Relationship Quality in Cross-Border Exchanges: A Temporal Perspective

Houcine Akrout
INSEEC Business School, 27 avenue Claude Vellefaux 75010 Paris, France

February 2013

It can be purchased at: http://www.tandfonline.com/doi/pdf/10.1080/1051712X.2014.952179#.VGeblzSG81I
Structured Abstract:

The purpose of this research is twofold: first, to tackle the concept of relationship quality in cross-border exchanges from a temporal perspective and second, to address its determinants, particularly the role of cultural sensitivity, with respect to each phase of the relationship.

We used 39 semistructured, in-depth interviews with buyers located in France from a range of sectors to explore the nature, the transformations and the determinants of relationship quality. The multi-phase qualitative analysis shows that, as relationships evolve, there are fundamentals transformations among components and antecedents of relationship quality. Cultural sensitivity plays a key role during the most advanced phases of the relationship. The primacy of economic logic seems to dominate the exploration phase; cognitive aspects are emphasized in the expansion phase; and the engine of relational quality, in the maintenance phase, is revealed as a combination of affective and emotional factors. As the emotional ties deepen, relationship quality will exceed what could have been expected, given the cognitive elements exchanged. Theoretical and managerial implications are proposed. Two limitations to this study should, however be emphasized. The first concerns the multi-sectoral nature of the sample and the second is the monadic character of the research.

The originality of the paper is the phase-specific study of the multidimensional meta-concept of the relationship quality in the context of a cross-border exchange. The paper argues and empirically supports how relationship quality is changing in each phase.
Keywords: B-to-B relationship, Relationship quality, affective trust, affective commitment, relational satisfaction, cultural sensitivity, quasi-longitudinal analysis, relationship phases.

Various studies stress the importance of developing and maintaining, over time, a quality relationship between customers and suppliers in cross-border exchange (Zhang et al., 2003; Harich Labahn, 1998). Not only are international inter-company relationships conducted in a high-risk environment, characterized by information asymmetries liable to lead to opportunistic behavior (Bradley et al. 2010), they are also strongly affected by cultural contingencies.

Compared to domestic exchange, cross-border exchange is more conducive to conflict because of partner goal divergence and cross-cultural differences. Given this increase in vulnerability, differences in perceptions of contractual clauses, product complexity, large investments and high-stakes negotiation requiring a sense of the long term (Usunier, 2001), relationship quality is even more crucial in a cross-border exchange context.

Regarding the study of its evolution, researchers admit that relationship quality is a dynamic process consisting of many stages, they have only analysed it from a static viewpoint. Despite the impetus given to the study of relational dynamics by the growing corpus of research in the field of domestic exchange (Grayson and Ambler 1999; Jap and Anderson 2007; Palmatier et al. 2013), the study of the relationship quality concept in cross-border exchanges has not been accompanied by an in-depth examination of the forms characterizing its components, and their fundamentals transformations over time. We shall endeavor to make good this lack in this paper.

The aim of this paper is twofold: first, to tackle the concept of relationship quality in cross-border exchanges from a temporal perspective and second, to address its determinants, particularly the role of cultural sensitivity, with respect to each phase of the relationship.

Thus, our thinking clearly falls within the paradigm of relationship marketing and its
extension to the international level (Samiee and Walters, 2003, 2006). In our view, the study adds to the understanding of relationship quality transformation, and of the management of relationships between buyers and sellers in cross-border exchanges.

In the first part, we discuss the conceptual framework of relationship quality and cultural sensitivity. The second part is devoted to analyzing the results of a qualitative study of 39 Purchase Managers in companies located in France and engaged in cross-border exchange from various B-to-B sectors.

THE CONCEPTUAL FRAMEWORK

Loyalty creation factors (Hewett et al., 2002), close collaboration (Anderson and Narus, 1990), improvement of operational planning (Han et al., 1993), security and continuity of business flow (Sheth and Sharma, 1997), the virtues of the relationship quality have often been demonstrated and reported by researchers.

RELATIONSHIP QUALITY: A MULTIFORM META-CONSTRUCT

The relationship marketing literature refers to several definitions of relationship quality, all fairly similar. Reflecting the overall strength of the relationship, relational quality is a broad assessment of the strength of a relationship and how it meets the needs or expectations of the parties, in accordance with the history of failures and successes recorded during the relational process (Crosby et al., 1990). In other words, it is a kind of overall judgment of interactions that ultimately depend on acts by the personnel in contact with each other – the active participants in the process – and their ability to meet the needs and expectations of their exchange partners (IMP Group, 1986). Jap et al. (1999) consider relationship quality as consisting of evaluations of various aspects of relationship-attitudinal, process, and future expectation. We follow the latter definition for two reasons. First, it emphasizes the processual nature of the relationship, which fully justifies the approach we adopt in this study: each phase is predetermined by the preceding phase (Dwyer et al., 1987; Jap and Anderson,
A history of successful basic exchange between exchange parties precedes any willingness to move towards close collaborations. There is thus a “memory effect” which shapes the actors’ behavior. Second, it refers to a regular assessment of the relationship, calling for a methodological approach based on the quasi-longitudinal analysis (Eggert et al., 2006) used for this paper. Several studies have shown that relationship quality has a positive effect on the development and maintenance of customer-supplier relations (Palmatier et al., 2007; Skarmeas et al., 2008). In the literature, relationship quality is viewed as a meta-construct conceptualized in a multidimensional way (Crosby et al., 1990; Dwyer et al., 1987) by a set of variables such as trust, opportunism, commitment, satisfaction and ethical profile. However, the triptych trust / commitment / satisfaction seems increasingly to be agreed upon by the majority of researchers in B-to-B studies (Crosby et al., 1990, Vieira et al., 2008; Skarmeas et al., 2008; Athanasopoulou, 2009) highlighting that these three dimensions are, on the one hand, inter-related and, on the other, that they evolve and change during the relationship. A multi-form conceptualization of these constructs encompasses the effect of time and ties in so well with the needs of this research. Thus, over time, three forms of trust may be identified (The authors, 2010): calculated trust, cognitive trust and emotional trust. As regards commitment, researchers (Ganesan et al., 2010) distinguish two forms: calculated commitment and affective commitment. And in regard to satisfaction, the B-to-B literature reveals two forms: the first, more intermittent, known as transactional satisfaction and the second, more cumulative, termed relational satisfaction (De Wulf et al., 2001, Ural, 2009).

