

Does Cultural Sensitivity Matter to Maintaining Business Relationships in the Export Markets?

An empirical investigation in the Norwegian
seafood industry

by

Gro Alteren

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Gro Alteren

Does Cultural Sensitivity Matter to Maintaining Business Relationships in the Export Markets? An empirical investigation in the Norwegian seafood industry

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Abstract

A few studies have used the concept *cultural sensitivity* to bring forward how business relationships characterised by cultural differences can be managed. However, researchers argue that there are potentials to improve the conceptualisation of cultural sensitivity, and that there is a need to extend the knowledge regarding the consequences of cultural sensitivity for business relationships in international distribution channels. The aim of this study is twofold. The first aim is to develop the cultural sensitivity concept. A review of literature, including literature focusing on international business, marketing, and adaptive selling, has provided the basis from where the cultural sensitivity concept has been developed. This study proposes a model of the concept as multi-dimensional. Cultural sensitivity is perceived as a competence, held by a person responsible for sales in the export markets. Experience is viewed as essential to advance a salesperson's cultural sensitivity. The dimensions, and thus the variables composing cultural sensitivity, are as follows: international experience, country experience, open-mindedness, adaptive business style, and ongoing business experience. The measurement scales were adopted from previous research, but were accommodated to the context studied.

The second aim of this study is to investigate the extent to which the various dimensions of cultural sensitivity are important to the maintaining of business relationships in export marketing channel contexts. The empirical setting is the Norwegian seafood export industry with selected business partners in the export markets. The sample consists of 111 cases, and regression analyses were conducted to test 12 hypotheses. The conceptual model proposes that the five variables that compose cultural sensitivity have different roles. *International experience*, *country experience* and *open-mindedness* are hypothesised to have an impact on relational qualities (trust between exchange partners and exchange of information) indirectly through *adaptive business style*. The findings give support to this view. These three variables do not have significant effects on trust and exchange of information directly. The findings show that country experience and open-mindedness have positive and significant effects on an adaptive business style.

The findings show that adaptive business style does not have a significant impact on trust between exchange partners. Adaptive business style has a significant impact on exchange of information, though only at a $p < .10$ level. *Ongoing business experience* is viewed as a moderator variable. It is expected to strengthen the relationship between adaptive business style and trust, and the relationship between adaptive business style and exchange of

information. The results show that the former relationship is strengthened from a non-significant to a significant relationship. The significance is though only at a $p < .10$ level.

Additional hypotheses were proposed with the objective to investigate adaptive business style's predictive validity with regard to exchange of information. Language skills were introduced as a moderator variable, and a distinction between mastering one foreign language (which is English) and mastering several foreign languages (two or more) was made. The results produced by the sub-group analyses show that mastering several foreign languages strengthens the relationship between adaptive business style and exchange of information from $p < .10$ to $p < .05$.

The role of adaptive business style when the customer is located in the dissimilar culture group was investigated. Findings show that the quality of business relationships (in terms of trust between business partners and exchange of information) is significantly lower when the customer is located in a country classified in the dissimilar culture group. Identifying factors that enhance the qualities of business relationships in a positive way should therefore be important. The findings show that adaptive business style has a positive and significant impact on exchange of information when the customer is located in the dissimilar culture group. The significance is at $p < .01$ level. In addition, findings show that country experience and frequent interactions with the customer are two factors that have positive effects on adaptive business style for this group.

Two firm characteristics were also included in the conceptual model: export resources and customer-oriented culture. It was hypothesised that these two variables have positive effects on relational qualities (trust between business partners and exchange of information) through adaptive business style. However, this is not supported by the findings. The direct effects of these characteristics were investigated. The results show that firm characteristics matter significantly to the maintaining of business relationships. In this case, adaptive business style does not function as an intervening variable. Findings show that managers in the Norwegian export seafood industry should pay careful attention to both firm characteristics and salespeople's competence; that is, if their ambitions are to build long-term and high performing business relationships in the export markets. A salesperson's competence refer to attitude, experience in the export markets, and ability to adapt business style, which are key components of the cultural sensitivity concept developed in this study. Also, if export activities are an important part of the firm's operation, then language skills should be given high priority.

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Carrying out a doctoral dissertation can be described as a journey that involves travelling in countries you have not visited before: you learn a lot. First of all, I want to thank my supervisor Associate Professor Carl Arthur Solberg for accepting to be my supervisor. My wish was to take part in the BI Norwegian School of Management's doctoral programme, and I am thus very thankful to those who made it possible. My main localisation has been at NORUT Social Science Research Institute in Tromsø, where I hold a position as a researcher. I also want to thank the Norwegian Research Council for financing my doctoral dissertation (project no. 142694/110).

I have taken part in the BI's doctoral programme by attending all five common courses organised by BI. In the preliminary stage of the doctoral programme I spent some time at BI in Oslo. I have also attended a specialisation course organised by BI. I was encouraged by my supervisor to take part in the Nord-IB, which is a Nordic researcher school in International Business. I am very grateful for having had the chance to attend the series of seminars organised by very enthusiastic and dedicated academicians from the Nordic research community. It has been very inspiring. Presenting papers at conferences has been of great importance to ensure progress in my research. The annual EIBA (European International Business Academy) and Vaasa conference on international business, organised every second year at the University of Vaasa, are two conferences that have been crucial in this respect.

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1 Introduction

In recent years, how to maintain business relationships in international distribution channels has received attention by a number of researchers (e.g. Bello, Chelariu and Zhang 2003; C. Zhang, Cavusgil and Roath 2003; de Mortanges and Vossen 1999; Harich and LaBahn 1998; LaBahn and Harich 1997; Skarmeas, Katsikeas and Schlegelmilch 2002). Managing business relationships in this kind of context is a challenging task, not least because of the physical distance (Bello et al. 2003, p. 3; C. Zhang et al. 2003, p. 551; Johnson and Raven 1996, p. 20), and the cultural differences (Bello et al. 2003, p. 3; Chairakeo and Speece 2004, p. 267; C. Zhang et al. 2003, p. 562; Harich and LaBahn 1998, p. 87; Johnson and Raven 1996, p. 20; Kalé and Barnes 1992, p. 101) between the business partners. When business relations cross cultural borders, cultural differences are likely to pervade the relationship (Johnson, Cullen, Sakano and Takenouchi 1996, p. 985; Skarmeas et al. 2002, p. 763).

The ability to deal with customers in different cultural settings is considered essential in order to build and maintain business relationships in international markets (Harich and LaBahn 1998, p. 87; Shankarmahesh, Ford and LaTour 2004, p. 437). This ability may be viewed as an asset, in terms of giving the export firm an advantage in performing effectively in competitive international markets (LaBahn and Harich 1997, pp. 31, 32; Skarmeas et al. 2002, p. 763). Managing cross-cultural business relationships effectively implies the understanding of how business is carried out in the partner's own culture and business environment, including buyer behaviour and channel distribution arrangements (O'Grady and Lane 1996, p. 317; Samiee and Mayo 1990, p. 49), business regulations, and negotiation patterns (Kraft and Chung 1992, pp. 69-70; LaBahn and Harich 1997, pp. 31, 32; Skarmeas et al. 2002, p. 763).

Firms are faced with increasing commoditisation of products (Gounaris 2005, p. 126; Ulaga 2003, p. 677). Price and product quality are exposed to imitation; and consequently, it becomes a matter of interest how to differentiate from competitors. Emphasising relationship building is one approach to differentiating from competitors (C. Zhang et al. 2003, pp. 550, 551, 562; Doney and Cannon 1997, p. 35; Humphreys and Williams 1996, p. 49). This implies going beyond production efficiencies and price-based competition to achieve competitive advantage (Humphreys and Williams 1996, p. 48). Distributors tend to spend more time and resources on those suppliers with whom they have established a relationship (Bello et al. 2003, p. 11; Nevin 1995). In consequence, one could improve customer interactions and accommodate the customer's situation to ensure rewarding

and long-term exchanges (Gounaris 2005, p. 126; Humphreys and Williams 1996, pp. 49, 53; Shankarmahesh et al. 2004, p. 438; Ulaga 2003, p. 677). Thus, also from this perspective it can be useful to investigate whether the ability to deal with cultural differences contributes to maintaining business relationships in export marketing channels.

A few studies use the concept *cultural sensitivity* in the study of how to manage cultural differences. The cultural sensitivity concept has attracted some interest among researchers whose interests include non-equity strategic alliances (Johnson et al. 1996), international marketing (Holzmüller and Stöttinger 2001), cross-cultural training of expatriates (Zakaria 2000) and inter-organisational relationships in selling-buying cross-border contexts (LaBahn and Harich 1997; Harich and LaBahn 1998; Skarmeas et al. 2002). However, researchers have raised their voices to suggest that cultural sensitivity is still a loosely developed concept (Harich and LaBahn 1998, p. 87; LaBahn and Harich 1997, p. 30; Skarmeas et al. 2002, p. 773). Skarmeas et al. (2002, p. 773) point out that cultural sensitivity, in the way it is defined by them, may not fully capture its intended conceptual domain. As a consequence, there is a potential to develop the concept further (LaBahn and Harich 1997, p. 46; Skarmeas et al. 2002, p. 773). This study aims to develop the cultural sensitivity concept. Advancement of the concept should not only contribute to theory development, but also help managers in export firms to identify areas for improvement.

Previous studies apply cultural sensitivity to the firm level (Johnson et al. 1996; LaBahn and Harich 1997; Skarmeas et al. 2002). Though, LaBahn and Harich (1997, p. 44) argue that high levels of sensitivity to national business culture can be attained by means of salespeople. Similarly, Skarmeas et al. (2002, p. 772) argue that "...managers and representatives with intercultural disposition can play a key role in establishing, developing, and maintaining interfirm relations that cross national boundaries." Chairakeo and Speece (2004), and Harich and LaBahn (1998) apply cultural sensitivity to the individual level: the salesperson. The salesperson is seen as playing an essential role in developing and maintaining business relationships (Chairakeo and Speece 2004, p. 267; Harich and LaBahn 1998, pp. 88, 89; Kale and Barnes 1992, pp. 101, 102). The latter view is applied in this study; cultural sensitivity applies to the person responsible for sales in the export markets.

Three studies - Johnson et al. (1996), LaBahn and Harich (1997), and Skarmeas et al. (2002) - have empirically tested the extent to which cultural sensitivity has an influence on the nature of cross-cultural business relationships. Findings show that cultural sensitivity has a positive impact in

terms of trust-building in strategic alliances (Johnson et al. 1996). In cross-border channel contexts, cultural sensitivity seems to have a positive influence with regard to enhancement of information exchange and reduction of conflict (LaBahn and Harich 1997) as well as enhancement of a distributor's commitment to the business relationship (Skarmeas et al. 2002). However, there is still limited knowledge with regard to the consequences of cultural sensitivity in inter-organisational relationships in export marketing channels (LaBahn and Harich 1997, p. 29; 1998, p. 87; Skarmeas et al. 2002, p 774).

In addition, this study aims to contribute to expanding the knowledge with regard to the consequences of cultural sensitivity. This is done by investigating to what extent a salesperson's cultural sensitivity is important for the enhancement of relationship qualities, expressed in terms of trust and exchange of information. Findings show that trust and exchange of information are critical characteristics of ongoing business relationships in cross-cultural contexts (Aulakh, Kotabe and Sahay 1996; C. Zhang et al. 2003; Johnson et al. 1996; LaBahn and Harich 1997). Trust and exchange of information are important relational characteristics that facilitate expectations about future interactions, and thus promote continuity of the exchange relationship (Anderson and Weitz 1992, p. 28; Bradach and Eccles 1989, p. 100).

Furthermore, there is a need to investigate possible contributing factors to the development of cultural sensitivity (Harich and LaBahn 1998, p. 87; LaBahn and Harich 1997, p. 47). Two such antecedents should be worthwhile investigating: an export firm's export resources, and an export firm's organisational culture, viewed in terms of a customer oriented culture. The reason to focus on these two firm characteristics is that they in different ways encourage and support involvement with customers, providing the basis from where salespeople may acquire understanding and knowledge with regard to how business is carried out in different cultural settings, and subsequently, lead to the enhancement of a salesperson's cultural sensitivity.

In international business, salespeople must be prepared to cope with different business environments and business practices (Harich and LaBahn 1998, p. 87; Kalé and Barnes 1992, p.102). This study aims to investigate to what extent there are differences in relational qualities of business relationships with customers located in the similar culture group versus customers from the dissimilar culture group. It will be investigated whether cultural sensitive salespeople have a particularly important role to play as to maintaining business relationships when dealing with customers that are members of a dissimilar culture group.

1.1 Research questions

This study aims to extend previous conceptualisation of cultural sensitivity. Furthermore, this study aims to extend the knowledge with regard to cultural sensitivity and its role to maintaining business relationships in cross-border channel contexts. As a part of this, I investigate whether firm characteristics are important to the enhancement of the salespeople's cultural sensitivity. Another area of investigation is whether there are differences with regard to the quality of business relationships when comparing customers classified in the similar culture group with customers classified in the dissimilar culture group. This study aims to advance on four areas, expressed by the following research questions:

1. How can the cultural sensitivity concept, applied to a salesperson responsible for dealing with buyers in the export markets, be defined and conceptualised?
2. Do firm characteristics expressed in terms of export resources and customer-oriented culture contribute to the enhancement of a salesperson's cultural sensitivity?
3. Does cultural sensitivity contribute to the maintaining of business relationships with foreign buyers, expressed in terms of the relational qualities trust between business partners and information exchange?
4. Are there any differences between customers located in the similar culture group and those in the dissimilar culture group with regard to the relational qualities of the business relationships?

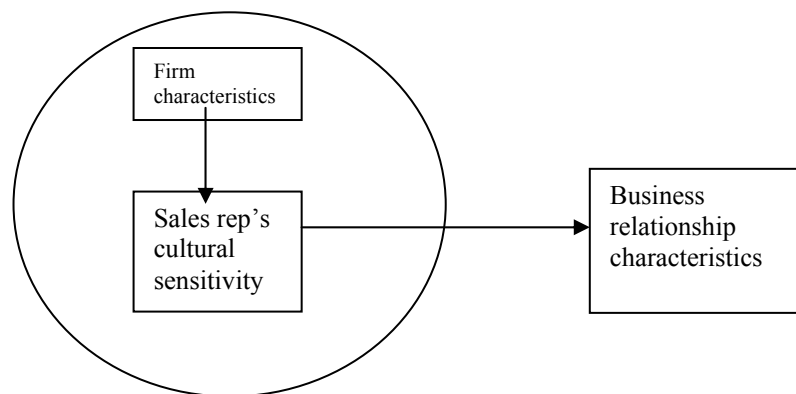
Overall, this study aims to contribute to the understanding of what factors are important to cultivate and enhance business relationship characteristics, such as trust and exchange of information in international distribution channels. The findings should contribute to literature dealing with inter-organisational relationship management in cross-border channel contexts. Also, advanced knowledge on this area should provide guidance to managers responsible for export activities in order to identify areas for improvements (LaBahn and Harich 1997, p. 46). For example, is it important to give high priority to allocation of export relevant resources, and to emphasise creation of a customer-oriented culture?

The findings should also have implications with regard to human resource policies, which may imply a more critical assessment of salespeople's appropriateness to dealing with customers in international markets (Bello et al. 2003, p. 12). The findings may show that management should ensure that salespeople responsible for export markets are open to new information and new situations (Harich and LaBahn 1998), and that they are willing to understand and flex to different buyer situations (Humphreys and Williams

1996, p. 54). Finally, the findings may show to what extent experience, and what kind of experience, is important to handle customers in international markets (Chairsrakeo and Speece, 2004, p. 279; Chetty, Eriksson and Lindbergh 2006).

Figure 1-1 gives a general description of the focus of the study. The unit of analysis is the sales representative's characteristics, viewed in terms of cultural sensitivity, and their impact on the quality of business relationships (expressed in terms of trust between business partners and exchange of information) in the export markets.

Figure 1-1: Cultural sensitivity's impact on the business relationship characteristics.



1.2 The structure of the study

The study is organised as follows: The following chapter provides a review of some selected studies that have put forward, and investigated, among others, the roles of trust and exchange of information for ongoing business relationships in domestic and international distribution channels. Cultural distance and psychic distance are two concepts that have been used to demonstrate how cultural differences between business partners may impact on the way in which business is achieved in foreign markets. Thus, in chapter 3 there is a review of how these two concepts have been defined in previous studies. The review presents major findings from selected studies that have investigated the impact of cultural distance and psychic distance on inter-organisational relationships in cross-cultural contexts and direct foreign investments.

Chapter 4 offers a review of empirical studies that have put cultural sensitivity forward. This chapter includes one section evaluating two

measurement scales that have been used to assess cultural sensitivity, and one section discussing different views with regard to how cultural understanding and knowledge can be advanced. In chapter 5, the cultural sensitivity concept is delineated, and a multi-dimensional concept is proposed. Chapter 6 presents the theoretical model and hypotheses to be tested. Chapter 7 sets forth the method, including a presentation of how the measures have been developed. Chapter 8 presents the analyses and results. Chapter 9 presents discussions and conclusions, including management implications, limitations and future research.

2 Relational characteristics viewed in terms of trust and exchange of information

Ongoing business relationships take many forms, such as contractual arrangements, joint ventures, co-marketing alliances, strategic alliances and long-term associations (Dwyer, Schurr and Oh 1987, p. 11; Morgan and Hunt 1994, p. 21). This study focuses on the ongoing relationship between independent business firms in export marketing channels: the selling – buying relationship. The buying firm refers to an intermediary such as an importer, retailer or industry et al. The selling firm can operate independently of the manufacturing operation; it may be a part of it, or it may be a part of a concern, which may have manufacturing units, as well.

Channel activities imply functional interdependencies, which mean that channel activities have to be coordinated between the partners involved in the exchange (Mohr and Nevin 1990, p. 41). Channel members depend on others to accomplish their tasks and realise organisational goals (Stern and El-Ansary 1992, p. 14). Traditionally, much of the marketing theory has treated buyer-seller exchanges as discrete events (Dwyer et al. 1987, p. 11; Heide 1994, p. 71; Stern and Reve 1980, p. 53). This view is based on the principles of classical economics, proposing that exchanges rely on the market, and thus on price, as an incentive and system of information. According to this view, those involved in an exchange are treated as anonymous actors independent of past and future relations, and the exchange takes place on ad hoc basis. Relationships between the parties have a short-term orientation, and relationship qualities are basically ignored (Dwyer et al 1987; Arndt 1979; Heide 1994, p. 74; Mohr and Nevin 1990, p. 40).

Most channel interactions have some relational elements that contribute to the relationship coordination of inter-firm activities (C. Zhang et al. 2003, p. 551; Dwyer et al 1987, p. 14; Nevin 1995; Weitz and Jap 1995, p. 306). Relational qualities are considered to be important to maintaining long-term exchange relationships (e.g. C. Zhang et al. 2003; Dwyer et al. 1987; Ganesan 1994; Gounaris 2005; Kwon, Beatty and Lueg 2000; Morgan and Hunt 1994; Williams 1998; Ulaga 2003). Researchers frequently associate research focusing on relational qualities of exchanges with the relationship-marketing paradigm (e.g. Gounaris 2005, p. 126; Morgan and Hunt 1994, p. 20; Sin, Tse, Yau, Chow, Lee and Lau 2005, p. 185). Relationship marketing is defined as “...all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” (Morgan and Hunt 1994, p. 22). Relationship marketing emphasises the cultivation of close relationships in order to attain rewarding business relationships

(Gounaris 2005, p. 126; Kwon et al. 2000, 401; Morgan and Hunt 1994, p. 20).

To maintaining long-term business relationships with buyers is seen as more efficient than to be constantly searching for new ones (Granovetter 1985; Williams 1998, p. 272). Although some researchers contradict this view (Humphreys and Williams 1996, p. 53, refers to Miles and Snow 1978), studies show that also suppliers of commodity products are better off if they differentiate themselves through the management of relationships (Ulaga 2003, p. 677; Humphreys and Williams 1996, p. 53). Inherent in this emphasis on relational qualities is the idea that sustaining exchange relationships is essential to the long-term survival and improved profitability of the firm (Humphreys and Williams 1996, p. 47; Kwon et al. 2000, p. 401; Williams and Attaway 1996, p. 33).

Dwyer et al. (1987) were the first to introduce the relational contracting theory, worked out by Macneil (1978), to the marketing literature (Nevin 1995, p. 330). Macneil's (1978, p. 895) relational qualities refer to the repeating transactions between two exchange partners that may lead to role integrity, solidarity, harmonisation of relational conflict, and propriety of means (C. Zhang et al. 2003, p. 553). Three relational norms have shown to be of particular importance in export marketing channels: flexibility, information exchange and solidarity (e.g. Aulakh et al. 1996; Bello et al. 2003; Bello and Gilliland 1997; C. Zhang et al. 2003). In addition, a number of constructs characterising the relational approach to distribution channel management have been put forward by researchers (Kim and Frazier 1997, p. 847).

There is a lack of consensus on which constructs encompass relational exchanges (Kumar et al 1995, p. 55; Sin et al. 2005). Key consequences of channel relationships are by some researchers considered to be trust and commitment (Geyskens, Steenkamp and Kumar 1999, p. 223). In a study carried out by Morgan and Hunt (1994, p. 31) it was found that commitment and trust are key variables that mediate rewarding relationship marketing in distribution channels. Similarly, Gounaris (2005, p. 135) finds that trust and commitment are two important factors "...that cause corporate clients to uphold a relationship with their provider." Kumar et al. (1995, pp. 348, 354) focus on inter-firm conflict, trust and commitment in their study of the nature of interdependence between channel members. They find that higher levels of trust and stronger commitment are important factors to achieve stable exchange relationships.

Yet another study has put forward trust as an important element characterising long-term buyer/seller relationships. Ganesan (1994, pp. 1, 12) proposes a model indicating that long-term orientation in a buyer/seller relationship is a function of mutual dependence and the extent to which the channel members trust each other. Findings show that long-term orientation is influenced by the extent to which a retailer or vendor trusts the channel partner. Similarly, Doney and Cannon (1997, p. 46) argue that trust of the supplier firm is related to anticipated future interactions. Although findings show that trust operates as an “order qualifier,” not an “order winner.” This implies that trust could be required just to enter into a customer’s consideration set. Consequently, developing trusting relationships represents an investment that pays in the long-term.

Anderson and Weitz (1989, pp. 311, 320) propose a model indicating that continuity, trust and exchange of information are key factors of stable and long-term relationships between manufacturers and independent sales agents, which is also supported by findings. Anderson and Narus (1990, pp. 44-45, 56) propose a model that puts forward five coordinating efforts viewed to be important to ongoing relationships between manufacturing and distributor firms: communication, trust, cooperation, outcomes given comparison level,¹ and functionality of conflict. Findings show that trust is one core construct, and that communication, cooperation and outcomes given comparison level are antecedents to trust.

The importance of trust and communication for ongoing business relationships has found support in studies carried out in export marketing channels as well. Aulakh et al. (1996, pp. 1009, 1011) propose that trust is the essential coordinating mechanism in inter-organisational relationships. Three relational norms - continuity expectations, flexibility, and exchange of information - are viewed as antecedents to trust building between the exchange partners, as well as having a direct effect on relationship performance. However, trust was not found to be related significantly to performance (Aulakh et al. 1996, p. 1023).

C. Zhang et al. (2003, pp. 552-54, 562) propose that trust and relational norms – flexibility, solidarity, and exchange of information - are important mechanisms to successful exchange relationships in export marketing

¹ Outcomes given comparison level is defined as a firm’s assessment of the results (rewards obtained minus costs incurred) from a given exchange relationship in comparison with expectations based on present and past experience with similar relationships, and knowledge of other firms’ relationships (Anderson and Narus 1990, p. 44).

channels, as supported by findings. In contrast to Aulakh et al.'s (1996) findings, C. Zhang et al. (2003, p. 561) find that trust has a direct impact on performance: trust results in enhanced competitiveness in the export markets. LaBahn and Harich (1997, pp. 32-33, 42), who also focus on export marketing channels, present a model conceptualising exchange of information and conflict as central dimensions of inter-organisational relationships. They find that communication has a more important role than conflict. Findings also show that communication has a positive impact on relationship performance.

Consequently, the review shows that a number of relational characteristics have been put forward in various conceptual models with the objective to investigate their roles in ongoing business relationships. Trust and exchange of information are two relational dimensions that have been subjected to investigation by a number of studies, and empirical evidence shows that they do play a role to sustaining rewarding exchange relationships, not only in domestic channels, but also in export marketing channels. Evidence shows that these two dimensions have a positive impact on performance in export marketing channels. For the purpose of this study relational characteristics are assessed by means of trust and exchange of information.

2.1 Trust between exchange partners

Trust is a relational quality that can be viewed as an alternative coordination mechanism to hierarchical exchange (i.e., ownership-based control) (Aulakh et al. 1996, pp. 1007, 1009; Bradach and Eccles 1989; Heide 1994). Trust has become an important mechanism for coordinating an increasing number of cross-cultural exchanges (Johnson and Cullen 2002, p. 335). A major share of the world-trade is handled through independent firms in export channels (Bello and Lohtia 1995, p. 83). Direct ownership is often not a strategically viable or economically feasible option to export firms (Aulakh et al. 1996, p. 1006; Bello and Lohtia 1995; Bello et al. 2003). Also, direct ownership may not be feasible because of host country government policies (Aulakh and Kotabe 1997, p. 11). Trust can be considered as one alternative coordinating mechanism in inter-organisational relationships in export marketing channels (Aulakh et al. 1996, p. 1009; C. Zhang et al. 2003, p. 550; Johnson and Cullen 2002, p. 335).

The presence of trust improves the chances of the relationship to remain (Aulakh et al. 1996; Anderson and Weitz 1989, p. 312; Ganesan 1994; Gounaris 2005, p. 127). The presence of trust enables the business partners to focus on the long-term advantages of the relationship (Doney and Cannon 1997, p. 35; Dwyer et al. 1987, p. 23; Morgan and Hunt 1994, p. 24), and

involves expectation about the future value of the exchange relationship (C. Zhang et al 2003, p. 550; Nevin 1995, p. 330; Bradach and Eccles 1989, p. 100). If trust is embedded in the exchange relationship, opportunistic behaviour is discouraged (Aulakh et al 1996:1008). Short-term gains are likely to be passed in favour of long-term interests (Bradach and Eccles 1989, p. 104; Aulakh et al. 1996, p. 1009).

One definition of trust frequently used in the context of distribution channels is "...a willingness to rely on an exchange partner in whom one has confidence" (Moorman, Deshpandé and Zaltman 1993, p. 82; Ganesan 1994, p. 3). A parallel definition is "...when one party has confidence in an exchange partner's reliability and integrity" (Morgan and Hunt 1994, p. 23). The achievement of coordination between channel members is based on how confident the exchange partners are on each others reliability and integrity (Aulakh et al. 1996, p. 1008). Exchange partners that rely on trust accept vulnerability based upon positive expectations of behaviour of the other exchange partner (Humphries and Wilding 2004, p. 1108; Johnson and Cullen 2002, p. 338; Moorman et al. 1993, p. 82). The behavioural dimension of trust is considered decisive to maintaining inter-organisational relationships (Aulakh et al. 1996, pp. 1006, 1008; C. Zhang et al. 2003, p. 554; Moorman et al. 1993, p. 82).

Doney and Cannon (1997, p. 43), and Ganesan (1994, p. 3) make a distinction between credibility and benevolence. Credibility is viewed as the more objective part of trust, and involves behaviours focusing on performance of the core exchange activity (Johnson and Cullen 2002, p. 338). Furthermore, credibility refers to an exchange partner's confidence in the partner's word and written statement. That is, the extent to which the focal partner believes that the exchange partner will keep to his or her promises. This includes the expectation that the exchange partner will use his/her competence, expertise, and resources to perform activities effectively and reliably (Ganesan 1994, p. 3; Cullen and Johnson 2002, p. 338). Credibility expresses consistency, stability and control of the patterns of behaviour expressed (Ganesan 1994, p. 3).

Benevolence involves beliefs about the more emotional aspects of a partner's behaviour (Cullen and Johnson 2002, p. 338), including intentions and characteristics attributed to the partner. Benevolence refers to the extent to which the partner is truly interested in the other partner's welfare (Doney and Cannon 1997, p. 36; Ganesan 1994, p. 3). While Doney and Cannon (1997, p. 43) treat trust as a unidimensional construct, Ganesan (1994, p. 8) considers credibility and benevolence as separate constructs. For the purpose of this study the credibility dimension, which emphasises the partners'

confidence in each other, will be used to assess trust between exchange partners.

2.2 Exchange of information

Two different views prevail with regard to the role played by exchange of information in a business relationship (LaBahn and Harich 1997, p. 32). The first approach views exchange of information as an expression of relationalism between the exchange partners (Boyle, Dwyer, Robicheaux and Simpson 1992, p. 465; Heide and John 1992, p. 34), and the nature of the bilateral information exchange is emphasised (LaBahn and Harich 1997, p. 32). This approach is inspired by Macneil's (1978) typology on the concept of relationalism. Macneil (1978, p. 902) has identified a number of norms relating to particular types of behaviour influencing exchange relationships. Communication viewed in terms of formal and informal sharing of information, is one of these norms (Heide and John 1992, p. 34). The second approach views exchange of information as one of several influence strategies, although it is defined as a non-coercive influence strategy, used by firms to influence the behaviours of other firms in distribution channels (Bandyopadhyay and Robicheaux 1998, p. 191; Frazier and Rody 1991, p. 58; Frazier and Summer 1984, p. 45).

In this study, the former view is applied. Exchange of information is defined as the extent to which the partners of an exchange relationship openly share information, formal as well as informal, meaningful and timely information (LaBahn and Harich 1997, p. 32; Morgan and Hunt 1994, p. 25). Heide and John offer a parallel definition, "...a bilateral expectation that parties will proactively provide information useful to the partner" (1992, p. 35). Information exchange that goes beyond minimal amounts of information related to the transaction only, such as product specification, price, and delivery schedules, is here of major importance. Transactions that rely primarily on minimal amount of information have often been contrasted to relational exchanges, and have been referred to as discrete types of exchange relationships (Mohr and Nevin 1990, p. 40; Noordewier, John and Nevin 1990, p. 84).

Exchange of information may involve product design changes, production planning (Noordewier et al. 1990, p. 84), market conditions and promotional activities (Mohr and Nevin 1990, p. 40), expectations, goals and motives (Anderson and Narus 1984), and any new unexpected environmental demands (Dwyer et al. 1987, p. 17). Also unexpected information that may affect the other party is provided, and thus enables the parties to cope with a

new situation accordingly (Dwyer et al. 1987, p. 17; Heide and John 1992, p. 35).

Two-way communication is considered to have a number of benefits, such as enhanced coordination between the exchange partners (Anderson and Weitz 1992, p. 21; Medlin, Aurifeille and Quester 2005, p. 216), and conflict reduction (Anderson and Narus 1984, p. 66; Anderson and Weitz 1992, p. 21; Labahn and Harich 1997, p. 32). Anderson and Weitz (1992, p. 28) find that information exchange leads to closer relationships between the partners and enhances coordination. They also find that two-way communication enhances the commitment levels of both the supplier and the distributor (Anderson and Weitz 1992, p. 28). Similarly, Bello et al. (2003, pp. 11, 12, 1) find that information exchange in export channels, together with two other relational norms defined as solidarity and flexibility, enhances the ties between firms.

To sum up, sharing of information, similarly to trust, facilitates confidence in the continuity of the relationship (Anderson and Weitz 1992, p. 28). Exchange of information is an essential quality of ongoing exchange relationships (Anderson and Weitz 1992, p. 30; Anderson and Narus 1990, p. 53; LaBahn and Harich 1997, p. 42; Mohr and Nevin 1990; Morgan and Hunt 1994, p. 25).

3 Cultural distance and psychic distance

The concept cultural distance has been applied in the form of an index composed by Kogut and Singh (1988). This concept is derived from four of Hofstede's cultural dimensions (Kogut and Singh 1988, p. 422) – power distance, uncertainty, masculinity/femininity, and individualism/collectivism – in which national cultures differ. Later on, a fifth dimension was added: Long term/short term orientation. The major issue of the cultural distance concept has been to measure the extent to which cultures are similar or different when these dimensions are applied (Shenkar 2001, p. 519). Psychic distance, which is a concept rooted in the internationalisation process model (Johansson and Wiedersheim-Paul 1975; Johansson and Vahlne 1977), has been used to explain the internationalisation process of a firm (Dow 2000, p. 51; Johanson and Vahlne 1990, p. 13; Stöttinger and Schlegelmilch 2000, p. 170). The underlying assumption of this concept is that firms begin the process of internationalisation by approaching the markets that the management perceives as close or familiar, that is, in which impediments are perceived to be low.

Johansson and Vahlne (1977), who were one of the first to put forward the concept of psychic distance, define this concept "...in terms of factors such as differences in language, culture, political systems, etc., that disturb the flow of information between the firm and the market." However, it has not been made clear how psychic distance should be defined and operationalised (Dow 2000, pp. 51, 54; Fenwick, Edwards, and Buckley 2003, pp. 298-99; O'Grady and Lane 1996, p. 328; Stöttinger and Schlegelmilch 2000, p. 170). While Fenwick et al. (2003, p. 308) argue that culture is only one element of psychic distance, Stöttinger and Schlegelmilch (2000, p. 169) refer to psychic distance as a concept "...mapping relations between cultural proximity and foreignness of international markets."

In studies where the focus has been on inter-organisational relationships in export marketing channels (e.g. Bello, et al. 2003, p. 8; Bello and Gilliland 1997, p. 30), the psychic distance concept has been considered to have the following purpose: it "...assesses problems a firm encounters as a result of its ignorance of the socio-cultural differences experienced in the foreign market". Based on an article written by Korth (1991), Bello et al. (2003) have operationalised this concept in terms of four items that refer to the culture of a country, its language, the customs and values of the people, and their foreign business practices. Evans and Mavondo (2002, p. 519) have put forward yet another approach to how psychic distance may be operationalised. In their study, psychic distance is composed of cultural distance and business distance. The former is based on Hofstede's five

dimensions reflecting national culture, and the latter includes the following five dimensions: legal and political, economic, market structure, business practices, and language (Evans and Mavondo 2002, p. 522).²

3.1 National culture versus firm level experience in international markets

The cultural distance concept has been used within the field of foreign entry mode decision literature. The combination of cultural distance and foreign entry mode decision has become synonymous with transaction cost analysis (Shenkar 2001, p. 521). The sociocultural distance between the home country and the host country is assumed to incur uncertainty, and thus costs. Sociocultural distance creates high information needs, and thus high information costs. These costs can be avoided by investing in low-control governance structure, such as local management and licensing. One hypothesis sets forth, "...that the greater the sociocultural difference between home and host countries, the lower the degree of control will be that an entrant firm should and does demand" (Gatignon and Anderson 1988, p. 311).

Kogut and Singh (1988) were the first to offer a large-sample multiple regression test of the view that entry mode selection is influenced by cultural factors. Their findings provide support for the theory that cultural distance influences the choice of entry mode. That is, the greater the cultural distance, the more a joint venture or a wholly-owned green field is preferred to an acquisition (Kogut and Singh 1988, p. 427). The point of view is that firms from culturally distant countries will attach a greater cost to the management of acquisitions, relative to the other two alternatives, than will firms based in culturally similar countries (Kogut and Singh 1988, pp. 414-15). However, Kogut and Singh (1988, p. 429) point out that these results must be assessed with caution. The validity of the results may be limited to a specific historic time period. Cultural distance between firms is likely to be offset by increasing experience at firm level, a view supported by a number of researchers (e.g. Barkema et al. 1997, pp. 427-28; Shenkar 2001). Experience acquired in foreign markets can be viewed as a cultural distance closing mechanism (Shenkar 2001, pp. 526-27).

Hofstede's (2001) approach to culture has also been applied to a wide variety of marketing topics (Holden 2004, p. 563). Batonda and Perry (2003, pp. 1549, 1568) have for example used Hofstede's dimensions of national

² Dow's article from 2000 provides an overview of research that makes use of proxy measurement of psychic distance.

culture to investigate how culture affects the development of international marketing networks in manufacturing and services industries, both between overseas Chinese and Australians in Australia and between overseas Australians and Chinese in China. The findings show that overseas Australians "...quickly learn to do what Chinese expect them to do". In turn, the Chinese in overseas Australian/Chinese networks demonstrated an ability to improve their understanding of the partner's culture and establish common ground. The Chinese and the Australians working overseas both emphasised the importance of gaining knowledge and improving their understanding of the partner's culture. The willingness to adapt to the partner's culture shows that culture is a multi-functional and multi-level phenomenon.

Thus, it may not be appropriate to generalise about a national culture with regard to groups and individuals. Batonda and Perry (2003, p. 1568) share a concern with Kogut and Singh (1988, p. 427) regarding attempts to measure national cultural attitudes at a firm level. This concern coincides with the point of view advanced by Adler (2002) and Hofstede (2001), that care should be exercised with regard to how national characteristics are used. National characteristics do not predict the behaviour of individuals. C. Zhang et al. (2003, pp. 561-62) have voiced similar criticism. They suggest that cultural distance may not be an appropriate measure in the study of culture impact on inter-organisational relationships in export channels. They hypothesised a positive relationship between cultural distance and reliance on relational norms and trust. High and low cultural distance groups were formed based on cultural distance scores with the US as a departure point. They found, regardless of cultural distance, that the level of trust and the importance of relational norms seem to be similar in the US manufacturer/foreign distributor relationships.

3.2 The psychic distance paradox

The index scores developed by Hofstede (2001, p. 500)³ support the view that Japan can be a challenge for foreigners. Japan has frequently been referred to as a country with very different cultural and business practices from those of the US and European countries (e.g. Bradach and Eccles 1989, p. 106; Kraft and Chung 1992, p. 59; Samiee and Mayo 1990, p. 48); a number of challenges are involved in penetrating, as well as expanding, this

³ Hofstede created an ordinal score from 1 to 100 to measure each of the five cultural dimensions of various countries: the greater the difference between the two cultures, the greater the anticipated difference between their scores (C. Zhang et al. 2003, p. 564).

market (Samiee and Mayo 1990, p. 48). There is a relatively large cultural distance between Japan and countries such as the US, Germany and the UK in terms of all five dimensions. Studies show that there is a risk of underestimating the actual cultural differences between countries that are assumed to be culturally similar, or psychically close. Examples include Canada and the US, which are geographically close and therefore also assumed to be culturally similar (O'Grady and Lane 1996). Australian business managers have perceived Australia and the UK as culturally similar because of their historic ties and common language (Fenwick et al. 2003). Hofstede's index scores (2001, p. 500; Fenwick, et al. 2003, p. 306; O'Grady and Lane 1996, pp. 312-13) support the presumed closeness between these countries.

Evidence shows that Canadian firms in the retail sector have followed the prescription of the internationalisation process theory, which suggests that companies should start their first foreign investments in psychically close countries. In this instance, the US is the closest market. O'Grady and Lane (1996, pp. 317, 320) argue, on the basis of interviews carried out with Canadian retailers, that those who recognised cultural differences in terms of behaviour and business practices prior to entry into the US market were those who succeeded. This pre-orientation was the basis on which decisions were made. Knowledge of the market was either ensured by executives' direct experience in the market or by hired American management. Those who failed, and therefore were forced to withdraw from the market, were those who did not recognise the existence of differences between the markets before entry. They were unprepared for the competition and the cultural differences discovered after entry had taken place.

The phenomenon of psychic over-confidence, which is based on the expectation that what works in the domestic market will also work well in a country perceived to be culturally close, is also put forward in a study carried out by Fenwick et al. (2003). Based on interviews with chief executives of Australian manufacturing firms located in the UK, it was observed that the Australians encountered unexpected differences in management style and business practice. Cross-cultural conflict appears to have been a consequence of this (Fenwick, et al. 2003, p. 307).

Yet another study shows that underestimating differences between the domestic market and a foreign market, even though they are perceived to be close, may lead to a negative outcome. Evans and Mavondo (2002, p. 529) carried out a study focusing on non-food retailers who operated stores in at least three foreign countries. They argue that because of the perceived closeness, any legal, political or business practice differences would be

unexpected, and were therefore not dealt with effectively. Results demonstrated the negative effect of differences in legal, political and business practice on financial performance in markets that were perceived as close.

By contrast, findings from the same study show that psychic distance can also enhance organisational performance, understood as strategic effectiveness and financial performance. The results of the research carried out by Evans and Mavondo (2002, p. 527) did not show a significant effect of the cultural distance construct on organisational performance. But significant results were obtained when the effect of the aggregate measure, including both cultural distance and business distance, was tested.

Consequently, findings show that carrying out business activities in a country perceived to be psychically close to home does not necessarily imply success. Quite the contrary: it is carrying out business in countries that are perceived to be psychically distant that may in fact lead to success. These findings suggest the existence of a psychic distance paradox (Evans and Mavondo 1996, p. 529; O'Grady and Lane 1996, p. 315). Those firms that did not succeed in markets perceived to be close to home were not prepared to manage differences (O'Grady and Lane 1996). Those that succeeded in markets perceived to be psychically distant are most likely to have made some effort to come to terms with these differences. Firms entering a very different business environment are likely to be prepared and to invest more time and resources to ensure success in this market. An improved understanding of the foreign buyer's business practice is expected to affect performance in a positive fashion (Evans and Mavondo 2002, pp. 522, 527).

The review shows that cultural distance and psychic distance are not necessarily appropriate measures to study how cultural differences between business partners impact the way in which business is achieved in foreign markets. Based on the review one may argue that being prepared to deal with these differences is an important key to success in any foreign markets. Rather than emphasising measures reflecting cultural gaps and impediments between two business entities, one should propose measures that help bring to the light how cultural differences are bridged and transcended. A few studies have used the concept *cultural sensitivity* to discuss how cultural differences characterising a business relationship may be dealt with.

4 Cultural sensitivity

A review of empirical studies – quantitative and qualitative studies - that have put cultural sensitivity forward and addressed its role in inter-organisational relationships is presented in the following sections. A review is then submitted with regard to how cultural sensitivity has been operationalised so far, as well as a review of how culture has been defined in previous research. Then follows two sections emphasising the importance of experience-based knowledge: cross-border working experience. This kind of experience is considered to be essential in order to deal effectively with cultural differences. Literature from various fields including inter-organisational relationships in export channels, marketing, and international business has been used to develop the cultural sensitivity concept. The cultural sensitivity concept outlined in this study is composed of five distinct dimensions, which are as follows: international experience, country experience, open-mindedness, adaptive business style and ongoing business experience.

4.1 Empirical studies – quantitative studies

Kraft and Chung (1992) examined Korean purchasing agents' perceptions of industrial product suppliers located in the US and Japan. They found that "...the factor on which the greatest US rating deficiency relative to the Japanese occurred was that of cultural awareness." The researchers suggest that lack of sensitivity to Korean culture should be corrected by improving awareness of the importer's culture, business regulations and negotiation patterns. Such efforts are likely to make US exporters better prepared to interact successfully with Korean business partners (Kraft and Chung 1992, pp. 70, 69).

Johnson et al. (1996, p. 985) view cultural sensitivity as "...the firm's ability to tailor its approach to cultures". According to their view, "Cultural sensitivity begins with the firm's awareness of cultural differences between it and its partners. It also involves dealing with and managing these differences". These scholars have focused on international, non-equitable co-operative alliances, including Japanese and US partners, based in Japan. They gathered data from both sides, using the matched pairs-method. In this study key informants were asked to report on the firm's cultural sensitivity with regard to its partner. The findings show that partner cultural sensitivity is an important key to building trust on both sides of the exchange relationship (Johnson et al. 1996, p. 981).

LaBahn and Harich (1997) were, so far as the author knows, the first to offer an investigation of the role of cultural sensitivity in a selling-buying cross-border context. They defined cultural sensitivity as "...a firm's understanding of and adaptation to its exchange partner's domestic business practices *as perceived by its partner* p.31, original italics" (LaBahn and Harich 1997). They investigated the effects of sensitivity to the national business culture on the characteristic of cross-national channel relationships in the US and Mexico. The study included manufacturers and distributors from the Mexican side and manufacturers from the US side. They were not matched pairs. The results show that "...partner sensitivity to national business culture is shown to increase communication and decrease conflict, both of which in turn influence relationship performance" (LaBahn and Harich 1997, pp. 29, 44).

Skarmeas et al. (2002, p. 763) have carried out yet another study. They define cultural sensitivity as follows: "...sensitivity to national business culture refers to an exporter's awareness of differences between domestic and foreign market business practices and its endeavour to address and manage these differences". They focused on the importing distributor / exporting manufacturer relationship. The importing firm reported on the exporter's cultural sensitivity. Findings show that an exporter's cultural sensitivity promotes importer commitment and, over time, this improves the relationship performance of the importer (Skarmeas et al. 2002, pp. 766, 770).

