Key Success Drivers of Service Exports: The Role of Organisational Characteristics, Market Characteristics and Governance Mechanisms

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Statement of Declaration

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Vinh Nhat Lu.

Abstract

The global marketplace has become highly integrated, and global competition is increasingly intense and dynamic. To be successful in this competitive and hostile environment, international firms must be able to foster and maintain successful cross-border inter-firm relationships. At the same time, service exports have remarkably emerged as a crucial component of international trade, underpinning the future growth and prosperity of national economies worldwide. Yet scholars and business practitioners alike have recognised the significant paucity of research on the performance of service exporters. Similarly, despite the recent growth in research interests in international relationship marketing, theoretical development in this area has failed to keep pace with the increase in both volume and magnitude of inter-organisational transactions across national borders.

This study addressed the key research question of "What are the key factors driving the export performance of service firms?", based on an integrated theoretical foundation comprising the resource-based view of the firm, transaction cost economics, and the relational exchange theory. The study took into account the potential role of: (1) organisational characteristics, (2) market characteristics, and (3) the governance mechanisms deployed by service firms in their management of cross-border relationships with their business clients.

A multi-method research design was utilised for this research, including two main studies. An exploratory study was first conducted, involving 10 in-depth interviews with service exporters in South Australia. Drawing from the outcomes of the exploratory study and a review of the international services marketing and international relationship marketing literature, the researcher proposed a conceptual framework and a set of testable hypotheses. These hypotheses were then tested in the second research phase, in which the researcher

conducted a self-administered mail survey, utilising both postal and online means. An effective response rate of 32.77%, or 254 usable responses, allowed the researcher to further analyse the data using the principles of structural equation modelling in AMOS. Thereby, the researcher identified 17 pairs of significant relationships between the variables.

The research findings show that the performance of an export venture of a service firm is directly influenced by the size of the firm, their export experience, their managerial commitment, and the performance of the relationship with a major overseas client. Such relationship performance is determined by both contractual-based governance, including contractual complexity and contractual explicitness, and relational-based governance, a higher-order factor incorporating relationship trust, relationship commitment, information exchange, relationship flexibility and relationship harmony. In turn, these governance mechanisms are determined by various organisational and market characteristics. Whilst firm size, resource commitment, and assistance programs by home government influence the level of contractual complexity, contractual explicitness is determined by management commitment, competitive intensity, and the favourability of host government policies. Furthermore, relational-based governance is driven by the export experience of the firms, their managerial commitment, and the favourability of host government policies.

The study contributes to advancing the scant international services marketing literature and draws further research attention to the international relationship marketing paradigm. With regards to international business practice, the study provides service exporters with an understanding on the potential role of organisational characteristics and market characteristics in their exporting success. Finally, a successful management of cross-border relationship management and governance mechanisms will also lead them to superior export performance.

Acknowledgement

"Con Gà nó gáy ó o,
Có xa cha me mới làm nên cơ đồ".

In 1989, a couple of secondary school teachers, who are to this day still residing in a remote village in the Mekong Delta, Southern Vietnam, sent their eldest son to the city centre, hoping he would have a better education, a better future. The teary boy was 7 years old. Some 20 years later, he is days from submitting his PhD dissertation… It has been a lot of hard work, self-discipline, dedication, and a very steep learning curve. I have been so fortunate…

I hold a deepest gratitude to my wonderful supervisor, Professor Pascale Quester. You have always been there along the way, constantly motivating me to excel, to "sit back, relax, and enjoy the process". You have inspired me with your overwhelming patience, your wealth of expertise, and a tremendous amount of enthusiasm. I cannot thank you enough for your understanding, your kindness, and all the time you spent on listening to my frustration and personal rambling. I have had so much pleasure working with you, learning from you, and seeing myself grow, personally and professionally. The research would not have sailed this smoothly without your generous support, your most constructive and instantaneous feedback, as well as your prompt responses to every single inquiry that I have ever had. It has been an utmost honour, Pascale, as this most challenging yet enjoyable and worthwhile experience will have never been the same without you. You are a legend.

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The picture at the beginning of this statement was some writing in a little notebook given to me by my parents, who have never stopped having faith in me since the day I was born. The rhymes say that a rooster (my year of birth) is crowing his sunrise song… that being away from his parents has allowed him to go places and become successful. This dissertation is dedicated to ***ba*** and ***mẹ***, for their tireless love and endless support, for their hope and tears, for their amazing strength and insurmountable will and, most simply, for being our parents.

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Chapter One: Introduction

1.1. Background to the Research

To compete successfully in the 21st century, international firms must be able to craft and execute strategies that proactively anticipate and respond to the rapid changes in the global marketplace (Craig and Douglas 2001). These changes include the deregulation of domestic markets, the evolution and advances in information and telecommunication technologies (Hitt, Keats, and DeMarie 1998; Nooteboom, Berger, and Nooriderhaven 1997), as well as the removal of various trade barriers and the establishment of several bilateral and multilateral free trade agreements (Balabanis, Theodosiou, and Katsikea 2004; Douglas and Craig 1992). In this business climate, a valuable source of competitive advantage in international markets is the successful management of cross-border inter-firm relationships (Ahmed, Patterson, and Styles 1999; Sharma, Young, and Wilkinson 2006; Wilkinson and Young 2005; Zinkhan 2002). From the perspective of an exporter, sound relationship management facilitates superior export performance (Aulakh, Kotabe, and Sahay 1996; Day 2000; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Leonidou, Talias, and Leonidou 2008; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 2000b; Zhang, Cavusgil, and Roath 2003).

At the same time, there has been a substantial increase in the global trading of services. The total value of service exports was US$3.29 trillion in 2007, accounting for approximately 20 per cent of world exports (Department of Foreign Affairs and Trade (DFAT) 2008; United Nations Conference on Trade and Development (UNCTAD) 2007b; World Trade Organization (WTO) 2008). The service sector produces approximately 35 per cent of GDP in developing countries and more than 70 per cent of income and employment in member economies of the Organisation for Economic Cooperation and Development (OECD) (Hoekman and Mattoo 2008). The emerging role of the service sector in both global and national economies presents significant research opportunities in international services marketing (Grönroos 1999; Javalgi and White 2002).

These two phenomena, including the significance of cross-border inter-firm relationships and the growth of services trade, motivated a study of service exporters. The purpose of this dissertation is to investigate the strategic forces behind the international success of service providers (Samiee 1999), and the factors associated with their ability to compete and thrive in the global services markets (Business Council of Australia (BCA) 2007).

1.2. Research Question

The study investigates the research question "***What are the key factors driving the export performance of service firms?"*** More specifically, the researcher takes into account the potential role of:

- Organisational characteristics;
- Market characteristics;
- Contractual-based governance mechanisms;
- Relational-based governance mechanisms; and
- Cross-border inter-firm relationship performance.

To answer the research question, the study incorporated three well-established theories as its theoretical foundation. These theories include the resource-based view of the firm, transaction cost economics, and the relational exchange theory.

1.3. Importance of the Study

Researchers have conducted various investigations into different issues associated with developing and implementing successful export marketing strategies since the early 1960s (Tookey 1964). Their research findings have provided important insights for business practitioners, marketing educators, and policy makers alike (Katsikeas 2003; Leonidou 2003). Nevertheless, there is a significant lack of research on the performance of service exporters (Javalgi and Martin 2007), and a paucity of marketing knowledge and management guidelines in the traditionally under-researched and under-addressed service sector (BCA 2007; Vargo and Lusch 2004b).

1.3.1. Academic importance of the current research

It has been widely claimed that theoretical developments in international services marketing research have not kept pace with the rapid globalisation of services (Álavarez-Gil et al. 2003; Cicic, Patterson, and Shoham 1999; Contractor, Kundu, and Hsu 2003; Knight 1999; La, Patterson, and Styles 2005). There is a surprisingly limited amount of research in international services marketing, with the body of work to date being exploratory, descriptive and lacking a strong theoretical base (Knight 1999). More recently, the frameworks developed by Cicic, Patterson, and Shoham (1999), Javalgi and Martin (2007), and La, Patterson, and Styles (2005) appear to be the most comprehensive in capturing the factors associated with international success of service firms. However, these frameworks are purely conceptual. Therefore, they require extensive empirical testing.

Additionally, despite the recent increase in research interests, the growing body of international relationship marketing (IRM hereafter) literature has not matched the growth of global inter-organisational transactions (Skarmeas et al. 2008). In particular, the impact of managing foreign relationships on exporting success, and the satisfaction received from it, has received only marginal empirical attention (Leonidou 2003; Leonidou, Katsikeas, and Hadjimarcou 2002; Styles and Ambler 2000a). There is also scant research addressing the issue of how to establish and maintain successful relationships in a business-to-business (B2B hereafter) service context (Doney, Barry, and Abratt 2007; Gounaris and Venetis 2002). To the best knowledge of the researcher, no study has investigated the impact of managing international relationships on international success from the perspective of service exporters. This supports Brown, Dev, and Lee‟s (2000) observation that the B2B exchange of services remains a relatively untapped setting for research. Hence, much academic attention is needed, to investigate how firms can successfully manage international inter-firm relationships whilst achieving optimal international performance (Lane 2002; Yu, Liao, and Lin 2006).

1.3.2. Managerial importance of the current research

In an increasingly competitive business climate, international firms are exposed to both opportunities and challenges. Existing knowledge for business practitioners has been, however, largely derived from research on manufacturing firms (Andersen 1993; Grönroos 1999). There is very limited information about the performance of services exporters and the associated key success drivers (BCA 2007; Cicic, Patterson, and Shoham 2002; Knight 1999; La, Patterson, and Styles 2005, 2009). Further, a major challenge for exporters is how to maintain strong business relationships with foreign customers (Leonidou, Katsikeas, and Hadjimarcou 2002). Exporting firms are required to have a thorough understanding of what they would like to achieve from the international relationships, how much resources they should invest in such relationships, and the importance of managing such relationships in order to achieve superior export performance (Ford 1980; Leonidou and Kaleka 1998). Therefore, the research outcomes of this study provide international business practitioners, especially those in the service sector, with a comprehensive understanding of the relevant factors determining their exporting success. These factors include organisational characteristics, market characteristics, contractual-based governance, and relational-based governance mechanisms.

1.4. Research Scope

The study focuses on firms operating in the B2B service sector. The empirical testing of the proposed conceptual framework was undertaken in Australia. Consistent with the global trend, service exports form an important component of Australia‟s international trade. The total value of service exports was AU$48 billion in 2007 (DFAT 2008), and has almost doubled over the past ten years (DFAT 2006, 2007a, 2008).

1.4.1. Industries to be researched

According to DFAT (2008) and UNCTAD (2008), service exports incorporate such industries as transportation, travel, communication, insurance, financial, computer and information services, royalty and license fees, and personal, cultural and recreational services. However, service exporters, in this study, are defined as firms that directly provide business services across national borders to overseas clients. Therefore, service firms operating in travel, royalty and license fees, and personal, cultural and recreational services were excluded from this research.

1.4.2. Unit of analysis

The unit of analysis of the study is an export venture and one major B2B relationship in the selected export venture. This approach confirms that multi-level systems exist within an organisation and answers Kozlowski and Klein"s (2000) call for research undertaking an integrative and multi-level approach in understanding organisational behaviour.

1.5. Research Methodology

This research was undertaken via a multi-method design, as suggested by several scholars such as Anderson, Håkansson, and Johanson (1994), Malhotra, Agarwal, and Peterson (1996), and Rodríguez and Wilson (2002), and includes both qualitative and quantitative components. Qualitative and quantitative research methods can be complementary to one another and are often deployed in different phases of the same research project (de Ruyter and Scholl 1998). In addition, a combination of these research methods gives the researchers greater insights into the phenomenon investigated (Cooper and Schindler 2003).

1.5.1. Qualitative research

Although service exports and inter-firm relationships are not new phenomena, the key determinants of service export performance and the potential role of inter-firm relationships on international performance from the perspective of service exporters have not been fully explored. As such, qualitative research offers the researcher rich data and insights into the behaviours of service exporters, in relation to:

- Initial information about the exporting activities of service firms;
- Breadth of variables associated with their exporting success, especially those proposed by authors such as Cicic, Patterson, and Shoham (1999), Javalgi and Martin (2007), and La, Patterson, and Styles (2005) in their conceptual frameworks; and
- Factors that characterise successful cross-border inter-firm relationships, from the perspective of the service exporters.

The chosen qualitative research method was in-depth face-to-face interviews. Ten service firms representing a wide range of industries were invited to participate in the study. These firms were randomly selected from the South Australian Services Exporters Directory. The directory was jointly published by the Australian Services Roundtable and the South Australian Government Department of Trade and Economic Development in July 2007. The interviewees were business executives who were very knowledgeable of the international operations of the service firms. These executives were considered key informants for the exploratory study.

The researcher then analysed the content of the interviews, using a variable-oriented approach. Several groups of variables emerged from the analysis. These variables included service export performance, relationship performance, relationship governance mechanisms including contractual-based governance, relational based-governance, organisational drivers, and market drivers. Together with the literature review exercise, these exploratory research outcomes enabled the researcher to propose a conceptual framework with a set of testable hypotheses. These hypotheses were then empirically tested in the quantitative research phase.

1.5.2. Quantitative research

The quantitative research phase was critical for this research, as it enabled the researcher to:

- Understand why service exporters succeed in foreign markets;
- Understand which specific variables identified in phase one of the research (which included firm-specific characteristics, market characteristics, contractual arrangements, and relational norms) were the cause of what was being predicted – i.e. successful inter-firm relationships between service exporters and their overseas clients, and their accomplishment of optimal export performance; and

- Understand and identify the nature and characteristics of the potential causal relationships amongst the above variables (Kinnear et al. 1993).

The data collection method chosen for this study was a self-administered survey. The researcher utilised both postal surveys and online surveys, in order to obtain an adequate response rate. In terms of sampling, this study undertook a non-probability convenience sampling method, with a final sample of 775 firms. The researcher obtained 254 complete and usable questionnaires, yielding a net response rate of 32.77%.

The researcher then conducted a series of confirmatory factor analyses as well as assessed the validity and reliability of the data. In addition, the principles of the Structural Equation Modelling (SEM) technique were also employed, allowing the researcher to test the relationships amongst the variables of interest.

1.6. Contributions of the Study

The study makes several contributions to the theoretical development of marketing knowledge, providing important implications for marketing and international business practitioners.

1.6.1. Theoretical contributions

As the global marketplace becomes integrated, exporting has become one of the most popular market entry strategies for international firms (Leonidou, Katsikeas, and Samiee 2002). This study applied international services marketing and IRM literature streams to export performance research, as suggested by Katsikeas, Leonidou, and Morgan (2000), Leonidou (2003), and Styles, Patterson, and Ahmed (2008). Thereby, the researcher was able extend the applicability of the resource-based view of the firm, transaction cost economics, and the relational exchange theory to a service exporting context.

Further, the study investigated the key success drivers of service exporters, addressing the gaps in both international business and marketing literature. The research outcomes contribute to advancing the scant international services marketing literature on the performance of services exporters and its associated key success drivers (Cicic, Patterson, and Shoham 2002; Javalgi and Martin 2007; Knight 1999; La, Patterson, and Styles 2005, 2009).

Another contribution of the study is the resulting framework that simultaneously assesses the determinants and consequences of relational-based governance and contractual-based governance mechanisms, which has thus far not been provided in the IRM literature. More specifically, the study examined how firms can successfully manage international inter-firm relationships whilst achieving optimal international performance, especially in a B2B service context.

In terms of methodological contribution, this study was conducted via a multi-method design, as suggested by several scholars such as Anderson, Håkansson, and Johanson (1994), Malhotra, Agarwal, and Peterson (1996), and Rodríguez and Wilson (2002). Additionally, the researcher utilised both postal and online methods to collect data for the quantitative study. Furthermore, the study employed a multi-level unit of analysis, including relationship level and export venture level.

Finally, the study also made some measurement contributions. That is, the study took into account and investigated the multi-dimensional nature of contractual-based governance, relational-based governance, relationship performance, and export performance. The study extended the applicability of the EXPERF scale developed by Zou, Taylor, and Osland (1998) to the context of service industries.

1.6.2. Practical contributions to business practice

Fostering strong relationships with customers is especially important for service providers. (Patterson and Smith 2001a, 2001b). The research outcomes of this study provide international business practitioners, especially those in the service sector, with a comprehensive understanding of the relevant factors determining their exporting success. These factors include organisational characteristics, market characteristics, contractual-based governance, and relational-based governance mechanisms.

For service exporters, three organisational characteristics have a significant impact on their international success. These characteristics include firm size, management commitment, and the export experience of the firm. Additionally, another major driver of export performance of service exporters is their effective management of business relationships. A successful cross-border business relationship will result in a better export performance for the firm in the export venture (Bello, Chelariu, and Zhang 2003; Ford 1984; Griffith and Myers 2005; Leonidou 2003; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Leonidou, Palihawadana, and Theodosiou 2006; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994, 2000a). The success of a relationship strategy would also depend on having competitive services and a strong bonding between the firm and the client (Achrol 1991; Grönroos 1990; Gummesson 1987; Normann 2000; Webster 1992) via an appropriate governance structure. Such governance structure comprises of contractual-based governance and relational-based governance mechanisms.

Importantly, contractual-based governance is influenced by firm size, resource commitment, competitive intensity, home government assistance, and the favourability of host government policies. Further, relational-based governance is a major force driving the performance of the B2B relationships (Claro, Hagelaar, and Omta 2003; Deligonul et al. 2005; Gençtürk and Aulakh 2006; Leonidou, Palihawadana, and Theodosiou 2006; Pressey and Tzokas 2004). The study found relational-based governance is determined by the favourability of host government policies and management commitment, and the export experience of the firm. Furthermore, relational-based governance in this study includes five dimensions, being the level of relationship trust, relationship commitment, flexibility, information exchange, and harmonisation of conflicts.

1.7. Thesis Structure

This thesis consists of eight chapters. The brief content of each chapter is also illustrated in Figure 1.1.

Chapter 1: The researcher introduces the study by discussing the research background, highlighting the central research question, and explaining the academic and managerial importance of the research. In addition, the research scope and research methodology will be presented. This is followed by a brief overview of both theoretical contributions and practical implications of the study. The chapter concludes with a summary of the thesis structure.

Chapter 2: The researcher starts this chapter with a discussion on the nature of services and the issues associated with delivering international services. This is followed by a highlight of the contributions of service exports to both global and Australian economy. The researcher then reviews the international services marketing literature, with an emphasis on the extant research on service export performance. The chapter, finally, concludes with a justification for a study of relevant factors driving the export performance of service firms.

Chapter 3: The researcher first provides a brief overview of the relationship marketing literature domain. This is followed by a review of the IRM literature. The review includes a summary and discussion of academic works published from 2000 to 2009. Based on the review, the researcher will highlight the gaps in IRM research, necessitating the current study.

Chapter 4: In this chapter, the researcher argues and justifies the appropriateness of applying traditional theories in manufacturing industries to the service context. Three well-established theories formed the foundation for the study, including the resource-based view of the firm, transaction cost economics, and the relational exchange theory.

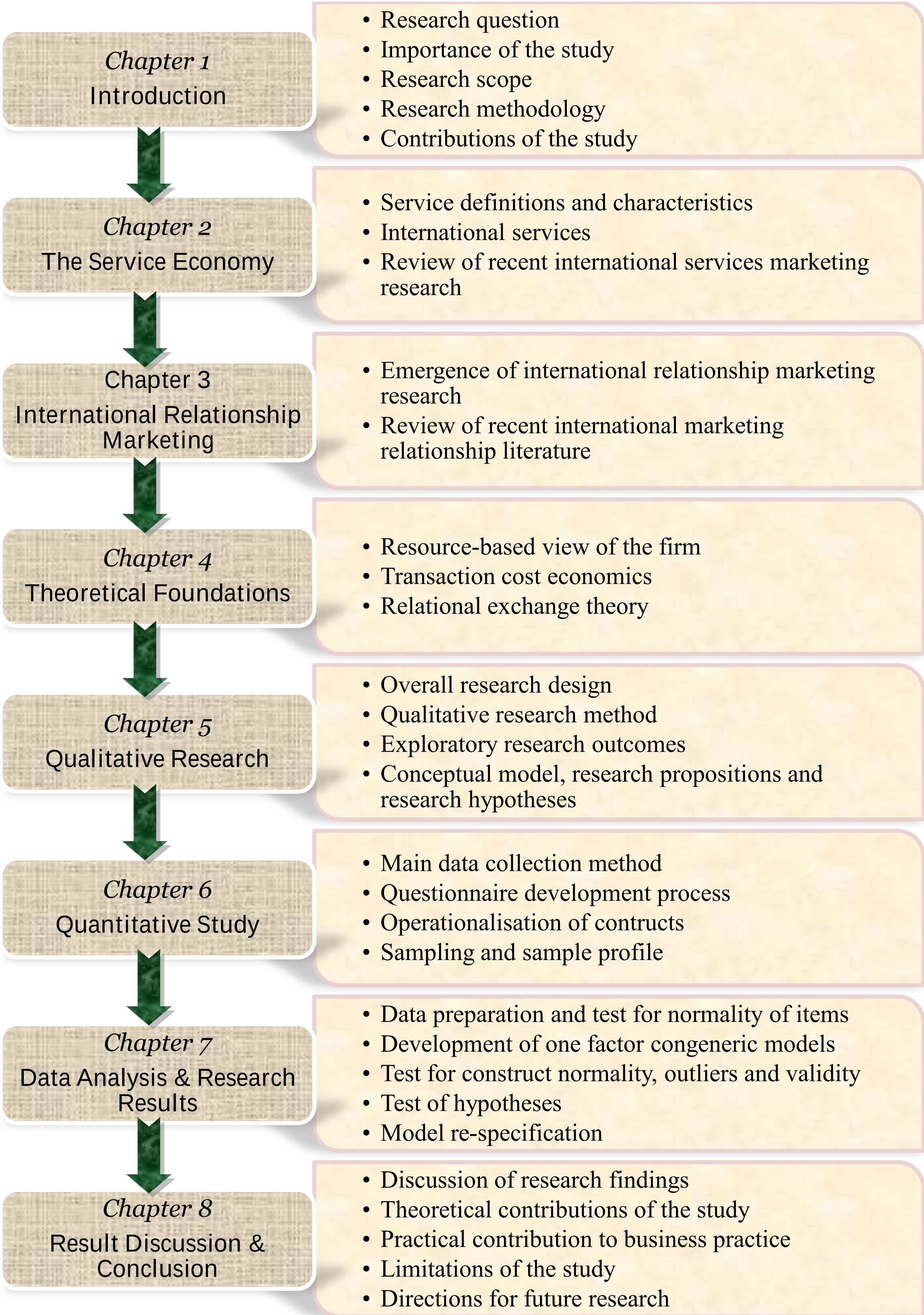
Chapter 5: The overall research design for this study is first discussed. Next, the qualitative research step is explained, followed by a discussion on the sampling and research procedures. A content analysis of the qualitative data is then presented. The chapter concludes with a conceptual model and a set of research hypotheses to be tested in the subsequent phase of research.

Chapter 6: The principal data collection method, a self-administered survey, is first discussed in this chapter. This discussion is followed by a description of the questionnaire development steps, which involved the operationalisation of the constructs in the study, as well as the draft-test-revise process undertaken to finalise the questionnaire. Next, the sampling issues are discussed, including sampling frame and sampling procedure, the key informant approach, the unit of analysis, and the activities undertaken to improve the response rate for the study. A brief summary of the characteristics of the final sample is provided. The chapter concludes with a test of non-response bias.

Chapter 7: This chapter reports the analysis results of the data collected in the quantitative study. The researcher applied the principles of structural equation modelling technique to test the set of hypotheses developed in Chapter Five. The data analysis was executed based on a systematic approach including four main steps. These steps are data preparation, testing of construct reliability and validity, hypothesis testing, and model re-specification.

Chapter 8: In the final chapter, the researcher reviews the research objectives for the study. Second, the research findings are summarised and discussed, leading to an elaboration of overall contributions of the study to marketing theories and business practice. Finally, the researcher acknowledges the limitations of the study and identifies the potential directions for future research.

Figure 1.1: Thesis structure



Chapter Two: The Service Economy

2.1. Introduction

Over the past 40 to 50 years, scholars have paid a substantial amount of research attention to the service phenomenon, an area that had previously been under-researched and under-addressed in the marketing literature (Vargo and Lusch 2004b). To date, international service research has been extremely complex, diverse, and multidisciplinary in nature (Clark and Rajaratnam 1999). However, several research opportunities exist in the service sector (Merchant and Gaur 2008). In particular, more research attention is required to investigate the performance of internationalised service firms. This chapter provides an overview of the literature in international services and argues for a much-needed study on the factors driving the export performance of service firms.

This chapter is structured as follows. First, it discusses the nature of services and the issues associated with delivering international services. Second, the chapter provides an overview of the role service exports in both global and national economies. Information from the WTO, UNCTAD, DFAT, and the Australian Bureau of Statistics (ABS) has emphasised the strong growth of global trade in service, underpinning the future prosperity of economies worldwide. Third, a review of the international services marketing literature and the extant research on service export performance is provided. This chapter highlights that the theoretical developments in international services marketing, especially inquiries into the performance of service exporters, have been limited. The chapter, finally, concludes with a justification for a study of relevant factors driving the export performance of service firms.

2.2. Service Definition and Characteristics

"…Service markets are in urgent need of concepts and priorities that are relevant to their actual experience and need…"

Shostack (1977, p.80)

Research on services began with a debate over the definition of services and the distinction between goods and services as early as 1950 until 1980 (Vargo and Lusch 2004a), a time characterised by Fisk, Brown, and Bitner (1993) as the "Crawling Out" period. By 1990, however, scholars had established service research as a marketing sub-discipline (Berry and Parasuraman 1993). Based on the foundation laid by Judd (1964), Rathmell (1966, p.33) first defined service as "a deed, a performance, or an effort" while Levitt (1972, p.43) regarded a service as "invariably and undeviatingly personal, as something performed by individuals for other individuals". However, this perspective was soon criticised by Thomas (1978) as erroneous. This is because of technological advances allowing services to be provided by equipment. To date, various definitions of services exist. These definitions were summarised by Lovelock, Patterson, and Walker (2001, p.4), who claimed the essence of services included the following:

- Any act, performance, or experience that one party can offer to another, which is essentially intangible and does not result in ownership of anything, and the production of which may or may not be tied to a physical product ;
- Economic activities that provide time, place and form utility, while bringing out a change in, or for, the recipient of the service; and
- Delivery of help, utility or care, an experience, information or other intellectual content – and the majority of the value is intangible rather than residing in any tangible object.

Vargo and Lusch (2004b, p.326) have gone a step further, suggesting that "economic exchange is fundamentally about service provision". That is, a service involves the provision of applied skills and knowledge for the benefit of another (Vargo and Lusch 2004a).

It is generally agreed that the marketing of services is different from that of tangible products (Berry 1984; Berry and Parasuraman 1993; Fisk, Brown, and Bitner 1993; Knight 1999; Langford and Cosenza 1998; Shostack 1977). Both academics and practitioners have pointed out various characteristics of services that distinguish them from physical goods. For instance, Rathmell (1966) examined 13 characteristics while Lovelock, Patterson, and Walker (2001) suggested there were nine basic differences between goods and services. However, a systematic review of literature by Zeithaml, Parasuraman, and Berry (1985) captured four basic characteristics of services as, intangibility, heterogeneity, inseparability, and perishability, which appear to have been widely accepted by marketing scholars (Vargo and Lusch 2004b). As indicated in Table 2.1, adapted from Zeithaml, Parasuraman, and Berry (1985, p.35), these characteristics result in a number of marketing problems for service marketers that are not encountered by product marketers. However, some researchers, such as Enis and Roering (1981), remain unconvinced that such differences between goods and services contain meaningful strategic implications for the management of service firms.

,

Table 2.1: Unique services features and resulting marketing problems

Characteristics	*Resulting Marketing Problems*	*Selected Research*
Intangibility	• Service cannot be stored.	Berry (1984), Langeard and Eiglier (1983), Sasser (1976)
	• Cannot protect services through patents.	Judd (1964)
	• Cannot readily display or communicate services.	Rathmell (1966)
	• Prices are difficult to set.	Dearden (1978), Lovelock (1981), Thomas (1978)
	• Services are difficult to evaluate.	Bateson (1979), Zeithaml (1981)
Inseparability	• Consumer involved in production	Booms and Nyquist (1981), George (1977), Grönroos (1978)
	• Centralised mass production of services difficult.	Upah (1980)
	• Marketing and production are highly interactive.	Carman and Langeard (1980), Zeithaml, Parasuraman, and Berry (1985)
Heterogeneity	• Standardisation and quality control difficult to achieve	Berry (1984), Booms and Bitner (1981), Morris and Johnston (1987), Shostack (1987)
Perishability	• Services cannot be inventoried	Bateson (1979), Berry (1984), Lovelock and Young (1979), Rathmell (1966), Sasser (1976)

In addition to the debate on the distinction between services and goods, service researchers have also given a lot of attention to classifying services. Lovelock (1983) suggested that services be grouped into different clusters with relevant marketing characteristics in order to provide service marketers with useful insights and develop greater sophistication in services marketing. In recognition of this need, a variety of classification schemes have been developed (Bell 1981; Goodwin 1986; Hsieh and Chu 1992; Judd 1964; Langeard and Eiglier 1983; Lovelock and Yip 1996; Sasser 1976). Many of the early classification schemes are purely conceptual and normative in nature (Hill 1977; Thomas 1978). To date, however, services scholars have unfortunately failed to empirically test the validity for any of their classifications. Bowen"s (1990) domestic and consumer-based study provides one of the very few service taxonomies empirically validated.

The majority of previous studies have produced four-way classifications of services by combining various dimensions in two-by-two matrices (Haynes 1990; Johnston and Morris 1985; Lovelock 1983; Maister and Lovelock 1982; Mills and Margulies 1980; Schmenner 1986; Silpakit and Fisk 1985; Wemmerlöv 1990). Some recent studies have used multiple characteristics as the basis for classification of services. For instance, Bowen (1990) based his classification on nine criteria, and Silvestro et al. (1992) formulated three service process types which include professional services, service shops, and mass services, using six dimensions. More recently, Albers-Miller and Stafford (1999) and Stafford and Day (1995) recommended the use of the experiential-utilitarian continuum, based on Bowen"s (1990) findings, in order to overcome the weaknesses associated with many other classification schemes. According to Stafford and Day (1995), experiential services are aligned with Bowen"s (1990) first group of customised and personal services, which are characterised by high employee contact, a people orientation, considerable customisation, and direction towards people. Bowen"s (1990) second group of semi-customised and non-personal services have low employee contact, moderate customisation, equipment orientation and correspond to utilitarian offerings (Stafford and Day 1995). Finally, the third group of semi-customised and personal services, with more moderate levels of the defining characteristics, seems to be in the middle of the experiential/utilitarian continuum (Stafford and Day 1995).

Another inconsistency in services classification is also found in some studies based on the perspective of service providers (Patterson and Cicic 1995; Vandermerwe and Chadwick 1989), while others were based on consumer perceptions (Cunningham et al. 2004; Iacobucci and Ostrom 1996; Stell and Donoho 1996). A few studies such as Brush and Artz (1999), Darby and Karni (1973), Hsieh and Hiang (2004), Nelson (1970), Ostrom and Iacobucci (1995), generally agree that services should be classified as search, experience, and credence, based on the capability of consumers to determine and evaluate certain service attributes during the purchase and consumption of the services.

2.3. International Services

> "During the nineteenth and twentieth centuries, the world has moved from a manufacturing toward a service-based economy. The twenty-first century will see the transformation complete. Indeed, the twenty-first century will be the century of services and, as globalization continues, it will be increasingly the century of international services."
>
> Clark and Rajaratnam (1999, p.307)

In agreement with Clark and Rajaratnam (1999), Javalgi and White (2002) claimed that the world had become more and more borderless, with a rapid growth of firms engaging in international business activities. Such dramatic change in the global marketplace has been attributed to several factors, including the emergence of affluent consumers, especially in developing economies, the convergence of consumers" tastes and preferences worldwide, the removals of barriers to trade, and advancements in information technology. As a result, global demand for services has increased. This section first describes the nature of international services. It is followed by an overview of the important role of service exports in the global and national economies.

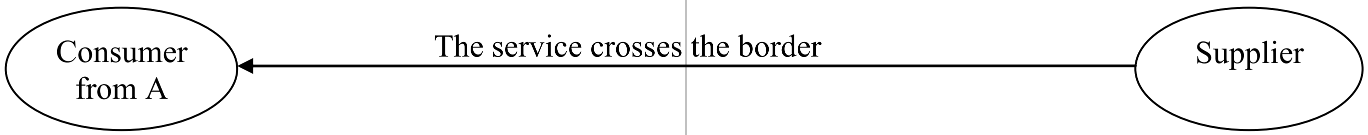
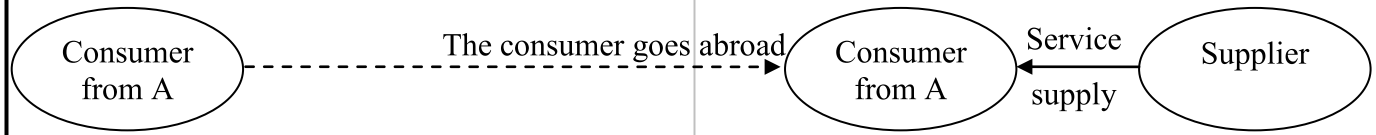
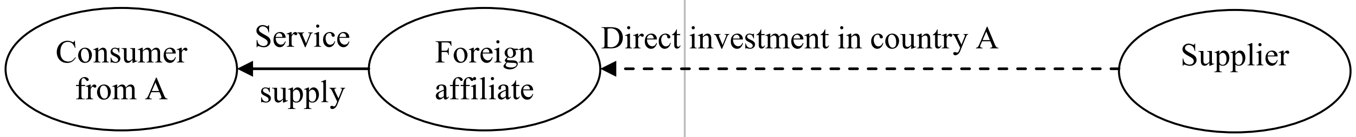
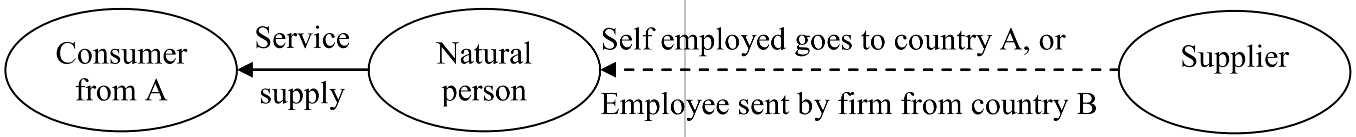
2.3.1. Definition of international services

Clark, Rajaratnam, and Smith (1996) and Clark and Rajaratnam (1999) first highlighted the international dimension of services, explaining that international services are deeds, performances, or efforts conducted across national boundaries in critical contact and engagement with foreign cultures. International services differ from domestic services in two principal aspects, including (1) something crossing national borders, and (2) some engagement with a foreign culture (Clark and Rajaratnam 1999). This definition of international services appears to be accepted in the literature. For instance, La, Patterson, and Styles (2009) have recently reinforced the service definitions by Clark, Rajaratnam, and Smith (1996) and Vargo and Lusch (2004a). According to La, Patterson, and Styles (2009, p.274), an international service is "the application of specialised competencies (skills and knowledge) through deeds, processes and performances across international borders, for the benefit of another entity".

Similar to the inconsistent nature of the early literature on service classification, a generally accepted classification method for international services is still unavailable (Samiee 1999). International services scholars have used various rationales in their efforts since the early 1980s (see Clark, Rajaratnam, and Smith (1996) for a detailed summary). More recent attempts to categorise international services have also relied on different dimensions, such as level of consumer/producer interaction versus intangibility level (Boddewyn, Halbrich, and Perry 1986; La, Patterson, and Styles 2005; Patterson and Cicic 1995; Styles, Patterson, and La 2005) or relative involvement of goods (Vandermerwe and Chadwick 1989), extent of local presence (Erramilli 1990), differentiation strategies (Välikangas and Lehtinen 1994), or degree of cross-national boundaries (Clark and Rajaratnam 1999; Clark, Rajaratnam, and Smith 1996). Such inconsistency and variety in international service classification proposals have highlighted the heterogeneous nature of service. Although categorising international service is beyond the scope of this study, future research is needed to account for all factors relevant to services, especially in cross-cultural and cross-national settings.

According to the definitions of the General Agreement on Trade in Services (GATS) (WTO 2008), there are four principal ways to deliver international services, depending on the location of the supplier and the client. First, services can be delivered across national borders, whilst both the supplier and the client remain in their own home territory. This mode is called *cross-border supply*. Second, international services can be delivered via the *consumption abroad* mode, whereby consumers move from their own home territory in order to consume services provided in the foreign location of the service provider. Third, service providers establish their *commercial presence* and provide services to foreign customers in their home territory. Finally, through the *presence of natural persons* mode, service providers send their staff who travel from home country to provide services in the territory of the consumers. Table 2.2 documents the four basic modes of exporting international services, adapted from BCA (2007), OECD (2002), and WTO (2008).

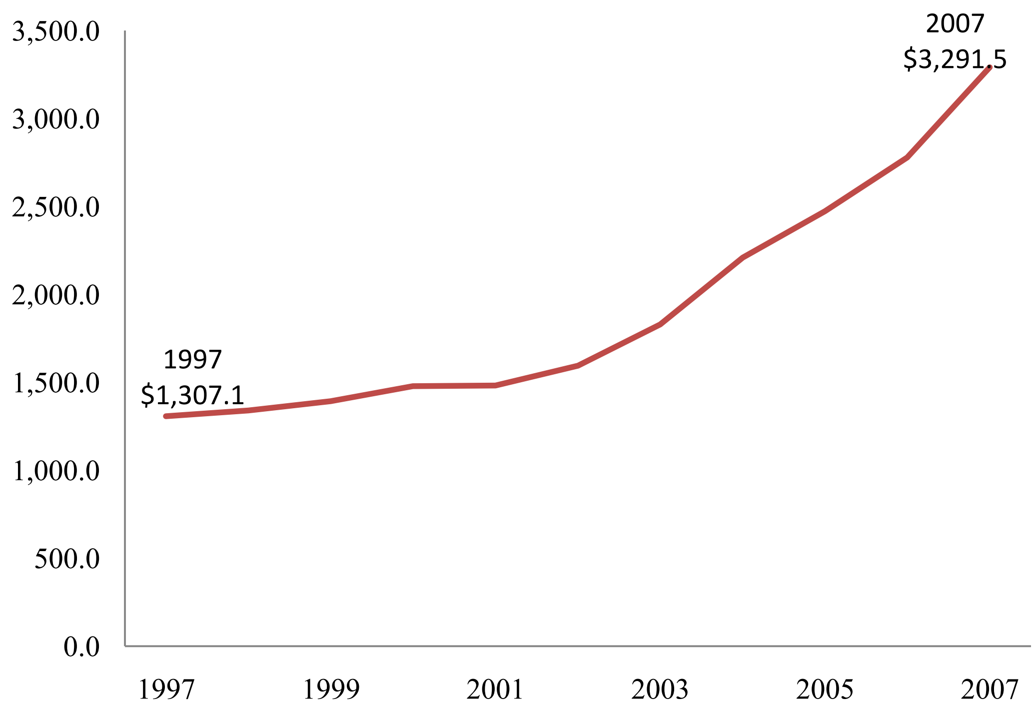
Table 2.2: Modes of international service delivery

Country A	*Country B*	Examples
Mode 1. Cross-border supply  		Call centres, broadcasting services, freight transportation services, correspondence courses, telediagnosis
Mode 2. Consumption abroad  		Tourism, education services, medical treatment, ship repair abroad
Mode 3. Commercial presence  		Banking, professional services, medical services by a foreign-owned hospital, courses by a foreign-owned school
Mode 4. Presence of natural persons  		Legal consulting services, construction services, financial auditing services

2.3.2. Global service exports

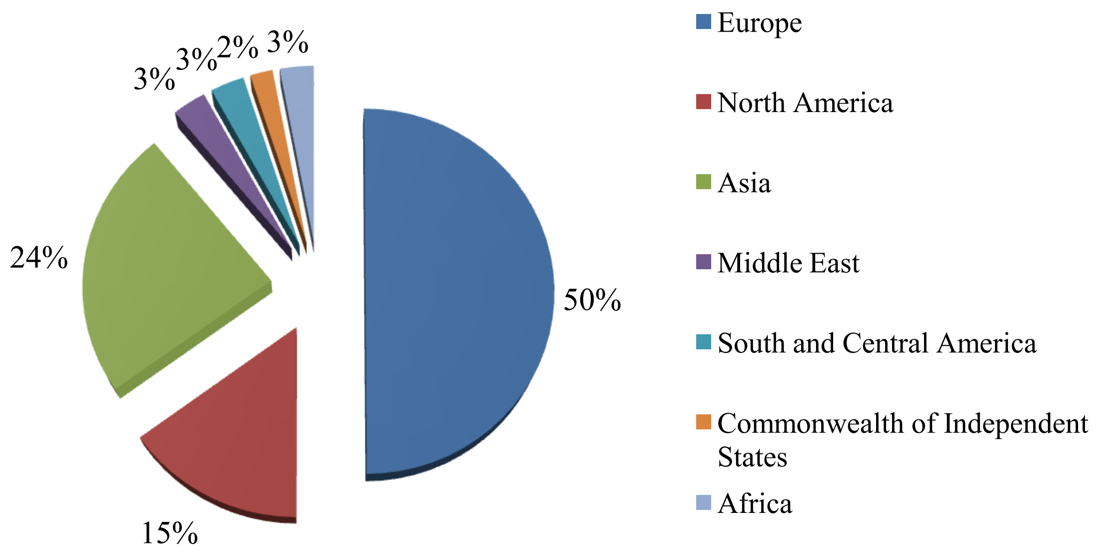
Services represent "the new frontier in international business for most businesses from the developed, post-industrial nations" (Knight 1999, p.356). Indeed, service industries form the largest and fastest growing sector of the global economy. Services generate approximately 35 per cent of GDP of lowest-income countries, and services account for more than 70 per cent of income and employment in OECD member economies (Hoekman and Mattoo 2008). During the 1980s and 1990s, trade in services grew faster than merchandise trade (WTO 2001). However, trade in merchandise recorded a higher growth rate in the early 2000s, due to the high commodity prices (WTO 2007). In 2007, the value of trade in commercial services increased by 18 per cent, faster than the value of trade in manufactured goods (15 per cent), for the first time in five years (WTO 2008). Total value of service exports was US$3.29 trillion in 2007, an increase of approximately 15 per cent from 2006 (US$2.78 trillion), accounting for just below 19 per cent of world exports (DFAT 2008; UNCTAD 2007b; WTO 2008). International trade in services was also ambitiously predicted to be more than 50% of world trade by 2020, representing enormous opportunities for service exporters (Austrade 2006; WTO 2001). Figure 2.1 shows a decade trend of global service exports, which have increased by more than 2.5 times since the 1997 value of 1,307.1 billion USD (WTO 2008).

Figure 2.1: Service exports value 1997-2007 in billions USD



More than 90 per cent of world trade in services is concentrated in Europe (50 per cent), Asia (24 per cent), and North America (15 per cent) (Figure 2.2). Within these geographic areas, the European Union, the United States, Japan, China, and India accounted for approximately two-thirds of world export of services (WTO 2008). Importantly, WTO (2008) has also highlighted that exports of services from India and China have increased by 28 per cent and 22 per cent respectively during 2000-2007, a much faster rate than the world average (12 per cent), or those of the European Union, Japan, and the United States.

Figure 2.2: Geographic concentration of world trade in services 2007



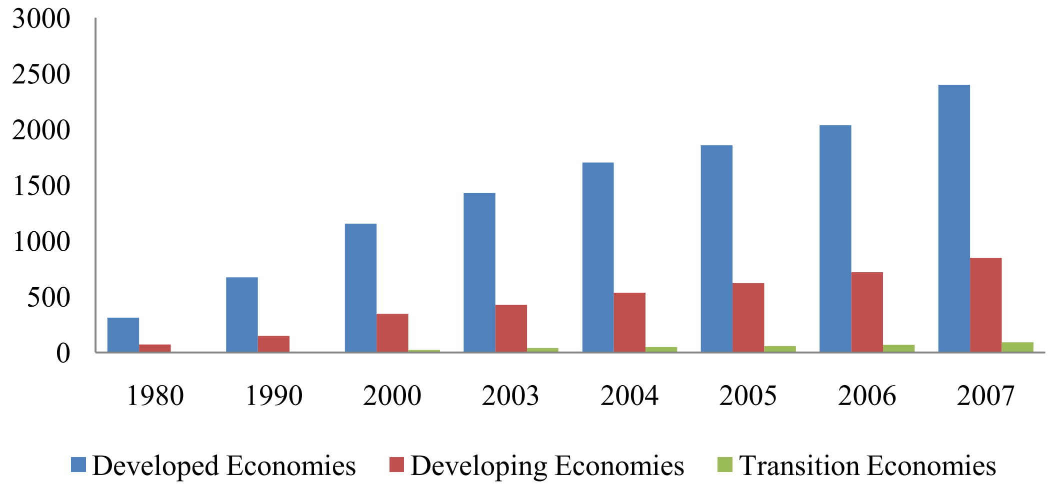
OECD member economies accounted for almost three-quarters of global service exports (OECD 2008b). The United States has been the largest single exporter of services, followed by the United Kingdom, Germany, and France (WTO 2008). In Asia, significant exporters of services include Japan, China, India, Hong Kong, Korea, Singapore, Taiwan, and Malaysia (Table 2.3) (WTO 2008).

Table 2.3: World's top service exporters in 2007

Country	World Rank	Value $US billion	% Contribution	Annual percentage change
United States	1	456.4	13.9	15
United Kingdom	2	273.0	8.3	18
Germany	3	205.8	6.3	15
France	4	136.7	4.2	16
Spain	5	128.3	3.9	21
Japan	6	127.1	3.9	10
China	7	121.7	3.7	33
Italy	8	110.5	3.4	13
India	9	89.7	2.7	20
Ireland	10	89.0	2.7	30
…..	…	…..	….	….
Hong Kong	12	82.7	2.5	14
Singapore	14	67.3	2.0	14
Republic of Korea	18	61.5	1.9	27
Australia	**24**	**39.7**	**1.2**	**23**
Taiwan	26	30.9	0.9	7
Thailand	27	28.8	0.9	17
Malaysia	30	28.2	0.9	30

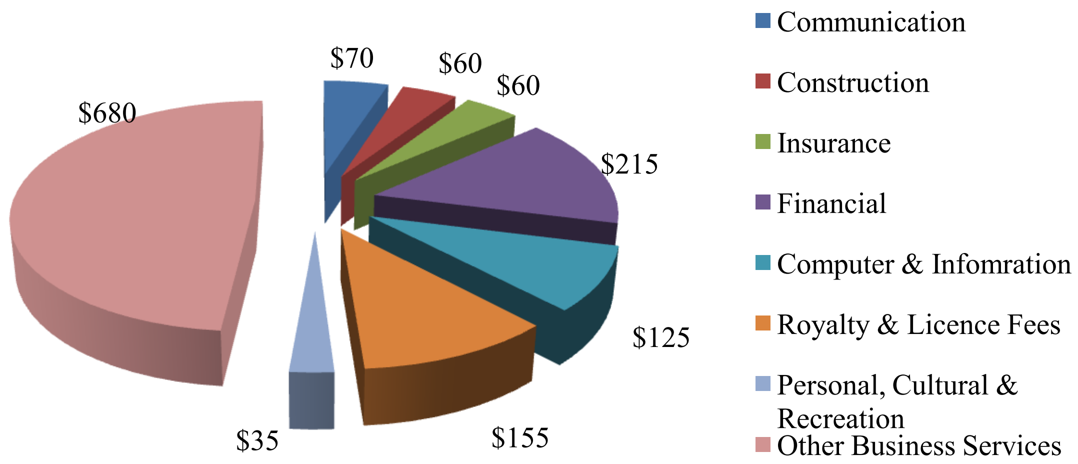
Information from UNCTAD (2008) indicates that developed economies contributed more than 70 per cent of the value of service exports in 2007, valued at approximately US$2.4 trillion (Figure 2.3). It is also noteworthy that transition economies achieved an average growth rate of more than 23 per cent during 2000-2007, higher than that of developing economies and developed economies, at around 19 per cent and 15 per cent respectively.

Figure 2.3: Value of service exports by economic groupings 2007, in millions USD



Transportation services and travel services accounted for approximately 50 per cent of total service exports in 2007, valued at US$750 billion and US$855 billion respectively (WTO 2008). Exports of other commercial services were valued at US$1,685 billion in 2007, comprising incomes from a wide range of service industries. Figure 2.4 shows the composition of global exports of other commercial services in 2006 (WTO 2008).

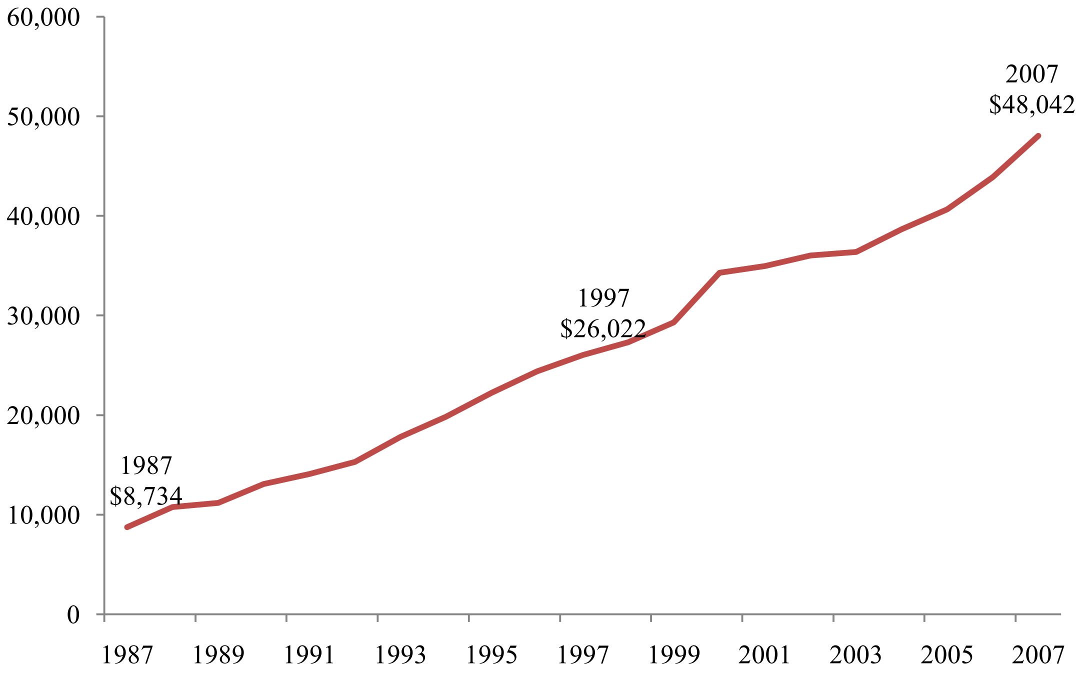
Figure 2.4: World exports of other commercial services in 2006, in billions USD



2.3.3. Australian service exports

Consistent with the global trend, service exports remain an important component of Australia‟s international trade. The total value of service exports was AU$48 billion in 2007, an increase of 9.4 per cent over the previous year (DFAT 2008). Australia‟s service exports have, in fact, almost doubled in the past 10 years and have grown more rapidly than agriculture, mining and manufacturing exports since the mid-1980s (DFAT 2006, 2007a, 2008). However, the average growth rate of Australian service exports during 2002-2007 was 6 per cent per annum, slower than that of global service exports (DFAT 2007a, 2008). Figure 2.5 shows a 20-year trend of Australian service exports from 1987 to 2007 (DFAT 2007a, 2008).

Figure 2.5: Australian service exports 1987 to 2007, in millions AUD



Service exports comprised approximately 21.4 per cent of Australia‟s total exports of goods and services in 2006-2007 (Figure 2.6). Service exports also accounted for approximately 4.5 per cent of Australian GDP, compared to 2.5 per cent in 1985 (DFAT 2007b, 2008).

Figure 2.6: Composition of Australian exports 2006 (DFAT 2007b)

NOTE:
This figure is included on page 30 of the print copy of the thesis held in the University of Adelaide Library.

Transportation services and travel services, which included business-related travel, education-related travel, and other personal travel, accounted for more than 70 per cent of total services exports in 2007 (Figure 2.7). Exportations of other commercial services were valued at AU$12,836 million (DFAT 2008).

Figure 2.7: Composition of Australia's services exports in 2007, in millions AUD

NOTE:
This figure is included on page 30 of the print copy of the thesis held in the University of Adelaide Library.

The United States, the United Kingdom, and China were Australia"s largest export markets for services, accounting for approximately AU$14.4 billion in 2007, a third of Australia"s total service exports (DFAT 2008). In terms of economic groupings, member economies of APEC and OECD accounted for the majority of Australian service exports in 2007. Australia exported $28.056 billion to APEC economies (58.4 per cent of total service exports), and $23.881 billion to OECD members (49.7 per cent). Figure 2.8 shows the geographic destinations of service exports from Australia in 2007.

Figure 2.8: Australia's service exports by regions (DFAT 2008)

NOTE:
This figure is included on page 31 of the print copy of the thesis held in the University of Adelaide Library.

There were over 2,600 exporters of services in Australia in 2006-2007 (excluding businesses providing insurance, financial, government or travel services), an increase of 5 per cent compared to 2005-2006 (ABS 2007). In terms of export value, 28 service firms had exports worth more than $100 million, accounting for 20.8 per cent of Australia"s services exports. While 1,672 businesses had services exports worth less than $1 million, they accounted for less than one per cent of the value of services exports (ABS 2007). These characteristics are documented in Table 2.4.

Table 2.4: Services exporters by export values, 2006-2007, in millions AUD

Export Values	*No. of exporters*	*Value ($m)*	*% of total value*	*% change from 2005-2006*
$100m or more	28	9,614	20.8%	12.3%
$1m - $100m	938	8,361	18.1%	8.7%
Less than $1m	1,672	434	0.9%	34.8%
Others	*Not available*	27,836	60.2%	10.1%

Australia"s exports of services have benefited from a wide range of contributing factors, ranging from rising incomes and changing preferences, to technological advances, deregulations and improved market access (BCA 2007). First, the global market for services has experienced exceptionally strong growth (La, Patterson, and Styles 2005). International trade in services is predicted to account for more than half of world trade by 2020, representing enormous opportunities for service exporters (Austrade 2006; WTO 2001). Second, a lot of trade barriers to exporting have been lowered and/or removed after the Uruguay Round of GATT negotiations and the opening of previously closed markets (Wymbs 2000). Third, there is an existing high recognition of Australian expertise in many overseas markets, especially in terms of the quality of services (Austrade 2006). Fourth, distance has become less critical for international marketers, as advances in technology make national borders less significant (Winsted and Patterson 1998). For instance, the Internet has made some services tradable and improved transaction economics for others (Kotabe, Murray, and Javalgi 1998; Wymbs 2000). Fifth, many services are embedded in physical products and are consequently exported with those products, making it a lot easier for the service exporter to enter that market (Austrade 2006). Finally, all Australian exporters have access to a vast range of resources provided by Austrade. Government support comes in the form of advice, expertise and training, as well as participation in programs such as the Export

Market Development Grant scheme, and the New Exporter Development Program (Austrade 2006).

2.4. International Services Marketing Research

The increasing demand for global services presents significant opportunities and challenges for international services marketers (Grönroos 1999; Javalgi and White 2002). However, research in this area is challenging, because it is difficult to generalise about services across different national cultures (Boddewyn, Halbrich, and Perry 1986). In this section, the growth in research on international services marketing and service exports is then reviewed, highlighting the need and timing of this current study.

2.4.1. The international services marketing literature

It has been widely claimed that theoretical developments in international services marketing research have not kept pace with the rapid globalisation of services (Álavarez-Gil et al. 2003; Cicic, Patterson, and Shoham 1999; Contractor, Kundu, and Hsu 2003; Knight 1999; La, Patterson, and Styles 2005). There is a surprising paucity of research in international services marketing, with the body of work to date remaining largely exploratory, descriptive and lacking strong theoretical base (Knight 1999).

Knight"s (1999) review of 31 leading marketing and international business journals yielded 124 articles on international services marketing. These 124 studies were published from 1980 to 1998, consisting of 61 empirical works and 63 conceptual, review, or viewpoint articles. Knight noted that international services research during this period had predominantly emphasised narrowly defined issues and been conducted in certain industries or international locations. As observed by Knight (1999) and Patterson and Cicic (1995), earlier research in international services has focused on areas including:

- classifications of international services (Boddewyn, Halbrich, and Perry 1986; Clark, Rajaratnam, and Smith 1996; Stafford and Day 1995);
- entry mode choice and strategies (Ekeledo and Sivakumar 1998; Erramilli 1990, 1991, 1992; Erramilli and Rao 1993; McLaughlin and Fitzsimmons 1996);
- barriers to internationalisation (Dahringer 1991);
- internationalisation process (Bhuian 1997; Kotabe 1995; McGoldrick and Ho 1992; Terpstra and Yu 1988); and
- differences among services and associated problems and implications for marketing strategies (Nicoulaud 1989; Patterson and Cicic 1995; Reardon, Erramilli, and D'Souza 1996).

Knight (1999) went on to conclude that between 1980 and 1998, international services research was in the exploratory phase and started to form its identity as an emerging research field. Such early developments and fragmented literature were important and necessary, however, as they facilitated the formulation of valid theory and conceptualisations (Kuhn 1970). Since the late 1990s, as recognised by Ekeledo and Sivakumar (1998) and Javalgi and White (2002), the international services marketing literature has grown rapidly. International services marketing has continued to develop as a viable research field, with several scholarly investigations into various dimensions of international services. A review of this literature was conducted, based on research published in leading marketing, management, and international business journals from 1999 to early 2009. The literature review yielded 8 groups of studies listed in Table 2.5. Please note that only the international service component was reported for studies that had investigated and compared services and manufacturing sector.

