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**Power dynamics, cooperation, and performance in exporter-importer
relationships: The moderating role of partner incompatibility and emotion
regulation**

Abstract

Drawing on Power-Dependence theory and Emotion Regulation theory, we examine the power dynamics of the relationship between exporters and importers. Data collected from 262 Greek exporters confirmed that the exporter's dependence on the import buyer is conducive for the latter to exercise high levels of both non-coercive power and coercive power on the former. However, at higher levels of partner incompatibility, the impact of this dependence on importer's exercised noncoercive power was weaker, but stronger in the case of coercive power. The importer's exercise of non-coercive power on the exporter was subsequently found to enhance inter-organizational cooperation, whereas the opposite was true when exercising coercive power. However, the exporter's ability to regulate emotions strengthened the positive impact of noncoercive power on inter-organizational cooperation but reduced the negative effect that coercive power has on it. Finally, inter-organizational cooperation was confirmed to improve relational performance.

Keywords: Power; cooperation; performance; partner incompatibility; emotion regulation; business relationships.

1. Introduction

The exercise of power is an inevitable behavioral action by parties in a buyer-seller relationship, which helps to take it out of the realm of chance and give it purpose (Chae et al., 2017; Clauss & Bouncken, 2019). However, while the judicious use of power can enhance the relationship between interacting parties, its improper use may create serious problematic conditions that can harm its smooth functioning and even lead to its disintegration (Brown et al., 2009; Wang et al., 2015; Zhuang et al., 2010). This is particularly true for relationships taking place between parties who are geographically and psychologically distant from each other, as in the case of exporters and their import buyers, because their working environment is characterized by high levels of uncertainty, complexity, and volatility (Katsikeas et al., 2009; Leonidou et al., 2011). Hence, the exercise of power in these relationships should be carefully handled for these to grow, prosper, and even survive (Johnston et al., 2018; Zaher & Marquez-Illescas, 2024).

Although power has been the object of several studies in the past focusing on exporter-importer relationships (e.g., Pfajfar et al., 2019; Rana & Ha-Brookshire, 2020; Skowronski et al., 2022), examination of its internal activation patterns and moderating factors was surprisingly limited (Siemieniako et al., 2023). In fact, studies on the subject concentrated mainly on the outcomes of the power exercised in the relationship between exporters and their import buyers, while the few attempts that examined antecedent factors dealt mainly with exogenous forces, such as the role of foreign regulatory environment (Chelariu et al., 2006) and industry competitive intensity

(Matanda & Freeman, 2009). This is despite the existence of sizeable research on domestic buyer-seller relationships (e.g., Chung et al., 2007; Huo et al., 2019; Lai 2009) stressing the critical role of dependence, as well as that of other internal factors, on the power exercised by interacting parties.

Power in exporter-importer relationships was also mainly associated with negative behavioral aspects (e.g., conflict, opportunism, distance), while its association with more positive dimensions, as is the case of inter-organizational cooperation, is virtually absent. However, cooperation plays an instrumental role in the effectiveness and efficiency of these relationships because: (a) it encourages joint work between interacting parties to achieve goals and resolve problems (Kantaruk Pierre et al., 2024; Obadia et al., 2017); (b) it facilitates building a solid foundation to sense and properly address business risks (Gligor & Holcomb, 2012); and (c) it fosters inter-partner coordination, collaboration, and reciprocity to jointly create end-customer value (Theingi & Purchase, 2011). Cooperation is particularly crucial when operating internationally due to the need to accommodate numerous socio-cultural, institutional, political, and other challenges (Andersen et al., 2009; Leonidou et al., 2006; Pinho, 2013).

Another highly relevant, but neglected, factor when examining power in exporter-importer relationships has to do with the degree of compatibility of the interacting parties in terms of structural, cultural, and strategic aspects (Park et al., 2008; Yan & Duan, 2003). This is because partner incompatibility may cause a misfit in terms

of goals, expectations, and activities, which may lead to catastrophic effects for the relationship (Jeanine et al., 2020; Pak et al., 2009; Park et al., 2009). For example, evidence from the psychology literature indicate that lack of compatibility between partners in a relationship may prevent: (a) engaging in efforts to continue their relationship in the desired direction and level of involvement (Weigel et al., 2016); (b) developing a positive predisposition to grow together through adaptations and compromises (Wilson & Cousins, 2003); and (c) adopting a supportive attitude toward each other that is essential in reaching their goals (Hong et al., 2023).

Although emotions serve a critical communicative role in human interactions in that they inform others about one's internal state and behavioral intentions, such as controlling other's decisions, their link to power has also been under-researched (Schuster et al., 2022). This is despite indications in the international management literature has featured emotion regulation as a key cross-cultural capability that helps to cope with difficulties and accomplish goals in foreign business. For example, several studies (e.g., Parush & Zaidman, 2023; Xu et al., 2019) found that regulating emotions is important in the case of frustration caused by foreign partners engaged in opportunistic actions, communication failures, or control attempts. By the same token, emotion regulation is expected to moderate power dynamics in exporter-importer interactions, in the sense that a party who is able to regulate his/her emotions can be in a better position to cope with problems relating to efforts of the other party to control decisions in the working relationship (Richter et al., 2023).

To fill these gaps in the literature, we draw on both Power-Dependence theory and Emotion Regulation theory to investigate the effect of exercised power in exporter-importer relationships on inter-organizational cooperation and performance, taking into consideration the moderating role of partner incompatibility and emotion regulation. Our study has five specific objectives to accomplish: (a) to investigate the impact of the exporter's dependence on the importer's efforts to exercise noncoercive or coercive power; (b) to analyze the role of partner incompatibility in moderating the effect of dependence on the exercise of noncoercive and coercive power; (c) to examine the effect of non-coercive and coercive power on cooperation in the working relationship between the exporter and its import buyer; (d) to capture the role of the exporter's ability to regulate emotions in moderating the impact of the importer's exercised power (whether non-coercive or coercive) on inter-organizational cooperation; and (e) to explore how inter-organizational cooperation can influence relational performance outcomes.

Our study contributes to the business literature in four major ways: *first*, we develop and confirm a mechanism that explains how power-dependence dynamics affect the level of cooperation between exporters and importers; *second*, we demonstrate the role played by partner incompatibility in determining the effect of dependence on each type of power exercised in a business relationship (i.e., coercive and noncoercive), a highly relevant but neglected aspect in research focusing on power; *third*, as opposed to other studies focusing on the financial implications of exporter-importer interactions, our study emphasizes the importance of inter-

organizational cooperation to ensure effectiveness and efficiency in their working relationship; and *fourth*, we illustrate the importance of emotions of individuals in modulating the way power exercised at the organization level affects cooperation, thereby extending the role of psychology-based concepts in managing international inter-firm relationships.

The remainder of this article has the following structure. First, we review the literature on both power in exporter-importer relationships and emotion regulation in an international business context. Then, we provide the theoretical foundation of the study, which, as mentioned, is anchored on Power-Dependence theory and Emotion Regulation theory. This is followed by the presentation of the conceptual model and the development of the research hypotheses. The next section explains the research methodology, providing details about the sampling method, construct operationalization, survey instrument, and data collection. Subsequently, we analyze the data collected and present the results. In the final sections, we discuss our findings, provide theoretical and managerial implications, and suggest directions for future research.

2. Background knowledge

2.1 Power in exporter-importer relationships

Power is the ability of one party in a business relationship to control the decisions of the other party (Hunt & Nevin, 1974). When a relationship party takes explicit actions to influence the behavior of the other party, this is an expression of exercised power

(Hoppner et al, 2014). Hence, while power has a static nature and denotes a structural characteristic of the relationship, the exercise of power represents its kinetic form and represents a behavioral aspect (Molm, 1985). The power exercised in a business relationship can be derived from either non-coercive or coercive sources (Gaski & Nevin, 1985). *Non-coercive power* involves the use of soft measures (e.g., providing support, giving expert advice, offering rewards) of rendering beneficial assistance to gradually influence a partner's behavior toward a desired direction (Frazier & Rody, 1991; Geyskens & Steenkamp, 2000; Johnston et al., 2018). On the other hand, *coercive power* involves a forceful pressure on a partner in a relationship by conveying adverse consequences (e.g., threatening to take legal actions, imposing harsh sanctions, proceeding with punishments) for non-compliance to improve performance of a certain behavior and/or moving away from an undesired behavior (Frazier & Rody, 1991; Johnston et al., 2018).

Although the role of exercised power in exporter-importer relationships has been only sporadically examined since the late 1980s, this line of research yielded several useful insights (see **Table 1** for a summary of empirical studies on the subject). The extant literature reveals power to address value co-creation opportunities within the focal exporter-importer relationship, as well as in the ecosystem where the relationship is embedded (Siemieniako et al., 2023). Structural and behavioral aspects of power exhibit increasing and decreasing trends over time because of a dynamically changing business environment (Siemieniako et al., 2023). For example, regulatory volatility, market turbulence, and competitive intensity, was found to activate and even

change the balanced of power exercised in exporter-importer relationships (Chelariu et al., 2006; Fontana et al., 2024; Matanda & Freeman, 2009; Siemieniako et al., 2023).

...Insert Table 1 about here...

Non-coercive power was reported to give rise to justice perceptions (Hoppner et al., 2014), increase satisfaction levels (Leonidou, 1989; Leonidou, et al., 2008), and improve relationship quality (Hirshberg & Shoham, 2017), while also contributing to reduce tensions in the relationship (Hirshberg & Shoham, 2017; Leonidou et al., 2008; Pfajfar et al., 2019). Hoppner et al. (2014) also noted that the effect of importer's reward power on relational performance is amplified at higher levels of exporter's dependence on the latter. The perceived external locus of control of the importer was also found to stimulate the exporter to exercise non-coercive power in their relationship (Chelariu et al., 2006).