Table 4-1: Cultural sensitivity: quantitative studies

Source:	Key expressions:	Level of analysis:	Key informants:	Major findings:	Cultural sensitivity measurement:
Kraft and Chung, 1992 <i>International Marketing Review</i>	Cultural awareness of the business partner	Firm	Korean industrial purchasing managers, reporting on Japanese and American export firms' cultural awareness	US rating deficiency relative to the Japanese was that of cultural awareness	Noone
LaBahn and Harich, 1997 <i>Journal of International Marketing</i>	Understanding of and adaptation to a business partner's national business practices	Firm	US manufacturers; senior international sales and marketing executives. Mexican distributors; general managers. Mexican manufacturers; the person responsible for exports to the US. All respondents reported on the partner's cultural sensitivity ¹	Partner's cultural sensitivity leads to increased communication and decreased conflict	One-dimensional construct consisting of 4 items, developed by LaBahn and Harich (1997)
Skarmeas, Katsikeas and Schlegelmilch, 2002 <i>Journal of International Business Studies</i>	Awareness of cultural differences in domestic business practices and the management of these differences	Firm	Key informant in an importing distributor firm, reporting on the export firm's cultural sensitivity	Exporter's cultural sensitivity increases importer's commitment.	One-dimensional construct consisting of 4 items, adopted from LaBahn and Harich (1997)
Johnson, Cullen, Sakano and Takenouchi, 1996 <i>Journal of International Business Studies</i>	Awareness of cultural differences in business practices and the management of these differences	Firm	Japanese manager and US managers for each ICA, ² self-reporting	Partner's cultural sensitivity increases trust on both sides of the exchange relationship	One-dimensional Construct consisting of 10 items, developed by Johnson et al. (1996)

¹ Channel members were not matched due to concerns regarding respondent participation (LaBahn and Harich 1997, p. 35).

² ICA is a shortening of international cooperative alliance. The pairs were matched.

4.2 Empirical studies – qualitative approach

Harich and LaBahn (1998) have outlined a conceptual framework presenting the antecedents and the consequences of a salesperson role performance. *Salesperson role performance* includes the customer's perceptions of cultural sensitivity as a key dimension (Harich and LaBahn 1998, p. 91).⁴ The focus is on a subset of culture: business culture. Cultural sensitivity is assumed when a salesperson is perceived by the customer to behave in a socially acceptable manner in foreign cultures (Harich and LaBahn 1998, p. 87). That is, to what extent the salesperson accommodates the customer's buying process needs in matters such as business etiquette and business procedures. Such accommodations are assumed to reduce the distance between the exchange parties and to facilitate a rewarding business relationship (Harich and LaBahn 1998, pp. 89, 95).

Harich and LaBahn (1998) maintain that dimensions expressing business culture are likely to vary between each pair of participants from different cultures. This implies that the particular context must be identified, and interviews must be carried out with key people in importing firms, to ensure that the operationalisation of the cultural sensitivity construct applies to a specific context (Harich and LaBahn 1998, pp. 90, 97).

In the study carried out by Harich and LaBahn (1998), 52 in-depth telephone interviews were carried out with senior purchasing managers located in Mexico. The purpose was to get their judgements about which key areas they were likely to base their evaluations of their American business partner's cultural sensitivity on. The following three areas were identified, judged to be of critical importance (Harich and LaBahn 1998, pp. 90, 91): 1. To establish friendship with the Mexican business people is appropriate; 2. The salesperson should understand and appreciate the Mexican culture, including mentality, language and customs; and 3. American business people should show flexibility with regard to perception of time and planning. Specific measures for each of these three dimensions to be assessed by, were not developed (Harich and LaBahn 1998, pp. 91, 96).

Chaisrakeo and Speece (2004) see cultural sensitivity as one of three dimensions composing the key concept *intercultural communication competence*. According to these scholars, this competence characterises sales representatives that are successful in dealing with business partners from different cultures. Intercultural communication competence is composed of

⁴ In addition to cultural sensitivity, this construct includes another three dimensions: communication effectiveness, dependability, and customer orientation (Harich and LaBahn 1998, p. 91).

the following dimensions: cultural awareness, cultural sensitivity and cultural adroitness. These dimensions are borrowed from Zakaria (2000), whose major concern is how to train personnel and their families for a foreign assignment. Possessing these characteristics is seen as important to improve adaptation to a dissimilar culture.

Cultural awareness refers to characteristics of an individual who is self-aware and tends to be good at predicting the effects of his/her behaviour on others. This person is more likely to modify his/her behaviour to meet the expectations of a business partner. *Cultural sensitivity* refers to a person with values such as open-mindedness, an enhanced sense of self, non-judgemental attitudes, and a socially relaxed attitude. Such a person is capable of understanding the value of different cultures and is also sensitive to the verbal and non-verbal cues of people from a foreign culture. *Cultural adroitness* refers to characteristics of a salesperson who has learned to act effectively when interacting with a partner from a foreign country. This person knows what constitutes appropriate behaviour, and will therefore be able to communicate more effectively with the partner. These three dimensions refer to skills, attitudes and traits that a salesperson can make use of to build successful business relationships across national borders (Chairsraeko and Speece 2004, p. 269).

Chairsraeko and Speece (2004) carried out interviews with 21 salespeople working in firms located in Bangkok: 10 Thai salespeople, and 11 salespeople from different Western countries (4 British, 2 American, 2 Norwegian, and one each of Danish, Finnish and French salespeople). The findings indicate that a salesperson's skills in dealing with cultural differences are very important to maintaining relationships with foreign customers. Some of the key points made by the respondents were that salespeople should have an open mind, language skills, be easy to discuss with, have an interest in learning, demonstrate a flexible communication style and possess cross-cultural working experience/knowledge. Specific dimensions or indicators composing cultural sensitivity were not developed (Chairsraeko and Speece 2004, p. 276).

Table 4-2: Cultural sensitivity: qualitative studies

Source:	Key expressions:	Level of analysis:	Key informants:	Major findings:	Focus of the research:
Harich and LaBahn, 1998 <i>Journal of Business Research</i>	Cultural sensitivity is a customer's perception that the salesperson accommodates the customer's buying process needs	Individual	Mexican managers in importing firms, reporting their view on which areas US salespeople should accommodate to be perceived as culturally sensitive	Three dimensions were identified: 1. To establish friendship; 2. To understand and appreciate Mexican culture; 3. To show flexibility	Develop dimensions expressing a salesperson's cultural sensitivity as perceived by the buyer in a specific cross-border context
Chairsraeko and Speece, 2004 <i>Journal of Business & Industrial Marketing</i>	Open-minded, non-judgemental and sensitive to the verbal and non-verbal cues of people from a foreign country (adopted from Zakaria 2000)	Individual	Salespeople from Thailand and European countries located in Bangkok reporting which qualities that are important to deal successfully in different cultural settings	Key characteristics: A salesperson should have an open-mind, have language skills, have an interest in learning, have a flexible communication style, and possess cross-cultural working experience/knowledge	Explore key characteristics characterising successful salespeople dealing with customers in the international markets

The tables 4-1 and 4-2 present some of the main points addressed by the six empirical studies reviewed above. Johnson et al.'s (1996) study has been carried out in non-equity strategic alliances, while the other five studies have been carried out in selling-buying cross-border contexts. Although, Kraft and Chung (1992) have not given an account of cultural sensitivity, their study has been a source of inspiration to address cultural sensitivity in subsequent studies.

4.3 A review of scales assessing cultural sensitivity

Based on the review above, one may argue that there are two views as to how cultural sensitivity can be understood. One view promotes cultural sensitivity as a concept that can be applied across various cross-border contexts. The other view promotes cultural sensitivity that must be accommodated to a specific context. Next follows a review of a scale that can be applied across various cross-border contexts.

Cultural sensitivity to be used across various cross-border contexts

The same items tapping the cultural sensitivity construct have been used in two of the studies presented above. The scale used by Skarmeas et al.'s (2002, p. 767) study was adopted from LaBahn and Harich's study (1997). LaBahn and Harich (1997, pp. 36-37) developed a new scale. First, 12 exploratory field interviews were carried out to investigate whether conflict, communication, and sensitivity to national business culture are important aspects of US-Mexican channel relationships. All interviews were carried out in the US, and the sample included managers with work experiences in Mexico.

Prior research and interviews were then used to develop an open-ended questionnaire. Approximately 50 copies of open-ended questionnaires were mailed to executives in both US manufacturing firms and Mexican distribution firms to investigate the issues of sensitivity to national business culture and relationship performance. Fourteen and twelve responses were received, answered by Mexican distributors and US manufacturing executives, respectively. This preliminary gathering of data was conducted to ensure a reasonable level of construct equivalence in this cross-cultural investigation.

Based on the information gathered during this preliminary stage of the study, four items were established as follows (LaBahn and Harich 1997, p. 50)⁵: 1.

⁵ This scale was used to collect data from manufacturers.

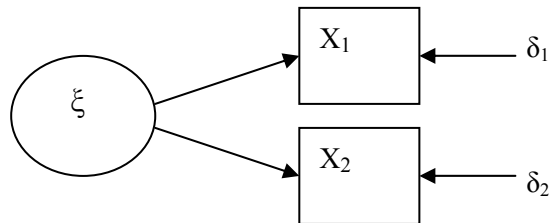
This distributor understands how distributors and manufacturers conduct business in the US (Mexico); 2. This distributor is willing to adapt to the US (Mexican) way of doing business; 3. This distributor is sensitive to the difficulties we encounter when doing business in Mexico (US); and 4. This distributor is aware of how we conduct business outside of Mexico (US).

The cultural sensitivity scale has passed statistical tests. LaBahn and Harich (1997, pp. 38-9) used confirmatory factor analysis to investigate factor dimensionality, indicator convergent validity, and discriminant validity, using LISREL 8. All items for sensitivity to national business culture exceeded acceptable standards. Composite reliabilities attained were .80 for the US manufacturer, .86 for the Mexican manufacturer, and .89 for the Mexican distributor. The discriminant validity test showed significant chi-square differences for all comparisons, suggesting the measures represent distinct constructs. Although the four items were developed on the basis of interviews in a specific context – a US-Mexican selling-buying relationship - and were also tested out in the same context, this four-item scale works in a different context, too, which the results from Skarmeas et al. (2002) study show.

After tests to purify the multi-item scales, Skarmeas et al. (2002, pp. 768-69) subjected the scales to confirmatory factor analysis using EQS (Bentler 1995) to assess unidimensionality. The results of the measurement model, including cultural sensitivity, suggest a good fit. Discriminant validity was assessed on the basis of chi-square difference tests. All chi-square differences were significant at the .05 levels, suggesting that measures are not collinear. Reliability measure attained for cultural sensitivity was .79.

The cultural sensitivity scale includes an object – the national business practices of a partner – and four indicators: understanding, willingness to adapt, sensitivity and awareness, and these indicators express a partner's cultural sensitivity. Thus, the items (i.e., observed variables) composing this scale are perceived as reflective (effect) indicators of an underlying construct (i.e., latent variable) (Diamantopoulos and Winklhofer 2001, p. 269). This implies that the latent variable causes the observed indicators (Bollen 1989, p. 65). Figure 4-1 shows an example of effect indicators (adapted from Bollen 1989, p. 65).

Figure 4-1: An example of effect indicators.



Cultural sensitivity to be used in a specific context

Johnson et al. (1996, p. 990), who focused on non-equitable strategic alliances between US and Japanese partners, have relied on the manager's assessment of the firm's cultural sensitivity – assessed by the manager and members of the firm - with regard to a specific partner (Johnson et al. 1996, p. 1001). New items were developed on the basis of a literature review. Japanese experts on strategic alliances reviewed the list of items. Besides, the article by Mendenhall and Oddou (1986), which highlights elements of cultural adaptation for cross-cultural training programmes, was used to identify items composing cultural sensitivity (Johnson et al. 1996, pp. 990, 991, 993).

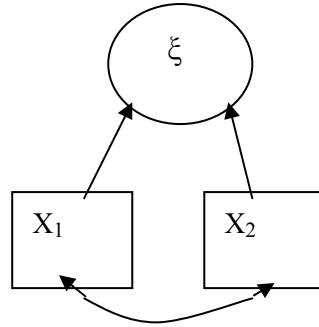
In the above-mentioned study, a total of ten items were used to comprise cultural sensitivity, as follows: 1. In our firm, we know that business is done very differently in Japan; 2. In this relationship, we always try to show our willingness to adapt to the Japanese way of doing things; 3. Our managers and representatives are aware that the norms for business communication are different in Japan; 4. In our firm, we have worked very hard to familiarise ourselves with the Japanese legal and economic environment; 5. We appreciate the nature of Japanese decision-making and management techniques; 6. Our managers are sensitive to the amount of time it takes Japanese managers to decide on an action; 7. Our managers and representatives know not to press individual Japanese managers for immediate decisions; 8. We are fully aware and understand that, compared to us, the Japanese need to have much more lengthy and detailed discussions before they are comfortable committing to a course of action; 9. No one in our firm seems to know anything about the Japanese culture and way of doing business; and 10. A number of our representatives and managers speak Japanese or are spending much time learning Japanese. These items were constructed for the American respondents. Items with parallel logic were also constructed for the Japanese respondents. These items were not presented in the article.

Exploratory factor analysis and reliability analysis were carried out. These analyses revealed one difficult item in the cultural sensitivity measure, which was item number six, and it was deleted. Acceptable reliability measures, Cronbach's alphas, .91 for the US partner, and .89 for the Japanese partner, were attained. Discriminant validity was assessed separately for the Japanese and the US responses. With few exceptions, the constructs emerged as consistent with the a priori operationalisation (Johnson et al. 1996, p. 993). It was not reported what these exceptions implied. In contrast to the cultural sensitivity construct developed by LaBahn and Harich (1997), who view the object – the partner's national business practices – as a concrete singular object, Johnson et al. (1996) view the object in terms of a number of separate constituents, or key areas; areas in which they assume there will be cultural differences between the partners.

The scale developed for the American respondents include 7 statements expressing such areas: norms for business communication, decision-making and management technique, legal and economic environment, deciding on an action, the time it takes to act, and the way discussions progress. Indicators of a firm's cultural sensitivity towards these specific areas are as follows: a cultural sensitive firm should know about, be aware of, be familiar with, be sensitive to, and understand the cultural differences on the areas just mentioned. The scale also includes one item tapping the firm's willingness to adapt, and one item tapping to what extent time is spent learning the partner's language.

One may argue that there are some parallels between this scale and a formative scale (Jarvis, Mackenzie and Podsakoff 2003, p. 203), also referred to as cause indicators (Bollen 1989, p. 65). Formative indicators "...are observed variables that are assumed to cause a latent variable (Bollen 1989, p. 65). That is, "...the direction of causality flows from the indicators to the latent constructs, and the indicators as a group jointly determine the conceptual and empirical meaning of the construct" (Jarvis et al. 2003, p. 201). Figure 4-2 gives an example of cause indicators (adapted from Bollen 1989, p. 65).

Figure 4-2: An example of cause indicators.



A formative scale includes indicators that reflect different themes, and they are therefore not necessarily interchangeable, which is the case of reflective indicators. Thus, there is no reason to expect them to have the same antecedents and consequences (Jarvis et al. 2003, p. 203). The scale can be viewed as a checklist on different areas that management and employees of the American firm should know about and be aware of to ensure effective dealings with the Japanese partner. That is, Johnson et al. (1996) have made an attempt to capture the range of key areas that bear on a firm's cultural sensitivity to a business partner. The breadth of definition is then extremely important, and "...the items used as indicators must cover the entire scope of the latent variable as described under the content specification" (Diamantopoulos and Winklhofer 2001, p. 271).

It can be a difficult task to determine the direction of causation between latent variables and indicators in measurement models. However, it is necessary to establish causal priority to determine if an indicator is a cause or an effect of a latent variable in order to proceed with the analysis, and thus decide on the appropriate measurement model to be used (Bollen 1989, pp. 64-5; Jarvis et al. 2003, p. 202). Ratings on those items composing a formative scale would form an index scale, which implies that the unidimensionality of the object scale and its internal consistency are not relevant issues (Diamantopoulos and Winklhofer 2001, p. 271; Rossiter 2002, p. 311). Causal indicators of the same concept can have positive, negative, or no correlation. Researchers relying on factor analysis or the investigation of correlation matrices for selecting indicators may fail to see valid measures of a construct if the indicators determine the latent variable (Bollen and Lennox 1991, p. 307).

Johnson et al. (1996) have developed items to be applied to a specific context, in terms of cross-cultural and type of business venture. This

approach has some parallels to Harich and LaBahn's (1998) approach. They argue in an article published in 1998: the specific context must be identified and interviews must be carried out with key people in importing firms to ensure that the operationalisation of the cultural sensitivity construct applies to a specific cross-border context. In this way one may identify key areas which customers in a particular country are likely to base their evaluations of their foreign business partner's cultural sensitivity on (Harich and LaBahn, 1998, pp. 90, 97).

Harich and Labahn (1998, p. 89) criticise previous definitions of cultural sensitivity, which they view to be too broad and general and to include too many dimensions. Harich and LaBahn's (1998) ambition is to work out a more precise definition of cultural sensitivity. In their theory development, they rely on the behavioural dimension of the salesperson – to what extent the salesperson acts appropriately – as perceived by the foreign customer. Based on in-depth interviews, they have established three dimensions to comprise cultural sensitivity as perceived by the customer (Harich and LaBahn 1998, pp. 89-90, see section 4.2, p. 22).

The concept they have outlined for a Mexican buying – US selling context consists of multiple dimensions, which may be further developed into meaningful items for each of them. Also, one of the dimensions refers to a salesperson's understanding of a partner's culture, which one may argue cannot be considered as a salesperson's behaviour, but rather as a salesperson's cognitive skills and competence (Cui and van den Berg 1991, p. 229).

4.4 Culture

Culture is a multi-dimensional, complex, abstract and vague notion. Defining culture is a difficult task (e.g. Adler 2002, p. 16; Batonda and Perry 2003, p. 1549; Hawrysh and Zaichkowski 1989, p. 28; Holzmüller and Stöttinger 2001, p. 603; Labahn and Harich 1997, p. 30; Shenkar 2001, p. 519; Usunier and Lee, 2005, p. 4). There are more than 200 definitions of culture (Holden 2004, p. 565), and anthropologists have developed most of them (Adler 2002, p. 16; Usunier and Lee 2005, p. 4). Culture may be seen as a force of the environment; the societal environment, which refers to "...the wider patterns of social relationships and of cultural definitions of social life in a society: language, social organisation, law, and politics" (Terpstra and David 1985, p. 3).

Another frequently used definition of culture is the one worked out by Hofstede: "...the collective programming of the mind that distinguishes the

members of one group or category of people from another” (2001, pp. 9, 10). Culture can be seen as a shared set of values and beliefs acquired through regular interactions with other members of the group (Gooderham and Nordhaug 2001/02, p. 98). Culture is something to be learned, shared, and it shapes the value structures, attitudes, and behaviours of the members of a society (O’Grady and Lane 1996, p. 315; Hawrysh and Zaichkowsky 1989, p. 28; Samiee and Mayo 1990, p. 49; Terpstra and David 1985, p. 5). Culture may provide detailed prescriptions (norms) for specific classes of situations while leaving other areas relatively unregulated. Comparative studies show that specific norms that dominate in one culture may be absent in the other (Tse, Lee, Vertinsky and Wehrung 1988, p. 82). Culture is not only “in the head”; it organises and regulates social lives (Guirdham 2005, p. 46).

Culture can be viewed as consisting of layers. The deep core of this layer consists of assumptions, beliefs, and values, while patterns of activities and behaviours can be viewed as culture’s outwardly visible manifestations. Visible manifestations of culture can be described by the following concepts: symbols, heroes and rituals. *Symbols* refer to words and objects that often carry meanings recognised as such only by those who share the culture. *Heroes* are persons, alive or dead, who possess traits that are highly awarded in a culture and thus serve as models for behaviour. *Rituals* are collective activities that within a culture are viewed socially important. Although these manifestations are visible to an outside observer, their cultural meanings are invisible because only an insider can interpret the underlying cultural meaning (Hofstede 2001, p. 10).

Based on the anthropologists Kluckhohn and Strodtbeck’s work, Adler (2002, p. 17) brings forward the concept *cultural orientation* of a society. Cultural orientation reflects the complex interaction of values, attitudes and behaviours expressed by its members. Persons in a society express culture and its normative qualities through the values they hold about the world. These values in turn influence their attitudes about the form of behaviour regarded as the most appropriate and effective in given situations. A cultural orientation describes the attitudes of most of the individuals in a society most of the time, but never all the individuals all the time. Although each society has a prevailing values orientation, each society also has alternative values orientations (Adler 2002, p. 19).

A similar view has been put forth by Guirdham: “Culture represents an imperfectly shared system of interrelated understanding, shaped by its members’ shared history and experiences” (2005, p. 43). The members of a nation face a set of common experiences, themes and institutions that facilitate and form their values and ways of viewing the world. National

boundaries have frequently been used as a synonym for a culture. However, this is an imprecise view of the concept, since no nation includes members that share a single dominant viewpoint (Guirdham 2005, p. 43). Consequently, typical characteristics of national cultures must be used with care. Characterising a national culture does not mean that every person in that nation carries out all the characteristics assigned to that culture (Adler 2002; Hofstede 1980, p. 45).

Culture viewed in terms of stereotypes versus culture viewed as something to be experienced

Harich and LaBahn's (1998) approach to cultural sensitivity implies an identification of the areas that salespeople should have an understanding of, be aware of and accommodate to in order to ensure rewarding business relationships with buyers in a particular market. When these areas have been operationalised in terms of measurement scales, these scales may be used as a guiding tool to teach management and salespeople how they should behave when they interact with business people in a specific market. Some researchers claim that cultural sensitivity can be acquired by means of a training program (Holzmüller and Stöttinger 2001 p. 601; Johnson et al. 1996; Zakaria 2000). Johnson et al. (1996, p. 985), whose focus is on non-equity strategic alliances, give support to the idea that comprehensive cultural training programs are required to develop a deep understanding of a business partner's culture. Knowledge acquired on the basis of a training program is according to their view expected to bridge the cultural gap between international cooperative alliance partners. In the same way, researchers whose major concern is how to prepare personnel and their families for assignments in a foreign country propose the use of a training program (e.g. Mendenhall and Oddou 1986; Tung 1981; Zakaria 2000).

Holzmüller and Stöttinger (2001 p. 611), whose major concern is how international marketing managers could acquire cultural sensitivity, argue that cultural standards, expressing a range of behavioural aspects that are typical for a particular society, can be used as a fundament to acquire the appropriate behaviour. They refer to research carried out at the Department of Psychology, University of Regensburg that has identified similarities and differences between cultural standards for some selected countries (Holzmüller and Stöttinger 2001 p. 608).⁶

⁶ Cultural standards have their origin in various disciplines: cross-cultural psychology and communication research as well as in international exchange research and socio-psychological attribution research. Thomas (1996) is one key contributor to the development of cultural standards.

Other researchers refer to Hofstede's (2001) classification scheme, which describes how national cultures differ in terms of five dimensions: power distance, uncertainty, masculinity/femininity, individualism/collectivism and short-term/long-term orientation, and which offers a basis for learning to know a culture (Harich and LaBahn 1998; Usunier and Lee 2005). Four of these cultural values were developed on the basis of an extensive survey carried out between 1967 and 1973, and within more than 50 of IBM's subsidiaries (Hofstede 2001, pp. 28-9).

However, cultural standards and classification schemes have certain limitations. It is, for instance, impossible to capture all possible facets of a specific cultural context (Harich and LaBahn 1998, p. 89). Those facets that are established must be viewed as stereotypes, which are frequently used to describe the salient traits of a national culture (Usunier and Lee 2005, p. 390). Stereotypes can be regarded as individuals' beliefs about members of some social groups, involving generalisations about the typical characteristics of these members (Pornpitakpan 1998, p. 43). Stereotype is frequently considered as: "...a stable set of beliefs or preconceived ideas that the members of a group share about the characteristics of a group of people" (Guirdham 2005, p. 150).

A set of stereotypes can be useful as a reference point, where you can start making sense of behaviours in a new environment. Knowledge about in which areas one might differ from a business partner may make it easier to hinder misunderstandings (Graham 2003, p. 43). Simultaneously, one has to be aware that no one will fit that "reference point stereotype" perfectly. A person that has prepared for entering a new culture is likely to be faced with situations in which behaviours appear to challenge the very norms one was told to expect (Bird, Mendenhall and Schneider 1999, p. 153), and must be prepared to adjust stereotypes based on observations and experiences (Magala 2005, p. 49; Osland and Bird 2000, pp. 66-67).

People who work across cultures are often surprised by behaviours that challenge their stereotypes, suggesting "cultural paradoxes." Cultural paradoxes are defined as situations that show an apparently contradictory nature. Stereotypes do not help understand the variation of behaviour within a culture (Osland and Bird 2000, pp. 65, 66). Each individual person has a range of cultures to which she or he belongs. National cultures are only one kind among many (Guirdham 2005, p. 48). Culture exists at different levels: family, neighbourhood, city, country, gender, ethnicity, profession and geographical area (Guirdham 2005, p. 48; Sebenius 2002, p. 12; Sivakumar and Nakata 2001, p. 559). Therefore, a businessperson should be careful assessing his or her partner sitting across a negotiation table on the basis of a

classification scheme of that national culture (Graham 2003, p. 43; Sebenius 2002, p. 12).

Moreover, there is a risk that a business person's interactions with a partner becomes limited to the inflexible dictates of stereotypic behaviours, and may never learn to understand behaviour that does not fit with the stereotype because one sticks to the learnt repository of meanings (Beamer, 1992, p. 294; Bird et al. 1999, p. 163). Some business people find it hard to disassemble their stereotypic framework, to be open to new inputs, and adjust their stereotype accordingly (Bird et al. 1999, p. 154). There is a risk that stereotyping and simplistic assumptions about a foreign partner lead to counterproductive results (Rodgers 1986, p. 16; Rosenberg and Thompson 1986, p. 57). Stereotyping can distant communication, because individuality is being overlooked (Guirdham 2005, p. 184). Most people dislike being defined or stereotyped by a "typical" behaviour pattern (Cavusgil, Ghauri and Agarwal 2002, p. 133). Emphasis on stereotypic behaviours and the areas where one may differ from a partner might reinforce rather than reduce prejudice and ignorance (Holden 2004, p. 568; Usunier and Lee 2005, p. 389).

Hofstede's (2001) classification of cultural values has contributed to increased sensitivity to differences and has prepared us for searching them and recognising their nature (Magala 2005, p. 79). Hofstede (2001, p. 465) argues that one should be careful relying too heavily on his model because it might hinder new contributions. On the other hand, Hofstede (2001, p. 448) disagrees with the point of view that cultures change (e.g. Inglehart and Baker 2000, p. 50; Tse et al. 1988, p. 91; Usunier and Lee, 2005, p. 35). In his opinion, there are still persistent cultural differences. Some of the underlying assumptions of Hofstede's (2001) classification of cultural values have been subjected to criticism in the past decade. For instance, the model presupposes relative stability of core values and beliefs in a national culture (Magala 2005, pp. 76, 79). The cultural distance between nations is supposed to be relatively constant. Sivakumar and Nakata hold the view that "Hofstede's indexes do not reflect current values since they are based on data collected thirty years ago, and the world has changed much since then" (2001, p. 559).

Patterns of cultures (values, norms, beliefs) seem to be changing more quickly than what used to be the case before the mid- 20th century (Magala 2005, p. 69). Some argue that global movements of investors, people and products and advances in communication technologies imply that culture cannot be constant (e.g. Holden 2004; Shenkar 2001, p. 523; Sivakumar and Nakata 2001, p. 571). The cultural software in the mind of an individual is

not formed in a clearly defined context. Magala (2005, p. 81) argues that the control exercised by the nation-state over the socialisation and acculturation of individuals is weakening. The role of the family is changing, and the number of new socialising areas is increasing. Internet is one such new arena. The “world out there” is not discovered once and forever: “We continue deciphering and constructing (or re-constructing, deconstructing or destroying) meanings in our communications, and continually redraw “maps” of reality for ourselves and for others” (Magala 2005, p. 99).

To conclude, cultural dimensions do have limitations providing an understanding of the variations of behaviour within a culture (Osland and Bird 2000, p. 66). Cultural descriptions and stereotypes cannot be relied on to determine what behaviours are the most appropriate to carry out in various business situations. Stereotypes have limited value in terms of predicting the behaviour of individuals in a different culture. The person to whom a set of cultural descriptions apply may not behave in accordance to such descriptions (Adler 2002, p. 20). One should therefore allow for adjustments of stereotypes and eventually for their replacement with a more differentiated, subtler view of different “Others” (Magala 2005, p. 49). Bird et al. argue as follows: “Moving beyond cultural stereotypes and continually refining one’s categories and knowledge of the other culture characterise self-learners” (1999, p. 164).

Experience in international markets

The individual experiences new facets and dimensions of being when he or she meets people from different cultures (Usunier and Lee 2005, p. 391). Repeating interactions provide the basis from where the code of social tact is acquired. That is, he or she acquires understanding of how to behave in that specific situation (Magala 2005, p. 30). Similarly, according to Guirdham, “First hand experience is necessary to understand many subtleties of any culture” (2005, p. 29). Ha, Karande, and Singhapakdi (2004, pp. 455-56) argue that business managers in Korea are better prepared now than in the past to understand and anticipate the behaviour of European counterparts, and therefore can build equally well business relations with counterparts from both the West and the East. This may be a result of increased international contacts of business, increased travel, and increased overseas education by Koreans. Findings produced by the study carried out by Ha et al. (2004) show that relational structures do not differ between exporters from similar and dissimilar cultures. The researchers suggest that Korean executives have become prepared to deal with counterparts from different nationalities (Ha et al. 2004, pp. 455-56).

Because of international experience, Korean business people may not act in accordance with cultural standards meant to describe how they are supposed to behave in a specific situation. Similarly, dimensions meant to describe on which basis a Korean business person is likely to assess to what extent a foreign business partner performs culturally sensitive behaviours, may not be used on a consequential basis. Because of increasing familiarity with other cultures it is not unlikely that each side has been prepared to adapt to the other (Schneider and Barsoux 2003, p. 2004).

Knowledge with regard to how to carry out business in a different culture, does not necessarily imply that one fully understands the foreign mind-set, and share value systems (Shankarmahesh et al. 2004, pp. 438, 427). Business people involved in negotiations across borders are likely to develop a professional culture, which consists of commonly understood symbols and commonly learned habits more than of shared values (Hofstede and Usunier 2003, p. 138). Besides, the depth of knowledge required to function effectively in cross-cultural settings is likely to depend on the firm's level of involvement in the specific market (Cavusgil et al. 2002, p. 49; Osland and Bird 2000, p. 75). The knowledge required to function successfully as an expatriate is likely to differ from the knowledge required to function successfully as a salesperson who is primarily located in her/his home country.

To conclude, cross-border experience and education in a foreign country are two important factors that are likely to lead to variations within a country (Guirdham 2005, p. 66). Just as the variance within a society is likely to influence the stability of cultural standards (Holzmüller and Stöttinger 2001, p. 606), such variance is also likely to influence the stability of dimensions and measurement scales that have been developed for a particular cross-border channel context. To pursue Harich and LaBahn's (1998) approach to cultural sensitivity, that is, to establish dimensions that are specific for every cross-border context and measurement scales for each one of them, are likely to be resource intensive (Holzmüller and Stöttinger 2001, pp. 606, 611).

The development of dimensions and scales that are specific to a particular cross-border context becomes a two-country study, and the results cannot be generalised to other cross-border contexts. The view pursued in this study is that culture is not fixed and solid. Moreover, knowledge about a business partner's culture and business practices can primarily be acquired on the basis of experience; through interactions with business partners in international markets (Holden 2004, p. 567). The ability to deal across cultures cannot be acquired in a crash course in doing business, teaching the

differences, although awareness of such differences is a part of it (Magala 2005, p. 204).

The cultural sensitivity concept worked out in the following chapter is based on the view that experience-based knowledge acquired on the basis of cross-border working experience is of decisive importance to succeed with business dealings in the export markets.

5 The cultural sensitivity concept: multiple dimensions

The objective of this chapter is to develop the cultural sensitivity concept. The cultural sensitivity concept developed in the following sections applies to the salesperson in an export marketing context. Individuals responsible for sales represent the most visible signs of a firm's success (Brown, Widing II and Coulter 1991, p. 347; Rich, Bommer, MacKenzie, Podsakoff and Johnson 1999, p. 41). Humphreys and Williams (1996, p. 54) argue that salespeople have an important role to play to differentiate a market offering. Salespeople have a key role in implementing marketing strategies and managing customer relationships (Doney and Cannon 1997, p. 35). In an international setting, a culturally sensitive salesperson is the key to maintaining business relationships (Harich and LaBahn, 1998, p. 97). A salesperson's ability to deal with cultural issues is of great importance (Chairsraeko and Speece 2004, p. 279).

The steps suggested by Bollen (1989, pp. 179-84) in terms of developing measurement models have provided guidance to put forward latent variables representing a salesperson's cultural sensitivity. Measurement is the process by which a concept is related to one or more latent variables, and these latent variables are related to observed variables. Latent variables are the representations of concepts in measurement models. The concept cultural sensitivity is guided through the following four steps in the measurement process, although not in a strict order: (1) give the meaning of the concept, (2) identify the dimensions and latent variables to represent it, (3) form measures, and (4) specify the relation between the measures (also referred to as items) and the latent variables (also referred to as construct).

5.1 Identifying dimensions and who should report

Cultural sensitivity is an idea that is highly abstract. Stating the significance of the concept is an important starting point. A further theoretical definition should explain the meaning of the concept in as simple and precise terms as possible, as well as help clarifying the dimensions of the concept. Each dimension must be expressed by one latent variable (Bollen 1989, p. 180). Bollen argues as follows: "Since many concepts have numerous possible dimensions, a definition is critical to set the limit on the dimensions a researcher selects" (1989, p. 180). Views and definitions that have been presented in previous studies are used as a guide to define cultural sensitivity. LaBahn and Harich (1997) and Skarmeas et al. (2002), who investigated the impact of cultural sensitivity on the nature of inter-

organisational relationships, have treated cultural sensitivity as a unidimensional construct. The definition of cultural sensitivity used by these researchers indicates that cultural sensitivity consists of more than one dimension.

Two out of four items composing the scale developed by LaBahn and Harich (1997) report on the respondent firm's perception of a partner's understanding and awareness of the business practices that prevail in the respondent firm's country. One item reports on sensitivity to difficulties they may encounter (Labahn and Harich 1997, p. 42). One may question to what extent it is meaningful for a key respondent in a firm to report on a business partner's understanding, sensitivity and awareness. These are the perceptual characteristics and cognitive skills of an individual, and the respondent may not have much knowledge about them. One may as well argue that the person who is supposed to have these perceptions should be the one to report on them (Podsakoff, Podsakoff, MacKenzie and Lee 2003, p. 899; Williams and Attaway 1996, p. 50; Williams 1998, p. 277). Similarly, Shankarmahesh et al. (2004, p. 439) maintain that "...perceptions of the other party are no match for the other parties' first-hand views on their strategies."

The fourth item of the scale refers to behaviours, and reports on the partner's willingness to adapt as perceived by the responding firm. The willingness to adapt is generally observable and experienced through interactions between the buyer and the seller (Williams and Attaway 1996, p. 50). The focus on behaviour is emphasised by Harich and LaBahn (1998, p. 87), who assume cultural sensitivity when a salesperson is perceived by a customer to behave in a socially acceptable manner in a foreign culture. They argue that by drawing on customer perception one is likely to help eliminate the chance of a salesperson to rate his or her behaviour too favourable (Harich and LaBahn 1998, p. 96).⁷

LaBahn and Harich (1997, p. 44) indicate in the discussions that cultural sensitivity is composed of two dimensions: understanding and adaptation. In their view, understanding can be acquired by means of factual knowledge about a culture, while adaptation refers to an individual's practice and willingness to change behaviour. Similarly, Skarmeas et al. (2002, p. 772), who adopted the scale developed by LaBahn and Harich (1997), refer to an exporter's cultural understanding of and adjustment to the local business practices of its importing partner. This suggests that cultural sensitivity includes at least two dimensions. LaBahn and Harich (1997, pp. 46, 44) propose that the item indicating a partner's willingness to adapt is the critical

⁷ This topic is discussed in more detail in section 7.6.

point to ensure high levels of sensitivity to a partner's national business culture. They refer to the adaptive selling literature (Spiro and Weitz 1990) in support of their view.

A review of some selected studies shows that there is a lack of consensus with regard to which dimensions that should be emphasised to describe a person's ability to deal effectively in cross-cultural contexts. Holzmüller and Stöttinger (2001, pp. 598, 599) make a distinction between *cognitive* and *non-cognitive* skills. In their view, cognitive skills such as language, marketing and other professional skills are not sufficient to cope successfully with foreign cultures. Equally important is non-cognitive, affective components including cultural awareness, empathy and emotional acceptance. The affective component – emotional abilities – is regarded as the key dimension of cultural sensitivity. Likewise, Cui and van den Berg (1991, pp. 229, 230), whose major concern is to improve understanding of the process of sojourners' cross-cultural adaptations, argue that without affective skills, one may not be able to establish positive and meaningful relations with people from other cultures.

Cui and van den Berg (1991, pp. 229-30) propose the following dimensions to describe different kinds of competences that a person requires to interact successfully in cross-cultural contexts: *cognitive*, *affective* and *behavioural* dimensions. These dimensions are different competences considered as being crucial to sojourners to interact effectively across cultures. The affective dimension is by some researchers associated with an individual's cross-cultural attitude, open-mindedness toward new ideas, and experience (Hammer, Gudykunst and Wiseman 1978, p. 384). The definition of cultural sensitivity presented by Chaisrakeo and Speece (2004, p. 269, refers to Zakaria 2000) includes open-mindedness and non-judgemental attitudes as important characteristics.

Dimensions such as a salesperson's open-mindedness, knowledge about a foreign customer's culture and way of conducting business, and adaptive selling skills have been presented in a conceptual framework outlined by Harich and LaBahn (1998). These dimensions are conceptualised to have a direct effect on a customer's perception of a salesperson's performance of cultural sensitive behaviours. Such qualities are seen as crucial to a salesperson to perform cultural sensitive behaviours.

Based on the preceding discussions it is concluded that the definition of a salesperson's cultural sensitivity contains the following key dimensions: Open-mindedness, predisposition to adapt, and knowledge about the partner's business practices. The theoretical definition of a salesperson's

cultural sensitivity will not include his/her actual behaviour. As already indicated, the performance of acceptable behaviours in a different culture can be considered as an outcome of an individual's affective (attitude) and cognitive competences (Cui and van den Berg 1991, pp. 229-30; Harich and LaBahn 1998). In this study, the dimensions worked out to compose cultural sensitivity will be assessed by the salesperson.

Open-mindedness, which refers to a salesperson's receptiveness to new information and new situations (Harich and LaBahn 1998, pp. 94), is viewed as one dimension. A salesperson's *predisposition to adapt* her/his business style to the specific situation (Francis 1991, p. 406; Spiro and Weitz 1990, p. 62) is viewed as a second dimension. Knowledge, in terms of experience acquired on the basis of business assignments in international markets, plays a critical role to establish, develop and maintain inter-organisational relationships that cross national borders (Mintu-Wimsatt and Gassenheimer 2000 p. 7; Skarmeas et al. 2002, p. 772). Inspired by a study carried out by Chetty, Eriksson and Lindbergh (2006) a distinction between three types of experience-based knowledge has been made: *international experience*, *country experience*, and *ongoing business experience*. International experience refers to experience acquired in diverse cultures and various geographic regions, country experience refers to experience acquired on the basis of prior and current business assignments in the market of the ongoing business, and ongoing business experience refers to experience acquired on the basis of a specific business relationship. The concept cultural sensitivity is composed of five dimensions that will be treated as distinct constructs.

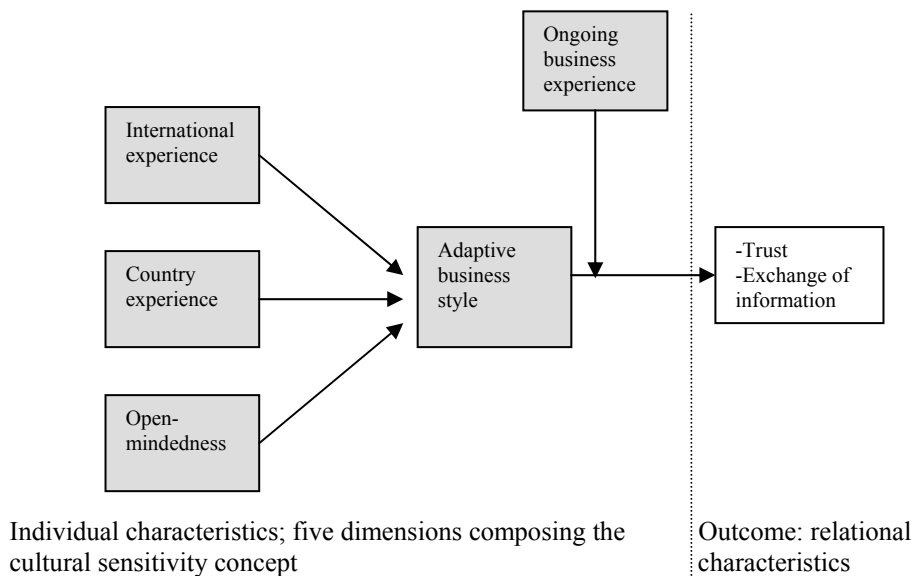
Table 5-1: The cultural sensitivity concept

Conceptual attributes:	
Level	Individual
Rater entity	Salesperson
Individual traits	Attitude, skills and experience
Definition	Cultural sensitivity refers to the competence of a salesperson who has the attitude, the skills and the experience required to deal with cultural differences in the export markets
Focal object	Customer's business practices, way of conducting business
Dimensions	International experience Country experience Open-mindedness Adaptive business style Ongoing business experience

The theoretical definition is as follows: Cultural sensitivity refers to the competence of a salesperson who has the attitude, the skills and the experience required to deal with cultural differences in the export markets. Table 5-1 gives a summary of the concept.

The relationship between the five dimensions composing a salesperson's cultural sensitivity (latent variables/constructs), is demonstrated in figure 5-1. The shaded areas illustrate these five dimensions. The white box shows the outcomes viewed in terms of two relational characteristics considered to be of great importance for ongoing business relationships in cross-border channel contexts: trust between exchange partners and exchange of information. Three variables - international experience, country experience, and open-mindedness - are viewed as having positive effects on adaptive business style. It is hypothesised that they have an indirect impact on relational characteristics through adaptive business style. Ongoing business experience is viewed as a moderator variable. High levels of ongoing business experience are viewed as strengthening the relationship between adaptive business style and relational characteristics further.

Figure 5-1: A salesperson's cultural sensitivity viewed as a multi-dimensional concept.



The following sections provide a review of literature that demonstrates the importance of bringing the five dimensions forward when the focus is on marketing issues and international settings.

Open-mindedness

Open-mindedness is the degree to which an individual is receptive to new information and situations, including cultural differences (Harich and LaBahn 1998, p. 94). Open-mindedness can be related to the affective qualities of an individual, which implies "...the ability to acknowledge cultural differences, to empathize with the host country's cultural norms and working styles, etc." (Cui and van den Berg 1991, p. 230). In contrast, ethnocentrism is an undesirable attitude for people working and operating in different cultural settings (Harris and Moran 1996, p. 31). A person with an ethnocentric world-view acknowledges cultural diversity, but believes that "our way is the best way" (Adler 2002, p. 113). An ethnocentric person tries to understand a foreign person as similar to or different from them self rather than understanding the person in the context of his or her own cultural background (Harris and Moran 1996, p. 31). When this attitude predominates, home-country cultural patterns are transferred to a different cultural setting.

Inappropriate actions and misunderstandings are often the result of un-reflected transfer of home cultural patterns (Holzmüller and Stöttinger 2001, p. 602). Research shows that "...people from different cultures often misinterpret each other's behaviour because of learned cultural differences in their perceptions and evaluations of social behaviours" (Mendenhall and Oddou 1985, p. 42). It is important to recognise the cultural basis of the foreign partner's perspective in order to ensure effective interactions with customers in international markets (Harris and Moran 1996, p. 3; Skarmeas et al. 2002, p. 763). An open-minded person accepts that "our way and their way differ, but neither is inherently superior to the other" (Adler 2002, p. 113). Without awareness of the differences between cultures, we are likely to measure others against our own cultural standards (Guirdham 2005, p. 76). An open-minded person picks up on the essential signals more easily (Harich and LaBahn 1998, p. 94).

Open-mindedness is viewed as one of three organisational values (one of three dimensions composing a second-order construct) in a study carried out by Sinkula, Baker and Noordewier (1997, pp. 305, 309). They view organisational values as an antecedent to market information processing behaviours and organisational actions. They link the open-mindedness of an organisation to the mental models held by individuals, constituting an organisational learning framework. Their view is supported by Day and Nedungadi (1994), who are researchers within the marketing literature. Mental models refer to held images about how the world works, and may limit us to familiar ways of thinking and acting. Day and Nedungadi (1994, p. 41) find that managers pay selective attention to their environment and

define reality in relatively narrow terms. Consequently, they are at risk of ignoring changes and information that does not fit into their current beliefs and practices.

