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Examining relationship value in cross-border business relationships: A comparison between correlational and configurational approaches[☆]

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ABSTRACT

Value creation is the raison d'etre of a business relationship. Yet a relatively small number of studies investigate the role of relationship value in interfirm relationships in general and in cross-border business relationships in particular. This work synthesizes and extends existing research to present a conceptual model that identifies the key antecedents and outcomes of relationship value in international channel relationships. The study uses both a correlational (partial least squares-structural equation modeling) and a configurational (fuzzy-set qualitative comparative analysis) approach to test the model relationships. Comparing the findings of both approaches provides insights into the asymmetric versus symmetric relationships among the observations. The study results reveal the important roles of psychic distance, relational norms, and relationship learning in relationship value creation and the implications of relationship value in terms of relationship quality and performance.

1. Introduction

Close interfirm relationships can lead to relationship success by promoting common goals and facilitating joint activities that create value for both partners, value that each party could not achieve outside the relationship (Morgan & Hunt, 1994; Palmatier, 2008). However, most prior work on interfirm relationship marketing implies but does not examine the notion of relationship value (Lindgreen, Hingley, Grant, & Morgan, 2012; Palmatier, Dant, Grewal, & Evans, 2006). This lacuna is surprising given that firms establish and develop working partnerships to create value through these relationships (Dyer & Singh, 1998). Despite the recent interest in interfirm drivers of value (Palmatier, 2008; Ulaga & Eggert, 2006), limited research on relationship value exists, and important questions about how relationship value relates to key relationship marketing concepts remain unanswered.

In addition, a review of extant literature reveals that studies on relationship value in international markets lag behind those in domestic ones (Leonidou, Samiee, Aykol, & Talias, 2014; Samiee, Chabowski, & Hult, 2015). This lag is worrisome because creating and delivering value in cross-border business relationships is difficult, due to the differences in culture, language, management styles, and economic, social, and legal systems between exchange partners (Beck, Chapman, & Palmatier, 2015; Skarmeas, Zeriti, & Baltas, 2016). Accordingly, researchers emphasize the need for studies on relationship value that take into account the additional ramifications of the international context (Lindgreen et al., 2012; Ulaga, 2011).

Against this backdrop, this study examines the role of relationship value in cross-border distribution channels. The study positions relationship value within a nomological framework that includes psychic distance, relational norms, and relationship learning (i.e., information sharing, joint sense making, and knowledge integration) on one side and relationship quality and performance on the other (Fig. 1). The focus is on relationship value from the perspective of the importer because the customer firm is the final arbiter of value. Yet the model can apply to both partners because, though they perform different functions, correspondence is likely to exist in the behavioral constructs that underlie the relationship. Thus, the goal of this study is to enhance understanding of relationship value creation in importer–exporter relationships and to provide guidance on successful relationship management in both importing and exporting firms. The study uses partial least squares structural equation modeling (PLS-SEM) and fuzzy-set qualitative comparative analysis (fsQCA), an approach that overcomes certain limitations of conventional correlational methods (Huarng, 2016; Woodside, 2013; Wu, Yeh, & Woodside, 2014).

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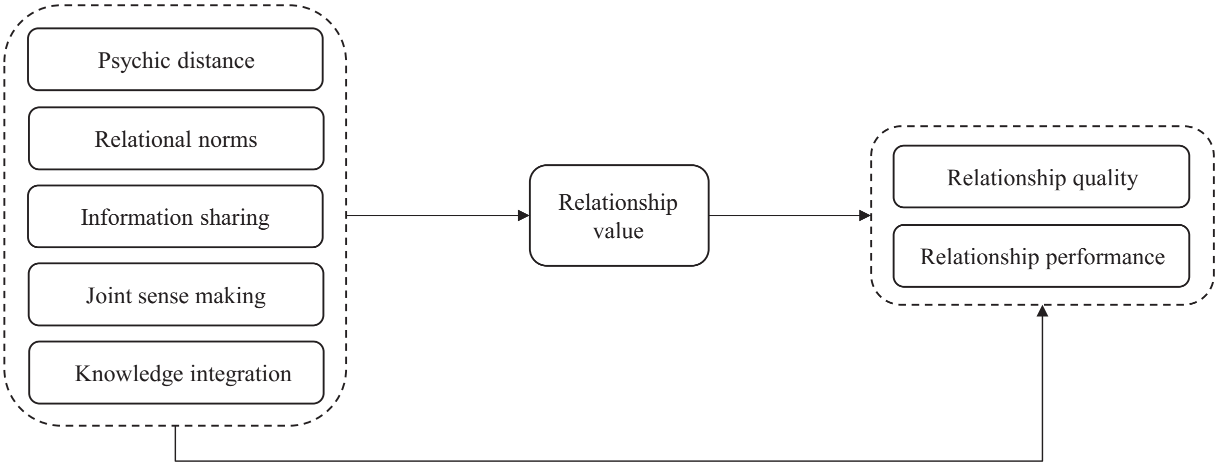

Fig. 1. Research model.