Regarding the exercise of coercive power, studies revealed that this increased conflict (Hirshberg & Shoham, 2017; Leonidou et al., 2008; Pfajfar et al., 2019), distorted perceptions of justice (Hoppner et al., 2014), diminished flexibility (Matanda et al., 2016), weakened relational bonds (de Ruyter et al., 1998), and reduced relational performance (Hoppner et al., 2014). It was also connected with a denial of resources by the power holder, which was detrimental of important relationship functions, such as encouraging innovative thinking (Matanda et al., 2016). Mitrega (2023) also found that the positive influence of the exporter's network management capabilities on relational performance is constrained by the import buyer's use of coercive power, while Skowronski et al. (2022) reported that the exercise of coercive power by the importer

can lead the exporter to embark on a shirking behavior.

There is also evidence indicating that the exercise of power tends to vary as the firm progresses along the internationalization path, with lower levels of involvement characterized by greater attempts by the importer to control the elements of the marketing mix, although this gradually diminishes as the exporter becomes more experienced and has more resource availability (Kaleka et al., 1997). It was also found that manufacturing firms tend to exercise lower levels of power on their import buyers as opposed to their domestic counterparts, with this being attributed to difficulties in dealing with geographically and psychologically distant countries (Katsikeas & Piercy, 1992; Leonidou, 1989). Another remarkable finding was that importers from developed countries tended to exercise higher power over their developing country-based exporters rather than *vice versa* (Katsikeas & Piercy, 1990; Leonidou, 1989). Finally, research also showed that the way power is exercised by a party in a business relationship is likely to be reciprocated in a similar way by the other party, as in the case of exercising aggressive power by one party which is paid back in the same way by the other (Johnson et al., 1993).

2.2 Emotion regulation in international business

Research on emotion regulation within an international business context is limited, focusing mainly on the examination of emotion regulation of international entrepreneurs, expatriates, repatriates, or multinational teams, while its connection with buyer-seller relationships is virtually absent. Previous studies revealed that an

international business setting is vulnerable to various emotion provoking events, such as: (a) job stress associated with interacting with foreigners and living in a foreign country (Aycan, 1997); (b) lack of control over distant co-workers (Schlaegel et al., 2023); (c) delays in coordinating and transferring resources (Zaidman & Kohen, 2020); and (d) difficulties in communicating with foreigners (Hinds et al., 2014; Nurmi & Koroma, 2020; Tenzer & Pudelko, 2015). Such events elicit emotions such as anger (e.g., due to a belief of being cheated by the partner), frustration (e.g., due to an inability to understand institutional rules), embarrassment (e.g., due to a failure to correctly interpret verbal/non-verbal language), and anxiety (e.g., due to uncertainty about succeeding in an unusual business setting) which can prevent goal achievement in an international context (Parush & Zaidman, 2023; Xu et al., 2019; Zhang & Lassalle, 2024)

Emotion regulation can take different forms in international business. For example, to reduce the emotional impact of stress, individuals interacting with foreigners (or facing a foreign country context) can search for information or attend a training program that will facilitate their adjustment to the new, unfamiliar environment (Aycan, 1997). They may also control their negative emotions relating to work in a foreign country by welcoming contextual barriers as challenges to overcome, capitalizing on resources useful to fit into an unknown foreign culture, and acquiring additional intercultural capital to be able to succeed (Zikic et al., 2010). In addition, they may opt for closer communication to prevent the arousal of negative emotions caused by misinterpretations and/or misunderstandings (Schlaegel et al., 2023), as well as manage negative emotions associated with cross-cultural differences by showing

empathy, shifting attention to the achievement of common goals, and encouraging regular information exchange (Nurmi & Koroma, 2020; Tenzer & Pudelko, 2015).

There is empirical evidence showing that emotion regulation in a cross-cultural context leads to favorable outcomes, such as: (a) promoting active, problem-focused, and social-support seeking coping strategies that facilitate the fit between expatriates/repatriates and the new foreign context (both business and non-business) (Aycan, 1997; Herman & Tetrick, 2009); (b) setting limits to useless behavioral reactions to negative emotions related to working in stressful international business environments and redirecting attention to the completion of tasks to attain predetermined goals (Schlaegel et al., 2023); (c) serving as a buffer that limits expatriates' actions of directing their aggression stemming from a psychological contract violation toward others (Schuster et al., 2022); and (d) helping to deal with acculturative stress, improve sensemaking, increase productivity and collaboration, and create a psychologically safe working environment (Nurmi & Koroma, 2020; Tenzer & Pudelko, 2015).

3. Theoretical foundation

3.1 Power-Dependence theory

According to the Power-Dependence theory, one party's power is implicitly located in the other party's dependence on it (Emerson, 1962). Specifically, one party (the target) depends on another (the source) if the target desires to achieve goals whose accomplishment is facilitated by appropriate acts of the source. However, since power

represents a potential to influence, it will be activated only if the target makes a demand and only if this is not compatible with the desires of the source (Emerson, 1962). Based on this theory, dependence is a function of the degree of value attached by a party to the relationship, the availability of alternative exchange relationships, and the cost of finding and using these alternatives (Thye & Kalkhoff, 2014). Hence, the lower the value attached to the relationship, the more the existence of alternative relationships, and the lower the cost of these alternatives, the lower the dependence of one party on another. Parties in a relationship can depend on each other, thus giving rise to power that is expressed in terms of having control over things valuable to the other party (Molm, 1985). When dependence is equal between parties there is a balance of power in the relationship, but when this is unequal (i.e., one party is more dependent on the other), then the dependent party will either comply with the requests of the powerful party (mainly through internalization and identification) or reestablish balance in the relationship by decreasing motivational investments in goals considered valuable by the source (Emerson, 1962).

3.2 Emotion Regulation theory

Emotion Regulation theory is based on the idea that individuals are capable to manage their emotions when the latter do not match well with a certain situation and that, by regulating these emotions, they ensure that their reactions will accomplish their desired goals (Gross, 2002). In essence, emotion regulation is a process by which individuals control *which* emotions they have, *when* they have these emotions, and *how* they feel and convey them (Gross, 2002). Emotions can be regulated either before (antecedent

stage) or after (response stage) these are activated. During the *antecedent-emotion regulation stage* individuals have at their disposal four possible approaches: (a) to select a situation for approaching or avoiding some people, places, or objects, given their expected emotional effect; (b) to modify a selected situation to control its subsequent emotional impact; (c) to deploy attention by choosing on which particular aspect of the situation to concentrate; and (d) to engage in a cognitive change by interpreting the particular aspect of the selected situation (Gross, 2002; Dan-Glauser & Gross, 2013). On the other hand, during the *response-emotion regulation stage*, individuals have at their disposal the following strategies: (a) suppression, that is, downregulating emotionally expressive behavior in the aftermath of an affective event; (b) exaggeration, that is, enhancing emotional expressions as a response to affective experiences; (c) acceptance, that is, fully going through feelings, thoughts, and bodily sensations without attempting to avoid, change, or control them; and (d) expressive dissonance, that is, facially expressing the opposite an individual feels (Gross, 2002; Robinson & Demaree, 2007; Schuster et al., 2022). Overall, this theory implies that individuals could respond to emotion-eliciting events or experiences in a socially acceptable way that will help achieve their goals.

4. Conceptual model and hypotheses

Figure 1 illustrates the conceptual model of this study, which contains six sets of variables: exporter' dependence, importer' exercised power (noncoercive and coercive), inter-organizational cooperation, relational performance, partner incompatibility and

emotion regulation (see **Appendix A** for a definition of these variables). Altogether, we hypothesize nine associations among these variables (five focusing on direct effects and four dealing with moderating effects), which are explained in the following.

...Insert Figure 1 about here...

4.1 Direct effects

Dependence is a party's need to maintain a relationship with another party to achieve its goals, because the latter possesses resources that are valuable to the former in pursuing these goals (Johnston et al., 2018). According to Power-Dependence theory, the dependent party (target) will be subject to the power of the other party (source), and the higher the dependence of the target on the source, the higher the power exercised by the latter on the former (Emerson, 1962). This power can be expressed in terms of offering/transferring resources (e.g., expertise or market success) to the target or limiting access to such resources (e.g., withholding critical information) to change the behavior of the target and achieve compliance (Zhuang et al., 2010). Hence, exercised power can be *non-coercive*, through the transferring of rewards, knowledge, reputation, or expertise to the dependent party, or *coercive*, through threatening or using punitive measures, legal actions, or other aggressive means (Simpson & Mayo, 1997). In the case of exporter-importer relationships, when there is dependence of the exporter on the importer, the latter will be able to exercise non-coercive or coercive power on the former with the purpose of increasing relational outcomes (or improving only its own outcomes) (Anderson & Narus, 1990). There are several reasons for the importer to exercise non-coercive power on the exporter, such as: to cultivate a

relationship that can be beneficial in the long-run; to internalize business values in order to more effectively achieve operational goals; and to achieve the smooth transferring of resources necessary for the continuation of the relationship (Hu & Sheu, 2005; Tikoo, 2002; Zhuang et al., 2010). On the other hand, the importer can exercise coercive power on the exporter, because of the following reasons: non-coercive measures are considered ineffective and/or take time to yield expected results; the possibility for retaliation by the exporter or the likelihood to terminate the relationship is considered low; and the exporter has a very limited financial impact on its business, giving little value to the relationship (Lai, 2009; Payan & McFarland, 2005). Based on the previous argumentation, the following hypotheses can be made:

H_{1a}: The exporter's dependence on the importer will lead to the importer's exercise of non-coercive power on the exporter.