In a similar way, the perceptual ability of a salesperson has been emphasised within the adaptive selling literature (Morgan and Stoltman 1990, p. 44). Information acquisition skills are of major importance to ensure effective interactions with customers (Weitz 1981, p. 94; Weitz, Sujan and Sujan 1986, p. 175), and the ability to detect verbal and non-verbal cues (Morgan and Stoltman 1990, p. 44). In an international setting, this includes cultural signals such as rules of business etiquette, business procedures, greeting rituals, and negotiation style (Ulven 2004, pp. 20-30; Wynne 2004). Individuals in an organisation learn by updating beliefs according to changes in the internal and external environments, which imply that assumptions and beliefs must be questioned (Sinkula et al. 1997, p. 309).

The ability to adapt business style

How to prepare expatriates for assignments has received great attention because of high failure rates and premature terminations of contracts. Adaptation to the new environment is viewed as key to ensuring successful international assignments (Hofstede 2001, pp. 426, 428). To succeed in adaptation to a culturally different environment, an individual's capability of and pre-disposition for interacting with people in the host country is of great importance (Hannigan 1990, pp. 97, 107). Researchers focusing on buyer-seller interactions in cross-cultural contexts have also addressed the need for adaptation. A salesperson's skill to adapt is viewed as a critical factor to succeed in selling the firm's products in international markets (Kalé and Barnes 1992, pp. 118, 119).

Adaptive behaviour is performed to attain approval from a partner who is a member of a different culture. Adaptive behaviour is motivated by the ambition to reduce cultural differences and thus, attain acceptance from and improve communications with the foreign partner (Francis 1991, pp. 406, 405; Pornpitakpan, 1998, p. 42). Adaptation is likely to lead to the attainment of business goals with a minimum of problems and misunderstandings that may emerge because of different cultures (Lee 1966, p. 107).

Findings show that some degree of adaptation improves the climate between business partners negotiating in a cross-cultural context (Francis 1991, p. 416). Adaptation helps minimise cultural differences (Pornpitakpan 1998, p. 57). Adaptation is about making connections, and essential to succeed is the

ability to be flexible (Bird et al. 1999, pp. 159-60; Kalé and Barnes 1992, p. 119). Spiro and Weitz (1990, p. 63) consider flexibility an important aspect of adaptive selling. Accommodating sales behaviours to the specific sales situation is fundamental to adaptive selling. The practice of adaptive selling can be defined as "...the altering of sales behaviours during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation" (Spiro and Weitz 1990, p. 62).

Salespeople have a high level of adaptive selling when they adjust their sales approach to a wide range of selling situations and make quick adjustments in response to their customer's reactions. Low level of adaptive selling is demonstrated by a salesperson who uses the same sales approach in all sales encounters (Spiro and Weitz 1990, p. 62). The argument put forward is that salespeople who are predisposed to adapt have an advantage in dealing with customers in international markets compared to salespeople who lack such predispositions.

Researchers, whose major interest is to identify factors that may lead to rewarding business relationships across cultures, argue that adaptive behaviour is of critical importance. LaBahn and Harich (1997, p. 44) conclude that "...high levels of sensitivity to national business culture can be achieved by selecting salespeople who are prone to adapt to their customers..." Harich and LaBahn (1998, p. 89) argue that the essence of cultural sensitivity is to what extent the salesperson accommodates the customer's buying process needs in matters such as business etiquette and business procedures. Similarly, Chairsakeo and Speece (2004, pp. 269, 276) maintain that a salesperson's skills to adapt across various sales situations are of critical importance. Salespeople serving international markets must be prepared to accommodate customers with various cultural back ground. Sales representatives dealing with business partners in international markets are faced with a wide variety of selling situations in which the ability to be adaptive should be valuable (Spiro and Weitz 1990, p. 65).

Negotiation style

Some researchers argue that adaptive selling has parallels with the problem-solving approach (Chairsakeo and Speece 2004; Mintu-Wimsatt and Gassenheimer 2000, p. 2). The problem-solving approach refers to a negotiation style emphasising information exchange and cooperation in an attempt to accommodate the partners' preferences (Graham, Mintu and Rodgers 1994, pp. 74-75; Mintu-Wimsatt and Gassenheimer 2000, p. 2). Negotiations can be considered as a process of managing relationships and resolving differences (Cavusgil et al. 2002, p. 131). Negotiations involve

“...communicating back and forth for the process of reaching a joint decision” (Mintu-Wimsatt and Gassenheimer 2000, p. 1). A salesperson taking part in a negotiation process must be able to adapt by altering the negotiation approach in order to ensure that the process progresses (Spiro and Weitz 1990, p. 62).

Much of the time spent by international managers (Adler and Graham 1989, p. 515), and salespeople (Chairsraeko and Speece 2004, p. 267), is spent on negotiating. International negotiations are considered as one of the most challenging tasks in business (Cavusgil et al. 2002, p. 131; Ghauri 2003, p. 5; Reynolds, Simintiras and Vlachou 2003, p. 236). Business negotiations are by Holzmüller and Stöttinger (2001, p. 601) viewed as highly culturally sensitive situations. Negotiations are based not only on legal and business matters, but also on the quality of social interactions, which involves an understanding of, and subsequently adaptation to, important culturally coded signs (Sebenius 2002; Usunier and Lee 2005, pp. 494, 495).

In some cultures, such as Middle Eastern and Asian countries, negotiations are regarded as a process to develop personal relationships. On the other side, business people from Scandinavian countries and the US tend to view negotiations as a “pure” business event (Rodgers 1986, p. 16; Wengrowski 2004, pp. 26-27). In German – Chinese interactions, the following has been observed: “...while in the German’s view their task-orientation prepares the ground for interpersonal relations, the Chinese take the exact opposite approach: only after establishing a positive personal relationship will business contacts promise success” (Holzmüller and Stöttinger 2001, p. 609). Even within the EU, business practices and negotiation styles vary between the countries because of differences in terms of political structures, underlying economic conditions and cultural and social influences (Román and Ruiz 2003, p. 304).

Depending on who the business partner is, one should make a conscious effort to adapt the style and expectations (Cavusgil et al. 2002, p. 134). Negotiators are inclined to adapt their behaviour to the other party in order to balance out the process and improve the outcomes (Usunier and Lee 2005, p. 521). Fang (2001), who studied the negotiation process between a Chinese shipyard and a Scandinavian ship owner taking place in China, found that the Chinese partner adapted to the other partner based on the Chinese value of reciprocity in managing relationships. Consequently, the Scandinavian partner had to adapt to the Chinese values in order to succeed with the business venture in China (Fang 2001, p. 61). Findings from a study (simulation study) investigating negotiations between Japanese, American and Canadian businesspeople show that negotiators change behaviours in

cross-cultural situations. Partners are inclined to reflect one another's behaviours (Adler and Graham 1989, p. 531), showing the importance of demonstrating flexibility in the negotiation process (Ghauri 2003, p. 5).

Experience-based knowledge

A number of studies focus on the firm's experience (e.g. Erramilli 1991; Barkema and Vermeulen 1998; Lindbergh 2004; Luo and Peng 1999). It is, however, the manager of an export firm and the salesperson involved with foreign buyers who acquire experience, and who will apply experience in future decision-making (Wiedersheim-Paul, Olson and Welch 1978, p. 48), sales negotiations (Chairsrakeo and Speece 2004, p. 275), and relationship building (Ha et al. 2004, pp. 456; Rosson and Ford 1982, p. 69). Penrose (1995, p. 53) has described knowledge in terms of two dimensions: "objective" knowledge and experience. "Objective" knowledge can be formally taught, learned from other people, and formally expressed and transmitted to others. "Objective" knowledge can be acquired on the basis of well-known methods of collecting and transmitting information, and it can quite easily be made available to others. In an international business context, "objective" knowledge concerns marketing methods, databases describing characteristics of certain types of customers, and production processes. This type of knowledge can relatively easily be transferred from one business operation to another, as well as from one country to another (Johanson and Vahlne 1977, p. 28).

Cultural classifications and cultural standards can be viewed as "objective" knowledge because such classifications and standards are captured in records and can be used as tools providing a basis from where cultures can be described and taught. As section 4.4 shows (see pp. 32-33), some researchers propose the use of classifications and cultural standards to learn about different cultures. However, holding "objective" knowledge does not necessarily imply having knowledge as regards how to conduct business in a foreign country (Lindbergh 2004, p. 8). Researchers have found support for the view that "objective" knowledge is of negligible importance in a firm's internationalisation process (Eriksson, Johanson, Majkgård and Sharma 1997, p. 340).

Experience, on the other hand, is expected to create the knowledge required to do business (Lindbergh 2004, p. 9). Experience can contribute to "objective" knowledge in so far as it can be transmitted to others. But experience itself cannot be transmitted (Penrose 1995, p. 53). Experience-based knowledge can be defined as tacit, which means that it has a personal quality that makes it hard to formalise and communicate: "Tacit knowledge

is deeply rooted in action, commitment, and involvement in a specific context” (Nonaka 1994, p. 16). People develop tacit knowledge through direct “hands-on” experience (Nonaka 1994, p. 21). Each salesperson can be viewed as a “market research organisation” in the sense that he or she exhibits customer knowledge and understanding. A salesperson gathers information by means of experience, which contributes to better respond to different customer situations (Gengler, Howard and Zolner 1992, pp. 288-89).

The international business literature makes a distinction between two kinds of experiences: those that are specific to a market, and those that are based on diverse cultures and can be used in several markets (Eriksson, Hohental and Lindbergh 2004, p. 101). Inspired by a study carried out by Chetty et al. (2006), experience is in this study defined in terms of three kinds, as follows: (a) ongoing business experience, (b) country experience, meaning experience gained on the basis of previous and current business assignments in the market of the ongoing business, and (c) international experience, which implies experience obtained in diverse cultural blocks. The ongoing business experience is very much specific, while international experience is general and can be applied to many different kinds of ongoing businesses (Chetty et al. 2006, p. 701).

Ongoing business experience

Ongoing business experience is defined in terms of the duration of an ongoing business and represents the experience acquired with regard to the specific characteristics of an ongoing business (Chetty et al. 2006, p. 701). Export managers’ cultivation of business contacts advances knowledge on a number of areas, such as negotiation skills, and other customer characteristics (Cunningham and Spigel 1971, p. 9; Styles and Ambler 1994, pp. 38, 40). Experience attained on the basis of an ongoing exchange relationship also involves experience about how business is carried out in that particular country (Blankenburg Holm, Eriksson and Johanson 1996, p. 1049).

Country experience

Country experience refers to a diverse set of experiences acquired by involvement with business partners in a specific market (Chetty et al. 2006, p. 701). In-depth knowledge is considered to be of crucial importance to succeed in a specific market (Johanson and Vahlne 1977, p. 28; Johanson and Vahlne 1990, p. 12). Experience attained in the market targeted is important in an export context. Such knowledge is valuable because it enables managers to better understand channel members and customers (Morgan, Zou, Vorhies and Katsikeas 2003, p. 294).

International experience

International experience implies that one has been exposed to diverse cultures and business environments in the course of various business engagements (Lindbergh 2004, p. 9; Welch and Luostarinen 1988, pp. 52-53). A firm that has acquired a wide variety of experiences has also dealt with a wide variety of challenges (e.g. Barkema and Vermeulen 1998, p. 8). In the same way, an individual who has been exposed to various markets has developed an even wider repertoire and has gained experience to handle a variety of issues when conducting business in international markets (Chairsrakeo and Speece 2004, p. 279). Experience attained in diverse markets enhances an individual's understanding and knowledge base of a variety of different cultural contexts, providing a basis from where cross-cultural business relations can be managed with confidence (Chairsrakeo and Speece 2004, p. 276; Erramilli 1991, p. 483).

Table 5-2 presents five dimensions considered to be the formal representations of the concept cultural sensitivity (Bollen 1989, p. 182), scales and questionnaire items, and sources showing from where scales have been adopted. All the scales selected to represent the latent variables have been derived from previous research. However, wordings have been changed to ensure that the items accommodate the specific context studied. The latent variable frequently represents a variable at the construct level (Chetty et al. 2006, p. 704).

Table 5-2: Constructs and items composing the cultural sensitivity concept

Items: Anchored by “very poor description” to “very good description” on a 5 point scale.	Source:
<p>Open-mindedness</p> <p>1. I willingly reflect critically upon assumptions that I have about my customers.</p> <p>2. I constantly try to question my own interpretations of the market.</p> <p>3. I often question the foundation (information sources and established assumptions) of my interpretation of the customers.</p>	<p>Sinkula, Baker and Noordewier 1997</p> <p>* Journal of the Academy of Marketing Science</p>
<p>Adaptive business style</p> <p>1. I can easily change to another negotiation style, if I perceive that the style I am using does not work.</p> <p>2. I like trying out different approaches when establishing new customer relations.</p> <p>3. I am very flexible with regard to which negotiation style I use.</p> <p>4. I can apply a wide range of various negotiation styles.</p> <p>5. I try to understand how one customer varies from another.</p>	<p>Robinson, Marshall, Moncrief and Lassk 2002</p> <p>* Journal of Personal Selling & Sales Management</p>
<p>Ongoing business experience</p> <p>Please state the number of years that you have been serving the selected customer^a.</p>	<p>Chetty, Eriksson and Lindbergh 2006⁸</p> <p>* Journal of International Business Studies</p>
<p>Country experience</p> <p>Please state the number of customers that you have been serving in this market, previous and current (business relationships with a duration of one year or more)^a</p>	The same as above
<p>International experience</p> <p>Please indicate which of the following regions that you have experience with on the basis of previous and current business assignments (business relationships with a duration of one year or more). The question is followed by a Ronen-Shenkar (1985), adapted; index to capture the respondent’s international experience^a.</p>	The same as above

^a Continuous variable, log transformed (ln).

⁸ The article was first published in a Doctoral Thesis conducted by Jessica Lindbergh (2004), and was then referred to as a forthcoming article in Journal of International Business Studies.

A latent variable is connected to one or more measures or observed variables (Bollen 1989, p.182). These observed variables or indicators are more specified operationalisations of the construct (Chetty et al. 2006, p. 704). In this study, the latent variables are represented by reflective or effect indicators (see figure 4-1, p. 27). This means that the latent variable causes the observed variables represented by questionnaire items (Bollen 1989, p. 65). The attributes in the variables expressing cultural sensitivity, which are the basis on which the object is being judged, are in this study viewed as an “internal” trait or state (disposition) of an individual. The items (measures) are therefore indicative manifestations of these traits or states (Bollen 1989, p. 65; Rossiter 2002, p. 316). The measurement model describes the relation between the measure and the latent variable, and this relation can be expressed in an equation or in a path diagram. A simple measurement model for the influence of the latent variable (for example open-mindedness) on the three measures is

$$\begin{aligned}\chi_1 &= \lambda_{11}\xi + \delta_1 \\ \chi_2 &= \lambda_{21}\xi + \delta_2 \\ \chi_3 &= \lambda_{31}\xi + \delta_3\end{aligned}$$

where ξ represents the latent variable of open-mindedness, λ_{11} , λ_{21} , and λ_{31} are constants demonstrating the expected number of unit changes in the observed variables for one unit change in the true level of ξ , and δ_1 , δ_2 , and δ_3 are errors of measurement with expected values of zero and uncorrelated with ξ and with each other. All variables are in deviation form so that intercepts terms do not enter the equations (Bollen 1989, p. 182).

Summary

The objective of the preceding discussions has been to develop the cultural sensitivity concept. To bring this concept forward is considered worthwhile because previous studies show that cultural sensitivity has a positive impact on the nature of cross-cultural business relationships. Researchers argue, however, that there is a potential in advancing this concept.

The focus is on a subset of culture. That is, the customer’s business practices; the way business is conducted. The cultural sensitivity concept worked out in this study refers to attitude, skills and experience held by salespeople dealing with business partners in the export markets. To be culturally sensitive is seen as critically important in order to manage and maintain business relationships characterised by high levels of trust between business partners and high levels of exchange of information.

A customer's business practices and how business is conducted can be learned based on cross-border working experience. Experience acquired in the export markets is considered to be an essential expression of a salesperson's cultural sensitivity. However, understanding a partner's business culture and having the ability to adapt to a foreign partner's business practice do not necessarily mean that the cultural perspective and value system of the partner are being adopted and shared (Adler 2002, p. 90; Shankarmahesh et al. 2004, p. 427).

For an export firm to succeed in competitive international markets it is essential to have salespeople who know how to manage intercultural settings (Skarmeas et al. 2002, p. 763). Consequently, cultural sensitive salespeople can be regarded as an important part of a firm's assets required to carry out exporting in a successful way. The next step is to link the variables composing cultural sensitivity with relevant antecedents and performance variables and to generate relevant hypotheses.

6 Model and hypotheses

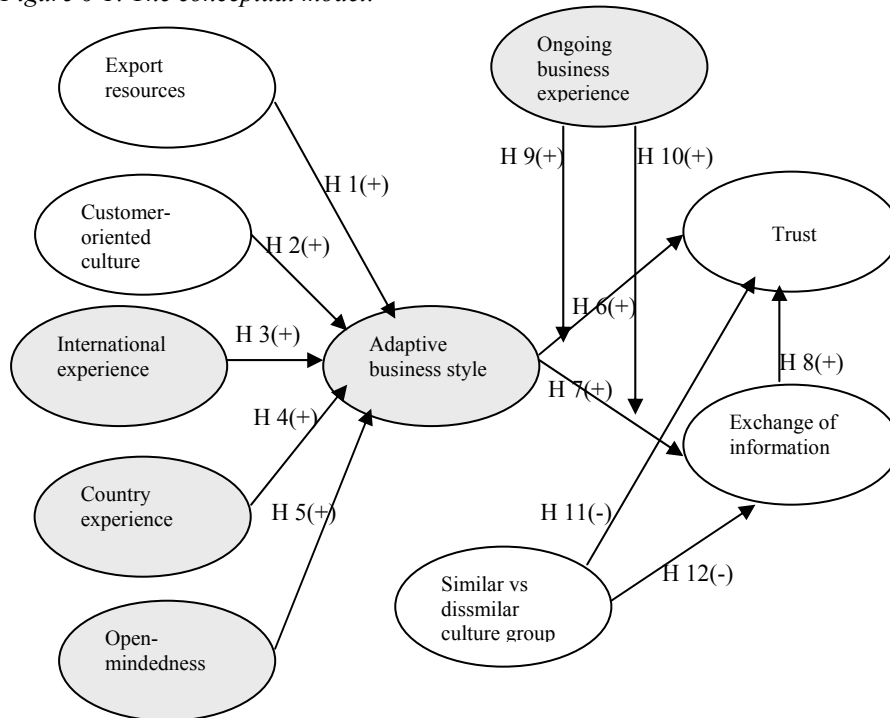
In the following section the conceptual model is outlined, and the literature from where the various constructs included in the model have been derived is introduced. Then follow a presentation of 12 hypotheses. The hypothesised relationships are summarised in table 6-1.

6.1 The conceptual model

The conceptual model is described in figure 6-1. The shaded constructs are the various dimensions composing the cultural sensitivity concept as follows: international experience, country experience, open-mindedness, adaptive business style and ongoing business experience. Two firm characteristics - export resources and customer-oriented culture - are put forward, as they are considered to influence one of the dimensions composing cultural sensitivity, that is, adaptive business style. Trust between exchange partners and exchange of information characterising a specific business relationship in an export market are viewed as the consequences, influenced directly by adaptive business style. Three dimensions composing cultural sensitivity – international experience, country experience and open-mindedness – are hypothesised to influence trust between exchange partners and exchange of information through adaptive business style. The fifth dimension of cultural sensitivity, ongoing business experience, is viewed as a moderator. It is hypothesised that ongoing business experience influences the relationship between the adaptive business style and trust, and the relationship between the adaptive business style and exchange of information. A construct defined as similar versus dissimilar culture groups is also included and is hypothesised to influence trust and exchange of information in a negative way.

The conceptual model assumes that open-mindedness, ability to adapt business style and varied export market experience are crucial dimensions to ensure a high level of sensitivity to a business partner's way of conducting business. Experience is an important prerequisite to develop a high level of cultural sensitivity, which means that a salesperson's cultural sensitivity is the result of a process, acquired over time. However, the conceptual model is static, and can only describe the level of cultural sensitivity that a salesperson holds at a certain point in time. The model also describes how the various dimensions of cultural sensitivity influence the relational qualities of business relationships in the export markets.

Figure 6-1: The conceptual model.



Different streams of literature have been used to develop the conceptual model. Bello and Gilliland (1997) and Bello et al. (2003) have used a study carried out by Welch and Luostarinen's (1988) as a fundament to work out a resource inadequacy scale. They used this scale in a study focusing on coordination between sellers and buyers in export channels. Resource inadequacy refers to a firm's internal capabilities and to what extent they are sufficient to support export activities. The variable defined as export resources is inspired by these studies, and refers to what extent a firm has the resources required to support export activities in a satisfactory way. Researchers, whose interests have been marketing management issues (Deshpandé and Webster 1989), innovation in market orientation research (Hurley and Hult 1998), and relational aspects of buyer-seller business relationships (Williams and Attaway (1996) view customer orientation as a key aspect of an organisational culture. A study carried out by Deshpandé, Farley and Webster (1997), which among other things focuses on a firm's customer orientation, and an article written by Parasuraman (1987) focusing on corporate customer oriented culture, have been used as sources to develop a scale that captures an export firm's customer-oriented culture.

The argument put forward is that firm characteristics expressed in terms of export resources and customer-oriented culture, are factors that encourage and support personnel's involvement with customers in foreign markets. Export resources refer to what extent the firm has the internal capabilities to actually carry out efforts and investments that are required for being involved in export activities (Welch and Luostarinen 1988), and thus enables personnel to deal more closely with business partners in various markets. A salesperson who is a member of an export firm, which norms encourage personnel to be actively involved with customers and to meet their requirements (Humphreys and Williams 1996, p. 55), are expected to have close ties with business partners, providing the basis from where experience about various business styles can be acquired. Thus, adaptive business style should be enhanced.

Three dimensions of cultural sensitivity – international experience, country experience and open-mindedness – are expected to influence a fourth dimension of cultural sensitivity: adaptive business style. Open-mindedness is the extent to which an individual is receptive to new information and situations (Harich and LaBahn 1998, p. 94). This variable has been adopted from a study carried out by Sinkula, et al. (1997), where it was applied in a market-based organisational learning setting. In this study the items were developed to reflect open-mindedness of a business and its members, reported by the upper level of the management team. Open-mindedness is viewed as one of three first-order variables of a higher, second order construct defined as learning orientation.⁹

In the international business literature experience is viewed as a source for knowledge development, and is therefore an essential aspect of successful internationalisation (Johanson and Vahlne 1990, p. 12). International experience is acquired on the basis of business assignments in various cultural regions. Country experience refers to an in-depth knowledge about a specific market acquired on the basis of various business assignments in the market of the ongoing business. Ongoing business experience is viewed as a moderating variable, and refers to a firm's experience with regard to specific characteristics of an ongoing business. The three different kinds of experience, international experience, country experience and ongoing business experience, have been adopted from a study carried out by Chetty et al. (2006), focusing on ongoing business relations in cross-border contexts.

Adaptive business style refers to a person's ability to adapt to the specific sale situation. This variable has been adopted from the personal selling

⁹ The other two variables were defined as commitment to learning and shared vision.

literature. This scale has in previous studies been tested out in a domestic market, frequently in the US (e.g. Robinson, Marshall, Moncrief, and Lask 2002; Spiro and Weitz 1990).

Trust between exchange partners and exchange of information are two important characteristics of ongoing business relationships. Trust has been adopted from studies focusing on domestic channels (e.g. Ganesan 1994), and export marketing channels (e.g. Aulakh et al. 1996). In the same way, exchange of information is adopted from studies focusing on channels in a domestic market (Heide and John 1992), and export marketing channels (LaBahn and Harich 1997).

Some of the relationships proposed in the model are inspired by previous research focusing on cross-cultural and export marketing settings, while some of them are new. The model proposes that a salesperson's predisposition to adapting business style can be viewed as a trust-enhancing mechanism. The source of inspiration to put forward this relationship is a study carried out by Johnson et al.'s (1996), focusing on non-equity strategic alliances including US and Japanese partners.

The model proposes that a salesperson's predisposition to adapting his/her business style enhances exchange of information between business partners. The source of inspiration is the findings produced by a study carried out by LaBahn and Harich (1997), who focused on what impact cultural sensitivity, including willingness to adapt, has on the nature of inter-organisational business relationships in a cross-border context including US and Mexican partners. The model also proposes that exchange of information leads to trust between business partners. Prior research focusing on channels in domestic markets (e.g. Anderson and Narus 1990) and export marketing channels (e.g. Aulakh et al. 1996) gives support to this relationship.

To the knowledge of the author, the following relationships have not been investigated in previous research: a firm's export resources' impact on an adaptive business style, an export firm's customer-oriented culture's impact on an adaptive business style, a salesperson's international experience's impact on an adaptive business style, a salesperson's open-mindedness' impact on an adaptive business style, and a salesperson's country experience's impact on an adaptive business style. Also, viewing ongoing business experience as a moderator variable has not been done in previous studies, so far as the author knows.

Finally, the model aims to investigate to what extent there are differences with regard to the level of trust when customers are located in the similar

culture group versus in the dissimilar culture group. A similar hypothesis to the one proposed here has been tested out with regard to trust in a study carried out by C. Zhang et al. (2003) and Ha et al. (2004). A similar hypothesis with regard to exchange of information has not been tested out in previous studies. The dissimilar culture group refers to those buyers who can be classified in the group that differs extensively from one's own culture compared to those buyers viewed to be similar.

6.2 Hypotheses

The variable adaptive business style is based on adaptive selling literature. The perspective of the variable is that the performance of a salesperson depends on the salesperson's ability to adapt his/her behaviour to different customers in different situations. This means to what extent the salesperson is able to tailor his/her style to the specific customer (Gengler et al. 1995, p. 288). The definition of a salesperson's predisposition to adapt business style is inspired by the definition of adaptive selling (Weitz et al. 1986, p. 175), and is as follows: The altering of business style during a customer interaction or across customer interactions based on perceived information about the nature of the business situation

The ability to adapt is of particular relevance when the salesperson is encountering a wide variety of selling situations (Spiro and Weitz 1990, p. 65). Salespeople responsible for customers in various international markets are exposed to a variety of selling situations (Chairsrakeo and Speece 2004, p. 279), and thus the ability to adapt to the specific sales situation is of great relevance. The acquirement of such ability is assumed to be partly a result of the characteristics of an export firm. The internal resources of a firm allocated to export activities are viewed as some of these characteristics.

Export resources

According to the Uppsala Internationalisation Process Model, a firm's commitment of resources to exporting activities is an important indicator of international involvement (Johanson and Vahlne 1977, p. 28). The variable export resources is inspired by research carried out by Bello et al. (2003, p. 4) and Bello and Gilliland (1997, p. 24). These researchers use the term resource inadequacy. Resource inadequacy refers to what extent the export firm has the internal capabilities in terms of managerial, personnel, and financial resources to carry out efforts and investments that are required for being involved in export activities. The argument is that to be successful in foreign markets, resources must be committed to establishing and

maintaining close exchange relationships with the foreign buyer (Bello et al. 2003, p. 4; Welch and Luostarinen 1988, pp. 41-43).

Findings show that limitations of resources constrain a firm's ability to accurately understand the foreign market and to provide necessary support to serve its buyers effectively (Bello et al. 2003, p. 12). Bello et al. (2003, p. 11) found that lack of personnel, managerial efforts and financial means have a negative effect on export performance. They also found that lack of commitment of resources to export activities lead to weak ties between the export firm and the foreign buyer. Similarly, Piercy, Kaleka and Katsikeas (1998, pp. 388, 392) found that building successful relationships in export markets require the support of resources.

Maintaining good relations is emphasised by successful exporting firms (Cunningham and Spigel 1971, p. 9; Styles and Ambler 1994, p. 31). Information gathered via interactions with foreign buyers seems to be more valued than market research studies and other types of secondary market data (Styles and Ambler 1994, p. 29). Those firms that succeed are those that do not only focus on increasing sales, but also allocate resources to export activities such as gathering marketing information, collecting information on foreign business practices and maintaining communication with the market (Czinkota and Johnston 1983, p. 152). Findings show that the most valued source of information in foreign markets is acquired on the basis of interactions with important business partners (Styles and Ambler 1994, p. 38). An export firm's personal contacts with customers are viewed as key mechanisms for information gathering and communication, enhancing the export firm's capability of careful planning (Madsen 1989, p. 50). Face-to-face contacts facilitate adaptations between the exchange partners in export channels (Rosson and Ford 1982, p. 70). A communication style, which both parties are comfortable with, can be established (Chairsraeko and Speece 2004, p. 276).

Foreign market visits are important as part of a strategy to enhance knowledge about the foreign buyer, and about market conditions in general (Bello and Gilliland 1997, p. 24). Samiee and Walters (2002, p. 89) found that on-the-job training is viewed as the single most important means of acquiring exporting knowledge. Business contacts provide the basis from where first hand information can be acquired with regard to preferences, practices and so on (Eriksson et al. 1997, p. 343). Foreign market visits are important not only to stay updated about the buyer's product and/or service needs. It is equally important to enhance knowledge about a foreign partner's preferences in terms of business practices and types of behaviour appropriate for future interactions.

Salespeople characterised by high levels of predisposition to adapting a business style, can be viewed as well-trained and competent personnel who are well prepared to manage buyers in various cultural settings (Chairsrakeo and Speece 2004, p. 279). An important approach is to support and enhance the ability of salespeople to deal with buyers in international markets; to ensure that close and long-term exchange relationships develop and are sustained. This may imply implementing a policy of training new personnel to develop knowledge, language skills and experiences in export markets (Welch and Luostarinen 1988, p. 42). Competence in languages and knowledge about market conditions require continuously updating (Bello and Gilliland 1997, p. 24).

In conclusion, to advance salespeople's competences, including business partner's business practices and negotiation style, some efforts and resources must be committed (Kraft and Chung 1992, p. 69; Skarmeas et al. 2002, p. 763). Firms that lack financial and human resources are less prepared to establish and maintain close relationships with their exchange partner (Bello et al. 2003, p. 10). Thus, the basis from where a salesperson's adaptive business style may be developed is constrained. The hypothesis is as follows:

H 1: Greater export resources increase salespeople's ability to perform an adaptive business style.

Customer-oriented culture

Although some researchers within marketing acknowledge the potential of organisational culture as a predictor of a number of marketing issues, among them buyer-seller relationships (Williams and Attaway 1996, p. 35), there is no consensus about how to define and operationalise organisational culture (Deshpandé and Webster 1989, p. 4; Kalé 2003, p. 78). A definition of organisational culture which has been frequently used is as follows: the pattern of shared values and beliefs that help individuals understand organisational functioning and provide guidance for behaviour (Deshpande and Webster 1989, p. 4; Wallach 1983, p. 32; Williams and Attaway 1996, p. 35). Organisational culture defines expected standards of behaviour, speech, and presentation of self (Wallach, 1983, p. 29), and provides guidance to what are the appropriate behaviours of a salesperson (Parasuraman, 1987, p. 41). Customer orientation (Deshpandé, Farley and Webster 1993, p. 27;

Parasuraman, 1987, p. 39; Williams and Attaway, 1996, p. 37) has been referred to as a critical aspect of culture in marketing organisations.¹⁰

A customer-oriented culture is concerned with behaviours necessary for the creation of superior value for the buyer (Cadogan and Diamantopoulos, 1995, p. 43; Deshpandé et al. 1993, pp. 24, 27; Kohli and Jaworski, 1990, p. 3; Narver and Slater, 1990, p. 21). Customer-oriented culture refers to an organisation that encourages the performance of customer oriented actions (Deshpande and Webster 1989, p. 8; Hurley and Hult 1998, p. 43; Parasuraman 1987, p. 40)¹¹. Behaviours can be viewed as manifestations of the cultural values of an organisation (Slater and Narver 1995, p. 67).

A customer-oriented culture emphasises an external focus, that is, to be sensitive to the market and take the customer's need into account (Parasuraman, 1987, p. 46). An external focus implies that "...all decisions start with the customer and are guided by a deep and shared understanding of the customer's needs and behaviour..." (Day 1994, pp. 50, 45). The customer orientation of a firm, manifested in terms of externally focused practices, can be considered as an aspect of its culture (Kalé 2003, p. 78). Similarly, to be market focused, that is, to promote external focused behaviours, is by Hurley and Hult (1998, p. 45) viewed as one of the cultural characteristics of an organisation. Those firms that will succeed in competitive markets are those with a really customer oriented culture. Customers will notice the differences between firms with regard to their responding to customer inquiries and their effectiveness of resolving customer complaints, among others (Parasuraman 1987, pp. 41, 46).

Williams and Attaway (1996, p. 37) found support for the view as follows: having a customer-oriented culture is essential in order to succeed in the market. They make a distinction between two types of principal organisational cultures: bureaucratic culture and supportive culture. A supportive culture is viewed as analogous to a customer-oriented culture (Williams and Attaway 1996, p. 37). A bureaucratic culture is characterised as rule intensive, non-innovative, and slow to change (Wallach 1983, p. 32;

¹⁰ Market orientation is also a term that has been used to define this aspect of market organisations (Deshpande and Webster, 1989; Narver and Slater, 1990, p. 21), and some will argue that market orientation and customer orientation can be considered as synonymous concepts (Deshpandé et al. 1993, p. 27). For the purpose of this study customer-oriented culture is used.

¹¹ Some researchers bring forward the view that how to define market orientation is not resolved because some emphasise organisational values while others emphasise behaviours (Slater and Narver 1995, p. 67). This discussion is beyond the objective of this study.

Williams and Attaway 1996, p. 36). A customer-oriented culture contrasts a bureaucratic culture in the sense that it supports decentralised decision-making, innovation, cooperation, and adaptive behaviour.

Williams and Attaway (1996, p. 44) found that "...the maximum impact on buyer-seller relationships comes from the synergy of a seller's supportive culture working *through* customer oriented salespeople." A firm characterised by a customer-oriented culture encourages salespeople to perform certain types of behaviour. Among them is flexibility, which implies that buyers in different selling situations can be served in the best possible way, and the needs of the buyer can be met (Williams and Attaway 1996, p. 37). In an international setting, practice of flexibility does not only imply product, price and promotion adaptations. It is equally important that personnel have the competence to be responsive to, among other things, the foreign customer's culture (Cadogan and Diamantopoulos 1995, p. 54).

An organisation characterised by a high degree of customer-oriented norms is likely to encourage salespeople to respond to customer needs and to the specific customer situation. Personnel dealing with customers are encouraged to practice flexibility across selling situations and to ensure that offerings match up with customer needs and expectations (Williams and Attaway 1996, p. 37). The argument put forward is that salespeople who are members of an export firm characterised by an external focus taking customers' needs into consideration, develop the ability to adapt business style. The hypothesis is as follows:

H 2: Greater customer-oriented culture increases salespeople's ability to perform an adaptive business style.

International experience

International experience refers to experience from different cultural regions. Experience from various markets implies that the individual has been exposed to diverse cultures and business environments (Lindbergh 2004, p. 9; Welch and Luostarinen 1988, pp. 52-53). Such exposure allows accumulation of a wider range of experience of foreign market characteristics and ways of conducting business. Exposure to various markets implies that a salesperson develops a wider repertoire and gains experience to handle a variety of issues when conducting business in foreign markets (Chairsrakeo and Speece 2004, p. 278; Lindbergh 2004, p. 10).

Levy and Sharma (1994, p. 45) found that experience in the industry and total sales experience is positively related to the practice of adaptive selling.

In the same study it was found that formal education is related to the practice of adaptive selling only among older salespeople. Formal education has its limitations in preparing individuals to deal with business partners in a cross-cultural context. Experience, on the other hand, provides individuals with the knowledge and expertise to plan for and adapt to negotiations that involve various cultural backgrounds (Mintu-Wimsatt and Gassenheimer 2000, p. 7). Individuals that have been exposed to different cultures are likely to have developed the ability to interpret culturally embedded signals and behaviours (Shenkar 2001, p. 527), and should therefore be prepared to adapt to the specific situation. Experience attained in diverse markets enhances a salesperson's understanding and knowledge base of a variety of different cultural contexts, providing a basis from where business relations can be managed with confidence (Chairsakeo and Speece 2004, p. 276; Erramilli 1991, p. 483; Kalé 2003, p. 93).

The more an individual gains experience in international markets, the more skills this person will acquire for negotiations. Thus, the skill of adapting to the specific negotiation situation is enhanced (Cavusgil et al. 2002, p. 139). Individuals that have been exposed to various cultural settings have acquired an intercultural disposition, which would qualify a sales representative to "...play a key role in establishing, developing, and maintaining interfirm relations that cross national boundaries" (Skarmeas et al. 2002, p. 772). The argument put forward is that experience attained on the basis of exposure to diverse geographic and cultural regions enhances a salesperson's ability to perform a variety of business styles. The following research hypothesis has been generated:

H 3: Greater international experience increases salespeople's ability to perform an adaptive business style.

Country experience

Country experience acquired on the basis of multiple business assignments in a specific market is likely to deepen the salesperson's knowledge about how business is carried out in that market (Chetty et al. 2006, p. 701). Experience of the market targeted is important because it enables managers to better understand channel members and customers (Morgan et al. 2003, p. 294). The International Process Model emphasises the importance of market specific knowledge; of the business climate in a specific foreign market, cultural patterns, structure of the market, and characteristics of buyers served in this market (Johanson and Vahlne 1977, p. 28). This knowledge can only be acquired through experience.

Axinn (1988, pp. 64, 67) shows that previous experience in a specific market is important. An export manager's familiarity with a market enhances her or his ability to assess and capitalise on export opportunities. Similarly, Denis and Depelteau (1985, p. 86) found that "...the exporter's most valuable information is obtained in the field, in the course of business transactions rather than through officially established information services, whether public or private." Performance is likely to suffer in those cases where exporters have no prior experience in a particular market (Rosson and Ford 1982, p. 58).

High level of country experience leads to an improved understanding of the foreign business partner's culture, which enables the export firm to manage the exchange relationship better (Kalé and McIntyre 1991, p. 42). Findings show that export marketing management is facilitated by export experience acquired in the buying firm's country. Such experience leads to improved understanding of the market, and a network of personal contacts; consequently, product decisions, agents/distribution selection, and communication with partners in the market are improved (Madsen 1989, p. 50). To conclude, country experience enables the salesperson to adapt to the specific sales situation. The following research hypothesis has been proposed:

H 4: Greater country experience increases salespeople's ability to perform an adaptive business style in the market of the ongoing business.

Open-mindedness

Open-mindedness is the extent to which an individual is receptive to new information and situations. An open-minded person accepts new information more easily, and predisposes him/her to adapt the behaviours to the foreign customers (Harich and LaBahn 1998, p. 94). One of the major obstacles to effective international dealings is the tendency to refer to one's own culture norms, thereby risking to ignore some of the essential elements of the other party's culture (Usunier and Lee 2005, p. 509). "Routinized" mental models are likely to hinder a salesperson's receptiveness of subtle and new information. Unless one is motivated to learn and correct misperceptions, the locus of a problem cannot be discovered and improvements cannot take place (Morgan and Stoltman 1990, p. 48). "Routinized" mental models continue to operate unless an individual questions them, thus opening up to new ways of viewing the marketplace (Sinkula et al. 1997, p. 309).

An individual's beliefs or preconceived ideas about the characteristics of people affect her/his behaviour (Guirdham 2005, p. 149). An open-minded

person recognises a partner's perspective and way of carrying out business, which is fundamental to ensure effective interactions with customers in international markets (Fenwick, et al. 2003, p. 308; Skarmeas et al. 2002, p. 763). A successful negotiator is able to take cues from his or her business partner and adapt accordingly. Flexible behaviours become of significant importance (Cavusgil et al. 2002, pp. 141, 149). The argument put forward is that open-mindedness enables a salesperson to accept new information more easily, and predisposes him or her to carry out necessary adaptations when dealing with foreign customers (Harich and LaBahn 1998, p. 94). The research hypothesis is as follows:

H 5: Greater open-mindedness increases salespeople's ability to perform an adaptive business style.

Adaptive business style and trust between exchange partners

Trust is defined as a partner's confidence in an exchange partner's reliability and integrity (Morgan and Hunt 1994, p. 23). Trust is a critical lubricant in ongoing exchange relationships (Johnson and Cullen 2002, p. 335). The presence of trust enables the business partners to focus on the long-term advantages of the relationship (Doney and Cannon, 1997, p. 35; Dwyer et al. 1987, pp. 22-23; Morgan and Hunt, 1994, p. 24). Salespeople perform an important function in facilitating and developing customer trust (Doney and Cannon 1997, p. 35; Gounaris 2005, p. 136). To make current purchase decisions, buyers must determine the degree to which they can trust suppliers and their salespeople (Doney and Cannon 1997, p. 36). In addition to professional expertise, it is of major importance that contact personnel have the competence to interact successfully with customers, thus providing the basis from where trust develops (Gounaris 2005, p. 136).

Humphreys and Williams (1996, p. 54) found that interpersonal process attributes were having "...a higher magnitude of influence on customer satisfaction than the influence stemming out of technical product attributes." To adhere to some set of principles that the buyer finds acceptable, signals that the relationship is important. The foreign partner is encouraged to trust the supplying firm (Lovett, Simmons and Kali 1999, p. 241).

Marshall (2003, p. 424), who has investigated how trust is formed at the initial stages between US and Peruvian exporters and importers, found support for the view that the ability to adapt to the specific situation is important in order to build trust between exchange partners. To establish trustworthiness in the early stages of a business relationship, the export manager needs to understand the expectations of the foreign partner. The

issue is not whether they comply with specific obligations outlined in the contract, but rather whether they understand the expectations held by each other for the method of meeting and possibly exceeding the obligations in the contract. Simply going beyond obligations outlined in a contract to build trust does not take culturally diverse expectations into account. Matching rather than exceeding the partner's expectations seems to be more important to developing higher levels of trustworthiness (Marshall 2003, pp. 438-39).

Johnson et al. (1996, p. 998), who focused on non-equity strategic alliances including US and Japanese partners, found that there is a positive relationship between a higher level of cultural sensitivity, including adaptations, to a partner's cultural characteristics of the focal firm and a higher level of the partner trust of the focal firm. They also found that trust results in trust: when your partner trusts you, you trust your partner (Johnson et al., 1996, p. 998). Mutual trust is more likely than one-way trust (Anderson and Weitz, 1989, p. 312). The existence of trust is assumed to possess a self-fulfilling quality (Bradach and Eccles, 1989, pp. 107-08; Johnson et al. 1996, p. 988). Awareness of and adjustments to cultural differences seem to signal and strengthen trust (Johnson and Cullen, 2002, p. 359), and provide a basis from where mutual trust is created (Johnson et al., 1996, p. 999). Extending these findings and arguments to the context studied here, the following hypothesis has been proposed:

H 6: Greater levels of adaptive business style increase trust between business partners.

Adaptive business style and exchange of information

Exchange of information can be defined as the extent to which the partners of a business relationship openly share information, formal as well as informal (LaBahn and Harich, 1997, p. 32; Morgan and Hunt, 1994, p. 25). Exchange of information is essential for ongoing exchange relationships (Anderson and Narus, 1990, p. 53; LaBahn and Harich, 1997, p. 42; Mohr and Nevin, 1990; Morgan and Hunt, 1994, p. 25). Findings show that those who maintain a continuous flow of communication with the market are also likely to succeed with their export ventures (Czinkota and Johnston, 1983, p. 152). However, communication difficulties are a major cause of problems between business partners in distribution channels (Mohr and Nevin, 1990, p. 36), and cross border contexts are no exceptions (Adler, 2002, pp. 73-74; Kalé and Barnes, 1992, p. 126).

Cultural differences are likely to create obstacles to communication, leading to misunderstandings (Adler and Graham, 1989, pp. 517, 519; Kalé and

Barnes, 1992, p. 126). However, a salesperson who is sensitive to the verbal and non-verbal feedbacks from a foreign buyer is more likely to succeed in communications. In order to minimise problems and enhance exchange of information, it is of vital importance to what extent a salesperson is prepared to deal with cultural differences (Kalé and Barnes, 1992, pp. 122-23). Evidence shows that partner awareness, understanding of and adjustments to national business culture lead to more open communication and sharing of information (LaBahn and Harich 1997, p. 29). Likewise, Anderson and Weitz (1989, p. 321) argue that competent personnel are essential to the achievement of enhanced communication in a cross-cultural context. Extending these arguments and findings to the context studied here, the following hypothesis has been proposed:

H 7: Greater levels of adaptive business style increase exchange of information between business partners.

