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Analyzing Stage and Duration of Anglo-Chinese Business-to-Business Relationships

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Abstract

The manuscript reports on a study aimed at analyzing a series of relational variables derived from the Western industrial buyer-seller relationship and Chinese guanxi literature. The findings based on data collected from over 200 Taiwanese trading firms reveal that buyer's perceptions of organizational trust, communication, cooperation, social bonding and the saving of face are higher in Anglo-Chinese relationships that venture beyond the short-term. It is also found that cooperation, social bonding and performance are greater in those b2b relationships surveyed that are relatively more mature than in emerging states. The findings also reveal that relationship duration and stage have a significant moderating effect on various Inter-organizational and Interpersonal – Outcome relationships. Several managerial implications are extracted to help Western firms better manage their international relations, as well as help new exporting firms penetrate such well-established guanxi networks.

Keywords Buyer-seller Relationships, Business-to-business marketing, China, Taiwan

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Introduction

Along with the trend of globalization and rapid economic development in many Far Eastern countries, particularly greater China, business-to-business relationships between Western and Eastern counterparts are receiving heightened interest in both academic and practitioner discourse. However, relationships do not just emerge, but change over time - the ultimate aim being for both parties to develop and maintain healthy, long-lasting collaboration that is mutually beneficial and rewarding (Dwyer, Schurr & Oh, 1987; Morgan & Hunt, 1994). This is because in highly competitive Chinese markets, the cost of maintaining a reliable partner is much less compared with establishing and cultivating a new relationship, and the rewards associated with having long-term associations are significantly high (Jacobs, 1979; Davies, Leung, Luk & Wang, 1995; Kipnis, 1997; Luo, 1997a).

Despite growing interest within the buyer-seller domain and Chinese business relationship (*guanxi*) research, relatively little has been concluded concerning the evolution of relationships in industrial markets, particularly from a Chinese perspective. Whilst in the Western literature, there is a consensus among academics that buyer-seller relationships are seen to progress through discreet stages over time in a unified manner (Ford, 1980), most of the research tends to be conceptual or based upon inductive exploration, which is somewhat disjointed and lacking coherence in content (Barnes, 2005). Similarly, although the notion of a long-term orientation has been commonly addressed in the process of building relationships in a Chinese context (Armstrong & Yee, 2001; Mavondo & Rodrigo, 2001; Liu, Li, Tao & Wang,

2008), little empirical research has been conducted to explore how such relational and *guanxi* attributes evolve over time.

In addition, and despite a plethora of marketing literature that has focused on examining relationships between industrial buyers and suppliers, very few empirical studies have been undertaken to examine the issues pertaining to Chinese buyers regarding their relationships with Anglo-Saxon suppliers. In this research, Anglo-Saxon refers to supplier firms that originate from countries where English is the native language, such as the UK, USA, Canada, Ireland, Australia and New Zealand. These nations speak English, share historical, political and cultural characteristics which provide some rationale for grouping these together and differentiating them from other more heterogeneous Western countries in Europe (Bennett, 2004). Moreover, findings of a quantitative nature that map the evolution of buyer-seller relations over time are rare (Ford & Rosson, 1982; Rosson, 1986; Barnes, 2005).

In response, this research aims to fill a gap in the literature through the following objectives:

- To develop an integrated framework that builds on the buyer-seller literature of an international nature; drawing on the pertinent strands of literature from both Western and Chinese perspectives.
- To report the findings of a survey among international agents and distributors, thus obtaining Chinese buyers' views of their working relationship with Western suppliers.

- To incorporate the relationship evolutionary process by specifically analyzing the similarities and differences associated with relationship attributes at different length and stages.

By fulfilling the stated objectives, the empirical nature of the research findings will provide several implications for academics researching in the area of international buyer-seller relationships. Firstly, by incorporating constructs derived from both Western and Chinese literature, the conceptual framework proposed in this study expands the research field of buyer-seller relationships into a different cultural context - incorporating aspects from different international perspectives (Wilson & Möller, 1991; Ambler & Styles, 2000; Rodriguez & Wilson, 2002). Secondly, by examining various relationship attributes at different durations and stages, the research investigation will help broaden our understanding and management of such international relations.

In addition to the academic implications, the research findings will be useful for Western firms, especially those suppliers who are keen to export into the greater Chinese markets. This is important due to the globalisation of markets, pressures of local trade shortages and the economic downturns currently experienced in many countries. By examining Chinese buyers' attitudes towards relational attributes at different stages and periods of time, the research findings provide useful insights to help Western firms obtain a better understanding of Chinese buyers' relational behavior and discuss employable strategies for Western firms to develop and nurture long-term collaboration with their Chinese partners.

It is believed that a lack of understanding associated with Chinese buyers' attitudes and behavior over different relationship stages and time could impact negatively on the long-term sustenance of international business relationships among Western exporters and their respective Chinese agents or distributors. This frequently represents a key problem for small and medium sized enterprises with limited financial and strategic resources, when exporting into the greater Chinese markets. As most Western SMEs tend not to have sufficient knowledge regarding local Chinese markets, and rely heavily on their overseas distributors to succeed in such markets (Seligman, 1999; Chen M., 2001), the research is particularly significant for SMEs in helping them to develop and maintain sustainable international business relationships with their Chinese agents and distributors.

The manuscript is structured as follows: Firstly, a review of the literature builds on the key theory and discusses pertinent research exploring the evolvement and the developmental stages associated with buyer-seller relationships. A conceptual framework is then outlined which builds on both the Western buyer-seller relationship and Chinese *guanxi* literature. The research approach and methodology is then detailed, followed by the research findings. Finally, several theoretical and practical implications are presented before the conclusions are drawn and future research directions provided.

Research Background

Influenced by social exchange theory, Dwyer et al., (1987) claim that time often has a role to play and has a crucial impact on relationships. Instead of treating buyer-seller exchanges as discrete events i.e. individual one-off transactions, these researchers suggested treating them as ongoing relationships and used the 'marriage' metaphor as an example to describe the process. In contrast to transactional exchange, they see that relational exchange transpires over time, and so each transaction should be viewed in terms of its past history and its anticipated future.

In order to categorize the relational changes between channel members, Frazier (1983) proposed three relationship stages, which were later modified into four sequential stages in examining the development between buyers and sellers i.e. the interest stage, initiation - rejection stage, implementation stage and review stage (Frazier, Spekman & O'Neal, 1988). Various factors were derived by these researchers from the channel and business-to-business literature for their possible influence on the interaction process at each particular stage.

Similar findings were also outlined by the IMP Group, who undertook cooperative research into the nature of relationships between companies in Europe. A specific focus of their research was on the influence of the time factor on the interactions between dyadic parties (Håkansson, 1982; Turnbull, Ford & Cunningham, 1996). The IMP Group proposed an interaction model, where the interaction process includes both short-term episodes and long-term relationships. Along with the occurrence of each transactional episode are attempts by buyers and sellers to develop the possibility

for long-term collaboration through establishing institutionalized routines. This is because the IMP Group (1982) believes that buyer-seller relationships in business-to-business markets evolve dynamically over time and follow a relationship development process (Möller & Wilson, 1995).

This belief reflects Ford's (1980) proposition that relationships evolve through five different stages, from pre-relationship to early development, then to a developmental stage, long-term and ultimately the final stage. Following a life-cycle theory, Ford suggested that along with these five stages of relationship development, both parties' experience of each other would increase, their uncertainty relating to cooperation would decrease, the psychological distance between each other would reduce, while commitment to this relationship and the degree of adaptation would gradually increase.