H_{1b}: The exporter's dependence on the importer will lead to the importer's exercise of coercive power on the exporter.

Non-coercive power is exercised having as a base several valuable resources owned by the power wielder, such as information, expertise, and reputation (Sahadev, 2005). The importer's ownership of these resources makes the exporter believe that its orders are worth following, because these will help to enhance collaboration, align their strategies, and accomplish common goals (Byrne & Power, 2014; Zhang et al., 2018). It will also lead to a clear, open, and genuine communication between them that will promote a cooperative spirit and foster productive joint actions (Zhuang et al., 2010). This is particularly important in exporter-importer relationships as the exporter relies

on the importer's knowledge to appropriately develop, adapt, and deliver products to the host market (Huo et al., 2016). Moreover, the importer's exercise of non-coercive power motivates the exporter to perform more effectively its relational responsibilities in anticipation of receiving benefits (Clauss & Bouncken, 2019; Huo et al., 2016; Pan et al., 2020). Furthermore, the exporter's exposure to non-coercive power facilitates an internalization of and identification with the importer's values, which facilitates working closely together for the accomplishment of common goals (Clauss & Bouncken, 2019; Feng et al., 2020). Finally, the transfer of rewards, expertise, or information to the exporter through the application of non-coercive power by the importer will help to avoid acts that may disrupt the smooth functioning of the relationship (Hirshberg & Shoham, 2017), while at the same time improve transparency, closeness, and teamwork (Lu & Hao, 2013). Hence, we can hypothesize that:

H₂: The exercise of non-coercive power by the importer on the exporter will lead to enhanced inter-organizational cooperation.

As opposed to non-coercive power, the exercise of *coercive power* using legalistic, threatening, revengeful, or punitive means, will have detrimental effects on cooperation because of forcing one-sided compliance as opposed to having a mutual collaboration (Byrne & Power, 2014). This is because coercive power forcefully changes partner behavior to reach desired outcomes by causing loss or punishment, which makes the exposed party question its efforts to achieve relational goals (Chen et al., 2016; Feng et al., 2020). In fact, a party subject to coercive power will feel that its decision-making autonomy is disrespected and will opt to reassert itself rather than

collaborate with the power wielder (Tjosvold & Sun, 2001). In the case of exporter-importer relationships, the importer's exercise of coercive power over the exporter will stimulate negative behavioral responses, such as resistance to comply, retaliation, or refusal to reach agreement, all of which impair cooperation in a working relationship (Tjosvold & Sun, 2001). The exposed party also gets the impression that the powerful party attains its dominant status by taking advantage of its own resources and capabilities, as opposed to having a mutually beneficial relationship where there is a complementarity of these resources and capabilities (Liu et al., 2015). In fact, the exercise of coercive power can be perceived as exploitative by the exposed party, which may reduce various acts necessary for the smooth operation of the relationship, such as sharing information, exchanging vital resources, and making relational investments (Huo et al., 2016). Accordingly, we may hypothesize that:

H₃: The exercise of coercive power by the importer on the exporter will lead to reduced inter-organizational cooperation.

Inter-organizational cooperation refers to "coordinated and complementary actions between exchange partners to achieve mutual goals" (Palmatier et al., 2006, p. 139). In a cooperative business relationship, parties are aware of their interdependencies, fulfill their responsibilities to achieve joint goals, and attain a relational outcome beyond what each party would have if acted solely for its best interest (Anderson & Narus, 1990). In exporter-importer relationships, there is evidence indicating that exporters cooperate with their import buyers to provide access to each other's resources and skills to complement the foreign partner with assets needed to

co-create value for end-customers (Theingi & Purchase, 2011). Cooperative relationships are also characterized by a high level of information exchange between interacting parties that facilitates coordination of their activities. This is particularly crucial in an international business context where the geographical and psychological distance between sellers and buyers is responsible for the emergence of numerous obstacles (e.g., logistics problems) that require agile response to minimize possible disruptions in their joint operations (Brookbanks & Parry, 2024; Jean et al., 2014). Through inter-organizational cooperation, exporters and importers can better understand each other's needs, learn what they can expect from each other, and proceed with adaptations to create better customer value (Abrahamsen & Håkansson, 2015; Jean et al., 2012; Narayanan et al., 2015). Cooperation characterizes an alignment of interests between relationship members, which enables the exchange of specialized information useful for effectively accommodating challenges from a dynamically changing business environment (Gligor & Holcomb, 2012). Through joint collaborative actions, interacting parties are more willing to adjust their structures, processes, and strategies to increase the effectiveness and efficiency of their operations through, for example, quality improvements, cost reductions, and logistics optimization (Leonidou et al., 2011). In addition, cultivating a team spirit, working toward common goals, and supporting each other (especially in difficult situations) makes the functioning of the exporter-importer relationship more productive and ensures its long-term prosperity (Skarmeas et al., 2002). Finally, cooperative partners are usually involved in joint problem-solving and seek mutually agreed solutions that will improve the

relationship's performance (Kantaruk Pierre et al., 2024; Obadia, 2008). Hence, we can posit the following:

H₄: Inter-organizational cooperation has a positive impact on relational performance.

4.2 Moderation effects

Partner incompatibility denotes the extent to which parties in a relationship are incongruent with respect to organizational culture, values, goals, resources, and capabilities (Sarkar et al., 2001). Partner incompatibility may be more prevalent in an international setting due to additional differences between interacting parties regarding their socio-cultural, political-legal, and economic environments (Goxe et al., 2022). The existence of incompatibility in a relationship indicates that one party prevents the other from accomplishing its goals (Simms & Frishammar, 2024). In this case, the stronger party may exert higher coercive power to pursue its goals at the expense of the dependent party, which may be manifested by making ad-hoc contractual changes, deliberately making decisions that will adversely affect it, or threatening to terminate the relationship (Maglaras et al., 2015; Manning et al., 1998). This is because the more powerful party, being aware of the dependent party's desire to continue the relationship, may prefer coercive acts that can more effectively result in its quick compliance (Voldnes et al., 2012), as well as ensure that its partner moves in the same direction (Pak et al., 2009). Incompatible partners are also characterized by reduced willingness to assist each other, which can be attributed: (a) to the lack of desire to channel resources to a partner that acts as a barrier to goal pursuit (Das & Rahman, 2010); (b) to an expression of dissatisfaction and discomfort associated with

the working relationship (Manning et al., 1998); and (c) to a reluctance, even avoidance, to be connected with a party that is not suitable for collaboration (Garcia-Almeida et al., 2011). On the contrary, compatible partners: (a) acknowledge the significance of resource transfers (e.g., critical information, technical support, financial assistance) necessary for the smooth functioning of the relationship (Prasantham & Birkinshaw, 2020); (b) communicate the requirements and obligations needed to successfully accomplish joint goals (Cheng et al., 2023); and (c) work toward resolving disagreements in a constructive way to avoiding friction and frustration (Chen et al., 2011). Under these conditions, the powerful partner has a more nurturing role toward the dependent party in terms of transferring resources and providing support in a relationship with lower transaction costs (Jeanine et al., 2020). This is because sharing the same strategic intent and goals for the relationship, the powerful party attaches greater value to the dependent party and finds it more appropriate to exercise its power more constructively (Pak et al., 2009). Hence, we may hypothesize that:

H_{5a}: The existence of partner incompatibility will weaken the positive association between exporter's dependence and the importer's exercise of non-coercive power.

H_{5b}: The existence of partner incompatibility will strengthen the positive association between exporter's dependence and the importer's exercise of coercive power.

Exporters *capable of regulating emotions* are more likely to strengthen the positive effects on inter-organizational cooperation stemming from the importer's exercise of noncoercive power, as well as reduce the negative impact of the use of coercive power. This is because owing to their ability to manage emotions, they prefer

to act in a way that enables them to attain relational goals by minimizing confrontation with their import buyers (Carreras et al., 2014; Sanchez-Ruiz & Baaklini, 2018). In fact, exporters with high levels of emotion regulation possess emotional resources that help them avoid unnecessary responses to demanding pressures and/or aggressive situations, and instead engage in acts facilitating the smoothness of the working relationship with the importer (de Clerq & Belausteguigoitia, 2020; Hagemeister & Volmer, 2018; Weißhaar & Huber, 2016). This is usually done, on the one hand, by showing that s/he is indebted, grateful, or proud to be associated with its partner, and, on the other, by minimizing tense, stress, and friction in case the importer applies coercion or threat (Huy & Zott, 2019; Niven et al., 2013). The emotionally regulated exporter also tends to promote a positive and collaborative climate, while at the same time preventing inappropriate reactions that may lead to dysfunctionality and harmfulness in the relationship (Huy, 2002). In other words, the exporter opts to refocus attention to the accomplishment of tasks necessary to achieve common goals, rather than engaging in useless and risky responses that may put the working relationship at stake and even lead to its disintegration (Schlaegel et al., 2023). Hence, by regulating his/her emotions, the exporter shows willingness to collaborate by recognizing the importer as a reliable partner, while at the same time controls his/her anger, discomfort, and bitter feelings possibly caused by the importer's coercive actions to maintain continuity of their working relationship (Huy, 2002). In relation to this, evidence provided by Bourguignon et al.'s (2020) study in a domestic marketing context show that salespeople exposed to customers' threats, although felt angry, disappointed,

insulted, frustrated, stressed, sad, and sometimes scared, did not react with negative emotional responses (e.g., shouting at the customer), because they believed that this could lead to undesired harmful outcomes for their firm. Thus, we can hypothesize the following:

H_{6a}: The exporter's ability to regulate emotions will strengthen the positive effect of non-coercive power on inter-organizational cooperation.