Table 2.5: International services marketing research 1998-2009

Major Research areas	*Studies*
1. Classification	Clark and Rajaratnam (1999)
2. Entry mode choices	Álavarez-Gil et al. (2003), Ball, Lindsay, and Rose (2008), Blomstermo, Sharma, and Sallis (2006), Bouquet, Hébert, and Delios (2004), Brouthers and Brouthers (2003), Contractor and Kundu (1998), Ekeledo and Sivakumar (1998), Ekeledo and Sivakumar (2004), Kennedy(2005), Laird, Kirsch, and Evans (2003), Sanchez-Peinado, Pla-Barber, and Hébert (2007)
3. Export performance issues	Chadee and Mattsson (1998), Cicic, Patterson, and Shoham (1999, 2002), Contractor and Mudambi (2008), Cort, Griffith, and White (2007), Gourlay, Seaton, and Suppakitjarak (2005), Javalgi, Griffith, and White (2003), Javalgi and Martin (2007), La, Patterson, and Styles (2005), Patterson, de Ruyter, and Wetzels (1999), Styles, Patterson, and La (2005), White, Griffith, and Ryans (1998)
4. International relationships	Doney, Barry, and Abratt (2007), Eriksson, Majkgård, and Sharma (1999), La, Patterson, and Styles(2009), Lindsay et al. (2003), Patterson and Smith (2001a, 2001b), Styles, Patterson, and La (2005)
5. Internationalisation process	Andersson (2006), Cicic, Patterson, and Shoham (1999), Coviello and Martin (1999), Javalgi and Martin (2007), Léo and Philippe (2001), Lindsay et al. (2003), Lommelen and Matthyssens (2005), Miller and Parkhe (1998), Roberts (1999)
6. Internationalisation strategies and performance	Alon and McKee (1999), Capar and Kotabe (2003), Contractor, Kundu, and Hsu (2003), Cort, Griffith, and White (2007), Grönroos (1999), Jain, Kundu, and Niederman (2008), Kirca (2005), Kotabe, Murray, and Javalgi (1998), Kotabe and Murray (2004), Lovelock (1999), O'Farrell, Wood, and Zheng (1998), Rugman and Verbeke (2008), Stare (2002), Taylor, Catalana, and Walker (2004)
7. Issues and challenges in internationalisation	Albers-Miller and Stafford (1999), Alexander and Colgate (2000), Fisk (1999), Grönroos (1999), Javalgi and White (2002), Katrishen and Scordis (1998), Lovelock (1999), Mattsson (2000), Meijboom and Houtepen (2002), Ochel (2002), O'Connor and Daniels (2001), Pauwels and de Ruyter (2005), Samiee (1999), Schulz (2005), van Birgelen, de Ruyter, and Wetzels (2000), Venard (2002), Wymbs (2000)
8. Literature review	Bryson (2001), Kundu and Merchant (2008), Merchant and Gaur (2008)

Research in international services, as demonstrated in Table 2.5, is diverse, extremely complex and multidisciplinary in nature (Clark and Rajaratnam 1999). However, further research is needed, as concluded by both Kundu and Merchant (2008) and Merchant and Gaur (2008). These scholars reviewed the literature published in four international business journals and only found 50 studies on services multinational enterprises during the 1971-2007 period (Kundu and Merchant 2008) and 44 studies undertaken in purely non-manufacturing sector from 2003 to 2007 (Merchant and Gaur 2008).

Noticeably, compared to the literature published before 1998, scholars have added two new dimensions. Those include studies into the issues associated with export performance of service firms (studies in research group 3, Table 2.5), and cross-border relationships (studies in research group 4, Table 2.5). In the next section, research on service export performance will be further analysed. An overview of the scant research into the export performance of service firms will be subsequently highlighted.

2.4.2. The service export performance literature

Exporting research has largely focused on manufacturing firms (Andersen 1993; Grönroos 1999). Very limited research attention has been given to the performance of services exporters and the associated key success drivers (Cicic, Patterson, and Shoham 2002; Knight 1999; La, Patterson, and Styles 2005, 2009). This section first highlights the differences in behaviours of service exporters and merchandise exporters.

2.4.2.1. Behaviours of service-oriented exporters versus product-oriented exporters

According to several authors, such as Andersson (2006), Chadee and Mattsson (1998), and Cadogan et al. (2002), service exporters and traditional merchandise exporters possess different characteristics and therefore exhibit distinctively different behaviours. Because of the special characteristics distinguishing services from merchandise goods, the internationalisation process of service firms requires more resources (Carman and Langeard 1980; Grönroos 1999). Therefore, it is more complex, challenging, risky, and time-consuming for service firms to internationalise their business operations (Andersson 2006; Knight 1999).

In addition, the degree of intangibility of services is inherently high, the production of which is often very close to the time of consumption, and largely influenced by inputs from consumers (Andersson 2006; Cadogan et al. 2002). As such, there is greater scope for service exporters to customise their service offerings, and the process is easier and quicker for them (Cadogan et al. 2002). In addition, due to the heterogeneous and inseparable nature of services, providers of international services typically maintain full control and prefer to use direct channels for their exporting services (Chadee and Mattsson 1998; Erramilli and Rao 1993). This result was confirmed by Patterson and Cicic (1995), who found that *direct representation* was the leading type of service delivery mode in three out of four groups of service categories in their study. Service exporters are also more market focused in their exporting activities. That is, they operate in a smaller number of international markets and their formulation of future establishment strategies is more efficient than that of merchandise exporters (Chadee and Mattsson 1998).

However, service exporters exhibit significantly lower levels of market oriented behaviour than product exporters (Cadogan et al. 2002). As their exchange environment is potentially more complex, service firms find it harder and more costly to gauge export marketing information, and to undertake the necessary activities to better serve customer needs in the foreign markets. Some inconsistent findings were also found with regards to the impact of export commitment or export market oriented behaviour on export performance of service versus merchandise suppliers. In Chadee and Mattsson‟s (1998) study, the performance of service exporters is determined by the level of export commitment and firm size to a much larger extent than for product-oriented exporters. Yet, Cadogan et al. (2002) suggested the direct impact of export market orientation on export performance was significant, positive, and of equal magnitude for both service and merchandise exporters. Cadogan et al. (2002) went one step further and found that the impact of export market orientation on profit performance of service and goods exporters was diametrically opposite when the level of environmental turbulence was extremely low or extremely high.

The findings discussed in this section suggest that the export behaviours of service providers are potentially different to those of good exporters. Surprisingly, researchers to date have given very limited attention to investigating the performance of service exporters and the factors associated with their international success. In the next section, an overview of the service export marketing literature is provided.

2.4.2.2. Recent service export performance research

Although "the future of global trade and research in services has never looked brighter", according to Clark and Rajaratnam (1999, p.309), research into the performance of service exporters has been limited. Out of the articles presented in Table 2.5, 12 studies investigated different factors associated with the international performance of service exporters. The characteristics of these 12 studies are summarised in Table 2.6.

Out of these 12 studies, nine empirical studies relied on a variety of theoretical foundations. The most popular conceptual premises included internationalisation theory (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 1999; Javalgi and Martin 2007; White, Griffith, and Ryans 1998) and resource-based view of the firm (Gourlay, Seaton, and Suppakitjarak

2005; Javalgi and Martin 2007; La, Patterson, and Styles 2005). Scholars collected data across different service industries, using surveys (Chadee and Mattsson 1998; Cort, Griffith, and White 2007; White, Griffith, and Ryans 1998), mixed method of in-depth interviews and surveys (Cicic, Patterson, and Shoham 2002; Patterson, de Ruyter, and Wetzels 1999), case study (Styles, Patterson, and La 2005), and public data (Contractor and Kundu 1998; Gourlay, Seaton, and Suppakitjarak 2005). Interestingly, the unit of analysis in all of these studies was the firm, with the exception of the research by Contractor and Mudambi (2008), who investigated export performance at country-level. No study has investigated the export performance of service firms at the venture level, despite Cavusgil and Zou‟s (1994) recognition that firms perform differently in different foreign markets.

In addition, scholars have empirically investigated a variety of factors driving the export performance of service firms. Firm size and management commitment/ management attitudes were found to be significant predictors of service export success (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 2002; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003; Patterson, de Ruyter, and Wetzels 1999; Styles, Patterson, and La 2005). Other variables driving the performance of service exporters include those associated with internal firm environment (Cort, Griffith, and White 2007; Styles, Patterson, and La 2005; White, Griffith, and Ryans 1998), external environment (Contractor and Mudambi 2008; Javalgi, Griffith, and White 2003), and export barriers (Cicic, Patterson, and Shoham 2002).

Furthermore, the performance indicators in these studies ranged from export revenues (Chadee and Mattsson 1998), export intensity represented by the ratio of export/foreign sales to total sales (Cicic, Patterson, and Shoham 2002; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003; White, Griffith, and Ryans 1998), propensity to export

(Cicic, Patterson, and Shoham 1999), to propensity to continue exporting (Patterson, de Ruyter, and Wetzels 1999), and satisfaction with performance (Cicic, Patterson, and Shoham 2002; Cort, Griffith, and White 2007; Javalgi, Griffith, and White 2003). This suggests organisational performance be multidimensional, with no single criterion being adequate (Bhargava, Dubelaar, and Ramaswami 1994; Lewin and Minton 1986).

To the researcher‟s knowledge, no study has yet investigated the impact of internal factors such as international experience/competence, resource commitment, and external factors such as home government assistance and competitive intensity in foreign markets. To date, the frameworks developed by Cicic, Patterson, and Shoham (1999), Javalgi and Martin (2007), and La, Patterson, and Styles (2005) appear to be the most comprehensive in capturing the factors associated with the international success of service firms. These frameworks take into account both internal (firm-specific resources and characteristics, service types, decision maker/management characteristics competitive advantage, and international advantage) and external factors (such as cultural distance, external environment, and host country factors). However, these frameworks remain purely conceptual. Therefore, they require extensive empirical testing.

Hence, a study on the export performance of service exporters appears both necessary and timely, for a variety of reasons. The study is first motivated by the paucity of research on the performance of service exporters (Javalgi and Martin 2007), and the need to address the lack of marketing knowledge in the traditionally „under-serviced‟ service sector (BCA 2007). It also responds to Javalgi and White‟s (2002) call for theoretical development that accounts for firm characteristics, management attitudes, and other determinants that drive the success of service providers in an international context. In addition, the outcomes of this research also address one of the top ten issues for future international service marketing research identified by Pauwels and de Ruyter (2005, p.6), by advancing marketing theories in relation to the "strategic and competitive strategies of global service providers".

2.5. Chapter Summary

Service trade and service exports have been and continue to be an important component of Australia‟s total international trade, underpinning the future growth and prosperity of the national economy. Despite the proliferation of inquiries about the different dimensions and contexts of services, researchers have only recently embarked on the beginning stage of exploring service science (Maglio and Spohrer 2008). As such, much research focus is needed to realise the importance of service industries, particularly the performance of service exporters. In the current business climate, it is increasingly crucial to understand the strategic forces behind the international success of these service firms (Samiee 1999), and the factors associated with their ability to compete and thrive in the global services markets (BCA 2007).

Table 2.6: Studies on export performance of service firms

Studies	***Theoretical foundation***	***Methodology and context***	***Level of analysis***	***Independent variables***	***Dependent variables***
Chadee and Mattsson (1998)	Internationalisation theory	Survey, n = 52, cross-sectional, New Zealand	Firm level	Export commitment Firm size Adaptation ability Direct channel Future strategy establishment	3-year change in export revenues
Cicic, Patterson, and Shoham (1999)	Internationalisation theory	Interviews, n = 21, cross sectional, Conceptual model	Firm level	Firm characteristics Decision maker characteristics Behavioural characteristics Service type and technology External environment Cultural distance Export motives	Propensity to export Market selection Entry mode choices
Cicic, Patterson, and Shoham (2002)	Strategy-structure-performance paradigm	Interviews Survey, n = 181, cross sectional, Australia	Firm level	Management support Internal barriers External barriers Positive attitudes to exporting Negative attitudes to exporting	Satisfaction with performance Confirmation of expectation Ratios of foreign to total sales
Contractor and Mudambi (2008)	Human capital theory	Analysis of panel data, n = 25, cross sectional, UK	Country level	Human capital IT infrastructure Business environment Wages	Total commercial service exports
Cort, Griffith, and White (2007)	Attribution theory	Survey, n = 152, cross-sectional, USA	Firm level	Unique service offering Financial resource commitment Competitive pricing Expectation of success	Satisfaction with international experience

Table 2.6: Studies on export performance of service firms (*continued*)

Gourlay, Seaton, and Suppakitjarak (2005)	Product cycle theory Technology gap trade Resource-based view	Analysis of published data, n = 1,468, cross sectional	Firm level	Firm size R&D intensity Exchange rate	Ratio of export to total sales
Javalgi, Griffith, and White (2003)	Eclectic theory	Survey, n = 228, cross-sectional, USA	Firm level	Firm size Market characteristics Management attitudes	Ratio of export to total sales Satisfaction with performance
Javalgi and Martin (2007)	Resource-based view Eclectic theory Internationalisation theory	Conceptual	Firm level	Firm level resources Management characteristics Firm characteristics Host country factors Competitive/ international advantage International market entry mode	International performance
La, Patterson, and Styles (2005)	Resourced-based view Contingency theory	Conceptual	Firm level	Services firm-specific resources Service types	Export performance
Patterson, de Ruyter, and Wetzels (1999)	Stages-of-internationalisation model	Interviews, n = 20 Survey, cross sectional, n = 347 (Australia) and n= 104 (Netherlands)	Firm level	Management commitment Client following Satisfaction with past efforts Export intensity	Propensity to continue exporting
Styles, Patterson, and La (2005)	Internationalisation theory	Case study, n = 17, cross-sectional, Australia	Firm level	Long-term commitment Relationship and network development Concept proved in Australia Patience Entrepreneurial spirit	Export performance
White, Griffith, and Ryans (1998)	Internationalisation theory	Survey, n = 124, cross-sectional, USA	Firm level	Number of international business trips Exporting being a desirable task Local conventions	Ratio of export to total sales

Chapter Three: International Relationship Marketing

3.1. Introduction

Over the recent decades, the global marketplace has undergone several "paradigm-breaking events" (Novicevic and Harvey 2004, p.378). These events include the deregulation of domestic markets, the evolution and advances in information and telecommunication technologies, and especially the integration of economies worldwide (Hitt, Keats, and DeMarie 1998; Nooteboom, Berger, and Nooriderhaven 1997). Global market integration has been facilitated by a gradual removal of various trade barriers and the establishment of several bilateral and multilateral free trade agreements in both developed and developing countries (Balabanis, Theodosiou, and Katsikea 2004; Douglas and Craig 1992). These environmental changes have, in turn, created a plethora of attractive opportunities for businesses, regardless of their sizes, industries, and national origins, to internationalise their operations. Scholars even suggested that participation in the global market is no longer an option for virtually all firms (Craig and Douglas 1996). As a consequence, there has been a rapid internationalisation of businesses and, subsequently, the emergence of global competition, which has become increasingly intense and dynamic (Balabanis, Theodosiou, and Katsikea 2004).

To be successful in the current competitive and hostile business landscape, international firms – especially those in the B2B markets (Day 2000; Zinkhan 2002), must successfully develop and maintain close business relationships with their overseas counterparts (Cannon, Achrol, and Gundlach 2000; Han, Wilson, and Dant 1993; Johnston, Lewin, and Spekman 1999; Lado, Boyd, and Hanlon 1997; Morgan and Hunt 1994). These business relationships encompass the connections between the firms with their partners, licensees, agents, distributors, subcontractors, customers, and suppliers (Thompson 1996). Close business relationships can offer the firms a variety of benefits, including improvements in efficiency, reduced costs, increased productivity, flexibility, organisational learning, and knowledge transfer (Claro, Hagelaar, and Omta 2003; Fink, Edelman, and Hatten 2006; Kale, Singh, and Perlmutter 2000).

Nevertheless, cross-border B2B relationships also present significant challenges (Doney and Cannon 1997). For instance, cross-border inter-firm relationships require substantial commitment of financial, technological, time, and human resources from both foreign firms and their local counterparts (Lee and Cavusgil 2006; Sharma, Young, and Wilkinson 2006; Zinkhan 2002). Yet another challenge is that international relationships are vulnerable with high risk of failure and shortcomings (Deligonul et al. 2005). More specifically, firms are exposed to greater vulnerability to opportunism, which ultimately impacts their performance and survival in foreign markets (Cannon, Achrol, and Gundlach 2000; Cavusgil, Deligonul, and Zhang 2004). Hence, firms must successfully construct appropriate structures to safeguard, govern, and strengthen their business exchanges (Weitz and Jap 1995), in order to maintain their foothold and competitive advantage in the global market in the 21st century (Zinkhan 2002).

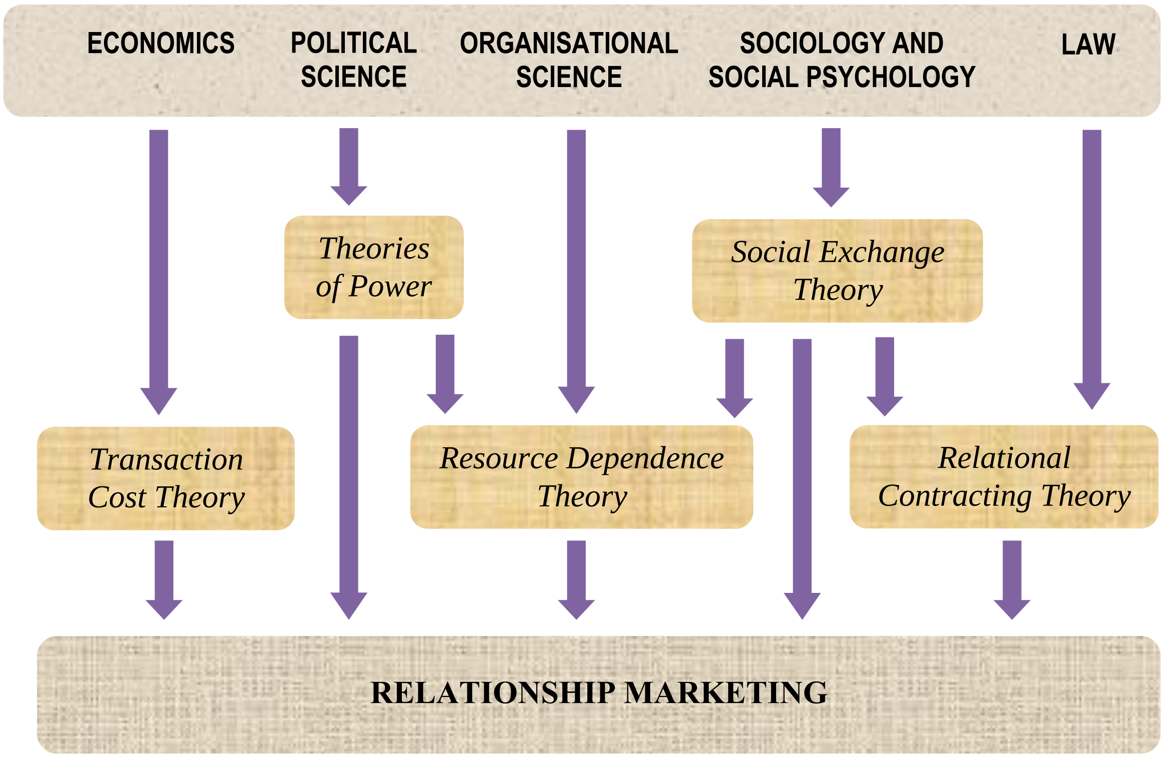
Researchers have, therefore, given much attention to what constitutes a successful business relationship and to the determinants of an optimal B2B exchange. Several scholars have highlighted the proliferation and importance of research on forming and managing cross-border inter-firm relationships (Ahmed, Patterson, and Styles 1999; Leonidou 2003; Skarmeas, Katsikeas, and Schlegelmilch 2002; Styles and Ambler 2000a). Nevertheless, very few studies published till the end of the last century, as Samiee and Walters (2003) identified, had investigated the relationships between exporters and their overseas clients. Surprisingly, the impact of managing foreign customer relationships, and the satisfaction received from it, on export performance has only received marginal empirical attention (Leonidou 2003). For instance, no study has investigated the impact of managing international relationships on international success from the perspective of services exporters. This is in spite of a widespread understanding in the export literature in recent years that the management of cross-border inter-firm relationships is a critical element to achieve export success (Evangelista 1996).

The rest of this chapter is structured as follows. First, a brief overview of the relationship marketing literature domain will be provided. This is followed by a review of the IRM literature. The review includes a summary and discussion of academic works published from 2000 to 2009. Based on the review, the researcher will highlight the gaps in IRM research, justifying the current study.

3.2. Relationship Marketing

According to Eiriz and Wilson (2006), scholars commenced research on relationships and networks in the 1970s, with academic works conducted in non-marketing areas such as economics, political sciences, sociology, social psychology, law, and organisational science. Research interests by marketing scholars intensified in the 1980s, with several calls for studies that would contribute to the development of marketing knowledge in this area. These calls include Hunt"s (1983, p.9) claim that "the primary focus of marketing is the exchange relationship" and Dwyer, Schurr, and Oh"s (1987) call for rigorous studies into business exchange behaviour. The first person who used the "relationship marketing" term was Berry (1983), credited by Bitner (1995), in his paper on services marketing. Relationship marketing (RM hereafter) has, over the last two decades, received substantial research attention from marketing scholars and become an integral and dominant paradigm in marketing theory (Eiriz and Wilson 2006; Grönroos 1994; Holden and O'Toole 2004; Zinkhan 2002). The variety of theoretical backgrounds of RM is illustrated in Figure 3.1, adapted from Eiriz and Wilson (2006).

Figure 3.1: Theoretical foundations of RM research



Additionally, RM is a multidimensional construct (Egan 2004). There is, currently, no unified definition for RM in the literature (Brodie et al. 1997). Overall, Harker (1999) identified and analysed a total of 26 different definitions of RM, the majority of which have been built to suit the different requirements of different studies. In Berry‟s (1983, p.25) paper, RM was defined as "attracting, maintaining and […] enhancing customer relationships". However, this definition did not comprehensively cover other aspects of the relationship, according to Grönroos (1994, 1997), and Morgan and Hunt (1994), who stated RM is:

> "to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises" (Grönroos 1997, p.327); and

> "all marketing activities directed toward establishing, developing and maintaining successful relational exchanges" (Morgan and Hunt 1994, p.22).

The current study investigates RM phenomenon from the perspective of service firms. Hence, the definitions of RM by Berry (1983), Grönroos (1994, 1997), and Morgan and Hunt (1994) were adopted. That is, RM involved

> "all marketing activities directed toward establishing, developing, maintaining, and enhancing successful relationships with customers, at a profit, so that the objectives of both parties are met."

Furthermore, the sophisticated nature of RM is also demonstrated by various relational constructs that have been researched. Plewa (2005) summarised some of the key relational constructs discussed in the RM literature as follows:

- trust and commitment (Grönroos 1991; Morgan and Hunt 1994);
- communication (Duncan and Moriarty 1998; Sharma and Patterson 1999);
- conflict handling (Morgan and Hunt 1994; Webb and Hogan 2002);
- interaction (Grayson and Ambler 1999; Grönroos 1991);
- reciprocity (Sharma and Patterson 1999; Sin et al. 2002);
- customer satisfaction (Hennig-Thurau, Gwinner, and Gremler 2002; Morgan and Hunt 1994);
- values (Gummesson 2002; Morgan and Hunt 1994; Sin et al. 2002);
- time focus (Grönroos 1991; Hunt, Lambe, and Wittmann 2002);

- relationship-specific investments (Anderson and Weitz 1992; Cannon and Perreault 1999);
- relational or ongoing exchanges (Gordon 1998; Hunt, Lambe, and Wittmann 2002; Morgan and Hunt 1994);
- structural and social bonding (Liljander and Roos 2002; Perry, Cavaye, and Coote 2002; Rao and Perry 2002; Ravald and Grönroos 1996);
- organisational structure (Egan 2004; Gordon 1998); and
- internal marketing (Christopher, Payne, and Ballantyne 1991).

3.3. International Relationship Marketing

As global markets become increasingly integrated and global competition intensifies, international firms face significant challenges to maintain strong business relationships with foreign customers (Leonidou, Katsikeas, and Hadjimarcou 2002). Compared to managing domestic relationships, it is far more complex and challenging to sustain foreign ones (Cunningham 1980). As "relationship marketing means different things in different cultures" (Palmer 1997, p.321), the establishment of successful relationships in the overseas markets is a time-consuming and lengthy process (Leonidou 2003; Turnbull 1987).

In addition, scholars have highlighted the existence of various barriers facing foreign firms their relationship building (Leonidou 2004). These barriers involve or result from the differences in objectives, business goals, expectations, and roles, as well as the physical, cultural, social, and other variations and uncertainties in different international environments (Cavusgil 1998; Ford 1984; Leonidou 2003; Morgan and Katsikeas 1998; Samiee and Walters 2003, 2006; Skarmeas 2006). Additionally, communication problems and different consumer expectations raise further challenges (Håkansson and Johanson 1988; Homburg et al. 2002). Despite these, Evangelista (1996) emphasises that sustaining successful international relationships is highly desirable, as the exporting firms and their partners share resources, knowledge, and expertise. Therefore, their success will largely depend on the management of these working relationships (Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994).

To achieve successful relationships, exporting firms are required to have a thorough understanding of what they would like to achieve from them, how much resources they should invest in such relationships, and the importance of managing such relationships in order to obtain superior export performance (Ford 1980; Leonidou and Kaleka 1998). Researchers have, therefore, identified the specific dynamics of international B2B relationships as a major research stream that deserves theoretical development in the international business arena (Parkhe 1993). This has resulted in numerous studies being published on various dimensions of inter-firm relationships in different buyer-seller contexts over the past three decades.

Consistent with the RM literature, IRM issues, particularly on exporter-importer relationships, attracted research interests in the 1980s and was pioneered by the IMP group (Leonidou, Barnes, and Talias 2006; Samiee and Walters 2003). Early works in the 1980s, such as those by Cunningham (1980), Håkansson (1982), Leonidou (1989a, 1989b), Rosson and Ford (1980, 1982), and Wortzel and Wortzel (1981), showed that scholars started to recognise the interaction between buyers and sellers in an international context and the potential role of B2B relationships in their performance. However, Douglas and Craig (1992, p.297) concluded that "while the management of buyer-seller relationships has become an increasingly important issue…, the complexity of buyer-seller relationships in an international context has been sadly neglected". This leaves a large gap in the IRM literature that was pursued by scholars in the 1990s.

According to Styles and Ambler (2000a), IRM-related studies were still limited in the 1990s, despite an increase in research interest (Ahmed, Patterson, and Styles 1999; Bello and Gilliland 1997; Cavusgil 1998; Kaleka, Piercy, and Katsikeas 1997; Karunaratna and Johnson 1997; Kashlak, Chandran, and Di Benedetto 1998; Katsikeas 1992; Katsikeas and Piercy 1990a, 1990b, 1993; Leonidou and Kaleka 1998; Piercy, Katsikeas, and Cravens 1997). However, it appears that the development of new conceptual framework has been much faster than empirical testing, leaving several gaps in the IRM literature during this period (Pressey and Mathews 2000; Samiee and Walters 2003), although the critical role of managing international relationships has long been recognised (Johnston, Lewin, and Spekman 1999).

Samiee and Walters (2003) reviewed the literature published before 2001 and identified 24 empirical studies addressing RM in an international context. Of these, eight were conducted in a truly international scope (which involved relationships with overseas customers or suppliers), including five studies on downstream relationships. The scant research examining relationships with customers is surprising, given that firms tend to be most concerned about their direct sources of revenues, which in this case are customers (Samiee and Walters 2003). Additionally, the review yielded only six studies examining relationship outcomes and that in general, IRM studies have shared very few central construct. According to Samiee and Walters (2003, 2006), these variables included:

- Relationship longevity (Haugland 1999);
- Perceptions of suppliers (Ford 1984);
- Different dimensions of task performance (Abramson and Ai 1998; Chadee and Zhang 2000; Smith and Barclay 1997);
- Relationship conflict (Sachdev, Bello, and Verhage 1995);

- Relationship commitment (Grayson and Ambler 1999; O'Malley, Patterson, and Evans 1997; Söllner 1999);
- Relationship trust (Chien and Moutinho 2000; Hallén, Johanson, and Seyed-Mohamed 1991); and
- Some other relational variables, such as information exchange, perceived fairness and power (de Ruyter, Wetzels, and Lemmink 1995; Elg and Johansson 1996; Kumar, Scheer, and Steenkamp 1995; Pressey and Mathews 2000).

In addition, cultural factors were absent from most studies reviewed. Methodological issues have also weakened these studies. For instance, a large proportion of the identified research used non-random samples and involved data from a single nation (Samiee and Walters 2003).

Notably, while some of the studies in Samiee and Walters‟ (2003) review investigated services industries (Alexander and Colgate 2000; Brennan 1997; Grayson and Ambler 1999; Kumar and Scheer 1995; Kumar, Scheer, and Steenkamp 1998; O'Toole and Donaldson 2000; Pressey and Mathews 2000; Söller 1999), only a few studies examined international RM in an export setting (Abramson and Ai 1998; Chadee and Zhang 2000; Sachdev, Bello, and Verhage 1995) and only one was conducted in Australia (Ong, Elliott, and Armstrong 1990). Surprisingly, the impact of managing foreign customer relationships on the export performance of the firms has received marginal empirical attention (Leonidou 2003). No study to date has investigated the impact of managing international relationships on international success from the perspective of service exporters.

3.4. Review of Recent IRM Literature

Since Samiee and Walters‟s (2003) review of the fragmentation and scarcity in IRM literature, several scholars have called for research that investigates relational variables in cross-border inter-firm relationships, especially in an exporting context. Leonidou (2003, p.138), for instance, highlighted the need to apply the RM paradigm to exports, arguing that "export should be seen as a process of establishing, developing, and sustaining customer relationships in international markets at both strategic and tactical levels". Leonidou, Katsikeas, and Hadjimarcou (2002, p.108), went one step further, suggesting firms "treat exporting as a bundle of business relationships". IRM research proliferated, during the 2001 – early 2009 period, with a large number of studies investigating the cross-border B2B relationships, based on a diverse range of theoretical foundations, and from a variety of perspectives.

For this section, the researcher conducted a literature review on IRM studies published from 2000 with a focus on buyer-seller relationships in international markets, including some studies published in the year 2000 that had not been included in Samiee and Walters" (2003) review. In addition, the review excludes IRM research on the following areas:

- Selection of foreign channel members by exporters (Benito, Pedersen, and Petersen 2005; Eriksson, Hohenthal, and Lindbergh 2006; Ma 2006);
- Headquarter-subsidiary relationship (Hewett and Bearden 2001; Novicevic and Harvey 2004);
- International alliances, partnerships and networks (Cullen, Johnson, and Sakano 2000; Jennings et al. 2000; Krishnan, Martin, and Noorderhaven 2006; Lee and Cavusgil 2006; Mehta et al. 2006; Nakos and Brouthers 2008; Phan, Styles, and Patterson 2005; Pitt et al. 2006; Reuer and Ariño 2007; Robson and Katsikeas 2005; Robson, Katsikeas, and Bello 2008; Rodríguez and Wilson 2002; Santoro and McGill 2005; Sarkar et al. 2001; Wahyuni, Ghauri, and Karsten 2007; Welch and Wilkinson 2004);

- International joint ventures (Currall and Inkpen 2003; Griffith, Zeybek, and O'Brien 2001; Lin and Wang 2002; Luo 2002, 2005, 2007; Ng, Lau, and Nyaw 2007; Robson, Leonidou, and Katsikeas 2002; Robson, Spyropoulou, and Al-Khalifa 2006; Shrader 2001; Styles and Hersch 2005); and
- Cross-national research focusing on domestic relationships (Hewett, Money, and Sharma 2006; Song, Benedetto, and Zhao 2008; Zabkar and Brencic 2004).

This review of IRM literature yielded 53 studies published from 2000 to early 2009, and is summarised in Table 3.1.

Table 3.1: IRM studies on cross-border buyer-seller relationships

Studies	*Theoretical foundation/ background*	*Methodology and context*	*Level of analysis*	*Independent /mediating/moderating variables*	*Dependent variables*
Ahmed (2009)	Anderson and Weitz‟s (1992) framework	Survey, n=125, CS, Australia and Thailand	Dyad	Affective commitment Calculative commitment	Relationship performance
Andersen and Kumar (2006)	Emotions theory Channel literature	Conceptual	Dyad	States of emotions Behavioural outcomes	Trust
Beaujanot, Lockshin, and Quester (2006)	Market orientation perspective Channel literature	Survey, n=77, wine industry, Australia	DNS REL	Customer orientation Interfunctional coordination Distributor characteristics	Export performance
Bello, Chelariu, and Zhang (2003)	Relationalism Channel literature Resource dependence theory	Survey, n=290, CS, MI, USA	DNS REL	Resource in adequacy Manufacturer‟s dependence Volatile market conditions Human content Relationalism	Distributor‟s performance
Cavusgil, Deligonul, and Zhang (2004)	Transaction cost economics Channel literature	Survey, n=142, CS, 4 MI, USA	DNS REL	Trust Formal contract Legal environmental hostility	Distributor opportunism
Chelariu, Bello, and Gilliland (2006)	Institutional perspective	Survey, n=188, CS, MI, USA	DNS REL/VEN	Regulatory volatility Perceived foreignness Locus of control Legalistic pleas Recommendations	Economic export performance
Chryssochoidis and Theoharakis (2004)	Exporter-importer dyadic perspective Exporting paradigm	Survey, n=217, CS, Greece	UPS REL	Product technological sophistication Product and service quality characteristics Price competitiveness Import as corporate objective Exporter‟s trust	Dyad‟s attainment of competitive advantage

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	*Theoretical foundation/ background*	*Methodology and context*	*Level of analysis*	*Independent /mediating/moderating variables*	*Dependent variables*
Deligonul and Cavusgil (2006)	Transaction cost economics Channel literature	Survey, n=141, CS, MI, USA	DNS REL	Uncertainty Trust Mutual adaptation Control	Legal ordering/ Relational ordering
Deligonul et al. (2005)	Resource-based view	Survey, n=142, CS, 4 MI, USA	DNS REL	Leverage with manufacturer Relational commitment Relational responsiveness Opportunism Relational longevity Satisfaction with distributor	Distributor switching likelihood
Doney, Barry, and Abratt (2007)	Theory on trust	Survey, n=202, aviation component repair services, CN	UPS REL	Social interaction Open communications Customer orientation Service quality Perceived value Trust	Loyalty commitment Share of purchase
Dyer and Chu (2000)	Social embeddedness theory Process-based perspective Economic perspective	Survey, n=453, automotive products, USA, Japan, Korea	DNS REL	Relationship length Relationship continuity Face-to-face communication Assistance to supplier	Trust
Friman et al. (2002)	Commitment-trust theory	Case study, n=5, 3 SI, UK, Australia, Sweden	DNS REL	Relationship termination costs Relationship benefits Shared values Communication Opportunistic behaviour Trust Relationship commitment	Long- term relationship

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Gençtürk and Aulakh (2006)	Transaction cost economics Contract law Sociological exchange perspective	Survey, n=129, CS, MI, USA	DNS REL	Relationship structure Relational norms Control Host market uncertainty	Relationship effectiveness
Griffith and Myers (2005)	Supply chain theory Culture theory	Survey, n=92, MI, USA	UPS REL/Firm	Information exchange Flexibility Solidarity	Firm performance
Gripsrud, Solberg, and Ulvnes (2006)	Market orientation perspective Channel literature	Survey, n=117, 3 industries, CS, Norway	DNS REL/VEN	Trust in representative Information from representative Information from other sources Relationship length	Export performance
Ha, Karande, and Singhapakdi (2004)	Structure-conduct-outcomes framework	Survey, n= 192, CS. Korea	UPS REL	Dependence Cooperation Satisfaction Trust	Commitment
Havila, Johanson, and Thilenius (2004)	Social interaction/ social exchange framework	Interviews, n=98, CS, CN	Triad	Social interaction	Trust Commitment
Homburg et al. (2002)	Satisfaction paradigm Confirmation/ disconfirmation paradigm Equity theory	Survey, n=529, CS, MI, USA and Germany	DNS REL	Perceived quality Perceived flexibility Perceived information sharing Transnationality	Customer satisfaction
Ivens (2006)	Relational exchange theory Culture paradigm	Survey, n=121, CS, MI, Germany	DNS REL	Usage of multidimensionality scaling to identify relevant dimensions of relational behaviour of foreign customers	

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	*Theoretical foundation/ background*	*Methodology and context*	*Level of analysis*	*Independent /mediating/moderating variables*	*Dependent variables*
Katsikeas, Skarmeas, and Bello (2009)	Trust-performance perspective	Survey, longitudinal, n=214, CS, MI, UK	UPS REL	Internal uncertainty External uncertainty Inter-firm psychic distance Transaction specific assets Opportunism Trust Interdependence	Importer performance
La, Patterson, and Styles (2009)	Resource-based theory Contingency theory Satisfaction paradigm	Survey, n=218, CS, SI, Thailand and Malaysia	UPS REL	Competitive resources Perceived performance Client perceived value Country of origin International experience Client buying experience	Client satisfaction
Lee et al. (2008)	Reciprocal action theory	Survey, n=200, CS, MI, USA	UPS REL	Business performance Cultural distance Satisfaction Commitment Benevolence	Reciprocity
Lee et al. (2004)	Social exchange theory Citizenship behaviour Altruism perspective	Survey, n=201, CS, MI, USA	UPS REL	Social satisfaction Economic satisfaction Affective commitment Calculative commitment Altruistic benevolence Mutualistic benevolence Relationship length	Relationship performance

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Leonidou (2003)	Relational paradigm Export paradigm	View point	REL	Exporting management involves the process of managing a portfolios of relationships with foreign customers, and other business partners/stakeholders in the wider network	
Leonidou, Barnes, and Talias (2006)	Exporter-importer relationship paradigm	Survey, n=151, CS, MI, USA	DNS REL	Uncertainty Distance Conflict	Relationship quality
Leonidou and Katsikeas (2003)	Channel literature Inter-organisational power	Survey, n=201, CS, MI, USA	DNS REL	Mediated and non-mediated influence strategies	Relationship atmosphere dimensions
Leonidou, Katsikeas, and Hadjimarcou (2002)	Exporter-importer relationship paradigm	Survey, n=201, CS, MI, USA	DNS REL	Organisational dimensions Export involvement dimensions Foreign operation dimensions Latent atmosphere dimensions Manifest atmosphere dimensions	Problematic vs. harmonious relationships
Leonidou, Palihawadana, and Theodosiou (2006)	Neoclassical microeconomic paradigm Resource dependence paradigm Transaction costs economics Network paradigm	Survey, n=122, CS, MI, Greece	DNS REL	Understanding Distance Trust Dependence Adaptation Communication Commitment Conflict Cooperation	Satisfaction
Leonidou, Talias, and Leonidou (2008)	Channel literature Perspective on inter-organisational power	Survey, n=151, CS, MI, USA	DNS REL	Exercised coercive power Exercised non-coercive power Conflict Satisfaction Trust	Relationship commitment

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Matthyssens and Faes (2006)	Channel literature	Case study, n=5, USA	DNS REL	Two models of channel leadership/management form Chinese relational perspective	
Medlin, Aurifeille, and Quester (2005)	IMP framework	Survey, n=83, Software industry, Australia, NZ, Malaysia, Singapore	Dyad REL/Firm	Relationship experience Future orientation Economic goals Inter-firm coordination dimensions	Relationship performance
Petersen, Pedersen, and Benito (2006)	Channel literature Agency theory	Survey, longitudinal, n=258, CS, MI, Denmark	DNS REL	Incentives provided by exporters Performance of intermediaries	Termination propensity of exporters
Pettersen and Rokkan (2006)	Human agency perspective Channel literature	Survey, n=96, Seafood industry, France	UPS REL	Cultural knowledge Cultural adaptation Communication	Conflict tolerance
Pressey and Tzokas (2004)	Channel literature	Survey, n=212, CS, UK	DNS REL	Social bonds Trust Commitment	Relationship performance
Roath, Miller, and Cavusgil (2002)	Transaction cost economics Agency theory Institution theory	Conceptual	DNS REL	Organisational factors Environmental factors	Relational governance (legal orientation and behavioural orientation)
Roath and Sinkovics (2006)	Uppsala internationalisation model	Survey, n=141, CS, MI, USA	DNS REL	Learning orientation Relationship commitment Trust Flexibility	Satisfaction
Samiee and Walters (2006)	Channel literature Supply chain system	Conceptual	Supply chain	International context Electronic commerce Knowledge development & learning UPS versus DNS exchanges Commitment and trust	Efficiency Relationship performance

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Sharma, Young, and Wilkinson (2006)	Channel literature	Survey, n=93, CS, India	Mix UPS/ DNS REL	Dimensions of relational commitment	Relational commitment
Skarmeas (2006)	Channel literature	Survey, n=177, CS, MI, UK	UPS REL	Exporter‟s opportunism Exporter‟s cultural sensitivity Exporter‟s asset specificity Functional conflict	Importer‟s future purchase intention
Skarmeas, Katsikeas, and Schlegelmilch (2002)	Transaction cost economics	Survey, n=216, CS, MI, UK	UPS REL	Exporter‟s opportunism Exporters‟ cultural sensitivity Environmental volatility Importer‟s transaction specific investments Relationship commitment	Relationship performance
Skarmeas et al. (2008)	Internationalisation theory Transaction cost economics Power−dependence theory	Survey, n=292, CS, MI, UK	UPS REL	Psychic distance Environmental Uncertainty Role performance Transaction specific investments	Relationship quality
Skarmeas and Katsikeas (2001)	Channel literature	Survey, n=177, CS, MI, UK	UPS REL	Dependence Interdependence asymmetry Transaction specific investments Relationalism Trust	High versus low import performers relationships with exporters
Skarmeas and Robson (2008)	Power-dependence theory Transaction cost economics	Survey, n=292, CS, MI, UK	UPS REL	Exporter‟s role performance Exporter‟s cultural sensitivity Exporter‟s asset specificity	Relationship quality (trust, commitment, satisfaction, conflict)

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Solberg (2006a)	Agency theory Channel literature	Survey, n=178, CS, MI, Norway	DNS REL/VEN	Control modes Mode of operation Stage of relationship	Export performance
Solberg (2006b)	Agency theory Transaction cost economics Channel literature	Survey, n=178, CS, MI, Norway	DNS REL/VEN	Process drivers Structural drivers Control modes Relationship quality	Export performance
Solberg and Nes (2002)	Transaction cost economics Agency theory	Survey, n=120, CS, MI, Norway	DNS REL/VEN	Comparisons of three entry mode choices	Trust Commitment Control Export performance
Styles and Ambler (2000a)	Six main theoretical domains identified by Ahmed, Patterson, and Styles (1999)	Viewpoint	REL	The authors made several suggestions for future research in performance-oriented relationship marketing	
Styles and Ambler (2000b)	Exporting paradigm Internationalisation theory Social exchange theory Channel literature	Survey, n=434, CS, MI, UK, Australia	DNS REL	Market commitment Relationship intensity Trust Relationship commitment	Business performance
Styles, Patterson, and Ahmed (2008)	Structure-construct-performance framework Resource-based theory Relational exchange theory	Survey, n=125, CS, MI, Thailand, Australia	Dyad REL	Interpersonal factors Firm factors Perception of investment Perception of dependence Dependence Trust Commitment	Relationship performance

Table 3.1: IRM studies on cross-border buyer-seller relationships (*continued*)

Studies	***Theoretical foundation/ background***	***Methodology and context***	***Level of analysis***	***Independent /mediating/moderating variables***	***Dependent variables***
Wu et al. (2007)	Organisational capability perspective Resource-based theory	Survey, n=142, CS, MI, USA	DNS REL/VEN	Trust Knowledge sharing Formal contract Local market competence Distributor opportunism	Manufacturer competitiveness in export market
Yalcinkaya and Griffith(2006)	Culture paradigm Channel literature	Survey, n=228, CS, MI, cross-national	UPS REL	Cultural dimensions Asset specificity Type of market Uncertainty	Self-perceived power
Yu, Liao, and Lin (2006)	Transaction cost economics Relational contracting theory	Survey, n=93, CS, MI, China	UPS REL	Formal governance mechanisms Trust Relationship length Assistance giving routines	Suppliers" transaction specific investments
Zhang, Cavusgil, and Roath (2003)	Social exchange theory Channel literature	Survey, n=142, CS, MI, USA	DNS REL/VEN	Cultural distance Environment hostility Dependence on distributor Trust Relational norms	Manufacturer competitiveness in export market

Notes:

CS = Cross Sectional; MI = Manufacturing Industries; SI = Service Industries

DNS = Downstream; UPS = Upstream; REL = Relationship; VEN=Venture

As evidenced in Table 3.1, scholars have undertaken various investigations of different aspects of buyer-seller relationships in a variety of international settings. An analysis of the studies in this literature review yielded the following observations.

First, the channel management literature formed the principal foundation for these IRM studies. Several studies, in addition, utilised an integrated theoretical approach, incorporating more than one theory. Overall, 35 different theoretical frameworks were applied in these 53 IRM studies. Not only has the application of such a large number of theories enriched the development of IRM knowledge, it also shows IRM to be a complex and multi-faceted phenomenon that creates cross-discipline research opportunities.

Second, the majority of the recent IRM literature, 47 studies, involved empirical investigations. There were four conceptual papers (Andersen and Kumar 2006; Roath, Miller, and Cavusgil 2002; Samiee and Walters 2006), and two viewpoints (Leonidou 2003; Styles and Ambler 2000a). The principal data collection method of approximately 95% of these empirical works was a survey, supported by some exploratory/preliminary in-depth interviews. In addition, scholars also utilised qualitative methods in IRM research, including case studies (Friman et al. 2002; Matthyssens and Faes 2006) and in-depth interviews (Havila, Johanson, and Thilenius 2004).

Third, IRM researchers investigated buyer-seller relationships from a variety of perspectives. These included 28 downstream studies from the perspective of the sellers/manufacturers, 16 upstream investigations of the buyers/distributors/intermediaries, and one paper that collected data from both buyers and sellers (Sharma, Young, and Wilkinson 2006). Importantly, significant research efforts were invested in four dyadic studies (Ahmed 2009; Andersen and Kumar 2006; Medlin, Aurifeille, and Quester 2005; Styles, Patterson, and Ahmed 2008), and one triadic study (Havila, Johanson, and Thilenius 2004). Samiee and Walters (2006) even made 17 research propositions in their paper from the perspective of the entire supply chain.

Fourth, the principal unit of analysis of the recent IRM studies was a selected relationship between the buyer and the seller. However, several studies adopted a multi-level unit of analysis, linking the B2B relationship with the performance of the buyer/seller in a selected export market (Chelariu, Bello, and Gilliland 2006; Gripsrud, Solberg, and Ulvnes 2006; Solberg 2006a, 2006b; Solberg and Nes 2002; Styles and Ambler 2000b; Wu et al. 2007; Zhang, Cavusgil, and Roath 2003), or the overall performance of the firm (Griffith and Myers 2005; Medlin, Aurifeille, and Quester 2005).

Fifth, the data collected in the empirical works was cross-sectional in nature, with a focus on the manufacturing sector. Importantly, two studies, including Katsikeas, Skarmeas, and Bello (2009), and Petersen, Pedersen, and Benito (2006), collected longitudinal data. In addition, five studies focused on one particular industry such as wine (Beaujanot, Lockshin, and Quester 2006), aviation repair service (Doney, Barry, and Abratt 2007), automotive products (Dyer and Chu 2000), software (Medlin, Aurifeille, and Quester 2005), and seafood industry (Pettersen and Rokkan 2006). Surprisingly, only four studies by Doney, Barry, and Abratt (2007), Friman et al. (2002), La, Patterson, and Styles (2009), and Medlin, Aurifeille, and Quester (2005) were conducted in an international service context. This leaves a large gap in the literature, given the increasingly important contributions of service providers to global trade (Chapter Two).

Sixth, IRM research was conducted predominantly in the USA and Europe, with a single-country focus. Cross-national data was only found in nine studies (Ahmed 2009; Dyer and Chu 2000; Friman et al. 2002; Havila, Johanson, and Thilenius 2004; Homburg et al. 2002;

La, Patterson, and Styles 2009; Medlin, Aurifeille, and Quester 2005; Styles, Patterson, and Ahmed 2008; Yalcinkaya and Griffith 2006).

Seventh, IRM studies suggested cross-border inter-firm exchange, can involve two forms of governance mechanisms, contractual-based and relational-based governance (Cavusgil, Deligonul, and Zhang 2004; Gençtürk and Aulakh 2006; Roath, Miller, and Cavusgil 2002; Wu et al. 2007; Yu, Liao, and Lin 2006). These two sets of governance mechanisms create a win-win situation for a firm and its business partners (Yu, Liao, and Lin 2006) and are regarded as key building blocks in the management of modern business exchanges (Nevin 1995). The recognition of contractual-based governance and relational-based governance in IRM research is consistent with RM researchers‟ findings in domestic settings, such as (Cannon, Achrol, and Gundlach 2000; Heide 1994; Poppo and Zenger 2002), who concluded that the decisions of a firm regarding its governance of B2B relationships involve several complex issues (Heide 2003) and at times „messy details‟ (Carson et al. 1999, p.129).

Contractual-based governance emphasises the extent to which a contract or a formalised, legally-binding agreement is implemented in the business exchanges (Ferguson, Paulin, and Bergeron 2005), in order to govern an inter-firm relationship (Lee and Cavusgil 2006). By signing the contracts, both parties explicitly specify roles and responsibilities to be performed, identify the agreed outcomes to be delivered, and determine the processes to address the possible unforeseen circumstances and contingencies (Dwyer, Schurr, and Oh 1987; Lusch and Brown 1996; Moorman, Deshpandé, and Zaltman 1993; Poppo and Zenger 2002; Williamson 1985). Surprisingly, IRM scholars have not examined the role of contractual-based governance in the performance of the relationship between the firms and their foreign customers. The reviewed IRM studies indicated that:

- Formal governance mechanisms employed by foreign manufacturers help protect the transaction-specific investments made by local suppliers (Yu, Liao, and Lin 2006);
- Formalised and explicit contracts enable the firm to develop stronger competence in the foreign market (Wu et al. 2007);
- Formalisation of the relationships between the firms is detrimental to norm-based governance and is positively related to vertical control of the manufacturer on their marketing decisions in the foreign market (Gençtürk and Aulakh 2006); and
- Contracts have no significant impact on distributor opportunism (Cavusgil, Deligonul, and Zhang 2004; Wu et al. 2007).

On the other hand, relational-based governance refers to the strength of social norms present in the exchanges (Ferguson, Paulin, and Bergeron 2005; Noordewier, John, and Nevin 1990; Paulin, Perrien, and Ferguson 1997). Relational-based governance is based on the premise that social or personal relationships play an important role in all transactions (Granovetter 1985; Ring and van de Ven 1992). A very similar argument has also been made by Heide (1994), that transactional exchanges actually encompass behavioural or relational features. IRM scholars have investigated relational-based governance via two different ways. The first approach was found in Bello, Chelariu, and Zhang (2003), Gençtürk and Aulakh (2006), and Zhang, Cavusgil, and Roath (2003), who had treated relational-based governance as a higher-order construct consisting of different relational norms. This approach was consistent with other RM studies such as Boyle et al. (1992), Brown, Dev, and Lee (2000), Claro, Hagelaar, and Omta (2003), Heide and John (1992), Jap and Ganesan (2000), Kaufmann and Dant (1992), Kaufmann and Stern (1988), and Noordewier, John, and Nevin (1990). In the second approach, however, each different relational norm was investigated separately on its own as a distinct construct. IRM authors undertaking this approach examined various relational norms such as:

- *Trust* (Andersen and Kumar 2006; Cavusgil, Deligonul, and Zhang 2004; Chryssochoidis and Theoharakis 2004; Deligonul and Cavusgil 2006; Doney, Barry, and Abratt 2007; Dyer and Chu 2000; Friman et al. 2002; Gripsrud, Solberg, and Ulvnes 2006; Ha, Karande, and Singhapakdi 2004; Havila, Johanson, and Thilenius 2004; Katsikeas, Skarmeas, and Bello 2009; Leonidou, Palihawadana, and Theodosiou 2006; Leonidou, Talias, and Leonidou 2008; Pressey and Tzokas 2004; Roath and Sinkovics 2006; Samiee and Walters 2006; Skarmeas and Robson 2008; Skarmeas and Katsikeas 2001; Styles and Ambler 2000b; Styles, Patterson, and Ahmed 2008; Wu et al. 2007; Yu, Liao, and Lin 2006; Zhang, Cavusgil, and Roath 2003);
- *Commitment* (Ahmed 2009; Deligonul et al. 2005; Doney, Barry, and Abratt 2007; Friman et al. 2002; Ha, Karande, and Singhapakdi 2004; Havila, Johanson, and Thilenius 2004; Lee et al. 2008; Lee et al. 2004; Leonidou, Palihawadana, and Theodosiou 2006; Pressey and Tzokas 2004; Roath and Sinkovics 2006; Samiee and Walters 2006; Sharma, Young, and Wilkinson 2006; Skarmeas, Katsikeas, and Schlegelmilch 2002; Skarmeas and Robson 2008; Styles and Ambler 2000b; Styles, Patterson, and Ahmed 2008);
- *Communication and information exchange* (Doney, Barry, and Abratt 2007; Friman et al. 2002; Griffith and Myers 2005; Gripsrud, Solberg, and Ulvnes 2006; Homburg et al. 2002; Leonidou, Palihawadana, and Theodosiou 2006; Leonidou, Talias, and Leonidou 2008; Pettersen and Rokkan 2006);
- *Dependence* (Ha, Karande, and Singhapakdi 2004; Leonidou, Palihawadana, and Theodosiou 2006; Skarmeas and Katsikeas 2001; Styles, Patterson, and Ahmed 2008; Zhang, Cavusgil, and Roath 2003);

- *Conflict* (Leonidou, Barnes, and Talias 2006; Leonidou, Palihawadana, and Theodosiou 2006; Leonidou, Talias, and Leonidou 2008; Pettersen and Rokkan 2006; Skarmeas 2006; Skarmeas and Robson 2008);
- *Flexibility* (Griffith and Myers 2005; Homburg et al. 2002; Roath and Sinkovics 2006);
- *Cooperation* (Ha, Karande, and Singhapakdi 2004; Leonidou, Palihawadana, and Theodosiou 2006);
- *Power* (Leonidou, Talias, and Leonidou 2008; Yalcinkaya and Griffith 2006);
- *Assistance giving behaviour* (Dyer and Chu 2000; Yu, Liao, and Lin 2006); and
- *Relationship continuity* (Dyer and Chu 2000), *solidarity* (Griffith and Myers 2005), and *reciprocity* (Lee et al. 2008).

Finally, much research is needed to enrich the IRM literature, especially in relation to how to successfully manage international inter-firm relationships whilst achieving optimal international performance (Lane 2002; Yu, Liao, and Lin 2006). The impact of managing foreign relationships on export performance deserves further empirical research attention (Leonidou 2003; Leonidou, Katsikeas, and Hadjimarcou 2002; Styles and Ambler 2000a). There is also scant research investigating how to establish and maintain successful relationships in a B2B service context (Doney, Barry, and Abratt 2007; Gounaris and Venetis 2002). The IRM literature review yields no study that investigates the impact of managing international relationships on the international successes from the perspective of service exporters. This is surprising, as service marketers were pioneers in the embracement and application of the RM concept (Sin et al. 2002). The IRM literature has confirmed Brown, Dev, and Lee"s (2000) observation that the B2B exchange of services remains a relatively untapped field of research. Therefore, a study into the role and determinants of long-lasting and successful business relationships is timely and critical, and of great interest to business practitioners and marketing scholars alike.

3.5. Chapter Summary

The global marketplace is characterised as highly integrated, volatile, and increasingly competitive. This, in turn, presents international firms with several significant challenges, including how to maintain successful inter-firm relationships across national borders (Leonidou and Katsikeas 2003; Weitz and Jap 1995). Academic inquiries into the IRM-related phenomena have increased over the past two decades. However, this growing body of literature, according to Skarmeas et al. (2008), has not kept pace with the growth of global inter-organisational transactions.

In this chapter, the researcher has first briefly introduced the RM and IRM concept. In light of Samiee and Walters‟s (2003) review of the early IRM literature, the researcher then conducted a review of the IRM studies published from the year 2000 onwards. The literature review provided an opportunity to investigate the role and determinants of cross-border B2B relationships, from the perspective of service exporters. These relational exchanges, or „exchange relationship‟ as branded by Czepiel (1990), include contractual-based governance and relational-based governance mechanisms. In the following chapter, the theoretical foundations for the study will be discussed.

Chapter Four: Theoretical Foundation

4.1. Introduction

To investigate the key success drivers of service exporters, the researcher reviewed both international services marketing and IRM literature streams. Recent academic works in these two research domains have utilised a diverse range of theoretical frameworks. Similar to previous research, this study relies on an integrated theoretical approach. An integrated theoretical approach is beneficial as it takes advantage of the complementary role of the well-established theories and thereby provides the researchers with a more comprehensive view of the research phenomenon. Three well-established theories that had been widely used in product-oriented and domestic-focused research laid the foundation for this study. These theories included the resource-based view of the firm, transaction cost economics, and the relational exchange theory.

Notably, authors such as Johanson and Vahlne (1990) and O'Farrell, Wood, and Zheng (1998) questioned the applicability of the knowledge on the internationalisation of manufacturing firms in a service setting. Conversely, Boddewyn, Halbrich, and Perry (1986) have argued that theoretical development generated from research in the manufacturing sector can in fact form a solid foundation for studying the service sector. This argument has received strong empirical support from scholars undertaking research in both international services marketing and IRM over the past two decades (Erramilli and Rao 1993; Friman et al. 2002; Javalgi, Griffith, and White 2003; Javalgi and White 2002; Katrishen and Scordis 1998; Styles and Ambler 2000b). These scholars argue that no single theory can explain the complexity and diverse nature of the international marketing of services (Clark, Rajaratnam, and Smith 1996). In addition, according to Drucker (1992), a new transnational firm is likely to be a service firm. As such, the integrated approach of combining various well-established theoretical constructs is deemed suitable, emphasising the need for extension and modification of traditional theories (Javalgi and White 2002) in order to "evolve to accommodate new realities and economic life" Axinn and Matthyssens (2002, p.445). Due to the scant international services marketing literature, such approach also reflects Gummesson‟s (2005, p.318) view on theory that "a theory is a roadmap and a good roadmap makes it possible to navigate in a territory that is unknown to the traveller". Each theory will be briefly discussed in this chapter.

4.2. Resource-Based View of the Firm

Scholars have employed resource-based view of the firm (RBV hereafter) in various research settings since the 1980s (Wernerfelt 1984). RBV views the firm as the source of competitive advantage (Capron and Hulland 1999) and focuses on how a sustainable competitive advantage is generated when a firm use its internal resources (assets and capabilities) (Barney 1991; Conner 1991; Conner and Prahalad 1996; Ling-yee and Ogunmokun 2001; Peteraf 1993; Teece, Pisano, and Shuen 1997). Accordingly, RBV recognises that resources are imperfectly mobile and heterogeneous across the firms (Hunt and Morgan 1995). Such resources are internal assets, management skills, organisational processes, information, and knowledge (Barney, Wright, and Ketchen 2001; Bharadwaj 2000; Srivastava, Fahey, and Christensen 2001). In order to make it possible for a firm to develop and sustain a competitive advantage, these resources should meet four characteristics, including being rare, valuable, inimitable, and non-substitutable (Barney 1991).