The development of business relationships is considered an intensive process (Turnbull et al., 1996). It involves ongoing day-to-day management, which is costly, time consuming and does not necessarily generate an immediate commercial result (Szmigin, 1993). By considering the development of buyer-seller relationships as a process through time, Ford (1980) influenced future research in this area. For example, Ford and Rosson (1982) developed a further framework identifying a different set of relationship states, based on new relationships, growing relationships, troubled relationships, static relationships and finally inert relationships. Contradictory to the original life-cycle relational stages, the findings suggest that relationships can be at various stages, irrespective of their age (Ford & Rosson, 1982). Moreover, later research has further proved that trust would increase as a relationship

evolves over time (Morgan & Hunt, 1994; Wetzels, De Ruyter & Van Birgelen, 1998) as does the level of commitment (Gundlach, Achrol & Mentzer, 1995).

However, although it is generally believed that relationships develop following a linear direction, in confirming earlier findings by Moorman, Zaltman & Deshpande (1992), Grayson & Ambler (1999) argue that as relationships develop, they may become prone to negative influences. For example, instead of progressing in a positive state, certain aspects of a relationship may regress or remain static due to some elements of dissatisfaction or over-raised expectations. These were referred to as the 'dark side' of relationship marketing and were later re-iterated by Barnes (2005), particularly in terms of the social interactivity and the extent of communication in mid-term relationships.

Nevertheless, although Barnes's research has expanded our understanding regarding the impact of the time dimension in dyadic relationships, the implication of his research findings is somewhat limited due to his relatively small sample of dyadic relationships and the measurement of pure Western relational variables. As Ford & Rosson (1982) and Rosson (1986) encouraged future work to map the evolvement of buyer-seller relations over time based upon more quantitative findings, there is still a need for more empirical research. Tsang (1998) contends that because Chinese is a high-context culture, therefore, in addition to those aspects considered in the West – there is the need to also incorporate key relationship constructs from the Chinese perspective when examining the development of Anglo-Chinese business relationships, as viewed among Chinese buyers.

In the Chinese literature, time is fundamental to the effective development of *guanxi* - which is a relationship tie that is practiced by Chinese businesses to secure better positions and competitive advantage in the market (Jacobs, 1979; Standifird & Marshall, 2000). Compared with the Western literature that focuses on relationships between and among organizations, *guanxi* is based on personal relationships developed between and among individuals (Chen M., 2001). Within the business context, individual actors instead of organizational relationships become more apparent, hence the use of close friends and associates as intermediaries in assisting with general business activities (Bruun, 1993; Yeung & Tung, 1996).

Guanxi is built through participation in various social activities, during which both parties engage in the process of exchanging favors, increasing trust and developing an emotional attachment (Kipnis, 1997). Exchanging favors follows the strict rule of reciprocity (Hwang, 1987), nevertheless whilst the Chinese bank on favors to acquire resources that only require repayment at an appropriate time, or if needed - the return of a favor may take a long time (Ambler, 1995). Similarly, trust takes time to build, as the Chinese tend to only trust those that have been evaluated to be reliable and sincere, which is judged by the extent to which one keeps his/her promises based on past history and reputation (Wong, 1998; Chen & Chen, 2004). Moreover, the development of an emotional attachment is also laborious, as it requires emotional understanding and connections which could later develop into a sense of loyalty, solidarity and the willingness to take care of the other party under all circumstances (Chen & Chen, 2004).

Considering the amount of time it takes to exchange favors, gauge the trustworthiness of a new partner, develop a new relationship and nurture the social bond, *guanxi* has a strong focus on the long-term perspective (Luo, 1997b; Mavondo & Rodrigo, 2001). By focusing on the future, Chinese people tend to value long-term rather than short-term relational exchange and this explains the reason why the Chinese are perhaps more willing than some Western businesses to spend time building relationships and sacrificing short-term gains (Li, Lam & Qian, 2001). In contrast, whilst the Chinese have long since viewed the development of appropriate relationships as an investment for the future, Western firms may have to look beyond short-term measures if they wish to succeed in Chinese markets (Yen, Yu & Barnes, 2007).

Nevertheless, although the concept of *guanxi* has been expanded and explored in a business context, research in the area has tended to be much more theoretical and conceptual (i.e. Luo, 1997b; Chen M., 2001; Chen & Chen, 2004). Less empirical research has been conducted, compared with the Western literature on buyer-seller relationships. This might be because *guanxi* between buyers and sellers is still relatively newer to academics and therefore most research has been exploratory or qualitative (Ambler, 1995; Kipnis, 1997). In particular, very little empirical work has been done to examine the development of *guanxi* when a business relationship evolves over different stages or time. For instance, although Chen & Chen (2004) have categorized the usual *guanxi* building process into three stages: initiating stage, building stage and using stage, their work is only conceptual and no empirical evidence was reported.

Conceptual Development

This section introduces a conceptual framework, derived from various strands of the buyer-seller relationship, channel management and Chinese *guanxi* literature. The framework will be used to explore a series of Anglo-Chinese relationships of different duration and stage from the Chinese buyers' perspective. By providing an integrated framework incorporating variables and measures from both Western and Chinese literature, observing and examining such Anglo-Chinese relationships for three different durations and four different stages, it is believed the findings will add to the scant research in this area.

In an attempt to provide further insights and explore certain attributes in more depth, fourteen pertinent variables were gleaned from both Western and Chinese relational literature that appeared relevant as a key means of analysis for this study of Anglo-Chinese buyer-seller relationships over time. These were assigned to three separate components based on the literature and subsequent discussions with academics and practitioners (see Figure 1).

[Insert Figure 1 here]

Inter-Organizational Level (Western)

The factors highlighted here stem from the Western industrial buyer-seller relationship literature. The component includes variables that are considered to have an impact on the quality of business relationships between buyer and supplier at an

inter-organizational level (Doney & Cannon, 1997; Naudé & Buttle, 2000). In most relationship models trust represents the belief that the other party's word or promise is reliable and the party will fulfill its obligations in an exchange relationship (Dwyer et al., 1987; Ganesan, 1994; Doney & Cannon, 1997).

Commitment represents an implicit or explicit pledge of relationship continuity between exchange parties (Dwyer et al., 1987). It is both calculative, a cognitive evaluation of the instrumental worth of a continued relationship; and affective, which is based upon a sense of liking and emotional attachment (Wetzels et al., 1998). Communication has been described as the glue that bonds relational ties (Mohr & Nevin, 1990). It involves the process of sharing timely and accurate information through both formal and informal means among relationship parties (Anderson & Narus, 1990; Morgan & Hunt, 1994; Smith & Barclay, 1997).

Cooperation stresses the joint efforts, team spirit and collaboration which is required from both exchange parties for achieving both inter-organizational and intra-organizational goals (Cannon & Perrault, 1997; Leonidou, Katsikeas & Hadjimarcou, 2002). Coordination involves the synchronization of activities and flows between parties and refers to situations in which parties work together to achieve mutual goals (Mohr & Nevin, 1990; Anderson & Narus, 1990).

Dependence reflects the asymmetrical power structure that exists between channel members (Wetzels et al., 1998). Anderson & Narus (1990) used 'relative dependence' to describe a firm's perceived difference between its own and partner firm's dependence on the working partner. In other words, when the buyer depends highly

on the supplier, he/she may enjoy a high level of security in knowing that they can not be easily replaced (Heide & John, 1988).

Interpersonal Level (Chinese)

Interpersonal factors include relational variables mainly derived from the Chinese literature. They are considered to influence relationships between purchasing and marketing personnel, which can also affect overall business relationships at the firm level. In the Chinese context, social bonding reflects the emotional attachment that has been developed between the purchasing manager and sales or marketing director during their participation in various social interactions. It refers to the strength of a personal relationship and represents a degree of mutual personal friendship and liking shared by the two (Chen & Chen, 2004).