Exchange of information and trust between exchange partners

The direction of the linkage between exchange of information and trust is not clear, especially when taking a static model approach. In a conceptual outline describing how a relational exchange develops, trust is viewed as an antecedent to communication (Dwyer et al. 1987, p. 18). Dwyer et al. (1987, p. 18) argue that direct experience is necessary to judge trustworthiness. Aulakh et al. (1996, pp. 1011, 1024) found that exchange of information fosters trust between partner firms in cross-border contexts. In their view, trust implies expectations about future behaviour, and is therefore guided by past behaviour of an exchange partner. Past interactions, such as exchange of information, form the basis from where trust can be built. Similar findings have been produced by a study carried out by Anderson and Narus (1990, p. 45), focusing on the relationship between distributors and manufacturers in a domestic market. They view communication as an antecedent to trust building, based on the argument that constructive communication between interacting firms is a necessary mechanism for trust to evolve. Findings give support to this link (Anderson and Narus 1990, p. 52). In the same way, Morgan and Hunt (1994, p. 29) found support for the argument that communication, and thus sharing of information, facilitates trust.

Time, effort and problems solved involve exchange of information, which serves to bring business partners closer to each other (Anderson and Weitz 1992, p. 28). And a close and committed exchange relationship is likely to be characterised by trust (Anderson and Weitz 1989, p. 320; Morgan and Hunt 1994, p. 22). Especially in the initial stage of an exchange relationship, meaningful exchange of information is an essential antecedent to trust

between exchange partners (Anderson and Narus 1990, p. 45; Morgan and Hunt 1994, p. 25). In subsequent periods, however, enhancement of trust leads to improvement of communication. Trust is by Mohr and Nevin (1990, p. 42-43) viewed as an outcome of communication. They argue that if the level of trust is high, exchange partners are likely to seek information on the basis of face-to-face meetings, which should encourage the exchange not only of formal, but also informal information. And trust between business partners is enhanced even further.

Consequently, exchange of information and trust are closely related factors, which implies an iterative process for well-established exchange relationships (Mohr and Nevin 1990, pp. 42-43). However, exchange of information is clearly a prerequisite factor for trust to be established. Inspired by the approach taken by Anderson and Narus (1990, p. 45) and Morgan and Hunt (1994, p. 25), the model in this study takes a single-time-period perspective of an ongoing exchange relationship, which means a static model approach. Thus, the argument carried forward is that a salesperson's perception that past exchange of information with a specific foreign buyer has been of high quality will result in a high level of trust between the exchange partners, which is the present situation. The following hypothesis has been proposed:

H 8: Greater levels of exchange of information increase trust between business partners.

Moderating effects: ongoing business experience

Researchers argue that knowledge about a customer moderates the relationship between a salesperson's ability to adapt and its consequences, such as selling effectiveness (Harich and LaBahn 1998, p. 93). Knowledge acquired through involvement with a specific foreign buyer, advances a salesperson's knowledge about this specific buyer's business practices (Johanson and Vahlne 1977, p. 28; Rosson and Ford 1982, p. 58). Knowledge about negotiation style and other customer characteristics accumulates as the relationship increases in time (Chetty et al. 2006; Cunningham and Spigel 1971, p. 9; Styles and Ambler 1994, pp. 38, 40). The following hypotheses have been proposed:

H 9: The relationship between adaptive business style and trust between the exchange partners is stronger when the salesperson exhibits a high level of ongoing business experience.

H 10: The relationship between adaptive business style and exchange of information is stronger when the salesperson exhibits a high level of ongoing business experience.

Similar versus dissimilar culture groups and trust between exchange partners

Cultural distance may be regarded as one of the environmental factors that are distinctive to the export channel context (C. Zhang et al. 2003, p. 552). C. Zhang et al. (2003) make use of a distinction between high cultural distance group and low cultural distance group, based on the index composed by Kogut and Singh (1988) to investigate the impact of culture on the nature of inter-organisational relationships in cross-border channel contexts. Other researchers refer to similar and dissimilar cultures (Anderson and Weitz 1989; Ha et al. 2004, p. 452). Those foreign buyers, who are classified in the high cultural distance group or dissimilar culture group, are expected to differ to a larger extent than those who are classified in the low cultural distance group or similar culture group. The former group is assumed to represent a greater challenge than the latter.

C. Zhang et al. (2003) have investigated the cultural distance impact on trust between exchange partners. The following argument is set forth: the more cultural differences between American manufacturers and their foreign distributors, the greater the effort the two exchange partners must put forth to bridge the gap (C. Zhang et al. 2003, p. 555). C. Zhang et al. (2003) propose that the more cultural distance between the manufacturer and the foreign distributor, the greater the level of trust. High and low cultural distance groups were formed and used as a foundation to compare trust in the two groups. The findings do not support their view. Cultural distance does not have a significant impact on the establishment of trust between exchange partners. Regardless of cultural distance (high or low), the level of trust seems to be the same in manufacturer – foreign distributor relationships (C. Zhang et al. 2003, pp. 561-62).

Similar findings were produced by a study carried out by Ha et al. (2004, p. 455). Relational aspects characterising business relationships were assessed by Korean importers. The relational aspects were as follows: trust, dependence, cooperation, satisfaction and commitment. In this study a distinction was made between culturally dissimilar exporters (North America and Western Europe) and culturally similar exporters (Japan, China and other Southeast Asian countries), and a sub-group analysis was carried out. Although these studies have failed to produce expected results, it should be worthwhile to test out a similar hypothesis in a different geographic setting.

The argument put forth is as follows: Exporters in Norway are less prepared to develop trust with customers in the dissimilar culture group than with customers in the similar culture group. The following hypothesis has been proposed:

H 11: Cultural dissimilarity between the export firm and the foreign buyer leads to a low level of trust between the business partners.

Similar versus dissimilar culture groups and exchange of information

Business partners that are culturally distant are likely to have some difficulties in the encoding and decoding of communication (Adler 2002, p. 74; Bello et al. 2003, p. 6). Communication is influenced by culture, which provides some rules for how to interpret the content of communication (Kalé and McIntyre 1991, p. 35). To exemplify this potential problem, one can make a distinction between collectivistic and individualistic orientation. Cultures characterised by a collectivistic orientation are likely to communicate about different things and do things in a different way compared to those that are characterised by an individualistic orientation. And one major cultural difference between these two orientations is the type of modality that is preferred for communication.

While those persons who belong to a collectivistic oriented culture are inclined to prefer face-to-face communication, persons who belong to an individualistic oriented culture are more inclined to rely on partial communication. That is, paper, telephone and/or electronics. Collectivists require social and emotional cues (non-verbal behaviours) to develop relationships, and that is how their preference for face-to-face communication is explained (Chen, Chen and Meindl 1998, p. 296). This implies the investment of time and resources to establish the relationship (Batonda and Perry 2003, p. 1555).

Studies carried out within the field of international negotiations show that communication problems at the negotiation table is a widespread problem, which often lead to undesirable outcomes for one or both parties (Adler and Graham 1989, p. 519). Cross-cultural communication problems can be related to the following four issues: language and language behaviour, non-verbal behaviour, values, and patterns of thoughts. While language can be taught, non-verbal behaviours and communication are not so easily taught and understood (Adler 2002, p. 75; Adler and Graham 1989, p. 519). Thus, cultural dissimilarity is likely to distort communication if the person managing the business relationship is not well prepared and competent to

deal with this kind of challenge (Anderson and Weitz 1989, p. 321; Kalé and Barnes 1992, p. 116). The following hypothesis has been proposed:

H 12: Cultural dissimilarity between the export firm and the foreign buyer leads to a low level of exchange of information between the business partners.

The hypotheses, twelve in total, are summarised in table 6-1.

Table 6-1: Hypotheses: summary

1. Export resources → + Adaptive business style
2. Customer-oriented culture → + Adaptive business style
3. International experience → + Adaptive business style
4. Country experience → + Adaptive business style
5. Open-mindedness → + Adaptive business style
6. Adaptive business style → + Trust
7. Adaptive business style → + Exchange of information
8. Exchange of information → + Trust
9. Ongoing business experience → + Adaptive business style – trust relationship
10. Ongoing business experience → + Adaptive business style – exchange of information relationship
11. Culture dissimilarity → - trust
12. Culture dissimilarity → - exchange of information

7 Method

The first section describes the research design. Then follows an outline of the research setting. The third section describes the various steps taken to work out the questionnaire. After a description of the unit of analysis, sampling frame and data collection procedures, an account of the procedure for choosing a business relationship follows. The study relies on a unilateral view with regard to a bilateral business relationship. Some issues related to this are discussed. Then follows a discussion of potential problems related to common method variance. The final section describes measures developed.

7.1 Cross-sectional research design

A cross-sectional design has been used in this study. The sampling frame is a cross-section of one industry: Norwegian firms exporting seafood products. Cross-sectional design is the predominant design in survey research and is used to investigate relationships between variables (or constructs) (Frankfort-Nachmias and Nachmias 1996, p. 129). A cross-sectional design is based on the assumption of causality. The definition of cause has three components: isolation, association, and the direction of influence. Problems of showing isolation, association, and direction of causation have been an issue throughout times (Bollen 1989, pp. 41, 79).

Ideally, a dependent variable should be isolated from all influences but a single explanatory variable in order to conclude definitive statements about causes. However, it is impossible to have ideal isolation. Therefore, perfect isolation may be replaced by pseudo-isolation, which implies that some conditions should be paid the attention necessary to establish a causal link between two variables (Bollen 1989, pp. 41, 45, 56). Two conditions seem to be emphasised when the focus is on inter-organisational relationships (Ulvnes 2004, p. 80). The first one is the intervening influence of a third variable, and the second condition is the characteristics of the setting.

The first condition refers the possibility that a relationship is spurious. Spuriousness applies to situations where an extraneous variable leads to a “fake” relation between the independent and dependent variable. To validate bivariate associations, relevant control variables that can be related to both the independent and dependent variables should be identified and used (Frankfort-Nachmias and Nachmias 1996, pp. 104, 434; Ulvnes 2004, p. 80). However, a researcher can never be completely sure that all relevant control variables are introduced into the analysis (Frankfort-Nachmias and Nachmias 1996, p. 435). The second condition can be met by selecting a

relatively homogenous population (Ulvnes 2004, p. 80), that is, to minimise the effect of industry-specific practices (Skarmeas et al. 2002, p. 765).

Association is a second component for establishing causality. This implies that a researcher must find evidence of a correlation between two constructs. Generally speaking, if an independent construct is not correlated (does not covary) with the construct defined as dependent, it cannot be the cause of this construct (Frankfort-Nachmias and Nachmias 1996, p. 104; Ulvnes 2004, p. 80). The third component for establishing causality is the direction of influence, also referred to as time order. This implies that the cause must precede the effect. That is, the assumed cause occurs first or changes before the assumed effect (Frankfort-Nachmias and Nachmias 1996, p. 104).

Knowing that one construct precedes another in time is the most effective means to establish the direction of influence. However, in many cases the time sequence is not clear (Bollen 1989, p. 67) and statistical tests cannot be used to establish the time order of constructs (Bollen 1989, p. 79; Frankfort-Nachmias and Nachmias 1996, p. 131). Theoretical and logical considerations are commonly used by researchers to establish the direction of influence (Frankfort-Nachmias and Nachmias 1996, p. 131; Ulvnes 2004, p. 80). Bollen argues as follows: “Due to the approximate nature of models and the impossibility of directly observing causality, all causal inferences must be regarded as tentative in the absolute senses, though subjectively we may have varying degrees of confidence in the relations being causal” (1989, p. 71).

This study has attended to the requirement of “isolation” by focusing on one type of industry: Norwegian firms exporting seafood products. Three control variables have been included, but only for one of the models estimated. Finally, the direction of influence expressed by the hypotheses is based on theoretical and logical considerations. Although some of the relationships delineated in the conceptual model are new, theory and previous findings in similar settings have been used to underpin these relationships.

7.2 Research setting

Norwegian exporters of seafood and selected business partners in international markets provide the empirical setting for this research. Seafood refers to unprocessed and processed products to be consumed by humans and animals. The largest share of seafood products is for human consumption. Processed products may include fresh and frozen fish fillets, smoked salmon and trout, salted and dried fish, and other processed products such as marine oils, fodder and unconserved and conserved shellfish. Unprocessed seafood

products include fresh and frozen whole fish (gutted, with or without head), and shellfish. Seafood is sold to intermediaries including importers/wholesalers, agents, smokehouses and other processors, and the retail sector (super- and hyper-market). Some exporters operate independently, which means that they function primarily as purchasing and sales firms or they are a processing firm that also export. Some firms are integrated, which means that the firm is part of a concern that may own fish and shell farms and/or processing plants. A small number of these concerns are multinationals and have their own sales offices in some foreign markets.

Some of the seafood exported is wild fish (e.g. white fish, pelagic and shellfish) and some of the seafood exported is farmed; such as salmon, trout and shell. While exports of wild fish have a long tradition, exports of farmed salmon and trout are of a newer date. The Norwegian salmon industry was established in the 1960s, and the first exports were carried out in the early 1970s. Norway has until 2005 been the largest Atlantic salmon producer and the largest exporter world-wide of Atlantic salmon. In recent years a group of “new species” are being farmed, including cod, halibut, and shellfish.

Those who want to export fish and fish products have to be approved by the Norwegian Seafood Export Council (NSEC website, October 2003). Many of those exporting seafood export a variety of fish products, including various fish species, shellfish and shell, processed and unprocessed products (Norske eksportører av sjømat. Strukturrappport på makronivå, source: *Norwegian College of Fishery Science*).

In 2004, Norway exported seafood to 155 countries. In 2003, Norway was ranked as the third largest export nation of seafood after China and Thailand, with an export value of 3 624 US millions. In 2004, the total value of Norwegian exports was just below 30 billion NOK, making up a share of about 5 percent of the total value exported the same year. The salmon family made up the major share, 44 percent of the total exported value of seafood products (NSEC/Statistics Norway). Almost 80 percent of the total volume produced was exported in 2003 (Statistics Norway, 2003). The total volume sold of salmon was 507 412 tons in 2003. The Norwegian share of the total production of salmon world-wide has declined from 75 percent in the mid 1990s to 42 percent in 2002. This decline is explained by increasing competition because of expanding production capacity. Chile is a driving force in the expansion of the production capacity. In 2003, the value of exported salmon was NOK 10 billions. The main markets for Norwegian seafood in 2004 were as follows, presented according to value: Denmark, Japan, Russia, France, Portugal, United Kingdom, Sweden, Germany, Italy, and Poland.

The seafood industry is meeting tougher market demands in the face of growing competition. It is a common practice that buyers make use of multiple sources of supplies (Pettersen 2005, p. 158). Also, the industry is faced with demands from retail and food service buyers for large volumes, consistent and reliable supplies, consistent quality, traceability, low and stable costs, and products which will be perceived by consumers as convenient, safe, healthy, and environmentally and socially responsible (Knapp, IntraFish November 2002, p. 4).

Food safety has become a critical issue in a number of export markets, which implies stricter documentation with regard to the quality of the product. 1st January, 2005, EU introduced a new directive instructing the retail sector to improve labelling of fish products. As a result, a large number of Norwegian exporters of seafood have implemented traceability systems. The most complete systems make it possible to trace the path of a product from the consumer to its origins. As in many other industries (Humphreys and Attaway 1996, p. 49), consistent product attributes, customer defined product reliability, conformance to standards and competitive pricing are now considered minimum requirements for consideration by potential buyers (Pettersen 2005, pp. 162-4, 174). The major share of products exported is fresh, which involves that coordination of tasks in the distribution channel must be effective, and frequent information about market demands is vital for fresh, dried and conserved seafood products.

7.3 Questionnaire design

Literature review and field interviews

As a first step, a review of the literature was carried out. Based on literature focusing on selling-buying business relationships both in domestic settings and in export marketing channel settings, an interview guide was developed. The interview guide included some selected constructs and their respective statements, viewed as important to the maintaining of business relationships. Interviews with six persons, each one representing different firms located in Norway exporting seafood, were carried out. One was in charge of purchasing, one was a sales representative, and four were managers. Two meetings took place and four interviewees were interviewed on the phone. The interviews lasted between 40 minutes to 1.5 hours.

The objective of the field interviews was to gain some insight with regard to what factors seem to be relevant to managing business relationships in international markets. In other words, interviews were carried out to ascertain that the theoretical approach chosen would be relevant

(Shankarmahesh et al. 2004, p. 431). Also, it was important to get some feedback to what extent culture in foreign markets is an issue.

The interview guide presented items and their respective statements (representing the selected constructs), translated from English to Norwegian (by the author). The interviewees were asked to comment on the statements, and to give an indication to what extent they were relevant to describe aspects of ongoing business relationships in general. Some questions were also addressed throughout the questionnaire in order to clarify certain areas. For example, after the list of statements expressing three dimensions of asset specificity, the following question was addressed: In general, can those investments made in personnel, products, and equipment and logistics, relatively easily be transferred to another buyer in the same market, or a buyer in a different market? Or is it so that investments carried out have been adapted to a specific buyer only?

Two of the constructs and their respective statements were associated with the transaction cost analysis (TCA) (Williamson 1980; 1996), and were as follows: transaction specific investments (human assets, product assets and physical assets), and centralisation. The latter aims to identify the decision maker on specific areas, and should give an indication of contract terms. That is, to what extent one party exclusively has the ability to determine terms of trade (Haugland 1998, p. 18). Among others, studies carried out by Haugland (1998; 1999) were used to describe the statements composing these constructs. Haugland has made use of the TCA framework to study Norwegian salmon exporters' relationships with buyers in international markets. Statements representing selected constructs in his studies have been developed to accommodate this particular industry.

In addition, the following constructs with their respective statements were included in the questionnaire: Trust (e.g. Aulakh et al. 1996; Doney and Cannon 1997), commitment (Skarmeas et al. 2002), cooperation (e.g. Anderson and Narus 1990), relative dependence (e.g. Ganesan 1994), market diversity (e.g. Ganesan 1994), market volatility (e.g. Ganesan 1994), relational norms in terms of: solidarity, flexibility, and exchange of information (e.g. Bello et al. 2003), resource inadequacy (e.g. Bello et al. 2003), and cultural sensitivity (e.g. Johnson et al. 1996; LaBahn and Harich 1997).

Although the number of persons interviewed is small, the feedback was useful. The response with regard to the question addressed above indicated for example that TCA would not be a feasible theoretical approach. Investments carried out are rather general in the sense that they can easily be

transferred to another buyer. Exporters have to implement minimum standards set by the European Union, and by the government in a specific market, such as procedures for quality control and product quality.¹² Evidence shows that French buyers of seafood are in general satisfied with these standards. This means that the products and the quality of the products that are offered by various suppliers are quite similar (Pettersen 2005, pp. 163, 164, 157). Suppliers can implement standards that go beyond the minimum standards. Specific investments can also be packaging. Documentation and reporting routines can relatively easily be adjusted to different customers' requests.

Pettersen (2005, pp. 157, 160, 163) found that the degree of relationship specific investments from the buyer's side at the inter-organisational level is low. She also found that supplier firms' relationship specific investments are low. One of Pettersen's (2005) explanations is that the practice of multi-sourcing reduces the appropriateness of making high relationship specific investments at the inter-organisational level (firm level). Although price is considered as highly important, buyers are prepared to establish and maintain long-term business relationships (Pettersen 2005, p. 158).

Centralisation of decision-making, and thus exercise of control by one of the party's, does not seem to be a very relevant issue. The buyer may have some special requests with regard to the quality of the product. The exporter of farmed fish has the responsibility to select the production plant that can meet various buyers' requests with regard to quality. The responses from the interviewees show that the decisions made are often a result of cooperation and discussions between the parties about details such as price, procedures to be followed in terms of packaging, logistics and payments, and quality of the product delivered.

The interviewees pointed out that trust is important for a business relationship to function in a satisfactory way. For many business

¹² A new European Regulation (effective from 1st January 2005) has been put into force to ensure traceability in the value chain. This regulation aims to create a European Authority for Food Safety. This new legislation implies measures such as; schedules, various guides to acceptable practice, and HACCP certificates, which all contain elements that help ensure traceability. Recently, the wholesale market at Rungis (Paris) made investments of 50 million Euros to satisfy European sanitary norms and to improve the seafood pavilion with respect to standards of quality, hygiene, and food safety along the whole cold food chain. One may view these as general investments aimed to satisfy requirements of product quality and hence satisfy supplier firms. All firms that supply the European market with seafood are required to satisfy European norms (Pettersen 2005, p. 164).

relationships formal contracts are not used, and when they are used, they are reviewed on a regular basis. Similarly, Pettersen (2005, p. 157) found that French buyers of seafood consider trust between individuals to be essential. Buyers are inclined to follow the salesperson if she or he changes firm. However, the requirement is that the new firm meets acceptable quality standards.

Exchange of information was pointed out to be of critical importance. Because the major share of products transacted is fresh, it is important to stay informed about the market situation to ensure that supplies match the demands, and that any possible obstacles in the logistics are dealt with immediately. It was pointed out that the key to establish a long-term business relationship is to create a high-quality communication with the foreign business partner. Value chains in the seafood industry can be regarded as buyer-driven, among other factors because knowledge related to market and customer requirements is significant (Pettersen 2005, p. 164). Pettersen (2005, p. 175) found that French buyers consider communication with the supplying firm's representative to be of critical importance. The business partners exchanged information about market developments and other informal issues. A large number of her respondents (75 out of 96) pointed out that it is difficult to specify *ex ante-completed* contracts because things keep changing: price, quality, quantity, and exchange rates. Communication helps coordinate business exchanges (Pettersen 2005, pp. 174, 175).

The feedback received from the interviewees showed that the construct commitment is highly relevant in order to indicate to what extent a specific business relationship is given high priority or not. However, this construct is not included in the conceptual model. Fourteen statements, derived from literature putting forward various aspects related to cultural understanding and efforts made to deal with culture, were presented to the interviewee. There was full agreement that business style often differs across various markets. One pointed out that also within a market, different buyers are likely to perform various business styles. All six interviewees thought that it is an advantage to have some understanding of the foreign buyers' culture. However, it seemed to be difficult for them to specify exactly in what areas the differences are likely to be. Four of the interviewees pointed out that the larger the geographical distance is to where the buyer is located, the more important is cultural understanding.

It did not seem to be common to offer personnel formal education to attain knowledge about foreign cultures. Two of the interviewees had spent some time reading literature on culture, including how to conduct business in a foreign market. It was pointed out by all six that business visits are of major

importance to get to know the customer and to establish business relationships. According to their view, cultural understanding of customers and how business is practised, is advanced by increased experience in international markets. To conclude, based on the interviews, it was decided to use trust and exchange of information to represent key factors coordinating business relationships in export markets. In addition, cultural competence seems to be advanced by experience attained in foreign markets.

Interviews and discussions have also been carried out with people working in the Norwegian Seafood Export Council and the Norwegian Seafood Association. Interviews have been made with four of the Norwegian Seafood Export Councils' representatives in four important export markets: Japan, Germany, Russia and France. One issue addressed when interviewing these four representatives was whether the classification of buyers to be used in the questionnaire applies to these markets. The classifications made in the questionnaire represent a simplified picture of the distribution structure in markets. The distribution system can be quite complex in some markets. For example, in Japan, an exporter has to cooperate with an importer to serve a retailer. A similar system is also found in Italy, where the exporter must use an agent in order to serve a specific customer. In Germany, some buyers carry out several functions, including importing and processing, having their own super- or hyper market. Another issue raised was: what are the challenges faced by the exporters in these markets? It was pointed out, among other things, that it takes time to advance knowledge about a market, and to succeed in establishing business relationships. For example, to penetrate the German market, an exporter has to be prepared to plan on a long-term basis in order to establish and build business relationships with buyers.

Attendance at industry conferences (Salmon Conference, Hell 2004, 2005; Fisk 2004, 2005, Tromsø) has also provided some insights with regard to issues that prevail in the Norwegian seafood industry. Also, the English version of Intrafish news has been an important source in order to stay updated about current issues in the seafood industry. In total, interviews and discussions with knowledgeable people in the industry have provided some important insights with regard to the nature of relationships between exporters and foreign buyers. And one major concern for a number of export firms is developing and maintaining business relationships in international markets. It is therefore considered as useful to investigate what may influence ongoing business relationships in a positive way.

Literature review and pre-testing of the questionnaire

With the interviews in the “back of my mind”, a new literature review was carried out. One purpose of the second literature review was to develop the cultural sensitivity concept. As chapter 5 shows, various literature streams have been used to advance the cultural sensitivity concept. Also, the literature review has provided the basis from where the measurement scales representing the dimensions (latent variables/constructs) of cultural sensitivity have been identified. Subsequently, items from existing scales have been adopted and modified to accommodate the context studied. A second purpose of the literature review has been to provide support for the relationships between constructs in the conceptual model as illustrated in figure 6-1 (see p. 54).

The next step was to work out a structured questionnaire. The questionnaire consists of three parts. The first part asks the respondent to focus on a specific business relationship that the respondent selects on the basis of some criteria (outlined in a later section, see pp. 82-83). The second part focuses on characteristics related to the firm, and the third part relates to traits of the respondent. The questionnaire is presented in appendix A.

Various people have read through the questionnaire to identify statements and formulations that may be difficult to understand. The list of items included in the questionnaire was translated into Norwegian. Then the items were back-translated into English by a Norwegian person with a Cand. Philol degree in English literature. This person has also played a critical role in working out appropriate statements both in Norwegian and English, in order to avoid ambiguous formulations.

Finally, the questionnaire was pre-tested by four persons responsible for sales of seafood in international markets to identify problems (de Mortange and Vossen 1998, p. 83). Some changes were carried out as a result of feedbacks.

7.4 Unit of analysis, sampling frame and data collection

The unit of analysis is the impact of the sales representative characteristics, viewed in terms of five dimensions composing cultural sensitivity, on the quality of business relationships (expressed in terms of trust and exchange of information between business partners) in the export markets. The focus is on salespeople employed in export firms located in a specific country (Norway) and on selected business relationships in various export markets. The person responsible for a specific business relationship is the one who reports.

In the early part of the study it was decided that the Norwegian exporters of salmon products should constitute the empirical setting. About 32 – 35 firms export about 85 percent of the total volume. To ensure a sufficient sample, 3-5 persons in each firm would have to fill out a questionnaire. Experience showed that it would be too difficult to administer this type of research design. It was quite a challenge asking firms to fill out only one questionnaire. A sales manager in one of the large concerns was asked whether it was possible to ask another 2-3 people to fill out the questionnaire. The response clearly expressed that the workday was too hectic, and that he therefore did not want to burden the salespeople with this type of task. A number of those firms exporting salmon products also export other fish species. Therefore, selecting firms on the basis of whether they export salmon products was not such a sensible approach after all.

The total number of Norwegian exporters of seafood products was included to secure a large enough sample to enable a test of the theoretical model. One may argue that the homogeneity of the sample is reduced, but at the same time the variation over the focal theoretical variables have increased. The sampling frame was developed based on a list held by the Norwegian Seafood Export Council, including those licensed to export seafood. By November 2005, the number of registered exporters was 528. This list included the name of the firm, address, telephone, fax number, and for most of the firms also an e-mail address. The name of the contact person was not included. Based on the services provided by the 1880 telephone register, the name of the general manager, the approximate number of employees, year of establishment and turnover in recent years could be obtained for most of the firms.

Skarmeas et al. (2002, p. 772) argue that business relationships selected for a study investigating ongoing business relationships should preferably be running for a minimum of 3 years, while O'Grady and Lane (1996, p. 317) suggest that 2 years should be the minimum. To be able to assess performance (O'Grady and Lane 1996, p. 317), and to develop trust between exchange partners (Johnson and Cullen 2002, p. 359), the business relationship must have been maintained for some time. For the purpose of this study the respondent was asked to select a business relationship with duration of approximately 2 years or more. As a starting point, to determine the sampling frame, those firms that had been established for approximately 2 years or more were included in the list.

Every firm was contacted by telephone to identify those firms that were actual exporters of seafood products. That is, the firm has established at least one business relationship in an export market. This does not necessarily

mean that the business relationship is formalised by a contract. A business relationship is viewed as established if the firm has exported on a recurrent basis throughout a period of approximately 2 years or more. Those firms that met these criteria were asked to participate in the survey. Consequently, respondents have not been selected on the basis of random sampling, as each firm in what makes up the total population has been contacted and asked to participate.

The telephone calls helped identify the person involved in sales. In many cases this would be the general manager, while in other cases it would be the sales manager, or a sales representative. In some cases the person answering the phone responded positively to participate on behalf of the person responsible for sales. The name of the person responsible for sales was given. To identify the key informant is of critical importance. In the first part of the questionnaire the respondent is asked to respond on behalf of a specific business relationship. It is important that the respondent is directly involved with the buyer (Bello and Lohtia 1995, p. 87; C. Zhang et al. 2003, p. 557). The knowledge-ability requirement must be met (Heide and John 1992, p. 38).

The survey was carried out in the period December 2005 to early March 2006. About 90 of those that accepted to participate in the survey were contacted in December 2005. Because this is a very busy month for the seafood industry, the participants were told that the questionnaire would be mailed to them after New Year. The rest of those that accepted to participate were contacted just after New Year, and the questionnaire was sent immediately after the acceptance to participate. Two alternative ways of responding was offered: by mail and by electronic mail. A questionnaire including a cover letter and a pre-paid envelope was sent by mail or the electronic version was sent by e-mail to those who requested this.

In the cover letter included with the questionnaire, the electronic address was also given as an option. The cover letter presented background information, including the purpose of the research project, and some background information of the author. Participants in the survey were ensured confidentiality and anonymity. They were also informed that the survey had been registered with the Norwegian Social Science Data Service. Some instructions were given with regard to who might respond. To motivate the respondent to respond, a report describing the main results was offered in return.

Procedure for choosing a business relationship

It is crucial to ensure some variation in the responses (Skarmeas et al. 2002, p. 766). Variation must be ensured to avoid that the data is uniformly positive (Anderson and Narus 1990, p. 46; Bello and Gilliland 1997, p. 29). However, there is not a clear consensus with regard to which criteria to emphasise when respondents are asked to select a business relationship. In a survey carried out by Bello et al. (2003, p. 8) the export executives were instructed to respond in terms of a single, focal export distributor and foreign market. These researchers did not give additional indications with regard to which criteria that should be emphasised if the respondent serves more than one export distributor.

Anderson and Narus' (1990, p. 46) procedure was used by Bello and Gilliland (1997, p. 29) to select a single and focal distributor in a foreign market. Anderson and Narus (1990) asked distributor firms to assess their working partnerships with manufacturer firms. They found, based on preliminary field interviews, that relationships with manufacturers who supplied the first- or second-highest-selling product lines seemed to be uniformly positive, whereas relationships with the fourth manufacturer firms were more variable.

To avoid potential restriction in range problems and to facilitate variation in the relationships studied, Anderson and Narus (1990) asked the respondents to specify as their manufacturer partner the firm that supplied the fourth-highest-selling product line and accounted for at least 5 percent of their total sales. If the distributor firm did not carry four lines or if the fourth line did not make up at least 5 percent of total sales, the respondents were instructed to use the manufacturer of the third-highest-selling product line, and so on. Field interviews carried out by Bello and Gilliland (1997, p. 29) showed that export executives seemed to view their first- and second-largest-volume distributors in international markets as "best": "...yet considered their fourth-largest foreign distributor as more "typical." Consequently, Bello and Gilliland (1997) made use of the same instructions as Anderson and Narus (1990) for the selection of the focal exporter distributor.

Alternative instructions have also been applied. For example, LaBahn and Harich (1997, p. 35) asked their respondents to focus on their highest volume-trading partner from a specific market. They did not report this selection criterion to be a limitation to the study. C. Zhang et al. (2003, p. 557) argue that to identify the most challenging foreign customer is critical to the investigation of relationship management between business partners in export marketing channels. In this study, export marketing executives were specifically instructed to identify the most challenging foreign distributor

relationship. Yet another approach has been used in a study carried out by Skarmeas et al. (2002, p. 766). In this study key informants in 606 firms were assigned randomly to complete the questionnaire with respect to their largest, third largest, or fifth largest supplying overseas manufacturer in terms of volume of importer sales to assure variation in the responses.

One may argue that volume is a more “neutral” criterion than a challenging business relationship. Challenging may imply a number of things. It may refer to a business partner who is highly rewarded and has involved lots of efforts in order to establish a long-term business relationship. On the other extreme, it may refer to a business partner who has caused trouble, and with whom the firm considers ending the contact. In this study, volume has been used as a selection criterion. The instructions to how this criterion should be used are somewhat different from the studies just presented. Some of those Norwegian firms exporting seafood are small, and/or the export activity is small, which means that they have established only 1 or 2 business relationships with duration of about 2 years or more. Large firms and those that primarily supply international markets serve several buyers in foreign markets, 30 to 100 or more.

For the purpose of this study the following instruction was given: If the respondent serves 3 or less customers in export markets with duration of approximately 2 years or more, the respondent should select the customer who bought the largest volume seafood products in 2005. If the respondent serves 4 or 5 customers with duration of approximately 2 years or more, the respondent should select the customer who bought the second largest volume in 2005. If the respondent serves more than 5 customers with duration of approximately 2 years or more, she/he should select that customer who bought the third largest volume in 2005.

7.5 The selling side’s perspective on a dyadic business relationship

Key descriptive information that has been collected pertains to qualities of the responding person, characteristics of the export firm, and characteristics of the ongoing exchange relationship. The potential problems related to reliance on self-reporting with regard to adaptive business style, open-mindedness and customer-oriented culture are discussed in the following sections. Another issue discussed is the potential problem related to the reliance on only one partner’s view to assess bilateral properties, which are as follows: trust between exchange partners and exchange of information.

Findings may be biased as a consequence of using self-report, single source, perceptual data; a common problem in studies on inter-organisational relationships (Aulakh et al 1996, p. 1027; C. Zhang et al. 2003, p. 563; LaBahn and Harich 1997, p. 46; Skarmeas et al. 2002, p. 773). Such an approach provides an understanding of the one side's perspective at the exclusion of understanding the functioning of the channel as a whole (LaBahn and Harich 1997, p. 46). Data collection from only one side does not fully get hold of the bilateral aspects (Aulakh et al. 1996, p. 1027). One party's perspective does not necessarily replicate the other side's perspective. Data on bilateral aspects from both sides would allow empirical testing of the hypothesised relationships from both parties' standpoints as well as the investigation of issues of perceptual convergence and divergence on the same phenomena (Skarmeas et al. 2002, p. 773).

Collecting data from both sides within an export-marketing context is resource intensive (Skarmeas et al. 2002, p. 773). Another concern that is likely to limit studies on matched pairs relates to respondent participation. LaBahn and Harich (1997, p. 35), who collected data from exporters and buying firms in a cross-border context, did not match channel members due to concerns regarding respondent participation. Aulakh et al. (1996, p. 1027) made an attempt to obtain information from both partners in a cross-border setting, but many US firms were not willing to identify their partners for confidential and strategic reasons. A similar experience has been made in this study. When the exporters were asked on the telephone to participate in this survey, some of them stated that they would not take part in the study if they were asked to provide details about customers. Consequently, it was stated in the cover letter that the respondent would not be asked to give details about their customers.

A major purpose of this study is to bring forward the cultural sensitivity concept and to investigate its impact on the quality of business relationships in export marketing channel contexts. The discussions carried out in section 5.1 (see pp. 38-39) clearly indicate that the person supposed to hold cultural sensitivity is the one who should report. Exporters of seafood products operate in highly competitive international markets, which involve tough market demands of among others; quality and food safety (see section 7.2, p. 74). It is therefore of major interest to enhance knowledge as to what characterises those firms and individuals serving rewarding business relationships in the export markets. Getting the selling side's assessment on this matter is considered a useful starting point.

7.6 Common method variance

Common method variance is a main source of systematic measurement error. Common method variance (i.e., variance that is attributable to the measurement method rather than to the constructs the measures represent) is a potential problem in behavioural research. It is considered as a serious problem because it offers an alternative explanation of the observed relationships between measures of different constructs that is independent of the one hypothesised. Method biases may put the validity of the conclusions about the relationships between measures at risk. Common method biases may create a rival explanation of the correlation observed between the variables (Podsakoff et al. 2003, p. 879).

Sources of common method variance

Main sources of method variance may occur from: reliance on a common source or rater (the respondent providing the measure of the predictor and the criterion variable is the same person), item characteristics (the manner in which items are presented to respondents to produce artifactual covariance in the observed relationship), item context (the context in which the items on a questionnaire are placed), and measurement context (the broader research context in which the measures are obtained; such as time, location, and media used to measure the constructs). In any given study, it is likely for several of these factors to be functioning (Podsakoff et al. 2003, pp. 881-85).

The questionnaire designed for the purpose of this study relies on self-reports. Reliance on self-report survey data is widespread across social science disciplines (e. g. Podsakoff and Organ 1986, p. 531; Woodside and Wilson 2002, p. 7). The use of self-reports for data gathering can be classified into the following categories, which are not mutually exclusive, and not exhaustive (Podsakoff and Organ 1986, p. 532): 1. Obtaining demographic and factual data; 2. Assessing the effectiveness of experimental manipulation; 3. Gathering personality data; 4. Obtaining descriptions of a respondent's past or characteristic behaviour; 5. Scaling the psychological states of respondents; and 6. Soliciting respondents' perceptions of an external environmental variable.

The first two categories appear to cause the least difficulty. Self-report measures of variables classified into categories 3 through 6 present greater problems. One of the problems is that these self-report measures are not verifiable by other means. There is no direct means of cross-validating people's descriptions of their feelings, intentions and perceptions. A more serious problem arises when measures of two or more variables classified into categories 3 through 6 are gathered from the same respondents and the

attempt is made to interpret correlation (s) among them. A critical problem in the use of self-reports is the identification of potential causes of artifactual covariance between self-report variables of what are presumed to be two distinctly different variables (Podsakoff et al. 2003, p. 879; Podsakoff and Organ 1986, pp.533-34).

Potential sources of common method biases produced by a common source or rater are as follows: the consistency motif, social desirability, leniency biases, acquiescence (yea-saying or nay-saying) and positive and negative affectivity. Social desirability will be paid special attention to here. Social desirability is frequently viewed as "...the tendency on the part of individuals to present themselves in a favourable light, regardless of their true feelings about an issue or a topic" (Podsakoff et al. 2003, pp. 881-84). Social desirability relates to questionnaire items that may encourage responses that will present the person in a favourable light (Podsakoff and Organ 1986, p. 535).

Social desirability is a major contaminant to the accuracy of self-reports (Zerbe and Paulhus 1987, p. 250), and is therefore a major concern in the measurement of personality (Spector 1987, p. 438). A number of studies have included a social desirability scale as a method to identify those persons who seek to present a positive impression of themselves on personality questionnaires (Borkenau 1985, p. 46). Socially desirable responding (SDR) has frequently been presented as the Marlowe-Crowne (MC) scale, a scale which has often been used in studies focusing on organisational issues. Self-report measures that correlate highly with SDR scales are eliminated as invalid and reports of these individuals are viewed as invalid, as well (Zerbe and Paulhus 1987, pp. 250-51).

Three constructs included in the conceptual model may encourage the respondents to respond in a more positive fashion in order to present themselves and the firm in a socially desirable light. These are as follows: open-mindedness, adaptive business style, and customer-oriented culture. The two former constructs express an individual's traits and personality, which may encourage respondents to reply "...in a manner that would be expected of well-adjusted people, thereby presenting themselves in a socially desirable light" (Borkenau 1985, p. 44). Similarly, a respondent will most likely present his or her firm in a socially acceptable light.

Individual characteristics: adaptive business style and open-mindedness

The adaptive business style scale is adapted from the sales literature emphasising adaptive selling as a critical skill to advance performance. A

review of studies investigating salespeople's predisposition to adapt show that relying on self-assessment with regard to this dimension and its nomological network is a commonly used method to gather data. Sujan, Weitz and Kumar (1994, pp. 45, 44) relied on salespeople self-report with regard to their predisposition to adapt their sales approach to different sales situations. These researchers did not address self-reporting as a limitation to the study's results. Marks, Vorhies and Badovick (1996, p. 58) argue that self-reported measures should be questioned. In their view, however, self-report does not cause a serious problem. Also researchers focusing on negotiations between business partners often make use of self-assessments (Graham 1986, p. 555). It has been pointed out in the negotiation literature that reliance on self-reporting measure can be potentially problematic because of common method variance (Mintu-Wimsatt and Gassenheimer 2000, p. 7). Although, no remedies were put forward in order to deal with this potential problem.

Open-mindedness is another construct that might be subject to method effects produced by social desirability. This construct is adapted from a scale used in a study carried out by Sinkula et al. (1997). Managers located in the upper to high organisational levels were selected as the key respondents. They were asked to assess the organisation's open-mindedness. The potential problem, which involves that management, may present their organisation as more open-minded than what it actually is, was not put forward as a potential problem.

There seems to be little criticism in the literature dealing with organisational behaviour and job related issues, including self-reporting measures of people's feelings about and perceptions of work (Spector 1994, p. 386). This can be explained by the argument that other people's perceptions of a person's attitudes may not be as good a measure as the person's own self-reports (Podsakoff et al. 2003, p. 899). This view gives support to the argument in previous discussions carried out in section 5.1 (see pp. 38-39) that self-reports of one's own perceptions tend to be better than anyone else's view. Besides, self-reporting may not cause serious biases for every variable.

Social desirability can be viewed in terms of two components that may help distinguish between individual differences: self-deception and impression management. Self-deception refers to the unconscious tendency to see oneself in a favourable light. It is expressed in socially desirable, positively biased self-descriptions that the respondent in fact believes to be true. Impression management represents conscious presentation of a made-up

front, which involves deliberately falsifying test responses to create a favourable impression (Zerbe and Paulhus 1987, p. 253).

Assessments have to be made with regard to when social desirability responding represents contamination, and control is suitable (Zerbe and Paulhus 1987, p. 254). In Zerbe and Paulhus (1987, p. 253) view, self-deception is closely related to an individual's ability to adjust. Self-deception is a characteristic of the well-adjusted person. If this component is related conceptually to the variables of interest, which in this study would be adaptive business style and open-mindedness, control is inappropriate. These two variables aim to assess an individual's ability to adjust, both in terms of behaviour and mind, to various business situations, customers and market environments. Evidence shows that "Well-adjusted individuals have an honestly held, positively biased view of themselves." Some degree of self-deception advances a positive outlook. This is viewed as particularly important for salespeople (Zerbe and Paulhus 1987, p. 253).

Ruch and Ruch (1967, pp. 201, 202) maintain that the good salesperson has a clear perception "...of what demands the selling job puts on him personality-wise, and hence is better able than the poor salesman to put his best foot forward, regardless of what his "true" personality dynamics really are." Salespeople sell themselves as well as their products and services. Salespeople are inclined to give the answers they think are expected from them, which is a way of responding that can be defined as "sensible deception." Moreover, evidence shows that salespeople that score high on the Self-Deception factor are socially skilled individuals, and this factor seems to work as the best predictor of job performance (Zerbe and Paulhus 1987, p. 257).

Impression management can be viewed as self-presentation directed deliberately, implying that the person who expresses impression management must have an audience. This means that impression management will be low when assessment of measures takes place under anonymous conditions. Self-deception on the other hand, is likely to be present even in private situations, such as anonymous questionnaires (Zerbe and Paulhus 1987, pp. 255, 257). To conclude, adaptive business style and open-mindedness might be contaminated by self-deception. However, as the discussions suggest, this bias is not a serious problem and the bias is likely to be upward.

Firm characteristic: customer-oriented culture

There is an ongoing discussion among researchers who focus on organisations' customer orientation regarding who should assess customer orientation. Researchers argue that evaluations of how customer oriented an organisation is should preferably come from its customers rather from the firm itself (Deshpandé et al. 1993, p. 27). Alternatively, one may take a dyadic approach including the assessment of both business partners, which would allow the consideration of differences in perceptions between the partners involved in a business relationship (Kelley 1992, p. 34).

In a study carried out by Deshpandé et al (1997, pp. 11, 14), the term "quadrad" is used to define the sampling unit because it is a dyad of pairs of buyers and sellers in a business-to-business relationship. Each observation was composed by four interviews. Two marketing executives in a single business unit were interviewed, and two purchasing executives in the selected customer firm were interviewed. The sample included firms from Japan, US, England, France and Germany, and matched firms were located within one country. The findings from this study show that customer orientation scores are significantly higher when self-assessed (from the marketer/selling firm) than when customer-assessed.

A dyadic approach to assess an export firm's customer orientation is perhaps the most ideal one. However, the approach used by Deshpandé et al. (1997), two pairs per observation, is both cumbersome and expensive. They argue that they could have reached the same conclusions with dyads of customer-supplier pairs. Interviewing only one individual from each side of a dyad will halve the number of interviews. However, as pointed out above (see section 7.5, pp. 83-84), this type of strategy is resource intensive in an export marketing setting. Deshpandé et al. (1997, p. 12) selected samples of firms located in major cities. Matched pairs were located within the same country. The geographic concentration was required out of economic reasons.