Additionally, the success of a firm, according to RBV, is dependent on both the environment in which it operates as well as its ability to shape that environment in the marketplace (Conner 1991; Ekeledo and Sivakumar 1998). Hence, as long as a firm knows how to utilise its resources and maintain its competitive advantages, it will achieve superior performance (Collis and Montgomery 1995; Wernerfelt 1984). According to Dhanaraj and Beamish (2003), RBV is valuable for export marketing research as it provides a rich theoretical framework on which various export models can be conceptualised and empirically tested. The usefulness of RBV has, therefore, captured the attention of export marketing scholars (Dhanaraj and Beamish 2003; Ling-yee and Ogunmokun 2001; Morgan, Kaleka, and Katsikeas 2004; Morgan, Vorhies, and Schlegelmilch 2006; Piercy, Kaleka, and Katsikeas 1998). In the specific context of this study, the researcher argues that a service provider will be successful in its exporting activities when it possesses strong internal resources and is able to utilise these resources to obtain a competitive advantage. More specifically, the possession of these resources enables a firm to identify idiosyncrasies in export markets, to develop the necessary marketing strategies and implement them effectively, thus achieving successful export performance (Aaby and Slater 1989; Bodur 1994; Hunt, Froggatt, and Hovell 1967; Madsen 1987; Morgan, Kaleka, and Katsikeas 2004; Zou and Stan 1998). These research findings have, importantly, been supported by scholars undertaking international services marketing research (Coviello and Martin 1999; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi and Martin 2007; La, Patterson, and Styles 2005; Laird, Kirsch, and Evans 2003).

In addition, the application of RBV has been extended to IRM research (Deligonul et al. 2005; La, Patterson, and Styles 2009; Styles, Patterson, and Ahmed 2008; Wu et al. 2007). Scholars adopting this view argue that a successful handling of business relationships with overseas customers is a valuable source of competitive advantage in international markets (Sharma, Young, and Wilkinson 2006; Wilkinson and Young 2005). According to Roath and Sinkovics (2005), RBV provides a strong foundation on which relationship specific investments are seen to contribute to satisfying relationships, supporting the development of international strategy (Kogut 1985), thereby facilitating the creation of competitive advantage

(Hamel, Doz, and Prahalad 1989). More specifically, a competitive advantage is sustained if the involved parties are able to develop unique and difficult-to-imitate capabilities in a cross-border B2B relationship (Dyer and Singh 1998; Roath, Miller, and Cavusgil 2002). This, in turn, leads the firm to higher performance (Noordewier, John, and Nevin 1990; Rosson and Ford 1982). In other words, a sound and proper management of cross-border relationships enable international firms to achieve superior performance in exporting markets (Aulakh, Kotabe, and Sahay 1996; Day 2000; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Leonidou, Talias, and Leonidou 2008; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 2000b; Zhang, Cavusgil, and Roath 2003).

4.3. Transaction Cost Economics

Transaction cost economics (TCE hereafter) has been considered a robust and influential theory for governance research since the 1970s (Alter and Hage 1993; Buckley and Casson 1988; Casson 1991, 1993; Holden and O'Toole 2004; Milgrom and Roberts 1992; Ring and van de Ven 1992; Sako 1992; Simon 1993; Stern and Reve 1980; Zaheer and Venkatraman 1995). Based on the premise of Coase"s (1937) work, TCE has been refined, reformulated, expanded, and corrected over the past few decades. A meta-analysis conducted by Geyskens, Steenkamp, and Kumar (2006) yielded more than 200 empirical studies employing TCE as their theoretical foundation.

Contemporary research has relied on the landmark works of Williamson (1975, 1979, 1981, 1985, 1991, 1993a, 1993b, 1996) in his investigations of governance-related phenomena. According to TCE, firms engaging in inter-organisational relationships face potential opportunistic behaviour from their partners, and several exchange hazards including specialised asset investments, difficulty in performance measurement, and uncertainty (Williamson 1985, 1991, 1996). Hence, managers develop governance arrangements that stipulate “comprehensive contracting whereby all relevant future contingencies pertaining to the supply of a good or service are described and discounted with respect to both likelihood and futurity” (Williamson 1985, p.69). These arrangements are seen as contractual safeguards that help minimise the costs and performance loss resulting from exchange hazards (Heide 1994; Joskow 1988). The usage of contract may increase in conjunction with an increase in hazards (Klein, Crawford, and Alchian 1978; Williamson 1985). These safeguards ensure the terms of transactions will be enforceable (Ring and van de Ven 1992), thereby protecting firms from potential opportunism (Osborn and Baughn 1990). They also set specific parameters of expected behaviours, and establishing the processes to address unforeseen circumstances and contingencies (Antia and Frazier 2001; Dwyer, Schurr, and Oh 1987; Lusch and Brown 1996; Moorman, Deshpandé, and Zaltman 1993; Poppo and Zenger 2002; Wuyts and Geyskens 2005).

Remarkably, the extent to which contracts are used in governing business relationships has been mixed in the literature. In Macaulay‟s (1963) seminal study, no contracts were used in most business dealings because they are costly to draft and enforce. In addition, for firms that have good knowledge of their partners, according to Samiee and Walters (2003), doing business without a contract is generally unproblematic. Nevertheless, Rubin (1990, p.108) points out that there has been „no decrease in the commercial use of contracts, and no decrease in the length or complexity of the rather formidable documents that circulate in so many industries‟. This is supported by Roxenhall and Ghauri (2004), who consider the signing of the contract a ritual in today‟s business dealings because contracts affirm the existence of the agreements or business deals.

According to Roath, Miller, and Cavusgil (2002), a contract is generally a detailed agreement that stipulates an offer made and accepted between two or more parties and deemed beneficial to each party involved. It enables the firms to monitor, control, and assess each other‟s behaviours (Wu et al. 2007). When entering a contract, firms need specify the extent to which their contractual agreement is detailed (Williamson 1991). Contracts vary in terms of their explicitness, hardness, concreteness (Lusch and Brown 1996), or „presentiation‟ (Macneil 1980). „Presentiation‟ refers to the extent to which an explicit contract attempts to see into the future and explicitly state how various potential future situations would be handled. A contract can be unwritten, oral, informal, or simply an „understanding‟ (Ring and van de Ven 1992). On the other hand, contracts could be formulated in a formal and detailed manner. Brown, Cobb, and Lusch (2006) and Lusch and Brown (1996) refer to written and formal contracts as explicit contracts. Formal contracts are defined as "agreements in writing between two or more parties, which are perceived, or intended, as legally binding" (Lyons and Mehta 1997, p.241), in which "each party makes expenditures, receives benefits, and confers benefits on the other party at various times" (Goldberg 1980, p.339). Contracts set and enforce specific parameters on expected behaviours and what the partner can legitimately do (Antia and Frazier 2001; Cannon, Achrol, and Gundlach 2000; Wuyts and Geyskens 2005). Explicit contracts also specify roles and responsibilities to be performed by the involved parties, identify the agreed outcomes to be delivered, and determine the processes to address the possible unforeseen circumstances and contingencies (Dwyer, Schurr, and Oh 1987; Lusch and Brown 1996; Moorman, Deshpandé, and Zaltman 1993; Poppo and Zenger 2002; Williamson 1985).

Contractual compliance, therefore, can only be achieved when both parties honour such mutual agreement (Thompson 1996). That is achieved when the firm and its partners carry out both formal and informal promises (Buckley and Casson 1988), perform the agreed tasks with competence (Sako 1992), and are able to deal with unforseen contingencies in a fair and consistent manner (Kreps 1990), with reference to a common set of expectations about acceptable behaviour specified in the contract (Zucker 1986). Any misuse of contracts could result in irreconcilable conflict that could potentially be harmful to the performance of the exchange partners (Lusch and Brown 1996). Hence, detailed contracts facilitate the management of inter-firm conflict (Ring and van de Ven 1992) by formally specifying rewards and punishment in the contract, establishing long-term orientation and commitment, as well as providing for alternative partners in the case of exchange defects (Williamson 1985). Through the threat of legal enforcement, contracts allow firms to protect themselves against their partners" opportunistic (Cannon and Perreault 1999; Joskow 1987; Williamson 1985) or unethical behaviours (Yu, Liao, and Lin 2006).

A contract is especially beneficial when its usefulness is perceived to be greater than its cost (Roxenhall and Ghauri 2004), and a contract is particularly important in the situation where one party is highly uncertain about the ability of the other party to perform in accordance with the specified agreement (Chetty and Wilson 2003; Chien and Moutinho 2000; de Mattos, Sanderson, and Ghauri 2002; Håkansson and Wootz 1975; Hallén, Johanson, and Seyed-Mohamed 1991). As a result, by establishing the directions (Ghauri 1986, 1988) and highlighting the promises and obligations of the parties to perform specific actions in the future (Macneil 1978), contracts are used to coordinate the involved parties" activities (Roxenhall and Ghauri 2004) and function as a means of increasing security (Glaister and Buckley 1997). Formal and explicit contracts are regarded as mechanisms to reduce risk and uncertainty (Lusch and Brown 1996; Macneil 1980) and thereby create a better balance and improve the stability of the relationships (Bucklin and Sengupta 1993).

TCE has been an influential framework in IRM research (Ahmed, Patterson, and Styles 1999; Cavusgil, Deligonul, and Zhang 2004; Deligonul and Cavusgil 2006; Gençtürk and Aulakh 2006; Leonidou, Palihawadana, and Theodosiou 2006; Roath, Miller, and Cavusgil 2002;

Skarmeas, Katsikeas, and Schlegelmilch 2002; Skarmeas et al. 2008; Skarmeas and Robson 2008; Solberg 2006b; Solberg and Nes 2002; Styles and Ambler 2000a; Yu, Liao, and Lin 2006). From an exporting perspective, contractual arrangements play a significant role in facilitating the management of cross-border business relationships. Contractual arrangements help structure the relationships between exporters and foreign counterparts, by reducing risks and uncertainties in those relationships (Bello and Williamson 1985; Cavusgil, Deligonul, and Zhang 2004; Zhang, Cavusgil, and Roath 2003). Importantly, when signing a contract, exporters should understand that the enforcement of, and adherence to, contracts vary substantially in different countries (Zhang, Cavusgil, and Roath 2003). This is because of the significant cultural differences in recognising rights, liabilities, and interpretations of the fine line between a contractual breach and a potential tortuous act (Cavusgil, Deligonul, and Zhang 2004). As a result, it has been found that contractual compliance largely depends on the external environment in which they are carried out (Cavusgil, Deligonul, and Zhang 2004; Erramilli, Agarwal, and Dev 2002; Luo 2005; Novicevic and Harvey 2004; Thompson 1996), the ability of the firm to gain access to a great deal of local knowledge (Casson 1991), and the commitment and effectiveness of top management of the firms (Novicevic and Harvey 2004; Taylor and Beechler 1996).

However, scholars such as Macaulay (1963) and Macneil (1980) have criticised the shortcomings of legal contracts for governing modern exchange because they overemphasise efficiency and cost minimisation whilst failing to consider relational norms. The importance of relational norms in governing business exchanges is discussed in the following section.

4.4. Relational Exchange Theory

TCE is criticised for being purely rational, utilitarian, and favouring a self-interest orientation (Paulin, Perrien, and Ferguson 1997), over-focusing on efficiency and cost minimisation

(Zhang, Cavusgil, and Roath 2003), and overemphasising the use of explicit contractual safeguards (Dyer and Singh 1998). Relational exchange theory (RET hereafter) overcomes such weaknesses by encouraging exchange partners to effectively govern their relationships by focusing on relational norms (Heide and John 1992). Pioneered by Macneil (1978, 1980, 1985, 2000), RET is based on early studies of social exchange by Emerson (1962, 1976) and Homans (1958). RET considers the dynamic interaction between exchange partners (Ganesan 1994; Goldberg 1979) and acknowledges relational dimensions in managing inter-firm relationships (Granovetter 1985; Heide 1994; Heide and John 1992). Granovetter (1985) and Ring and van de Ven (1992) suggest that social or personal relationships play an important role in all economic transactions. A very similar argument has also been made by Heide (1994), that transactional exchanges actually encompass behavioural or relational features. These components provide significant inputs, such as monitoring of the relationship (Ouchi 1979) or necessary adjustment to changes in environmental circumstances (Macneil 1978) and, into the ongoing maintenance of the relationships (Heide 1994). Hence, relational norms form a distinctive mechanism of governance (Macneil 1980) that helps manage a successful inter-organisational relationship.

Compared to contractual-based governance, relational-based governance is considered a less explicit form of governance mechanism (Yu, Liao, and Lin 2006). This relational perspective has been given a variety of names in literature, such as „self-enforcing governance‟ (Dyer and Singh 1998), „procedural governance coordination‟ (Sobrero and Schrader 1998), „social embeddeddness‟ (Uzzi 1997, 1999), or simply „relationism‟ (Antia and Frazier 2001; Bello, Chelariu, and Zhang 2003; Gundlach, Achrol, and Mentzer 1995; Noordewier, John, and Nevin 1990; Skarmeas and Katsikeas 2001). Relational-based governance "is embodied in both the structure and the process of an inter-organisational relationship" and refers to "interfirm exchange which includes significant relationship-specific assets" (Zaheer and

Venkatraman 1995, p.374). As a crucial governance mechanism, it captures the management of inter-firm interactions (Heide and John 1988), the establishment of joint actions in a business relationship (Bensaou and Venkatraman 1995; Heide and Miner 1992), and an ongoing and proactive intent of the firms to manage the complexity and dynamics of the relationship (Gundlach, Achrol, and Mentzer 1995; Heide 1994; Lusch and Brown 1996).

Relational-based governance is reflected by a critical set of relational norms that forms a hallmark of relational exchange (Bradach and Eccles 1989; Brown, Dev, and Lee 2000; Gundlach and Achrol 1993; Gundlach and Murphy 1993; Macneil 1980). In general, norms represent "a principle of right action binding upon the members of a group and serving to guide, control, or regulate proper and acceptable behaviour" (Macneil 1980, p.38). To date, researchers have identified and distinguished several levels of norms. These include social norms that are applied to entire society (Gouldner 1960; Williamson 1993a), industrial norms that govern particular industries (Macaulay 1963), and more specifically individual transaction norms that are developed between individual firms or within a group of firms (Bettenhausen and Murnighan 1980; Gundlach, Achrol, and Mentzer 1995). In an inter-firm relationship, norms are defined as "expected patterns of behaviour" (Lipset 1975, p.173), and "guidelines for the initial probes that potential exchange partners may make towards each other" (Scanzoni 1979, p.68). Several studies have supported this notion by characterising relational norms as shared and appropriate sentiments and behaviours within an exchange relationship (Axelrod 1986; Bendor and Mookherjee 1990; Boyle et al. 1992; Dant and Schul 1992; Gibbs 1981; Heide 1994; Heide and John 1992; Macneil 1983; Noordewier, John, and Nevin 1990; Sheng et al. 2006; Thibaut 1968). Relational norms develop over time (Macneil 1978; Williamson 1985) through a socialisation process that enables the understanding and endorsement of expectations amongst exchange partners (Ferguson, Paulin, and Bergeron 2005). In addition, relational norms also require ongoing acceptance and commitment from all parties in a relationship in working cooperatively together in order to achieve both individual and mutual goals (Cannon, Achrol, and Gundlach 2000; Weitz and Jap 1995). For instance, relational norms control the relationship by indicating that exchange partners will act in ways that assist each other for the entire course of their relationship (Joshi and Campbell 2003).

Relational-based governance is a multidimensional phenomenon (Heide and John 1992), a complex organisational arrangement (Dyer and Singh 1998), and a composite factor of several underlying dimensions (Poppo and Zenger 2002). Although several different but related dimensions of relational-based governance have been discussed, the literature has not yet achieved a consensus on the characterisation of relational-based governance (Heide and John 1990; Zhang, Cavusgil, and Roath 2003). An extensive description and summary of relational norms can be found in Ivens and Blois (2004) and will be further discussed in Chapter Six.

Similar to contractual-based governance, relational-based governance results in the mitigation of opportunism (Achrol and Gundlach 1999; Brown, Dev, and Lee 2000; Cannon, Achrol, and Gundlach 2000; Joshi and Stump 1999) and a reduction of transaction costs (Artz and Brush 2000; Dyer and Singh 1998). Relational-based governance helps counteract the potentially high costs of exchange hazards (Adler 2001; Bradach and Eccles 1989; Cannon, Achrol, and Gundlach 2000; Dore 1983; Granovetter 1985, 1992; Jones, Hesterly, and Borgatti 1997; Macaulay 1963; Palay 1984; Poppo and Zenger 2002). Additionally, relational-based governance is a useful means to moderate contract enforcement when conflict situations arise (Antia and Frazier 2001; Kaufmann and Stern 1988). Consequently, relational-based governance is an important mechanism to improve the exchange performance of inter-organisational relationships (Dyer 1996; Ferguson, Paulin, and

Bergeron 2005; Heide and John 1990; Mohr and Spekman 1994; Palay 1984; Saxton 1997; Zaheer, McEvily, and Perrone 1998; Zaheer and Venkatraman 1995), and the parties" financial performance (Bello and Gilliland 1997; Kalwani and Narayandas 1995; Lusch and Brown 1996; Skarmeas and Katsikeas 2001). Larson (1992) also notes that the development and maintenance of relational-based governance requires a considerable allocation of time and other resources. Hence, firms should only invest in relational-based governance in the existence of substantial exchange hazards (Poppo and Zenger 2002).

Yet the relational paradigm has been neglected in exporting research (Leonidou, Katsikeas, and Hadjimarcou 2002), with few IRM studies employing RET over the past decade (Ahmed, Patterson, and Styles 1999; Bello, Chelariu, and Zhang 2003; Ivens 2006; Styles, Patterson, and Ahmed 2008). However, the adoption of the relational paradigm in this study is deemed appropriate, as it has the potential to provide "a more insightful and complete understanding of exporting" (Leonidou 2003, p.130). In addition, the study concerns the performance of service firms and theory indicates that service exchanges tend to be inherently more relational since they are often „personality intensive" (Normann 2000), and intangible, variable, and far more difficult to standardise (Paulin, Perrien, and Ferguson 1997). This is because service firms manage the entire buyer-seller interaction process (Berry 1983; Grönroos 1990, 1991, 1992).

4.5. Chapter Summary

This chapter introduces the integrated theoretical approach used to investigate the key success drivers of service exporters. Three theories formed the foundation for this research, namely the resource-based view of the firm, transaction costs economics, and the relational exchange theory. In the next chapter, the researcher introduces the overall research design for the study, as well as the findings of the exploratory research phase.

Chapter Five: Qualitative Research, Model and Hypothesis Development

5.1. Introduction

The previous chapters reviewed the relevant literature streams and detailed the multi-theory framework serving as the theoretical foundation for the current study. The literature indicates that little is known about the performance of service exporters and the determinants of their success (BCA 2007; Cicic, Patterson, and Shoham 2002; Knight 1999; La, Patterson, and Styles 2005, 2009). In addition, how the factors associated with the management of the cross-border inter-firm relationships between the firms and their overseas clients could potentially impact on their export performance has received only marginal attention (Claro, Hagelaar, and Omta 2003; Lane 2002; Leonidou, Katsikeas, and Hadjimarcou 2002; Yu, Liao, and Lin 2006). Therefore, in order to obtain a comprehensive understanding of the phenomenon, it is necessary to undertake a multi-phase and multi-method research design. This chapter specifically documents the exploratory research phase and discusses the preliminary findings of the qualitative research approach. By the end of this chapter, a conceptual model with specific research hypotheses will be developed, allowing for further theory testing in the next phase of the study.

This chapter is structured as follows. First, the chapter introduces the overall research design for this study, with an explanation on what each research phase entailed. Next, the qualitative research step is discussed. This sub-section argues that in-depth interviews were appropriate for the researcher to gain preliminary insights into the key success factors of service exporters. It is followed by a discussion on the sampling and research procedures. A content analysis of the collected data is presented, in order to identify and posit the potential relationships amongst the different constructs. The chapter concludes with a conceptual model and a set of research hypotheses to be tested in the subsequent phase of research.

5.2. Overall Research Design

A research design is defined as a basic plan or a detailed blueprint for a study, which guides the data collection and data analysis process (Aaker, Kumar, and Day 2004; Churchill and Iacobucci 2005). More specifically, this framework stipulates the type of research information to be collected, the sources from which to obtain the data, and the procedures the researcher follows in order to collect the information (Cooper and Schindler 2003; Kinnear et al. 1993). According to Churchill and Iacobucci (2005), a proper research design serves two main purposes. Not only does it ensure that the study is relevant to the research problem and consistent with the research objectives, the accurate and economical research procedures specified by the research design also facilitate some cost-savings for the researcher.

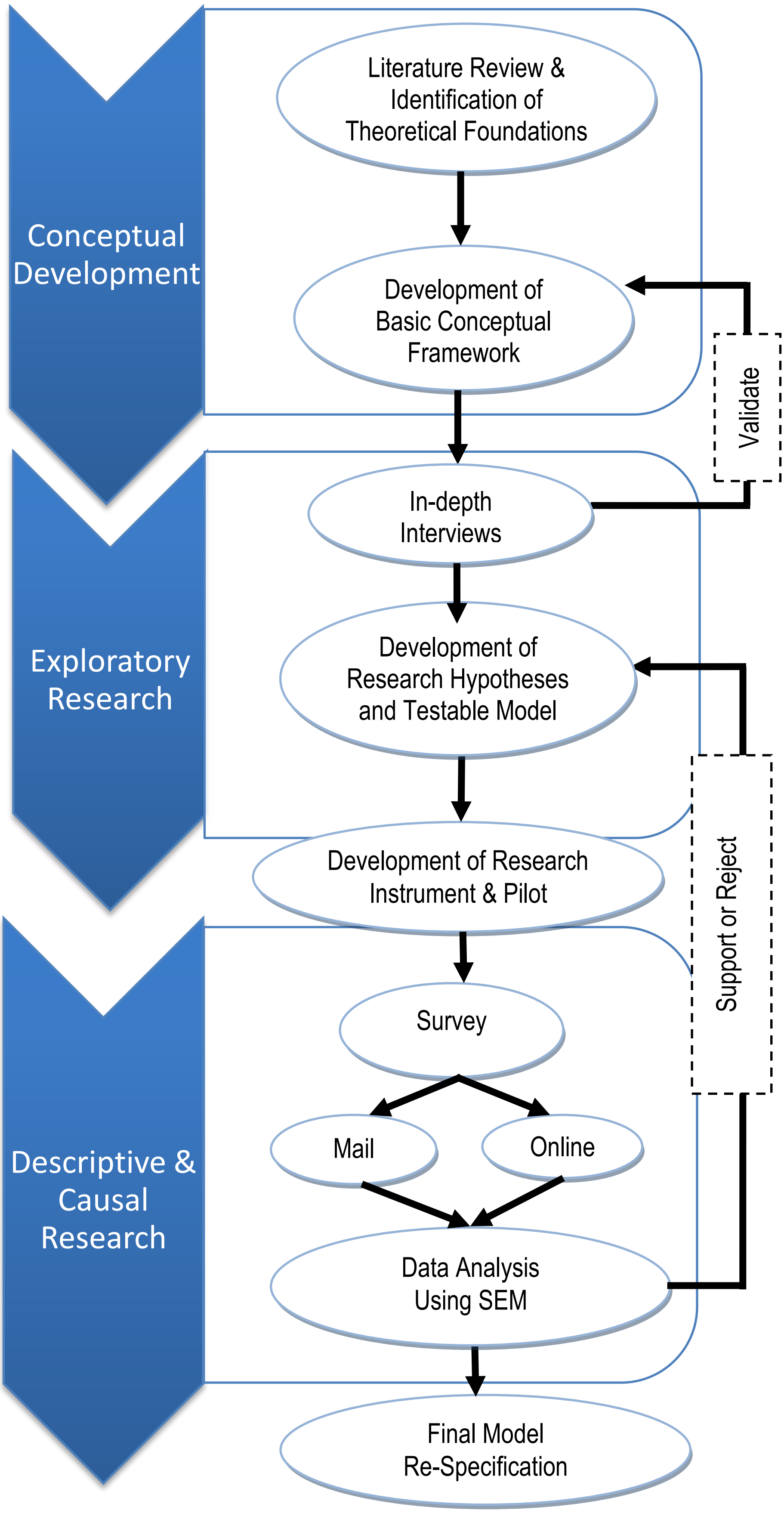
This study incorporates all three basic research types, including exploratory research, descriptive research, and causal or explanatory research (Aaker, Kumar, and Day 2004; Churchill and Iacobucci 2005). These types of research were executed via a multi-method design, as suggested by several scholars such as Anderson, Håkansson, and Johanson (1994), Malhotra, Agarwal, and Peterson (1996), and Rodríguez and Wilson (2002), which included both qualitative and quantitative components. Qualitative and quantitative research methods are complementary to one another and often deployed in different phases of the same research project (de Ruyter and Scholl 1998). In addition, a combination of these research methods gives researchers greater insights into the phenomenon investigated (Cooper and Schindler 2003). Indeed, international business researchers have advocated multiple methods of data collection as a means to overcome the bias associated with the single-method approach. This was evidenced by the review of empirical research published in six leading international business journals from 1992 to 2003 by Yang, Wang, and Su (2006).

The overall research design for this study is illustrated in Figure 5.1. Principally, the study comprised three main phases, namely the conceptual development phase, the qualitative phase (exploratory research), and the quantitative phase (descriptive research and causal research). Each research phase is further discussed in the following sub-sections.

5.2.1. Research phase one: Conceptual development

In the first phase of this study, the researcher undertook a review of the literature. A review of relevant published and unpublished works can result in a better focus for the study (Patton 2002; Silverman 2005) and facilitate the formulation of the research questions (Cavana, Delahaye, and Sekaran 2001). In this study, the researcher reviewed and critiqued both recent and historically significant academic studies (Cooper and Schindler 2003) from two main literature streams, which included international services marketing and IRM research. In addition, the arguments were supported by information from industry reports, international organisations, and several government agencies. As detailed in Chapters 2-4, the literature review highlighted the need for the current study, in order to overcome the shortcomings and information gaps (Cooper and Schindler 2003) hindering the development of marketing theory and knowledge.

Figure 5.1: Flowchart of the overall research design



5.2.2. Research phase two: Exploratory research

Exploratory research enables researchers to gain insights and ideas, serving as a foundation for a good study (Churchill and Iacobucci 2005). By undertaking exploratory research, the researcher was able to obtain a good grasp of the phenomena of interest (Cavana, Delahaye, and Sekaran 2001). In particular, the researcher had the opportunity to clarify certain concepts and gather information on possible alternatives and relevant variables (Aaker, Kumar, and Day 2004) that could lead to the formulation of specific hypotheses to be tested in a next research stage (Kinnear et al. 1993).

In this present study, although service exports and inter-firm relationships are not new phenomena, the key determinants of service exporters" international performance and the role of inter-firm relationships on the international performance from the perspective of service exporters have not been fully explored. As such, by undertaking exploratory research, the researcher was able to:

- Obtain initial information about the exporting activities of service firms;
- Understand the breadth of variables associated with their exporting success, especially those proposed by authors such as Cicic, Patterson, and Shoham (1999), Javalgi and Martin (2007), and La, Patterson, and Styles (2005) in their conceptual frameworks; and
- Explore the factors that characterise successful cross-border inter-firm relationships, from the perspective of the service exporters.

The exploratory study was carried out using qualitative research methods. Such a qualitative approach was deemed appropriate for this research, for several reasons. First, it has proved to be advantageous in international marketing research (Craig and Douglas 2001). The researcher was able to gain an in-depth understanding of situations, behaviours, or activities (de Ruyter and Scholl 1998; Plewa, Quester, and Baaken 2005) that cannot be observed and measured in a quantifiable manner (Aaker, Kumar, and Day 2004) . Second, qualitative research is useful for investigations and interpretations of business situations (Carson et al. 2001; Churchill and Iacobucci 2005). Third, qualitative research helps identify much needed preliminary information (Cavana, Delahaye, and Sekaran 2001) and other relevant issues that facilitate the subsequent quantitative study (Churchill and Iacobucci 2005). This is consistent with Gummesson (2005, p.317), who claimed that "theory generation is more often the outcome of a conceptual and qualitative process, whereas theory testing is more associated with empirical, quantitative hypotheses testing". The chosen qualitative research method for this phase of research was in-depth interviews. Section 5.3 presents a further discussion on this particular issue.

5.2.3. Research phase three: Descriptive and causal research

The research conducted in this phase involved both descriptive research and causal research, and a model re-specification exercise. Descriptive research is substantially different from exploratory research, in both characteristics and purposes (Kinnear et al. 1993). To be effective, a researcher is required to have a clear set of specific research objectives, and detailed information needs. With descriptive research, researchers attempt to obtain a snapshot of certain aspects of the study and draw inferences from the data structure (Hair, Bush, and Ortinau 2000). Descriptive research allows researchers to realise the characteristics of the variables of interest and to determine the frequencies of the research phenomena (Aaker, Kumar, and Day 2004; Cavana, Delahaye, and Sekaran 2001; Churchill and Iacobucci 2005). In addition, the data collected in descriptive research can also provide researchers with ideas for potential further research (Cavana, Delahaye, and Sekaran 2001).

To ensure the accuracy of the research findings and maximise the reliability of the data collected, the researcher carefully planned and structured this phase of research (Kinnear et al. 1993). In order to meet this requirement of descriptive research, the researcher developed a well-structured questionnaire, identified an up-to-date industry sample, and utilised an appropriate data collection method, a self-administered survey that included a pilot study and a main phase of data collection.

However, descriptive research by itself is not sufficient. Descriptive research only shows the association among variables, and descriptive data are not adequate to establish a causal relationship (Kinnear et al. 1993). The researcher overcame this weakness of descriptive research by undertaking causal research. Causal research was used to identify, determine, explain, and model cause-and-effect relationships between two or more variables (Churchill and Iacobucci 2005; Hair, Bush, and Ortinau 2000). Causal research is deemed most appropriate, as Hair, Bush, and Ortinau (2000) suggested, when the research objectives included the desire to obtain an understanding of the reasons behind certain market phenomena. Causal research was, therefore, appropriate for this study as it enabled the researcher to:

- Understand why service exporters succeed in foreign markets;
- Understand which specific variables identified in the exploratory study, including organisational characteristics, market characteristics, contractual arrangements, and relational norms, were the cause of what was being predicted – i.e. successful inter-firm relationships between service exporters and their overseas clients, and their accomplishment of optimal export performance; and
- Understand and identify the nature and characteristics of the potential causal relationships amongst the above variables (Kinnear et al. 1993).

In order to achieve these objectives, the researcher employed the principles of Structural Equation Modelling (SEM) technique. Research using SEM has grown substantially since the 1970s (Anderson and Gerbing 1988) and SEM is regarded as a methodological innovation in marketing and consumer research (Baumgartner and Homburg 1996). In fact, SEM has been well accepted as a powerful and versatile tool by not only marketing academics (Anderson, Håkansson, and Johanson 1994; Steenkamp and Baumgartner 2000), but also organisational and strategic management scholars (Medsker, Williams, and Holahan 1994; Shook et al. 2004). Historically described as "causal modelling" (Shook et al. 2004), SEM allows the researchers to investigate comprehensive theoretical frameworks (Baumgartner and Homburg 1996), by simultaneously testing several dependence relationships and analyse multiple dependent variables (J. reskog et al . 2000). According to Steenkamp and Baumgartner (2000), SEM is especially useful for theory testing and usually employs cross-sectional data. In this study, data was collected across several service industries.

The quantitative component in this phase of research was important for several reasons. By applying a quantitative approach, the researcher was able to identify the causal effects among the variables identified in the exploratory phase. At the same time, the researcher had the opportunity to investigate and determine the nature of the relationships specified in several proposed conceptual frameworks on success drivers of service exporters, such as those by Cicic, Patterson, and Shoham (1999), Javalgi and Martin (2007), and La, Patterson, and Styles (2005). The resulting model of key success drivers of service export performance contributes to the theoretical development in international services marketing research which, according to several scholars, had not kept pace with the rapid globalisation of services (Álavarez-Gil et al. 2003; Cicic, Patterson, and Shoham 1999; Contractor, Kundu, and Hsu 2003; Knight 1999; La, Patterson, and Styles 2005).

Finally, the researcher undertook a re-specification exercise of the conceptual model. Model re-specification refers to the situation in which the researcher attempts to improve model fit, after testing the proposed model, by adding or removing relationship paths amongst the constructs (Shook et al. 2004). This exercise enabled the researcher to obtain a more parsimonious model and gained some ideas for future research (Plewa 2005). In addition, as suggested by Anderson and Gerbing (1982) and Baumgartner and Homburg (1996), researchers should also validate any revised and re-analysed model on another sample.

5.3. Qualitative Research Method

As previously argued, qualitative research can offer rich data and insights into the behaviours of service exporters. Additionally, qualitative research methods also provide researchers with some preliminary information on building marketing models and scale measurements (Hair, Bush, and Ortinau 2000). This was particularly important for the current study, as the researcher had the opportunity to verify and refine several constructs to be used in the model testing phase. In this section, the chosen qualitative research method of in-depth interviews will be justified. It is followed by a discussion of the data collection using the key informant approach, a description of the sampling process, the research procedure, and an outline of the unit of analysis.

5.3.1. In-depth Interviews

The chosen qualitative research method was in-depth face-to-face interviews. In-depth interviews are defined by Kinnear et al. (1993, p.240) as an "unstructured personal interview, which uses extensive probing to get a single partner respondent to talk freely and to express detailed beliefs and feelings on a topic". During the interviews, the researcher could use probing questions, a unique characteristic of this data collection method (Hair, Bush, and

Ortinau 2000), as a mechanism to obtain more information on the interviewees" thoughts and tangents. By doing so, researchers are able to discover the fundamental reasons underlying the attitudes and behaviours of the interviewees (Kinnear et al. 1993), explore new concepts (Cooper and Schindler 2003), and elicit rich information (Kumar 1996). The in-depth understanding of human behaviours is particularly suitable for both practical and commercially-relevant problems (de Ruyter and Scholl 1998; Gummesson 2005). The interviews can also be semi-structured, enabling the researcher to cover a list of topics or sub-areas. Another advantage of semi-structured interviews is that they better reflected the world of the interviewees (Cavana, Delahaye, and Sekaran 2001). Additionally, the researcher also took advantage of open-ended questions, allowing the interviewees to have a wider choice of possible answers. According to Aaker, Kumar, and Day (2004), semi-structured interviews are also effective with busy executives, technical experts, and thought leaders. Previous studies have demonstrated that semi-structured and in-depth interviews can be very useful in B2B relationship and services marketing research (Plewa, Quester, and Baaken 2005; Styles, Patterson, and La 2005; Yanamandram and White 2006).

5.3.2. Sampling

Ten service firms representing a wide range of industries were invited to participate in the study (Table 5.1). These firms were randomly selected from the South Australian Services Exporters Directory. The directory was jointly published by the Australian Services Roundtable and the South Australian Government Department of Trade and Economic Development in July 2007. The interviewees were business executives who were very knowledgeable of the international marketing activities of the service firms. These executives were the key informants for this exploratory study. More information on the key informant approach can be found in the next chapter.

Table 5.1: Characteristics of interviewees

Interview #	*Position*	*Industry*
M#1	Export Manager	Computer and Information Services
M#2	Manager, Business Development	Communication Services
M#3	Managing Director	Management Consulting Services
M#4	Executive Director	Financial and Insurance Services
M#5	Chief Executive Officer	Training Services
M#6	Territory Manager	Logistics Services
M#7	Chief Executive Officer	Legal Services
M#8	General Manager	Communication Services
M#9	Export Development Executive	Computer and Information Services
M#10	Business Strategist	Management Consulting Services

5.3.3. Research procedure

The researcher first obtained the contact details of the executives listed in the South Australian Services Exporters Directory. The researcher then contacted the executives by phone. All ten executives confirmed their direct involvement in the international marketing activities of their firms and accepted the interview requests, although some executives requested a brief summary of this study. Hence, before the interview took place, the researcher emailed the interviewees a succinct research summary, which detailed the research motivation, and the major themes to be covered during the interview. This research brief can be found in Appendix 1. The researcher achieved theoretical saturation at the seventh interview. However, a decision was made to conduct all ten interviews to honour the appointments with the interviewees. In addition, as a token of appreciation for the time and inputs by the executives, the researcher offered all interviewees a comprehensive management report on the study, once all research phases were completed, and the dissertation was examined.

All interviews were conducted in the premises of the service firms and in the offices of the executives. Each interview lasted between 60 and 90 minutes, and followed a protocol (Table 5.2). The protocol was developed and refined after a thorough review of the IRM and international services marketing literature streams. In the interviews, the researcher first introduced the major discussion themes. The researcher then proceeded through a set of follow-up questions, which resulted in some detailed discussion and elaboration by the interviewees. After the interviews, the researcher sent each interviewee an email, expressing his personal gratitude to them for their time, support, and input into the study.

All interviews were recorded with the interviewees" permission. The recording of the interviews were justified for several reasons. First, it allows a smoother and faster flow for the interviews (Yanamandram and White 2006). Second, this process produced a comprehensive verbatim transcript (Ticehurst and Veal 2000). Third, the recorded interviews allowed the researcher to listen to the collected data in their original form when necessary (Silverman 2005). The interviews were then transcribed by a professional service provider in Melbourne, Australia. All information concerning the interviewees" name, company name, the selected international market, and the names of the international clients, was kept confidential.

Table 5.2: Interview protocol

Themes	***Detailed Discussion***
General	Details of respondent
	Nature of the business
	Details of international operations
Firm drivers	Firm size
	Export experience
	Management commitment
	Resource commitment
Market drivers	Home government assistance
	Host government policies
	International competition
Business relationships	Nature of the relationship
	Contractual arrangements
	Relational norms of the relationship
	Characteristics of successful relationships
Performance measure	Performance indicators

5.4. Exploratory Research Outcomes

As previously explained, the goal of this exploratory study was to obtain preliminary insights and ideas, refine the basic conceptual framework developed from the literature review, and stipulate a set of specific hypotheses to be tested in the next phase of study. A variable-oriented approach was undertaken (La et al. 2005), allowing the researcher to identify the emerging factors contributing to the export performance of service firms. This section details the research findings via six groups of variables, namely service export performance, relationship performance, relationship governance mechanisms including contractual-based governance, relational based-governance, organisational drivers, and market drivers.

5.4.1. Service export performance

Data collected from the interview confirmed service export as a multi-dimensional construct (Katsikeas, Leonidou, and Morgan 2000), with no single criterion being adequate (Bhargava, Dubelaar, and Ramaswami 1994; Bonoma and Clark 1988; Lewin and Minton 1986). Most managers mentioned economic indicators. For instance, M#2 claimed,

> "So at the end of the day, to be a successful firm in an overseas market we need a good return in order to cover all the costs of maintaining a relationship at a distance, getting into the market presentation, obviously some of the initial setup stages, as well as the ongoing commitment of various resources."

The opinion of M#2 was also confirmed by a statement by M#6 that "Simply, you"ve got to look at the finances… there"s a lot of growth in the volume of work that we are actually doing…" This is consistent with the literature, in which economic indicators are most commonly used to measure export success (Zou, Taylor, and Osland 1998). The indicators discussed by the interviewees included profit, consistent with studies by Bilkey (1982, 1985), Johnson and Arunthanes (1995), and Madsen (1989), sales and sales growth, supporting studies such as Bello and Williamson (1985), and Cadogan, Cui, and Li (2003).

In addition, service firms were also very strategic in their exporting activities. According to M#5, "You‟ve got your long term goals that you‟re looking at, and then you‟ve got your tactics to get you where you want to be, where you want to be in 5 years or 7 years or 10 years…You experiment, you look at the market… You try and work out what goes on, but you‟ve got to be realistic." Clearly, gaining a strategic presence in the export market or attaining a competitive position in the export market were also important indicators of export success (Cavusgil and Kirpalani 1993; Cavusgil and Zou 1994). This was reflected by M#8:

> "Apart from financial gains, we measure our success on our marketability both in Australia and overseas. We do also have a strategic plan in place for our international operations, and we continue to make changes and modify it. We continue to revisit our standing in the market place, seeing we are… and make appropriate plans to expand into different markets. This guarantees the sustainability and a long term growth of the business."

Finally, the managers‟ positive attitude toward exporting and/or satisfaction with exporting operations was another strong indication of success in exporting (Johnston and Czinkota 1985; Zou, Taylor, and Osland 1998). M#3, who was satisfied with the business dealings of the firm in the discussed market, and was very determined to bring further success to the company, stated,

> "Challenges to us are to actually get this venture established and expanded over time. We have been very patient... Because with service exports, you don‟t go out

there and participate in a trade show and come back with your order book full. I mean it takes patience and persistence and money…"

As summarised by M#7, "success has many measures doesn"t it?", and put together by M#5 as below, export performance of service firms had a multi-faceted nature.

> "We are in it for the long term. We"re not managing it for next week or next year. We must make money, but the amount of money we make isn"t the important thing. It"s just got to be there. It"s got to be good. We"ve got to be the trainer of choice for the industry."

Therefore, similar to inquiries in manufacturing industries, this research into the export performance of service took into account all these factors, including financial/economic, strategic, and attitudinal dimensions. In the next section, the impact of successful cross-border inter-firm relationships on the export performance of service firms is discussed.

5.4.2. Successful B2B relationships

As the global market becomes more competitive, any firm faces significant challenges to maintain its foothold and competitive advantage against other industry rivals. In this context, scholars have suggested that the international success of the firms will largely depend on the management of these inter-firm relationships (Leonidou and Kaleka 1998; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994). Leonidou (2003, p.138) even suggested that "export should be seen as a process of establishing, developing, and sustaining customer relationships in international markets at both strategic and tactical levels". The interviewees agreed with the claim from marketing academics. For instance, M#10 noted, "you must have good relationships with your clients… ultimately those good relationships will have an impact on your international success…" For a service exporter, success was also determined by the ability of the firm to deliver high quality service and respond to the needs of the clients. According to M#6,

> "So for me success is happy customers, and a growing business. More than anything it"s about having the customer that believes in our service and is happy using our services. We want them to pick up the phone and go… yeah, I want to ring [company name] because I know they"re the only people that I trust with this, and they are the only people that I know, that I"m confident in that they can actually do what I am asking them to do."

Researchers have thus far investigated different indicators of relationship performance (Bello and Gilliland 1997; Cannon, Achrol, and Gundlach 2000; Ferguson, Paulin, and Bergeron 2005; Heide 1994; Lusch and Brown 1996). Relationship performance, according to the interviewees, includes satisfaction with the relationship, as well as financial gains. M#4 suggested,

> "Desirably, a successful relationship is the one in which both parties are satisfied and both make money out of it… and also one can successfully expand over time as well."

Overall, the qualitative data indicated that successful relationships had the potential to impact the performance of service firms, supporting Palmatier, Dant, and Grewal"s (2007) claim. This is because exporting firms and their clients rely on each other to share resources, know-how, and business expertise (Evangelista 1996). The nature of the inter-firm relationships between service providers and their overseas clients is discussed next.

5.4.3. Nature of cross-border inter-firm relationships

According to Weitz and Jap (1995), an effective strategy for firms to achieve strong performance is to construct appropriate structures to manage the business exchanges in inter-firm relationships. This is particularly important for service exports, due to the unique characteristics of services, according to M#1.

> “You‟ve got to again reassure people that you can deliver the services, as in certain markets Australia is still considered very far away. The clients need to be confident in what they‟re buying so that it comes through tangibilising what you can do on top of your service offering… If you say “Look I can‟t get away for the next six months” then perhaps you need to look at working a different industry or you are not in the position to further grow your business. On top of that, you‟ve got to develop those networks and get people confident that you‟re serious about that market.”

Confirming the IRM literature, the interviewees in this study indicated that a successful inter-firm relationship between service exporters and their business clients could be fostered by two complementary set of mechanisms, including (1) contractual-based governance and (2) relational-based governance (Cavusgil, Deligonul, and Zhang 2004; Gençtürk and Aulakh 2006; Roath, Miller, and Cavusgil 2002; Wu et al. 2007; Yu, Liao, and Lin 2006). M#2 said,

> “When signing the contract you‟re almost partnering with someone….If you want to make the most out of that contractual arrangement, you‟ve got to have good skills and knowledge of how to manage a successful relationship… You do need some written agreement in what each party is bringing into it, but you still have to have that underlying relationship with the business client for this to success.”

The managerial claims supported several findings in the literature, which suggested formal controls were supplemented with relational norms in influencing exchange performance (Dahlstrom, McNeilly, and Speh 1996; Jaworski 1988; Ring and van de Ven 1992). These factors either complement the disadvantages of each when deployed separately (Bradach 1997; Weitz and Jap 1995), or play different roles in the relationships (Bello and Gilliland 1997; Celly and Frazier 1996). Well-crafted contracts also reduce the amount of risk involved in an inter-firm relationship. This, in turn, encourages cooperation, trust, and promoting longevity in business exchanges, by "increasing the penalties that accompany severing an exchange relationship" and requiring the exchange partners "to mutually determine and commit to processes for dealing with unexpected changes" (Poppo and Zenger 2002, p.712). This argument was supported by M#3:

> "After signing the contract, you always make sure that the contract or the agreement will be executed properly. On top of that, there is a need to build up a good and long-lasting relationship with your business customers. Our contract was fairly complex and very clearly understood by both sides and signed… Should I lose trust in this client, then this document clearly means that we are covered and protected by that legal document anyway."

In addition, relational norms support contractual arrangements by providing the working environment to administer contracts (Cannon, Achrol, and Gundlach 2000). They also allow exchange partners to successfully manage both environmental and behavioural uncertainty that is difficult to specify in, or poorly protected by, formal contracts (Cavusgil, Deligonul, and Zhang 2004; Lee and Cavusgil 2006). As M#8 concluded,

> "To make this relationship work, it is a combination of a successful execution of the contract we signed, and several other requirements. You need to have the contract in

place in order to especially solve the conflict issues. In any business situation, contracts at the end of the day are the papers that both parties sign, and people always have differences in perception. You really need to build a one-on-one relationship with the client. There needs to be a friendship over a period of time. This is where other factors such as communication, flexibility, trust, and so forth, become very critical."

As illustrated, the arguments for the co-existence of relational-based governance and contractual-based governance are compelling, suggesting that "relationship marketing must co-evolve with contractual agreements" (Seshadri and Mishra 2004, p.519). That is, they are positively related to one another in increasing exchange performance, and an effective combination of these mechanisms allows greater exchange performance (Cannon, Achrol, and Gundlach 2000). Further discussion on these governance mechanisms is provided in the following sub-sections.

5.4.3.1. Contractual-based governance

The extent to which contracts are used in governing business relationships has been varied in the literature. According to Macaulay‟s (1963) study, most business dealings do not use contracts because they are costly to draft and enforce. In addition, for firms with good knowledge of their partners, Samiee and Walters (2003) consider doing business without a contract generally unproblematic. However, all 10 managers interviewed agreed that having a contract in place is vital for service exporters. For example, M#5 emphasised that the firm will not work with the overseas client without a contract:

"We don‟t work with [the overseas client] unless they sign a contract. We make sure the contract is executed accordingly. It is both parties‟ responsibilities to understand what‟s in the agreement… If I sign up to do something, I‟ve got to recognise where both parties are coming from, because there‟re so many changes happening in the world, that neither can always foresee what‟s going to happen. So it can be binding on me and an option on them. Therefore I make sure I don‟t promise anything that I‟m not prepared to deliver."

This managerial view echoed Rubin (1990, p.108), who pointed out that there had been "no decrease in the commercial use of contracts, and no decrease in the length or complexity of the rather formidable documents that circulate in so many industries". This was also supported by Bello and Williamson (1985) and Roxenhall and Ghauri (2004) who considered the signing of the contract a ritual in today‟s business dealings because contracts affirm the existence of the agreements or business deals, and act as a major means of structuring relationships between exporters and foreign partners. However, managers were also fully aware of the differences in legal systems in different countries. For example, M#2 stated,

"…you‟re signing a legal document that‟s in another jurisdiction different from your own. In some cases, even though the agreements have been signed, it actually hasn‟t then led on to the service exchange that was actually intended in the agreement."

As such, the enforcement of, and adherence to, contracts may vary substantially across different countries (Zhang, Cavusgil, and Roath 2003), because of significant differences in recognising rights and liabilities in different environment (Cavusgil, Deligonul, and Zhang 2004). Especially in the case of service exports, contracts help reduce risk and uncertainty (Lusch and Brown 1996; Macneil 1980), including getting paid for the provision of services. M#3 emphasised,

> "Having a contract is vital, if you want to get paid money. A contract is fairly important in the provision of services. Now generally with my contracts, for example, the contract that I have with the client over there is for over a twelve month period and then when the contract is signed, I can draw a full amount of money straight away… Or the terms could be something like… 50% when we agree on me doing the project and the other 50% when I deliver the services."

In addition, contracts provide protection to the firms in terms of intellectual property, according to M#1,

> "…In service industries, it"s about protecting your intellectual property…I guess you"ve got to sort of be practical about it as well, if someone was to copy exactly your program or your service that you deliver then do you have enough funds or resources and time to fight it in court… so it"s about being innovative and keeping one step ahead of the game and improving on your services and targeting the right type of business clients."

Hence, consistent with the literature, explicit contracts facilitate a harmonious relationship (Ring and van de Ven 1992) by formally specifying rewards and punishment in the contract, by establishing long-term orientation and commitment, as well as by providing for alternative partners in the case of exchange defects (Williamson 1985). Through the threat of legal enforcement, contracts also function as a means of increasing security (Glaister and Buckley 1997), allowing the firms to protect themselves against partners" opportunistic (Cannon and Perreault 1999; Joskow 1987; Williamson 1985) or unethical behaviours (Yu, Liao, and Lin 2006).

5.4.3.2. Relational-based governance

Relational-based governance captures the management of inter-firm interactions (Heide and John 1988), the establishment of joint actions in a business relationship (Bensaou and Venkatraman 1995; Heide and Miner 1992), and the ongoing and proactive intent of a firm to manage the complexity and dynamics of the relationship (Gundlach, Achrol, and Mentzer 1995; Heide 1994; Lusch and Brown 1996). As such, it is a multi-dimensional phenomenon (Heide and John 1992), a complex organisational arrangement (Dyer and Singh 1998), and a composite factor of several underlying dimensions (Poppo and Zenger 2002). This is illustrated by the statement made by one of the interviewees, M#10:

> "To me, our relationship with the client has been successful, because this relationship has been built upon the premises of flexibility, commitment, an understanding of differences, hard work, open communication, honesty, trust, and initiative."

The business executives who participated in the study discussed a variety of relational norms, which have been grouped into five themes including: trust, commitment, information exchange, flexibility, and harmony.

Relationship trust

Not surprisingly, trust emerged as one of the most important variables characterising a successful inter-firm relationship. Trust is one of the most common and historical variables in the literature (Morgan and Hunt 1994; Parkhe 1998; Seppänen, Blomqvist, and Sundqvist 2007) and is a critical construct in relational exchange (Dwyer and Oh 1987; Wilson 1995). However, M#5 warned, "…of course you need to trust each other, but you‟ve got to watch what the word trust means." Consistent with Moorman, Deshpandé, and Zaltman (1993) and Zhang, Cavusgil, and Roath (2003), the interviewees referred to trust as the extent to which they and their business clients are willing to rely on each other, and the confidence that exchange partners have for each other‟s reliability and integrity. For instance, M#6 claimed, "we trust them from the perspective that they‟re making the right choices."

More specifically, trust reflects the belief of a firm that its requirements will be fulfilled by its business partner (Anderson and Weitz 1989; Barney and Hansen 1994). As a result, a trusting relationship is one in which the involved parties do not engage in opportunistic behaviour, thereby decreasing uncertainty in the relationship (Morgan and Hunt 1994; Woolthuis, Hillebrand, and Nooteboom 2005). The research findings from these interviews, therefore, clearly supported the literature. As M#7 exclaimed,

> "Building a trusting relationship is really important. Your clients want stability, they don‟t want to come into a market and hire someone who‟s going to be gone next week or who is a slightly dodgy dealer. They want to have a sense of confidence in the service providers they pick. These things are really important in terms of helping us build a reputation internationally and we also need to leverage that from your home reputation. So we can‟t be a dodgy operator in this market and expect to be a well respected operator elsewhere, it just doesn‟t work."

In addition, trust also evolves overtime and enables the firms to establish a fruitful relationship (Gulati 1995b; Zaheer, McEvily, and Perrone 1998). Thus, inter-firm relationships based on trust enjoy stability and longevity. This received support from M#2,

> "I think that a significant investment is required in those early stages to build trust in this relationship… There‟s a huge amount of trust on what happens on both end… when the services are delivered and the payment terms happen. Once you‟ve been

three or four years maybe doing that relationship, you know, there‟s an underlying trust that exists really without having to do a lot of work on the relationship."

As such, the qualitative findings confirm the IRM literature that trust enables the firms to overcome different psychological, attitudinal, and other barriers in the foreign marketplace (Leonidou, Talias, and Leonidou 2008), and accomplish successful cross-border inter-firm relationships.

Relationship commitment

Commitment emerged as another important variable from this qualitative study. Moorman, Zaltman, and Deshpandé (1992, p.316) define commitment as "an enduring desire to maintain a valued relationship". M#9 noted, "Commitment in this relationship means long hours and a lot of hard work. You need to respond to clients‟ service requests and phone calls basically at any time 24/7." As a result, service firms express their commitment to the inter-firm relationship by investing maximum efforts in maintaining it. The statement by M#1 strongly endorsed Morgan and Hunt (1994):

> "… It‟s about knowing what customers want from their point of view… I‟m sure they want to know that you‟re going to support them, if you need to fly up, if you need to do extra training or some more local staff, need help or explanation on something then they know that they can always contact you and so on…" (M#1)

By showing their dedication to maintain a close and enduring relationship (Skarmeas, Katsikeas, and Schlegelmilch 2002), service exporters can achieve successful relationships with their overseas clients. As such, relationship commitment is a critical relational norm in cross-border B2B relationships, contributing to the success of the firms in the export markets (Leonidou, Talias, and Leonidou 2008).

Information exchange

Information exchange is defined as a bilateral expectation that the exchange partner will openly and proactively provide useful and critical information (Doney and Cannon 1997; Heide and John 1992; Homburg et al. 2002; Macneil 1980). Open communication is the key, according to M#8,

> "Our communication is open as it can be. Clients are not happy if the service is not quick enough or communication is not good enough. We try our hardest to make sure we understand the client‟s needs and that they understand our rights and responsibilities."

The interview results confirmed the strategic role of communication in creating values for the business relationships, especially in service firms (Lindberg-Repo and Grönroos 2004). More specifically, information exchange provides a safeguard for firms in that each can expect the other to provide information that may affect their marketing activities (Zhang, Cavusgil, and Roath 2003). Information should also be communicated in a meaningful and timely manner (Anderson and Narus 1990). As such, service exporters communicate and exchange information with their clients "at least a dozen times a week", in the case of M#3, or up to a weekly basis when M#5 dealt with the overseas customer:

> "Each week we have a meeting… So you know that we‟re thinking, we‟ve got to be running through these things on a regular basis…Type a quick note "How‟s it going?" So you communicate. Just light heart… I‟m thinking of you. You think of me… We know what the other wants."

Scholars have, therefore, concluded that information exchange helps reduce uncertainty and strengthen the relationships between the firms (Homburg et al. 2002; Kalafatis 2002).

Anderson and Narus (1990) also suggested a positive relationship between information exchange and satisfaction with the relationship.

Relationship flexibility

"Flexibility is important in any relationship. A successful relationship is an open relationship" (M#2). Service exporters and their business customers are willing to adapt as circumstances change, or unforseen events occur, as suggested by the RM literature (Heide and John 1992; Noordewier, John, and Nevin 1990; Poppo and Zenger 2002). Flexibility is even more important in international B2B relationships because exchange partners operate in different economic, cultural, and political environments (Aulakh, Kotabe, and Sahay 1996). The need to be flexible in an inter-firm relationship was recognised by all interviewees. For example, M#1 stated,

> "It‟s about openness and flexibility to change from both sides, and about constant feedback I guess… You might be in love with the service program that you deliver, but if a customer mentions that actually "We need more of this and less of that" you need to be prepared to modify your offering as well. Also, some cultures aren‟t prepared to be direct and you need to not upset the other partner if something‟s not going right, they might just stop all communication and you don‟t know what the problem is."

Flexibility, therefore, is considered valuable in B2B relationships, as it contributes to enhancing relationship satisfaction (Homburg et al. 2002; Ivens 2005). The last dimension discussed by the interviewees was harmonisation of conflicts.

Relationship harmony

Finally, disagreements between sellers and buyers may arise from "the incompatibility of goals, unclear expectations, different perceptions, or antithetical views" (Leonidou, Barnes, and Talias 2006, p.580), as a result of different business practises, traditions, and norms. Conflicts, according to Lusch (1976), are usually in the forms of verbal or written exchanges of disagreements between exchange partners. Importantly, "the impact of conflict on a business relationship can be drastic, harmful, and even catastrophic" (Leonidou, Palihawadana, and Theodosiou 2006, p.164). As a result, firms recognise the need to have a harmonious relationship, as conflicts are harmful to relationship quality (Leonidou, Barnes, and Talias 2006). Literature also confirms that firms with harmonious relationships are also active in their exporting activities (Leonidou, Katsikeas, and Hadjimarcou 2002). The endeavour of service exporters to develop harmonious relationships with their business client was highlighted by M#7,

> "I don‟t see the point of having a relationship if it‟s not harmonious. So deal with any conflict quickly, confront it head on, get to an agreement and move past it. If you kind of put it in the drawer and think I hope he doesn‟t see that one or maybe this will just blow over, they never do and what happens is they become festering sores and they just get worse and worse."

To sum up, the qualitative research findings and the literature reinforced the importance of both contractual arrangements and relational norms. They facilitate the accomplishment of a successful management of cross-border relationships between service exporters and their overseas clients, effectively increasing their export performance. During the interviews, the executives also discussed the impact of various firm drivers and market drivers that impact the relationships, as well as the international success of the firms.

5.4.4. Organisational drivers

The executives who participated in this qualitative study discussed a variety of organisational characteristics that play an important role in the export performance of their firms. These characteristics have been grouped into four categories, namely management commitment, resource commitment, international experience, and firm size.

5.4.4.1. Management commitment

The role of management commitment in influencing export behaviour has been widely recognised in the export marketing literature (Cavusgil and Zou 1994; Diamantopoulos and Schlegelmilch 1994; Dominguez and Sequeira 1993; Haar and Ortiz-Buonafina 2002; Leonidou and Katsikeas 1996). Management commitment proves to be a key success factor driving the performance of exporting firms (Aaby and Slater 1989; Zou and Stan 1998). Accordingly, the firm will succeed if top management invests sufficient efforts in their exporting activities, and remains persistent with their exporting commitment. As M#8 explained,

> "We must have a desire to be successful in that overseas market… From the company‟s point of view, I think you need to understand it‟s going to take you some years before you can actually make good profits from the practice. Commitment also involves personal commitment… our people really need to prepare to work and/or make frequent visits over a period of 3 to 4 years at a time, while you still got to do work assignments back in Australia. It is seven days a week‟s work, pretty hard."