We will now elaborate on the constituent elements of relationship quality and their forms.

**Trust**

It is in the industrial context that trust has emerged as a key success factor which is indispensable in customer/supplier relationships. Indeed, it is often noted that, in B-to-B, year t’s sales are 90% based on sales in year t-1 and, within this perspective, trust in the partner
plays a pivotal role for maintaining the relationship, and consequently for profitability. This role proves to be even more crucial in customer/supplier relationships at the international level (Zhang et al., 2003).

**Conceptualization and forms**

There are three main views of trust in recent thinking.

- The first understands trust as an expectation (Dwyer et al., 1987) or belief (Morgan and Hunt, 1994; Kumar et al., 1995). Stemming from social psychology, this conception focuses more on the foundations of trust than on its behavioral effects.

- The second understands trust solely through its behavioral effects. Trust is thus treated as part of behavioral intention. In this sense it is closely related to notions of vulnerability and uncertainty (Moorman et al., 1992): the vulnerability of the person who gives his trust, since by trusting the other party, he puts himself in his hands. And it is also treated as trusting behavior actions, thus involving the notion of risk pertaining to deciding to trust someone.

- The third combines the two previous senses: trust is viewed both as expectation and as behavioral intention (Moorman et al., 1992, McEvilly et al., 2012). Unlike the first sense, this approach considers trust as an attitude variously incorporating cognitive, affective and behavioral elements.

Researchers unanimously view trust as a dynamic process. Mayer et al. (1995), for example, believe that a better understanding of trust comes from considering its evolution over time because of the development of the relationship.

Of a mainly theoretical nature, studies incorporating the processual aspect of trust have shed light on the process of developing trust (Lewicki and Bunker, 1995). They report a change in
its nature and antecedents, depending on the phase of the relationship. These researchers agree that trust develops gradually over time (Rempel et al., 1985), beginning at a low level and gradually increasing as the relationship is consolidated and strengthened.

The study by Rempel et al. (1985), based on attribution theory, also indicates the existence of three levels of trust: predictability, dependability and faith. Predictability is influenced by the observed behavior of the partner and the stability of the social environment. Reliability is built on the perceived moral qualities of the partner. Finally, faith corresponds to emotional security. Lewicki and Bunker (1995) provide a typology of the development of trust in professional relationships. They view the development of trust as a process that includes several determinants at the beginning, middle and last phase of the relationship. As a business relationship evolves three phases of situational trust are emphasized: trust based on calculation, accompanied by sanctions; trust based on knowledge, maintained by the ability to predict the behavior of the other person; and trust based on identification, fueled by empathy with the other person’s wishes and needs. These three phases are interdependent and the emergence of a phase is made possible by the completion of the preceding phase. A recent study (The authors, 2010) confirms the existence of these three forms of trust.

**COMMITMENT**

The concept of commitment has been the subject of many studies in various fields such as social exchange (Cook and Emerson, 1978) and inter-organizational theory (Allen and Meyer, 1990). In the field of relationship marketing, it is considered a key factor in explaining the customer/supplier relationship (Dwyer et al., 1987; Morgan and Hunt, 1994).

*Conceptualization and forms*

Commitment was initially conceptualized as an attitudinal construct amounting to an implicit or explicit promise of relational continuity between partners (Dwyer et al., 1987). This approach takes into account only the favorable attitude of continuity and therefore seems too
narrow and simplistic. Other approaches offering a broader conception seem to us to be much more relevant for the study of commitment.

In this regard, Gundlach et al. (1995) define commitment on the basis of three components: an instrumental component resulting from an assessment of the costs, risks and benefits associated with commitment in the relationship; an attitudinal component – described in terms of emotional commitment – reflecting the desire and intent to develop the relationship and maintain it a stable way, which implies keeping a certain cohesion in the relationship (Dwyer et al., 1987); and a temporal dimension (Anderson and Weitz, 1992; Morgan and Hunt, 1994), explained by the fact that the partners need to commit themselves over a long-term period.

Similarly, the definition provided by Rylander et al. (1997) – “An enduring desire to develop and maintain exchange relationships characterized by implicit and explicit pledges and sacrifices for the long term benefits for all the partners involved” – brings out these three different aspect of commitment: a calculated dimension, based on a trade-off between the benefits hoped for and the sacrifices agreed to; an affective dimension; and a dimension relating to the intention to continue the commitment in future. Other researchers (Kumar et al., 1995; Geyskens et al., 1996; Fullerton, 2005) emphasize two forms of construct: calculated or cognitive commitment, and affective or emotional commitment. Calculated, continuance or cognitive commitment, reflects a willingness to adopt behavior based on a rational economic decision, weighed up against the cost of switching which, according to Geyskens et al. (1996), results in “a cold calculation of costs and benefits associated with maintaining the relationship.” Affective, or emotional, commitment, corresponds to a desire to belong to the organization and adopt its values and goals (Geyskens et al., 1996; Kumar et al., 1995), reflecting a real identification and an emotional attachment between the partners.