There are some procedures that can be used to address the common method variance problem after the variables in the study have been measured. One of the procedures that can be used to control for common method variance is the Harman's one factor test. Using this test implies that all the variables of interest are entered into a factor analysis. Then the results of the unrotated factor solution are examined to decide the number of factors that are necessary to account for the variance in the variables. The rule is as follows: "...if a substantial amount of common method variance is present, either (a) a single factor will emerge from the factor analysis, or (b) one "general" factor will account for the majority of the covariance in the independent and the criterion variables" (Podsakoff and Organ 1986, p. 536). Six variables –

export resources, customer oriented resources, open-mindedness, adaptive business style, trust and exchange of information – were entered into a factor analysis. An examination of the unrotated factor solution shows that six factors have emerged. The largest factor is accounting for almost 35 percent of the variance. The results indicate that common method variance is not a serious problem.

7.7 Development of measures

The following sections provide the definition for each variable, and items (observable measures) for each one of them. First the three dependent variables are presented as follows: Trust between exchange partners, exchange of information and adaptive business style (an intermediate variable). Then the three variables expressing various kinds of experience are presented. Two of them – international experience and country experience – are independent variables. Ongoing business experience is a moderating variable. Then another three independent variables are presented as follows: export resources, customer-oriented culture and similar versus dissimilar culture groups. Similar versus dissimilar culture groups is a dummy variable. Finally, three control variables are presented.

Trust between exchange partners

Trust is defined as the partner's confidence in an exchange partner's reliability and integrity (Morgan and Hunt 1994, p. 23). Trust implies the willingness to rely on an exchange partner in whom one has confidence (Ganesan 1994, p. 3; Moorman et al. 1993, p. 82). The confidence aspect of trust is emphasized, also referred to as credibility, which implies that the partner's word or written statement can be relied on (Doney and Cannon 1997, p. 36; Ganesan 1994, p. 3). Items have been derived from one study carried out by Aulakh et al. (1996) and a second carried out by Ganesan (1994). The trust scale attained acceptable Cronbach alphas, above 0.7, in both studies.

Item 1 has been adapted from Aulakh et al. (1996), and Ganesan (1994). Items 2 and 4 are adapted from Ganesan (1994). Items 3 and 5 are adapted from Aulakh et al. (1996). The variable represents trust between the exchange partners, as perceived by the salesperson. The items, measured on a five-point scale ranging from "very poor description" to very good description," are as follows:

1. This buyer and I can generally rely on each other to carry out promises made.

2. The negotiations between this customer and me are not characterised by openness. (Reversed coded)
3. This buyer and I are generally sceptical to the exchange of information between us. (Reversed coded)
4. The buyer and I are open about problems that emerge, such as delayed deliveries, price changes, and so on.
5. Overall, trust between this buyer and me is characterised by a high degree of trust.

Exchange of information

Exchange of information is in this study defined as the extent to which the partners involved in the exchange relationship openly shares information, formal as well as informal (LaBahn and Harich 1997, p. 32; Morgan and Hunt 1994, p. 25). It is of major interest to bring forward to what extent exchange partners proactively provide information useful to each other (Heide and John 1992, p. 35), which involves sharing of information that goes beyond minimal amounts of information relating to the transaction only.

The following two studies have been used as sources from where items have been derived: One study carried out by Heide and John (1992) and a second carried out by LaBahn and Harich (1997). The scales used in these studies attained acceptable alpha coefficients, above 0.7. Item 1 has been adapted from Heide and John (1992). Items 2 and 4 have been adapted from LaBahn and Harich (1997). Items 3 and 5 have been adapted from both studies. The variable represents exchange of information between the exchange partners, as perceived by the salesperson. The items, measured on a five-point scale ranging from “very poor description” to very good description,” are as follows:

1. Exchange of information between this customer and me takes place frequently and informally.
2. This business relationship is characterised by two-way communication.
3. In this business relationship, information that is of any use to the other part is given.
4. In this business relationship we communicate our expectations to each other.
5. In this business relationship, each of us informs the other part about events or changes that are of significance to the other part.

Adaptive business style

Adaptive business style is defined as the altering of business style during a customer interaction or across customer interactions, based on perceived information about the nature of the business situation. The construct adaptive business style is derived from the adaptive business selling literature. A number of studies have applied adaptive selling scales on sales situations in a national market. Studies have frequently been carried out in the US. By drawing a sample of organisations representing different manufacturing industries, researchers have managed to include a wide variety of selling situations. The testing of this type of scale in various cross-border contexts should shed further light on the qualities of this scale. Salespeople in export firms encounter a wide variety of business situations in which the ability to adjust should be valuable. Thus, drawing a sample of export firms and selected business relationships located in various markets attends to the criteria of including a wide variety of business situations (Spiro and Weitz 1990, p. 65).

Spiro and Weitz (1990) were the first to develop and validate a measure of the degree to which salespeople practice adaptive selling (ADAPTS scale). These two researchers argue that this predisposition should consist of the following six facets: 1. A recognition that different selling approaches are needed in different sales situations; 2. Confidence in the ability to use a variety of different sales approaches; 3. Confidence in the ability to alter the sales approach during a customer interaction; 4. A knowledge structure that facilitates the recognition of different sales situations and access to sales strategies appropriate for each situation; 5. The collection of information about the sales situation to facilitate adaptation; and 6. The actual use of different approaches in different situations.

The first three facets relate to the motivation of salespeople to practice adaptive selling. The fourth and fifth facets pertain to the capabilities needed to practice adaptive selling effectively. The sixth facet relates to the actual behaviour of salespeople (Spiro and Weitz 1990, p. 62). Spiro and Weitz (1990) generated 42 items. A questionnaire that contained these items and scales measuring constructs for assessing nomological validity were distributed to salespeople in 10 divisions of a major national manufacturer of diagnostic equipment and supplies in the US. The 42 items were reduced to a 16-item scale after they had been subjected to a principal component analysis and a factor analysis. After the item-reduction procedure, items related to the fourth facet, knowledge structure, were not represented. The unidimensionality of the 16-items ADAPTS scale was not tested using a confirmatory factor analysis (Spiro and Weitz 1990, p. 65).

By using the 16-items ADAPTS scale as a predictor of a salesperson performance, the findings have shown mixed results. A number of researchers have made an attempt to improve the scale (e.g. Chakrabarty, Brown, Widing II, and Taylor 2004). Some of them find a scale composed by a smaller number of items than the original 16-item ADAPTS scale more preferable (Chakrabarty, et al. 2004, p. 126). Chakrabarty et al. (2004, pp. 128, 130) propose that the best measurement scale is the one developed by Robinson et al. (2002). Robinson et al. (2002, p. 111) propose a shortened version of the original 16-items ADAPTS scale consisting of five items, referred to as ADAPTS-SV scale. In their study a sample was drawn from all manufacturing industries in the US to identify salespeople. Confirmatory factor analysis was carried out. Acceptable fit statistics and a Cronbach's coefficient alpha of 0.84 were attained. Also, ADAPTS-SV is significantly positively correlated with both the sales experience measure and the performance measure demonstrating nomological validity (Robinson 2002, pp. 117-18).

The five-item ADAPT-SV scale includes four of those six facets which Spiro and Weitz (1990, p. 62) propose that salespeople predisposed to practice adaptive selling should hold. These four facets are as follows: 1. Confidence in the ability to alter the sales approach during a customer interaction (item 1); 2. The actual use of different approaches in different situations (item 2 and 3); 3. Confidence in the ability to use a variety of different sales approaches (item 4); and 4. The collection of information about the sales situation to facilitate adaptation (item 5).

The ADAPT-SV scale worked out by Robinson et al. (2002, p. 117) is used to assess to what extent a salesperson is predisposed to adapt in his/her dealings with customers in foreign markets. The word sale, which is used in the original items, is replaced by negotiations. As pointed out in section 5.1 (see pp. 45-46), negotiations are key activities in the conduct of business. The five items composing the adaptive business style scale are as follows:

1. I can easily change to another negotiation style, if I perceive that the style I am using does not work.
2. I like testing out different ways of approaching new customers.
3. I am very flexible with regard to which negotiation style I apply.
4. I can apply a wide range of different ways of negotiating.
5. I try to understand how one customer differs from another.

Open-mindedness

Open-mindedness is the degree to which an individual is receptive to new information and situations (Harich and LaBahn 1998, p. 94). Items used to

operationalize the salesperson's open-mindedness have been derived from a study carried out by Sinkula et al. (1997, p. 316). The items have been adapted to reflect the open-mindedness of an individual. The coefficient alpha attained in this study was 0.80. Three items compose the open-mindedness variable. The items, measured on a five-point scale ranging from "very poor description" to very good description," are as follows:

1. I willingly reflect critically upon assumptions that I have about my customers.
2. I constantly try to question my own interpretations of the market.
3. I often question the foundation (information sources and fixed assumptions) of my interpretation of the customers.

Experience-based knowledge

A salesperson's knowledge about foreign markets is viewed in terms of three different kinds of experience: 1. Experience acquired on the basis of an ongoing business relationship, 2. Country experience, and 3. International experience. The first type of experience is acquired over time with respect to features of a specific business partner. The longer the business relationship lasts, the more the salesperson learns about the customer. The second type of experience refers to experience acquired on the basis of a salesperson's total number of business assignments, including previous and current, in the market of the ongoing business. Experience with several customers in the same market deepens the salesperson's knowledge with regard to how business is carried out in that market. The third type of experience refers to a salesperson that has attained experience based on business assignments from a diverse number of geographic regions (Chetty et al. 2006).

The work carried out by Chetty et al. (2006) is the source of inspiration to put forward these three types of experience. Chetty et al. (2006) have applied these three types of experiences to small and medium sized enterprises and their ongoing business partners in the export markets. Some adjustments have been made to ensure that the definition and operationalisation of these variables apply to a salesperson.

Ongoing business experience, country experience, and international experience are viewed as continuous variables. One indicator represents each variable, and the variables have been logarithmically transformed (ln). The use of logarithmically transformed variables is based on the assumption that the learning process of additional experience changes. An additional assignment in a foreign country is assumed to have less impact on a person

who is highly experienced than on a person who has just started to get such experience (Chetty et al. 2006).

Ongoing business experience is a continuous variable on the number of years that the salesperson has been responsible for the ongoing business relationship. The question that has been addressed is as follows:

Please state the number of years that you have been serving the selected customer.

Ongoing business experience is viewed as a moderator variable. The strategy used to test the interaction effect is a moderator median split analysis. The variable has been dichotomised into low ongoing experience and high ongoing experience. Low ongoing experience includes 64 cases and high ongoing experience includes 47 cases.

Country experience consists of an indicator that measures the number of a salesperson's total business assignments, previous and current, in the market of the ongoing business. The question addressed is as follows:

Please state the number of customers that you have been serving in this market, previous and current. (Include business relations with duration of 1 year or more, and include all business relationships throughout your carrier).

To capture a salesperson's international experience, an index similar to Ronen and Shenkar's (1985, p. 449) socio-cultural clustering of countries (countries showing similarity in religion, language, and geography) has been used. The index has been adapted to reflect the countries that the Norwegian seafood industry exports to.¹³ The index contains the following categories: Nordic (including Island), Germanic (including Holland), Anglo-Saxon (including South Africa), Latin European (including Belgium), Latin American, Eastern European, African, Arab (including Jordan), Near Eastern (Turkey, Greece and Cyprus), and Independents. Independents are as follows: Japan, Russia, Brazil, Israel and South Korea. These five Independents are treated as "various" regions, which means that they are not viewed as one category. The respondent was asked to tick off those regions and countries that she/he had past and current experience with in terms of business assignments. The duration of business assignments should be 1 year or more. The respondent was also asked to report if she or he had experience with any country not listed. The respondent was asked to report also those

¹³ A list provided by the Norwegian Seafood Export Council showing the countries to which Norwegian seafood firms export has been used as a basis.

regions and countries which she/he had experience with from previous employments.

Export resources

Export resources refer to what extent a firm has sufficient export relevant resources in terms of finances and personnel (Bello and Gilliland 1997; Bello et al. 2003; Welch and Luostarinen 1988). Bello and Gilliland (1997), and Bello et al. (2003) have investigated the impact of an export firms' resource inadequacy on the nature of inter-organisational relationships in export channels. The operationalisation of the variable is inspired by these studies. The variable is composed by three items through which a firm's export resources are assessed. Item 2 has been adapted from Bello et al. (2003). Items 1 and 3 are new, but studies carried out by Bello et al. (2003), Piercy et al. (1998), and Welch and Luostarinen (1988) are used as sources of inspiration. These two new items reflect to what extent a firm has sufficient personnel and finances to support current export activities. The items, measured on a five-point scale ranging from "very poor description" to "very good description," are as follows:

1. The firm has sufficient personnel to deal with foreign customers in a satisfactory way.
2. Lack of personnel limits the firm's ability to expand its export activities. (Reversed coded)
3. Our firm has the financial resources required to support export activities in a satisfactory way.

Customer-oriented culture

Customer-oriented culture refers to what extent norms operating in a firm encourage an external focus, which implies that customer needs are given high priority (Deshpandé et al. 1997; Kalé 2003; Parasuraman 1987). To have an external focus implies that decisions start with the customer (Day 1994, p. 45). The variable customer-oriented culture has been rather difficult to operationalise. One of the problems is the large number of definitions causing the concept to remain fuzzy and vague (Kalé 2003, p. 78). Williams and Attaway (1996) relied on 20 items, developed in an unpublished doctoral dissertation written by Williams (1992), to tap to what extent a selling firm's organisational culture is customer-oriented. These items have not, to the knowledge of the author, been spelled out in later published works. Important sources from where items have been developed are Deshpandé et al. (1997) and Parasuraman (1987). These researchers stress the importance of emphasising external organisational activities, which is

viewed to be one of 15 aspects of organisational culture (Kalé 2003, p. 78, refers to Reynolds 1986).

Items 1 and 2 are adapted from Parasuraman (1987), and items 3 and 4 are adapted from Deshpandé et al. (1997). These items refer to norms and practices that may prevail in a firm, and are assumed to express to what extent a firm is customer-oriented. The items, measured on a five-point scale ranging from “very poor description” to “very good description,” are as follows:

1. In our firm it is the practice to take steps immediately when a customer has a complaint.
2. In our firm it is the practice to respond as soon as possible to the customers’ requests.
3. The firm has a very good understanding of how the customers judge the quality of products and the customer service.
4. The firm regularly evaluates the satisfaction of the customers with regard to quality of the product and the customer service.

Similar versus dissimilar culture groups

Inspired by Ha et al. (2004), a distinction has been made between similar and dissimilar culture groups. The dissimilar culture group includes those countries that are viewed as culturally different from the home country (Ha et al. 2004). The classification of the countries has been guided by the country clustering worked out by Ronen and Shenkar (1985), and the classification of cultural blocks described by Lindbergh (2004). The following cultural blocks are included in the category defined as culturally similar to Norway: Nordic (excluding Norway), Germanic (including Holland), and Anglo-Saxon (including South Africa). The following cultural blocks are included in the category defined as culturally dissimilar: Eastern European, Latin-European (including Belgium), Independents (Brazil, Japan, India, South Korea and Israel), Latin American, Far Eastern, Arab (in this study Jordan is the only country in this cultural block), Near Eastern (in this study Greece is the only country in this cultural block), and Africa (in this study Nigeria and Morocco are the two countries representing this cultural block). This variable has been transformed to a dummy variable. The similar culture group is defined as 0 including 52 cases, and the dissimilar culture group is defined as 1 including 59 cases.

Control variables

Three control variables have been included and are as follows: export sales experience, frequency of deliveries (2005) and total number of long-term

business relationships (duration of 2 years or more). In the adaptive selling literature experience, in terms of sales experience (e.g. Spiro and Weitz 1990, p. 65), is frequently used to test the nomological validity of adaptive selling. These three variables, representing various kinds of sales experience, are included when estimating model B. These three variables' impact on adaptive business style is tested out together with export resources, customer-oriented culture, international experience, country experience and open-mindedness. The three control variables are, in the same way as international experience and country experience, viewed as continuous variables represented by one item that has been logarithmically transformed (ln).

8 Analyses and results

The first section presents the response rate and gives an account of different strategies used in previous studies to attain an acceptable response rate. A description of the sample then follows. In the next section, statistical tests of normality are presented, followed by a section describing the various validity tests that have been carried out. The testing of the hypotheses are then set forth, including the regression analyses and the results. After that, there is a description of various tests showing whether the assumptions required to conduct linear regressions are present. Finally, the last section addresses the issue of influential cases.

8.1 Response rate

Out of 528 firms registered as exporters in November 2005, 272 were identified as relevant exporters (potential respondents) for this study. The main criteria to identify relevant exporters was as follows: 1. Those firms exporting on a regular basis to one or more customers in export markets; and, 2. Those firms that have established one or more business relationships in export markets with duration of approximately 2 years or more. Section 7.4 (pp. 79-81) gives a description with regard to how the sampling frame was identified and how the survey was conducted. A number of the 528 registered export firms were not considered as potential respondents. Some firms exported very sporadic and the volumes were small. Some firms had stopped exporting and had started to sell seafood to other exporting firms. Some had ended their activity, some were planning to end the activity soon and some were “sleeping” firms. Also, some of the firms had stopped exporting because they had become part of a concern, with a sales organisation serving export markets.

Initially, 224 persons accepted to participate and a questionnaire was sent to these 224 persons. Later, 23 of these reported (by e-mail or by mail) that they did not want to participate after all, because of time constraints and workloads. Other reasons given would be that he/she did not want to respond to the questions included in the questionnaire, or that no one in the organisation wanted to respond. Also, one reported that the firm had not exported long enough to establish business relationships with duration of about 2 years or more. Another 89 persons that initially had accepted to take part in the survey did not give any reason why they did not respond.

In total, 112 questionnaires were returned. One of the returned questionnaires had excessive missing data, and the case was therefore excluded. 111 were used in later analyses, making up a response rate of

about 41 percent. Missing data for one of the 111 cases, which were 2 out of 5 items composing an adaptive business style and all 3 items composing open-mindedness, were replaced by the mean of the observed variable. This case did not miss data on other important variables.

78 responded after the first wave of questionnaires, 23 responded after the second, and 10 responded after the third wave. About 14 percent (15 persons) of those who responded did this by using the electronic version. Two of the respondents came from the same firm. Initially, it was planned and asked for more than one person from each firm to fill out the questionnaire. As a result of this attempt, 2 persons from one firm did so. It was decided quite early in the process of data collection not to pursue this strategy (as pointed out in section 7.4, pp. 79-80).

Non-response error is a pervasive error in research survey. Non-response is understood as observations that are not carried out because of reasons such as refusal to answer, absence, and “lost” questionnaires. Non-response can bring in a substantial bias into the findings. The greater the non-response proportion the greater the biasing effect (Frankfort-Nachmias and Nachmias 1996, pp. 199-201). The non-response proportion in this study is about 60 percent. One may argue that the response rate attained is acceptable compared to similar studies. Studies show that there can be great differences with regard to the response proportion attained. Various strategies have been used to achieve a reasonable response rate, and which strategy is the most appropriate one is not given.

For example, Kraft and Chung (1992, p. 64) attained a response rate of 63.2 percent (190 responses that were judged complete and usable for analysis). In their study, research assistants personally delivered a questionnaire to the sampled firms, which consisted of importing firms in South Korea. A study carried out by Bello et al. (2003, p. 8) also received a reasonably high response rate of 72 percent (402 potential respondents). In the study carried out by Bello et al. (2003), the export executives were first mailed a questionnaire with a cover letter. Two weeks later, non-respondents were contacted by a telephone follow-up. Two weeks later, non-respondents were again contacted by phone and encouraged to respond.

LaBahn and Harich (1997, p. 35), who collected data from both the importing and the exporting (manufacturer) firm in a cross border context, attained response rates at the lower level. A response rate of 11.8 percent was attained (142 complete questionnaires) among the US manufacturers, and 12.7 percent (96 complete questionnaires) among Mexican distributors. In this study, only a single mailing of questionnaires was carried out because

of financial and time constraints. Aulakh et al. (1996, p. 1016), who collected data from exporting firms in the US, attained a response rate of 39.4 percent (257 completed questionnaires). Their questionnaire was mailed along with a cover letter and then followed up by two letters. C. Zhang et al. (2003, p. 558), who also collected data from US-based exporting firms, attained a response rate of 22.6 percent (142 complete questionnaires). In their study, a pre-notification letter was sent, requesting 800 potential respondents to take part in the survey. Next, a cover letter and a questionnaire were mailed to the managers. The respondents' business card and designation of a preferred charity were requested in order to make a donation on their behalf. A reminder letter and a copy of the questionnaire then followed. As the examples show, collecting data requires resources both in terms of time and finances.

One may ask why so many that initially accepted to participate in this study did not return the questionnaire. There are probably several explanations. Some of those who accepted to participate indicated that they were busy and under time constraints. The time period chosen for carrying out the survey might be one reason for dropping participation. The seafood industry is rather busy the month before Christmas, especially those firms exporting salmon products. The different export firms have different seasons, depending on the type of fish specie and product. Those firms exporting pelagic and stockfish have a busy time around New Year and the first months of a new year. Therefore, choice of time for carrying out the survey was perhaps not the best.

The refusal to participate might also be a result of the type of questions asked. The testing of the questionnaire and the fact that various people had read through the questionnaire should minimise the risk that questions were included that would be irrelevant and/or difficult to respond to. Two of the questionnaires returned contained comments that the questionnaire was good and addressed relevant questions. These two respondents represent different types of firms, exporting different types of seafood products.

Two constructs and their respective items and statements are a major concern of the researcher: adaptive business style and open-mindedness. The statements composing these two constructs assess the respondent's personal traits. Out of 112 returned questionnaires, 2 included missing data related to these two constructs. Both of them responded to 3 out of 5 statements composing adaptive business style. One of them responded to one out of three statements composing open-mindedness, while the second did not respond to any of the three items (One of these two questionnaires' was

taken out as mentioned above). Perhaps these questions have caused some potential respondents to decline taking part in the survey.

Some potential respondents wanted the questionnaire to be sent to them, and after receiving it, they would consider responding or not. Also, a number of potential respondents expressed scepticism towards questionnaires because of previous experience. One of the criticisms raised was that researchers have a tendency to address questions that are not perceived as relevant or do not reflect the situation of the seafood industry and how the firms operate. Some asked about what types of questions that were addressed. Others expressed that economic data, and especially data which they would have to go to the archives to find, would not be reported.

As a part of a strategy to attain as high response rate as possible, those that did not refuse immediately to take a part in the survey were encouraged to participate. However, some people might find it difficult to refuse taking part in a survey when asked, even though they would rather do so. A number of questionnaires may have been sent to people who were actually not positive to participating in the first place, and therefore did not return a completed questionnaire. Consequently, a number of non-response types have influenced the sample results and might be summarised as follows: people refuse on principle to take part in surveys in general, people are not sure and then decide not to respond to the questionnaire after having gone through the questions, busy times and heavy workloads make people defer the task (and forget to respond) with the result that it is not being done.

The extent to which non-response bias is serious depends on the extent to which the population mean of the non-response stratum in the sample differs from that of the response stratum (Frankfort-Nachmias and Nachmias 1996, p. 200). If this cannot be answered, doubts can be raised as to whether it is possible to generalise the findings to the original sample or to the population. In general, it is a problem to get hold of information about key variables from non-respondents (Tomassen 2004, p. 79). A common method to get hold of who the non-respondents are, is to view persons who respond in later waves as similar to non-respondents, a method frequently used in studies focusing on export marketing channels (e.g. Aulakh et al. 1996, p. 1016; Bello et al. 2003, p. 8; C. Zhang et al. 2003, p. 558; Skarmeas et al. 2003, p. 767). Armstrong and Overton (1977, p. 397) argue as follows: "Persons who respond in later waves are assumed to have responded because of the increased stimulus and are expected to be similar to non-respondents".

The initial mailing of a questionnaire and a cover letter was followed up by two waves. 71 percent (78 responses) of the total number that returned the

questionnaire responded to the first wave, making up the early response group. 29 percent (33 responses) returned the questionnaire in the second (23 responses) and third wave (10 responses). Non-response bias was evaluated by comparing early and late response in terms of number of full-time employees, annual turnover and years of the respondent's export sales experience. A simple *t*-test of the null hypothesis of no mean differences across the two groups was carried out in SPSS 14.0.

Table 8-1: Test of non-response bias

Variables	Mean early respondents (N=78) ¹	Mean late respondents (N=33)	<i>t</i> -value	Sig. (2-tailed)
Number of employees	2.88	3.18	-0.935	0.352
Turnover (2004, millions NOK)	138.416	154.412	-0.285	0.776
Export sales experience (years)	12.67	11.88	0.514	0.608

¹ For the computation of the group statistics for early respondents, 77 responses were included to compute the numbers of employees, 70 were included to compute turnover, and 76 were included to compute the statistics for export sales experience. N is the sample size (Hair, Anderson, Tatham and Black 1996, p. 72).

As table 8-1 shows, no significant differences were found between the two groups for these three variables at the significance level .05. Early and late responses were also compared for all key variables included in the study: export resources, customer oriented culture, open-mindedness, international experience, country experience, adaptive business style, exchange of information, and trust between exchange partners. No significant differences were present at the significance level .05 for any of the variables.

8.2 Sample description

The instructions of the questionnaire point out that a person who is responsible for sales in an export market is qualified to complete the questionnaire. 60 of the respondents report that they are managers or managing directors. 35 report that they are directors responsible for sales and exports, and 8 report that they are sales representatives. 8 of the respondents have been classified as miscellaneous, including owner and working chairman. 21 of the respondents are women and 90 are men. 43 percent (45) report that they master 1 foreign language, which is English. 40 percent (43) report that they master 2 foreign languages, 10 report that they master 3

languages and finally, 8 report that they master 4 languages. 60 of those that responded report that they master 2 foreign languages or more.

Table 8-2 presents some additional key characteristics describing the respondents taking part in the survey. 20 percent (22) are in the age category 18-35 years, while 12 percent (13) are 56 or older. The average number of years of sales experience in export markets is 12.5 years. The minimum years of experience is 1 year and the maximum is 35 years.

Table 8-2: Respondent key characteristics

Key characteristics	Frequencies	Percentage
Age:		
Share of respondents within:		
18-35	22	20.2
36-45	39	35.8
46-55	35	32.1
56 and elder	14	11.9
Total	110	100.0
Export sales experience:		
Mean	12.43	
Standard deviation	7.37	
Maximum	35	
Minimum	1	
Share of respondents within:		
1-6 years	29	26.9
7-10 years	25	23.1
11-19 years	27	25.0
20-35 years	28	25.0
Total	109	100.0

Key characteristics of the firms are presented in table 8-3. The respondents are members of firms that have an average number of about 21 permanent employees, with a maximum of 230 and minimum of 0.¹⁴ The average total turnover in 2004 was 143.541 million NOK. The minimum was less than 100 000 NOK, and the highest was 1580 million NOK. Three of the respondents report that the firm has established 1 long-term business relationship with a customer in an export market (with duration of 2 years or more). In contrast, one respondent reports that the firm has established 150 long-term business relationships. On average, the firms serve 23 long-term business relationships in export markets.

¹⁴ The respondent reported that one employee had just left and the firm was about to employ 1-2 persons.

Table 8-3: Key characteristics of the firms

Key characteristics	Frequencies	Percentage
<u>Turnover in 2004 (million NOK):</u>		
Mean: 143.541		
Standard deviation	264.5	
Maximum: 1580.0		
Minimum: 0.0		
Share of firms within:		
0-14 million NOK	20	19.6
14.1-30 million NOK	20	19.6
30.1-80 million NOK	23	21.6
80.1-158 million NOK	18	17.6
158.1-1580 million NOK	22	21.6
Total	103	100.0
<u>Number of employees:</u>		
Mean: 20.73		
Standard deviation	38.64	
Maximum: 230		
Minimum: 0		
0-2 employees	24	21.1
3-5 employees	23	21.1
6-12 employees	24	22.0
13-20 employees	16	14.7
21-70 employees	17	15.6
71-230 employees	6	5.5
Total	110	100.0
<u>Number of long term business relationships (2005):</u>		
Mean: 22.91		
Standard deviation	25.67	
Maximum: 150		
Minimum: 1		
1-6 customers	24	20.9
7-12 customers	22	20.0
14-20 customers	31	28.2
25-50 customers	24	21.8
60-150 customers	10	9.1
Total	111	100.0

The respondents were asked to indicate which geographic regions the firm exports to. The following regions were presented in the questionnaire: Countries located in the Western part of Europe, countries located in the Eastern part of Europe, North America, Latin America, Asia, and Middle East. Some report that they also serve countries in Africa. 29 percent (32) of the firms export to 1 geographic region, which for most of them means to the Western part of Europe. 28 percent (31) of the firms export to 2 geographic

regions, 20 percent (22) export to 3 regions, 15.5 percent (17) export to four regions, 4 firms export to 5 regions and 5 firms export to 6 regions.

Table 8-4: Type of firm (N=110)

Type of firm					
Part of a concern	Processing Firm	Fish-farm	Sales firm owned by producers	Purchasing and sales firm	Wholesaler
10	42	10	10	37	1

Table 8-4 presents the types of firms which the respondents are members of. 10 respondents are members of firms that are part of a concern. 42 respondents are members of processing firms and 10 are members of a fish farming firms. 10 are members of sales firms owned by producers, 37 are member of purchasing and sales firms and 1 respondent is a member of a wholesaler.

The respondent was asked to select one customer on the basis of some specific criteria (see section 7.4, pp. 82-83), which implies that 111 business relationships crossing national borders have been assessed. The types of customers served by the respondents are retailers, processing firms, wholesalers and smokehouses. The distribution system in the importing country is not always simple. The respondent was asked to select a customer that he/she serves directly, which may imply in cooperation with an intermediary. 7 respondents report that they serve customers that carry out several functions; in addition to importing seafood products, these customers have their own sales outlet (retailer) and they might also have their own processing firm. A summary of the various customer groups is presented in table 8-5.

Table 8-5: Customer groups (N=111)

Retailer	Processing firm	Wholesaler	Smokehouse	Customer with several functions	Miscellaneous
5 (4.5%)	19 (17.3%)	72 (64.5%)	3 (2.7%)	7 (6.4%)	5 (4.5%)

About 46 percent (51) of the business relationships assessed are not regulated by a formalised contract. The transaction comes about by verbal agreement (phone), followed up by a confirmation (fax). 34 percent (38) are regulated by a contract, which determines volume and price. These contracts are re-negotiated on a regular basis. 12 of the respondents report that various types of contracts are used, which means that sometimes a formalised contract is not used, at other times a contract determining volume and/or price is used. Types of contracts used are presented in table 8-6.

Table 8-6: Type of contract used (N=111)

Verbal agreement followed up by confirmation	Contract that determines volume and price	Contract that determines volume	Switching between two or more contracts	Miscellaneous
51 (45.9%)	38 (34.2%)	4 (3.6%)	12 (10.8%)	6 (5.4%)

108 respondents report the frequency of delivered products to the selected customer in 2005, see table 8-7. 36 percent (39) report that they delivered products to the selected customer 1 to 10 times per week. 34 percent (37) delivered 1 to 3 times per month, and 30 percent (32) delivered 1 to 10 times per year.

Table 8-7: Frequency of deliveries in 2005 (N=108)

1-10 deliveries per week	1-3 deliveries per month	1-10 deliveries per year
39 (36.1%)	37 (34.2%)	32 (29.6%)

Table 8-8 shows the different kinds of species delivered to the customers in 2005. The major share of the export firms (76,5 %) supplied the selected customers with one type of specie. 18 % of the customers bought 2 or more types of species from the exporter.

Table 8-8: Kinds of species delivered to the customers in 2005 (N=111)

Whitefish	Salmon fish	Pelagic	Shellfish	2 or more species	Miscellaneous
37 (33.3%)	24 (21.6%)	12 (10.8%)	12 (10.8%)	20 (18%)	6 (5.4%)

85 respondents report that the trading firms paid visits to each other in 2005. About 40 percent carried out 1 or 2, and about 32 percent carried out 3, 4 or 5 firm's visits in 2005. 3 of them report that 20 visits were carried out the same year, in 3 cases 10 visits, and in 2 cases 6 visits were carried out.

8.3 Statistical tests of normality

Six constructs included in the conceptual model are measured by using ordinal scales (non-metric measurement scales). Non-metric data indicate the presence of an attribute, but not the amount. In other words, the numbers are non-quantitative because they indicate only relative positions in an ordered series. Scales used within behavioural science fall frequently into this ordinal category (Hair et al. 1996, pp. 8, 2). However, instead of treating the variables as ordinal, it is usually assumed that there is a continuous variable underlying the ordinal variable (Jöreskog and Sörbom 1993, pp. 44-45). It is

assumed that there is a continuous variable underlying the ordinal variables included in this study.

Multivariate statistical methods are based on the assumption of univariate as well as multivariate normality. Thus, testing for normal distribution is important. Resulting statistical tests are invalid if the variation from the normal distribution is large, as normality is required to use the *F* and *t* statistics. The univariate normality for every single item included in the theoretical model is tested, including 28 items. 2 or more univariate normal items are not necessarily multivariate normal. However, a situation in which all items demonstrate univariate normality will help achieve multivariate normality (Hair et al. 1996, pp. 70, 71).

Normality refers to the shape of the data distribution for an individual metric measure and its correspondence to the normal distribution, the benchmark for statistical methods. Investigation of skewness and kurtosis values is a frequently used method checking to which extent the data exhibit univariate normality. Kurtosis and skewness are two characteristics of the distribution's shape. Kurtosis is a measure of the extent to which cases cluster around a central point. That is, the "peakedness" or "flatness" of the distribution compared to the normal distribution.

For a normal distribution, the value of the kurtosis statistic is zero. Skewness is a measure of the asymmetry of a distribution. The normal distribution is symmetric and has a skewness value of 0. A distribution with a significant positive skewness has a long right tail. A negative skewness has a long left tail (Field 2005, p. 72; Hair et al. 1996, p. 71).

Each item and its respective statistics are reported in Table 8-9. As the statistics show, any of the items are characterised by a perfect normal distribution. The further the values of skewness and kurtosis are from zero, the more likely it is that the data are not normally distributed. However, the statistics of skewness and kurtosis are not in themselves informative (Field 2005, p. 72). The *z* values can be used to identify measures that deviate significantly from a normal distribution. If the *z* value exceeds a critical value, then the distribution is non-normal in terms of that characteristic (Hair et al. 1996, pp. 72-73).

Table 8-9: Skewness and kurtosis (N=111)

Items	Mean	Std.dev.	Skewness		Kurtosis	
			Statistic	z value ^a	Statistic	z value ^a
Ongoing experience	1.677	0.735	0.070	0.302	-0.342	-0.735
Country experience	1.505	0.897	-0.055	-0.237	-0.342	-0.735
International experience	1.413	0.634	-0.746	-3.216	0.010	0.022
Information exchange						
Inf1	3.955	0.743	-0.333	-1.435	-0.140	-0.301
Inf2	4.018	0.660	-0.212	-0.914	-0.035	-0.075
Inf3	3.784	0.825	-0.468	-2.017	-0.131	-0.282
Inf4	3.784	0.719	-0.549	-2.366	0.472	1.015
Inf5	3.892	0.767	-0.552	-2.379	0.297	0.639
Trust						
Tru1	4.225	0.598	-0.124	-0.534	-0.437	-0.940
Tru2 ¹	4.162	0.745	-0.675	-2.909	0.337	0.725
Tru3 ¹	4.261	0.723	-1.178	-5.078	3.086	6.637
Tru4	4.144	0.773	-1.459	-6.289	4.176	8.981
Tru5	4.180	0.649	-1.207	-5.203	5.043	10.845
Customer-oriented culture						
Cus1	4.162	0.611	-0.343	-1.478	0.697	1.499
Cus2	4.252	0.579	-0.082	-0.353	-0.427	-0.918
Cus3	4.045	0.546	0.032	0.138	0.431	0.927
Cus4	3.505	0.841	-0.248	-1.069	-0.543	-1.168
Export resources						
Exr1	3.712	0.779	-0.383	-1.651	0.547	1.176
Exr2 ¹	3.441	1.006	-0.055	-0.237	-0.862	-1.854
Exr3	3.261	0.988	-0.376	-1.621	-0.392	-0.843
Adaptive business style						
Ada1	3.586	0.768	-0.477	-2.056	0.527	1.133
Ada2	3.182	0.855	-0.096	-0.414	-0.266	-0.572
Ada3	3.369	0.841	-0.231	-0.996	-0.302	-0.649
Ada4	3.236	0.873	-0.235	-0.996	-0.415	-0.892
Ada5	3.991	0.595	-0.261	-1.013	0.796	1.712
Open-mindedness						
Opm1	3.482	0.723	-0.745	-3.211	0.559	1.202
Opm2	3.673	0.764	-0.355	-1.530	0.609	1.310
Opm3	3.482	0.723	-0.156	-0.672	0.621	1.335

¹ Reversed coded in the questionnaire.

^a The statistic value (z) for skewness is calculated as follows: $Z_{\text{skewness}} = \text{skewness} / (\sqrt{6/N})$.

The statistic value for kurtosis is calculated as: $Z_{\text{kurtosis}} = \text{kurtosis} / (\sqrt{24/N})$.

Computed in SPSS 14.0.

For example, a z value that exceeds ± 2.58 corresponds to a .01 error level. This means that the assumption about normality of the distribution at the .01 probability level can be rejected for those measures exceeding this value in

absolute terms. Similarly, ± 1.96 corresponds to a .05 error level. A z value exceeding ± 1.96 indicates that the assumption about normality of the distribution at the .05 level can be rejected for that particular measure. The critical value ± 1.96 is frequently used (Field 2005, p. 72; Help Statistics, SPSS refer to 2 as a threshold value). In small samples, the critical value should be increased to ± 2.58 . In large samples (200 or more), it is recommended not to apply these values to check for non-normality, but rather to check the shape of the distribution visually. Large samples give rise to small standard errors, and significant values arise from even small deviations from normality (Field 2005, p. 72).

A sample size of 111 cases is a small to moderate sample, and using ± 2.58 as a critical value should be acceptable. The z values for skewness exceed the chosen critical value for six items and are as follows: international experience (- 3.22), item tru2 (-2.91), item tru3 (-5.08), item tru4 (-6.29), item tru5 (-5.20), and item opm1 (-3.21). They are all negatively skewed, which implies a pile-up on the right side and a long left tail. The z values for kurtosis exceed the chosen critical value for three items and are as follows: item tru3 (6.69), item tru4 (8.98), and item tru5 (10.85). The three values are positive, which implies a pointy distribution. It is common to subtract three from the original kurtosis value (Tomassen 2004, p. 80). It is concluded that neither skewness nor kurtosis is so serious that any of the items must be deleted.¹⁵

8.4 Measure validation

The conceptual model worked out includes six constructs that can be defined as multivariate measurements, also referred to as summated scales. This means that several measures are used as indicators representing different facets of a concept. Summated scales refer to a "...method of combining several items that measure the same concept into a single variable in an attempt to increase the *reliability* of the measurement through *multivariate measurement*". Variables are joined in a composite measure to represent the specific concept. In most cases, the separate measures are summed and then their total or average scores are used in the analysis (Hair et al. 1996, pp. 3, 10). In this study, the average scores are used.

¹⁵ In a study carried out by Tomassen (2004, p. 82) a number of z values exceeded the threshold value ± 2.58 both in terms of skewness and kurtosis. The highest z value for skewness was 8.87. The highest z score for kurtosis was - 6.81. These values were not viewed as serious problems.

Validity refers to the ability of a construct's indicators to measure correctly the concept under study. Validity can never be proved, but the researcher can develop strong support for it (Bollen 1989, pp. 184-85). The researcher puts the original definition of a concept forward, and this definition is assumed to be expressed by some selected indicators. Validity does not guarantee reliability and vice versa. A measure may be precise (valid) but not consistent (reliable) and vice versa. Validity and reliability are two separate but interrelated conditions (Hair et al. 1996, p. 584).

Content validity, also referred to as face validity, refers to the assessment of the correspondence of the measures included in a summated scale and the summated scale's conceptual definition (Hair et al. 1996, p. 117). It is a qualitative type of validity where the researcher makes an assessment of whether the measures fully represent the conceptual domain (Bollen 1989, pp. 185-86). In this study, content validity has been ensured through the theoretical work providing the foundation from where measures representing various facets of a construct have been generated. Also, interviews were carried out with key persons in export firms and questionnaires were pre-tested (Cadogan, Diamantopoulos and de Mortanges 1999, p. 694; see section 7.3, pp. 74-79). Another three widely accepted types of validity are convergent, discriminant and nomological validity. Convergent and discriminant validity are also referred to as construct validity (Anderson and Gerbing 1988), and will be assessed in a later section.

Unidimensionality

It is an underlying assumption and a critical requirement for creating a summated scale that the items are unidimensional. Unidimensionality refers to the existence of a single construct underlying a set of items (Gerbing and Anderson 1988, p. 186). The test of unidimensionality implies that each summated scale should consist of items that load highly on a single factor, demonstrating that they represent a single concept (Hair et al. 1996, p. 117). Factor analysis was carried out in SPSS 14.0 to check for unidimensionality. Factor analysis assists, among other things, to determine how many factors to extract (Hair et al. 1996, pp. 103-05). The conceptual model includes six constructs that are composed by several measures. Accordingly, the measures, in total 25, should lead to the extraction of six factors. The first step carried out was to check if an unrotated factor analysis "agrees" with this a priori criterion.

Two basic models can be used to obtain factor solutions: common factor analysis and component analysis. There is an ongoing debate with regard to which factor model is the more appropriate; a debate beyond the objective of

this study to discuss. Empirical research has in fact showed that common factor analysis and component analyses in many cases lead to similar results. For the purpose of this study the component analysis model was used to extract the initial unrotated factors. The eigenvalue was set at 1, which implies that factors having eigenvalues greater than 1 are considered significant (Hair et al. 1996, p. 103). The factor matrix shows seven factors, indicating that there is a lack of match between a priori criterion and the factor matrix. In order to attain a more meaningful factor pattern, the factors were subjected to rotation. The patterning of the measures into seven factors is more apparent after the rotation and facilitates interpretation.

Two types of rotation methods are frequently used: orthogonal rotations and oblique rotations. The orthogonal rotation method is based on the assumption that the underlying dimensions are uncorrelated with each other. In contrast, the oblique rotation method is not based on this assumption. Very few factors are uncorrelated (Hair et al. 1996, pp. 106-11). For the purpose of this study, the oblique rotation method is used (promax).

In order to interpret factors, it has to be determined which factor loadings are worth taking into account. A rule of thumb is that the larger the absolute size of factor loading, the more important the loading in interpreting the factor matrix (Hair et al. 1996, p. 111). The minimum level is considered to be $\pm .30$. If the loadings are $\pm .50$ or greater, they are considered practically significant. To meet the objective of obtaining a power level of 80 per cent, the use of a .05 significance level, and the recommended inflation of the standard errors of factor loadings, Hair et al. (1996, p. 112) propose the sample sizes required for each factor loading value to be considered significant. For example, in a sample size of 100 cases, factor loadings of .55 and above are significant. The size of the sample used in this study is 111, which means that loadings between .50 and .55 and above are significant if the guideline worked out by Hair et al. (1996, p. 112) is followed.

A factor loading represents the correlation between a measure and its factor. The squared loading is the amount of the measure's total variance accounted for by the factor (Hair et al. 1996, p. 111). This means that the amount of a measure's total variance accounted for by the factor is minimum .25 to .30 percent. The factor pattern matrix is used to examine the factor loadings and is presented in appendix B. The five items composing information exchange all load on the same factor (factor 1), and the loadings are well above the minimum level. This is not the case for the five items that theoretically are considered to compose trust between business partners. Items tru2 and tru3 load on factor seven, while items tru1, tru4 and tru5 load on factor 5. This

indicates that the five items meant to compose trust and to express one factor only actually express two distinct factors.

Items tru2 and tru3 were presented as statements in a reversed form in the questionnaire. The statements have been derived from studies which objective was to bring trust between business partners forward. One may argue that they can be associated with opportunistic behaviour, which is a key assumption of human behaviour in the transaction cost economic perspective (Williamson 1985; 1996). Consequently, items tru2 and tru3 were deleted. Item tru4 has an acceptable loading on two factors, factor 5 and 1. However, this item was kept for further analysis. All four items composing customer-oriented culture have acceptable loadings on factor 3. Two of three items composing export resources have acceptable loadings on factor 6 (exr1 and exr2), while item exr3 shows a low score. Item exr3 shows an acceptable loading on factor 4. This item is however deleted. Four items (items ada1 to ada4) assumed to compose adaptive business style show high and acceptable loadings on factor 2. Item ada5 does not show an acceptable loading on any of the factors. Consequently, this item is deleted.

Two items, opm2 and opm3, composing open-mindedness show acceptable loadings on factor 4. Item opm1 does not show acceptable score for any of the factors. This item is deleted. In total, five items are deleted as a result of the first factor running. A second factor running was carried out, including 20 items. Six factors were extracted, which corresponds to the a priori criterion. Besides, the items have acceptable loadings for various factors, suggesting a match between theoretical considerations and empirical observations. Appendix C shows the pattern matrix produced by the second running. Factor loadings are emphasised.