Reciprocity refers to the reciprocal rule of favor exchanging. Chinese business people are particularly tied by this social obligation of reciprocity in their practice of developing and maintaining relationships (Fang, 1999; Chen, 2001). Non-repayment of favors is regarded as immoral and will have a negative effect on the *guanxi* between two parties (Luo, 2001). Such form of rejection can hurt the original benefactor's feelings as well as make the person lose face (*mianzi* or *lien*) (Wang, 2007). Face implies one's respect, status and moral reputation in Chinese society (Wong & Leung, 2001) and it also portrays self-image in terms of an approved social attribute (Hwang, 1987). Causing a Chinese person loss of face is like brutally attacking the person with force. It will leave a negative impact on *guanxi* between the

two parties and result in an obvious damage to their long-term relationship (MacInnis, 1993).

Whilst inter-organizational trust emphasizes the credibility and benevolence of business organizations, interpersonal trust focuses upon trust at the individual level (Chen M., 2001). It also implies credibility and benevolence, which is judged from a person's past history, reputation and sincerity (Wong, 1998). In the Chinese context, a trustworthy partner is sincere, has true intention to stay in the relationship for the long-term and keep his/her partner's best interest at heart (Yang, 2001a; 2001b).

Outcome

Outcome variables refer to those variables that are derived as a result or consequence of the working relationship. The construct of satisfaction is based on the extent to which the partnership achieves the performance expectation set by the partners (Anderson & Narus, 1990). In other words, satisfaction can be used as a sign to indicate how pleased the exchange parties are with the relationship's performance (Mohr & Spekman, 1994). In a Chinese context, satisfaction is not merely used as an attribute to reflect the quality of an exchange, but is mostly considered as an outcome of good relations (Leung, Lai, Chan & Wong, 2005).

Performance covers various aspects, such as sales, profit and market share (Katsikeas, Leonidou & Morgan, 2000). Considering that this research intends to explore the benefits of successful business relationships, rather than using a firm's general performance as a construct, the research focuses on the financial performance derived

from the relationship. A long-term orientation exists when parties are focused on long-term results and dedicated to creating lasting on-going customer relationships (Mavondo & Rodrigo, 2001). In the Chinese context, a long-term orientation is often based on commitment and a dedicated business partner - one who shows intention in developing the business collaboration into a long-term relationship (Yen et al., 2007).

Based on early work by Williamson (1975), opportunism is defined as self-interest seeking with guile. From a buyer's perspective, opportunistic behavior occurs when the seller takes unexpected action for its own gain but generates negative outcomes for the relationship partner (Armstrong & Yee, 2001). Whilst Western businesses tend to use contracts to reduce such opportunistic behavior, the Chinese prefer to strengthen their relationships and use trust as a safeguarding mechanism to limit the possibility of opportunism (Luo, 2001).

Research Methodology

The country of Taiwan is selected for the research context namely because of its economic strength, Chinese cultural background and its strategic position for Western firms as a significant market in its own right and as a springboard for China (Chen B., 2001). Sharing a common heritage of Chinese culture, Taiwan is often known as the 'little brother' of China and despite previous political conflict has more recently established close economic bonds with the Mainland and proved itself to the world by standing strong as the 16th largest import market and the world's 19th largest economy (Chen B., 2001; Phau & Chan, 2003; U.S. D.O.S., 2007).

In an attempt to collect data from Taiwanese import agents or distributors, a database was purchased from the Taiwan External Trade Development Council. This directory provided a comprehensive list of all registered importing companies in Taiwan and contained contact information of 15,917 importers in total, across various industrial sectors. These included industrial buyers, trading agents and local distributors. Because the research intended to explore businesses that had active working relationships with Anglo-Saxon suppliers, using a database filter, those firms that did not have such relations were excluded. This identified a population of 1,286 agents and distributors that imported products from Anglo-Saxon exporters.

The research instrument used was initially developed in English before being translated into Chinese and then back translated to verify its content. It was pre-tested on six respondents who all worked at a senior level in Taiwanese firms that import goods from such Anglo-Saxon suppliers. The pre-test proved to be a useful exercise and several modifications in terms of translation were made so that the questions could be better understood. Following the suggestion of Churchill (1979), multi-item scales were used. In total, 77 items measuring fourteen constructs were identified and seven-point Likert scales ranging from strongly disagree to strongly agree were used. Considering that around 95% of the firms in this sample employed less than 50 staff, a second informant was highly unlikely to exist (Johnson, 1999). A series of questions were therefore considered useful to verify the key informant and make sure that they were familiar, knowledgeable and confident in answering such questions (Kumar, Stern & Anderson, 1993; Leonidou et al., 2002).

A pre-survey telephone call was made to each of the 1,286 firms to identify their willingness, suitability and ability to participate in the research. This helped to filter out a further 342 ineligible firms¹ and identified a further 584 which were unwilling to participate – leaving a total of 360 firms that expressed an interest and were willing to consider completing the survey. These individuals were then e-mailed a link to the online survey, where they could click onto the online instrument and respond directly. Those who did not feel comfortable in completing the survey online were offered a hard copy that was sent via the postal system to their company address. This dual method approach was used to help increase the response rate. Of the final 360 questionnaires that were distributed, 245 were successfully returned, and 208² complete forms were eventually used for the analysis. In general, this yielded a response rate of 22%, which was a satisfactory result bearing in mind the difficulties of achieving reasonable response rates from Chinese respondents (Harzing, 2000; Bryman & Bell, 2003).

Measures

The measurement of inter-organizational trust was taken from research by Doney and Cannon (1997) who used eight items to measure the buyer's general trust in the supplier. These questions measure the supply firm's credibility (e.g. keeping promises, honesty, providing accurate information), benevolence (e.g. genuine concerns, keep the buyer's interest in mind) and include some global measures of trust (e.g. trustworthiness, the need to be cautious with the supplier). The

¹ During the pre-survey phone calls, it was discovered that some firms did not have a working relationship with any Anglo Saxon suppliers. A significant number of firms had also ceased trading.

² Because the survey was conducted using both online and postal questionnaires (of the 208 useable questionnaires, 132 were returned online and 76 were returned in reply envelopes), a Chi-square test was firstly run across key demographic variables in order to ascertain whether there was any significant difference between the data collected using the two methods (Jap, 1999). The resulting statistics suggest there was no significant difference between these two samples ($p > 0.05$), implying that it was possible to combine the two datasets to perform further analyses.

operationalization of commitment was adapted from Gilliland and Bello (2002) who used seven items to measure both calculative and affective commitment. The first three items measure the potential loss and gain associated with leaving the supplier and the remaining four items measure the buyer's intention to stay with the supplier based on loyalty, family-like feelings and allegiance.

The measures of communication were sourced from Mohr and Sohi (1995). These five items take into account the quality of communication – to what extent the buyer perceives the communication flows to be adequate, timely, accurate, complete and credible. The measurement of cooperation was taken from research by Leonidou et al., (2002) who used five items to test this construct and reflect on differences between harmonious relationships and problematic ones. They intended to test the importer's willingness to cooperate with this exporter and their current cooperative behavior towards this supplier i.e. acting in a way that promotes mutual interest and welfare, assisting the supplier to achieve business objectives and goals, as well as using team spirit to solve common problems.

The first three items of coordination were sourced from Mohr, Fisher & Nevin, (1996) to measure the extent that the buyer's activities are well coordinated with the supplier's in terms of timing, programs and general activities. The remaining items were acquired from Buvik & Gronhaug (2000) and Buvik & Anderson (2002) for measuring vertical coordination between buyers and suppliers on product/service delivery, the selection of materials and components and the following up of orders. The measurement of dependence was adapted from Ganesan (1994) to measure the buyer's dependence on the supplier. These items measure the supplier's importance

to the buyer's business and product offering and the difficulty in making up the sales volume, replacing the supplier, finding an alternative and achieving the same level of performance.

