Value differences as determinants of importers' perceptions of exporters' unethical behavior: The impact on relationship quality and performance

Dr Constantinos N. Leonidou*
Associate Professor of Marketing
Leeds University Business School
University of Leeds
Maurice Keyworth Building, Leeds, LS2 9JT, United Kingdom
Phone: +44 (0) 113 343 6855, E-mail: C.Leonidou@leeds.ac.uk

Dr Leonidas C. Leonidou
Professor of Marketing
University of Cyprus
Department of Public and Business Administration
School of Economics and Management
P.O. Box 20537, CY-1678 Nicosia, Cyprus
Phone: +357 22 892483, Fax: +357 22 892481, E-mail: leonidas@ucy.ac.cy

Dr Dafnis Coudounaris
Lecturer in Marketing
Cyprus Productivity Centre
77 Kallipoleos Ave.,
P.O. Box 20536, CY-1679 Nicosia, Cyprus
E-mail: dcoudounaris@gmail.com

Dr Magnus Hultman
Associate Professor of Marketing
Leeds University Business School
University of Leeds
Maurice Keyworth Building, Leeds, LS2 9JT, United Kingdom
Phone: +44 (0) 113 343 8655, E-mail: M.Hultman@leeds.ac.uk

*** Corresponding author**

International Business Review
Article history:
Received 1 April 2011
Received in revised form 1 March 2012
Accepted 5 March 2012
Available online 7 April 2012

Highlights

- Our study focuses on the value drivers of the unethical marketing behavior of exporters
- We use a survey to collect data
- Similarities in national, corporate, and personal values are negatively related to unethical marketing practices
- Network ties seem to play a moderating role
- Perceived export marketing unethicality negatively influences exporter-importer relationship quality and performance

Value differences as determinants of importers' perceptions of exporters' unethical behavior: The impact on relationship quality and performance

Abstract

The article focuses on the value drivers of the unethical marketing behavior of exporters, as seen from the perspective of their importers, and how this in turn affects the quality of their working relationship and performance. Based on a sample of 189 Cypriot importers, the study revealed that similarities in national, corporate, and personal values between importers and their foreign suppliers are negatively related to unethical marketing practices of the latter as perceived by the former, and vice versa. Perceived export marketing unethicality, in turn, negatively influences the exporter-importer relationship quality (as expressed in terms of cooperation, communication, trust, and commitment), which subsequently has harmful effects on the performance of the relationship. In addition, the existence of a high similarity in both value strength and ethical codes between importers and their export suppliers was found to positively affect the quality of the working relationship. Finally, the association of both corporate and personal value similarity with perceived export marketing unethicality was found to be moderated by network ties, although this was not evident in the case of national value similarity. The findings of the study have important implications for import managers in terms of properly selecting and handling relationships with their foreign suppliers.

Keywords

Importing; Exporting; Relationship marketing; Ethical marketing; Values; Ethical codes.

Value differences as determinants of importers' perceptions of exporters' unethical behavior: The impact on relationship quality and performance

1. Introduction

Increasing globalization, intensifying competition, and advancing transportation, communication, and information technologies have been responsible for the phenomenal growth of international business (Keegan, 2009). A large part of this activity is derived from import-export operations, where success relies heavily on building sound working relationships between the interacting parties (Holm et al., 1996; Leonidou & Kaleka, 1998). These relationships enable exporters to better satisfy the needs of their import customers, secure the continuation of purchases from them, minimize the possibility of foreign customer loss, and use customers as a source of new product ideas and foreign market information. On the other hand, importers can ensure the long-term supply of products from foreign suppliers, suggest ways of improving the efficiency of the production/delivery process, use the suppliers' expertise to protect their cost structure and achieve better prices, and exploit ideas relating to the technical development of products (Han et al., 1993; Sheth & Sharma, 1997).

Despite their benefits, the development of harmonious exporter-importer relationships is hindered by many problems, mainly caused by the extent of the geographic and cultural distance separating the parties involved (Nes, Solberg, & Silkoset, 2007). One source of problems is rooted in differences in the values held by the interacting parties, which are identified at the national, corporate, or personal level (Lee et al., 2007). This is because having dissimilar values is responsible for understanding and interpreting issues concerning the working relationship in a different way (Scholtens & Dam, 2007). One key issue that warrants particular attention is that of marketing ethics, since, among the various enterprise functions, marketing has often been at the forefront of criticisms concerning unethical practices (Akaah & Lund, 1994).

Marketing ethics refers to the extent to which the firm's marketing policies and practices are transparent, trustworthy, and responsible, thus creating a feeling of fairness and rightness by other stakeholder parties (Armstrong, 1996; Murphy et al., 2005; Piercy & Lane, 2007). Unethical practices can cover any element of the marketing mix, such as selling dangerous or harmful products, setting artificially high prices, deliberately delaying product delivery, and using misleading promotions (Kotler & Keller, 2011). Although efforts to cultivate ethical marketing thinking in organizations are increasing, with many firms developing an explicit code of ethics to set the tone of their marketing decisions, some firms still adopt questionable (and in some cases illegal) marketing practices (Bearden, Ingram, & La Forge, 2009). Such unethical marketing approaches are even more evident in international business, since transcending national cultures changes the meaning of the concepts involved in defining business ethicality (Stajkovic & Luthans, 1997; Tan & Chow, 2008).

The adoption of unethical marketing practices can seriously endanger business relationships by: creating suspicion and reducing openness between the interacting parties; giving rise to moral dilemmas and eroding honesty in the exchange process; undermining respect and increasing uncertainty and instability in the working relationship; stirring up friction, frustration, and conflict between sellers and buyers; cultivating short-term thinking and creating opportunistic behavior; reducing the robustness of business decisions; and increasing uncertainty about the relationship, as well as jeopardizing its smooth progress (Gundlach & Murphy, 1993; Filatov, 1994; Oliver, 1999; Murphy et al., 2007). Despite the undermining role of unethical marketing behavior in developing buyer-seller relationships, empirical research on the subject from an international business perspective is lacking, especially as regards harmful effects on relationship quality and outcomes.

In light of the above, this article aims to contribute to the international business literature by developing and testing a theoretically-anchored model that focuses on the value differences as determinants of import buyers' perceptions of exporters' unethical marketing behavior and how this affects the quality and performance of the working relationship. Specifically, the research objectives are: (a) to examine the effect of differences in national, organizational, and personal values between the interacting parties on perceived unethical marketing practices; (b) to identify how the unethical marketing behavior of the exporter can affect the quality of the working relationship; (c) to explore the impact of value strength similarity and ethical code similarity on relationship quality; (d) to evaluate the effect of relationship quality on the performance outcomes of this relationship; and (e) to examine the moderating role of importer-exporter network ties on the link between value similarity and perceived export marketing unethicality.

Although the above research objectives are seemingly based on common sense, the novelty of our study lies in theoretical, methodological, and empirical grounds. Theoretically, we employ the Social Contracts Theory (ISCT) to explain the role of values as an important source of ethicality/unethicality in international business, as well as embodying the concept of network ties as a potential moderator of the association between these two constructs. Methodologically, we demonstrate through mediation analysis that perceived marketing unethicality is a key parameter mediating the link between importers' values and the quality of their relationships with foreign suppliers. Empirically, we test for the first time important associations among constructs that are critical in international business performance, namely values, business unethicality, ethical codes, relationship quality, and relationship performance.

The remainder of this article is formatted as follows: first, the extant research on international business ethics is reviewed and the nature of values is elaborated; second, the conceptual model of the study is presented and the hypothesized associations between constructs are formulated; third, the investigation method employed to carry out the study is explained; fourth, the findings referring to each of the research hypotheses set are analyzed and discussed; fifth, several conclusions and implications are derived from the study findings; and finally, the limitations of the study are presented, together with directions for further research.

2. Literature review

2.1. International business ethics

As opposed to the domestic business ethics field that has been established since the 1960s, international business ethics is a relatively new area of investigation. In fact, while dozens of articles have been written on business ethical issues at the domestic level (see, for example, reviews by Vitell (2003), O'Fallon and Butterfield (2005), Nill and Schibrowsky (2007), and Schlegelmilch and Öberseder (2010)), only a handful of studies stress the international dimensions of business ethics (Enderle, 1997). To some extent, this has been ascribed to the fact that the business ethics discipline and the international business discipline rarely 'speak' to each other, and when they do, they 'speak different languages' (Doh et al., 2010). Irrespective of this incongruence between the two disciplines, extant research on international business ethics can be categorized into five groups.

The first stream of research focuses on the philosophical underpinnings of international business ethics. In this context, Velasquez (1995) identifies three different theoretical approaches: (a) Donaldson's (1989) human rights, which recommends firms to refrain from any action that would harm the fundamental rights of people in other countries, such as ownership of property, political participation, and subsistence; (b) Elfstrom's (1991) utilitarianism, which advises firms to promote in foreign countries the greatest good for the greatest number of people, in order to preserve human life and its means; and (c) De George's (1993) ethical guidelines, which counsel international firms on how to operate ethically in less developed nations, such as by respecting the human rights of their employees, contributing to the host country's economic development, and paying their fair share of taxes. However, Hendry (1999) warns and theoretically demonstrates that a 'universalist' approach to international business ethics is difficult to preserve due to discrepancies between home country and host country values.

The second group of studies deals with the role of cultural values and norms in shaping international business ethics behavior. Some of the issues examined here are: the infusion of spiritually-based principles and values (derived from religions and their secular equivalents) in international business ethics to create moral freedom in multinational firms (Jackson, 1999; Saeed et al., 2001); the identification of similarities and differences in ethical attitudes between managers from different cultures when evaluating ethical 'hypernorms' and 'local norms' (Bailey & Spiger, 2007); and the association of cultural dimensions (i.e., individualism, uncertainty, masculinity, and power distance) on ethical policies, such as prevention and control of bribery/corruption, following a human rights policy and a code of ethics/systems (Schlegelmilch & Robertson, 1995; Hood & Logsdon, 2002; Scholtens & Dam, 2007).

The third research stream emphasizes the need to develop and implement a code of international business ethics. Langlois and Schlegelmilch (1990) first show, through their comparative research between European and US firms, that there are distinctive differences in codifying ethics, and that most codes made their way into Europe via subsidiaries of US firms. In this context, Smeltzer and Jennings (1998) propose a code of conduct that would present guidelines for core ethical business conduct across different cultures. They also recommend a four-step approach (i.e., training international managers, developing a code of universal values, conducting an environmental country analysis, and using internal auditors in foreign operations) to implement such a code. In similar vein, Asgary and Mitschow (2002) develop an international business code of ethics that comprises issues such as: respecting social and cultural values and traditions; honoring contracts, agreements, and assigned responsibilities; and upholding environmental laws and regulations. Finally, Kaptein (2004) finds that only slightly more than half of the two hundred largest multinational companies in the world have a business code, with most emphasis given to quality of products and services, adherence to local laws and regulations, and protection of the natural environment.

The fourth group of studies examines ethics within the sphere of international marketing, building primarily on the work of Armstrong et al. (1990), who identify ten ethics problem areas: traditional small-scale bribery, large-scale bribery, gifts/favors/entertainment, inappropriate products/technologies, questionable pricing practices, tax evasion practices, illegal/immoral activities, questionable commissions to channel members, involvement in political affairs, and abnormal business practices. These ethics problems were examined in conjunction with organization and industry factors (Armstrong & Sweeney, 1994), cultural dimensions (Armstrong, 1996), and country settings (Chan & Armstrong, 1999), revealing significant differences.