SATISFACTION
The concept of satisfaction is often presented as an essential dimension of relationship quality. Most researchers agree that satisfaction plays a key role in successful customer/supplier relationships (Jap and Ganesan, 2000; Morgan and Hunt, 1994; Crosby et al., 1990). It should be noted here that this role is completely destroyed in the absence of two other dimensions, namely trust and commitment.

Conceptualization and forms

The concept of satisfaction has been the subject of an extensive literature in the field of mass consumption (Hennig-Thurau et al., 2002), and has been described as a post-purchase process through which the consumer evaluates the performance of a product or service. Researchers in B-to-B point to two forms of satisfaction: one, transactional satisfaction, is the result of the confirmation or disappointment of initial expectations at the end of a one-time experience; the other, relational satisfaction, refers to a lasting psychological state that takes account of the various aspects of the relationship in regard to the different experiences and observations pertaining to the partner during the exchange process. Relational satisfaction has two aspects: a cognitive aspect, based on evaluation of past performance of the relationship in achieving the objectives and expectations of the two partners (Crosby et al., 1990) and an affective aspect, based on the pleasure and emotion experienced during the collaboration (Palmatier et al., 2007).

Customer satisfaction is thus an ongoing, permanent process and concerns the whole relationship (Eggert et al., 2006). Hence satisfaction related to a positive one-time experience will cumulatively enhance overall satisfaction.

Cultural sensitivity or cultural/psychic distance?

Researchers (Crosby et al., 1990; Batonda and Perry, 2003) have shown that companies, to achieve successful business relationships over the long term, should be moreover sensitive to the cultures of foreign partners. Zhang et al. (2003), Sousa and Bradley (2006) and Prime et
al. (2009) have suggested using the concept of cultural/psychic distance. Yet research, including a study by Evans and Mavondo (2002), reveals that a large cultural distance between buyers and sellers and high performance are not antithetical. The empirical work of Bianchi (2006) carried out in an international B-to-B context corroborates this finding by confirming the lack of connection between cultural distance and constructs, prior to performance, such as trust and commitment. In the present study we have chosen to retain the least restrictive concept of cultural sensitivity. The concept of cultural sensitivity has aroused the interest of researchers in various fields of management (strategic alliances, human resources training for expatriates, consumer behavior, etc.). In international B-to-B, cultural sensitivity has been defined as “an seller’s awareness of, and adaptation to, its buyer’s domestic market business practices” (LaBahn and Harich, 1997). It is widely recognized that negotiations between firms internationally are sensitive to the cultural context. Ford et al. (2003) accordingly suggest that culturally distant sellers devote greater effort to all aspects of building relationships than sellers who are culturally closer to their foreign customers. In showing consideration and concern, the culturally sensitive seller helps strengthen emotional ties by promoting the formation of more enduring links and thus facilitating the communication process with its foreign customer. A real psychological link between the culture of the seller’s country and that of the buyer’s, cultural sensitivity reflects the ability of the exporting firm to engage in an effective cultural exchange with foreign customers (Grewal and Dharwadkar, 2002).

There is no doubt that international marketing specialists have stepped up work on the cultural dimension, particularly by mobilizing culturalist approaches. However, the fact remains that this angle of approach remains focused on cognitive aspects, often incorporated into international marketing mix variables. Yet international B-to-B marketing is also open to an interactive approach – the interaction process, the participants in the interaction (including
personnel and culture), the atmosphere and general environment of the relationship – as was initially shown by the work of the IMP Group (1986). Therefore, the company’s success is closely linked to the cultural sensitivity of its contact personnel, his ability to decode both the behavior of the interface personnel and the working methods – necessarily embedded in local cultures – of international clients.

METHODOLOGY OF THE STUDY: USING A MULTI-PHASE APPROACH

As mentioned above, less is known about the evolution of relationship quality in cross-border exchange. To investigate its traits, we opt for qualitative methods, more appropriate to elucidate processes and the fundamental transformation of constructs over time. The specific multi-phase study will give more insights into relationship dynamics. After explaining data collection, context, unit and method of analysis, we will present the procedure of the validity checks.

DATA COLLECTION

Given the difficulty of collecting longitudinal data, we followed the alternative methodology recommended by Anderson (1995). This approach has been tested by Eggert et al. (2006) in the study of value creation in B-to-B customer-supplier relationships. Accordingly we proceeded in two stages. The first involved drawing up a list of 150 companies from the Kompass database meeting the three following criteria: 1) the existence of a formalized purchasing function in the company organization, 2) location (France: the Greater Paris region and inner suburbs) and 3) the existence of several foreign suppliers. Of these 150 companies, 50 agreed to contribute to our study. The second stage involved the formation of groups. Within this perspective and following Anderson’s (1995) recommendation and the theory of relationship development of Dwyer et al. (1987), prior to the interview we sent a brief description of each phase of the relationship to respondents (see Appendix1&2), so that
they could choose which one best characterized the phase of the relationship they had with their foreign suppliers. The analytical framework (DSO model) has the advantage of linking relationship with Time and more precisely the connection between past, present and future. The « memory effect » embedded in customer behavior, above all in the expansion and maintenance phases, was inherent in the DSO Model of Relationship development.

Insofar as in the first and last of the five phases there is not yet or no longer any exchange between partners, we simplified our analytic framework by focusing solely on the three key phases of the relational process, namely exploration, expansion and maintenance. This focus allowed us to create three sub-samples corresponding to these three phases of the relationship. Finally, according to the principle of semantic saturation and theoretical saturation, reached when the sample is sufficiently varied – in this case on the basis of the phases of the relationship – and further observations no longer provide new information able to enrich the theory, the number of interviews was stopped at 39.