The operationalization of social bonding was adapted from Mavondo & Rodrigo (2001) who used five items to test social bonds. These measure the extent of which the buyer socializes with the supplier's representative outside of work, the friendship, the closeness of the relationship and how much the buyer is concerned about the supplier's feelings before making any decisions. The reciprocity construct consists of five items taken from Mavondo & Rodrigo (2001). These measure the extent to which the buyer felt obliged to do a favor for this supplier's representative and the current extent of favor exchanging in the relationship. The items also measure the level of embarrassment and damage if a favor is not returned to the supplier's representative.

The measures for saving face were also sourced from the work of Mavondo & Rodrigo (2001) who used four items to assess the degree in which the supplier's representative attempts to preserve face. Specifically, the items measure the buyer's perception regarding the extent to which the supplier will avoid situations and occasions whereby he/ she could cause embarrassment to the buyer. The construct of interpersonal trust was operationalized using seven items developed by Doney & Cannon (1997) to measure the supplier representative's frankness, honesty, openness, benevolence, caring, trustworthiness, as well as general trust that the buyer has towards the exporting supplier's representative.

Satisfaction consisted of six items taken from Kumar, Stern & Achrol (1992), Baker, Simpson & Siguaw (1999) and Cannon & Perreault (1999) to examine the buyer's satisfaction with this particular business relationship. These included the buyer's general satisfaction towards the business relationship, the degree of happiness that the buyer felt towards the relationship and with the supplier. Also, if given the chance to reconsider engaging in this business relationship, how possible would it be that the buyer would still choose to work with the same supplier?

The construct of performance was measured with five items adjusted from Moorman & Miner (1997), Hewett & Bearden (2001) and Lee, Sirgy, Brown & Bird (2004). The first three items intended to measure the performance of the buyer-seller relationship in terms of cost savings, profit and general financial performance, while the last two items were included to measure the buyer's performance in relation to the supplier's products on sales and market share. The measures of Long-term orientation were taken from Ganesan (1994) for testing the buyer's intention for engaging in a long-term relationship with a particular supplier. These seven items measure the buyer's prediction in having a profitable relationship over the long-term, the importance of maintaining a long-term relationship and achieving long-term goals, their willingness to sacrifice short-term loss, concessions and their own outcome for the long-term relationship.

Finally, the construct of opportunism was developed based on the work of Morgan & Hunt (1994). These four items measure the buyer's perception of the supplier's opportunistic behavior. The statements ask buyers to comment on the relationship, specifically whether the supplier has altered the facts slightly, failed to deliver as

promised, failed to provide required support or avoided fulfilling their responsibilities unless being watched closely. Full details of the relationship constructs and measurement items from the research instrument can be seen in the *Appendix* along with their reference sources. As illustrated, the Cronbach's Alphas for each construct ranged from .73 to .93, which are comfortably above the recommended threshold of .70 (Hair et al., 2006).

Findings and Results

A descriptive overview of the sample shows that most of the participating Taiwanese firms tend to be small with fewer than 100 employees (see Table 1). A small majority of business relationships surveyed tend to be medium-to-long term (11 to 20 years) in length and most are at the mature stage. Therefore in order to further understand whether the key constructs of the relationships may change over the length and stage of relationships, a series of one way analyses of variance (ANOVA) tests were run.

[Insert Table 1 here]

Length of Relationship

In order to evaluate the constructs at different time intervals, the sample was divided into four groups based on relationship length: a) short-term relationships (0 - 5 years duration), b) mid-term relationships (6 - 10 years), c) medium-to-long term relationships (11 - 20 years) and d) long-term relationships (greater than 20 years). In analyzing the means for the four relationship durations (Table 2), it can be seen that for all the variables (except Opportunism), the data indicate that Taiwanese buyers in

long-term and medium-to-long term relationships experienced consistently higher perceptions of their relationships than those in short-term relationships. However, for nearly half of the constructs (trust, communication, cooperation, coordination, interpersonal trust, and performance), buyers' perceptions vary between mid-term, medium-to-long term and long-term relationships. It can also be seen from the data that opportunistic behavior among exporting firms is considered to be slightly lower in relationships over relatively longer duration. However, there is no obvious difference between medium-to-long term, and long-term relationships. By and large, the findings provide some support for the literature which contends that relationships may become more intense and involved as they evolve (Ford, 1980; Dwyer et al., 1987). However, the data also suggest that once relationships have evolved over a reasonable length (i.e. more than 5 years), any differences become less significant.

[Insert Table 2 here]

Seven of the thirteen positive constructs for the four group durations revealed higher means for those relationships of a relatively greater length, suggesting that the variables may progress in a positive linear direction over time. Interestingly, this positive linear trend seems to be more prominent in the Interpersonal (Chinese) constructs than for the Inter-organizational (Western) constructs. This probably reflects Taiwanese buyers' emphasis on *guanxi* – which takes time to build; nevertheless, once it is established, it tends to be long lasting (Kipnis, 1997). Although the data presented are based upon a cross-section analysis of buyer-seller relationships, the key aspects of relationships – as perceived among Taiwanese buyers may vary with time. The findings signal significant differences associated with five

constructs, namely trust, communication, cooperation, social bonding and interpersonal trust.

The results of the ANOVA test show that trust (F -value 2.88, $p = .04$) seems to develop in a positive direction between the short (0 – 5 years) and mid-term (6 – 10 years). However, there is no significant difference between mid-term (6 – 10 years), medium-long-term (11 – 20 years), and long-term (>20 years) relationships. It implies that for the business relationships surveyed, Taiwanese buyers have significantly lower perceptions of trust in short term relations and the findings suggest that Taiwanese buyers consider trust to be more apparent over the mid-term. However, once the relationship has developed longer than five years, perceptions of trust tend to remain relatively high despite some small variance.

The next variable in the table that tested significant, and was also seen to evolve in a somewhat positive state was communication (F -value 3.43, $p = .02$). The findings infer that communication is perceived to be significantly greater in mid-term and long-term than in short-term relationships. The third variable which also tested significant and showed a somewhat positive linear direction was cooperation (F -value 3.22, $p = .02$). The result signifies that Taiwanese buyers' perceptions of cooperation vary significantly across relationships of different duration and it is judged to be more apparent in medium to long-term than short-term relationships.

The fourth variable that tested significant and developed in a positive linear trend was social bonding (F -value 4.06, $p = .01$). Based on the sample of firms surveyed, Taiwanese buyers have significantly higher perceptions of the extent of social

bonding in relationships of different duration. Specifically, Taiwanese buyers consider social bonding to be more apt in medium-to-long term and long-term relationships than in short-term exchanges. The final variable which tested significant and showed a somewhat positive linear direction was face saving (F -value 2.69, $p = .05$). Despite having higher perceptions in relatively longer relationships, Taiwanese buyers' perceptions of face saving tend not to vary between the Short and Mid-term. The findings infer that the preservation of face is perceived to be significantly greater in relationships that have been developed for more than ten years. Overall, these findings signal that trust, communication, cooperation, social bonding and the saving of face tend to be greater in relatively longer relationships, which confirm the findings of previous research on the positive development of buyer-seller relationships as a process evolving through time (Ford, 1980).

Stage of Relationship

Influenced by previous research (Ford, 1980; Rosson, 1986; Dwyer et al., 1987; Wilkinson & Young, 1994) and in order to evaluate the relationship constructs at different stages, the sample of relationships was divided into three different developmental stages: emerging, mature and declining. When comparing the mean averages in Table 3 for the three relationship stages, thirteen constructs demonstrate increased means from the emerging to the mature stage, suggesting that perhaps a significant proportion of the constructs may progress in a positive direction when a relationship evolves. However, out of the thirteen positive constructs, nine constructs then demonstrate decreased means from the mature to the declining stage, suggesting a somewhat relationship life-cycle effect. Hence, they reduce when a business

relationship moves from the maturity to the decline stage. However and interestingly enough, despite the decrease, the mean averages are still higher than at the emerging stage of relationships.