The final group of studies focuses on specific aspects of international business ethics, such as those pertaining to: the labor dimensions of codes of conduct in the global marketplace (Diller, 1999a), the abuse of children in the workplace (Diller, 1999b; Kolk & Van Tulder, 2002; French & Wokutch, 2005), the use of bribery and corruption in international transactions (Fadiman, 1986; Onkvisit & Shaw, 1991; Brouthers et al., 2008), the salespeople's ethical perceptions across different cultures (Dubinsky et al., 1991), and the political activities followed by multinational corporations on climate change (Kolk & Pinkse, 2007).

A number of observations can be made with regard to the previous review of the international business ethics literature: (a) most of the empirical studies on the subject have been of an exploratory and descriptive nature, with only a few applying rigorous research designs and analyses; (b) the emphasis is on multinational corporations, while exporting which is the most common method of foreign market entry has been neglected; (c) the bulk of research has been on the general business practices of firms in international markets, while marketing has received only tangential attention; (d) although ethics is at the core of any working relationship, there has been no attempt to connect ethical issues with behavioral aspects of this relationship; and (e) the potential role of network ties in influencing perceived business/marketing uenthicality has never been investigated.

2.2. The nature of values

Values refer to broad tendencies and enduring beliefs about proper modes of conduct and preferred or desired outcomes (Rokeach, 1973; Nystrom, 1990). As such, they provide the foundation for developing attitudes that will subsequently form certain behaviors (Homer & Kahle, 1988). Values comprise cognitive, affective, and directional elements, which are used by people in making their judgements, preferences, and choices (Wiliams, 1968). Rokeach (1973) distinguishes between two sets of values: (a) instrumental, that is, values focusing on moral or competence issues which describe preferred modes of conduct (e.g., responsible, obedient, capable); and (b) terminal, that is, values centering mainly on personal or social aspects, which are responsible for leading to a desirable end-state of existence (e.g., pleasure, self-respect, social recognition). There are indications that certain values are responsible for steering specific types of behavior, as in the case of honesty (instrumental value) and freedom (terminal value), which were posited as associated with ethical decision-making (Fritzsche, 1995).

There are a number of assumptions underlying values, the major ones being that: (a) compared to the existence of a plethora of opinions and attitudes, the number of values is relatively small, although the same value may form the basis of numerous opinions and attitudes; (b) similar values are processed by individuals and organizations to a different degree, thus having a different impact on behavioral actions; (c) values are organized into systems that consist of a series of clusters of values with a varying degree of importance; (d) societal, institutional, and personality factors are responsible for determining values, which stresses their situation-specific nature; and (e) the consequences of values are seen in almost every aspect of human behavior, as in the case of making moral judgments, justifying self or others, and taking social actions (Rokeah, 1973; Akaah and Lund, 1994).

Very rarely is a certain behavior guided by a single and/or the same value, but is instead the result of multiple and changing sets of values (Williams, 1968). Although in a specific culture people share more or less the same values, the importance attached to a given value may differ from one individual to another (Rokeach, 1973). The same is also true in the case of organizations characterized by specific value systems, whose employees may have different value hierarchies (Finegan, 1994). A number of factors are responsible for setting different priorities to values, such as different political ideologies for personal values, different business policies for organizational values, and different cultural traits for national values (Rokeach, 1973).

Undoubtedly, values play a dominant role in business decision-making, in the sense that they direct managers to making choices between various strategic alternatives, influencing the content of human resource policies, and providing guidance for building and managing relationships with various stakeholder groups (Akaah & Lund, 1994). Values provide standards that direct organizations to adapt to the external business environment, while at the same time integrating their activities internally (Hunt, Wood, & Chonko, 1989). As such, they have an indirect impact on the firm's performance (Donker, Poff, & Zahir, 2007). There seems to be an agreement among business ethics researchers that ethical business decision-making is highly correlated with certain values, implying that superior standards of ethical behavior in organizations can be achieved by properly monitoring different kinds of values (Fritzsche, 1995). Although crucial, empirical evidence demonstrating this link between values and ethical/unethical business (and particularly marketing) practices is relatively sporadic (Fritzsche, 1995).

3. Conceptual model, theoretical background, and research hypotheses

In light of the above gaps in the international business ethics and values literatures, our study takes a fresh look at the subject by proposing and testing a conceptual model that links together values, ethical-related issues, and exporter-importer relational aspects (see **Figure 1).** The model theorizes that the existence of differences in national, corporate, and personal values between importers and their foreign suppliers is responsible for generating unethical marketing practices on the part of the exporter. This, in turn, will negatively influence the quality of their working relationship, as expressed in terms of cooperation, communication, trust, and commitment. The model also assumes that both value strength similarity and ethical code similarity have a positive impact on relationship quality. Finally, relationship quality is postulated as being positively correlated with the performance outcomes of the importer-exporter venture. Altogether, seven research hypotheses are formulated, which are elaborated in the following.

…Insert Figure 1 about here…

Our model is theoretically grounded on the Integrative Social Contracts Theory (ISCT), which argues that 'community' values and norms constitute a crucial source of ethics in business, because they serve as important standards in defining whether a certain business action is right or wrong (Donaldson & Dunfee, 1999). These values and norms can refer to different 'community' levels (e.g., social/culture, organizational, individual), which can ultimately affect the formation of ethical attitudes and behavior (Donaldson & Dunfee, 1999). Thus, a central feature of this theory is that ethical perceptions are highly context-specific, in the sense that they are fully embedded in the values, norms, and practices characterizing the specific social context in which a business activity takes place (Donaldson & Dunfee, 1999).

The criteria used by individuals to define a business practice as ethical or unethical are derived from cultural traditions, unwritten rules, and social norms, (Reidenbach & Robin, 1990). These are responsible for helping an individual to understand the appropriateness of a specific action and form ethical attitudes toward it (Donaldson & Dunfee, 1999). The individual's ethical attitudes will also depend on the degree of his/her participation in a particular 'community', since the values and norms of the latter affect his/her ethical evaluations and decisions (Bailey & Spicer, 2007). This implies that members of the same 'community' may respond differently to 'community' values and norms and that some may have a stronger effect than others.

The multi-level perspective adopted by the Integrative Social Contracts Theory implies that attitudes toward business ethics can be affected by differences at the national, organizational, or personal level between interacting parties in an international business relationship (Bailey & Spicer, 2007). In fact, conflicting perceptions of ethical principles and judgments resulting from such differences are very likely to lead to serious collaboration problems between buyers and sellers (DeGeorge, 1993). These problems can become more acute in a cross-cultural business setting, due to the greater distance separating the relationship parties (Doh, Husted, Matten, & Santoro, 2010).

3.1. Main hypotheses

3.1.1. Values and unethical marketing

According to Ferrell and Gresham (1985), values can be broadly traced at three different levels, namely national, organizational, and personal. National values are basic convictions held by people in a given society, leading them to consider something as appropriate or inappropriate, which guide their behavior (Hofstede, 1983). Respecting foreign country values, coupled with the ability to set aside one's own values in order to understand those of others, is a key determinant of successful international marketing practices (Jeannet & Hennesey, 1998). The great diversity that exists in national values across countries leads to different explanations of what is acceptable or unacceptable conduct (Svensson & Wood, 2003; Whitecomb, Erdener, & Li, 1998). This situation creates loopholes that allow for the emergence of unethical business actions (Piercy & Lane, 2007). For instance, violating business contracts or unwritten promises, acting in a self-interested manner, and not complying with the law are very common under these circumstances. Unethical behavior is likely to affect elements of the exchange between exporters and importers, such as offering sub-standard products, overcharging, deliberately delaying delivery procedures, and engaging in deceptive advertising (Gaski, 1999). Based on the above discussion, we may hypothesize that:

H_1: The greater the similarity in national values between importers and their export suppliers, the less unethical the marketing practices of the latter are perceived to be by the former and vice versa.

Corporate values provide the basis for judgments about what the organization has to do in order to successfully carry out its core business, as well as representing what the organization stands for in the environment in which it operates (Donker et al., 2008). These values provide the basis for the behavior of members of the organization and act as an invisible hand in the performance of business activities, such as cost reduction, quality improvement, and increased operating flexibility (Bendixan & Abratt, 2007). Corporate values determine what is considered right or wrong by the organization as a whole, and are thus inextricably linked with the firm's ethical behavior (Donker et al., 2008). Organizations that do not share similar values are more likely to have an ineffective working relationship, since unethical practices may arise during the course of their interactions (Andrews, 2000). This is particularly true in the case of international business relationships, where diversity of organizational values is more likely, due to different cultural traditions, political-legal systems, and business practices (Boyacigiller & Adler, 1991). The following hypothesis is set:

H_2: The greater the similarity in corporate values between importers and their export suppliers, the less unethical the marketing practices of the latter are perceived to be by the former and vice versa.

Personal values refer to the permanent perceptual framework of individuals working in an organization that shapes and influences the general nature of their behavior (Oliver, 1997). They are usually affected by forces prevailing in the individual's immediate environment, such as the family, school, and religious institution (Forsyth, 1992). Based on these factors, a person may develop and adopt different types of ethical behavior. For instance, idealists will usually adhere to moral attitudes and universal absolutes when making ethical judgments (Beauchamp & Bowie, 1983), while egoists tend to stress self-promotion as their main goal in life and consider an action as ethical only when it best promotes their long-term interests (Shaw, 1999). In an international domain, differences in the personal values of individuals are more likely to occur, as a result of different cultural backgrounds and traditions (Stajkovic & Luthans, 1997). The latter will affect the way ethical marketing actions are viewed and interpreted. For example, individuals demonstrating high masculinity and valuing material success and assertiveness are unlikely to be influenced by formal codes of ethics, while individuals characterized by a high degree of uncertainty avoidance tend to reduce risks by believing in absolute truth (Vitell et al., 1993; Schlegelmich & Robertson, 1995). Hence, we may posit that:

H_3: The greater the similarity in personal values between importers and their export suppliers, the less unethical the marketing practices of the latter are perceived to be by the former and vice versa.

3.1.2. Unethical marketing, value strength, ethical codes, and relationship quality

Concealing vital information about the product, withdrawing promises relating to payment terms, delivering goods that were not ordered, and promoting benefits that are not genuine are some of the many forms of unethical marketing practices used by sellers (Gaski, 1999). Such deceptive marketing behavior is very likely to take place in an international business setting, due to the great geographic and psychic distance separating sellers from buyers (Schlegelmich & Robertson, 1995). The existence of unethical marketing behavior on the part of the exporter is very likely to harm cooperation, communication, trust, and commitment in the relationship with the import buyer. Such behavior may: (a) give the impression that the foreign partner is preventing the achievement of goals; (b) lead to disapproval of the existing arrangements made in the working relationship; and (c) create a feeling of ambiguity, as to whether the economic and non-economic goals will be met within the relationship. We can therefore formulate the following hypothesis:

H_4: The more unethical the marketing behavior of export suppliers as perceived by importers, the lesser the quality of their working relationship.

