

**THE ROLE OF EXPERIENTIAL FOREIGN MARKET
KNOWLEDGE AND EXPORTER-IMPORTER RELATIONSHIP
QUALITY ON EXPORT PERFORMANCE SATISFACTION:
EMPIRICAL EVIDENCE FROM SMES IN THAILAND**

**A thesis submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy**

by

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Abstract

Export performance has an important role for firm survival, profitability and growth. Given these benefits and the challenges that firms may face when exporting, scholars have dedicated considerable efforts to understand the factors that enable export success. The current study investigates the role of experiential foreign market knowledge and exporter-importer (E-I) relationship quality for export performance. A conceptual model involving the relationship between the role of experiential foreign market knowledge, E-I relationship quality and export performance satisfaction is developed and empirically tested using data from 264 Thai exporting small and medium-sized enterprises (SMEs). Findings suggest SME managers' knowledge of foreign customers, culture and political environment have a positive influence on E-I relationship quality and satisfaction with export performance. Drawing upon the relational exchange theory, goodwill trust was found to be the most significant aspect that builds long-term E-I relationship quality. Secondly, the findings show that calculative approach (e.g. commitment based on cost and benefits) is a mainstream type of commitment between exporters and importers. However, a personalised tie between the exchange partners has a positive influence on commitment, resulting in the affective commitment to E-I relationship. Thirdly, in a collaborative business partnership, decision-makers emphasise information exchange and coordinating actions for taking strategic decisions, which are informed by the feedback received in their collaboration. In addition, the study finds that political instability negatively moderates the link of competence trust and information exchange on export performance satisfaction. Theoretical, managerial and policy implications of these findings are discussed and areas for future research are proposed.

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CHAPTER 5**Figure 5.1: The results of structural equation modelling (SEM) 131****Figure 5.2: The results of structural equation modelling (SEM) with the moderating variable 132****LIST OF ABBREVIATIONS**

<i>Abbreviation</i>	<i>Explanation</i>
AEC	The ASEAN Economic Community
AGFI	Adjusted Goodness of Fit Index
AMOS	Analysis of Moment Structures
ASEAN	The Association of Southeast Asian Nations
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CMIN	Minimum Chi-square
DF	Degrees of Freedom
DITP	The Department of International Trade Promotion
EFA	Exploratory Factor Analysis
E-I	Exporter and Importer
GDP	Gross Domestic Product
GFI	Goodness of Fit Index
IFI	Incremental Fit Index
KBV	The Knowledge-Based View
OSMEP	The Office of SMEs Promotion
RMSEA	Root Mean Square Error of Approximation
RMUTT	Rajamangala University of Technology Thanyaburi
SEM	Structural Equation Modelling
SMEs	Small and Medium-sized Enterprises
SPSS	Statistical Package for the Social Sciences
TLI	Tucker –Lewis Index

1. Introduction of the Thesis

This research investigates the roles of experiential foreign market knowledge and inter-organisational relationships in firm internationalisation. To this end, a conceptual model is developed and tested considering constructs related to foreign market knowledge, exporter and importer (E-I) relationship quality and satisfaction with the export performance. The specific context of this research is small and medium-sized enterprises (SMEs) in a Southeast Asian economy, namely Thailand.

This chapter introduces the focus of the study by discussing the background of the PhD thesis as well as its purpose. Then, the research objectives and theoretical underpinnings are presented. Next, the research methodology is summarised. Finally, the structure of the dissertation is outlined.

1.1 BACKGROUND OF THE THESIS

In today's environment, SMEs play a major role in most economies, particularly in developing countries (World Bank, 2015). In the Southeast Asia region, SMEs are integral to the economic development and growth of the Association of Southeast Asian Nations (ASEAN) member states, as they commonly surpass large enterprises in both number and share of the labour force they employ. SMEs account for more than 96 percent of all enterprises in the region and contribute 51.7 to 97.2 percent of domestic employment. Moreover, a significant number of SMEs from this region are involved in exporting, between 19 and 31 percent (ASEAN, 2017). They are also important in terms of income, employment generation and youth empowerment through business participation. All in all, SMEs are considered as the backbone of ASEAN and SME development is fundamental to achieving long-term, sustainable economic growth of these economies.

Numerous studies draw attention to the direct link between internationalisation and SME performance. SME internationalisation is a topic of considerable contemporary relevance, given its importance for enhancing sustainable business growth and performance. Globalisation has brought a shift to the economic environment of ASEAN SMEs. In order to

enhance the international involvement of SMEs, ASEAN will create more globally competitive and resilient SMEs. More specifically, the ASEAN strategic action plan was launched to support SME growth and development in an increasingly competitive economic environment (ASEAN, 2015). In Thailand, The Office of SMEs Promotion (OSMEP) provides sustained training programmes for SMEs regarding the export activity. Consequently, Thai SMEs could benefit from training courses as well as a free consultancy services by expert advisors, who offer guidance for exporting activities.

The growing importance of SMEs nowadays, with their increasing international involvement, makes it essential that we improve our knowledge of their internationalisation (Fernández and Nieto, 2006). Although various internationalisation modes could be pursued, exporting is considered the dominant mode of foreign market entry in early internationalisation stages, especially for SMEs, as it generally involves less risk and resource commitment compared to more advanced foreign market entry modes such as joint ventures, strategic alliances and setting up subsidiaries abroad (Ahmed *et al.*, 2012; Rundh, 2007; Velez *et al.*, 2015). Moreover, exporting also plays a key role in helping firms achieve sustainable competitive advantage in turbulent markets by facilitating the improvement of financial positions, increased capacity utilisation, higher technological standards and attainment of the desired performance (Leonidou and Katsikeas, 1996).

Similar to many other ASEAN countries, Thailand represents one of the ASEAN countries with high SME density as well as workforce employed by these enterprises. More precisely, in 2015, there were 2.7 million SMEs (1-200employees) in Thailand, representing 99.72 percent of a total number of enterprises. In the same year, SMEs accounted for 41.1 percent of gross domestic product (GDP) and 80.44 percent of the workforce. Moreover, Thailand has had a strong annual economic growth through export activity. Thai SMEs also contributed to 27.4 percent of the total exports by value in 2015 (OSMEP, 2016). However, Thailand is a developing country, where the political instability constantly plays a crucial role in undermining economic development. Political instability is likely to shorten policymakers' horizons leading to suboptimal short-term macroeconomic policies. It may also lead to a frequent switch of policies, creating volatility and thus, negatively affecting macroeconomic performance. Political instability and its effects on economic performance has attracted the interest of several business researchers over time. For example, Alesina *et al.* (1996) use data on 113 countries from 1950 to 1982 to show that GDP growth is significantly lower in countries

and time periods with a high propensity of government collapse. In a more recent paper, Jong-A-Pin (2009) also finds that higher degrees of political instability lead to lower economic growth. Inferring from the above, it can be assumed that Thai SMEs are strongly motivated to pursue and improve their international activity. Therefore the topic related to export performance and its related determinants becomes essentially relevant in this context.

Moreover, there is a certain need for research to pay attention to ASEAN firms, as most studies on E-I relationship articles have focused either on companies based the Anglo-Saxon context, as revealed by several studies (e.g. Payan *et al.*, 2010; Leonidou *et al.*, 2014). In particular, Thailand represents one of the ASEAN economic settings, which received limited research attention in the export centred literature.

1.2 PURPOSE OF THE THESIS

During the past 30 years, a considerable number of studies have investigated the determinants of export behaviour and performance. These studies aimed not only at advancing the international business literature but also at providing useful support to practitioners. However, various topics within the international business literature are still fragmented and there is a diversity of conceptualisations as a result of inconsistent findings.

Few studies investigate the relationship between foreign market knowledge and business-relationship dimensions (e.g. Hohenthal *et al.*, 2014; Sandberg, 2014). Scholars have argued that there is a cultural difference in the relationship building between the Western cultures (explicit) and the Eastern styles (implicit based on more affective dimension); therefore, further research attention is needed (Leonidou *et al.*, 2014; Styles *et al.*, 2008). Business networking in non-Western countries is likely to be influenced by interpersonal relationships of the owner/manager (Lee *et al.*, 2001; Phan *et al.*, 2005; Shou *et al.*, 2011; Styles *et al.*, 2008). Specifically, limited evidence exists from the Southeast Asian region. Consequently, there is a certain need for research to investigate how SME executives from this region access the necessary foreign market knowledge encapsulated by their business partners, as interpersonal factors may act as determinants for facilitating the knowledge acquisition.

The effect of external (macro-economic) factors is one of the significant determinants in studying export behaviour and performance (Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Sousa *et al.*, 2008; Wheeler *et al.*, 2008). Shedding light on a relational perspective, external factors such as the cultural settings and political issues may influence decision maker's behaviour regarding E-I relationship building; however, few studies have attempted to investigate the effect of external factors on E-I relationship quality (e.g. Fynes *et al.*, 2008; Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Power and Reagan, 2007). Furthermore, limited work about E-I relationship quality has been done in developing countries, which are characterised as economically unstable and involve political risks (e.g. Bianchi and Saleh, 2011; Fosu, 2003; Matanda and Freeman, 2009). Consequently, studies highlighted that future research should consider the possibility that external factors may influence decision maker's perception towards E-I relationship quality (Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Styles *et al.*, 2008).

Drawing on the above, the current study aims to examine the association between the role of experiential foreign market knowledge and E-I relationship quality for further analysis to increase the export performance satisfaction of SMEs managers. Additionally, it considers the influence of cultural and political factors on E-I relationships, particularly in the Southeast Asian context. The specific objectives of this research are:

1. To investigate how SME executives access the necessary knowledge encapsulated by their importers in a Southeast Asian context.
2. To study how foreign market knowledge of SME executives influences E-I relationship quality, particularly in a Southeast Asian context.
3. To identify the key constructs of E-I relationship quality relevant for SME internationalisation, particularly in a Southeast Asian context.
4. To examine the role of political factors influencing E-I relationship quality, particularly in a Southeast Asian context.

5. To contribute to a more comprehensive understanding of simultaneous links among experiential foreign market knowledge, E-I relationship quality and satisfaction with the export performance of SMEs.

1.3 SUMMARY OF THEORETICAL UNDERPINNINGS

For addressing the research objectives mentioned above, theoretical support was provided by several approaches. The incrementalist/gradualist approach to internationalisation, conceptualises the internationalisation of the firm as a learning process based on the accumulation of experiential foreign market knowledge (Rialp and Rialp, 2001). Both the Uppsala internationalisation model (U-model) (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990) and the innovation-related models (I-model) (i.e. Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) posit that internationalisation is an incremental process based on various stages that determine changes in the behaviour and commitment of the managers, which are reflected on the international orientation of the firm. For enhancing the understanding of the SME internationalisation process, the network theory has also been considered. Developing long-term network relationships enables SMEs to enhance their resources and overcoming size-related barriers that constrain their growth. SMEs managers could learn and accumulate foreign market knowledge from business networks through international activities, thus enhancing managerial and organisational international experience (Love and Ganotakis, 2013; Sandberg, 2014). Interconnectedness has increased due to significant advances in knowledge about international markets, potential customers and issues of operation management in unfamiliar environments, which improve the competitiveness of the firm (Antoldi *et al.*, 2013; Hohenthal *et al.*, 2014; Sandberg, 2014; Styles *et al.*, 2008). Drawing upon the knowledge-based view (KBV), knowledge is considered key for achieving competitive advantage (Grant, 1996).

The paragraph below attempts to explain how joint insights from the KBV and the relational paradigm could be used to address the research objectives. The experiential knowledge that export managers hold about foreign markets (e.g. foreign customers, foreign market characteristics and foreign laws/regulations) would give the firm a greater understanding of their importers from different countries, which in turn will have a positive effect on E-I relationship performance and the business performance. This interconnectedness

has increased due to advances in knowledge about foreign markets that facilitate business-relationship dimensions (Hohenthal *et al.*, 2014) and export performance (Leonidou *et al.*, 2014; Styles *et al.*, 2008). Drawing on insights from the relational exchange theory (Macneil, 1978, 1980), key constructs of relationship quality (e.g. trust, commitment and cooperation), are considered fundamental, especially at the individual level (such as behavioural interactions of managers in relationship building). For understanding which aspects of foreign market knowledge may influence E-I relationship quality, two constructs relevant for the international business literature have been considered: foreign business network knowledge and foreign institutional knowledge. Consequently, this research relies on the KBV and the relational exchange theory, which could explain the role of experiential foreign market knowledge of SME managers on E-I relationship quality, which may influence export performance satisfaction.

1.4 RESEARCH METHODOLOGY

The researcher adopted a sequential research design (Creswell *et al.*, 2014). Both qualitative (Chapter 4) and quantitative (Chapter 5) research design studies have been conducted for the completion of this thesis. Specifically, the first phase involved qualitative data collection and analysis followed by a phase of quantitative data collection and analysis. The findings and results of these two phases are then discussed. The adoption of a sequential design enabled the researcher to elaborate and test a conceptual framework, thus addressing the research objectives proposed by this research.

For Chapter 4, which investigates how SME executives access the necessary knowledge encapsulated by their importers as well as the role of experiential foreign market knowledge in E-I relationship building through managerial perceptions, especially in the Southeast Asian context, a qualitative methodology was preferred following Yin (2014), leading to multiple case studies. This approach represents an appropriate research strategy to understand the complex (inter) organisational phenomena and contemporary events and therefore it was used in this study. Seven case studies each formed of Thai SME exporters and the main corresponding importer were thus conducted in July-September 2014. For carrying out the empirical analysis the NVivo software was used. By employing this qualitative methodology design, it was possible to verify which experiential foreign market knowledge and key

constructs of the E-I relationship quality highlighted by the international business literature were relevant at present for enhancing satisfaction with the export performance of SMEs in the Thai context. Consequently, based on reviewing the relevant literature but also in accordance with the findings provided by these seven case studies, a structured questionnaire was developed for further carrying out a quantitative research.

1.5 THE STRUCTURE OF THE THESIS

The study consists of seven chapters, each presenting specific stages of the research process. The content of each chapter is briefly outlined below.

Chapter1: Introduction of the thesis

The opening chapter introduced the background of the PhD thesis, the research purpose and objectives, summarised the theoretical underpinning and research methodology.

Chapter 2: Literature review

Chapter 2 presents the review of the literature conducted for this study. Firstly, the chapter presents the relevant theoretical background supporting the role of experiential foreign market knowledge (the knowledge-based view) and E-I relationship quality (the relational exchange theory). Secondly, the relevant literature on foreign market knowledge, E-I relationship quality and export performance, as well as the influence of external factors on E-I relationship building are presented. Lastly, an initial conceptual framework is presented.

Chapter 3: Research design and methodology

This chapter discusses the research design and methodology, beginning with a research philosophical stance and research design, which comprises the research conducted for both the qualitative and quantitative studies :case study research and survey research.

Chapter 4: FIRST PHASE: Qualitative research

Chapter 4 explains the qualitative data collection and analysis and presents the findings of the qualitative study. Finally, a revised conceptual framework revealing links among experiential foreign market knowledge, E-I relationship quality, satisfaction with the export performance of SMEs and other variables is developed and hypotheses are presented.

Chapter 5: SECOND PHASE: Quantitative research

This chapter reports the results of the quantitative study .It presents different steps of the data analysis: data examination, reliability, validity analysis, factor analysis and Structural Equation Modeling using AMOS.

Chapter 6: Discussion

In this chapter, the findings are discussed in terms of the previous literature on SME internationalisation and relevant theoretical underpinnings for this particular research.

Chapter 7: Conclusions

The last chapter provides a summary of main results and discussion. Then, the theoretical, practical and policy implications are presented. Finally, limitations of the research and recommendation for further study are also provided.

2. Literature review

2.1 INTRODUCTION

This chapter focuses on the theoretical background underlying SMEs internationalisation used in this study. It discusses the theoretical views and models that have been applied in studies on SME internationalisation.

This chapter is divided into six sections. As follows section 2.2 focuses the internationalisation process models, the role of foreign market knowledge based on the knowledge-based view (KBV) and the relational exchange theory. Then, section 2.3 presents a review of the relevant literature as the contextual background in this study. Next, the gaps in the literature are discussed in section 2.4. Following on from this section, an initial conceptual framework is presented in section 2.5. Finally, a chapter summary is presented in section 2.6.

2.2 THEORETICAL BACKGROUND

2.2.1 Understanding for useful perspectives of SME internationalisation

Over the years firm internationalisation has increased in numerous geographical regions and its contribution to competitive advantage to the firm has gained momentum (e.g. Elo, 2005; Rundh, 2007). In the 1970s, international business scholars, notably Johanson and colleagues (Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975), described firm internationalisation as a gradual sequential process involving a series of evolutionary stages in market knowledge and commitment. The Uppsala internationalisation model (U-model) (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990) and the innovation-related models (I-model) (i.e. Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) are two traditional approaches, which are both referred to as “stage models”. The gradual pattern in internationalisation is attributed to two main reasons: the lack of knowledge by the firm, especially experiential knowledge and the uncertainty in managerial decision-making (Johanson and Vahlne, 1997). Therefore, these approaches, which can be suitable for the SME context, are deemed the “incrementalist/gradualist approach” due to their conceptualisation of the internationalisation of the firm as a learning process, based on the

accumulation of experiential foreign market knowledge (Rialp and Rialp, 2001). The U-model initiated by Johanson and Wiedersheim-Paul (1975) and reformulated by Johanson and Vahlne (1977; 1990) explains how firms gradually intensify their activities in foreign markets with successive stages. It explains that the firm internationalises in stages and their increasing foreign involvement is the result of the interplay between knowledge acquisition and market commitment. This framework is underpinned by the early behavioural-based literature of Penrose (1959) and Cyert and March (1963), which highlighted the sequential nature of firm's experiential learning in foreign commitment decisions. Overall, the U-model illustrates how learning drives internationalisation. At the same time, the model relates to market selection and enter foreign markets modes. The I-models offer another viewpoint on incremental development. The attitudinal and psychological commitment is influenced by the firm's resource level (firm and decision-maker attributes), which in turn, are reflected in the firms' increasing international orientation. This incremental approach is the result of innovation adoption behaviour, whereby the perceptions and beliefs of manager are shaped by involvement in foreign markets (Andersen, 1993).

Whilst acknowledging the significant contribution of the internationalisation models, the relevance of network theory for SME internationalisation was also recognised. According to Coviello and Munro (1997) the network approach is considered especially important for the understanding of the internationalisation process for SMEs. Specifically, existing network relationships with international networks and major partners enhance the internationalisation process, which not only drives the process but also influences the pattern of market investment. As a result, developing long-term network relationships allows SME access to resource. Thus they alliviate size-related barriers that limit firm growth. The revised Uppsala internationalisation process model by Johanson and Vahlne (2009) also emphasises the importance of the business network. They argue that the strengthening of business relationships improves firm's positions in the market, which may lead to the identification of opportunities from networks. New knowledge is developed in the relationships. This increases specific levels of knowledge, trust and commitment within a business network, which promotes successful internationalisation. Moreover, learning and commitment building also take place in this relationship. Consequently, according to the network approach, firm internationalisation is undertaken via the initiation, development and maintenance of international relationships with the foreign business networks (Johanson and Vahlne, 2009). Numerous contributions show that business network enable small firms to leverage on critical resources to overcome

limitations arising from their size or inexperience and uncertainty (e.g. Antoldi *et al.*, 2013; Hohenthal *et al.*, 2014; Sandberg, 2014; Styles *et al.*, 2008). SMEs could learn and accumulate foreign market knowledge as "experiential knowledge" from business partners through international activities (Love and Ganotakis, 2013; Sandberg, 2014). This interconnectedness has increased due to major advances in knowledge about international markets, potential customers, technologies and issues of operations management in unfamiliar environments that provide opportunities not only for the exchange of knowledge but also to improve the international performance in long-term competitiveness of the firm (Craig and Douglas, 1996). In accordance with previous studies such as Johanson and Vahlne (2009), Leonidou *et al.* (2014) and Styles *et al.* (2008), integrating network approaches with the mainstream models of internationalisation is highlighted in this study.

As above mentioned, role of knowledge is vital for SME internationalisation. More specifically, the development, accumulation and transfer of knowledge are critical issues for the strategic management of the internationalisation process (Johanson and Vahlne, 2009). Consequently, this research has adopted underpinnings from the knowledge-based view (the KBV) of the firm (Grant, 1996). Within the KBV, two large groups of knowledge assets can be identified as internally-generated and externally generated knowledge (Denicolai *et al.*, 2014; Theriou *et al.*, 2009). The former is the result of R&D expenditure and other internal development activities. Externally-generated knowledge refers to the augmentation of knowledge capital through the acquisition of intangible assets from independent parties or through business network acquisitions. The generation of firm knowledge assets arises not just from internal efforts through, for instance, R&D processes, but also from the acquisition of knowledge from external providers, for example by acquiring co-developing innovations with other firms (Denicolai *et al.*, 2014).

In alignment with Simon (1991) this works argues "all learning takes place inside individual human heads; an organisation learns in only two ways: (a) the learning of its members, or (b) by ingesting new members who have knowledge the organisation didn't previously have" (Simon, 1991: p.125). Consequently, the individual attributes of SME executives are important for firm's development as the key antecedent of the internationalisation of SMEs (Kim and Hemmert, 2016; Miesenbock, 1988; Musteen *et al.*, 2014). Furthermore gaining additional knowledge from external resources seems to be an appropriate choice to complement internally-generated knowledge from their limited

resources. SMEs may access the necessary resources or knowledge acquisition from external sources through the business partners as a key organisational capability.

The relational exchange theory (Macneil, 1978, 1980), which is based on the early works in social exchange by Emerson (1962, 1976) and Homans (1958), aims to explain the creation, development and demise of social relationships. Macneil (1978, 1980) suggests that relational exchange happens over time, with each transaction having both a history and an anticipated future, and with the “basis for future collaboration supported by implicit and explicit assumptions, trust and planning” (Dwyer *et al.* 1987, p.12). This relational paradigm highlights the constructs of relationship quality between involved parties, especially at an individual level such as the behavioural interactions of managers in relationship building. Close bonds or even friendship between dyadic decision-maker promote higher levels of E-I relationship quality (Shou *et al.*, 2011). In accordance with Styles *et al.* (2008) argued that the development of trust in the past and commitment to the relationship in the future are important for relational exchange theory. This, in turn, shows that relational models include both sides of the exchange, so that reciprocal perceptions and beliefs that have underpinned past exchanges, and will shape future intentions, can be captured. Considering a relational exchange in SME internationalisation (e.g. the E-I relational model of export performance by Styles *et al.*, 2008), the model highlights the constructs of relationship quality between involved parties especially at an individual level such as the behavioural interactions of managers in relationship building. The model highlights the importance of interpersonal interaction between managers of the partnering firms, which are significant drivers of E-I relationship quality and firms’ international performance. Consequently, the role of SME key managers is also one of the most important factors for developing and maintaining the E-I relationships and its consequences.

The international business literature tends to view internationalisation as a learning process (Johanson and Vahlne, 1977, 2003, 2009) and organisational learning research highlights that firms can learn from their own direct (first-hand) experience as well as the experience of others (Levitt and March, 1988), also known as indirect or second-hand experience. In the case of SMEs, it seems clear that second-hand experience has a role to play in the context of how a firm learns about internationalisation. Thus, SMEs need to focus on the development of absorptive knowledge capacity based on dyadic relationships with their customers and related networks. However, with E-I relationships, although relationships

between exporters and their business partners tend to be contextualised and have consistent patterns of communication, which may make them particularly effective at structuring the transfer of knowledge with fewer barriers (Nonaka and Toyama, 2002), it seems to assume that the effects of environmental factors might impact their absorptive capacity as well. This concurs with Gunawan and Rose (2014) argument that there are strong linkages between the effects of external factors on how a firm learns. The institutional environment can strongly influence the development of formal structures in a firm, often more profoundly than market pressures.

According to Levitt and March (1988), there are three characteristics of institutions underpin organisational learning. Firstly, the action is driven by legitimacy. Firms aim to fit their situations to the environment. Secondly, previous processes and outcomes are crucial factors for firm direction. Thirdly, an organisation moves towards its goals. Consequently, it is believed that over time, organisations operating within a particular environment tend to develop similar characteristics and become isomorphic (DiMaggio and Powell, 1983) as they adapt to their common context. Moreover, under the assumption that a firm acquires knowledge based on both its actions and the actions of other firms with which it deals, absorptive capacity is inherently affected by the firm's institutional environment. Hence, the effect of environmental factors on the absorptive knowledge capacity of SME key managers is used in this study.

In summary, in light of the above mentioned, the present study relies on the knowledge-based view and the relational exchange theory for providing the theoretical underpinning to explain the interconnectedness between managerial knowledge and constructs of E-I relationship quality on SME's international performance.

2.3 CONTEXTUAL BACKGROUND

2.3.1 Knowledge-based conceptualisation of internationalisation

Knowledge is at the core of internationalisation efforts. Unlike firms in the post-industrial economy that mainly utilised tangible resources (i.e. machine, material, money and etc.) to gain global competitiveness, contemporary firms increasingly rely on “knowledge” (i.e. an intangible resource as their competitive advantage in order to be at the cutting edge of business for internationalisation) (Capaldo, 2014; Grant, 1996; Hohenthal *et al.*, 2014; Jin and Jung; 2016). In the 1970s, international business scholars, notably Johanson and colleagues (Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975), argued that a firm’s market knowledge determines its internationalisation, of which three dimensions are noticeable viz., international market selection, entry mode choice and pace of internationalisation (Jones and Coviello, 2005). Regarding market selection, they postulated that psychic distance deters the acquisition of market knowledge and therefore foreign markets that are initially selected will be psychologically proximate to the firm’s domestic market. Concerning entry mode choice, a firm was envisaged a sequential set of stages, from sporadic export to wholly owned production subsidiaries. Regarding pace, this model highlights incremental international expansion following a period of domestic growth. Nevertheless, empirical studies of firms’ internationalisation behaviour, especially in technology-based knowledge-intensive sectors, contradicted, to different extents, all three predictions (Andersen, 1993). Consequently, instant internationalising firms are proposed to be a new type of exporting firm that no longer comply with the incremental models of stage theory (Cavusgil, 1994; Chetty and Agndal, 2007; Knight and Cavusgil, 2004; Oviatt and McDougall, 1994).

In the 1990s, international business scholars, notably Grant (1996) provided the relating key notions from the internationalisation literature to the emerging knowledge-based view (the KBV) of the firm in the strategy literature. He argued that, “the emerging knowledge-based view of the firm is not a theory of the firm in any formal sense .It is more a set of ideas about the existence and nature of the firm that emphasise the role of knowledge.” (Grant, 2002, p.135). He later also identified certain assumptions on which this view is based: (1) the great importance of knowledge as a productive resource regarding market value, (2) the variation in transferability of knowledge - Explicit knowledge can be articulated and easily communicated between individuals and organisations. On the other hand, tacit knowledge (skills, know-how

and contextual knowledge) is costly and slow in transferring from one individual to another, (3) knowledge is more costly than its subsequent replication, leading to potential economies of scale, (4) managerial specialisation leads to greater efficiency in knowledge creation and storage, (5) firms' operations often require many types of knowledge. Grant (2002) also distinguishes the knowledge creation and application of knowledge, while the former requires specialised skills, the latter calls for a diversity of knowledge. Consequently, knowledge management has emerged as a subject of great interest to managers for doing business in contemporary era and is a central issue posed by the KBV.

While a variety of perspectives inform the KBV, it draws on Penrose's (1959) theory of the growth of the firm. Penrose posited that a firm's knowledge of how to integrate resources into higher-level capabilities positively determines its growth. According to Penrose (1959), knowledge is divided into objective knowledge and experiential knowledge. Objective knowledge is acquired through standardised methods of collecting and transmitting information, which can easily be transferred to other countries and replicated by other firms. However, a critical assumption of the model by Johanson and Vahlne (1977), supported by Denis and Depelteau (1985) and Reid (1984), is that objective knowledge is of minor importance in a firm's internationalisation process. On the other hand, the latter is regarded to be of most importance in the internationalisation process of the firm (Forsgren, 2002; Johanson and Vahlne, 1977). Experiential knowledge is country-specific as specialised knowledge, which cannot be transferred between firms. This type of knowledge is rich in detail and contains both codified and non-codified pieces of knowledge as well as cognitive and affective pieces of knowledge. It is generally believed that firms tend to rely on knowledge that they have gained through accumulated experiences. Experiential knowledge results from business operations in relation to other actors in networks.

Considering the role of knowledge and internationalisation process models, it is generally believed that both the incremental process of internationalisation (the U-model) developed by Johanson and Vahlne (1977, 2009) and the I-model (i.e. Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) are similar, in that firms have imperfect access to information and they explain internationalisation as a process of increasing experiential knowledge. They postulate an unpredictable incremental interplay between market commitment and market knowledge development. As a result, it posits that experiential knowledge of the market, the clients, the problems and the opportunities abroad are acquired

by operating in the international market. Moreover, experiential knowledge not only yields a reduction of the risks involved in going abroad but also provides a vehicle for acquiring knowledge of internal and external resources and of opportunities for combining them. Thus, competitive advantage has come to be seen as based on experiential knowledge. This means that firms create and sustain competitive advantage by protecting valuable knowledge through preventing its migration and reducing its imitability (Liebeskind, 1996).

In the 2000s, the Uppsala internationalisation process model was revisited in the light of changes in the business environment (Johanson and Vahlne, 2009). The business networks play a crucial role in knowledge development as well as enhancing the understanding of the internationalisation process, especially for smaller firms. Knowledge does not only accrue from the firm's activities but also from the activities of the partners. A firm's success requires that it will be well established in one or more networks. Then, internationalisation depends on a firm's relationship/network. This revisited model also explicitly includes any affective and emotional dimensions in the relationships, especially trust-building between partnering firms. Moreover, the relationship-specific knowledge was also included in this concept (i.e. knowledge about each other's heterogeneous resources and capabilities). Consequently, that knowledge is a necessary driver in the successful internationalisation.

In addition, such capabilities as learning (Fiol and Lyles, 1985) and absorptive capacity (Cohen and Levinthal, 1990) are complementary to this study. Internationalising firms need to be adept at learning to enhance their stock of market knowledge and knowledge intensity. Closely related is the aspect of absorptive capability, which is the ability of a firm to recognise, assimilate and apply information from the external environment and influences its ability to enhance market knowledge in the context of internationalisation (Eriksson and Chetty, 2003). Moreover, considerable work by Johanson and Vahlne (1977, 2003a, 2003b, 2009) and Oviatt and McDougall's work (1994) have also focused on learning by internationalising. Complementary to the knowledge-based conceptualisation of internationalisation espoused in this study is the notion of individual capabilities, where the importance of manager's capability to learn and absorb new information (and subsequently knowledge) is paramount.

2.3.2 Foreign market knowledge and international business performance

A consideration in internationalisation discussed above is the compatibility between a firm's existing resources and those needed in a particular foreign market. Knowledge is required for both the market and the firm (Johanson and Vahlne, 1977; Madhok, 1996, 1997). Numerous scholars have argued that foreign market knowledge is necessary for SMEs to succeed at internationalisation and emphasised international knowledge transfer as the main source of international organisations' competitive advantage (see Appendix 1 for some of the literature reviewed on empirical network studies and international business performance). Consequently, there is a need for foreign knowledge of the firm's capability and resources to engage in international operations and knowledge of the foreign markets as "experiential knowledge" in which the firm is going to operate.

As stated by Liesch and Knight (1999, p.386), "a SME's readiness for involvement in international markets can be interpreted as being a function of its state of informedness on the targeted foreign markets". This is especially true in the context of SMEs from transition economies with managers who typically have very limited international experience (Pollard and Jemicz, 2006). From the standpoint of such firms, foreign market knowledge acquired via their international networks is particularly important in overcoming the liabilities of foreignness (i.e. complexities associated with competing in a new environment and overcoming the perception that their products are inferior) and newness (i.e. lack of legitimacy in foreign markets) that may deter internationalisation. Moreover, foreign market knowledge also enables firms in transition economies to cope better with the drawbacks of small size as they seek to access international markets, including limited availability of financial and human resources (Bohata and Mladek, 1999).

As for types of foreign market knowledge, following Eriksson (1997), foreign market knowledge pertains to three different aspects: foreign business knowledge, foreign institutional knowledge and internationalisation knowledge. "Foreign business network knowledge" refers to experiential knowledge of clients, the market and competitors. "Foreign institutional knowledge" refers to experiential knowledge of government, institutional framework, rules, norms and values. Jansson (2007a) labelled this concept "Societal knowledge" since it refers to the societies of specific country markets. Finally, "Internationalisation knowledge" is related to the firm's know-how in terms of adapting resources and capabilities to engage in

international operations. He also argued that whilst the first two assist firms in being aware of opportunities and problems in the foreign market, the third knowledge component enables the firm to take appropriate action to open up new markets. In a similar vein, the importance of several types of foreign market knowledge (e.g. foreign customers, foreign competitors, channels of distribution, foreign political/legal environment, foreign culture and business opportunities in foreign markets for international venture performance). Recent contributions is highlight by Hilmersson and Jansson, (2012).

Consequently, in this study, two aspects of foreign market knowledge are considered viz., foreign business network knowledge (customers, suppliers and competitors) and foreign market knowledge about institutions (e.g. knowledge of government, law, cultures and norms) as the experiential foreign market knowledge that influence the international performance.

2.3.3 A conceptualisation of exporter -importer relationship quality

Having established a knowledge-based conceptualisation of internationalisation, the discussion now turns to a relational paradigm, where relationship quality has been examined from the perspective of both exporters and importers (Leonidou *et al.*, 2014; Skarmeas *et al.*, 2008). The importance of exchange relationships between exporters and their business partners have been well established in the literature as one of the most important grounding marketing theory and practices because marketing activities are always involved with the exchange of values between trading parties (Payan *et al.*, 2010; Styles *et al.*, 2008). Nevertheless, the principle perspective in the relationship marketing literature is a buyer's assessment of their supplier relationships. E-I relationship quality has been described as a meta-construct, made up of several components that support, reinforce and complement each other (Dwyer *et al.*, 1987). Although research on buyer-seller relationships has increased significantly over the past decades, recent studies report a lack of consensus regarding the factors that represent the base for relationship quality (Leonidou *et al.*, 2014; Payan *et al.*, 2010; Skarmeas *et al.*, 2008).

In this study, the researcher has identified three approaches to the conceptualisation of E-I relationship quality in the literature. Although some inconsistencies are evident, extant literature has defined E-I relationship quality (1) The most dominant of these approaches defines relationship quality as consisting of one or more of the E-I relationship constructs of trust, commitment, cooperation and satisfaction (e.g. Leonidou *et al.*, 2014; Payan *et al.*, 2010;

Styles *et al.*, 2008), and therefore views E-I relationship quality as the outcomes based on higher-order constructs. (2) Adopting a process approach to quality, with the pioneering work of the International Marketing and Purchasing Group (IMP Group) indicating relationship quality was conceptualised based on its process elements or antecedents (e.g. adaptation and communication). There are the relationship elements that support exchange (Ford, 1984; Hakansson, 1982). (3) Combining the E-I relationship quality in terms of both its process and outcome elements. Consequently, on the one hand, defining relationship quality in terms of its outcomes identifies what relationship quality is, whereas on the other, defining relationship quality in terms of its process elements indicates how it is achieved. Conceptualisations of E-I relationship quality that draw on both aspects have argued that each relationship interaction is made up of process elements that joined with other interactions to produce a relationship, and it is the relationship that consists of outcome components.

2.3.4 Dimensions of E-I relationship quality

Although research on E-I relationships has increased significantly over the past decades, recent studies report a lack of consensus regarding the dimensions that represent the base for E-I relationship quality (Skarmeas *et al.*, 2008; Payan *et al.*, 2010; Leonidou *et al.*, 2014) (see Appendix 2 for a review of some contemporary E-I relationship quality studies of export behaviour related issues).

Table 2.3 (see section 2.3.7) shows the E-I relationship quality dimensions examined in recent conceptual and empirical studies. The horizontal axis is divided according to whether a paper employs constructs classified as outcome dimensions and process dimensions. The vertical axis of the table lists the constructs in alphabetical order within the outcome and process classification. In the following debate, only the most often employed constructs in each of the classifications are discussed.

2.3.5 Outcome based dimensions (Higher-order constructs of E-I relationship quality)

Firstly, based on the review of the relationship marketing literature, it is apparent that trust is a fundamental construct of E-I relationship quality (Leonidou *et al.*, 2014; Payan *et al.*, 2010; Phan *et al.*, 2005; Skarmeas *et al.*, 2008; Styles *et al.*, 2008). Trust indicates “the belief that a partner in a relationship is reliable and honest and has the integrity to enhance positive consequence, and reduce negative results” (Leonidou *et al.*, 2014, p.25). Thus, the researcher

acknowledges that trust represents the willingness of a party in a relationship to take risks, based on positive expectations about other's intentions or behaviours (Capaldo, 2014). The more the customer trusts the supplier, the higher the perceived value of the relationship (Walter *et al.*, 2001). Shou *et al.* (2011) found that trust has many facets and works at multiple levels, including individual and organisational levels. Interestingly, however, the trust placed by the individual boundary spanner in his/her individual opposite member (e.g. trust between managers) can translate into organisational outcomes (Zaheer *et al.* 1998).

According to Styles *et al.* (2008), trust in the E-I relationships can be categorised into three different categories: goodwill trust, competence trust and contractual trust (also called calculative trust). Firstly, in marketing channels, sale managers with high levels of goodwill are likely to respect reciprocity and pay attention to the welfare of the purchasing manager (Shou *et al.*, 2011). This assumes that trust in the sale manager reduces opportunistic behaviour of the sale manager. Furthermore, anticipated outcomes of goodwill trust also enhance emotional aspects (e.g. friendship and interpersonal relationships). Managers perceived to be endowed with high goodwill are more likely to become friends with their business partners, receive more favours and “face” from each other (Heide and Wathne, 2006). Specifically, goodwill trust can be considered as a deeper form of trust, which may be subjective (Styles *et al.*, 2008). Secondly, competence trust refers to “an expectation by one partner that the other is capable of performing its role in the relationship to specified quality standards”. (Styles *et al.*, 2008, p.885). For example, a buyer values a salesperson's clout and power if that salesperson can influence the supplier firm to make decisions in favour of the buyer firm such as allocate supply to cover for shortages and prolong the payment deadline for the buyer. (Doney and Cannon, 1997). Thus, by establishing their personal connections with the resource allocator the desired social resources can be obtained (Hwang, 1987). Thirdly, at the firm-level, contractual trust can be induced by economic systems or governance, such as legal institutions, contracts or well-established social norms. It entails the calculation of benefits and costs derived from creating and sustaining an economic relationship (Shou *et al.*, 2011). Specifically, contractual trust implies that “one partner believes the other will adhere to specific written or oral agreement to produce or receive products within a certain period in return for payment.” (Styles *et al.*, 2008, p.88). Moreover, Styles *et al.* (2008) found behavioural factors were the principal dimensions of supplier trust; they also found evidence suggesting that some interpersonal factors leading to trust are cognitive (e.g. likability of the business partner). Consequently, various types of trust have a pivotal role in business relationships, which means that Styles *et*

al.'s findings make an important contribution when identifying E-I relationship quality outcome dimensions.

Another important aspect is that although fully developed trust may enhance organisational performance outcomes, the buyer-seller relationship literature that enables an importance of cultural differences is not well extended (Leonidou *et al.*, 2014). To distinguish the basis of trust, in non-Western culture trust is cultivated at the personal level, whereas in Western culture trust is established at the organisational level. For instance, the importance and role of personal characteristics (literally, interpersonal relationships or connections) are considered as the key success factor of international business partnerships in Southeast Asia (Phan *et al.*, 2005). Exchange partners in non-Western cultures have affective and personal involvement that bonds the exchange partners through reciprocal exchange of favours (Lee *et al.*, 2001; Shou *et al.*, 2011). Related to this building up trust is a social process, which takes time and must be based on personal experience (Hakansson 1982). In contrast, relational exchange partners in the West tend to have economic and impersonal involvement (Wee, 1994). Consequently, a fundamental challenge in conceptualising the role of trust in relational exchange is extending an inherently individual-level of analysis, particularly in non-Western societies. Therefore, in this study, the researcher adapts Zaheer *et al.*'s (1998), and Leonidou *et al.*'s (2014) definition of trust to an interpersonal context because inter-organisational trust is distinct from interpersonal trust, although the two levels of trust are interdependent (Doney and Cannon, 1997). Consequently, interpersonal trust was employed in this study to refer to trust placed by the individual boundary spanner in his/her individual opposite member (i.e. trust between managers). As noted previously, it is generally believed that a manager in a relationship is reliable and honest, and has the integrity to enhance positive consequence, and reduce negative results about other's intentions or behaviours, increasing the E-I relationship quality.

