Clifford E. Young (1985), "Disconfirmation of Equity Expectations: Effects of Consumer Satisfaction with Services," in Advances in Consumer Research Vol. 12, E. Hirschman and M. Holbrook, eds., Provo UT: Association for Consumer Research, 34-5.
- Foa, Uriel and Edna Foa (1974), Societal Structures of the Mind, Springfield IL: Charles C. Thomas.
- Ford, David (1980), "The Development of Buyer-Seller Relationships in Industrial Markets," European Journal of Marketing, Vol. 14 (5), 339-353.
- \_\_\_\_\_ (1982), "The Development of Buyer-Seller Relationships in Industrial Markets," in International Marketing and Purchasing of Industrial Goods, H. Hakansson, ed., Chechester, EN: John Wiley & Sons, 288-304.
- \_\_\_\_\_ (1984), "Buyer/Seller Relationships in International Industrial Markets," Industrial Marketing Management, Vol. 13, 101-12.

- Fornell, Claes and David F. Larker (1981), "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error," Journal of Marketing Research, Vol. 18 (February), 39-50.
- \_\_\_\_\_, and Fred L. Bookstein (1982), "Two Structural Equation Models: LISREL and PLS Applied to Consumer Exit- Voice Theory," Journal of Marketing Research, Vol. 19 (November), 40-452.
- \_\_\_\_\_, Gerald Tellis, and George M. Zinkhan (1982), "Validity Assessment: A Structural Equations Approach Using Partial Least Squares," in AMA Educators' Proceedings, 3. Walker et. al., eds., Chicago, IL: American Marketing Association, 405-9.
- \_\_\_\_\_, and Donald W. Barclay (1983), Jackknifing: A Supplement to Lohmöller's LVPLS Program, Ann Arbor: Graduate School of Business Administration, The University of Michigan.
- Frazier, Gary L. and John O. Summers (1986), "Perceptions of Interfirm Power and Its Use Within a Franchise Channel of Distribution," Journal of Marketing Research, Vol. 23 (2), 169-76.
- \_\_\_\_\_, Robert E. Spekman, and Charles R. O'Neal (1988), "Just-In-Time Exchange Relationships in Industrial Markets," Journal of Marketing, Vol. 52 (October), 52-67.
- French, John R. and Bertram Raven (1959), "The Bases of Social Power," in Studies in Social Power, Dorwin Cartwright, ed., Ann Arbor: University of Michigan Press.
- Frone, Michael R. and Brenda Major (1988), "Communication Quality and Job Satisfaction Among Managerial Nurses: The Moderating Influence of Job Involvement," Group & Organizational Studies, Vol. 13 (3), 332-47.
- Gabarro, John J. (1978), "The Development of Trust, Influence, and Expectations," in Interpersonal Behavior, A. Mathos and J. Gabarro, eds., New Jersey: Prentice Hall, 290-303.
- \_\_\_\_\_, (1987), "The development of working relationships," in Handbook of Organizational Behavior, Jay Lorsch, ed., New Jersey: Prentice-Hall, 172-89.



- Gaedeke, Ralph M. and Dennis H. Tootelian (1988), "Understanding How Clients Select and Evaluate Law Firms." Journal of Professional Services Marketing, Vol. 3 (4), 199-207.
- Gaski, John F. (1984), "The Theory of Power and Conflict in Channels of Distribution," Journal of Marketing, Vol. 48 (Summer), 9-29.
- \_\_\_\_\_ and John R. Nevin (1985), "The Differential Effects of Exercised and Unexercised Power Sources in Marketing Channel," Journal of Marketing Research, Vol. 22 (May), 130-42.
- Gehkle, C. and R. Biehel (1934), "Certain Effects of Grouping Upon the Size of the Correlation Coefficient in Census Tract Material," Journal of the American Statistical Association Supplement 29, 169-70.
- George, William R., J. Patrick Kelly, and Claudia E. Marshall (1986), "The Selling of Services: A Comprehensive Model," Journal of Personal Selling & Sales Management, August, 29-37.
- Geringer, Michael (1988), Joint Venture Partner Selection: Strategies for Developed Countries, Westport, Conn: Quorum Books.
- \_\_\_\_\_ and Louis Hebert (1988), "Control and Performance of International Joint Ventures," Journal of International Business Studies, Vol. 20 (2), 235-54.
- \_\_\_\_\_, \_\_\_\_\_ (1990), "Measuring Performance of International Joint Ventures," unpublished working paper, The University of Western Ontario.
- Gibb, Jack R. (1961), "Defensive Communication," Journal of Communication, Vol. 11, 141-48.
- Gibb, Jack R. (1964), "Climate for trust formation" in Leadership and Interpersonal Behavior, L. Bradford, J. Gibb and K. Bennes, eds., New York: Holt, Rinehar, Winston, 66-81.
- Gladstein, Deborah L. (1984), "Groups in Context: A Model of Task Group Effectiveness," Administrative Science Quarterly, Vol. 29, 499-517.