H_{6b}: The exporter's ability to regulate emotions will weaken the negative effect of coercive power on inter-organizational cooperation.

5. Research method

Our study took place in Greece, using a sample of local export manufacturers across a wide range of industrial sectors. A sample of 1,000 firms was randomly extracted from the ICAP Export Directory, which provides details for more than 10,000 exporters. The executive responsible for the firm's export activities was contacted by phone to explain the goals of the study and secure participation in the study. This has resulted in 595 firms showing a willingness to participate, which provided full contact information of the key informant person (mainly company owners, general managers, and export executives). Common reasons provided by companies that refused participation were the following: lack of available time, company policy prohibiting information disclosure, and suspension/ termination of export operations.

We operationalized the constructs of our study by adapting well-established scales derived from the pertinent literature (see **Appendix B**), while a panel of

academics with extensive experience and expertise in the field helped ensuring that all constructs were properly refined and adjusted for the purposes of our study. These scales provided the basis to form the questions contained in the survey questionnaire, with the various items evaluated on a seven-point Likert scale, ranging from 1= strongly disagree to 7= strongly agree. To ensure variability, we requested respondents to complete the questionnaire having in mind their third most important working relationship with a foreign buyer in terms of sales. The questionnaire also included a section seeking information about the firmographic characteristics of the exporter and details about its working relationships with the specific import customer selected. The questionnaire was first developed in English and then translated into Greek, while a back-translation procedure confirmed the accuracy of the translation (Craig & Douglas, 2005). Before embarking on the full-scale fieldwork, the questionnaire was pilot tested with five export managers to ensure its workability.

The finalized questionnaire was subsequently sent to the contact persons of the exporting firms that agreed to participate in the study, using postal and/or electronic means. Participation was encouraged through a covering letter explaining the objectives, contributions, and confidentiality of the study, in addition to promising an executive report summarizing the key study results in return for completing the questionnaire. Following three reminders (by e-mail and sometimes by telephone), we were able to collect responses from 268 exporters, which represents a 45.0% effective response rate. However, six questionnaires could not be used for data analysis due to missing data, inconsistent answers, or non-qualified key informants. Non-response bias

was controlled through a series of *t*-tests comparing the answers of early and late-respondents, indicating the absence of statistically significant differences between the two groups (Armstrong & Overton, 1977).

To minimize the possibility for single-respondent bias, we have taken the following actions: (a) we have inserted at the end of the questionnaire three questions measuring the competence of the key informant in terms of being familiar, confident, and knowledgeable in providing information about its company's relationship with the import buyer selected, measured on a seven-point scale (ranging from 1= very low to 7= very high), taking out cases whose rating was below 4; and (b) we have adopted the key informant technique (Phillips, 1981), whereby in some of the exporting firms included in our sample we requested the questionnaire to be additionally completed by another manager dealing with the same import buyer, with the comparison of the answers provided with those of the other key informant revealing no statistically significant differences.

On average, responding firms were in business for 25.3 years, had export operations for 15.2 years, and employed 64.7 full-time personnel (of which 14.5 were fully engaged in export operations). The total sales of these firms averaged € 21.7 million, of which € 8.7 million was generated from their export activities. Almost half (47.7%) of the respondents exported consumer products, 38.8% exported industrial goods, while the remainder (13.5%) were exporters of both consumer and industrial goods. The average number of countries where products were exported was 8.6, with

the major foreign markets being Germany, Bulgaria, Cyprus, Italy, and the United States. The average length of the business relationship with the specific import buyer selected was 7.9 years. Key informants from responding firms had the title of export manager (41.4%), company owner (18.9%), general manager (17.9%), marketing/sales officer (15.6%), or another category of manager (6.2%).

6. Analysis and results

We analyzed the collected data with structural equation modeling using the EQS software following two stages. In the first stage, we conducted a confirmatory factor analysis to test the relationships between latent constructs and their indicators, as well as to examine the reliability, validity, and uni-dimensionality of the study constructs. The confirmatory factor analysis, which involved each indicator being restricted to load on its prespecified factor and the underlying factors being allowed to correlate (Anderson & Gerbing, 1988), revealed an acceptable fit to the data ($\chi^2 = 553.20$, $p = .000$, $df = 356$; NFI = .92; NNFI = .93; CFI = .94; RMSEA = .07) (see **Table 2**). The existence of high and significant t -values for each indicator, the very low standard errors of the estimated coefficients, and the average variance extracted for each construct exceeding the threshold level of .50 indicated the existence of convergent validity (Hair et al., 2018). Discriminant validity was also evident because the confidence interval around the correlation measure for each pair of constructs never included 1.00 (Anderson & Gerbing, 1988), while the correlation for each pair of constructs was always lower than the square root of their average variance extracted (Fornell & Larcker, 1981) (see **Table**

3). Concerning construct reliability, all constructs in our model had Cronbach's alphas and composite reliability scores greater than .70, which is the recommended cut-off point (Hair et al., 2018).

...Insert Table 2 about here...

...Insert Table 3 about here...

To exclude the possibility of common method variance, we first used the *general factor covariate method*, based on which we reanalyzed the relationships between independent and dependent variables after partialling out the scale score of the first factor extracted from the unrotated factor analysis of the study variables, revealing that neither the nature nor the significance of results changed (Podsakoff et al., 2003). We also applied the *comprehensive confirmatory factor analysis marker technique* as suggested by Williams et al. (2010), using respondent quality as a marker variable (i.e., a variable which is theoretically unrelated to the study variables). We estimated the effect of the variance of the marker variable on the correlations of the study's latent constructs. The comparison of the unconstrained model (in which we assessed the correlations between study latent constructs) and restricted model (in which we fixed the correlations between study latent constructs at the values in the baseline model) did not result in statistically significant differences.

To check for endogeneity problems, we examined the possibility of reverse causality between inter-organizational cooperation and relational performance using the two-stages least squares method. In doing so, we used contractual governance as the instrumental variable, which was expected to be strongly correlated with inter-

organizational cooperation but not correlated with relational performance as the dependent variable. Following Zaefarian et al. (2017), we regressed the inter-organizational cooperation on contractual governance and kept the residual for the former. Then, we replaced inter-organizational cooperation with the residual and regressed this with relational performance. Based on Hausman's (1978) test, we estimated and compared the efficient and consistent model, revealing no statistically significant differences, indicating that inter-organizational cooperation is exogenous to relational performance (Antonakis et al., 2014).

In the second stage, we run a structural model analysis to test the hypothesized relationships among the constructs of our study using the elliptical re-weighted least-square procedure. The analysis resulted in an acceptable fit to the data ($\chi^2 = 762.99$, $p = .000$, $df = 474$; $NFI = .91$; $NNFI = .93$; $CFI = .94$; $RMSEA = .07$) (see **Table 4**). As hypothesized in H_{1a} and H_{1b} , the exporter's dependence on the importer stimulates the latter to exercise power in their working relationship, based on either non-coercive sources ($\beta = .30$, $t = 3.43$, $p = .00$) or coercive sources ($\beta = .20$, $t = 2.50$, $p = .01$). However, while the importer's use of non-coercive power was found to positively influence inter-organizational cooperation ($\beta = .17$, $t = 2.04$, $p = .04$), the exercise of coercive power tended to diminish cooperation in the relationship ($\beta = -.28$, $t = -3.46$, $p = .00$), thus confirming H_2 and H_3 respectively. Our findings also support H_4 , since inter-organizational cooperation was revealed to be a strong predictor of relational performance ($\beta = .61$, $t = 8.05$, $p = .00$).

...Insert Table 4 about here...

To test for moderation effects, we adopted Ping's (1995) method, which has been extensively used for moderation analysis in structural equation models in prior international business research (e.g., Gölgeci & Kuivalainen, 2020; Leonidou et al., 2013; Najafi-Tavani et al., 2018). This method is based on the specification of an interaction variable with a single indicant, allowing to estimate fit indices by simultaneously testing both direct and moderation paths. As such, it helps to avoid limitations (e.g., inconsistent estimates) related to testing moderation effects using regression-based methods in structural models with latent variables. Analytically, testing the moderating effect of partner incompatibility verifies H_{5a} and H_{5b}. Specifically, our findings confirmed that at higher levels of partner incompatibility, the positive effect of exporter's dependence on importer's non-coercive power becomes weaker ($\beta = -.42$, $t = -3.25$, $p = .00$), while the positive effect of exporter's dependence on importer's coercive power gets stronger ($\beta = .50$, $t = 2.94$, $p = .00$). We also analyzed the average marginal effects of exporter's dependence on importer's non-coercive power and coercive power at different values (ranging on a scale from 1 to 7) of partner incompatibility (Busenbark et al., 2021). As indicated in **Figure 2a**, the effect of the exporter's dependence on importer's non-coercive power is statistically significant in most levels of partner incompatibility. The relationship turns to negative after partner incompatibility has the value of 2, while this negative effect increases as partner incompatibility takes higher values. Regarding the association between exporter's dependence and importer's coercive power, **Figure 2b** indicates that this differentiates from zero and is positive at all levels of partner incompatibility, with this positive effect

increasing as partner incompatibility increases. These results indicate that the hypothesized moderation effect of partner incompatibility examined in H_{5a} is applicable to almost all levels of this moderator, while in the case of H_{5b} this is fully applicable.

...Insert Figure 2 about here...