Deletion of items may change the theoretical definition of a construct. The definition of trust between exchange partners remains the same after items tru2 and tru3 have been deleted. Item exr3, meant to be one of three items composing export resources, has been deleted. By deleting this item, the facet expressing to which extent the firm has sufficient financial resources to support export activities is not captured. This means that the remaining two items composing export resources refer to personnel only. The deletion of item exr3 changes the definition of export resources slightly. Item ada5 is the only item referring to one of the four facets that the construct adaptive business style is meant to capture. The item covers the collection of information about the sales situation to facilitate adaptation. By removing this item, the definition of the construct adaptive business style has changed, and the remaining items refer to three facets viewed as important for a salesperson to be predisposed to practice an adaptive business style (see

section 7.7, pp. 91-93). The definition of open-mindedness has not changed after item opm1 has been removed. The two remaining items aim at capturing the individual's willingness to reflect critically upon assumptions about customers and markets, which is regarded as key defining open-mindedness.

Table 8-10: Constructs, items, factor loadings and Cronbach Alphas

Construct and items	Factor Loading	Cronbach Alpha
Export resources Exr1: The firm has sufficient personnel to deal with foreign customers in a satisfactory way. Exr2: Lack of personnel limits the firm's ability to expand its export activities. (Reversed coded)	.724 .905	.642
Customer-oriented culture Cus1: In our firm it is the practice to take steps immediately when a customer has a complaint. Cus2: In our firm it is the practice to respond as soon as possible to the customers' requests. Cus3: The firm has a very good understanding of how the customers judge the quality of products and the customer service. Cus4: The firm regularly evaluates the satisfaction of the customers with regard to quality of the product and the customer service.	.763 .684 .741 .821	.743
Open-mindedness Opn2: I constantly try to question my own interpretations of the market. Opn3: I often question the foundation (information sources and fixed assumptions) of my interpretation of the customer.	.893 .874	.785
Adaptive business style Ada1: I can easily change to another negotiation style, if I perceive that the style I am using does not work. Ada2: I like testing out different ways of approaching new customers. Ada3: I am very flexible with regard to which negotiation style I apply. Ada4: I can apply a wide range of different ways of negotiating.	.589 .897 .910 .822	.841
Trust between business partners Tru1: This buyer and I can generally rely on each other to carry out promises made. Tru4: The buyer and I are open about problems that emerge, such as delayed deliveries, price changes, and so on. Tru5: Overall, trust between this buyer and me is characterised by a high degree of trust.	.587 .762 .876	.741
Exchange of information Inf1: Exchange of information between this customer and me takes place frequently and informally. Inf2: This business relationship is characterised by two-way communication. Inf3: In this business relationship, information that is of any use to the other part is given. Inf4: In this business relationship we communicate our expectations to each other. Inf5: In this business relationship, each of us informs the other part about events or changes that are of significance to the other part.	.845 .760 .605 .704 .599	.816

Computed in SPSS 14.0

Table 8-10 shows the constructs and their respective items (those that remained after factor analysis), factor loadings produced by the second running factor analysis, and Cronbach's Alpha (computed in SPSS 14.0).

Reliability

Summated scales should be examined for reliability to ensure their suitability before proceeding to an evaluation of the scales' validity (Hair et al. 1996, p. 118). Reliability is an evaluation of the degree of consistency between measures composing a construct. One type of reliability is test-retest, by which consistency between the responses of an individual is measured at two different points in time (Field 2005, p. 666; Hair et al. 1996, pp. 117-18). This study is a cross sectional study with one single informant. A frequently used measure of reliability in cross sectional studies is internal consistency. The two following methods are often used to investigate each separate item: inter-item correlation (the correlation among items) and the item to total correlation (the correlation of the item to the summated scale score) (Hair et al. 1996, p. 118).

The inter-item correlations matrix is presented in appendix D, and correlations of interest are emphasised. Rule of thumb is that the inter-item correlations should exceed .30 (Hair et al. 1996, p. 118). All correlations are above .30, suggesting that the items relate well. Appendix E presents items-to-total correlations in terms of the Corrected Item-Total Correlations, computed by SPSS 14.0. Values that are less than about .30 imply that a particular item does not correlate well with the total scale (Field 2005, p. 672). All the values are well above .30, suggesting that the items correlate well with the total score.

Cronbach's Alpha is a commonly used measure of reliability for a set of two or more construct indicators. Cronbach's Alpha evaluates the consistency of the entire construct. Values range between 0 and 1.0, with higher values indicating higher reliability among the indicators. .70 is commonly used as a cut-off point to determine the reliability among the indicators. However, this guideline needs to be used with caution. The value of α depends on the number of items composing the construct. As the number of items increases, α is likely to increase (Field 2005, p. 668; Hair et al. 1996, pp. 579, 118). As table 8-10 shows, except for the construct defined as export resources, Cronbach's Alphas are above the cut-off level for all constructs. Considering that the construct export resources includes only two items, and the value is just below the cut-off level, a value of .642 is considered as acceptable.

Another two measures that can be used to determine reliability are composite reliability and variance extracted. These reliability measures were computed in LISREL 8.72 and are presented in the following section.

Confirmatory factor analysis

Validation of factor analysis is important (Hair et al. 1996, pp. 114-15), and one method to validate results attained in a factor analysis is to carry out a confirmatory factor analysis (CFA). CFA gives a stricter interpretation of unidimensionality than what can be provided by methods carried through in previous sections, and may lead to different conclusions about the acceptability of a construct (Gerbing and Anderson 1988, p. 186). Confirmatory measurement enables one to examine whether relationships expected on theoretical grounds actually appear in the data (Hair et al. 1996, p. 617; Jöreskog and Sörbom 1993, pp. xxiii, 15-16). CFA estimates the parameters and evaluates the fit between a hypothesised measurement model and the observed correlations (Anderson and Gerbing 1982, p. 453).

Measurement models are in particular important in social and behavioural research, especially when measuring attitudes, feelings and motivation. Most items used for such purposes frequently hold considerable measurement errors, and not only because of inaccurate responses. Measurement error occurs when more abstract or theoretical concepts are used, such as attitude toward a product or motivations for behaviour. Even if the researcher has carefully worked out questions to measure the concept, the respondent may still be uncertain about how to respond or perhaps interpret the questions in a way that is different from what the researcher intended. The measurement model allows for taking these measurement errors into account (Hair et al. 1996, p. 586; Jöreskog and Sörbom 1993, p. 16).

First, each construct was assessed, and the following tasks were carried out 1) investigating the indicator loadings for statistical significance, and 2) evaluating the construct's reliability and variance extracted (Hair et al. 1996, p. 623). As a part of the first task, all possible pairs of constructs and their respective indicator loadings were assessed to identify to what extent they change. The results show that there is a problem related to two of the constructs: export resources and open-mindedness. First, LISREL 8.72 cannot produce a solution when the construct export resources is combined with adaptive business style, and open-mindedness is combined with trust between exchange partners. When export resources are combined with customer oriented culture, a solution is produced, but a loading greater than 1.0 occurs. There is also a corresponding negative error measurement value for the same measure. An offending estimate is produced, which is known as

a Heywood case (Hair et al. 1996, p. 620). When export resources are combined with open-mindedness, unacceptable loadings occur for both constructs.

Similar findings occur when open-mindedness is combined with other constructs. The loading of the item *opm2* is greater than 1.0 when open-mindedness is combined with customer oriented culture and exchange of information. When combined with adaptive business style, the loading of the item *opm3* is greater than 1.0, and there is a corresponding negative error measurement value for the same measure. To conclude, an assessment of pairs of constructs show that loadings for the items *exr1*, *opm2* and *opm3* are greater than 1.0 when combined with another construct, and loadings change. Besides, LISREL 8.72 is not able to produce a solution for these two constructs separately. The message given by LISREL 8.72 is that degrees of freedom are negative. Anderson and Gerbing (1984, pp. 1970-71) found that "...with only two indicators per factor, problems can arise with sample sizes of 150 or lower." Sample size and number of indicators per factor may explain why non-convergence and improper solutions occur. The sample size is 111, and two variables – export resources and open-mindedness – are both composed by two measures each.

Estimates attained for export resources and open-mindedness are theoretically unsuitable and must be corrected before the model can be interpreted and the goodness-of-fit assessed. One way to deal with this problem is to drop the offending item (Hair et al. 1996, p. 620). Deleting one item implies that the whole construct has to be dropped. Both constructs are, after deleting one item as a result of the factor analysis carried out in SPSS, composed by only two items each. Because hypotheses are tested by using least square regression method and not tested by means of a structural equation modelling in LISREL, it is determined to include these two constructs in the further analysis. In addition, the sample size is too small to carry out structural equation modelling. A rule of thumb is that there should be 5 cases per free parameter. The conceptual model includes in total 58 free parameters (the variable similar versus dissimilar culture group is then not included). In structural equation modelling, the number of free parameters also includes error terms related to the endogenous variables and the correlations between exogenous and endogenous variables (2004 Tomassen). The following tests carried out by means of LISREL 8.72 only apply to the four constructs customer-oriented culture, adaptive business style, trust between exchange partners and exchange of information.

Loadings for trust, exchange of information, adaptive business style and customer-oriented culture remain quite stable across various combinations of

pairs of constructs. The goodness of fit-indices for the single-factor models are presented in appendix F. Overall, the goodness-of-fit indices, here viewed in terms of goodness-of-fit index (GFI) and the comparative fit index (CFI), are generally high, giving support to that the variables are unidimensional.

*Table 8-11: Factor loadings, error terms, t values, reliability and variance extracted attained in LISREL 8.72**

Constructs and items	Factor loadings, λ (std error)	Error terms	t values	Composite reliability	Variance extracted
Export resources Exr1 Exr2	n.s.		n.s.	n.s.	n.s.
Customer oriented culture Cus1 Cus2 Cus3 Cus4	.77 (.09) .83 (.08) .82 (.08) .62 (.09)	.41 .31 .33 .62	8.90 9.99 9.74 6.76	.84	.58
Open-mindedness Opm2 Opm3	n.s.		n.s.	n.s.	n.s.
Adaptive business style Ada1 Ada2 Ada3 Ada4	.69 (.09) .79 (.08) .93 (.08) .82 (.08)	.52 .37 .13 .32	8.01 9.66 12.31 10.18	.89	.66
Trust Tru1 Tru4 Tru5	.77 (.09) .68 (.09) 1.00 (.08)	.41 .54 .00	8.86 7.64 12.46	.86	.68
Exchange of information Inf1 Inf2 Inf3 Inf4 Inf5	.80 (.08) .87 (.08) .66 (.09) .74 (.09) .68 (.09)	.36 .24 .56 .45 .54	9.66 11.01 7.48 8.71 7.72	.87	.57

Computed in LISREL 8.72. * Computation is based on the correlation matrix.
n.s., no solution was produced by LISREL 8.72.

Two types of reliability measures can be attained in CFA: reliability and variance extracted. These two measures help examine whether the specified indicators are sufficient in their representation of the constructs. Table 8-11 presents, in addition to factor loadings and *t* values, measures on reliability and variance extracted. In terms of reliability, all values exceed the recommended level of 0.70. For variance extracted the recommended level is

50 percent (Hair et al. 1996, p. 623). Table 8-11 shows that variances extracted exceed the recommended level for all four constructs. Variance extracted measures the amount of variance that is captured by the construct in relation to the amount of variance due to measurement error. If variance extracted is less than .50, the variance due to measurement error is greater than the variance captured by the construct. If this is the case, the validity of the individual indicators as well as the construct can be questioned (Fornell and Larcker 1981, pp. 45-46).

An assessment of the measurement model, including all four constructs and their respective indicators, was carried out. Key fit indices do not meet recommended levels for various fit indices. For example, RMSEA, which should be less than .05 in order to suggest an acceptable fit, is .145 (Jöreskog and Sörbom 1993, p. 131). Chi-square (χ^2) with 98 degrees of freedom (*df*) is 325.68. The value of χ^2/df should be between 1.0 and 2.0 in order to be acceptable (Hair et al. 1996, p. 623). It is recommended to modify the model to fit the data better if chi-square is relatively large compared to the degrees of freedom (Jöreskog and Sörbom 1993, p. 128). The modification indices suggested by LISREL 8.72 were examined. However, it is important that theory gives support to establish relationships that are not estimated in the a priori established model (Hair et al. 1996, p. 615). No theoretical support could be given to establish new relationships (suggested by LISREL). The adjusted goodness of fit index (AGFI) is .63. An acceptable measure should be close to .90. The goodness-of-fit index (GFI) and the comparative fit index (CFI) are .73 and .79, respectively. These indexes should be close and above .90. The assessment of goodness of fit indexes shows that the model does not have a very good fit (fit well with the population) (Jöreskog and Sörbom 1993, p. 131).

One possible explanation for why the results do not produce acceptable chi-square statistics and GFI and AGFI indexes can be that the sample size is not sufficient. Findings produced by a study carried out by Anderson and Gerbing (1984, pp. 156, 166) show that these fit indexes are sensitive to sample size. They found that GFI and AGFI tend to increase as sample size increases. They argue as follows (1984, p. 171): “A sample size of 150 for models with three or more indicators per factor will usually be sufficient for a convergent and proper solution”. A rule of thumb suggests that the number of free parameters to the number of cases should be 1 to 5, minimum. In a measurement model, the number of free parameters includes error terms related to each item and to the correlations between each item and the construct (Tomassen 2004). The number of items included in the measurement model is 16, which means that the free parameters in total are

32. The ideal sample size should therefore be 160 cases. The sample size used in this study is 111.

Construct validity

Convergent and discriminant validity refers to construct validity. In LISREL, convergent validity can be tested by checking the significance of the factor loadings (λ 's) (Anderson and Gerbing 1988). The t values for the λ 's are presented in table 8-11 (see p. 118), which shows factor loadings and t values attained when testing each construct separately. The table shows that all t values are significant at $p < .001$, indicating that convergent validity is attained. The results show that all the indicators are significantly related to their specified construct, verifying the theory hypothesising relationships among indicators and constructs (Hair et al. 1996, p. 623). Discriminant validity is examined in order to ensure that constructs do not correlate too much (Anderson and Gerbing 1988, p. 416). Discriminant validity is the degree to which concepts are distinct, and the correlations should therefore be low (Hair et al. 1996, p. 118). One method to assess discriminant validity is to determine whether the confidence interval (± 2 standard errors) around the correlation estimate between the two factors includes 1.0 (Anderson and Gerbing 1988, p. 416; Jöreskog and Sörbom 1993, p. 19). As table 8-12 shows, any of the confidence intervals include 1.0, indicating that discriminant validity is present.

Table 8-12: Correlations between constructs and standard errors (in parentheses)

Constructs:	Customer Oriented culture	Adaptive Business style	Trust	Exchange of information
Customer oriented Culture	1.0			
Adaptive business Style	0.17 (0.10)	1.0		
Trust	0.45 (0.09)	0.07 (0.10)	1.0	
Exchange of Information	0.47 (0.09)	0.22 (0.10)	0.75 (0.05)	1.0

Correlations are computed in LISREL 8.72.

A second test of discriminant validity is to compare the variance extracted for each construct with shared variance (the square of the correlation coefficient among each pair of construct). The correlations in table 8-12 were squared by means of a calculator. To meet the requirements for discriminant validity the variance extracted (presented in table 8-11) should be larger than the square of the correlation coefficient (Fornell and Larcker 1981, p. 46; Tomassen 2004, pp. 101-02). As table 8-13 shows, all pairs of the four constructs passed the test. Though, shared variance for trust and exchange of information (0.56) is just below the threshold level (0.57).

Table 8-13: Discriminant validity – shared variance and variance extracted

Variance extracted:	Customer-oriented culture Var. extr. = .58	Adaptive business style Var. extr. = .66	Trust Var. extr. = .68	Exchange of Information Var. extr. = .57
Customer-oriented culture Var. extr. = .58	1.00			
Adaptive business style Var. extr. = .66	0.03	1.00		
Trust Var. extr. = .68	0.20	0.01	1.00	
Exchange of information Var. extr. = .57	0.22	0.05	0.56	1.00

Table 8-14: Discriminant validity – principal component analysis

	Component					
	Information exchange	Adaptive business style	Customer-oriented culture	Trust	Open-mindedness	Export Resources
Inf1	.786	.086	.044	.005	.018	.181
Inf2	.763	.089	.033	.243	.083	.109
Inf3	.634	-.049	.189	.350	-.181	-.044
Inf4	.710	.073	.092	.209	.058	.121
Inf5	.636	.127	.381	.187	.052	-.061
Tru1	.304	-.124	.253	.623	-.121	.264
Tru4	.349	.027	.014	.705	.228	-.079
Tru5	.241	.028	.102	.827	.053	.122
Cus1	.201	-.006	.724	-.031	.172	-.054
Cus2	.170	.031	.690	.015	.262	.176
Cus3	.226	.089	.732	.094	.121	.055
Cus4	-.160	-.028	.766	.267	-.162	.129
Exr1	.085	.105	.365	.188	.064	.747
Exr2	.175	-.063	-.041	.023	-.006	.876
Ada1	.229	.668	.213	-.260	.240	.001
Ada2	-.021	.847	.037	.064	.010	-.045
Ada3	.076	.885	.036	.067	.080	-.023
Ada4	.073	.817	-.101	-.024	.135	.085
Opm2	.052	.080	.253	.095	.850	.063
Opm3	-.024	.261	.077	.030	.839	-.023

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations. Computed in SPSS 14.0.

Discriminant validity can also be tested by carrying out an orthogonal (varimax) rotated factor matrix (Buvik and John 2000, p. 56; Tomassen 2004, p. 102). All six constructs and their respective indicators (presented in table 8-11) were included. Items that correlate too much across constructs indicate a lack of discriminant validity and should be removed. As table 8-14 shows, all 20 items load properly on the theoretically correct factor. All loadings, emphasised, are above .600.

Appendix G shows the correlations for all constructs included in the conceptual model, including the constructs representing the various types of experience. Correlations between each pair of construct seem to be at acceptable levels, suggesting that the requirement of discriminant validity is met for all constructs included in the conceptual model.

Summary

The results attained from the tests indicate that the quality of the data is acceptable. Non-response bias does not seem to be a problem. Statistics and z-value scores show that data do deviate from normal distribution, but the deviations are not considered to be critical. Five items were deleted as a result of the factor analysis. Reliability tests carried out in SPSS 14.0 show acceptable results for the remaining indicators and their respective constructs.

Confirmatory factor analysis using LISREL 8.72 was carried out to verify the results in SPSS 14.0. Non-convergence and improper solutions occurred for two of the constructs: export resources and open-mindedness. Non-convergence and improper solutions are likely to take place if the sample size is less than 150 and the constructs are composed by two indicators only (Anderson and Gerbing 1984, pp. 170-71). Therefore, validity and reliability tests carried out in LISREL 8.72 only applied to four of the constructs: customer-oriented culture, adaptive business style, exchange of information and trust between exchange partners. The results show that the requirements for convergent and discriminant validity are met. The overall fit indices (GFI and CFI) for the single-factor models are acceptable.

Finally, all items and their respective constructs (six) were subjected to a principal component analysis (varimax rotation). The results show that factor loadings have acceptable scores on their respective constructs. Correlation coefficients for all constructs included in the conceptual model were computed on the basis of Pearson's correlation, and the results show the presence of discriminant validity.

8.5 Testing hypotheses

Nomological validity “...determines if the scale demonstrates the relationships shown to exist based on theory and/or prior research” (Hair et al. 1996, p. 119). Regression analyses were carried out to test the hypotheses that were established based on prior research and relevant literature. The regression analysis is based on the method of least squares, which is a way of finding the line that best fits the data. Differences between the data points and the line are frequently called residuals, and these differences are squared before they are added up. The line with the lowest sum of squared differences is selected to represent the observed data. The line of best fit is referred to as a regression line (Field 2005, p. 146). Both simple (one independent variable) and multiple (several independent variables) regression analyses were carried out.

The sample size has a direct impact on the appropriateness and the statistical power of multiple regressions. In multiple regression, power refers to the probability of identifying as statistically significant a specific level of R^2 , or a regression coefficient at a specified significance level for a specific sample size. There is an interplay between the sample size, the significance level (α) selected and the number of independent variables in detecting a significant R^2 . R^2 as a percentage when multiplied with 100 represents the percentage of the variation in the outcome that can be explained by the model (Field 2005, pp. 148-49).

Small samples of 20 observations (or cases) can be used for simple regression analysis (one independent variable) (Hair et al. 1996, p. 165). However, only very strong relationships can be identified with a degree of certainty. Very large samples of 1000 observations or more make the statistical significance tests very sensitive. In this case, almost any relationship is indicated to be statistically significant. Some directions have been provided to determine the sample size required in order to identify a minimum level of R^2 that can be found statistically significant with a power of .80 and different numbers of independent variables. With a sample size of 100, R^2 values in the range of 10 to 15 percent, with up to 10 independent constructs and a significance level of .05 can be identified. With significance level of .01, R^2 values in the range of 13 to 20 percent can be identified with a power of .80 (Hair et al. 1996, p. 165).

The sample size used in this study is 111, and the number of independent variables ranges between one and eight. The size of the sample is sufficiently large to identify R^2 values that are about 10 percent with significance levels of .05 and .01, with a number of seven-eight predictors. Model B includes three control variables, adding up to eight independent variables. Field

(2005, p. 173) argues that a minimum sample size can be calculated as follows: $104 + k$. k refers to the number of predictors (independent variables) included in the model. According to this recommendation, the minimum sample size should be 109 to estimate model A, and 112 to estimate model B. The sample size meets more or less the minimum criterion for estimating these two models. Eleven ordinary least square (OLS) regression models have been estimated in the following sections.

Direct effects on adaptive business style

As a first step, the effects of firm characteristics (export resources and customer-oriented culture), and individual traits (international experience, country experience, and open-mindedness) on adaptive business style were tested by estimating model A (see table 8-15). Hypotheses 1 to 5 were tested. Model B was estimated, including the following three control variables: total number of customer relationships served (long-term, duration of 2 years or more), export sales experience, and frequency of deliveries to a selected customer (2005).

Model A is significant with F value of 3.488 (sig. $F < .01$). As the regression results show, open-mindedness ($\beta_{\text{open-mindedness}} = .281, t = 2.931, p < .01$) and country experience ($\beta_{\text{country experience}} = .218, t = 2.332, p < .05$) have positive effects on adaptive business style, giving support to hypotheses 4 and 5. Hypotheses 1, 2 and 3 are not supported. The model explains .102 (adjusted R^2) in the variance in adaptive business style.

Then model B is estimated. The overall pattern from model A is maintained when control variables are included (see table 8-15). This indicates that there are no spurious or intervening effects in the model (Tomassen 2004, p. 110). Both open-mindedness and country experience have a positive effect on adaptive business style with the same significance levels. Model B is significant with F value of 3.235 (sig. $F < .01$). One control variable, frequency of deliveries ($\beta_{\text{frequency of deliveries}} = .235, t = 2.550, p < .05$), has a significant positive effect on adaptive business style. Explained variance has increased to .140 (adjusted R^2).

Table 8-15: Regression results – direct effects on adaptive business style

Independent variables:	Model A		Model B	
	β^a	<i>t</i> -value ^b	β^a	<i>t</i> -value ^b
Export resources	.002	.023	-.024	-.252
Customer-oriented culture	.004	.040	.044	.450
International experience	-.037	-.390	-.052	-.529
Country experience	.218	2.332**	.231	2.268**
Open-mindedness	.281	2.931***	.296	3.071***
Nr of customer relationships			-.080	-.759
Export sales experience			.013	.137
Frequency of deliveries (2005)			.235	2.550**
Model statistics:				
R ²	.142		.202	
Adjusted R ²	.102		.140	
F	3.488***		3.235***	
N	111		111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

Direct effects on trust and exchange of information

A second step was testing adaptive business style's effect on relationship characteristics. These characteristics are defined as trust between exchange partners and exchange of information and refer to hypotheses 6 and 7, respectively. The results are reported in the tables 8-16 (model C) and 8-17, respectively. The effect of exchange of information on trust between exchange partners is tested, and refers to hypothesis 8. The results are presented in table 8-16, model D.

Table 8-16: Regression results – direct effects on trust

Independent variables:	Model C		Model D	
	β^a	<i>t</i> -value ^b	β^a	<i>t</i> -value ^b
Adaptive business style	.012	.122		
Exchange of information			.576	7.359****
Model statistics:				
R ²	.000		.332	
Adjusted R ²	-.000		.326	
F	.015		54.148****	
N	111		111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

As the regression results show, hypothesis 6 is not supported (see table 8-16, model C). Adaptive business style does not have a significant effect on trust. Accordingly, model C is not significant. Model D is highly significant with F value of 54.148 (sig. F < .001). Exchange of information has a positive impact on trust between business partners ($\beta_{\text{exchange of information}} = .575$, $t = 7.359$, $p < .001$). Explained variance is .326 (adjusted R^2). The results give support to hypothesis 8.

Table 8-17: Regression results – direct effect on exchange of information

Independent variable:	Model E	
	β^a	t -value ^b
Adaptive business style	.170	1.802*
Model statistics:		
R^2	.029	
Adjusted R^2	.020	
F	3.247*	
N	111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

Model E is significant with F value of 3.247 (sig. F < .10). Adaptive business style has a positive effect on exchange of information ($\beta_{\text{adaptive business style}} = .170$, $t = 1.802$, $p < .10$), giving support to hypothesis 7. Explained variance is .02 (adjusted R^2).

Moderator analysis

The conceptual model described in figure 6-1 (see section 6.1, p. 54) proposes that ongoing business experience has a moderating effect on the adaptive business style – trust between exchange partners' relationship, and on the adaptive business style – exchange of information relationship. These moderating effects are represented by hypotheses 9 and 10, respectively.

A moderator effect can be defined as a second independent variable (the moderator variable) that causes the relationship between a dependent – independent variable pair to change, depending on the value of the moderator variable (Hair et al. 1996, p. 145). This means that the effect of an independent variable on a dependent variable differs depending on the value of the third variable (moderator variable). The effect of the independent variable on the dependent one is moderated by the moderator variable. If the moderator variable is ongoing business experience, then an interaction effect exists if the effect of adaptive business style on trust between exchange

partners is a function of the ongoing business experience of the salesperson (Jaccard 1996, p. 3).

According to Sharma, Durand and Gur-Arie (1981, p. 292), a moderator variable "...is one which specifies the form and/or magnitude of the relationship between a predictor and a criterion variable". They make a distinction between three types of moderator variables: 1. Moderator viewed as a *homologizer*; 2. Moderator viewed as a *quasi* moderator; and, 3. Moderator viewed as a *pure* moderator. The homologizer operates by influencing the strength of the relationship. The homologizer does not interact with the predictor variable, and is not significantly related to either the predictor or criterion variable. It is the error term that is affected by the moderating variable. When splitting the whole sample into sub-groups across the moderating variable, different predictive validity (R^2) will occur. The two last-mentioned moderators influence the form of the relationship between the independent and dependent variables. A quasi moderator interacts with the predictor variable and serves also as a predictor. A pure moderator interacts only with the predictor to modify the form of the relationship (Sharma et al. 1981, pp. 292-93; Tomassen 2004, pp. 105-06). Jaccard, Turrisi and Wan (1990, p. 15) focus on differences in slope as the essence of a moderated relationship.

According to Jaccard et al. (1990, p. 21), three strategies have been frequently used in social science to test for interaction effects. One strategy is to dichotomise X_1 and X_2 using median splits, and then carry out a traditional 2×2 analysis of variance, using Y as the dependent variable. A second strategy is to dichotomise the sample on the moderator variable (X_2) (later referred to as Z) by means of a median split, and then compute the slopes for Y and X_1 for each of the two groups. A third approach is to use multiple regression procedure, and a frequently used form of this method involves forming a multiplicative term, X_1Z , which includes the interaction effect. Two distinct values of R^2 should be calculated. One as a result when testing the main effects, as follows:

$$Y = a + b_1 X_1 + b_2 Z$$

The second R^2 is the result of the following calculation:

$$Y = a + b_1 X_1 + b_2 Z + b_3 X_1Z$$

If an interaction effect is present, then the difference between the two R^2 values should be statistically significant (barring a Type I error). This last-mentioned method, frequently referred to as a simple product term approach, is generally recommended for continuous variables (Ping 1995, p. 337) and

is frequently used in marketing (e.g. Ulvnes 2004; Wathne 2001). Following the recommendations given by Aiken and West (1991) and Jaccard et al. (1990), the summated scale adaptive business style and the logarithmically transformed one item scale representing ongoing business experience were mean-centred ($X_1 - \text{mean value}$) before forming the multiplicative term. The model required to test hypothesis 9 can be specified as follows (Aiken and West 1991, p. 9):

$$Y = a + b_1 X_1 + b_2 Z + b_3 X_1 Z$$

where X_1 = adaptive business style, Z = ongoing business experience, and Y = trust between exchange partners

The results produced by the regression analysis shows that the b_3 coefficient is not significant ($\beta = -.034$, $t = -.351$, $\text{sig.} = .726$), showing that ongoing business experience is not a moderator variable (Aiken and West 1991, p. 21; Sharma et al 1981, p. 295). A sub-group analysis was carried out to see if it would produce better results.

Ongoing business experience is a continuous variable that for the purpose of the following analysis has been transformed into a qualitative variable. This means that ongoing business experience is regarded as a variable consisting of two categories: it was dichotomised into low ongoing experience and high ongoing experience. A moderator median split analysis was used as a strategy to analyse to what extent an interaction effect exists. The slopes were computed for the dependent variable on the independent variable for each of the two groups. Criticism has been addressed towards dichotomisation of a continuous variable. One of the arguments is that precision is reduced, and this type of strategy is a crude approach to the analysis of interaction effect (in contrast to a product term approach). There are situations where dichotomisation is more sensitive to the presence of interaction effects as compared to the product term approach (Jaccard et al. 1990, p. 49), which might be the case with regard to ongoing business experience.

Those cases represented by the median (5 years) are included in the category defined as low ongoing experience, and those above are included in the category defined as high ongoing experience. The median is 1.6094, and 57.7 percent (N=64) of the cases are classified in the category defined as low ongoing experience. 42.3 percent (N=47) of the cases are included in the category defined as high ongoing experience. Those classified as low ongoing experience refer to group 0, and those classified as high ongoing experience refer to group 1. Descriptive statistics are presented in appendix I.

The GLM ANCOVA analysis (analysis of covariance) in SPSS 14.0 was used to check for the homogeneity of regression analysis. ANCOVA allows including variables that are both categorical and continuous as independents. A continuous independent variable is defined as a covariate in GLM ANCOVA (Field 2005, p. 363). The test of between-subjects effects shows that the regression slopes in the two groups low and high ongoing experience are significantly different (F value 4.791, sig. .031), indicating that ongoing business experience is a moderator variable. Sub-group regression analysis was conducted, and the results are provided in table 8-18.

Table 8-18: Regression results – moderator: ongoing business experience

Dependent variables →	Model F: Trust		Model G: Exchange of information	
	β^a	t -value ^b	β^a	t -value ^b
Group 0: Low ongoing business experience				
Adaptive business style	-.158	-1.261	.057	.449
Model statistics:				
R ²	.025		.003	
Adjusted R ²	.009		-.013	
F	1.589		.202	
N	64		64	
Group 1: High ongoing business experience				
Adaptive business style	.268	1.868*	.278	1.939*
Model statistics:				
R ²	.072		.077	
Adjusted R ²	.051		.057	
F	3.491*		3.761*	
N	47		47	

^a Standardized coefficients ^b One-tailed test * p < .10 ** p < .05 *** p < .01 **** p < .001

Model F (group 1) is significant with F value 3.491 (sig. F p < .10). Adaptive business style has a positive impact on trust between business partners ($\beta_{\text{adaptive business style}} = .268$, $t = 1.868$, p < .10). The relationship has changed from a non-significant to a significant relationship. Explained variance is .051 (adjusted R²). Also, with regard to model G (group 1) the adaptive business style - exchange of information, relationship is significant ($\beta_{\text{adaptive business style}} = .278$, $t = 1.939$, p < .10). Explained variance is .057 (adjusted R²). With respect to this relationship, the same significance level (p < .10) was attained when the total sample was used to conduct a regression

analysis. A sub-group analysis does not lead to a strengthening of this relationship. Hypothesis 9 is supported, while hypothesis 10 is not supported.

The *beta* coefficients are not statistically significant when ongoing business experience is low. Model F group 0 is not significant. When trust between exchange partners is the dependent variable, the *beta* coefficient is negative and insignificant when ongoing business experience is low ($\beta_{\text{adaptive business style}} = -.158, p > .10$). Similarly, model G (group 0) is not significant. When exchange of information is the dependent variable, the *beta* coefficient is positive but insignificant when ongoing business experience is low ($\beta_{\text{adaptive business style}} = .057, p > .10$).

Similar versus dissimilar culture groups’ effect on trust and exchange of information

Hypotheses 11 and 12 are meant to test to what extent culture groups (similar versus dissimilar) have an effect on relational aspects: trust between exchange partners and exchange of information.

Table 8-19: Regression results – similar versus dissimilar culture groups

Dependent variables →	Model H: Trust		Model I: Exchange of information	
	β^a	<i>t</i> -value ^b	β^a	<i>t</i> -value ^b
Independent variable:				
Similar versus dissimilar culture groups	-.224	-2.405**	-.189	-2.013**
Model statistics:				
R ²	.050		.036	
Adjusted R ²	.042		.027	
F	5.784**		4.052**	
N	111		111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$
 Similar culture, N=52, group=0, dissimilar culture, N=59, group=1

The results are significant, showing a negative direction for both trust and exchange of information. The results show that there is a significant difference between trust that develops when the business partner is located in a similar culture and trust that develops when the business partner is located in a dissimilar culture. Model H is significant with F value of 5.784 (sig. $F < .05$). The quality of trust is significantly less when the business partner is located in a dissimilar culture ($\beta_{\text{similar vs dissimilar culture}} = -.224, t = -2.405, p < .05$). Explained variance is .042 (adjusted R²). Similarly, the quality of

exchange of information is significantly less when the business partner is located in a dissimilar culture ($\beta_{\text{similar vs dissimilar culture}} = -.189, t = -2.013, p < .05$). Explained variance is .027 (adjusted R^2). Model I is significant with F value of 4.052 (sig. $F < .05$). Hypotheses 11 and 12 are supported.

Summary

Table 8-20 gives a summary of the findings. The results show that open-mindedness and country experience have positive effects on adaptive business style, supporting hypotheses 4 and 5. Three control variables were included in model B. It was expected that they would have a positive and significant effect on adaptive business style. The results show that one of them, frequency of deliveries (2005), has a significant and positive effect on adaptive business style. The overall pattern from model A was maintained.

It was proposed that adaptive business style has a positive impact on trust between exchange partners (H6), and on exchange of information (H7). The results show that H7 is supported, but only at a $p < .10$ level. Hypothesis 6 was not supported. Hypothesis 8 proposes that exchange of information has a positive impact on trust between exchange partners, which is also supported by the results. Ongoing business experience is viewed as a moderator variable. The results from the sub-group analysis show that the relationship between adaptive business style and trust between exchange partners is enhanced from a non-significant to a significant relationship, though only at the $p < .10$ level. The relationship between adaptive business style and exchange of information remains at the same level ($p < .10$). Hypothesis 9 is supported, while hypothesis 10 is not supported.

Hypotheses were put forward with regard to similar versus dissimilar culture group's effect on trust between exchange partners (H11) and on exchange of information (H12). The results show that the relationships are significant. When dealing with customers in dissimilar cultures, the level of trust and exchange of information is significantly lower. The hypotheses 11 and 12 were supported.

To report that relationships are significant at $p < .10$ may not be fully acceptable; $p < .05$ is normally used as a threshold value to conclude that there is support for a hypothesis (Field 2005, pp. 25, 27). Some researchers have reported significant relationships at $p < .10$ level (e.g. Aulakh et al. 1996; Pettersen 2005; Wathne 2001). In total, eight hypotheses have been supported. Two of them have attained a weak support ($p < .10$).

Table 8-20: Testing hypotheses – a summary

Hypotheses:	Proposed effects:	Findings:	Significance level: ^a	Conclusions:
H1: Export resources → adaptive business style	+	n.s.	$p > .10$	No support
H2: Customer-oriented culture → adaptive business style	+	n.s.	$p > .10$	No support
H3: International experience → adaptive business style	+	n.s.	$p > .10$	No support
H4: Country experience → adaptive business style	+	+	$p < .05$	Support
H5: Open-mindedness → adaptive business style	+	+	$p < .01$	Support
Control variable: Nr of customer relationship → adaptive business style	.+	n.s.	$p > .10$	No support
Control variable: Export sales experience → adaptive business style	+	n.s.	$p > .10$	No support
Control variable: Frequency of deliveries → adaptive business style	+	+	$p < .01$	Support
H6: Adaptive business style → trust	+	n.s.	$p > .10$	No support
H7: Adaptive business style → exchange of information	+	+	$p < .10$	Support (weak)
H8: Exchange of information → trust	+	+	$p < .001$	Support
H9: Ongoing business experience moderates the relationship between adaptive business style and trust	Yes	Yes	$p < .10$	Support (weak)
H10: Ongoing business experience moderates the relationship between adaptive business style and exchange of information	Yes	No	$p < .10$	No support
H11: Similar versus dissimilar culture group → trust	-	-	$p < .05$	Support
H12: Similar versus dissimilar culture group → exchange of information	-	-	$p < .05$	Support

^a One-tailed *t*-test; n.s. = non significant

8.6 Testing assumptions in linear regression

In addition to assessing statistical significance, another basic issue needs to be assessed: assumptions underlying regression analysis. Before generalising results to the population, a number of assumptions must be met (Field 2005,

pp. 162, 169). Assumptions that need to be investigated are as follows: linearity, homoscedasticity, independence of the residuals, collinearity (or multicollinearity) and normality (Hair et al. 1996, p. 202). Normality was tested in section 8.3. It was determined that non-normality is not a critical problem.

Skewness and kurtosis on a construct level including the control variables, and their respective z scores, are presented in appendix H. Two of the variables have a z score for skewness that is higher than the critical value ± 2.58 : international experience and export sales experience. Trust is just on the limit with a value of - 2,603. Trust has a z score that is higher than this critical value with regard to kurtosis. Histograms and normal probability plots of the residuals were also checked to investigate normality. These graphs and plots were computed in SPSS 14.0. Overall, graphs and plots indicate that data do not deviate too much from normality. The problem seems to be more apparent with trust, which also the z value scores indicate. All in all, the deviation from normality does not seem to be critical.

Independence of residuals implies that for any two observations the residual terms should be independent. This assumption has been tested with the Durbin-Watson test, which tests for serial correlations between errors. The test statistic can vary between 0 and 4, and a value of 2 means that the residuals are uncorrelated. A rule of thumb is that values less than 1 or greater than 3 should cause concern (Field 2005, p. 170), which is the guideline applied in this study. Durbin-Watson test statistics are presented in table 8-21, demonstrating that statistics attained comply with the guideline, and can be viewed as acceptable.

Table 8-21: Independence of residuals: summary of statistics.

Model A: 1.916	Model F, Group 1: 2.188
Model B: 2.070	Model G, Group 0: 2.392
Model C: 1.823	Model G, Group 1: 2.364
Model D: 1.788	Model H: 1.768
Model E: 2.088	Model I: 2.047
Model F, Group 0: 1.758	

Multicollinearity is present when there is a strong correlation between two or more independent variables in a regression model. Perfect collinearity exists when two independent variables are perfectly correlated. This means that they have a correlation coefficient of 1. A low level of collinearity is not a threat to the models generated. However, as multicollinearity increases, the ability to define any variable's impact is diminished (Field 2005, p. 174; Hair et al. 1996, p. 24). Collinearity can be identified by investigating

collinearity diagnostics produced in SPSS. One of them is the variance inflation factor (VIF), which indicates to what extent an independent variable has a strong linear relationship with the other independent variable(s). A rule of thumb is that if the largest VIF is greater than 10, then there is a cause of concern, and if the average VIF is considerably greater than 1, then the regression may be biased. Related to the VIF is the tolerance statistic, which is computed as $1/VIF$. It is suggested that values below .10 indicate serious problems and values below .20 should cause concern (Field 2005, pp. 175, 196).

Table 8-22 reports the collinearity diagnostics - variance inflation factor (VIF) and tolerance statistics - for the models including two or more independent variables. The diagnostics attained seem to be acceptable.

Table 8-22: Collinearity diagnostics, summary.¹

Model:	Variance inflation factor ²	Tolerance statistics ³
Model A	1.111	.858
Model B	1.226	.803

¹ Collinearity diagnostics refer to models including two or more independent variables.

² The average variance inflation factor is reported.

³ The lowest value is reported.

A third step to investigate collinearity is to look at the variance proportions: “The variance of each regression coefficient can be broken down across the eigenvalues and the variance proportions tell us the proportion of the variance of each predictor’s regression coefficient that is attributed to each eigenvalue” (Field 2005, p. 261). The bottom rows of the table need to be investigated and it should be looked for predictors that have high proportions on the same small eigenvalues. This collinearity diagnostic is also produced in SPSS 14.0 (Field 2005, p. 261). The bottom rows were investigated with regard to the models A and B. No one of the predictors scored high proportions on the same small eigenvalue.

The assumption of homoscedasticity means that the residuals at each level of the predictor (s) should have the same variance (homoscedasticity). When the variances are very unequal, which means that they are increasing or decreasing, the assumption of homogeneity is violated. Heteroscedasticity is then present (Field 2005, p. 170). When splitting the sample across similar and dissimilar culture groups, the Levene test can be used to test for possible heteroscedasticity (Field 2005, p. 97). The Levene’s statistics are all insignificant with values ranging from F value .006 (sig. .941) to F value 2.267 (sig. .135). This result suggests that the assumption of homoscedasticity is met.

A second way to check for homoscedasticity is to investigate the graphical plots of standardized residuals (ZRESID) against standardized predicted values (ZPRED), and the graphical plots of Studentized residuals (SRESID) against ZPRED. The points should be randomly and evenly dispersed throughout the plot. Although these two plots are almost identical, the latter is more sensitive on a case-by-case basis (Field 2005, pp. 203, 181). Plots of ZRESID against ZPRED, and SRESID against ZPRED are roughly dispersed around zero for all models.

Linearity was checked by investigating partial regression plots also computed in SPSS 14.0. The linearity of the relationship between dependent and independent variables represents the extent to which change in the dependent variable is associated with the independent variable (Hair et al. 1996, p. 173). The pattern of linearity is quite well defined for some variables, while for others it is less well defined which means that points are more scattered (Hair et al. 1996, p. 203). The partial regression plots also provide the basis from where outliers or influential cases can be identified (Hair et al. 1996, p. 174). The results from the investigations of residuals and regression plots show that there might be some extreme cases, suggesting that the data should be investigated further to identify whether there are cases that might have a disproportionate effect on the regression results (Hair et al. 1996, p. 205).

To conclude, the assessment of the underlying assumptions did not reveal serious violations of the assumptions. Even if the assumptions are met, it is possible that a model obtained from a sample may not be the same as the population model. However, the likelihood that they are the same is increased (Field 2005, p. 171).

8.7 Influential cases

One question that needs to be considered is whether the model fits the observed data well or is influenced by a small number of cases (Field 2005, p. 162). The identification of influential cases is an important step in interpreting the results of regression analysis (Hair et al. 1996, p. 236). Therefore, in the final analysis an attempt has been made to identify observations that are influential, that is, having a disproportionate impact on the regression results (Field 2005, p. 164).

If it is ascertained that a case does not represent the general population it should be excluded. If a sample contains one or more cases that are not representative, the achievement of generalisable results is hindered (Hair et al, 1996, p. 235). Cases that differ from the main trend of the data can cause

the model to be biased because they affect the values of the estimated regression coefficient (Field 2005, p. 162; Hair et al. 1996, p. 205). Diagnostic statistics should, however, not be used as a way of attaining some desirable change in the regression parameters (e.g. deleting cases that change a non-significant coefficient into a significant one) (Field 2005, p. 169, refers to Stevens 1992). Checking for outliers and influential cases should be done with the purpose to find out whether the model fits well with the sample or is influenced by a small number of cases (Field 2005, p. 162).

One has to use discretion in the exclusion of cases identified as influential, otherwise good results are almost guaranteed if the data set is trimmed uncritically. There are always outliers in any population (Field 2005; Hair et al. 1996, pp. 236-37). The process of identifying potentially influential cases means that judgement and trade-offs have to be made. It is not evident in all situations which cases to delete. Diagnostic statistics put forward by Hair et al. (1996, pp. 221-237) have been used to guide the process of identifying potentially influential cases.