- Golembiewski, R.T. and M. McConkie (1975), "The Centrality of Interpersonal Trust in Group Processes," in Theories of Group Processes, C.L. Cooper, ed. New York: John Wiley & Sons, Inc.
- Grant, Rebecca A. (1988), "Tips and Techniques to Simplify Survey Design, Data Entry, and Verification," Research and Publications, School of Business Administration, The University of Western Ontario.
- Gronroos, Christian (1983), "Strategic Management and Marketing in the Service Sector," Report #83-104, Cambridge, MA: Marketing Science Institute.
- Hakansson, Hakan (1982), International Marketing and Purchasing of Industrial Goods - An Interaction Approach. New York: John Wiley and Sons.
- Hannon, Michael T. (1971), Aggregation and Disaggregation in Sociology. Toronto: Lexington Books.
- Hardy, Kenneth G. and Alan J. Magrath (1989), "Dealing with Cheating in Distribution," European Journal of Marketing, Vol. 23 (2), 123-29.
- Harold H. Kelley and John W. Thibaut (1978), Interpersonal Relations: A Theory of Interdependence, New York: John Wiley & Sons
- Harrigan, Kathryn R. (1985), Strategies for Joint Ventures. Lexington, MA: Lexington Books.
- \_\_\_\_\_ (1988), "Strategic Alliances and Partner Asymmetries," in Cooperative Strategies in International Business, F. Contractor and P. Lorange, eds., Toronto: Lexington, 205-26.
- Harvey, John H., Andrew Christensen, and Evie McClintock (1983), "Research Methods" in Close Relationships, H. Kelley et. al., eds. New York: W. H. Freeman and Company, 449-85.
- Hawes, Jon M., Kenneth E. Mast, and John E. Swan (1989), "Trust Earning Perceptions of Sellers and Buyers," Journal of Personal Selling & Sales Management, Vol. 9 (Spring), 1-8.

- Heide, Jan B. and George John (1988), "The Role of Dependence Balancing in Sage Guarding Transaction-Specific Assets in Conventional Channels," Journal of Marketing, Vol. 52 (January), 20-35.
- Heide, Jan B. and George John (1990), "Alliances in Industrial Purchasing: The Determinants of Joint Action in Buyer-Supplier Relations," Journal of Marketing Research, Vol. 27 (February), 24-36.
- Homans, George (1961), Social Behavior: Its Elementary Forms. New York: Harcourt, Brace and World.
- Houston, Fanklin S. and Jule B. Gassenheimer (1987), "Marketing and Exchange," Journal of Marketing, Vol. 51 (October), 3-18.
- Hunt, Shelby D. and John R. Nevin (1974), "Power in a Channel of Distribution: Sources and Consequences," Journal of Marketing Research, Vol. 11 (May), 186-93.
- Huston, Ted L. and Levinger, G. (1978), "Interpersonal Attraction and Relationships," Annual Review of Psychology, Vol. 29, 115-56.
- \_\_\_\_\_ and Elliot Robins (1982), "Conceptual and Methodological Issues in Studying Close Relationships," Journal of Marriage and the Family, November, 901-25.
- Hutt, Michael D., Wesley J. Johnston, and John R. Ronchetto, Jr. (1985), "Selling Centers and Buying Centers: Formulating Strategic Exchange Patterns," Journal of Personal Selling & Sales Management, May, 33-40.
- James, Lawrence R. (1982), "Aggregation Bias in Estimates of Perceptual Agreement," Journal of Applied Psychology, Vol. 67 (2), 219-29.
- Jarillo, J. Carlos (1988), "On Strategic Networks," Strategic Management Journal, 9, 31-41.
- Jobber, David (1986), "Improving Response Rates in Industrial Mail Surveys," Industrial Marketing Management, Vol. 15 (August), 183-195.