The strength of a value system refers to the importance attached by an organization to a specific set of preferential standards of conduct shared by its employees (Rokeach (1973). This has significant implications for the type, content, and intensity of the organization's behavioral actions, such as selecting products, invoking social sanctions, and resolving conflicts (Williams, 1979). The strength of a value system will also help to better crystallize the ethical ramifications of a specific business situation and lead to certain positive (e.g., rewards) or negative (e.g., sanctions) actions (Finegan, 1994). When two organizations attach the same importance to a specific value (e.g., serving the public, improving effectiveness, enhancing reputation), they are more likely to collaborate, communicate openly, trust each other, and commit to the relationship (Bendixen & Abratt, 2007). All these are important ingredients toward improving the quality of the working relationship. Thus, we can hypothesize that:

H_5: The greater the similarity in the strength of the value systems between importers and their export suppliers, the better the quality of their working relationship.

A corporate ethical code refers to a broad principle for conduct (usually expressed in documented form), which guides the actions of the members of an organization (Benson, 1989). A code of ethics incorporates such issues as business principles, codes of practice, rules of conduct, and corporate social responsibility guidelines (Langlois & Schlegelmilch, 1990). It offers a tool that helps to create awareness of ethical issues within the organization, as well as resolve potential ethical dilemmas confronted by its managers and employees (although, for obvious reasons, it cannot single out every possible ethical situation) (Bowie, 1982; Donker, Poff, & Zahir, 2007). Although sometimes ethical codes are used for symbolic purposes, in most firms these are enforced through actual business procedures and policies (Weaver, Trevino, & Cohran, 1999). A code of ethics provides a means to articulate the company's values, and, as such, sharing similar codes with another firm helps to prevent and/or trace unethical situations at an early stage (Kaptein, 2004). This is expected to reduce any harmful effects that they may have on the quality of the working relationship. Based on the above, we may posit that:

H_5: The greater the similarity in the ethical codes between importers and their export suppliers, the better the quality of their working relationship.

3.1.3. Relationship quality and performance

Relationship quality is a higher-order construct, comprising cooperation, trust, commitment, and communication. Cooperation is the extent to which there is a joint effort, team spirit, and collaboration among the exchange parties (Skinner, Gassenheimer, & Kelley, 1992). However, the absence of cooperation may lead to incompatible goals, unclear responsibility areas, and perceptual vagueness, which lessen relational effectiveness and efficiency. Trust refers to the belief by one party in a working relationship that the other is engaged in behavior that is honest, sincere, and fair (Doney & Cannon, 1997). Lack of trust in relationships is very likely to produce negative results, mainly because dealings are not transparent, claims not substantiated, and trade secrets not kept. Commitment is the long-term undertaking to fulfill the requirements/goals of the relationship, usually expressed in terms of resources, time, and effort invested (Morgan & Hunt, 1994). Lack of commitment in the relationship will produce low financial results and jeopardize its long-term potential. Communication refers to the formal or informal exchange of meaningful and timely information between buyers and sellers (Mohr & Nevin, 1990). Communication problems often occur in international business relationships due to considerable geographic, cultural, and technological disparities, which are responsible for harming performance. In light of the above, the following hypothesis can be made:

H_7: The lower the quality of the working relationship with export suppliers, the lower the performance resulting from the relationship, as perceived by importers.

3.2. Moderation hypotheses

Since growing research shows that buyer-seller relationships are caught in a web of inter-dependencies at various network levels (Håkansson et al., 2009), we employed network ties as a moderator of the link between value similarity and perceived export marketing unethicality. A network can be defined as "the tangible and intangible investments that comprise the connected relationships between more than two businesses" (Håkansson et al., 2009, p. 236). Based on Cova et al. (2010), network ties can be identified at five different levels, namely territory, industry, alliance, community, and kinship. Recent studies have demonstrated that network ties between business partners have significant effects on a number of organizational activities, such as knowledge sharing, trust building, organizational learning, and ultimately business performance (Li & Sheng, 2011; Jean et al., 2011; Sheng et al., 2011). From a theoretical perspective, social network theory explains how networks can serve as an effective governance mechanism in building solidarity between international exchange parties, which, in turn, deters unwanted actions (e.g., contract violation, defective/unwanted products, price overcharges) through enforcement of network member sanctions (Jean et al., 2011). In a similar vein, institutional theory proposes that network ties can be invaluable for firms that are dealing with markets currently lacking strong legal and regulatory institutions, which is the case of many international markets like China (Peng, 2003). This is because informal governance mechanisms existing within the networks will minimize unwanted opportunistic behavior between parties (Sheng et al., 2011). For the above reasons, we can expect that:

H_8: The more the network ties between importers and their foreign suppliers, the stronger the negative association between: (a) national values similarity and perceived export marketing unethicality; (b) corporate values similarity and perceived export marketing unethicality; and (c) personal values similarity and export marketing unethicality.

4. Research methodology

The study took place in Cyprus, which imports a wide range of goods from many countries, especially those in the European Union, of which it has been a member since 2004. A random sample of 400 importers/distributors was drawn from the Directory of Cypriot Importers issued by the Cyprus Chamber of Commerce and Industry, which contains more than 1,200 entries. All firms were contacted by telephone and asked to participate in the study and specify key informants who would be qualified to answer the questionnaire. Altogether, 189 firms agreed to take part in the study, some of the reasons for non-participation being: absence of the manager on a trip abroad, unavailability of free time, and company closure. A non-response test, which compared respondents and non-respondents on various parameters (i.e., geographic location, year of establishment, and number of employees) revealed no statistically significant differences.

The research tool was a structured questionnaire, consisting of four major parts. The first section comprised a set of questions referring to national, corporate, and individual values. The second part concerned elements of unethical marketing strategy, namely product, price, distribution, and promotion. The third part referred to cooperation, trust, commitment, and communication (which define relationship quality), as well as performance outcomes of the working relationship. The last section concerned the demographics of the respondent and other background information. An extra section, incorporating questions relating to value strength similarity, ethical code similarity, and network ties, was added at a follow-up stage of the study. All questions were measured on a 7-point scale, and respondents were asked to answer the questionnaire by focusing on their major export supplier. To secure linguistic consistency, the questionnaire was written in English and then back-translated into Greek, which is the official language of the country.

The scales of the constructs used for the purposes of the study were extracted from multiple literature sources (see **Appendix 1**). 'National values', 'corporate values', and 'personal values' constructs were operationalized with three items each, derived from Lee et al. (2007). 'Unethical marketing strategy' was expressed in terms of 'product', 'price', 'distribution', and 'promotion' constructs, each measured with four items adapted from Gaski (1999). The operationalization of 'value strength similarity' (three items) and 'ethical code similarity' (five items) was extracted from the works of Akaah and Lund (1992) and Hunt, Wood, and Chonko (1989) respectively. Relationship quality included: 'cooperation' (six items derived from Skinner et al. (1992)), 'communication' (five items adapted from Mohr and Nevin (1990)), 'trust' (eight items borrowed from Doney and Cannon (1997)), and 'commitment' (seven items taken from Morgan and Hunt (1994)). The 'relationship performance' construct was captured by five items extracted from Drumwright and Murphy (2004). Finally, five items measuring 'network ties' were identified, based on input received from Cova, Prévot, and Spencer's (2010) research.

Data were systematically collected from respondents based on a telephone survey, using the services of a professional call center, while in some cases, personal interviews or drop-in questionnaires were also employed. The survey was conducted on a daily basis over a period of four weeks. Key informants were individuals who were directly responsible for the firm's import activities, these usually being the owner, import manager, or purchasing officer. On average, participant firms employed 32 individuals, had operated for 33 years, and imported goods from seven countries. To test our conceptual model, structural equation modeling (SEM) was adopted (based on the EQS statistical package), because: (a) it provides a useful framework for managing multiple associations among constructs simultaneously, and (b) it has the ability to assess the links between constructs in a comprehensive, systematic, and holistic manner (Hair et al., 2006).

To shed light on why different values between importers and exporters lead to unethical export marketing behavior, we embarked on qualitative research in the form of a focus discussion with a group of ten import managers. These were randomly selected from the wider pool of firms that participated in the quantitative study, and dealt with a wide ranged of products imported from different countries. The focus group session was moderated by the principal investigator of the study, who has an extensive practical experience in conducting this type of research. The whole session lasted for approximately two hours and was based on an interview guide comprising a list of issues extracted from the literature. These focused on how value differences at the national, corporate, and personal levels may give rise to various unethical export marketing practices. During the focus group interview, participants offered important insights about the research topic, provided explanations on how unethical practices can occur, and gave real-life examples of unethical marketing practices. **Appendix 2** summarizes various incidents of exporters' unethical marketing behavior caused by differences in national, organizational, and personal values that emerged from this exercise.

5. Research findings and discussion

The internal consistency of the research constructs was first checked, using both item-to-total correlation and confirmatory factor analysis. Initially, items in the scales that had a low item-to-total correlation and inter-item correlation were excluded from further analysis (see **Table 1**). All the remaining items were used for confirmatory factor analysis. The multi-dimensional constructs of unethical marketing practices (i.e., product, price, distribution, and promotion) and relationship quality (i.e., cooperation, communication, trust, and commitment) were treated as second-order factors within the measurement model (see **Table 2**). Although the chi-square was found to be significant ($\chi^2_{(903)} = 1270.31$, $p < .001$), this was expected, as this statistic is sensitive to sample size and model complexity issues. The alternative fit indices of the measurement model were then reviewed, which indicated a good overall model fit (χ^2 /d.f. = 1.41; NFI =.98; NNFI =.99; CFI = .99; RMSEA = .06). These results indicate that the factor structure specified provides a good fit with the data observed (Bagozzi & Yi, 1988).

…Insert Table 1 about here…

The convergent validity of the constructs was met, since all standardized loadings of the items measuring each factor were above .5, while the t-value for each item was high and significant. The only exception was price, with a factor loading of .48. The factor was, however, retained for nomological, face and content validity purposes. The method depicted by Gerbing and Anderson (1988) was used to check for discriminant validity. This involved comparing the chi-square of an unconstrained model to one in which the correlation was fixed to unity. This analysis was separately carried out for every pair of constructs. In every case, the fit worsened when the inter-correlation was constrained, while the chi-square difference between the two models was always statistically significant ($\Delta\chi^2_{(1)} > 3.84$; $p < .05$). Hence, discriminant validity was evident. All constructs had high construct reliability, as Cronbach's alphas were above the recommended threshold of .70 (Nunally & Bernstein, 1994). We can therefore conclude that the measurement procedure employed was valid and reliable.

The possibility of common method bias was also examined, since the data were collected from one informant at a single point in time. Two post-hoc statistical tests were utilized to check whether this issue affects our dataset: (a) using Harman's single-factor test, all indicators of the structural model were included in a principal component analysis with varimax rotation, where, based on the unrotated factor solution, 20 factors were extracted with eigen values greater than

1.0, which accounted for 69% of the variance, and the first factor accounted for only 23% of the variance (Podsakoff & Organ, 1986); and (b) a CFA model, in which all indicators included in the structural model were restricted to load on a single factor, was estimated, with the fit indices obtained indicating a very poor model fit (i.e., $\chi^2_{(1539)} = 4287.94$, $p < .001$; NFI = .32; NNFI = .40; CFI = .42; RMSEA = .12) (Podsakoff et al., 2003). Overall, the results of the two tests indicate that common method bias does not appear to be a problem in this study.