Clearly, a firm with committed top management will be able to proactively and aggressively identify and leverage international opportunities, avoid international threats and undertake effective marketing strategies that improve its export performance (Axinn 1988; Bodur 1994;

Chetty and Hamilton 1993). To be internationally competitive in their industry, top management of service firms are required to take risks and be "ready and able to respond to an opportunity as well", according to M#1. M#4 went on and stated,

> "More than anything you need to have the courage to get out and explore niche market opportunities and also to be willing to do business in ways that perhaps are seen as riskier, compared to what you do at home. You need to be proactive and willing to take on a level of risk which is higher than you're normally used to dealing with."

In addition, senior executives principally drive the creation of the values and beliefs within the firms (Cadogan et al. 2006; Jaworski and Kohli 1993). Committed managers also pay a great deal of attention to their international customers, according to M#1

> "You‟re probably not considered a successful exporter until you develop yourself in the market and you can nurture extra business. You must keep winning new business, whether it‟s from the same client, whether it‟s from another client or a referral… So you need to establish some sort of credibility in the market, and the potential and existing clients can see that you‟re serious about the marketplace and you are prepared to support them, or you are committed to the market by repeatedly coming and trying to develop it, and knowing that you‟re not just a business that‟s here one day and not the next… So there needs to be a long-term strategy for a service organisation."

Hence, the qualitative data supported previous studies in the international services marketing literature that commitment from executives of the firm is a significant predictor of exporting success (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 2002; Javalgi, Griffith, and White 2003; Patterson, de Ruyter, and Wetzels 1999; Styles, Patterson, and La 2005). In addition, the data also extended the literature by suggesting that management commitment also facilitates an effective management of the B2B relationships of service exporters.

5.4.4.2. Resource commitment

Another key factor determining the success of a firm is the allocation of sufficient resources to its business operations (Richey, Genchev, and Daugherty 2005). According to RBV, when a firm successfully uses its internal resources (assets and capabilities), it can generate and sustain a competitive advantage (Barney 1991; Conner and Prahalad 1996; Peteraf 1993; Teece, Pisano, and Shuen 1997). These resources include assets, organisational processes, information, and knowledge (Barney 2001; Srivastava, Fahey, and Christensen 2001). The involvement of service firms in foreign markets is resource intensive, as M#3 confirmed,

> "… and if I was to measure the amount of days that has been put into this project in [the selected overseas market] so far, the cost of my time and tools and communication costs and everything else is considerable."

Active exporters commit more resources to their export business (Leonidou, Katsikeas, and Hadjimarcou 2002). In agreement with Cort, Griffith, and White (2007), the executives stated that "obviously you need to commit some serious financial investment" (M#1). In addition, service firms identified skilled personnel and staff training as key, reinforcing Contractor and Mudambi‟s (2008) findings on the importance of human capital investment. M#7 strongly emphasised the commitment of personnel resource,

> "It‟s a people business, so it‟s mostly about human resources. And I would say to you our biggest issue right now is getting enough people to service the demands of the market and it‟s a constant problem…. And of course if you haven‟t got the

people and the skills and the knowledge, then you can"t effectively service the market."

In addition, M#9 believed skills for staff in service firms should be regularly updated, due to the unique nature of services, and the fact that business clients of service exporters are operating in different political, economic, and cultural environments.

> "We committed ourselves in skill training for our staff… We hired staff with competent language and professional skills. They need to have sufficient technical backgrounds so that they can understand our services."

Additionally, a significant commitment of resources enables the firms to better satisfy the needs of foreign clients, according to M#8, who said "our company has definitely invested a lot into this venture, from financial investment to human resources" expertise... As our projects are delivered overseas with assistance from key staff in Australia, we"ve got a couple of guys from here travelling over there every couple of weeks to provide support". M#4 also shared a story:

> "An insurance company was saying that notwithstanding the fact that they knew a lot of business in a lot of different parts of the world, they are concerned that they are probably sending people out into the field… who are maybe insurance experts, but they are not experts in negotiating and dealing with people of different cultural backgrounds". (M#4)

Hence, a sufficient allocation and commitment of resources enables the firm to overcome barriers that would otherwise inhibit its foreign market involvement (Agarwal and Ramaswami 1992; Bello and Gilliland 1997). Consequently, the export marketing infrastructure within the firm is strengthened (Cavusgil 1984; Leonidou and Katsikeas 1996), allowing for a stronger exporting success (Javalgi and Martin 2007), and a better management of cross-border business relationships.

5.4.4.3. Export experience

Prior international experience plays an important role in the export activities of the firms (Aaby and Slater 1989; Cavusgil and Zou 1994; Kirpalani and MacIntosh 1980; Lu and Julian 2007). According to the principles of internationalisation theory, a lack of knowledge is a crucial obstacle to the development of international business activities, and knowledge can be acquired through prior experience in the foreign markets (Johanson and Vahlne 1977). M#8 explained,

> "It took us a long time to understand the business practices and have a good understanding of the business market over there… Understanding the domestic overseas market is a must if you"d like to succeed… A major part for us to win the projects is to demonstrate what we"ve done."

Firms with enduring export market experience are able to reduce the cost and perceived uncertainty in their exporting activities (Li 1994; Madsen 1989). As the exporters learn to be more proactive after trials and errors in their exporting experience (Cavusgil 1984; Madsen 1989), they gain a better understanding of foreign market mechanisms and consider problems associated with exporting more manageable (Katsikeas and Morgan 1994) Such experience is extremely important for service providers, according to M#1,

> "Experience is absolutely important, as it boosts your credibility stakes. If you"ve only been in a business for three months, then, you know, you go to [the overseas market] and say "look I"m the leading in this industry", it"s very hard credibility-wise because the business clients want to see, well, what sort of clients have you

> had, what sort of examples of work have you done…what industries have you had experience in, and the nature of your clients, are they big clients or are they small clients, what your clients" testimonials are like. So the more established you are, the more chances you"ve got."

Export experience contributes to making exporting firms more market-oriented in their operations in overseas market (Cadogan et al. 2006), achieving better business relationships (Leonidou, Katsikeas, and Hadjimarcou 2002). Importantly, once the firm knows its markets well, it can make better prediction and judgement about customer responses to its marketing decisions (Cadogan, Diamantopoulos, and Siguaw 2002). Equipped with international experience, firms learn "the approach to deal with people and words people use, and how to do some good negotiations" (M#5). As such, export experience not only facilitates the management of the B2B relationships of the service exporters, as well as their export performance. This is particularly important because previous studies of service export performance did not take into account the important role of export experience of the service firms.

5.4.4.4. Firm size

Several studies have found a positive relationship between firm size and the export performance of the firms (Christensen, Da Rocha, and Gertner 1987; Hunt, Froggatt, and Hovell 1967; Lall and Kumar 1981; Tookey 1964). These studies argued that larger firms possess a more substantial amount of resources, which in turn facilitate their ability to take advantage of market opportunities, enhancing their performance (Katsikeas, Deng, and Wortzel 1997; Mittelstaedt, Harben, and Ward 2003). M#8 agreed that "You need to be big enough to do the job well. In order to do the job properly, you need to have a good group of employees and some very good infrastructure."

Some managers were more hesitant, however. For example, M#5 explained, "Size matters. Size gives you credibility. Is it critical? No, not at all!". Other managers totally rejected the role of firm size in service exports, such as M#2 "size has become more and more irrelevant", and M#3 "Firm size does not matter at all for a lot of service exporters". This perception is also supported by several studies which found little or no relationship between firm size and export performance (Bilkey and Tesar 1977; Bonaccorsi 1992; Cavusgil 1984; Czinkota and Johnston 1983; Holzmüller and Kasper 1991; Moini 1995; Moon and Lee 1990). M#1 elaborated further,

> "Is firm size important? Probably no is the short answer. I think it comes back to being ready as a business to take on international projects, or being able to harvest more potential exports… so, you know, a one-person organisation is still capable, absolutely, compared to maybe a thirty-person or fifty-person service organisation."

Other managers suggested that the role firm size playing in service export performance depends on the nature of the industry, as well as the export destinations. As M#7 explained,

> "Particularly for some of the tiger economies, they want to deal with the big guys, they don"t want to deal with the little guys, so I think size does in general matter. But I don"t think it does in our particular part of the market. I don"t see it mattering as much in our part of the world, because I don"t think the professional services market hasn"t maturated sufficiently to make it so, but I"m sure it will."

Hence, in contrast with previous studies on the significant role of firm size in predicting service export performance (Chadee and Mattsson 1998; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003), qualitative data provided mixed results. Consequently, further research is needed, to investigate the potential role of firm size on both service export performance and the ability of the service exporters to manage their inter-firm relationships.

5.4.5. Market drivers

Three major market characteristics emerged from the discussion with the business executives, including assistance from home government, international competitive intensity, and host government policies.

5.4.5.1. Home government assistance

An interesting finding is that most service firms involved in the study believed the export assistance efforts from the Australian state and federal governments had been worthwhile. Those efforts, according to Diamantopoulos, Schlegelmilch, and Tse (1993), have been interchangeably referred to in the literature as export assistance, export promotion, or export incentives. Such programs may involve providing access to export expertise and knowhow, generating awareness of export opportunities, facilitating export planning and preparation assistance, and offering financial and organisational support (Gillespie and Riddle 2004; Kaynak 1985; Kotabe and Czinkota 1992; Seringhaus and Botschen 1991). M#3 emphasised the importance of these programs, adding that "for emerging exporters in service industries, we need to be aware of all relevant government agencies, what grants there are out there, what sort of information can be obtained for free…". Additionally, export assistance can also be obtained from industry-based association. Therefore, the role of industry groups is particularly critical. M#4 expressed his view on the Australian Services Roundtable (ASR), which is the peak business body for the service sector in Australia, and raised concerns for a more concerted effort in promoting service export by industry-based associations

"In the US there"s a coalition of services industries and in Europe a European Services Forum that more or less successfully in status to have a cross sectoral view of services and interest in the service industry… Here in Australia, ASR is a relatively weak organisation and it has a little bit of trouble defining what it is that it does for its members as opposed to the peak professional bodies, for example the Australian Bankers Association for the banks and the Insurance Association for the insurance companies. I think it should know the common interests across the service sector and it can help promote them."

The participants in the qualitative interviews also indicated that the export assistance programs resulted in better export performance. M#8 stated,

"We have and will continue to work with Austrade. We"ve sought assistance from the South Australian government and their representatives in the overseas market. Those agencies have been very helpful to us and they have definitely made a difference."

With the financial support from the export assistance programs, a firm can also reduce operational costs and improve its export sales (Kaynak 1985), thereby positively influencing export performance (Coughlin and Cartwright 1987). Recent research has also shown that successful exporters use export assistance programs more intensely than less successful exporters (Álvarez 2004). Therefore, the qualitative data was consistent with previous studies. In these studies, scholars reported a positive relationship between export promotion and export competence (Francis and Collins-Dodd 2004), competitive position of the firms (Gençtürk and Kotabe 2001), export volume (Denis and Depelteau 1985), export expansion activity (Reid 1984), export performance improvement (Lages and Montgomery 2005), and export success (Cavusgil and Naor 1987; Diamantopoulos and Inglis 1988; Shamsuddoha and

Ali 2006; Wilkinson and Brouthers 2006). On the other hand, other researchers have reported no effect of export assistance on the performance of the firms (Gençtürk and Kotabe 2001; Gray 1997; Howard and Herremans 1988; Seringhaus 1986).

Hence, as Kotabe and Czinkota (1992, p.640) suggested, "the empirical evidence providing a substantial rationale for and information about the effectiveness of export promotion efforts is limited and mixed". These conflicting findings and mixed evidence warrant further research, theoretical development and empirical investigation (Francis and Collins-Dodd 2004; Lages and Montgomery 2005; Wilkinson and Brouthers 2006).

5.4.5.2. Host government policies

The current international business environment is increasingly globalised, interdependent, and connected. Together with strict foreign government rules and regulations, high tariffs and non-tariffs barriers are environmental barriers that might put exporters at a disadvantage against other industry rivals in the global marketplace (Leonidou 2004). As such, power, roles and policies of the host governments are regarded as a crucial non-controllable force for international firms (Granitsky, Rangan, and Watzke 1991). M#4 reflected,

> "It is very important to understand what is happening in the regulatory environment. When you are dipping your toe into the [overseas] market and one of the most important things for you is to like to understand what the government"s blue print is for how the financial services sector is going to be allowed to develop… seeing if there might be too many barriers."

Government may impose pressure on multinational firms on issues such as pricing, product standards, patents, taxes, and tariffs (Cavusgil, Zou, and Naidu 1993; Jain 1989), and exchange controls (Beamish 1993; Yan and Gray 1994). These obstacles are particularly important for service firms (Dahringer 1991), as they challenge the ability of the firms to exploit export opportunities, develop and sustain their international operations (Leonidou 1995). According to M#2,

> "From a business‟ point of view, we need to have an understanding on how those government regulations work differently than maybe what we have in Australia. The policies of the foreign governments might be the way that they allow Australian companies to come in and conduct businesses, and certain trade barriers that they might have, or even no trade barriers at all… Certainly foreign governments can really impact whether we are successful in what we‟re doing in our trading."

In recent decades, however, governments worldwide have either gradually or drastically removed a variety of trade barriers due to increasing global competition and market integration (Balabanis, Theodosiou, and Katsikea 2004; Douglas and Craig 1992). In these markets, service providers "can be considered equal to local providers" (M#1). As a result, the host country government can play a significant role in the performance of the export ventures (Beamish 1993; Cavusgil and Zou 1994), thereby impacting their chance of success (Barker and Kaynak 1992; Styles and Ambler 1994). M#8 shared some challenges,

> "To be successful, you need to have a good understanding of the country‟s regulations. We‟ve got a major issue at the moment in terms of policies related to intellectual property. The [overseas] government is slowing working towards giving us assistance. As we cannot get registrations in [the overseas market], there are always risks… this impact our clients‟ perception of our services and ultimately our financial gains from providing the service. At times, repatriation of money is also problematic."

Hence, the openness of the host markets has a positive influence on service firms (Rugman and Verbeke 2008). Not only will favourable conditions facilitate the responsiveness of the firms in the foreign markets, they will also facilitate their management of cross-border relationships as illustrated by M#7 below, and ultimately affect their success (Czinkota and Ronkainen 2007; Kotabe and Helsen 2008).

> "Regulatory environment is very important for anybody working transnationally. You always want to have a stable government environment in the country in which you're doing business. And I think any country that"s not stable politically is going to find it very hard to survive and prosper in the global economy… For example, [the selected market] is a little more challenging, because it has a different rule of law, so there"s a need for some sort of interpretation and cross pollination between practitioners on either side of the divide… quite difficult to get to agreements, formal agreements about business."

The above statements by the executives support the notion that policies and regulations imposed by foreign governments are significant predictors of service export performance (Cicic, Patterson, and Shoham 1999, 2002; Javalgi, Griffith, and White 2003; Javalgi and Martin 2007), as well as their reliance on relationship management mechanisms (Roath, Miller, and Cavusgil 2002).

5.4.5.3. Competitive intensity

Global market integration has created a great deal of attractive opportunities for business, regardless of their size, industry, and national origin, to internationalise their operations. Some researchers even suggest that participation in global markets is no longer an option for virtually all firms (Craig and Douglas 1996). Consequently, competition in the global market place has become increasingly fierce. As M#8 explained,

> "The competition is very intense, with a whole lot of players from North America and Europe, as well as the local firms. The local demand for our services is strong, and brings in a lot of suppliers. Therefore, you have to be careful. We‟re now at the stage where we can be a bit selective, and we are really trying to work in areas where the local competition isn‟t. The competition is also very fierce from the price point of view, so we need to find clients who are after the services of an off-shore company."

Importantly, the existing competitors in any market are the survivors who have been able to defeat competitive attacks in the past (Simmonds 1999). In the export marketing literature, competitive intensity is perceived to have a critical and direct impact on the performance of exporters (Christensen, Da Rocha, and Gertner 1987; Julian 2003; Kaleka and Katsikeas 1995; O'Cass and Julian 2003). The executives interviewed in this study agreed with the literature. For example, M#1 indicated,

> "In any business you‟re not operating independently, it‟s a global marketplace and there are other players out there trying to win the business that you‟re after...To be successful in this industry, it‟s challenging work. It‟s all about being open to competition in the marketplace. People are getting more and more sophisticated products and services every day, with that sophistication come new players trying to better a system or better a new technology or deliver a program…things are always changing, so you need to have a keen eye on what you do and be prepared to change what you do."

The global competition is intensifying (Javalgi and Martin 2007), and the competitive intensity of the marketplace has a negative impact on the performance of export ventures (Morgan, Kaleka, and Katsikeas 2004). According to the resource-advantage theory of competition (Hunt and Morgan 1996), service exporters learn from competition in the marketplace. This can be done by carefully monitoring the competitive moves of industry rivals. However, previous studies in service export performance have not taken into account the extent to which competitive intensity may impact on the export performance of service firms, and their management of cross-border relationship. Therefore, this issue will be empirically investigated in the next phase of this study.

5.5. Model and research propositions

The exploratory study, as expected, provided much needed insights of the research phenomena (Cavana, Delahaye, and Sekaran 2001; Churchill and Iacobucci 2005), namely the factors driving the export performance of service firms and their management of cross-border inter-firm relationships. This section first confirms the research propositions developed based on the qualitative findings, and develops a specific set of research hypotheses to be tested in the next phase of the study.

The qualitative data helped refine the literature review framework, with the following research propositions, which are also shown on Figure 5.1:

P1 Organisational drivers significantly influence service export performance;

P2 Organisational drivers significantly influence contractual complexity;

P3 Organisational drivers significantly influence contractual explicitness;

P4 Organisational drivers significantly influence relational-based governance;

P5 Market drivers significantly influence service export performance;

P6 Market drivers significantly influence contractual complexity;

P7 Market drivers significantly influence contractual explicitness;

P8 Market drivers significantly influence relational-based governance;

P9 Contractual complexity positively influences contractual explicitness;

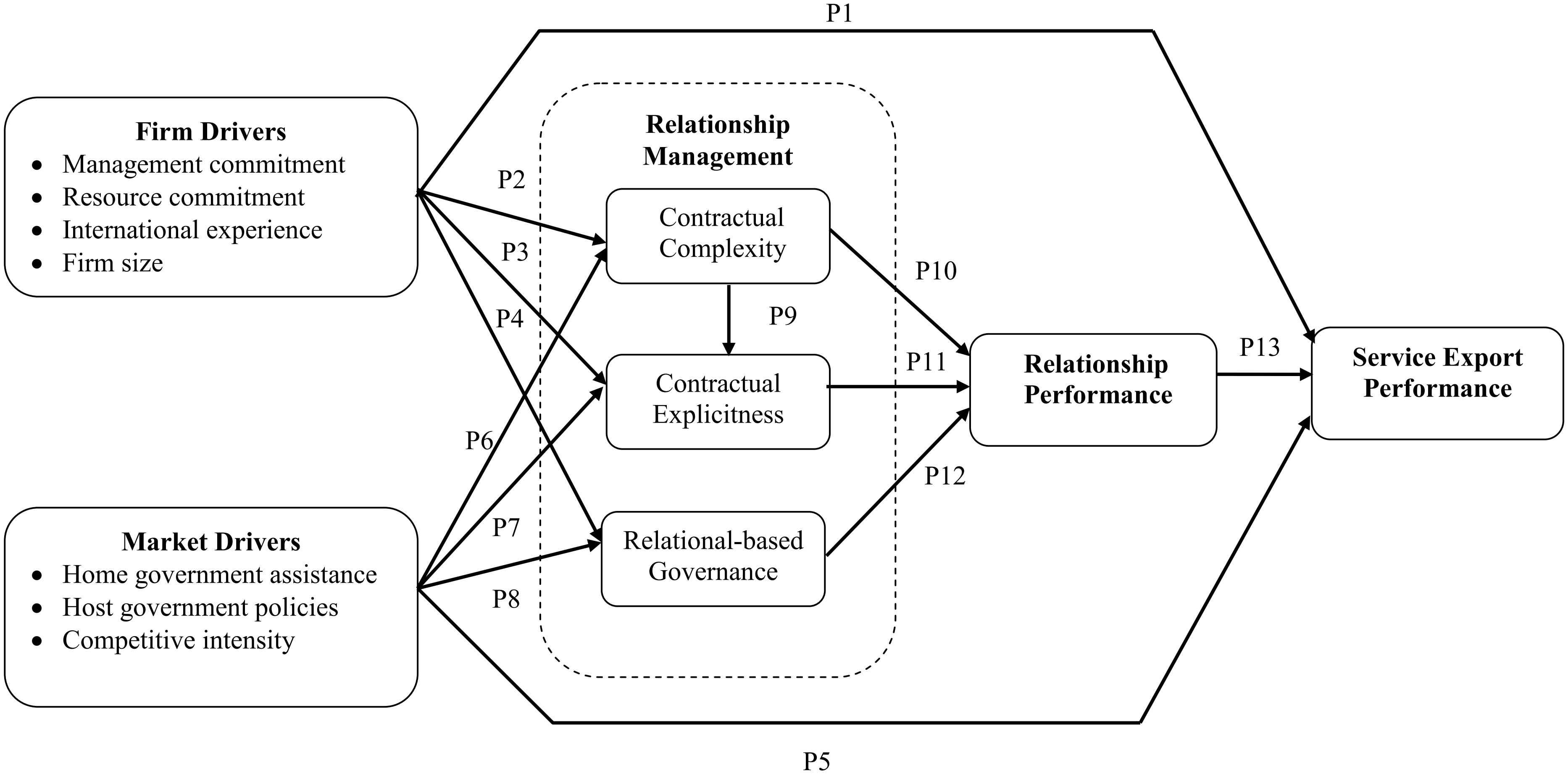
P10 Contractual complexity positively influences relationship performance;

P11 Contractual explicitness positively influences relationship performance;

P12 Relational-based governance positively influences relationship performance; and

P13 Relationship performance significantly influences service export performance.

Figure 5.2: Conceptual model



5.6. Chapter Summary

This chapter first provided an overview of the research design for the study, with relevant description and justification of each main research phase. The chapter then focused on an exploratory study of service exporters in South Australia. The key qualitative research method of in-depth interviews, the sampling and research procedures, and the research findings were discussed.

The research findings enabled the researcher to refine the basic framework developed from the literature into a conceptual model. The data revealed the multi-dimensional nature of export performance of service firms, which was determined by a variety of internal and external factors. These included the effectiveness and nature of their management of cross-border B2B relationships (which involved both contractual-based governance and relational-based governance), organisational drivers (such as management commitment, resource commitment, international experience, and firm size), and market drivers (comprising of home government assistance, host government policies, and competitive intensity). Based on these findings, a conceptual model was developed, with 13 research propositions, which will be tested in the next research phase.

To facilitate the data analysis in the next phase, the research propositions were further refined into a set of testable hypotheses. These hypotheses, listed in Table 5.3, will be tested in a quantitative study based on a self-administered survey. The data will be analysed using the principles of SEM, and path analysis as the primary method. The quantitative research phase will be extensively discussed in the next chapter.

Table 5.3: Research hypotheses

Propositions	*Hyp.*	*Independent variable*	*Dependent variable*	*Rel.*
P1	H1a	Management commitment	Export performance	+
	H1b	Resource commitment	Export performance	+
	H1c	Export experience	Export performance	+
	H1d	Firm size	Export performance	+
P2	H2a	Management commitment	Contractual complexity	+
	H2b	Resource commitment	Contractual complexity	+
	H2c	International experience	Contractual complexity	+
	H2d	Firm size	Contractual complexity	+
P3	H3a	Management commitment	Contractual explicitness	+
	H3b	Resource commitment	Contractual explicitness	+
	H3c	Export experience	Contractual explicitness	+
	H3d	Firm size	Contractual explicitness	+
P4	H4a	Management commitment	Relational-based governance	+
	H4b	Resource commitment	Relational-based governance	+
	H4c	Export experience	Relational-based governance	+
	H4d	Firm size	Relational-based governance	+
P5	H5a	Home government assistance	Export performance	+
	H5b	Host government policies	Export performance	+
	H5c	Competitive intensity	Export performance	_
P6	H6a	Home government assistance	Contractual complexity	+
	H6b	Host government policies	Contractual complexity	+
	H6c	Competitive intensity	Contractual complexity	_
P7	H7a	Home government assistance	Contractual explicitness	+
	H7b	Host government policies	Contractual explicitness	+
	H7c	Competitive intensity	Contractual explicitness	_
P8	H8a	Home government assistance	Relational-based governance	+
	H8b	Host government policies	Relational-based governance	+
	H8c	Competitive intensity	Relational-based governance	_

Table 5.3: Research hypotheses (*continued*)

Propositions	*Hyp.*	*Independent variable*	*Dependent variable*	*Rel.*
P9	H9	Contractual complexity	Contractual explicitness	+
P10	H10	Contractual complexity	Relationship performance	+
P11	H11	Contractual explicitness	Relationship performance	+
P12	H12	Relational-based governance	Relationship performance	+
P13	H13	Relationship performance	Export performance	+

Note: Hyp. = Hypothesis

Rel. = Predicted relationship

Chapter Six: Quantitative Study

6.1. Introduction

As discussed in the previous chapter, the research design of this study incorporated all three basic research types, which included exploratory, descriptive, and explanatory research (Aaker, Kumar, and Day 2004; Churchill and Iacobucci 2005). The research was conducted using a multi-method approach, as proposed by several scholars (Anderson, Håkansson, and Johanson 1994; Malhotra, Agarwal, and Peterson 1996; Rodríguez and Wilson 2002), integrating both qualitative and quantitative components. Chapter 5 discussed the research process and highlighted the main findings of the exploratory phase, resulting in a proposed conceptual model and a set of testable hypotheses. Consistent with the suggestions by Gummesson (2005), this chapter focuses on the quantitative study, empirically testing these research hypotheses.

This chapter is organised as follows. The principal data collection method, a survey, is first discussed, including the arguments for a combination of postal surveys and online surveys. This discussion is followed by a description of the questionnaire development steps, which involved the operationalisation of the constructs in the study, as well as the draft-test-revise process undertaken to finalise the questionnaire. Next, the sampling issues are discussed. Within the sampling sub-section, the researcher will outline the sampling frame and sampling procedure, the key informant approach, the unit of analysis, and the activities undertaken to improve sample cooperation. A brief summary of the characteristics of the final sample is provided. The chapter concludes with a test of non-response bias indicating no significant differences between early and late responses. Therefore the data is deemed appropriate for further statistical analysis procedures undertaken in the next chapter.

6.2. Data Collection Method

The data collection method chosen for this study was a self-administered survey. Survey research methods, according to Hair, Bush, and Ortinau (2000), are commonly associated with descriptive and causal research. It is also the most common method of data collection in previous exporting research, as reported by Leonidou and Katsikeas (1996). As a data collection technique, surveys offer researchers different advantages. First, this technique is versatile (Churchill and Iacobucci 2005) in that the researcher is able to obtain various types of data and concepts of interest about respondents who are not directly observable (Hair, Bush, and Ortinau 2000). These data included demographic, opinions, attitudes, awareness and knowledge, intentions, as well as motivations underlying actions, and even behaviours (Churchill and Iacobucci 2005). Another beneficial dimension of survey technique is the advantage of speed and cost (Churchill and Iacobucci 2005; Hair, Bush, and Ortinau 2000). Well-developed questions in surveys enable researchers to gather information with much less time and effort, compared to observation technique (Cooper and Schindler 2003). There iss no need for sophisticated devices used in experiments or observation techniques in order to record actions and reactions of the respondents (Hair, Bush, and Ortinau 2000). Additionally, researchers are also able to conduct advanced statistical analyses on the data collected using surveys (Hair, Bush, and Ortinau 2000).

When collecting data, researchers must take into account two important issues of structure and disguise (Churchill and Iacobucci 2005). Structure refers to the degree of standardisation researchers impose on the questionnaire, whereas disguise is the extent to which the researchers clearly communicate the purpose of the study to potential respondents. This study utilised structured-undisguised questionnaires, which are used commonly in marketing research (Churchill and Iacobucci 2005). That is, all questions were asked in the same wording and order, and all responses were also standardised.

With regards to methods of administering questionnaires, researchers have the options of personal interview, telephone, mail, fax, email, or web surveys (Churchill and Iacobucci 2005). As each of these methods has different strengths and weaknesses, it is often deemed desirable to combine different methods (Aaker, Kumar, and Day 2004). By doing so, researchers are able to retain the best features, whilst minimising their limitations. This study undertook a combination of mail and online surveys, so as to achieve a higher response rate (Churchill and Iacobucci 2005). The characteristics of these two survey administration methods are further discussed in the following sections.

6.2.1. Mail survey

For this study, a self-administered mail survey involved the mailing of questionnaire with a covering letter to the potential respondents. The respondents then used a prepaid return envelope to return the completed questionnaires to the researcher. This approach was deemed appropriate for this study, for several reasons.

It is widely recognised that self-administered mail surveys are the most cost-effective, compared to personal interviews or telephone interview (Cooper and Schindler 2003; Kinnear et al. 1993). More specifically, they allow for substantial cost savings when a large sample in involved, especially when the target respondents are located in different cities and states in Australia as was the case for service exporters. Indeed, personal interview were not feasible, due to the large sample size. Furthermore, self-administered mail survey do not have the same biases that interviews do (Hair, Bush, and Ortinau 2000; Quester et al. 2006), as respondents complete the questionnaire at their convenience and return the survey anonymously.

There is further evidence that self-administered mail surveys collect better quality data that produce more accurate results, especially with regards to sensitive topics (Aaker, Kumar, and Day 2004; Kinnear et al. 1993). In this study, the researcher collected information on financial and economic indicators of the performance of the service exporters, such as annual sales, percentage of sales and profit derived from their foreign operations. This type of information is considered sensitive and confidential by most respondents. Therefore, the anonymous nature of mail questionnaire is helpful in this regard (Churchill and Iacobucci 2005). Finally, undertaking business marketing research with this method was relatively easier than consumer research, because the mailing list and contact details are more stable, with fewer target businesses (Churchill and Iacobucci 2005).

However, the major disadvantage of the self-administered mail survey data collection method is the potential problem of non-response error and the potentially low response rates (Aaker, Kumar, and Day 2004; Cooper and Schindler 2003). Only those that are most interested in the topic would respond to mail questionnaires (Churchill and Iacobucci 2005). A low response rate can actually result in a high non-response error, which can invalidate the research findings (Kinnear et al. 1993). Therefore, in the cover letter addressed to the potential respondents, the researcher also gave them the option of completing the questionnaire online. The researcher clearly stated that the URL of the online survey could be forwarded to the respondents, should they contact the researcher via the phone numbers and/or email provided. In the next section, the research details the benefits of online surveys.

6.2.2. Benefits of online survey

The increase in internet users as well as business connecting to the World Wide Web has been phenomenal. As indicated in Table 6.1, the internet penetration rate ranged from 95.4 per cent to 100 per cent in Australian businesses with more than 10 employees in 2007, higher than OECD average (OECD 2008a). According to UNCTAD (2007a), service firms use websites and computers more than the manufacturing sector, and exporters make a greater use of internet tools (including websites and electronic mail) than non-exporters. As such, the internet has become a feasible mean of data collection, especially for studies undertaking organisational research (Ilieva, Baron, and Healey 2002; Simsek and Veiga 2001; Sproull 1986; Stanton 1998; Stanton and Rogelberg 2001).

Online surveys overcome several major issues associated with traditional mail surveys, such as slow response, poor response rates, and manual transcription of data from the hard-copy questionnaires to the data analysis software (Ilieva, Baron, and Healey 2002). Online surveys also allow the researcher to achieve a quick turnaround time (Churchill and Iacobucci 2005; Couper, Traugott, and Lamias 2001; Kittleson 1995; Mehta and Sivadas 1995; Tse et al. 1995). Potential respondents can be reached instantly, regardless of their geographical location. In addition, conducting online surveys is inexpensive (Kent and Lee 1999; Schaefer and Dillman 1998; Schuldt and Totten 1999; Sheehan and McMillan 1999). Costs of undertaking online surveys might involve software purchase and supporting database, accessing the internet, storage space for returned questionnaires, and server capacity (Simsek and Veiga 2001). There are no costs in terms of printing out questionnaires and postage, nor any in relation to data entry. In addition to the minimal financial resource implications, the scale of the survey is not associated with finance (Ilieva, Baron, and Healey 2002). That is, large scale surveys do not require larger financial resources compared to small scale surveys.

Time can also be saved as online surveying requires no photocopying of questionnaires, preparing address and envelopes for mailing out the questionnaires.

Furthermore, research suggests that rich information can be collected by using online surveys (Daft and Lengel 1984, 1986; Daft, Lengel, and Trevino 1987). A degree of personalisation is achieved when the managers receive an email addressed to them inviting them to participate in the study. In addition, information cues such as text and graphics can be easily transmitted online. Importantly the researcher can also make sure respondents answer all questions, with reminding messages (Simsek and Veiga 2001), until the questionnaire is complete. Scholars have also suggested that online surveys provide more complete information (Bachmann, Elfrink, and Vazzana 1996; Mehta and Sivadas 1995; Stanton 1998). Finally, the responses can also be fed automatically into the data analysis software, which helps avoid data entry errors.

There are two principal categories of internet questionnaires, including web page questionnaires and email questionnaires, each of which can be conducted in different ways (Bradley 1999; Simsek and Veiga 2000). The online questionnaire in this study was a combined form of both web page and email questionnaires. The researcher first sent an email to potential respondents, requesting them to participate in the study. The email was addressed personally to the manager of services exporters. By showing „personalisation" and the respondent"s importance in the invitation, the researcher is likely to achieve a better response rate (Dillman 1991, 2000). The email also had an embedded URL link, which directed the respondents to the web-based questionnaire hosted on Zoomerang.com website, when clicked. Zoomerang.com is a well-established and credible website providing an online survey tool suitable for both academic and business practitioners (Zoomerang 2007).

To conclude, the use of the internet as a means to collect primary data was deemed appropriate for the study. This approach also supported Craig and Douglas" (2001) call for latest technological developments to be incorporated in the data collection process. In the next section, the process of questionnaire development is discussed.

Table 6.1: OECD internet penetration rate by business size in 2007

Country	*Number of employees*		
	[10-49]	[50-249]	[250 and more]
Australia	95.4	99.6	100.0
Austria	96.5	99.4	100.0
Belgium	96.3	98.9	99.3
Canada	93.7	98.9	99.6
Denmark	97.3	98.4	99.0
Finland	98.6	99.9	100.0
France	95.7	99.6	99.7
Germany	99.4	99.2	99.8
Greece	91.9	98.0	99.2
Italy	93.7	99.0	99.4
Japan	_	98.1	99.5
Korea	96.4	99.5	100.0
New Zealand	93.8	98.1	98.9
Norway	94.9	98.9	98.1
Spain	93.5	99.0	99.7
Sweden	94.1	98.6	99.2
Switzerland	98.0	99.0	100.0
United Kingdom	92.1	99.3	99.5

6.3. Questionnaire Development Process

Scholars have made various detailed suggestions about the development of the survey instruments. For examples, while Aaker, Kumar, and Day (2004) and Cooper and Schindler (2003) propose three and five main phases respectively, Churchill and Iacobucci (2005) develop nine steps and Hair, Bush, and Ortinau (2000) recommend an 11-step procedure. This study integrated these recommendations into a five-phase process, shown in Figure 6.1. Each of these phases is discussed further in the following sub-sections.

Figure 6.1: Questionnaire development process

6.3.1. Verify information objectives and data collection method

This step was carried out and discussed earlier in this thesis. The research and information objectives have been identified and verified during the conceptualisation phase (via the reviews of the international services marketing literature, IRM literature, the theoretical foundations, and the exploratory research phase (via the in-depth interviews of service exporters in South Australia). The main data collection method was also identified earlier in this chapter, being a structured and undisguised survey. The survey was administered using a combination of normal mail surveys and online surveys.

6.3.2. Operationalisation of constructs

The constructs to be examined in this study have been conceptualised in previous chapters. This section focuses on the operationalisation of these constructs, adhering to the following principles:

- Multi-item measures were employed, as recommended by Churchill (1979);
- The study adopted existing measures from export marketing, services marketing, and IRM literature domains; and
- Where necessary, the adopted measures were modified and adapted to the current research phenomenon, i.e. key success drivers of service exporters.

The following sections discuss the measurement scales and dimensions (where applicable) of the constructs investigated in this study.

6.3.2.1. Export performance

A review of the literature on export marketing performance by Zou, Taylor, and Osland (1998) indicated that export performance had been measured via three principal means. These include financial measures, strategic measures, and perceptual measures.

First, export performance is most commonly measured via economic indicators. According to Zou, Taylor, and Osland (1998), scholars using economic or financial measures argue that, since the marketing operations of a firm are often measured in economic terms, export performance, as part of the marketing program of the firm, should be measured in the same way. Studies focusing on the financial outcomes of exporting have included measures such as export sales (Bello and Gilliland 1997; Cavusgil 1984; Czinkota and Johnston 1983), and export sales growth (Cooper and Kleinschmidt 1985; Kirpalani and MacIntosh 1980; Madsen 1989). In addition, Bilkey (1982, 1985) and Johnson and Arunthanes (1995) have used export profit as an indicator of export performance, while Axinn (1988) and McGuinness and Little (1981) relied on export intensity as a measurement scheme.

Second, in addition to economic goals, firms often set strategic goals in their exporting activities (Cavusgil and Zou 1994). These goals could be the accomplishment of strategic goals, an increase in market share, strengthened competitiveness, or a better market position (Zou, Taylor, and Osland 1998). This is consistent with the emphasis on strategic consideration in marketing theory by Day and Wensley (1983) and Wind and Robertson (1983). As a result, studies following this view have measured export performance via strategic indicators such as strategic presence of the firm in the export market or attainment of a competitive position in the export market (Cavusgil and Kirpalani 1993; Cavusgil and Zou 1994; Johnson and Arunthanes 1995).

Third, Zou, Taylor, and Osland (1998) suggested a positive disposition toward exporting and/or satisfaction with exporting operations be a strong indication of success. In this case, export performance refers to perceived export success or satisfaction with the export venture (Cavusgil and Zou 1994; Christensen, Da Rocha, and Gertner 1987), attitude towards exporting (Brady and Bearden 1979; Johnson and Arunthanes 1995), propensity to export and attitude toward overcoming barriers to exporting (Bilkey 1985; Denis and Depelteau 1985; Reid 1984; Rosson and Ford 1982).

These various approaches to measuring export performance were also found in recent studies of service firms. As mentioned in previous chapters, the performance indicators in these studies of service exporters have ranged from export revenues (Chadee and Mattsson 1998), export intensity represented by the ratio of export/foreign sales to total sales (Cicic, Patterson, and Shoham 2002; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003; White, Griffith, and Ryans 1998), propensity to export (Cicic, Patterson, and Shoham 1999), to propensity to continue exporting (Patterson, de Ruyter, and Wetzels 1999), and satisfaction with performance (Cicic, Patterson, and Shoham 2002; Cort, Griffith, and White 2007; Javalgi, Griffith, and White 2003).

Zou, Taylor, and Osland (1998) argued that the deployment of different measurement schemes made it difficult to assess which of the individual variables were the strongest predictors of export performance. These scholars developed the EXPERF scale as a three-dimensional conceptualisation of export performance, integrating all three dimensions of export performance measures. However, the EXPERF scale, whose authors were awarded the Hans B. Thorelli Best Paper Award for “having made the most significant contribution to international marketing theory or thought" (Journal of International Marketing 1999), has only been empirically tested in relation to the manufacturing industries in the United States and Japan. As such, further research needs to be undertaken in order to warrant its applicability. In this study, the EXPERF scale was adopted as a seven-point Likert scale (1 = Strongly Disagree, 7 = Strongly Agree) to measure the performance of service exporters (see Question 3, Appendix 5).

6.3.2.2. Relationship performance

Researchers have thus far investigated different indicators of relationship performance. While some scholars focused on governance efficiency (Artz and Brush 2000; Masten, Meehan, and Snyder 1991; Uzzi 1997; Walker and Poppo 1991), others have measured relationship performance via economic indicators, such as profit, sales volume, market share, growth in market share (Geyskens, Steenkamp, and Kumar 1999; Medlin, Aurifeille, and Quester 2005). Other indicators of relationship performance can also be found in studies that highlighted selling issues such as adherence to specifications, delivery performance, product quality, technical support (Cannon, Achrol, and Gundlach 2000; Heide and Stump 1995), the overall satisfaction and positive attitude towards the relationship (Anderson and Narus 1990; Claro, Hagelaar, and Omta 2003; LaBahn and Harich 1997; Mohr and Spekman 1994), or incorporated all strategic, selling, and economic performance indicators (Bello and Gilliland 1997). Studies of inter-organisational relationships in a service settings have operationalised relationship performance in terms of client satisfaction, degree of service quality, willingness to recommend, and positive purchase intentions (Ferguson, Paulin, and Bergeron 2005; Paulin, Perrien, and Ferguson 1997).

This study investigates relationship performance from the perspective of service exporters. As indicated from the exploratory research, relationship performance should take into account financial indicators (Jap and Ganesan 2000; Terawatanavong, Whitwell, and Widing 2007) and the ability of the firms to deal with their clients. In this study the items developed by Claro, Hagelaar, and Omta (2003) and Poppo and Zenger (2002) were adopted and modified. Relationship performance was measured on a seven-point Likert scale (1 = Dissatisfied, 7 = Satisfied), covering issues such as cost of service, quality of service, and responsiveness to problems and inquiries, communication quality, and the way problems are solved (see Question 13, Appendix 5).

6.3.2.3. Contractual-based governance

Research in contractual-based governance has been diverse. Scholars have investigated various aspects of contractual arrangements, such as length of contact (in years) (Sako and Helper 1998), contractual benefits (Nordberg, Campbell, and Verbeke 1996, 2003), contractual design (Argyres and Mayer 2007; Mayer and Argyres 2004), dimensions and determinants of contractual complexity (Reuer and Ariño 2007), and factors driving contract enforcement (Antia and Frazier 2001). Other scholars studied specific contractual types, such as psychological contracts (Kingshott 2006; Kingshott and Pecotich 2007; Llewellyn 2001) or international joint venture contracts (Luo 2002, 2005). Such diversity in contractual research confirms Roxenhall and Ghauri‟s (2004) recognition that contracts are multifaceted and multidimensional in nature.

This study is concerned with the potential impact of contractual-based governance on the inter-firm relationships between service exporters and the overseas clients. Previous studies about the role of contractual-based governance in relationship performance have taken into account the flexibility of the contract (Ferguson, Paulin, and Bergeron 2005) or even financial commitments (Yu, Liao, and Lin 2006). Several scholars have, however, emphasised the complex, detailed, and explicit nature of contractual arrangements (Cannon, Achrol, and Gundlach 2000; Jap and Ganesan 2000; Wuyts and Geyskens 2005). Especially for cross-border business relationships, (Roath, Miller, and Cavusgil 2002, p.4) suggested contracts "be formulated in an explicit and detailed nature whereby future situations are anticipated and incorporated in the contract"s terms…all of the responsibilities and expectations in the relationship are specified in the contract". Hence, this study took into account the role of both contractual complexity and contractual explicitness. Based on Lee and Cavusgil (2006) and Poppo and Zenger (2002), contractual complexity, in this research, captured the extent to which the contract was highly customised and detailed, as well as the legal efforts required to formulate the contract. With regards to contractual explicitness, the measures developed by Cavusgil, Deligonul, and Zhang (2004) and Lusch and Brown (1996), who considered the responsibilities of the involved parties, and the legal consequences for handling unexpected events such as failure to comply with legal expectations or under-performance, were adapted. Both contractual complexity and contractual explicitness were measured on a seven-point Likert scale (1 = Strongly Disagree, 7 = Strongly Agree) (see Questions 14 and 15, Appendix 5).

6.3.2.4. Relational-based governance

As previously discussed, relational-based governance is a multidimensional phenomenon (Dwyer, Schurr, and Oh 1987; Ganesan 1994; Heide and John 1992), a complex organisational arrangement (Dyer and Singh 1998), and a composite factor of several underlying dimensions (Poppo and Zenger 2002). Based on the ten relational norms proposed by Macneil (1980, 1983, 1985, 2000), researchers have developed various operationalisations of relational-based governance. An illustrative summary of conceptualisations of relational-based governance can be found in Ivens and Blois (2004, p.248), for studies undertaken during the 1984-2001 period. For instance, while Poppo and Zenger (2002) simplify four dimensions of trust, dependence, and cooperation into a three-item measure of relational-based governance, other scholars treat different norms as separate relational constructs (Artz and Brush 2000; Aulakh, Kotabe, and Sahay 1996; Griffith and Myers 2005; Roath and Sinkovics 2005; Terawatanavong, Whitwell, and Widing 2007). On the other hand, several researchers have emphasised that relational-based governance is best considered a higher-order construct consisting of two to five relational norms. For example:

- Boyle et al. (1992) and Kaufmann and Stern (1988) examined mutuality, flexibility, and solidarity on five-point Likert scales.
- Noordewier, John, and Nevin (1990) considered flexibility, assistance, information exchange, monitoring, and expectations of continuity on five-point Likert scales.
- Heide and John (1992) studied three dimensions including flexibility, information exchange, and solidarity. Each dimension was a multi-item measure using seven-point Likert scales. This was adopted by Bello, Chelariu, and Zhang (2003), Jap and Ganesan (2000), and Zhang, Cavusgil, and Roath (2003) in their investigations of different domestic and foreign relationship settings.
- Brown, Dev, and Lee (2000) and Kaufmann and Dant (1992) investigated three dimensions, including preservation of relationship, role integrity, and harmonisation of conflict on seven-point Likert scales.
- Claro, Hagelaar, and Omta (2003) integrated joint planning and joint problem solving on seven-point Liker scales.
- More recently, Gençtürk and Aulakh (2006) tested trust, commitment and flexibility on five-point Likert scales.

Findings from the exploratory study yielded five dimensions of relational-based governance, including relationship trust, relationship commitment, information exchange, relationship flexibility, and relationship harmony. These dimensions were operationalised as multi-item measures on a seven-point Likert scale (1 = Strongly Disagree, 7 = Strongly Agree, see Questions 16 to 20 in Appendix 5).

First, as one of the most common and historical variables in the literature (Morgan and Hunt 1994; Parkhe 1998; Seppänen, Blomqvist, and Sundqvist 2007), **relationship trust** has been extensively studied and operationalised. This study took into account previous research on trust in cross-border B2B relationships. Relationship trust was measured using the scales in Cavusgil, Deligonul, and Zhang (2004), who had previously adapted them from Anderson and Narus (1990) and Kumar, Scheer, and Steenkamp (1995), and Gençtürk and Aulakh (2006), who had adapted from the work of Moorman, Deshpandé, and Zaltman (1993), in their studies of the relationship between exporters and foreign distributors. The five-item scale considered whether the relationship was characterised by a high level of trust, a sense of loyalty, the fairness in negotiations, and the expectation that each party complied with the contractual terms and shared their best advice/judgment (see Question 16 in Appendix 5).

Second, **relationship commitment** implies the long-term orientation of the firms in their inter-firm relationships (Anderson and Weitz 1992; Dwyer, Schurr, and Oh 1987). The scale used in this study was adapted from Anderson and Weitz (1992) and Morgan and Hunt (1994), which has thus far been validated in service (Sharma and Patterson 2000), manufacturing (Coote, Forrest, and Tam 2003; Kingshott 2006), and international settings (Zabkar and Brencic 2004). The measure includes six items on the significance of the relationship, the desire of the exporters to maintain it, and the efforts they invested in maintaining such relationship, as supported by the findings in the exploratory study (see Question 17 in Appendix 5). These items also reflect Moorman, Zaltman, and Deshpandé"s (1992, p.316) definition of commitment as "an enduring desire to maintain a valued relationship", as well as Morgan and Hunt"s (1994, p.23) belief that the relationship is important enough for exchange partners "to warrant maximum efforts at maintaining it".

Third, **information exchange** is another important variable that can influence the management of inter-firm relationships (Noordewier, John, and Nevin 1990). Information exchange has been studied in the IRM literature, where scholars have investigated the relationships between exporters and their foreign distribution channels (Aulakh, Kotabe, and Sahay 1996; Bello, Chelariu, and Zhang 2003; Zhang, Cavusgil, and Roath 2003). Market information provided by one party allows the other to make relevant adjustments in their activities and resources (Bello, Chelariu, and Zhang 2003). As a consequence, the exchange of information assists firms to cope better with, and respond to, more quickly to environmental changes (Aulakh, Kotabe, and Sahay 1996; Zhang, Cavusgil, and Roath 2003). In this study, information exchange was operationalised using the scale developed by Aulakh, Kotabe, and Sahay (1996) and Heide and John (1992), who captured the expectations of the involved parties to provide information that might be useful for each other (Jap and Ganesan 2000) in a meaningful and timely manner (Anderson and Narus 1990) (see Question 19 in Appendix 5).

Fourth, **relationship flexibility** refers to the willingness of the service exporters and their overseas clients to adapt to unexpected changes in circumstances or unforseen events (Heide and John 1992; Noordewier, John, and Nevin 1990; Poppo and Zenger 2002). Research has indicated that flexibility is particularly central to export relationships (Bello, Chelariu, and Zhang 2003; Bello and Gilliland 1997), due to the diverse and challenging environmental conditions in which the firms operate (Aulakh, Kotabe, and Sahay 1996). Additionally, flexibility reduces instability (Hitt, Keats, and DeMarie 1998) and results in cooperative behaviour amongst the firms (Bello and Gilliland 1997). This, in turn, influences the implementation of their marketing strategy and their performance (Cavusgil and Zou 1994; Rosson and Ford 1982). In a B2B service setting, flexibility has been found to have a positive and significant influence on relationship quality (Ivens 2005). For instance, "a lack of supplier flexibility can lead the customer to renounce to the service and, in turn, to terminate the relationship" (Ivens 2005, p.568). Flexibility, in this study, was operationalised as the ability of the firms to make necessary adjustments to cope with changes in circumstances and the external environment, their willingness to change and responsiveness to requests for changes, as well as their ability to work out a new deal under unexpected situations. The five-item measure of flexibility was adapted from the works of Bello and Gilliland (1997), Heide and John (1992), and Zhang, Cavusgil, and Roath (2003) (see Question 20 in Appendix 5).

Finally, managing cross-border relationships is far more challenging than domestic relationships (Skarmeas 2006), as service exporters and their overseas clients conduct their business activities in different economic, cultural, political and legal environments (Aulakh, Kotabe, and Sahay 1996). Consequently, conflicts are inevitable (Gaski 1984), due to "incompatibility of goals, unclear expectations, different perceptions, or antithetical views" (Leonidou, Barnes, and Talias 2006, p.580), or "goal discrepancies, domain dissensus, and different perceptions of reality" according to Sachdev, Bello, and Verhage (1995, p.39). Research on conflict in an export setting dated back to 1980s with the works of Leonidou (1989a, 1989b). More recent studies by Leonidou (2004) and Leonidou and Katsikeas (1996) have indicated that various issues can cause disagreements between exporters and their customers, which in turn, have a significant impact on the behaviour of the firms during their internationalisation process. More specifically, disagreements are harmful and damaging, as they prevent firms from fostering a healthy and productive relationship (Leonidou, Barnes, and Talias 2006; Webb and Hogan 2002). Scholars even suggest that conflicts can lead to the termination of the relationships (Sachdev, Bello, and Verhage 1995). The exploratory research findings indicated that service exporters pursue harmonious relationships with their business customers, by actively solving their potential disagreements. **Relationship harmony**, in this study, was operationalised using the measure developed by Rawwas, Vitell, and Barnes (1997) and adapted in Skarmeas‟ (2006) work on managing conflict in an exporting context (see Question 18 in Appendix 5).

6.3.2.5. Management commitment

The role of management commitment in influencing export behaviour has been widely recognised in the export marketing literature (Cavusgil and Zou 1994; Diamantopoulos and Schlegelmilch 1994; Dominguez and Sequeira 1993; Haar and Ortiz-Buonafina 2002; Leonidou and Katsikeas 1996). In addition, findings from the exploratory research also confirmed previous research in the international services marketing literature, that commitment from executives of the firm is a significant predictor of exporting success (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 2002; Javalgi, Griffith, and White 2003; Patterson, de Ruyter, and Wetzels 1999; Styles, Patterson, and La 2005).

Management commitment is referred to as the attitudinal and behavioural characteristics of the managers of exporting firms (Evangelista 1994; Leonidou 1998). This was reflected in previous research on service exports, which investigated management commitment in terms of positive and negative management attitudes towards exporting (Cicic, Patterson, and Shoham 2002; Javalgi, Griffith, and White 2003). To be consistent with the literature, the scale employed in Cadogan et al.‟s (2006) study of Hong Kong manufacturing exporters was utilised. In this study, this scale had been originally developed by Gençtürk, Childers, and Ruekert (1995) in their study of managerial attitude toward international marketing. By capturing the beliefs of management about the importance of commitment and how committed they are about exporting, the four-item measure on a seven-point Likert scale also reflected Patterson, de Ruyter, and Wetzels" (1999) findings in their study of service exporters in Australia and the Netherlands (1 = Strongly Disagree, 7 = Strongly Agree, see Question 7 in Appendix 5).

6.3.2.6. Resource commitment

Resource commitment is defined as the number and magnitude of resources used for the exporting activities of the firms (Cavusgil and Nevin 1981; Johanson and Wiedersheim-Paul 1975). As firms become involved in exporting, there is an increase in the commitment of managerial resources, personnel resources (Cavusgil 1984; Contractor and Mudambi 2008; Diamantopoulos and Inglis 1988; Johanson and Vahlne 1977), as well as financial capital (Cort, Griffith, and White 2007; Leonidou and Katsikeas 1996) and technological resources (Richey, Genchev, and Daugherty 2005). The commitment of these internal resources, as confirmed in the exploratory study, enables exporters to strengthen their internal marketing infrastructures (Cavusgil 1984; Leonidou and Katsikeas 1996), allowing for greater exporting success (Javalgi and Martin 2007), and better management of their cross-border relationships. Therefore, resource commitment in this study was operationalised as a four-item measure on a seven-point Likert scale. The measure took into account the extent to which service exporters committed managerial, personnel, financial, and technological resources in their export venture (1 = Strongly Disagree, 7 = Strongly Disagree, see Question 6, Appendix 5).

6.3.2.7. Export experience

Experience is a significant predictor of success (Aaby and Slater 1989; Cavusgil and Zou 1994; Kirpalani and MacIntosh 1980; Lu and Julian 2007). Its importance has also been established in international services research (Ekeledo and Sivakumar 1998; Erramilli 1991; La, Patterson, and Styles 2009). As Ford (1984) suggests, firms equipped with limited experience do not have the necessary skills required to conduct successful exporting activities. More specifically, experience gained from their exporting activities enable the firms to reduce operating costs and perceived uncertainty (Li 1994; Madsen 1989). Additionally, experienced firms are able to make better prediction and judgement about customer responses to their marketing decisions (Cadogan, Diamantopoulos, and Siguaw 2002).

Previous research has measured experience in a number of ways. For example, while La, Patterson, and Styles (2009) investigated the experience of service exporter from the perspective of their international clients, Bilkey and Tesar (1977) took into account the number of years involved in international business. Another six-item measure developed by Cavusgil and Zou (1994) has also been popular in exporting research and was adapted in studies by O'Cass and Julian (2003) and Styles and Ambler (2000b). Using the term „international competence", Cavusgil and Zou (1994) considered a wide range of factors including number of full-time employees, three-year average sales volume, years of involvement in international business, number of markets with regular operations, the amount of resources available for export development, and one statement capturing accumulated international experience.

However, this study was interested in the development of experiential export knowledge by service exporters, which was only measured via one item as part of the international competence measure in Cavusgil and Zou"s (1994) study. Hence, another measure of international experience, namely export experience, was adapted from the measures found in Cadogan et al. (2001) and Cadogan et al. (2006). This was also consistent with Gençtürk, Childers, and Ruekert"s (1995, p.18) definition of international experience as "knowledge accumulated through learning by doing whereby an understanding of international marketing is enriched by previous experience”. The four-item measure on a seven-point Likert scale captures the ability of the firm to identify, obtain and interpret different market information and market conditions, and their ability to capture sales opportunities (1 = Strongly Disagree, 7 = Strongly Agree, see Question 5 in Appendix 5).

6.3.2.8. Firm size

Data from the exploratory study provided mixed results with regards to the role of firm size in service exports. This was in contrast with previous studies reporting a significant role of firm size in predicting service export performance (Chadee and Mattsson 1998; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003). Mixed results were also found in previous export performance research. While several studies indicate a positive relationship between firm size and export performance (Christensen, Da Rocha, and Gertner 1987; Hunt, Froggatt, and Hovell 1967; Lall and Kumar 1981; Tookey 1964), others found little or no support for this relationship (Bilkey and Tesar 1977; Bonaccorsi 1992; Cavusgil 1984; Czinkota and Johnston 1983; Holzmüller and Kasper 1991; Moini 1995; Moon and Lee 1990). Two most common measures of firm size are the number of employees (Ambler, Styles, and Xiucun 1999; Bilkey and Tesar 1977; Chadee and Mattsson 1998; Javalgi, Griffith, and White 2003; Katsikeas, Deng, and Wortzel 1997; Mittelstaedt, Harben, and Ward 2003; Samiee and Walters 1990) and sales (Chadee and Mattsson 1998; Gourlay, Seaton, and Suppakitjarak 2005). The annual sales of the firms were taken into account as an indicator of firm size in this study (see Question 21, Appendix 5).

6.3.2.9. Home government assistance

Research on the role of home government assistance programs and export performance has produced mixed results. Some studies have linked home government assistance to exporting success (Cavusgil and Naor 1987; Diamantopoulos and Inglis 1988; Shamsuddoha and Ali 2006; Wilkinson and Brouthers 2006), while others found no relationship (Gençtürk and Kotabe 2001; Gray 1997; Howard and Herremans 1988; Seringhaus 1986). In terms of operationalisation of the construct, past research has developed a variety of measurement schemes. Scholars have either evaluated specific programs (Francis and Collins-Dodd 2004; Gençtürk and Kotabe 2001; Shamsuddoha and Ali 2006), or government programs in general (Diamantopoulos, Schlegelmilch, and Inglis 1991). Others have attempted to measure the awareness of export assistance programs (Pahud de Mortanges and Van Gent 1991; Wheeler 1990). In this study, the researcher was interested in the extent to which export assistance programs offered by relevant agencies and associations had an impact on the operations of the service exporters.

Based on the exploratory study, and the measure used in Lages and Montgomery‟s (2005) investigation of Portuguese export ventures, a seven-point Likert scale was utilised. Service exporters were asked to indicate the level of support from (1 = None, 7 = Substantial) the assistance programs from the Australian Federal Government, the State Government, the trade associations, and the Australian Diplomatic Missions (see Question 8, Appendix 5).

6.3.2.10. Host government policies

Host governments play a significant role in determining the performance of international firms (Granitsky, Rangan, and Watzke 1991). Their policies can put exporters in a disadvantaged position (Leonidou 2004). As previously discussed, these rules and regulations can be imposed on a variety of issues such as taxes, standards, patents, and tariffs (Cavusgil, Zou, and Naidu 1993; Jain 1989). In a service context, actions by foreign governments might include import tariffs, non-tariff barriers, capital flow restrictions, local content requirements, or ownership restrictions (Lovelock and Yip 1996). Service firms perceived these types of pressure from foreign governments as important barriers to the development and maintenance of exporting operations (Dahringer 1991; Kaynak and Kothari 1984; Leonidou 1995).