- John, George (1984), "An Empirical Investigation of Some Antecedents of Opportunism: in a Marketing Channel," Journal of Marketing Research, Vol. 21 (August), 278-89.
- \_\_\_\_\_ and Torger Reve (1982), "The Reliability and Validity of Key Informant Data from Dyadic Relationships in Marketing Channels," Journal of Marketing Research, Vol. 19 (November), 517-24.
- Johnston, Wesley J. and Thomas V. Bonoma (1981), "The Buying Center: Structure and Interaction Patterns," Journal of Marketing, Vol. 45 (Summer), 143-56.
- Jöreskog, Karl G., and Dag, Sörbom (1981), LISREL V: Analysis of Linear Structural Relationships by Maximum Likelihood and Least Squares Methods. Chicago: National Educational Resources, 1981.
- Katz, Daniel and Robert L. Kahn (1978), The Social Psychology of Organizations (2nd edition). New York: John Wiley & Sons Inc.
- Kee, Herbert W. and Robert E. Knox (1970), "The Study of Trust and Suspicion," Journal of Conflict Resolution, Vol. 14 (3), 357-66.
- Kelley, H. and J. Thibaut (1978), Interpersonal Relations: A Theory of Interdependence. New York: John Wiley.
- Killing, Peter (1983), Strategies for Joint Venture Success. New York: Praeger.
- \_\_\_\_\_ (1988), "Understanding Alliances: The Role of Task and Organizational Complexity," in Cooperative Strategies in International Business, F. Contractor and P. Lorange, eds., Toronto: Lexington, 55-67.
- Kogut, Bruce (1988a), "Joint Ventures: Theoretical and Empirical Perspectives," Strategic Management Journal, Vol. 9 (4), 319-32.
- \_\_\_\_\_ (1988b), "A Study of Life Cycle of Joint Ventures," in Cooperative Strategies in International Business, F. Contractor and P. Lorange, eds., Toronto: Lexington, 169-85.

- \_\_\_\_\_ and H. Singh (1986), "Entering the United States by Acquisition or Joint Venture: Country Patterns and Cultural Characteristics," working paper, Reginald H. Jones Center, Wharton School.
- Kotler, Philip and Ronald E. Turner (1989), Marketing Management: Canadian Sixth Edition, Scarborough, Ont: Prentice-Hall Canada Inc.
- Kumar, Ajith and William R. Dillon (1990), "On the Use of Confirmatory Measurement Models in the Analysis of Multiple-Informant Reports," Journal of Marketing Research, Vol. 27 (February), 102-11.
- Lane, Henry W. and Paul W. Beamish (1990), "Cross-Cultural Cooperative Behavior in Joint Ventures in LDC's," Management International Review, Vol. 30, 87-102.
- Lau, Geok T. (1990), "The Effects of Buying Task Characteristics on Buyer-Seller Conflict Management Behavior," unpublished doctoral dissertation, The University of Western Ontario.
- Lecraw, Donald (1983), "Performance of Transnational Corporations in Less-Developed Countries," Journal of International Business Studies, Spring/Summer.
- Levine, Sol and Paul E. White (1961), "Exchange as a Conceptual Framework for the Study of Interorganizational Relationships," Administrative Science Quarterly, Vol. 5, 583-601.
- Lewin, Kurt (1948), Resolving Social Conflicts. New York: Harper.
- Lohmöller, Jan-Bernd (1981), LVPLS 1.6 Program Manual: Latent Variable Path Analysis with Partial Least Squares Estimation. Munich: University of the Federal Armed Forces.
- \_\_\_\_\_ (1982), "An Overview of Latent Variables Path Analysis," paper presented at the Annual Meeting of the American Education Research Association, New York.
- Loomis, J.L. (1959), "Communication, the Development of Trust and Cooperative Behavior," Human Relations, Vol. 12 (4), 305-315.

