



# International buyer behaviour–commitment relationship: An investigation of the empirical link in importing



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## ABSTRACT

Drawing on the resource-based view (RBV) of the firm this article examines relationships between knowledge, trust, communication, volatility and sustainable competitive advantage as the exogenous and endogenous variables with importer commitment as the dependent variable. The primary data was gathered from a survey of 224 commercial and industrial firms, headquartered in Bangladesh, coming from a wide cross section of industries. Statistical analysis was carried out using Structural Equation Modelling via AMOS. The study's key findings revealed that all exogenous/endogenous variables had a significant impact on importer commitment. That is, knowledge, trust, communication, volatility and sustainable competitive advantage had a significant direct impact on importer commitment. Additionally, cultural similarity, communication, volatility and supplier opportunism all had a significant indirect impact on importer commitment. This finding makes a significant contribution to the relational side of the RBV.

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## 1. Introduction

International business researchers over the past decades have made significant advances in explaining firms' internationalisation behaviour. Drawing on the resource-based view (RBV) of the firm, academic literature (e.g. [Butler, 1991](#); [Dhanaraj & Beamish, 2003](#); [Shamsuddoha & Ali, 2006](#); [Zou, Fang, & Zhao, 2003](#)) has revealed that exporters' knowledge and capabilities enhances their commitment. In contrast, the international business literature has largely ignored the relational trend of the RBV in explaining the opposite side of the dyad, namely, the importer's knowledge and capabilities and their relationship with commitment. The relationship between the exporter and the importer develops over time and both parties make substantial investments into the relationship ([Aulakh & Gençtürk, 2008](#); [Solberg & Nes, 2002](#)). Adapting the relational trend of the RBV, scholars have treated interorganizational learning as a strategic asset which influences performance ([Liu, 2012](#)). Specifically, the capabilities and relational trend of the RBV includes the firm's relationship with external

institutions, channel bonding and its customer relationship network ([Day, 1994](#); [Rangone, 1999](#); [Tsang, 1998](#)) and this perspective has not been considered in much of the related international business literature.

An importer's commitment perspective in the internationalisation process is as important for the exporter as it is for the importer in order to build a long-term relationship. However, with the exception of [Styles, Patterson, and Ahmed \(2008\)](#) international business scholars have tended to overlook the import side of the dyad and the role of the importer in the international exchange process ([Ghymn, Liesch, & Mattsson, 1999](#); [Liang & Parkhe, 1997](#); [Lye & Hamilton, 2001](#)). Importers stimulate both foreign suppliers and domestic buyers to work together to satisfy international demand. Additionally, importers persuade their exporting counterparts to seek new international markets in order to gain a sustainable competitive advantage ([Katsikeas, 1998](#)). This is particularly the case in small emerging markets that are least visible to, and even underestimated by many international marketers for stereo-typed negative image related to socio-political factors in those markets. Some of these least developed countries are emerging as fast growing markets with domestic consumption growth as well as increasing participation in international export markets of manufactured products in the trickle down pattern of the global product life cycle ([Vernon, 1966](#)). Competitive advantages of location and scope make these countries attractive production platforms for many labour intensive industries that are dependent on imported inputs – providing much needed

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sustainable market potential for global suppliers. In such markets, importers as proactive buyers in the international exchanges process are more dominant than exporters (Liang & Parkhe, 1997) and provide critically important services to bridge local distributors and industrial users' demand on the one hand and foreign suppliers' need for market entry on the other. Interestingly, the international business literature has little to share on these vital international exchange partners' relationships with foreign suppliers in an emerging country context. From a behavioural viewpoint, importers' commitment to their suppliers appears to be fundamental in continuing such a relationship. Consequently, a clear understanding of the importer commitment relationship to the supplier is important from both academic and practical perspectives (Skarmas, Katsikeas, & Schlegelmilch, 2002). This study contributes to the literature in order to understand such a commitment relationship from the perspective of importers in an Asian emerging country.

Commitment in the buyer–seller relationship literature refers to the extent to which a firm is dedicated to a long term and enduring relationship with a supplier (Kim & Frazier, 1997; Kim & Oh, 2002; Morgan & Hunt, 1994; Sharma, Young, & Wilkinson, 2006). Scholars have identified several different antecedents of commitment in different buyer–seller relationship contexts. Some scholars have even noted interrelationships between the antecedent variables as well as mediating roles between some of the variables (e.g., Bennett & Gabriel, 2001; Morgan & Hunt, 1994). However, it is not yet established in the literature if the same set of antecedents of commitment in a domestic context can explain international exchange behaviour as well.