…Insert Table 2 about here…

5.1. Main hypotheses test

The hypothesized associations between the constructs were tested through a structural model, which was estimated using the Elliptical Re-weighted Least Squares (ERLS) estimation procedure. This technique was preferred due to its superiority in comparison with other estimation procedures (Sharma et al., 1989). Overall, the structural model analysis revealed a good model fit, as indicated by the favorable normed chi-square statistic (χ^2 /d.f. = 1.53), the acceptable Root-Mean Square Error of Approximation (RMSEA = .06), and the high scores of the incremental fit indices (NFI = .98; NNFI=.99; CFI=.99). The standardized path coefficients and t-values of the structural model are presented in **Table 3**. Interestingly, all hypotheses were found to be significant and in the right direction. The results with regard to each specific hypothesis are discussed in the following.

…Insert Table 3 about here…

As hypothesized, this study confirmed that dissimilarities in national values increase the level of perceived unethicality of marketing practices, and vice versa ($\beta = –.30$, $t = –2.17$, $p = .03$). Indeed, parties in an importer–exporter relationship who have greater differences in their national values are more likely to have disparate beliefs and expectations about what is right or wrong in the elements of the marketing exchange (Scholtens & Dam, 2007). In particular, importers tend to report more incidences of unethical marketing behavior on the part of their export suppliers, although the latter may consider certain of his/her actions appropriate from the viewpoint of his/her own national value system.

Our findings also reveal that partner differences in corporate values in the working relationship between importers and exporters can reduce the potential for unethical marketing behavior (β = –.40, t = –2.46, p = .02). This confirms the view that importers and exporters with different corporate values are likely to have different modes of conduct, as well as different safeguarding mechanisms to ensure an ethical way of conducting business (Langlois & Schlegelmilch, 1990). This situation is accentuated even more by the fact that both interacting parties are engaged in a 'give-and-take' situation, with each party aiming to increase his/her own benefits (Bendixan & Abratt, 2007). The uncertainty surrounding international business relationships, caused by physical and psychological distances, provides fertile ground for such problematic situations.

The results of this investigation also verify the influential role of personal values in shaping importers' perceptions about the marketing unethicality practices of their foreign suppliers (β = –.43, t = –2.87, p = .01). Specifically, the analysis revealed that more negative perceptions of ethical marketing are developed when managers in collaborating firms exhibit dissimilarities in their personal views, interpretations, and opinions on how business transactions should be conducted. The fact that individuals with different personal values have different deontological and teleological evaluations also makes their ethical judgment of what is appropriate or inappropriate vary (Piercy & Lane, 2007).

The findings also show that the unethicality of marketing practices can have a deleterious effect on the quality of the working relationship between exporter and importers (β = –.88, t = –4.31, p = .00). Our findings clearly indicate that high levels of marketing unethicality on the part of the exporter can seriously harm such critical relationship dimensions as cooperation, communication, trust, and commitment. Unethical marketing behavior can provoke suspicion, call honesty into question, reduce respect, and inhibit openness toward the party in the relationship that engages in such behavior (Oliver, 1999). This is even more evident in international buyer-seller relationships, where the high geographic distance between interacting parties can give rise to unethical practices.

Our study also confirmed the positive effect of value strength similarity between importers and their foreign suppliers on the quality of their relationship (β = .20, t = 2.76, p = .00). This implies that attaching the same emphasis on specific values facilitates communication and collaboration between the two parties. This is because both importers and their foreign suppliers are able to operate within a common frame of ethical decision-making, which minimizes friction and frustration and cultivates transparency and understanding (Hunt & Vitell, 1986; 1993). Considering the same values as important, it fosters congruency in the opinions, attitudes, and beliefs of the interacting parties, which subsequently creates a more unifying approach to handling crucial issues in the business relationship (Steenhault & Kevhove, 2006).

The relationship quality was also verified as being positively influenced by the similarity in the ethical codes between the two partners (β = .19, t = 2.47, p = .01). This indicates that adhering to similar codes of conduct creates a unitary set of ethical values that helps both buyers and sellers in a working relationship to maintain high levels of trust, commitment, cooperation, and communication (Bendixen & Abratt, 2007). Sharing similar principles, rules of conduct, and social responsibility philosophies acts as a catalyst for potential misunderstandings relating to both strategic (e.g., entering new market segments) and tactical (e.g., product returns) issues of the relationship (Grönroos, 1994). It also creates a feeling of mutuality, respect, and stability among interacting parties and, most importantly, sets safeguards about the smooth continuation and further advancement of the relationship (Wilson, 1995).

The positive outcome of relationship quality on relationship performance was also verified by this study (β = .93, t = 6.36, p = .00). This result confirms the instrumental role of factors, such as cooperation, communication, trust, and commitment, in developing high performing relationships between buyers and sellers (Wilson, 1995). This is particularly crucial in the case of cross-border working relationships, which are characterized by high levels of uncertainty, conflict and distance (Leonidou et al., 2006). In fact, the firm's advancement along the internationalization path has been postulated to greatly depend on how well the firm handles its relational exchanges with foreign business partners (Leonidou, 2003).

5.2. Moderation hypotheses test

To test the moderating influences of network ties, we calculated three cross-product variables — national values similarity × network ties, corporate values similarity × network ties, and personal values similarity × network ties — and included them in the structural model. A direct link from network ties to perceived marketing unethicality was also included in the model for control purposes. The results suggest: (a) a strong, significant, and negative effect of personal values similarity × network ties on export marketing unethicality (β = –.21, t = –2.22, p = .03); (b) a weak, significant, and negative effect of corporate values similarity × network ties on export marketing unethicality (β = –.17, t = –1.84, p = .07); and (c) a non-significant effect of national values similarity × network ties on export marketing unethicality (β = –.05, t = –.60, p = .55).

Hence, while these findings lend support to H_{8b} and H_{8c}, H_{8a} had to be rejected.

5.3. Mediation test

To verify the mediating role of perceived export marketing unethicality between value differences and relationship quality, we estimated two alternative models: (a) a non-mediated model, which treated export marketing unethicality as an exogenous driver of relationship quality alongside national, corporate, and personal value s similarity; and (b) a partially mediated model, which took the originally hypothesized model and added direct links from each of the three value similarity constructs to relationship quality (Kraimer, Wayne, and Jaworski, 2001). Mediation is evident when significant effects are established in the non-mediated model, which wane (i.e., partial mediation) or decline to insignificance (i.e., full mediation) in the partial mediation model. The results of our non-mediated model suggest that national (β = .28, t = 1.99, p = .05), corporate (β = .37, t = 2.81, p = .01), and personal (β = .29, t = 2.03, p = .04) value similarity have a significant effect on relationship quality, thereby meeting the first condition for mediation. When we treat export marketing unethicality as a partial mediator, the corresponding path estimates for national (β = .11, t = 1.25, p = .21), corporate (β = .31, t = 2.55, p = .01), and personal (β = .27, t = 1.92, p = .06) values similarity decrease or become non-significant at p=.05. These results show that export marketing unethicality fully mediates the links between national and personal values similarity with relationship quality, and partially mediates the link between corporate value similarity and relationship quality. They further enhance our initial findings about the pivotal role played by perceived export marketing unethicality in forming high quality business relationships.

6. Conclusions and implications

Our study has demonstrated that differences in values between importers and exporters are indeed responsible for increasing the unethicality in the marketing behavior of the latter as perceived by the former. Exporters' unethical marketing practices were also shown to seriously harm the quality of their working relationship with importers. However, having a similar strength in value systems and sharing similar ethical codes is conducive toward fostering relationship quality. The importer-exporter relationship quality will ultimately have a positive effect on its performance. Finally, the study has shown that the involvement of relationship participants in various levels of network ties, did not have any effect on shaping importer's perceptions of exporter's marketing unethicality.

This study can contribute to the international business discipline in a number of ways: first, it has stressed the dangers imposed by value differences between the interacting parties in a business relationship toward promoting unethical marketing behavior; second, it has established a link between two important streams of research, namely ethical marketing and relationship management; third, it has transferred crucial marketing/management issues examined within a domestic market domain to an international business setting; fourth, it has revealed the important role of similarity in both value strength and ethical codes in building harmonious business relationships; fifth, it has demonstrated the critical role of relationship quality in business interactions in achieving highly-performed working relationships; and finally, it has stressed the moderating role of importer-exporter network ties on the corporate value similarity → perceived export marketing unethicality and personal value similarity → perceived export marketing unethicality links.

The fact that dissimilar national, corporate, and personal values provide fertile ground for the development of unethical marketing practices has serious implications for properly selecting and handling foreign suppliers by importers. Hence, prior to embarking on a purchasing venture with an exporter, it is important for an importer to closely examine his/her value profile (at the national, corporate, and personal level) and determine how compatible it is with his/her own. Such an analysis will help to minimize the chances of engaging in a relationship that is highly likely to be catastrophic because of unethical marketing practices on the part of the exporter. It will also help the importer to be wary of and immediately spot any potential unethical behavior by the foreign partner, if for some reason (e.g., unique products, low purchasing costs, long-term financial gains) the importer considers a business venture important in spite of the existence of value differences.

The findings with regard to the moderating role of network ties indicate that developing such ties can be beneficial for importer-export relationship partners, since they can help to reduce negative perceptions of export marketing unethicality, especially in the case of low corporate and personal value similarity between the interacting parties. This implies that, by forming quasi-family and communal relationships, network tie members are demonstrating favorable attitudes and/or pro-social activities that can act as a shield against potential misbehavior or misconduct resulting from value differences (Rosenbaum, 2008). However, the fact that network ties did not moderate the association between national value similarity and export marketing unethicality may further elevate the important role of national values similarity. Importing managers should therefore try to familiarize themselves with the language, business practice norms, and politico-economic systems of their foreign suppliers before initiating any business collaborations.

The harmful effects of unethical marketing behavior on the exporter-importer relationship quality identified in this study are a particular cause of concern, especially in view of the fact that an increasing number of firms are currently engaged in international business activities. Importers should therefore carefully monitor the marketing practices of their foreign suppliers and be ready to take immediate corrective action should any unethical issue arise in the relationship. Since the role of partners in a business relationship is not one of surveillance or spying on one other, but of collaboration and obtaining mutual benefits, it is advisable to establish at the outset a commonly acceptable code of ethics, which demonstrates awareness of ethical issues and indicates how best to deal with them. Building the working relationship on a sound ethical base is of paramount importance to guarantee long-term harmony.

The positive association between the quality of the working relationship and its performance outcomes stresses the delegate role of properly initiating and handling behavioral interactions between importers and exporters. It is important therefore to invest the necessary amount of time, effort, and resources in these relationships, and appoint specialized personnel to be responsible for managing those with foreign suppliers. These persons should maintain an international outlook, show sensitivity toward different cultures, and have the ability to communicate properly in foreign languages. Most importantly, they should adhere to high ethical standards and be able to understand and apply the company's principles, values, and norms in a responsible way. Handling relationships with overseas suppliers to achieve good results should not be left in the hands of only a few people, but should involve everybody in the importing firm. Cross-functional coordination under the supervision of a relationship officer is essential to explore the feasibility of setting up new relationships with foreign suppliers, monitor the quality of existing relationships, and decide which to develop further or which to discontinue.