Secondly, commitment is a crucial component of E-I relationship quality (Leonidou *et al.*, 2014), and an essential part of successful relationship marketing (Morgan and Hunt, 1994). It is defined as "the belief by one party that the other party is so important that it deserves maximum efforts to develop a stable relationship and a willingness to make sacrifices or cooperate to maintain long-term relationships with a valued partnership" (Leonidou *et al.*, 2014, p.25). Without commitment, trading partners are unlikely to be able to work closely and cooperatively, which leads to low financial results and influences the performance of the

relationship (Leonidou *et al.*, 2013; Sharma *et al.*, 2006). Hence, most studies analysing E-I relationships view commitment as a central role in relationship success (Bianchi and Saleh, 2011; Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Payan *et al.*, 2010; Styles *et al.*, 2008). Although a significant body of literature on E-I relationship supports commitment, attempts have been made to distinguish calculative commitment (cost-based) and affective (desire-based) on relational outcomes (Gustafsson *et al.*, 2005; Styles *et al.*, 2008). Both types are relatively stable attitudes and beliefs about the relationship but stem from different motivations for maintaining a relationship (Gounaris, 2005). This implies relationship commitment is related to economic and non-economic value calculation (Morgan and Hunt, 1994).

The economic based dimension, calculative commitment is defined as “the need to maintain a relationship given the significant anticipated termination or switching costs associated with leaving.” (Geyskens *et al.*, 1996, p .304). This type of commitment refers to the investment of relationship-specific assets among partner organisations (Rylander *et al.*, 1997). It is viewed as a function of pledges, idiosyncratic investments, sharing of information and allocation of relationship-specific resources (Anderson and Weitz, 1992; Dwyer *et al.*, 1987; Gundlach *et al.*, 1995). Inputs or investments into the relationship act as barriers against one party leaving the relationship as it becomes more costly to terminate (Morgan and Hunt, 1994). Moreover, these investments in a relationship are evidence and manifestations of implementing early promises, which enhance parties’ credibility at the beginning of the relationship, reduce uncertainty and the risk of opportunism (Wuyts and Geyskens, 2005). Hence, costs and benefit consideration are crucial factors associated with maintaining or terminating the relationship (Tellefsen and Thomas, 2005; Styles *et al.*, 2008).

Attitudinal dimension is also known as an affective commitment (Bendapudi and Berry, 1997; Geyskens *et al.*, 1996; Gundlach *et al.*, 1995). This type of commitment reflects more a personal and emotional attachment to the commitment object among individuals presenting partner organisations (Rylander *et al.*, 1997). It is also critical regarding developing the trust, mutuality, integrity and solidarity, which are also necessary to sustain long-term relationships, particularly goodwill trust (Styles *et al.*, 2008). Furthermore, evidence from the context of the buyer-seller relationship literature appears to show that social/emotional bonding is the key factor in initiating affective commitment. Wilson (1995, p .339) defined social bonding as “the degree of mutual personal friendship and liking shared by the buyer and seller”. Therefore,

one can argue that it leads to the creation of the emotional and cognitive dimension (e.g. perceptions, knowledge, beliefs shared by parties), which are important antecedents of affective commitment (Sanchez and Iniesta, 2004). As a result, the ability of parties to engage in a more social interaction leads to better E-I relationship quality (Styles *et al.*, 2008). However, a close personal relationship can have negative influences on the business relationship in some situations. Leonidou *et al.*, (2014) pointed out the damaging impact of personal conflicts in initiating the termination process. This is consistent with Meyer and Allen's (1991) findings, which argued that emotional costs of terminating the relationship are associated with the level of affective commitment.

Calculative commitment and affective commitment are distinctly different. However, according to buyer-seller relationship literature, there are still some inconsistent offerings in some cases that could contribute to an amount of confusion occurring due to measuring commitment as a general term (Morgan and Hunt, 1994). For example, Styles *et al.* (2008) provided causal relationship evidence from trust to commitment and also considered interpersonal dimensions. The findings in this case showed that the antecedents of commitment would have different effects on these two types of commitment. Conversely Gao *et al.*, (2005), Havila *et al.* (2004), and Miyamoto and Rexha (2004) reported the opposite. Because commitment is a continuous process during which both types of commitment continuously occur at different degrees of intensity at different times, researchers may measure commitment at the weakening point or the strengthening points of the development of the relationship. Since either type of commitment may have a different level at different points in the interaction, the level of either type of trust may also differ, especially goodwill trust, which often develops throughout the relationship (Doney and Cannon, 1997). Thus, this is perhaps the reason for the conflicting evidence regarding the direction of the relationship between trust and commitment. In this study, therefore, the influence of process based dimensions on commitment was examined to develop the commitment between exporters and importers over a long period of interaction.

Thirdly, cooperation is defined as “a spirit of willingness of working relationships to promote mutual interests and achieve mutually beneficial goals with another organisation” (Leonidou *et al.*, 2014, p.25). It requires input from both sides of the dyad; both buyer and seller, for achieving outcomes better than one firm will achieve alone (Anderson and Narus, 1990). It is a fundamental survival requirement and a critical component of organisational

performance (Matanda and Freeman, 2009). Moreover, it is essential for achieving buyer-seller competitiveness as well as improving the supply channel in export markets (Piercy *et al.*, 1998). Within the supply chain context, cooperation is important for improving intra and inter-organisational relationships and supply chain functions (Styles *et al.*, 2008). For instance, cooperation with export buyers can provide access to information that can facilitate the adaptation process. On the other hand, cooperation between buyers and suppliers can help supplier organisations to gain specific knowledge about unfamiliar markets (Matanda and Freeman, 2009), which is needed to deliver value to customers in export markets. As a result, cultivating a cooperative spirit will improve relationship quality by strengthening the positive outcomes (e.g. enjoying optimal results) and reducing any negative effects (e.g. resolving disagreements) relating to the working relationship (Dwyer, 1987).

Finally, relationship satisfaction represents an overall evaluation of feelings or attitudes about the other party or the relationship itself (SeInes, 1998). Specifically, relationship satisfaction can also be conceptualised in terms of economic and social satisfaction (Lee *et al.*, 2007). Economic satisfaction refers to a channel member's positive affective response to the economic rewards that flow from the relationship with their exchange partner (Lee *et al.*, 2007, p.661). The past experiences such as satisfaction with past performance, perceived fairness in distributing outcomes, as well as satisfaction with the competency and capability of the exchange partners are a crucial factor for the satisfaction evaluation. On the other hand, social satisfaction is defined as a firm's positive affective response to the psychological and interpersonal aspects of its relationship, in that interactions with the exchange partner are fulfilling, gratifying and easy (Lee *et al.*, 2007, p.661). In this study, therefore, the researcher conceptualised relationship satisfaction as a composite of economic and social satisfaction.

However, the role of satisfaction in the network of business-to-business relationship model has been unclear. Although many empirical studies (e.g. Lages *et al.*, 2005; Skarmeas *et al.*, 2008) view satisfaction as another common component of relationship quality, in many other studies, especially those focusing on relationship performance (e.g. Leonidou *et al.*, 2014; Styles *et al.*, 2008), it is regarded as a consequence of relationship outcomes. Consequently, this study follows the concept of Leonidou *et al.* (2014) by considering satisfaction as the relationship quality. In this study, therefore, E-I relationship quality has been defined as the global evaluation of relationship fulfilment by the firms (Dwyer *et al.*, 1987) or the positive affective state reflecting the degree to which the expectations of one party, concerning all

aspects, especially the social satisfaction of an organisation's working relationship, equates with another party (Leonidou *et al.*, 2006).

2.3.6 Process based dimensions (Antecedent of higher-order constructs of E-I relationship quality)

The second approach of E-I relationship quality study focuses on the process based dimensions or the antecedent of higher-order constructs. It conceptualises relationship quality regarding the relationship elements that support exchange. Firstly, adaptation is defined as the extent to which one party in a working relationship makes substantial adjustments to fit the needs of the other in either the elements exchanged or the process of exchange (Hakansson, 1982; Leonidou *et al.*, 2014). This is even more crucial in E-I relationships because of the existence of considerable variations in both business environments (e.g .market characteristics, foreign legal and regulations), organisations (e.g .organisation structures and communication procedures) between interacting parties (Magnusson *et al.*, 2013). As a result, they bind companies together via relationship specific investments (Hallen *et al.*, 1991). Adjustments are often required in the marketing mix, processes, information dissemination and strategic management offered by a supplier (Theodosiou and Leonidou, 2003). Thus, it is expected that adaptations will continue throughout the life of the relationship, and that adaptation will strengthen the relationship and create barriers to entry for competing suppliers (Power and Reagan, 2007). Moreover, such adaptations are crucial in bonding buyers and sellers, and cultivating trust between them, especially during the early phase of their business association (Leonidou *et al.*, 2006). This is because investments made as a result of adaptations send a strong message of truly caring about the long-term prosperity of the relationship (Ganesan, 1994; Leonidou *et al.*, 2006) and the adjustments create confidence that in the future there will also a willingness to accommodate needs arising from the relationship (Hallen *et al.*, 1991). Consequently, adaptation is one of the significant dimensions of E-I relationship quality.

Secondly, communication in inter-organisational relationships is defined as the formal or informal exchange of meaningful and timely information among the relational parties (Anderson and Weitz, 1992; Leonidou *et al.*, 2014). Communication is particularly critical in buyer-seller relationships because it reduces difficulties in accessing immediate, accurate and updated information about specific conditions prevailing in the foreign partner's country, encourages participative decision-making and facilitates information acquisition between

exchange members (Leonidou *et al.*, 2014). As a result, it holds the exchange partners together. Specifically, effective communication is crucial for promoting an inter-firm cooperation climate between buyers and sellers through better coalignment of strategies, policies and programmes (Leonidou *et al.*, 2014), thus providing a better understanding of the roles to perform, the goal to attain and a better participative decision-making process (Mohr and Nevin, 1990). Communication can also enhance trust in the buyer-seller relationship because the parties involved can collaborate more efficiently and facilitate better knowledge of the current and future intentions as well as promote consistency in perception, expectations and norms (Morgan and Hunt, 1994; Leonidou *et al.*, 2014). Furthermore, open and clear communication is also important in strengthening commitment in the relationship by enhancing organisational goals and values regarding the benefits derived from this collaboration (Mohr and Spekman, 1994). Consequently, communication plays an important role in the buyer-seller relationship quality.

2.3.7 Outcome and process based dimensions

A third approach suggested E-I relationship quality is made up of both outcome and process dimension (e.g. Kempeners, 1995; Lages *et al.*, 2005; Leonidou *et al.*, 2006; Power and Reagan, 2007). For instance, Leonidou *et al.* (2006) combined the outcome dimensions of trust, commitment and satisfaction with the process dimensions of communication, cooperation and an adaptation to represent E-I relationship quality. Combining two levels of abstraction in a single construct might be potentially confusing. However, others have dealt with this issue in a more structured way. For example, Holmlund (2008) drew on, and integrates the work of the International Marketing and Purchasing Group (IMP group), and the service quality relationship model, thus adopting a conceptualisation that suggests quality operates in two domains; relationship outcome (what) and relationship process (how).

In this study, therefore, the approach is taken to the E-I relationship quality concept in the business-to-business exchange context based on both process dimension and outcome dimension (Table 2.3), which make an important contribution to a better comprehension of the E-I relationship quality. The legitimacy of the underlying concept that a process leads to an outcome is undeniable by placing both processes and outcome elements. As a result, the conceptualisation introduces a better comprehension of the E-I relationship quality.

Consequently, this research adopts this conceptualisation because it has the potential for new insights into how relationship quality is delivered.

	Bianchi and Saleh <i>et al.</i> (2011)	Fynes <i>et al.</i> (2008)	Izogo (2016)	Lages <i>et al.</i> (2005)	Lee <i>et al.</i> (2001)	Leonidou <i>et al.</i> (2006)	Leonidou <i>et al.</i> (2014)	Matanda and Freeman (2009)	Payan <i>et al.</i> (2010)	Phan <i>et al.</i> (2005)	Power and Reagan (2007)	Signaw <i>et al.</i> (2003)	Skarneas and Robson (2008)	Style <i>et al.</i> (2008)	Ural, (2009)
Outcome dimensions															
Trust	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	
Commitment	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Cooperation		✓				✓	✓	✓	✓		✓				
Satisfaction			✓	✓	✓	✓			✓	✓	✓	✓	✓		✓
Process dimensions															
Adaptation		✓				✓	✓		✓		✓				
Communication		✓		✓		✓	✓			✓		✓		✓	✓
Conflict						✓	✓						✓		
Coordination									✓						
Cultural distance	✓					✓	✓							✓	
Environmental								✓							
Expertise	✓		✓												
Idiosyncratic investment											✓	✓			
Information exchange			✓	✓						✓					✓
Joint problems solving										✓					
Mutual goals											✓				
Opportunism	✓						✓								
Customer orientation			✓									✓			
Personal element					✓					✓				✓	
Power interdependence						✓		✓			✓				
Reputation											✓			✓	
Shared technology											✓				
Social bonds											✓				
Structural bonds											✓				
Understanding						✓									

Table 2.1: Dimensions of E-I relationship quality

Furthermore, considering the outcomes of E-I relationship quality, the relational performance of E-I relationship is identified most often in with the outcomes presented in Table 2.4, which refers to the elements of success of one firm in helping the other attain its goal by coordinating venture activities and adjusting business practices for the other (Leonidou *et al.*, 2014). In other words, it indicates how well the trade partner carries out its role in the working relationship (Frazier *et al.*, 1989). In a working relationship that functions well, both exchange

parties should be satisfied with the effectiveness (e.g. high-quality merchandise) and efficiency (e.g. low-cost sourcing aspects) Selnes and Sallis, (2003).

	Bianchi and Saleh <i>et al.</i> (2010)	Fynes <i>et al.</i> (2008)	Izogo (2016)	Lages <i>et al.</i> (2005)	Lee <i>et al.</i> (2001)	Leonidou <i>et al.</i> (2014)	Matanda and Freeman (2009)	Payan <i>et al.</i> (2010)	Phan <i>et al.</i> (2005)	Power and Reagan (2007)	Signaw <i>et al.</i> (2003)	Style <i>et al.</i> (2008)	Ural, (2009)
	Outcome of E-I relationship quality												
Relationship performance	✓	✓		✓	✓	✓	✓		✓	✓		✓	
Financial performance						✓							
Satisfaction								✓			✓		
Commitment											✓		
Customer loyalty			✓										✓

Table 2.2: Outcomes of E-I relationship quality

2.3.8 E-I relationship quality and SME export performance

Over recent decades, exporting has been one of the fastest growing economic activities. Growing liberalisation, integration and competition in the world economies have been responsible for the increasing engagement of firms in exporting activities (Ural, 2009). Exporting is considered the dominant mode of foreign market entry in the early stages of the internationalisation process, especially for organisations from developing countries. Many small firms rely on export activities because of a low-risk investment compared with other alternatives such as direct investment and international joint ventures (Sousa and Lengler, 2009). Exporting also plays a key role in the achievement of a sustainable competitive advantage of firms in turbulent markets because of the improvement of financial position, increased capacity utilisation, higher technological standards and attainment of the desired performance (Leonidou and Katsikeas, 1996).

It is acknowledged that research on E-I relationships emerged in the early 1980s, with the pioneering work of the International Marketing and Purchasing (IMP) group (Hakansson, 1982). This body of research is based on the approach that exporting does involve not only economic transactions but also complex behavioural interactions, involving exchanges of social, information and other intangibles (Hallen and Sandstrom, 1991). One group of these

research streams is related to the link between the atmosphere governing the E-I working relationship and operating performance (e.g. Lages *et al.*, 2005; Leonidou *et al.*, 2014; Styles *et al.*, 2008).

As mentioned in section 2.3.5, E-I relationship quality is a higher order construct made of several distinct (e.g. trust, commitment and cooperation, although related dimensions) (Lages *et al.*, 2005). Thus, these constructs consideration are the crucial factors associated with enhancing export performance (Styles *et al.*, 2008). One study found that high levels of trust, commitment and cooperation strengthen both relational and financial aspects of export performance (Leonidou *et al.*, 2014). Similarly, Woo and Ennew (2004) stated that relationship quality, defined as a higher-order construct of cooperation, adaptation and atmosphere has a positive impact on firm's performance. Moreover, Farrelly and Quester (2005) empirically examined the effects of trust and commitment on two critical relationship outcomes, namely, economic and noneconomic satisfaction. Their findings demonstrated that commitment, measured by leverage investment, is a key antecedent of economic satisfaction, while trust is the antecedent of both economic and noneconomic satisfaction. Consequently, the research confirmed the relationships between E-I relationship quality and performance outcomes. However, in contrast, other researchers indicate that relationships might not affect performance (e.g. De Wulf *et al.*, 2001; Hibbard *et al.*, 2001). This inconsistency associated with performance suggests the need to understand better whether the strong relationships between exporters and importers build more performance or not.

The remainder of the debate that relates to dimensions of E-I relationship quality focuses on the individual dimension, as well as the environmental factors identified by the researcher as important to the current study are discussed in the following sub-section:

2.3.9 Roles of interpersonal relationships in E-I relationship quality

Past research recognises the importance of the personal/non-business relationships E-I relationship quality, particularly in the non-Western context (Chen *et al.*, 2011; Lee *et al.*, 2001). It is believed that developing interpersonal relationships and mutual understanding at the personal level is a pre-requisite for business success (Hall and Hall, 1987). Personal relationships are mostly characterised as strong, cohesive and informal with connections being built upon goodwill and trust (Jin and Jung, 2016; Phan *et al.*, 2005; Styles *et al.*, 2008).

Moreover, interpersonal relationships have received more attention in the SME context due to the critical role that a key decision maker plays, especially when they come from ethnic ties, common languages and colonial ties, thus they are found to be particularly instrumental at the time of a firm's emergence (Manolova *et al.*, 2010). Moreover, personal relationships between the key actors typically developed out of professional and business interactions. These relationships do not appear to have a purely economic rationale (Capaldo, 2014). Indeed, personal relationships between the key actors set the basic for similar empathy between them, which encourages their proactive involvement in the process of relationship building (Lee *et al.*, 2007; Phan *et al.*, 2005; Styles *et al.*, 2008).

Shedding light on a model of close business relationships in non-Western contexts, Guanxi, the Chinese version of relationship marketing, refers to a special type of personal relationships or social connections based on mutual interests and benefits (Yang, 1994) that bond the exchange partners through reciprocal exchange of favours (Lee *et al.*, 2001). It facilitates economic transactions by providing pooled resources, tacit knowledge and joint solutions to problems (Ambler *et al.*, 1999). Moreover, it has been shown to exert a positive effect on relationship quality, interdependence and sales growth (e.g. Park and Luo, 2001). In addition, Phan *et al.* (2005) suggest the role of manager's relational competence on relationship performance is mediated by interpersonal relationship quality and communication behaviour, particularly in the Southeast Asia context. To sum up, compared to the Western relational exchange concept, the economic value based on cost and benefits are more important than its relational exchange in social interactions (Wang, 2007). Consequently, this study emphasises the role of interpersonal relationships as an extended factor when investigating E-I relationship quality in a Southeast Asian context.

2.3.10 SMEs from developing countries and environmental factors

Developing countries are often characterised by low per capita income, economic and political instability, which relatively affect their exporters (Fosu, 2003). SMEs from developing countries often provoke failures in foreign business operations, bringing financial losses along with negative attitudes toward international activities due to internal and external problems (Ghuri *et al.*, 2003; Leonidou *et al.*, 2006). Specifically, the effect of external export problems is related to the industry, the export market and the macro environment. These aspects are often classified as environmental barriers for the SME exporting firms. Moreover, limited knowledge

regarding export activities and information, result in higher levels of environmental uncertainty, which is characteristic of domestic markets from developing countries (Matanda and Freeman, 2009). Consequently, SMEs from developing countries tend to be perceived as suffering higher impacts of environmental factors than do firms from developed countries.

From the relationship aspects, few empirical studies have focused on the link between an entrepreneur's perception of environmental factors and E-I relationship quality (Leonidou *et al.*, 2014; Siguaw *et al.*, 2003; Skarmeas and Robson, 2008). Firms may face risks and costs due to potential problems incurred while cooperating with business partners as a result of external environment factors. To a large extent, the political instability can significantly affect trade flows and export opportunity on economic performance especially involved political risks in developing country. A higher degree of political instability is associated with a lower growth rate of GDP (Aisen and Veiga, 2011). Moreover, this is likely to influence the level of buyers' confidence as well as their relationship quality. However, the impact of these environmental factors may strengthen relationships with business partners, because the parties involved need to solve these problems and obtain increased results by working together (Matanda and Freeman, 2009). Thus, the role of environmental factors has a significant effect on communications and interactions among parties, which in turn influences the E-I relationship quality (Leonidou *et al.*, 2014). However, a large number of previous studies in E-I relationship quality have neglected external environmental factors such as political-legal systems and culture settings. Consequently, there is a need for research to pay attention to the effects of environmental factors on E-I relationship quality (Fynes *et al.*, 2008; Leonidou *et al.*, 2014; Power and Reagan, 2007).

2.3.11 Selection and justification of the research context

As mentioned above, this study is conducted in Thai context. Thailand is one of the founding members of the ASEAN group and a key developer of the ASEAN Free Trade Association (AFTA) as well as a member of the ASEAN Economic Community (AEC), which aims to eliminate import duties. Thus, Thailand promotes free and fair trade, hence representing an opportunity for foreign investors. Moreover, situated in the heart of Asia, Thailand enjoys convenient trading links with India, China and the members of ASEAN. This helps Thailand expand its business ties, grow an economy and provide better investment opportunities to foreign players (OSMEP, 2017). In terms of economic environment, Thailand constitutes a

significant opportunity in the Southeast Asia. Thailand's gross domestic product of around USD 407.1 billion in 2016 and trade volume, the 2nd largest in the region, place it at the center of Southeast Asia economic growth engine. Moreover, Thailand ranks among one of the easiest places to do business in Asia and 26th in the world 2017 (The World Bank, 2017). In addition, Thailand's friendly relations and expanding networks of free trade agreements with other countries have further opened up trade access to markets both within and outside the region. These have made the country a regional centre for international travel and trade, as well as a hub for various industries. With a favourable investment climate, an entrepreneurial spirit and an open society, Thailand has been chosen by many businesses, media firms, as well as international organisations and non-governmental organisations as the base for their regional offices. Thailand has long been known for its open, free and business-friendly market economy and sound macro-economic policies with fiscal and monetary prudence. To enhance the country's competitiveness, Thailand also has been streamlining its laws and regulations, improving its infrastructure, enlarging the pool of quality workforce and promoting research and development to promote a creative economy. Thailand therefore remains a favourite investment destination of choice for foreign investors looking for business opportunities both within Thailand and throughout Asia, attracting on average around USD 10 billion in net foreign direct investment every year (UNCTD, 2017). Thus, conducting the research in Thailand may provide a reference point for exporters in other developing countries. In addition, Thailand derives significant annual economic growth from SMEs, accounting for 41.10 percent of Growth Domestic Product (GDP) and accounting for 27.40 percent from the total exports. The majority of Thai firms are SMEs, approximately 99.60 percent, and they account for 68.51 percent of the total number of exporters (OSMEP, 2016). As for the political factor, the Royal Thai Army (RTA) launched a coup d'état in 2006 and 2014, which might influence the export activity in various aspects.

Therefore, in light of the above mentioned characteristics, Thailand, not much investigated represents an interesting context for conducting this research.

2.4 REVIEW OF THE GAPS IN THE LITERATURE

Several attempts have been made to identify, understand and interpret the role of foreign market knowledge and behavioural aspects of E-I relationship .However, here are still some gaps in the literature, which can be defined as follows:

(1) As emphasised by the KBV, although there is some support for the notion that business networks benefit SMEs in their internationalisation efforts (e.g. Denicolai *et al.*, 2014, Johanson and Vahlne, 2009; Saarenketo *et al.*, 2008), studies investigating the relationships between foreign market knowledge and E-I relationships are relatively sparse (Hohenthal *et al.*, 2014; Sandberg, 2014). Furthermore, there is still certain lack of consensus regarding the aspects of foreign market knowledge for analysing the E-I relationship quality. Consequently, there is a certain need for research to pay attention to this specific relationship, which will underpin current gap in knowledge.

(2) Regarding cultural dimensions, the majority of previous studies have tended to investigate Western countries instead of researching the Eastern context, which may provide differences in relational exchange the Western (explicit) and the Eastern style (implicit based on more affective dimension) (Styles *et al.*, 2008). Based on the relational exchange theory, the constructs of E-I relationship quality in this study might be influenced by the roles of interpersonal relationships. Therefore, there is a need for research from Eastern countries (Lee *et al.*, 2001). Studies of exporters from non-Western countries would provide a better understanding of the behavioural interactions of the extant literature (Leonidou *et al.*, 2014), and thus reduce the gap in the E-I relationship quality literature in a Southeast Asian context.

(3) Generally, previous studies conducted in developed countries did not necessarily consider the macro-economic and political specificity of the developing countries where they were replicated or extended. A review of literature on E-I relationship quality (e.g. Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Styles *et al.*, 2008) indicates limited work has been done in developing countries. Equally, many studies of relationship quality have neglected factors such as political-legal systems and culture settings (Fynes *et al.*, 2008; Leonidou *et al.*, 2014; Power and Reagan, 2007). Moreover, very few studies attempted to investigate the E-I relationships conducted in developing countries, which are characterised by economic instability and involve political risks (e.g. Bianchi and Saleh, 2011; Matanda and Freeman, 2009). This indicates that it would be beneficial if studies related to developing countries provide a contribution to the knowledge in the literature.

(4) Prior relational research in export settings has tended to examine only one side of the relationship in dyadic research (Bianchi and Saleh, 2011; Leonidou *et al.*, 2014; Phan *et al.*, 2005; Skarmeas and Robson, 2008). This research, therefore investigates two different

perspective of the quality of channel relationship, and reveals the behavioural differences and/or similarities between SME exporters and their business partners in relationship building.

In addition, considering the network perspective in the literature on exporting, the researcher selected additional theoretical foundations from the knowledge-based view and the relational exchange theory, rather than using a single theoretical perspective.

2.5 AN INITIAL CONCEPTUAL FRAMEWORK

As mentioned above, the gaps in literature review have provided opportunities for further research. Essentially, there is a dearth of research examining the implementation of experiential foreign market knowledge and E-I relationship quality as well as the influence of environmental factors that might influence satisfaction with the export performance of SMEs, especially in a Southeast Asian context. Figure 2.1 presents an initial conceptual framework for the present study.

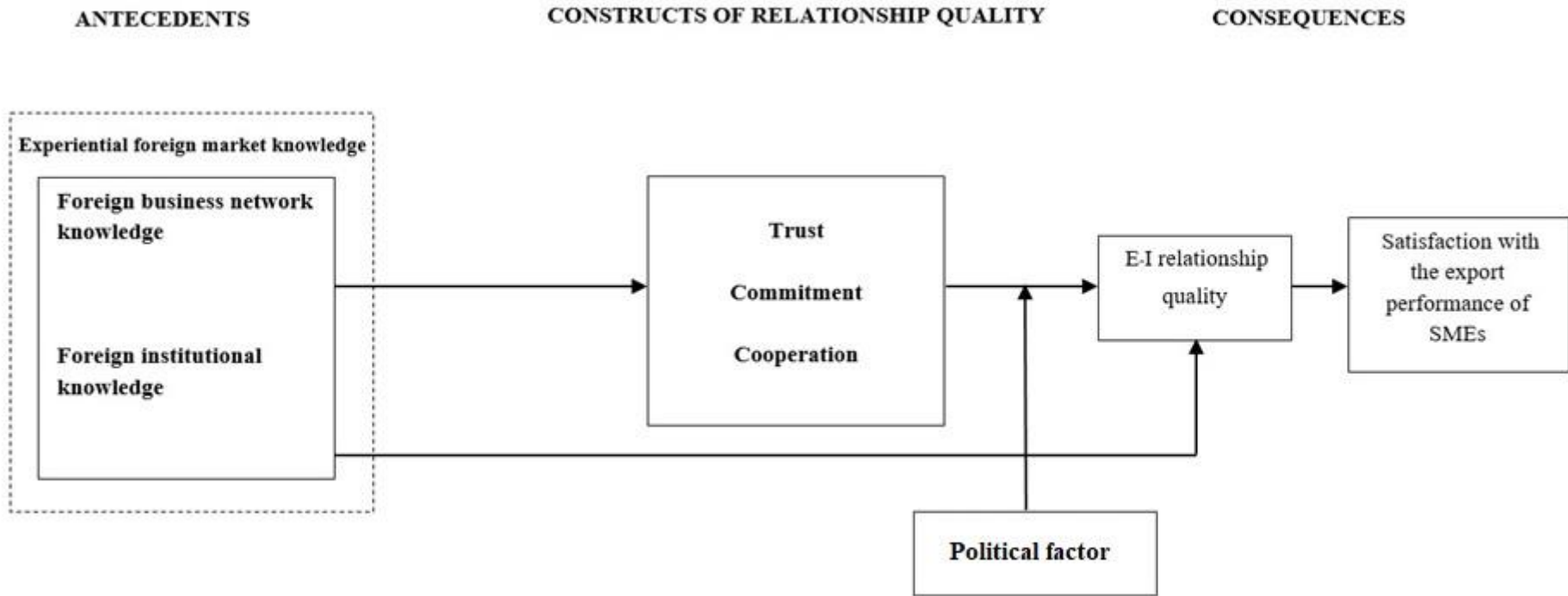


Figure 2.1: An initial conceptual framework

Given the link between foreign market knowledge and E-I relationship value, although the roles of foreign market knowledge influences on international business performance has been largely acknowledge and emphasised in the international business literature (e.g. Denicolai *et al.*, 2014; Jin and Jung, 2016), very few studies attempt to investigate the effect of foreign market knowledge on relationship dimensions (e.g. Hohenthal *et al.*, 2014; Sandberg, 2014). Knowledge is a recognised concept in both internationalisation process theory and the network approach, where it is seen to spur the network extension process (Forsgren, 2002). As for sources of knowledge, this can originate from both internal and external source. The former includes direct experiences and internal information, while the latter focuses on indirect experiences, indirect learning and external information (Fletcher and Harris, 2012). Experiential knowledge is a result of SME operations and can be acquired from the business networks (Chetty and Agndal, 2007). As mentioned previously in this study, foreign market knowledge is specific to certain markets and consists of two dimensions: foreign business network knowledge and foreign institutional knowledge (Eriksson *et al.*, 1997). Both types of foreign market knowledge would give the firm greater understanding of the host country, which in turn influences relationship dimensions (Sandberg, 2014).

The role of experiential foreign market knowledge employed by export managers can benefit the relationships with their importers. Exporters' key managers with a high level of knowledge about foreign markets are better prepared to understand and satisfy their importers, affecting E-I relationship quality. Considerable work by Sandberg (2014) has focused on roles of experiential knowledge (i.e. internationalisation knowledge, market-specific knowledge and specific-customer knowledge) on the network node configuration. The findings show the importance of market-specific knowledge and customer specific knowledge to relationship aspects. Both are shown to favour a dyad, which is a direct relationship between the firm and the foreign customer. Similarly, Hohenthal *et al.* (2014) found that network knowledge (i.e. experiential network knowledge and knowledge about customers) has a positive effect on the value of an ongoing business relationship, while knowledge about competitors has no such direct effect. As discussed, it seems that foreign business network knowledge, in particular knowledge of customers, plays a crucial role in relationship building. Thus, one could argue that when SME managers appreciate the importance of knowledge about customers, it will drive them to pay closer attention to their customers, which in turn will have a positive effect

on the development of business relationship value in the foreign market network (Hohenthal *et al.*, 2014).

However, there is still a lack of research on the impact of foreign institutional knowledge dimensions (e.g. knowledge of government, laws, cultures and norms) on E-I relationships. In international business research, it is assumed that culture and institutions have strong impact on business in foreign markets, especially in the study of developing country contexts. The knowledge about culture and institutions of foreign market might enhance the understanding of the foreign customers from various backgrounds, which in turn influences the E-I relationship quality. Moreover, Hohenthal *et al.* (2014) pointed out that there is a need for future research to study the roles of culture and institutions for the firm in terms of growing in the foreign market network. Thus, in this study, both foreign business network knowledge and the foreign institutional knowledge are pinpointed to investigate their effect on E-I relationship quality as well as satisfaction with the export performance of SMEs. In addition, considering the outcome and process based dimensions in section 2.3.7, there is limited empirical research investigating the roles of experiential foreign market knowledge on constructs such as trust, commitment and cooperation on the quality of the E-I relationship. Consequently, there is a need to extend the role of experiential foreign market knowledge, as emphasised by the KBV to investigate its effect on E-I relationship quality. This is already one of the key theoretical contributions to existing knowledge in the context of developing countries, especially in Thailand. Therefore, qualitative research was carried out primarily to provide a better understanding the role of foreign market knowledge and the effect of relationship dimensions on export outcomes. Moreover, this phase seeks to contribute to the elaboration of appropriate hypotheses.

2.6 CHAPTER SUMMARY

This chapter commenced with the interconnectedness between the knowledge-based view theory and relational exchange theory, which led to a better understanding of the roles of foreign market knowledge and E-I relationship building as well as effects of environmental factors on SMEs' international performance. Then, it examined the literature on the foreign market knowledge, the keys constructs of E-I relationship quality, the consequence of relationship quality and environmental factors are reviewed. Addressing the gaps mentioned

was discussed in section 2.4. Finally, an initial conceptual framework was presented. The following chapter 3 discusses the research design and methodology chosen for the current study.

3. Research design and methodology

3.1 INTRODUCTION

The literature review and the emergence of a conceptual model in previous chapters represent initial steps in the development of the theory and testing of relationships between experiential foreign market knowledge and E-I relationship quality on satisfaction with the export performance of SMEs in non-Western contexts. The current chapter identifies key assumptions of the research process design, including research paradigm, approach, methodology and methods of data collection and analysis, which leads to better data processing, thereby achieving the desired objectives of the research.

3.2 RESEARCH PROCESS DESIGN

In social sciences there are typically four steps in conducting research (e.g. Creswell, 2014; Denzin and Lincoln, 2011; Sarantakos, 2012): choice of the research paradigm, selection of the research approach, choice of research methodology and selection of data. This study follows these steps also represented collection/analysis methods in Figure 3.1.

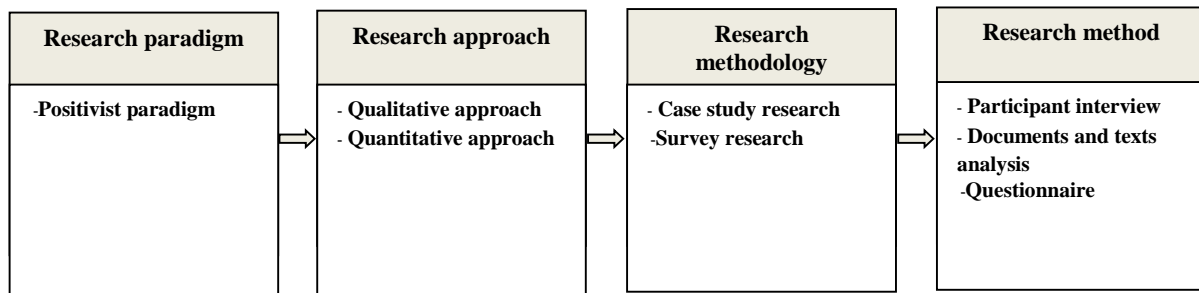


Figure 3.1: Research design process in this research

3.3 RESEARCH PARADIGMS

Among the important steps in the process of research design is the consideration of the assumptions underlying how we perceive the world. Mostly, the beliefs held by the researcher affect the way in which research is designed, the data is collected and analysed and the outcomes of research are presented. Therefore, the perception of these assumptions by the researcher, especially at the phase preceding the selection of research approach, is an important

step that will broaden the horizon for the perception of knowledge and acquiring it on the one hand, and define the role of researcher in the research process, identify the real course of research and distinguish it from other types of research on the other hand. Furthermore, Saunders *et al.* (2015) emphasise that the realisation of these assumptions, whether explicit or implicit, play a vital role in guiding the business research process and thus reflected in the research outputs. In practice, these assumptions represent a philosophical level; basic beliefs about the world we live in; social level guidelines on how to conduct research; and the technical level represented by methods and techniques used to collect and analyse the data (Denzin and Lincoln, 2011). The term “paradigm” was first introduced by Thomas Khun in his book “The Structure of Scientific Revolutions”. Khun provided a useful definition of the term paradigm as “the entire constellation of beliefs, values and techniques, and so on shared by the members of a community” (1970: p.175).

Burrell and Morgan (1979) developed the framework of the various assumptions underlying the social science research. This framework has been used to determine the theoretical and philosophical assumptions underlying and supporting this research. It has been presented in the form of a matrix consisting of two dimensions or sets of assumptions about social science and society. However, the social sciences dimension is based on a subjective/objective dimension. This includes four assumptions related to the social science research, namely ontological, epistemological, methodological assumptions and assumptions about human nature.

Ontological assumptions are concerned with the nature of the world and human beings in the social context (Bryman, 2015). There are many assumptions in seeing the world from the outside. However, in positivist paradigms ontology focuses on the independence of the social phenomenon of other factors. The world is one, and there is no other perception, while the focus of interpretive paradigms is that the world has different meanings with respect to social phenomena. This means that the change in one factor may affect the change in the social context itself, and therefore different researchers can reach different conclusions for the same observation. On the other hand, critical theory paradigms see the world as something that has to be changed. It involves criticism and changing social phenomena based on the interrogations of the social phenomena and individual alike (Rahmawati, 2008).

Epistemological assumptions are concerned with ways to perceive and acquire knowledge (Bryman, 2015). In positivist paradigms, knowledge is how to investigate the social world as one of the natural sciences. Hypotheses are tested through empirical approaches, results should be objective through scientific methods, while the knowledge of interpretive paradigms is to investigate the phenomena in many ways. Given that the social context is different from the natural sciences, the investigation of social phenomena can generate many explanations. In critical theory paradigms, knowledge is the result of practice. These paradigms tend to change certain conditions by criticising the issues of politics, society and practice. Accordingly, the results can be subjective (Rahmawati, 2008).

Methodological assumptions are concerned with the analysis approaches used for data acquisition (Cohen *et al.*, 2011). In positivist paradigms, the quantitative approach is used to observe objects. It commonly uses mathematical calculations to generalise the results and test theory. However, the interpretive paradigms resorts to observation and field work to investigate the object and the acquisition of knowledge. Interpretative paradigms tend to use a qualitative approach to observe and acquire knowledge. As a result, the results can be open to many interpretations. In critical theory paradigms, quantitative and qualitative approaches are used to observe and acquire knowledge. The quantitative approach is to control the social setting when doing actions, while the qualitative approach is to observe the changes that occurred after the actions (Rahmawati, 2008).

Assumptions about human nature are “deterministic” or “voluntarist”. Individuals can be viewed as products of their environment or the makers of their environment (Putman, 1983 : p.36). However, the social world can be understood only by getting direct knowledge of the subject under examination (Denzin and Lincoln, 2011).

In this study, from the above discussion, Saunders *et al.* (2015), in accordance with the epistemological assumptions underlying how knowledge can be perceived and obtained, distinguish between two paradigms: “positivist” and “interpretivist”.

A positivist paradigm refers to the philosophical stance that regards the world as external to a researcher and consisting of phenomena that can be observed (Corbetta, 2003, p.14). It concerns researchers who are trying to search for or test the universal laws about social phenomena. Advocates of this paradigm believe that the social world is one of natural

phenomena. It assumes that social reality, including attitudes, beliefs, behaviours and satisfaction, can be measured objectively by employing traditional scientific methods by independent observers (outsiders) and thereby become subject to replication (Gill and Johnson, 2005). Conversely, in criticising positivism, proponents of interpretivism (Bryman, 2015) have argued that social reality is not objectively determined but is socially constructed. Hence, the statistical patterns found in the positivistic paradigm are not comprehensible on their own. It concerns researchers who are trying to understand social phenomena through the meanings that people assign to them, such as language, consciousness, shared experiences, publications, tools, and other artefacts (Corbetta, 2003). Advocates of this paradigm argue that there is no prior definition of the independent and dependent variables, but the focus is on the complexity of human sense making as the situation emerges (Kaplan and Maxwell, 1994). However, data is subjective, and thus its interpretation is necessary. However, although interpretivism is documented for providing rich and in-depth qualitative data, results are often criticised for lack of generalisability, reliability and validity.