- Lorenz, Edward H. (1986), "Neither Friends nor Strangers: Informal Networks of Subcontracting in French Industry," in Strategies for International Industrial Marketing, P. Turnbull, J.P. Valla, eds., London: Croom Helm, 195-210.
- Lusch, Robert F. (1977), "Franchisee Satisfaction: Causes and Consequences," International Journal of Physical Distribution, Vol. 7 (February), 128-40.
- Magrath, Allan J. and Kenneth G. Hardy (1989), "A Conceptual Framework for Assessing the Level of Mutual Trust Between Manufacturers and Their Resellers," Working Paper Series, The University of Western Ontario.
- Mallen, Bruce (1963), "A Theory of Retailer - Supplier Conflict, Control, and Cooperation," Journal of Retailing, Vol. 39 (Summer), 24-32.
- McGrath, Joseph E. (1964), Social Psychology: A Brief Introduction. New York: Holt, Rinehart, and Winston.
- \_\_\_\_\_ (1984), Groups: Interaction and Performance, Englewood Cliffs, NJ: Prentice Hall.
- McKean, R. N. (1972), "Economics of Trust, Altruism, and Corporate Responsibility," in Altruism, Morality and Economic Theory, E. Phelps, ed., New York: Russell Sage Foundation.
- McNemar, Quinn (1969), Psychological Statistics, (4th edition), New York: John Wiley.
- McQuiston, Daniel H. and Wesley J. Johnston (1984), "The Buying Center Concept: Fact or Fiction," in Proceedings of the 1984 AMA Winter Educators' Conference: Scientific Method in Marketing, Michael J. Ryan and Paul F. Anderson, eds., Chicago: American Marketing Association, 141-48.
- Messick, David M., and Keith O. Sentis (1979), "Fairness and Preference," Journal of Experimental Social Psychology, Vol. 15 (July), 418-34.
- Michaels, Ronald E. (1983), "An Empirical Study of Role Stress Perceptions and Behaviors of Purchasing Professionals," Ph.D. Dissertation, Indiana University.

- Miller, John K. (1975), "The Sampling Distribution and a Test for the Significance of the Bimultivariate Redundancy Statistic: A Monte Carlo Study," Multivariate Behavioral Research, Vol. 10, (April), 233-44.
- Mowen, John C. and Stephen J. Grove (1983), "Search Behavior, Price Paid, and the Comparison of Other': An Equity Theory Analysis of Post Purchase Satisfaction," in International Fare in Consumer Satisfaction and Complaining Behavior, R. Day and H. K. Hunt, eds., Bloomington IN: Indiana University School of Business, 57-63.
- Mueller, Charles W. and James L. Price (1989), "Some Consequences of Turnover: A Work Unit Analysis," Human Relations, Vol. 42 (5), 389-402.
- Mummalaneni, Venkatapparao and David T. Wilson (1991), "Modelling the Influence of a Close Personal Relationship on Buyer Commitment to a Supplier," ISBM Working Paper, Pennsylvania State University.
- Newman, Helen (1981), "Communication Within Ongoing Intimate Relationships: An Attributional Perspective," Personality and Social Psychology Bulletin, 7 (March), 59-70.
- Nisbett, Richard, and Timothy Wilson (1977), "Telling More Than We Can Know: Verbal Reports on Mental Processes," Psychological Review, Vol. 84 (May), 231-59.
- Nunnally, Jum C. (1968), Psychometric Methods. New York: McGraw Hill.
- \_\_\_\_\_ (1978), Psychometric Methods (Second Edition). New York: McGraw Hill.
- Oliver, Christine (1990), "Determinants of Interorganizational Relationships: Integration and Future Directions," Academy of Management Review, Vol. 15 (2), 241-65.
- Oliver, Richard L. (1980), "Theoretical Bases of Consumer Satisfaction Research: Review, Critique, and Future Direction," in Theoretical Developments in Marketing, C.W. Lamb and P. M. Dunne, eds., Chicago: American Marketing Association, 206-10.