7. Limitations and future directions

The findings of the study should be seen within the context of a number of limitations, which also indicate directions for further research. Although Cyprus offers a good base for this type of research (due to the open character of its economy, the manageable number of importing firms, and convenience for conducting primary research), it would be interesting to replicate the study in countries of a larger size and at a different stage of economic development. Moreover, since the firms used here were mainly small-to-medium-sized importers/distributors, the scope for future studies could be extended to cover larger import organizations, as well as other types of purchasing firms, such as manufacturers.

The study only examined the views of importers with regard to the ethical behavior of their foreign suppliers. However, the adoption of a dyadic approach, where the views of both importers and exporters are concurrently examined, would deliver a more complete picture of the effect of ethical factors on relationship aspects. In particular, it would be interesting to examine whether importing firms are also engaging in unethical behavior in their dealings with exporters, such as by deliberately delaying payments, claiming that the exporter's products were faulty, and breaking contract rules. It would also be interesting to extend the investigation at the various network levels, and seek the views of other network members on the importer-export relationship.

While our triple typology of values (i.e., national, corporate, personal) was based on the seminal work of Ferrell and Gresham (1985), this could be regarded as a limitation due to the existence of more recent classifications in the pertinent literature (e.g., Craig & Douglas, 2006). Nevertheless, future research needs to take into consideration that values are inherently complex, dynamic, and evolving phenomena, which could be approached from different perspectives (e.g., instrumental) and levels (e.g., institutional) (Cambra-Fierro et al., 2008; Rokeach, 1973; Rousseau, 1985). As such, it would be interesting to examine the role of each of these different types of values on shaping ethical/unethical business attitudes and behavior.

Although a buyer-seller relationship is a very dynamic phenomenon, our study was limited to a snapshot of the associations among values, marketing unethicality, relationship quality, and performance. It would certainly be useful to track changes in this association by using longitudinal analysis. This would allow differences in the links between constructs of the model over different phases of developing the working relationship (e.g., introduction, growth, maturity, decline) to be identified (Dwyer et al., 1987). Other possible drivers of unethical behavior in the exporter-importer relationship, such as those pertaining to opportunism, uncertainty, and conflict, could also usefully be examined (Leonidou et al., 2006).

Finally, the conceptual model used in this study could be augmented to connect relationship performance with the financial outcomes of the business venture, using both objective and subjective financial measures of performance (Nes et al., 2007). Moreover, the moderating role of various factors (e.g., low/high context of culture) should be examined on the link between values and unethical marketing behavior, as well as of other factors (e.g., market turbulence) moderating the association between unethical marketing behavior and relationship quality. A further possibility would be to control the associations of constructs in the model due to the effect of various internal (e.g., firm size, company experience, product type) or external (e.g., foreign source location, economic conditions, political risk) factors.

References

Akaah, I.P., & Lund, D. (1994). The influence of personal and organizational values on marketing professional's ethical behavior', Journal of Business Ethics, 13(6): 417-430.

Armstrong, R.W. (1992). An empirical investigation of international marketing ethics: Problems encountered by Australian firms. Journal of Business Ethics, 11: 161-171.

Armstrong, R.W. (1996). The relationship between culture and perception of ethical problems of international marketing. Journal of Business Ethics, 15: 1199-1208.

Armstrong, R.W., Stening, B., Ryans, J.K., Marks, L., & Mayo, M.B (1990). International marketing ethics: Problems encountered in Australian firms. Asia Pacific Journal of International Marketing, 2(2):6-15

Armstrong, R.W., & Sweeny, J. (1994). Industry type, culture, mode of entry and perceptions of international marketing ethics problems: A cross-cultural comparison, Journal of Business Ethics. 13(10): 775-85.

Asgary, N., & Mitschow M.C. (2002). Toward a model for international business ethics. Journal of Business Ethics, 36: 239-246.

Bagozzi, R.P., & Yi, Y. (1988). On the evaluation of structural equation models, Journal of the Academy of Marketing Science. 16(1): 74-94.

Bailey, W., & A. Spicer (2007). When does national identity matter? Convergence and divergence in international business ethics. Academy of Management Journal, 50(6): 1462-1480.

Bearden, W.O., Ingram, T.N., & Laforge, R.W. (1995), Marketing: Principles and perspectives, USA: Richard D. Irwin.

Beauchamp, T.L., & Bowie, N.E. (1983). Ethical Theory and Business, 2nd ed., Englewood Cliffs, N.J.: Prentice-Hall, Inc.

Bendixan, M., & Abratt, X. (2007). Corporate identity, ethics and reputation in supplier-buyer relationships, Journal of Business Ethics, 76: 69-82.

Benson, G.C. (1989), Codes of ethics, Journal of Business Ethics, 8:305-319.

Bowie, N. (1982), Business ethics, Englewood Cliffs, NJ: Prentice-Hall, Inc.

Boyacigiller, N.A., & Adler, N.J. (1991). The Parochial dinosaur: Organizational science in a global context, Academy of Management Review, 16 (2): 262-290.

Brouthers, L.E., Gao, Y., & McNicol, J.P. (2008). Corruption and market attractiveness influences on different types of FDI. Strategic Management Journal, 29(6): 673-680.

Cambra-Fierro, J., Polo-Redondo, Y., & Wilson, A. (2008). The influence of an organisation's corporate values on employees' personal buying behavior. Journal of Business Ethics, 81: 157-167.

Chan, T.S., & Armstrong R.W. (1999). Comparative ethical report card: A study of Australian and Canadian manager's perceptions of international marketing ethics problems. Journal of Business Ethics, 18 (1): 3-15.

Cova, B., Prévot F., & R. Spencer (2010), Navigating between dyads and networks, Industrial Marketing Management, 39: 879-886.

Craig, C.S., & Douglas, S.P. (2006), Beyond national culture: implications of cultural dynamics for consumer research, International Marketing Review, 23(3): 332-342.

De George, R.T. (1993). Competing with integrity in international business. New York: Oxford University Press

Diller, J. (1999a). A social conscience in the global marketplace? Labor dimensions of codes of conduct. Social labeling and investor initiatives. International Labor Review, 138(2): 99-129.

Diller, J. (1999b). Running on ritalin. A physical reflects on children, society, and performance in a pill. New York: Bantom Books.

Doh, J., Husted, B.W., Matten, D., & Santoro M. (2010). Ahoy there! Toward greater congruence and strategy between international business and business ethics theory and research. Business Ethics Quarterly, 20(3): 481-502.

Donaldson, T. (1989). The ethics of international business, New York: Oxford University Press.

Donaldson, T. & Dunfee, T.W. (1999). Ties that bind: A social contracts approach to business ethics. Boston: Harvard Business School Press.

Doney, P.M., & Cannon, J.P. (1997). An examination of the nature of trust in buyer-seller relationships, Journal of Marketing, 61(4): 35-51.

Donker, H., D. Poff, & Zahir, S. (2008). Corporate values, codes of ethics, and firm performance: A look at the Canadian context. Journal of Business Ethics, 82(3): 527-537.

Drumwright, M.E., & Murphy, P.E. (2004). How advertising practitioners view ethics: Moral muteness, moral myopia and moral imagination. Journal of Advertising, 33(2): 7-24.

Dubinsky, A.J. Jolson, M.A., Kotabe, M., & Chae, U.L. (1991). A cross –national investigation of industrial salespeople's ethical perceptions. Journal of International Business Studies, 22, 651-670.

Elfstrom, G. (1991). Moral issues and multinational corporations. New York: St. Martin's Press.

Enderle, G. (1997). A worldwide survey of business ethics in the 1990s. Journal of Business Ethics, 16 (14): 1475-1483.

Fadiman, J.E. (1986). A traveler's guide to gifts and bribes. Harvard Business Review, July-August: 122-136.

Filatov, A. (1994).Unethical business behavior in post-Communist Russia: Original trends. Business Ethics Quarterly, 4(1): 11-15.

Finegan, J. (1994), The impact of personal values on judgements of ethical behavior in the workplace, Journal of Business Ethics, 13(9): 747-755.

Forsyth, D.R. (1992). Judging the morality of business practices: the influence of personal moral philosophies. Journal of Business Ethics, 11(5-6): 461-70.

French, J.L., & Wokutch, R.E. (2005). Child workers, globalization, and international business ethics: A case study in Brazil's export-oriented shoe industry. Business Ethics Quarterly, 15(4): 615-640.

Frizsche, D.J. (1995), Personal values: Potential keys to ethical decision making, Journal of Business Ethics, 14(11): 909-922.

Gaski, F.J. (1999). Does marketing ethics really have anything to say? A critical inventory of the literature. Journal of Business Ethics, 18(3): 315-34.

Gerbing, D.W., & Anderson, J.C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. Journal of Marketing Research, 25(2):186-92.

Grönroos, C. (1994), From marketing mix to relationship marketing: Towards a paradigm shift in marketing, Asia-Australia Journal, 2(1): 9-29.

Gundlach, G.T., & Murphy, P.E. (1993). Ethical and legal foundations of relational marketing exchanges, Journal of Marketing, 57 (4): 35-46.

Hair, J.F.Jr., Black, W.C., Babin, B.J., Anderson, R.E., & Tatham, R.L. (2006). Multivariate data analysis (sixth edition). Englwood Cliffs, NJ: Pearson, Prentice-Hall.

Håkansson, H., Ford, D., Gadde, L-E., Snehota, L., & Waluszewski, A. (2009), Business in networks, Chichester: John Wiley.

Han, S.L., Wilson, D.T., & Dant, S.P. (1993). Buyer-supplier relationships today. Industrial Marketing Management, 22(4): 331-338.

Hendry, J. (1999). Universalizability and reciprocity in international business ethics. Business Ethics Quarterly, 9(3): 405-420

Hofstede, G. (1983). The cultural relativity of organizational practices and theories. Journal of International Business Studies, 14(2): 75-89.

Holm, D.B., Eriksson, K., & Johanson, J. (1996). Business networks and cooperation in international business relationships. Journal of International Business Studies, 27(5): 1033-1053.

Homer, P.M. & Kahle, L.R. (1988), A structural equation test of the value-attitude-behavior hierarchy, Journal of Personality and Social Psychology, 54(4): 638-646.

Hood, J.N., & Logsdon, J.M. (2002) Business ethics in the NAFTA countries: A cross-cultural comparison. Journal of Business Research, 55, 883-890.

Hunt, S.D. & Vittle, S. (1986), A general theory of marketing ethics, Journal of Macromarketing, 6: 5-16.

Hunt, S.D., Wood, V.R., & Chonko, L.B. (1989), Corprorate ethical values and organizational commitment in marketing, Journal of Marketing, 53: 79-90.

Hunt, S.D. & Vitell, S. (1992), The general theory of marketing ethics: A retrospective and revision. In Smith, N.C. & Quelch, J.A. (eds), Ethics in Marketing, Homewood, Il: Irwin, Inc.

Jackson, K.T. (1999). Spirituality as a foundation for freedom and creative imagination in international business ethics. Journal of Business Ethics, 19, 61-70.

Jean, R-J.B., Tan D., & Sinkovics R.R. (2011). Ethnic, location choice, and firm performance in foreign direct investment: A study of Taiwanese business groups FDI in China. International Business Review, 20 (4): 627-635.