3.4 SELECTION AND JUSTIFICATION OF RESEARCH PARADIGM

After reviewing research paradigms, it can be concluded that each paradigm has its own merits and critics. Choosing the appropriate epistemology is essentially directed by the nature of the research based on the research questions and objectives (Saunders *et al.*, 2015). In this study, the researcher’s epistemological beliefs are summarised in Table 3.1:

Table 3.1: Epistemological basic of the study

Epistemological principles	Application to the present research
The world is external to the researcher and consists of phenomena that can be observed.	The roles of experiential foreign market knowledge and E-I relationship quality in export performance satisfaction are perceived as observable external realities.
The search for regularities and causal relationships between elements of the phenomenon under study.	This research attempts to understand the relationships between the role of experiential foreign market knowledge, E-I relationship quality and satisfaction with the export performance of SMEs.
The process of understanding what is happening can and should include a look at causality and fundamental laws.	The research is grounded on existing theories (i.e. knowledge-based view and relational exchange theory) as a starting point to investigating the roles of foreign market knowledge and the same construct in an E-I relationship building context.

Source: Developed by the researcher from the literature

From the table above, it can be inferred that the principle of positivism is best suited for both the first and second phase of this research, thereby achieving the desired research purposes. The first phase of this research seeks to identify the role of experiential foreign market knowledge and their interrelationships that affect the E-I relationship quality and satisfaction with the export performance of SMEs, as well as the effect of environmental factors from multiple perspectives in Thailand. In the first phase, the qualitative data was collected through a series of fourteen semi-structured interviews with executives and senior export managers in SMEs (represented by seven dyads of importer-exporter), who are believed to have an active role when doing business with foreign importers/exporters in international markets. However, these methods are designed to be exploratory, as they seek to provide insight into and an understanding of such phenomenon in its real context. In this study, the researcher starts by investigating with specific measures, then begins to develop the tentative hypotheses to be tested and ends up with developing some general conclusions (Trochim, 2006) as represented in Figure 3.2.

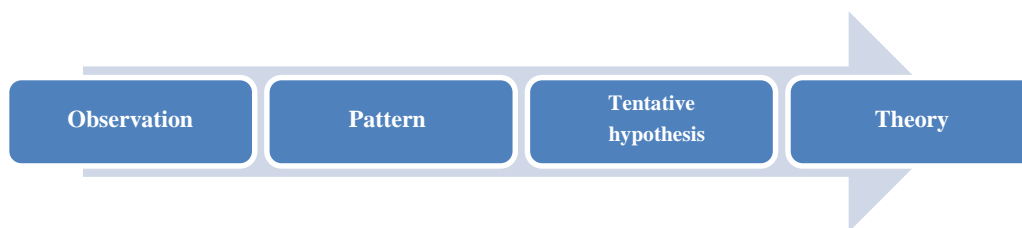


Figure 3.2: First phase process based on Trochim (2006)

The second phase seeks to investigate the extent to which relevant factors and the interrelationships among them affect E-I relationship quality and satisfaction with the export performance of SMEs in Thailand. This is carried out through empirical testing on a larger sample, representative of the population of the study with the purpose of facilitate the generalisation of results in future studies in the same context or in other contexts with similar circumstances. In the second phase of research, the quantitative data was collected through a survey of 264 participants from exporting SMEs in Thailand. The rationale for selecting this sample will be discussed in detail later in chapter 5. Following Trochim (2006) for deductive reasoning, the process is shown in Figure 3.3.

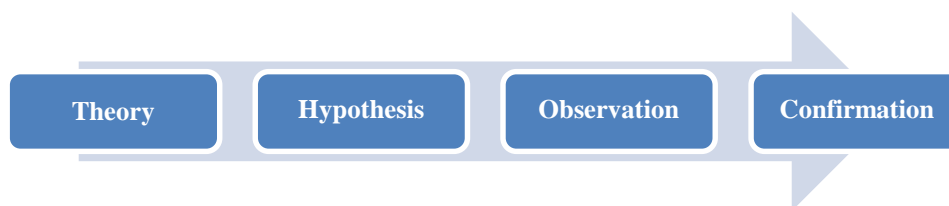


Figure 3.3: Second phase process based on Trochim (2006)

Founded upon different research philosophies, research approaches provide an informed choice and a more practical guide for the overall configuration of the research (Saunders *et al.*, 2015). The main differences between the two approaches are grouped in Table 3.2.

Inductive approach	Deductive approach
- Gaining an understanding of the meanings humans attach to events. - Moving from data to theory	- Scientific principles - Moving from theory to data
A close understanding of the research context.	The need to explain causal relationships between variables.
The collection of qualitative data.	The collection of quantitative data.
A more flexible structure to permit changes of research emphasis as the research progresses.	- A highly structured approach - The operationalisation of concepts to ensure clarity of definition - The application of controls to ensure valid data
The researcher is part of the research process.	Researcher independence to what is being researched.
Less concern with the need to generalise.	The necessity to select samples of sufficient size in order to generalise conclusions.

Table 3.2: Differences between inductive and deductive approaches (Saunders *et al.*, 2015)

3.5 RESEARCH APPROACH

Research approaches are usually classified as either qualitative or quantitative (Creswell, 2014; Neuman, 2014). According to Hughes (2006), the qualitative approach is known as the naturalistic phenomenological approach, while the quantitative approach is known as the scientific empirical tradition approach. Given that the focus is different, the use of these two approaches depends to a large extent on the research paradigm, the underlying assumptions of the researcher and the nature of the phenomenon to be studied (Saunders *et al.*, 2015). Creswell (2014) refers to the differences underlying the assumptions of both the qualitative and quantitative research approach in five main views, namely the ontological, epistemological, axiological, methodological and rhetorical, as shown in Table 3.3.

With respect to	Ontological assumption	Epistemological assumption	Axiological assumption	Methodological assumption	Rhetorical assumption	
Research approach	Nature of reality	Relationship of researcher	Role of values	Process of research	Language of research	Purpose
Qualitative	- Reality is subjective and multiple as seen by participants in the study	- Researcher interacts with that being researched	- Value laden and biased - Values are personally relative; need to be understood - critique of ideologies will promote needed social change	- Inductive process - Mutual - Simultaneously shaping factors - Emerging design - Context bound	- Sometimes informal - Evolving decisions - Personal voice	- To understand and interpret - To critique and to identify potential
Quantitative	- Objective, apart from researcher	- Researcher is independent of what is being researched	- Value free and unbiased - Values are emotive and therefore outside the scientific inquiry	- Deductive process - Cause and effect - Context free	- Formal - Based on set definitions - Impersonal voice	- To explain and predict

Table 3.3: Quantitative and qualitative approach assumptions (Creswell, 2014)

However, Crotty (1998) argues that the theoretical assumptions cannot differentiate between qualitative and quantitative approaches, as mentioned above, while the nature of the data and methods used in each approach would do so. According to Crotty (1998), the method is a procedure or set of procedures for data collection and analysis. Traditionally, the data used in the qualitative approach appears in many forms, such as words and texts, to reflect the meanings and feelings of individuals to carry out a specific behaviour, while the data used in the quantitative approach appears in the form of numbers (Borkan, 2004; Srnka and Koeszegi, 2007).

In general, understanding the real-world phenomena requires a combination of qualitative and quantitative approaches (Niglas, 2004; Bazeley, 2004). In short, the qualitative approach usually seeks to determine the scope of research, the development of a measurement tool and to develop hypotheses appropriate to it, while the quantitative approach usually seeks to test the measurement tool and hypotheses. However, the strengths and weaknesses of both quantitative and qualitative approaches will be addressed in some detail in subsequent sections.

3.5.1 Qualitative approaches

The qualitative approach focuses on the collection and analysis of non-numerical data. However, the strength of this approach stems from it being open-ended and often its subjective

nature, especially when it comes to analysis (Lancaster, 2005). In other words, this approach seeks to build and develop a deeper understanding of the views, experiences and perceptions of individuals or groups that may affect to engage in certain behaviours within the natural context in which it occurs.

In practice, this approach tends to be interpretative and natural rather than being numerical, where it addresses the understanding and interpretation of social phenomena in its real contexts of where to focus on the meanings given to individuals or groups about it (Denzin and Lincoln, 2011). Similarly, Creswell describes a qualitative approach as “*an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem .The researcher builds a complex, holistic picture, analyses words, reports detailed views of information and conducts the study in a natural setting*” (2014: p.15).

Although this approach is applied to a small number of participants (e.g. individuals, groups or organisations), it provides depth and holistic understanding of the complex phenomena through a combination of various techniques and methods to obtain information, such as in-depth interviews, focus groups, observation and documents analysis. Results in this approach usually appear in the form of narratives. According to Patton (2015), the qualitative approach is usually characterised by the following: (1) is concerned with understanding phenomena in their natural contexts, (2) it assumes multiple realities, (3) it presents data in the form of rich verbal descriptions, (4) it allows the researcher to be immersed and in direct contact during the data collection, (5) it enables data collection interactively, (6) it enables flexible and evolving data collection methodology; a tentative and dynamic approach to the methodology, (7) it emphasises the holistic perspective; focuses on the complexity and the dynamics of interrelationships in the world around the phenomenon, (8) it is context sensitive, (9) it reveals the invisibility in daily life and makes the familiar strange, (10) it constructs meaning from the participant’s point of view, as they are informants rather than subjects, (11) it explores open questions rather than testing hypotheses and (12) it employs purposive sampling.

Case study research as the qualitative methodology in this study

Qualitative methodologies include ethnography, action research, case studies and grounded theory. This research opted for a case study research design, particularly investigating SME exporters and their main business partners related to relationship building for answering the research questions. A case study is typically deemed an appropriate research strategy to understand the complex (inter) organisational phenomena and contemporary events gathering of new insights to the researchers (Yin, 2014). Thus, case study research has become one of the most important qualitative methodologies for many researchers in various disciplines, including this research. Following Yin (2014), a case study may be restated in two ways: (1) an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident, (2) the case study inquiry copes with the technically distinctive situation, in which there will be many more variables of interest than data points, and as one result. In this sense, the case study is not either a data collection tactic or merely a design feature alone (Stoecker, 1991) but a comprehensive research strategy.

As for the type of research question, based on the work of Yin (2014) it can be argued that the first and most important condition for differentiating among the various research strategies is to identify the type of research question being asked. In general, “what” questions may either be exploratory (in which case any of the strategies could be used) or about prevalence (in which surveys or the analysis of archival records would be favoured). “How” and “why” questions are likely to favour the use of case studies, experiments or histories. Consequently, in this study, the case study research was selected, which is particularly appropriate for addressing “how” and “what” based questions as those proposed in this study. Also, case study research can include both single and multiple case studies. This study aligns well with a multiple rather than a single case approach because it enables the use of replication logic in studying matching properties between cases and theory.

In light of the aforementioned, the qualitative approach was applied in the first stage of the research, which is particularly appropriate for exploratory studies (Yin, 2014). In line with Lindgreen *et al.* (2006), this approach is appropriate when the aim is to study complex processes. The qualitative investigation of factors related to experiential foreign market knowledge, E-I relationship quality, and satisfaction with the export performance of SMEs

builds a base for the empirical research in the quantitative stage as a sequential mixed methods design. In accordance with the relevant studies, Styles *et al.* (2008) also employed the qualitative approach to examine a relational model of export performance from in-depth interviews with 20 Australian exporters and their import partners in Southeast Asia. This allowed them to examine the veracity of the conceptual model and assess the wording of questions covering key constructs of E-I relationship quality. In addition, an extensive exploratory qualitative study was also selected to explore the specific dimensions of relational competence from a practical point of view between an Australian exporter and a Thai importer serving in the Thai market (Phan *et al.*, 2005).

In summary, there are four important reasons justifying the need for a qualitative approach in this research from the view point of Thai SME exporters. First, SMEs contribute to economic growth in both high and low-income countries by sustaining employment and contributing to GDP, and there is a need to capture how they build the relationships with their business partners to enlarge their resources and overcome size-related barriers. Second, there is a need to investigate the roles of experiential foreign market knowledge of SME executives affecting E-I relationship quality. Third, there is a need to justify the key constructs of E-I relationship quality in non-Western contexts. Finally, the effects of external factors (i.e. political factors) are also taken into account by investigating their influence on relationship building among the involved parties, especially in emerging country contexts.

3.5.2 Quantitative approaches

After developing the research models and hypotheses, the quantitative approach was then applied in the second stage of the research. Specifically, a qualitative method (i.e. semi-structured interviews) was initially used to validate the measurement scales before the statistical hypothesis test by the main survey was undertaken. In other words, the research adopted an initial phase of qualitative data collection and analysis, followed by a phase of quantitative research (Creswell *et al.*, 2014).

In contrast to the qualitative approach, a quantitative approach is a scientific approach based on the collection and analysis of data in numerical form. Positivist assumption is the basis for researchers who use such an approach. This approach is suitable for research which aims to answer the questions “how much”, “how many”, “how often” and “to what extent”

(Pinsonneault and Kraemer, 1993), as well as identify frequencies and percentages of responses. By definition, the quantitative approach is concerned with the collection and analysis of objective or numerical data, which is often presented in graphs, charts or tables. However, such data can be analysed using statistical methods. In addition to the above, such an approach needs large enough samples to be representative of the entire population so that the results can be replicated, generalised or used in a comparative way (Black, 1999).

In practice, the approach is concerned with providing a quantitative description of the variables of this study where the researcher determines the relationships between the variables of interest in the study and then formulates and tests hypotheses derived from theories which may thus be assessed as either acceptance or rejection based on a comparative and statistical analysis. Accordingly, the quantitative approach tends to be deductive reasoning, as shown earlier in Figure 3.3, which begins with the general theory and ends with the specific observations. Thus, researchers who use such methodologies do a prior determination of the theories that could explain their data. The approach can be applied using several methods, including surveys completed by a stratified or random sample of the population. These surveys are usually administered through the mail, face to face or via the internet. In addition, laboratory experiments, formal methods and numerical methods are among the methods used in the quantitative approach (Creswell, 2014). Survey research usually serves for validation rather than discovery purposes (Gable, 1994).

Although research on E-I relationships has increased significantly over the past few decades, very few studies have attempted to investigate the relationship between foreign market knowledge and business-relationship dimensions (e.g. Hohenthal *et al.*, 2014; Sandberg, 2014). Moreover, recent studies report a lack of consensus regarding the factors that represent the base for E-I relationship quality (Leonidas *et al.*, 2014; Payan *et al.*, 2010; Skarmas *et al.*, 2008). In addition, very few studies investigate the business relationships conducted in emerging markets, which may be characterised by certain economic instability and political risks (e.g. Bianchi and Saleh, 2011; Matanda and Freeman, 2009). Consequently, there is a certain need to extend relationship quality research to emerging countries settings from non-Western contexts, which allows for generalising the results and therefore is used in the same context or other contexts with similar circumstances. This is already one of the key theoretical contributions to existing knowledge in the context of developing countries, especially Thailand.

In so doing, two main phases have been designed to match the objectives referred to in the first chapter of this thesis. The first phase as the qualitative research (see chapter 4) was a good starting point for the design of field work in order to examine the roles of experiential foreign market knowledge as well as determine the various factors and interrelationships among them that affect the key constructs of the exporters and their main business partners' relationship quality and satisfaction with the export performance of SMEs, as well as investigating the influence of external environment factors in Thailand, using a multiple case studies approach for answering the research questions as follows:

1. How do SME executives access the necessary knowledge encapsulated by their importers, particularly in a Southeast Asian context?
2. How does foreign market knowledge of SME executives influence E-I relationship quality, particularly in a Southeast Asian context?
3. What are the key constructs of E-I relationship quality, particularly in a Southeast Asian context?
4. How does political instability affect the E-I relationship quality, particularly in a Southeast Asian context?

Afterwards, the second phase (see chapter 5) was a good complementary point to develop the design of field work by selecting the appropriate sample regarding representation and the number of the entire population to validate the results of the first phase on a large scale, and thus generalise the results. According to Jick (1979 p.604), "*quantitative research may also contribute to greater confidence in the generalisability of results*". In other words, the quantitative approach has enabled the researcher to statistically test a conceptual framework of this study and to make predictions about the interrelationships between the various factors in this particular context, which may not be obtained by relying only on qualitative methods used in the first phase) e.g. in-depth interviews and documents analysis (for answering the research questions as follows:

5. To contribute to a more comprehensive understanding of simultaneous links among experiential knowledge, E-I relationship quality and satisfaction with the export performance of SMEs.

For this, however, the researcher has resorted to the use of descriptive and inferential statistics methods to validate the results of the first phase. Descriptive statistics were used to describe the basic features of the data obtained from the study sample. It provided simple summaries about the sample and measures. With a simple graphics analysis, they formed the basis for quantitative analysis of almost all of the data obtained from the population of the study (Creswell, 2014). In other words, descriptive statistics helped to represent large amounts of data in a simple and reasonable way. This can be achieved through measures of central tendency and dispersion. Measures of central tendency include the mean, median and mode. These describe the centre of data distribution. Measures of dispersion include the range, variance and standard deviation. These describe the spread of the data distribution or its variation around a central value.

Inferential statistics were used to determine whether the results of the study were based on a representative sample of the population or not, as well as study the statistical significance of the differences between two or more sets of data obtained from the sample (Trochim, 2006). Inferential statistics helped to determine the probability of the evidence under the assumption that the null hypothesis is true. If the probability is low, it means that the decision is to reject the null hypothesis and accept the alternative. If the probability is high, it means that the decision is to accept the null hypothesis. This can be achieved through parametric and nonparametric tests. Parametric tests assume that the data is subject to the normal distribution. When data are graphed, they follow a classic bell-shaped curve. Non-parametric tests do not make an assumption about the distribution of the data, and they are better suited to situations where the data is skewed (Trochim, 2006).

As will be shown in chapter 5, the data collected from the sample was normally distributed, based on the skewness and kurtosis measures. This was to meet the requirements of using path analysis, which is a multivariate analytical method for empirically examining sets of relationships represented in the form of linear causal models (Li, 1975). In other words, path analysis is useful in examining the direct and indirect effects of each variable on the basis of knowledge and theoretical considerations (Kerlinger and Pedhazur, 1973). Therefore, the researcher proceeded using the Structural Equation Modelling (SEM) analysis, particularly the maximum likelihood (ML) (Arbuckle, 2013), to estimate the interrelationships between the various factors that affect the E-I relationship quality and satisfaction with the export performance in Thailand using the AMOS version 22 (Kline, 2015).

3.6 DISCUSSION ON RESEARCH APPROACHES

The differences between qualitative and quantitative research approaches can be summarised as shown in Table 3.4, elaborated by Kumar (2014).

The following section discusses the appropriateness of the approach and methodology chosen for this research, along with a combination of qualitative and quantitative methods for data collection. It is drawn from the above discussion about the underlying assumptions in the research.

Difference with respect to	Qualitative research approach	Quantitative research approach
Underpinning philosophy	Empiricism: The only knowledge that human beings acquire is from sensory experiences	Rationalism: That human beings achieve knowledge because of their capacity to reason
Approach to inquiry	Unstructured/flexible/open methodology	Structured/rigid/predetermined methodology
Main purpose of investigation	To describe variation in a phenomenon, situation, issues etc.	To quantify the extent of variation in a phenomenon, situation, issues etc.
Measurement of variables	Emphasis on description of variables	Emphasis on some form of either measurement or classification of variables
Sample size	Fewer cases	Emphasis on greater sample size
Focus of inquiry	Covers multiple issues but assembles required information from fewer respondents	Narrows focus in terms of extent of inquiry but assembles required information from a greater number of respondents
Dominant research value	Authenticity but does not claim to be value-free	(Reliability and objectivity) (value-free)
Dominant research topic	Explores experiences, meanings, perceptions and feelings	Explains prevalence, incidence, extent, nature of issues, opinions and attitude; discovers regularities and formulates theories
Analysis of data	Subjects responses, narratives, or observation data to identification of themes and describes these	Subjects variables to frequency distributions, cross-tabulation or other statistical procedures
Communication of findings	Organisation more descriptive and narrative in nature	Organisation more analytical in nature, drawing inferences and conclusions, and testing the magnitude and strength of a relationship

Table 3.4: Differences between qualitative and quantitative approaches (Kumar, 2014)

3.7 SELECTION AND JUSTIFICATION OF RESEARCH APPROACHES, METHODOLOGIES AND METHODS

Social science research usually seeks to achieve several goals. For instance, Babbie (2012) argued that there are three common and useful goals for most social science research, namely exploration, description, and explanation. Social science research aims to explore a particular social situation, to gain a better understanding, test understanding and develop methods for future studies, particularly with those of a complex nature. Social science research also aims to provide a detailed description of the social situation and the events associated with it. Furthermore, it aims to explain a particular social phenomenon.

Given the lack of research set in emerging and non-Western markets (e.g. Thailand - where political factors may affect perception of executive managers in exchange relationships) on the role of experiential foreign market knowledge and its consequences on E-I relationship quality and export performance satisfaction of SMEs, therefore this study aims to address this gap. Moreover, considers the viewpoints of the distinct stakeholders of internationalised SMEs this research the paucity of studies, which capture multiple perspectives (managers and international business partners). Consequently, a qualitative research was applied to better understand the contemporary issues and related variables in this specific context. However, a wide range of possible methods has been reviewed in order to choose the appropriate methods for this research.

A thorough review of the literature on research methodologies indicates that there are a variety of methods based on two approaches to collect and interpret empirical data. Given the abovementioned limitations of each approach in Table 3.3, each of which has advantages and disadvantages, combining the two approaches to overcome the constraints imposed on them is a potential solution. Combining both qualitative and quantitative approaches can strengthen a study, as it neutralises some of the weaknesses of other methods (Jick, 1979). Consequently, a mixed method approach is used. In this method, qualitative and quantitative approaches are used to confirm, cross-validate or corroborate findings within a single study (Creswell, 2014). In combining qualitative and quantitative methods, the researcher uses a number of methods to study various aspects the same phenomenon. This is termed “methodological triangulation” (Bryman, 2015; Denzin and Lincoln, 2011; Olsen, 2004).

Many researchers have discussed mix method potential strategies. Creswell (2014), for example, specified six different strategies for combining qualitative and quantitative approaches: sequential explanatory strategy, sequential exploratory strategy, sequential transformative strategy, concurrent triangulation strategy, concurrent nested strategy and concurrent transformative strategy. Similarly, Steckler *et al.*, (1994) specified four different strategies for combining the two approaches: (1) the use of the qualitative approach to assist in the development of quantitative measures and instruments, (2) the use of the qualitative approach to assist in the interpretation of quantitative research results. Creswell (2014) indicates that the use of the qualitative approach helps to examine the results of the quantitative approach, particularly the unexpected ones, in more detail, which is called the sequential explanatory strategy of Creswell (2014), where it is necessary to have a certain theoretical perspective to guide the research, (3) the use of the quantitative approach to assist in support of qualitative research results. Creswell (2014) indicates that the use of a quantitative approach helps to test and generalise the results of the qualitative approach to different samples of the study population, which is called the sequential exploratory strategy of Creswell (2014), where it is not necessary to have a certain theoretical perspective to guide the research and (4) the use of qualitative and quantitative approaches equally and then combining their results. Different triangulation procedures are grouped in figure 3.4.

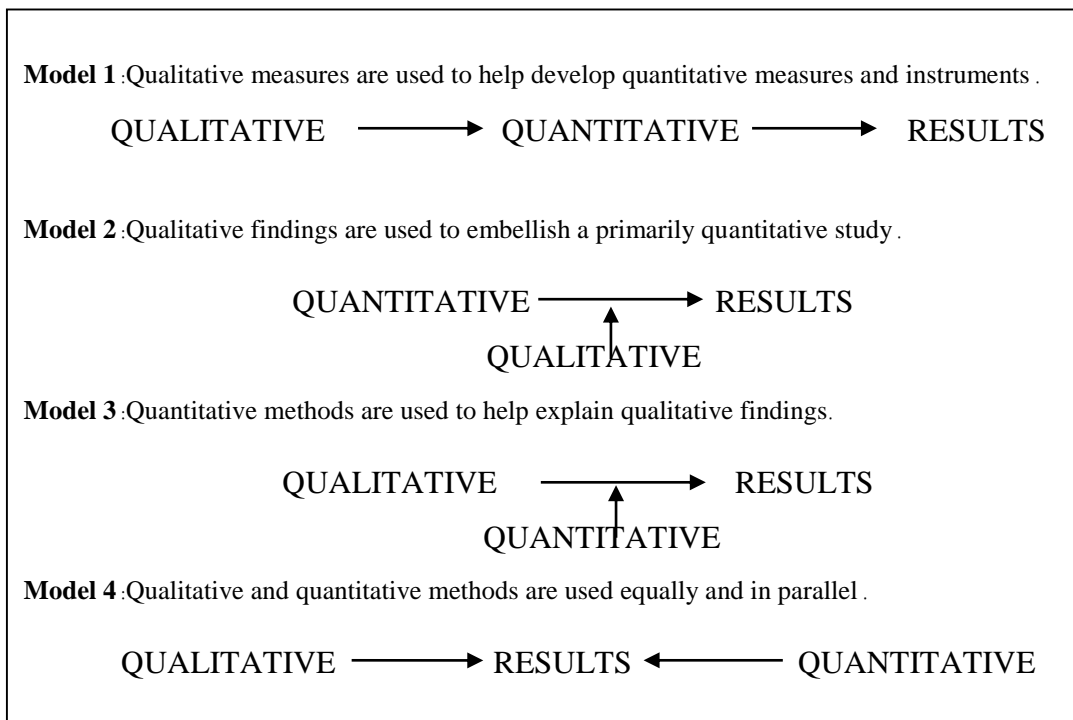


Figure 3.4: Example of triangulation procedures (Steckler *et al.*, 1994)

Based on the purpose mentioned above, a sequential mixed methods design is appropriate for the research model development because development involves using the methods sequentially where the findings from the first method inform the use of the second method (Onwuegbuzie and Collins, 2007). The adoption of this sequential design enables the researcher to explore the role of experiential foreign market knowledge and E-I relationship quality on satisfaction with the export performance of SMEs in a new setting (i.e. Southeast Asian context). Qualitative findings then formed the conceptual framework for the quantitative phase of the study, aiming to test statistical relationships among variables.

Consequently, this research was based on a sequential exploratory strategy of Creswell (2014) and the first and the fourth strategy of Steckler *et al.*, (1994), as mentioned above. Therefore this research was divided into two main phases, as shown in Figure 3.5: (1) qualitative methods (i.e. semi-structured interviews from multiple case studies and secondary data analysis) were initially used to understand the relatively unexplored aspects of the research area, and the findings were then used to design the following quantitative stage (Tashakkori and Teddlie, 2010), and (2) a quantitative method, in particular, a survey questionnaire, was employed to investigate the consequences of experiential foreign market knowledge and E-I relationship quality on satisfaction with the export performance of SMEs. Finally, the findings from the two phases were then used to interpret the data collected for this study.

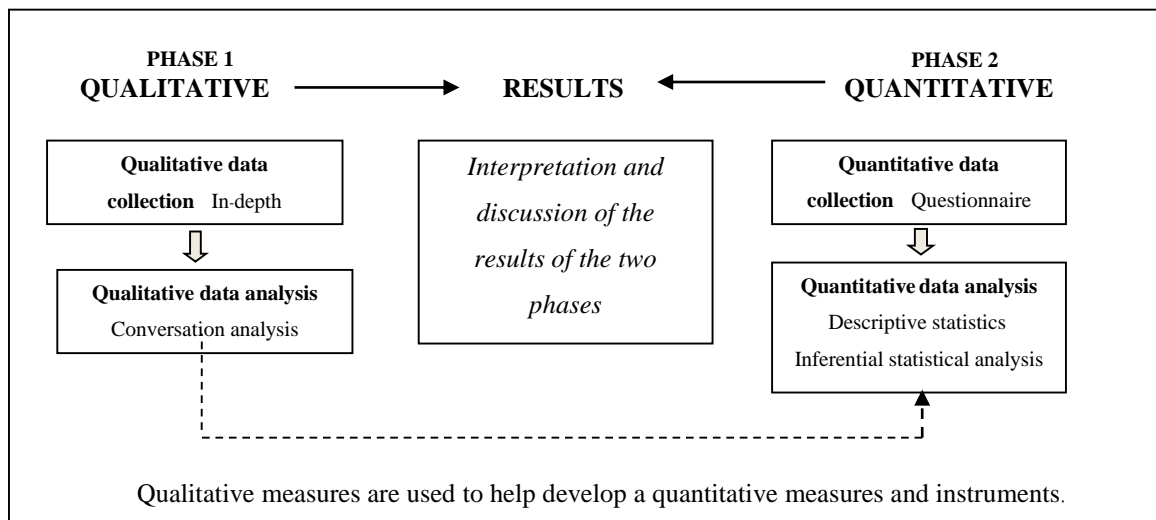


Figure 3.5: Research phases

Consequently, the two phases of research will be presented in detail in subsequent sections.

3.8 PHASE I: QUALITATIVE STUDY- CASE STUDY RESEARCH

In this phase, qualitative data was collected primarily to identify the role of experiential foreign market knowledge and the key constructs of E-I relationship quality through an exploratory and positivist paradigm. Qualitative data seeks to provide a better understanding of the phenomenon, fruitful insights on the best practices and experiences, more information on incentives and constraints that affect relationship building between exporters and their importers. In this study, qualitative data was collected through semi-structured interviews with multiple case studies to enable the researcher to provide an integrated and in-depth understanding of the phenomenon than that offered by the questionnaires. Case study research is a research strategy, involving an empirical inquiry that investigates a phenomenon within its real-life context (Yin, 2014). Furthermore, the analysis of the secondary data related to the cases was conducted. In short, this phase seeks to provide a better understanding of the context under study, to develop of a measurement tool and formulate the appropriate hypotheses.

3.9 Phase II: QUANTITATIVE STUDY - SURVEY

Despite the difficulties (e.g. low response rate) that may face researchers when using quantitative approach methods in their research, especially surveys, these methods in general, and the survey in particular, are still the most widely appropriated methods in quantitative research (Bryman, 2015). To be able to reach a large number of respondents, the researcher resorted to the use of both face-to-face and postal administration of questionnaires.

These methods were used in this phase to assess the results of the qualitative phase. Therefore, the researcher has gone through this phase to test the hypotheses that emerged from relevant literature and the qualitative phase, thus allowing the opportunity to have generalisable findings to other similar contexts in the Southeast Asia region.

3.10 CHAPTER SUMMARY

This chapter presents an overview of the underlying philosophical assumptions of research, as well as the reasons behind the selection of the positivist paradigm. This is followed by a debate on the research approaches available, namely the qualitative and quantitative approach. This discussion includes the definition of each of the two approaches and the

characteristics that distinguished them, the strengths and weaknesses of each of the two approaches, as well as their uses, especially in international business research.

Furthermore, this chapter presents an overview of the research methodologies available and data collection methods for each of them. Accordingly, combining the two approaches above as a mixed method was considered the most appropriate for this research. This was done through two main phases. The first phase uses a qualitative approach, which involves exploring the context and scope of the research to enable the researcher to develop a conceptual model on the role of experiential foreign market knowledge and its effects on E-I relationship quality and satisfaction with the export performance of SMEs in Thailand. This leads to the formulation of research hypotheses that explain the relevant factors under investigation. For this, a case study methodology was used to collect and analyse qualitative data. In addition, the researcher described the reasons for choosing this methodology over other qualitative methodologies. The second phase uses a quantitative approach to test the causal relationships in the research model resulting from the first phase. A full description of the two phases, including the methodologies associated with ways of collecting qualitative and quantitative data, will be presented in chapters 4 and 5, respectively.

4. FIRST PHASE: Qualitative research

4.1 INTRODUCTION

Based on a sequential research design, qualitative methods (i.e. semi-structured interviews from multiple case studies and secondary data analysis) are initially used to conduct qualitative research, with the aim to understand the relatively unexplored aspects of the research area. As the present study investigates SMEs from Thailand, a relatively under-explored a qualitative enquiry is considered to be appropriate. The research aims to achieve the following objectives:

- ❖ Investigate how Thai SME executives access the necessary knowledge encapsulated by their importers.
- ❖ Examine how foreign market knowledge of SME executives influences E-I relationship quality.
- ❖ Identify the key constructs of E-I relationship quality relevant for SME internationalisation, particularly in a Southeast Asian context.
- ❖ Examining how political instability influence E-I relationship quality in Thailand.

This chapter initially starts with an overview of qualitative data collection methods. Subsequently, the data analysis is explained in the second section. Next, empirical findings are presented in section three and discussed in section four. Then, a revised conceptual framework and research hypotheses are presented. Finally, conclusions are elaborated in the chapter summary.

4.2 QUALITATIVE DATA COLLECTION

4.2.1 A multiple case study approach

Over the past decades, numerous studies have investigated E-I relationship quality. Nonetheless, ambiguous evidence exists regarding a research framework encompassing the

influence of external environment factors on relationship quality dimensions. Furthermore, despite the relevance of exporting at macro as well as firm level, only a few studies have investigated E-I relationship quality in this specific dyadic association (e.g. Payan *et al.*, 2010; Skarmeas and Robson, 2008). Hence, little is known so far related to the potential distinct ways in which this relationship quality is perceived at both ends of the dyad. The research questions addressed in this study are: *How do Thai SME executives access the necessary knowledge encapsulated by their importers? How does foreign market knowledge of SME executives influence E-I relationship quality? What are the key constructs of E-I relationship quality, particularly in Southeast Asian context? How does political instability influence the relationship quality of exporting SMEs and their business partners, particularly in a Southeast Asian context?* In light of the aforementioned, the researcher selected to conduct this research following positivism, which is a particularly appropriate philosophical orientation explaining cause-effect linkages (Yin, 2014). Positivism looks for analytical generalisation between elements of the social world (Burrell and Morgan, 1979) from an outsider's point of view (Remenyi *et al.*, 1998). Hence, the researcher can infer knowledge about the real world by observing it (Corbetta, 2003, p.14).

A multiple case study approach following Yin (2014), which represents an appropriate research strategy to understand the complex (inter) organisational phenomena and contemporary events, was used in this study. This methodology design aims to investigate various components of a phenomenon. Our choice aligns well with previous qualitative research on both sides of a dyadic perspective including exporters and their importers (e.g. Chintakananda *et al.*, 2009; Lindgreen, 2001).

4.2.2 Case study interviews

Yin (2014) considers the interview as one of the most important sources of case study evidence. Interviews resemble guided conversations rather than structured ones. Rubin and Rubin (2011) suggest that although the specific questions will be pursuing a consistent line of inquiry, the actual stream of questions in a case study interview is likely to be fluid rather than rigid. According to Saunders *et al.* (2015), interviews are most advantageous when the study includes both exploratory and explanatory elements. With qualitative interviews, the researcher is mainly interested in the interviewee's viewpoint (Bryman, 2015). Interviews provided the researcher with some flexibility in asking more detailed, open-ended, and relevant follow-up

questions. Consequently, further rich and detailed information was obtained. In addition, personal interviews take account of the social atmosphere of the setting being investigated as well as non-verbal communications such as the attitude and the behaviour of the interviewee (Collis and Hussey, 2013). This enabled the researcher to understand the context under study. Through personal interviews, the researcher aimed to investigate how SME executives build the relationships with their business partners, perceive the influence of external environmental factors and gain necessary resources through their business networks. The interview guideline including the main questions asked in the interviews is shown in Appendix 3.

4.2.3 Specifically key informant semi-structured interviews

With regard to key informant interviews, respondents were selected on the basis of their distinctive and specialised knowledge about export and import activities thus ensuring that they are appropriate respondents for the range of issues investigated (Jankowicz, 2004). This technique is especially useful when the study aims to identify the essential characteristics of key concepts, by drawing on the personal experience and understanding of the people involved (Tremblay, 1982). The details about the participant interviews are presented in the table 4.1 below.

Interviewee	Position	Duration (minutes)	Interview date
A1	Export manager	60	July 2014
A2	Import officer	40	August 2014
B1	Export manager	60	August 2014
B2	General manager	40	September 2014
C1	Senior marketing officer	30	August 2014
C2	Import officer	20	September 2014
D1	Export manager (Owner)	60	July 2014
D2	Vice president	30	July 2014
E1	Owner	30	July 2014
E2	General manager	20	August 2014
F1	Owner	30	August 2014
F2	Senior marketing officer	30	September 2014
G1	General manager	40	July 2014
G2	Import officer	20	August 2014

Table 4.1: Details of interviews

4.2.4 Sampling

As qualitative studies aim to generate an in-depth analysis rather than emphasising generalisability, issues of in-depth understanding of the theme under investigation are far more important than issues of representativeness (Bryman, 2015). A purposeful sampling technique (Collis and Hussey, 2013; Jankowicz, 2004) was applied to identify and select appropriate participants for this study.

For the SME exporter sample, firms had to subscribe to the following criteria: (1) be registered with the Department of International Trade Promotion (DITP) in Thailand; (2) comply with the Thai definition of SME¹; (3) export at least 25 percent annually; (4) belong to either the food or textile industries as these sectors are included among the priority list² for ASEAN integration 2016. These industries have been affected by regulations under the ASEAN framework agreement, especially designed for the integration of priority sectors, which are likely to impact relationships between exporters and importers. Another important aspect is that the overall contribution of these industries to Gross Domestic Product (GDP) is high, accounting for 1,104,566 million Baht (food industry :627,972, textile, and clothing : 476,594 million Baht) or 30.3 percent of Thai GDP in 2016 (OSMEP, 2017). In addition, considering the predominance of SMEs in these sectors, they accounted for 9.38 percent of the total SMEs in the country (OSMEP, 2017). Bearing all these in mind, these two sectors represent a particularly appropriate setting for conducting this study.

In order to achieve construct validity, the researcher ensured to maintain a logical chain of evidence in the data collection phase (Yin, 2014) which was particularly important for this study, considering the dyadic nature of the case studies. To this purpose, the researcher describes in detail the steps undertaken for collecting the empirical data. First, all SME exporters were contacted by telephone to ensure that there were no changes of business status (e.g. firm liquidation). This telephone conversation was useful to explain the rationale of the study, request their participation, and most importantly, identify the key informants, who typically were the founders or owners of the firms and some of the export managers. Next, a

¹ Thai SME definitions are as follows: 1) No more than 200 employees, 2) Fixed capital of not more than 200 million baht, 3) Less than 25 % is owned by one or joint several enterprises, and 4) Less than 50 % is foreign owned (OSMEP, 2017).

² According to the ASEAN Economic Community (AEC) Blueprint, there are 12 key priority integration sectors, which consist of agricultural products, fishery products, wood products, rubber products, textiles, automotive products, electronics, information technology, health, tourism, flight and logistics (ASEAN, 2015).

formal letter of intent for academic cooperation was sent to the participating firms, including the interview guidelines (see Appendix 3). Finally, the exact dates for each interview were confirmed later by telephone.

For investigating the other side of the dyads, a snowball sampling technique was applied to identify the matching main importers (Morgan, 2008). Then, exporters were asked to assist the researcher by naming their main importers. The same process as the one for SME exporters was repeated for contacting their main importers. Data confidentiality and anonymity was ensured to all research participants.

In-depth interviews with the main decision-maker in exporting SMEs and their corresponding main importers were the most important source of empirical evidence in this study. These semi-structured interviews on both ends of the dyad enabled us to investigate the constructs of relationship quality (Phan *et al.*, 2005). While most E-I studies have used perceptions and/or reported behaviour from only one side of the partnership either exporter or importer, which may be misleading (Anderson, 1994), the unit of analysis in this study was the SME exporter – the business partner dyad, as it permitted a considerably more accurate evaluation of relationship quality, and its corresponding elements. In this research, therefore, the seven semi-structured interviews with the main decision-makers in exporting SMEs, and another seven with their matching main business partners were conducted, resulting in a dataset of fourteen semi-structured key informant interviews (see respondent characteristics in Appendix 4). Then, a summary of the seven case studies profile is presented in Appendix 5. (coded as A, B, C for the SME exporters in the food industry; D, E, F and G for the textile and clothing manufacturers to preserve confidentiality)

Open-ended questions were used during the interviews to provide the interviewees with the opportunity to freely express their thoughts and share their experiences regarding the research topic investigated. The questions concentrated on SME executives' interpersonal relationships and constructs of relationship quality between exporting SMEs and their business partners, examining the external environment factors influencing the firms' performance, and the relationships, and how SME executives access the necessary resources or knowledge acquisition from external sources through their business networks. The interviews were voice recorded, and full transcripts were elaborated. Additional data sources were used for

triangulation purposes. Such data sources included direct observation undertaken during the interviews as well as company archives and websites.