Moderation hypotheses H_{6a} and H_{6b} were also supported, since an exporter's emotion regulation was found to strengthen the positive effect of non-coercive power on inter-organizational cooperation ($\beta = .37, t = 5.10, p = .00$), while also weakened the negative effect of coercive power on it ($\beta = .46, t = 4.27, p = .00$). Again, we tested the average marginal effects of importer's non-coercive power and coercive power on inter-organizational cooperation at different values of emotion regulation (ranging on a scale from 1 to 7). As illustrated in **Figure 2c**, the relationship between importer's non-coercive power and inter-organizational cooperation is positive and statistically significant at all values of emotion regulation, with this positive significant effect increasing at higher values of emotion regulation. On the other hand, the relationship between importer's coercive power and interorganizational cooperation is differentiated from zero for most values that emotion regulation takes (see **Figure 2d**). Notably, the relationship turns from negative to positive after emotion regulation has the value of 3, with the relationship becoming stronger at higher values of emotion regulation. The results of this analysis demonstrate that while the moderation effect of emotion regulation examined in H_{6a} is fully applicable to all levels of this moderator, regarding H_{6b} this is mostly applicable.

Regarding control effects, three control variables had a significant effect on relational performance, namely, firm size (i.e., higher impact in the case of larger than smaller firms) ($\beta = .29, t = 2.01, p = .04$), product type (i.e., higher impact in the case of industrial than consumer goods) ($\beta = .29, t = 2.07, p = .04$), and relationship stage (i.e., lower impact during earlier than later stages) ($\beta = -.24, t = -1.92, p = .05$). However, no significant statistical effects were observed in the case of export experience ($\beta = -.04, t = -.49, p = .62$), importer's country ($\beta = -.04, t = -.54, p = .59$), and relationship age ($\beta = -.11, t = -.69, p = .49$).¹

Finally, to verify the external validity of our findings, we conducted an additional small-scale study among a sample of 17 Turkish exporters. First, we compared the data obtained from Turkish exporters to those of Greek exporters for each construct included in our conceptual model using one-way ANOVA tests, revealing the following no statistically significant results: exporter's dependence ($F = 1.31, p = .25$), importer's noncoercive power ($F = 2.09, p = .15$), importer's coercive power ($F = .08, p = .78$), inter-organizational cooperation ($F = 1.32, p = .25$), partner incompatibility ($F = .20, p = .65$), and emotion regulation ($F = 2.46, p = .12$). The only exception was relational performance ($F = 3.01, p = .08$), where differences were marginally statistically significant. We have also gone a step further to examine the strength of associations between constructs of the model using regression analysis (as the small sample size of Turkish exporters did allow for SEM analysis). With the exception of the hypothesis linking exporter's dependence with importer's non-coercive power ($b = .44, t = 1.47, p = .18$), all other hypothesized paths were found to be statistically significant as follows:

exporter's dependence → importer's coercive power ($b=.67, t= 2.68, p= .03$), importer's non-coercive power → inter-organizational cooperation ($b=.60, t= 2.25, p= .05$), importer's coercive power → inter-organizational cooperation ($b= -.71, t= -3.03, p= .01$), and inter-organizational cooperation → relational performance ($b= .84, t= 4.71, p= .00$). In general, these results provide credit to the external validity of the main study findings among Greek exporters.

7. Discussion

Our findings stress the critical role of power dynamics in exporter-importer relationships. First, we have revealed that the exporter's dependence on the importer is a critical reason for its import buyer to exercise power on the exporter of either a coercive or non-coercive nature. This extends earlier research findings by Huo et al. (2019) in the domestic buyer-seller relationships, showing that buyer's dependence is positively related to the supplier's use of non-coercive and coercive power, while supplier's dependence is also related to the buyer's exercise of non-coercive and coercive power. However, as opposed to prior research (e.g., Frazier & Rody, 1991; Runyan et al., 2010; Tikoo, 2002) reporting inconclusive results regarding the effect of dependence on the two types of exercised power, we have shown that dependence can give rise to the exercise of both coercive and non-coercive power.

Another novel feature of our study is the role of partner incompatibility, which was found to weaken the effect of exporter's dependence on importer's noncoercive power but strengthen the impact of exporter's dependence on importer's coercive

power. This is because incompatible partners are less willing to assist each other in accomplishing their goals (with the power holder applying coercive methods to force the other party to comply with its requests), while in the case of compatible partners, the power holder tends to facilitate the smooth operation of the working relationship by controlling the other party through the provision of support. Although there is lack of prior research of how partner incompatibility influences power-dependence relationships, there are indirect indications that in harmonious partnerships characterized by tranquility, amicability, and creditworthiness there is greater possibility to exercise non-coercive power, while in problematic partnerships coercive power can be more profound (Siemieniako & Mitrega, 2018).

Although power in exporter-importer relationships was examined in the past in relation to mostly negative and, to a limited extent, to positive behavioral constructs, its impact on interorganizational cooperation has remained relatively unexplored. The positive effects of the use of non-coercive power on inter-organizational cooperation found in our study can be partly explained by the transfer of valuable resources (e.g., expertise, rewards, reputation) from the importer to the exporter, which creates feelings of reliability, justice, or appreciation by the exporter (Chinomona & Cheng, 2013; Clauss & Bouncken, 2019; Hoppner et al., 2014). On the other hand, the detrimental effects on inter-organizational cooperation confirmed from the importer's exercise of coercive power can be attributed to threats, punishments, and denial of resources, which creates feelings of discomfort, bitterness, and disappointment (Feng et al., 2020; Matanda et al., 2016).

Our study revealed that exporters appropriately regulating their emotions when interacting with their import buyers, because this was found to strengthen the positive impact of the importer's exercise of non-coercive power on inter-organizational cooperation but weaken the coercive power's negative effect on it. Despite the lack of prior work in buyer-seller relationships on the role of emotion regulation in power dynamics, our results resemble those found in managerial psychology research (e.g., Deng et al., 2017; Parzefall & Coyle-Shapiro, 2011; Schuster et al., 2022) that managing negative emotions (e.g., anger, frustration, resentment) in the aftermath of disappointments/violations of expectations helps individuals to preserve harmony in their relationships. The role of emotion regulation of exporters in strengthening the positive effect of importer's non-coercive power on inter-organizational cooperation indicates a desire to create a favorable climate, using, for example, rewards, assistance, and advice gained from the importer, that will help to maintain a smooth working relationship and lead to the accomplishment of common goals (Huy & Zott, 2019; Tenzer & Pudelko, 2015). Similarly, the fact that by regulating emotions, exporters were found to diminish the harmful effect of the import buyers' coercive power on cooperation underscores the exporter's need to put aside any bitter feelings caused by importer's aggressive behavior for the purpose of maintaining coherence and continuation of the relationship in anticipation of future benefits (Huy, 2002; Schalaegel et al., 2023).

Finally, our results reaffirm the positive effect of cooperation on performance outcomes found in previous research studies on international seller-buyer

relationships. However, as opposed to other studies that focused on financial and strategic aspects of performance (e.g., Barnes et al., 2011; Kuhlmeier & Knight, 2010; Ling-yee, 2010), in our study we emphasize the effectiveness and efficiency aspects of it. This stresses the critical role of inter-organizational cooperation in aligning the interests of interacting parties through collaborative actions, joint problem-solving, and enhanced coordination (Gligor & Holcomb, 2012; Jean et al., 2012; Leonidou et al., 2011). This finding also demonstrates that inter-organizational cooperation leads to successful relationships as it facilitates harnessing partner resources in a coordinated manner to achieve desired results, while at the same time avoiding possible inefficiencies (Jean et al. 2014; Ling-Yee, 2010; Obadia et al., 2017). Maintaining such cooperative relationship is particularly crucial in an international context because each party performs activities for its partner in distant geographic locations, characterized by idiosyncratic business environments, different cultural settings, and unique (and sometimes unsupportive) institutions (Gligor & Holcomb, 2012).

8. Study implications

8.1 Theoretical implications

Although most prior research on exporter-importer relationships examined power in isolation from dependence (e.g., Leonidou et al., 2008), our study revitalizes the crucial role of dependence in providing the base for the exercise of power in inter-organizational relationships (Clauss & Bouncken, 2019). Capitalizing on Power-Dependence theory, we confirm that power is not a stand-alone concept, but it is highly

associated with dependence, with higher levels of dependence of one party in a relationship (i.e., exporter) leading to the exercise of higher levels of power by the other party (i.e., importer) (Emerson, 1962). Our study has also connected dependence with diverse sources of power, indicating that dependence can give rise to the exercise of power that can have either non-coercive or coercive nature.

Another theoretical contribution has to do with our finding that dependent parties are not exposed to noncoercive and coercive power by their powerful partners in the same way, but this depends on their degree of incompatibility. In case of low incompatibility, the powerful party prefers to support the dependent one through information, expertise, and financial aid in order to accomplish compatible goals (Cheng et al., 2023). However, at higher levels of partner incompatibility, the powerful party tends to use coercive power to quickly attain goals with minimum risk of retaliation against the dependent party threatening its goal pursuit (Maglaras et al., 2015).

We have also shown that benefits associated with the use of non-coercive power (e.g., rewards, reputation, identification) are reciprocated with cooperative acts in the working relationship, while punishments and threats derived from coercive power are paid back by non-cooperative behavior (Zhuang et al., 2010). This is an important theoretical input, since previous studies mainly connected power with negative behavioral dimensions, such as conflict (Leonidou et al., 2008), opportunism (Skowronski et al., 2022), and reluctance to share knowledge (Chen et al., 2016). Our

study has also shed light on the importance of inter-organizational cooperation (as this is derived from the judicious use of power) in bringing success in the working relationship, which although critical was tangentially tackled by previous research.