More specifically, in highly competitive international market places, international business scholars as well as marketing practitioners are focusing more on relational exchange perspectives (Dyer & Singh, 1998; Nes, Solberg, & Silkset, 2007). However, the magnitude of relationship phenomena needs further investigation by integrating them under a new theoretical paradigm. The consideration of interrelationships among the antecedents of relationship commitment will enhance better comprehension of the nature of the interactions and will provide more valid implications in an emerging market setting.

Scholars have emphasised the impact of cultural variations, environmental changes/volatility, communication, knowledge capability/competency of the importer and supplier, parties' opportunistic proclivity, and the inclination of sustainable competitive advantages in the relationship (e.g., Matanda & Freeman, 2009; Nes et al., 2007; Skarmas et al., 2002). This study takes the Skarmas et al. (2002), Nes et al. (2007) and other related studies as a point of departure and attempts to overcome a void in the literature by investigating importer relationship commitment in an Asian developing country context. The country context of Bangladesh in this study was a deliberate choice to provide a contrasting depiction from more developed countries characterised by underdeveloped infrastructure, low per capita income, an unprotected regulatory and judicial system, economic and political instability, chronic international trade deficits, fluctuating foreign exchange markets and a scarcity of well-trained workers (Khanna & Palepu, 1997). Furthermore, though developing countries are experiencing significant social and economic upheavals in recent times, their country environment still affects the process of procuring resources (Jarvenpaa & Leidner, 1998) and likely to affect international buyer–supplier relationships (Rosenbloom & Larsen, 2003) which may all have an impact on the development of trust with foreign suppliers (Dyer & Chu, 2000).

More explicitly, the study's context of Bangladesh features a distinct cultural and institutional environment and a negative trade balance since the country's inception in 1971 (Ahmed & Uddin, 2009; World Bank, 2011). As Bangladesh is a production

platform for export to third countries, it has the advantage of low labour costs, liberalised import policy's for exporters, as well as government incentives for importers (Import Policy Order, 2012). These environmental characteristics suggest that the growth rate of export trade is completely dependent on the import of backup linkage support to the large manufacturing industries as well as industrial capital machinery/raw materials and intermediary goods which helps to increase the productivity of the country (Bangladesh Bank Report, 2012; Export Promotion Bureau, 2010). It also seems that the resource constraint of the country may contribute to a unique relational/behavioural pattern in dealing with international suppliers. Considering the economic as well as the behavioural perspective of importing in Bangladesh, it is of paramount importance to understand importer and overseas supplier's relationship phenomena in the international procurement process that may assist importing firms in such developing countries in order to remain competitive. The observation of Bangladeshi importers relationship with exporters is relevant because it creates an opportunity to extend the resource-based view of the firm to a developing country.

## 2. Theoretical framework

Given there is a paucity of studies on importing in the literature, the scope of the theoretical framework was extended to cover broadly defined buyer–seller relationships including relationship marketing, outsourcing, supply chain management, export–import behaviour and interorganisational relationships. Recent strategy research gives the impression that the RBV has become the dominant paradigm (Knudsen & Madsen, 2002) with the industry competitive view being largely ignored (Levinthal, 1995; O'Cass & Weerawardena, 2010). The RBV of the firm suggests that organisational performance is better explained via differences in firm resources than in industry structure. Resources can be tangible or intangible in nature. Tangible resources include capital, access to capital and location while intangible resources consist of knowledge, skills and reputation.

Although prior research has used the RBV to examine key constructs within the exporting literature (e.g., Butler, 1991; Dhanaraj & Beamish, 2003; Shamsuddoha & Ali, 2006; Zou et al., 2003), with the exception of Styles et al. (2008) there is as yet no importer commitment model that empirically tests one of the main trends of the RBV, namely the relational view (Dyer & Singh, 1998), the perspective upon which this study is based. This paper seeks to address this considerable gap in the literature. Drawing on the relational side of the RBV (Dyer & Singh, 1998), we develop and test a relational model of importer commitment. The core tenets of the relational view lead to the following being central to our conceptualization: (1) inter-firm linkages are a source of sustainable competitive advantage and (2) routines and processes that result in commitment are fundamental to our understanding of interorganisational competitive advantage.

Prior relational research in export settings has tended to examine only one side of the relationship, the exporting side (e.g., Styles & Ambler, 2000). We suggest that despite the difficulties associated with obtaining an importer's perceptions of their relationship with an exporter (Anderson & Narus, 1990) – it is essential we understand both sides of the dyad when it comes to commitment, particularly the need to understand the perceptions that impact sustainable competitive advantage and commitment from an importer's perspective.

In addition to achieving the main objective of developing a relational model of importer commitment, this article also makes the following contributions. First, it identifies the antecedents of successful buyer–seller relationships in an international context from an importer's perspective given most previous studies have

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