4.3 DATA ANALYSIS

In order to analyse the data, the researcher interpreted the data to reflect the similarities as well as the differences across groups between exporters, and their main business partners that contributed to the debate about the relationship quality. This involves making projections about the findings from a case study to a previously developed theory (Yin, 2014). Therefore, a cross-case analysis was applied following Eisenhardt (1989) and Yin (2014). First of all, full transcripts were inputted into NVivo. Each document was read carefully, and transcripts were coded into their relevant section nodes. Following Morse and Richards (2002), data analysis commenced with coding and categorising data. The node titles were created following the structure of the interview, which reflected concepts from the buyer-seller relationship quality literature review. Several steps were undertaken during the data coding process resulting in six final main constructs as follows: (1) the influence of SME executives' interpersonal relationships on E-I relationship building; (2) a role of trust in relationship building; (3) commitment in E-I relationships; (4) cooperation between exporters and their main importers; (5) the external environmental factors; and (6) knowledge acquisition of SME executives through their main importers. In addition, all coded sections were broken down into as many subsections as possible to be able to explore new conceptualisations to the study.

New nodes were created when new themes were identified during the coding process. The researcher identified sub-nodes in accordance with what he found in the conversations. First, having verified some types of trust, we identified three categories of trust :goodwill trust, competence trust, and contractual trust. Second, affective and calculative commitment were found to be the two types of commitment important for the E-I relationship. Third, joint-problem solving and information exchange was coded as sub-nodes in the cooperation. Fourthly, the competitive intensity and political instability were identified in the environmental factors. Finally, foreign market knowledge acquisition was examined. This process was highly iterative and involved going back and forth between the theoretical constructs previously identified in the literature and the interview data.

In order to provide a thorough comparative examination, the same coding strategy was applied for two main sources, SME exporters and their matching main business partners, to establish whether they follow the same pattern (Eisenhardt, 1989). As for case-oriented approaches, some analytical techniques are worth mentioning such as building a contrast table (Miles and Huberman, 1994). The researcher refers to this technique as data display and analysis techniques. Each case is condensed in a form that permits a systematic visualisation of all the cases at once, and it brings case relationships to the surface in ways that invite and facilitate comparison. Then, the answer in in Tables 4.4 and Table 4.5 have compared and contrasted presenting the views of the fourteen partners in each data source across the case (Miles and Huberman, 1994). Next, the research questions are discussed in light of the findings. Finally, based on data analysis, the researcher proposes a framework and propostions (hypotheses) to be further tested in future research.

4.4 FINDINGS

4.4.1 Exporter profile :The food industry in Thailand

SME A

The company was established in 1959 and began with only a single product of Thai chilli paste in glass bottles. Later, the business evolved and has grown to be one of the leading manufacturers of chilli pastes, dipping sauces, curry pastes and instant seasonings. The company plans to increase its production capacity and develop a range of new products for local and foreign markets that will meet customer demand. The firm currently employs 150 to 200 employees as a medium-sized enterprise. It took thirty-five years before starting to export in 1994. Exporting accounts for a 51 to 75 percent of its total sales to foreign markets, focusing in particular on ASEAN markets. The firm also uses both direct, and indirect exporting to foreign countries as entry modes of internationalisation. According to the export manager, she argued that although the firm can export directly to its foreign buyers, there is a need to export via intermediaries to avoid the risk of market uncertainty in unfamiliar markets.

SME B

The firm was founded in 1965 as shrimp chips or crackers manufacturer in Thailand. It has employed a system of Total Quality Management (TQM) to inspect every stage of the production process from selecting material to finishing. Therefore, the company has been known to the local and overseas markets nearly 50 years by serving a good quality product. The firm has approximately 200 employees. It started exporting in 1996, and therefore it has over 30 years experience in domestic markets before going abroad gradually. The target foreign markets are in Asia, North America and the EU. Between 26 to 50 percent of the total sales comes from exports with considerable growth rates to the ASEAN market. Regarding the mode of internationalisation, both direct exporting and expanding via intermediaries in foreign markets are the market entry strategy in internationalisation. However, according to the general manager, the market entry strategy depends on the impact of cultural and import and export regulations in different countries.

SME C

Since 1974, the enterprise has manufactured and supplied food ingredients, spice blend, and seasoning mix for the food industry in Thailand. Currently, the firm has over a hundred full-time employees working at sites. For almost 30 years that the firm manufactures spice blend and seasoning. It has acquired a strong R&D team and international marketing team to develop consumer products and started exporting in 2000. The firm mainly focuses on its domestic market rather than overseas sales. Nearly a 30 percent of its products are exported to ASEAN market. However, North America and the EU are also important foreign markets to the firm. As for international market entry, the firm delivers its product to customers both directly, and also via foreign intermediaries. Depending on the different markets the firm will apply different types of internationalisation.

4.4.2 Exporter profile :The textile and clothing industry in Thailand

SME D

The company was established in 1991 as a women's underwear manufacturer. The firm started exporting in 2006 with a workforce of 180 well-trained workers. In 2013, the company directly exported about 20 percent of its goods to America and Italy as the main foreign target market. According to the owner, the Southeast Asian markets, such as Singapore, Brunei and Indonesia, are becoming more interesting markets as well. The company realises how valuable

the ASEAN markets. The firm prefers to enter new foreign markets via intermediaries for avoiding unfamiliar markets and improving distribution.

SME E

The enterprise was formed in 1988 as an infant's garments-wholesaler and manufacturer. The diverse and highly skilled workforce consists of approximately 150 to 200 employees. Interestingly, it started international activities rapidly, the same year as the firm was established in 1988. The first export market entered was Kuwait due to the personal relationship between the owner and his friends. They are still doing business together at present. Currently, the company mainly focuses on domestic markets with a 75 percent of its total sales, and some of the foreign markets in Cambodia, Laos, Myanmar and Vietnam (CLMV) markets, entering via Thai department stores. Regarding the mode of foreign market expansion, the firm only uses intermediaries for internationalisation because of convenience.

SME F

The firm was founded in 1997 to produce modern women's clothing under four brand names. Each brand has unique characteristics. The firm focuses on brand strategy with emphasis on product differentiation. Direct and indirect export are the modes of foreign market entry. Currently, the firm employs approximately 150 employees. First, the firm followed a gradual internationalisation process, by focusing the domestic market rather than the foreign market; then it started exporting in 2008 to Asian markets such as Hong-Kong, Singapore and Malaysia, accounting for up to a 75 percent of foreign sales. However, domestic sales are not growing well. Therefore, the business objective of the firm is to strengthen the domestic sales in Thailand as the priority concern of business.

SME G

The enterprise was established in 1988 as a car accessories and promotional items textile producer. The firm also plays many roles as a manufacturer, distributor importer and exporter. The firm has licenses from foreign trademarks such as Disney, Hello Kitty and famous football clubs to produce their original design products. Since its founding in 1988, the firm has been recognised for its design work and launched its own brand. Currently, the firm has approximately 160 to 200 employees. After 14 years of being focused on the Thai domestic market, it started selling its products abroad in 2002. Cambodia and Myanmar are the most

attractive export markets for the firm. However, the firm still concentrates on the domestic market which accounts for 70 percent of its total sales.

4.4.3 Cross-case analysis

The cross-case studies are grouped into three main sub-sections to answer the research questions outlined in the introduction. Full transcripts were inputted into qualitative analysis with NVivo. Firstly, the researcher presents the influence of SME executives' interpersonal relationships on relationship building and identifies the constructs of E-I relationship quality, resulting in four domains as follows: (1) the influence of SME executives' interpersonal relationships on relationship building; (2) a role of trust in relationship building; (3) commitment in E-I relationships; (4) cooperation between exporters and their main importers. Secondly, the researcher focuses on the impact of the environmental factors on the firm's performance and the relationship quality of SME exporters with their importers, resulting as the fifth domain as follows: (5) the external environmental factors. Finally, the research focuses on investigating how SME exporters access the necessary resources or knowledge acquisition from external sources through their importers as the sixth node: (6) knowledge acquisition of SME executives through their main importers. In order to provide a thorough comparative examination, the same coding strategy was applied to the two main sources, SME exporters and their matching main importers, to establish whether they follow the same pattern (Eisenhardt, 1989).

The analytical technique adopted is based on a contrast table showing the frequency of answers (Miles and Huberman, 1994). Each case is condensed in a form that permits a systematic visualisation of all the cases at once, and it brings case relationships to the surface in ways that invite and facilitate comparison. Then, Tables 4.2 and 4.3, summatively present the views of the fourteen dyad partners. This allowed the researcher to investigate a number of recurring themes consistently supported across the cases.

The following section presents empirical evidence from the case studies.

4.4.4 The influence of SME executives' interpersonal relationships on relationship building

The findings illustrate that interpersonal relationships between key decision-makers play a crucial role in enhancing the relationship quality in all cases. Managers from both sides of the dyad perceive their relationship based on friendship and personal relationships. Interestingly, findings show that friendship could be developed before starting to work as a business partner and also cultivated relationships while working. They understand it as a close tie between two persons that is often built on mutual experiences, shared interests, proximity and emotional bonding. For example:

CASE C: The SME exporter stated that:

“There are very good relationships between us. We have known each other for more than ten years, and we are still doing business together. You know, personal connections are one of the factors of success for making a smooth-running business, especially in Thailand (...). We always help each other. I feel like he [C2] is my brother, and it is not just about buyer-seller relationships anymore. No matter who you are, the important thing is the friendship.” [C1]

The matching importer stated that:

“You know, when I first talked to him [C1], I knew he would be my close friend. I get empathy from him (...). He is a very nice guy. We usually discuss our business issues such as customer feedback or problems, and any other topics together. I feel comfortable when I work with him. I am lucky to have him as a friend, and also as a good business partner.” [C2]

CASE F: The SME exporter stated that:

“The personal relationship is of very much importance. I have known her [F2] for more than five years. We are very close. When she comes to visit me at my factory we usually have some dinner, so I always take care of her and it is so funny. She prefers to eat Thai food at local restaurants rather than a nice restaurant inside high-end department stores (...). I think the relationship benefits everything, especially in the business world. She tends to contact me directly by personal e-mail and place orders with us.” [F1]

The matching importer stated that:

“I think we are friends. The relationship I have with him [F1] is very different from the general buyer and seller. I know his family, his wife and their children. We usually help each other in many aspects. Sometimes we converse about our family and our children. This makes me feel comfortable to trust him, and the way he thinks. Therefore, I do enjoy business with him.” [F2]

CASE D: The SME exporter stated that:

“I think the personal relationship is important for me, and it is built upon affection and trust. You will want to make relationships with someone who is trustworthy, right? (...). In my opinion, he [D2] is a very nice person. I used to have the chance to go hang out with him and it was great. I can say that he is my friend and my business partner.” [D1]

The matching importer stated that:

“I think he [D1] is a kind person. I have known him for a long time. We usually talk about our jobs, life, and so on. I am always happy, quite comfortable and relaxed when I work with him.” [D2]

As illustrated above, the empirical findings indicate a close association at the individual level between managers. Interpersonal relationships enhance trust and other relational dimensions, therefore influence the organisational level outcome as well as individual-to-firm dyads. This findings were consistent with previous studies which have suggested that interpersonal relationships are more important than one’s practical ability to operate a success business, particularly in non-Western countries (Lee *et al.*, 2001; Phan *et al.*, 2005, Styles, *et al.*, 2008). As friends, they can turn to each other in times of need, thus positively enhancing relationship building. As a result, the interpersonal relationships are a key part of interorganisational relationship in this context (Ambler *et al.*, 1999). Moreover, the findings show that interpersonal relationships could improve overall commitment. The exchange partners desire to continue the relationship and ensure its continuance. Consequently, there is a positive relationship between SME executives’ interpersonal relationships on E-I relationship building.

4.4.5 A role of trust in E-I relationship building

As reported by all interviewees, trust-based relationships between key decision makers have a central role in developing, upholding and maintaining long-term E-I relationships. Firstly, as can be seen from Tables 4.2 and 4.3, findings show that the informants from both sides of dyads tended to set goodwill trust as a priority aspect regarding their partner selection. For example:

CASE B: The SME exporter stated that:

“We always consider trust and honesty as the key principles in the relationship building process, and of course we also look for these elements from our partners. When you work with your business partners, you need to trust them, right? If you cannot treat them with your sincerity, it is hard to find someone real.” [B1]

The matching importer stated that:

“Opportunistic behaviour is not acceptable in business. No matter who you are or how big your company is. You must take responsibility for your business partners and not exploit others, and then I believe that your business partners will treat you the same way as well. I think it is a foundation in relationship building for business.” [B2]

Consequently, these findings indicate that trust in honesty and benevolence are important aspect for each side of dyads in relationship building. This is consistent with Styles *et al.* (2008), who argued goodwill trust enhances emotional aspects (e.g. friendship and interpersonal relationships). In accordance with Heide and Wathne (2006) managers perceived to be endowed with high goodwill are more likely to become friends with their business partners and receive more favours from each other. Consequently, this indicates the importance of goodwill trust as a crucial aspect in E-I relationship quality.

Secondly, the empirical evidence shows competence trust at both sides of the dyad, as presented in Tables 4.1 and 4.2. Both exporters and importers have confidence in each other’s capability of performing in accordance with the expected standards. For example:

CASE G: The SME exporter stated that:

“I am okay with [G2]. We have faith in their potential. They have abilities to distribute our products effectively so I trust their performance. In fact, I have trust in [Senior marketing manager of G2]. I have known him for more than ten years. In my opinion, he is one of the best-performing managers I have ever seen. He has great experience of marketing in foreign markets, which increases our sales figure a lot.” [G1]

The matching importer stated that:

“The quality of the product is vital for us. We are a trader. We cannot deliver any defective goods to our customers, so we have confidence in the quality and manufacturing process of our supplier [G1]. If everything is okay, we will surely do business with them.” [G2]

The findings also suggest that competence trust is positively related to E-I relationship building. This is consistent with Styles *et al.* (2008), who argued that trust in technical competence of a partner (performance-based trust) could enhance the satisfaction towards firm’s performance, which in turn will have a positive effect on the E-I relationship quality (Sako, 1992). Consequently, in accordance to the previous studies, the qualitative findings put forward a positive association between competence trust and E-I relationship quality.

Thirdly, contractual trust was also reported, as presented in Table 4.2, findings show that there is sporadic evidence within the group of exporters towards trust in specifically written contracts. Interestingly, they also are concerned about honesty and fairness when they made contracts. As reported by one of the export managers:

“I realise the importance of contracts between firms. It can also reduce misunderstanding and opportunistic behaviour in businesses. However, I am not focusing on it much because it can be changed over time. I prefer to work with a trustworthy person, whom I know very well such as [C2]. I am sure he is trustworthy and fair. When I work with him, it seems that contracts or agreements are not a big issue for me.” [C1]

Contrary to the importers' viewpoint the findings in Table 4.3, show the role of buyer-seller contract as a priority, which may include agreements (e.g. payment terms, mark-ups and margins) related to both partners in all cases. They trust in distributor agreements, which increase their relationship quality. According to one of the importers:

“We are a global trading company, so we need to work with the most promising potential contractor. Everything can be changed by unexpected circumstances, so we just need a business guarantee. Contracts can provide confidence to business investment and I think it is the most important thing when doing business nowadays.” [D2]

Consequently, the findings show the importance of contractual trust, especially from the importers' standpoint. There is also support from the cases of exporters. However, a considerable number of exporters did not focus on specific written agreements, which encourage their relationship building. All in all, in accordance with the empirical findings provided by the seven case studies carried out, it is generally believed that contractual trust has significant positive role in building relationship quality. In support of this finding, Leonidou *et al.* (2014) also highlighted the importance of contract in doing business professionally. In summary, our findings relate to the three different types of trust (i.e. trust in the goodwill and fairness of the other party, competence trust, and contractual trust), in accordance with Styles *et al.* (2008) considering the various types of trust in E-I relationship quality, especially in a non-Western context study. Tables 4.2 and 4.3 show that trust is an important element in relationship building. This could indicate that a higher level of trust between SME exporters and their business partners, leads to a higher perceived value of the relationship to maintain the long-term relationship among interacting parties. Consequently, trust-based relationships between key decision-makers in the dyad can lead to commitment, and cooperation at the organisational-level. As reported by one of the export managers:

“In fact, I have known him for more than a decade. We have known each other before his company was established, so we had a long friendship before we started working together, which is great for our business. Sometimes, it is more like a family-run business. We always help each other, and he also performs well, so I want to do business with him every time if I have a chance.” [A1]

This is also apparent from the importers' perspective, especially contractual trust. As one of importers specified:

“I believed in formal written contracts when doing business. It shows the expectations of both parties by starting with a legal document so it can resolve negative situations. We ensure that we can use these contracts to hedge against the cost or any harmful circumstances. Everything must be clear and transparent at the beginning so that it will lead to further agreements.” [E2]

Consequently, the findings indicate the important role of different types of trust in support of on-going business transactions in the long-term, which is supported by Morgan and Hunt (1994).

4.4.6 Commitment in E-I relationship building

The findings reveal that different types of commitment exist in exporters and their importers relationship. The findings show that trust-based relationships between partnering managers positively affect commitment between firms. Table 4.2 illustrates that all exporters mentioned personalised and affective ties as a crucial factor, which leads to a long-term commitment. From the exporters' perspective:

“Sometimes I am happy to do business with my close friends. I do not focus on profit maximisation when I work with my friends (...). Talking less business, and enjoying more life with your friends is great, right? We have known each other very well, so I can trust him [A2]. He is a good person. He has never harmed our relationships with opportunistic actions, and so our business is still ongoing.” [A1]

Nevertheless, although personal relationships between key actors increase commitment among interacting parties, the findings also illustrate a different viewpoint within the group of exporters towards profit-based commitment. For example, as stated by one exporter:

“Our foreign sales figure is great. I think they [C2] have the potential to distribute our products and help us in foreign markets, so why would we need to turn to others, right? As long as we gain profit, we will surely continue to export with them.” [C1]

Consequently, the empirical findings show two types of commitment as shown by Thai exporters, namely affective and calculative commitment. This is consistent with Styles *et al.* (2008) who consider that various types of commitment may give the exchange partners a greater understanding of each other, which in turn will increase E-I relationship quality. On the other hand, as for the importer's standpoint, the findings provide strong evidence that cost and benefit calculations can be considered a significant aspect. Their commitment is likely to be based on price rather than affective commitment, which is presented in Table 4.3. As one of the interviewees mentioned:

“I think I will work with them [G1] if they can give us reasonable prices for the products. We need to focus on profits first .By the way, we also consider market demand .If their products can be sold, there is no reason to stop business dealings with them.” [G2]

Consequently, although the influence of the personal and emotional bonds lead to affective commitment, a large number of SME exporters and their business partners still believed in a commitment based on costs-benefit calculations, supported by Leonidou *et al.* (2014) and Styles *et al.* (2008). All in all, these findings illustrate various perspectives towards different types of commitment in exporter-importer relationship building, which increase their relationship quality.

4.4.7 Cooperation between exporters and their importers

As shown in Tables 4.2 and 4.3, all case studies indicate that cooperation at the personal level plays a central role in enhancing E-I relationship quality. The following quote is illustrative for the export managers:

“Cooperation with our business partner is very important for us (...). Especially working together with him. [C2] He can provide me access to information or sometimes we solve conflicts together, achieving better outcomes.” [C1]

The evidence collected from the other side of the dyad also supports this view:

“I think responding to advice constitutes relationship quality, especially for a distributor

like us. Our job is to deliver goods that meet customer needs and wants in foreign markets so we need to discuss all issues that might affect our operations. Working towards the same goal is the key to success. I talk freely with him [C1] personally before we arrange a formal meeting in front of our colleagues. I think it is a smart way to assure his cooperation in advance.” [C2]

The findings show that although key decision-makers usually work together taking buyer-seller roles in the dyad, personal relationship importance is salient for relational exchanges. Interestingly, the researcher notes that in all cases analysed in this study the key decision-makers find personal relationship beneficial. The closer the bonds between managers, the higher the cooperation level. As stated by one exporter:

“A close personal relationship is an essential component in any discussion of relationships. I think it promotes joint efforts of working on the relationship between us. I am much more likely to help him [A2] because I know him well. I can say that I am a very open-minded person when I work with him. We have had a strong personal relationship for many years, and so I feel more comfortable with him compared to others.” [A1]

This viewpoint also is supported by its business importer’s perspective. One recalled that:

“To be honest, our friendship has encouraged our business in many aspects. I have been friends with [A1] for many years. We always talk about our business operations. We had shared a lot of experiences, knowledge and information to achieve mutually beneficial goals. He has been so open with me. I believe that our relationship has built smooth organisational operations.” [A2]

Consequently, these findings show that the interpersonal cooperation of SME executives in joint problem solving and communication with their importers has a positive effect on the relationship quality. This is consistent with previous studies (Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Payan *et al.*, 2010; Styles *et al.*, 2008), which mentioned cooperation as one of the higher-order constructs of E-I relationship quality.

4.4.8 The influence of external environmental factors

According to Tables 4.2 and 4.3, all cases of exporters perceived political instability as a threat for their business expansion, especially in Thailand. The findings show a negative impact on both exporters and their importers. An unstable political environment leads to a decrease in confidence for both groups, especially in firm performance.

“As you can see Thai political issues were reported to have a negative influence for more than eight months. It impacted customer confidence directly and significantly affected our exports. Our buyers worried about the political issues. The overall economy was depressed, and our sales dropped.” [B1]

The importers generally corroborate managers’ perspective:

“We are mostly concerned about domestic political issues. From our experience, the purchasing orders from our customers decreased if there were political problems occurring like the situations in Thailand. They might delay orders and search for new suppliers to avoid unpredictable risks.” [B2]

Nevertheless, when facing difficulties from the business environmental factors such as political issues, all decision-makers from both sides of dyad tend to enhance their relationships by optimally coordinating actions and increasing cooperation. This provides support to Matanda and Freeman (2009).

For example, as stated by one of export managers:

“We are concerned about the impact of the domestic political instability, but we can handle it. From the past experiences, we discussed business situations between the two of us. When we had problems, we took them to our meeting and we looked for possible solutions, and we decided together.” [C1]

Similarly, the matching importer indicates:

“Of course, the political issues in Thailand have impacted our operations but I think there are much more ways in which we can solve this together with our suppliers (exporter). We need to have confidence in their performance. When we face problems

or difficulties, we always discuss them, and hopefully solve them as soon as possible.”
[C2]

To sum up, it is believed that the effects of political instability tend to negatively impact firm performance. This is consistent with previous studies (e.g. Aisen and Veiga, 2013; Fosu, 2003; Jong-A-Pin, 2009), which mentioned political instability constantly plays a crucial role in undermining economic development. Moreover, in relation to Thai domestic political instability, the Royal Thai Army (RTA) launched a coup d'état in 2006 and 2014, which might influence the international activities in various aspects on both sides of the dyads. Therefore, this study provides support for various prior contributions that the political instability as the external environmental factor that may be indispensable to study SMEs export performance and E-I relationships in the Thai context.

4.4.9 Knowledge acquisition of SME executives through their importers

The findings show the importance of business partner relationships in knowledge and information acquisition from both sides of the dyad. Export managers can gain more knowledge and necessary information about foreign markets from their business partners. On the other hand, information exchange also plays a significant role for their business partners for some operational adjustments. The following quote is illustrative for the export managers. For example:

“We gain competitive advantages from the knowledge sharing with our business partners. We have been sharing information together about foreign customer behaviour. I think that our business partner [A2] helps us by sharing their information”
[A1]

“We get customer’s feedback, markets knowledge and their advice to develop our potential. Thus, we can fulfil the customer need and want with the correct information, which enhances our performance.” [A1]

“As for our relationships, he shared the necessary information such as foreign market knowledge, product knowledge and feeds that back to me because he is my friend. [B2] He gave me the information, which also facilitates his company.” [B1]

“You can just ask your partners what they want, then you do your best. This information will improve your drawbacks and also enhance your relationship quality.” [B1]

“We shared with each other our knowledge, and information about customers, which makes our company successful. In exporting, we will know the foreigner’s demand, their tastes and styles from ours .” [C1]

“I got the necessary information about international markets from him [C2]. He provided me with his feedback about the foreign market trends .Therefore, we adapted our products based on his advice. Moreover, we also exchange our business vision together.” [C1]

This viewpoint also is supported by the importer’s perspective. For example:

“We know foreign market environments very well .Therefore, we exchanged and shared important information for increasing our performance with the exporter [D1]” [D2]

“Sometimes we give them some advice on product adaptation. We know what can be sold in overseas markets. Then, we asked them [E1] for adaptation of some details due to customer’s feedback.” [E2]

“We have a database about our customer; then we exchanged our viewpoints about business with the exporter [G1] for the best results [G2]

“We know the needs and wants of the customer. Then we sent this information to the exporter [G1] for product adaptation.” [G2]

“We have feedback from the customer, and we know what they want. Thus, we just fulfil their needs and wants. The exporter [F1] listened to our suggestions and adjusted some of their operations based on our advice” [F2]

“We let them know what we want and shared our information about foreign customer’s feedback with the exporter [G1]. We want to improve our performance as much as possible.” [G2]

As illustrated above, these empirical findings indicate a positive relationship between SME executives’ knowledge and the business networks in terms of foreign market knowledge acquisition. This is consistent with previous studies such as Antoldi *et al.* (2013); Hohenthal *et al.* (2014); Sandberg, (2014). Moreover, it seems that the interpersonal relationship between managers is also an important factor to enhance the level of knowledge and information exchange significantly (Lee *et al.*, 2001; Styles *et al.*, 2008). A summary of the findings from the dyadic case study is presented in Table 4.2 and 4.3 as follows:

Table 4.2: Relational constructs and their structural antecedents^{a,b} from exporter's perspectives

Findings	A1	B1	C1	D1	E1	F1	G1
1. INTERPERSONAL RELATIONSHIP							
<i>1. SME executives' interpersonal relationship</i>	+++	+++	+++	+++	+++	+++	+++
2. INTERPERSONAL TRUST							
<i>2.1 Goodwill trust</i>	+++	+++	+++	+++	+++	+++	+++
<i>2.2 Competence trust</i>	++	++	++	+++	+++	+++	+++
<i>2.3 Contractual trust</i>	-	-	+++	+++	+	+++	-
3. INTERPERSONAL COMMITMENT							
<i>3.1 Affective commitment</i>	+++	+++	+++	-	+++	-	+++
<i>3.2 Calculative commitment</i>	-	-	+	+++	-	+++	-
4. INTERPERSONAL COOPERATION							
<i>4. Information exchange</i>	+++	+++	+++	+++	+++	+++	+++
5. EXTERNAL ENVIRONMENT FACTORS							
<i>5. Political instability</i>	+++	+++	+++	+++	+++	+++	+++
6. KNOWLEDGE ACQUISITION THROUGH THEIR IMPORTERS							
<i>6. Foreign market knowledge and information exchange</i>	+++	+++	+++	+++	+++	+++	+++

^A RELATIONAL CONSTRUCTS in capitals and their structural antecedents in italics.

^b“+++” =Strong evidence :A dominant theme in this case/source, consistently supported;

“++” =Moderate evidence :A frequent but not constant theme in this case/source, consistently supported;

“+” =Sporadic evidence :A theme that appears now and then in this case/source but is consistently supported;

“-” =Completely absent :The case/source provided no evidence for the theme.

Table 4.3: Relational constructs and their structural antecedents^{a,b} from the matching importer’s perspectives

Findings	A2	B2	C2	D2	E2	F2	G2
1. INTERPERSONAL RELATIONSHIP							
<i>1. SME executives’ interpersonal relationship</i>	+++	+++	+++	+++	+++	+++	+++
2. INTERPERSONAL TRUST							
<i>2.1 Goodwill trust</i>	+++	+++	+++	+++	+++	+++	+++
<i>2.2 Competence trust</i>	++	++	++	+++	+++	+++	+++
<i>2.3 Contractual trust</i>	+++	+++	+++	+++	+++	+++	+++
3. INTERPERSONAL COMMITMENT							
<i>3.1 Affective commitment</i>	+++	+++	+++	-	++	-	+++
<i>3.2 Calculative commitment</i>	-	-	+	+++	-	+++	-
4. INTERPERSONAL COOPERATION							
<i>4. Information exchange</i>	+++	+++	+++	+++	+++	+++	+++
5. EXTERNAL ENVIRONMENT FACTORS							
<i>5. Political instability</i>	-	+++	+++	+++	+++	+++	+++
6. KNOWLEDGE AND INFORMATION EXCHANGE							
<i>6. Foreign market knowledge and information exchange</i>	+++	+++	+++	+++	+++	+++	+++

^aRELATIONAL CONSTRUCTS in capitals and their structural antecedents in italics.

^b“+++” =Strong evidence :A dominant theme in this case/source, consistently supported;

“++” =Moderate evidence :A frequent but not constant theme in this case/source, consistently supported;

“+” =Sporadic evidence :A theme that appears now and then in this case/source but is consistently supported;

“-” =Completely absent :The case/source provided no evidence for the theme.

4.5 DISCUSSION

- ❖ *How do Thai SME executives access the necessary knowledge encapsulated by their importers?*

It is clear that SME executives gained foreign markets' knowledge and information exchange from their business partners (Denicolai *et al.*, 2014; Theriou *et al.*, 2009). Considering the relational exchange paradigm, the constructs of relationship quality (i.e. trust, commitment and cooperation) are not only increased but also the intangible assets such as foreign market knowledge, and necessary information is exchanged, as suggested by Styles *et al.* (2008). According to the empirical findings, the majority of decision-makers on both sides of the dyad mentioned that personal connection and interactions enrich the overall relationships between business partners. The interpersonal relationship between managers plays a crucial role in the knowledge acquisition and learning process.

SME executives can access the necessary resources or foreign market knowledge from their business partners as a key organisational capability, as described by the KBV. Interaction allowed managers from both sides of the dyad to monitor relevant environmental factors (i.e. political instability) by sharing information. Indeed, interpersonal relationships and reciprocity play a major role in the processes by which strong individual ties between managers positively influence the knowledge and information sharing. Managers tend to cooperate with the other individuals, especially their friends to achieve greater knowledge and information sharing, as suggested by Capaldo (2007).

- ❖ *How does foreign market knowledge of SME executives influence E-I relationship quality?*

The findings show the importance of foreign market knowledge as the key influencing factor in E-I relationships, especially the knowledge about foreign customers. It can thus be inferred that the more business knowledge about foreign customers (e.g. knowledge about foreign customers' demographics, foreign customers' needs and preferences) would enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on relationship value among exporters and importers. The anticipated outcomes of this specific knowledge may enhance the emotional aspects (e.g. reciprocity and

welfare among partner firms), which could increase the goodwill trust. In the same line of arguments, the results show that the foreign customer's knowledge of exporter's key managers is positively related to competence trust. This could indicate that exporter's key managers with a high level of knowledge about foreign customers are themselves better prepared to understand and encounter their importers effectively. Thus, this knowledge may enhance levels of trust in a firm's competence. Shedding light on the KBV, foreign customer knowledge should make it easier for SME exporters to understand their importer better in relationship building. The knowledge enables them to more effectively facilitate SME internationalisation, thereby perhaps resulting in enhancing their commitment and information exchange with their importers.

Moreover, the findings illustrate the importance of foreign culture knowledge as the key influencing factor in E-I relationships. This is in congruence with previous studies (e.g. Hohenthal *et al.*, 2014) in the sense that a greater level of business knowledge about foreign cultures (e.g. foreign values and norms, differences in the business practices in foreign markets and impact of cultural differences) would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on relationship quality between exporters and importers. In this sense specific knowledge may enhance the understanding of their customer practices from different cultural backgrounds (e.g. Musteen *et al.*, 2014; Sandberg, 2014; Zhou, 2007), which in turn will have a positive effect on E-I relationship. In addition, the results illustrate the importance of foreign political environments as the key influencing factor in E-I relationships. In this sense, the more experiential foreign political environments knowledge (e.g. differences in the legal systems in foreign markets, risks associated with political environments from different countries and foreign government rules and regulations) would enhance the understanding of their customer practices under various conditions of political framing from different countries.

❖ *What are the key constructs of E-I relationship quality, particularly in the Southeast Asian context?*

The empirical evidence shows that trust, commitment and cooperation through information exchange are the key elements of exchange relationship between exporters and their main business partners, and enhance E-I relationship quality (Leonidou *et al.*, 2014). Goodwill and

fairness can be considered to be a vital aspect as each partner wants the relationship to last for a long period, as suggested by Styles *et al.* (2008). However, trust in business partner's competence and specific buyer-seller agreements between interacting parties are still related with a certain level of confidence in the relational exchange. In a similar vein, commitment and cooperation are relevant for the well-functioning of the relationship (Morgan and Hunt, 1994), and relationship quality appears to be associated with long-term orientation, and satisfaction with the business relationship (Lages *et al.*, 2005).

The majority of key decision-makers on both sides of the dyad mentioned that interpersonal connections and interactions enrich the overall relationships between business partners. The findings show that managers tend to develop their long-term relationships through rituals such as the exchange of gifts, favours and banquets. This is because they believe that help and dependence are more likely to originate from those with whom they share an affective relationship with. These findings corroborate those of buyer-seller relationship in other Asian contexts, such as China (Chen *et al.*, 2011). Moreover, they confirm that personalised and affective ties lead to an interpersonal relationship characterised by affective commitment, as previously suggested by Lee *et al.* (2001). Likewise, close bonds or even friendship between the dyadic decision-maker promote higher levels of trust (Shou *et al.*, 2011). Compared with Western contexts, relational exchange behaviour in this study involves affection exchange at the personal level between the decision-makers. This study's findings are also in line with previous studies, which observe that affective values are sometimes more important than monetary values when doing business in Thailand (Phan *et al.*, 2005).

As a result, business partners involved in interpersonal bonds tend to receive favours and affection in support of on-going business transactions in the long-term (Park and Luo, 2001; Su and Littlefield, 2001). However, in terms of business, some managers mentioned that costs-benefit calculations also encourage a long-term outlook. This means that their commitment comes from the rational, objective calculation of the costs and benefits from their business partners. Consequently, calculative commitment is still a strong motivation for continuing the relationship between exporters and their business partners, as suggested by Styles *et al.* (2008).

As a result, these findings indicate that a committed manager may have both an emotional (affective) and business (calculative) commitment to preserve a particular relationship. The researcher also observed that in a collaborative business partnership, interpersonal cooperation leads to higher levels of perceived relationship quality. All decision-makers emphasise the role of information exchange between managers (the complex, and frequently challenging business environment) as well as on coordinating actions for taking strategic decisions from individual feedback. This enables adjustments required to fit in well with the on-going working relationships. As mentioned above, this study highlights the role of trust, commitment and cooperation through information exchange between exporters and importers as the key constructs the relationship quality.

❖ *How does political instability influence the relationship quality of exporting SMEs, and their business partners, particularly in a Southeast Asian context?*

The findings illustrate the negative impact of political instability on SME exporters and their business partners. It appears reasonable that these factors are related to firms' performance. The Thai political crisis appears to be detrimental to firm international performance (e.g. late shipment, damage and costs caused by protests and order cancellation), and to constrain economic growth, as similarly emphasised by Aisen and Veiga (2013); Jong-A-Pin, (2009). Thus, this study provides support for prior research that report a negative and significant correlation between political instability and export performance (Fosu, 2003). However, the impact of political issues may strengthen relationships with business partners because the parties involved need to solve problems and obtain increased results by working together, as suggested by Matanda and Freeman (2009). For instance, the perceived political instability by exporters requires a greater desire to collaborate with their business partners given the need to reduce the pressures as mentioned by Ang (2008). In line with the relational exchange theory, the role of communication and interaction between buyer and seller is outlined, in turn influencing relationship quality (Leonidou *et al.*, 2014). Similarly, this study found that each side of a dyad seeks the other party's cooperation in performance-enhancing operation as well as data exchange, and improvements; this positively influences the level of satisfaction with the relationship of SME exporter and their business partners.

4.6 A REVISED CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITIONS/HYPOTHESES

Figure 4.1 represents the conceptual framework put forward by this study. It also graphically illustrates a few research propositions/hypotheses which were elaborated based on the relevant literature, but also refined with the help of the qualitative study presented above. In this way, only those constructs that appear to play a significant role in the Thai context according to the qualitative study, were than analysed in the quantitative study. The comparison of the qualitative findings with the previous literature confirms the importance of foreign network knowledge and foreign institutional knowledge for relationship aspects in the Thai context. Specifically, according to the qualitative study, the findings show that the foreign institutional knowledge (i.e. foreign cultures knowledge and foreign political environments knowledge) also has a positive effect on the E-I relationship quality. Therefore, theses variables were used in a revised conceptual framework as important aspects of foreign market knowledge associated with the business-relationship dimensions and the satisfaction of export performance. In addition, the qualitative findings found that political instability influences the E-I relationship quality in this context. Consequently, the effect of political instability also was taken into consideration as the moderating variable in the quantitative study. In the following sections, the research framework is presented along with a discussion of each hypothesis.

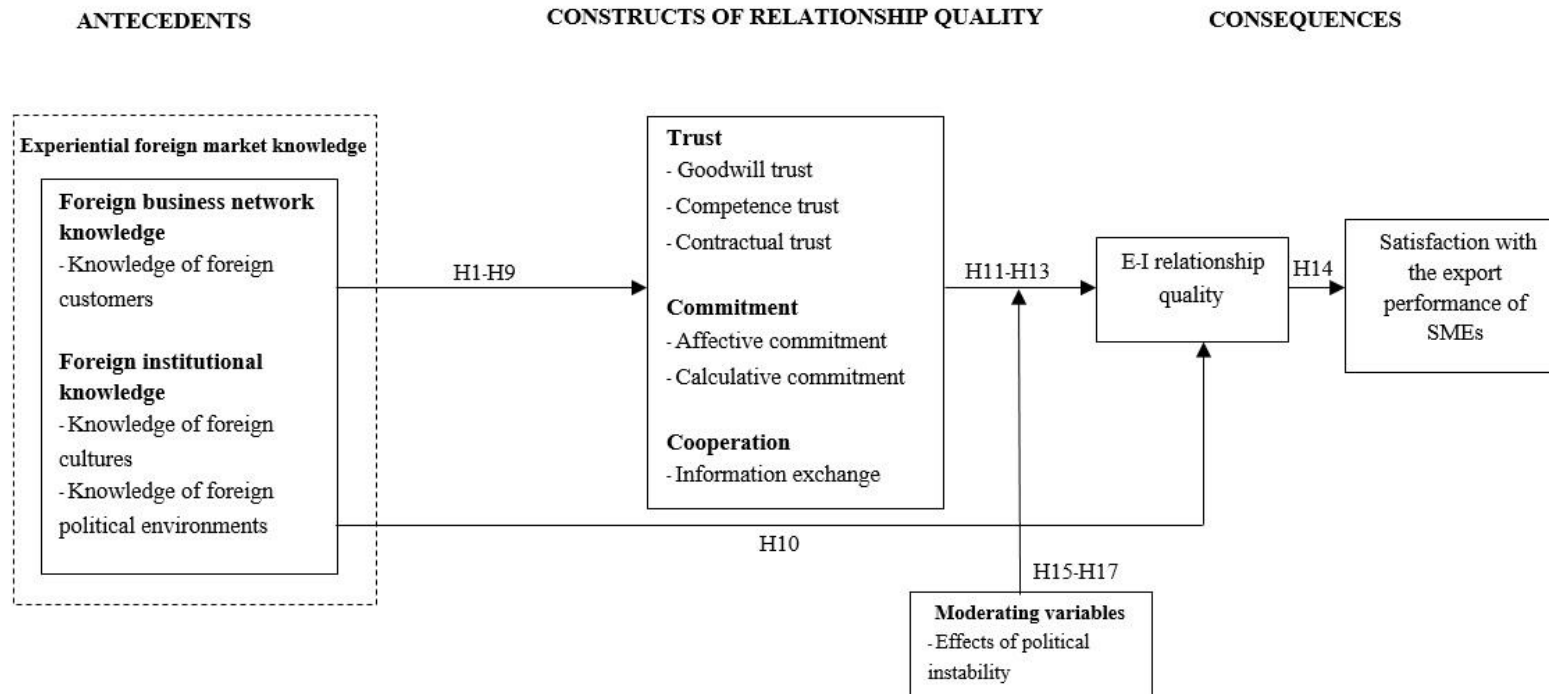


Figure 4.1 Revised conceptual framework

4.6.1 Foreign customers knowledge and E-I relationship quality

The findings from the qualitative research show that knowledge about foreign customers is often considered the driving factor in the business-relationship building. There is a reason to expect that exporters' entry and expansion in foreign markets closely relate to specific business relationships with their importers since they can provide revenues, value, knowledge and information over time (Hohenthal *et al.*, 2014). As emphasised by the KBV, drawing on the knowledge about existing foreign customers, export managers can benefit from the existing knowledge to improve the ability to deal with activities in a new environment as well as to enhance relationships with their importers. Considerable work by Hohenthal *et al.* (2014) has focused on specific customer knowledge in SME internationalisation. They argued that greater knowledge of foreign customers enables SME to identify and develop useful of business relationship value.