Our study has also revealed that inter-organizational behavioral interactions, as in the case between exercised power and cooperation, are inevitably affected by individual manager's behavior, and the way s/he regulates his/her emotions in relation to these interactions. This implies that certain personal competences of managers can shape the way organizations interact to yield specific performance results. For example, managers can suppress, accept, or even reappraise their feelings to facilitate or prevent certain situations occurring at inter-organizational levels. This underscores the need when examining interactions between organizations to also take into consideration the personal attributes of individuals who are directly involved in them.

This study is also among the first that connected emotion regulation with the power dynamics taking place in inter-organizational relationships, because the improper use of power usually evokes several negative emotions, such as discomfort, anxiety, and frustration (Zaidman & Kohen, 2020). Since emotions serve a key communicative role in inter-personal interactions (in that they inform others about one's internal state and behavioral intentions), they are crucial in helping to constructively adapt to various relationship demands, if these are appropriately regulated (Denollet et al., 2008; Mayer et al., 2016). This is particularly crucial when operating in a global context, since cultural differences between interacting parties can

lead to serious misunderstandings and/or misinterpretations that can aggravate emotions and provoke undesirable results (Zaidman & Kohen, 2020).

8.2 Managerial implications

Our findings suggest that the exporter's dependence on the importer provides the basis for the latter to exercise power on the former. This implies that exporters should be careful when selecting their import buyers, since a heavy reliance on a specific importer can prove detrimental for the performance of the working relationship, especially when the importer uses its dominant position to exercise coercive power on the exporter. Hence, exporters are recommended to maintain a diversified portfolio of import buyers that would allow to spread risks from possible aggressive power attempts. There is also a need, before initiating a relationship with an import buyer, to get information about its previous behavior regarding the use of coercive power in other business situations, and, if this is the case, to avoid collaboration.

The detrimental role of partner incompatibility revealed in this study stresses the need to assess the level of compatibility of the foreign partner when establishing a relationship, as this may change the powerful party's behavior to ensure goal accomplishment. This can be done, for example, by collecting information about the prospective foreign partner through observation, public information, or direct communication. Since a partner's situation can change over time due to factors internal or external to the firm, especially when partners are located in diverse institutional

settings, it is important to assess its compatibility on an ongoing basis and take necessary measures to avoid any harmful effects.

Managers have also to realize that to yield promising results in a business relationship, power should not only be judiciously used but also built on the right sources. Specifically, to enhance cooperation in the working relationship, managers should exercise non-coercive power by capitalizing on issues relating to information, rewards, and recognition. However, they should avoid coercive forms of power, which, apart from creating tension and frustration, undermines the cooperative spirit that should govern a relationship. Notably, this application of non-coercive versus coercive power in business relationships closely resembles the 'carrot or stick' approach used to motivate people in organizations, whereby the employment of positive motives (e.g., providing reward) leads to much better outcomes as opposed to using negative methods of motivation (e.g., threatening to delay payment) (Ryan & Deci, 2014).

Managers need also to appreciate the importance of developing inter-organizational cooperation as a means to achieve superior performance. This is particularly true in cross-border business relationships, due to the multiple adversities and uncertainties encountered because of the high geographical and psychological disparity between sellers and buyers. There is a need therefore to cultivate a team spirit, coordinate activities, and set priorities in the working relationship, aiming to effectively and efficiently achieve common goals. It is also essential to promptly and regularly exchange adequate information to become familiar with changing environmental

conditions and adjust plans accordingly.

The facilitating role of emotion regulation in enhancing the positive effect of non-coercive power on cooperation, as well as reducing the negative effect of the use of coercive power on it, stresses the need for managers to cultivate and apply this type of personal competence in their business dealings with other partners. In doing so, it is vital to appoint individuals in their organizations who possess this type of competence and/or strengthen it among existing individuals using appropriate training programs, such as role playing, scenario-based learning, and cultural assimilation exercises. It would also be useful to control their emotions when they themselves exercise power on other parties, because this will help to lead the relationship in the right direction by avoiding possible negative outcomes.

9. Limitations and future research

Notwithstanding our study's theoretical and managerial contributions, we acknowledge some limitations that can provide an impetus for future research. First, the study was conducted among Greek exporters of manufactured goods. Thus, it is important to replicate this study in other countries characterized by different environmental settings. This would allow for examining various contextual effects on the working relationship's power dynamics, such as cultural (e.g., power distance), institutional (e.g., regulatory system), and economic (e.g., income level). It will also be illuminating to expand the research focus to cover additional business sectors (e.g., services), marketplaces (e.g., digital), and relationship types (e.g., international joint

venture partnerships).

Our data were collected from exporters only. However, the dyadic nature of exporter-importer relationships necessitates the collection of data not only from exporters, but also from their import buyers, preferably from matched pair dyads. This would allow having a more accurate and holistic picture of the power dynamics taking place in a working relationship, as well as having better understanding of their interaction with other behavioral and emotional factors. However, this is a challenging task, because: (a) it requires both parties to agree evaluating aspects of their relationship, which is particularly difficult in geographically and culturally distant relationships; and (b) it may create reservations for one party to openly and objectively providing information about their relationship of the other party, especially on such sensitive issues as power.

Our findings relied on cross-sectional data collected from a survey among exporting firms conducted at a specific point in time. However, the dynamic nature of the exporter-importer relationship implies that some time has to elapse before causes (e.g., exercised power) will yield results (e.g., inter-organizational cooperation), which stresses the need to undertake a longitudinal study. Although this is a time-consuming and costly method, the fact that our study revealed statistically significant effects of relationship stage on relational performance implies that a longitudinal research design will also help to track down changes in power dynamics taking place at various phases of the relationship development process.

Apart from considering dependence as the key driving force of exercised power, it would be illuminating to shed light on the factors stimulating the exercise of either non-coercive or coercive power, as well as identifying the specific circumstances or episodes that are conducive of their use. The employment of qualitative research, combining in-depth interviews and focus group discussions, would be beneficial in this respect. In addition, despite the novelty of introducing exporter's emotion regulation as an important factor affecting inter-organizational relationships between exporters and their importers, there are other important managerial traits that could possibly have an influential role, such as cultural intelligence (Ang et al., 2007), social intelligence (Weis & Süß, 2005), and moral intelligence (Lennick et al., 2016). Another key dimension that warrants investigation in relation to power dynamics is that of personality, particularly focusing on the Big Five classification, namely, extraversion, agreeableness, openness, conscientiousness, neuroticism (McCrae & Costa, 1997).

Finally, in any commercial relationship, as in the case of that of an exporter with its import buyer, the parties involved exercise power over each other. Hence, it will be interesting for future research to examine the effect on inter-organizational cooperation under different power structures in the working relationship, namely when the power exercised by the importer is greater than that exercised by the exporter, when the power exercised by the exporter is greater than that exercised by the importer, and when there is a balance of power between the two parties. For example, there are indications that the existence of countervailing power in a relationship may be beneficial due to productive opposition and containment, feeling free from being

exploited, and considering each other as a valuable source to solve common problems (Gielens et al., 2018; Lacoste & Johnsen, 2015; Meehan & Wright, 2012).

Note

1. We have additionally controlled for the effect of both geographic and cultural distance between the Greek exporters and their import customers on exercised power, inter-organizational cooperation, relational performance. Geographic distance, measured in kilometers, was found to have a significant impact on non-coercive power ($\beta = .55, t = 2.82, p = .00$), coercive power ($\beta = .51, t = 2.68, p = .01$), relational performance ($\beta = .20, t = 1.79, p = .07$), but not on inter-organizational cooperation ($\beta = .15, t = -.98, p = .33$). On the other hand, cultural distance (measured based on the Kogut and Singh's (1988) index) revealed a significant impact on non-coercive power ($\beta = .57, t = 3.20, p = .00$), coercive power ($\beta = .77, t = 3.60, p = .00$), inter-organizational cooperation ($\beta = .85, t = -5.24, p = .00$), and relational performance ($\beta = .30, t = 2.38, p = .02$). These findings stress the instrumental role of geographic and cultural differences in shaping the power dynamics in exporter-importer working relationships.