In analyzing the one way ANOVA test results presented in Table 3, there were significant differences associated with four constructs for the three relationship groups ($p \leq 0.05$ level). The first variable cooperation (F -value 4.89, $p = .01$) shows significant differences of relationships at different stages. The data seems to develop in a positive linear direction when a business relationship evolves from the emerging to maturity and decline stages - suggesting that Taiwanese buyers consider cooperation to be more apparent in relationships at the mature and the decline stages than the emerging stage.

[Insert Table 3 here]

The next variable tested as significant and also seen to evolve in a positive direction was social bonding (F -value 5.00, $p = .01$). This finding clearly reveals that Taiwanese buyers' perceptions vary significantly across relationships at different stages - suggesting that Taiwanese buyers consider social bonding to be more apparent in relationships at the mature stage than the emerging stage.

The third variable interpersonal trust (F -value 3.22, $p = .04$) seems to develop in a positive linear direction between emerging and maturity and then decreases between the maturity and declining stages. This suggests that Taiwanese buyers consider

interpersonal trust to be more apparent in relationships at the mature than the emerging stage. The final variable which tested significant and reflected the life-cycle theory was performance (F -value 3.47, $p = .03$). It suggests that Taiwanese buyers perceive their relationships to be performing better at the mature than at the emerging stage. In short, the results signify that cooperation, social bonding, interpersonal trust and performance tend to be higher in business relationships that are more mature (or even in decline) compared with those at the emerging stage.

Multiple Regression

In order to verify the correlations between the Inter-organizational (Western), Interpersonal (Chinese) and Outcome variables, multiple regression was adapted whereby each of the outcome variables served as dependent variables and the Inter-organizational (Western) and Interpersonal (Chinese) constructs represented predictor variables (see Tables 4a-d).

[Insert Tables 4a-d about here]

In Table 4a the Western variables of trust (t -value 2.65, $p \leq 0.01$) and coordination (t -value 6.55, $p \leq 0.001$) are significant predictors of satisfaction. This implies where higher levels of trust and coordination are apparent in the relationship - Taiwanese buyers are by and large more satisfied. Secondly, when testing for association using performance as the dependent variable (see Table 4b) - the Western variables of coordination (t -value 5.84, $p \leq 0.001$) and commitment (t -value 3.00, $p \leq 0.01$) have a positive significant influence. This suggests that when there are higher levels of

coordination and commitment in the relationship, buyers perceive there to be higher levels of financial returns derived from such activity. In addition, the Chinese variable of social bonds also demonstrates a significant correlation with performance (t -value 2.57, $p \leq 0.05$) – inferring that higher levels of social involvement between the exchange parties positively influences performance.

In Table 4c, the variables of coordination (t -value 6.09, $p \leq 0.001$), dependence (t -value 2.11, $p \leq 0.05$) and cooperation (t -value 1.98, $p \leq 0.05$) demonstrate a significant influence on the long-term orientation of such business-to-business relations. It implies that when Taiwanese buyers perceive higher levels of coordination, dependence and cooperation in business relationships, they are more likely to display higher levels of interest in building long-term relations. Finally, in Table 4d, Western variables of coordination (t -value 3.60, $p \leq 0.001$) and trust (t -value 3.35, $p \leq 0.05$) both demonstrate a significant negative influence on opportunistic behavior. Thus, when Taiwanese buyers perceive there to be higher levels of trust and coordination in the relationship, they are less likely to perceive their suppliers to engage in opportunistic behavior.

Besides coordination and inter-organizational trust, the Chinese variable of interpersonal trust also has a significant negative influence on opportunism (t -value 3.06, $p \leq 0.001$). This would infer that such personal trust is valued among Taiwanese buyers. The findings also suggest a significant positive association between cooperation and opportunism (t -value 2.04, $p \leq 0.05$). This surprising result signals that higher levels of cooperation in the channel leads to more opportunistic behavior

from suppliers. This could possibly relate to situations where cooperation is a result of such coercive force, whereby the supplier holds the upper hand.

The Moderating Effect of Length and Stage

In order to test the moderating effect of length and stage on the relationships between Inter-organizational (Western), Interpersonal (Chinese) and the Outcome variables, several General Linear Models (GLM) were administered. These help to clarify whether length or stage of relationship have interaction effects on the independent - dependent variable relationships. As shown in Table 4a, relationship length appears to have a significant moderating effect on the trust - satisfaction (F -value 2.74, $p \leq 0.05$) and coordination - satisfaction (F -value 7.53, $p \leq 0.001$) relationships. This implies that both coordination and trust's influence on satisfaction varies significantly over different lengths of time. Moreover, relationship stage has a significant moderating effect on the coordination - satisfaction (F -value 11.80, $p \leq 0.001$), and dependence - satisfaction (F -value 3.41, $p \leq 0.01$) relationships. This would suggest that both coordination and dependence's influence on satisfaction varies significantly over different relational stages.

In Table 4b, where performance was used as the dependent variable, relationship length has a significant moderating effect on the relationship between coordination and performance (F -value 5.20, $p \leq 0.001$). Thus, through the lens of Taiwanese buyers, coordination has a significantly different influence on performance over time. Relationship stage has a significant moderating effect on the commitment - performance (F -value 2.37, $p \leq 0.05$) and coordination - performance (F -value 9.11, p

≤ 0.001) relationships, suggesting Taiwanese buyers' perceptions of coordination and commitment significantly influence performance at different stages in such business relations. In Table 4c, it is apparent that both length (F -value 6.74, $p \leq 0.001$) and stage (F -value 12.81, $p \leq 0.001$) of relationship have a significant interaction effect on the relationship between coordination and long-term orientation. This signals that coordination appears to have a significantly different influence on long-term orientation among Taiwanese buyers at both different relationship stage and length.

Finally, in Table 4d, relationship length has a moderating effect on the trust (F -value 2.40, $p \leq 0.05$), coordination (F -value 4.25, $p \leq 0.001$) and social bonds (F -value 3.21, $p \leq 0.01$) - opportunism relationships. Trust, coordination and social bonds therefore appear to have significant different influences on suppliers acting opportunistically over time - when viewed among Taiwanese buyers. In addition, the stage of the relationship also has a moderating influence on the coordination - opportunism relationship, suggesting coordination's influence on opportunistic behavior varies significantly at different stages of the relationship.

Research Implications

Following the linear shape associated with life-cycle theory, this research provides an interesting counter-argument to the findings posited by Grayson & Ambler (1999) and Barnes (2005), as it is suggested here that relationships follow a somewhat linear direction. Moreover, it was discovered that most constructs appear to have significantly lower averages at the emerging stage than those of later stages.

Cooperation is lower at the emerging stage than the mature and decline stages, whilst social bonding, interpersonal trust, and performance are lower at the emerging and the declining stages compared with the mature stage. This very much resembles the notion of product life-cycle theory (Barnes, 2005) and reflects on the idea of dividing relationships into different states by sales growth and relationship length (Ford & Rosson, 1982).

Specifically, the research findings suggest that the buyers' perceptions regarding trust, communication, cooperation, social bonding, and face are significantly higher in more developed relationships than in short-term relationships. However, in contrast to Ford and Rossons' (1982) findings who suggest that relationships could develop into different states regardless of the notion of time, the findings indicate that Taiwanese buyers' perceptions tend to be significantly higher once the relationships have developed over time (more than 5 years). Nevertheless, once the relationships have continued for more than 5 years, buyers' perceptions regarding the Inter-organizational (Western) constructs could vary slightly over time, yet still in general remain significantly higher than in those relationships that are shorter than 5 years.

Moreover, such high perceptions tend to endure even when trade between two firms has fallen, and the business relationship has moved into the decline stage. For example, the findings suggest that buyers perceive there to be high levels of reciprocity and face even when a business relationship has reached the decline stage. This interesting finding probably relates to the notion of such Chinese *guanxi*. Whilst business may cease, the already well-established *guanxi* is likely to continue for a long time. This particular case of reciprocity reflects on issues raised by Hwang

(1987) and Ambler (1995) that an immediate return of favor is not commonly practiced by the Chinese. Instead, they tend to bank favors as reassuring resources - that only require repayment when the time is right or needed.