Jeannet, J-P., & H.D. Hennesey (1998). Global marketing strategies. USA: Houghton Mifflin.

Kaptein, M. (2004). Business codes of multinational firms: What do they say? Journal of Business Ethics, 50:13-31.

Keegan, W.J. (2009). Global marketing management. USA: Pearson Education.

Kolk, A., & Pinkse, J. (2007). Multinationals' political activities on climate change. Business & Society, 46 (2): 201-228.

Kolk, A., & R. Van Tulder (2002). Child labor and multinational conduct: A comparison of international business and stakeholder codes. Journal of Business Ethics, 36: 291-301.

Kotler, P. & Keller, K.L. (2011), Marketing management, Upper Saddle River, NJ: Pearson Education, Inc.

Kraimer, M.L., Wayne, S.J., & Jaworski, R.A. (2001). Sources of support and expatriate performance: The mediating role of expatriate adjustment. Personnel Psychology, 54: 71-99.

Langlois, C.C., & Schlegelmilch, B.B. (1990). Do corporate codes of ethics reflect national character? Evidence from Europe and the United States. Journal of International Business Studies, 21(4): 519-539.

Lee, D-J., Lee, M., & J. Suh (2007). Benevolence in the importer-exporter relationship. International Marketing Review, 24(6): 657-677.

Leonidou, L.C. (2003). Overcoming the limits of exporting research using the relational paradigm. International Marketing Review, 20(2): 129-141.

Leonidou, L.C., & A.A. Kaleka (1998). Behavioral aspects of international buyer-seller relationships: Their association with export involvement. International Marketing Review, 15(5): 373-397.

Leonidou, L.C., Barnes, B.R., & Talias, M.A. (2006), Exporter-importer relationship quality: The inhibiting role of uncertainty, distance, and conflict. Industrial Marketing Management, 35: 576-588.

Li, J.L. & Sheng, S. (2011). When does guanxi bolster or damage firm profitability? The contingent effects of firm- and market-level characteristics. Industrial Marketing Management, 40(4): 561-568

Mohr, J., & Nevin, J. (1990). Communication strategies in marketing channels: A theoretical perspective. Journal of Marketing, 50(3): 36-51.

Morgan, R.M., & Hunt, S.D. (1994). The commitment-trust theory of relationship marketing. Journal of Marketing, 58(3): 20-38.

Murphy, P.E., Laczniak, G.R., & Wood, G. (2007). An ethical basis for relationship marketing: A virtue ethics perspective. European Journal of Marketing, 37(41): 35-57.

Murphy, P.E., Laczniak, G.R., Bowie, N.E., & Klein, T.A. (2005). Ethical Marketing. Upper Saddle River, N.J: Pearson Prentice-Hall.

Nes, E.B., Solberg, C.A., and Silkoset, R. (2007). The impact of national culture and communication on exporter-distributor relations and on export performance, International Business Review, 16(4):405-37.

Nill, A., & Schibrowsky, J.A. (2007). Research on marketing ethics: A systematic review of the literature. Journal of Macromarketing, 27(3): 256-73.

Nunnally, J.C., & Bernstein, I.H. (1994). Psychometric theory. New York, NY: McGraw-Hill.

Nystrom, P.C. (1990), Differences in morel values between corporations, Journal of Business Ethics, 9: 971-979.

O'Fallon, M.J., & Butterfield, K.D. (2005). A review of the empirical ethical decision-making literature:1996-2003. Journal of Business Ethics, 59(4): 375-413.

Oliver, B.L. (1999). Comparing corporate managers' personal views over three decades, 1967-1995, Journal of Business Ethics. 20: 147-161.

Oliver, R.L. (1997). Satisfaction: a behavioral perspective on the consumer. New York: McGraw-Hill.

Onkivisit, S., & Shaw, J.J. (1991). International corporate bribery: Some legal, cultural, economic, ethical-philosophical, and marketing considerations. Journal of Global Marketing, 4(2): 5-20.

Peng, M.W. (2003). Institutional Transitions and Strategic Choices, Academy of Management Review, 28 (2), 275–296.

Piercy, N.G., & Lane, N. (2007). Ethical and moral dilemmas associated with strategic relationships between business-to-business buyers and sellers. Journal of Business Ethics, 72: 87.102.

Podsakoff, P.M., & Organ, D.W. (1986). Self-reports in organizational research: Problems and prospects. Journal of Management, 12(1): 531-44.

Podsakoff, P.M., MacKenzie, S.B., Lee, J.-Y., & Podsakoff, N.P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. Journal of Applied Psychology, 88(5): 879-903.

Reidenbach, R.E. & Robin, D.P. (1990). Toward the development of a multidimensional scale for improving the evaluation of business ethics. Journal of Business Ethics, 9, 639-653.

Rokeach, M. (1973), The nature of human values, New York: The Free Press

Rousseau, S. (1985). Issues of level in organizational research, in Cummings Staw B.M. (ed.), Research in Organizational Behaviour, 7th Edition, (JAI, Greenwich), pp. 1-37.

Saeed, M., Ahmed, Z.U., & Mukhtar S-M (2001). International marketing ethics from an Islamic perspective: A value minimization approach. Journal of Business Ethics, 32: 127-142.

Schlegelmilch, B.B., & Öberseder, M. (2010), Half a century of marketing ethics: Shifting perspectives and emerging trends. Journal of Business Ethics, 93(1): 1-19.

Schlegelmilch, B.B., & Robertson, D. (1995). The influence of country and industry on ethical perceptions of senior executives in the US and Europe. Journal of International Business Studies, 26(4): 852-81.

Scholtens, B., & Dam, L. (2007). Cultural values and international differences in business ethics. Journal of Business Ethics, 75: 273-284.

Sharma, S., Durvasula, S., & Dillon, W.R. (1989). Some results on the behavior of alternate covariance structure estimation procedures in the presence of non-normal data. Journal of Marketing Research, 26(2): 214-21.

Shaw, W.H. (1999). Business ethics. Belmont (CA): Wadsworth.

Sheng, S., Zhou, K.Z., & Li, J.J. (2011). The effects of business and political ties on firm performance:

Evidence from China. Journal of Marketing, 75(1): 1-15.

Sheth, J.N., & Sharma, A. (1997). Supplier relationships: Emerging issues and challenges. Industrial Marketing Management, 26 (2): 91-100.

Skinner, S.J., Gassenheimer, J.B., & Kelley, S.W. (1992). Co-operation in supplier-dealer relations. Journal of Retailing, 68 (2): 174–93.

Smeltzer, L.R., & M.M. Jennings (1998). Why an international code of business ethics would be good for business. Journal of Business Ethics, 17: 57-66.

Stajkovic, A.D. & Luthans, F. (1997), Business ethics across cultures: A social cognitive model, Journal of World Business, 32(1), 17-34.

Steenhaut, S. & Van Kenhove, P. (2006), An empirical investigation of the relationships between a consumers' personal values, ethical ideology and ethical beliefs, Journal of Business Ethics, 64: 137-155.

Sujan, H., Weitz, B.A., & Kumar, N. (1994), Learning orientation, working smart, and effective selling, Journal of Marketing, 58 (July): 39-52.

Svensson, G., & Wood, G. (2003). The dynamics of business ethics: A function of time and culture – Cases and models. Management Decision, 41(3): 350-361.

Tan, J. & Chow, I.H-S. (2008), Isolating cultural and national influence on value and ethics: A test of competing hypotheses, Journal of Business Ethics, 88: 197-210.

Velasquez, M. (1995), International business ethics: The aluminium companies in Jamaica, Business Ethics Quarterly, 5(4): 865-882.

Vitell, S.J. (2003). Consumer ethics research: Review synthesis and suggestions for the future. Journal of Business Ethics, 43(1-2): 33-47.

Vitell, S.J., Nwachukwu, S.L., & Barnes, J.H. (1993). The effects of culture on ethical decision making: An application of Hofstede's typology. Journal of Business Ethics, 12(10): 753-60.

Weaver, G.R., Trevion, L.K., & Cohran, P.L, (1999), Corporate ethics practices in the mid-1990's: An empirical study of the Fortune 1000, Journal of Business Ethics, 18(3):283-294.

Whitecomb, L.L., Erdener, C.B., & Li, C. (1998), Business ethical values in China and the US, Journal of Business Ethics, 17(8): 839-852.

Williams, R.M. Jr (1968), The concept of values. In Sills, D.L. (ed.), International encyclopedia of the Social Sciences, 16, New York: Macmillan

Wilson, D.T. (1995). An integrated model of buyer-seller relationships. Journal of the Academy of Marketing Science, 23(4): 335-345.

Figure 1: The conceptual model

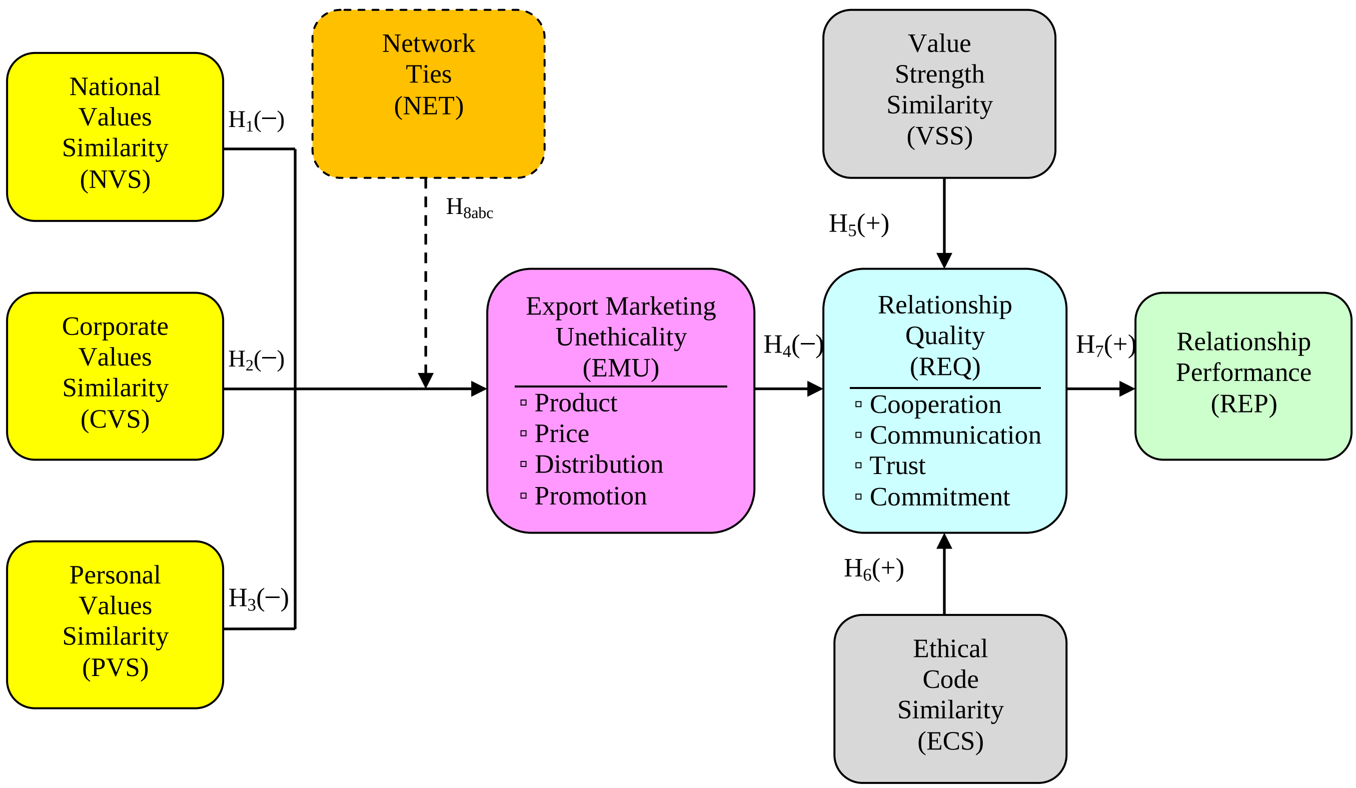

Table 1: Correlation matrix

Variable	1.	2.	3.	4.	5.	6.	7.	8.	
1. National Values Similarity	1								
2. Corporate Values Similarity	.43	1							
3. Personal Values Similarity	.20	.43	1						
4. Export Marketing Unethicality	−.25	−.24	−.22	1					
5. Relationship Quality	.47	.55	.45	−.47	1				
6. Value Strength Similarity	.19	.17	.10	−.14	.31	1			
7. Ethical Code Similarity	.18	.31	.14	.05	.29	.22	1		
8. Relationship Performance	.34	.43	.35	−.56	.73	.29	.16	1	
9. Network Ties	−.09	−.07	.03	.10	.06	.08	.16	.12	1

Note: Correlations greater than | ± .15| are significant at the $p < .05$ level.