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Figure 1: Conceptual model

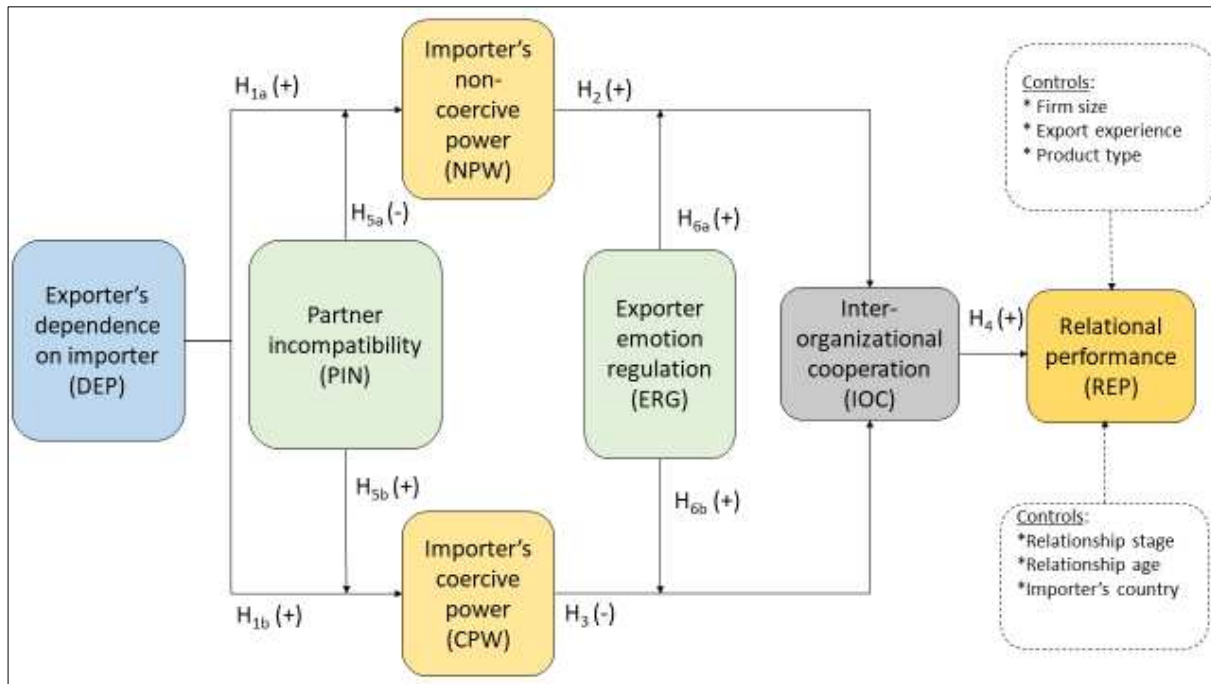
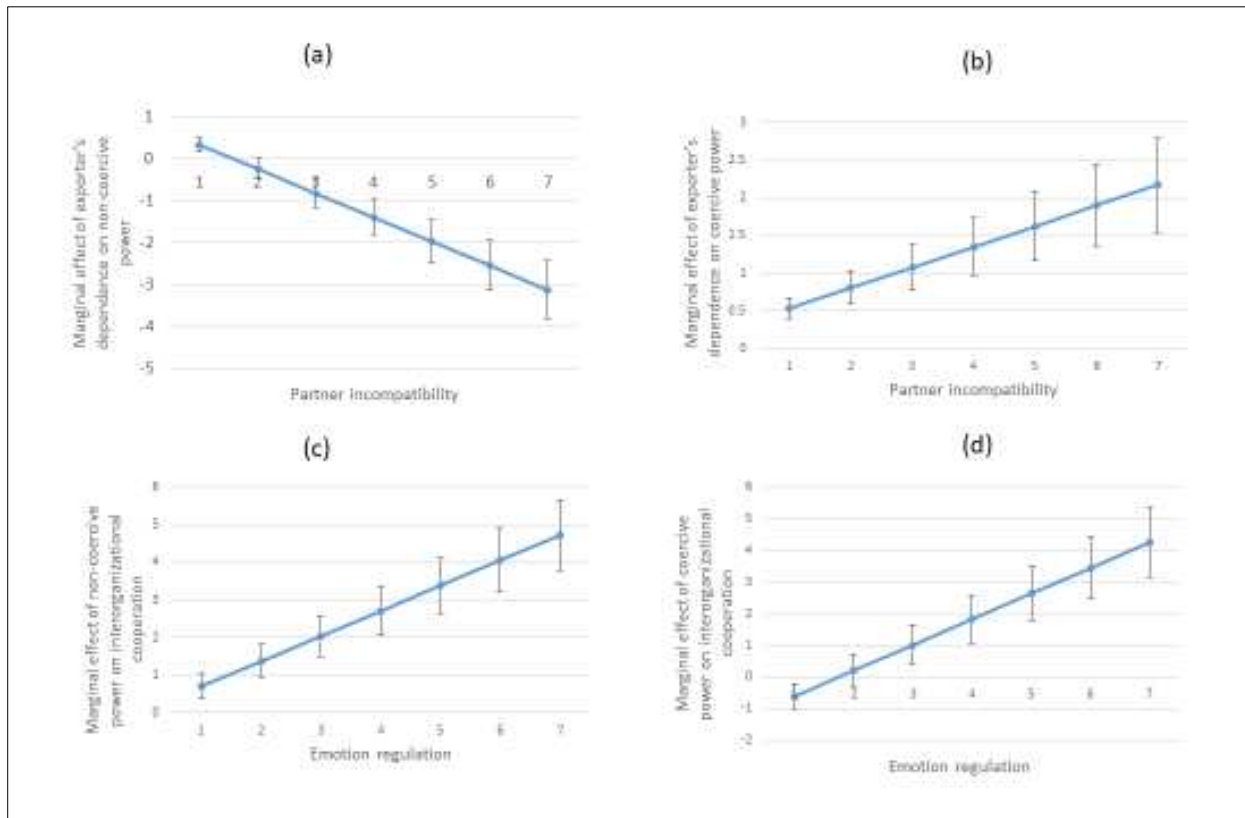


Figure 2: Average marginal effects analysis of moderating variables



Note: Horizontal axis shows the values (based on a Likert-type scale from 1 to 7) of moderating variables.

Vertical axis indicates the magnitude of marginal effects (with vertical bars denoting confidence intervals at 95%).

Table 1: Summary of empirical studies on the power in exporter-importer relationships

Study and method	Research objectives	Key findings
Leonidou (1989) - Personal interviews on 17 matched pairs of Cypriot exporters and British importers.	To examine the exporter-importer relational atmosphere and its resulting outcome.	The relationship between Cypriot exporters and British importers are characterized by: (a) an asymmetrical power structure exercised by the importers on exporters; (b) a low level of functional and manifest conflict; and (c) a high level of cooperation.
Katsikeas and Piercy (1990) - Survey on 53 Greek exporters and 23 British importers.	To examine the extent and pattern of the perceptual differences between exporters and importers regarding power aspects.	Importers exert higher power on exporters rather than vice versa.
Katsikeas and Piercy (1992) - Survey on 53 Greek exporters selling to British importers.	To compare the power exercised in the business relationships of Greek manufacturers with their domestic customers and importers.	Compared to domestic buyer-seller relationships, exporter-importer relationships are characterized by a higher level of buyer control over business decisions.
Johnson et al. (1993) - Survey on 74 Japanese importers purchasing from US producers.	To explore the power use perceptions in the Japanese importer – US producer relationship.	Both aggressive and nurturing forms of power is reciprocated in US-Japanese business relationships, whereas aggressive power positively influences relationship quality.
Kaleka et al. (1997) - Personal interviews with 87 Greek export manufacturers selling to German importers.	To study the exporter manufacturer's exercised power in foreign business relationships, and to explore the impact of export development level on power exercised by the exporter.	There is a balance of power exercised in Greek exporter – German importer relationships regarding promotion and distribution issues and sales strategy. Greek exporters exert more power on their German customers for decisions of product and pricing. While regular exporters use a higher degree of power about promotion and distribution decisions, sporadic exporters exert a higher degree of power on product and pricing issues.
Katsikeas et al. (2000) - Personal interviews with 87 Greek food export manufacturers.	To study the nature and interrelations of the sources of power of importers in their working relationships with export manufacturers.	Importers' exercise of reward power is positively related to their informational, referent, legitimate and expert power sources, while importers' coercive power is negatively related to their informational source of power.
Leonidou and Katsikeas (2003) - Survey on 201 US SME exporters.	To investigate the impact of importers' influence strategies on their working relationships with exporters.	Exporters are exposed to mediated influence strategies to a low to moderate extent (more frequently to reward and coercion) and to non-mediated influence strategies to a more frequent extent (more frequently to expertise). The perceived level of various aspects of latent, manifest, and outcome relationship atmosphere varied across combinations of mediated and non-mediated power.

Chelariu et al. (2006) - Survey on 180 US exporters	To investigate the impact of institutional environment in transitional economies on influence strategies Western exporters use on their Eastern European partners.	Regulatory volatility gives rise to and perceived foreignness diminishes the use of coercive legalistic pleas. Partner's external locus of control enhances use of non-coercive recommendation-based influence, which in turn increases export performance.
Leonidou et al. (2008) - Survey on 151 US export manufacturers.	To examine the impact of coercive and non-coercive power on conflict and satisfaction, and by extension, on trust and commitment.	Coercive power increases conflict and erodes satisfaction in foreign buyer-supplier relationships.
Matanda and Freeman (2009) - Survey on 262 fresh produce exporters in Zimbabwe.	To explore the influence of environmental uncertainty on inter-organizational relationships and export performance.	Importer's power exercise is driven by market turbulence and competitive intensity, while exposure to power use decreases export performance.
Hoppner et al. (2014) - Survey on 283 foreign buyer-seller relationships.	To investigate the effect of interrelationships between power, justice, and dependence on relationship performance.	Coercion decreases relationship performance, as well as the sense of procedural and distributive justice, whereas reward power gives rise to the sense of procedural justice in the foreign buyer-supplier relationship.
Matanda et al. (2016) - Survey on 206 small exporters in Zimbabwe.	To explore how relational capabilities and power used affect innovativeness, flexibility, and performance of exporters.	Importer's use of coercive power negatively affects the innovativeness and flexibility of the exporter.
Hirshberg & Shoham (2017) - Survey on 104 exporters in Israel operating in the life science industry.	To formulate and empirically test a comprehensive conceptual model of business relationships in export marketing channels.	Noncoercive power is conducive to relationship quality, which, by extension, increases cooperation and export performance.
Pfajfar et al. (2019) - Survey on 105 matched pairs of Slovenian exporters and their importers.	To examine how functional and dysfunctional conflict relate to power bases and performance consequences in foreign buyer-seller relationships.	Importer's use of coercive power decreases functional conflict with the exporter, while dysfunctional conflict is increased by the foreign partner's use of coercive power.
Skowronski et al. (2022) - Survey on 109 buyer-supplier dyads.	To study the effect of national culture on the inter-firm power - supplier shirking link.	A supplier's long-term orientation strengthens, while a supplier's individualism weakens, the positive effect of buyer's use of coercive power on supplier shirking.
Mitrega (2023) - Survey on 250 exporting companies in Poland.	To examine if certain networking capabilities may be effectively used by SMEs toward their foreign partners during a crisis, as well as the contingencies facilitating/inhibiting activation of networking capabilities.	The exercise of coercive power weakens the positive effect of network development capabilities on relational performance.
Siemieniako et al. (2023) – Case studies on two international business relationships	To study power dynamics in buying center – selling center interactions in two buyer-seller relationships	Structural and behavioral power, along with power dynamics, are connected to value co-creation opportunities within the focal buyer-seller relationship and the eco-system.