The research findings clearly articulate that exporting firms wishing to make a significant impact on their Taiwanese buyer relations would be wise to focus on enhancing coordination. This can be achieved through processing orders accurately and smoothly, trying to maximize on the service delivery component and successfully executing jointly facilitated marketing programs (Buvik & Gronhaug, 2000; Buvik & Anderson, 2002). Coordination is proven here to represent a particularly unique and important dimension for the development of Anglo-Taiwanese business relationships and is the only construct that is significantly associated with all the relationship outcome variables posited. Thus, it is important for both academicians and practitioners to recognize that higher levels of coordination are associated with a) increased satisfaction, b) enhancing performance, c) generating long-term orientation and d) reducing perceptions associated with suppliers acting opportunistically.

It also appears that the provision of accurate information and having general concerns for the buyer are important factors that can facilitate trust, which leads to enhancing relationship satisfaction as viewed among buyers (Doney & Cannon, 1997). Through working in tandem and focusing on mutual goals, it is observed that cooperation plays a key role in facilitating the long-term orientation of such business relationships. Similarly, creating some degree of relationship dependence will also enhance the long-term prospects in such relationships. The findings re-iterate the need to develop affective social relations in a Chinese context and export personnel are well advised to

work on nurturing such social ties with key partners, as these may be the key to greater prosperity and financial gains.

Taking into account the moderating effects of relationship stage and duration, our findings advocate that both these variables have a significant interacting effect on the coordination – outcome relationships (satisfaction, performance, long-term orientation and opportunism), implying that the relationships between the predictor of coordination and these four outcome variables significantly varies based on relationship stage and duration. There was also evidence to support the trust – satisfaction relationship (positively) and the trust – opportunism relationship (negatively) over time.

By and large Taiwanese buyers' perceptions regarding the relational constructs measured tend to be more positive as relationships evolve. As a result, some suggestions are provided here to help Western suppliers manage different relationship strategies based on the duration and stage of their business relationships. Western exporting firms that are new to Chinese markets should be aware of the fact that entering such markets may prove extremely difficult and there is a need to be prepared to consider high entry costs.

This is because in Chinese markets, most buyer-seller relationships tend to be well-established and often individuals involved in managing the relationship i.e. purchasing managers and sales directors have become old friends as well as business partners. They are often willing to sacrifice one's temporary gains to help the other if needed. Breaking into these markets can therefore become difficult, as newcomers are

expected to provide significantly better alternatives. For example, attractive price discounts or unique products that have advanced features (or little competition) may motivate agents and distributors to invest in a relationship.

In general, because buyers and sellers have often developed strong bonds over the years, such markets may prove difficult to penetrate. However, there are still some solutions for newcomers. For example, an intermediary who is known and been trusted by the potential buyer for a long time could provide an ideal introduction (Chen M., 2001). This person can help create an amicable atmosphere which is useful for better discussions and negotiation. Alternatively, offering a helping hand or support may be considered a good ice-breaking strategy (Kipnis, 1997). For those Western firms that have established business relationships with Chinese partners (which have not yet reached the maturity stage), continuous effort is required in terms of social gatherings – as they are often welcomed by the Chinese for strengthening *guanxi* ties (Seligman, 1999).

Finally, for those Western firms that have already established long-term relationships with their Chinese buyers, a degree of confidence can be enjoyed. This is because they have established not only good business relationships, but also close personal connections. Nevertheless, Western firms need to be aware that personal relationships can not be easily transferred from one export sales manager to another. Therefore caution should be exercised if an employee considers leaving the firm or retires. A popular practice that is often used by the Chinese is to have new employees work with existing ones and visit clients together. This helps to facilitate personal connections and better manage relationships for the future.

Limitations, Future Research and Conclusion

Although this research has attempted to empirically test differences among fourteen relational variables on a sample of Taiwanese importers, some caution should be exercised when interpreting the results. As data were collected solely from importers, the findings fail to consider those views of the Anglo-Saxon exporters. Often in such relationships, a mis-match exists between buyers and sellers which can lead to perception gaps that may dampen relationships between exchange parties (Barnes, Naudé & Michell, 2007). Future research should therefore be undertaken at the dyadic level among international buyers and sellers to identify areas where perception gaps may exist in business relationships. The findings could help companies eliminate such gaps and strengthen their business relations accordingly.

Whilst a snap-shot picture of relationships at different stages and length have been examined here, the cross sectional approach of data collection reflects an inherent limitation associated with the research. It would therefore be useful for researchers to incorporate longitudinal research designs in order to physically frame the evolution of such international buyer-seller relationships over time. Finally, although the research based on a sample of Taiwanese trading and distributing companies has attempted to reveal how relationships may evolve over time in a Chinese context, the geographical context of this research is limited. Similar research should therefore be undertaken in other Chinese markets.

Whilst China itself represents an obvious target, particularly for examining business relationships involving buyers in multinational enterprises and global retailers (Chen M., 2001), the nature of the infrastructure surrounding agents, distributors and trading

companies is somewhat limited. However, it should be earmarked for future research. Moreover, a comparison could be drawn in other Chinese inspired economies, such as Hong Kong and Singapore. Research findings from these markets would prove interesting, as it would be useful to see whether or not similarities and differences appear based on the nature and type of business relationships in question and if the constructs have similar degrees of influence in these economies. Such research is likely to make a useful contribution to the export and international marketing literature, as Western exporters continue to come to terms with an ever emerging Asian economy and somewhat stable and saturated Western markets.

In summary, whilst the extant buyer-seller and channel management literature has tended to focus on Western or Chinese relational forms in isolation, an attempt has been made here to broaden our understanding by providing a framework that incorporates both Western and Chinese relational constructs. Responding to Barnes's (2005) call for research to further examine the time factor in buyer-seller relationships, this investigation reveals how several constructs of a relationship may progress with time and across stages. Although in previous research Ford (2002) discussed that some relationships may fail to develop and could regress, our findings suggest a gradual increase over time based on the relational constructs identified in this investigation.

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Appendix: Constructs, Items and Sources