- Oliver, Richard L. and John E. Swan (1989), "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach," Journal of Marketing, Vol. 53 (April), 21-35.
- Osborn, Richard N. and C. Christopher Baughn (1990), "Forms of Interorganizational Governance for Multinational Alliances," Academy of Management Journal, Vol. 33 (3), 503-19.
- Ouchi, William G. (1980), "Markets, Bureaucracies, and Clans," Administrative Science Quarterly, Vol. 25 (March), 129-41.
- Pfaffenberger, Roger C. and James H. Patterson (1987), Statistical Methods for Business and Economics. Homewood IL: Richard D. Irwin, Inc.
- Phillips, L.W. and R.P. Bagozzi (1986) "On Measuring Organizational Properties of Distribution Channels: Methodological Issues in the Use of Key Informants," in: Research in Marketing, J.N. Sketh (ed.), Vol. 8, 313-69, Greenwich, CT: JAI Press.
- Phillips, Lynn W. (1981), "Assessing Measurement Error in Key Informant Reports: A Methodological Note on Organizational Analysis in Marketing," Journal of Marketing Research, Vol. 18 (November), 395-415.
- Platzer, Linda C. (1984), Managing National Accounts. New York: The Conference Board.
- Pollock, Marcy and Nina L. Colwill (1987), "Participatory Decision Making in Review," Leadership & Organization Development Journal, Vol. 8 (2), 7-10.
- Porter, Michael E. and M. B. Fuller (1986), Coalitions and Global Strategy, in Competition in Global Industries, M. E. Porter, ed., Boston: Harvard Business School Press, 315-44.
- Pruitt, Dean G. (1981), Negotiation Behavior. New York: Academic Press.
- Qualls, William J. (1987), "Household Decision Behavior: The Impact of Husbands' and Wives' Sex Role Orientation," Journal of Consumer Research, Vol. 14 (September), 264-79.



- Radway, Robert J. (1986), Joint Ventures in Mexico. New York: American Management Association.
- Research Institute of America (1986), "National Account Marketing: Get On the Bandwagon," New York: April.
- Reve, T. (1981), "Interorganizational Relations in Distribution Channels," unpublished working paper, Norwegian School of Economics and Business Administration, Bergen.
- Rhodes, Sonya (1984), "Extramarital Affairs: Clinical Issues in Therapy," Social Casework, Vol. 65 (9), 541-46.
- Robicheaux, Robert A. and Adel I. El-Ansary (1976), "A General Model for Understanding Channel Member Behavior," Journal of Retailing, Vol. 52 (Winter), 13-30.
- Rosenberg, Larry J. and Louis W. Stern (1970), "Toward the Analysis of Conflict in Distribution Channels: A Descriptive Model," Journal of Marketing, Vol. 34 (October), 40-6.
- Rousseau, Denise M. (1985), "Issues of Level in Organizational Research: Multi-Level and Cross-Level Perspectives," Research in Organizational Behavior, Vol. 7, 1-37.
- Ruekert, Robert W. and Orville C. Walker, Jr. (1987), "Marketing's Interaction with Other Functional Units: A Conceptual Framework and Empirical Evidence," Journal of Marketing, Vol. 51 (January), 1-19.
- Rusbult, C. E. (1980), "Commitment and Satisfaction in Romantic Associations: A Test of the Investment Model," Journal of Experimental Social Psychology, Vol. 16, 172-86.
- Rusbult, C. E. (1983), "A Longitudinal Test of the Investment Model: The Development (and Deterioration) of Satisfaction and Commitment in Heterosexual Involvements," Journal of Personality and Social Psychology, Vol. 65, 101-17.

- Ryans, Adrian B. and Charles B. Weinberg (1981), "Sales Force Management: Integrating Research Advances," California Management Review, Vol. 24 (Fall), 75-89.
- Scanzoni, J. (1979), "Social Exchange and Behavioral Interdependence," in Social Exchange in Developing Relationships, R.L. Burgess and T.L. Huston, eds., New York: Academic Press.
- Schaan, Jean-Louis and Paul W. Beamish (1988), "Joint Venture General Managers in LDC's," in Cooperative Strategies in International Business, F. Contractor and P. Lorange, eds., Toronto: Lexington, 279-99.
- Schultz, Beatrice and Judith Anderson (1984), "Training in the Management of Conflict: A Communication Theory Perspective," Small Group Behavior, Vol. 15 (3), 333-48.
- Schurr, Paul H. and Julie L. Ozanne (1985), "Influences on Exchange Processes: Buyers; Preconceptions of a Seller's Trustworthiness and Bargaining Toughness," Journal of Consumer Research, Vol. 11 (March), 939-53.
- Sellers, Patricia (1992), "How to Remake Your Sales Force," Fortune Magazine, Vol. 125, No. 9 (May 4), 98-103.
- Sethuraman, Rajagopalan, James C. Anderson, and James A. Narus (1988), "Partnership Advantage and Its Determinants in Distributor and Manufacturer Working Relationships," Journal of Business Research, Vol. 17, 327-47.
- Shapiro, Benson P. and John Wyman (1981), "New Ways to Reach Your Customers," Harvard Business Review, July-August, 103-110.
- Shea, Gregory P. and Richard A. Guzzo (1987), "Group Effectiveness: What Really Matters?," Sloan Management Review, Spring, 25-31.
- Shrout, Patrick E. and Joseph L. Fleiss (1979), "Intraclass Correlations: Uses in Assessing Rater Reliability," Psychological Bulletin, Vol. 86, 2, 420-428.
- Siegel, Sidney and N. John Castellan Jr. (1988) NonParametric Statistics for the Behavioral Sciences (2nd edition). New York: McGraw-Hill Book Company.