Table 2: Results of the measurement model

Factor	Standardized Loadings [a]	Factor	Standardized Loadings [a]
First-order		**First-order**	
National Values Similarity (NVS)		Value Strength Similarity (VSS)	
NVS1	.67 [b]	VSI1	.73 [b]
NVS2	.55 (4.26)	VSI2	.89 (8.95)
NVS3	.63 (4.87)	VSI3	.88 (8.93)
Corporate Values Similarity (CVS)		Ethical Code Similarity (ECS)	
CVS1	.60 [b]	ECS1	.82 [b]
CVS2	.70 (5.86)	ECS2	.92 (12.19)
CVS3	.72 (5.93)	ECS3	.95 (12.59)
Personal Values Similarity (PVS)		Relationship Performance (REP)	
PVS2	.85 [b]	REP1	.81 [b]
PVS3	.60 (4.58)	REP2	.66 (7.49)
Network Ties (NET)		REP4	.77 (9.05)
NET1	.84 [b]	REP5	.88 (10.89)
NET2	.82 (5.32)		
NET3	.51 (4.12)		
Product (PRD)		Cooperation (COP)	
PRD3	.91 [b]	COP1	.69 [b]
PRD4	.61 (4.68)	COP2	.52 (5.05)
Price (PRI)		COP3	.62 (5.95)
PRI3	.95 [b]	COP5	.61 (5.91)
PRI4	.95 (22.53)	Communication (COM)	
Distribution (DIS)		COM4	.69 [b]
DIS2	.60 [b]	COM5	.92 (6.10)
DIS3	.92 (4.47)	Trust (TRU)	
Promotion (PRO)		TRU3	.53 [b]
PRO2	.79 [b]	TRU4	.83 (5.54)
PRO3	.73 (7.61)	TRU5	.82 (5.50)
PRO4	.80 (8.27)	TRU6	.77 (5.38)
		Commitment (CMT)	
		CMT1	.79 [b]
		CMT2	.81 (9.50)
		CMT3	.69 (7.74)
		CMT6	.88 (10.74)
		CMT7	.84 (9.95)
Second-order		**Second-order**	
Export Marketing Unethicality (EMU)		Relationship Quality (REQ)	
PRD	.68 [b]	COP	.96 [b]
PRI	.49 (4.19)	COM	.67 (4.57)
DIS	.66 (3.58)	TRU	.59 (4.07)
PRO	.86 (5.61)	CMT	.95 (7.09)

Goodness-of-Fit Statistics:
Chi-square (χ^2) = 1270.31, $p < .001$; d.f. = 903; Ratio Chi-squared to d.f. (χ^2/d.f.) = 1.41;
Normed Fit Index (NFI) = .98; Non-Normed Fit Index (NNFI) = .99; Comparative Fit Index (CFI) = .99;
Root Mean Squared Error of Approximation (RMSEA) = .06.

[a] t-values from the unstandardised solution are in parentheses; [b] Item fixed to set the scale; [c] The error term was set at .10 (Sujan, Weitz, & Kumar, 1994).

Table 3: Results of the structural model

Structural Relationships	Estimate	t-value	Hypothesis	Expected Sign	p-value
Direct Effects					
National Values Similarity → Export Marketing Unethicality	–.30	–2.17	H_1	–	**.03**
Corporate Values Similarity → Export Marketing Unethicality	–.40	–2.46	H_2	–	**.02**
Personal Values Similarity → Export Marketing Unethicality	–.43	–2.87	H_3	–	**.01**
Export Marketing Unethicality → Relationship Quality	–.88	–4.31	H_4	–	**.00**
Value Strength Similarity → Relationship Quality	.20	2.76	H_5	+	**.00**
Ethical Code Similarity → Relationship Quality	.19	2.47	H_6	+	**.01**
Relationship Quality → Relationship Performance	.93	6.36	H_7	+	**.00**
Interaction Effects					
National Values Similarity × Network Ties → Export Marketing Unethicality	–.05	–.60	H_{8a}	–	**.55**
Corporate Values Similarity × Network Ties → Export Marketing Unethicality	–.17	–1.84	H_{8b}	–	**.07**
Personal Values Similarity × Network Ties → Export Marketing Unethicality	–.21	–2.22	H_{8c}	–	**.03**
Control Effects					
Network Ties → Export Marketing Unethicality	.13	1.42			**.16**

Goodness-of-Fit Statistics:
Chi-square (χ^2) = 1494.90, p < .001; d.f. = 976; Ratio Chi-squared to d.f. (χ^2/d.f.) = 1.53; Normed Fit Index (NFI) = .98; Non-Normed Fit Index (NNFI) = .99; Comparative Fit Index (CFI) = .99; Root Mean Squared Error of Approximation (RMSEA) = .06.

Appendix 1: Descriptive statistics

	Scale items	Item mean* (s.d.)	Construct mean* (s.d.)
Values	**National Values Similarity (NVS) (α = .70)**		5.35 (1.05)
	NVS1 – We know the language spoken by this foreign supplier	5.18 (1.32)	
	NVS2 – We know the business practices used by this foreign supplier	5.01 (1.58)	
	NVS3 – We know the political and legal system that exists in the foreign supplier's country	5.88 (1.21)	
	Corporate Values Similarity (CVS) (α = .74)		5.84 (.94)
	CVS1 – The foreign supplier's firm and our firm share the same basic business values	5.97 (1.12)	
	CVS2 – The foreign supplier's firm and our firm agree about how to market our products	6.01 (1.30)	
	CVS3 – The foreign supplier's firm and our firm think alike about how to conduct business	5.53 (1.30)	
	Personal Values Similarity (PVS) (α = .71)		5.45 (1.49)
	PVS1 – The views of how to deal with other people are similar to those of the foreign supplier's individuals	3.40 (2.76)	
	PVS2 – Our personal values show a great similarity with those of people working in the foreign supplier's firms	5.54 (1.68)	
	PVS3 – The way we perceive ethicality and lawfulness is the same as that perceived by the foreign supplier's Employees	5.37 (1.80)	
Marketing Practices	**Export Marketing Unethicality (EMU) (α = .72)**		1.41 (0.64)
	Product (PRD) (α = .73)		1.37 (0.85)
	PRD1 – This foreign supplier markets dangerous or harmful products	1.07 (0.47)	
	PRD2 – This foreign supplier over-recommends product quality level to us	2.28 (1.83)	
	PRD3 – Although stated in the contract to offer after-sales service, this foreign supplier withdraws from his promises	1.33 (0.96)	
	PRD4 – This foreign supplier hides from us vital information about his products	1.40 (1.02)	
	Price (PRI) (α = .97)		1.34 (0.96)
	PRI1 – Products received from this foreign supplier are not worth the money spent	1.36 (0.91)	
	PRI2 – This foreign supplier sets prices that are artificially high and then lowers them to the initial levels after Bargaining	2.26 (1.72)	
	PRI3 – This foreign supplier changes the terms of payment (e.g. credit) from what we have initially agreed	1.37 (1.00)	
	PRI4 – This foreign supplier changes the terms of sale (e.g. CIF, currency) from what we have initially agreed	1.40 (1.02)	
	Distribution (DIS) (α = .76)		1.57 (1.02)
	DIS1 – Products provided by this foreign supplier are not delivered at time of agreement	1.92 (1.46)	
	DIS2 – This foreign supplier does not provide ease and accessible channels of distributing its products to us	1.59 (1.17)	
	DIS3 – This foreign supplier does not provide the most effective and efficient way of sending the products	1.56 (1.09)	
	DIS4 – This foreign supplier often delivers goods to us that we have not ordered	1.34 (0.86)	
	Promotion (PRO) (α = .79)		1.36 (0.82)
	PRO1 – This foreign supplier does not offer promotional support to us, although this is stipulated in the contract	1.47 (1.08)	
	PRO2 – The advertisements made by this foreign supplier are characterized by deception	1.25 (0.86)	
	PRO3 – Sales representatives from this foreign supplier use deceptive selling techniques and make undelivered Promises	1.39 (1.04)	
	PRO4 – This foreign supplier offers us sales and other promotion benefits that are not really worth it	1.44 (1.02)	
Relationship Quality	**Relationship Quality (REQ) (α = .72)**		5.69 (0.93)
	Cooperation (COP) (α = .72)		6.07 (1.02)
	COP1 – To have an effective business, our firm has to build strong working relationships with this foreign supplier	6.13 (1.33)	
	COP2 – Our future goals are best reached by working smoothly with this foreign supplier rather than not	6.25 (1.33)	
	COP3 – Our future profits depend on maintaining a good working relationship with this foreign supplier	6.16 (1.30)	
	COP4 –We do not feel we can count on this foreign supplier to provide us support in comparison to other firms (R)	4.65 (1.84)	
	COP5 – A considerable amount of our import businesses comes from joint efforts between our firm and this foreign supplier	5.74 (1.55)	
	COP6 – Our company helps this foreign supplier in whatever ways they ask for	5.03 (1.64)	
	Communication (COM) (α = .78)		5.47 (1.61)
	COM1 – Relationship with this foreign supplier suffers from inadequate communication procedures (R)	6.52 (1.13)	
	COM2 – There are often communication failures between our company and this foreign supplier (R)	6.53 (1.03)	
	COM3 – This foreign supplier often does not inform us early enough about critical problems (R)	6.12 (1.55)	
	COM4 – This foreign supplier keeps our company informed about tactical/strategic issues of the relationship	5.51 (1.82)	
	COM5 – This foreign supplier communicates his expectations regarding our company's performance	5.43 (1.72)	