As a starting point, residuals were investigated to identify outliers (Field 2005, p. 162; Hair et al. 1996, p. 206). Residuals are as follows: the differences between the values of the outcome predicted by the model and the values of the outcome observed in the sample. A large residual of a case indicates that this case is an outlier (Field 2005, p. 163; Hair et al. 1996, p. 222). A frequently used residual to identify outliers is studentized residual (Hair et al. 1996, p. 226), which was computed in SPSS 14.0. This residual corresponds to t values, and upper and lower limits have been set at 95 percent confidence interval, t value = ± 1.96 . Statistically significant residuals are those falling outside these limits (Hair et al 1996, p. 226). Another residual is studentized deleted residual, which helps identify single cases' impact on the regression results (Field 2005, p. 165; Hair et al. p. 229). Also in this case, statistically significant residuals are those falling outside the limits as described above.

Another three statistics were used to evaluate the influence of a particular case: Cook's distance, standardized DFBeta, and covariance ratio (CVR). Cook's distance is a measure of the overall influence of a case on the model. It portrays the influence of a case from two sources: the size of changes in the predicted values when the case is excluded (outlying studentized residuals) as well as the case's distance from the other cases (leverage). The rule of thumb is that values greater than 1 may be a cause for concern (Field 2005, p. 165; Hair et al. 1996, p. 225). A more conservative measure is $4/(n-k-1)$, where k is the number of independent variables. This conservative measure was used in this study. Even if no one of the cases exceed this

threshold, attention should be paid to those cases that have substantially higher values than the remaining cases (Hair et al. 1996, p. 225).

The impact of deleting a single case on each regression coefficient is described by DFBeta, and is the relative change in the coefficient when the case is deleted. DFBeta is calculated for every case and for each of the parameters in the model. The standardized DFBeta have been applied, and absolute values above 1 indicate cases that considerably influence the model parameters (Hair et al. 1996, p. 225).

CVR estimates the effect of a case on the efficiency of the estimation process. It is a measure of whether a case influences the variance of the regression parameters and considers all parameters collectively (Hair et al. 1996, p. 225). When this ratio is close to 1, the case has very little influence on the variances of the model parameters (Field 2005, pp. 166-67). CVR may act as an indicator of cases that have substantial influence both positively and negatively on the coefficients (Hair et al. 1996, p. 225). A threshold can be established at $1 \pm [3(k+1)/n]$. Values above $1 + [3(k+1)/n]$ make the estimation process more efficient, which means that deleting the case will damage the precision of some of the model's parameters. Those less than $1 - [3(k+1)/n]$ detract from the estimation efficiency, and deleting the case will improve the precision of some of the model's parameters. A fourth measure of overall fit is standardized DFFIT (SDFFIT), which refers to which extent the fitted values change when the case is deleted. A recommended cut-off value is $2 \sqrt{(k+1)/(n-k-1)}$ (Hair et al. 1996, p. 225; Field 2005, p. 167).

Cook's distance and SDFFIT are measures of overall fit. However, they should be complemented by an examination of residuals as already explained above, but also by an examination of leverage points. One measure has been applied to identify leverage points, also called hat values. For each case, the leverage is a measure of the distance of the case from the mean centre of all other cases on the independent variables. Besides, large diagonal values indicate that the case carries a disproportionate weight in deciding its predicted dependent variable value minimising its residual. This is an indication of influence because the regression line must be closer to this case for the small residual to occur. The average leverage value is defined as $(k+1)/n$. If cases exert no influence, then we would expect leverage values to be close to the average value. Some recommend looking for values twice the average and other recommend looking for values three times the average (Field 2005, p. 165; Hair et al. 1996, p. 224). In this study, values greater than three times the average were used to identify influential cases.

Residuals and leverage points help identify potentially influential cases. Often, an influential case will not be identified as an outlier because it has influenced the regression estimation to such an extent as to make its residual minor (Field 2005, pp. 167-68; Hair et al. 1996, pp. 221-22). Therefore, different diagnostics need to be complemented to identify influential cases. The diagnostic measures that were used to identify outliers and influential cases are described in table 8-23.

Table 8-23: Diagnostic tests for influential cases

Diagnostic measure:	Threshold value specification:	Threshold value:
<i>Residuals:</i> Studentized	Critical <i>t</i> value at specified confidence level	±1.96
Studentized deleted	Critical <i>t</i> value at specified confidence level	±1.96
<i>Leverage:</i> Average leverage value	$3(k+1)/n$	Values calculated for each separate model
<i>Single-case measures</i> Cook's distance	$4/(n-k-1)$	Values calculated for each separate model
SDBETA	Values larger than ± 1	Values larger than ± 1
COVRATIO (CVR)	$1 \pm [3(k+1) /n]$	Values calculated for each separate model
SDFFIT	$2 \sqrt{(k+1)/(n-k-1)}$	Values calculated for each separate model

There is no clear-cut method for identifying influential cases or what action to take when influential cases have been identified. A rule of thumb is that if diagnostic measures show that a case is unrepresentative of the general trend, it should be eliminated. The method applied here was to identify those cases that were consistently identified by the diagnostic analysis. Those cases are likely to have the most impact on improving the regression equation (Hair et al. 1996, pp. 234-36). The results attained after potential influential cases had been excluded and new models had been estimated, were compared with models estimated in previous sections on the following three areas: (Hair et al. 1996, p. 236): the overall prediction (R^2), the standard error of estimate and the statistical significance of the coefficient. Standard error of estimate is one measure of prediction, a measure of the variation around the regression line (Hair et al. 1996, p. 199).

The direction of effects, and thus, the main findings, remained the same for all regression parameters after cases identified as potential influential were

excluded and new models estimated. Most of the relationships that already had proved to be significant were strengthened, including those that were significant at $p < .10$ level. To conclude, no one of the cases were viewed to deviate seriously from the main trend of the data.

9 Discussions and implications

The purpose of the final chapter is to discuss the research questions addressed in chapter 1, and to present the major findings and their implications. Additional hypotheses have been proposed and tested to further explore potential and meaningful relationships that can help explain the role of the various dimensions composing cultural sensitivity. The first research question is as follows:

How can the cultural sensitivity concept, applied to a salesperson responsible for dealing with buyers in the export markets, be defined and conceptualised?

9.1 Cultural sensitivity

The cultural sensitivity concept has attracted some interest among scholars whose interests include non-equity strategic alliances (Johnson et al. 1996), international marketing (Holzmüller and Stöttinger 2001), cross-cultural training of expatriates (Zakaria 2000) and inter-organisational relationships in selling-buying cross-border contexts (Harich and LaBahn 1998; LaBahn and Harich 1997; Skarmeas et al. 2002). The focus of this study is on the last-mentioned setting. LaBahn and Harich (1997) were the first to develop a measurement scale to be used to investigate to what extent business partners trading across national borders are culturally sensitive, and to what extent such sensitivity has a positive impact on the nature of the business relationship. They define cultural sensitivity as "...a firm's understanding of and adaptation to its exchange partner's domestic business practices *as perceived by its partner*" p.31, original italics" (LaBahn and Harich 1997).

The measurement scale, composed of four items, was developed on the basis of interviews with managers in the US who had work experience in Mexico. They also mailed open-ended questionnaires to executives in both US manufacturing firms and Mexican distribution firms to investigate the issue of sensitivity to national business culture and relationship performance. The measurement scale developed was then used to investigate the role of cultural sensitivity in a selling-buying cross-border context, including manufacturers and distributors from the Mexican side and manufacturers from the US side. They found that partner sensitivity to national business culture has a positive impact on relationship performance.

The measurement scale developed by Harich and LaBahn (1997) was used in a study carried out by Skarmeas et al. (2002), in another cross-border context. The importing firm reported on the exporter's cultural sensitivity.

Similarly to Harich and LaBahn (1997), they found that cultural sensitivity has a positive impact on relationship performance. However, Harich and LaBahn (1997) and Skarmeas et al. (2002) argue that cultural sensitivity is still a loosely developed concept with a potential for advancement. One of the tasks in this research has been to further develop the cultural sensitivity concept.

As a part of this task, some clarifications had to be made. First, at what level does cultural sensitivity apply? Second, on what premises is cultural sensitivity advanced?

Previous empirical studies apply cultural sensitivity to the firm level (Johnson et al. 1996; LaBahn and Harich 1997; Skarmeas et al. 2002). Nevertheless, LaBahn and Harich (1997, p. 44) point out that high levels of sensitivity to national business culture can be attained by means of salespeople. Similarly, Skarmeas et al. (2002, p. 772) argue that "...managers and representatives with intercultural disposition can play a key role in establishing, developing, and maintaining interfirm relations that cross national boundaries". Chaisrakeo and Speece (2004), and Harich and LaBahn (1998) emphasise that cultural sensitivity applies to the individual. In their view, cultural sensitivity is a competence that the individual responsible for sales in the export markets holds. In this study, cultural sensitivity applies to the salesperson.

One field within international business promotes the view that experience is of crucial importance in order to succeed with business dealings in international markets (e.g. Chetty et al. 2006; Eriksson et al. 1997; Johanson and Vahlne 1977; 1990). Inspired by this field of research, experience-based knowledge is considered to be a central feature of the cultural sensitivity concept. The emphasis on experience is contrary to the emphasis on comprehensive cultural training programs (e.g. Johnson et al. 1996, p. 985; Zakaria 2000), and the view that cultural sensitivity can be acquired by learning about cultural standards expressing a range of behavioural aspects that are typical for a particular society, as put forth by some researchers (Holzmüller and Stöttinger 2001 p. 608). Other researchers refer to Hofstede's (2001, p. 9) classification scheme presenting five dimensions along which national cultures differ – power distance, uncertainty, masculinity/femininity, individualism/collectivism and short-term/long-term orientation – as a basis from where a culture can be learnt (e.g. Harich and LaBahn 1998; Usunier and Lee 2005).

The argument put forth in this study is that one should be cautious to rely on a set of stereotypes to understand a partner's culture. People working across

cultures are often surprised by behaviours that challenge their stereotypes (Osland and Bird 2000, pp. 65, 66). Every individual represents a number of cultures, such as gender, ethnicity, profession and geographical area (Guirdham 2005, p. 48; Sebenius 2002, p. 12). Stereotyping can obstruct communication because stereotyping implies that individuality is being overlooked (Guirdam 2005, p. 184). Sitting across a negotiation table, a businessperson should be careful assessing his or her partner according to a classification scheme based on national culture (Graham 2003, p. 43; Sebenius 2002, p. 12). A business person should allow for adjustments of stereotypes and eventually, for their replacement by a more differentiated, subtler view of different “Others” (Magala 2005, p. 49). Bird et al. argue as follows: “Moving beyond cultural stereotypes and continually refining one’s categories and knowledge of the other culture characterise self-learners” (1999, p. 164). Knowledge regarding how to carry out business in a different culture does not necessarily imply that one fully understands the foreign mind-set and shares the same value systems (Shankarmahesh et al. 2004, pp. 438, 427).

Dimensions composing cultural sensitivity

Three of four items composing the cultural sensitivity scale developed by LaBahn and Harich (1997) report the perceptual characteristics of an individual (understanding, awareness and sensitivity). The fourth item reports the partner’s willingness to adapt. LaBahn and Harich (1997) propose that cultural sensitivity is composed by two dimensions: *understanding* and *adaptation*. In their view, selecting salespeople who are prone to adapt to their customers is a way to attain high levels of sensitivity to a national business culture. Similarly, Skarmeas et al. (2002) propose a distinction between the following two dimensions: cultural *understanding of* and *adjustments to* a business partner’s local business practices.

Holz Müller and Stöttinger (2001), whose major concern is how international marketing managers should acquire cultural sensitivity, make a distinction between *cognitive* and *non-cognitive* skills. In their view, the non-cognitive skills – viewed in terms of emotional abilities – constitute the critical dimension of cultural sensitivity. Cui and van den Berg (1991, pp. 229, 230), whose major concern is to improve understanding of the process of sojourners’ cross-cultural adaptations, describe the different kinds of competence that a person requires to interact successfully in cross-cultural contexts in terms of: *cognitive*, *affective* and *behavioural* dimensions. The affective dimension is by some researchers associated with an individual’s cross-cultural attitude, open-mindedness toward new ideas, and experience (Hammer et al. 1978, p. 384). Chairsrakeo and Speece (2004, p. 269) regard

open-mindedness, non-judgemental attitudes and sensitivity to the verbal and non-verbal cues of people from foreign cultures as important characteristics of cultural sensitivity. Their major concern is to describe those factors characterising successful salespeople who deal with partners in international markets.

A salesperson's *open-mindedness*, *knowledge* about a foreign customer's culture and way of conducting business, and *adaptive* selling skills are dimensions described in a conceptual framework outlined by Harich and LaBahn (1998). These dimensions have been conceptualised as having direct effects on a customer's perception of a salesperson's performance of culturally sensitive behaviour. Holding high levels of the above-mentioned characteristics is viewed as decisive for a salesperson in order to interact successfully with a foreign buyer.

Based on a review of some selected studies, this study concludes that cultural sensitivity is composed by the following key components: Open-mindedness, predisposition to adapt, and experience about foreign customers' way of conducting business. This study proposes that the concept of cultural sensitivity is composed of five distinct dimensions. Open-mindedness, which refers to a salesperson's receptiveness to new information and new situations (Harich and LaBahn 1998, pp. 94), is viewed as one dimension. A salesperson's predisposition to adapt her/his business style to the specific sales situation (Francis 1991, p. 406; Spiro and Weitz 1990, p. 62) is a second dimension. This study makes a distinction between three types of experience: international experience, country experience, and ongoing business experience. International experience refers to experience acquired in diverse cultural regions, country experience refers to experience acquired on the basis of prior and current business assignments in the market of the ongoing business, and ongoing business experience refers to the length of time a salesperson has been doing business with the selected customer (Chetty et al. 2006). Cultural sensitivity refers to *the competence of a salesperson who has the attitude, experience and the skills required to deal with cultural differences in the export markets*.

Different streams of literature have been used to develop the five dimensions of cultural sensitivity. Researchers within international business emphasise the importance of having an open mind, that is, to reflect on one's own patterns of thinking (e.g. Adler, 2002; Harris and Moran, 1996; Holzmüller and Stöttinger, 2001). In a similar way, researchers focusing on the link between the learning orientation of organisations and market-based learning emphasise the need to promote open-mindedness. This further implies that established mental models are questioned and beliefs about customers and

markets are updated (Sinkula, et al. 1997). Marketing literature, which puts forth the salesperson's ability to adapt (also referred to as adaptive selling literature) (e.g., Spiro and Weitz, 1990; Robinson, et al. 2002), focuses on the individual's predisposition to adapt in his or her dealings across various sales situations. This ability is considered not only as important in domestic markets, but also across national borders (Chairsrakeo and Speece, 2004; LaBahn and Harich 1997; Skarmeas et al. 2002). Similarly, studies focusing on business negotiations in a cross-cultural context show the need to emphasise an individual's ability to adapt (e.g. Adler and Graham 1989; Mintu-Wimsatt and Gassenheimer 2000).

The three different kinds of experience; international experience, country experience and ongoing business experience, are derived from a field within international business that emphasises the importance of experience in order to succeed in international markets (e.g. Chetty et al. 2006; Johanson and Vahlne 1977; 1990). The measurement scales have been adopted from previous research, although they have been accommodated to the context studied. Figure 5-1 in chapter 5 (see p. 42) describes how the five dimensions of cultural sensitivity are expected to relate to each other, and their consequences.

Who should report?

In a study carried out by LaBahn and Harich (1997), the respondents were asked to report the partner's cultural sensitivity. One may question whether it is meaningful that a key respondent in a firm reports on a business partner's understanding, sensitivity and awareness, which are three out of four indicators expressing to what extent a partner is culturally sensitive, as described by LaBahn and Harich (1997). These are perceptual characteristics of an individual that the respondent may not possess any great knowledge about. Some researchers (e.g. Williams and Attaway 1996, p. 50; Podsakoff et al. 2003, p. 899; Shankarmahesh et al. 2004; Williams 1998) argue that the individual, to whom the perceptual characteristics apply, is the one who should report. In this study, the person to whom cultural sensitivity applies is the one who reports.

Open-mindedness and adaptive business style, have been identified as potentially problematic variables. These two variables assess personality, and there is always a possibility of socially desirable responding (see section 7.6, pp. 85-88). The argument put forth is that measures may encourage the respondent to respond in a more positive fashion in order to present him or herself in a socially desirable light. Social desirability is regarded to be a major concern in the measurement of personality (Spector 1987).

Social desirability can be understood as self-deception, which refers to the unconscious tendency to see oneself in a favourable light. Socially desirable and positively biased self-descriptions express what the respondent in fact believes to be true. Self-deception is closely related to an individual's ability to adjust. If the ability to adapt is conceptually related to the variables of interest, the potential problem of self-reporting is limited. Open-mindedness and adaptive business style are two variables that assess an individual's ability to adjust, both in terms of behaviour and mind, to various business situations, customers and market environments. A certain degree of self-deception advances a positive point of view. Having a positive outlook is considered to be important to salespeople (Zerbe and Paulhus 1987, p. 253).

The mean value of open-mindedness is 3.58 and the mean value of adaptive business style is 3.34 (see appendix H). They are both measured on a 1 to 5 point Likert scale. To what extent these mean values are particularly high, and therefore upward biased, is hard to say. There are no comparable studies that can be used to make an assessment. Spiro and Weitz (1990, p. 67) attained a mean value of 5.51, using a 1 to 7 point Likert scale with regard to the adaptive selling construct (ADAPTS 16 item scale). From their point of view, 5.51 is a high rating and should reflect the skilled experience of the salespeople surveyed, but it may also be a result of response bias. One may argue that the mean ratings attained for open-mindedness and adaptive business style express quite "modest" reporting, considering that the salespeople who have reported are quite experienced. 50 percent of the respondents have 11 years or more sales experience in export markets (see table 8-2, p. 104). To conclude, self-reporting bias is not seen as a problem with regard to open-mindedness and adaptive business style.

9.2 Firm characteristics and cultural sensitivity

The second research question puts the focus on firm characteristics – export resources and customer-oriented culture – and these characteristics' effect on a salesperson's cultural sensitivity expressed in terms of adaptive business style. The research question is as follows:

Do firm characteristics expressed in terms of export resources and customer-oriented culture contribute to the enhancement of a salesperson's cultural sensitivity?

Hypotheses 1 and 2 propose that export resources and customer-oriented culture have positive effects on adaptive business style, respectively. Adaptive business style is hypothesised to mediate the effect of the two firm characteristics on trust between exchange partners and exchange of information. The findings show that export resources and customer-oriented

culture do not have significant effects on adaptive business style. Hypotheses 1 and 2 are not supported (see table 8-20, p. 132). The findings do not support the view that firm characteristics, expressed in terms of export resources and customer-oriented culture, contribute to the enhancement of a salesperson's cultural sensitivity, expressed in terms of adaptive business style.

Table 9-1: Regression results – direct effects of firm characteristics on trust and exchange of information

Dependent variables: →	Model J: Trust		Model K: Exchange of information	
	β^a	t -value ^b	β^a	t -value ^b
Export resources	.209	2.247**	.205	2.208**
Customer oriented culture	.256	2.749***	.271	2.923***
Model statistics:				
R ²	.139		.146	
Adjusted R ²	.123		.130	
F	8.715****		9.243****	
N	111		111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

One may question: Do firm characteristics – export resources and customer-oriented culture – influence relationship characteristics directly? To explore this possibility, two new models were estimated. The results are reported in table 9-1. Model J is significant with F value of 8.715 (sig. $F < .001$). The results show that export resources ($\beta_{\text{export resources}} = .209$, $t = 2.247$, $p < .05$) and customer-oriented culture ($\beta_{\text{customer-oriented culture}} = .256$, $t = 2.749$, $p < .01$) have direct and positive effects on trust between business partners. Explained variance is .123 (adjusted R²). Similarly, model K is significant with F value of 9.243 (sig. $F < .001$). Export resource ($\beta_{\text{export resources}} = .205$, $t = 2.208$, $p < .05$), and customer-oriented culture ($\beta_{\text{customer-oriented culture}} = .271$, $t = 2.923$, $p < .01$) have positive effects on exchange of information. Explained variance is .130 (adjusted R²).

Research shows that commitment of export relevant resources influence relationship characteristics. Bello et al. (2003, pp.10-11) found that maintaining close business relationships, expressed in terms of relationalism (solidarity, information exchange and flexibility),¹⁶ across national borders require resources in terms of finances, personnel and management

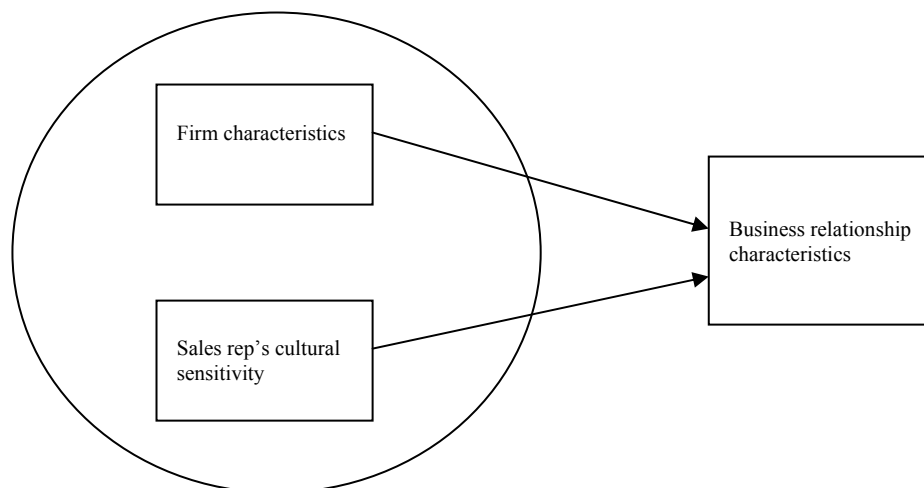
¹⁶ Relationalism is in this study viewed as a higher-order construct composed of these three relational norms.

involvement. Similarly, findings show that the variable export resources, which in this study is defined in terms of personnel devoted to export activities, is important to ensure high levels of information exchange and trust building with customers in the export markets.

To the knowledge of the author, no studies have so far investigated the relationship between customer-oriented culture and relationship characteristics, viewed in terms of trust and exchange of information. One may argue, however, that the direct impact of customer-oriented culture on relationship characteristics is logic. A firm's customer-oriented culture, expressed in terms of external focused norms and behaviours, demonstrates that customers are given high priority. This should facilitate trust building as well as exchange of information with customers. To conclude, findings show that firm characteristics influence relationship characteristics directly. Having sufficient personnel are important for both trust building and exchange of information. In addition, customer-oriented culture, which implies giving high priorities to customers needs, influences the same relationship characteristics in a positive way.

Because of these findings, figure 1-1 (see p. 5), which gives a simple description of how a salesperson's cultural sensitivity may influence business relationship characteristics, needs to be redefined. Figure 9-1 gives a new description in correspondence with the findings.

Figure 9-1: Factors influencing business relationship characteristics in the export markets.



9.3 Cultural sensitivity and business relationship characteristics

The third research question is:

Does cultural sensitivity contribute to the maintaining of business relationships with the foreign buyer, expressed in terms of the relational qualities trust between the business partners and information exchange?

As figure 6-1 in chapter 6 shows (see p. 54), the five dimensions composing a salesperson cultural sensitivity are considered as distinct constructs with different roles. Those constructs composing cultural sensitivity are shaded. Both indirect and direct effects on relationship characteristics have been hypothesised.

Indirect effects on business relationship characteristics

Three variables; international experience, country experience and open-mindedness, are hypothesised to have indirect effects on trust between business partners and exchange of information through adaptive business style. The effects of these three variables on adaptive business style have been described by three hypotheses: H 3, H 4, and H 5.

The results give support to H 4 and H 5, but not to H 3 (see table 8-20, p. 132). Findings show that country experience and open-mindedness have positive and significant effects on adaptive business style, suggesting that country experience and open-mindedness have indirect effects on trust and exchange of information. Experience acquired on the basis of various business assignments, previous and current, in the market of the ongoing business (Chetty et al. 2006), enhances a person's predisposition to adapt business style. Likewise, open-mindedness, which means that the person is receptive to new information and situations (Harich and LaBahn 1998), has a positive impact on a person's predisposition to adapt business style. A person that continually questions his or her assumptions about the market and the customers is prepared to adapt the negotiation style, and is also prepared testing out various ways of approaching new customers.

Regression analyses were carried out to test whether international experience, country experience and open-mindedness have direct effects on trust and exchange of information. Two models were estimated; one model including trust as the dependent variable and another including exchange of information as the dependent variable. The results show that the two models are not significant: the independent variables do not have significant effects on trust between exchange partners or exchange of information. These

results emphasise the importance of adaptive business style as an intermediate variable.

International experience, which refers to experience acquired based on business assignments in diverse cultural regions (Chetty et al. 2006), does not affect adaptive business style as expected. One may argue that international experience has an indirect effect on adaptive business style through open-mindedness. Exposure to different cultures implies that the individual experiences new facets and dimensions of being (Usunier and Lee 2005, p. 391). Experiences acquired across various cultures allow for adjustments of stereotypes and, finally, for their replacement by a more differentiated world view (Magala 2005, p. 49). A person characterised by a high level of international experience should be prepared to question his or her assumptions about customers and markets. The following proposition has been proposed: Greater levels of international experience increase a salesperson's open-mindedness. A new model was estimated to investigate this relationship. The results are reported in table 9-2.

Table 9-2: Regression results – direct effect on open-mindedness

	Model L	
Independent variable:	β^a	t -value ^b
International experience	.190	2.016**
Model statistics:		
R ²	.036	
Adjusted R ²	.027	
F	4.064**	
N	111	

^a Standardized coefficients ^b One-tailed test * p < .10 ** p < .05 *** p < .01 **** p < .001

Model L is significant with F value 4.064 (sig. F p < .05). International experience ($\beta_{\text{international experience}} = .190, t = 2.016, p < .05$) has a positive effect on open-mindedness. Explained variance is .027 (adjusted R²). The finding shows that international experience influences adaptive business style through open-mindedness. International experience has a role to play to influence trust and exchange of information, through open-mindedness, which is an antecedent to adaptive business style.

Regression analyses were conducted to test the effects of the three control variables; export sales experience, frequency of deliveries (2005), and number of long-term business relationships (duration of 2 years or more) on adaptive business style. Sales experience has frequently been used to determine adaptive selling's nomological validity. Researchers argue that

“Through experience, salespeople improve their skills and develop a more elaborate knowledge of selling situations, customer types, and potential selling strategies” (Spiro and Weitz 1990, p. 64).

Spiro and Weitz (1990, p. 66) did not find support for the view that experience, expressed in terms of the months that the person has worked for the firm as a salesperson, has a positive effect on adaptive selling. In their view, this lack of finding may be explained by a ceiling effect. In Spiro and Weitz’s (1990) study, the mean value of respondents experience was eight years, which may not be sufficient to differentiate in terms of knowledge gained through experience. Sales experience in the export markets does not have a significant impact on adaptive business style. In this study, the mean value of total sales experience in the export markets is almost 12.5 years. The number of long-term business relationships did not have a significant effect on adaptive business style either. Frequency of deliveries in 2005 has a significant and positive effect on adaptive business style (see table 8-20, p. 132). This shows that frequent interactions with a customer enhance a salesperson’s ability to adapt business style. Frequent interactions enhance an individual’s ability to become confident with accommodating negotiation style to the specific customer.

Direct effects on business relationship characteristics

Adaptive selling has frequently been hypothesised to have an impact on performance (e.g. Rich et al. 1999; Robinson et al. 2002; Spiro and Weitz 1990). Spiro and Weitz (1990, pp. 66-7) found that adaptive selling (ADAPTS, 16 item scale) correlates significantly with a self-assessment of performance, but does not correlate with management ratings of performance. Sujan et al. (1994, p. 42) found that adaptive selling (one of three dimensions manifesting working smart), has a positive effect on performance.

Subsequent studies have shown mixed results when using the ADAPTS 16 items scale as a predictor of salesperson performance (e.g. Marks et al. 1996; Robinson et al. 2002). As a consequence, researchers have carried out studies in order to work out a more appropriate adaptive selling scale. Marks et al. (1996, p. 63) show that the ADAPTS 16 items scale can be viewed in terms of two factors: a belief dimension and a behavioural dimension. They found that the behavioural dimension of ADAPTS is related to performance, but not the belief dimension. Robinson et al. (2002) carried forward yet another study to improve the ADAPTS scale. They found that a shortened version of Spiro and Weitz’s (1990) scale, defined as ADAPTS-SV, relates

significantly to sales experience and performance (Robinson et al. 2002, p. 118).

Chakrabarty et al. (2004), who re-examined the properties of ADAPTS-SV scale worked out by Robinson et al. (2002) and compared it with the behavioural scale developed by Marks et al. (1996), found that both scales have acceptable properties. They also found that both demonstrate predictive validity. That is, they are significantly related to performance (Chakrabarty et al. 2004, p. 130). To conclude, the properties of the adaptive selling scale has been subjected to careful examinations, and its predictive validity with regard to performance has been demonstrated. The ADAPTS-SV scale worked out by Robinson et al. (2002) is used in this study.

To the knowledge of the author, this scale has not been applied in an export setting before. In other words, the properties of ADAPTS-SV scale have been further examined by applying the scale to a new setting. As a result of the factor analysis, one of five items was deleted (see section 8.4, p. 113). The item deleted was as follows: I try to understand how one customer differs from another. This item refers to one of four facets, which the ADAPTS-SV scale represents, and is as follows: The collection of information about the sales situation to facilitate adaptation. By deleting this item the definition has changed. The original definition was as follows: The altering of business style during a customer interaction or across customer interactions based on perceived information about the nature of the business situation. The definition of adaptive business style thus includes only that part of the sentence which is not underlined.

As the review above shows, previous research has primarily been preoccupied with trying to connect adaptive selling to various performance and experience variables. This study makes an attempt to connect adaptive business style with some other constructs by hypothesising that adaptive business style has a positive effect on trust and exchange of information. Regression results show that adaptive business style does not have a significant effect on trust between exchange partners. The results also show that adaptive business style has a positive and significant impact on exchange of information, but only at a $p < .10$ level (see table 8-20, p. 132).

Literature shows that it is meaningful to relate adaptive business style to exchange of information. For a number of businesses, personal selling is considered to be more important for marketing communication than advertising (Weitz 1978, p. 501). The marketing concept is largely implemented by means of salespeople. Communication with customers plays an essential role because it allows salespeople to deal effectively with

customer needs, wants and concerns right away (Humphreys and Williams 1996, p. 54; Robinson et al. 2002, p. 112). To investigate whether certain conditions advance the predictive validity of adaptive business styles with regard to exchange of information should therefore be relevant. Language, which is the vehicle to pass on information (Terpstra and David 1985, p. 17), is a factor that might help understand the role of adaptive business style in a cross-border context.

Adaptive business style and language skills

Culture includes language, and language is not neutral (Hofstede 2001, p. 21). Language can be understood as "...a means of communication *within a particular culture*" (Terpstra and David 1985, p. 18). Language influences our world-view (Usunier and Lee 2005, p. 166) and is the means by which cultural understanding can be communicated (Hofstede 2001, p. 21; Terpstra and David 1985, p. 18). Language is a guide for coding behaviour, expresses social priorities and provides a frame of reference (Hofstede 2001, p. 21; Terpstra and David 1985, p. 18). Language affects what we see and what we do not see, what we communicate and what we leave out, and who is allowed to say what (Schneider and Barsoux 2003, p. 44).

Differences in thinking categories are larger for languages that are structurally far apart, as exemplified by the various ways aspects of "time" are distinguished (Hofstede 2001, p. 21). Language, through tenses and words, forms time-related behaviour, which in turn influences business attitude (when negotiating or dealing with delivery times or engagements) (Usunier and Lee 2005, p. 71). French is one among several languages that has no adequate equivalent for the English word *achievement*, and Japanese does not have an equivalent word for *decision making* (Hofstede 2001, p. 21). Translators are aware that texts are not easily translated to another language (Hofstede 2001, p. 21; Usunier and Lee 2005, pp. 384-85).

Language plays an essential role in intercultural interactions (Hofstede 2001, p. 425; Schneider and Barsoux 2003, p. 44). Because business people share a professional culture with their business partners, they frequently underestimate obstacles that may emerge because of language differences and problems of communication (Usunier and Lee 2005, p. 394). A person who has limited language skills is tempted to rely on the fallacious assumption that what a foreign person can express in English words is all that this person has on his or her mind. Accordingly, miscommunications are likely to arise. Having to express oneself in a foreign language implies having to learn about the other's frame of reference. By mastering another language, one gets to know the subtleties of that specific culture (Hofstede

2001, p. 425). A salesperson who is receptive to the verbal and non-verbal feedbacks from a foreign buyer is more likely to succeed with communications (Kalé and Barnes 1992, pp. 122-23). Language skills contribute to effective communication and reduce misunderstandings (Evans and Mavondo 2002, p. 522). It should be in the exporter's interest to reduce communication problems by learning the language of the buyer (Terpstra and David 1985, p. 36; Usunier and Lee 2005, p. 393). For business people, learning English, and one or two other languages, is a must (Usunier and Lee 2005, p. 393).

The first foreign language is often the most difficult one to manage. When people have learnt to switch between two languages, they will be able to learn additional languages more easily (Hofstede 2001, p. 21). Researchers argue "...that bi- and even multilingualism have a positive effect on psychological adjustment" (Hofstede 2001, p. 38, refers to Sarawathi and Dutta 1987). Those who are aware of language differences are better prepared to adapt (Usunier and Lee 2005, p. 395). Thus, those salespeople who master multiple languages have an awareness of language differences and should be prepared to adapt business style, even when they encounter customers whose language they do not master.

Mastering languages is here considered as a moderator variable. There has been made a distinction between mastering one foreign language and mastering several foreign languages (two or more foreign languages). The following proposition has been put forth: Mastering several foreign languages strengthens the relationship between adaptive business style and exchange of information. 60 salespeople are classified in the category defined as mastering several foreign languages, and 45 in the category defined as mastering one foreign language. Those classified in the former category refer to group 1 and those classified in the latter category refer to group 0. The GLM ANCOVA analysis (analysis of covariance) was carried out to test whether the slopes for these two groups are equal or not. The test of between-subjects effects shows that the regression slopes in the two groups are significantly different (F value 4.938, sig .028). The results suggest that language skills can be viewed as a moderator variable. Language skills do not correlate with the dependent variable exchange of information. Therefore, language skills can be regarded as a pure moderator variable (Sharma et al. 1981, p. 297). A sub-group regression analysis was conducted, and the results are presented in table 9-3.

The results show that the *beta* coefficient for exchange of information is not significant for one foreign language ($\beta_{\text{exchange of information}} = -.148, t = .984, p > .10$). According to the expectations, the *beta* coefficient for exchange of

information ($\beta_{\text{exchange of information}} = .296, t = 2.362, p < .05$) is significant for several foreign languages. The model is significant with F value of 5.581 (sig. F $p < .05$). Explained variance is .072 (adjusted R^2). The results show that adaptive business style has a stronger impact on exchange of information when the salesperson masters more than one foreign language. The relationship has been strengthened from $p < .10$ to $p < .05$ (see table 8-20, p. 132). A comparison of means between the two groups shows that there is a significant difference in terms of adaptive business style and open-mindedness. Those that master several foreign languages have a significant higher mean ($p < .05$) than those that master one foreign language only. This indicates that those that master several foreign languages are prone to question their own assumptions with regard to customers and markets, and are receptive to new information about the customers and the markets. They are also better prepared to adapt negotiation style and business approach to accommodate the specific sales situation.

Table 9-3: Regression results – moderator effects: language skills

Dependent variable:	Model M: Exchange of information			
	Group 0: One foreign language		Group 1: Several Foreign languages	
Independent variable:	β^a	t -value ^b	β^a	t -value ^b
Adaptive business style	-.148	.327	.296	2.362**
Model statistics:				
R^2	.022		.088	
Adjusted R^2	.000		.072	
F	.984		5.581**	
N	46		60	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

To conclude, the results show that adaptive business style is important. The importance of adaptive business style appears when language skills are taken into account. Findings show that language skills influence communication between business partners in a positive way. This implies that salespeople serving customers in export markets should master other languages than English.

A sub-group analysis was carried out to investigate whether language matters for trust building. The results are presented in table 9-4. The results

are quite surprising. Mastering several foreign languages does not have a significant effect on the adaptive business style – trust relationship. Mastering only one foreign language has a significant and negative ($\beta_{\text{trust}} = -.312, t = -2.175, p < .05$) effect on this relationship. The model is significant with F value of 4.734 (sig. F $p < .05$). Explained variance is .077 (adjusted R^2). This finding indicates that second language knowledge of English only is detrimental to the development of trust between business partners in the export markets. Second language knowledge of English only may signal that exporting is not an activity of high priority, further causing a negative effect on the quality of the business relationship. Descriptive statistics for language skills are presented in appendix I.

Table 9-4: Regression results – moderator effects: language skills

Dependent variable:	Model N: Trust			
	Group 0: One foreign language		Group 1: Several foreign languages	
Independent variable:	β^a	t -value ^b	β^a	t -value ^b
Adaptive business style	-.312	-2.175**	.117	.899
Model statistics:				
R^2	.097		.014	
Adjusted R^2	.077		-.003	
F	4.734**		0.807	
N	46		60	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

Ongoing business experience

Ongoing business experience is viewed as a moderator variable. Two groups were established on the basis of the median. The median is included in the group defined as low ongoing business experience, and 64 cases are included in this group. The group defined as high ongoing experience includes 47 cases. The hypotheses proposed are that high ongoing business experience strengthens the relationship between adaptive business style and trust, and the relationship between adaptive business style and exchange of information. These two hypotheses are represented by H 9 and H 10, respectively. Sub-group analyses were carried out. The results show that high ongoing business experience strengthens the relationship between adaptive business style and trust, from a non-significant relationship to a significant relationship. However, the significance level is only at a $p < .10$ level.

Appendix G shows that the variable ongoing business experience correlates with the variable trust. One may therefore argue that ongoing business experience influences trust directly. A new model was estimated, including exchange of information and ongoing business experience as independent variables and trust between exchange partners as the dependent variable. The results are presented in table 9-5.

Model O is significant with F value of 32.053 (sig. F $p < .001$). Ongoing business experience has a positive effect ($\beta_{\text{ongoing business experience}} = .202, t = 2.643, p < .01$) on trust. Likewise, exchange of information has a positive effect ($\beta_{\text{exchange of information}} = .568, t = 7.495, p < .001$) on trust. Explained variance is .361 (adjusted R^2). The findings show that ongoing business experience matters for trust building. Explained variance (adjusted R^2) increased with .035 after ongoing business experience was added into the estimated model (see table 8-16, model D, p. 125).

Table 9-5: Regression results – direct effect on trust

Independent variable:	Model O	
	β^a	t-value ^b
Exchange of information	.568	7.495****
Ongoing business experience	.202	2.643***
Model statistics:		
R^2	.372	
Adjusted R^2	.361	
F	32.053****	
N	111	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

9.4 Similar culture group versus dissimilar culture group

The fourth research question addressed is:

Are there any differences between customers located in the similar culture group and those in the dissimilar culture group with regard to the relational qualities of the business relationships?

Exporters' challenge: the dissimilar culture group

Hypothesis 11 proposes that the level of trust between exchange partners is significantly lower when the customer is located in the dissimilar culture group compared to when the customer is located in the similar culture group. Similarly, hypothesis 12 proposes that the level of exchange of information

is significantly lower when the customer is located in a dissimilar culture group compared to when the customer is located in the similar culture group. The results show that the levels of trust and the levels of exchange of information are significantly lower when the business partner is located in the dissimilar culture group than when the customer is located in a similar culture group. A test of mean differences shows that there are significant differences with regard to trust and exchange of information between similar and dissimilar culture groups. The means are significant lower for the dissimilar culture group ($p < .05$).

With regard to trust between exchange partners, the findings are not in accordance with more recent studies focusing on business relationships across national borders. The studies carried out by C. Zhang et al. (2003) and Ha et al. (2004), show that there are no significant differences between high cultural distant/dissimilar culture group and low cultural distant/similar culture group with regard to relational qualities such as trust. The former study focused on American manufacturers and their foreign distributors, while the latter focused on Korean importers and their foreign suppliers. C. Zhang et al. (2003) and Ha et al. (2004) argue that American manufacturers and Korean importers are prepared to deal equally well with business partners located in any part of the world.

The findings in this study show that the level of exchange of information is significantly lower when the customer is located in the dissimilar culture group. This finding corresponds with established views that communication across cultures is frequently distorted (e.g. Adler 2002; Adler and Graham 1989). Successful dealing with customers classified in the dissimilar culture group requires some extra efforts, including sufficient understanding of these customers' business practices (Evans and Mavondo 2002; Kraft and Chung 1992; O'Grady and Lane 1996). Findings show that salespeople in the Norwegian seafood industry are not sufficiently prepared to deal with customers in the dissimilar culture group.

A relevant question to ask is, which factors are important to perform adaptive business style in countries classified in the category defined as dissimilar culture group?

To investigate this issue, a sub-group analysis was conducted, using the dissimilar culture group of 59 cases. Model P was estimated, including six independent variables as follows: international experience, country experience, open-mindedness, number of long term business relationships that the salesperson is responsible for, export sales experience and frequency of deliveries in 2005. The results are presented in table 9-6. The findings

show that country experience ($\beta_{\text{country experience}} = .334, t = 2.522 p < .05$) and frequency of deliveries ($\beta_{\text{frequency of deliveries}} = .327, t = 2.658 p < .05$) have positive and significant effects on adaptive business style. The following variables do not have significant effects on adaptive business style for the dissimilar culture group: international experience, open-mindedness, export sales experience and number of business relationships. The model is significant with F value 3.192 (sig. F $p < .05$). Explained variance is .185 (R^2 adjusted).

Table 9-6: Regression results: similar versus dissimilar culture groups

Dependent variable:	Model P: Adaptive business style		Model Q: Adaptive business style	
	β^a	$t\text{-value}^b$	β^a	$t\text{-value}^b$
Independent variables:				
International experience	-.159	-1.131		
Country experience	.334	2.522**	.286	2.373**
Open-mindedness	.194	1.493		
Nr. of business relationships	.026	.182		
Export sales experience	-.201	-1.537		
Frequency of deliveries (2005)	.327	2.658**	.320	2.656**
Model statistics:				
R^2	.269		.186	
Adjusted R^2	.185		.157	
F	3.192**		6.409***	
N	59		59	

^a Standardized coefficients ^b One-tailed test * $p < .10$ ** $p < .05$ *** $p < .01$ **** $p < .001$

Model Q was estimated, including only country experience and frequency of deliveries as independent variables. Model Q is significant with F value 6.409 (sig. F $p < .01$). Country experience ($\beta_{\text{country experience}} = .286, t = 2.373 p < .05$) and frequency of deliveries ($\beta_{\text{frequency of deliveries}} = .320, t = 2.656 p < .05$) have positive and significant effects on adaptive business style. Explained variance is .157 (R^2 adjusted). The results show that in-depth knowledge about the market, acquired on the basis of past and current assignments and frequent interactions with the customer, enhance a salesperson's ability to deal successfully with customers located in countries that are culturally dissimilar. Descriptive statistics for the dissimilar culture group is presented in appendix J.

Another matter to be investigated was: Does adaptive business style have a role to play to the maintaining of business relationships characterised by

high relational qualities with customers in the dissimilar culture group. Model R was estimated including exchange of information as the dependent variable. The results are presented in table 9-7.

Table 9-7: Regression results: similar versus dissimilar culture group

Dependent variable:	Model R: Exchange of information	
Independent variable:	β^a	t -value ^b
Adaptive business style	.379	3.096***
Model statistics:		
R ²	.144	
Adjusted R ²	.129	
F	9.586***	
N	59	

^a Standardized coefficients ^b One-tailed test * p < .10 ** p < .05 *** p < .01 **** p < .001

Model R is significant with F value of 9.586 (sig. F p < .01). Adaptive business style has a positive effect ($\beta_{\text{adaptive business style}} = .379, t = 3.096, p < .01$) on exchange of information. Explained variance is .129 (adjusted R²). A model including trust as the dependent variable was also estimated. The results did not support the hypothesis that adaptive business style has an effect on trust for the dissimilar culture group. The findings show that adaptive business style matters to the enhancement of exchange of information with customers in the dissimilar culture group. Effective dealings with business partners in the dissimilar culture group require salespeople that are well qualified with regard to negotiation capabilities and are able to adjust their approach in accordance with who the customer is. In-depth knowledge of the market (country experience) and frequent dealings with the customer are two factors that contribute to the achievement of these capabilities. To conclude, adaptive business style is important to deal effectively with business partners in the dissimilar culture group.

Environmental uncertainties and similar versus dissimilar culture groups

Environmental uncertainties may influence relational characteristics in a negative way, which can help explain why relational characteristics are significantly lower for customers in the dissimilar culture group. Environmental uncertainties refer to import regulations, foreign exchange and economic development. These three types of uncertainties in the country of the selected customer were measured on a Likert scale; 1 expressing that

the situation is very unstable and 5 expressing that the situation is very stable.