To implement the study, a semi-structured interview guide (Appendix 4) was designed with the main intention being to get a full understanding of the nature and the evolution of quality relationship, as well as the role of cultural sensitivity. The five following themes were investigated: (1) the characteristics of the relationship between buyer and international seller (seller), (2) the quality of the relationship with a supplier, restating the current phase of the relationship, (3) the forms of trust, commitment and satisfaction, (4) the factors conducive to improving the quality of the relationship over time and (5) the seller’s personal characteristics and cultural sensitivity, while taking the precaution of systematically reformulating the respondents’ comments.

The 39 semi-structured interviews with buyers lasted an hour and a half on average and conducted from October 2011 to March 2012.

All interviews with buyers were first tape-recorded and transcribed then clustered as follows.
- 9 interviews with buyers where the relationship with the international seller is in the exploration phase;
- 15 interviews where the relationship is in the expansion phase;
- 15 interviews where the relationship is in the maintenance phase.

**Method of analysis**

Responses were coded on the basis of a mixed model. Many of the categories used in coding the data were predetermined from the outset (Huberman and Miles, 2002), but were not set in stone. This flexibility gave us the possibility of rejecting, retaining, supplementing and enriching some of these categories. The analysis was somewhere between a purely inductive and deductive approach. To capture the transformation of the relationship construct over time, we choose the phase as “unit of analysis” and the thematic content analysis comprised two main stages: categorization and interpretation (Bardin, 2001). In the categorization stage, we brought together, in a single table, all the interviews in columns (orderly by phase) and the categories in rows. We thus obtained both a vertical (the comments of each respondent/phase on all the themes addressed) and horizontal (the comments of all the respondents on a particular topic) reading. In the interpretation stage, we used a qualitative approach to identify the presence or absence of a given characteristic and a quantitative approach to calculate the frequency of occurrence of words and expressions pertaining to the different themes. These enabled us to identify similarities and divergences among the three sub-samples and drawing conclusions on the empirical material.

**Validity checks**

In order to ensure the study’s trustworthiness (Lincoln and Guba, 1985), we firstly check with the interviewees to confirm the phase’s relationship and and the nature with the supplier chosen in their prior assessments. In this way we could be sure of the interviewee’s own perceptions of reality. We also renew our commitment preserving the confidentiality of data.
collected to create mutual trust and promote veracity of statements. Interviewees - on their own initiative - provide a retrospective account of their relationship. Secondly, to meet the dependability requirement, we implement a double coding (Krippendorff, 2003). At the interpretation stage we applied a Kruskal-Wallis test (Appendix 3) that confirms, on the one hand, that the duration of the relationship and the length of time respondents have been in their current job varies according to the phase and, on the other, that the number of employees in the company and the respondents’ age does not vary for these same phases. Additionally, using investigator triangulation, we asked three experienced senior purchasing managers (from Thalès, Monoprix and Rakuten) to read the paper and comment on its relevance to their relationships with foreign sellers. All of them corroborate the findings.

**FINDINGS OF THE STUDY IN THE CONTEXT OF CROSS-BORDER BUYER-SELLER RELATIONSHIPS**

We will examine in detail the evolution of the dimensions of the quality relationship between buyers and foreign sellers and its determinants, according to a three-phase relationship typology: exploration, expansion, maintenance.

**RELATIONSHIP QUALITY IN THE EXPLORATORY PHASE**

This phase of the relationship, marked by significant asymmetries of information between seller and buyer, is characterized by cautious behavior based on research and testing. We present below the most salient points regarding the dimensions of relationship quality and its determinants.

At the international level, trust between the parties to the exchange plays a pivotal role in initiating the relationship and, consequently, for achieving and maintaining profitability for the partners. In addition, developing gradually over time (The authors, 2010, 2011), trust begins at a low level and in a calculated form. "Before working with a supplier, one is always a bit wary. So he has to be tested, and this is done by ordering a small volume. This allows us
to check his responsiveness, his commitment to deadlines, and the follow-up to the order. In finding out about the supplier, each of us tries to see the benefits we can derive from the relationship.” The relatively short history of previous exchanges favors a form of trust still subject to the evolution of the risk/benefit ratio. “I’ll be honest with you, I’m very pragmatic. Our job is not to say we’re in a trusting relationship with the supplier who delivers such and such a product at this price and we’ll continue with him. Even if I trusted him I have to keep my eyes open regarding the rest of the market. That’s what I’m paid for: to keep my eyes open! Otherwise the company doesn’t need me (...) what matters to me at this phase is the result.”

Although the relationship is in its infancy, the seller is also evaluated in terms of the commitments made. Here commitment includes a calculated component resulting from an assessment of the costs, risks and benefits associated with the relationship. “You should never make hasty commitments. Commitments are made at the appropriate time. If we’ve already made two or three purchases from him and we have a certain trust in him, this will encourage us to commit ourselves a fourth time, that’s for sure.”

Furthermore, it is important to note the presence of a temporal dimension of commitment based on perceptions (the true determinants of the intention to continue the exchange relationship) that each party to the commitment will have of its partner. “Thanks to a contract, we have committed ourselves and we have set the rules. It’s give and take, each party meeting its commitments to ensure that everything happens for the best.”