In this study, the researcher assumes that foreign customer knowledge should make it easier for SME exporters to understand their importer better in relationship building. Such knowledge of foreign customers enables them to more effectively facilitate SME internationalisation (Sandberg, 2014) thereby may result in enhanced E-I relationship quality. As a result, foreign customer knowledge may enhance the understanding of their customer practices (Hohenthal *et al.*, 2014). Thus, it is believed that exporter's key managers with a high level of knowledge about foreign customers are better prepared to understand and encounter their importers effectively, which may affect the levels of trust. Similarly, the knowledge about foreign customers may also influence relationship commitment between exporters and importers. For instance, this is because when export managers appreciate the importance of knowledge about foreign customers' needs and preferences it will drive them to pay attention to their customers, which in turn will have a positive effect on the willingness and ability to continue maintaining the relationship commitment into the future. In addition, increased knowledge about foreign customers of exporter's key managers may lead to a better level of cooperation through information exchange with their importers. It can be inferred that more business knowledge about foreign customers (e.g. knowledge about foreign customers' demographics, foreign customers' needs and preferences) would enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on relationship value among exporters and importers.

Therefore, experiential knowledge about foreign customers may improve the SME's ability to identify and develop business relationships with their business partners as suggested by the following hypotheses:

H1 :Foreign customer knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.

H1a :Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.

H1b :Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I competence trust.

H1c :Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.

H2 :Foreign customer knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.

H2a :Foreign customer knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.

H2b :Foreign customer knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.

H3 :Foreign customer knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.

4.6.2 Foreign culture knowledge and E-I relationship quality

The findings from the qualitative research demonstrate that foreign culture knowledge has a positive influence on relationship building. This is consistent with previous international business research, it is assumed that culture has a strong impact on business in foreign markets (Hohenthal *et al.*, 2014). Prior research indicates that the effects of similarity/dissimilarity between exporters' and importers' cultural backgrounds on channel relationships can be explained via cultural distance and behavioural transparency (Ha *et al.*, 2004). "Cultural distance" refers to the extent to which a culture is seen as being different from one's own (e.g. Bello and Gilliland, 1997; Ha *et al.*, 2004). As a result, when the cultural distance is high the business practices and consumer attitudes, the language, laws and regulations, tend to differ. "Behavioural transparency" refers to the extent to which alliance negotiators know and understand each other's actions (Rao and Schmidt, 1998). Therefore, cultural differences are often the source of miscommunication between business partners due to reduced behavioural transparency, which may result in a higher degree of perceived behavioural uncertainty and lower trust (Ha *et al.*, 2004). On the other hand, cultural distance suggests that there are benefits

to building relationships with exporters from similar cultures as efforts to establish relationships with the business partner from culturally similar countries will be perceived to be more productive. For instance, increased transparency due to cultural similarity encourages business partners to adopt a more cooperative and integrative approach in response to increased dependence. Consequently, it is possible to suggest that cultural dimension can contribute greatly to a business's success, especially in international business context.

The researcher expects that the experiential knowledge that export managers hold about foreign cultures (e.g. foreign values and norms, differences in the business practices in foreign markets and impact of cultural differences) would give the firm greater understanding of their importers from different cultures, which in turn will have a positive effect on E-I relationship quality. This indicates that an exporter's key managers have a high level of knowledge about foreign cultures, and are better prepared to understand and encounter their importers from different cultural backgrounds effectively, which may enhance behavioural transparency among interacting parties. It is assumed that this could increase levels of E-I trust and relationship commitment in the future and cooperation through information exchange between exporters and importers. Thus, based on the above discussion, the present study presented the following hypotheses to test:

H4 :Foreign culture knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.

H4a :Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.

H4b :Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I competence trust.

H4c :Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.

H5 :Foreign culture knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.

H5a :Foreign culture knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.

H5b :Foreign culture knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.

H6 :Foreign culture knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.

4.6.3 Foreign political environment knowledge and E-I relationship quality

Drawing on the qualitative study, the findings show that foreign political knowledge of the manager is related to relationship building. Knowledge about foreign political environment is another key institutional knowledge dimension (Eriksson *et al.*, 1997). Since firms' international business activities are interrelated with the challenges of doing business internationally, the knowledge of foreign political environments can enhance the understanding of a firm's behaviour related to the internationalisation of the firm (Hadjikhani and Ghauri, 2001). There is often a high degree of uncertainty when conducting business in foreign countries. Thus, foreign political environment knowledge can facilitate a business' ability to conduct business international activities. In accordance with previous studies (e.g. Hohenthal *et al.*, 2014; Musteen *et al.*, 2014; Sandberg, 2014; Zhou, 2007), foreign market knowledge is necessary for SMEs to succeed at internationalisation. However, there is still a lack of investigation about the influence of foreign political environments knowledge dimensions on relational dimensions. Therefore, the researcher expects that the experiential knowledge that export managers hold about foreign political environments (e.g. differences in the legal systems in foreign markets and risks associated with political environments from different countries) would give the firm greater understanding of their importers under various conditions of political framing from different countries, which in turn will have a positive effect on E-I relationship quality. Assuming that this knowledge should facilitate increased levels of E-I trust and positively influence relationship commitment in the future and cooperation through information exchange between exporters and importers, it is hypothesised:

H7 :Foreign political environment knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.

H7a :Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.

H7b :Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I competence trust.

H7c :Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.

H8 :Foreign political environment knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.

H8a :Foreign political environment knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.

H8b :Foreign political environment knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.

H9 :Foreign political environment knowledge of an exporter’s key manager(s) is positively related to the information exchange between exporters and importers.

4.6.4 Experiential foreign market knowledge and E-I relationship quality

Related to the relationship between experiential foreign market knowledge and E-I relationship quality, in this study, the researcher investigates both the foreign business network knowledge and foreign institutional knowledge that may influence E-I relationship quality. In line with the KBV, it argued that the knowledge asset is considered a critical firm resource for SME international performance (Fletcher and Harris, 2012). Likewise, the knowledge decreases the perceived difficulties in foreign markets (Andersen, 2006). As a result, not only knowledge benefits operation and performance (economic aspect) between interacting parties but also, it fulfils the expectations (social satisfaction) with another party. In line with this, the researcher argues that having experiential knowledge about foreign customers, foreign cultures and foreign political environment seems to be a foundation on which the SMEs expect that the knowledge will facilitate relationship building with their business partners. Moreover, the qualitative findings also support a positive relationship between the role of foreign market knowledge and E-I relationship quality. Consequently, assuming the experiential foreign market knowledge of an exporter’s key managers might increase the ability to better understand the characteristics of their importers from different countries, which in turn will have a positive effect on E-I relationship quality (e.g. Capaldo, 2014). Therefore, it can be hypothesised that:

H10 :Experiential foreign market knowledge of an exporter’s key manager(s) is positively related to E-I relationship quality.

H10a :Experiential knowledge towards foreign customers of an exporter’s key manager(s) is positively related to E-I relationship quality.

H10b :Experiential knowledge towards foreign cultures of an exporter’s key manager(s) is positively related to E-I relationship quality.

H10c :Experiential knowledge towards foreign political environments of an exporter’s key manager(s) is positively related to E-I relationship quality.

4.6.5 Trust and E-I relationship quality

This study confirms that trust is associated with E-I relationship quality. The findings from the qualitative research discovered a link between trust and relationship satisfaction. In accordance with the literature on the E-I relationship addressed in previous studies (e.g .

Leonidou *et al.*, 2014; Phan *et al.*, 2005; Styles *et al.*, 2008), trust can be considered as the first central construct of E-I relationship quality of the relational exchange theory, being an outcome of exchange history and a determinant of future collaboration and exchange among business partners. Research on international exchange has examined the role of trust in developing and maintaining productive trading relationships between various types of foreign partners, including exporters and importers (e.g. Katsikeas *et al.*, 2009; Madhok, 1995; Styles *et al.*, 2008). By its very nature, trust instils security, stability and confidence in a relationship as well as enhancing satisfaction with the relationship's performance (Armstrong and Yee, 2001). Moreover, trust is also thought to provide trading partners with a competitive advantage, because it facilitates investments in relationship assets, encourages information sharing and lowers transaction costs (Madhok, 2006; Zaheer *et al.*, 1998). Consequently, trust is at the heart of the E-I working relationship and becomes even more crucial in E-I relationship quality because the higher risks and costs involved in international business activities (e.g. operating environments, foreign exchange fluctuation uncertainties, and unforeseen political events) necessitate the existence of credible and trustworthy partners on whom to rely (Leonidou *et al.*, 2014).

According to the qualitative findings, various types of trust between exporters and importers exist in this context. Although this study highlights the importance of trust at a personal level based on more affective dimensions, performance-based trust was also found to be a crucial aspect for E-I relationship quality. According to previous studies, there are generally two key perspectives of trust: a behavioural aspect based on confidence in the intentions, motivations, honesty and benevolence of a partner (affective-based trust), and a cognitive aspect based on confidence in the reliability and technical competence of a partner (performance-based trust) in the literature on E-I relationships (Leonidou *et al.*, 2014). Specifically, in accordance with previous studies (Sako, 1992; Styles *et al.*, 2008), trust in this study can be categorised into three different aspects of E-I relationships, goodwill trust, competence trust and contractual trust, which is supported by the qualitative findings. These various types of trust could increase confidence between business partners and enhance E-I relationship quality. Therefore, it is concluded that the concept of three different types of trust in E-I relationships should be used for analysing in this study. Given the potential effect of trust between exporters and importers on E-I relationship quality, it can be hypothesised that:

H11 :Trust is positively related to E-I relationship quality.

H11a :Goodwill trust is positively related to E-I relationship quality.

H11b :Competence trust is positively related to E-I relationship quality.

H11c :Contractual trust is positively related to E-I relationship quality.

4.6.6 Commitment and E-I relationship quality

Drawing upon the relational exchange theory, the qualitative study found that commitment has been recognised as one of the constructs of E-I relationship quality to play a central role in a long-lasting relationship. In accordance to previous research, Morgan and Hunt (1994) identify commitment as the key variable explaining satisfaction with relations between partners because it encourages “marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically” (p.22). They assert that commitment promotes efficiency, productivity and effectiveness – conducive to relationship marketing success .Thus, it is generally believed that relationship commitment has been seen as the willingness or intention, which is the key aspect to continue maintaining the relationship success into the future (Bianchi and Saleh, 2011; Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Payan *et al.*, 2010; Styles *et al.*, 2008).

In this study, consistent with the literature of E-I relationships the researcher highlights the importance of commitment in generating E-I relationship quality. As for the types of commitment, although this study highlights the importance of commitment, particularly the affective commitment in non-Western contexts, the calculative commitment (economic-based dimensions) is still a crucial aspect for E-I relationships study (Styles *et al.*, 2008). Furthermore, there is still a lack of E-I relationships studies in the Southeast Asian context (Payan *et al.*, 2010). This research, therefore, pays attention to both types of commitment. Consequently, it is concluded that the concept of two different types of commitment in E-I relationships (i.e. affective commitment and calculative commitment) will be considered. Given the potential effect of relationship commitment between exporters and importers on E-I relationship quality, it can be hypothesised that:

H12 :Commitment is positively related to E-I relationship quality.

H12a :Affective commitment is positively related to E-I relationship quality.

H12b :Calculative commitment is positively related to E-I relationship quality.

4.6.7 Cooperation through information exchange and E-I relationship quality

Cooperation was found by the qualitative research undertaken here as another key component of E-I relationship quality. Cooperation between exporters and importers is particularly important for “(1) solving problems that arise from the complex and multifarious global business environment, (2) facing competition in distant and difficult to control overseas markets, (3) resolving disagreements in an amicable way, (4) boosting creativity and innovativeness in making strategic decisions, and (5) coordinating actions to combine resources in an optimal way” (Leonidou *et al.* 2014, p.27). Consequently, it is believed that cultivating a cooperative spirit will enhance E-I relationship quality by strengthening the positive outcomes (e.g. enjoying optimal results and reducing any negative feelings (e.g. unfair and deceitful treatment) relating to the working relationship (Dwyer, 1980).

The findings of the qualitative show that cooperation through information exchange is considered a crucial aspect of E-I relationship quality. As Doole and Lowe (2012) argued, the levels of involvement necessary for the export entry mode are not as high when compared to other higher commitment foreign market entry modes (e.g. joint ventures, strategic alliances and foreign direct investment). Therefore, draw on the findings from the qualitative study, the researcher considered that information exchange is likely to be an appropriate level of cooperation when considering exporting SME. Information exchange among business partners is likely to enhance E-I relationship quality due to effective information sharing among involved parties (Lee *et al.*, 2001). Given the potential effect of information exchange between exporters and importers on E-I relationship quality, it can be hypothesised that:

H13 :Information exchange is positively related to E-I relationship quality.

4.6.8 E-I relationship quality and satisfaction of SMEs export performance

According to the qualitative study, it seems that the relationship between exporters and importers has a positive influence on the satisfaction towards export performance. In accordance with the literature, drawing on the relational exchange theory, the E-I relationship

quality linkages on export performance has been the subject of a number of empirical studies (e.g. Styles *et al.*, 2008; Payan *et al.*, 2010; Leonidou *et al.*, 2014). E-I relationship quality represents the satisfaction with overall evaluation, feeling or attitude about the other party or the relationship itself, which may be defined as a positive emotional state resulting from the assessment of the exporter's working relationship with the importer. Consequently, in this study, the subjective measurements were used to test the respondent's satisfaction and attitude towards the SME export performance instead of objective measurement.

In a working relationship that functions well, both exporters and importers should be satisfied with effectiveness (e.g. high-quality merchandise) and efficiency (e.g. low-cost sourcing aspects). For instance, Styles *et al.* (2008) found a relationship between E-I relationship quality and business performance in their study of a relational model of export performance. They examined the role of trust and commitment as the key constructs of E-I relationship quality related to the performance of the export venture. Moreover, the link between E-I relationship quality and performance was apparent in Leonidou *et al.*'s (2014) work, which found that relationship quality led to superior performance outcomes in both relationship and financial performance. They examined the relationship between E-I relationship quality and export performance using structural equation modelling and found that trust, commitment and cooperation are the key constructs of E-I relationship quality, which increases the international business performance.

In this study, therefore, the researcher posits that a high E-I relationship quality positively affects satisfaction with the export performance of SMEs. This is because high relationship quality increases intentions of future transactions (Leonidou *et al.*, 2014). Additionally, the trusting nature of relationship quality will increase transaction efficiency (Lee *et al.*, 2001). Therefore, based on the assumption that E-I relationship quality is significantly associated with the satisfaction of export performance, it is hypothesised that:

H14 :E-I relationship quality is positively related to satisfaction with the export performance of SMEs.

4.6.9 The effect of political instability on E-I relationship quality

Although research on E-I relationships has significantly increased over time, few empirical studies have mainly focused on the link between the manager's perception of environmental factors and E-I relationship quality (Siguaw *et al.*, 2003; Skarmeas and Robson, 2008; Leonidou *et al.*, 2014). Firms may face risks and costs due to potential problems incurred while cooperating with business partners as a result of environmental factors particularly in developing countries (Matanda and Freeman, 2009). Developing countries are often characterised by low per capita income, economic and political instability, which relatively affects their exporters (Fosu, 2003). These issues have been identified as some of the major factors, which influence the export performance (Leonidou *et al.*, 2006; Nes *et al.*, 2007; Navarro-García *et al.*, 2014).

In this research, the qualitative study found that political instability can impact the E-I relationship quality and significantly affect trade flows and export opportunity on economic performance especially considering political risks in developing countries. It is generally believed that a higher degree of political instability is associated with a lower growth rate of GDP (Aisen and Veiga, 2011). Thus, this is likely to influence the level of buyer confidence as well as their commitment to relationships, which is supported by the qualitative findings. Political instability is regarded by economists as a serious issue, harmful to international business performance (Huang *et al.*, 2015). It may also lead to a more frequent switch of policies, creating volatility and thus, negatively affecting firms' international performance (Fosu, 2003). Moreover, Alesina and Perotti (1996) argued that political instability generates an uncertain politico-economic environment, raising risks and reducing investment. In accordance with the previous studies, the researcher assumes that the effect of political instability may affect the relationship quality between exporters and importers due to perceived difficulties. Based on the discussion above, therefore, the researcher sought to extend current knowledge by investigating the role of political instability as an external environmental factor that might impact E-I relationship quality (trust, commitment and information exchange). Therefore, the following hypotheses are developed:

H15 :The effect of political instability moderates the relationship between trust and E-I relationship quality.

H15a :The effect of political instability moderates the relationship between goodwill trust and E-I relationship quality.

H15b :The effect of political instability moderates the relationship between competence trust and E-I relationship quality.

H15c :The effect of political instability moderates the relationship between contractual trust and E-I relationship quality.

H16 :The effect of political instability moderates the relationship between commitment and E-I relationship quality.

H16a :The effect of political instability moderates the relationship between affective commitment and E-I relationship quality.

H16b :The effect of political instability moderates the relationship between calculative commitment and E-I relationship quality.

H17 :The effect of political instability moderates the relationship between information exchange and E-I relationship quality.

Table 4.4: List of research hypotheses

Hypothesis	Relationship
H1	Foreign customer knowledge of an exporter’s key manager(s) is positively related to trust between exporters and importers.
H1a	Foreign customer knowledge of an exporter’s key manager(s) is positively related to E-I goodwill trust.
H1b	Foreign customer knowledge of an exporter’s key manager(s) is positively related to E-I competence trust.
H1c	Foreign customer knowledge of an exporter’s key manager(s) is positively related to E-I contractual trust.
H2	Foreign customer knowledge of an exporter’s key manager(s) is positively related to the commitment between exporters and importers.
H2a	Foreign customer knowledge of an exporter’s key manager(s) is positively related to the affective commitment between exporters and importers.
H2b	Foreign customer knowledge of an exporter’s key manager(s) is positively related to the calculative commitment between exporters and importers.
H3	Foreign customer knowledge of an exporter’s key manager(s) is positively related to the information exchange between exporters and importers.
H4	Foreign culture knowledge of an exporter’s key manager(s) is positively related to trust between exporters and importers.
H4a	Foreign culture knowledge of an exporter’s key manager(s) is positively related to E-I goodwill trust.
H4b	Foreign culture knowledge of an exporter’s key manager(s) is positively related to E-I competence trust.
H4c	Foreign culture knowledge of an exporter’s key manager(s) is positively related to E-I contractual trust
H5	Foreign culture knowledge of an exporter’s key manager(s) is positively related to the commitment between exporters and importers.
H5a	Foreign culture knowledge of an exporter’s key manager(s) is positively related to the affective commitment between exporters and importers.
H5b	Foreign culture knowledge of an exporter’s key manager(s) is positively related to the calculative commitment between exporters and importers.

H6	Foreign culture knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.
H7	Foreign political environment knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.
H7a	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.
H7b	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I competence trust.
H7c	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.
H8	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.
H8a	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.
H8b	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.
H9	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.
H10	Experiential foreign market knowledge of an exporter's key manager(s) is positively related to E-I relationship quality.
H10a	Experiential knowledge towards foreign customers of an exporter's key manager(s) is positively related to E-I relationship quality.
H10b	Experiential knowledge towards foreign cultures of an exporter's key manager(s) is positively related to E-I relationship quality.
H10c	Experiential knowledge towards foreign political environments of an exporter's key manager(s) is positively related to E-I relationship quality.
H11	Trust is positively related to E-I relationship quality.
H11a	Goodwill trust is positively related to E-I relationship quality.
H11b	Competence trust is positively related to E-I relationship quality.
H11c	Contractual trust is positively related to E-I relationship quality.
H12	Commitment is positively related to E-I relationship quality.
H12a	Affective commitment is positively related to E-I relationship quality.
H12b	Calculative commitment is positively related to E-I relationship quality.
H13	Information exchange is positively related to E-I relationship quality.
H14	E-I relationship quality is positively related to satisfaction with the export performance of SMEs.
Moderating variables	
H15	The effect of political instability moderates the relationship between trust and E-I relationship quality.
H15a	The effect of political instability moderates the relationship between goodwill trust and E-I relationship quality.
H15b	The effect of political instability moderates the relationship between competence trust and E-I relationship quality.
H15c	The effect of political instability moderates the relationship between contractual trust and E-I relationship quality.
H16	The effect of political instability moderates the relationship between commitment and E-I relationship quality.
H16a	The effect of political instability moderates the relationship between affective commitment and E-I relationship quality.
H16b	The effect of political instability moderates the relationship between calculative commitment and E-I relationship quality.

H17	The effect of political instability moderates the relationship between information exchange and E-I relationship quality.
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4.7 CHAPTER SUMMARY

This chapter discussed the findings of the qualitative research. Firstly, qualitative data collection methods and analysis procedures were explained. Then, the qualitative findings were presented around the main themes identified from the literature. Some of the themes were expanded upon and integrated into the literature on buyer-seller relationship quality. Finally, a revised conceptual framework and research (propositions) hypotheses were presented.

5. SECOND PHASE :Quantitative research

5.1 INTRODUCTION

The survey data is analysed using multivariate techniques. The following steps were undertaken: an initial reliability assessment of constructs, an exploratory factor analysis as a primary purification stage for the measures, a confirmatory factor analysis for instrument refinement and validity assessment of the constructs. Finally, the conceptual model and hypotheses are tested using Structural Equation Modelling (SEM).

5.2 RESEARCH APPROACH

A quantitative approach was chosen to test the research model empirically, since the quantitative approach is generally employed for testing causal hypotheses and theories (Hughes, 2006). A small-scale qualitative pilot study was conducted as a pre-test to the main survey in order to determine whether there were any unexpected problems that needed to be resolved before conducting the main quantitative study.

5.3 RESEARCH METHODOLOGY

In international business research, the survey research methodology is commonly used. It allows the collection of a (relatively) large amount of data from a sizeable population in a highly economical way (Malhotra *et al.*, 2012; Saunders *et al.*, 2015). The purpose of this phase is to test the hypotheses that arise from the conceptual model presented in chapter 2.

5.4 SAMPLING AND STUDY CONTEXT

Sampling is of great importance to researchers since the collection of data from the entire population may be impractical or impossible. However, the significance of any sample lies in the representation of the population (Hair *et al.*, 2013). The researcher may consider a small group of people who are representative of a larger group and therefore the results could be generalised more accurately for a larger group of the population (Neuman, 2014).

Thailand was selected for conducting the empirical analysis of this research for the following reasons: (1) The majority of Thai firms are SMEs, approximately 99.60 percent, and they account for 68.51 percent of the total number of exporters (OSMEP, 2016). It derives significant annual economic growth from SMEs, accounting for 41.10 percent of Growth Domestic Product (GDP) and for 27.40 percent of the total exports. (2) the export activity of Thai SMEs and subsequently the E-I relationship quality may be influenced by political instability (e.g. the Royal Thai Army (RTA) launched a coup d'état in 2006 and in 2014). The population under study is Thai SMEs that engage in export activities. A purposeful sampling logic was used. To be included in the sample, firms had to subscribe to the following criteria: (1) be registered with the Department of International Trade Promotion (DITP) in Thailand; (2) comply with the Thai definition of SME; (3) export at least 25 percent annually. A sample was chosen from the Office of SMEs Promotion (OSMEP) database of Thai exporters using the systematic random sampling method. The companies were contacted to ensure their exporting status and solicit participation.

5.5 DATA COLLECTION

5.5.1 Developing measures for the study

The measures used in this phase of the study were based on measures developed by prior studies and the insights obtained from the qualitative study conducted as part of this research. Thus, only those constructs that appeared to be relevant in the Thai SME context in the qualitative stage were investigated in the quantitative study. Participants were asked to rate their degree of agreement or disagreement with statements related to the factors that affect E-I relationship quality and satisfaction with export performance. The scales included in the questionnaire were designed around the specific research objectives of this study (see Appendix 4).

The questionnaire began with questions about company profiles, respondent characteristics and information about a firm's international activities in Parts 1, 2, and 3, respectively. The remaining 7 parts of the questionnaire consisted of statements where participants were asked to use a 5-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5) to demonstrate their experiential foreign market knowledge and attitudes towards E-I relationship quality and its outcomes as follows (1) foreign market knowledge, (2)

trust, (3) commitment, (4) information exchange, (5) political instability, (6) E-I relationship quality and (7) subjective measurement of export performance, as illustrated in Table 5.1.

Table 5.1: Variable measurement

Variable	Measurement	Related measurement previously used	
<i>Experiential foreign market knowledge (3 items)</i> Foreign customer knowledge Foreign culture knowledge Foreign political environment knowledge	The extent to which the manager agreed with the statement on a 5 point Likert scale: 1=Strongly disagree 5=Strongly agree	Musteen <i>et al.</i> (2014)	
<i>Trust (3 items)</i> Goodwill trust Competence trust Contractual trust		Styles <i>et al.</i> , (2008)	
<i>Commitment (2 items)</i> Affective commitment Calculative commitment		Lee <i>et al.</i> , (2007), Styles <i>et al.</i> , (2008)	
<i>Information exchange</i>		Yang (2009)	
<i>Political instability</i>		Aisen and Veiga (2013), Jong-A-Pin (2009),	
<i>E-I relationship quality</i>		Lages (2005), Styles <i>et al.</i> (2008), Han and Sung (2008)	
<i>Satisfaction with export performance</i>		The manager assessed the importance of firm's satisfaction with export performance on a 5 point Likert scale: 1=Very unsatisfied disagree 5=Very satisfied	Stoian <i>et al.</i> (2011)

The questionnaire was pilot-tested with 15 of Thai SMEs executive managers to assess their understanding, the readability and clarity of the questions and the consistency and the logical sequence of the constructs and items. The pilot-test also confirmed that the time frame to complete the questionnaire was between 15 and 25 minutes. Minor changes were made in response to the feedback received from the pilot group, which is discussed in subsequent sections of this chapter.

5.5.2 Pilot study

Malhotra *et al.* (2012) suggested that following each significant revision of the questionnaire a pilot test should be conducted until the issues related to the research instrument and its administration are fully dealt with. As part of the pilot test, the respondents were asked to comment on the original pool of questions and suggest any additions or modifications that might be made to the questionnaire.

The survey instrument was validated in two stages. In the first stage, the draft instrument resulting from previous relevant literature and the multiple case study research was reviewed by academics in the field of international business. Consequently, several changes were made and incorporated into the initial draft of the survey instrument. In the second stage, the revised draft of the instrument was distributed to 15 executive managers of Thai SMEs. The purpose of this stage was to check the comprehensibility and readability of the questionnaire for the target audience. The researcher surveyed the 15 participants face-to-face. The time of filling the in questionnaire was on average 20 minutes. Thus, the researcher was able to further refine the questionnaire according to the feedback of the pilot test.

5.6 QUANTITATIVE DATA COLLECTION

In order to empirically test the conceptual model, the quantitative data was collected through a questionnaire administrated from October 2015 to January 2016. The questionnaire was translated into Thai with the assistance of experts and academics in order to ensure its accuracy, as well as consistency between the English and Thai versions. The questionnaire was written in both Thai and English, and was preceded by a cover page which explained the purpose of the survey study and the nature of the questionnaire and provided instructions on how to fill in the questionnaire (Harkness and Schoua-Glusberg, 1998). Participants were invited to select to fill in the questionnaire in either English or Thai according to their own preference.

Phase 1 of the data collection comprised a face-to-face survey at the 34th Export Garment Fair in Thailand between 23rd October and 1st November in 2015, which yielded 60 SME exporting companies. Phase 2 involved the collaboration between Rajamangala University of Technology Thanyaburi (RMUTT) and the governmental organisation, namely Office of SMEs Promotion (OSMEP) in Thailand who helps the researcher to collect data from

exporting SMEs. Survey packs were sent to 700 companies by OSMEP. A series of follow-up phone calls yielded 202 responses within two weeks of the first mail out. A reminder card sent after two weeks yielded an additional 56 responses, representing a response rate of 36.80 percent. Such a high response rate reflects the cooperation between RMUTT and OSMEP, which was necessary to solicit the participation of the Thai SME exporters. Consequently, a total of 318 firms agreed to participate in this study; however, the researcher believed that the companies using direct exporting as their main international activity could provide a better understand of their foreign customers' behaviours compared to other internationalisation modes such as an indirect exporting. Subsequently, 54 questionnaires were eliminated. A valid sample of 264 SMEs was thus obtained.

5.7 DATA EXAMINATION

To meet the requirements of data analysis, it was necessary to investigate the multivariate normality of the sample data. This was done using graphical and numerical methods. The former involves computing the Skewness-Kurtosis of normality (Mardia, 1974; Valle, 2007). The latter includes drawing a histogram of the different variables in the research model, which is an effective graphical technique for showing the normality of the sample data (Razali and Wah, 2010). The results indicated no departure from normality (see Table 5.7 and Table 5.8). Therefore, the analysis proceeded by using the maximum likelihood estimates (MLE) method to estimate the research model using AMOS version 22.

5.8 DATA ANALYSIS

Diversity in the statistical methods has been a major challenge for researchers to make sense of the data collected. According to Hair *et al.* (2013), there are two basic steps in the analysis of quantitative data: (1) descriptive statistics to get a description of the basic features of the sample data and (2) inferential statistics to test hypotheses by using data collected from a sample to make inferences about the larger population from the sample. For this study, the researcher adopted the two steps of statistical analysis to make sense of the data collected.

5.8.1 Descriptive statistics

Descriptive statistics usually contain three types of indicators: frequency distribution, measures of central tendency, measures of dispersion. All of these statistical indicators were used in this phase of the study.

5.8.2 Factor analysis and structural equation modelling

For this study, structural equation modelling (SEM) using Amos 22 software package was used to analyse the sample data. SEM was used for the following reasons: (1) it enables researchers to conduct confirmatory factor analysis to assess instruments resulting from the previous phase (Kelloway, 1998), (2) it allows for testing the complex path models, which contain a sophisticated understanding of complex phenomena and (3) it provides a unique analysis considering all questions of measurement and prediction at the same time (Kelloway, 1998).

SEM is a statistical technique that allows the researcher to examine multiple interrelated dependence relationships in a single model (Hair *et al.*, 2013). There is agreement that all of the structural equation models involve two aspects: first, an estimate of the multiple interrelated dependent relations between variables and second the ability to construct latent variables while accounting for estimated measurement errors associated with the imperfect measurement of variables. This is particularly useful when a dependent variable in one equation becomes an independent variable in another equation (Hair *et al.*, 2013).

This phase of the research study uses the two-step process SEM, namely a measurement model and a structural model, which provides a better way of examining the theoretical models empirically (Hair *et al.*, 2013).

5.8.3 Exploratory factor analysis (EFA)

Exploratory factor analysis (EFA) is a variable reduction technique, which identifies the number of latent constructs and the underlying factor structure of a set of variables during the initial stage of scale development (Netemeyer *et al.*, 2003). Traditionally, EFA has been used to explore the possible underlying factor structure of a set of measured variables without imposing any preconceived structure on the outcome (Child, 1990), which explains the exploratory nature of this technique. Although the study started with some well-established measures from the literature, a number of these measures were reworded and adapted to a new context (i.e. E-I relationship building from non-Western contexts). The data reduction tool in

SPSS 20 was used to conduct EFA. Manifest variables formed ten groups as follows: (1) the foreign market knowledge of SME executives towards customers (KNCU), (2) the foreign market knowledge of SME executives towards cultures (KNCL), (3) the foreign market knowledge of SME executives towards political environments (KNPE), (4) goodwill trust (GWT), (5) competence trust (COMT), (6) contractual trust (CONT), (7) affective commitment (AFFC), (8) calculative commitment (CALC), (9) information exchange (INEX), (10) the perception of political instability, (11) E-I relationship quality and (12) satisfaction with export performance (SFEP).

To reduce the number of items and extract factors, the researcher employed the principal component analysis technique (Hair *et al.*, 2013; Netemeyer *et al.*, 2003). A Varimax rotation was then applied to initially-extracted factors. To assess the factorability of items, the researcher examined three indicators such as Kaiser-Meyer-Olin measure of sampling adequacy, Barlett's test of sphericity, and communalities. For every EFA, it was found that manifest variables have KMO measures of sampling adequacy above 0.727, which is above the threshold of 0.6 (Kaiser, 1974), as well as, p-values for Barlett's test of sphericity (Barlett, 1954) below 0.05. Communalities were also found well above 0.5 suggesting satisfactory factorability for all items.

In addition, the researcher evaluated the factorial solutions (e.g. item loadings and percentage of variance extracted) obtained from SPSS. Any item whose highest factor loading was less than 0.55 or whose loadings were high on more than one factor was dropped (Hair *et al.*, 2013). This step was repeated until all measurement scales had at least acceptable reliability (coefficient alpha > 0.7) and simultaneously exhibited clear factor structures. This purification process was used in order to arrive at the final dataset. Some items did not pass the EFA and reliability tests. Below are the synopses of scale purification for each group of constructs.

Knowledge of foreign customers: the initial calculation of item-to-total correlations showed that three items of this construct were internally consistent (i.e .0.724 for KNCU1, 0.794 for KNCU2 and 0.795 for KNCU3). Moreover, when applying EFA, the result showed that there was only one clear factor on which all items loaded. Therefore, the coefficient alpha, as well as the item-to-total correlations of the remaining three items, were found to meet the criteria (alpha=0.882).

Knowledge of foreign cultures: the initial calculation of item-to-total correlations showed that three items of this construct were internally consistent (i.e .0.871 for KNCL1, 0.913 for KNCL2 and 0.870 for KNCL3). Moreover, when applying EFA, the result showed that there was only one clear factor on which all items loaded. Therefore, the coefficient alpha, as well as the item-to-total correlations of the remaining three items, were found to meet the criteria (alpha=0.945).

Knowledge of foreign political environments: the initial calculation of item-to-total correlations showed that three items of this construct were internally consistent (i.e. 0.879 for KNPE1, 0.832 for KNPE2 and 0.856 for KNPE3). Moreover, when applying EFA, the result showed that there was only one clear factor on which all items loaded. Therefore, the coefficient alpha, as well as the item-to-total correlations of the remaining three items, were found to meet the criteria (alpha=0.930).

Table 5.2: Final EFA results of foreign market knowledge

Items	Factor loadings		
	Factor1	Factor2	Factor3
Knowledge of foreign customers (KNCU) ($\alpha=0.882$)			
KNCU1: Customer demographics and segments in foreign markets	0.785		
KNCU2: Foreign customer needs and preferences	0.837		
KNCU3: Trends in customer needs and preferences in foreign markets	0.812		
Knowledge of foreign cultures (KNCL) ($\alpha=0.945$)			
KNCL1: Values and norms in foreign markets		0.838	
KNCL2: Difference in the business practices in foreign markets		0.845	
KNCL3: Impact of cultural difference on business		0.839	
Knowledge of foreign political environments (KNPE) ($\alpha=0.930$)			
KNPE1: Differences in the legal systems in foreign markets			0.852
KNPE2: Risks associated with doing business in foreign markets			0.856
KNPE3: Foreign government rules and regulations			0.841

Goodwill trust: the initial calculation of item-to-total correlations showed that four items of this construct were internally consistent (i.e .0.511 for GWT1, 0.824 for GWT2, 0.795 for GWT3 and 0.828 for GWT4). However, when applying EFA, communalities of GWT1 were found below 0.5 (Communalities0.445=). Therefore, GWT1 was dropped, and the coefficient alpha as well as the item-to-total correlations of the remaining three items were subsequently recalculated and were found to meet the criteria (alpha=0.930).

Competence trust: the initial calculation of item-to-total correlations showed that four items of this construct were internally consistent (i.e .0.873 for COMT1, 0.466 for COMT2, 0.854 for COMT3 and 0.882 for COMT4). However, when applying EFA, communalities of COMT2 were found below 0.5 (Communalities0.376=). Therefore, COMT2 was dropped, and the coefficient alpha as well as the item-to-total correlations of the remaining three items were subsequently recalculated and were found to meet the criteria (alpha=0.968).

Contractual trust: when testing the reliability of this construct, one item showed weak corrected item-to-total correlation with 0.227 for CONT3. The remaining three items, showed adequate internal consistency and were retained and additionally tested for their dimensionality. The EFA result revealed that this construct had a clear factorial structure. Thus, the item-to-total correlations of remaining three items were subsequently recalculated and were found to meet the criteria (alpha=0.913).

Table 5.3: Final EFA results of trust

Items	Factor loadings		
	Factor1	Factor2	Factor3
Goodwill trust (GWT) ($\alpha=0.930$)			
GWT2: The main business partner is like a friend.	0.784		
GWT3: When I have problems with this main business partner, I know that they will respond with understanding.	0.729		
GWT4: The main business partner would go out of their way to make sure that our firm is not damaged or harmed in this relationship.	0.727		
Competence trust (COMT) ($\alpha=0.968$)			
COMT1: I know that this main business partner is capable and competent.		0.717	
COMT3: I can always rely on this main business partner to “play their part” in this relationship.		0.717	
COMT4: This main business partner is very knowledgeable and reliable.		0.708	
Contractual trust (CONT) ($\alpha=0.913$)			
CONT1: Our firm and this main business partner generally trust that each will stay within the terms of the contract.			0.893
CONT2: This main business partner usually keeps the promises they make to our firm.			0.884
CONT4: Even when the main business partner gives us a rather unlikely explanation, I am confident that they are telling the truth.			0.889

Affective commitment: the initial calculation of item-to-total correlations showed that four items of this construct were internally consistent (i.e. 0.849 for AFFC1, 0.790 for AFFC2, 0.574 for AFFC3 and 0.841 for AFFC4). Moreover, when applying EFA, the result showed that there was only one clear factor on which all items loaded. Therefore, the coefficient alpha, as well as the item-to-total correlations of the remaining three items, were found to meet the criteria ($\alpha=0.887$).

Calculative commitment: the initial calculation of item-to-total correlations showed that four items of this construct were internally consistent (i.e. 0.675 for CALC1, 0.636 for CALC2, 0.600 for CALC3 and 0.577 for CALC4). Moreover, when applying EFA, the result showed that there was only one clear factor on which all items loaded. Therefore, the coefficient alpha, as well as the item-to-total correlations of the remaining three items, were found to meet the criteria ($\alpha=0.887$).

Table 5.4: Final EFA results of commitment

Items	Factor loadings	
	Factor1	Factor2
Affective commitment (AFFC) ($\alpha=0.887$)		
AFFC1: I have a strong sense of loyalty to this main business partner.	0.849	
AFFC2: I intend to continue the relationship with this main business partner as I personally like her/him.	0.790	
AFFC3: I want to continue the relationship with this main business partner as both parties are on friendly terms.	0.574	
AFFC4: I am patient with this main business partner when they make mistakes that cause us problems.	0.841	
Calculative commitment (CALC) ($\alpha=0.803$)		
CALC1: I want to maintain the relationship because it is mutually beneficial, economically speaking.		0.657
CALC2: I want to remain in the relationship because it makes sense, money-wise.		0.636
CALC3: If another business partner offered me a better market coverage I would consider taking them on, even if it meant dropping this business partner.		0.600
CALC4: I am continually on the lookout for another business partner.		0.577

Information exchange: when testing the reliability of this construct, one item showed weak corrected item-to-total correlation with 0.149 for INEX3. The remaining three items, showed adequate internal consistency and were retained and additionally tested for their dimensionality. The EFA result revealed that this construct had a clear factorial structure. Thus, the item-to-total correlations of remaining three items were subsequently recalculated and were found to meet the criteria ($\alpha=0.907$).

Table 5.5: Final EFA results of information exchange

Items	Factor loadings
	Factor1
Information exchange (INEX) ($\alpha=0.907$)	
INEX1: I provide the business partner with any information that might help them to plan for our needs.	0.729
INEX2: Exchange information between the main business partner and I take place timely and frequently.	0.743
INEX4: I communicate the specification and quality requirements clearly and accurately to the main business partner.	0.729

The perception of political instability: when testing the reliability of this construct, one item showed weak corrected item-to-total correlation with 0.021 for PCPI1. The remaining three items, showed adequate internal consistency and were retained and additionally tested for their dimensionality. The EFA result revealed that this construct had a clear factorial structure. Thus, the item-to-total correlations of the remaining three items were subsequently recalculated and were found to meet the criteria ($\alpha=0.965$).

Table 5.6: Final EFA results of the perception of political instability

Items	Factor loadings
	Factor1
The perception of political instability (PCPI) ($\alpha=0.965$)	
PCPI2: There is a negative linkage between the political instability and firm's international activities.	0.952
PCPI3: Political instability harms the relationship with business partners.	0.946
PCPI4: It is difficult to monitor our operations in political instability situation.	0.965

E-I relationship quality: the preliminary reliability analysis revealed that five items (EIRQ2, EIRQ3, EIRQ5, EIRQ9 and EIRQ10) did not meet the item-to-total threshold with 0.059, 0.161, 0.086, 0.180 and 0.227 respectively. Hence, these five items were deleted. Thus, when applying EFA, the results showed a clear factor structure. Moreover, the dimensionality was in line with the expectation as all items loaded highly on the predicted factor. Coefficient alphas and item-to-total correlations were also recalculated to meet the criteria ($\alpha=0.924$).