	Trust (TRU) (α = .82)		5.11 (1.22)
	TRU1 – This foreign supplier keeps the promises he makes to our firm	6.53 (0.83)	
	TRU2 – This foreign supplier is not always honest with us	6.05 (1.61)	
	TRU3 – We believe in the information that this foreign supplier provides us	6.03 (1.12)	
	TRU4 – This foreign supplier is genuinely concerned that our company succeeds	5.07 (1.71)	
	TRU5 – When making important decisions, this foreign supplier considers our welfare as well as their own	4.89 (1.53)	
	TRU6 – We trust this foreign supplier to keep our best interests in mind	4.46 (1.65)	
	TRU7 – This foreign supplier is trustworthy	6.33 (0.93)	
	TRU8 – We find it necessary to be cautious with this foreign supplier (R)	3.62 (2.20)	
	Commitment (CMT) (α = .86)		6.09 (1.08)
	CMT1 – We are very committed to the relationship with this foreign supplier	5.47 (1.87)	
	CMT2 – The relationship that we have with this foreign supplier is very important to us	6.24 (1.21)	
	CMT3 – The relationship that we have with this foreign supplier is of very little significance to us (R)	6.27 (1.28)	
	CMT4 – The relationship that we have with this foreign supplier is something we intend to maintain indefinitely	5.59 (1.37)	
	CMT5 – We think the relationship with this foreign supplier is very much like a family	4.03 (2.22)	
	CMT6 – The relationship that we have with this foreign supplier is something we really care about	6.25 (1.11)	
	CMT7 – The relationship that we have with this foreign supplier deserves our maximum efforts to maintain	6.23 (1.12)	
Value Strength and Ethical Code	**Value Strength Similarity (VSS) (α = .87)**		6.32 (0.94)
	VSS1 – Importance of servicing values (e.g., providing value to the community, serving the public, etc)	6.24 (1.17)	
	VSS2 – Importance of productivity values (e.g., organizational effectiveness, efficiency, growth, etc)	6.31 (1.03)	
	VSS3 – Importance of leadership values (e.g., organizational stability, reputation, employee morale, etc)	6.38 (0.97)	
	Ethical code similarity (ECS) (α = .92)		5.31 (1.23)
	ECS1 – Nature of ethical code of conduct that exists in the organization	5.51 (1.36)	
	ECS2 – Formulation of ethical policies that would guide employees within the organization	5.24 (1.35)	
	ECS3 – Enforcement of ethical practices within the organization	5.19 (1.26)	
	ECS4 – Tolerance in engaging in unethical business behavior (e.g., corruption)	4.99 (1.56)	
	ECS5 – Penalizing people (e.g., firing) in our organization because of engaging in unethical behavior	4.94 (1.58)	
Relationship Performance	**Relationship Performance (REP) (α = .80)**		6.17 (0.83)
	REP1 – Overall our relationship with this foreign supplier has been satisfactory	6.45 (0.89)	
	REP2 – We expect the relationship with this foreign supplier to last forever	5.35 (1.33)	
	REP3 – We will stop the relationship with this foreign supplier if a new foreign supplier could provide the same products (R)	5.05 (1.90)	
	REP4 – This foreign supplier has always been reliable in its dealings with us	6.38 (1.06)	
	REP5 – We aim to have a long-lasting relationship with this foreign supplier	6.51 (0.85)	
Control Variable	**Network ties (NET) (α = .72)**		5.19 (1.29)
	NET1 – Our company and that of the foreign supplier are commonly connected with other companies and/or institutions in their region	4.95 (1.71)	
	NET2 – Our company and that of the foreign supplier are business related to a wider network of companies in their industry	5.14 (1.72)	
	NET3 – Our company is connected with that of the foreign supplier with strong economic, technological, and other ties	5.47 (1.37)	
	NET4 – Individuals in our company have social relations with individuals in the foreign supplier's firm that are based on reciprocity, solidarity, and affection	4.43 (1.89)	
	NET5 – Some individuals working in our firm are relatives of individuals working in the foreign supplier organization	1.16 (0.68)	

*Based on a seven-point scale.
Note: The sign (R) denotes a reverse scale (and the mean score presented has been reversed).

Appendix 2: Incidents of unethical export marketing practices caused by value differences

A. Effect of National Value Differences
□ Foreign suppliers sometimes cover themselves behind language barriers and pretend that s/he did not understand certain aspects regarding the orders placed or the clauses stipulated by the contract. A case in point is a Taiwanese exporter of iced coffee, who deliberately misinterpreted the conditions of sales and sent products to the Cypriot buyer with different specifications, wrong labeling, and even higher prices on the grounds that he did not clearly understand the meaning of the English words written in the order placed. □ Payment terms may differ across countries and sometimes a foreign partner may capitalize on this in an attempt to cover unethical practices. For instance, Chinese exporters of toys do not easily accept letters of credit from Cypriot importers, but they want payments in advance. As a result, in some instances, the goods exported are not according to what has been agreed, and when the importer complains, the exporter provides unreasonable excuses. □ Cultural nuances of foreign suppliers are in some cases responsible for breaking promises. For example, some Greek exporters of furniture, in their attempts to sell their products to Cypriot firms, assure them that they have the products in stock and can deliver them immediately. However, when the order is placed and payments are made to them, they delay delivery of the products because they are not in stock but have to be manufactured. □ Some exporters try to find excuses for delaying their delivery, as a result of different religious holidays from their foreign customers. A good example is that of an Indian exporter who failed to supply a Cypriot importer with Christmas trees and other accessories on time, by arguing that its factory had to close down for a number of days because of a specific Hindu holiday. As a result, the goods were delivered in January instead of November, when there was no demand for these goods by consumers. □ Although an Australian exporter of foodstuffs agreed to sell goods to a Cypriot firm using cash against documents, payable through a local commercial bank, when the goods were shipped, the exporter wanted his payment seven days prior to their arrival in Cyprus. In fact, the exporter refused to forward the original documents to the issuing bank, which caused significant problems for the importer regarding the smooth supply of these products to his resellers in the local market. □ Differences in product standards/regulations across countries may give rise to unethical practices. For instance, in the case of electrical appliances, the European Union requests that exporters from third countries provide a Conformité Européenne (CE) mark on their products, as well as certificates associated with the Waste of Electrical and Electronic Equipment Directive (WEEE) and Restriction of the Use of Certain Hazardous Substances Directive (RoHS). Specifically, some Chinese manufacturers of these goods either issue false certificates, or pretend that these will be sent at a later stage. However, in the case of goods not accompanied by these documents, customs authorities in Cyprus proceeded with their confiscation.
B. Effect of Corporate Value Differences
□ Because of different perceptions of quality levels among firms, a Thai supplier of wooden doors put different products in the container from those shown on the invoice attached in the set of documents forwarded to the beneficiary's bank. Although this problem was drawn to the exporter's attention, the latter insisted on getting paid, pretending that he did not clearly understand the content of the order placed. As a result, the Cypriot buyer had to take legal action for damages caused by the exporter, but received no compensation because in the meantime the foreign supplier went bankrupt. □ A French supplier of frozen food, although promising to sell exclusively through a certain importer in Cyprus, decided to sell the same goods to another importer, without, however, informing the first accordingly. The second importer was competing fiercely in the market by offering lower prices, large quantity discounts, and better credit terms, causing a significant drop in the sales of the first importer. When the latter complained about this, the exporter said it is very common practice for their company to use alternative distributors to reach the end customers. □ Quite often, foreign suppliers from Vietnam, as in the case of a producer of household furnishings, deliberately send shoddy goods to their Cypriot buyers in order to complete and ship the order. In this way, they usually get rid of old stock and reduce their costs. However, when the goods arrived in Cyprus, and the importer realized that the products were problematic, they refused to either replace them with good ones or provide any compensation for the damages caused.

□ Some Chinese suppliers of garden furniture do not provide adequate information regarding the raw materials they use in manufacturing their goods as they are unwilling to disclose their sub-standard quality. They consider this a confidential issue in their corporate practices that does not need to be disclosed to the buyer. As a result, when the end-product is sent to the Cypriot importer, there are instances when it is not up to the quality levels required. □ A German exporter of special machines producing ice cream cones deliberately, in his attempt to close the sale, gave misleading information to the Cypriot importer regarding the specifications, daily capacity, and running cost of his products. However, when these arrived in Cyprus, the buyer realized that they were not up to the standards required by his customers and they remained unsold. When he complained to the foreign supplier, the latter denied that he gave misleading information and put all the blame on the fact that the buyer was inexperienced in this business. □ An Indonesian exporter of rattan furniture was only interested in completing the order from the Cypriot importer, but showed no concern about when and in what condition the products would reach their destination. Although this exporter was repeatedly contacted by the buyer to provide information about the status of the shipment, the foreign supplier deliberately did not respond to any attempt at communicating with him. In the end, goods arrived in Cyprus after a long delay, while some of the goods also did not conform to what had been originally agreed.
C. Effect of Personal Value Differences
□ A leading Italian supplier of flour promised to export a special type of flour for puff pastry to a Cypriot buyer. It was agreed that this should fulfil specific quality standards, although these were subjectively defined from the perspective of the representatives of each party. When the flour was delivered to its destination, the buyer realized that the quality was far from that expected. The seller attributed this to the fact that his sales representative was recently appointed and did not have a good understanding of quality levels. This resulted in the buyer refusing to pay the outstanding amount to the foreign supplier, while at the same time creating serious delays in supplying the market with the company's products. □ The export sales representative of an Irish producer of processed beef avoided giving full information about the nature of the products sent by saying to the Cypriot purchasing officer that he should count on his personal character and integrity. However, on the arrival of the goods in Cyprus, and after having paid the documents through a commercial bank, it was found that they differed markedly from those actually placed on order. This led the Cypriot firm to take legal action, which forced the export manager of the supplying company to come to Cyprus and settle the problem. □ Although personal values are highly regarded by Japanese exporters, the way these are perceived and implemented is quite different from that of Cypriot firms. For instance, an importer of second-hand cars into Cyprus, requested a Japanese supplier to send cars of a specific model and age. Although he was asked for the deal in writing, the person in charge on the Japanese side refused to do so and insisted on saying that his verbal deals are fully honored. However, when the goods arrived in Cyprus, more than half did not conform to what had been agreed. □ A Greek exporter of olive oil approached a Cypriot importer for the purpose of entering the Cyprus market. A representative from the exporting firm came to Cyprus and personally met people from the importing firm and a friendship was gradually cultivated between them. This led the Cypriot people to trust the export sales representative, and disclose vital information about the company's activities and market structure. However, having received this information, the Greek supplier, instead of going ahead with setting up business with the potential importer, opted to collaborate with another importer who was the main competitor of the former. □ A Cypriot firm imported goods from an Argentinian supplier of lamb on a regular basis at a commission rate of 1%. Over time, a personal trust was developed by the Cypriot with his supplier. However, when on a specific shipment by mistake the commission rate was not written on the contract, the exporter refused to pay the commission to the buyer. This incident has resulted in the relationship between the two parties gradually deteriorating and finally dissolving. □ A Cypriot importer visited Taiwan and placed an order for frozen fish with a local producer. The export sales officer of the latter shook hands with the buyer and provided personal assurances that the products would arrive in Cyprus in good condition and within the prescribed time. However, the products arrived in Cyprus one month late, and when the packs were opened it was revealed that they had defrosted and begun to disintegrate. The export sales officer constantly refused to respond to the importer's requests to provide an explanation of what had happened and cover the damages.