Previous research has investigated the impact of foreign government in different ways. For example, Cavusgil, Zou, and Naidu (1993) used one single indicator to measure the extent to which the legal frameworks in the foreign market are similar to those in the home market, and Javalgi, Griffith, and White (2003) examined trade restrictions via a two-item scale. The measure used in Cadogan et al.‟s (2001) study of New Zealand and Finnish exporters, was adapted for this research. Cadogan et al. (2001) consider five different regulations and restrictions as regulatory turbulence that had an impact on the export market oriented behaviour of the exporters in New Zealand and Finland. This measure was modified based on our exploratory study. Service exporters were asked to rate the favourability (1 = Very unfavourable, 7 = Very Favourable) of the policies imposed by foreign government, including export regulations, import regulations, tax regulations, and remittances and repatriation regulations (see Question 10, Appendix 5). The investigation of the favourability of foreign regulations is consistent with the notion that the openness of the host markets has a positive influence on service firms (Rugman and Verbeke 2008).

6.3.2.11. Competitive intensity

Competition in the global marketplace is becoming increasingly fierce (Javalgi and Martin 2007). Export marketing scholars have emphasised the role of competitive intensity in determining the performance of exporters (Christensen, Da Rocha, and Gertner 1987; Julian 2003; Kaleka and Katsikeas 1995; O'Cass and Julian 2003). To remain successful and not be undermined by other rivals, firms must be able to not only monitor but also quickly respond to competitive moves in the industry, such as those on price and promotion efforts (Ambler, Styles, and Xiucun 1999; Morgan, Vorhies, and Schlegelmilch 2006). All of these factors were captured in a six-item measure using seven-point Likert scales in this research (1 = Strongly disagree, 7 = Strongly agree). The measure was adapted from established scales found in the works of Ambler, Styles, and Xiucun (1999), Julian (2003), and Morgan, Vorhies, and Schlegelmilch (2006), who had investigated the behaviours of exports in China, Thailand, and Europe (Germany and the United Kingdom) respectively. The measure can be found in Question 9 in Appendix 5.

6.3.3. Drafting of questionnaire

Once the constructs had been operationalised, a draft of the questionnaire was developed. The researcher undertook due care with regards to a variety of design issues and principles. More specifically, the introductions were clear (Aaker, Kumar, and Day 2004), right at the beginning of the questionnaire, and of each major section. Each question was worded and phrased at an appropriate length, using simple, direct, explicit, and familiar language to all respondents, so as to avoid ambiguity and bias (Aaker, Kumar, and Day 2004; Churchill and Iacobucci 2005; Cooper and Schindler 2003). In addition, the sensitive questions in the questionnaire were treated with caution. Several scholars have suggested that finance is one of the most sensitive topics, which respondents are least willing to discuss (Aaker, Kumar, and Day 2004; Cooper and Schindler 2003). The finance-related questions in this survey were treated with caution. There was a statement reinforcing that all answers would be reported in aggregate form. In addition, respondents completing the online surveys were able to finish the questionnaire skipping these questions, should they choose to do so. Finally, the physical layout of the questionnaire was also important. All questions were numbered, to make it easier for any subsequent editing, coding, or tabulating of the responses (Churchill and Iacobucci 2005). The researcher used clear font size, appropriate colour schemes and pagebreaks. This made the questionnaires interesting and easy to administer (Aaker, Kumar, and Day 2004).

The questionnaire was structured as follows. First a set of definitions was provided to potential respondents. These definitions helped the respondents provide the answers within the correct frame of mind. Hence, the respondents were to provide their opinions about one specific relationship with a foreign client, within one specific foreign market in which the firm provided one specific type of service. The definitions were then followed by eight major sections, with relevant instructions and definition reintroduced where necessary. The questionnaire concluded with a thank-you note to the respondents for their time and input to the study. This expression of appreciation "leaves the respondent with the impression that his or her participation has been valuable" (Cooper and Schindler 2003, p.357). In addition, respondents were reminded to either submit the online survey or to return the paper questionnaire using the prepaid return envelope to the researcher‟s university address. Finally, the complete contact details of the researcher were also provided so that the respondents could get in touch, should they have any feedback or inquiries. The structure of the questionnaire is summarised in Table 6.2.

Table 6.2: Questionnaire structure and content

Major Section	*Issues covered*
Definition	Definitions of focus business venture, focus foreign client, and focus relationship
Identification of focus export venture	Identification of the provision of one service type in one specific foreign market and evaluation on the performance of the selected export venture
Firm characteristics	Opinions on international experience, resource commitment, and management commitment
Market characteristics	Assessment of support from home government, competition, and host government policies
Identification of focus cross-border relationship	Identification of relationship length and evaluation of relationship performance
Business contract signed with the foreign client	Assessment of the nature of the contract, in terms of contractual complexity and contractual explicitness
Characteristics of the relationship	Assessment of the level of relationship trust, relationship commitment, information exchange, relationship flexibility, and relationship harmony
Demographics	Provision of information on annual sales, number of employees, numbers of countries with regular operations, number of years involved in international business, and office location Position of the respondents, years in office, and familiarity with international marketing activities of the firm
Contact details	Provision of correspondence details of the respondents for a report on the main research findings

6.3.4. Review and pre-test of questionnaire

As Cooper and Schindler (2003) recognise, the design-test-revise process is very important in the development of questionnaires. The review of the survey instrument was undertaken via three steps. First, the questionnaire was evaluated by a panel of five academic researchers whose expertise is in the B2B marketing, services marketing, and international marketing fields. The questionnaire was then revised, taking into account the comments and suggestions from these experts. Next, the revised questionnaire was scrutinised by an academic researcher in social science, a business executive in Australia and another business executive in New Zealand. The three judges offered insights on the general structure of the questionnaire, the ordering of the questions, the wording of some statements. After another revision of the questionnaire was conducted, the researcher undertook a pre-test of the questionnaire.

"The questionnaire pretest is vital" (Churchill and Iacobucci 2005, p.254). This exercise served several purposes, including:

- To ensure that the questionnaire met the researcher‟s expectations about the information to be collected (Aaker, Kumar, and Day 2004);
- To discover possible errors (Cooper and Schindler 2003);
- To assess how the questionnaire performed under actual conditions of data collection (Churchill and Iacobucci 2005); and
- To determine how much time it would take the potential respondents to complete the questionnaire, whether any further instructions would be necessary, and what extra (if any) information should be included in the final cover letter (Hair, Bush, and Ortinau 2000).

A proper pretest contributes to ensuring the success of the questionnaire and the overall research project (Churchill and Iacobucci 2005). The questionnaire was pretested in a pilot study with 50 service exporters in Adelaide, South Australia, in January 2008. The pilot study was sponsored by the Exporters" Club North West Adelaide. Details of the sponsorship agreement can be found in Appendix 2. The contact details of these exporters were obtained from the South Australian Service Exporters Directory, which had been utilised in the exploratory study discussed earlier. The respondents were invited to participate in the pilot study by completing an online questionnaire. The email invitation clearly stated the purpose of the pilot study and encouraged the respondents to contact the researcher for any feedback on the time to complete the questionnaire, as well as the structure and nature of the questions.

6.3.5. Final review and implementation of questionnaire

The pilot study concluded in February 2008 and resulted in very few modifications of the questionnaire. The questionnaire was revised one more time and was then ready to be administered in the mail phase of data collection. Due to the very minor modifications of the questions after the pilot study, the data collected in this phase was incorporated into and counted as part of the main study.

6.4. Sampling

Sampling plays a crucial role in the investigation of the research phenomena. It involves the process of selecting a relatively small number of elements within a larger population (Hair, Bush, and Ortinau 2000). The information collected from these selected elements facilitates researchers" ability to make judgments and inferences about the target population (Churchill and Iacobucci 2005). The target population in this study included firms that provide cross-border B2B services to overseas clients. In the following sub-sections, the sampling frame and sampling procedure are first discussed, followed by a highlight of the key informant approach, and the data collection steps. This section concludes with a discussion of the unit of analysis.

6.4.1. Sampling frame

A sampling frame is a list of all eligible sampling units from which the final sample will be drawn (Cooper and Schindler 2003; Hair, Bush, and Ortinau 2000). As Cooper and Schindler (2003) suggest, the sampling frame is often different from the theoretical population, as the case in the current study. According to ABS (2007), there were over 2,600 service exporters in Australia in 2006-2007, excluding businesses providing insurance, financial, government, or travel services. However, the contact details of all service exporters in the country are not readily available. Hence, the sampling frame for this study was the list of services exporting firms in Australia provided by the Australian Exporters Business Directory. The database also provided comprehensive contact details of the executive in charge of the exporting activities of the firms. The original sampling frame comprised of 1,784 firms that possessed all of the following characteristics:

- Operating in service industries;
- Classified as exporters;
- Providing physical corresponding address; and
- Having an email address.

6.4.2. Sampling procedure

This study undertook a non-probability convenience sampling method, in which the researcher contacted the eligible firms listed in the Australian Exporters Database requesting their cooperation. Before the data collection started, the researcher undertook a screening of the original database of 1,784 firms. The screening yielded 449 "firms" that were subsequently excluded from the sample because they were (1) state or federal government agencies, (2) industry-based associations, (3) not-for-profit organisations, (4) intermediaries that provided consulting services to service exporters, (5) schools, TAFE institutions, colleges, or universities (6) services firms providing predominantly consumer services such as travel services, hospitality services, medical and social services, and library and entertainment services. As a result, a total of 1,335 firms remained in the sample, comprising of 983 firms providing clear email contact details and 352 firms without an email address.

6.4.2.1 Key informant approach

A key informant approach was used for this study. A key informant is someone who is "particularly knowledgeable about the inquiry setting and articulate about their knowledge" and "whose insights can prove particularly useful in helping an observer understand what is happening and why" (Patton 2002, p.321). In other words, key informants are organisational members who are in a unique position to report on the phenomena being studied, due to their particular status or command of knowledge (Heide and Weiss 1995; John and Weitz 1988; Phillips 1981). Instead indicating their own personal feelings, key informants "provide information on the properties of organisations, their relationships with other organisations, or other group or aggregate data" (Bagozzi, Yi, and Phillips 1991, p.423). According to Rossomme (2003), the use of a key informant to respond on behalf of the firm is widely acceptable in business research. Research following this approach should use the most knowledgeable informants (Kumar, Stern, and Anderson 1993) who, in this study, were the managing directors or the manager in charge of international marketing activities of the firms. This is consistent with Ekeledo and Sivakumar‟s (2004) suggestions that studies into the strategic behaviour of firms should seek opinions of upper level managers, who can provide retrospective information unavailable from secondary data. The usage of key informants has been well accepted in the marketing literature (Anderson, Håkansson, and Johanson 1994; Phillips 1981) and is the most widely used approach in organisational research (Morgan, Vorhies, and Schlegelmilch 2006). It has been used in the contexts of services marketing, export marketing, and B2B relationship marketing since the 1980s (Cannon, Achrol, and Gundlach 2000; Cavusgil, Deligonul, and Zhang 2004; Ekeledo and Sivakumar 2004; Ha, Karande, and Singhapakdi 2004; John and Reve 1982; John and Weitz 1988; Katsikeas, Skarmeas, and Bello 2009; La, Patterson, and Styles 2009; Leonidou, Barnes, and Talias 2006; Leonidou, Palihawadana, and Theodosiou 2006; Patterson and Cicic 1995; Patterson, de Ruyter, and Wetzels 1999; Phan, Styles, and Patterson 2005; Poppo and Zenger 2002; Styles, Patterson, and Ahmed 2008; Styles, Patterson, and La 2005; Zhang, Cavusgil, and Roath 2003). While informant bias is always possible, several scholars, such as Anderson and Narus (1990), Heide and John (1990), Zaheer, McEvily, and Perrone (1998), found the perceptions of buyers and suppliers about business exchanges to be quite consistent. As a result, the key informant approach was deemed appropriate for the current study (see Questions 26, 27, and 28 in Appendix 5).

6.4.2.2. Data collection steps

Marketing researchers have recognised the steady decline in sample cooperation, according to Churchill and Iacobucci (2005), regardless of the chosen method of survey administration. As such, the researcher adopted the five-step procedure developed by Robin (1965), in order to improve the number of responses obtained for the study. The five steps proposed by Robin (1965) for traditional mail surveys include an advance letter notifying the respondent of the study and requesting cooperation, a questionnaire with a covering letter, a follow-up letter to those respondents in the sample who have not responded, a second questionnaire, and a third follow-up letter to those respondents who still have not responded. This procedure was reduced to two main stages which were applied to both postal and web-based surveys used in this study.

The first wave of data collection involved two steps. First, the researcher sent an email to the 983 firms that had provided clear email contact details. The email contained the URL directing the respondents to the online cover letter and the questionnaire hosted by zoomerang.com. A total of 112 firms confirmed that they were ineligible for the study due to their small or inexistent involvement in operating in foreign markets and another 23 firms refused to participate in the research. Notably, 548 emails were undelivered. Next, 900 mail packages (including 352 firms that did not provide a clear email address and all 548 firms that did not receive the email invitations) were sent to the physical correspondence details of the firms. The mail package included a cover letter, the questionnaire, and a prepaid return envelope. The cover letters and emails were addressed by personal name to the Chief Executive, Managing Director, Marketing Manager, or Export Manager of services firms, as suggested by Hair, Bush, and Ortinau (2000) and Kanuk and Berenson (1975). By showing personalisation and emphasising the respondent"s importance in the invitation, the researcher is likely to achieve a better response rate (Dillman 1991, 2000). A total of 34 firms refused to participate in the study, and 139 firms informed the researcher of their ineligibility. A further 302 mails were undelivered. As a result, after the first wave, the sample size was reduced from 1,335 firms to 725 firms, excluding 57 refusals, 251 ineligible cases, and 302 undelivered mails. The email invitation, the mail cover letter and the questionnaire can be found in Appendices 3, 4, and 5, respectively.

In the second wave, the researcher then sent a reminder to the potential respondents seeking cooperation from those who had not responded. This wave took place two months after the first wave of mails and emails. In the reminder, the researcher thanked the respondents for their input if they had already completed the questionnaire, and encouraged the non-respondents to take part in the study, emphasising the importance of data collection and response rates in academic research. The mail package also included the questionnaire and a prepaid return envelope, in case they had misplaced or discarded the previous mail package.

6.4.2.3. Unit of analysis

The unit of analysis refers to the level of aggregation of the collected data. According to Cavana, Delahaye, and Sekaran (2001), the unit of analysis must be clearly identified, and driven by the research objectives. The unit of analysis in this research phase was a selected export venture, as suggested by Leonidou, Barnes, and Talias (2006), and one major B2B relationship that the service exporters had in the selected export venture. That is, each respondent was asked to respond to the researcher‟s questions by commenting on their provision of one particular business service in one specific foreign market, as well as on a relationship with one major overseas client within that market. The selection of a specific export venture as the unit of analysis is consistent with several studies in the export marketing literature (Ambler, Styles, and Xiucun 1999; Cavusgil and Zou 1994; Cavusgil, Zou, and Naidu 1993; Lages and Montgomery 2005; Lee and Griffith 2004; Ling-yee and Ogunmokun 2001; Lu and Julian 2007; Morgan, Kaleka, and Katsikeas 2004; Morgan, Vorhies, and Schlegelmilch 2006; Styles and Ambler 2000b). In addition, the multi-level analysis had been successfully applied in Medlin, Aurifeille, and Quester‟s (2005) research of importer-exporters dyads in computer software industry. Similarly, Song, Benedetto, and Zhao (2008) incorporated two levels of analysis in their investigation of the manufacturer-distributor in the USA and Japan. The responding firms were asked to select a strategic business unit and a typical business relationship with a distributor (Song, Benedetto, and

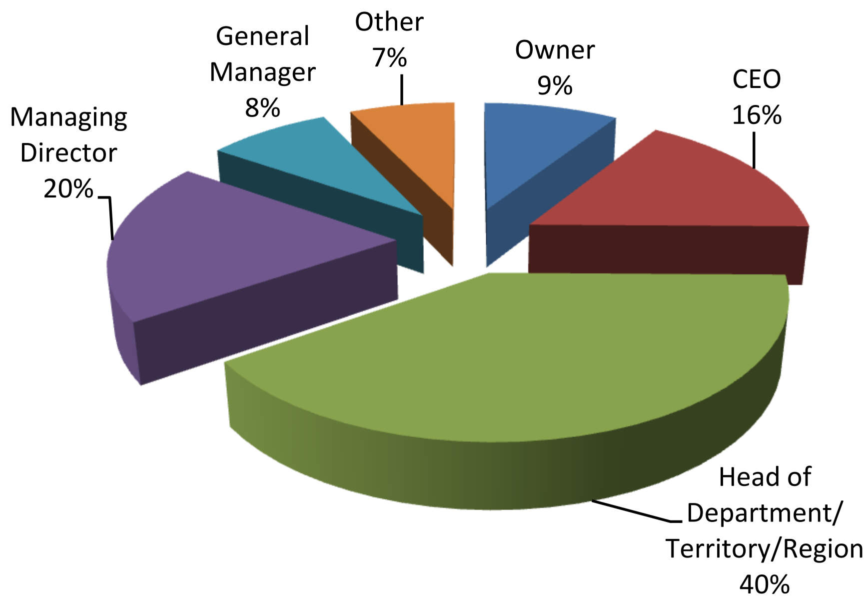
Zhao 2008). Four other studies by Gripsrud, Solberg, and Ulvnes (2006), Solberg (2006a, 2006b), and Solberg and Nes (2002) also took into account the performance of the Norwegian firms in their selected export markets (i.e. export ventures) in relation to their relationship with the foreign intermediaries or representatives. Finally, Wu et al. (2007) and Zhang, Cavusgil, and Roath (2003) successfully linked some factors of the relationship with a foreign distributor to the competitiveness of the export manufacturer in the overseas market. As such, a multi-level approach will enrich IRM research and was, therefore, deemed suitable for the current study. It also confirms that multi-level systems exist within an organisation and answers Kozlowski and Klein‟s (2000) call for research undertaking integrative and multi-level approach in understanding organisational behaviour.

6.4.3. Sample profile

Out of 725 eligible firms in the sample, a total of 232 firms completed the questionnaires. However, 28 questionnaires were unusable due to the missing data, and 204 questionnaires were fully completed, representing a response rate of 28.14%. In addition, as aforementioned, 50 completed questionnaires in the pilot study were usable and therefore incorporated into the final database. This increased the sample size to 775 firms, and 254 completed and usable questionnaires. The net response rate, therefore, was 32.77%, which compared favourably to previous exporting and international service research (Javalgi, Griffith, and White 2003; La, Patterson, and Styles 2009; Patterson and Cicic 1995; White, Griffith, and Ryans 1998).

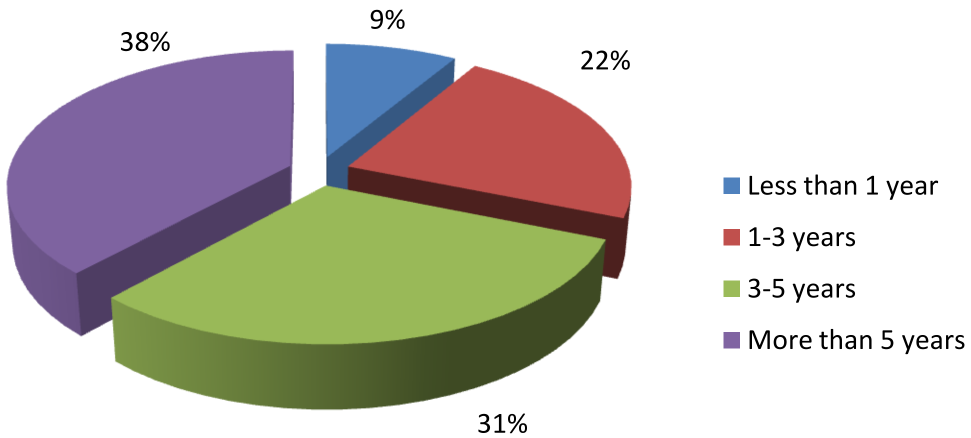
The key informants held a variety of senior and middle positions in the firms. More than half of the key informants were owners, CEOs, general managers, or managing directors of the firms. In addition, 40% of the respondents indicated they were in charge of the business operations of a department, territory, or region (Figure 6.2).

Figure 6.2: Managerial positions of the key informants



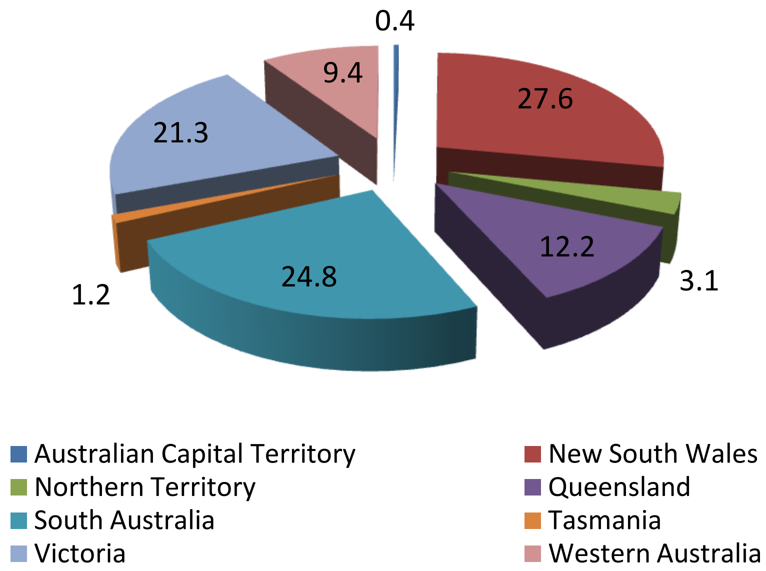
Approximately 70% of the executives had been in their executive positions for more than 3 years. Less than 10% of them held office for less than 1 year (Figure 6.3).

Figure 6.3: Experience of the key informants in their current positions



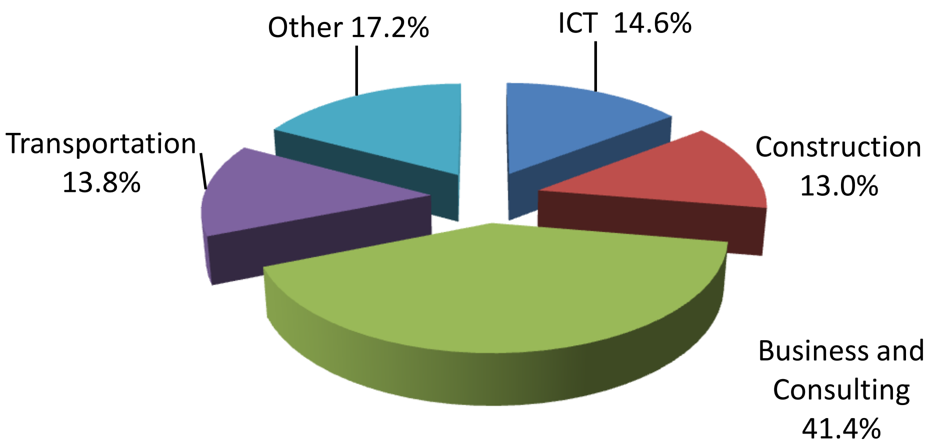
Firms participating in this study came from all Australian states and territories. The majority of the firms were located in eastern Australia. Firms in New South Wales represented 27.6% of the sample, whilst only less than 0.5% of the firms were from the Australian Capital Territory (Figure 6.4). The percentage of firms from South Australia was high at 24.8%, due to the incorporation of the responses in the pilot study into the final sample.

Figure 6.4: Head office locations of service exporters



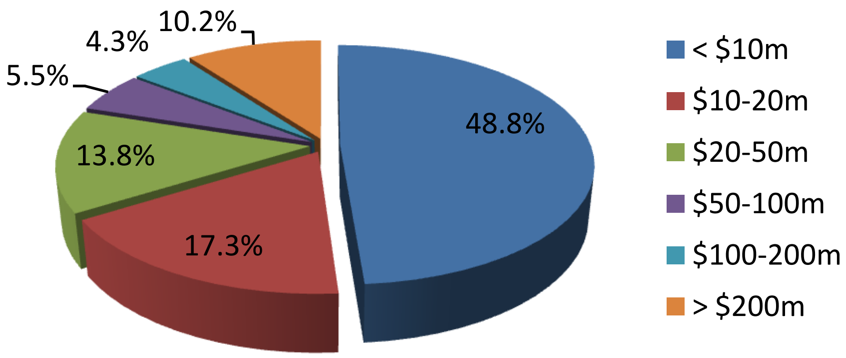
Firms providing consulting and business services accounted for more than 40% of the sample. Approximately equal number of firms was operating in ICT industries, transportation services, and construction services (Figure 6.5). The diversity of the industries reduced industry-specific bias and therefore allowed for possible generalisability of the research results (Roath and Sinkovics 2005).

Figure 6.5: Industry classifications



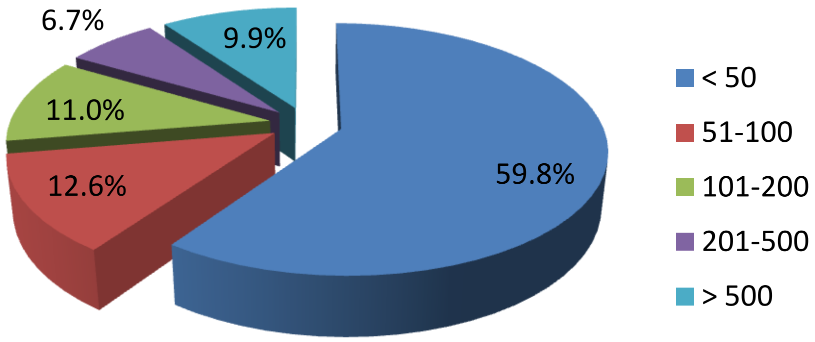
The majority were small firms. Approximately half of the sample achieved an annual sales of less than AU$10 million, and less than 15% of the firms were earning more than AU$100 million a year (Figure 6.6).

Figure 6.6: Annual sales



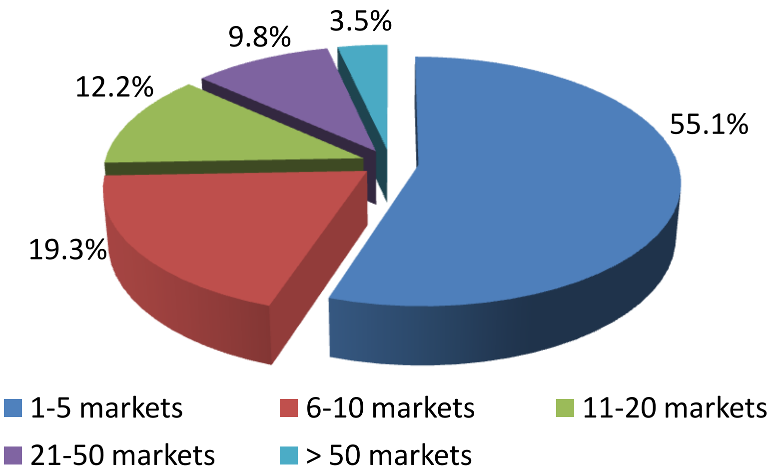
The small firm size was also reflected in the number of full-time employees. Almost 60% of the firms employed less than 50 staff, and only about 10% of the respondents had more than 500 employees (Figure 6.7).

Figure 6.7: Number of full-time employees



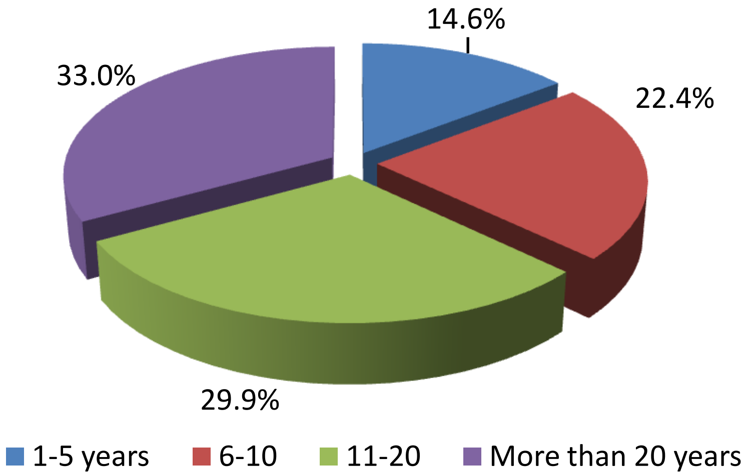
Notably, the exporting activities of service firms were concentrated in a small number of foreign markets. Almost three-quarters of the firms in the sample had regular operations in less than 10 foreign destinations. Less than 4% of the firms conducted business in more than 50 markets (Figure 6.8).

Figure 6.8: Number of foreign markets with regular operations



Finally, service exporters indicated a good mix of international experience, represented by the number of years they had involved in international business (Figure 6.9).

Figure 6.9: Number of years in international business



6.4.4. Assessment of non-response bias

Non-response is a problem in survey research (Aaker, Kumar, and Day 2004). This is because of the likelihood of significant difference between those who responded to the survey and those who did not (including both refusals and non-contacts) (Colombo 2000). Non-response error can also invalidate research findings (Kinnear et al. 1993).

One of the most common approaches to reduce non-response bias is to increase response rate (Armstrong and Overton 1977; Colombo 2000; Pearl and Fairley 1985). Efforts to increase response rates have been undertaken in this research, via several means. First, this study offered a choice of mail and web surveys, so as to enhance sample cooperation (Churchill and Iacobucci 2005). Second, personalisation and recognition of the respondents‟ importance were clearly included in the invitations (Dillman 1991, 2000). Third, respondents were offered a report summarising the research findings after they completed the questionnaire. Finally, as suggested by several scholars (Aaker, Kumar, and Day 2004; Churchill and Iacobucci 2005), follow-ups and reminders were also implemented.

To estimate non-response bias, the researcher compared early and late respondents across their characteristics as well as the constructs being investigated in the study (Armstrong and Overton 1977). The time between early and late responses was two months. A Levene‟s test for the Equality of Variances and an independent sample t-test were conducted (Coakes and Steed 2001). The test results, shown in Appendix 6, indicated no significant differences ($p > 0.05$) between 183 early responses and 71 late responses. Therefore, non-response bias was deemed negligible and the data was deemed suitable for further statistical analyses (Armstrong and Overton 1977).

6.5. Chapter Summary

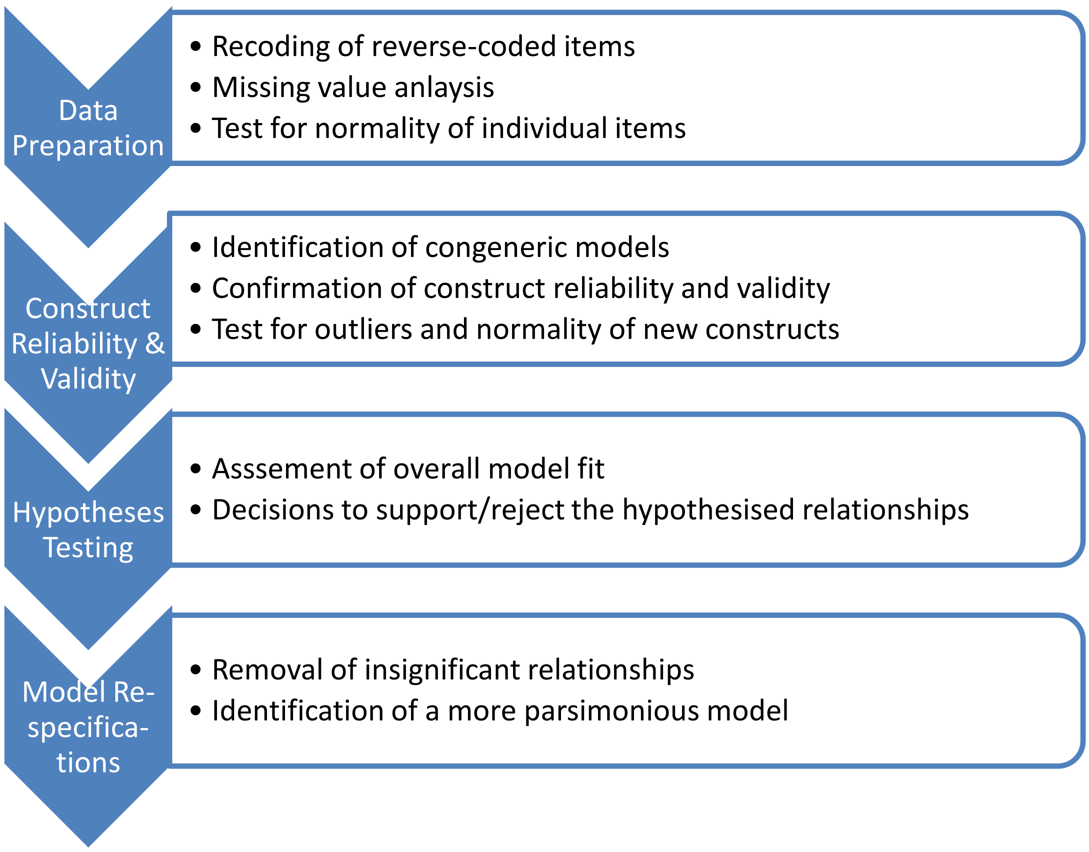
This chapter has comprehensively presented the self-administered survey used for the quantitative phase of the study. A justification for a combination of both mail survey and online survey was provided. In addition, the specific steps to develop the survey instrument, as well as the operationalisation of all constructs were explained in details. Finally, the issues associated with the sampling process were addressed, including the sampling frame, and sampling procedure. The sample was briefly reviewed and a test for non-response bias reported. The data was deemed suitable for further analysis. In the next chapter, the data analysis results will be discussed and highlighted.

Chapter Seven: Data Analysis and Research Results

7.1. Introduction

This chapter reports the analysis results of the data collected in the quantitative study. The principles of SEM technique were applied, using both SPSS 15.0 and AMOS 7.0, to test the set of hypotheses developed in Chapter Five. The data analysis was executed following the procedure illustrated in Figure 7.1. Each step will be further detailed in this chapter. The elaboration of research results lays a foundation for a more extensive discussion of the overall research findings in Chapter Eight.

Figure 7.1: Data analysis procedure



7.2. Data Preparation

Before analysing the data, the researcher re-coded all reverse-coded variables. These included two items in questions 17 and 19 (see Appendix 5). The recoding step was followed by a missing value analysis. Missing data is considered one of the most pervasive problems (Tabachnick and Fidell 2007) and even "a fact of life" in multivariate data analysis (Hair et al. 2006). Results of Little"s MCAR test in SPSS indicated that the data were missing completely at random (χ^2= 653.012, *d.f* = 725, *p* = .974) (Hair et al. 2006; Tabachnick and Fidell 2007). The missing values were then replaced via the expectation maximisation (EM) algorithm, a method of choice (Schafer and Graham 2002) for imputing missing values. This method of data imputation was considered to be more consistent and accurate in predicting parameter estimates, compared to other methods (Graham et al. 1997).

7.3. Test for Normality of Individual Items

Normality assumption is critical in multivariate analysis (Hair et al. 2006; Tabachnick and Fidell 2007). There are several methods to explore normality, either graphically or statistically (Coakes and Steed 2001). The simplest method to diagnose normality is to visually check the histogram that compares the collected data with a normal distribution. However, this method proves problematic for smaller samples (Hair et al. 2006). A reliable method to examine data normality is the normal probability plot, which "compares the cumulative distribution of actual data values with the cumulative distribution of a normal distribution" (Hair et al. 2006, p.81). The normal probability plots were used to assess the normality of the final constructs (see section 7.5).

Statistically, scholars also call for an investigation of the skewness, indicating the symmetry of the distribution, and kurtosis values, representing the peakedness of the distribution

(Coakes and Steed 2001; Hair et al. 2006; Tabachnick and Fidell 2007). To detect non-normality, the research compared the $Z_{skewness}$ and $Z_{kurtosis}$ scores produced by SPPS with the critical Z values. That is, if the calculated Z values exceed the critical Z values, the data is not normally distributed. As recommended by Hair et al. (2006), one of the most commonly used critical Z values are ±2.58 at 0.01significance level. The $Z_{skewness}$ and $Z_{kurtosis}$ scores of all measurement items in Table 7.1 show the majority of the $Z_{skewness}$ values (73 out of 91) had negative values, indicating the data being negatively skewed. Additionally, approximately half of the indicators had peaked distribution (41 positive $Z_{kurtosis}$ score), and half of them had flatter distribution (50 negative $Z_{kurtosis}$ scores). Importantly, the descriptive analysis also revealed none of the $Z_{skewness}$ values exceeded ±2.58, and only one $Z_{kurtosis}$ value exceeded ±2.58. As a result, it can be concluded that the data collected in this study was close to normal distribution. As normality assumption was held, further multivariate analyses proceeded.

Table 7.1: Descriptive statistics of measurement items

Measurement Items	*Min*	*Max*	*Mean*	*S.D*	$Z_{skewness}$	$Z_{kurtosis}$
Export Performance						
Experf1	1	7	4.48	1.41	-0.36	-0.08
Experf2			4.13	1.65	-0.18	-0.77
Experf3			4.07	1.62	-0.11	-0.84
Experf4			4.50	1.50	-0.49	-0.29
Experf5			4.68	1.48	-0.59	-0.28
Experf6			4.42	1.62	-0.43	-0.65
Experf7			4.70	1.43	-0.53	0.10
Experf8			4.61	1.55	-0.44	-0.37
Experf9			4.46	1.55	-0.27	-0.48
Export Experience						
Experience1	1	7	4.74	1.34	-0.12	-0.44
Experience2			4.81	1.36	-0.35	-0.35
Experience3			4.68	1.56	-0.40	-0.53
Experience4			4.62	1.42	-0.33	-0.38
Resource Commitment						
RsceCommit1	1	7	4.53	1.65	-0.32	-0.71
RsceCommit2			5.09	1.48	-0.83	0.18
RsceCommit3			4.94	1.49	-0.69	-0.13
RsceCommit4			4.58	1.72	-0.42	-0.77
Management Commitment						
MngmtCommit1	1	7	5.68	1.35	-1.16	1.23
MngmtCommit2			5.54	1.31	-1.01	1.19
MngmtCommit3			5.42	1.41	-0.93	0.37
MngmtCommit4			5.58	1.34	-1.03	0.92
Home Government Assistance						
HomeImpact1	1	7	2.97	2.01	0.59	-1.02
HomeImpact2			2.58	1.86	0.92	-0.38
HomeImpact3			2.52	1.80	0.94	-0.30
HomeImpact4			2.29	1.67	1.18	0.41

Table 7.1: Descriptive statistics of measurement items (*continued*)

Measurement Items	*Min*	*Max*	*Mean*	*SD*	$Z_{skewness}$	$Z_{kurtosis}$
Competitive Intensity						
Compete1	1	7	4.80	1.60	-0.47	-0.59
Compete2			4.90	1.57	-0.64	-0.23
Compete3			3.61	1.77	0.22	-0.88
Compete4			4.63	1.86	-0.30	-1.08
Compete5			4.38	1.77	-0.27	-0.98
Compete6			3.32	1.80	0.34	-0.93
Host Government Policies						
HostFavour1	1	7	4.17	1.40	-0.03	0.37
HostFavour2			4.03	1.43	-0.16	0.08
HostFavour3			3.91	1.39	0.06	0.13
HostFavour4			3.97	1.39	0.00	0.18
Relationship Performance						
Rel1	1	7	4.72	1.40	-0.74	0.48
Rel2			5.59	0.99	-0.89	1.96
Rel3			4.86	1.26	-0.72	0.61
Rel4			5.61	1.07	-1.10	2.12
Rel5			5.32	1.23	-1.20	2.13
Rel6			5.26	1.33	-0.97	0.95
Contractual Complexity						
ContractComplex1	1	7	5.03	1.66	-0.58	-0.49
ContractComplex2			5.18	1.64	-0.93	0.17
ContractComplex3			3.75	1.98	0.15	-1.19
ContractComplex4			4.10	2.00	-0.05	-1.27
ContractComplex5			2.87	2.08	0.71	-0.95
Contractual Explicitness						
ContractExplicit1	1	7	5.15	1.74	-0.88	-0.05
ContractExplicit2			5.31	1.65	-1.04	0.44
ContractExplicit3			5.11	1.67	-0.87	0.12
ContractExplicit4			4.69	1.93	-0.52	-0.91
ContractExplicit5			4.57	1.95	-0.45	-0.98
ContractExplicit6			4.58	1.84	-0.44	-0.90

Table 7.1: Descriptive statistics of measurement items (*continued*)

Measurement Items	*Min*	*Max*	*Mean*	*SD*	$Z_{skewness}$	$Z_{kurtosis}$
Relationship Trust						
Trust1	1	7	5.59	1.30	-1.21	1.58
Trust2			5.20	1.44	-0.88	0.42
Trust3			4.85	1.52	-0.63	-0.14
Trust4			5.00	1.47	-0.85	0.37
Trust5			4.91	1.49	-0.81	0.38
Relationship Commitment						
Commitment1	1	7	5.69	1.29	-1.16	1.52
Commitment2			5.50	1.35	-1.02	1.00
Commitment3			5.92	1.22	-1.44	2.27
Commitment4			5.80	1.25	-1.50	2.96
Commitment5			5.59	1.35	-1.12	1.08
Commitment6			5.39	1.40	-0.98	0.81
Relationship Harmony						
Harmony1	1	7	4.55	1.42	-0.49	-0.12
Harmony2			4.88	1.43	-0.71	0.33
Harmony3			4.76	1.46	-0.53	-0.13
Information Exchange						
Info1	1	7	5.59	1.26	-1.07	1.58
Info2			5.23	1.34	-0.89	0.84
Info3			4.81	1.58	-0.69	-0.12
Info4			5.37	1.31	-1.04	1.34
Info5			5.43	1.21	-0.78	1.06
Relationship Flexibility						
Flex1	1	7	5.24	1.34	-1.09	1.29
Flex2			5.43	1.26	-1.13	1.59
Flex3			5.05	1.30	-0.64	0.60
Flex4			4.90	1.56	-0.67	-0.04
Flex5			5.19	1.35	-0.95	1.04
Demographic Measures						
Annual Sales	1	7	2.36	1.81	1.33	0.69
Employees	1	7	2.72	1.78	1.07	0.21
Export Markets	1	6	2.81	1.25	0.91	-0.01
Export Years	1	5	3.79	1.10	-0.56	-0.62

7.4. Development of One-Factor Congeneric Models

As suggested by Anderson and Gerbing (1982) and Bagozzi (1981), this study addresses the issues associated with the measurement model before developing the full structural model based on the identified latent variables. This section focuses on the measurement model for each constructs via the confirmatory factor analysis (CFA). In terms of sample size, SEM techniques require a large enough sample size (Hair et al. 2006; Kline 2005). Whilst a sample size of 100 to 150 is a minimum requirement for SEM analysis (Anderson and Gerbing 1988; Lei and Lomax 2005), most SEM techniques require a sample size between 250 and 500 (Lei and Lomax 2005) . The quantitative study in this research yielded a data set of 254 responses, which was considered a large enough sample (Kline 2005). As such, the data set was deemed sufficient for SEM analysis.

As previously discussed in Chapter Six, all constructs in this study were operationalised using multi-item measures. All of these measures were adapted from well-established research in the export marketing, international services marketing, and IRM literature streams. These measures should be purified, as recommended by Churchill (1979). The purification of the measures was conducted via a series of CFA. CFA aims to test how well-established measures represent a smaller number of constructs (Hair et al. 2006). In addition, CFA allows the researcher to assess the acceptability and unidimensionality of the constructs (Gerbing and Anderson 1988). Unidimensionality was defined by Steenkamp and van Trijp (1991, p.286) as "the existence of one constructs underlying a set of items".

All measures employed in this research consisted of at least three items, which was consistent with Baumgartner and Homburg"s (1996) and Kline"s (2005) recommendation for model identification. To enable the estimation of congeneric models with three items, the variance of two residuals was set equal, based on pair-wise parameter comparisons provided by

AMOS (Plewa 2005). Additionally, the analysis also complied with the requirements for the two cases of higher-order CFA, including Export Performance and Relational-based Governance. That was, for a higher-order CFA to be identified, there were at least three first-order indicators, each of which had at least two indicators (Kline 2005).

To assess the extent to which the identified models fitted the data, the researcher utilised a variety of goodness-of-fit indices. In addition to model fit index, both absolute fit indices, and incremental fit indices were also taken into account. Absolute indices assess "how well an a-priori model reproduces the same data", whilst incremental fit indices measure "the proportionate improvement in fit by comparing a target model with a more restricted, nested baseline model" (Hu and Bentler 1999, p.2). More specifically,

- χ^2: the Chi-square value is considered the most fundamental absolute fit index (Hair et al. 2006). The acceptable level for this statistic is $p > 0.05$;
- **Bollen-Stine bootstrap *p***: the Bollen-Stine *p* value is a bootstrapped modification of the model χ^2 that is used to test model fit, after adjusting for the distributional misspecification of the model (Bollen and Stine 1992). A bootstrap was performed with 2000 bootstrap samples in all CFA for this research;
- χ^2/df: the Normed Chi-Square is the result of the minimum discrepancy divided by the degrees of freedom. According to several scholars (Bollen 1989; Wheaton et al. 1977), the χ^2/df ratios up to 5 are considered reasonable and indicate reasonable fit;
- **GFI**: the Goodness-of-Fit Index measures the relative amount of variance and covariance in the sample jointly explained by the testing model (Byrne 2001). GFI value ranges from zero to 1.00 (Hair et al. 2006). A good fit is achieved with GFI values more than 0.90 (Kline 2005);

- **AGFI**: the Adjusted-Goodness-of-Fit Index is different from GFI. AGFI adjusts for the number of the degrees of freedom in the model and "addresses the issue of parsimony by incorporating a penalty for the inclusion of additional parameters" (Byrne 2001, p.82). Similar to GFI, values of AGFI also range from zero to 1.0, and AGFI values higher than 0.90 indicate a good fit (Kline 2005);
- **CFI**: the Comparative Fit Index takes sample size into account and assesses the relative improvement of the researcher‟s model in terms of the level of fit against a baseline model or the independence model (Byrne 2001; Kline 2005). CFI values range from zero to 1.00 (Hair et al. 2006), and a value close to 0.95 indicates a good fit of the researcher‟s model (Byrne 2001; Hu and Bentler 1999);
- **NFI**: the Bentler-Bonett Normed Fit Index compares the discrepancy between the researcher‟s model and the baseline model (Byrne 2001; Kline 2005). Models with perfect fit have NFI value of 1.00 (Hair et al. 2006). A well-fitting model achieves a NFI value close to 0.95 (Byrne 2001);
- **TLI**: the Tucker-Lewis Index is also known as the Non Normed Fit Index. TLI indicates the relative improvement of the hypothesised model over the independence model (Hu and Bentler 1998). Values for TLI can fall below zero or above 1.00 (Byrne 2001; Hair et al. 2006). An acceptable level for TLI is values more than 0.95 (Hu and Bentler 1999);
- **RMSEA**: the Root-Mean-Square Error of Approximation is a "badness-of-fit" index (Kline 2005, p.138), which considers the difference between the hypothesised model to the sample covariance matrix and the population covariance matrix. RMSEA values below 0.10 are acceptable (Hair et al. 2006), whilst values between 0.05 and 0.08 suggest a reasonable fit. Values of RMSEA around 0.06 represent a close approximation fit (Byrne 2001; Hu and Bentler 1999; Kline 2005); and

- **SRMR**: the Standardised Root-Mean-Square Residual is a measure of the mean absolute value of the covariance residuals (Kline 2005). Whilst a perfect model fit has an SRMR value of zero (Kline 2005), it is suggested that the cut-off values for SRMA be 0.06 (Hu and Bentler 1999)

The results of CFA were assessed against all fit indices (see Table 7.2 for a summary). Additionally, model re-specifications was also considered, when the original model failed to fit the data well (Kline 2005). The poor fit could have been due to a variety of reasons, such as the correlations of the error terms, or factor cross-loadings, amongst others. As a result, some items were eliminated in order to achieve a better fit for the identified models. This process will be documented and reported for all CFA conducted in this study.

Table 7.2: Summary of fit indices

Fit Category	*Index/Measure*	*Acceptable Level*
Absolute fit indices	Chi-square χ^2	$p > 0.05$
	Bollen-Stine bootstrap	$p > 0.05$
	Normed Chi Square	$1 < \chi^2/df < 5$
	Goodness-of-Fit Index	GFI > 0.90
	Adjusted Goodness-of-Fit Index	AGFI > 0.90
	Root-Mean-Square Error of Approximation	RMSEA < 0.06
	Standardised Root-Mean-Square Residual	SRMR < 0.06
Incremental fit indices	Comparative Fit Index	CFI > 0.95
	Normed Fit Index	NFI > 0.95
	Tucker-Lewis Index	TLI > 0.95

7.4.1. Export performance

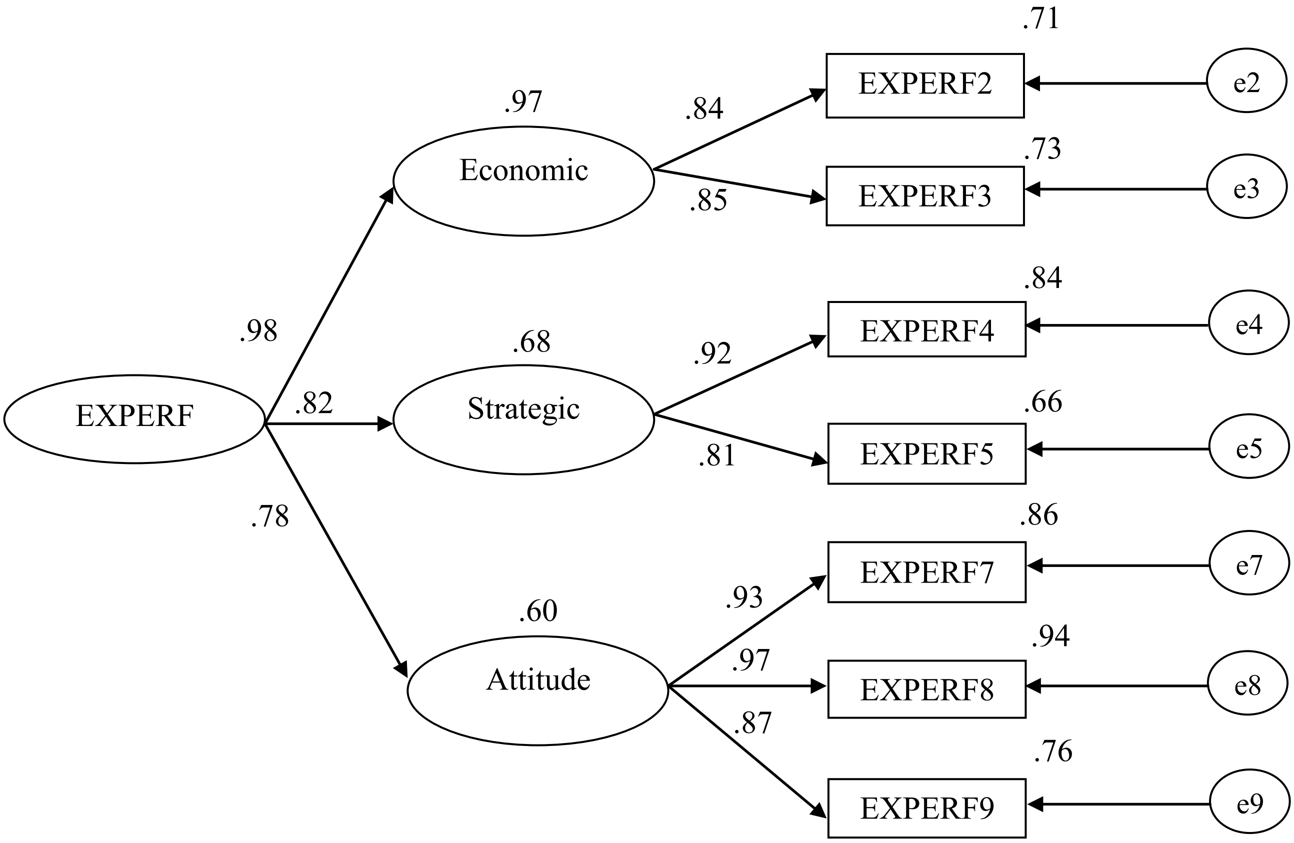
The EXPERF scale developed by Zou, Taylor, and Osland (1998) was adapted to capture the export performance of service exporters. Consistent with Zou, Taylor, and Osland (1998), the researcher ran a higher-order CFA to capture three dimensions of export performance, taking into account economic indicators, strategic indicators, and attitudinal indicators. The original Model 1 with nine items did not fit the data well, with most fit indices failing to meet the acceptable level of it (see Table 7.3). An inspection of the standardised residual covariance (SRC) matrix and the modification indices (MI) for regression weights revealed that items EXPERF1 and EXPERF6 were cross-loading with a number of other items in the model. Therefore, one item was eliminated at a time (Byrne 2001). In Model 2, the researcher removed EXPERF1, and the fit indices improved, apart from the *p* value, AGFI, and RMSEA values. With the removal of item EXPERF6, the model achieved a good fit, satisfying all goodness-of-fit criteria (see Model 3, Table 7.3). However, the MI suggested some evidence of misspecification of the error terms between EXPERF5 and EXPERF8. Hence, an error correlation link was established, allowing Model 4 to achieve a great fit. The standardised regression weights (factor loadings) and the squared multiple correlations (SMC) are shown for the higher order CFA model of export performance in Figure 7.2.

Table 7.3: Assessment of the hypothesised model of Export Performance

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (9 items)	5.319	0.000	0.905	0.823	0.946	0.934	0.919	0.131	0.056
Model 2 (8 items)	4.121	0.000	0.942	0.877	0.969	0.960	0.949	0.111	0.038
Model 3 (7 items)	1.665	0.075	0.979	0.946	0.995	0.988	0.990	0.051	0.013
Model 4* (7 items)	1.069	0.383	0.988	0.966	1.000	0.993	0.999	0.017	0.011

***:** error correlation of 0.30 between two items EXPERF5 and EXPERF8

Figure 7.2: Higher order factor CFA model of Export Performance



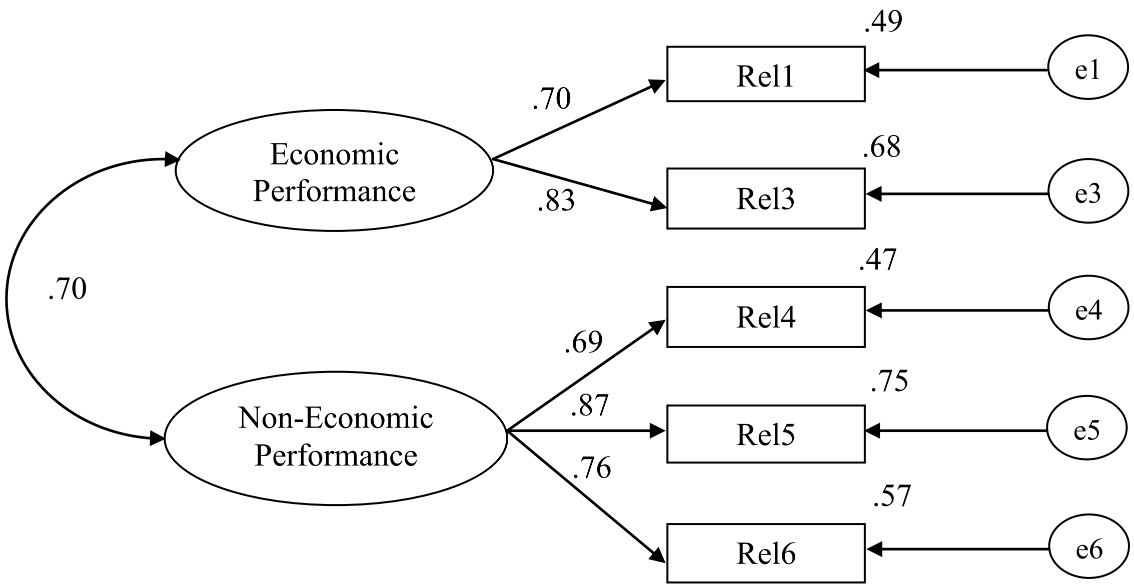
7.4.2. Relationship performance

The relationship performance measure was adapted from Claro, Hagelaar, and Omta (2003) and Poppo and Zenger (2002), assessing the satisfaction of service exporters over a variety of issues, including the cost of service, quality of service, responsiveness of the firm to problems and inquiries, communication quality, and the way problems were solved. The original model of six items (see Model 1, Table 7.4) did not meet all of the fit indices. The SRC matrix indicated that the model failed to account for much of the shared variance between items Rel1 and Rel3. These two items represented the financial dimension of relationship performance. As a result, the model was respecified and two separate factors were formed, namely economic performance and non-economic performance. However, the CFA results still did not satisfy the fit indices. An inspection of the MI revealed item Rel2 was cross-loading onto items Rel4, Rel5, and Rel6. A decision was made to drop item Rel2, resulting in the final model shown in Figure 7.3. This model also had a good fit with the data (see Model 3 indicators, Table 7.4). The factor loadings and the SMC values for each item are shown in Figure 7.3.