Satisfaction with export performance: the preliminary reliability analysis revealed that five items (SFEP1, SFEP2, SFEP3, SFEP4 and SFEP5) did not meet the item-to-total threshold with -0.020, 0.312, 0.129, 0.209 and 0.205 respectively. Hence, these five items were deleted. Thus, when applying EFA, the results showed a clear factor structure. Moreover, the dimensionality was in line with the expectation as all items loaded highly on the predicted factor. Coefficient alphas and item-to-total correlations were also recalculated to meet the criteria ($\alpha=0.863$).

Table 5.7: Final EFA results of E-I relationship quality and satisfaction with export performance

Items	Factor loadings	
	Factor1	Factor2
E-I relationship quality (EIRQ) ($\alpha=0.924$)		
EIRQ1: I am very satisfied with a decision to work with this main business partner.	0.765	
EIRQ4: I have achieved objectives over the past 1-3 years with this main business partner.	0.758	
EIRQ6: There was extensive formal and informal communication during implementation with this main business partner.	0.789	
EIRQ7: I believe that over the long run, the relationship with this main business partner will be profitable.	0.799	
EIRQ8: I am willing to make sacrifices to help this main business partner from time to time.	0.746	
Satisfaction with export performance (SFEP) ($\alpha=0.863$)		
SFEP6: Achievement of international objectives		0.816
SFEP7: Enhanced profitability		0.772
SFEP8: Firm's sales growth		0.762

5.8.4 Confirmatory factor analysis (CFA)

Subsequent to revealing the potential dimensionality by indicating items that load poorly on an intended factor or load highly on more than one factor, the researcher employed CFA to further assess the quality of a factor solution (Churchill, 1979). CFA is a statistical technique used to test a pre-specified relationship of observed measures. CFA allows the researcher to test whether the measures assumed for a construct (or factor) are consistent on the one hand, and measure the same factor on the other hand. Unlike EFA, CFA is a technique usually employed to “confirm an *a priori* hypothesis about the relationship between a set of measurement items and their respective factors” (Netemeyer *et al.*, 2003, p.148). CFA was used to confirm the unidimensionality of all constructs, another important psychometric property, of a scale initially developed by EFA (Churchill, 1979).

According to Klein (2007), CFA is used to validate the hypothesised theoretical constructs (or factors). In this sense, CFA measures the extent to which a set of observed variables or items (represent the theoretical construct) or factor they intend to measure. According to Hair *et al.*, (2013), combining the CFA results with construct validity tests would enable researchers to gain a better understanding of the quality of their measures. CFA aims to identify a number of items that can explain all of the hypothesised constructs (or factors) in the study. Each item can be explained by the construct that represents it and can be explained through the path loading.

Given that this study is based on previous literature and an exploratory study, constructs (or factors) structures were specified. Each of these structures was subject to refinement and confirmation using the CFA, so it can subsequently be used to collect data for this phase of the study. Following this, the measurement model was developed, which specifies the relationships between the observed variables (or items), and latent variables or hypothetical constructs (factors). Issues of reliability and validity of the observed and latent variables were also identified. This was done before fitting the structural equation model, where relationships between the hypothetical constructs (or latent variables) were specified.

5.8.5 Overall model fit

Each of the measurement and structural models should be subject to the assessment of overall model fit in order to decide whether the model adequately represents the set of causal relationships, or not. This is usually done through the assessment of the goodness-of-fit measures. There are three different types of goodness-of-fit measures: absolute fit measure, incremental fit measure, and parsimonious fit measure (Hair *et al.*, 2013). The researcher chose two absolute fit measures (e.g. GFI, RMSEA), four incremental fit measures (e.g. IFI, TLI, CFI and AGFI), and a parsimonious fit measure (e.g. CMIN/DF) to evaluate the measurement model as shown in Table 5.8.

Goodness-of-fit types	Acceptable levels of goodness-of-fit
Absolute fit measures	
Goodness-of-fit index (GFI)	Greater than or equal to 0.90
Root mean square error of approximation (RMSEA)	Acceptable fit less than or equal to 0.08, good fit less than or equal to 0.05, marginal fit between 0.09 and 0.1
Incremental fit measures	
Tucker –Lewis index (TLI)	Greater than or equal to 0.90
Comparative fit index (CFI)	Greater than or equal to 0.90
Adjusted goodness-of-fit index (AGFI)	Greater than or equal to 0.80
Incremental fit index (IFI)	Greater than or equal to 0.90
Parsimonious fit measures	
Normed chi-square (CMIN/DF)	CMIN/DF value is greater than or equal to 1.0 and less than or equal to 5.0

Table 5.8: Goodness-of-fit measures

5.8.6 Measurement model fit

After accepting the overall CFA model, each construct can be evaluated separately by (1) examining the indicator loadings for statistical significance and (2) estimating the composite reliability of the measures. This provides evidence of the convergent and discriminant validity of the research instruments (Hair *et al.*, 2013).

5.8.7 Structural model/path model

CFA is not able to look into the nature of relationships between the variables far from simple correlations (Hair *et al.*, 2013), so a structural theory can conceptually represent the relationships between constructs. Accordingly, the structural model can be defined as “*a theory with a set of structural equations and usually depicted as a visual diagram*” (Hair *et al.*, 2013 : p.845). In this study, a path analysis for the structural equation model with latent variables was used to evaluate the hypothesised relationships. The application of the SEM usually requires

the researcher to take the following two issues to test the research model: (1) overall and relative fit of the model and (2) the sample size, direction of the relationship and significance of the relationship as estimated in the model. After assessing the measurement model, the structural model was developed to test the hypothetical causal relationships between factors tested in the measurement model.

5.8.8 Reliability analysis

For this study, reliability was calculated by measuring the internal consistency of the entire scale. This internal consistency is usually obtained by calculating the coefficient alpha also known as Cronbach's alpha. The lowest acceptable limit for Cronbach alpha is 0.70 (Hair *et al.*, 2013). Churchill argues that “*coefficient alpha absolutely should be the first measure one calculates to assess the quality of the instrument*” (1979 : p.68). Additionally, the reliability of the scales can be tested by means of composite reliability. For each of the constructs (or factors) in the research model, the acceptable value for composite reliability should exceed 0.70 (Bagozzi and Yi, 1988). This can be calculated using the formula suggested by Fornell and Larcker (1981). Therefore, this study used both the Cronbach's alpha and the composite reliability to assess the reliability of the scales.

5.8.9 Validity analysis

Maitland and Hannah (2003: p.203) introduce validity as “*the extent to which an instrument accurately measures or predicts what it is supposed to measure or predict*”. The following approaches were used to assess scale validity in this phase of the research study before proceeding to test the final structural model.

5.8.10 Content validity

Maitland and Hannah (2008: p.203) introduce content validity as “*a measure of the extent to which the content of the test measures all of the knowledge or skills that are supposed to be included within the domain being tested, according to expert judges*”. In order to establish the content validity of a measuring instrument, academics in the field of international business reviewed the items and definitions of the constructs. Based on their feedback, several items were amended, whether by addition or deletion from the scale. Then, the questionnaire was translated into Thai with the assistance of experts and academics in order to ensure accuracy and consistency between the English and Thai versions.

5.8.11 Construct validity

Construct validity is considered as “*the true measure of accuracy; this involves the extent to which the test actually measures the hypothetical construct or behaviour it is designed to assess*” (Maitland and Hannah, 2008: p.203). Establishing construct validity (through statistical measures) of the item measures selected from samples may enhance the representativeness of the actual true scores that exist in the population (Hair *et al.*, 2013). In order to establish construct validity of the scales in this study, each measurement scale was evaluated by using its convergent and discriminant validity tests.

5.8.12 Convergent validity

Hair *et al.*, (2013: p.771) introduce convergent validity as “*the extent to which indicators of a specific construct converge or share a high proportion of variance in common*” . For this study, convergent validity was assessed by examining: (1) factor loadings, which relate significantly all indicators to their respective constructs; all the absolute values of critical ratios (C.R.) of all the indicators should be greater than 1.96, at the 0.05 level of significance, (2) standardised regression coefficients, which should be greater than 0.50, and (3) the average variance extracted (AVE), which reflects the overall amount of variance in the indicators accounted for by the latent construct. Thus, higher values of the average variance extracted (AVE) indicate that the items are truly representative of the latent construct. An AVE of at least 0.50 provides support for convergent validity.

In this case, all the results obtained for all the above criteria were within acceptable limits and thus confirmed the convergent validity. In Tables 5.9, the first two criteria, namely, factor loadings, and critical ratios were explained. Then, the table also explains the third criterion, which is to calculate an AVE.

Construct	Squared multiple correlation (R ²)	ΣR ²	Average variance extracted (AVE)
Knowledge of foreign customers (KNCU)			
KNCU1	0.604	2.151	0.717
KNCU2	0.767		
KNCU3	0.780		
Knowledge of foreign cultures (KNCL)			

KNCL1	0.819	2.558	0.853
KNCL2	0.926		
KNCL3	0.813		
Knowledge of political environments (KNPE)			
KNPE1	0.877	2.448	0.816
KNPE2	0.751		
KNPE3	0.820		
Goodwill trust (GWT)			
GWT2	0.795	2.451	0.828
GWT3	0.842		
GWT4	0.814		
Competence trust (COMT)			
COMT1	0.914	2.709	0.912
COMT3	0.898		
COMT4	0.897		
Contractual trust (CONT)			
CONT1	0.797	2.332	0.777
CONT2	0.755		
CONT4	0.780		
Affective commitment (AFFC)			
AFFC1	0.922	3.315	0.705
AFFC2	0.871		
AFFC3	0.599		
AFFC4	0.923		
Calculative commitment (CALC)			
CALC1	0.742	2.845	0.507
CALC2	0.740		
CALC3	0.676		
CALC4	0.687		
Information exchange (INEX)			
INEX1	0.789	2.302	0.767
INEX2	0.726		
INEX4	0.787		
The perception of domestic political instability (PCPI)			
PCPI2	0.871	2.707	0.902
PCPI3	0.893		
PCPI4	0.943		
E-I relationship quality (EIRQ)			
EIRQ1	0.830	3.552	0.710
EIRQ4	0.655		
EIRQ6	0.687		
EIRQ7	0.655		
EIRQ8	0.725		

Satisfaction with export performance (SFEP)			
SFEP6	0.760	2.044	0.681
SFEP7	0.596		
SFEP8	0.688		

Table 5.9: Average variance extracted (AVE) for all constructs

5.8.13 Discriminant validity

Hair *et al.* (2013: p.771) introduce discriminant validity as “*the extent to which a construct is truly distinct from other constructs*”. For this study and based on Table 5.10, discriminant validity was assessed by comparing the squared correlation between two constructs with their respective AVE. The AVE of both constructs should be greater than the squared correlation between the two constructs. This was evidence of the discriminant validity to all constructs in the research model. Each construct was measured by specific items that had no effect on other constructs.

Construct	KNCU	KNCL	KNPE	GWT	COMT	CONT	AFFC	CALC	INEX	PCPI	EIRQ	SFEP
KNCU	0.895											
KNCL	0.421	0.923										
KNPE	0.380	0.437	0.895									
GWT	0.468	0.550	0.428	0.910								
COMT	0.544	0.553	0.533	0.598	0.930							
CONT	0.076	0.226	0.255	0.043	0.300	0.863						
AFFC	0.217	0.316	0.217	0.353	0.251	0.042	0.840					
CALC	-0.149	-0.116	-0.062	-0.263	-0.177	-0.002	-0.247	0.711				
INEX	0.485	0.582	0.526	0.280	0.610	0.267	0.204	0.029	0.817			
PCPI	-0.072	0.051	0.167	-0.034	-0.068	0.118	-0.130	0.340	0.192	0.950		
EIRQ	0.511	0.577	0.528	0.586	0.647	0.260	0.350	-0.097	0.622	0.132	0.790	
SFEP	0.487	0.383	0.445	0.572	0.538	0.136	0.323	-0.140	0.428	-	0.499	0.826

Table 5.10: Discriminant validity of all constructs in the research model

5.9 RESULTS

5.9.1 Sample profile

Preceding the model testing, two main groups of statistics were carried out: descriptive statistics such as frequencies, percentages and means are used to describe and summarise information about a sample (Zikmund, 2000) and inferential statistics such as correlations, which are used to examine how variables relate to each other (Sekaran, 1992). In this sense, first a profile of the 264 Thai exporting SME was provided offering information concerning size, age export experience, industrial sector, international activities, the markets for international activities, time to internationalisation and length of relationship with the main business partner of the investigated companies in Table 5.11.

The majority of respondents are managers of medium sized enterprises or 60.2 percent of the total sample. The average age of the firms is 20.6 years with more than 16 years of export experience. The length of relationships with the main business partner is approximately 14 years. 11 industries were included, ranging from low-technology to medium and high technology based on technological intensity - they accounted for 64.7 percent and 35.3 percent respectively. Direct export and indirect export via intermediaries are the main international activities (entry modes) SMEs in this sample engaged in. More precisely, 83 percent of the total number of respondents mentioned direct export as their main international activity. As for the foreign target markets, the results indicate that Asia is the main target region for internationalisation, accounted for 99.7 percent of the total sample. Moreover, nearly 90 percent of the total respondents spent 1 to 10 years before firms started their internationalisation.

1. Firm size (Number of employees)	(%)	Firm age	Firm export experience	Length of relationships with the main business partner
Small enterprises (1-49 employees)	39.8	Mean: 20.6 years	Mean: 16.6 years	Mean: 14.3 years
Medium enterprises (50-200 employees)	60.2			
2. Industrial sector	(%)	Technological intensity		
Manufacture of food and agriculture products	12.1	Low-technology		
Manufacture of textile and apparel products	17.0	Low-technology		
Manufacture of rubber products	2.7	Low-technology		
Manufacture of forestry and wood products	9.8	Low-technology		
Manufacture of jewellery products	5.7	Low-technology		
Logistics and transportation service providers	8.3	Low-technology		
Tourism service providers	9.1	Low-technology		
Manufacture of electronic products	14.8	Medium and high technology		
Manufacture of automotive products	10.6	Medium and high technology		
Manufacture of cosmetic products	4.2	Medium and high technology		
Manufacture of chemical products	5.7	Medium and high technology		
Total	100.0			
3. Modes of internationalisation	(%)			

Indirect exporting: Thai intermediaries	78.9
Indirect exporting: Foreign intermediaries	31.4
Direct exporting	99.4
Foreign sales subsidiaries	35.8
Foreign production/manufacturing	3.8
Joint venture	2.5
Licensing/franchising	2.8
Strategic alliance	12.9
4. The most important international business activity	(%)
Indirect exporting: Thai intermediaries	16.0
Direct exporting	83.0
Foreign production/manufacturing	0.9
Total	100.0
5. The main markets for international activities	(%)
Asia	99.7
North America (USA, Canada and Mexico)	78.9
The European Union (EU)	72.0
The rest of Europe	47.8
Africa	40.3
Latin America	51.9
6. Time to internationalisation	(%)
1-5 years	51.1
6-10 years	38.6
11-15 years	8.0
16-20 years	2.3
More than 20 years	-
Total	100.0
7. Length of relationships with the main business partner	(%)
1-5 years	10.4
6-10 years	31.4
11-15 years	28.9
16-20 years	15.4
More than 20 years	13.8
Total	100.0

Table 5.11: Sample profile

Next, the characteristics of respondents are presented in table 5.12

1. Job title	(%)	
General manager	44.0	
Marketing manager	32.7	
Export manager	15.1	
Owner	8.2	
Total	100.0	
2. Age of respondent	(%)	
30-40 years old	18.6	
41-50 years old	46.5	
51-60 years old	34.9	
Total	100.0	
3. Level of education	(%)	
High school	2.5	
Undergraduate degree	34.0	
Postgraduate degree	63.5	
Total	100.0	
4. Work experience abroad	(%)	
Yes	9.1	Mean: 7.4 years
No	90.9	
Total	100.0	
5. Experience with overseas companies	(%)	

1-5 years	0.6	
6-10 years	17.6	
11-15 years	30.2	Mean: 16.5 years
16-20 years	28.3	
More than 20 years	23.3	
Total	100.0	

Table 5.12: Characteristics of respondents

As illustrated above, the majority of the respondents are general manager and marketing managers, accounted for 44 percent and 32.7 percent respectively. Nearly 80 percent of them belong to the age group of 41 to 60 years old. Moreover, most of them had a university degree and a master degree. Regarding work experience, although a large number of respondents had experience with overseas business partners of more than 15 years, 90.9 percent of them had no work experience abroad.

5.9.2 Normality tests

Descriptive statistics were conducted to determine whether the data is normally distributed or not. The researcher checked univariate normality of variables first through a histogram and normal probability plot. Normal probability plot is a statistical technique that reveals the data observed plotted against a theoretical normal distribution (Pallant, 2005). All variables appear to be fairly normally distributed.

In addition, according to Vose, “*values between -3 and 3 for Skewness and Kurtosis can probably be considered normal*” (2008: p.99). Thus, univariate normality was tested through inspecting the mean, standard deviation, Skewness and Kurtosis statistics as shown in Tables 5.13 and 5.14. All the values of Skewness and Kurtosis are within the conventional range of ± 3 . This means that the results confirmed no departure from normally distributed.

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
KNCU1	264	4.49	.501	.046	.150	-2.013	.299
KNCU2	264	4.49	.501	.046	.150	-2.013	.299
KNCU3	264	4.45	.499	.199	.150	-1.975	.299
KNCL1	264	4.61	.490	-.437	.150	-1.823	.299
KNCL2	264	4.56	.497	-.261	.150	-1.947	.299
KNCL3	264	4.58	.495	-.308	.150	-1.920	.299
KNPE1	264	4.25	.626	-.235	.150	-.616	.299
KNPE2	264	4.33	.624	-.373	.150	-.662	.299
KNPE3	264	4.26	.632	-.274	.150	-.651	.299
GWT2	264	4.55	.499	-.199	.150	-1.975	.299
GWT3	264	4.52	.515	-.259	.150	-1.539	.299
GWT4	264	4.51	.516	-.198	.150	-1.568	.299
COMT1	264	4.50	.516	-.152	.150	-1.584	.299
COMT3	264	4.48	.530	-.233	.150	-1.278	.299
COMT4	264	4.51	.508	-.118	.150	-1.777	.299
CONT1	264	3.99	.719	.011	.150	-1.056	.299
CONT2	264	4.00	.708	.000	.150	-.996	.299
CONT4	264	3.95	.712	.066	.150	-1.018	.299
AFFC1	264	4.16	.430	.836	.150	1.178	.299
AFFC2	264	4.15	.418	.955	.150	1.364	.299
AFFC3	264	4.05	.495	.110	.150	1.083	.299
AFFC4	264	4.17	.406	1.234	.150	1.056	.299
CALC1	264	3.69	.574	.133	.150	-.606	.299
CALC2	264	3.85	.563	-.027	.150	-.035	.299
CALC3	264	3.72	.571	.084	.150	-.527	.299
CALC4	264	3.77	.497	-.399	.150	-.118	.299
INEX1	264	4.44	.512	.089	.150	-1.584	.299
INEX2	264	4.41	.558	-.232	.150	-.880	.299
INEX4	264	4.39	.567	-.237	.150	-.787	.299
EIRQ1	264	4.40	.506	.242	.150	-1.512	.299
EIRQ4	264	4.45	.499	.199	.150	-1.975	.299
EIRQ6	264	4.42	.510	.150	.150	-1.562	.299
EIRQ7	264	4.41	.493	.372	.150	-1.876	.299
EIRQ8	264	4.40	.506	.242	.150	-1.512	.299
SFEP6	264	4.33	.648	-.445	.150	-.701	.299
SFEP7	264	4.36	.630	-.452	.150	-.662	.299
SFEP8	264	4.38	.605	-.421	.150	-.658	.299
EXTPOLI2	264	3.90	.746	.168	.150	-1.182	.299
EXTPOLI3	264	3.94	.737	.096	.150	-1.150	.299
EXTPOLI4	264	3.91	.739	.146	.150	-1.155	.299

Table 5.13: Skewness and Kurtosis results at the item level

Table 5.14: Skewness and Kurtosis results at the construct level

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
KNCU	264	4.4760	.44968	.140	.150	-1.787	.299
KNCL	264	4.5821	.46871	-.310	.150	-1.818	.299
KNPE	264	4.2790	.58714	-.280	.150	-.503	.299
GWT	264	4.5265	.47778	-.153	.150	-1.818	.299
COMT	264	4.4949	.50261	-.118	.150	-1.683	.299
CONT	264	3.9823	.65814	.247	.150	-.894	.299
AFFC	264	4.1316	.37880	1.452	.150	1.071	.299
CALC	264	3.7566	.43733	-.144	.150	-.021	.299
INEX	264	4.4104	.50133	.013	.150	-1.311	.299
EIRQ	264	4.4152	.44027	.356	.150	-1.624	.299
SFEP	264	4.3561	.55640	-.306	.150	-.702	.299
EXTPOLI	264	3.9154	.71616	.210	.150	-1.101	.299

5.9.3 Descriptive analysis

The Cronbach alpha was calculated to measure internal consistency among the items in the measurement model as shown in Table 5.15.

Construct (or factor)	Cronbach's α for initial items before refinement	Cronbach's α for items after refinement
Knowledge of foreign customers	0.882 (3 items)	0.882 (3 items)
Knowledge of foreign cultures	0.945 (3 items)	0.945 (3 items)
Knowledge of foreign political environments	0.930 (3 items)	0.930 (3 items)
Goodwill trust	0.873 (4 items)	0.930 (3 items)
Competence trust	0.885 (4 items)	0.968 (3 items)
Contractual trust	0.808 (4 items)	0.913 (3 items)
Affective commitment	0.887 (4 items)	0.887 (4 items)
Calculative commitment	0.803 (4 items)	0.803 (4 items)
Information exchange	0.342 (4 items)	0.907 (3 items)
The perception of domestic political instability	0.965 (3 items)	0.965 (3 items)
E-I relationship quality	0.695 (10 items)	0.924 (5 items)
Satisfaction with export performance	0.579 (8 items)	0.863 (3 items)

Table 5.15: Reliability test for all measurement items (before and after refinement)

Reliability analysis showed that all items were higher than the acceptable level of 0.7, with others attaining more than 0.8 (good) and more than 0.9 (excellent) (George and Mallery, 2003) and therefore were considered reliable for this study. All these values showed acceptable to a good level of internal consistency.

5.9.4 Measurement model with all constructs

Before proceeding to estimate the path coefficients and overall model fit of the hypothesised structural model, a confirmatory factor analysis was used for all latent variables to confirm the factor structure of each variable. The model fit was good and falls within the acceptable limits. Accordingly, the measurement model was run with all the latent variables, and thus calculating the reliability and construct validity later in this chapter, namely the convergent and discriminant validity. Table 5.16 shows the overall fit indices for measurement model with all constructs.

Model	CMIN/DF	GFI	AGFI	CFI	TLI	IFI	RMSEA
Default model	1.368	0.861	0.830	0.973	0.969	0.973	0.037
Saturated model		1.000		1.000		1.000	
Independence model	12.765	0.183	0.141	0.000	0.000	0.000	0.212

Table 5.16: Overall fit indices of measurement model with all constructs

From the above, the measurement model with all constructs showed a good fit for all indices. Table 5.17 shows path loadings, critical ratios (C.R.), and R square values in the measurement model.

Structural relation	Regression weight	Standard error (SE)	Critical ratio (C.R.)	Standardised regression weights	Squared multiple correlation (R²)
KNCU1 ← Knowledge of foreign customers	0.884	0.059	15.012	0.777	0.604
KNCU2 ← Knowledge of foreign customers	0.996	0.057	17.537	0.876	0.767
KNCU3 ← Knowledge of foreign customers	1.000			0.883	0.780
KNCL1 ← Knowledge of foreign cultures	0.992	0.043	23.302	0.905	0.819
KNCL2 ← Knowledge of foreign cultures	1.070	0.040	26.845	0.962	0.926
KNCL3 ← Knowledge of foreign cultures	1.000			0.902	0.813
KNPE1 ← Knowledge of political environments	1.024	0.043	23.979	0.936	0.877
KNPE2 ← Knowledge of political environments	0.945	0.046	20.560	0.866	0.751
KNPE3 ← Knowledge of political environments	1.000			0.906	0.820
GWT2 ← Goodwill trust	1.000			0.892	0.795
GWT3 ← Goodwill trust	1.064	0.048	22.365	0.918	0.842

GWT4 ← Goodwill trust	1.047	0.048	21.640	0.902	0.814
COMT1 ← Competence trust	1.000			0.970	0.941
COMT3 ← Competence trust	1.004	0.027	36.804	0.947	0.898
COMT4 ← Competence trust	0.962	0.026	36.703	0.947	0.897
CONT1 ← Contractual trust	1.000			0.893	0.797
CONT2 ← Contractual trust	0.959	0.051	18.958	0.869	0.755
CONT4 ← Contractual trust	0.980	0.050	19.416	0.883	0.780
AFFC1 ← Affective commitment	1.000			0.922	0.851
AFFC2 ← Affective commitment	0.919	0.043	21.561	0.872	0.760
AFFC3 ← Affective commitment	0.748	0.067	11.152	0.600	0.360
AFFC4 ← Affective commitment	0.944	0.039	24.463	0.922	0.850
CALC1 ← Calculative commitment	1.000			0.726	0.527
CALC2 ← Calculative commitment	0.991	0.098	10.095	0.734	0.538
CALC3 ← Calculative commitment	0.912	0.098	11.152	0.666	0.443
CALC4 ← Calculative commitment	0.854	0.086	24.463	0.716	0.512
INEX1 ← Information exchange	0.957	0.052	18.482	0.888	0.789
INEX2 ← Information exchange	1.000			0.852	0.726
INEX4 ← Information exchange	1.058	0.057	18.443	0.887	0.787
PCPI2 ← The perception of political instability	1.000			0.933	0.871
PCPI3 ← The perception of political instability	1.001	0.033	30.394	0.945	0.893
PCPI4 ← The perception of political instability	1.032	0.031	33.592	0.971	0.943
EIRQ1 ← E-I relationship quality	1.000			0.911	0.830
EIRQ4 ← E-I relationship quality	0.876	0.056	15.636	0.809	0.655
EIRQ6 ← E-I relationship quality	0.917	0.050	18.346	0.829	0.687
EIRQ7 ← E-I relationship quality	0.865	0.049	17.517	0.809	0.655
EIRQ8 ← E-I relationship quality	0.934	0.048	19.464	0.851	0.725
SFEP6 ← Satisfaction with export performance	1.000			0.872	0.760
SFEP7 ← Satisfaction with export performance	0.861	0.061	14.162	0.772	0.596
SFEP8 ← Satisfaction with export performance	0.889	0.058	15.444	0.829	0.688

Table 5.17: Estimated values of the measurement model items

All standardised regression weight values were (>0.5), and all of the critical ratios (C.R.) were >1.96. Janssens *et al.* (2008) argue that the factor loading for each latent variable must be equal to or greater than (0.50), and must also be significant (C.R.=t-value > 1.96).

5.9.5 Construct reliability (Composite)

Table 5.18 below shows the composite reliabilities for all constructs within the measurement model.

Construct	Standardised regression weight	Squared multiple correlation	1- Squared multiple correlation	Construct reliability
KNCU1 ← Knowledge of foreign customers	0.777	0.604	0.396	6.431/(6.431+0.849)= 0.883
KNCU2 ← Knowledge of foreign customers	0.876	0.767	0.233	
KNCU3 ← Knowledge of foreign customers	0.883	0.780	0.220	
Sum	2.536	Sum	0.849	
Sum square	6.431			
KNCL1 ← Knowledge of foreign cultures	0.905	0.819	0.181	7.667/(7.667+0.442)= 0.945
KNCL2 ← Knowledge of foreign cultures	0.962	0.926	0.074	
KNCL3 ← Knowledge of foreign cultures	0.902	0.813	0.187	
Sum	2.769	Sum	0.442	
Sum square	7.667			
KNPE1 ← Knowledge of political environments	0.936	0.877	0.123	7.333/(7.333+0.552)= 0.930
KNPE2 ← Knowledge of political environments	0.866	0.751	0.249	
KNPE3 ← Knowledge of political environments	0.906	0.820	0.180	
Sum	2.708	Sum	0.552	
Sum square	7.333			
GWT2 ← Goodwill trust	0.892	0.795	0.205	7.355/(7.355+0.549)= 0.931
GWT3 ← Goodwill trust	0.918	0.842	0.158	
GWT4 ← Goodwill trust	0.902	0.814	0.186	
Sum	2.712	Sum	0.549	
Sum square	7.355			
COMT1 ← Competence trust	0.970	0.941	0.059	8.202/(8.202+0.264)= 0.969
COMT3 ← Competence trust	0.947	0.898	0.102	
COMT4 ← Competence trust	0.947	0.897	0.103	
Sum	2.864	Sum	0.264	

Sum square	8.202			
CONT1 ← Contractual trust	0.893	0.797	0.203	6.996/(6.996+0.668)=
CONT2 ← Contractual trust	0.869	0.755	0.245	0.913
CONT4 ← Contractual trust	0.883	0.780	0.220	
Sum	2.645	Sum	0.668	
Sum square	6.996			
AFFC1 ← Affective commitment	0.922	0.851	0.149	10.100/(10.100+1.179)=
AFFC2 ← Affective commitment	0.872	0.760	0.240	0.895
AFFC3 ← Affective commitment	0.600	0.360	0.640	
AFFC4 ← Affective commitment	0.922	0.850	0.150	
Sum	3.316	Sum	1.179	
Sum square	10.100			
CALC1 ← Calculative commitment	0.726	0.527	0.473	8.077/(8.077+1.980)=
CALC2 ← Calculative commitment	0.734	0.538	0.462	0.803
CALC3 ← Calculative commitment	0.666	0.443	0.557	
CALC4 ← Calculative commitment	0.716	0.512	0.488	
Sum	2.842	Sum	1.980	
Sum square	8.077			
INEX1 ← Information exchange	0.888	0.789	0.211	6.901/(6.901+0.698)=
INEX2 ← Information exchange	0.852	0.726	0.274	0.908
INEX4 ← Information exchange	0.887	0.787	0.213	
Sum	2.627	Sum	0.698	
Sum square	6.901			
PCPI2 ← The perception of domestic political instability	0.933	0.871	0.129	8.117/(8.117+0.293)=
PCPI3 ← The perception of domestic political instability	0.945	0.893	0.107	0.965
PCPI4 ← The perception of domestic political instability	0.971	0.943	0.057	
Sum	2.849	Sum	0.293	
Sum square	8.117			
EIRQ1 ← E-I relationship quality	0.911	0.830	0.170	17.716/(17.716+1.448)=
EIRQ4 ← E-I relationship quality	0.809	0.655	0.345	0.924
EIRQ6 ← E-I relationship quality	0.829	0.687	0.313	
EIRQ7 ← E-I relationship quality	0.809	0.655	0.345	
EIRQ8 ← E-I relationship quality	0.851	0.725	0.275	
Sum	4.209	Sum	1.448	
Sum square	17.716			
SFEP6 ← Satisfaction with export performance	0.872	0.760	0.240	6.116/(6.116+0.956)=
SFEP7 ← Satisfaction with export performance	0.772	0.596	0.404	0.865

SFEP8 ← Satisfaction with export performance	0.829	0.688	0.312	
Sum	2.473	Sum	0.956	
Sum square	6.116			

Table 5.18: Composite reliabilities for all constructs within the measurement model

Table 5.19: Overview results

	Composite reliability	Cronbach's alpha	AVE
KNCU	0.883	0.882	0.717
KNCL	0.945	0.945	0.853
KNPE	0.930	0.930	0.816
GWT	0.931	0.930	0.828
COMT	0.969	0.968	0.912
CONT	0.913	0.913	0.777
AFFC	0.895	0.887	0.895
CALC	0.803	0.803	0.803
INEX	0.908	0.907	0.767
PCPI	0.965	0.965	0.902
EIRQ	0.924	0.924	0.710
SFEP	0.865	0.863	0.681

All constructs revealed satisfactory levels of Cronbach's alpha, ranging from 0.803 to 0.968 (Table 5.19). However, Henseler *et al.* (2009) argued that "Cronbach's alpha tends to provide a severe underestimation of the internal consistency reliability of latent variables" (p.299). A different measure, the composite reliability (Werts *et al.*, 1974), is more appropriate. The composite reliability considers that indicators have different loadings, and can be interpreted in the same way as Cronbach's alpha. The data indicated that the measures are robust regarding their internal consistency reliability as indexed by the composite reliability (Table 5.19). The composite reliabilities of the different measures ranged from 0.803 to 0.969, which exceeded the recommended threshold value of 0.8 or 0.9 (Nunnally and Bernstein, 1994).

In assessing the reliability of each indicator, the researcher examined the loadings of the measures with their respective constructs generated by AMOS (i.e. factor loadings). Each loading was reviewed to verify whether the individual items were reliable. All of the measurement items with loading greater than 0.7 were retained. The factor loadings from the AMOS measurement model are reported in Table 6.14. It is noticed that all items loaded

significantly (loading ranging from 0.713 to 0.971) on their respective factors, which was an indication of indicator reliability (Fornell and Larcker, 1981).

Table 5.20: Factor loadings

	KNCU	KNCL	KNPE	GWT	COMT	CONT	AFFC	CALC	INEX	PCPI	EIRQ	SFEP
KNCU1	0.777											
KNCU2	0.876											
KNCU3	0.883											
KNCL1		0.905										
KNCL2		0.962										
KNCL3		0.902										
KNPE1			0.936									
KNPE2			0.866									
KNPE3			0.906									
GWT2				0.892								
GWT3				0.918								
GWT4				0.902								
COMT1					0.970							
COMT3					0.947							
COMT4					0.947							
CONT1						0.893						
CONT2						0.869						
CONT4						0.883						
AFFC1							0.922					
AFFC2							0.872					
AFFC3							0.713					
AFFC4							0.922					
CALC1								0.726				
CALC2								0.734				
CALC3								0.766				
CALC4								0.716				
INEX1									0.888			
INEX2									0.852			
INEX4									0.887			
PCPI2										0.933		
PCPI3										0.945		
PCPI4										0.971		
EIRQ1											0.911	
EIRQ4											0.809	
EIRQ6											0.829	
EIRQ7											0.809	
EIRQ8											0.851	
SFEP6												0.872

SFEP7												0.772
SFEP8												0.829

From the above, the assessment of various types of validity and reliability are examined for all constructs within the measurement model. Consequently, the researcher can move forward to run the final structural/path model in subsequent sections.

5.9.6 The structural model using AMOS

The structural model specifies relations between latent constructs. The structural model is tested by estimating the paths between the constructs, which are an indicator of the model's predictive ability. Figure 5.1 below shows the structural model with the hypothesised relationships between all constructs.

The results of structural

The results of structural equation modelling (SEM)

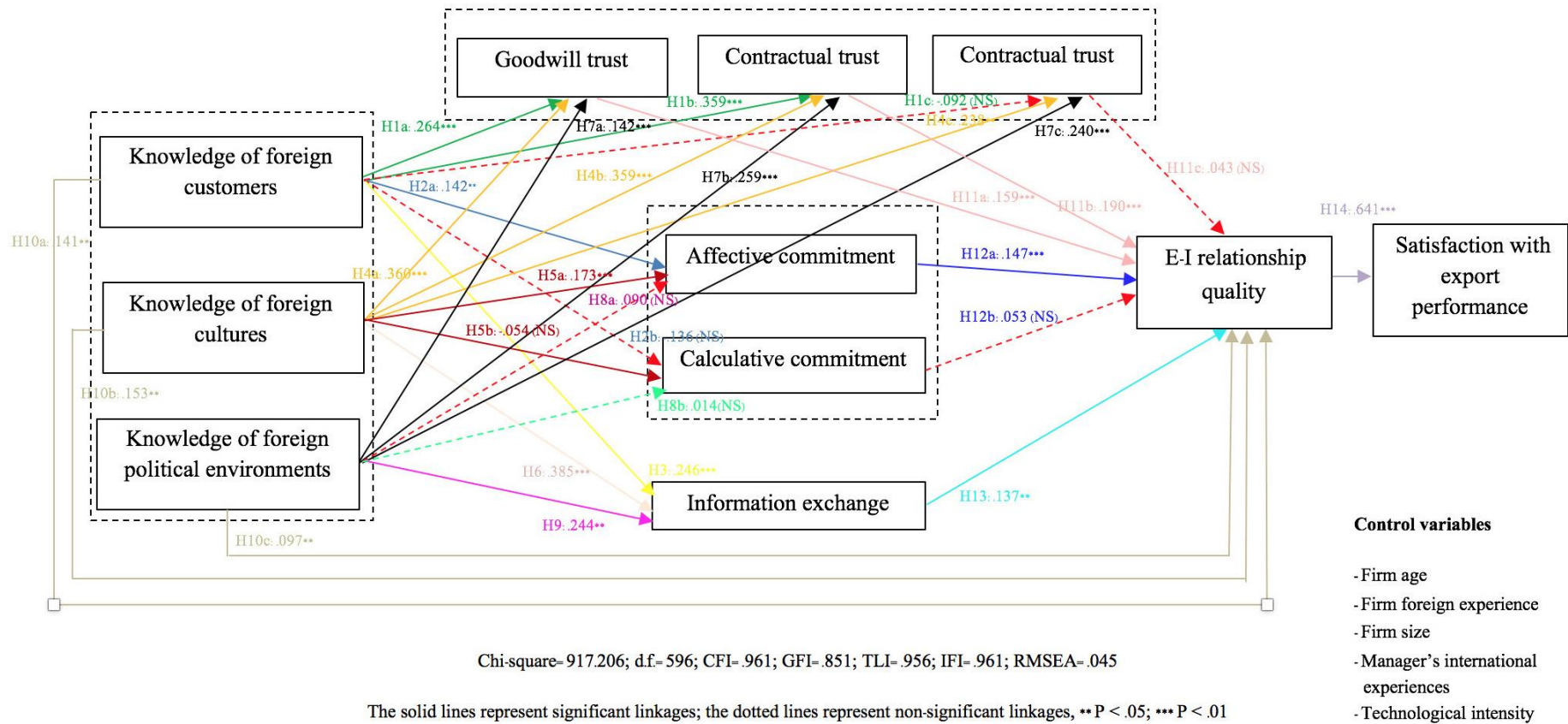
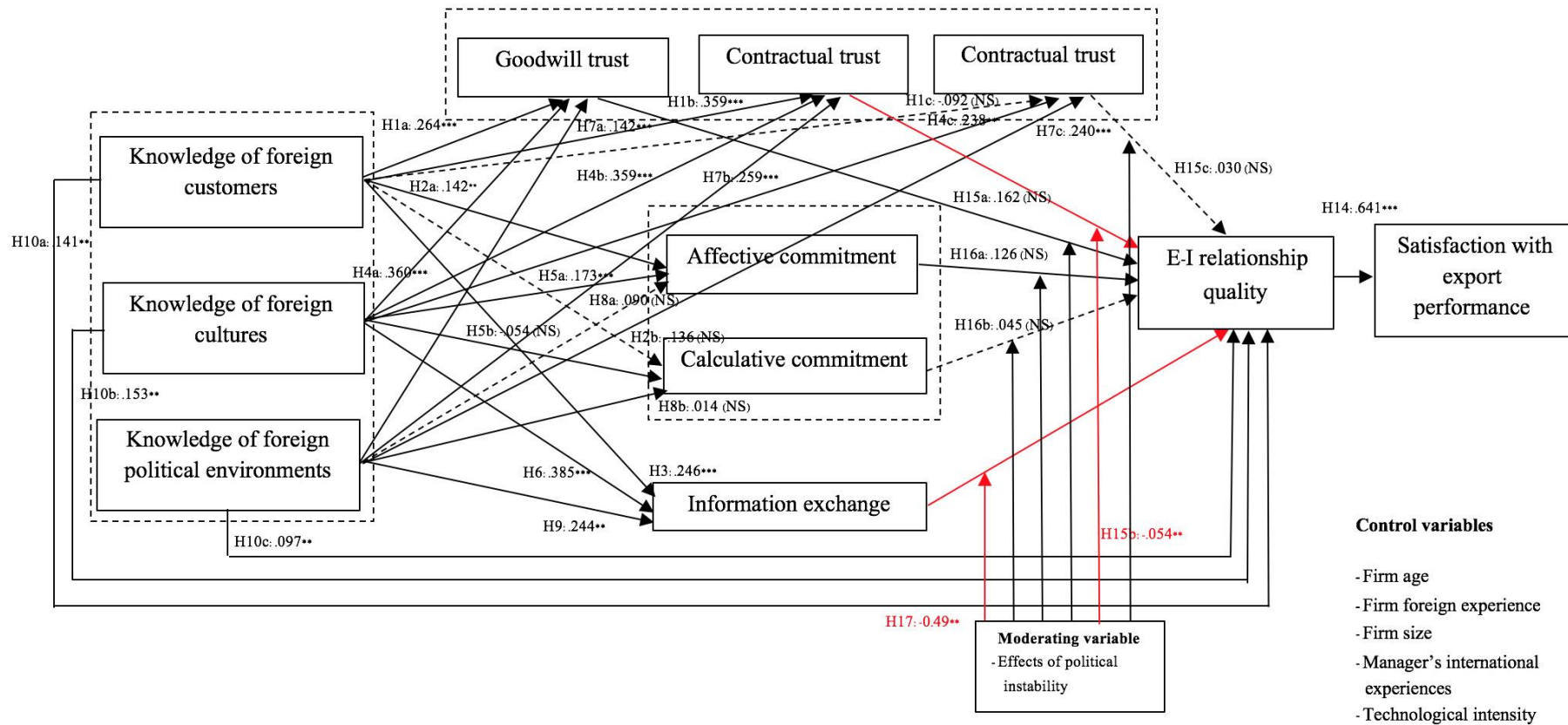


Figure 5.1: The results of structural equation modelling (SEM)

Moderator analysis: The effects of domestic political instability on constructs of E-I relationship quality



The solid lines represent significant linkages; the dotted lines represent non-significant linkages, ** P < .05; *** P < .01

Figure 5.2: The results of structural equation modelling (SEM) with the moderating variable

The structural model with all constructs showed a good fit for all indices, as shown in Table 5.21.