- Sims, David (1986), "Interorganisation: Some Problems of Multi- Organizational Teams," Personnel Review, Vol. 15 (4), 27-31.
- Smith, J. Brock and Donald W. Barclay (1990), "Theoretical Perspectives on Selling Centre Research," in 1990 AMA Winter Educators' Proceedings: Marketing Theory and Applications, D. Lichtenthal et. al., eds., 5-11.
- Smith, J. Brock and Donald W. Barclay (1992), "Team Selling Effectiveness: A Small Group Perspective," Journal of Business-to-Business Marketing, in print.
- Smith, Patricia C., Karen A. Budzeika, Neville A. Edwards, Steven M. Johnston, and Linda N. Bearse (1986), "Guidelines for Clean Data: Detection of Common Mistakes," Journal of Applied Psychology, Vol. 71 (3), 457-60.
- Solomon, Michael R., Carol Surprenant, John A. Czepiel, and Evelyn G. Gutman (1985), "A Role Theory Perspective on Dyadic Interactions: The Service Encounter," Journal of Marketing, Vol. 49 (Winter), 99-111.
- Spanier, Grahma B. and Randie L. Margolis (1983), "Marital Separation and Extramarital Sexual Behavior," Journal of Sex Research, Vol. 19 (1), 23-48.
- Spekman, Robert E. and Wesley J. Johnston (1986), "Relationship Management: Managing the Selling and the Buying Interface," Journal of Business Research, Vol. 14, 519-31.
- \_\_\_\_\_ and Kirti Sawhney (1990), "Toward a Conceptual Understanding of the Antecedents of Strategic Alliances," Marketing Science Institute Report No. 90-114.
- Statistics Canada (1988), Dimensions: Industry Trends 1951-1986, Ministry of Supply and Services.
- Staw, Barry M. (1975), "Attribution of the 'Causes' of Performance: A general alternative interpretation of cross-sectional research on organizations," Organizational Behavior and Human Performance, Vol. 13, 414-32.

- Stern, Louis W. and Adel I. El-Ansary (1982), Marketing Channels (2nd edition), Englewood Cliffs, NJ: Prentice-Hall.
- Stevenson, Thomas H. (1981), "Payoffs from National Account Management," Industrial Marketing Management, Vol. 10, 119-24.
- Swan, John E., I. Fredrick Trawick, and David W. Silva (1985). "How Industrial Salespeople Gain Customer Trust," Industrial Marketing Management, Vol. 14, 203-11
- Swan, John E., Fred I. Trawick, David R. Rink, and Jenny J. Roberts (1988), "Measuring Dimensions of Purchaser Trust of Industrial Salespeople," Journal of Personal Selling & Sales Management, Vol. 8 (May) 1-9.
- Thibaut, John W. and Harold H. Kelley, (1959) The Social Psychology of Groups. New York: John Wiley and Sons.
- Thomas, Kenneth W. (1976), "Conflict and Conflict Management," in Handbook of Industrial and Organizational Psychology, M. Dunnette, ed., Chicago: Rand McNally, 889-935.
- Thompson, James D. (1967). Organizations in Action. New York: McGraw- Hill.
- Thompson, Linda and Alexis J. Walker (1982), "The Dyad as the Unit of Analysis: Conceptual and Methodological Issues," Journal of Marriage and the Family, November, 889-900.
- Thorelli, Hans B. (1986), "Networks: Between Markets and Hierarchies," Strategic Management Journal, Vol. 7 (November), 37-51.
- Tjosvold, Dean (1984), "Cooperation Theory and Organizations," Human Relations, Vol. 37 (9), 743-67.
- \_\_\_\_\_, I. Robert Andrews, and Hales Jones (1983), "Cooperative and Competitive Relationships Between Leaders and Subordinates," Human Relations, Vol. 36, 1111-24.
- Turnbull, Peter W. and Jean-Paul Valla (1986), Strategies for International Industrial Marketing, London: Croom Helm.