Table 7.4: Assessment of the hypothesised model of Relationship Performance

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (6 items, 1 factor)	10.505	0.000	0.889	0.742	0.853	0.841	0.754	0.194	0.075
Model 2 (5 items, 2 factors)	6.902	0.000	0.930	0.817	.919	.907	0.847	0.153	0.052
Model 3 (5 items, 2 factors)	1.314	0.262	0.992	0.970	0.997	0.989	0.993	0.051	0.035

Figure 7.3: CFA models of two-factor Relationship Performance



7.4.3. Contractual-based governance

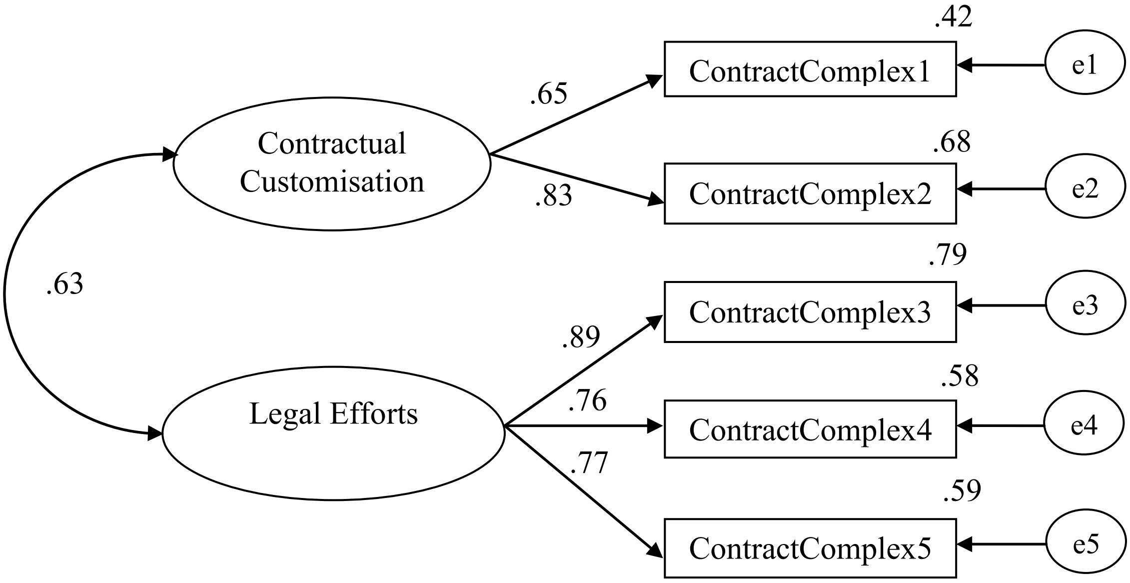
Contractual-based governance was measured in terms of contractual complexity and contractual explicitness. Contractual complexity captured the extent to which the contract was highly customised and detailed, as well as the legal efforts required to formulate the contract. The scale was adapted from Lee and Cavusgil (2006), Poppo and Zenger (2002), and findings from the exploratory study. As indicated in Table 7.5, the five-item model did not fit the data well. The SRC matrix suggested two items Contractcomplex1 and ContractComplex2 be considered a separate factor. As a result, the original model was re-specified and two new factors were formulated (Model 2, Table 7.5). Most of the fit indices were satisfied, with the exception of RMSEA value of 0.08. However, as this RMSEA value indicated a reasonable fit, the model was considered appropriate for further multivariate analysis. The factor loadings and the SMC values for each item are shown in Figure 7.5. The new factors were named Contractual Customisation and Legal Efforts. The factor loadings and the SMC values for each item are shown in Figure 7.4.

Table 7.5: Assessment of the hypothesised model of Contractual Complexity

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (5 items, 1 factor)	10.873	0.000	0.918	0.755	0.898	0.890	0.796	0.198	0.080
Model 2 (5 items, 2 factors)	2.635	0.399*	0.983	0.937	0.986	0.979	0.966	0.080	0.033

*: Bollen-Stine bootstrap p

Figure 7.4: CFA models of two-factor Contractual Complexity

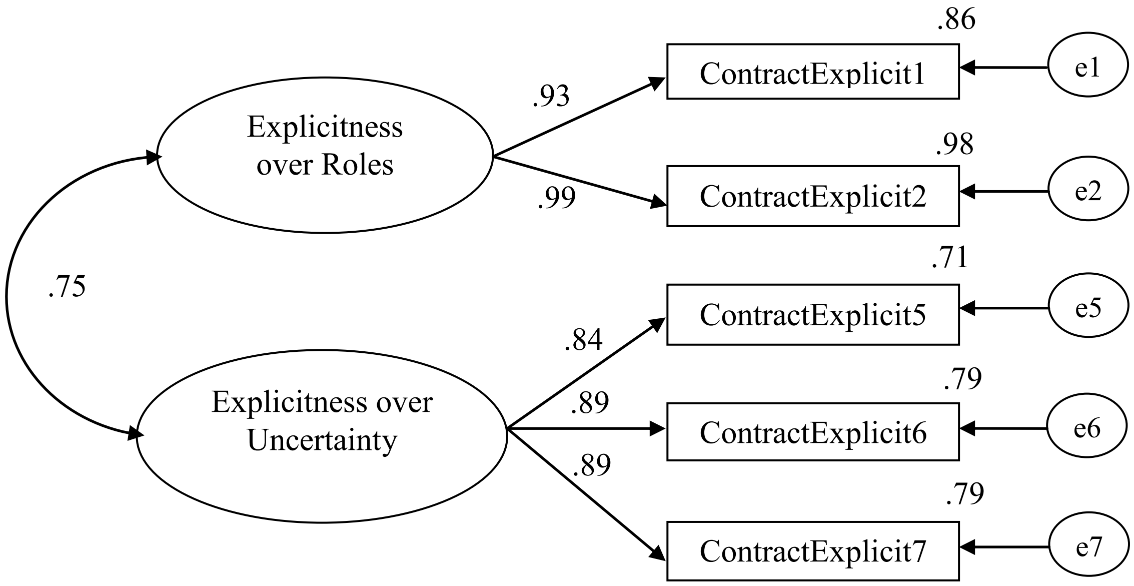


With regards to contractual explicitness, the measures used in Cavusgil, Deligonul, and Zhang (2004) and Lusch and Brown (1996) were adapted for this study, capturing the roles and responsibilities of the involved parties, as well as the handling of unexpected events. Consistent with Lusch and Brown (1996), Contractual Explicitness was found to be a multi-dimensional construct. However, the original CFA model of Contractual Explicitness failed to fit the data (see Model 1, Table 7.6). The MI indicated item ContractExplicit4 and ContractExplicit3 were cross-loading on several other items. In Model 2 (Table 7.6), item ContractExplicit4 was eliminated. This achieved a much better fit, meeting the requirements of all fit indices, with the exception of the χ^2/df, AGFI, and RMSEA. After the elimination of item ContractExplicit3, the model (see Model 3, Table 7.6) fitted the data well. In addition, the factor loadings and the SMC values for each item are also shown in Figure 7.5.

Table 7.6: Assessment of the hypothesised model of Contractual Explicitness

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (7 items, 2 factors)	10.263	0.000	0.858	0.694	0.914	0.935	0.905	0.191	0.071
Model 2 (6 items, 2 factors)	6.114	0.000	0.940	0.843	0.974	0.969	0.951	0.142	0.038
Model 3 (5 items, 2 factors)	0.872	0.480	0.994	0.979	1.000	0.997	1.001	0.000	0.005

Figure 7.5: CFA models of two-factor Contractual Explicitness



7.4.4. Relational-based governance

In support of the IRM literature, relational-based governance was operationalised as a multidimensional phenomenon consisting of different behavioural facets (Gençtürk and Aulakh 2006). Five dimensions of relational-based governance were examined, using well-established measures. These measures included relationship trust (Cavusgil, Deligonul, and

Zhang 2004; Gençtürk and Aulakh 2006), relationship commitment (Anderson and Weitz 1992; Morgan and Hunt 1994), information exchange (Aulakh, Kotabe, and Sahay 1996; Heide and John 1992), relationship flexibility (Bello and Gilliland 1997; Heide and John 1992; Zhang, Cavusgil, and Roath 2003), and relationship harmony (Rawwas, Vitell, and Barnes 1997; Skarmeas 2006). This study follows the approach of Gençtürk and Aulakh (2006) to specify the higher order factor of relational-based governance. More specifically, after five CFA models had been run to confirm the first order factor estimation, a second-order CFA was conducted to examine relational-based governance as a higher-order factor capturing all five dimensions.

7.4.4.1. First order CFA

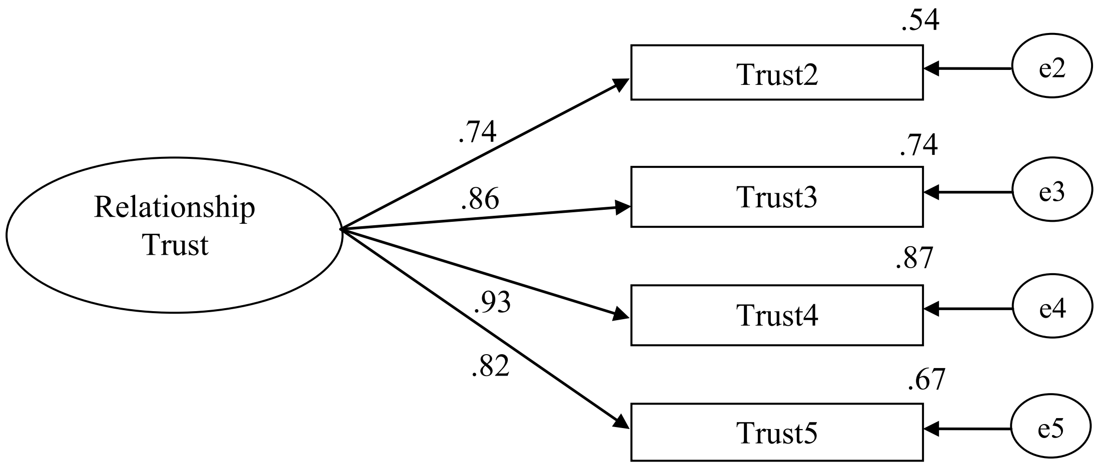
Relationship trust

A CFA of relationship trust was conducted using five items from Cavusgil, Deligonul, and Zhang (2004) and Gençtürk and Aulakh (2006). The fit indices in Model 1 (Table 7.7) showed the model failed to meet several fit measures. The MI indicated that item Trust1 was cross-loading onto three other items. Hence, this item was eliminated, resulting in Model 2. The CFA model of relationship trust with four items fitted all requirements. The factor loadings and the SMC values for each item are shown in Figure 7.6.

Table 7.7: Assessment of the hypothesised model of Relationship Trust

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (5 items)	10.286	0.000	0.923	0.768	0.942	0.947	0.894	0.192	0.044
Model 2 (4 items)	1.653	0.191	0.994	0.968	0.998	0.995	0.994	0.051	0.012

Figure 7.6: CFA model of Relationship Trust



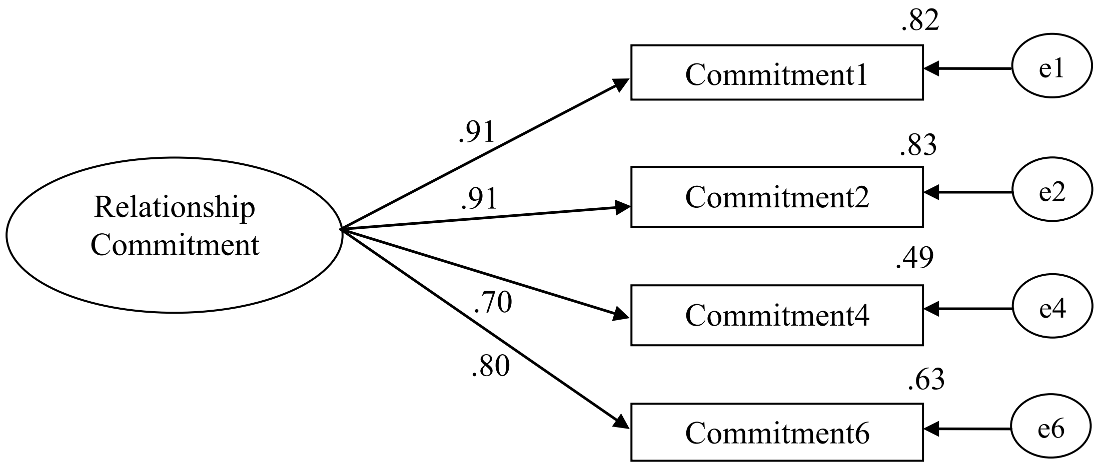
Relationship commitment

Relationship commitment was captured via six items adapted from Anderson and Weitz (1992) and Morgan and Hunt (1994). The CFA results are shown in Table 7.8. Model 1 only satisfied the requirements for GFI, CFI and SRMR values. As shown in the MI, item Commitment5 was cross-loading onto several other items. After this item was removed, the model achieved a better fit (Model 2). However, the MI indicated that the model would achieve a much better fit with the elimination of item Commitment3, due to its cross-loadings with other items. Indeed, Model 3 met all fit requirements. The factor loadings and the SMC values for each item of Model 3 are also shown in Figure 7.7.

Table 7.8: Assessment of the hypothesised model of Relationship Commitment

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (6 items)	6.861	0.000	0.919	0.811	0.947	0.939	0.911	0.152	0.043
Model 2 (5 items)	6.263	0.000	0.952	0.857	0.967	0.961	0.934	0.144	0.041
Model 3 (4 items)	2.345	0.096	0.991	0.954	0.996	0.993	0.988	0.073	0.017

Figure 7.7: CFA model of Relationship Commitment



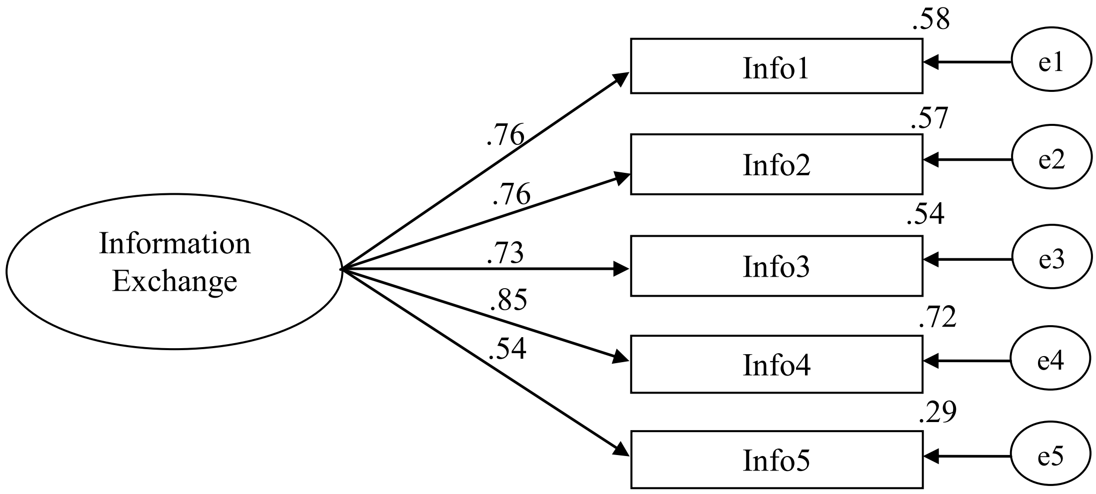
Information exchange

Inter-organisational information exchange was captured via five items adapted from Aulakh, Kotabe, and Sahay (1996) and Heide and John (1992). The CFA results are shown in Table 7.9. The model satisfied all fit requirements. Although the SMC value for item Info5 was low at 0.29, its elimination resulted in a worse fit between the model and the data. Hence item Info5 was retained for further analysis. The factor loadings and the SMC values for each item of the model are also shown in Figure 7.8.

Table 7.9: Assessment of the hypothesised model of Information Exchange

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (5 items)	1.283	0.268	0.990	0.970	0.997	0.988	0.994	0.033	0.018

Figure 7.8: CFA model of Information Exchange



Relationship flexibility

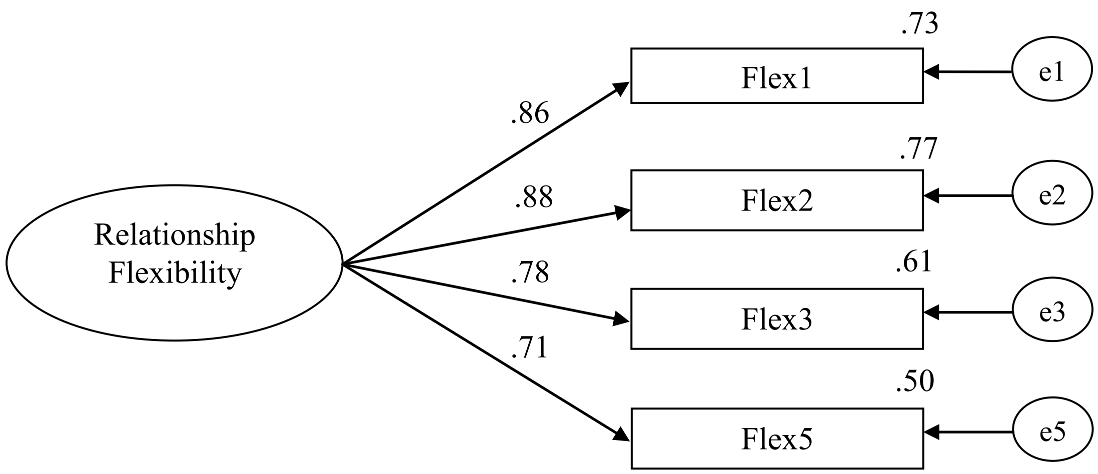
Relationship flexibility was captured via five items adapted from Bello and Gilliland (1997), Heide and John (1992), and Zhang, Cavusgil, and Roath 2003). As shown in Table 7.10, the original CFA model only has acceptable GFI and SRMR values and did not satisfy the requirements for the other fit indices. The SRC matrix and MI suggested items Flex4 and Felx5 be eliminated. Each item was then removed at a time. A better fit was achieved Model 2 in which item Flex4 was omitted from the model. However, the values of χ^2/df, AGFI, and RMSEA were higher than the acceptable level. Model 3 met all fit requirements, when an error correlation link was established for Flex1 and Flex5. The factor loadings and the SMC values for each item of Model 3 are also shown in Figure 7.9.

Table 7.10: Assessment of the hypothesised model of Relationship Flexibility

Model	χ^2/df	*p*	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (5 items)	13.337	0.000	0.906	0.718	0.907	0.901	0.814	0.221	0.065
Model 2 (4 items)	10.527	0.000	0.964	0.820	0.964	0.961	0.993	0.194	0.034
Model 3* (4 items)	0.254	0.614	0.999	0.995	1.000	1.000	1.008	0.000	0.004

***:** error correlation of -0.43 between two items Flex1 and Flex5

Figure 7.9: CFA model of Relationship Flexibility



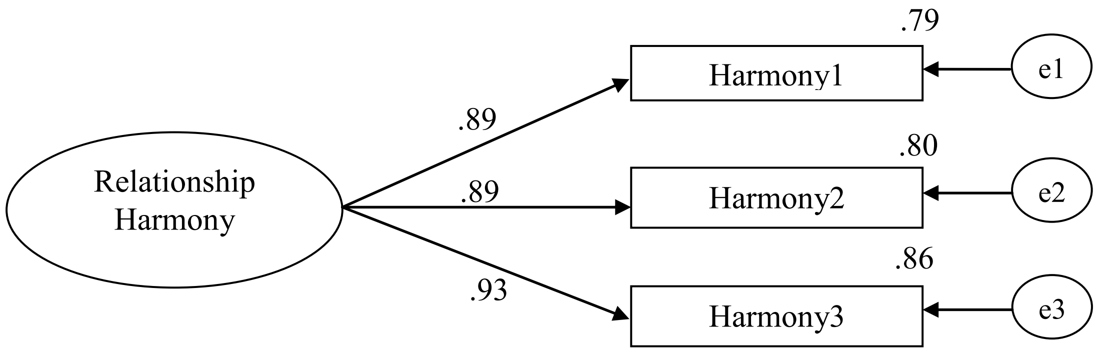
Relationship harmony

Relationship harmony was captured via three items adapted from Rawwas, Vitell, and Barnes (1997) and Skarmeas (2006). The CFA model of relationship harmony met all requirements of fit (Table 7.11). The factor loadings and the SMC values for each item of Model 3 are also shown in Figure 7.10.

Table 7.11: Assessment of the hypothesised model of Relationship Harmony

Model	χ^2/df	*p*	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (3 items)	2.050	0.152	0.995	0.968	0.998	0.997	0.995	0.064	0.008

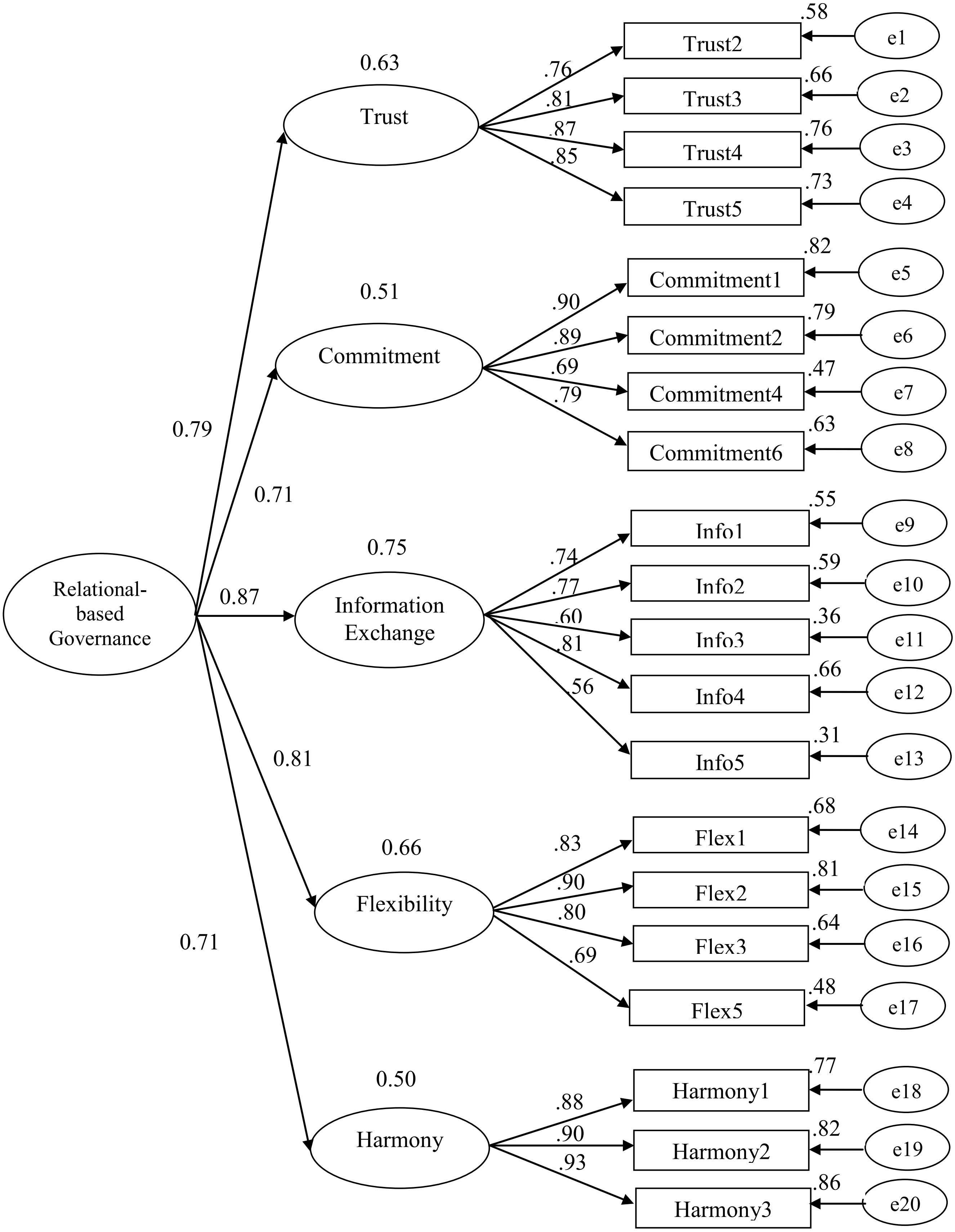
Figure 7.10: CFA model of Relationship Harmony



7.4.4.2. Second order CFA of relational-based governance

A second order CFA was run with the five relational dimensions as the first order. The model appeared to achieve an acceptable fit with the data (χ^2/df = 1.460, Bollen-Stine bootstrap p = 0.593, GFI = 0.930, AGFI = 0.889, CFI = 0.983, NFI = 0.950, TLI = 0.976, RMSEA = 0.043, SRMR = 0.052). Each first order factor had a significant loading ($p < 0.01$) of 0.79, 0.71, 0.87, 0.81, and 0.71, respectively. The higher order CFA model of relational-based governance is shown in Figure 7.11.

Figure 7.11: Higher order factor CFA model of Relational-Based Governance



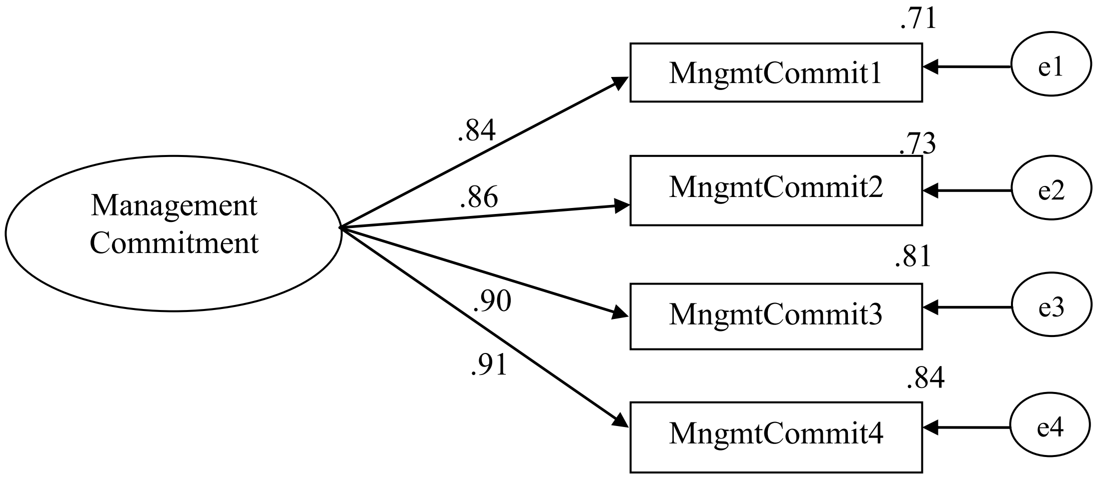
7.4.5. Management commitment

Management commitment was captured by a four-item measure adapted from Cadogan et al. (2006). The hypothesised model achieved a great fit with the data, satisfying all requirements of the fit indices (Table 7.12). The standardised loadings and the SMC for each item are shown in Figure 7.12.

Table 7.12: Assessment of the hypothesised model of Management Commitment

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (4 items)	0.000	1.000	1.000	1.000	1.000	1.000	1.007	0.000	0.000

Figure 7.12: CFA model of Management Commitment



7.4.6. Resource commitment

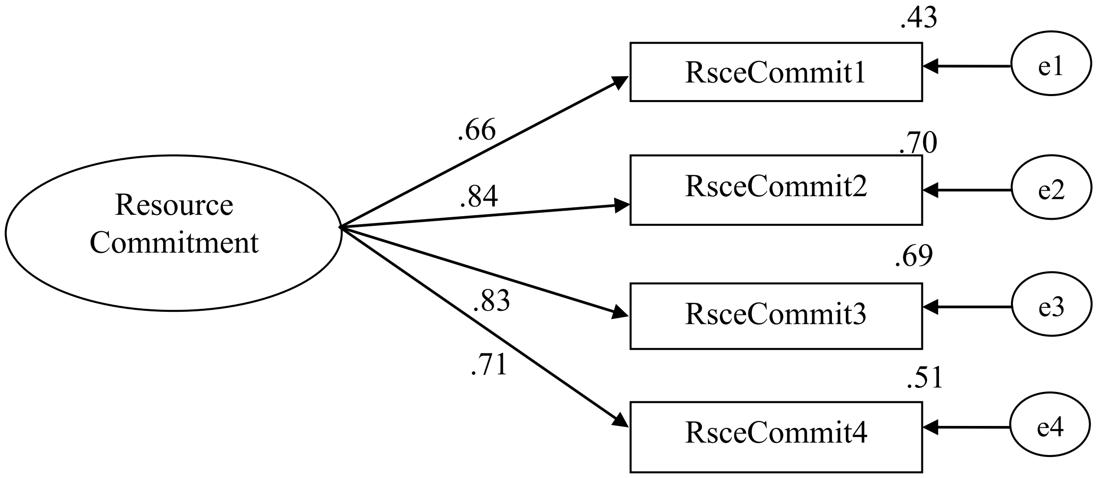
Resource commitment of service exporters was operationalised as the commitment of managerial, personnel, financial, and technological resources into the export ventures (Cavusgil 1984; Contractor and Mudambi 2008; Cort, Griffith, and White 2007; Diamantopoulos and Inglis 1988; Johanson and Vahlne 1977; Leonidou and Katsikeas 1996; Richey, Genchev, and Daugherty 2005). The CFA results indicated the model had an acceptable fit with the data. All fit indices were satisfactory, apart from the high RMSEA value (Table 7.13). Hence, the model was retained for further analysis. The factor loadings and SMC values are shown in Figure 7.13

Table 7.13: Assessment of the hypothesised model of Resource Commitment

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (4 items)	4.143	0.391*	0.985	0.925	0.985	0.981	0.955	0.111	0.024

***:** Bollen-Stine bootstrap *p* value

Figure 7.13: CFA model of Resource Commitment



7.4.7. Export experience

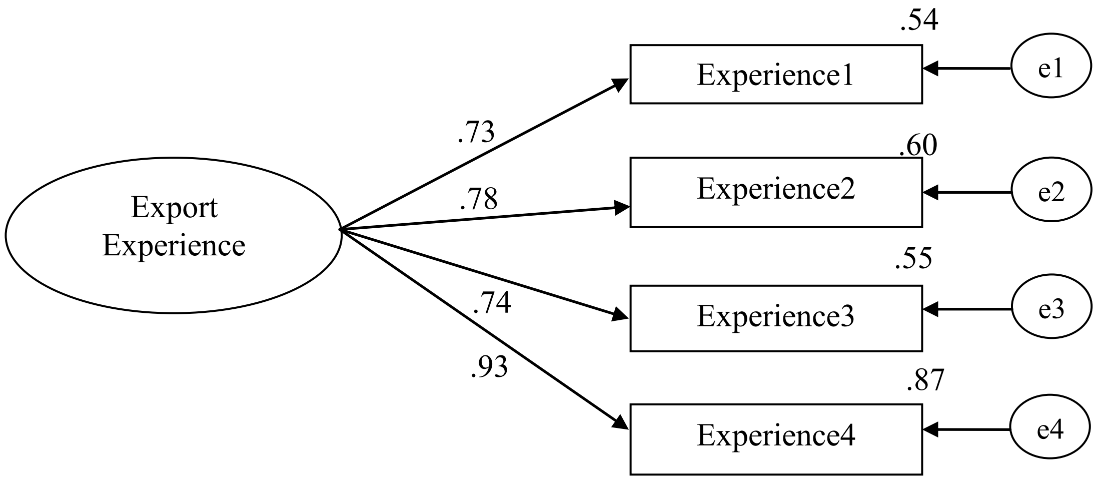
Export experience measure was adapted from the works of Cadogan et al. (2001) and Cadogan et al. (2006). As shown in Model 1 in Table 7.14, the CFA model appeared to fit the data well, meeting all requirements for fit indices, apart from the χ^2/df and RMSEA values. In Model 2, a correlation of the error terms for two items Experience1 and Experience2 was established. This resulted in a better fit between the hypothesised model and the data. The factor loadings and SMC values for all items capturing export experience of service firms are displayed in Figure 7.14.

Table 7.14: Assessment of the hypothesised model of Export Experience

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (4 items)	5.635	0.004	0.977	0.884	0.983	0.980	0.950	0.135	0.024
Model 2* (4 items)	0.000	0.919	1.000	1.000	1.000	1.011	1.000	0.000	0.001

***:** error correlation of 0.29 between two items Experience1 and Experience2

Figure 7.14: CFA model of Export Experience



7.4.8. Home government assistance

Adapting Lages and Montgomery‟s (2005) work, this study investigated the impact of export assistance programs offered by the Australian Federal Government, the State Governments, the trade associations, and the Australian Diplomatic Missions. The CFA models for these two measures are further discussed in this subsection.

A CFI model of Home Government Assistance had an acceptable goodness-of-fit (see Model 1, Table 7.15). However, the RMSEA value was high, indicating some measurement errors between the model and the population covariance matrix. The MI also suggested a misspecification of error terms between items HomeImpact1 and HomeImpact3. A correlation was established between the error terms of these two items, resulting in Model 2.

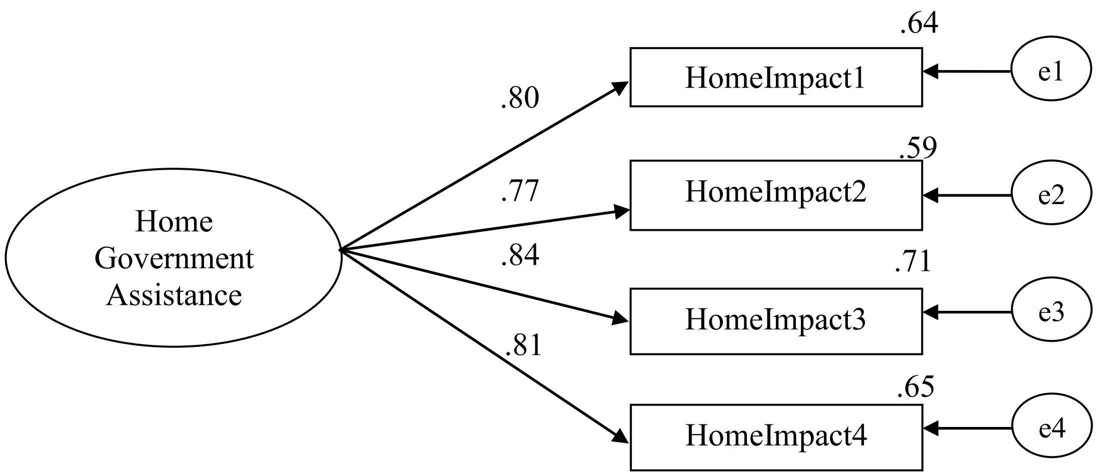
This model had a great fit with the data. The factor loadings and SMC values for Model 2 are shown in Figure 7.15.

Table 7.15: Assessment of the hypothesised model of Home Government Assistance

Model	χ^2/df	*p*	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (4 items)	6.252	0.002	0.978	0.890	0.978	0.975	0.935	0.144	0.026
Model 2 * (4 items)	0.167	0.683	1.000	0.997	1.000	1.000	1.010	0.000	0.003

***:** error correlation of -0.42 between item HomeImpact1 and HomeImpact3.

Figure 7.15: CFA model of Home Government Assistance



7.4.9. Host government policies

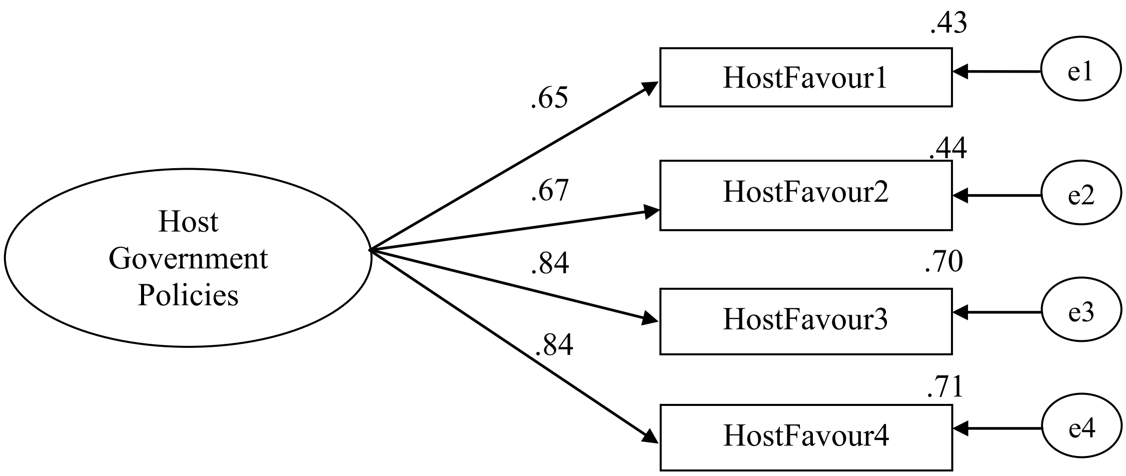
Adapting Cadogan et al.‟s (2001) measure, this study further investigated the favourability of such policies to the firms. The CFA model of the favourability of such policies failed to fit the data (see Model 1, Table 7.16). The MI also suggested the misspecification of two items HostFavour1 and HostFavour2, leading to the establishment of an error correlation link. This resulted in Model 2, which had a high level of goodness-of-fit with the data. The factor loadings and SMC values for all items of Model 2 are indicated in Figure 7.16.

Table 7.16: Assessment of the hypothesised model of Host Government Policies

Model	χ^2/df	p	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (4 items)	20.696	0.000	0.917	0.587	0.917	0.914	0.751	0.279	0.053
Model 2* (4 items)	0.011	0.918	1.000	1.000	1.000	1.000	1.012	0.000	0.001

***:** error correlation of 0.46 between item HostFavour1 and HostFavour2.

Figure 7.16: CFA model of Host Government Polices



7.4.10. Competitive intensity

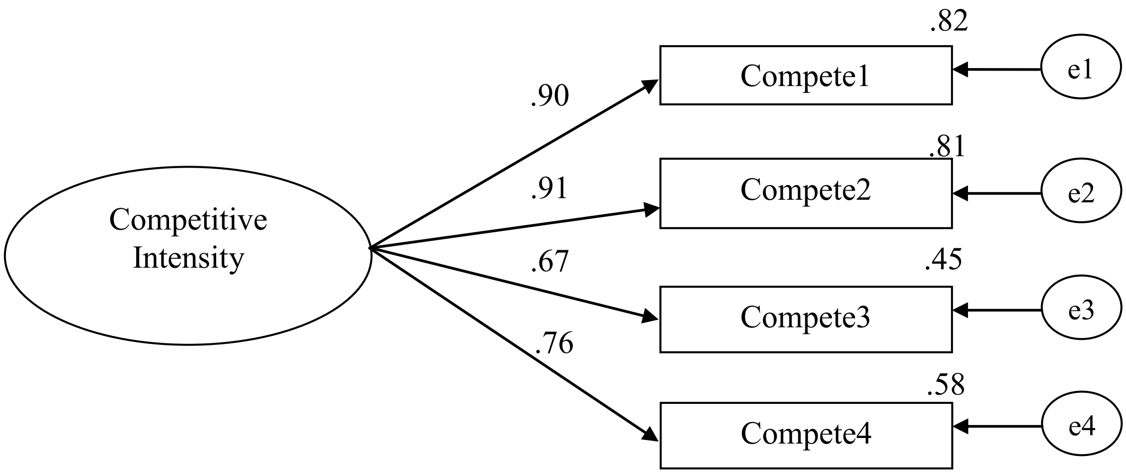
The six-item measure of competitive intensity was adapted from previous export marketing studies (Ambler, Styles, and Xiucun 1999; Julian 2003; Morgan, Vorhies, and Schlegelmilch 2006). The CFA model of competitive intensity did not meet the goodness-of-fit requirements (see Model 1, Table 7.17). An investigation of the SRC matrix and the MI revealed items Compete5 and Compete6 were cross-loading onto several other items in the models. Each item was eliminated at a time, resulting in Model 2 and Model 3, respectively. The goodness-of-fit improved in Model 3. However, the RMSEA and χ^2/df values were still high. The MI indicated a misspecification of two items Compete3 and Compte4. In Model 4, which satisfied the fit requirements, an error correlation link was established for these two items. The factor loadings and SMC values for all items of Model 4 are indicated in Figure 7.17.

Table 7.17: Assessment of the hypothesised model of Competitive Intensity

Model	χ^2/df	*p*	GFI	AGFI	CFI	NFI	TLI	RMSEA	SRMR
Model 1 (6 items)	14.646	0.000	0.842	0.629	0.868	0.860	0.780	0.232	0.071
Model 2 (5 items)	11.607	0.000	0.904	0.712	0.930	0.925	0.860	0.205	0.056
Model 3 (4 items)	9.228	0.000	0.964	0.820	0.974	0.971	0.921	0.180	0.035
Model 4* (4 items)	0.514	0.473	0.999	0.990	1.000	0.999	1.005	0.000	0.004

***:** error correlation of 0.29 between item Compete3 and Compete4.

Figure 7.17: CFA model of Competitive Intensity



7.5. Test for Normality of New Constructs

As discussed in section 7.3, normality is a critical assumption in multivariate data analysis (Tabachnick and Fidell 2007). The test for normality of the new constructs was undertaken via both graphical and statistical analyses. The researcher first graphically examined the normal probability plots (Hair et al. 2006). These plots can be found in Appendix 7. In these normal probability plots, "each observed value is paired with its expected value from the normal distribution" (Coakes and Steed 2001, p. 34). Overall, the data values appeared to be close to the straight line, indicating their proximity to normal distribution.

In addition, similar to the approach undertaken in the test for normality of individual measurement items, the researcher examined the normality of the newly established constructs via their skewness and kurtosis values. This process involved a comparison of the $Z_{skewness}$ and $Z_{kurtosis}$ scores produced by SPPS against the critical Z values of ±2.58 at 0.01 significance level (Hair et al. 2006). According to the descriptive statistics of the constructs in Table 7.18, the majority of the $Z_{skewness}$ values had negative values, indicating the data being negatively skewed. Furthermore, there were 11 positive $Z_{kurtosis}$ scores which meant these variables had peaked distributions, whilst 12 variables had flatter distributions due to their negative $Z_{kurtosis}$ scores. Importantly, the descriptive analysis also revealed none of the $Z_{skewness}$ values and $Z_{kurtosis}$ values exceeded ±2.58. As a result, it can be concluded that the data collected in this study was close to normal distribution.

Table 7.18: Descriptive statistics of variables

Variable	*Min*	*Max*	*Mean*	*S.D.*	*Skewness*	*Kurtosis*
EcoExperf	1	7	4.10	1.52	-0.27	-0.65
StratExperf	1	7	4.59	1.39	-0.52	-0.28
AttitudeExperf	1	7	4.59	1.43	-0.40	-0.21
EcoRELPERF	1	7	4.79	1.18	-0.82	1.06
NonEcoRELPERF	1	7	5.40	1.03	-0.86	1.33
CustomCONTRACT	1	7	5.10	1.44	-0.87	0.41
LegalEffortCONTRACT	1	7	3.57	1.76	0.28	-0.97
RoleCONTRACT	1	7	5.23	1.66	-0.96	0.24
EventCONTRACT	1	7	4.63	1.74	-0.52	-0.64
RelTrust	1	7	4.99	1.30	-0.79	0.45
RelCommit	1	7	5.59	1.16	-1.03	1.27
RelInfo	1	7	5.29	1.06	-0.98	1.75
RelFlex	1	7	5.23	1.11	-0.96	1.61
RelHarmony	1	7	4.73	1.34	-0.56	0.10
ExportExperience	1	7	4.71	1.22	-0.20	-0.28
MgmtCommitment	1	7	5.56	1.23	-0.95	0.69
ResourceCommitment	1	7	4.79	1.31	-0.55	-0.04
HomeImpact	1	7	2.59	1.55	0.84	-0.13
HostFavour	1	7	4.02	1.17	0.09	0.49
Competition	1	7	4.49	1.48	-0.35	-0.53

7.6. Test of Outliers

According to Tabachnick and Fidell (2007, p.72), multivariate outliers are those cases with "an unusual combinations of scores on two or more variables". The researcher detected outliers in the data set by inspecting the Mahalanobis D^2 values produced automatically by AMOS during the CFA exercises. Mahalanobis D^2 value indicates the distance of each observation from the centre of all observations. Hair et al. (2006) suggest observations be potential outliers if they have D^2/df values more than 2.5 in small sample and 3 or 4 in large samples. An inspection of the D^2/df values indicated cases 59 and 75 were the outliers in the CFA models of export performance and relationship performance, whilst cases 14 and 15 were outliers in the CFA models of contractual complexity, contractual explicitness, trust, commitment, and flexibility. As the removal of these potential outliers did not substantially improve the goodness of fit of the CFA models, the researcher retained these cases due to the small sample size (n = 254) so as to maintain the generalisability of the research outcomes.

7.7. Construct Validity

Construct validity is "a necessary condition for theory development and testing" (Steenkamp and van Trijp 1991, p.283) and considered a central issue in organisational research (Bagozzi, Yi, and Phillips 1991). It deals with measurement accuracy and concerns the extent to which the measured items reflect the hypothesised latent construct (Hair et al. 2006; Kline 2005). To assess the validity of the constructs developed in this study, the researcher examined the evidence of not only convergent validity but also discriminant validity of the measures, as suggested by Churchill (1979). Convergent validity for each latent variable was estimated via an investigation of the individual factor loadings, the critical ratios, the Cronbach"s alphas, and the composite reliability. On the other hand, discriminant validity was assessed based on a comparison between the average variance extracted (AVE) between any two constructs against the square of their correlations.

7.7.1. Convergent Validity

Convergent validity is achieved when the items measuring the hypothesised construct "converge or share a high proportion of variance in common" (Hair et al. 2006, p.776). The extent of convergent validity amongst the individual measurement items was considered via four different ways, including the factor loadings, the critical ratios, the coefficient alpha values, and the composite validity. The results of this exercise are detailed in Table 7.19.

7.7.1.1. Factor loadings and SMC values

The minimum requirement for factor loadings is that they are statistically significant (Anderson and Gerbing 1988). The factor loadings for all latent variables, shown in Table 7.21, range from 0.54 to 0.99. The majority of these loadings were higher than 0.70. Additionally, the SMC values of all items in the CFA models were high. Most SMC values range from 0.45 to 0.98. There were four SMC values less than 0.45. However the items with these low SMC values contributed to a high level of goodness-of-fit for the CFA models. Therefore they were retained for further analysis.

7.7.1.2. Critical ratios

To achieve convergent validity, Schumacker and Lomax (2004) suggest the critical ratios (t-values) exceed ±1.96. The critical ratios (CR) were produced by AMOS when the CFA models were executed. The CR values are listed in Table 7.19, meeting the minimal requirements of ±1.96. As such, convergent validity was achieved.

7.7.1.3. Coefficient alphas

Another indicator of convergent validity is reliability, which is commonly represented by the Cronbach‟s alpha values. The coefficient alphas measure the internal consistency of the items of each constructs (Churchill 1979). According to Nunnally and Bernstein (1994), the coefficient alphas should be at least 0.70. The alpha values obtained in this study were high, ranging from 0.70 to 0.96 (see Table 7.19). Hence, the reliability of the measures was satisfactory.

7.7.1.4. Composite reliability

Composite reliability, also known as construct reliability, is calculated based on the factor loadings and the error variances (Fornell and Larcker 1981). Convergent validity is achieved, when the composite reliability of the measures exceed 0.6, as recommended by Bagozzi and Yi (1988). The formula to calculate composite reliability was prescribed by Fornell and Larcker (1981) as follows.

$$\rho_\eta = \frac{(\Sigma\lambda_i)^2}{(\Sigma\lambda_i)^2 + \Sigma\varepsilon_i}$$

- ρ_η is the composite reliability value;
- λ_i is the standardised loading for each observed variable; and
- ε_i is the error variance associated with each observed variable.

The ρ_η values shown in Table 7.19 all exceeded the prescribed minimum requirement, ranging from 0.71 to 0.96. As a result, it can be concluded that the constructs used in this study had a good level of convergent validity.

7.7.2. Discriminant Validity

Discriminant validity refers to the extent to which the measured constructs are different from one another (Hair et al. 2006). The test of discriminant validity was undertaken based on the procedure suggested by Fornell and Larcker (1981). According to this test, two constructs achieve discriminant validity if the averaged variance extracted estimates for the two constructs is higher than the square of the correlation between them. The formula to calculate variance extracted values, as proposed by Fornell and Larcker (1981), is:

$$\rho_{vc(\eta)} = \frac{\Sigma\lambda_i^2}{\Sigma\lambda_i^2 + \Sigma\varepsilon_i}$$

- $\rho_{vc(\eta)}$ is the variance extracted estimate;
- λ_i is the standardised loading for each observed variable; and
- ε_i is the error variance associated with each observed variable.

Fornell and Larcker (1981) also suggest that the $\rho_{vc(\eta)}$ values should exceed 0.50. This requirement was satisfied in this study, as the variance extracted estimates ranged from 0.54 to 0.92 (see Table 7. 19).

Table 7.20 presents the correlation matrix between the constructs in this study. Table 7.21 shows a comparison between the averaged variance extracted estimates between the two constructs and the values of their squared correlations. The item-to-total correlations for each construct are provided in Appendix 8.

Table 7.19: Reliability checks for all hypothesised constructs

Scale	Items	Loadings	t-values	α	ρ_{η}	$\rho_{vc(\eta)}$
Economic EXPERF	Experf2	0.84		0.84	0.84	0.72
	Experf3	0.85	15.22			
Strategic EXPEF	Experf4	0.91		0.85	0.86	0.75
	Experf5	0.82	14.36			
Attitude EXPERF	Experf7	0.93		0.94	0.95	0.85
	Experf8	0.97	30.06			
	Experf9	0.87	22.27			
Economic RELPERF	Rel1	0.70		0.73	0.74	0.59
	Rel3	0.83	8.35			
Non-Eco RELPERF	Rel4	0.69		0.81	0.82	0.60
	Rel5	0.87	10.97			
	Rel6	0.76	10.38			
Contractual Customisation	ContractComplex1	0.65		0.70	0.71	0.55
	ContractComplex2	0.83	6.91			
Legal Efforts	ContractComplex3	0.89		0.84	0.85	0.65
	ContractComplex4	0.76	12.85			
	ContractComplex5	0.77	12.98			
Explicitness over Roles	ContractExplicit1	0.93		0.96	0.96	0.92
	ContractExplicit2	0.99	26.54			
Explicitness over Uncertainty	ContractExplicit5	0.86		0.91	0.91	0.76
	ContractExplicit6	0.89	17.72			
	ContractExplicit7	0.87	17.68			
Relationship Trust	Trust2	0.74		0.90	0.90	0.70
	Trust3	0.86	13.82			
	Trust4	0.93	13.04			
	Trust5	0.82	14.76			

Table 7.19: Reliability checks for all hypothesised constructs (*continued*)

Scale	Items	Loadings	t-values	α	ρ_η	$\rho_{vc(\eta)}$
Relationship Commitment	Commitment1	0.91		0.90	0.90	0.69
	Commitment2	0.91	20.84			
	Commitment4	0.70	13.31			
	Commitment6	0.80	16.59			
Information Exchange	Info1	0.76		0.85	0.85	0.54
	Info2	0.76	11.78			
	Info3	0.73	11.40			
	Info4	0.54	13.07			
	Info5	0.85	8.17			
Relationship Flexibility	Flex1	0.86		0.87	0.88	0.65
	Flex2	0.88	15.95			
	Flex3	0.78	14.07			
	Flex5	0.71	10.60			
Relationship Harmony	Harmony1	0.89		0.93	0.93	0.82
	Harmony2	0.89	21.36			
	Harmony3	0.93	21.96			
Export Experience	Experience1	0.73		0.88	0.88	0.64
	Experience2	0.78	14.36			
	Experience3	0.74	11.43			
	Experience4	0.93	12.63			
Management Commitment	MngmtCommit1	0.84		0.93	0.93	0.77
	MngmtCommit2	0.86	17.09			
	MngmtCommit3	0.90	18.64			
	MngmtCommit4	0.91	19.05			

Table 7.19: Reliability checks for all hypothesised constructs (*continued*)

Scale	Items	Loadings	t-values	α	ρ_η	$\rho_{vc(\eta)}$
Resource Commitment	RsceCommit1	0.66		0.84	0.85	0.58
	RsceCommit2	0.84	10.64			
	RsceCommit3	0.83	10.61			
	RsceCommit4	0.71	9.52			
Home Government Assistance	HomeImpact1	0.80		0.87	0.88	0.65
	HomeImpact2	0.77	11.73			
	HomeImpact3	0.84	11.86			
	HomeImpact4	0.81	12.23			
Host Government Policies	HostFavour1	0.65		0.86	0.84	0.57
	HostFavour2	0.67	12.24			
	HostFavour3	0.84	10.23			
	HostFavour4	0.84	10.23			
Competitive intensity	Compete1	0.91		0.89	0.89	0.66
	Compete2	0.90	18.99			
	Compete3	0.67	12.22			
	Compete4	0.76	14.83			

Table 7.20: Correlation matrix

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	V17	V18	V19	V20
V1	1																			
V2	0.69**	1																		
V3	0.68**	0.59**	1																	
V4	0.33**	0.25**	0.41**	1																
V5	0.06	0.11	0.23**	0.54**	1															
V6	0.09	0.10	0.12	0.10	0.14*	1														
V7	0.11	0.05	0.03	0.00	-0.03	0.50**	1													
V8	0.25**	0.20**	0.26**	0.29**	0.27**	0.52**	0.38**	1												
V9	0.15**	0.07	0.07	0.11	0.16**	0.47**	0.58**	0.70**	1											
V10	0.10	0.10	0.33**	0.35**	0.53**	0.08	-0.06	0.25**	0.07	1										
V11	0.25**	0.31**	0.37**	0.40**	0.50**	0.17**	0.11	0.24**	0.13*	0.54**	1									
V12	0.11	0.12	0.28**	0.27**	0.48**	0.02	-0.05	0.10	0.06	0.61**	0.46**	1								
V13	0.11	0.15*	0.22**	0.27**	0.42**	0.09	0.01	0.13*	0.12*	0.55*	0.49**	0.63**	1							
V14	0.22**	0.25**	0.20**	0.21**	0.28**	0.08	0.16**	0.28**	0.26**	0.48**	0.52**	0.42**	0.56**	1						
V15	0.26**	0.26**	0.21**	0.05	0.22**	0.13**	0.08	0.20**	0.18**	0.23**	0.21**	0.18**	0.23**	0.16*	1					
V16	0.42**	0.48**	0.47**	0.32**	0.32**	0.08	0.08	0.31**	0.13**	0.23**	0.45**	0.23**	0.26**	0.30**	0.23**	1				
V17	0.30**	0.39**	0.26**	0.15*	0.17**	0.22**	0.17**	0.31**	0.23**	0.14*	0.31**	0.09	0.17**	0.27**	0.32**	0.57**	1			
V19	0.05	0.09	0.02	0.01	0.01	0.06	0.14*	0.03	0.09	0.02	0.06	-0.01	0.07	0.08	0.17*	0.03	0.09	1		
V19	0.22**	0.17**	0.22**	0.25**	0.19**	0.02	0.05	0.09	0.10	0.16*	0.22**	0.13*	0.16*	0.13*	0.24**	0.22**	0.19**	0.10	1	
V20	0.14*	0.06	0.02	-0.05	0.04	0.01	0.06	0.04	-0.05	0.01	0.02	0.09	0.11	0.03	0.19**	0.14*	0.20**	0.15*	0.11	1

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

* Correlation is significant at the 0.05 level (2-tailed)

V1 … V20: Variables in order according to Table 7.19

Table 7.21: Assessment of discriminant validity (SC < AVE)

	SC V1	**AVE V1**	SC V2	**AVE V2**	SC V3	**AVE V3**	SC V4	**AVE V4**	SC V5	**AVE V5**	SC V6	**AVE V6**	SC V7	**AVE V7**	SC V8	**AVE V8**	SC V9	**AVE V9**	SC V10	**AVE V10**
V1																				
V2	0.47	**0.74**																		
V3	0.46	**0.79**	0.35	**0.80**																
V4	0.11	**0.66**	0.06	**0.67**	0.17	**0.72**														
V5	0.00	**0.66**	0.01	**0.68**	0.05	**0.73**	0.29	**0.60**												
V6	0.01	**0.64**	0.01	**0.65**	0.02	**0.70**	0.01	**0.57**	0.02	**0.58**										
V7	0.01	**0.69**	0.00	**0.70**	0.00	**0.75**	0.00	**0.62**	0.00	**0.63**	0.25	**0.60**								
V8	0.06	**0.82**	0.04	**0.84**	0.07	**0.89**	0.09	**0.76**	0.08	**0.76**	0.27	**0.74**	0.14	**0.79**						
V9	0.02	**0.74**	0.00	**0.76**	0.01	**0.81**	0.01	**0.68**	0.03	**0.68**	0.22	**0.66**	0.33	**0.71**	0.49	**0.84**				
V10	0.01	**0.71**	0.01	**0.73**	0.11	**0.78**	0.13	**0.65**	0.28	**0.65**	0.01	**0.63**	0.00	**0.68**	0.06	**0.81**	0.01	**0.73**		
V11	0.06	**0.71**	0.09	**0.72**	0.14	**0.77**	0.16	**0.64**	0.25	**0.65**	0.03	**0.62**	0.01	**0.67**	0.06	**0.81**	0.02	**0.73**	0.29	**0.70**
V12	0.01	**0.63**	0.02	**0.65**	0.08	**0.70**	0.07	**0.57**	0.23	**0.57**	0.00	**0.55**	0.00	**0.60**	0.01	**0.73**	0.00	**0.65**	0.37	**0.62**
V13	0.01	**0.69**	0.02	**0.70**	0.05	**0.75**	0.08	**0.62**	0.18	**0.63**	0.01	**0.60**	0.00	**0.65**	0.02	**0.79**	0.02	**0.71**	0.30	**0.68**
V14	0.05	**0.77**	0.06	**0.79**	0.04	**0.84**	0.04	**0.71**	0.08	**0.71**	0.01	**0.69**	0.02	**0.74**	0.08	**0.87**	0.07	**0.79**	0.23	**0.76**
V15	0.07	**0.68**	0.07	**0.70**	0.04	**0.75**	0.00	**0.62**	0.05	**0.62**	0.02	**0.60**	0.01	**0.65**	0.04	**0.78**	0.03	**0.70**	0.05	**0.67**
V16	0.18	**0.75**	0.23	**0.76**	0.22	**0.81**	0.10	**0.68**	0.10	**0.69**	0.01	**0.66**	0.01	**0.71**	0.10	**0.85**	0.02	**0.77**	0.05	**0.74**
V17	0.09	**0.65**	0.15	**0.67**	0.07	**0.72**	0.02	**0.59**	0.03	**0.59**	0.05	**0.57**	0.03	**0.62**	0.10	**0.75**	0.05	**0.67**	0.02	**0.64**
V18	0.00	**0.69**	0.01	**0.70**	0.00	**0.75**	0.00	**0.62**	0.00	**0.63**	0.00	**0.60**	0.02	**0.65**	0.00	**0.79**	0.01	**0.71**	0.00	**0.68**
V19	0.05	**0.65**	0.03	**0.66**	0.05	**0.71**	0.06	**0.58**	0.04	**0.69**	0.00	**0.56**	0.00	**0.61**	0.01	**0.75**	0.01	**0.67**	0.02	**0.64**
V20	0.02	**0.69**	0.00	**0.71**	0.00	**0.76**	0.00	**0.63**	0.00	**0.63**	0.00	**0.61**	0.00	**0.66**	0.00	**0.79**	0.00	**0.71**	0.00	**0.68**

SC: Squared correlation of two variables
AVE: Average variance extracted for two variables

Table 7.21: Assessment of discriminant validity (SC < AVE) (*continued*)

	SC V11	**AVE V11**	SC V12	**AVE V12**	SC V13	**AVE V13**	SC V14	**AVE V14**	SC V15	**AVE V15**	SC V16	**AVE V16**	SC V17	**AVE V17**	SC V18	**AVE V18**	SC V19	**AVE V19**
V1																		
V2																		
V3																		
V4																		
V5																		
V6																		
V7																		
V8																		
V9																		
V10																		
V11																		
V12	0.21	**0.62**																
V13	0.24	**0.67**	0.40	**0.60**														
V14	0.27	**0.76**	0.18	**0.68**	0.32	**0.74**												
V15	0.04	**0.67**	0.03	**0.59**	0.05	**0.65**	0.02	**0.73**										
V16	0.20	**0.73**	0.05	**0.66**	0.07	**0.71**	0.09	**0.80**	0.07	**0.71**								
V17	0.09	**0.64**	0.01	**0.56**	0.03	**0.62**	0.08	**0.70**	0.10	**0.61**	0.33	**0.68**						
V18	0.00	**0.67**	0.00	**0.60**	0.01	**0.65**	0.01	**0.74**	0.03	**0.65**	0.00	**0.71**	0.01	**0.62**				
V19	0.05	**0.63**	0.02	**0.56**	0.03	**0.61**	0.02	**0.70**	0.06	**0.61**	0.05	**0.67**	0.04	**0.58**	0.01	**0.61**		
V20	0.00	**0.78**	0.01	**0.60**	0.01	**0.66**	0.00	**0.74**	0.04	**0.65**	0.02	**0.72**	0.04	**0.62**	0.02	**0.66**	0.01	**0.62**

SC: Squared correlation of two variables
AVE: Average variance extracted for two variables

7.8. Determinants of Service Export Performance

To test the hypothesised relationships, the researcher examined and re-specified the research model using SEM principles in AMOS 7.0. Two models will be discussed, including the hypothesised model, and a more parsimonious revised model.