Table 2: Measurement model results

Constructs	Scale items	Standardized loadings	<i>t</i>	α	ρ	AVE	Mean	Standard deviation	Item mean	Item SD
Exporter's dependence	DEP1	.86	*	.89	.86	.72	3.68	1.55	3.77	1.81
	DEP2	.89	11.65						4.03	1.79
	DEP3	.78	9.53						3.32	1.76
	DEP4	.87	11.41						3.59	1.82
Importer's non-coercive power	NPW2	.68	*	.76	.74	.51	2.78	1.16	2.69	1.54
	NPW3	.73	5.27						3.17	1.78
	NPW4	.74	5.29						2.99	1.71
	NPW5	.70	5.20						2.30	1.38
Importer's coercive power	CPW2	.76	*	.85	.78	.59	2.45	1.31	2.98	1.81
	CPW3	.75	7.61						2.06	1.48
	CPW4	.80	8.02						2.38	1.48
	CPW5	.75	7.54						2.38	1.55
Inter-organizational cooperation	COP1	.78	*	.88	.83	.61	5.28	0.98	5.55	1.05
	COP2	.64	6.86						5.81	1.02
	COP3	.89	10.21						4.95	1.18
	COP4	.83	9.43						4.66	1.45
	COP5	.73	8.00						5.45	1.18
Relational performance	REP1	.87	*	.94	.87	.77	5.32	1.19	5.08	1.30
	REP2	.91	11.45						5.43	1.31
	REP3	.88	10.50						5.36	1.37
	REP4	.86	9.90						5.37	1.26
Partner incompatibility	PIN1	.65	*	.82	.81	.52	2.34	0.95	2.21	1.23
	PIN2	.67	5.32						2.16	1.30
	PIN3	.81	6.14						2.58	1.34
	PIN5	.69	5.47						2.39	1.29
Exporter's emotion regulation	ERG1	.78	*	.87	.81	.64	5.29	0.99	5.37	1.27
	ERG2	.82	8.88						5.29	1.04
	ERG3	.73	7.75						5.17	1.33
	ERG4	.87	9.35						5.31	1.03

* Item fixed to set the scale

Fit statistics: $\chi^2 = 553.20$, $p = .000$, $df = 356$; NFI = .92; NNFI = .93; CFI = .94; RMSEA = .07

Table 3: Correlation matrix

Constructs	1.	2.	3.	4.	5.	6.	7.
1. Exporter's dependence	.85						
2. Importer's non-coercive power	.30	.71					
3. Importer's coercive power	.18	-.48	.77				
4. Inter-organizational cooperation	.02	.23	-.19	.78			
5. Relational performance	.16	.01	-.09	.46	.88		
6. Partner incompatibility	-.03	-.20	.25	-.47	-.47	.72	
7. Exporter's emotion regulation	.01	.01	-.06	.18	.15	-.20	.80

Note: Correlations greater than $|\pm 0.20|$ are significant at the .01 level.

Correlations greater than $|\pm 0.17|$ are significant at the .05 level.

Values below the diagonal refer to correlation estimates among constructs, while the values on the diagonal refer to square roots of average variance extracted.

Table 4: Structural model results

Hypotheses	Hypothesized associations	Standardized path coefficient	t-value	p-value
<i>Direct effects:</i>				
H _{1a}	Exporter's dependence → Importer's non-coercive power	.30	3.43	.00
H _{1b}	Exporter's dependence → Importer's coercive power	.20	2.50	.01
H ₂	Importer's non-coercive power → Inter-organizational cooperation	.17	2.04	.04
H ₃	Importer's coercive power → Inter-organizational cooperation	-.28	-3.46	.00
H ₄	Inter-organizational cooperation → Relational performance	.61	8.05	.00
<i>Moderation effects:</i>				
H _{5a}	Partner incompatibility → Importer's non-coercive power	-.22	-1.90	.06
	Partner incompatibility x Exporter's dependence → Importer's non-coercive power	-.42	-3.25	.00
	Partner incompatibility → Importer's coercive power	.18	1.80	.07
H _{5b}	Partner incompatibility x Exporter's dependence → Importer's coercive power	.50	2.94	.00
	Exporter's emotion regulation → Inter-organizational cooperation	.29	2.53	.01
H _{6a}	Exporter's emotion regulation x Importer's non-coercive power → Inter-organizational cooperation	.37	5.10	.00
H _{6b}	Exporter's emotion regulation x Importer's coercive power → Inter-organizational cooperation	.46	4.27	.00
<i>Controls effects:</i>				
	Firm size → Relational performance	.29	2.01	.04
	Product type → Relational performance	.29	2.07	.04
	Export experience → Relational performance	-.04	-0.49	.62
	Importer's country → Relational performance	-.04	-0.54	.59
	Relationship age → Relational performance	-.11	-0.69	.49
	Relationship stage → Relational performance	-.24	-1.92	.05

Fit statistics: $\chi^2 = 762.99$, $p = .000$, $df = 474$; NFI = .91; NNFI = .93; CFI = .94; RMSEA = .07

Appendix A: Definition of study constructs

Construct	Definition	Source
Dependence	The need of one party to maintain a relationship with another party to achieve its goals.	Johnston et al. (2018)
Non-coercive power	The use of soft measures (e.g., transferring of rewards, knowledge, reputation, expertise) by the powerful party on the dependent party in a relationship to influence the behavior of the latter.	Simpson and Mayo (1997)
Coercive power	The use of hard measures (e.g., threats, punishments, legal actions) by the powerful party on the dependent party in a relationship to influence the behavior of the latter.	Simpson and Mayo (1997)
Inter-organizational cooperation	Coordinated and complementary actions between parties in a relationship to accomplish mutual goals.	Palmatier et al. (2006)
Relational performance	The degree to which a relationship between two parties is perceived as productive and rewarding.	LaBahn and Harich (1997)
Partner incompatibility	The degree to which parties in a relationship are incongruent in terms of organizational culture, values, goals, resources, and capabilities.	Sarkar et al. (2001)
Emotion regulation	A process by which an individual controls <i>which</i> emotions it has, <i>when</i> it has these emotions, and <i>how</i> it goes through and conveys them.	Gross (2002)

Appendix B: Operationalization of study constructs

Constructs	Items	Item description	Source
Exporter's dependence	DEP1	If our relationship with this importer was discontinued, we would have difficulty making up the sales volume in this foreign market.	Jap and Ganesan (2000)
	DEP2	It would be difficult for us to replace this importer.	
	DEP3	We are quite dependent on this importer.	
	DEP4	We do not have a good alternative to this importer in the foreign market.	
Importer's non-coercive power	NCP1	This importer offers us specific incentives when we are reluctant to cooperate.	Frazier and Summers (1986), Kale (1986), and Brown et al. (1995)
	NCP2	This importer has the upper hand in the relationship, due to the power allowed under the contract.	
	NCP3	This importer demands our compliance because it knows that we appreciate and admire its company.	
	NCP4	The importer uses its unique competence to make our company accept its recommendations.	
	NCP5	This importer withholds critical information concerning the relationship, so as to better control our company.	
Importer's coercive power	CPW1	Failing to comply with the requests of this importer will result in financial and other penalties against our company.	Frazier and Summers (1986), Kale (1986), and Brown et al. (1995)
	CPW2	This importer threatens to withdraw from what it originally promised, if we do not comply with its requests.	
	CPW3	This importer threatens to take legal action, if we do not comply with its requests.	
	CPW4	This importer withholds important support from our firm, by requesting compliance with its demands.	
	CPW5	This importer threatens to deal with another exporter, in order to make us submit to its demands.	
Inter-organizational cooperation	COP1	There is conscientiousness and responsiveness about maintaining a cooperative relationship.	Leonidou et al. (2002)
	COP2	There is willingness to collaborate regarding the smooth operation of the relationship.	
	COP3	Parties always act in ways that promote mutual interests and welfare.	
	COP4	There is an interest in assisting each other to achieve business goals.	
	COP5	There is a team spirit in tackling common problems.	
Relational performance	REP1	The relationship between our firm and this importer has been very productive.	LaBahn and Harich (1997)
	REP2	We have found the time and effort spent on this relationship very worthwhile.	
	REP3	The relationship between our firm and this importer has been very effective.	
	REP4	We have a very rewarding relationship with this importer.	
Partner incompatibility	PIN1	The organizational values and social norms that pertain between our company and this importer are not compatible.	Sarkar et al. (1998)
	PIN2	Executives from our firm and those from this importer have incompatible philosophies/approaches to business.	
	PIN3	The goals and objectives of our firm are compatible with those of this importer. (R)	
	PIN4	The technical capabilities of our firm are incompatible with those of this importer.	
	PIN5	The organizational procedures of our firm and those of this importer are compatible. (R)	
	PIN6	Employees of both our company and this importer have similar professional or trade skills. (R)	
Exporter's emotion regulation	ERG1	I am able to control my temper so that I can handle difficulties rationally.	Wong and Law (2002)
	ERG2	I am quite capable of controlling my own emotions.	
	ERG3	I can always calm down quickly when I am very angry.	
	ERG4	I have good control of my own emotions.	

Note: The sign R denotes a reversed scale.