Constructs	Item code	Item description	Source
Trust ($\alpha = .82$)	TRU1	This exporter keeps the promises s/he makes to our business	Doney and Cannon (1997)
	TRU2	This exporter is not always completely honest with us (R)	
	TRU3	We believe the information that this exporter provided us with	
	TRU4	This exporter is genuinely concerned that our business succeeds	
	TRU5	When making important decisions, this exporter considers our welfare	
	TRU6	We trust this exporter keeps our best interests in mind	
	TRU7	This exporter is trustworthy	
	TRU8	We find it necessary to be cautious with this exporter (R)	
Commitment ($\alpha = .83$)	CMT1	Changing this exporter would be too disruptive for our business	Gilliland and Bello (2002)
	CMT2	If we wanted to shift business away from this exporter our losses could be high	
	CMT3	We need to keep working with this exporter since leaving would create hardship	
	CMT4	Our loyalty to this exporter is a major reason why we continue to work with him/her	
	CMT5	We want to stay associated with this exporter because of our allegiance to him/her	
	CMT6	We will continue working with this exporter because we are 'part of the family'	
	CMT7	Given the things we have done with this exporter over years, we ought to continue	
Communication ($\alpha = .93$)	COM1	We feel that our communication with this exporter is timely	Mohr and Sohi (1995)
	COM2	We feel that our communication with this exporter is accurate	
	COM3	We feel that our communication with this exporter is complete	
	COM4	We feel that our communication with this exporter is credible	
	COM5	We feel that our communication with this exporter is adequate	
Cooperation ($\alpha = .88$)	COP1	Our firm is conscientious and responsive about maintaining a cooperative relationship	Leonidou et al. (2002)
	COP2	Our firm is willing to collaborate with this exporter to have a smooth relationship	
	COP3	Our firm often acts in a way that promotes mutual interest and welfare with this exporter	
	COP4	Our firm is interested in assisting this exporter to achieve business objectives and goals	
	COP5	There is a team spirit in the relationship with this exporter in tackling common problems	
Coordination ($\alpha = .85$)	COO1	We feel like we never know what we are supposed to be doing or when we are supposed to be doing it for this supplier's products (R)	Mohr et al. (1996)
	COO2	Our local programs are well coordinated with this supplier's national programs	
	COO3	Our activities with this supplier are well coordinated	
	COO4	We co-operate closely with this supplier to improve products and services delivered to our firm	
	COO5	We regularly co-operate with this supplier in the selection of materials and components that are used in the products delivered to our firm	
	COO6	Our firm co-operate closely with this supplier in the following up of orders	
Dependence ($\alpha = .88$)	DEP1	If discontinued with this exporter, we would have difficulty in making up the sales volume	Ganesan (1994)
	DEP2	This exporter is crucial to our future performance	
	DEP3	It would be difficult for us to replace this exporter	
	DEP4	We are dependent on this exporter	
	DEP5	We do not have a good alternative to this exporter	
	DEP6	This exporter is important to our business	
	DEP7	This exporter's product lines are essential to round out our product offering	
	DEP8	If our relationship were discontinued with this exporter, we would have difficulty replacing it	
Social Bonds ($\alpha = .86$)	SOC1	I often interact with my exporter's representative on a social basis outside of work	Mavondo and Rodrigo (2001)
	SOC2	My exporter's representative and I are able to talk openly as friends	
	SOC3	If I were to change this exporter, I would lose a good friend	
	SOC4	I consider my exporter's representative as being almost as close to me as family	
	SOC5	I would consider whether the feelings of the representative are hurt before making an important decision	
Reciprocity ($\alpha = .90$)	REC1	I feel a sense of obligation to this supplier's representative to do him/her a favor	Mavondo and Rodrigo (2001)
	REC2	I think that "calling in" favors is part of doing business with this supplier's representative	
	REC3	The practice of "give and take" of favor is a key part of our relationship with supplier's representative	
	REC4	I would feel embarrassed if I was unable to respond to a requested favor from my supplier's representative	
	REC5	I know that it is a bad business not to return favors to this supplier's representative	
Face ($\alpha = .83$)	FAC1	I take care not to embarrass my supplier's representative or make him/her feel uncomfortable in any situation.	Mavondo and Rodrigo (2001)
	FAC2	I would not confront my supplier's representative at a public meeting even if he/she were in the wrong.	
	FAC3	I always give my supplier's representative an avenue out so that he/she would not be embarrassed.	
	FAC4	I am likely to resolve conflicts in an agreeable way, rather than through the use of power so that my supplier's representative would not feel embarrassed	
Interpersonal Trust ($\alpha = .73$)	INT1	This exporter's representative has been frank in dealing with us	Doney and Cannon (1997)
	INT2	This exporter's representative does not make false claims	
	INT3	We do not think this exporter's representative is completely open in dealing with us (R)	

	INT4	This exporter's representative is only concerned about himself/herself (R)	
	INT5	This exporter's representative does not seem to be concerned with our needs (R)	
	INT6	The people in our firm do not trust this exporter's representative(R)	
	INT7	This supplier's representative is not trustworthy (R)	
Satisfaction ($\alpha = .90$)	SAT1	Our relationship with this exporter has been an unhappy one (R)	Kumar et al (1992);
	SAT2	Generally, we are very satisfied with the overall relationship with this exporter	Baker et al. (1999);
	SAT3	We are very pleased with the working relationship with this exporter	Cannon & Perreault (1999)
	SAT4	We regret the decision to do business with this exporter (R)	
	SAT5	We are very pleased with what this exporter does for us	
	SAT6	If we had to do it over again, we would still choose this exporter	
Performance ($\alpha = .91$)	PER1	There were significant cost savings resulting from doing business with this exporter	Moorman & Miner (1997)
	PER2	Our firm's profitability has increased because of this exporter	Hewett & Bearden (2001) Lee et al. (2004).
	PER3	The relationship with this exporter helped us perform better financially	
	PER4	This exporter's products have successfully achieved the sales relative to original objectives	
	PER5	This exporter's products have achieved the market share to original objectives	
Long-term orientation ($\alpha = .87$)	LTO1	In the long run our relationship with this exporter will be profitable	Ganesan (1994)
	LTO2	If we had our way, we would attempt to strengthen the relationship with the exporter	
	LTO3	Maintaining a long-term relationship with this exporter is important for us	
	LTO4	We focus on the long-term goals of the relationship with this exporter	
	LTO5	We are only concerned with our outcomes in the relationship with this exporter (R)	
	LTO6	We expect this exporter to be working with us for a long time	
	LTO7	Any concessions we make to help out this exporter will even out in the long run	
Opportunism ($\alpha = .88$)	OPP1	This exporter alters the facts slightly	Morgan and Hunt (1994)
	OPP2	This exporter promises to do things without actually doing them later	
	OPP3	This exporter fails to provide us with the support s/he is obliged to	
	OPP4	This exporter avoids fulfilling his/her responsibilities unless s/he is watched	

(R) indicates a reversed scale measure.

Figure 1: Components and variables of the conceptual model

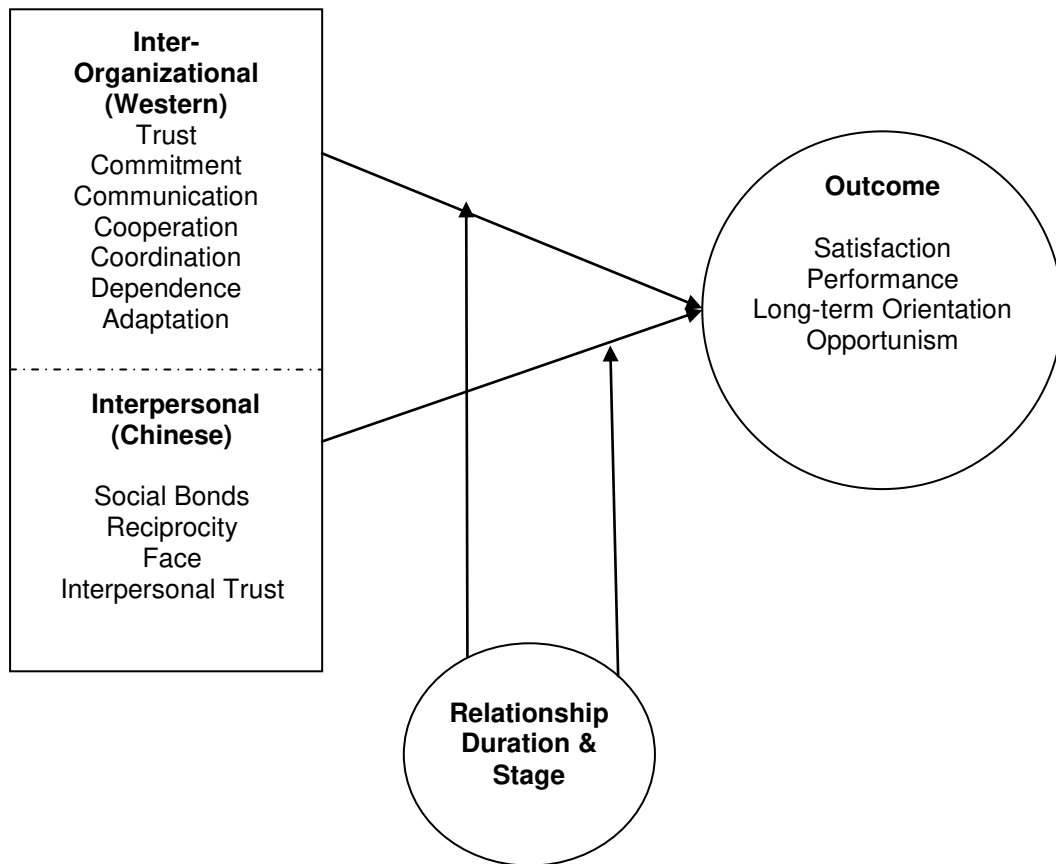


Table 1: An Overview of the Taiwanese Buyers

	N = 208	%
Distributor Size		
• Small (1-99 employees)		89
• Medium (100-499 employees)		6
• Large (500+ employees)		5
Length of Relationships		
• Short-term (to 5 years)		27
• Mid-term (6-10 years)		25
• Mid-Long term (11-20 years)		38
• Long-term (> 20 years)		10
Stage of Relationships		
• Emerging		14
• Mature		71
• Decline		15