During the exploration phase, the relationship is still fragile and can easily be called into question. As the key dimension of the relationship quality, satisfaction is all the more important in that the customer does not yet consider himself dependent on his supplier and can break off the relationship quite easily. His degree of satisfaction results from the confirmation or disconfirmation of his expectations. This form of satisfaction, based on
cognitive elements, is transactional satisfaction. “Satisfaction in terms of sales and reputation is very important for the beginning of a relationship, so we pay a great deal of attention to the first contacts we have with that supplier and we both try to respond to initial expectations and to maintain a healthy relationship. If there is no mutual satisfaction the contract would no longer be relevant.”

**DETERMINANTS IN THE EXPLORATION PHASE**

- The frequency of interactions

The trial process in this phase may be brief or, alternatively, extend over a long period of testing and evaluation (Dwyer et al., 1987). During this phase, the seller’s effort is often directed towards its needs and compliance with the terms of reference. The aim is twofold: first, to create a higher value-added offering by trying to take account of cultural differences; and then to build the relationship by exchanging information on the needs of the foreign customer. “It’s never easy, but I hope that this first deal will be a good one and that it’s been adequately discussed. We’ve exchanged sufficient information for the supplier to know exactly what we expect.”

An seller is more likely to develop appropriate skills by listening, observing and interacting with its partners. The company’s interactions with customers involves not only making clear what its expectations are but also shared cultural knowledge. The need to increase the frequency of interactions is also crucial for the buyer. “For the moment, we are paying attention to clearly defining our requirement. This is very important every time and it’s not typical for this particular case. Clearly defining the requirement avoids misunderstandings and avoids quality problems. The reason we went to see how it works in Germany was to increase the likelihood of it starting well for us.”

- The benefits of the relationship

The benefits of the relationship (Palmatier et al., 2007) refer to the relational and economic benefits derived by the customer and justify continuing the exchange relationship. Early in the
relationship, the benefits mainly concern the economic, technical and logistical aspects directly related to the reliability and maintenance of the supply itself. “First of all, regarding the product, there are certain standards and norms to be observed. Then there is the quality of service offered: delivery times, the choice of transport, ease of payment, payment schedules, the efficiency of the After Sales Service. At the beginning of a relationship all this plays a major part.”

- **The seller’s qualities: competence**

The expertise and know-how of the seller are important elements for its credibility and thus represent the basis of the relationship quality. “There are many key elements that have improved our relationship. His know-how, that is to say, that he’s been in business for a number of years, so I know he knows his job. And he’s serious and determined in his work, so I can easily have confidence in him.”

The degree to which the customer believes his foreign supplier has the requisite competence also helps establish a lasting relationship. “The fact that this factory has the skills we were looking for, with a modern design team and tools, persuaded us to enter into a commercial relationship with this supplier.”

- **Cultural sensitivity**

The willingness of the seller, during this phase, to respond to cultural differences and commercial expectations is not necessarily accompanied by great cultural sensitivity. “I’m not sure whether this supplier really understands how we run our business. That said, it’s not hugely important in our case for the moment. On the other hand, we should on our side understand and try to adapt to the ongoing changes in China. Otherwise, we can no longer work as well as before.”

The seller’s cultural adaptation is generally limited to the development of an offering conforming to the norms of the market targeted. “I think it is the foreign suppliers who adapt
to us, so as to increase their turnover and sell as much as possible. On the other hand, they are not sensitive to our problems and our way of doing business. It’s still a little early to tell because our relationship is in its infancy.”

In this phase, relationship quality is not yet very strong but is sufficiently well established to create the conditions for future expansion.

**RELATIONSHIP QUALITY IN THE EXPANSION PHASE**

The first results of past interactions begin to satisfy the partners; the prospect of working within a long-term relationship gains ground. In the way the partners interact, a cognitive dimension emerges in their exchanges. Below, we successively explain the dimensions and determinants of the relationship quality.

In this phase, we observe a regularity and consistency in the seller’s performance, in relation to the quality of products and services purchases, which reduces the risk perceived by the foreign customer and contributes to the strengthening of trust. This trust building is based on cognitive exchanges. “I had the opportunity to visit the plant in question. I know the boss personally and deal directly with him. I understand how they work, their mentality. The level of knowledge of the supplier indicates the degree of trust we have in him. And in this instance, we know each other very well.”

Notable here is the progressive disappearance of the customer’s need to spell out his expectations and problems. The two parties mutually understand each other.

While it corresponds to the wish to maintain the relationship in the long term (Dwyer et al., 1987), commitment is more akin to an economic constraint implying consent by both parties to make a personal effort. “Generally speaking, I would define our commitment in terms of three ideas: loyalty, transparency and mutual respect.” This commitment comprises both an economic and a cognitive dimension.
Satisfaction is based on evaluation processes that are both transactional and relational. Specifically, the buyer takes into account the economic impact of the relationship on the performance of his business (negotiation costs, transaction costs) and the increase in sales (sales effectiveness, product usage). His satisfaction depends on the achievement of his objectives and expectations. “Our supplier must be able to show us that he can meet our expectations, work according to our working conditions, meet deadlines and comply with social and environmental standards.”

It should be noted that non-compliance or non-execution of an agreed task, in a phase where trust is still cognitive in nature, can result in frustration and even disappointment, possibly leading to termination of the relationship.

**DETERMINANTS IN THE EXPANSION PHASE**

- **Communication**

This phase is the time for deepening the relationship through improved information exchange. Any difficulties that may arise, such as cultural barriers or those relating to business practices, are more easily overcome in this phase. “Our supplier himself insisted on visiting our facilities, our offices and our stocks in order to understand our mode of operation and management. It was a matter of getting to know us and having confidence in us, I think.”