The measurement scale that represents import regulation is derived from a study carried out by Tomassen (2004). The measurement scales that represent foreign exchange and economic development have been established on the basis of discussions with experts within the Norwegian seafood industry. A comparison of mean differences shows that uncertainties are significantly higher in the similar culture group ($p < .01$). This shows that environmental uncertainties are not an obstacle to the maintaining of business relationships characterised by high levels of trust and exchange of information. In other words, environmental uncertainties cannot help explain the significantly low levels of trust and exchange of information characterising salespeople's business relationships with customers located in countries classified in the dissimilar culture group.

Summary

The cultural sensitivity concept developed in this study is composed by five distinct dimensions as follows: international experience, country experience, open-mindedness, adaptive business style and ongoing business experience. The first three constructs; international experience, country experience and open-mindedness, were hypothesised to have an indirect impact on relationship characteristics (trust between exchange partners and exchange of information) through adaptive business style. Findings show that country experience and open-mindedness influence adaptive business style. The findings show that adaptive business style mediates country experience and open-mindedness. International experience, country experience and open-mindedness do not have direct effects on trust between exchange partners or on exchange of information. International experience does not have a significant effect on adaptive business style. It was proposed that international experience influences adaptive business style indirectly rather than directly, through open-mindedness. Regression results give support to this proposition. However, the explained variance in open-mindedness is not more than .027 (adjusted R^2).

Adaptive business style has a significant effect on exchange of information, though only at $p < .10$ level. Adaptive business style does not have a significant effect on trust. Ongoing business experience, when viewed as a moderator, enhances the relationship between adaptive business style and trust from a non-significant relationship to a significant relationship, though only at a $p < .10$ level. The role of ongoing business experience as an antecedent to trust was tested. A model was estimated, including exchange

of information and ongoing experience as independent variables. Explained variance increased from .326 to .361 (adjusted R^2). The value .326 refers to the explained variance contributed by exchange of information only. Findings show that firm characteristics, export resources and customer-oriented culture do not enhance cultural sensitivity viewed in terms of adaptive business style. New models were estimated, and findings show that firm characteristics influence relational qualities (trust between exchange partners and exchange of information) directly.

It has been of particular importance to advance knowledge with regard to adaptive business style's predictive validity. New relationships were proposed, and new models were estimated. The findings show that language skills; the mastering of two or more foreign languages, enhance the strength between adaptive business style and exchange of information (from $p < .10$ to $p < .05$). Moreover, a sub-group analysis shows that adaptive business style is of crucial importance to ensure exchange of information with customers located in countries classified in the dissimilar culture group. The strength of the relationship is at $p < .01$ level.

This study contributes with new knowledge with regard to factors influencing the nature of business relationships in international distribution channels in a positive way. The results show that there is not only "one-way" to the maintaining of business relationships in the export markets. Both firm characteristics and individual competence contribute to the maintaining of business relationships characterised by high levels of relationship characteristics. Findings show that well qualified salespeople, that is, salespeople who hold high levels of qualities representing cultural sensitivity, are decisive to the maintaining of business relationships crossing national borders. A salesperson's attitude is of great importance, implying a constant updating of his or her beliefs about the customers and the markets. In-depth knowledge about the market is important and involves experience with various business partners in a specific market. This type of knowledge enhances a salesperson's ability to adapt business style. In the same way, frequent interactions with the customer enhance a salesperson's ability to adapt to the specific sales situation.

The findings reveal that Norwegian seafood exporters are faced with a major challenge: dealing with customers in dissimilar cultures. This study cannot give a good answer to why relationship qualities are significantly lower in the dissimilar culture group. However, management and salespeople are required to make greater efforts in order to deal equally well with customers in the dissimilar culture group as with those in the similar culture group. Emphasising adaptive business style is one way to go in this respect. To

enhance adaptive business style, experience in the market of the ongoing business is important. Frequent dealings with a specific business partner in a country classified in the dissimilar culture group enhance a salesperson's skills to deal effectively with this business partner. The findings show that salespeople responsible for customers in dissimilar cultures should concentrate their efforts on a specific market.

Table 9-8 gives a summary of the various roles that the five dimensions composing cultural sensitivity have to the maintaining of business relationships across national borders.

Table 9-8: Cultural sensitivity: the various dimensions' role and predictive validity

Dimensions that are important across various business relationships:
1. International experience → open-mindedness
2. Country experience → adaptive business style
3. Open-mindedness → adaptive business style
4. Adaptive business style → exchange of information (language skills, ¹ similar vs dissimilar culture group ²)
Dimension that is important in a specific business relationship:
5. Ongoing business experience → trust

¹ Language skills are viewed as a moderator.

² Similar versus dissimilar culture group is viewed as a dummy variable.

International experience, country experience, open-mindedness, and adaptive business style express competence that can be applied across various business relationships. Ongoing business experience is relation specific. It is one of the total numbers of business assignments in the ongoing market, and adds to country experience. A sixth dimension, language skills, should also be considered an important component of cultural sensitivity. Culture includes language, which is the means by which cultural understanding can be communicated (Hofstede 2001; Terpstra and David 1985). The findings show that mastering several languages has a positive impact on relational qualities, viewed in terms of information exchange.

9.5 Managerial implications

The seafood industry is characterised by consistent product attributes, use of international standards within a number of areas, and competitive pricing. The market demands are tough and the competition is increasing. It is a common practice that buyers have multiple sources of supplies (Pettersen 2005). Emphasising non-price strategies in order to differentiate the market offerings in a commodity industry has received support in previous research

(Humphreys and Williams 1996, pp. 48, 52-3). Trust between exchange partners and exchange of information are two relational aspects that are expected to help stabilise business relationships, as well as facilitate information gathering about important market conditions. It can be seen as a strategic asset to have the competence of managing buyer-seller business relationships. This type of strategy implies developing long-term, mutually supportive relationships with customers (e.g. LaBahn and Harich 1997; Humphreys and Williams 1996; Skarmeas et al. 2002; Williams and Attaway 1996, p. 33).

The findings show that managers in the Norwegian seafood industry should pay careful attention to both firm characteristics and individual competence and skills, if the ambition is to maintain long-term and high performing business relationships in the export markets. Competitive strategies can be developed at two levels: the firm level, which refers to firm characteristics, and the individual level, which refers to salespeople's competence.

Firm characteristics

In order to build close and long-term business relationships in the export markets, the firm requires internal capabilities in terms of sufficient personnel. It is of crucial importance to have sufficient personnel in order to deal with customers in a satisfactory way. The sales-force must be accommodated if an expansion of export activities is planned. Face-to-face contacts with well established customers as well as with new customers should be given high priority. Contacts with customers provide the basis from where important marketing information is gathered, including information about foreign business practices (e.g. Madsen 1989; Styles and Ambler 1994).

Customer-oriented culture has a stronger influence than export resources on trust between exchange partners and exchange of information. Improving the firm's culture, viewed in terms of external focused norms and behaviour, is an essential way to go if the ambition is to build long-term business relationships. The management has an important role in implementing, influencing and sustaining an organisation's culture (Williams and Attaway 1996, p. 36). The proposed scale can be used by the management as a diagnostic tool to identify areas for improvements (Cadogan et al. 1999, p. 701). The scale proposes four areas where improvements can take place. In short, they are as follows: to what extent the firm gives an immediate response to customers' requests, and to what extent products and services meet the requirements of the customers. Customers will notice the differences between firms with regard to their response to customer inquiries

and how effectively customer complaints are resolved (Parasuraman 1987). A critical assessment of the firm's customer-oriented culture should be given high priority. Tough market demands caused by growing competition, and increasing awareness and new demands with regard to food safety issues suggest that only those that are well connected with their customers and practice a customer-oriented culture, will remain in the market in the long run.

Salespeople's skills

The Norwegian seafood industry exports world-wide (155 countries in 2004). Many of the firms supply seafood products to customers located in various geographic and cultural regions. 71 percent (79 of 111) of the respondents report that the firm exports to two or more regions (regions were defined as Western part of Europe, Eastern part of Europe, North America, Asia, Latin America, Middle East and Africa). This shows that it is required to be able to deal with a variety of cross-border contexts, as well as to have language skills. About 46 percent (51) of the business relationships assessed are not regulated by formalised contracts. About 34 percent of the business relationships are regulated by contracts that determine volumes and price. But these contracts are re-negotiated on a regular basis. Contracts that determine volume, but not price, are used by some, and in a number of cases, business partners switch between different types of contracts.

Thus, the contract and the terms of trade are frequently negotiated. In other words, the ability to negotiate is decisive in order to achieve well performing business relationships as well as economic results. The findings show that a salesperson's ability to perform an adaptive business style, including the ability to apply a variety of negotiation styles, is important. Management should therefore make a critical assessment with regard to the salespeople's ability to deal successfully with customers in the foreign markets (Chairsrakeo and Speece 2004, p. 279). First, it is important that the salesperson is open-minded. This means that he or she constantly seeks information about the customers and relevant information about the markets. The person should be open to new information and frequently question his/her assumptions about the markets and the customers (Sinkula et al. 1997). To be open-minded predisposes the person to deal more effectively with customers (Chairsrakeo and Speece 2004).

Evidence shows that experience is important and does influence an individual's ability to deal with customers in a positive way. Various assignments in the market of the ongoing business enhance a person's confidence and ability to deal with customers in this specific country.

Frequent deliveries imply that frequent dealings and negotiations take place, which has a positive influence on a salesperson's ability to adapt to the way the customer practices business. A salesperson involved with a customer over a longer period of time learns about the characteristics of that specific business partner, which enhances trust building.

Managers should promote language skills. English is the world trade language (Hofstede 2001, p. 425). Managing this language sufficiently is therefore obligatory for business people who trade across national borders. In this study, 111 business partners were assessed. Out of these, 12 business partners are located in English speaking countries, and 22 in Sweden and Denmark. 77 of the reported customers are located in other countries. Managing other languages than English is therefore highly relevant to the Norwegian seafood exporters.

Those persons who master several foreign languages (two or more) are better prepared to accommodate their business style. Accordingly, they are more successful in dealings with customers in the export markets than those who only master English. Language skills are of particular importance to avoid misunderstandings and to ensure two-way communication (Usunier and Lee 2004). Second language knowledge of English only is likely to have a detrimental effect on trust building. Therefore, if export activities are an important part of the firm's operation, language skills should be given high priority.

Managers should ensure an appropriate match between the salesperson's competence and the market or markets that he or she is asked to serve. Speaking the language of the customer should be emphasised, and in-depth knowledge about a market is of critical importance. It is advantageous to specialise on one market, and it is especially important if the customer is located in a country classified as having a dissimilar culture.

Managers should make careful assessments with regard to the competence of the person appointed to serve customers located in a country classified in the dissimilar culture group. Regions and countries that require extra efforts by Norwegian seafood exporters, thus being demanding to serve, are as follows: Latin European countries (France, Italy, Spain, and Belgium), Asia, Eastern Europe, Africa, and Arabic countries, Japan, Russia, Brazil, Greece and Israel. Persons who have developed a wider repertoire with regard to negotiation styles, and who also have the confidence to adapt business style to the specific sales situation, are likely to succeed with negotiations in these regions and countries. In-depth knowledge about the market of the ongoing business and frequent deliveries to the selected business partner will help

advance required negotiation skills and ability to accommodate business style in a dissimilar culture.

Personnel should make frequent business visits to customers in order to stay updated about important issues in the market. Newly recruited personnel should take part in business visits to learn about important customers and markets. Managers should consider training programs with the objective to improve communication styles and learn how to accommodate business style in order to maximise communication (Humphreys and Williams 1996, p. 54). Management may also consider the use of experiential based training, such as role plays, simulations and games, computer-based interactive programs, and observation of senior sales people (mentoring) in order to advance salespeople's communication and behavioural skills (Williams and Williams 1996, p. 45).

9.6 Limitations and future research

This study contributes on two main fronts: a further development of the cultural sensitivity concept and an identification of firm characteristics and individual competence that are important to the management of business relationships crossing national borders. Some limitations have also been identified, and areas for future research need to be outlined.

Researchers argue that cultural sensitivity is important to manage international business relationships effectively. But cultural sensitivity is a challenging topic to study (Harich and LaBahn 1998, p. 97). Literature shows that there are various views regarding how cultural sensitivity may be understood and conceptualised. The concept is complex, and there is no clear-cut, distinct way of grasping, and thus conceptualising, cultural sensitivity. The cultural sensitivity concept developed in this study is composed of five distinct variables, and each of these variables is considered to have different roles. In the analyses, a sixth variable was proposed, considered to be an important dimension of cultural sensitivity: language skills. One may argue that the cultural sensitivity concept developed in this study is too complex including too many dimensions. Future research could develop the concept further, and perhaps propose a simpler conceptualisation.

The results attained do not give full support to the hypotheses that were proposed, especially with regard to adaptive business style's predictive validity. Adaptive business style is only useful to the extent that it can prove that it has predictive validity (Marks et al. 1996, p. 57). By considering other factors, knowledge with regard to when adaptive business style is of special

importance has been attained. Future research should further substantiate the validity of adaptive business style and its role for the management of business relationships across national borders.

Identifying additional factors that are important for the enhancement of a person's adaptive business style would help expand the understanding with regard to what advances a person's ability to interact successfully with foreign partners. A possible approach is to identify other variables that have proved predictive validity with regard to adaptive selling, and two variables should be considered: intrinsic motivation and learning orientation. Previous research has shown that intrinsic motivation has a significant and positive impact on adaptive selling. Intrinsic motivation indicates the degree to which the salesperson is motivated by rewards emerging from the task itself (Spiro and Weitz 1990, pp. 66, 65).

In a study carried out by Sujan et al. (1994), learning orientation was hypothesised to be an antecedent factor to adaptive selling. In this study, adaptive selling was, together with two other scales, viewed as representing working smart.¹⁷ Learning orientation refers to salespeople who enjoy the process of finding out how to sell effectively. These salespeople are attracted by challenging sales situations, and value the feeling of personal growth and mastery that they get from their job (Sujan et al. 1994, p. 39). Findings show that learning orientation has a significant and positive impact on working smart (which includes adaptive selling). Intrinsic motivation and learning orientation are two variables that may complement open-mindedness, country experience, and frequency of deliveries to explain how adaptive business style is advanced in an export setting. Including additional variables should help determine the discriminant validity of open-mindedness. Learning orientation may have some parallels with open-mindedness. Identifying additional factors that influence adaptive business style should help managers to improve their diagnostic tools for identifying appropriate and capable salespeople.

The following question needs further investigation: Why cannot Norwegian salespeople deal equally well with customers in the dissimilar culture group as with customers located in the similar culture group? One possible way of investigating this issue is to design a research that surveys customers located

¹⁷ The other two variables representing working smart are as follows: 1. Engaging in planning to determine the suitability of sales behaviours and activities, and 2. possessing the confidence and capacity to engage in a wide range of selling behaviours and activities on the basis of situational considerations (Sujan et al. 1994, p. 41).

in countries classified in the categories defined as similar and dissimilar culture groups. Measurement scales included in the questionnaire should help identify what kind of competence and skills Norwegian seafood exporters need in order to deal satisfactorily with customers in the dissimilar culture group. The findings should indicate to what extent the assessment of the seafood exporters' capabilities made by the customers located in the similar culture group differs from the assessment made by customers located in the dissimilar culture group. Findings should identify areas where Norwegian seafood exporters can improve.

Another relevant question to be addressed is to what extent other industries in Norway have problems similar to those in the seafood industry. Including other industries in the proposed survey may help determine whether this is so. Studies that consider only one party's view have been met with criticism. By using a research design including the view of the customer, such criticism can be dealt with (see section 7.5, pp. 83-84).

As pointed out in chapter 7 (pp. 88-89), the mean value of customer-oriented culture is most likely up-ward biased because this scale was assessed by respondents in the export firm. The mean value is in this study 3.99, on a Likert scale 1 to 5 (see appendix H). One of the main arguments put forth by researchers is that a more accurate assessment of customer orientation is obtained from the customer (e.g. Kelley 1992; Deshpandé et al. 1993). Future research should ask customers to assess the customer-oriented culture performed by Norwegian seafood exporters. The results should provide a basis from where differences of means can be assessed. Getting the customers' view on this issue should be of high relevance for the Norwegian seafood exporters. Recent trends show that buyers are restricting the number of suppliers and managing the network of suppliers with whom they work (Chairsraeko and Speece 2004, p. 267; Williams and Attaway 1996, p. 40). Ensuring that exporters' customer-oriented culture conforms to the buyers' expectations should therefore be of current relevance.

Future research should look deeper into the role of language. What differences does it make to know the language of the customer versus not knowing it, not only with regard to relationship building, but also with regard to other performance measures? For example, do those who know the language of the customer attain better deals in terms of price and regular/predictable orders than those who do not master the customer's language? In this study, the respondent was asked to report the languages he/she could master moderately and fluently. There might be other ways to assess salespeople's language skills, and to study its impact on the nature of business relationships.

The two measurement scales, open-mindedness and export resources, need further advancement. They should be thoroughly assessed before being used in another study. Each of them is composed by two items according to the factor analysis that was carried out in SPSS 14.0. It is pointed out that the meaning of open-mindedness has not changed after one of the items was deleted. However, the meaning of export resources has changed slightly after item three was deleted. The deleted item captured financial resources (see section 8.4, p. 113). Both constructs show acceptable results with regard to unidimensionality and reliability. The construct export resources has a Cronbach Alpha value that is below the cut-off value (.642), but this value is considered to be acceptable. It was not possible to examine the properties of these scales by means of confirmatory factor analysis in LISREL 8.72. As pointed out in section 8.4 (p. 117), this problem can be explained by an insufficient size of the sample. Another explanation might be that the scales are inadequate. Future research should develop more comprehensive measures of these constructs. A wider array of more specific measures may prove useful to managers in their work to identify areas for improvement in cross-national channel relationships (Labahn and Harich 1997, p. 46).

The findings can be generalised to the population, that is, the Norwegian seafood exporters. The test of non-response bias indicates that there are no significant differences between the population means of the non-response stratum and the response stratum (see section 8.1, pp. 102-03). Also, tests indicate that there are no serious violations of underlying assumptions, improving the likelihood that models obtained from the sample are the same as population models (see section 8.6). However, the external validity is limited. There is no guarantee that the relationships that occurred in this study will be reproduced in other industries' exporting, whether it is firms exporting from Norway or from other countries. To what extent characteristics that have been disclosed apply to the Norwegian seafood exporters only, or if they can be found across various industries in Norway and/or in other countries, remains to be answered. Testing out similar hypotheses, including other types of industries, is a way to investigate this issue. The inclusion of various industry types and variations in type of products would allow comparisons between the different industry types (Humphreys and Williams 1996, p. 55).

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Appendix A: Questionnaire

Kundeforhold i eksportmarkedet

Formål

Dette forskningsprosjektet retter seg mot bedrifter som eksporterer sjømat og marine produkter (ubearbeidede og foredlede produkter som skal konsumeres av mennesker eller dyr). Formålet er å bringe frem kunnskap på en systematisk måte om noen av de forhold som preger viktige kundeforhold i eksportmarkeder. Prosjektet studerer blant annet informasjonsutveksling mellom selger og kjøper, tillit mellom partene, og markedsforhold (konjunkturutvikling, etterspørselstrender, etc.). Det forventes at funnene vil gi kunnskap om forhold som har betydning for opprettholdelse av strategisk viktige kundeforhold.

Deltakere får tilsendt en rapport

Etter at prosjektet er avsluttet, vil de bedriftene og personene som deltar i denne undersøkelsen få tilsendt en rapport som oppsummerer funnene. Denne spørreundersøkelsen utgjør en sentral del av et doktorgradsarbeid som utføres av forsker og stipendiat Gro Alteren. Som stipendiat er hun tilknyttet Handelshøyskolen BI, Institutt for markedsføring. Gro Alteren arbeider til daglig som forsker ved NORUT Samfunnsforskning AS i Tromsø.

Data behandles strengt konfidensielt

Alle besvarelsene vil bli behandlet strengt konfidensielt, og datamaterialet vil bli anonymisert. Besvarelsene vil bli analysert samlet slik at informasjon om en person og et selskap vil være umulig å spore. Denne undersøkelsen er meldt inn til Personvernombudet hos Norsk Samfunnsvitenskapelig Datatjeneste. Prosjektet er planlagt avsluttet i desember 2006. Prosjektet er finansiert av Norges Forskningsråd.

Veiledning til utfylling av spørreskjemaet

Det er frivillig å delta i denne spørreundersøkelsen. Personer som har ansvar for salg kan svare på spørreskjemaet. Den som ønsker å svare må betjene minst ett eksportmarked hvor det er etablert minst ett kundeforhold med en varighet på ca. 2 år eller mer. Et etablert kundeforhold forstås her som at bedriften har levert produkter gjentatte ganger. Spørreskjemaet starter med å stille spørsmål om et bestemt kundeforhold. Deretter stilles det noen spørsmål vedrørende bedriften og respondentens bakgrunn. Det skal ikke oppgis navn på kunden, konfidensiell informasjon om kunden eller bedriften. Det tar ca. 20 minutter å fylle ut skjemaet.

Vennligst returner spørreskjemaet i den vedlagte ferdigfrankerte svarkonvolutten. Om De mister denne, kan skjemaet returneres til:

Gro Alteren, NORUT Samfunnsforskning
Postboks 6434, 9294 Tromsø

Spørreskjemaet kan også besvares elektronisk. Adressen er: <http://home.samf.norut.no/gro>

Dersom De har spørsmål vedrørende undersøkelsen, ta gjerne kontakt med Gro Alteren på telefon 77629480, eller ved hjelp av e-mail: gro.alteren@samf.norut.no

Med vennlig hilsen
Gro Alteren

Kundeforhold

- 1 De skal ta utgangspunkt i en bestemt kunde lokalisert i et eksportmarked. (Hvis bedriften er en del av et konsern, skal De ikke velge en kunde som er en del av konsernet). De skal velge et kundeforhold med varighet på ca. 2 år eller mer, og som De og Deres bedrift betjener direkte, eventuelt i samarbeid med en lokal partner (f. eks. importør, agent). Kundeforholdet må nødvendigvis ikke være formalisert gjennom bruk av kontrakt. Det som er viktig er at bedriften har levert produkter til denne kunden gjentatte ganger.
- Hvor mange av bedriftens kundeforhold med en varighet på ca. 2 år eller mer har De ansvar for å betjene? _____
- 2 Hvis De betjener tre eller færre kundeforhold med en varighet på ca. 2 år eller mer, velg den kunden som kjøpte det største volum produkter i 2005. Hvis De betjener fire eller fem kundeforhold med en varighet på ca. 2 år eller mer, velg den kunden som kjøpte det nest største volum i 2005. Hvis De betjener flere enn fem kundeforhold med en varighet på ca. 2 år eller mer, velg den kunden som kjøpte det tredje største volum i 2005.
- Kryss av for type kunde som De velger å ta utgangspunkt i:
- Detaljist (Supermarked, hypermarked)
 - Grossist/importør
 - Røykeri
 - Foredlingsbedrift
 - Agent
- Hvis noe annet, spesifiser: _____
- 3 Oppgi hvilket land denne kunden er lokalisert i: _____
- 4 Hvilke forhold mener De er av kritisk betydning for at Deres bedrift skal kunne fortsette å levere sjømatprodukter til den kunden som De har valgt å ta utgangspunkt i?
- 5 Oppgi antall år som De har betjent den utvalgte kunden (ca.): _____
- 6 Oppgi antall kundeforhold som De har hatt ansvar for å betjene i det markedet hvor den utvalgte kunden er lokalisert, tidligere og løpende. Kundeforhold som De har hatt ansvar for i tidligere arbeidsforhold skal også taes med: _____ (ca. antall kundeforhold med en varighet på 1 år eller mer).
- 7 Oppgi antall år som De har erfaring med å betjene kunder i dette markedet (ca.): _____ (Hvis De har erfaring fra tidligere arbeidsforhold skal også disse årene taes med)
- 8 Hvilken type kontrakt baserer dette kundeforholdet seg primært på? De kan krysse av for flere alternativer hvis det er slik at to alternativer kombineres, eventuelt at det veksles mellom ulike kontraktsformer.
- Kontrakt som fastsetter volum og pris
 - Kontrakt som fastsetter volum
 - Muntlig avtale som følges opp med bekreftelse
- Annet, spesifiser: _____
- 9 Oppgi antall bedriftsbesøk i 2005, inklusive den utvalgte kundens besøk hos Deres bedrift (evt. en representant for kunden), og Deres besøk hos kunden (ca.): _____

- 10 Oppgi omtrentlig antall leveringer til denne kunden, og svar på ett av alternativene (ta utgangspunkt i 2005):
Per måned: _____ (ca.) Per uke: _____ (ca.) Per år: _____ (ca.)
- 11 Kryss av for de kategoriene som representerer de artene som Deres bedrift har levert til denne kunden det siste året (2005):
- Laksefisk Andre fiskearter
 Pelagiske fiskearter Reker
 Hvitfisk Andre skalldyr/bløtdyr Annet
- 12 Kryss av for de viktigste produktgruppene som Deres bedrift har levert til denne kunden det siste året (2005):
- Fersk/fryst fisk Fersk/fryst filet Fersk/fryst sild
 Tørrfisk Saltfisk Andre sildeprodukter
 Klippfisk Ikke tilberedte/konserverte reker og skalldyr/bløtdyr
 Tilberedte/konserverte reker og skalldyr/bløtdyr Mel
 Lever/rogn Fôr Olje

Annet, spesifiser: _____

13	Følgende påstander belyser Deres bedrifts vurdering av denne kunden. Kryss av for det svaralternativet som De mener gir en best mulig beskrivelse.	Meget dårlig	Dårlig	Midt i	God	Meget god
		beskrivelse	beskrivelse	mellom	beskrivelse	beskrivelse
		1	2	3	4	5
A	Vår bedrift gjør tilpasninger for denne kunden når det er nødvendig.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	Vår bedrift strekker seg langt for å hjelpe denne kunden når det oppstår problemer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	Vår bedrift responderer raskt når denne kunden ber om hjelp.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Vår bedrift ønsker å opprettholde forretningsforbindelsen med denne kunden i mange år.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	Vår bedrift vurderer å avslutte forretningsforbindelsen med denne kunden ganske snart.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Vår bedrift er usikker på hvorvidt forretningsforbindelsen med denne kunden vil vare i lang tid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G	Vår bedrift betrakter denne kunden som en viktig alliert.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H	Denne kunden er en meget viktig partner i vårt distribusjonsnettverk.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I	Vår bedrift har etablert en nær forbindelse med Denne kunden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J	Vår bedrift er svært fornøyd med den prosentvise marginen oppnådd hos denne kunden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K	Vår bedrift er svært fornøyd med kundens betalingsevne.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L	Denne kundens reklamasjonsnivå er svært tilfredsstillende.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M	Forretningsforbindelsen mellom vår bedrift og denne kunden har vært meget produktiv.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N	Tid og anstrengelser brukt på denne forretningsforbindelsen har vært verdt det.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
O	Forretningsforbindelsen mellom vår bedrift og denne kunden har vært meget tilfredsstillende.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P	Forretningsforbindelsen med denne kunden betraktes som meget verdifull.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14	Hvordan vil De vurdere følgende firemarkedsforhold? Ta utgangspunkt i det markedet som den utvalgte kunden er lokalisert i. Kryss av for det svaralternativet som De mener gir en best mulig beskrivelse.	Meget vanskelig å forutsi	Nokså vanskelig å forutsi	Midt i mellom	Nokså lett å forutsi	Meget lett å forutsi
		1	2	3	4	5
A	Etterspørselstrender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Meget ustabil 1	Nokså ustabil 2	Midt i mellom 3	Nokså stabil 4	Meget stabil 5
B	Importreguleringer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	Valutakursen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Konjunkturutviklingen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Følgende påstander setter fokus på relasjonen mellom den utvalgte kunden og Dem. Kryss av for det svaralternativet som De mener gir en best mulig beskrivelse.	Meget dårlig beskrivelse	Dårlig beskrivelse	Midt i mellom	God beskrivelse	Meget god beskrivelse
		1	2	3	4	5
A	Utteksling av informasjon mellom denne kunden og meg skjer ofte og uformelt.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	Denne forretningsforbindelsen bærer preg av at kommunikasjonen går begge veier.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	I denne forretningsforbindelsen er det slik at informasjon som er til nytte for den annen part blir utvekslet.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	I denne forretningsforbindelsen gir vi uttrykk for våre forventninger til hverandre.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	I denne forretningsforbindelsen er det slik at vi utveksler informasjon om hendelser eller endringer som er av betydning for den annen part.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Denne kunden og jeg kan generelt sett stole på at begge utfører det vi lover.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G	Forhandlingene mellom denne kunden og meg bærer ikke preg av åpenhet.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H	Denne kunden og jeg er generelt skeptiske til den informasjonen som utveksles mellom oss.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I	Kunden og jeg har en åpenhet rundt problemer som måtte oppstå, som forsinkelser av forsendelser, prisendringer, etc..	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J	Totalt sett er tilliten mellom denne kunden og meg på et høyt nivå.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Bakgrunnsinformasjon

- 16 Vennligst oppgi hvilket år bedriften ble etablert: _____
- 17 Oppgi antall personer som er ansatt ved bedriften (fast ansatte): _____ (Hvis bedriften er en del av et konsern, oppgi kun for det datterselskapet som De er ansatt ved).
- 18 Oppgi antall kunder i eksportmarkeder som bedriften leverer sjømatprodukter til på regelmessig basis (ta utgangspunkt i 2005, ca.): _____
- 19 Oppgi de regionene som bedriften har eksportert til de siste to årene (2004-2005), i rangert rekkefølge, hvor 1 antyder den viktigste regionen:
- ____ Land lokalisert i den vestlige del av Europa ____ Land lokalisert i den østlige del av Europa
 ____ Nord Amerika ____ Sør- og Mellom Amerika
 ____ Asia ____ Midtøsten
 ____ Annet, spesifiser: _____

- 20 Hvilken kategori mener De gir en best beskrivelse?
- Bedriften er primært en innkjøps- og salgsorganisasjon
 - Bedriften driver med foredling
 - Bedriften driver med oppdrett
 - Bedriften er en salgsorganisasjon som eies av produsenter
 - Bedriften er en del av et konsern
 - Bedriften er en grossist
- Annet, vennligst spesifiser, evt. oppgi ytterligere informasjon:
-

21	Følgende påstander setter fokus på bedriften. Kryss av for det svaralternativet som De mener gir en best mulig beskrivelse av situasjonen.	Meget dårlig beskrivelse 1	Dårlig beskrivelse 2	Midt i mellom 3	God beskrivelse 4	Meget god beskrivelse 5
A	I vår bedrift er det vanlig praksis å iverksette tiltak umiddelbart når en kunde klager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	I vår bedrift er det vanlig praksis å respondere så raskt som mulig på kunders forespørsler.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	Bedriften har en god forståelse av hvordan kundene verdsetter våre produkter og kundebehandling.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Bedriften evaluerer regelmessig kundenes tilfredshet med kvaliteten på våre produkter og kundebehandling.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	Bedriften har de personalressursene som trengs for å betjene utenlandske kunder på en tilfredsstillende måte.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Mangel på personale begrenser bedriftens kapasitet til å ekspandere eksportaktiviteter.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G	Vår bedrift har de finansielle ressursene som trengs for å støtte opp om eksportaktiviteter på en tilfredsstillende måte.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22	Følgende påstander setter fokus på kundeforhold. Kryss av for det svaralternativet som De mener gir en best mulig beskrivelse.	Meget dårlig beskrivelse 1	Dårlig beskrivelse 2	Midt i mellom 3	God beskrivelse 4	Meget god beskrivelse 5
A	Jeg kan lett endre til en annen forhandlingsstil, hvis jeg får en følelse av at den stilen jeg bruker ikke fungerer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	Jeg liker å prøve ut ulike fremgangsmåter når jeg skal etablere nye kundeforhold.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	Jeg er veldig fleksibel med hensyn til hvilken forhandlingsstil jeg bruker.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Jeg kan anvende et vidt spekter av ulike måter å forhandle på.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	Jeg prøver å forstå hvordan én kunde varierer fra en annen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Jeg reflekterer gjerne kritisk over oppfatninger som jeg har om mine kunder.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G	Jeg prøver stadig å stille spørsmål ved mine tolkninger av markedet.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H	Jeg stiller ofte spørsmål ved grunnlaget (informasjonskilder og etablerte oppfatninger) for mine tolkninger av kundene.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 23 Kryss av for de regionene som De har erfaring med på bakgrunn av tidligere og nåværende kundeforhold (kunder som De har hatt ansvar for i 1 år eller mer. Erfaring som De har fra tidligere arbeidsforhold skal også taes med).
- Nord Europa (Danmark, Sverige, Finland)
 - Tysktalende del av Europa (Tyskland, Sveits, Østerrike, Luxemburg)
 - Latinske del av Europa (Frankrike, Spania, Italia, Belgia, Portugal, Malta)
 - Land i den østlige del av Europa (Polen, Estland, Latvia, Litauen, Ukraina, Hviterussland, Tsjekkia, Romania, Ungarn)
 - Engelsktalende land (Storbritannia, USA, Australia, Sør-Afrika, Canada, Irland)
 - Asia (Hong Kong, Kina, Thailand, India, Singapore, Taiwan, Indonesia, Malaysia, Filippinene, Vietnam)
 - Sør- og Mellom Amerika (Argentina, Venezuela, Puerto Rico, Mexico)
 - Afrika (Egypt, Marokko, Kenya, Tanzania)
 - Arabiske land (De Forente Arabiske Emirater, Saudi Arabia, Kuwait)
 - Japan Russland Nederland Sør-Korea
 - Tyrkia Hellas Kypros
- Andre land, spesifiser: _____
- 24 Oppgi hvilke språk De snakker (moderat til flytende) :
- 25 Oppgi antall år som De har jobbet med eksportrettet salg (ca.): _____
- 26 Beskriv Deres utdanningsbakgrunn:
- 27 Kryss av for riktig kjønn: Kvinne Mann
- 28 Kryss av for riktig alderskategori: 18-35 36-45 46-55 56 og eldre
- 29 Hvilken stilling har De i bedriften?
- 30 Har De noen avsluttende kommentarer?

Takk for at De tok Dem tid til å fylle ut spørreskjemaet!

Appendix B: First factor running: Pattern Matrix(a)

	Component						
	1	2	3	4	5	6	7
Inf1	.666	.089	-.097	-.083	.053	.070	.194
Inf2	.714	.076	-.128	.052	.188	.004	.268
Inf3	.777	-.098	.090	-.243	.174	-.112	-.010
Inf4	.774	-.020	-.004	-.091	.053	.063	.024
Inf5	.627	.100	.354	-.143	.092	-.178	.026
Tru1	.223	-.048	.087	-.023	.639	.167	.147
Tru2	.298	.006	-.161	.163	.053	.052	.814
Tru3	.321	-.175	.306	.012	-.133	.049	.542
Tru4	.516	-.050	-.039	.181	.592	-.102	-.314
Tru5	.257	.072	-.049	.143	.808	.052	.022
Cus1	.116	-.094	.797	.048	-.115	-.143	-.077
Cus2	-.004	-.062	.685	.228	-.019	.074	-.049
Cus3	.114	.044	.755	.019	-.035	-.042	.059
Cus4	-.249	-.007	.749	-.101	.192	.066	-.010
Exr1	-.123	.076	.210	.025	.205	.756	-.045
Exr2	.024	-.101	-.183	-.090	-.003	.924	.082
Exr3	.098	.132	.327	-.657	-.017	.217	-.199
Ada1	.067	.639	.185	.115	-.222	-.070	.118
Ada2	-.065	.876	-.072	.018	.112	-.066	.014
Ada3	.027	.921	-.024	-.047	.079	-.052	-.001
Ada4	.069	.779	-.150	-.017	-.036	.104	-.137
Ada5	.382	.212	.088	.142	-.392	.167	-.043
Opm1	.320	-.140	-.067	.341	-.179	.121	-.419
Opm2	-.202	-.008	.270	.864	.177	.020	.081
Opm3	-.186	.154	.109	.812	.067	-.004	-.004

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

a Rotation converged in 13 iterations.

Computed in SPSS 14.0.

Appendix C: Second factor running: Pattern Matrix(a)

	Component					
	1	2	3	4	5	6
Inf1	.845	-.003	-.061	-.130	-.064	.150
Inf2	.760	.013	-.103	.152	.027	.058
Inf3	.605	-.053	.119	.256	-.236	-.123
Inf4	.704	.002	-.026	.111	.000	.070
Inf5	.599	.057	.321	.069	-.034	-.141
Tru1	.143	-.075	.146	.587	-.116	.183
Tru4	.190	.009	-.136	.762	.262	-.155
Tru5	.026	.076	-.049	.876	.086	.038
Cus1	.134	-.090	.763	-.153	.108	-.127
Cus2	.069	-.059	.684	-.098	.212	.114
Cus3	.117	.033	.741	-.026	.048	-.026
Cus4	-.338	.037	.821	.193	-.199	.045
Exr1	-.057	.108	.265	.103	.038	.724
Exr2	.145	-.070	-.167	-.057	-.003	.905
Ada1	.231	.589	.196	-.320	.120	-.004
Ada2	-.106	.897	.010	.099	-.091	-.056
Ada3	-.007	.910	-.013	.092	-.028	-.036
Ada4	.025	.822	-.166	.005	.045	.097
Opm2	-.060	-.110	.154	.128	.893	.043
Opm3	-.113	.088	-.017	.101	.874	-.022

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Computed in SPSS 14.0.

Appendix D: Inter-Item Correlation Matrix

	Exr1	Exr2	Cus1	Cus2	Cus3	Cus4	Opm2	Opm3	Ada1	Ada2	Ada3	Ada4	Tru1	Tru4	Tru5	Inf1	Inf2	Inf3	Inf4	Inf5
Exr1	1																			
Exr2	.488	1																		
Cus1	.233	.016	1																	
Cus2	.344	.166	.525	1																
Cus3	.330	.079	.441	.539	1															
Cus4	.349	.078	.388	.352	.445	1														
Opm2	.237	.005	.251	.352	.297	.156	1													
Opm3	.120	-.058	.192	.163	.175	-.007	.648	1												
Ada1	.118	.004	.203	.278	.218	-.025	.293	.346	1											
Ada2	.079	-.101	.047	.035	.041	.038	.119	.256	.517	1										
Ada3	.108	-.044	.042	.050	.201	-.009	.176	.288	.534	.652	1									
Ada4	.088	.040	.013	.097	.035	-.149	.130	.295	.486	.539	.685	1								
Tru1	.355	.241	.198	.228	.247	.350	.063	-.043	-.092	-.027	-.076	-.138	1							
Tru4	.085	.140	.181	.223	.178	.041	.209	.127	-.006	.054	.127	.067	.362	1						
Tru5	.319	.128	.132	.192	.259	.198	.157	.026	-.031	.022	.077	.036	.550	.582	1					
Inf1	.260	.209	.196	.111	.229	-.007	.150	.024	.206	.113	.143	.087	.330	.233	.262	1				
Inf2	.152	.193	.150	.249	.275	.033	.156	.096	.140	.123	.184	.103	.450	.351	.416	.631	1			
Inf3	.228	.072	.178	.134	.264	.172	-.017	-.067	.087	-.064	-.002	-.023	.431	.406	.396	.444	.441	1		
Inf4	.229	.234	.225	.241	.234	.047	.124	.054	.133	.062	.118	.166	.326	.384	.357	.373	.564	.442	1	
Inf5	.252	.074	.309	.307	.403	.255	.213	.112	.247	.095	.203	.100	.331	.410	.295	.454	.399	.466	.551	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed). Computed in SPSS 14.0.

Appendix E: Item-to-total correlation

Constructs	Items	Corrected item-to total correlation
Export resources	Exr1	0.488
	Exr2	0.488
Customer oriented culture	Cus1	0.559
	Cus2	0.579
	Cus3	0.601
	Cus4	0.482
Open-mindedness	Opm2	0.648
	Opm3	0.648
Adaptive business style	Ada1	0.592
	Ada2	0.675
	Ada3	0.762
	Ada4	0.677
Trust	Tru1	0.503
	Tru4	0.541
	Tru5	0.686
Exchange of information	Inf1	0.604
	Inf2	0.657
	Inf3	0.570
	Inf4	0.618
	Inf5	0.601

Computed in SPSS 14.0.

Appendix F: Fit indices

Construct:	Chi-square	Degrees of freedom	P-value	RMSEA	CFI	GFI
Customer-oriented culture	6.91	2	0.03154	0.149	0.97	0.97
Adaptive business style	2.51	2	0.28474	0.048	1.00	0.99
Trust	0.00	0	1.00000	0.000	*	*
Exchange of information	43.61	5	0.00000	0.265	0.86	0.86

* The model is saturated, the fit is perfect
Computed in LISREL 8.72.

Appendix G: Discriminant analysis, correlations between all pairs of constructs

	Export resources	Customer oriented culture	Open-mindedness	Adaptive business style	Trust	Exchange of information	Country experience	Ongoing business experience	International experience
Export resources	1								
Customer-oriented culture	.280(**)	1							
Open-mindedness	.081	.269(**)	1						
Adaptive business style	.040	.088	.313(**)	1					
Trust	.281(**)	.314(**)	.132	.012	1				
Exchange of information	.280(**)	.328(**)	.119	.170(*)	.576(**)	1			
Country experience	.085	.059	.171(*)	.259(**)	-.103	.075	1		
Ongoing business experience	.173(*)	.008	-.212(*)	-.134	.225(**)	.040	.007	1	
International experience	.137	.130	.190(*)	.064	-.011	.055	.213(*)	-.095	1

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.05 level (1-tailed).

Computed in SPSS 14.0.

Appendix H: Skewness and kurtosis: Constructs (N=111)

	Mean	Std. deviation	Std. error terms	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	z value	Statistic	z value
Export resources	3.5766	.77224	.07330	-.095	-.415	-.372	-.818
Customer-oriented culture	3.9910	.49190	.04669	.226	.987	-.075	-.165
Open-mindedness	3.5773	.67483	.06405	-.378	-1.651	1.141	2.508
Adaptive business style	3.3433	.68744	.06525	-.193	-.843	.240	.527
Trust	4.1832	.55000	.05220	-.596	-2.603	1.605	3.527
Exchange of information	3.8865	.56544	.05367	-.178	-.777	.224	.492
Country experience	1.4862	.89266	.08473	.003	.013	-.295	-.648
Ongoing business experience	1.6765	.73497	.06976	.070	.306	-.342	-.752
International experience	1.4125	.63363	.06014	-.746	-3.258	.010	.022
Number of customer relationships	1.9304	.92266	.08758	-.036	-.157	.407	.895
Experience export sales	2.2877	.76731	.07283	-.897	-3.917	.266	.585
Frequencies of deliveries (2005)	3.1492	1.19428	.11336	-.067	-.293	-.326	-.717

^a The statistic value (z) for the skewness value is calculated as: $Z_{skewness} = \text{skewness} / (\sqrt{6/N})$. ($\sqrt{6/N}$) is the standard deviation. The value computed by SPSS was .229, and was used to calculate the z value. The statistic value for the kurtosis is calculated as: $Z_{kurtosis} = \text{kurtosis} / (\sqrt{24/N})$. ($\sqrt{24/N}$) is the standard deviation. The value computed by SPSS was .455 and was used to calculate the z value. N is the sample size (Hair et al. 1996, p. 72). Computed in SPSS 14.0.

Appendix I: Moderator analysis: Descriptive statistics

Variables	N	Mean	Std dev.	Std error mean
Moderator: <u>Ongoing business experience</u>¹	0=64 1=47			
Adaptive business style	0=64 1=47	3.4274 3.2287	.65234 .72387	.08154 .10559
Exchange of information	0=64 1=47	3.9094 3.8553	.52364 .62234	.06545 .09078
Trust	0=64 1=47	4.1354 4.2482	.56256 .53146	.07032 .07752
Moderator: <u>Language skills</u>²	0=46 1=60			
Adaptive business style	0=46 1=60	3.1870 3.4833	.64899 .68406	.09569 .08831
Exchange of information	0=46 1=60	3.8652 3.9400	.58887 .50930	.08682 .06575
Trust	0=46 1=60	4.1014 4.2444	.54826 .52746	.08084 .06810

¹ 0=Low ongoing business experience; 1=High ongoing business experience.

² 0= One foreign language which is English; 1= Two or more foreign languages.
Computed in SPSS 14.0.

Appendix J: Dissimilar culture group: Descriptive statistics

Variables:	N	Mean	Std deviation	Std error mean
International experience	59	1.4925	.63548	.08273
Country experience	59	1.7435	.93053	.12114
Open-mindedness	59	3.6200	.57471	.07482
Nr. of business relation-Ships	59	2.0580	.95581	.12444
Export sales experience	59	2.2982	.76783	.09996
Frequency of deliveries (2005)	59	3.0919	1.23837	.16122
Adaptive business style	59	3.3619	.72839	.09483
Exchange of infomation	59	3.7864	.54944	.07153

Computed in SPSS 14.0.