Table 2: Length of Relationships

Relationship Constructs	Short-term	Mid-term	Mid-Long term	Long-term	Summary	F-value	P-value
Trust	4.76	5.26	4.99	5.16		2.88	.04 *
Commitment	4.51	4.58	4.72	4.97	+	1.10	.35
Communication	5.13	5.71	5.54	5.82		3.43	.02 *
Cooperation	5.31	5.62	5.76	5.74		3.22	.02 *
Coordination	4.88	5.26	5.18	5.18		1.84	.14
Dependence	4.67	4.90	5.04	5.24	+	1.71	.17
Social Bonding	4.04	4.34	4.70	5.02	+	4.06	.01 **
Reciprocity	4.30	4.69	4.75	4.82	+	1.63	.18
Face	4.70	4.70	5.12	5.27	+	2.69	.05 *
Interpersonal Trust	4.90	5.10	5.05	5.50		2.50	.06
Satisfaction	5.17	5.31	5.35	5.63	+	.99	.40
Performance	4.67	4.83	4.91	4.68		.68	.57
Long-term Orientation	5.20	5.21	5.36	5.45	+	.61	.61
Opportunism	3.07	2.96	2.88	2.93		.23	.88

Notes:

** $p \leq 0.01$; * $p \leq 0.05$;

+, denotes an increasing mean between S, M, ML and L.

Table 3: Stages of Relationship

Relationship Constructs	Emerging (I)	Maturity (II)	Decline (III)	Summary	F-value	P-value
Trust	4.78	5.08	4.81	^	2.21	.11
Commitment	4.36	4.74	4.46	^	2.24	.11
Communication	5.10	5.59	5.45	^	2.40	.09
Cooperation	5.13	5.64	5.73	+	4.89	.01 **
Coordination	4.85	5.20	5.02	^	2.01	.14
Dependence	4.65	4.95	5.00	+	.91	.40
Social Bonding	3.76	4.61	4.42	^	5.00	.01 **
Reciprocity	4.22	4.64	4.84	+	1.80	.17
Face	4.82	4.86	5.23	+	1.39	.25
Interpersonal Trust	4.83	5.36	5.24	^	3.22	.04 *
Satisfaction	4.98	5.42	5.19	^	2.49	.09
Performance	4.38	4.92	4.67	^	3.47	.03 *
Long-term Orientation	5.02	5.33	5.20	^	1.36	.26
Opportunism	3.19	2.89	3.05	v	.74	.48

Notes:

** $p \leq 0.01$; * $p \leq 0.05$; I= Emerging, II= Maturity, III=Decline.

+, denotes an increasing mean between I, II, III.

^, denotes an increasing mean between I & II and an decreasing mean between II & III.

v, denotes an decreasing mean between I & II and an increasing mean between II & III.

Table 4a: Regression (Independent Variables to Satisfaction)

Multiple Regression Adjusted R Squared = .47	Sign	Standardised coefficients (β)	<i>t</i>	Length (<i>F</i>)	Stage (<i>F</i>)
Trust → Satisfaction (Sat)	+	.21	2.65 **	2.74 *	1.63
Commitment → Sat	-	.01	.13	.66	1.52
Communication → Sat	+	.08	1.19	.14	.27
Cooperation → Sat	+	.02	.34	.49	.63
Coordination → Sat	+	.42	6.55 ***	7.53 ***	11.80 ***
Dependence → Sat	+	.07	.92	1.27	3.41 **
Social bonds → Sat	+	.00	.01	1.48	.54
Reciprocity → Sat	-	.04	.65	2.06	.22
Face → Sat	+	.11	1.58	.51	.14
Interpersonal Trust → Sat	+	.00	.05	.55	.97

*** $p \leq 0.001$; ** $p \leq 0.01$; * $p \leq 0.05$;

Table 4b: Regression (Independent Variables to Performance)

Multiple Regression Adjusted R Squared = .42	Sign	Standardised coefficients (β)	<i>t</i>	Length (<i>F</i>)	Stage (<i>F</i>)
Trust → Performance (Perf)	-	.02	.76	1.38	1.24
Commitment → Perf	+	.26	3.00 **	1.07	2.37 *
Communication → Perf	+	.07	1.12	.64	.90
Cooperation → Perf	-	.02	.21	.79	1.75
Coordination → Perf	+	.42	5.84 ***	5.20 ***	9.11 ***
Dependence → Perf	+	.08	1.02	1.67	.61
Social bonds → Perf	+	.16	2.37 *	1.84	1.45
Reciprocity → Perf	+	.05	.65	1.23	.59
Face → Perf	-	.10	1.58	1.14	.89
Interpersonal Trust → Perf	+	.02	.32	2.02	.52

*** $p \leq 0.001$; ** $p \leq 0.01$; * $p \leq 0.05$;

Table 4c: Regression (Independent Variables to Long-term Orientation)

Multiple Regression Adjusted R Squared = .47	Sign	Standardised coefficients (β)	<i>t</i>	Length (<i>F</i>)	Stage (<i>F</i>)
Trust → Long-term (LT)	+	.04	.93	1.32	1.15
Commitment → LT	+	.13	1.56	.67	.52
Communication → LT	+	.09	1.42	1.38	1.50
Cooperation → LT	+	.13	1.98 *	.50	2.15
Coordination → LT	+	.41	6.09 ***	6.74 ***	12.81 ***
Dependence → LT	+	.08	2.11 *	1.29	2.10
Social bonds → LT	-	.08	1.21	.63	.29
Reciprocity → LT	+	.08	1.25	.58	1.20
Face → LT	+	.03	.53	.32	.68
Interpersonal Trust → LT	-	.02	.28	.77	1.45

*** $p \leq 0.001$; ** $p \leq 0.01$; * $p \leq 0.05$;

Table 4d: Regression (Independent Variables to Opportunism)

Multiple Regression	Sign	Standardised	<i>t</i>	Length	Stage
Adjusted R Squared = .30		coefficients (β)		(<i>F</i>)	(<i>F</i>)
Trust → Opportunism (Oppt)	-	.20	2.22 *	2.40 *	1.34
Commitment → Oppt	-	.10	1.10	1.84	.27
Communication → Oppt	-	.04	.48	.96	.12
Cooperation → Oppt	+	.16	2.04 *	1.12	.75
Coordination → Oppt	-	.27	3.60 ***	4.25 ***	4.17 **
Dependence → Oppt	+	.07	.88	.99	.43
Social bonds → Oppt	+	.00	.01	3.21 **	.19
Reciprocity → Oppt	+	.11	1.49	1.37	.34
Face → Oppt	-	.02	.34	.41	.06
Interpersonal Trust → Oppt	-	.29	3.06 ***	1.96	2.34

*** $p \leq 0.001$; ** $p \leq 0.01$; * $p \leq 0.05$;