Communication and ongoing dialogue have prophylactic properties that prevent misunderstandings. “Dialogue is essential in this phase because my supplier needs to realize that sure, costs and prices are rising in China, but the current economic situation is in fact difficult for everyone. So we both have to make efforts to maintain a good level of exchange.”

- **Idiosyncratic bilateral investments**

The making of specific investments on both sides amounts to a real commitment and attests to a heightened level of the relationship quality. “The point which definitely allowed us to extend our agreements was the presentation by the owner of certain projects for technical investment and enlarging the surface area of the plant in the medium and long term. The latter evidence
was strategically decisive: the undeniable skills and future potential of the plant perfectly fitted the picture we had of the ideal supplier.”

These investments can also take the form of voluntary exclusivity. “He made sure he had only one customer in each country and we are also his only customer in France. He is someone who is conscientious and makes a big effort.”

- Conflict resolution
In conducting the exchange, the seller seeks to harmoniously resolve any conflicts and thereby to keep the relationship quality secure. “After listening to him, I’m aware that he really does have labor problems in China and that the merchandise is increasingly expensive, but I must also make him understand that here too the costs are going up. Faced with similar difficulties, we have always found grounds for agreement, and a favorable outcome to the problem.”

- The seller’s qualities: responsiveness
Responsiveness, in this phase, is the bulwark against the customer’s possible dissatisfaction and is related to the ongoing maintenance of the relationship quality. Any unsatisfactory relational performance can be more easily corrected by the seller’s promptness in resolving the problems arising. “In regard to this supplier’s specific characteristics, he is very responsive whenever I have a logistical problem or a traceability problem and this is what I expect from him. He is also innovative in his working methods, in that he works a lot through the Internet.”

- Cultural sensitivity: a concern for both the seller and the buyer
Though the expansion phase is characterized by the acceleration of information flows between partners, it nevertheless does not entail a behavioral affinity leading a fulfilling relationship. “By explaining to him how we work in France, the situation has improved and continues to do so. However, despite our very good relations, there are still points where we
differ (...) We nonetheless continue to make mutual efforts that allow us to work hand in hand.”

It is important to emphasize the awareness of the need to make mutual efforts.

**RELATIONSHIP QUALITY IN THE MAINTENANCE PHASE**

This advanced phase is characterized by predominantly emotional aspects. This affective dimension of the exchange has been demonstrated by authors such as Cova and Salle (2000), who, in a research project on international business, show that the exchange between the two parties creates, over time, a kind of emotional superstructure having a positive impact on the customer/supplier relationship.

The relational links between the partners during this phase tend to become more empathetic, as trust builds and increasingly contributes to a sense of security. “Trust is essential, especially in our businesses. This trust comes with time, but also through the reputation and standing of the company. “Our supplier, one of the largest in the world, has marketed its products worldwide for over 50 years, and this generates a sense of security when one engages in commercial relations with it.”

This heightened level of trust is shown by the formation of strong and resilient emotional relationships creating bilateral solidarity between the partners. “It’s when you’ve got problems that you find out who your real friends are, and in business it’s pretty much the same.”

Commitment becomes stronger and more perceptible between the trading partners. “A few years ago, one of our competitors, who also worked with our supplier, asked it to end its partnership with us. Although our turnover with this supplier is lower than it realized with the competitor, the supplier refused our competitor’s request. The supplier had confidence in us and knew that we would certainly increase our business with him if he continued our partnership (and that's what happened!).”
This type of very advanced commitment can lead to interdependence or even the desire to further deepen the cooperation by developing shared professional experiences.

As part of the history of relationship episodes, satisfaction in this phase embodies a cumulative vision on the part of the buyers. Indeed this satisfaction derives increasingly from an overall assessment of the relationship. “For me, satisfaction is the result of results. It shows and proves that the trust during previous interactions is well-founded. It is an essential criterion in this phase because it enables us to know to a certain extent whether or not we will continue to maintain relations with the supplier. In short, it allows us to situate ourselves regarding the nature and state of the relationship.”

Note that the buyers spontaneously refer to the benefits of satisfaction from relationship quality. “Satisfaction gives rise to discussions, agreements, projects, it strengthens the trust one has in one’s supplier and guarantees a closer relationship. From the moment we are both satisfied, the relationship can only get better, a win-win relationship.”

**DETERMINANTS OF THE MAINTENANCE PHASE**

- **Similarity**

The long-term orientation of the relationship is sustained by the emergence of goals and projects with shared stakes for the customer and supplier. “This agreement between our visions implies on the one hand the co-development of growth, opportunities for international business, and innovation and on the other, the promotion of regular, reliable exchanges of information.” With increased appreciation and sharing of the same values and expectations (Morgan and Hunt 1994), the actions of the parties go beyond consideration of the interests and needs of their exchange partners. “The sharing of cultural and professional standards plays a fundamental role. We have to show that we’re on the same wavelength.”

- **The value of the relationship**
The value attributed to the relationship by the customer (Ulaga and Eggert, 2006) becomes clearer in this phase and goes beyond purely technical and/or technical aspects. “When major changes occur in our company or theirs, management has always kept us informed. Six months ago, the supplier invested in a new industrial machine (...). So he invited us to come and see it, and on the same occasion gave us a demonstration. What was nice was that there was no financial advantage in doing so. The relationship we have with the supplier is underpinned by real sharing, a consistency and transparency between us. It's a major benefit and is characteristic of this long-term partnership.”

It is clear that during this phase, relational benefits are increasingly present and determine the quality of the relationship.

- **Confidential communication**

Based on the partners’ mental and cultural programs, communication consolidates the quality of the relationship. “We see each other about twice a year, but with growth of new technologies we manage to communicate and keep each other informed of our situations fairly regularly, at least once a month and we can therefore speak easily about our common projects.”