7.8.1. Assessment of hypothesised model

This model took into account the role of contractual complexity, contractual explicitness, relational-based governance, organisational drivers, and market drivers in determining the performance of the export venture. The model fitted the data well, and the research findings provided support for 17 significant relationships.

7.8.1.1. Assessment of model fit

The hypothesised model achieved a high level of goodness-of-fit. More specifically, the Chi-square χ^2 value was 13.839, and the p value was 0.311, indicating the model fit the data well. The absolute fit indices satisfied the minimal prescribed requirements, with the Norm Chi-square value χ^2/df = 1.153, GFI = 0.992, AGFI = 0.939, RMSEA = 0.025, and SRMR = 0.018. The model also had high incremental fit indices, including CFI = 0.997, NFI = 0.978, and TLI = 0.982. Collectively, the variances explained by the model were 19% in contractual complexity, 79% in contractual explicitness, 23% in relational-based governance, 56% in relationship performance, and 38% in service export performance.

7.8.1.2. Hypothesised paths of relationships

A total of 17 relationships were found to be significant. The research findings for the hypothesised relationship are presented in Table 7.22 and further discussed in this section.

Tables 7.23, 7.24 and 7.25 present the variances, correlations, and covariances of the exogenous variables in the model.

H1a-d: Organisational drivers significantly influence export performance

Organisational drivers had been hypothesised to have significant effects on export performance. Out of the four hypothesised organisational drivers, only resource commitment was not significant driver of export performance. The relationship between these two constructs were not supported, with a low coefficient $\beta = 0.02$ ($t = 0.24$). Therefore H1b was rejected. However, management commitment was a significant predictor of export performance, with a high coefficient $\beta = 0.45$ ($t = 4.93$, $p < 0.001$). The same significant result was found for the relationship between firm size (as represented by annual sales) and export performance ($\beta = 0.11$, $t = 1.60$, $p < 0.10$). Finally the relationship between export experience and export performance was positive with a coefficient $\beta = 0.11$, however this relationship was marginally significant ($t = 1.60$, $p = 0.11$). This relationship might become significant with a larger sample size (Byrne 2001). As a result, the research findings confirmed hypotheses H1a, H1c, and H1d that management commitment, export experience, and firm size are significant drivers of service export performance.

H2a-d: Organisational drivers significantly influence contractual complexity

Organisational drivers had been hypothesised to have significant effects on contractual complexity. Two organisational drivers, including management commitment, and export experience, were found to be non-significant predictors of contractual complexity. The coefficients for these two relationships were $\beta = -0.11$ ($t = -1.00$) and $\beta = 0.08$ ($t = 0.90$) respectively. However, resource commitment and firm size were found to be significant predictors of contractual complexity. Both relationships were positive and significant with high coefficient values ($\beta = 0.29$, $t = 2.42$, $p < 0.05$; and $\beta = 0.26$, $t = 3.48$, $p < 0.001$, respectively). As a result, whilst H2a and H2c were rejected, H2b and H2d were supported by the research findings.

H3a-d: Organisational drivers significantly influence contractual explicitness

Organisational drivers had been hypothesised to have significant effects on contractual explicitness. Three organisational drivers, including resource commitment, and export experience, and firm size, were found to be non-significant predictors of contractual explicitness. The coefficients for these three relationships were $\beta = -0.07$ ($t = -0.72$), $\beta = 0.05$ ($t = 0.82$), and $\beta = -0.01$ ($t = 0.11$), respectively. Nevertheless, management commitment proved to be a significant predictor of contractual explicitness. This relationship was positive and significant with a high coefficient value ($\beta = 0.21$, $t = 2.70$, $p < 0.01$). As a result, whilst H3b, H3c, and H3d were rejected, the research findings provided support for H3a.

H4a-d: Organisational drivers significantly influence relational-based governance

Organisational drivers had been hypothesised to have significant effects on relational-based governance. Two organisational drivers, including resource commitment and firm size, were found to be non-significant predictors of relational-based governance. The research findings provided very low standardised parameters for these two relationships. That is, the coefficients were $\beta = -0.02$ ($t = -0.17$) and $\beta = 0.01$ ($t = 0.10$), respectively. Hence, hypotheses H4b and H4d were rejected. Nevertheless, management commitment and export experience proved to be significant predictors of relational-based governance. More specifically, the relationship between management commitment and relational-based governance was positive and significant ($t = 3.95$, $p < 0.001$), with a high coefficient $\beta = 0.37$. So was that of export experience and relational-based governance ($t = 2.00$, $p < 0.05$), and the coefficient $\beta = 0.15$. As a result, the data provided strong support for hypotheses H4a and H4c.

H5a-c: Market drivers significantly influence export performance

Market drivers had been hypothesised to have significant effects on the export performance of service ventures. In contrast to the hypothesised relationships between organisational drivers and export performance, all three hypotheses depicting the relationships between market drivers and export performance were rejected by the research findings. The data indicated home government assistance, host government policies, and competitive intensity were non-significant. The coefficients for these three relationships were low at $\beta = 0.03$ ($t = 0.41$), $\beta = -0.07$ ($t = 1.11$), and $\beta = -0.02$ ($t = -0.33$), respectively. Hence, hypotheses H5a, H5b, and H5c were rejected in this study.

H6a-c: Market drivers significantly influence contractual complexity

Market drivers had been hypothesised to have significant effects on contractual complexity. Out of the three factors, home government assistance was found to have a positive relationship with contractual complexity with a coefficient $\beta = 0.13$. However, this relationship was marginally significant ($t = 1.58$, $p = 0.11$). This relationship might become significant with a larger sample size (Byrne 2001). In addition, the relationships between host policy favourability as well as competitive intensity with contractual complexity were non-significant. The coefficients for these two relationships were low at $\beta = -0.08$ ($t = -0.37$) and $\beta = -0.04$ ($t = -0.56$), respectively. As such, the data suggest hypotheses H6b and H6c be rejected and H6a be marginally supported.

H7a-c: Market drivers significantly influence contractual explicitness

Market drivers had been hypothesised to have significant effects on contractual explicitness. H7a was rejected, as home government assistance was found to have no significant relationship with contractual explicitness (β = -0.06, t = 0.37). On the other hand, host government policies had a significant relationship with contractual explicitness (β = 0.10, t = 1.60, $p < 0.10$). Additionally, the relationship between competitive intensity and contractual explicitness was found to be negative (β = -0.09) and marginally significant (p = 0.11, t = -1.58). This relationship might become significant with a larger sample size (Byrne 2001). Hence, it can be concluded that H7b was fully supported and H7c was marginally supported by the research findings.

H8a-c: Market drivers significantly influence relational-based governance

Market drivers had been hypothesised to have significant effects on relational-based governance. The data indicated home government assistance had no significant relationship with relational-based governance (β = 0.03, t = 0.37). Neither was the relationship between competitive intensity and relational-based governance (β = -0.04, t = -0.51). However, a significant relationship was found between host government policies and relational-based governance (t = 1.69, $p < 0.10$), with a coefficient β = 0.12. Hence, whilst hypotheses H8a and H8c were rejected, hypothesis H8b was supported.

H9: Contractual complexity positively influences contractual explicitness

Contractual complexity had been hypothesised to have a positive and significant effect on contractual explicitness. The research findings supported this hypothesis. Contractual complexity was found to have a positive and significant relationship with contractual explicitness ($t = 10.16$, $p < 0.001$), with a high coefficient $\beta = 0.76$. Hence, H9 was supported by the research results.

H10: Contractual complexity positively influences relationship performance

Contractual complexity had been hypothesised to have a positive and significant effect on relationship performance. The relationship was significant ($t = -2.87$, $p < 0.05$), but with a negative coefficient $\beta = -0.66$. Hence, although H10 was not supported, the significant and negative relationship of the two constructs provides new insights into the interactions between contractual complexity and relationship performance.

H11: Contractual explicitness positively influences relationship performance

Contractual explicitness had been hypothesised to have a positive and significant effect on relationship performance. This relationship was confirmed. The data indicated a significant relationship ($t = 3.40$, $p < 0.001$) between contractual explicitness and relationship performance, with a positive coefficient $\beta = 0.76$. Hence, H11 was supported.

H12: Relational-based governance positively influences relationship performance

Relational-based governance had been hypothesised to have a positive and significant effect on relationship performance. This relationship was also confirmed by the model. The research findings revealed a significant relationship ($t = 8.21$, $p < 0.001$) between relational-based governance and relationship performance, with a positive coefficient $\beta = 0.60$. Therefore, H12 was supported.

H13: Relationship performance positively influences export performance

Relationship performance had been hypothesised to have a positive and significant effect on the export performance of service firms. This hypothesis was supported by the research findings. The model suggested a positive and significant relationship ($t = 1.79$, $p < 0.10$) between relationship performance and export performance, with the coefficient value $\beta = 0.14$. More importantly, to confirm the mediating role of relationship performance in this model, a test was conducted on the direct relationships between contractual complexity, contractual explicitness, and relational-based governance and export performance. However, this test resulted in low regression weights and insignificant coefficients. In particular, the regression weights were $\beta = 0.10$ ($t = 0.33$, $p = 0.74$), $\beta = -0.10$ ($t = -0.32$, $p = 0.75$), and $\beta = -0.01$ ($t = -0.03$, $p = 0.97$), respectively, for the three relationships. As such, there was sufficient evidence to conclude the mediating role of relationship performance in this case.

Table 7.22: Hypothesis testing results

Path	Std. Est.	C.R.	Hyp. Direction	Result	Hypothesis Supported
Management commitment → Export performance (H1a)	0.451	4.926***	+	+	Yes
Resource commitment → Export performance (H1b)	0.023	0.242	+	n.s.	No
Export experience → Export performance (H1c)	0.113	1.598†	+	+	Yes
Firm size → Export performance (H1d)	0.106	1.772†	+	+	Yes
Management commitment → Contractual complexity (H2a)	-0.108	-1.003	+	n.s.	No
Resource commitment → Contractual complexity (H2b)	0.290	2.415*	+	+	Yes
Export experience → Contractual complexity (H2c)	0.079	0.902	+	n.s.	No
Firm size → Contractual complexity (H2d)	0.262	3.475***	+	+	Yes
Management commitment → Contractual explicitness (H3a)	0.215	2.698**	+	+	Yes
Resource commitment → Contractual explicitness (H3b)	-0.065	-0.720	+	n.s.	No
Export experience → Contractual explicitness (H3c)	0.052	0.824	+	n.s.	No
Firm size → Contractual explicitness (H3d)	0.006	0.111	+	n.s.	No
Management commitment → Relational governance (H4a)	0.370	3.946***	+	+	Yes
Resource commitment → Relational-based governance (H4b)	-0.018	-0.169	+	n.s.	No

Table 7.22: Hypothesis testing results (*continued*)

Path	**Std. Est.**	**C.R.**	**Hyp. Direction**	**Result**	**Hypothesis Supported**
Export experience → Relational-based governance (H4c)	0.153	1.998*	+	+	Yes
Firm size → Relational-based governance (H4d)	0.006	0.096	+	n.s.	No
Home government assistance → Export performance (H5a)	0.026	0.411	+	n.s.	No
Host government policies → Export performance (H5b)	0.074	1.107	+	n.s.	No
Competitive intensity → Export performance (H5c)	-0.021	-0.332	-	n.s.	No
Home government assistance → Contractual complexity (H6a)	0.125	1.580†	+	+	Yes
Host government policies → Contractual complexity (H6b)	-0.078	-0.947	+	n.s.	No
Competitive intensity → Contractual complexity (H6c)	-0.044	-0.555	-	n.s.	No
Home government assistance → Contractual explicitness (H7a)	-0.056	-0.964	+	n.s.	No
Host government policies → Contractual explicitness (H7b)	0.096	1.602†	+	+	Yes
Competitive intensity → Contractual explicitness (H7c)	-0.091	-1.575†	-	-	Yes
Home government assistance → Relational-based governance (H8a)	0.026	0.370	+	n.s.	No
Host government policies → Relational-based governance (H8b)	0.122	1.694†	+	+	Yes
Competitive intensity → Relational-based governance (H8c)	-0.036	-0.513	-	n.s.	No

Table 7.22: Hypothesis testing results (*continued*)

Path	Std. Est.	C.R.	Hyp. Direction	Result	Hypothesis Supported
Contractual complexity → Contractual explicitness (H9)	0.849	10.164***	+	+	Yes
Contractual complexity → Relationship performance (H10)	-0.658	-2.855**	+	-	No
Contractual explicitness → Relationship performance (H11)	0.762	3.404***	+	+	Yes
Relational-based governance → Relationship performance (H12)	0.598	8.212***	+	+	Yes
Relationship performance → Export performance (H13)	0.137	1.786†	+	+	Yes

Notes:

Std. Est = Standardised Estimate, C.R. = Critical Ratio,

Hyp. Direction = Hypothesised Direction, n.s. = non significant

*** $p < 0.001$ ** $p < 0.01$ * $p < 0.05$ † $p < 0.10$

Table 7.23: Variances of exogenous variables

Variables	Estimate	S.E.	C.R.
Management commitment	0.993	0.095	10.431
Export experience	1.004	0.102	9.884
Resource commitment	0.998	0.105	9.469
Competitive intensity	1.003	0.100	10.008
Home government assistance	0.999	0.102	9.801
Host government policies	1.000	0.103	9.696
Firm size	3.290	0.293	11.247

Table 7.24: Correlations among exogenous variables

			Estimate
Management commitment	↔	Export experience	0.302
Management commitment	↔	Resource commitment	0.646
Management commitment	↔	Competitive intensity	0.152
Management commitment	↔	Home government assistance	0.029
Management commitment	↔	Host government policies	0.242
Export experience	↔	Resource commitment	0.371
Export experience	↔	Competitive intensity	0.218
Export experience	↔	Home government assistance	0.198
Export experience	↔	Host government policies	0.279
Resource commitment	↔	Competitive intensity	0.233
Resource commitment	↔	Home government assistance	0.109
Resource commitment	↔	Host government policies	0.221
Competitive intensity	↔	Home government assistance	0.173
Competitive intensity	↔	Host government policies	0.124
Home government assistance	↔	Host government policies	0.112
Management commitment	↔	Firm size	0.089
Export experience	↔	Firm size	0.114
Resource commitment	↔	Firm size	0.266
Competitive intensity	↔	Firm size	0.082
Home government assistance	↔	Firm size	0.013
Host government policies	↔	Firm size	0.113

Table 7.25: Covariances of exogenous variables

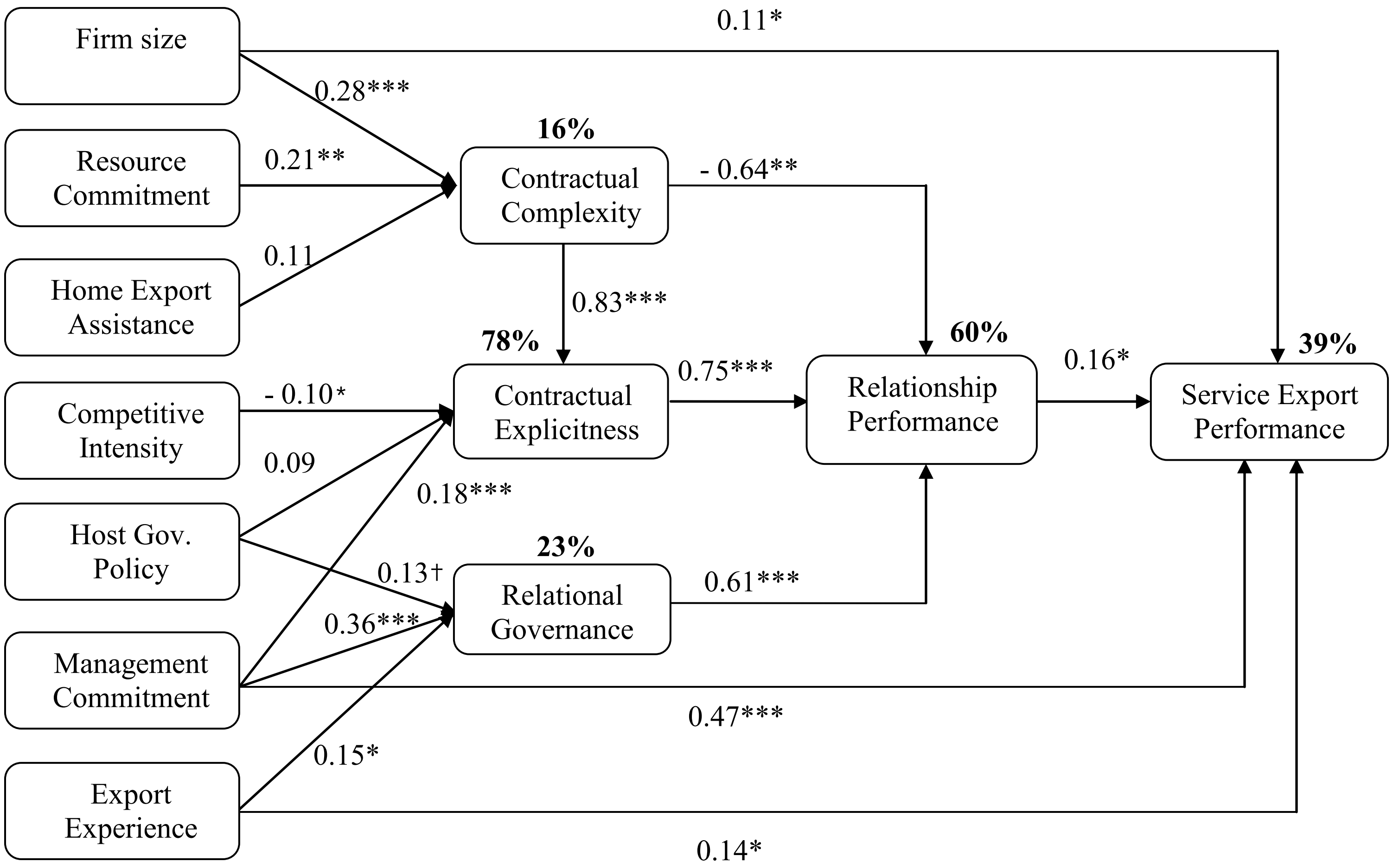
			Estimate	S.E.	C.R.
Management commitment	↔	Export experience	0.302	0.072	4.190
Management commitment	↔	Resource commitment	0.643	0.082	7.888
Management commitment	↔	Competitive intensity	0.151	0.070	2.171
Management commitment	↔	Home government assistance	0.029	0.070	0.411
Management commitment	↔	Host government policies	0.241	0.072	3.363
Export experience	↔	Resource commitment	0.372	0.077	4.838
Export experience	↔	Competitive intensity	0.219	0.073	3.015
Export experience	↔	Home government assistance	0.199	0.073	2.722
Export experience	↔	Host government policies	0.279	0.074	3.748
Resource commitment	↔	Competitive intensity	0.233	0.074	3.144
Resource commitment	↔	Home government assistance	0.109	0.074	1.485
Resource commitment	↔	Host government policies	0.221	0.075	2.948
Competitive intensity	↔	Home government assistance	0.174	0.072	2.401
Competitive intensity	↔	Host government policies	0.125	0.072	1.724
Home government assistance	↔	Host government policies	0.112	0.073	1.534
Management commitment	↔	Firm size	0.161	0.118	1.360
Export experience	↔	Firm size	0.207	0.123	1.692
Resource commitment	↔	Firm size	0.482	0.128	3.773
Competitive intensity	↔	Firm size	0.150	0.121	1.232
Home government assistance	↔	Firm size	0.024	0.122	0.194
Host government policies	↔	Firm size	0.205	0.123	1.658

7.8.2. Model re-specification

A re-specification exercise of the hypothesised model was undertaken in an attempt to improve the model fit and obtain a more parsimonious model (Anderson and Gerbing 1988; Baumgartner and Homburg 1996). By removing the non-significant relationships, the researcher achieved a higher level of goodness-of-fit for the re-specified model, compared to that of the original hypothesised model. More particularly, the Chi Norm Square index χ^2/df = 0.746, p = 0.830. The absolute indices of GFI = 0.986, AGFI = 0.961, RMSEA = 0.000, and SRMR = 0.023 all exceeded the minimum requirements. Furthermore, the incremental fit indices were high, with CFI = 1.000, NFI = 0.967, and TLI = 1.029. The re-specified model is illustrated in Figure 7.18. The new model collectively explained 16% of the variance in contractual complexity, 78% of the variance in contractual explicitness, 23% of the variance in relational-based governance, 60% of the variance in relationship performance, and 39% of the variance in service export performance.

Another improvement in the new model was the significant relationship between export experience and export performance ($t = 2.09$, $p < 0.05$) as well as that between competitive intensity and contractual explicitness ($t = -2.01$, $p < 0.05$). However, the relationship between home government assistance and contractual complexity, and that of host policy favourability and contractual explicitness remained marginally significant. The revised parameter estimates are detailed in Table 7.26. Tables 7.27, 7.280, and 7.29 show the variances, correlations, and covariances of the exogenous variables.

Figure 7.18: Key success drivers of service export performance



<u>*Notes:*</u>

*** $p < 0.001$

** $p < 0.01$

* $p < 0.05$

† $p < 0.10$

<u>*Fit indices:*</u>

χ^2/df = 0.746

p = 0.830

GFI = 0.986

AGFI = 0.961

RMSEA = 0.000

SRMR = 0.023

CFI = 1.000

NFI = 0.967

TLI = 1.029

Table 7.26: Parameter estimates

			Std. Est.	C.R.
Resource commitment	→	Contractual complexity	0.206	2.618**
Firm size	→	Contractual complexity	0.274	3.937***
Home government assistance	→	Contractual complexity	0.109	1.502
Contractual complexity	→	Contractual explicitness	0.826	11.253***
Management commitment	→	Contractual explicitness	0.178	3.182***
Competitive intensity	→	Contractual explicitness	-0.104	-2.011*
Host government policies	→	Contractual explicitness	0.085	1.577
Host government policies	→	Relational-based governance	0.124	1.736†
Export experience	→	Relational-based governance	0.146	2.022*
Management commitment	→	Relational-based governance	0.356	5.149***
Contractual complexity	→	Relationship performance	-0.639	-2.687**
Relational governance	→	Relationship performance	0.610	8.476***
Contractual explicitness	→	Relationship performance	0.750	3.267***
Relationship performance	→	Export performance	0.157	2.112*
Management commitment	→	Export performance	0.467	6.811***
Export experience	→	Export performance	0.135	2.085*
Firm size	→	Export performance	0.114	1.995*

*** $p < 0.001$ ** $p < 0.01$ * $p < 0.05$ † $p < 0.10$

Table 7.27: Variances of exogenous variables

Variables	Estimate	S.E.	C.R.
Management commitment	0.993	0.095	10.431
Export experience	1.004	0.102	9.884
Resource commitment	0.999	0.105	9.470
Competitive intensity	1.003	0.100	10.008
Host government policies	0.999	0.103	9.696
Firm size	3.290	0.293	11.247
Home government assistance	0.999	0.102	9.801

Table 7.28: Correlations among exogenous variables

			Estimate
Management commitment	↔	Export experience	0.304
Management commitment	↔	Resource commitment	0.644
Management commitment	↔	Competitive intensity	0.150
Export experience	↔	Resource commitment	0.373
Export experience	↔	Competitive intensity	0.216
Export experience	↔	Host government policies	0.281
Resource commitment	↔	Competitive intensity	0.232
Resource commitment	↔	Host government policies	0.219
Competitive intensity	↔	Host government policies	0.124
Management commitment	↔	Firm size	0.089
Export experience	↔	Firm size	0.114
Resource commitment	↔	Firm size	0.266
Host government policies	↔	Firm size	0.113
Competitive intensity	↔	Firm size	0.082
Management commitment	↔	Host government policies	0.245
Management commitment	↔	Home government assistance	0.029
Export experience	↔	Home government assistance	0.200
Resource commitment	↔	Home government assistance	0.110
Competitive intensity	↔	Home government assistance	0.174
Host government policies	↔	Home government assistance	0.110
Firm size	↔	Home government assistance	0.013

Table 7.29: Covariances of exogenous variables

			Estimate	S.E.	C.R.
Management commitment	↔	Export experience	0.304	0.072	4.206
Management commitment	↔	Resource commitment	0.642	0.081	7.876
Management commitment	↔	Competitive intensity	0.150	0.070	2.155
Export experience	↔	Resource commitment	0.374	0.077	4.867
Export experience	↔	Competitive intensity	0.217	0.073	2.989
Export experience	↔	Host government policies	0.282	0.074	3.783
Resource commitment	↔	Competitive intensity	0.233	0.074	3.137
Resource commitment	↔	Host government policies	0.218	0.075	2.935
Competitive intensity	↔	Host government policies	0.124	0.072	1.716
Management commitment	↔	Firm size	0.161	0.118	1.363
Export experience	↔	Firm size	0.207	0.123	1.692
Resource commitment	↔	Firm size	0.482	0.128	3.773
Host government policies	↔	Firm size	0.205	0.123	1.659
Competitive intensity	↔	Firm size	0.149	0.121	1.230
Management commitment	↔	Host government policies	0.244	0.072	3.402
Management commitment	↔	Home government assistance	0.029	0.070	0.412
Export experience	↔	Home government assistance	0.201	0.073	2.748
Resource commitment	↔	Home government assistance	0.109	0.074	1.485
Competitive intensity	↔	Home government assistance	0.174	0.072	2.409
Host government policies	↔	Home government assistance	0.110	0.073	1.515
Firm size	↔	Home government assistance	0.024	0.122	0.194

7.9. Chapter Summary

This chapter has elaborated all relevant steps undertaken by the researcher to analyse the data and subsequently test the research hypotheses. First, the data was prepared for analysis, including a test for normality of individual scale items. Second, the researcher investigated the measurement models for the constructs in this study. This was achieved via a series of

CFA, which also involved the eliminations of some items where necessary. The researcher then tested the normality of the newly formulated constructs as well as examined the potential outliers. Additionally, the validity of the constructs, including convergent validity and discriminant validity, was confirmed. Third, the researcher investigated the overall structural model and tested the research hypotheses. There was a good fit between the model and the data. Based on the research findings, a total of 17 significant relationships were established for the study. In the final step, the researcher re-specified the structural model by removing the non-significant relationships. The revised model had a better goodness-of-fit and improved the coefficients for several paths of relationships.

Chapter Eight further discusses the research findings. The contributions of the study to the theoretical development of marketing and international business knowledge and the relevant implications for business practice will be highlighted. The limitations of the study and the potential directions for future research are also addressed.

Chapter Eight: Discussion of Research Results and Conclusion

8.1. Introduction

The global marketplace is highly integrated, and global competition has become increasingly intense and dynamic. In this context, service exports have emerged as a crucial component of international trade, underpinning the future growth and prosperity of the global economy. Yet scholars and business practitioners alike have recognised the significant lack of research on the performance of service exporters (BCA 2007; Cicic, Patterson, and Shoham 1999; Javalgi and Martin 2007; Javalgi and White 2002; Knight 1999; La, Patterson, and Styles 2005; Pauwels and de Ruyter 2005).

Additionally, in the current competitive and volatile business climates, a successful management of cross-border inter-firm relationships is deemed a key driver of superior export performance (Evangelista 1996; Leonidou 2003; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994). However, despite the recent growth in research interests, theoretical development in IRM research has failed to keep pace with the increase in the volume and magnitude of global inter-organisational transactions (Skarmeas et al. 2008).

The scant international services marketing and IRM literature has, therefore, motivated the current study, which investigates the key success drivers of service exporters, taking into account the role of organisational drivers, market drivers, and the governance mechanisms deployed in their management of cross-border inter-firm relationships. Thus far in this dissertation, the researcher has reviewed recent studies undertaken in international services marketing and IRM research streams, as well as introducing the theoretical foundation for the study. The researcher then introduced the overall research design of the study and provided the outcomes of both research stages. The main purpose of this chapter is, therefore, to discuss the overall research findings and provide the theoretical contributions and practical implications of the study.

The chapter is structured as follows. First, the researcher reviews the research objectives for the study. Second, the research outcomes are summarised and discussed, leading to the overall contributions of the study to marketing theory and business practice. Finally, the researcher acknowledges the limitations of the study and identifies the potential directions for future research.

8.2. Research Objectives

The research objectives of this study were to investigate the potential key success drivers of export performance of service firms, including:

- Different organisational characteristics;
- Different market characteristics;
- Contractual-based governance;
- Relational-based governance; and
- Relationship performance.

To accomplish these objectives, the researcher undertook two studies. The exploratory study allowed the researcher to obtain initial information about the exporting activities of service firm, to understand the breadth of variables associated with their exporting success, as well as exploring the factors that characterised successful cross-border inter-firm relationships, from the perspective of the service exporters. Based on the outcomes of the exploratory study, the researcher developed a conceptual framework and a set of testable hypotheses. These hypotheses were then tested in the second research phase, in which the researcher conducted a self-administered mail survey, utilising both postal and online means. A total of 254 usable responses allowed the researcher to further analyse the data using SEM in AMOS. Thereby, the researcher was able identify 17 pairs of significant relationships between the variables. These final research outcomes are further discussed in the next section.

8.3. Determinants of Service Export Success

Substantial progress in export marketing research has been achieved over the past 40 years (Balabanis, Theodosiou, and Katsikea 2004). However, exporting success is by no means an easy task, nor is the assessment of the performance of the firm (Lages 2000; Leonidou, Katsikeas, and Samiee 2002). The current study investigated the performance of service exporters, taking into account the role of firm characteristics, market characteristics, and their management of cross-border inter-firm relationships. These key drivers are summarised as follows.

8.3.1. Organisational drivers

The study identified three internal factors that have a direct, positive, and significant relationship with the performance of service exporters. These factors include firm size, management commitment, and export experience of the firm. In addition, they act as determinants of contractual-based and relational-based governance mechanisms employed by the firms in their management of cross-border inter-firm relationships.

8.3.1.1. Firm size

Whilst the exploratory study provided mixed findings (see section 5.4.4.4.), data from the self-administered surveys indicate that firm size, which was measured in terms of annual sales in this study, is a major driver of the export performance of service firms. This provides support for previous studies in both manufacturing industries (Cavusgil and Naor 1987; Christensen, Da Rocha, and Gertner 1987; Hunt, Froggatt, and Hovell 1967; Kaynak and Kuan 1993; Lall and Kumar 1981; Tookey 1964) and service sectors (Chadee and Mattsson 1998; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003). In the case of service exporters, a higher volume of annual sales represents a robust foundation for the firms to take advantage of market opportunities, thereby enhancing their exporting success (Katsikeas, Deng, and Wortzel 1997; Mittelstaedt, Harben, and Ward 2003).

In addition, firm size was also found to have a positive and significant relationship with contractual complexity. Contractual complexity, in this study, incorporated the degree of customisation and the extent of legal efforts required to sign the contract with the foreign clients. As Leonidou (2003) explains, firm size is an indicator of the resources possessed by the firms. Therefore, it allows the firms to afford the legal efforts required to negotiate and formulate the contract, making it highly detailed and customised.

8.3.1.2. Resource commitment

The involvement of a service firm in foreign markets is resource intensive. These resources enable firms to overcome barriers that otherwise would inhibit foreign market involvement (Agarwal and Ramaswami, 1992; Bello and Gilliland, 1997; Cavusgil and Naor, 1987). However, in contrast with other scholars" findings (Cort, Griffith, and White 2007; Javalgi and Martin 2007; Richey, Genchev, and Daugherty 2005), the results of this present study show that resource commitment does not have a direct impact on the export performance of service firms. This finding is somewhat similar to that of Morgan, Kaleka, and Katsikeas (2004), who found resources availability to have an indirect impact on export performance. Another finding of this study is that resource commitment has a significant and positive relationship with contractual complexity. A possible explanation for this is based on the TCE premise used in several IRM studies, in relation to transaction-specific investments or assets by buyers or sellers in cross-border relationships (Katsikeas, Skarmeas, and Bello 2009; Skarmeas 2006; Skarmeas et al. 2008; Skarmeas and Katsikeas 2001; Yu, Liao, and Lin 2006). In the case of service exporters, they opt for highly customised contracts that require a lot of legal efforts as safeguards to protect their investment (Poppo and Zenger 2002), in the export ventures.

8.3.1.3. Export experience

Export experience was found to play a significant role in the performance of service exporters. The role of experience in service export performance reinforces the findings from previous studies (Aaby and Slater 1989; Cavusgil and Zou 1994; Ekeledo and Sivakumar 1998; Erramilli 1991; Kirpalani and MacIntosh 1980; Lu and Julian 2007). Export experience enables the firms to acquire, interpret, utilise, and disseminate relevant market information, reducing uncertainty in the export environment (Katsikeas and Morgan 1994; Morgan, Kaleka, and Katsikeas 2004). In addition, international experience was also a positive and significant driver of relational-based governance. Though not previously tested, this relationship has been highlighted by several scholar such as Cadogan, Diamantopoulos, and Siguaw (2002), Cadogan et al. (2006), Leonidou (2003), and Leonidou, Katsikeas, and Hadjimarcou (2002). According to their works, international experience contributes to making exporting firms more market-oriented and customer-focused in their operations in overseas markets (Cadogan et al. 2006; Cadogan, Diamantopoulos, and Siguaw 2002), thereby achieving better business relationships (Leonidou, Katsikeas, and Hadjimarcou 2002).

8.3.1.4. Management commitment

Management commitment proved to be a significant driver of export performance of service providers. The role of management commitment found in this study confirms previous findings in the export marketing paradigm, across both manufacturing industries (Aaby and Slater 1989; Cavusgil and Zou 1994; Diamantopoulos and Schlegelmilch 1994; Dominguez and Sequeira 1993; Haar and Ortiz-Buonafina 2002; Katsikeas, Leonidou, and Morgan 2000; Leonidou 2003; Leonidou and Katsikeas 1996; Styles and Ambler 2000b; Zou and Stan 1998), and service industries (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 2002; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003; Patterson, de Ruyter, and Wetzels 1999; Styles, Patterson, and La 2005).

In addition, the study extended the findings of Styles and Ambler‟s (2000b) research, which found the commitment of the firm to the market had a positive effect on relationship intensity. In the current study, management commitment has a positive and significant influence on contractual explicitness, and relational-based governance. Clearly, a firm with committed top management will be able to proactively and aggressively identify and leverage international opportunities (Axinn 1988; Bodur 1994; Chetty and Hamilton 1993). As a result of a significant investment of efforts into the export venture, they are able to construct explicit contractual safeguards and know how to successfully build and maintain good relational norms with their clients.

8.3.2. Market drivers

Surprisingly, none of the three market drivers, including competitive intensity, home government assistance, and favourability of host government policies, had any direct impact on the export performance of service firms. Instead, they proved to be drivers of government mechanisms employed by these service exporters.

8.3.2.1. Competitive intensity

In the export marketing literature, competitive intensity is perceived to have a critical and direct impact on the performance of exporters (Christensen, Da Rocha, and Gertner 1987; Julian 2003; Kaleka and Katsikeas 1995; Katsikeas, Leonidou, and Morgan 2000; O'Cass and Julian 2003). In contrast with these research findings, competitive intensity was found to have no direct effect on the export performance of service firms. However, the intensity of the rivalry amongst the firms in the export market had a negative and significant influence on the level of contractual explicitness. The extreme rivalry means international service providers compete strongly on new offerings, and heavy pricing and promotional efforts (Ambler, Styles, and Xiucun 1999; Jaworski and Kohli 1993; Morgan, Vorhies, and Schlegelmilch 2006). The researcher argues that such competitive activities are the incentives for business customers in the market to switch to different service providers. Hence, to better react to the competitive forces, service exporters attempt to maintain the relationships by constructing less explicit contractual arrangements, allowing for flexibility to change (Bello, Chelariu, and Zhang 2003) should the need arise.

8.3.2.2. Home government assistance

Previous research on the relationship between home government export assistance and export performance has produced mixed results. Some scholars reported a positive relationship between export promotion and export competence (Francis and Collins-Dodd 2004), competitive position of the firms (Gençtürk and Kotabe 2001), export volume (Denis and Depelteau 1985), export expansion activity (Reid 1984), export performance improvement (Lages and Montgomery 2005), and export success (Cavusgil and Naor 1987; Diamantopoulos and Inglis 1988; Shamsuddoha and Ali 2006; Wilkinson and Brouthers 2006). Other researchers have, on the contrary, reported that home government export assistance has no effect on the performance of the firms (Gençtürk and Kotabe 2001; Gray 1997; Howard and Herremans 1988; Seringhaus 1986). In a service context, according to BCA (2007), significant service export promotion strategies have resulted in remarkable success for countries with their penetration into global service markets. In this study, however, home government assistance has no direct impact on the performance of service exporters. Instead, the assistance from home government marginally influences contractual-based governance, particularly contractual complexity. Indeed, firms conducting business in foreign markets may have access to export expertise and knowhow, and even receive financial and organisational support from different government agencies (Gillespie and Riddle 2004; Kaynak 1985; Kotabe and Czinkota 1992; Seringhaus and Botschen 1991). Hence, they can afford the legal expenses incurred in formulating the contract, and having the necessary knowledge on how to customise such contracts in the foreign markets. This finding provides a new insight into the role of home government assistance programs in service exports.

8.3.2.3. Host government policies

Host governments play a crucial role in the performance of international firms (Granitsky, Rangan, and Watzke 1991). The openness of the host markets has been recognised in the literature as having a positive influence on service firms (Rugman and Verbeke 2008). As such, favourable policies and regulations imposed by foreign governments are significant predictors of service export performance (Cicic, Patterson, and Shoham 1999, 2002; Javalgi, Griffith, and White 2003; Javalgi and Martin 2007). However, the research found no direct relationship between the favourability of host government policies and service export performance. The researcher suggests that host governments still have an impact on the exporting success of the firms, as argued by Barker and Kaynak (1992) and Styles and Ambler (1994), but in an indirect manner. That is, host government policies influence the governance mechanisms employed by service exporters, extending Roath, Miller, and Cavusgil‟s (2002) proposal that the economic and political uncertainty in the host country leads the firm to strongly emphasise the legal dimension of the relationship. More specifically, the research results show the favourability of host government policies marginally influence the level of contractual explicitness and at the same time facilitate the ability of the service exporters to maintain their relational-based governance mechanisms.

8.3.3. Contractual-based governance

In this study, the researcher investigated two aspects of contractual-based governance, including contractual complexity and contractual explicitness. There were three clear findings. First, the customisation of the contract and the extent of legal efforts invested in signing the contract lead to higher contractual explicitness. That is, service exporters and their clients have a better awareness and understanding of the roles and responsibilities to be performed, the outcomes to be delivered, and the processes to resolve conflicts or non-performance issues, resulting from the precision and detailed nature of the contracts (Cavusgil, Deligonul, and Zhang 2004; Lusch and Brown 1996; Poppo and Zenger 2002; Wu et al. 2007; Wuyts and Geyskens 2005).

Second, contractual explicitness is a significant predictor of relationship performance. Indeed, it has been proved in the RM literature that explicit contracts provide a means for conflict management (Ring and van de Ven 1992) by formally specifying rewards and punishment in the contract, as well as by providing for alternative partners in the case of exchange defects (Williamson 1985). In addition, explicit contracts also function as a means to reduce risks and uncertainty (Glaister and Buckley 1997; Lusch and Brown 1996), allowing the firms to protect themselves against partners‟ opportunistic and unethical behaviours (Cannon and Perreault 1999; Joskow 1987; Williamson 1985; Yu, Liao, and Lin 2006). Therefore, this finding also refutes Bello, Chelariu, and Zhang (2003), who suggested contracts have limited power due to the ever-changing international environment. Additionally, Brown, Cobb, and Lusch (2006) and Lee and Cavusgil (2006) previously found contracts had a marginal impact on relationship performance, and Wu et al. (2007) did not link contractual explicitness with relationship performance.

Interestingly, the study also yielded a negative and significant relationship between contractual complexity and relationship performance. This result highlights the fact that formulation of contract can be a very costly exercise for the firm (Dyer and Singh 1998; Gulati 1995a; Hill 1990; Uzzi 1997). It also challenges Poppo and Zenger‟s (2002) suggestion of a positive relationship between contractual complexity and exchange performance.

8.3.4. Relational-based governance

According to Bello, Chelariu, and Zhang (2003), Lee and Cavusgil (2006), and Poppo and Zenger (2002), relational-based governance is a significant driver of relationship outcome. This study provides strong support for the relationship between relational-based governance and relationship performance. Relational-based governance represents the level of trust, commitment, flexibility, information exchange, and harmonisation of conflicts. These relational norms contribute to making the exchange process highly productive (Bello, Chelariu, and Zhang 2003), resulting in a high level of satisfaction with the relationship (Claro, Hagelaar, and Omta 2003; Deligonul et al. 2005; Gençtürk and Aulakh 2006; Leonidou, Palihawadana, and Theodosiou 2006; Pressey and Tzokas 2004). Additionally, the study also confirms the conclusion by several scholars that service firms are inherently relational (Berry 1983; Coviello, Winklhofer, and Hamilton 2006; Grönroos 1978, 1992; Gummesson 1987).

8.3.5. Relationship performance

Finally, very limited IRM research has linked relationship variables to export performance (Ahmed 2009). This study successfully investigated relationship performance, comprising of two dimensions, including economic satisfaction and non-economic/social satisfaction (del Bosque Rodríguez, Agudo, and Gutiérrez 2006; Geyskens and Steenkamp 2000). Relationship performance was found to have a positive and significant relationship with the export performance of service firms, confirming the findings of recent IRM studies (Medlin, Aurifeille, and Quester 2005; Solberg 2006a, 2006c; Styles and Ambler 2000b; Wu et al. 2007; Zhang, Cavusgil, and Roath 2003). It highlights the fact that the international success of service providers is dependent upon their ability to manage cross-border inter-firm relationships (Ford 1984; Leonidou 2003; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Leonidou, Palihawadana, and Theodosiou 2006; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994, 2000a).

8.4. Contributions of the Study

According to Katsikeas (2003, p.138), "although the international marketing literature is rich in many areas, sizeable gaps exist which are in urgent need of rectification". In particular, the international business and marketing literature has failed to match the growth of international trade of services, both conceptually and empirically (Axinn and Matthyssens 2002). In this study, the researcher investigated the key success drivers of service exporters, taking into account of organisational characteristics, market characteristics, and governance mechanisms. The study makes several contributions to the development of marketing and international business knowledge.

In terms of theoretical foundations, the researcher applied international services marketing and IRM literature streams into export performance research, as suggested by Katsikeas, Leonidou, and Morgan (2000), Leonidou (2003), and Styles, Patterson, and Ahmed (2008). This study also extended the applicability of RBV, TCE and RET to the service exporting context.

Importantly, the study addressed the lack of marketing knowledge in the traditionally „under-serviced‟ service sector (BCA 2007). The research outcomes contribute to advancing the scant international services marketing literature on the performance of services exporters and its associated key success drivers (Cicic, Patterson, and Shoham 2002; Javalgi and Martin 2007; Knight 1999; La, Patterson, and Styles 2005, 2009). The researcher also responded to Javalgi and White‟s (2002) call for theoretical development that accounts for firm characteristics, management attitudes, and other determinants that drive the success of service providers in an international context. Several organisational and market characteristics in Javalgi and Martin‟s (2007) proposed conceptual framework were empirically tested.

In addition, several scholars have called for studies that produce a comprehensive understanding of governance-related issues in international business relationships (Bello, Chelariu, and Zhang 2003; Fink, Edelman, and Hatten 2006; Gençtürk and Aulakh 2006; Skarmeas and Katsikeas 2001). Hence, another major contribution of the study is an integrated framework that simultaneously assesses the determinants and consequences of relational-based governance and contractual-based governance mechanisms, which has thus far not been provided in the IRM literature. More specifically, the study examined how firms can successfully manage international inter-firm relationships whilst achieving optimal international performance (Katsikeas, Leonidou, and Morgan 2000; Lane 2002; Leonidou, Barnes, and Talias 2006; Yu, Liao, and Lin 2006), especially in a B2B service context (Brown, Dev, and Lee 2000; Doney, Barry, and Abratt 2007; Gounaris and Venetis 2002). The research outcomes confirm that both contractual-based and relational-based governance mechanisms exist in cross-border inter-firm relationships (Cavusgil, Deligonul, and Zhang 2004; Coviello et al. 2002; Gençtürk and Aulakh 2006; Roath, Miller, and Cavusgil 2002; Styles and Ambler 2003; Wu et al. 2007; Yu, Liao, and Lin 2006). In addition, these governance mechanisms are driven by various internal and external environmental characteristics.

In terms of methodological contribution, this study was conducted via a multi-method design, as suggested by several scholars such as Anderson, Håkansson, and Johanson (1994), Malhotra, Agarwal, and Peterson (1996), and Rodríguez and Wilson (2002). The research design incorporated both qualitative and quantitative components. Additionally, the researcher utilised both postal and online methods to collect data for the quantitative study. The online approach to conduct a survey confirms the role of the internet as a feasible method of data collection in organisational research (Ilieva, Baron, and Healey 2002; Simsek and Veiga 2001; Sproull 1986; Stanton 1998; Stanton and Rogelberg 2001). Furthermore, the study employed a multi-level unit of analysis, including relationship level and export venture level. This unit of analysis acknowledges multi-level systems exist within an organisation (Kozlowski and Klein 2000), supporting similar studies in the recent IRM literature (Gripsrud, Solberg, and Ulvnes 2006; Medlin, Aurifeille, and Quester 2005; Solberg 2006a, 2006b; Solberg and Nes 2002; Song, Benedetto, and Zhao 2008; Wu et al. 2007; Zhang, Cavusgil, and Roath 2003).

Finally, the study also made some measurement contributions. That is, the study took into account and investigated the multi-dimensional nature of contractual-based governance (Roxenhall and Ghauri 2004), relational-based governance (Dwyer, Schurr, and Oh 1987; Dyer and Singh 1998; Ganesan 1994; Heide and John 1992; Poppo and Zenger 2002), relationship performance (del Bosque Rodríguez, Agudo, and Gutiérrez 2006; Geyskens and Steenkamp 2000), and export performance (Katsikeas, Leonidou, and Morgan 2000; Katsikeas, Skarmeas, and Bello 2009). The study also extended the applicability of the EXPERF scale developed by Zou, Taylor, and Osland (1998) to the context of service industries.

8.5. Implications for Business Practice

"The emerging borderless world is a double-edged sword for exporters" (Dean, Mengüç, and Myers 2000, p.463), presenting them with both opportunities and challenges. Therefore, the research findings of this study provide international business practitioners, especially those from the service sector, with a comprehensive understanding of the relevant factors determining their exporting success. These factors include organisational characteristics, market characteristics, contractual-based governance, and relational-based governance mechanisms.

For service exporters, three organisational characteristics have significant impact on their international success. These characteristics include firm size, management commitment, and the export experience of the firms. More specifically, the firms that take advantage of their size in terms of annual sales can leverage market opportunities (Katsikeas, Deng, and Wortzel 1997; Mittelstaedt, Harben, and Ward 2003). In addition, commitment shown by top management of the firm is the key to better export performance (Chadee and Mattsson 1998; Cicic, Patterson, and Shoham 2002; Gourlay, Seaton, and Suppakitjarak 2005; Javalgi, Griffith, and White 2003; Patterson, de Ruyter, and Wetzels 1999; Styles, Patterson, and La 2005). Committed managers are those who are diligent with the operations of their export ventures. They should also believe that such export ventures are a valuable investment of firm resources and therefore intend to increase their business dealings in those overseas markets (Cadogan et al. 2006; Gençtürk, Childers, and Ruekert 1995; Patterson, Johnson, and Spreng 1997). The third key driver of export performance is the export experience of the firms (Aaby and Slater 1989; Cavusgil and Zou 1994; Ekeledo and Sivakumar 1998; Erramilli 1991; Kirpalani and MacIntosh 1980; Lu and Julian 2007). Such experience refers to the ability of the service exporters to identify, obtain, and interpret sources and quality of relevant market information such as customers, competitors, and legislations/regulations relative to their provision of services in the overseas markets (Cadogan et al. 2006; Cadogan et al. 2001; Gençtürk, Childers, and Ruekert 1995). Consequently, service firms are able to develop a base of opportunities to tap into the demand in the foreign market, achieving better performance.

Additionally, another major driver of export performance of service exporters is their effective management of business relationships (Aulakh, Kotabe, and Sahay 1996; Leonidou 2003; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002; Yalcinkaya and Griffith 2006; Zhang, Cavusgil, and Roath 2003). That is, firms should strive for profitable relationships in order to gain overall profitability (Heide and John 1990; Helm, Rolfes, and Günter 2006). Relationships are particularly important for international service providers, due to the high level of communication and human interaction between the firms and their clients (Lindsay et al. 2003). However, managing relationships in a service setting is a difficult task (Iyer and Bejou 2008), because service exchanges are often „personality intensive" (Normann 2000), and more intangible, variable, and difficult to standardise (Paulin, Perrien, and Ferguson 1997). They also require client participation in their production and delivery, with business clients being interactive co-producers (Normann and Ramírez 1993). Grönroos (1990) considers that the service provider establishes the relationships by giving promises and maintaining the relationships by keeping promises.

Business practitioners should also realise that international business relationships are complicated and a lot more challenging to build and maintain than domestic relationships (Friman et al. 2002; Skarmeas et al. 2008). Bello and Gilliland (1997) went a step further, suggesting that not only are cross-border relationships difficult for firms to manage, a high performance is also difficult to achieve. As a result, a successful handling of business relationships with overseas customers is a valuable source of competitive advantage in an increasingly integrated global marketplace (Ford 2002; Piercy, Katsikeas, and Cravens 1997; Sharma, Young, and Wilkinson 2006; Wilkinson and Young 2005; Zhang, Cavusgil, and Roath 2003). For instance, exporters can take advantage of these customers as a source of new business ideas and market information and further advance their international business opportunities (Balabanis, Theodosiou, and Katsikea 2004). Ultimately a successful cross-border business relationship will result in a better export performance for the firm in the export venture (Bello, Chelariu, and Zhang 2003; Ford 1984; Griffith and Myers 2005; Leonidou 2003; Leonidou and Kaleka 1998; Leonidou, Katsikeas, and Hadjimarcou 2002;

Leonidou, Palihawadana, and Theodosiou 2006; Piercy, Katsikeas, and Cravens 1997; Styles and Ambler 1994, 2000a).

In order to successfully manage international B2B relationships, international service marketers are reminded that the goal of relationship marketing is to get and keep customers (Grönroos 1995). This can be achieved by developing extensive knowledge of customer preferences, and creating competitive service offerings in order to ensure continued profitability (Berry 1983; Crosby, Evans, and Cowles 1990; Dwyer, Schurr, and Oh 1987). The success of a relationship is dependent on the ability of the firms to offer high quality services, and establishing a strong bond its business clients (Achrol 1991; Grönroos 1990; Gummesson 1987; Normann 2000; Webster 1992) via an appropriate governance structure. Such governance structure comprises contractual-based governance and relational-based governance mechanisms. As Deligonul and Cavusgil (2006) stated, these governance arrangements do not automatically create synergy between the firms and their clients. The governance mechanisms are only effective when they are nurtured by all of the involved parties.

When formulating and signing the contract with the overseas clients, service firms invest a significant amount of legal efforts. Thereby they should clearly and explicitly state the roles and responsibilities to be performed, the outcomes to be delivered, and the processes to resolve conflicts or non-performance issues (Cavusgil, Deligonul, and Zhang 2004; Lusch and Brown 1996; Poppo and Zenger 2002; Wu et al. 2007; Wuyts and Geyskens 2005). Importantly, contractual-based governance is influenced by firm size, resource commitment, competitive intensity, home government assistance, and the favourability of host government policies. First, firm size, represented by annual sales, is an indicator of the resources possessed by the firms (Leonidou 2003). Larger annual sales facilitate the commitment of personnel, managerial, technological, and financial resources into the export ventures. The researcher suggests that service exporters make sure they posses adequate resources before signing and negotiating a contract (Bello, Chelariu, and Zhang 2003). For instance, Leonidou and Katsikeas (2003) and Lindsay et al. (2003) suggest that the managers involved in cross-border relationships need to have a sound command of language skills as well as expertise on relevant cultural and regulatory frameworks. Together with the extra support from home government agencies such as the Federal government, state government, trade associations, and the diplomatic missions located in the foreign markets, these internal resources enable the firms to afford the legal efforts required to negotiate and establish the contract, making it highly detailed and customised.

In addition, service providers must keep in mind that host governments play a crucial role in their export performance (Granitsky, Rangan, and Watzke 1991). The openness of the host market and the favourability of host government policies such as those on export/import, tax, licensing, and repatriation of income is beneficial (Rugman and Verbeke 2008), facilitating the process of contract negotiation and contract finalisation. Nevertheless, service exporters should constantly monitor the competitive moves by their industry rivals, including both international firms and local players in the foreign market. Such competitive moves could be on new offerings, or heavy pricing and promotional efforts (Ambler, Styles, and Xiucun 1999; Jaworski and Kohli 1993; Morgan, Vorhies, and Schlegelmilch 2006). Hence, to react effectively to these competitive forces, service exporters may choose to construct and execute less explicit contractual arrangements. A less explicit contract may encourage clients to remain in the business because they have the flexibility to change and make modifications in case of changes in circumstances (Bello, Chelariu, and Zhang 2003).

Further, relational-based governance is a major force driving the performance of the B2B relationships (Claro, Hagelaar, and Omta 2003; Deligonul et al. 2005; Gençtürk and Aulakh 2006; Leonidou, Palihawadana, and Theodosiou 2006; Pressey and Tzokas 2004). These relational-based governance mechanisms are even more important for service exporters, who are inherently relational (Berry 1983; Coviello, Winklhofer, and Hamilton 2006; Grönroos 1978, 1992; Gummesson 1987). Similar to contractual explicitness, relational-based governance is determined by the favourability of host government policies and management commitment. In addition, export experience also plays a significant role in strengthening the relational norms between the firms and the client. Simply put, the more experience the firms accumulate, the more market-oriented they become and the more responsive they are to customer needs (Cadogan et al. 2006; Cadogan, Diamantopoulos, and Siguaw 2002).

Furthermore, relational-based governance in this study includes five dimensions, being the level of relationship trust, relationship commitment, flexibility, information exchange, and harmonisation of conflicts. First, trust plays a critical role in international business relationships (Huemer 2004; Leonidou, Palihawadana, and Theodosiou 2006), particularly in the context of service providers, due to the unique characteristics of services (Doney, Barry, and Abratt 2007; Palmatier et al. 2006). Service firms should understand that trust reflects a mutual belief that each party will receive fair treatment during the negotiations of the contract, and that the terms of the contact will be abided by all parties. In addition, relationship trust is also represented by the honesty and the loyalty shown to each other (Cavusgil, Deligonul, and Zhang 2004; Gençtürk and Aulakh 2006). However, firms should be aware that trust evolves over time and takes time to develop (Gulati 1995b; Zaheer, McEvily, and Perrone 1998). Once relationship trust is established, service providers are better equipped to overcome a variety of barriers in the foreign markets (Leonidou, Talias, and Leonidou 2008).

Second, relationship commitment is an essential component of a successful inter-firm relationship (Anderson and Weitz 1992; Gundlach, Achrol, and Mentzer 1995). It reflects the desire of the involved parties to maintain a valued relationship (Moorman, Zaltman, and Deshpandé 1992) and their willingness to invest a significant amount of effort in maintaining it (Morgan and Hunt 1994). In an international setting, relationship commitment is beneficial as it reduces relational risks and produces high relationship satisfaction (Deligonul et al. 2005; Karunaratna and Johnson 1997; Leonidou, Palihawadana, and Theodosiou 2006; Leonidou, Talias, and Leonidou 2008; Skarmeas, Katsikeas, and Schlegelmilch 2002; Zabkar and Brencic 2004).

The third dimension of relational-based governance is information exchange. As found by Bello, Chelariu, and Zhang (2003), by keeping each other well informed of opportunities and potential changes, the firms and their clients have a better chance for a successful relationship. This is particularly important for firms operating in the service sector (Lindberg-Repo and Grönroos 2004). The proactive exchange of useful and critical information (Doney and Cannon 1997; Heide and John 1992; Homburg et al. 2002; Macneil 1980) should be conducted in a meaningful and timely manner (Anderson and Narus 1990; Holden and O'Toole 2004). This allows the firms and their clients to make flexible and relevant accommodation to unexpected changes in their operating environment (Bello, Chelariu, and Zhang 2003).

Indeed, flexibility is an important factor driving the performance of inter-firm relationships (Kaufmann and Dant 1992; Kaufmann and Stern 1988; Noordewier, John, and Nevin 1990), especially in a service context (Ivens 2005). Research has indicated that flexibility is particularly central to export relationships (Bello, Chelariu, and Zhang 2003; Bello and Gilliland 1997), due to the diverse and challenging environmental conditions in which the firms operate (Aulakh, Kotabe, and Sahay 1996). It reflects their willingness to adapt as circumstances change in economic, political or legal circumstances, or when some unforseen events occur (Heide and John 1992; Noordewier, John, and Nevin 1990; Poppo and Zenger 2002). Additionally, flexibility reduces instability (Hitt, Keats, and DeMarie 1998) and results in cooperative behaviour amongst the firms (Bello and Gilliland 1997). Thereby, service exporters have a better chance to maintain successful inter-firm relationships.

The final dimension of relational-based governance is relationship harmony. Relational conflict can result from different goals and expectations from the relationship (Leonidou, Barnes, and Talias 2006; Sachdev, Bello, and Verhage 1995). Service exporters should understand that conflicts are particularly harmful to their B2B relationships (Pennings 2004; Webb and Hogan 2002), and can even cause the relationships to be terminated (Sachdev, Bello, and Verhage 1995). Hence, service firms should develop an appropriate conflict resolution mechanism (Leonidou, Palihawadana, and Theodosiou 2006), supported by staff training on cross-cultural relationship building (Leonidou, Katsikeas, and Hadjimarcou 2002). This is because effective resolution of inter-firm conflict can result in higher productivity and increase the strength and effectiveness of the relationship (Rawwas, Vitell, and Barnes 1997; Skarmeas 2006).