Model	CMIN/DF	GFI	AGFI	CFI	TLI	IFI	RMSEA
Default model	1.539	0.851	0.824	0.961	0.956	0.961	0.045
Saturated model		1.000		1.000		1.000	
Independence model	13.261	0.178	0.132	0.000	0.000	0.000	0.216

Table: 5.21 Overall fit indices of measurement model with all constructs

Table 5.22 shows path coefficients, critical ratios (C.R.) and R square values in the structural model. All standardised regression weight values were (>0.5), and all of the critical ratios (C.R. were >1.96) (Janssens *et al.*, 2008).

Hypotheses and hypothesised directions				Predicted sign	Standardised (β)	C.R. (t-value)	P value	Results*
H1a	KNCU	→	GWT	+	.264	4.090	.001	Supported
H1b	KNCU	→	COMT	+	.359	5.495	.001	Supported
H1c	KNCU	→	CONT	+	-.092	-.829	.407	Not supported
H2a	KNCU	→	AFFC	+	.142	2.092	.036	Supported
H2b	KNCU	→	CALC	+	-.136	-1.637	.102	Not supported
H3	KNCU	→	INEX	+	.246	3.701	.001	Supported
H4a	KNCL	→	GWT	+	.360	5.644	.001	Supported
H4b	KNCL	→	COMT	+	.359	5.495	.001	Supported
H4c	KNCL	→	CONT	+	.238	2.188	.029	Supported
H5a	KNCL	→	AFFC	+	.173	2.596	.009	Supported
H5b	KNCL	→	CALC	+	-.054	-.666	.506	Not supported
H6	KNCL	→	INEX	+	.385	5.807	.001	Supported
H7a	KNPE	→	GWT	+	.142	2.962	.003	Supported
H7b	KNPE	→	COMT	+	.259	5.313	.001	Supported
H7c	KNPE	→	CONT	+	.240	2.862	.004	Supported
H8a	KNPE	→	AFFC	+	.090	1.754	.079	Not supported
H8b	KNPE	→	CALC	+	.014	0.221	.825	Not supported
H9	KNPE	→	INEX	+	.244	4.856	.001	Supported
H10a	KNCU	→	EIRQ	+	.141	2.120	.034	Supported
H10b	KNCL	→	EIRQ	+	.153	2.231	.026	Supported
H10c	KNPE	→	EIRQ	+	.097	1.971	.049	Supported
H11a	GWT	→	EIRQ	+	.159	2.568	.010	Supported
H11b	COMT	→	EIRQ	+	.190	3.229	.001	Supported
H11c	CONT	→	EIRQ	+	.043	1.258	.208	Not supported
H12a	AFFC	→	EIRQ	+	.147	2.726	.006	Supported
H12b	CALC	→	EIRQ	+	.053	1.042	.297	Not supported
H13	INEX	→	EIRQ	+	.137	2.142	.032	Supported
H14	EIRQ	→	SFEP	+	.641	8.057	.001	Supported

Moderating variables								
The effect of political instability								
H15a	GWT	→	EIRQ	+/-	-.012	-1.509	.611	Not supported
H15b	COMT	→	EIRQ	+/-	-.054	3.334	.031	Supported
H15c	CONT	→	EIRQ	+/-	-.030	-1.651	.099	Not supported
H16a	AFFC	→	EIRQ	+/-	-.052	-1.645	.347	Not supported
H16b	CALC	→	EIRQ	+/-	-.088	-1.651	.099	Not supported
H17	INEX	→	EIRQ	+/-	-.049	-2.367	.018	Supported

Table 5.22: Path coefficients

In support of H1, the results in Table 5.22 show that the foreign customer knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers. H1a and H1b were supported. In other words, the coefficient of the path from KNCU to GWT was significant with small effect size ($\beta = 0.264$, $p < 0.01$), as was the coefficient of the path from KNCU to COMT, with medium effect size ($\beta = 0.359$, $p < 0.01$). However, KNCU was not significantly related to CONT, not supported H3c ($\beta = -0.092$, $p = 0.407$). It is concluded that H1 was partially supported.

In the case of H2, it was hypothesised that the foreign customer knowledge of an exporter's key manager(s) would stimulate the higher level of commitment. It was found that hypotheses H2a was supported. The coefficient of the path from KNCU to AFFC was significant with small effect size ($\beta = 0.142$, $p < 0.01$); however, KNCU was not significantly related to CALC, not supported H2b ($\beta = -0.136$, $p = 0.102$). It is concluded that H2 was partially supported. As initially predicted, H3 was confirmed as the knowledge of foreign customers has a positive significant association with information exchange between exporters and importers. The coefficient of the path from KNCU to INEX showed a significant positive relationship with small effect size ($\beta = 0.246$, $p < 0.01$).

With regards to H4, it was hypothesised that the foreign culture knowledge of an exporter's key manager(s) would stimulate a higher level of trust. As expected, it was found that hypotheses H4a, H4b, and H4C were supported. The coefficient of the path from KNCL to GWT was significant with medium effect size ($\beta = 0.360$, $p < 0.01$), as was the coefficient of the path from KNCL to COMT with medium effect size ($\beta = 0.359$, $p < 0.01$). Additionally,

KNCL was found to be a significant predictor of CONT with small effect size ($\beta = 0.238$, $p < 0.29$). Thus, H4 was fully supported.

As for the relationship between foreign culture knowledge and the level of commitment (H5), it was found that only H5a was supported. The coefficient of the path from KNCU to AFFC was significant with small effect size ($\beta = 0.173$, $p < 0.09$). However, KNCU was not significantly related to CALC, not supported H2b ($\beta = -0.054$, $p = 0.506$). It is concluded that H5 was partially supported. As initially predicted, H6 was confirmed as the knowledge of foreign culture has a positive significant association with information exchange between exporters and importers. The coefficient of the path from KNCU to INEX showed a significant positive relationship with medium effect size ($\beta = 0.385$, $p < 0.01$).

H7 suggests that the foreign political environment knowledge has a positive influence on trust between exporters and importers. The results show that H7a, H7b and H7c were supported. The coefficient of the path from KNPE to GWT was significant with small effect size ($\beta = 0.142$, $p < 0.03$), as was the coefficient of the path from KNPE to COMT with small effect size ($\beta = 0.259$, $p < 0.01$). Moreover, KNPE was found to be a significant predictor of CONT with small size effect ($\beta = 0.240$, $p < 0.04$). Consequently, H7 was fully supported. In the H8, the researcher found a non-significant relationship for H8a ($\beta = 0.090$, $p = 0.079$) as well as H8b ($\beta = 0.014$, $p = 0.825$). This illustrates that there is no relationship between foreign political environment knowledge and commitment. H8 was therefore not supported. As initially predicted, H9 was confirmed as foreign political environment knowledge has a positive significant association with information exchange between exporters and importers. The coefficient of the path from KNPE to INEX showed a significant positive relationship with medium effect size ($\beta = 0.244$, $p < 0.01$).

In the case of H10, it was hypothesised that experiential foreign market knowledge of an exporter's key managers would stimulate a higher level of E-I relationship quality. It was found that hypotheses H10a, H10b and H10c were supported. The coefficient of the path from KNCU to EIRQ was significant with small effect size ($\beta = 0.141$, $p < 0.034$), as was the coefficient of the path from KNCL to EIRQ with small effect size ($\beta = 0.153$, $p < 0.026$). Moreover, KNPE was found to be a significant predictor of EIRQ with small size effect ($\beta = 0.097$, $p < 0.49$). Consequently, H10 was fully supported.

With regards to H11, it was hypothesised that the key constructs of E-I relationship quality would stimulate the higher level of relational performance. As expected, it was found that hypotheses H11a and H11b were supported. The coefficient of the path from GWT to EIRQ showed a significant positive relationship with small effect size ($\beta = 0.159$, $p < 0.10$), as was the coefficient of the path from COMT to EIRQ with small effect size ($\beta = 0.190$, $p < 0.01$). However, no significant effect was found from contractual trust (H11c). Consequently, H11 was partially supported.

As for the relationship between relationship commitment and E-I relationship quality (H12), it was found that only H12a was supported. The coefficient of the path from AFFC to EIRQ was significant with small effect size ($\beta = 0.147$, $p < 0.06$); however, no significant effect was found from a calculative commitment to E-I relationship quality (H12b). Thus, H12 was partially supported. Regarding H13, it was found that information exchange between exporters and their importers has a positive significant association with levels of E-I relationship quality. The coefficient of the path from INEX to EIRQ showed a significant positive relationship with small effect size ($\beta = 0.137$, $p < 0.032$), which is supported H13. Finally, as initially predicted, H14 was confirmed as E-I relationship quality has a positive significant association with satisfaction with export performance. The coefficient of the path from EIRQ to SPEP showed a significant positive relationship with high effect size ($\beta = 0.641$, $p < 0.01$).

In addition, as for the effects of political instability on constructs of E-I relationship quality, although no significant effect was found from goodwill trust (H15a) and contractual trust (H15c), political instability has a moderating effect on the relationship between competence trust and E-I relationship quality ($\beta = -0.054$, $p < 0.05$), confirming H15b. Therefore, it is concluded that H15 was partially supported. With regards to H16, the results show that there is no significant effect of domestic political instability on both affective and calculative commitment, which is not fully supported H16. Lastly, the hypothesised effects of political instability moderate the relationships between information exchange and E-I relationship quality was significant ($\beta = -0.049$, $p < 0.05$). As a result, the political instability dampens the positive relationship between information exchange and E-I relationship quality. Therefore, H17 was supported.

To sum up, the model presented in Table 5.23 reveals all the relationships. These results will be discussed in more detail in the discussion chapter.

Table 5.23: Summary of results of hypotheses testing

Hypothesis	Relationship	Assessment
H1	Foreign customer knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.	Partially supported
H1a	Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.	Supported
H1b	Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I competence trust.	Supported
H1c	Foreign customer knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.	Not supported
H2	Foreign customer knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.	Partially supported
H2a	Foreign customer knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.	Supported
H2b	Foreign customer knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.	Not supported
H3	Foreign customer knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.	Supported
H4	Foreign culture knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.	Fully supported
H4a	Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.	Supported
H4b	Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I competence trust.	Supported
H4c	Foreign culture knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.	Supported
H5	Foreign culture knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers.	Partially supported
H5a	Foreign culture knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.	Supported
H5b	Foreign culture knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.	Not supported
H6	Foreign culture knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.	Supported
H7	Foreign political environment knowledge of an exporter's key manager(s) is positively related to trust between exporters and importers.	Fully supported
H7a	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I goodwill trust.	Supported
H7b	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I competence trust.	Supported
H7c	Foreign political environments knowledge of an exporter's key manager(s) is positively related to E-I contractual trust.	Supported
H8	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the commitment between exporters and importers .	Not supported
H8a	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the affective commitment between exporters and importers.	Not supported
H8b	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the calculative commitment between exporters and importers.	Not supported
H9	Foreign political environment knowledge of an exporter's key manager(s) is positively related to the information exchange between exporters and importers.	Supported

H10	Experiential foreign market knowledge of an exporter's key manager(s) is positively related to E-I relationship quality.	Fully supported
H10a	Experiential knowledge towards foreign customers of an exporter's key manager(s) is positively related to E-I relationship quality.	Supported
H10b	Experiential knowledge towards foreign cultures of an exporter's key manager(s) is positively related to E-I relationship quality.	Supported
H10c	Experiential knowledge towards foreign political environments of an exporter's key manager(s) is positively related to E-I relationship quality.	Supported
H11	Trust is positively related to E-I relationship quality.	Partially supported
H11a	Goodwill trust is positively related to E-I relationship quality.	Supported
H11b	Competence trust is positively related to E-I relationship quality.	Supported
H11c	Contractual trust is positively related to E-I relationship quality.	Not supported
H12	Commitment is positively related to E-I relationship quality.	Partially supported
H12a	Affective commitment is positively related to E-I relationship quality.	Supported
H12b	Calculative commitment is positively related to E-I relationship quality.	Not supported
H13	Information exchange is positively related to E-I relationship quality.	Supported
H14	E-I relationship quality is positively related to satisfaction with the export performance of SMEs.	Supported
Moderating variables		
H15	The effect of political instability moderates the relationship between trust and E-I relationship quality.	Partially supported
H15a	The effect of political instability moderates the relationship between goodwill trust and E-I relationship quality.	Not supported
H15b	The effect of political instability moderates the relationship between competence trust and E-I relationship quality.	Supported
H15c	The effect of political instability moderates the relationship between contractual trust and E-I relationship quality.	Not supported
H16	The effect of political instability moderates the relationship between commitment and E-I relationship quality.	Not supported
H16a	The effect of political instability moderates the relationship between affective commitment and E-I relationship quality.	Not supported
H16b	The effect of political instability moderates the relationship between calculative commitment and E-I relationship quality.	Not supported
H17	The effect of political instability moderates the relationship between information exchange and E-I relationship quality.	Supported

5.10 CHAPTER SUMMARY

Based on the SEM analysis, the research concluded that some relationships were supported in this context, while others were not. Significant relationships in the final research model are summarised in Table 5.24. It shows whether those relationships are supported or

supported in the context of this study. Next, the findings and results from the qualitative and quantitative research will be integrated into chapter 6 of this thesis in light of the extant literature on experiential foreign market knowledge, E-I relationship quality, and implementations in chapter 2.

6.Discussion

6.1 INTRODUCTION

Based on the results obtained from the previous chapter, this chapter provides the discussion and comparisons between the results acquired, and those reported in the academic literature with regard to research questions and hypotheses proposed. The following discussion will be based on the findings and results from the SEM analysis (Section 5.9.6). Drawing on the SEM analysis, 17 hypotheses were tested empirically.

The structure of this chapter is as follows. First, the role of experiential foreign market knowledge of an exporter's key managers and its influences on E-I relationships are discussed. Second, the key constructs of E-I relationship quality and its impacts on relationship performance are examined. Third, the relationship between E-I relationship quality and satisfaction with export performance is explained. Finally, the effects of political environments on E-I relationship quality are investigated.

6.2 THE ROLE OF FOREIGN CUSTOMERS KNOWLEDGE ON E-I RELATIONSHIPS

6.2.1 Foreign customers knowledge and Trust

Concurring with the knowledge-based view (KBV) of the firm, a manager's experiential foreign customers' knowledge appears to be crucial for E-I relationship quality. As initially predicted, the result illustrates the importance of foreign customer knowledge as the key influencing factor in E-I relationships. It can be derived from the result that the experiential foreign customer knowledge has a positive relationship with goodwill and competence trust. This is congruent with previous studies (e.g. Hohenthal *et al.*, 2014; Sandberg, 2014) in the sense that, the more business knowledge about foreign customers (e.g. knowledge about foreign customers' demographics, foreign customers' needs and preferences) would enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on relationship value among exporters and importers. First, this research found a positive association between foreign customer knowledge and goodwill trust. This specific knowledge may enhance the understanding of their foreign

customers regarding behaviours and business practices from different backgrounds. Thus, anticipated outcomes of this specific knowledge may enhance the emotional aspects (e.g. reciprocity and welfare among partnering firms), which could increase levels of goodwill trust. In the same line of arguments, the result shows that the knowledge about foreign customers of an exporter's key managers is positively related to competence trust. It could indicate that an exporter's key managers with a high level of knowledge about foreign customers are better prepared themselves to understand and encounter their importers effectively, as emphasised by the KBV. Thus, this knowledge may enhance levels of trust in the firm's competence.

6.2.2 Foreign customers knowledge and Commitment

The result shows that foreign customer knowledge of an exporter's key manager is positively related to the affective commitment between exporters and importers. Drawing on the KBV, the knowledge about foreign customers should make it easier for SME exporters to understand their importers better in relationship building. For instance, such knowledge (e.g. foreign customers' demographics, foreign customers' needs and preferences) enables them to more effectively facilitate SME internationalisation, thereby resulting in enhancing their commitment and E-I relationship quality. As previous studies have mentioned, affective commitment arises when the committed person has a feeling for, identifies himself or herself with and feels psychologically bound to the person he or she has a relationship with (Bansal *et al.*, 2004; Fullerton, 2005). Consequently, knowing about foreign customers may enhance the understanding of their customer practices from various foreign markets, which may also have an influence on customer relations (Bansal *et al.*, 2004). When export managers appreciate the importance of knowledge about foreign customers' needs and preferences, it will drive them to pay attention to their customers, which in turn will have a positive effect on the willingness and ability to continue maintaining the relationship commitment. Hence, foreign customer knowledge of export managers may enhance the affective commitment, especially the commitment based on emotions between managers at an interpersonal level in this context.

6.2.3 Foreign customers knowledge and Information exchange

As initially predicted, the results illustrate the importance of foreign customer knowledge as the influencing factor in information exchange between exporters and importers. This specific knowledge may enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on information exchange

among partnering firms. This is congruent with Hohenthal *et al.* (2014) and Sandgerg (2014) who focused on specific customer knowledge to develop business relationship value. They argued that when export managers appreciate the importance of knowledge about foreign customer needs and preferences, this will drive them to pay attention to their customers, which in turn will have a positive effect on the willingness and ability to continue maintaining the relationship. Consequently, knowing about foreign customers may enhance the understanding of their customer practices from various foreign markets, which may also influence the information exchange improvement among partnering firms.

6.3 THE ROLE OF FOREIGN CULTURES KNOWLEDGE ON E-I RELATIONSHIPS

6.3.1 Foreign cultures knowledge and Trust

As for foreign institutional knowledge, it can be derived from the result that the experiential knowledge about foreign cultures it is positively linked with the three types of trust between exporters and importers (i.e .goodwill trust, competence trust and contractual trust). As initially predicted, the result illustrates the importance of foreign culture knowledge as the key influencing factor in E-I relationships. More business knowledge about foreign cultures (e.g. foreign values and norms, differences in the business practices in foreign markets and impact of cultural differences) would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on trust between exporters and importers, as emphasised by the KBV. This is consistent with Ha *et al.* (2004) who consider that managers' foreign culture knowledge may give them a greater understanding of their importers' cultural similarity/dissimilarity, which in turn will decrease cultural distance by increasing behavioural transparency. Therefore, this could increase the level of trust due to behavioural transparency among interacting parties. As a result, this specific knowledge enhances the reciprocity and welfare among partnering firms, which could increase levels of goodwill trust, especially the perceived cultural similarity of the manager. Moreover, the result verified a positive association between foreign culture knowledge and competence trust. This could indicate that an exporter's key managers with a high level of knowledge about foreign cultures are better prepared to understand and encounter their importers from different cultural backgrounds effectively, which may facilitate E-I competence trust. Additionally, when considering the role of behavioural transparency among exporters and importers, the relationship between foreign culture knowledge and contractual trust is positively significant.

This is because of the higher foreign culture knowledge, the greater understanding of cultural similarity/dissimilarity of partnering firms, which might impact contracts or specific written agreements in E-I relationship building. Thus, as discussed above, the results show that the knowledge about foreign cultures is positively associated with various types of trust between exporters and their importers.

6.3.2 Foreign culture knowledge and Commitment

The results show that experiential knowledge about foreign cultures was found to have positive relationships with affective commitment. The results show that the role of specific foreign cultures is linked to affective commitment. As aforementioned, this indicates that the more experiential knowledge about foreign cultures, the greater understanding of customer practices from different cultural backgrounds, which may also influence on customer relations. This is particularly true in the case of perceived cultural similarity of managers, for which emotional reasons tend to preserve the relationship commitment especially in non-Western contexts (Roxenhall and Andresen, 2012; Styles *et al.*,2008). This aligns with Shou *et al.* (2011) who argued that exchange partners in non-Western cultures have affective and personal involvement and cultural similarity plays a crucial role in relationship building. Thus, a greater level of experiential foreign culture knowledge of managers would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on affective commitment, especially the commitment between managers at an interpersonal level in this study.

6.3.3 Foreign cultures knowledge and Information exchange

The findings show a positive association between the experiential knowledge about foreign cultures and information exchange between exporters and importers. The result illustrates the importance of foreign culture knowledge as the influencing factor in the improvement of information exchange between exporters and importers. This specific knowledge may enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on information exchange among partnering firms. Thus, the more experiential business knowledge about foreign cultures of managers would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on information exchange between exporters and importers, especially in the case of perceived cultural similarity between

partnering firms (Ha *et al.*, 2004). Consequently, it could indicate that the experiential knowledge about foreign cultures is positively associated with information exchange between exporters and their importers.

6.4 THE ROLE OF FOREIGN POLITICAL ENVIRONMENT KNOWLEDGE ON E-I RELATIONSHIPS

6.4.1 Foreign political environment knowledge and Trust

As for foreign institutional knowledge, it can be derived from the results that the experiential knowledge about foreign political environments is positively linked with the three types of trust between exporters and importers (i.e. goodwill trust, competence trust and contractual trust). As initially predicted, the results illustrate the importance of foreign political environments as the key influencing factor in E-I relationships. Specifically, the more experiential foreign political environment knowledge (e.g. differences in the legal systems in foreign markets, risks associated with political environments from different countries and foreign government rules and regulations) would enhance the understanding of their customer practices under various conditions of political framing from different countries. Then, the result shows a positive association between foreign political environments and goodwill trust. This specific knowledge may enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on the more objective type of trust: goodwill. In the same line of arguments, considering the more objective types of trust, exporter' key managers with a high level of knowledge about foreign political environments are more likely to trust their importers based on costs and benefits calculation due to the awareness of political effects on international business. Therefore, the results show that the knowledge about foreign political environments is positively associated with the competence trust as well as the contractual trust between exporters and their importers. Thus, as discussed above, the results show that the knowledge about foreign customers is positively associated with goodwill trust, competence trust and contractual trust.

6.4.2 Foreign political environment knowledge and Commitment

Drawing on the KBV, although it is believed that the more experiential foreign political environments of the exporter' key managers would enhance a better understanding of political effects from different countries, enhancing the business commitment in the future, the empirical findings show that there is no significant relationship between the knowledge about

foreign political environments and commitment. A probable explanation is that knowing about foreign political environment may not necessarily be relevant to E-I relationship building, considering that exporting does not require a local presence in the foreign market.

6.4.3 Foreign political environment knowledge and Information exchange

As initially predicted, the result illustrates the importance of foreign political environment knowledge as the influencing factor in the improvement of information exchange between exporters and importers. A probable explanation is that exporter's key managers with a high level of knowledge about foreign political environments are more likely to be aware of the influence of political effects on international activities. Thus, they tend to exchange the necessary information with their importers, increasing behavioural interactions of managers in relationship building. This is congruent with previous studies (e.g. Leonidou *et al.*, 2014; Matanda and Freeman, 2009) in the sense that SME export managers seeks the other party's cooperation in data exchange and improvements to reduce difficulties in foreign markets. When export managers appreciate the importance of knowledge about risks associated with political environments from different countries, it will drive them to pay attention to their customers, which in turn will have a positive effect on the willingness and ability to exchange the information to reduce difficulties for both parties. Thus, the knowledge about foreign political environments is positively associated with information exchange between exporters and their importers.

6.5 THE ROLE OF EXPERIENTIAL FOREIGN MARKET KNOWLEDGE ON E-I RELATIONSHIPS

The experiential foreign market knowledge of an exporter's key managers would stimulate a higher level of E-I relationship quality. The research found a positive association between the experiential foreign market knowledge (i.e. foreign customer knowledge, foreign culture knowledge and foreign political environment knowledge) and E-I relationship quality, which fully support the proposed hypotheses. Drawing upon the KBV, export managers could gain experiential knowledge as international knowledge from different market conditions (Fletcher and Harris, 2012) as well as exchange necessary information from their importers through working relationships (Leonidou *et al.*, 2014); therefore, this may enable them to cultivate skills and accumulate specific knowledge that may guide them to better understand their importers from different countries. Similarly, Kim and Hemmert (2016) found that SME

executives' managerial capabilities are accumulated through work experience, which enables them to cultivate skills for monitoring diverse business functions and interacting with different constituents. Consequently, the experiential foreign market knowledge would extend the market knowledge in various aspects among SME executives, which is an important key driver of their firms' operations (Hohenthal *et al.*, 2014; Hutchinson *et al.*, 2006; Kim and Hemmert, 2016).

This concurs with previous findings in the international business literature (Dimitratos *et al.*, 2004) in the sense that, more effective experiential foreign market knowledge, better vision and management skills of export managers, lead the SMEs to having smoother operations (Andersen, 2006). Thus, this could facilitate relationship dimensions (Sandberg, 2014). In this sense more effective knowledge in foreign markets would decrease the perceived difficulties derived from changes in the environment, which in turn have a positive influence on E-I relationship quality. Hence, experiential foreign market knowledge of export managers is positively related to E-I relationship quality. In addition, this result is consistent with the qualitative research findings, which pointed to the importance of foreign market knowledge related to E-I relationship quality by instilling a better understanding of their business partners.

6.6 THE KEY CONSTRUCTS OF E-I RELATIONSHIP QUALITY

6.6.1 Trust and E-I relationship quality

Concurring with the relational exchange theory, this study argues that trust is the fundamental key construct of E-I relationship quality, which is a crucial factor in sustaining E-I relationship performance (Dwyer *et al.*, 1987; Macneil, 1978, 1980). Regarding emotional-based trust, it can be derived from the findings that the relational exchange behaviour in the Thai context involves relational exchange at the interpersonal level, which personalises affective ties and places greater emphasis on individual-to-individual relationships between managers and exchange partners. These results are consistent with data obtained in E-I relationship quality studies in the Southeast Asian context, which highlights the importance of interpersonal relationships (Phan *et al.*, 2005; Styles *et al.*, 2008). Managers' personal traits play an important role in developing successful interpersonal relationships with their counterparts by enhancing trust in personal goodwill and fairness. Moreover, managers

perceived to be endowed with high goodwill are more likely to become friends with their business partners and receive more favours in support of on-going business transactions in the long-term (Heide and Wathne, 2006; Lee *et al.*, 2001). In the same vein, Chen *et al.* (2011) found the importance of the interpersonal relationship, especially in non-Western context studies. A probable explanation is that goodwill trust reduces opportunistic behaviour between business partners and concurs with previous studies (e.g. Shou *et al.*, 2011; Styles *et al.*, 2008). In addition, this finding is also supported by the quantitative research, which verified a positive association between goodwill trust and E-I relationship quality. In this sense, it implies that anticipated outcomes of goodwill trust can be considered to be a vital aspect for generating E-I long-term relationship building and export success as described by the relational exchange theory (Dwyer *et al.*, 1987).

As for performance-based trust, the findings show that competence trust is positively related to E-I relationship quality. Similar to previous studies (e.g. Sako, 1992; Styles *et al.*, 2008), trust in a partner's ability to carry out obligations is positively associated with relationship improvement. This may imply that managers also consider a partner's competence and organisational performance for increasing their confidence in E-I relationship building. Both exporters and their business partners have confidence in each other's capability of performing in accordance with the expected standards. Moreover, it can be derived from the findings of the qualitative research that managers may consider the individual's ability of their partnership manager in generating E-I relationship quality. This is consistent with Phan *et al.* (2005) who have highlighted the role of capabilities of the manager on relationship quality assessment. Thus, as mentioned previously, trust in both organisational performance and a managers's ability seem to be crucial factors in improving levels of E-I relationship quality, which increases the level of trust regarding firm and individual capabilities.

As initially predicted, the relationship between contractual trust and E-I relationship quality was found to be positive although not significant in the quantitative research. A probable explanation is that the higher the contractual trust between managers, the greater the E-I relationship performance. However, this result is inconsistent with previous studies (Kiong and Kee, 1998; Phan *et al.*, 2005 Styles *et al.*, 2008), which pointed out the negative relationship between the written contracts and the channel members. In contrast, this result is consistent with the qualitative research findings, which pointed to the importance of specific written agreements (e.g. payment terms, mark-ups and margins) related to both partners to

increase the buyer-seller confidence in relationships by securing their business status. There is sporadic evidence among the Thai exporters investigated regarding trust in written contracts. They were concerned about honesty and fairness when the contracts were agreed.

6.6.2 Commitment and E-I relationship quality

In accordance to the proposed hypotheses, the results verified a positive association between commitment and E-I relationship quality, as emphasised by the relational exchange theory (Dwyer *et al.*, 1987; Macneil, 1978, 1980). In accordance with the results and concurring with previous studies (e.g. Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Payan *et al.*, 2010; Phan *et al.*, 2005), this study argues that commitment is a crucial component of E-I relationship quality, especially the affective (desire-based) commitment (Styles *et al.*, 2008). The findings show that affective and more emotional attachment to the commitment is necessary to maintain long-term relationships, which enhances levels of E-I relationship quality. More specifically, personal relationships and friendships have been found to be an effective means to improve E-I relationship quality, giving support to Lee *et al.* (2001). This is particularly true in a non-Western context study, in which personal friendship leads to better E-I relationship quality (Styles *et al.*, 2008). Moreover, this result is also supported by the qualitative findings, which indicate that managers tend to consider interpersonal dimensions as one of the key factors for relationship development. Consequently, affective commitment seems to be the crucial factor in improving levels of E-I relationship quality. This is especially true in the context of SMEs from non-Western contexts with managers who typically have the affective and personal involvement based on their commitment with business partners.

However, with regards to the economic based dimension, the result found that the relationship between calculative commitment and E-I relationship quality was found to be positive although not significant, which did not support the proposed hypothesis. A probable explanation is that cost and benefit considerations are also the crucial factors associated with maintaining the relationship. This result is also consistent with previous studies (e.g. Styles *et al.*, 2008; Tellefsen and Thomas, 2005), which pointed out the positive relationship between the calculative commitment and E-I relationship quality. In accordance with the qualitative findings, it shows that calculative commitment can encourage a long-term outlook, which has positive economic consequences, leading to effective relationships. However, within non-

Western contexts, a firm's calculative commitment concerning costs and benefits is not a motivation for continuing an E-I relationship in this study.

6.6.3 Information exchange and E-I relationship quality

In accordance with the result and concurring with previous studies (e.g. Leonidou *et al.*, 2014; Payan *et al.*, 2010; Phan *et al.*, 2005; Skarmeas *et al.*, 2008; Styles *et al.*, 2008), this study found that information exchange is another key construct of E-I relationship quality due to the joint efforts by members of the dyad (Leonidou *et al.*, 2014). Based on relational exchange theory, the necessary information is not only exchanged, but also the relational behaviour (e.g. communication both formal and informal among SME managers and their business partners) is increased during the process (Dwyer *et al.*, 1987; Macneil, 1978, 1980). In accordance with the qualitative findings, it shows the importance of information exchange between exporters and importers in the relationship building. Consequently, information exchange could enhance E-I relationship quality.

Moreover, the researcher focuses on information exchange at the interpersonal level between export managers and their importers in a collaborative business partnership and in accordance with Chen *et al.*(2011); Phan *et al.*(2005) considering the importance of interpersonal relationships in E-I relationship quality, especially in the non-Western context. Thus, information exchange in this study might be motivated by perceived strength of the relationship, the feelings and emotions generated by interpersonal relationships. In other words, the role of interpersonal relationships between managers could enhance the level of information exchange. This view is consistent with Lee *et al.*(2001); Styles *et al.*(2008) who argue that interpersonal relationship leads to cooperation with in the partner organisation. Thus, interpersonal interactions between managers are important in the creation of information exchange in E-I relationships. As a result, therefore, managers perceived to be endowed with a high level of interpersonal relationships are more likely to become friends with their business partners and receive more favours in support of on-going information exchange in the long-term, enhancing levels of E-I relationship quality as supported by the proposed hypothesis.

6.7 E-I RELATIONSHIP QUALITY AND SATISFACTION WITH EXPORT PERFORMANCE

The study confirmed the existence of a strong association between E-I relationship quality and satisfaction with export performance. This is consistent with the prevailing notion that good working relationships are conducive to better satisfaction with firm performance because firms need to collaborate with other business partners to operate and compete more effectively and efficiently (Palmatier *et al.*, 2007; Styles *et al.*, 2008). This is particularly true in international markets, in which both exporters and importers confront numerous challenges stemming from geographical separation, environmental complexity and business uncertainty (Leonidou *et al.*, 2002). Thus, a satisfying E-I working relationship is vital to establish policies, mechanisms and procedures that are essential for preserving the economic effectiveness and efficiency of the business venture (Selnes and Sallis, 2003), which is explained by complementary inter-organisational perspectives. In particular, Styles *et al.* (2008) argue that relational exchange theory is a particularly appropriate theoretical framework for examining the role of E-I relationship quality to the study of export performance. They provide the evidence to support the relational prediction that the E-I relationship performance is dependent on trust and commitment as well as interpersonal factors. In accordance with the results and concurring with previous studies (e.g. Leonidou *et al.*, 2014; Matanda and Freeman, 2009; Payan *et al.*, 2010; Phan *et al.*, 2005), the applicability of a relational or behavioural paradigm could enhance firm export performance. Consequently, in this study, the researcher supports relational exchange theory as a complementary approach for explaining export performance improvement for emerging market firms. Drawing upon the relational exchange theory (Dwyer *et al.*, 1987), it is believed that the strength of E-I relationship quality is more likely to enhance a firm's satisfaction with export performance.

6.8 EFFECTS OF POLITICAL INSTABILITY ON E-I RELATIONSHIP QUALITY

Regarding the effects of political instability, the research found that political instability has a moderating effect on the relationship between competence trust and E-I relationship quality. A probable explanation is that the exporter's key managers who perceived political instability may be concerned about their performance. Consequently, political instability may decrease the level of competence trust between exporters and importers. This is consistent with

Fosu (2003) who considers that political instability decreases international business performance. Consequently, it is believed that political instability influences the level of confidence concerning business performance, which reduces trust in the competence of the firms. Another key finding is that political instability also reduces the link between information exchange and E-I relationship quality. A probable explanation is that a higher degree of political instability may lead to a more frequent switch of policies, creating volatility, reducing investment and thus negatively affecting the information exchange between partnering firms. Consequently, according to the empirical findings, this indicates that the effects of political instability dampen the strength of E-I relationship regarding competence trust and information exchange.

6.9 CHAPTER SUMMARY

The research instrument presented in the previous chapter was discussed in this chapter based on the results obtained and those reported in the academic literature. Next, the conclusions will be presented in the next chapter.

7. Conclusions

7.1 INTRODUCTION

This study aims to contribute to the international business and marketing literature by shedding light on the export behaviour and performance of SMEs in the Thai geographical context, which represents one of the ASEAN settings characterised by high SMEs density and workforce employed by these enterprises. Thailand's economic growth is vastly dependent on the results of the export activity. However, in spite of this relevance, there is a scarcity of research in the SME export-centred literature within the Thai context. Thus, it is apparent that more investigation should be carried out in this particular setting.

Moreover, understanding the role of foreign markets knowledge, E-I relationship quality and the effect of environmental factors on SME export behaviour gains additional relevance in the present context given the role of SMEs developing countries (World Bank , 2015). SMEs are important in terms of income, employment generation, youth empowerment and innovation. SME development is integral to achieving long-term and sustainable economic growth, which are vital elements in the current context. Although various internationalisation modes could be pursued, exporting is considered the dominant mode of foreign market entry in the early stages of the internationalisation process, especially for SMEs, as it involves less risk and resource commitment compared to more advanced foreign market entry modes such as joint ventures, strategic alliances and setting subsidiaries abroad (Ahmed *et al.*, 2012; Rundh, 2007; Velez *et al.*, 2015). Consequently, after a review of the relevant literature in this research field, four key issues of increased importance for SMEs' export activity and performance were identified and further analysed in this study:

- (1) The role of SME executives had on the foreign markets knowledge acquisition from their importers.
- (2) The influence of foreign market knowledge of SME executives has on E-I relationship quality.

(3) The influence of political instability as the environmental factor has on E-I relationship quality.

(4) The influence of foreign market knowledge and E-I relationship quality has on satisfaction with the export performance of SME, simultaneously investigating how this relationship was influenced by the political instability.

An in-depth case study research was employed for the completion of the first, second and third topics proposed. Thus an in-depth understanding of the role of foreign market knowledge, the key constructs of E-I relationship quality and the effect of environmental factors was gained. In addition, given the constructive feedback from the seven SME decision-makers interviewed it was possible to modify and refine a questionnaire, which was later used to collect data from a sample of Thai exporting SMEs. To address the fourth research topic a quantitative methodology design was used for carrying out the empirical analysis of the data set provided by the above-mentioned survey. By employing the quantitative methodology, the study sought to test various key issues related to relationship quality and satisfaction with the export performance of Thai SMEs. Moreover, an increased generalisability of this study's results was also attained by the use of the quantitative research technique.

7.2 SUMMARY OF MAIN RESULTS AND DISCUSSION

The study results show that, concurring with the KBV, the decision maker's role, particularly his/her foreign market knowledge appears to be crucial for SME export activity. The findings illustrate the importance of the relationship with business partners for knowledge and information acquisition from both sides of the dyad. Export managers can gain more foreign markets knowledge and necessary information from their business partners. Specifically, foreign business network knowledge (foreign customers knowledge) and the institutional knowledge (foreign cultures knowledge and foreign political environments knowledge) have a positive influence on E-I relationship quality.

Firstly, regarding the foreign business network knowledge, the results show the importance of foreign customers knowledge as the key influencing factor in the E-I relationships. The more business knowledge about foreign customers (e.g. knowledge about foreign customers' demographics, foreign customers' needs and preferences) would enhance

the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on relationship value among exporters and importers. It can be derived from the result that the experiential foreign customer knowledge has a positive relationship with goodwill and competence trust. Foreign customer knowledge may enhance the understanding of their foreign customers regarding behaviours and business practices from different backgrounds. Thus, the anticipated outcomes of this specific knowledge may enhance the emotional aspects (e.g. reciprocity and welfare among partnering firms), which could increase levels of goodwill trust. In the same line of argument, the results show that the foreign customer knowledge of exporter's key managers is positively related to competence trust. This could indicate that exporter's key managers with a high level of knowledge about foreign customers are better prepared to understand and respond to their importers effectively. Thus, this knowledge may enhance levels of trust and firm competence.

Foreign customer knowledge should make it easier for SME exporters to better understand their importers and enhance relationship building. Knowledge enables them to more effectively facilitate SME internationalisation, thereby likely to result in enhancing their commitment and E-I relationship quality. In line with previous studies, affective commitment arises when the committed person feels psychologically bound to the person he or she has a business relationship with (Bansal *et al.*, 2004; Fullerton, 2005). Consequently, knowing about foreign customers may enhance the SME's understanding of their customer practices from various foreign markets, which may also influence customer relations (Bansal *et al.*, 2004). When export managers appreciate the importance of knowledge about foreign customer needs and preferences, it will drive them to pay attention to their customers, which in turn will have a positive effect on their willingness and ability to continue maintaining the relationship commitment. Hence, foreign customer knowledge of export managers may enhance affective commitment, especially the commitment based on the emotional connection between managers, at an interpersonal level in this context. In addition, the results show that knowing about foreign customers may enhance the understanding of their customer practices from various foreign markets, which may also influence information exchange improvement among partnering firms.