Communication provides the basis for the development of common objectives and values (Ural, 2009) and becomes more frequent if one seeks to intimately understand what is at stake for one’s partner. “As soon as a particular issue crops up, he calls us and asks us our opinion. It is also an informal relationship, it's true, but at the same time it allows us to have a very good understand of his business and we know very well who does what and so we can spend less time on it.”

- **The seller’s qualities: responsiveness and proactivity**

As well as responsiveness, the seller’s proactivity – by reducing the customer international’s feeling of vulnerability or impression of opportunistic behavior – is the main contributor to
the relationship quality. “For example, when there were transport strikes, he was responsive and was able to interpret things. I was having problems with various air freight organizations, but he wasn’t put out and arranged his own air transport so that I could make all my deliveries for the end-of-year festivities, whether or not there was snow. He’s also very interested in current events in France such as strikes, weather or other alerts, and is able to look ahead.”

- Cultural sensitivity

Cultural sensitivity reflects the ability of the exporting firm to engage in a positive cultural exchange with its foreign customers. Sellers with high levels of cultural sensitivity are likely to accept more easily the differences between their own culture and others. They are willing to “learn” from other cultures and show pleasure in being with and working with the buyer’s contact personnel. “For us, he gets involved and makes sure that everything goes as arranged, despite the fact that our two cultures are different. He takes the trouble to adapt by learning our language. So the cultural gaps that might have existed between our two cultures have disappeared over time.”

Cultural sensitivity enables information about the buyer’s market to be better interpreted. “He is very familiar with the French market and particularly French regulations. He knows the requirements we are subject to and adapts accordingly.” Cultural sensitivity also helps the partners to adapt in cases of changes linked to the evolution of the business. “His adaptation to our way of doing business has improved the quality of our relationship. Partly, because he adapted by learning our language, which greatly helped exchanges and transactions. And partly because he is very interested in our activities and respects the way we do business.”

The engine of relationship quality, in this maintenance phase, is revealed as a combination of strong reciprocal cultural sensitivity, formal/informal and confidential communication on both sides, responsiveness and proactivity, and convergence of business visions.


**DISCUSSION AND IMPLICATIONS**

Our findings elucidate that the construct of relationship quality is the subject, over time, to a combination of two types of change: the first one is similar to a “gamma change” emphasized by Golembiewski et al. (1986), corresponding to a mutation of concepts of the relational quality to the phase relationship. The second change is a rise of relationship quality (change alpha).

Drawing from these findings, we firstly emphasize the relationship quality phase dependent. This result is in line with recent researchs on relationship dynamics (Jap and Anderson, 2007; Palmatier et al., 2013). Secondly, it is important to note that communication (frequency of interaction, communication and confidential communication) appears as a ubiquitous (present in all phases) determinant of relationship quality. This finding is not surprising considering the specificity of cross-border exchange (Lages et al., 2005) and highlights the importance of the interpersonal component of this type of business relationships to enable open and easy exchange between partners belonging to different cultural contexts.

More specifically, our theoretical framework enrichs previous research and improves the understanding of relationships in a cross-border exchange, within a temporal perspective. Thus, an important implication of a multi-form conceptualization of constituent elements of relationship quality (calculative, cognitive and affective) is that it enables managers to identify “mutation” and therefore capture relationship quality dynamics.

The primacy of economic logic (calculated trust and commitment, transactional satisfaction, frequency of interactions, financial benefits and competence of the foreign supplier) determines that relationship quality, in the exploration phase, is driven by transaction costs logic (Williamson 1985; Heide and Stump., 1995; Crosno and Dahlstrom, 2011). Uncertainty and information asymmetry, in this phase, which characterizes cross-border exchanges
increase transaction costs. As business relationships evolve, the main determinants of relationship quality in the expansion phase combine communication, idiosyncratic bilateral investments, resolution of conflicts and mutual awareness of cultural sensitivity, a concern for both seller and buyer in the context of the latter. The major attribute of a foreign supplier is responsiveness. The relationship quality in this phase appears to be a predominantly cognitive evaluation and reflects the formation of cognitive “assets”. In this context, our research leads to broaden the study of relationship quality to social capital theory related to cognitive capital (Nahapiet and Ghoshal, 1998). The cognitive dimension, in this phase, fosters accurate exchange of information across the cross-border interface, diminishing the probability of opportunism and reducing the need for costly monitoring processes.

Finally, in the advanced phase of the relationship (Maintenance), the antecedents are similarity (shared values), relationship value, confidential communication, responsiveness, proactivity and above all, cultural sensitivity leading to cultural compatibility. Trust and commitment become more affective and satisfaction more and more relational.

At this advanced phase, as the emotional ties deepen, relationship quality will exceed what could have been expected, given the cognitive elements exchanged. Shared values between partners buttress the "chemistry" between them, and facilitates the reconciliation of (cultural) differences. This alchemy of feelings, emotions and cultural sensitivity echoes the development of relational capital stressed by Kale et al., (2000) in strategic alliances, the other dimension derived from social capital theory (Nahapiet and Ghoshal, 1998) and embedded in a single business relationship manifested in constructs such as trust, identification (affective trust), and a feeling of shared destiny (Chang & Gotcher, 2007; Kale et al., 2000). Mainly associated with affective assessment, relationship quality, by proxy, indicates the state of relational capital. Occurring at this late stage, results confirm the time dependence of the
development of relational capital, as the development of affective relationship quality requires
time, cultural sensitivity and emotional investment.
In view of the findings, customer/supplier relationships in a cross-border exchange show a
remarkable propensity to transcend cultural contingencies. The initial problems arising during
the exploration phase are more easily overcome through such elements as trust, commitment
and satisfaction. During this exploration phase, the basis for building real relationship quality,
in order to strengthen cultural ties with foreign customers, lies in the implementation of
appropriate strategies, both in terms of market approaches – more Emic (each culture is
unique and the behavior of international customers should therefore be studied and
understood in its cultural context) then Etic (cultural differences are viewed as variations on
universal traits) – and at the level of the interface personnel. However, the ultimate goal of the
international company is to create a resilient, affective relationship quality of the most
advanced and stable kind, which as a corollary will decrease the costs of transaction and of
maintaining the relationship and thus increase the long-term performance of the exchange
partners. To this end, we put forward the following managerial recommendations.