8.6. Limitations of the Study

Despite the strong theoretical contributions and significant implications for international business practice, the research findings should be treated with caution for several reasons. First, the researcher only investigated the perspective of service exporters, and the data was cross-sectional in nature. Second, the sample size of 254 responses is relatively small and the data was collected from only one country, based on one single key informant from each organisation. Third, the service exporters provided their perceptions on only one major cross-border inter-firm relationship, whilst a firm might have a large portfolio of B2B relationships. Hence, the research findings should be interpreted and generalised at a relationship and not at the firm level. Finally, the data collected for the study ignored several other organisational, market, and relationship characteristics. To address these limitations, the researcher suggests several directions for future research.

8.7. Directions for Future Research

To obtain a thorough understanding of key success drivers of service exports, the researcher identified several future research directions. First, according to UNCTAD (2008) and WTO (2008), service exports have become a major source of income for developing and emerging economies, especially India and China. Therefore, a replication of the current study that can be conducted across both developed and developing economies will provide better insights into the performance of service exporters. Second, the research outcomes should be validated in future studies on one service industry only. Third, the potential for a dyadic study should be examined. This is because the review of recent IRM literature (see Chapter Three) yielded only four dyadic studies (Ahmed 2009; Andersen and Kumar 2006; Medlin, Aurifeille, and Quester 2005; Styles, Patterson, and Ahmed 2008), and only one of which (Medlin, Aurifeille, and Quester 2005) concerned service industries. Fourth, Patterson, Johnson, and Spreng (1997) argue that time is an important variable in service exchanges. Hence a longitudinal study will make significant contribution to IRM and international services marketing research. Indeed, only two longitudinal studies by Katsikeas, Skarmeas, and Bello (2009), and Petersen, Pedersen, and Benito (2006), were published in the IRM literature since 2000. Fifth, a comparison of the key success drivers of firms in the service sectors versus those exporting manufacturing goods will help increase the generalisability of the research findings. Sixth, consistent with Wu et al. (2007), future research should take into account the dynamics of a portfolio of relationships. Seventh, the RM literature indicates that relationship trust is a multidimensional construct (Katsikeas, Skarmeas, and Bello 2009; Seppänen, Blomqvist, and Sundqvist 2007), and so is relationship commitment (Ahmed 2009; Sharma, Young, and Wilkinson 2006; Styles, Patterson, and Ahmed 2008). Future research should consider the interactions between different dimensions of these constructs in the context of cross-border inter-firm relationships. Eight, the study investigated relational-based governance as a higher construct incorporating five different relational dimensions. Several studies (see Chapter Three) have instead investigated these dimensions as separate constructs (Leonidou, Palihawadana, and Theodosiou 2006; Terawatanavong, Whitwell, and Widing 2007). Hence, future studies should investigate how each dimension may have an impact on relationship performance, and whether they are determined by a different and unique set of organisation and market characteristics. Ninth, the key success drivers of not-for-profit service organisations in foreign markets have thus far received very limited research attention. Tenth, researchers can also examine whether high versus low export performers and successful versus unsuccessful relationships are influenced by different internal and external environmental factors. Finally, several other drivers might be included in the investigations of service export performance, such as:

- Organisational characteristics: customer orientation, reputation, innovation;
- Market characteristics: market demand, technological turbulence, cultural distance, country of origin; and
- Relationship characteristics: relationship length, relationship reciprocity, expectation of continuity, relationship solidarity, dependence, and power.

8.8. Concluding Remarks

To sum up, this study has provided a comprehensive framework that explains the determinants and consequences service export performance. More specifically, the performance of service exporters is determined by firm size, management commitment, export experience, and importantly a successful management of cross-border inter-firm relationships. Managing cross-border relationships, however, is a challenging task, because it is heavily influenced by different organisational and market characteristics. The study contributes to theoretical development in international services marketing as well as IRM literature. The research outcomes provide international business practitioners, especially those operating in the service sector, with a thorough understanding of the key drivers associated with their exporting success.

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Appendices

Appendix 1: Research Brief before In-depth Interviews

Key Success Drivers of Services Exports: Research Summary
Vinh Lu, School of Commerce, University of Adelaide, Australia

Over the past few decades, global markets have been characterised as increasingly integrated, due to the deregulations of domestic markets, the advances in information and communication technologies, the gradual removals of international trade barriers, and the establishment of several bilateral and multilateral trade agreements. The integration of world-wide economies has created substantial opportunities for international firms, regardless of their experience, sizes, origins, and industries. To be successful in this business environment, international firms, especially those in business-to-business markets, are presented with significant challenges in the development and maintenance of their inter-firm business relationships. This has resulted in my research interest in international business-to-business marketing.

I have particularly focused on exporters of services, for two reasons. First, the service sector has traditionally been „under-serviced‟ in the marketing literature, with theoretical developments failing to keep pace with the rapid globalisation of services and the internationalisation of services exporters. A review of the literature indicates that the majority of exporting research has been on manufacturing industries. Very limited research attention has been given to the performance of services exporters. Second, statistics from the World Trade Organisation and the Organisation for Economic and Cooperation Development have indicated that services exporters have been playing an important role in both national and global economies. Nevertheless, as recognised by the Business Council of Australia and the Federal Department of Foreign Affairs and Trade, Australia‟s share of global services exports is in decline. As a result, there have been calls for a comprehensive examination of Australian services firms‟ success in global markets.

The performance of a service exporter in international markets is partially determined by its very own organisational dynamics and the external (both home and host) market environments. Of equal importance is the ability of the firm to successfully manage the inter-organisational relationships with its overseas business clients, due to the unique characteristics of services. Drawing from existing knowledge in the services marketing, export marketing, and business-to-business relationship marketing paradigms, I have embarked on researching the importance of business relationships on services firms‟ export performance. Specifically, I am interested in investigating firm characteristics and foreign market characteristics as antecedents of these relationships. In addition, I would like to obtain a comprehensive understanding on the nature of these inter-firm relationships. In particular, how have you been building and maintaining a robust relationship with these international customers? What about the contracts you had previous signed with then?

To gain an in-depth understanding on the extent to which these above factors might have an impact your overall business-to-business relationships, and your overall exporting success, I would like to conduct a face-to-face interview with you, in your office, at a time of your convenience. All personal details, the name of your business, and any other sensitive intelligence and financial details will be kept strictly confidential.

Should you required any further information, please do not hesitate to contact me at vinh.lu@adelaide.edu.au, or on 0412 599 256.

Appendix 2: Sponsorship Agreement with the Exporters' Club for Pilot Study

From: Exporters Club [mailto:admin@exportersclub.net]
Sent: Tuesday, 6 November 2007 2:25 PM
To: vinh.lu@adelaide.edu.au
Subject: PhD Pilot Study

Dear Vinh,

The Board of the Exporters' Club met last week and considered your proposal regarding your sponsorship.

You will be pleased to know that the Board has agreed to provide 10 tickets for the Exporters' Club Annual IBW Luncheon in 2008. In response, we accept your offer to make a presentation of your research findings to the Club; to acknowledge our support at the annual conference in Milan; and to acknowledge our support in an article covering the survey in an international academic journal.

We look forward to cooperating with you regarding the implementation of the above.

Please pass my good wishes to Pascale.

Kind regards,
Bob Shepard

Bob Shepard
General Manager
Exporters' Club North West Adelaide
Ph: 08 8443 7688
Fax: 08 8443 7611
email to: admin@exportersclub.net
website: www.exportersclub.net

The Department of Trade and Economic Development, Expo-Trade Pty Ltd, DHL International and Inmedia are proud sponsors of the Exporters' Club. We also thank Madderns Patent & Trademark Attorneys, Flinders Ports, Patrick International Freight, Pertaringa Wines and Douglas Park Organics for their support.

Appendix 3: Email Invitation

Attn: <Executive Name>**,** <Company Name>
Re: **PhD Research on service firms' international operations**

Dear <Executive Name>,

I obtained your contact details from the Australian Exporters Database. I am a PhD candidate in the University of Adelaide Business School. My dissertation investigates the key drivers of service firms' international operations, assisting firms to achieve and sustain a competitive advantage against their rivals in foreign markets.

The study, a finalist in the Pennsylvania State University's Doctoral Dissertation Competition, is also a much-needed response to the Business Council of Australia's call in July 2007 for more research into the operations of our traditionally "*under-serviced*" service sector. As such, I would be very grateful if you could please take some time to complete the online survey that I have developed, *regardless of your firm's size, experience, growth, extent of international operations, and degree of success.* The survey can be found at

<URL LINK>

The survey takes approximately 15-20 minutes to complete. I would be more than happy to provide you with a **comprehensive report on the research findings**, as well as **the relevant chapter on managerial implications from my thesis**. .

Please do not hesitate to contact me if you have any feedback or inquiries. I sincerely appreciate your help and look forward to getting your response.

Very truly yours,
Vinh.

****
Mr Vinh Lu
PhD Candidate
The University of Adelaide Business School, AUSTRALIA 5005
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Fax : +61 8 8303 4368
Email: vinh.lu@adelaide.edu.au
Profile: http://www.adelaide.edu.au/directory/vinh.lu

Appendix 4: Cover Letter for Questionnaire

THE UNIVERSITY OF ADELAIDE
AUSTRALIA

BUSINESS SCHOOL
FACULTY OF THE PROFESSIONS

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PhD Candidate

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CRICOS Provider Number 00123M

<Date>

<Executive Name>
<Executive Position>
<Company Name>
<Company Address>

Dear <Executive Name>,
Re: PhD Research on Service Firms' International Operations

I am a PhD candidate in Marketing and International Business at the University of Adelaide Business School, South Australia. My research topic concerns the key success drivers of service organisations in overseas markets. To fully understand the international operations of the service sector, regardless of the firms' internationalisation level, growth, size, and experience, I would like to seek your expert input into my study by completing the attached questionnaire.

This research addresses the call by the Australian Business Council, whose report in July 2007 claimed the service sector had been "under-serviced". Both business and academic communities have very limited knowledge about the service firms' international operations. For its potential contributions to business marketing theory and practice, this study was a finalist in the 2007 Business Marketing Doctoral Dissertation Award Competition by the Institute for the Study of Business Markets at the Pennsylvania State University, USA.

The questionnaire takes approximately 15–20 minutes to complete. As a token of my appreciation of your support, I will be more than happy to provide you with a report of my research finding, as well as the relevant chapter from my thesis on managerial implications from my study. Please be assured that all information you provide will only be used for academic purposes. All answers will be reported in aggregate form and all individual details will remain strictly confidential.

As a result, I would be very grateful if you could please complete the questionnaire at your earliest convenience. Upon completing the questionnaire, would you please return the questionnaire with the prepaid return envelope. In case you prefer to ***complete the questionnaire online***, please send me an email at vinh.lu@adelaide.edu.au, so that I could provide you with the URL link. Finally, I would like to thank you very much for your valuable time and contribution to the study. Please do not hesitate to contact me should you have any questions or inquiries, and I look forward to receiving the completed questionnaire from you.

Very truly yours,

VINH LU.

Appendix 5: Questionnaire

THE UNIVERSITY OF ADELAIDE AUSTRALIA

INTERNATIONAL PERFORMANCE OF SERVICE FIRMS

DEFINITIONS

The **focus export venture** in this study is defined as the operations of your firm in *one specific foreign market*, in providing *one type of service* to business customers.

The **focus foreign client** refers to one specific major business client from the focus export venture.

The **focus foreign market** refers to the specific foreign market where you conduct the focus export venture.

The **focus relationship** refers to the business-to-business relationship between your firm and the focus foreign client.

IDENTIFICATION OF FOCUS EXPORT VENTURE

1. Please first select a focus foreign market - one specific foreign country where your firm has been operating. This **country** is: (please indicate) ____________________

2. Please now select a **focus service**. That is *one specific type of service* that your firm is providing to business customers in the **focus foreign market** you have selected above. This **focus service** can be best described as:

☐ ICT-related Services ☐ Consulting & Business Services ☐ Construction Service

☐ Transportation Service ☐ Other. Please specify: ____________________

3. The **focus export venture** you have just identified	Strongly Disagree						Strongly Agree
Has been very profitable.	1	2	3	4	5	6	7
Has generated a high volume of sales.	1	2	3	4	5	6	7
Has achieved rapid growth.	1	2	3	4	5	6	7
Has improved our global competitiveness.	1	2	3	4	5	6	7
Has strengthened our global strategic position.	1	2	3	4	5	6	7
Has increased our global market share.	1	2	3	4	5	6	7
Its performance has been very satisfactory.	1	2	3	4	5	6	7
Has been very successful.	1	2	3	4	5	6	7
Has fully met our expectations.	1	2	3	4	5	6	7

4. Overall, please rate the success of this **focus export venture** over the past five years

Very Unsuccessful									Very Successful
1	2	3	4	5	6	7	8	9	10

FIRM AND MARKET CHARACTERISTICS (continued)

The following questions relate to certain characteristics of your firm in relation to the **focus export venture** that you have selected.

5. In this **focus export venture**	Strongly Disagree						Strongly Agree
We are able to identify sources of market information.	1	2	3	4	5	6	7
We have developed a base of specific information on sales opportunities.	1	2	3	4	5	6	7
We are able to obtain specific information on the legislation/regulations relative to our provision of services.	1	2	3	4	5	6	7
We are able to interpret the quality of market information.	1	2	3	4	5	6	7

6. For this **focus export venture**, we have committed	Strongly Disagree						Strongly Agree
Substantial technological resources.	1	2	3	4	5	6	7
Substantial managerial resources.	1	2	3	4	5	6	7
Substantial human resources.	1	2	3	4	5	6	7
Substantial financial resources.	1	2	3	4	5	6	7

7. **Senior management** in our firm	Strongly Disagree						Strongly Agree
Consider the operation of the **focus export venture** to be very important.	1	2	3	4	5	6	7
Intend to increase our business dealings in the **focus export venture**.	1	2	3	4	5	6	7
Consider our operations in the **focus export venture** to be a valuable investment of resources.	1	2	3	4	5	6	7
Expect the business in the **focus export venture** to have a positive effect on our overall performance.	1	2	3	4	5	6	7

8. What is the impact of the following items on the operation of the **focus export venture**?	None						Substantial
Support from the Australian Federal Government	1	2	3	4	5	6	7
Support from the State Government	1	2	3	4	5	6	7
Support from the trade associations	1	2	3	4	5	6	7
Support from the Australian Diplomatic Missions	1	2	3	4	5	6	7

FIRM AND MARKET CHARACTERISTICS (continued)

The following questions relate to certain characteristics of the **focus foreign market** that you have selected.

9. Please comment on the *nature of the competition* in this f**ocus foreign market**	Strongly Disagree						Strongly Agree
The competition is cut-throat.	1	2	3	4	5	6	7
Rivalry amongst competitors is intense.	1	2	3	4	5	6	7
There are many "promotion" wars.	1	2	3	4	5	6	7
Price competition is fierce.	1	2	3	4	5	6	7
Anything one competitor can offer, others can match rapidly.	1	2	3	4	5	6	7
One hears of a new competitive move almost every day.	1	2	3	4	5	6	7

10. Please rate the conditions of the foreign government's policies this f**ocus foreign market** in terms of	Very Unfavourable						Very Favourable
Export regulations	1	2	3	4	5	6	7
Import regulations	1	2	3	4	5	6	7
Tax regulations	1	2	3	4	5	6	7
Remittances and repatriation regulations	1	2	3	4	5	6	7

IDENTIFICATION OF FOCUS RELATIONSHIP

Please now consider ***a major business customer*** in the **focus foreign market** that you have been dealing with. This customer is referred to as the **focus foreign client**, and your business relationship with them is referred to as the **focus relationship**.

11. Approximately, how many years has your firm been dealing with this **focus foreign client**?

☐ Less than 1	☐ 1	☐ 2	☐ 3
☐ 4	☐ 5	☐ 6	☐ 7
☐ 8	☐ 9	☐ 10	☐ More than 10

12. How would you rate this **focus relationship**?

Very Unsuccessful									Very Successful
1	2	3	4	5	6	7	8	9	10

13. For this **focus relationship**, we are satisfied with	Dissatisfied						Satisfied
The income generated from providing service to the **focus foreign client**.	1	2	3	4	5	6	7
The quality of our service.	1	2	3	4	5	6	7
The prices paid by the **focus foreign client**.	1	2	3	4	5	6	7
Our responsiveness to the **focus foreign client**'s problems or inquiries.	1	2	3	4	5	6	7
The way in which problems are resolved.	1	2	3	4	5	6	7
The communication quality with the **focus foreign client**.	1	2	3	4	5	6	7

BUSINESS CONTRACT SIGNED WITH THE FOCUS FOREIGN CLIENT

The following statements concern **the contract** you signed with the **focus foreign client**

14. On the *nature of the contract*	Strongly Disagree						Strongly Agree
The contract is highly customised.	1	2	3	4	5	6	7
We prefer to have everything spelt out in detail in our contract.	1	2	3	4	5	6	7
The contract required considerable legal work.	1	2	3	4	5	6	7
The contract negotiation was time-consuming.	1	2	3	4	5	6	7
We required the service of external lawyers in signing the contract.	1	2	3	4	5	6	7

15. The contract *precisely states*	Strongly Disagree						Strongly Agree
The role of each party.	1	2	3	4	5	6	7
The responsibilities of each party.	1	2	3	4	5	6	7
How each party is to perform.	1	2	3	4	5	6	7
The legal consequences for failure to perform.	1	2	3	4	5	6	7
The legal consequences if we fail to comply with operational expectations.	1	2	3	4	5	6	7
What will happen in the case of events occurring that were not planned.	1	2	3	4	5	6	7
How disagreements will be resolved.	1	2	3	4	5	6	7

CHARACTERISTICS OF THE FOCUS RELATIONSHIP

The following statements relate to the characteristics of your **focus relationship** with the **focus foreign client**.

16. In this **focus relationship**	Strongly Disagree						Strongly Agree
We generally trust that each party will abide by the terms of the contract.	1	2	3	4	5	6	7
Whenever the **focus foreign client** offers us advice, we believe they are sharing their best judgement.	1	2	3	4	5	6	7
The **focus foreign client** has developed a strong sense of loyalty to us.	1	2	3	4	5	6	7
The **focus relationship** is characterised by high levels of trust.	1	2	3	4	5	6	7
They have always been evenhanded in their negotiations with us.	1	2	3	4	5	6	7

CHARACTERISTICS OF THE FOCUS RELATIONSHIP (continued)

The following statements relate to the characteristics of your **focus relationship** with the **focus foreign client**.

17. This **focus relationship**	Strongly Disagree						Strongly Agree
Is something that we are very committed to.	1	2	3	4	5	6	7
Is very important to our firm.	1	2	3	4	5	6	7
Is of little significance to us.	1	2	3	4	5	6	7
Is definitely something our firm intends to maintain.	1	2	3	4	5	6	7
Is something our firm really cares about.	1	2	3	4	5	6	7
Deserves our firm's maximum attention to maintain.	1	2	3	4	5	6	7

18. In dealing with this **focus foreign client**	Strongly Disagree						Strongly Agree
Our discussions on areas of disagreement have increased the productivity of our working relationship.	1	2	3	4	5	6	7
Our discussions on areas of disagreement stimulate us to find productive ideas for our problem.	1	2	3	4	5	6	7
Our discussions on areas of disagreement increase the strength and effectiveness of our relationship.	1	2	3	4	5	6	7

19. In this **focus relationship**	Strongly Disagree						Strongly Agree
Any information that might help the other party will be provided to them.	1	2	3	4	5	6	7
Exchange of information takes place frequently and informally.	1	2	3	4	5	6	7
The parties will provide proprietary information if it can help the other party.	1	2	3	4	5	6	7
We keep each other informed about events or changes that may affect the other party.	1	2	3	4	5	6	7
We hesitate to give each other information that is not part of the contract.	1	2	3	4	5	6	7

20. In dealing with the **focus foreign client**	Strongly Disagree						Strongly Agree
Flexibility in response to requests for changes is a strong characteristic of our relationship.	1	2	3	4	5	6	7
We are able to make adjustments in our relationship to accommodate changing circumstances.	1	2	3	4	5	6	7
Together, we have developed processes to increase flexibility in response to the **focus foreign client**'s requests.	1	2	3	4	5	6	7
When some unexpected situation arises, we would rather work out a new deal than hold each other to the original terms.	1	2	3	4	5	6	7
We are able to make adjustments in the ongoing relationship to cope with changing political, economic, or legal circumstances.	1	2	3	4	5	6	7

DEMOGRAPHICS

It would be much appreciated if you could please provide us with some background information on your firm's operations. Please be assured that all individual information will remain **confidential**.

21. Your firm's annual sales

☐ Less than $10m ☐ $10m-$20m ☐ $20m-$50m ☐ $50m-$100m

☐ $100m-$200m ☐ $200m-$500m ☐ More than $500m

22. Number of full-time employees

☐ Less than 10 ☐ 11-50 ☐ 51-100 ☐ 101-200

☐ 201-500 ☐ 501-1,000 ☐ More than 1,000

23. Number of countries in which your firm has regular operations

☐ 1 ☐ 2-5 ☐ 6-10

☐ 11-20 ☐ 21-50 ☐ 51 and more

24. Number of years your firm has been involved in international business

☐ Less than 1 ☐ 2-5 ☐ 6-10

☐ 11-20 ☐ 21 and more

25. Location of your office

☐ ACT ☐ NSW ☐ NT ☐ QLD

☐ SA ☐ TAS ☐ VIC ☐ WA

26. Your position in the firm

☐ Owner ☐ CEO ☐ Head of Department/Territory/ Region

☐ Managing Director ☐ General Manager ☐ Other

27. How long have you been in your current position for?

☐ Less than 1 year ☐ 1 – 3 years

☐ 3 -5 years ☐ More than 5 years

28. Finally, how familiar are you with the international marketing activities of your firm?

Very Unfamiliar									Very Familiar
1	2	3	4	5	6	7	8	9	10

REQUEST FOR A REPORT ON THE STUDY

As a token of our appreciation of your time to participate in the study, I am happy to provide you with **a report on this study**.

Please leave your contact details so I can send you the report (confidential)

Name: ______________________________

Email: ______________________________

Other Contact Details: ______________________________

This concludes the questionnaire. Once again, I thank you for your time and participation in the study. I would be very grateful if you could please return the questionnaire via the prepaid return envelope at your earliest convenience. Please do not hesitate to contact me should you have any feedback or inquiries.

Vinh Lu
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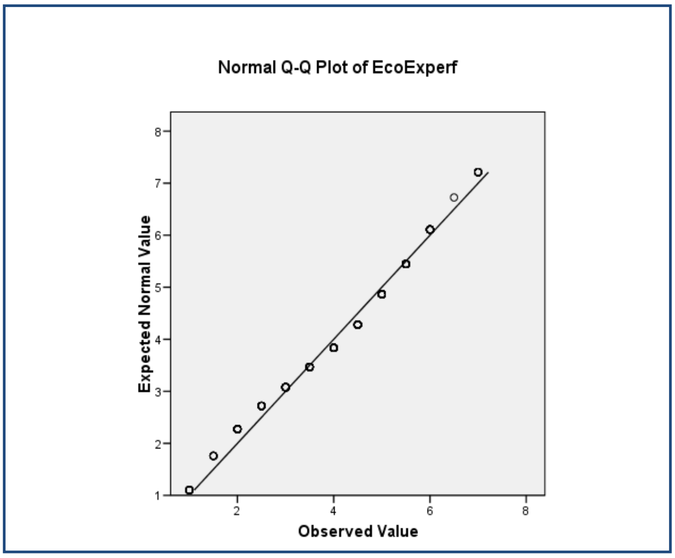
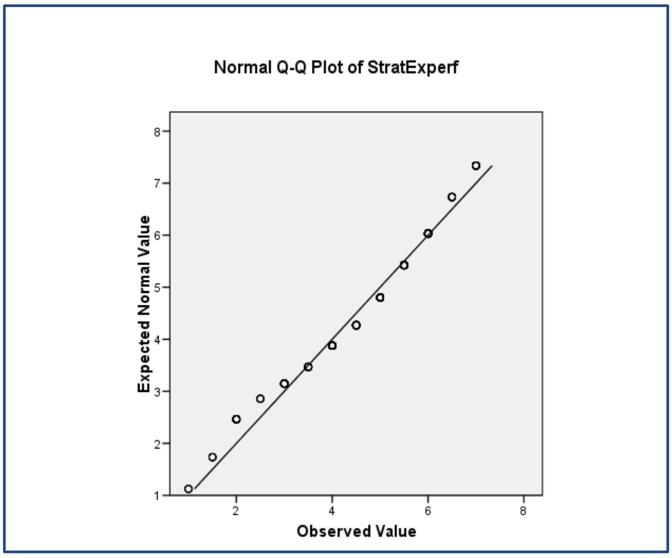
Appendix 6: Test for Non-Response Bias

Table Appendix 6: Test for Non-response bias

	Levene"s Test for Equality of Variances		t-test for Equality of Means			
	F	Sig.	t	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Annual sales	0.489	0.485	-0.659	0.510	-0.16740	0.25389
Employees	0.661	0.417	-0.773	0.440	-0.19249	0.24900
Export markets	2.868	0.092	1.608	0.109	0.27961	0.17384
Export years	1.057	0.305	-0.356	0.722	-0.05503	0.15452
Export performance	1.752	0.187	-0.057	0.954	-0.01017	0.17761
Relationship performance	0.482	0.488	-0.837	0.403	-0.11413	0.13627
Contractual complexity	4.245	0.040	-1.131	0.259	-0.21961	0.19420
Contractual explicitness	6.343	0.012	-2.462	0.015	-0.53450	0.21714
Relational-based governance	0.268	0.605	0.281	0.779	0.03698	0.13177
Export experience	0.412	0.522	1.196	0.233	0.20359	0.17024
Management commitment	2.367	0.125	0.784	0.434	0.13515	0.17230
Resource commitment	7.316	0.007	-0.204	0.838	-0.03742	0.18304
Home government assistance	0.031	0.861	-0.334	0.739	-0.07254	0.21744
Host government policies	0.921	0.338	-0.280	0.780	-0.04599	0.16440
Competitive intensity	0.809	0.369	0.397	0.691	0.08214	0.20668

Appendix 7: Normal Probability Plots


Normal Q-Q Plot of EcoExperf
Expected Normal Value
Observed Value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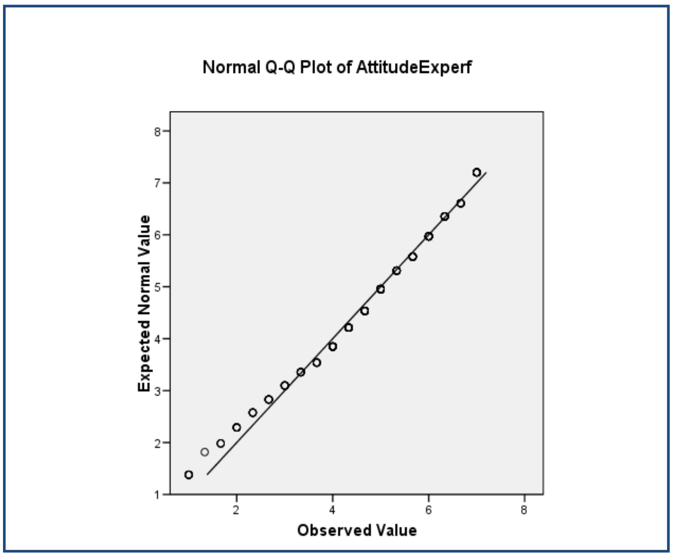
Expected Normal Value
Observed Value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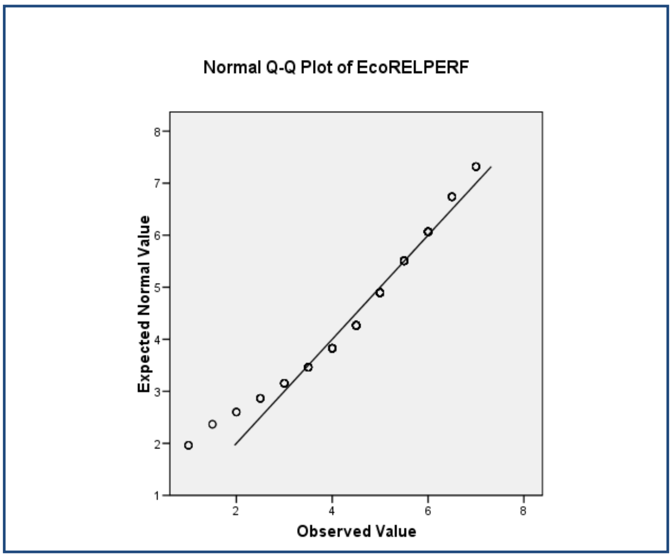
Expected Normal Value
Observed Value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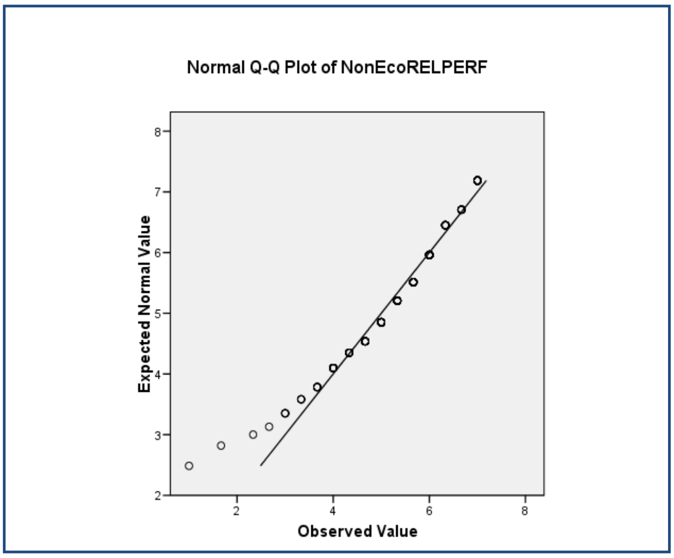
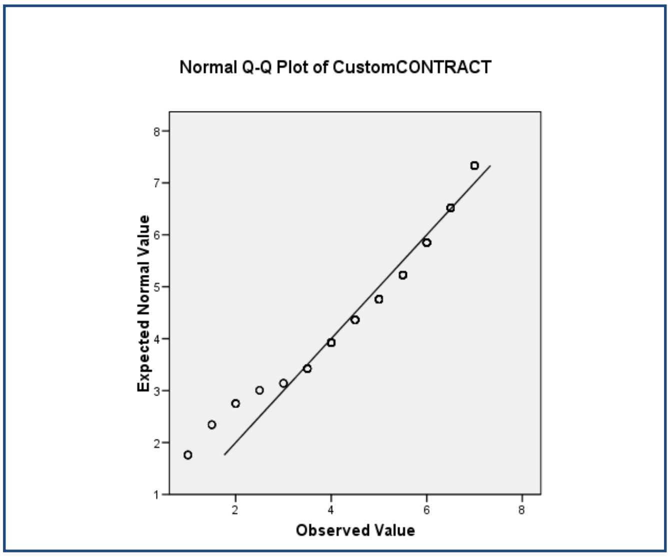
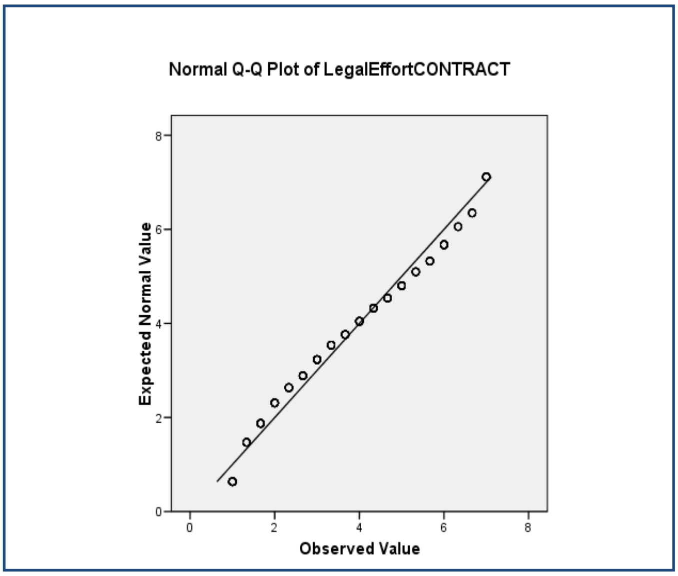
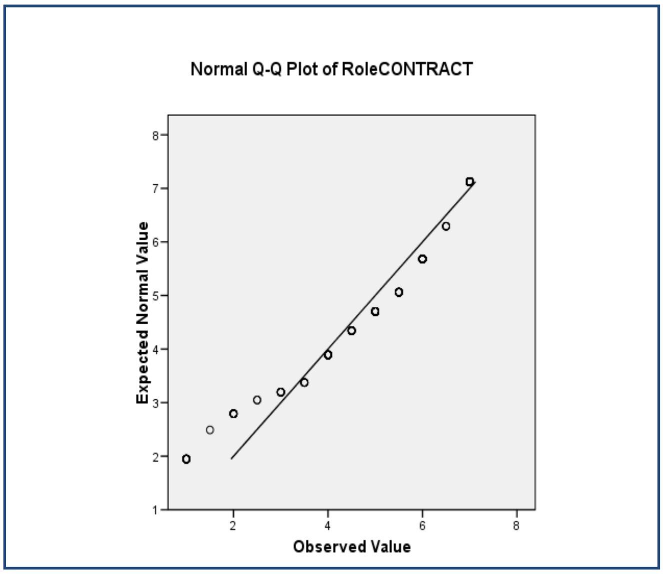
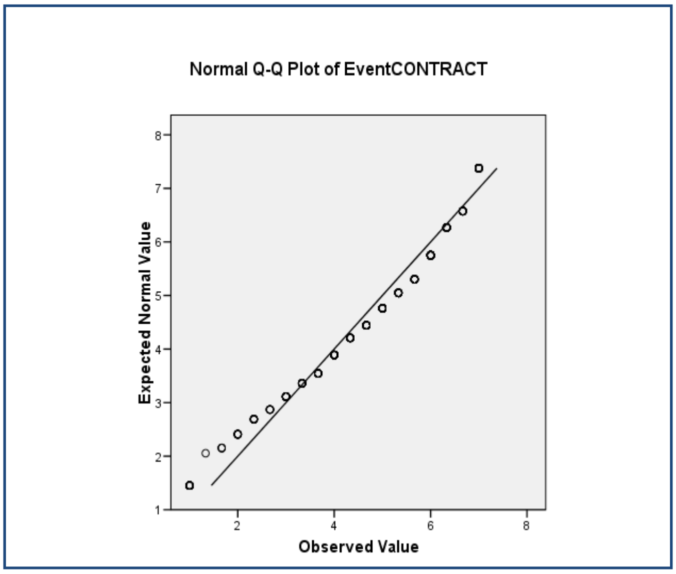
Expected Normal Value
Observed Value

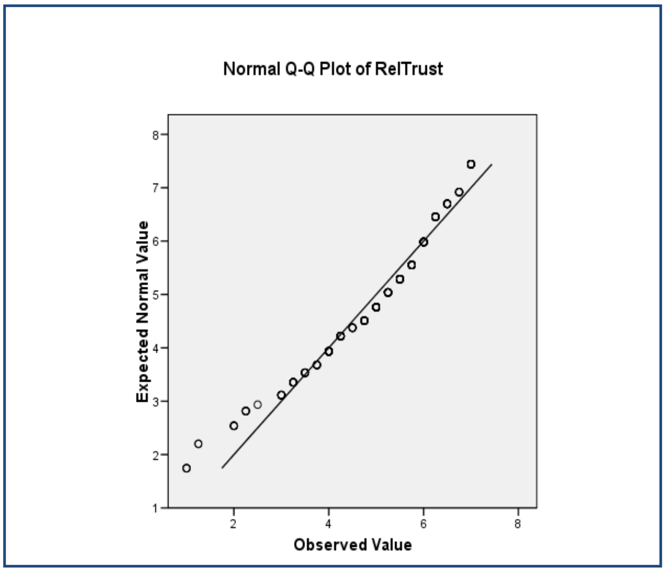

Normal Q-Q Plot of NonEcoRELPERF
Expected Normal Value
Observed Value

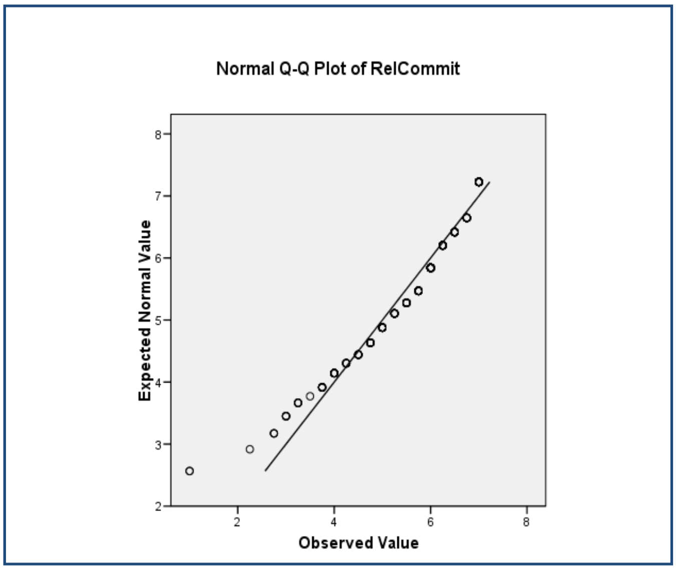

Normal Q-Q Plot of CustomCONTRACT
Expected Normal Value
Observed Value

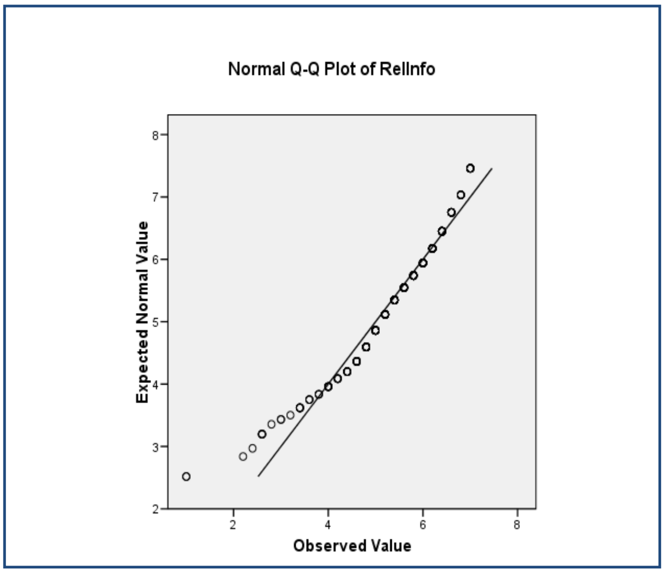

Normal Q-Q Plot of LegalEffortCONTRACT
Expected Normal Value
Observed Value

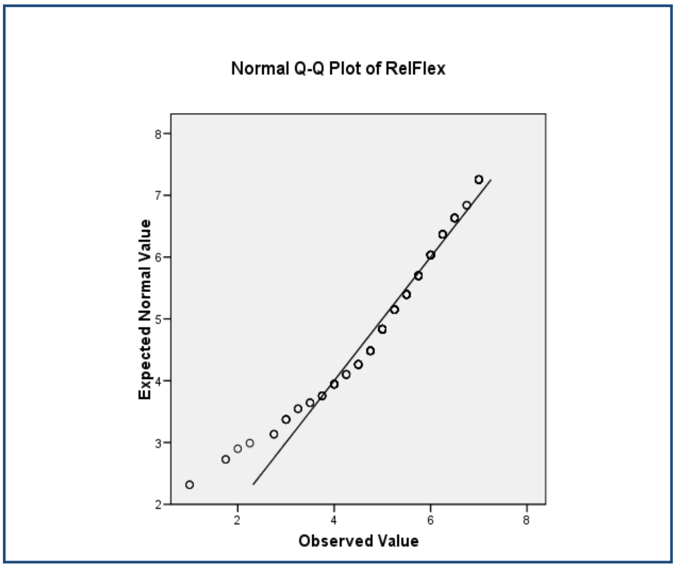

Normal Q-Q Plot of RoleCONTRACT
Expected Normal Value
Observed Value

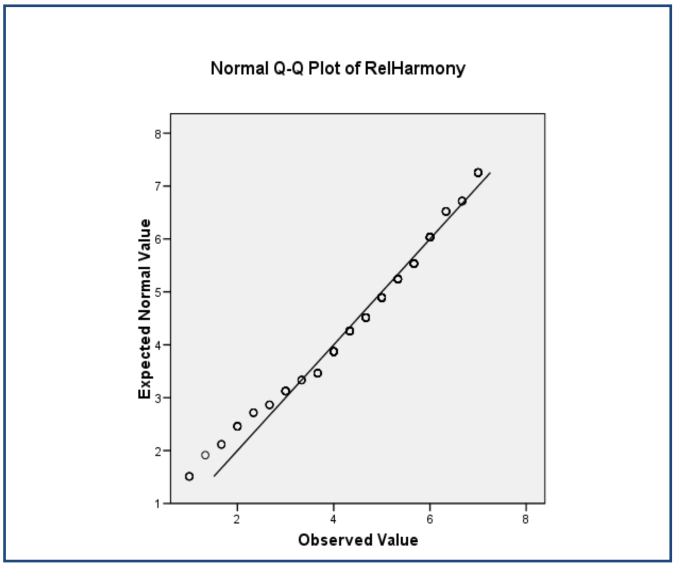

Normal Q-Q Plot of EventCONTRACT
Expected Normal Value
Observed Value

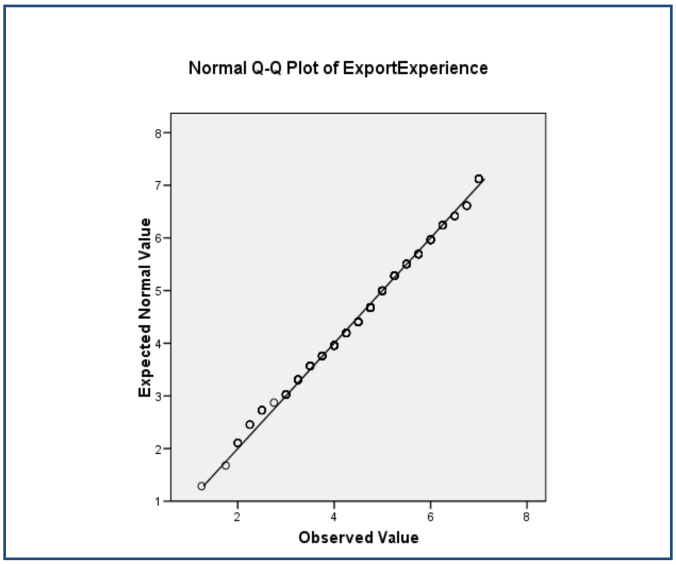

Normal Q-Q Plot of RelTrust
Expected Normal Value
Observed Value

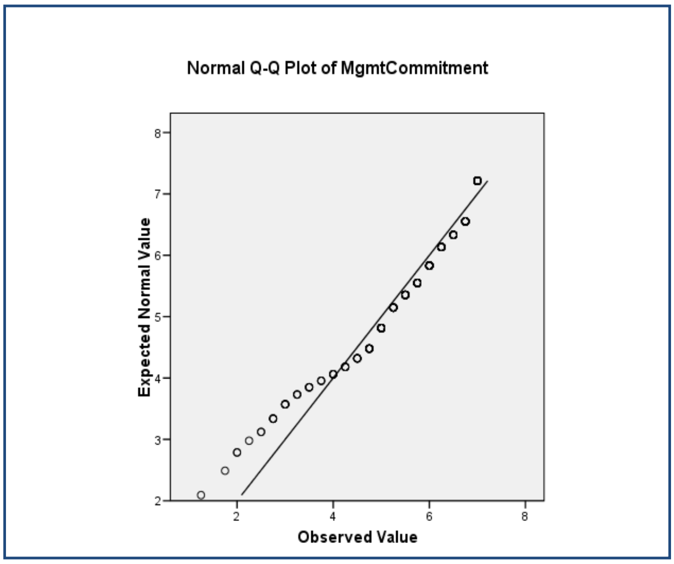

Normal Q-Q Plot of RelCommit
Expected Normal Value
Observed Value

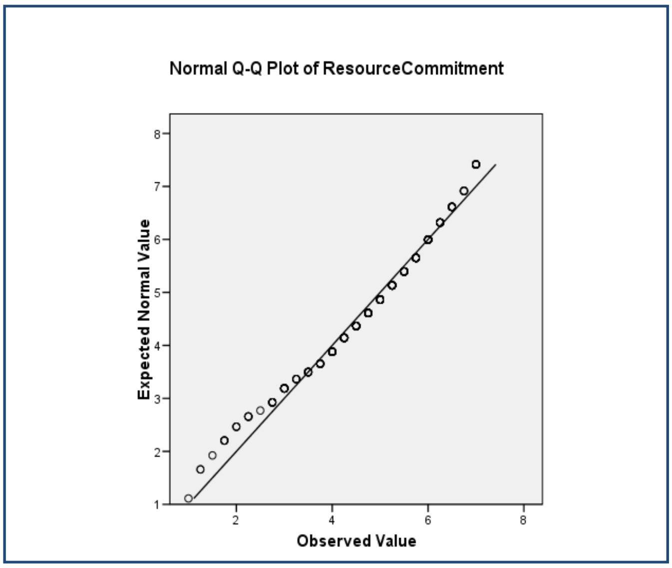

Normal Q-Q Plot of RelInfo
Expected Normal Value
Observed Value


Normal Q-Q Plot of RelFlex
Expected Normal Value
2 3 4 5 6 7 8
Observed Value
2 4 6 8


Normal Q-Q Plot of RelHarmony
Expected Normal Value
1 2 3 4 5 6 7 8
Observed Value
2 4 6 8


Normal Q-Q Plot of ExportExperience
Expected Normal Value
1 2 3 4 5 6 7 8
Observed Value
2 4 6 8


Normal Q-Q Plot of MgmtCommitment
Expected Normal Value
2 3 4 5 6 7 8
Observed Value
2 4 6 8


Normal Q-Q Plot of ResourceCommitment
Expected Normal Value
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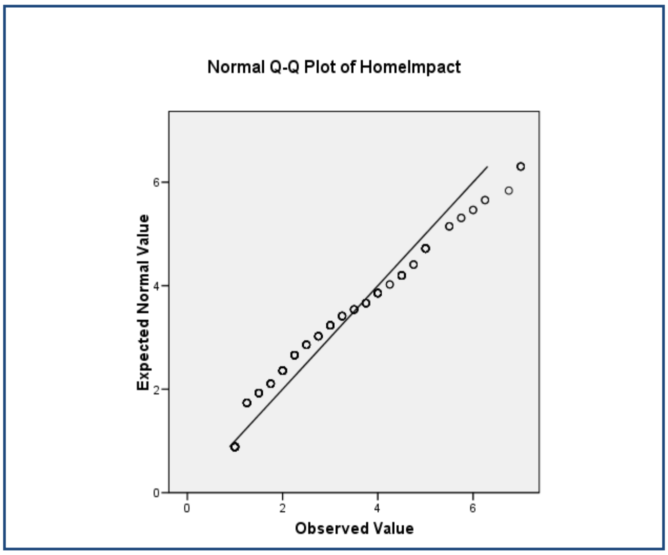
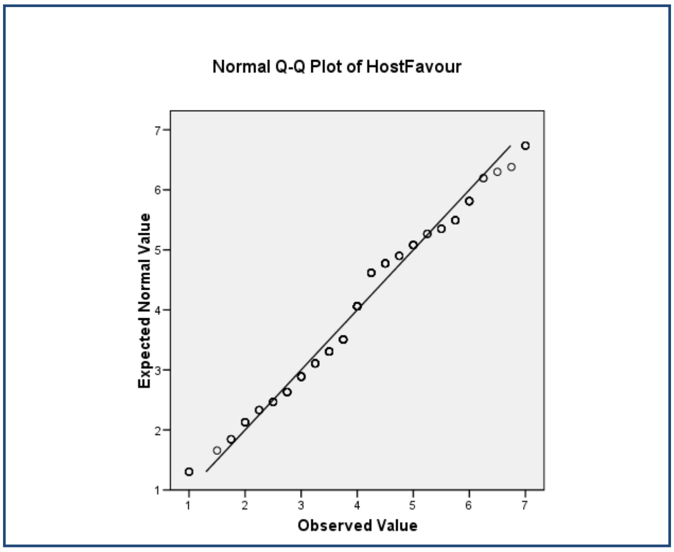
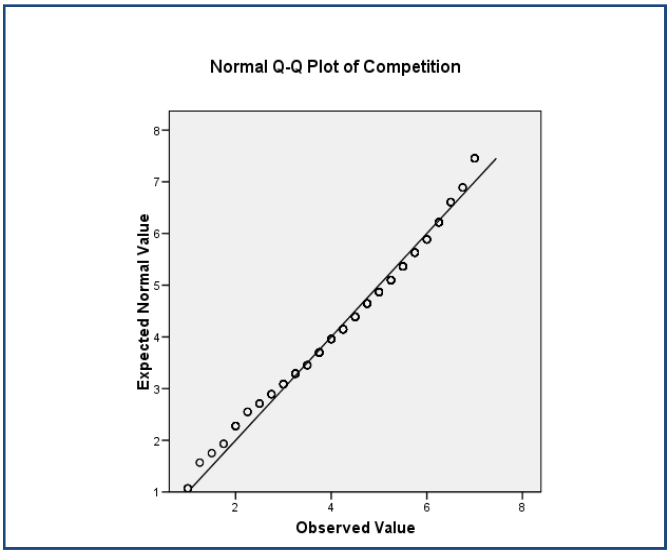
Observed Value
2 4 6 8


Normal Q-Q Plot of HomeImpact
Expected Normal Value
0 2 4 6
Observed Value
0 2 4 6


Normal Q-Q Plot of HostFavour
Expected Normal Value
Observed Value


Normal Q-Q Plot of Competition
Expected Normal Value
Observed Value

Appendix 8: Item-to-Total Correlation Matrices

Table Appendix 8.1: Correlation Matrix of Economic Export Performance

		High sales volume	Rapid growth
High sales volume	Pearson Correlation	1	.720**
	Sig. (2-tailed)		.000
	N	254	254
Rapid growth	Pearson Correlation	.720**	1
	Sig. (2-tailed)	.000	
	N	254	254

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

Table Appendix 8.2: Correlation Matrix of Strategic Export Performance

		Global competitiveness	Global strategic position
Global competitiveness	Pearson Correlation	1	.742**
	Sig. (2-tailed)		.000
	N	254	254
Global strategic position	Pearson Correlation	.742**	1
	Sig. (2-tailed)	.000	
	N	254	254

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

Table Appendix 8.3: Correlation Matrix of Attitudinal Export Performance

		Very satisfactory	Very successful	Fully met expectations
Very satisfactory	Pearson Correlation	1	.899**	.809**
	Sig. (2-tailed)		.000	.000
	N	254	254	254
Very successful	Pearson Correlation	.899**	1	.841**
	Sig. (2-tailed)	.000		.000
	N	254	254	254
Fully met expectations	Pearson Correlation	.809**	.841**	1
	Sig. (2-tailed)	.000	.000	
	N	254	254	254

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

Table Appendix 8.4: Correlation Matrix of Economic Relationship Performance

		Income generated	Prices paid by client
Income generated	Pearson Correlation	1	.579**
	Sig. (2-tailed)		.000
	N	254	254
Prices paid by client	Pearson Correlation	.579**	1
	Sig. (2-tailed)	.000	
	N	254	254

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

Table Appendix 8.5: Correlation Matrix of Non-Economic Relationship Performance

		Responsiveness to client	Problem solution	Communication quality
Responsiveness to client	Pearson Correlation	1	.582**	.527**
	Sig. (2-tailed)		.000	.000
	N	254	254	254
Problem solution	Pearson Correlation	.582**	1	.669**
	Sig. (2-tailed)	.000		.000
	N	254	254	254
Communication quality	Pearson Correlation	.527**	.669**	1
	Sig. (2-tailed)	.000	.000	
	N	254	254	254

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

Table Appendix 8.6: Correlation Matrix of Contractual Customisation

		Highly customised	Detailed contract
Highly customised	Pearson Correlation	1	.537**
	Sig. (2-tailed)		.000
	N	254	254
Detailed contract	Pearson Correlation	.537**	1
	Sig. (2-tailed)	.000	
	N	254	254

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

Table Appendix 8.7: Correlation Matrix of Legal Efforts

		Considerable work	Time consuming	Lawyer service
Considerable work	Pearson Correlation	1	.663**	.695**
	Sig. (2-tailed)		.000	.000
	N	254	254	254
Time consuming	Pearson Correlation	.663**	1	.567**
	Sig. (2-tailed)	.000		.000
	N	254	254	254
Lawyer service	Pearson Correlation	.695**	.567**	1
	Sig. (2-tailed)	.000	.000	
	N	254	254	254

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

Table Appendix 8.8: Correlation Matrix of Contractual Explicitness over Roles

		Role	Responsibility
Role	Pearson Correlation	1	.917**
	Sig. (2-tailed)		.000
	N	254	254
Responsibility	Pearson Correlation	.917**	1
	Sig. (2-tailed)	.000	
	N	254	254

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

Table Appendix 8.9: Correlation Matrix of Contractual Explicitness over Uncertainty

		Legal consequences	Unplanned events	Disagreements
Legal consequences	Pearson Correlation	1	.748**	.753**
	Sig. (2-tailed)		.000	.000
	N	254	254	254
Unplanned events	Pearson Correlation	.748**	1	.785**
	Sig. (2-tailed)	.000		.000
	N	254	254	254
Disagreements	Pearson Correlation	.753**	.785**	1
	Sig. (2-tailed)	.000	.000	
	N	254	254	254

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

Table Appendix 8.10: Correlation Matrix of Relationship Trust

		Sharing best judgement	Strong loyalty	High trust	Evenhanded negotiations
Sharing best judgement	Pearson Correlation	1	.635**	.674**	.633**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Strong loyalty	Pearson Correlation	.635**	1	.809**	.688**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
High trust	Pearson Correlation	.674**	.809**	1	.761**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Evenhanded negotiations	Pearson Correlation	.633**	.688**	.761**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.11: Correlation Matrix of Relationship Commitment

		Very committed to	Very important	Intend to maintain	Maximum attention
Very committed to	Pearson Correlation	1	.830**	.634**	.714**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Very important	Pearson Correlation	.830**	1	.612**	.719**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Intend to maintain	Pearson Correlation	.634**	.612**	1	.602**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Maximum attention	Pearson Correlation	.714**	.719**	.602**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.12: Correlation Matrix of Relationship Information Exchange

		Helpful information	Frequent and informal	Proprietary information	Kept informed	Hesitation
Helpful information	Pearson Correlation	1	.617**	.553**	.626**	.404**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	254	254	254	254	254
Frequent and informal	Pearson Correlation	.617**	1	.518**	.643**	.388**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	254	254	254	254	254
Proprietary information	Pearson Correlation	.553**	.518**	1	.645**	.410**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	254	254	254	254	254
Kept informed	Pearson Correlation	.626**	.643**	.645**	1	.460**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	254	254	254	254	254
Hesitation	Pearson Correlation	.404**	.388**	.410**	.460**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	254	254	254	254	254

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

Table Appendix 8.13: Correlation Matrix of Relationship Flexibility

		Flexibility to request for change	Adjustments to changing circumstances	Process to increase flexibility	Adjustments to environmental changes
Flexibility to request for change	Pearson Correlation	1	.748**	.676**	.449**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Adjustments to changing circumstances	Pearson Correlation	.748**	1	.686**	.628**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Process to increase flexibility	Pearson Correlation	.676**	.686**	1	.545**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Adjustments to environmental changes	Pearson Correlation	.449**	.628**	.545**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.14: Correlation Matrix of Relationship Harmony

		Increased productivity	Productive ideas	Relationship strength and effectiveness
Increased productivity	Pearson Correlation	1	.795**	.811**
	Sig. (2-tailed)		.000	.000
	N	254	254	254
Productive ideas	Pearson Correlation	.795**	1	.842**
	Sig. (2-tailed)	.000		.000
	N	254	254	254
Relationship strength and effectiveness	Pearson Correlation	.811**	.842**	1
	Sig. (2-tailed)	.000	.000	
	N	254	254	254

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

Table Appendix 8.15: Correlation Matrix of Export Experience

		Sources of market information	Information on sales opportunities	Information on legal frameworks	Quality of market information
Sources of market information	Pearson Correlation	1	.693**	.544**	.683**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Information on sales opportunities	Pearson Correlation	.693**	1	.572**	.722**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Information on legal frameworks	Pearson Correlation	.544**	.572**	1	.688**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Quality of market information	Pearson Correlation	.683**	.722**	.688**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.16: Correlation Matrix of Management Commitment

		Important operations	Increase business dealings	Valuable investment of resources	Positive effect on overall performance
Important operations	Pearson Correlation	1	.719**	.757**	.768**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Increase business dealings	Pearson Correlation	.719**	1	.772**	.783**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Valuable investment of resources	Pearson Correlation	.757**	.772**	1	.825**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Positive effect on overall performance	Pearson Correlation	.768**	.783**	.825**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.17: Correlation Matrix of Resource Commitment

		Technological resources	Managerial resources	Human resources	Financial resources
Technological resources	Pearson Correlation	1	.565**	.503**	.517**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Managerial resources	Pearson Correlation	.565**	1	.710**	.565**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Human resources	Pearson Correlation	.503**	.710**	1	.607**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Financial resources	Pearson Correlation	.517**	.565**	.607**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.18: Correlation Matrix of Home Government assistance

		Australian Federal Government	State Government	Trade Associations	Australian Diplomatic Missions
Australian Federal Government	Pearson Correlation	1	.620**	.537**	.642**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
State Government	Pearson Correlation	.620**	1	.639**	.620**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Trade Associations	Pearson Correlation	.537**	.639**	1	.684**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Australian Diplomatic Missions	Pearson Correlation	.642**	.620**	.684**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.19: Correlation Matrix of Host Policy Favourability

		Export regulations	Import regulations	Tax regulations	Remittance and repatriation regulations
Export regulations	Pearson Correlation	1	.696**	.545**	.552**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Import regulations	Pearson Correlation	.696**	1	.558**	.561**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Tax regulations	Pearson Correlation	.545**	.558**	1	.704**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Remittance and repatriation regulations	Pearson Correlation	.552**	.561**	.704**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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

Table Appendix 8.20: Correlation Matrix of Competitive Intensity

		Cut-throat competition	Intense rivalry	Promotion wars	Fierce price competition
Cut-throat competition	Pearson Correlation	1	.819**	.601**	.692**
	Sig. (2-tailed)		.000	.000	.000
	N	254	254	254	254
Intense rivalry	Pearson Correlation	.819**	1	.612**	.680**
	Sig. (2-tailed)	.000		.000	.000
	N	254	254	254	254
Promotion wars	Pearson Correlation	.601**	.612**	1	.649**
	Sig. (2-tailed)	.000	.000		.000
	N	254	254	254	254
Fierce price competition	Pearson Correlation	.692**	.680**	.649**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	254	254	254	254

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