- Turner, R. H. (1970), Family Interaction. New York: John Wiley.
- Tutton, Merrill (1987), "Segmenting a National Account," Business Horizons, Jan/Feb, 61-8.
- Varadarajan, P. Rajan, and Daniel Rajaratnam (1986), "Symbiotic Marketing Revisited," Journal of Marketing, Vol. 50 (January), 7-17.
- Walker, Bruce J., Wayne Kirschmann and Jeffrey S. Conant (1987), "A Method to Improve Response to Industrial Mail Surveys," Industrial Marketing Management, Vol. 16, 305-14.
- Walster, Elaine, G. William Walster, and Ellen Berscheid (1978), Equity Theory and Research. Boston: Allyn and Bacon, Inc.
- Warwick, Donald P. and Charles A. Lininger (1975), The Sample Survey: Theory and Practice. New York: McGraw Hill.
- Watson, Richard T., Geradine SeSanctis and Marshall Poole, "Using a GDSS to Facilitate Group Consensus: Some Intended and Unintended Consequences," MIS Quarterly, Vol. 12 (3), 463-78.
- Westbrook, Robert A. and Richard L. Oliver (1981), "Developing Better Measures of Consumer Satisfaction: Some Preliminary Results," in Advances in Consumer Research, Vol. 8, K. Monroe, ed., Ann Arbor, MI: Association for Consumer Research, 94-9.
- Wiggins, James D. and Doris A. Lederer (1984), "Differential Antecedents of Infidelity in Marriage," American Mental Health Counselors Association Journal, Vol. 6 (Oct), 152-161.
- Wilkinson, Ian F. (1981), "Power, Conflict and Satisfaction in Distribution Channels - An Empirical Study," International Journal of Physical Distribution and Materials Management, Vol. 11 (7), 20-30.
- Williamson, Oliver E. (1975), Market and Hierarchies: Analysis and Antitrust Implications. New York: Free Press.

- \_\_\_\_\_ (1985), The Economic Institutions of Capitalism. New York: The Free Press.
- Wilson, David T. (1975), "Dyadic Interactions: An Exchange Process," in Advances in Consumer Research, B. Anderson, ed., Cincinnati, OH: Association of Consumer Research, 394-7.
- \_\_\_\_\_ and Venkatapparao Mummalaneni (1988a), "The Influence of Close Personal Relationships Between a Buyer and a Seller on the continued Stability of Their Role Relationships," unpublished working paper, ISBM, Pennsylvania State University.
- \_\_\_\_\_ and Venkatapparao Mummalaneni (1988b), "Modelling and Measuring Buyer-Seller Relationships, unpublished working paper, ISBM # 3-1988, Pennsylvania State University.
- \_\_\_\_\_ and K. E. Moller (1988), "Buyer-Seller Relationships: Alternative Conceptualizations," working paper report 10-1988.
- Wold, Herman (1982), "Soft Modelling - The Basic Design and Some Extensions," in Systems Under Indirect Observation - II, Karl Jöreskog and Herman Wold, eds., Amsterdam: North-Holland, 1-54.
- Woo, C. Y. and G. Willard (1983), "Performance Representation in Strategic Management Research: Discussion and Recommendations," paper presented at the 23rd annual meeting of the Academy of Management, Dallas, TX.
- Young, C. Louise and Ian F. Wilkinson (1989), "The Role of Trust and Co-operation in Marketing Channels: A Preliminary Study," European Journal of Marketing, Vol. 23 (2), 109-121.
- Zand, Dale E. (1972), "Trust and Managerial Problem Solving," Administrative Science Quarterly, Vol. 17, 229-39.