ESTABLISHING A PERMANENT DYADIC TOOL FOR EVALUATING THE RELATIONSHIP
Findings suggest a relationship quality-based governance. Ongoing evaluation of the state of
the relationship should be implemented in a synchronized way (so as to avoid temporal bias in
the respective assessments of the exchange parties). After each transaction, the buyer and
seller mutually evaluate the relationship both at an interpersonal level and at an
interorganizational level on a scale from 1 to 10, supplemented by comments. To the extent
that the constructs of relationship quality interact on the basis of reciprocity, feedback should
be accessible to both parties of the dyad. This periodic and close monitoring (weekly,
monthly, quarterly) allows the relationship to be tracked (in relation to any dissatisfaction,
problems encountered, possible incidents or their recurrence, dimensions of the relationship
possibly affected) as well as the collaboration to be (re)structured (sharing of risks and value, financial commitments, collaboration around human resources and logistics, shared patents, etc.). To make the tool more relevant, the assessment can be refined by specifying the items for each phase of the relationship. For example, during the exploration phase, when emotional investment is very low or non-existent, the diagnosis could focus on the transactional aspects and checking the confirmation or disconfirmation of expectations in terms of the three dimensions of relationship quality. During the expansion phase, it would be appropriate to focus on the cognitive aspects related to possible disappointment and frustration, in order to identify potential conflicts and to detect the warning signs to prevent potential damage, especially if the total score is below a certain threshold previously determined by each company. During the maintenance phase, the evaluation should be directed towards affective information pertaining to the contact (pleasant, warm, human, friendly, courteous, friendly, caring, kind, etc.). This in-depth understanding of emotions is paramount to consolidate and lengthen the relationship between buyer and seller.

Real-time tracking would, in our opinion, contribute to the efficient management of relationships with foreign customers. It ensures that the company is constantly on good terms with its partners, and where appropriate, can undertake corrective action to remedy any problems and even foresee irreversible situations. Since it’s flexible, multiphase and dyadic, we consider that this tool outperforms the simple evaluation of supplier performance or relationship assessment process.

**DEVELOPMENT OF RELATIONAL SKILLS**

The second managerial implication concerns the importance of non-cognitive skills for the relationship quality. Including the emotional and affective capacities, openness of mind and intercultural attitude of the seller-seller, these competences find fertile ground in the most advanced, maintenance phase of the relationship. Furthermore, it would be appropriate to
consider each relationship episode as a mini-maintenance phase, an opportunity to pass on experience based on strong positive emotions. Indeed, the memories associated with emotions (both positive and negative) are often remembered best, suggesting that it is in the seller's interest to make sure the history of the relationship with his customer is charged with positive emotions. Within this perspective, as Fisher and Shapiro (2005) suggest, elements such as appreciation and affiliation may be particularly strengthened. Liking the foreign partner reinforces his collaboration and creates an atmosphere conducive to communication, while affiliation contributes to the formation of a sense of belonging to the same network, thus reducing any mistrust of the partner and promoting the same values and expectations. Affiliation may take the form of intercompany networking or interpersonal clubs. In this regard, social media linked to the company’s information system now represent an opportunity (to sell the relationship before selling the goods). The parties to the exchange interact, in this instance, by working side by side with mutual empathy.

CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

The study of the nature and determinants of relationship quality according to the phase of the relationship is intended to allow better management of buyer-seller in a cross-border exchange. The “evolutionist” bias of relationship quality under the effect, among other factors, of cultural sensitivity, offers us a richer and more instructive framework for customer/supplier relationships at an international level. The DSO approach (Dwyer et al., 1987) has shown the importance of the historical development of successive stages in the long term. This paper has endeavored to improve our understanding of this history: how relationship quality is transformed according to each phase of the relationship. Although the current study is only a quasi-longitudinal study (Anderson, 1995; Eggert et al., 2006), limiting our ability to understand the full richness of their dynamic nature and interaction, we think that it complements and bridges the gap, evidenced in previous research. The discovery
of the determinants of relationship quality and its various dimensions with respect to each phase will, in our view, improve the relationship between buyer and seller in cross-border exchanges.

Two limitations to this study should, however, be emphasized. The first concerns the multisectoral nature of the sample, which can mask moderating effects related to the nature of the product or sector specificities; the second is the monadic character of the research, especially in a field where the dynamics of relationship will increasingly call on bilateral or even multilateral governance between the exchange partners. Owing to practical considerations, buyers will not easily disclose the identity of their suppliers. Information has therefore been gathered from only one of the exchange partners (buyers), where ideally it would be beneficial to get an assessment from both sides. It is reasonable to suppose that a dyadic study would have shown potential discrepancies between the respective views of the buyer and seller.

Given the explorative nature of the research, the framework outlined in this paper needs to be further explored and confirmed by a quantitative study with multi-group analysis (three groups corresponding to the three stages of the relationship) and using structural equation models.

**BIBLIOGRAPHY**