2. Conceptual background

This study relies on relationship marketing theory as a foundation for explaining interfirm relationship value. The relationship marketing literature suggests that firms can improve joint performance by developing close, long-term relationships with a selected number of partners (Palmatier et al., 2006). However, a small but growing number of studies suggest that extant literature tends to overstate the benefits and understate the costs of relationship marketing, and they highlight the importance of taking into account the cost-to-benefit ratio of working partnerships (e.g., Anderson & Jap, 2005). In this vein, the present study investigates antecedents and outcomes of relationship value. To identify determinants that provide differentiated relationship value-relevant information, we draw on the international business literature to account for the international study context and on two major streams of research within the relationship marketing literature: relational exchange and relationship learning. Furthermore, we specify relationship quality and performance, arguably the primary goals of relationship marketing, as meaningful outcomes of relationship value.

2.1. Relationship value

Relationship value reflects a comprehensive evaluation of a relationship based on perceived costs and benefits (Blocker, Flint, Myers, & Slater, 2011). Value has a long tradition in the consumer research literature in which findings conclude that customers purchase, remain loyal to, and recommend products that offer the best value (Woodruff, 1997). Although many value assessment studies exist in the area of interfirm exchange, they generally focus on product value (Ulaga & Eggert, 2006). The importance of product value notwithstanding, additional elements such as partner knowledge, expertise, innovativeness, reputation, and location play an instrumental role in business relationships (Lindgreen et al., 2012). Therefore, interfirm relationship value goes beyond the trade-off of quality and price to include a relational component.

2.2. Antecedents of relationship value

Psychic distance refers to perceived differences between the operating environments of the exchange partners (Katsikeas, Skarmeas, & Bello, 2009). In cross-border business relationships, partners may differ greatly in terms of culture, legal and economic systems, business practices, language, and other country-level factors. Such differences interfere with relationship management because they disturb or inhibit the flow of information between partners and make it challenging or problematic for firms to plan and implement appropriate international marketing strategies (Bello, Chelariu, & Zhang, 2003).

Relational norms refer to expectations of behavior that international exchange partners share (Obadia, Vida, & Pla-Barber, 2017). Solidarity, mutuality, and flexibility are key dimensions of relational norms. Solidarity is the expectation that both parties will behave in a way that protects and maintains the relationship, mutuality is the bilateral expectation that parties will share the benefits and burdens of the relationship, and flexibility is the expectation that both parties will make changes and adjust their behavior to deal with changing circumstances (Palmatier, Dant, & Grewal, 2007). Such expectations serve as a governance mechanism that guides and regulates international business partners' behavior (Ju & Gao, 2017).

Relationship learning refers to a joint activity in which the two partners share information, interpret information together, and integrate information into a shared relationship-domain-specific memory (Selnes & Sallis, 2003). Relationship learning consists of three distinct facets: information sharing, joint sense making, and knowledge integration. Information sharing occurs when the two partners exchange information regarding products, end-user preferences, unexpected problems, market structures, strategies, and finances of partners (Selnes & Sallis, 2003). Joint sense making refers to the development of insights, knowledge, and associations between past actions; the effectiveness of those actions; and future actions (Cheung, Myers, & Mentzer, 2010). Knowledge integration occurs when the two partners develop relationship-specific memories to store relationship-specific knowledge and establish idiosyncratic routines in the form of encoded procedures and scripts on how to interact (Selnes & Sallis, 2003). In the presence of relationship learning, relationships serve as repositories for information and knowledge for each partner and the dyad as a whole (Cheung, Myers, & Mentzer, 2011).

2.3. Outcomes of relationship value

Relationship quality, which reflects the overall strength of the relationship (Leonidou et al., 2014), comprises three different but related dimensions: trust, commitment, and satisfaction. Trust is the willingness to rely on a partner in whom one has confidence, commitment is the enduring desire to maintain the relationship, and satisfaction is the positive affective response to the relationship (Morgan & Hunt, 1994). Relationship quality is an essential part of ongoing cross-border business relationships (Leonidou, Aykol, Fotiadis, & Christodoulides, 2017).

The study also focuses on the economic outcomes of the exchange. Relationship performance refers to the extent to which partners consider their relationship worthwhile, productive, and rewarding (Selnes & Sallis, 2003). Performance is of primary interest to managers and