Secondly, regarding foreign institutional knowledge, the results illustrate the importance of foreign culture knowledge as the key influencing factor in E-I relationships. This is in line with previous studies (e.g. Hohenthal *et al.*, 2014) in the sense that more business

knowledge about foreign cultures (e.g. foreign values and norms, differences in the business practices in foreign markets and impact of cultural differences) would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on relationship quality between exporters and importers. The managers' foreign cultures knowledge may give them a greater understanding of their importers' cultural similarity/dissimilarity, which in turn will decrease cultural distance by increasing behavioural transparency. As a result, anticipated outcomes of this specific knowledge enhance the reciprocity and welfare among partnering firms, which could increase levels of goodwill trust, especially the perceived cultural similarity of the manager. Moreover, the result verified a positive association between foreign culture knowledge and competence trust. This could indicate that exporter's key managers with a high level of knowledge about foreign cultures are better prepared to understand and encounter their importers from different cultural backgrounds effectively, which may facilitate E-I competence trust. In addition, when considering the role of behavioural transparency among exporters and importers, the relationship between foreign culture knowledge and contractual trust is positively significant. This is because the higher foreign culture knowledge, the greater understanding of cultural similarity/dissimilarity of partnering firms might impact roles, contracts or specific written agreements in E-I relationship building. Thus, as discussed above, the results show that the knowledge about foreign cultures is positively associated with various types of trust between exporters and their importers.

Moreover, the results show that the role of specific foreign culture knowledge is linked to affective commitment. This is particularly true in the case of perceived cultural similarity of managers whereby emotional reasons to preserve the relationship commitment are manifested, especially typical for the non-Western context. Consequently, it is believed that more experiential foreign culture knowledge of managers would enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on commitment, especially the affective commitment between managers at an interpersonal level identified in this study. Additionally, the results show a positive association between the experiential knowledge about foreign cultures and information exchange between exporters and importers. In this sense specific knowledge may enhance the understanding of their customer practices from different cultural backgrounds, which in turn will have a positive effect on information exchange among partnering firms.

Another aspect of the foreign institutional knowledge is political environmental knowledge. The results illustrate the importance of foreign political environments as the key influencing factor in E-I relationships. In this sense, more experiential knowledge of foreign political environments (e.g. differences in the legal systems in foreign markets, risks associated with political environments from different countries and foreign government rules and regulations) would enhance the understanding of their customer practices under various conditions of political framing from different countries. In this context, the findings show a positive association between foreign political environments and goodwill trust. This specific knowledge may enhance the understanding of their customer practices from various foreign markets, which in turn will have a positive effect on the more subjective type of trust: e.g. goodwill. Based on the same arguments, considering the more objective types of trust, it is believed that an exporter's key managers with a high level of knowledge about foreign political environments are more likely to trust their importers based on cost/benefit calculations, due to the awareness of political effects on international business. Therefore, the results show that the knowledge about foreign political environments is positively associated with competence trust as well as with contractual trust between exporters and their importers. Thus, as previously discussed, the results show that the knowledge about foreign customers is positively associated with goodwill trust, competence trust and contractual trust. Moreover, the findings also confirm that the experiential knowledge about foreign political environments was found to have a positive relationship with calculative commitment. A probable explanation is that an exporter's key managers with a high level of knowledge about foreign political environments tend to consider costs and benefits as the crucial factors associated with maintaining or terminating E-I relationships instead of affective dimensions. In addition, the findings illustrated the importance of foreign political environment knowledge as the influencing factor in the improvement of information exchange between exporters and importers. A probable explanation is that an exporter's key managers with a high level of knowledge about foreign political environments are more likely to be aware of the influence of political effects on international activities. Thus, they tend to exchange the necessary information with their importers, increasing behavioural interactions of managers in relationship building.

As for relational aspects, the findings illustrate that interpersonal relationships between key actors play a crucial role in facilitating relationship building in most cases as it is initially rooted in E-I relationships. Managers from both sides of the dyad perceive their relationship based on friendship and personal relationships. Indeed, interpersonal relationships and

reciprocity play a major role in the processes by which strong individual ties between managers influence the knowledge and information exchange at the individual level. Managers tend to cooperate with other individuals, especially their friends to secure greater knowledge and information sharing. As friends, they can turn to each other in times of need, thus positively enhancing relationship building. In addition, the findings show that managers tend to develop their long-term relationships through rituals such as the exchange of gifts, favours and banquets. This is because they believe that help and dependence are more likely to originate from those with whom they have developed an affective relationship.

These findings corroborate those of E-I relationships in other Asian contexts, such as China. Moreover, the personalised and affective ties lead to interpersonal relationship characterised by affective commitment, as previously suggested by Lee *et al.* (2001). Compared with Western contexts, relational exchange behaviour in this study involves affection exchange at the personal level between the decision-makers. Moreover, the study findings are also in line with previous studies that observe that affective values sometimes are more important than monetary values when doing business in Thailand (Phan *et al.*, 2005). As a result, the business partners involved in interpersonal bonds tend to receive favours and affection in support of on-going business transactions in the long-term. Consequently, it is believed that the interpersonal relationships between managers lead to higher levels of perceived E-I relationship quality. This study also highlights three key constructs of E-I relationship quality, namely trust, commitment and cooperation through information exchange.

Drawing upon the relational exchange theory, the findings show that trust is considered as a fundamental factor, which both dyad members are seeking. However, although competence trust and contractual trust provide reasonable confidence in the intention that desired goals and outcomes, goodwill trust was found to be the most significant aspect that builds long-term E-I relationship quality. Moreover, the interpersonal relationships tend to facilitate a higher level of trust. Interpersonal trust between key decision makers enhances trust at the organisational level. In addition, interpersonal trust leads to a greater commitment and cooperation that is related to the importance placed on maintaining and ongoing a valued relationship between parties. Secondly, regarding the commitment between exporters and importers, the findings show that calculative commitment (e.g. based on cost and benefits) is an important type of commitment between exporters and importers in this context. However, personalised and affective ties between exchange partners have positive influence on

commitment. Closer bonds are likely to lead to long-term relationships, resulting in the affective commitment to the relationship. Thirdly, in a collaborative business partnership, cooperation leads to higher levels of perceived relationship quality. Each manager has to collaborate and cooperate with other managers to succeed. Decision makers emphasise information exchange and coordinating actions in making strategic decisions from each individual feedback, which enable adjustments to fit in their working relationships.

Ultimately, the study confirmed the existence of a strong association between E-I relationship quality and satisfaction with the export performance of SMEs. This is consistent with the prevailing notion that good working relationships are conducive to better satisfaction with improved firm performance because firms need to collaborate with other business partners to operate and compete more effectively and efficiently (Palmatier *et al.*, 2007; Styles *et al.*, 2008). Thus, a satisfying E-I working relationship is vital to establish policies, mechanisms and procedures that are essential for preserving the economic effectiveness and efficiency of the business venture (Selnes and Sallis, 2003). Consequently, the research outcomes are in line with relational exchange theory as an approach for explaining export performance improvement for emerging market firms. Drawing upon the relational exchange theory (Dwyer *et al.*, 1987), it was found that the strength of E-I relationship quality is more likely to enhance a firm's satisfaction with export performance.

In addition, regarding the effect of environmental factors, the findings show a negative impact on exporters and their business partners. An unstable political environment leads to a decrease in confidence for both groups, especially in the organisational performance such as late shipment, damages from protests and order cancellation, as similarly emphasised by Aisen and Veiga, (2013) and Jong-A-Pin, (2009). Consequently, this study provides support to prior research that reports a negative and significant correlation between political instability and export performance (Fosu, 2003). Furthermore, the empirical results show that political instability dampens the level of competence trust and information exchange between exporters and importers. Therefore, it can be inferred that the Thai political crisis is detrimental for organisational performance, constraining organisational growth and impacting E-I relationship quality.

7.3 RESEARCH CONTRIBUTIONS

7.3.1 Contribution to the literature

This research contributes to the international business literature in several ways. The first and most evident contribution of this research is the examination of the role of foreign market knowledge on E-I relationship quality. The bulk of previous studies mostly investigated the relationship between foreign market knowledge and business performance aspects (Capaldo, 2014; Grant, 1996; Hohenthal *et al.*, 2014; Jin and Jung; 2016). However, there is a dearth of studies examining the role of experiential foreign market knowledge on the relationship between exporters and importers. Hence, the present study provides a conceptual framework, which explains the relationship between the foreign market knowledge and E-I relationship quality in an attempt to contribute to address this gap and respond to previous calls for an investigation in the international business field as follows:

Furthermore, although considerable support exists for the role of business networks in SMEs internationalisation (e.g. Denicolai *et al.*, 2014; Saarenketo *et al.*, 2008), studies investigating the role of foreign market knowledge on relational perspective are relatively sparse (Hohenthal *et al.*, 2014; Sandberg, 2014). There are few empirical study that have conceptualised the relationship between foreign market knowledge and E-I relationship quality. In this study, both foreign business network knowledge and the foreign institutional knowledge are investigated for their effects on the key constructs of E-I relationship quality (.i.e.trust, commitment and information exchange).

As for cultural dimensions, a number of previous studies have investigated Western countries instead of researching the Eastern context, which may provide differences in relational exchange between the Western (explicit) and the Eastern styles (implicit based on more affective dimension) (Styles *et al.*, 2008). In Southeast Asia, social relationships add value to a business relationship including a sense of belonging, feelings of familiarity, friendship and even social support (Phan *et al.*, 2005). Based on the relational exchange theory, the constructs of E-I relationship quality in this study might be influenced by the roles of interpersonal relationships. Consequently, this research extends the knowledge of this literature in the empirical study of SMEs in Thailand, where an interpersonal-influence exists on relationship building. Moreover, very few studies have attempted to investigate the E-I relationships in developing countries, which are characterised by political instability and

involve political risks (Fosu, 2003). Consequently, this research extends the knowledge of this literature in an empirical study by investigating the effect of political instability on E-I relationship quality.

7.3.2 Practical contribution

The current research was designed to provide a practical contribution to SME owner/managers by providing a practical reference to assist business owner increase the relationship quality with their business network partners, as well as to gain the competitive advantages in export markets. Since experiential knowledge is a result of the SME's operations acquired from the business networks (Denicolai *et al.*, 2014; Hohenthal *et al.*, 2014). Thus, it is believed that developing long-term network relationships facilitate SMEs enlargement of their resources and overcomes size-related barriers that restrain the growth of firms. SME executives can access the necessary knowledge (e.g. foreign market knowledge) from their partnering firms. During the knowledge acquisition process, SME executives can build business networks with other firms. Not only the knowledge and necessary information are exchanged, but also the behaviour interactions among the involved parties occur. Therefore, E-I relationship quality (trust, commitment and cooperation through information exchange) is developed.

The specific knowledge about foreign customers, foreign cultures and political environments enhances E-I relationship quality as well as satisfaction with the export performance of SMEs. These types of foreign specific knowledge would give the firm greater understanding of the behavioural aspects of their customers from various backgrounds, which in turn will have a positive effect on E-I relationship quality, assuming that these types of knowledge facilitate the level of E-I trust and positively influence relationship commitment in the future and cooperation through information exchange between exporters and importers. Thus, decision-makers should be aware of the important role of experiential foreign market knowledge in E-I relationship building.

Moreover, the findings suggest that Thai exporters and their business partners need to make concerted efforts to develop close interpersonal contacts as a way to improve their business relationship quality. This is especially true in the context of SMEs from non-Western countries with managers who consider personal and emotional bonding as the key factor in

initiating affective commitment in the business. Personal connections and interactions can enhance the E-I relationship quality and reduce the level of risks from environmental factors, therefore leading to attaining success in exporting.

7.3.3 Policy implications

Finally, since the emphasis of the research has been on considering the particular relationship between the role of experiential foreign market knowledge and E-I relationship quality on export performance satisfaction in the Thai SME context, the study provides suggestions for policy implication. Foreign market knowledge can be learned and its benefits are evident. Through understanding and recognising the importance of business knowledge, the business owner can allocate his limited resources and guide herself/himself based on the experiential foreign market knowledge. From a national government perspective, serving foreign markets is attractive given that exporting has a positive effect on nation's balance of payment and thereby contributes to its economy. SMEs are increasingly required by their governments to become more proactive, financially autonomous and therefore more export market-oriented. By highlighting the importance of foreign market knowledge, the empirical findings offers guidelines for national policy-makers. Consequently, the policy initiatives should aim to enhance the development of decision maker's international outlook with a view to successfully formulating and putting into practice internationalisation strategies. Thereby, the promotion of foreign market knowledge as well as international business education and training programs, which are already pursued in both schools/universities should receive increased and continuous policy support in order to help decision-makers. Additionally, the findings will be of particular interest to some governmental institutions such as the office of small and medium-sized enterprises promotion (OSMEP) because the OSMEP plays an important role in providing SMEs updated information about foreign markets. Therefore, the OSMEP should aim at providing training programmes for SME managers to be able to successfully engage in international operations.

7.4 RESEARCH LIMITATIONS AND DIRECTION FOR FURTHER RESEARCH

The study represents an initial approach which could be further developed by future research that may build on the topic of foreign market knowledge and E-I relationship quality from managers' perspective. However, the results found should be interpreted in the light of

some limitations, which suggest directions for future research. Firstly, the research was confined to Thai SME exporters. This study was conducted in a single environmental setting. The findings therefore are limited to the Thai context and may not necessarily be reflected in other countries. Thus, a suggestion for future research would be to replicate this study in other settings to help provide generalisability of the findings. Further research may replicate similar studies in other Southeast Asian countries. Secondly, this study is based on cross-sectional data provided by SME export firms (seven case studies and 264 survey observations). Therefore, the most evident limitation relates to a relatively small size of the qualitative and quantitative samples. Moreover, the survey questionnaire was completed by a single manager (e.g. the export manager, the general manager and the owner). Further studies should aim to obtain responses from multiple respondents in each SME to mitigate potential issues related to single response bias. Thirdly, according to the quantitative research, this study was conducted from only one side of the E-I dyads (only the exporter perspective). Therefore, future research may investigate the study from the importer perspective. Finally, E-I relationships are only one type of relationship in international marketing. Other modes of entry such as joint ventures and strategic alliances, contract manufacturing agreements could be taken into consideration.

Lastly, longitudinal research on E-I relationship quality with larger populations should be conducted to reveal the dynamic interaction of constructs. In this way, complex constructs of E-I relationship quality such as trust, commitment and cooperation could be analysed from a time-based perspective, allowing for investigation of composite cause-effect relationships. The E-I relationships evolve over time, and this research has offered only a snapshot of them. Thus, there is a further need to carry out longitudinal research to observe changes in the elements comprising the relationship over time.

7.5 CHAPTER SUMMARY

This research was an empirical study focused on the role of foreign market knowledge on E-I relationship quality as well as its satisfaction with the export performance of SMEs. The study adopted a mixed method approach to better comprehend foreign market knowledge and E-I relationship quality and obtain rigorous results. The first qualitative phase enabled the researcher to develop a theoretical framework, which was tested in a subsequent quantitative stage through a survey method. The study also used SEM to analyse collected data. The focal finding is that experiential foreign market knowledge in considering E-I relationship quality

consists of three dimensions, foreign customer knowledge, foreign culture knowledge and political environment knowledge. In this study, the positive impact of experiential foreign market knowledge was significant with the key constructs of E-I relationship quality, which are trust, commitment and information exchange. The effect of political instability significantly decreased competence trust. In addition, the findings illustrated that E-I relationship quality is positively related to satisfaction with the export performance of SMEs.

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Appendices

Appendix 1: Summary of literature review on empirical network studies on SME internationalisation

Authors	Purpose of research/Type of research	Theoretical framework	Empirical methodology	Research findings
Capaldo, (2014)	To provide a better understanding of network governance about how value inform of common and private benefits is created in interorganisational relationships. Empirical study.	The theory of social embeddedness was used in this study.	Case study research of eight dyadic joint-design alliances and 14 collaborative ventures within them.	The findings provided the simultaneous consideration of structural and relational embeddedness that enrich understanding of network-based forms of organisation and their impact on the outcomes of internationalisation cooperation.
Denicolai <i>et al.</i> (2014)	To investigate how intangible knowledge assets impact upon firm international performance. Empirical study.	The knowledge-based view was used in this study.	A sample of 290 European listed companies, which UK firms are accounted for almost half of the sample and analysed with ordinary least squares (OLS).	Key findings show that there is a need to balance knowledge assets with complementary assets in order to achieve a higher degree of international performance. Another important aspect is the role of internally generated knowledge assets. Although externally-generated knowledge assets may have a positive impact upon international performance, the impact will be mediated by the possession of internally generated knowledge assets.
Fletcher and Harris (2012)	To provide a new framework for understanding knowledge acquisition processes of SME internationalisation. Empirical study.	The internationalisation process (IP) theory and international new venture (INV) and organisational learning theory were used in this study.	A longitudinal case study with 10 Scottish internationalising firms.	The findings found that SMEs tend to use recruitment, government advisors and consultants to acquire indirect experience, therefore, they may not have relevant experience or useful networks. Moreover, accessing internal information is also important for firms that have internationalised. However, in the case of SMEs, they might be lack of the knowledge that important for internationalisation of the firms.
Hohenthal <i>et al.</i> (2014)	To examine the relation between experience and business relationship value in a foreign market. Empirical study.	Network theory was used in this study.	A sample of 460 SME firms from Sweden, Denmark and New Zealand. Data were analysed with SEM by LISREL.	Findings show that internationalisation experience does lead to more experiential network knowledge and to an increase in the importance of customer knowledge. Moreover, experiential network knowledge and increased importance of customer knowledge, in turn, have a positive effect on relationship value in the foreign market. However, the importance of competitor knowledge has a negative effect on relationship value in the foreign market,

				which is not supported their hypotheses.
Ibeh and Kasem (2011)	To investigate and narrow the research gap in the internationalisation of knowledge-based SMEs from developing countries. Empirical study.	The network theory and INV literature were used in this study.	Case study research: semi-structured interviews with representative of six software SMEs from Syria.	The findings provided eight network-related propositions. Three of them, proposing that relational factors influence internationalisation (i.e., the initial internationalisation, market selection and the speed of internationalisation). Moreover, the social ties, decision maker's commitment, ownership of quality products and adverse home market conditions are likely to facilitate the SME internationalisation.
Jin and Jung (2016)	To investigate the role of personal networks, business networks, foreign market knowledge on SMEs' performance Empirical study.	The network theory and internationalisation model were used in this study.	A sample of 105 US firms was conducted in this study.	In general, the findings show the positive relationship between the business network and foreign market knowledge, which in turn the international performance of the SMEs. However, personal networks provided little support in helping SMEs achieve foreign market knowledge and international performance.
Musteen et al., (2014)	To examine the role of structural and relational embeddedness of international networks in internationalisation. Empirical study.	The social network theory was used in this study.	A sample of 169 SME firms in Czech Republic. Data were collected through a mail and analysed with SEM.	The findings show that SMEs with chief executive officers who developed strong and diverse international networks had higher knowledge of foreign markets prior to internationalisation. However, it was found that there is no relationship between network density and foreign market knowledge. In general, foreign market knowledge had a positive impact on venture performance.
Prashantham (2005)	To conceptualise the roles of social capital, market knowledge and knowledge intensity on firm internationalisation as well as seek the role of the Internet in internationalisation through the lens of knowledge-based view. Conceptualisation study.	The knowledge-based view was used in this study.	N/A*	Findings show that the application of Internet technology is conceptualised in terms of information effects viz., information dissemination, acquisition and sharing which could lead to, respectively, enhanced internationalisation, knowledge and social capital.
Sullivan Mort and Weerawardena (2006)	To examine the role of networking capability in the internationalisation process of small entrepreneurial firm. Empirical study.	Born global theory and network theory on internationalisation were used in this study.	Case study research of six firms from low-tech and high-tech industry sectors.	The findings emphasised the network capability as a mediating variable influenced by behavioural characteristics and influencing rapid internationalisation as well as knowledge intensive products.

Appendix 2: Summary of literature review on E-I relationship quality studies on SME internationalisation

Authors	Purpose of research/Type of research	Theoretical framework	Empirical methodology	Research findings
Bianchi and Saleh (2011)	To examine the importer relationship performance in a Latin American context. Empirical study.	The relationship marketing theory, transaction-cost and internationalisation process theory were used in this study.	A sample of 215 Chilean firms and analysed with SEM.	Export firm can encourage the development of more trusting and committed relationship with importers by improving communication and information sharing and avoiding the temptation of opportunistic behaviour to increase the likelihood of improved performance outcomes. Trustworthy relationship will help foreign suppliers to do business in uncertain environments, which are common in Latin American markets. Cultural similarity between partnering firm is highly correlated with performance.
Fynes <i>et al.</i> (2008)	To develop a model of supply chain relationship characteristics and performance. Empirical study.	The social exchange theory was used in this study.	A sample of 202 manufacturing firms from Republic of Ireland and analysed with SEM.	Relationship quality result in positive supply chain performance.
Izogo, (2016)	To test two competing model of relationship quality for superiority and further examined the effect of relationship quality antecedents. Empirical study.	The relational exchange theory (behaviour paradigm) was used in study.	A sample of 332 informants and analysed with SEM.	The study tested the two competing models of relationship quality: The first model examined relationship quality as a disaggregated construct, comprising trust and satisfaction, whereas the second model tested relationship quality as a composite construct. The disaggregated model of relationship quality was found to be a better predictor of customer loyalty than the composite model of the construct.
Lages <i>et al.</i> (2005)	To develop a new measurement scale (RELQUAL scale) to access the degree of relationship quality between exporters and importers. Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	A sample of 111 British exporters and analysed with LISREL.	Findings reveal that a better quality of the relationship results in a greater (1) amount of information sharing, (2) communication quality, (3) long-term orientation, as well as (4) satisfaction with the relationship. The relationship quality is also positively and significantly associated with export performance.
Lee <i>et al.</i> (2001)	To examine the antecedents and consequences of close business models in China (Guanxi). Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	A sample of 306 Chinese firms and analysed with LISREL.	Chinese business model (Guanxi) is positively affected by a firm's decision-making uncertainty and perceived similarity, while negatively affected by opportunism. It also has a positive impact on the perception of relationship quality and interdependence, which in turn positively affect business performance.
Leonidou <i>et al.</i> (2014)	To identify, synthesize and evaluate antecedents,	Wide range of theoretical perspective to E-I working relationship	A meta-analysis of the extant empirical studies was applied	A relationship characterised by high levels of trust, commitment and cooperation as higher-order

	components, and outcome of E-I relationship quality. Empirical study.	were reviewed. However, within the E-I relationship, network theory: the relational exchange theory (behaviour paradigm) was used mainly to study.	to the subject. Then, using information extracted from a content analysis of 76 empirical studies and analysed with SEM.	constructs of E-I relationship quality. These components strengthen both relational and financial aspects of performance, while a satisfactory relational performance contributes to better financial results in the business venture. Developing adequate communication and proceeding with appropriate adaptations are essential precursors to enhancing relationship quality between interacting parties. Opportunistic tendencies, conflicting behaviour and high level of distance can endanger the quality relationship (i.e., trust, commitment and cooperation).
Leonidou <i>et al.</i> (2006)	To investigate to impact of uncertainty, distance, and conflict on key element comprising the quality of relationship. Empirical study.	The relational exchange theory and effects of external factors (i.e., uncertainty, distance and conflict) literature were reviewed.	Data from 151 US SME manufacturers was used to investigated and analysed with multivariate regression models.	The findings demonstrated that uncertainty, distance and conflict play a negative role overall in the relationship quality. Moreover, these factors may delay the firm's progression on the internationalisation path.
Matanda and Freeman (2009)	To investigate the roles of environmental uncertainty on E-I international relationships and export performance improvement. Empirical study.	The RBV and the relational exchange theory were used in this study.	Data from 262 export suppliers in Zimbabwe was used to investigated and analysed with SEM.	Commitment to future exchanges is associated with export performance improvement, and driven by a reciprocal pattern of each partner's perception of the other's commitment, relationship-specific investments and dependence. Market turbulence emerged as a complex factor and is negatively linked to commitment and cooperation. However, perceived environmental volatility and competitive intensity by suppliers promotes cooperation and commitment between the suppliers and their buyers in export markets. Cooperation had a negative effect on export performance improvement in the prior research.
Payan <i>et al.</i> (2010)	To develop a cross-cultural REQUAL-scale in supplier-distributor relationship. Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	A sample of 282 firms (161 from the USA and 121 from Sweden) and analysed with SEM.	The findings support for the dimension distinctiveness of cooperation, coordination, specific assets, satisfaction, trust and commitment. Four of the dimensions are reflective of relationship quality or the "cross-cultural RELQUAL scale" (cooperation, coordination, trust and commitment) and relationship quality was found to be associated with relationship-satisfaction with suppliers.
Phan <i>et al.</i> (2005)	To investigate the roles of interpersonal relationship quality and introduce the concept of relational competence. Empirical study.	Building own theory from a case study research methodology.	The degree-of-freedom analysis (DFA) technique was used on the 27 cases data from Australia, Thailand, Indonesia and Malaysia.	The impact of manager's relational competence on relationship performance, mediated by interpersonal relationship quality and communication. Four of the 10 dimensions of relational competence have high importance in this context: instrumental competence,

				intimacy, trust ability and interpersonal sensitivity.
Power and Reagan (2007)	To identify what factors are of the greatest overall importance to E-I relationships. Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	A sample of 300 firms and analysed with ANOVA.	Mutual goals, adaptation, trust, reputation, commitment structural bonds and power/interdependence are most important factor in E-I relationships, respectively.
Siguaw <i>et al.</i> (2003)	To provide empirical evidence on the composition of relationship exchange and its outcomes. Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	A sample of 453 firms and analysed with LISREL.	The evidence provided by this analysis supports the operationalisation of relational exchange as a second-order factor composed of perceptions of customer orientation, perceptions of supplier investment and perceptions of supplier communication. Further, non-economic satisfaction with the relationship and trust leading to commitment are identified and substantiated as relational exchange outcomes.
Skarmeas and Robson <i>et al.</i> (2008)	To examine the impact of asset specificity, role performance and cultural sensitivity on the E-I relationships. Empirical study.	The power-dependence theory and transaction cost were used in this study.	A sample of 292 firms and analysed with SEM.	Relationship quality is presented as a higher-order concept that results in lower conflict and greater trust, commitment and satisfaction. Asset specificity, role performance and cultural sensitivity play a significant positive role in building relationship quality.
Styles <i>et al.</i> (2008)	To examine business relationships in the international setting from Western and Eastern culture to create a relational model of export performance as well as investigate the role of interpersonal factor, influencing E-I relationship quality (trust and commitment) Empirical study.	The relational exchange theory (behaviour paradigm) was mainly used in study.	There are two phases in this study. Phase 1 of the present study comprised personal in-depth interviews with 20 Australian exporters and their import partners in Southeast Asia. Phase 2 of the study is quantitative research with dyadic data from 125 (Australia-Thailand) exporter-importer partnerships and analysed with SEM.	Trust and commitment are found to be related to interpersonal and likeability of partner and to firm factors (reputation and competencies of partners). Commitment is associated with export performance, and is itself driven by reciprocal cycle of each partner's perception of the other's commitment, relationship-specific investments and dependence. This cycle of commitment is influenced by each partner's trust, with different types of trusts linked to different types of commitment.
Ural (2009)	To examine the effects of relationship quality between exporter and importer on export performance as well as investigate how SME exporters are segmented based on their relationship with importers. Empirical study.	The resource dependency and the relational exchange theory were used in this study.	A sample of 300 SME firms from Turkey and analysed with SEM.	The findings demonstrate that there is the positive impact of: (1) Information sharing on financial export performance and satisfaction with the export venture, (2) long-term orientation on financial export performance, strategic export performance and satisfaction with the export venture, (3) satisfaction with the relationship on financial performance, strategic performance and satisfaction with export venture. Three segments of firm are profiled such as long-term thinkers, dissatisfactioners and information keepers.

Appendix 3: The guideline used for interviews



The Guideline Used for Interviews

Research title: The role of managerial knowledge and exporter-importer relationships on export performance satisfaction: A case study of SMEs exporters in Thailand

Statement of purpose

The purpose of this interview guideline is to be used as a part of Ph.D research study to be able to provide a more comprehensive of export performance improvement by studying the role of managerial knowledge and the key constructs of exporters and importers relationship quality as well as investigating the external environment factors that might influence export performance satisfaction, especially in the Southeast Asian context. The research concentrates mainly on exporter-importer relationships. The research presents an attempt to clarify the concept of exporters and their business partners relationship quality and export performance satisfaction, especially about SMEs in Southeast Asia context. The aggregated results of the interview will be used for data analysis in my Ph.D thesis and scientific publications. However, no individual company will be identified by name for anonymous.

Thank you for your voluntary

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(Akarawat Jatuphatwarodom)

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NO

For the Exporter in Thailand

Research title :The role of managerial knowledge and exporter-importer relationships on export performance satisfaction :A case study of SMEs exporters in Thailand

Part 1 .Company information

- 1.1 Company name:
Address :No:Street:Region..... :
District:Province:Postal Code..... :
Tel:Fax:E-mail..... :
1.2 Associated company :
.....
.....
1.3 Contact person:Job title..... :
Tel:Fax..... :
Mobile:E-mail :
.....

Part 2 .Respondent characteristics

- 2.1 Job title:
2.2 Work experience:
2.3 International experience:
2.4 Level of education:
2.5 Age of respondent
 21-30 years 31-40 years over 40 years

Part 3 .International activities information

- 3.1 Year of establishment)Age :(
.....
3.2 Year initiation exporting :
.....
..
3.3 List of exporting countries :.....
3.4 Length in relationship with a business partner :.....
3.5 Number of employees
 Small enterprises (1-50 employees) Medium enterprises (51-200 employees)

3.6 Does your business has fixed capital of less than 200 million baht excluding land and building?

Yes

No

3.7 Which mode does your business use for internationalisation?

Direct export

Indirect export

A foreign sales subsidiary

Foreign production/manufacturing

3.8 Foreign export markets

Asia (the AEC members non the AEC members)

North America (USA, Canada and Mexico)

The European Union (EU)

The rest of Europe

Africa

Latin America

3.9 Foreign sales to total sales

1-25 percent

26-50 percent

51-75 percent

more than 75 percent

3.10 Sale growth in foreign markets

1-25 percent

26-50 percent

51-75 percent

more than 75 percent

3.11 ASEAN market sales to foreign sales

1-25 percent

26-50 percent

51-75 percent

more than 75 percent

3.12 Sale growth in ASEAN markets

1-25 percent

26-50 percent

51-75 percent

more than 75 percent

Part 4 .Importer information (A Business partner)

Company name :

Tel Fax E-mail..... :

Summary interview questions for SME exporters

Main questions	Additional questions	Clarifying questions
<p>The business objective</p> <p>1. What are the business objectives for your company (during 3 years)?</p>	<ul style="list-style-type: none"> - Could you summarise the business performance of your company during the past 3 years and the future plan? - Do you consider business objectives as an important factor when selecting other business partners? (Matching or not) 	<ul style="list-style-type: none"> - Can you expand a little on this?
<p>Relationships building</p> <p>2. What elements constitute exporter, importer and intermediary relationships in small and medium firms?</p>	<ul style="list-style-type: none"> - How do you select business partners, what is the most important aspect for choosing business partners? - Has trust/performance satisfaction/mutual goal/adaptation/structural bonds/cooperation/commitment affected business relationship building and relationship quality and how? - Do you consider time period as an important factor in relationship building and its quality and why? - Do the interpersonal relationships affect relationship quality when doing business with your partners and how? - Do you have any conflicts with your business partners and if so, how do you resolve them? Or how do you negotiate with partners when facing problems? - How do you maintain the relationships between you and your business partners? - Do you perceive competitive advantages from the relationships between you and your business partners and how does it enhance export performance (if applicable)? - Do the intermediaries (agent, dealer and distributor influence the relationship quality and how? (For the indirect relationships) - How do governmental organisations facilitate your relationship with business partners? 	<ul style="list-style-type: none"> - Can you tell me anything else? - Can you give me some examples?
<p>Perceived external environment factors</p> <p>3. How do the external environment factors impact your international activities and relationship building with the business partner?</p>	<ul style="list-style-type: none"> - Can you tell me about the impact of environmental factors on your company, especially regarding exporting and how? - In your opinion, what is the most concerning aspect when exporting into foreign markets in terms of environmental factors? - How do you adapt operations in environmental uncertainty such as environmental volatility, market turbulence and competitive intensity? - Do political problems affect your business and export performance and how? - Do the external environment factors affect the relationships between you and your business partners, and how? - Do you consider the changes brought by AEC as an opportunity or a threat and why? - Have you prepared any changes in the late stages of economic integration through the AEC? - Is there any advice from relevant governmental organisations for preparing the challenges of more liberalized capital through the AEC regulations? 	

<p>Knowledge and information exchange</p> <p>4. How does you access the necessary resources or knowledge/information acquisition through the business network?</p>	<p>-How does you access the necessary resources or knowledge/information acquisition through the business network?</p> <p>-How the interpersonal relationships between you and your business partners impact knowledge/information acquisition? Does it facilitate or decrease export performance satisfaction and how?</p>	<p>Conclusion of interview</p> <p>-Do you want to add anything on the relationship building in SMEs?</p> <p>-Are there any other problems that we have not discussed and that you find worrisome?</p>
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NO

For the matching business partner (importer)

Research title :The role of managerial knowledge and exporter-importer relationships on export performance satisfaction : A case study of SMEs exporters in Thailand

Part 1 .Company information

1.1 Company name:
Address :No :Street :Region..... :
District :Province :Postal Code..... :
Tel :Fax :E-mail..... :

1.2 Associated company :
.....

1.3 Contact person :Job title..... :
Tel :Fax..... :
Mobile :E-mail..... :

1.4 Year of establishment)Age :(
.....

1.5 Year initiation international activities :
.....

1.6 Length in relationship with a business partner :
.....

Part 2 .Respondent characteristics

2.1 Job title:

2.2 Work experience:

2.3 International experience:

2.4 Level of education:

2.5 Age of respondent
 21-30 years 31-40 years over 40 years

Summary interview plan for the main business partner (importer)

Main questions	Additional questions	Clarifying questions
<p>The business objective</p> <p>1. What are the business objectives for your company (during 3 years)?</p>	<ul style="list-style-type: none"> - Could you summarise the business performance of your company during the past 3 years and the future plan? - Have you considered business objectives as an important factor when selecting other business partners? (Matching or not) 	<ul style="list-style-type: none"> - Can you expand a little on this?
<p>Relationships building</p> <p>2. What elements constitute exporter, importer and intermediary relationships in small and medium firms?</p>	<ul style="list-style-type: none"> - How do you select business partners, what are the most important aspects for choosing business partners? - Have trust/performance satisfaction/mutual goal/adaptation/structural bonds/cooperation/commitment been affected business relationship building and relationship quality and how? - Do you consider a time period as a factor in relationship building and its quality and why? - Do the interpersonal relationships affect a relationship quality when doing business with your partners and how? - Do you have any conflict with your business partners and how can the relationship be improved? Or how do you negotiate with partners when facing problems? - How do you maintain the relationships between you and your business partners? - Do you perceive competitive advantages from the relationships between you and your business partners and how does it enhances firm performance? - How do governmental organisations facilitate your relationship with business partners? 	<ul style="list-style-type: none"> - Can you tell me anything else? - Can you give me some examples?
<p>Perceived external environment factors</p> <p>3. How do the external environmental factors impact your international activities and relationship building with your business partner?</p>	<ul style="list-style-type: none"> - Can you tell me about the impact of environmental factors to your company, especially in exporting and how? - In your opinion, what is the most concerning aspect when exporting into foreign markets in terms of environmental factors? - How do you adapt operations in environmental uncertainty such as environmental volatility, market turbulence and competitive intensity? - Do political problems affect your business and export performance and how? - Do the external environment factors affect the relationships between you and your business partners, and how? - Do you consider a more liberalised capital through the AEC as an opportunity or a threat and why? - Have you prepared any changes in the late stages of economic integration through the AEC? - Is there any advice from relevant governmental organisations for preparing the challenges of a more liberalised capital through the AEC regulations? 	

<p>Knowledge and information exchange</p> <p>4. How do you access the necessary resources or knowledge/information acquisition through the business network?</p>	<p>- How do you access the necessary resources or knowledge/information acquisition through the business network?</p> <p>- How do interpersonal relationships between you and your business partners impact knowledge/information acquisition? Does it facilitate or decrease export performance satisfaction and how?</p>	<p>Conclusion of interview</p> <p>- Do you want to add anything on the relationship building in SMEs?</p> <p>- Are there any other problems that we have not discussed and that you are concerned about?</p>
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Appendix 4 :Case studies coding and respondent characteristics

	Coding ^a	Person in charge of exporting	Work experience	International experience (export involvement)	Educational level	Age of respondent
Food industry						
Case A	A1	Export manager	3 years	3 years	Master's degree	21-30 years
	A2	Import manager	25 years	20 years	Undergraduate degree	Over 40 years
Case B	B1	Export manager	Over 20 years	Over 20 years	Master's degree	Over 40 years
	B2	General manager	20 years	10 years	Master's degree	31-40 years
Case C	C1	Senior marketing manager	Over 20 years	Over 10 years	Master's degree	Over 40 years
	C2	Import manager	15 years	12 years	Master's degree	31-40 years
Textile and clothing industry						
Case D	D1	Export manager	16 years	8 years	Undergraduate degree	Over 40 years
	D2	Vice president	30 years	30 years	Master's degree	Over 40 years
Case E	E1	Owner	Over 20 years	Over 10 years	Undergraduate degree	Over 40 years
	E2	General manager	23 years	15 years	Master's degree	Over 40 years
Case F	F1	Owner	25-30 years	9 years	Undergraduate degree	Over 40 years
	F2	Senior marketing manager	15 years	10 years	Master's degree	31-40 years
Case G	G1	General manager	20 years	12 years	Undergraduate degree	Over 40 years
	G2	Import manager	Over 10 years	Over 10 years	Master's degree	31-40 years

^aThe alphabet in capitals refer to the case and the numeric refers to each side of dyads

1=SME exporters, and 2=Importer

Appendix 5: Case-studies profile

Exporting SMEs in Case studies	Export products	Year of founding	Year initiation exporting	Length of relationships with the main business partner	Length of relationships between managers of the main partnering firms	Foreign sales to total sale	Sales growth in foreign markets	ASEAN market sales to foreign sales	Sales growth in ASEAN market
Food Industry									
SME A	Chili pastes in glass bottles, dipping sauces, curry pastes, and instant seasonings	1959	1994	Over 10 years	Over 10 years	51-75 percent	1-25 percent	51-75 percent	1-25 percent
SME B	Shrimp chips or crackers	1965	1996	Over 10 years	Less than 10 years	26-50 percent	26-50 percent	26-50 percent	26-50 percent
SME C	Foodstuffs such as sweet chili sauce, red/green curry paste and soup	1986	1998	Over 10 years	Over 10 years	1-25 percent	26-50 percent	51-75 percent	26-50 percent
Textile and clothing Industry									
SME D	Women's underwear	1991	2006	Less than 10 years	Less than 10 years	1-25 percent	1-25 percent	26-50 percent	1-25 percent
SME E	Infant clothing, casual wear, sport and outdoor wear and women's dresses	1988	1988	Over 10 years	Over 10 years	1-25 percent	1-25 percent	1-25 percent	1-25 percent
SME F	Women's clothing	1997	2008	Less than 10 years	Over 10 years	26-50 percent	1-25 percent	More than 75 percent	1-25 percent
SME G	Children wear such as jacket and T-shirt	1990	2006	Over 10 years	Over 10 years	26-50 percent	1-25 percent	1-25 percent	1-25 percent

Appendix 6 :The research questionnaire



Research title :The role of experiential foreign market knowledge and exporter-importer relationship quality on export performance satisfaction :Empirical evidence from SMEs in Thailand

Statement of purpose

The purpose of this survey is to be used a part of Ph.D research to be able to understand the association between the experiential foreign market knowledge and E-I relationship quality on satisfaction with the export performance of small and medium enterprises (SMEs) to accelerate a sustainable competitive advantage. It also considers the influence of environmental factors in particular political instability. The research concentrates mainly on the key decision-makers of Thai SMEs in several industries. The aggregated results of the survey will be used for data analysis in my Ph.D thesis and scientific publications. However, no individual company will be identified by name for anonymous. The survey is divided into different aspects, which are key to the research. Please answer all of following questions. Thank you for your cooperation in advance.

Thank you for your voluntary

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The role of experiential foreign market knowledge and exporter-importer relationship quality on export performance satisfaction :Empirical evidence from SMEs in Thailand

Part 1 .General information about company

1.1 Business sectors

- Food and agriculture industry Textiles and apparels industry Electronics industry
 Automotive industry Logistics and transportation industry Tourism industry
 Others (please specify)

1.2 Year of establishment

1.3 Year initiation international activities

1.4 Length in relationship with the main business partner.....

1.5 Number of employees

- Small enterprises (1-49 employees) Medium enterprises (50-200 employees)

1.6 Does your business has fixed capital of less than 200 million baht excluding land and building?

- Yes No

Part 2 .Respondent characteristics

2.1 Job title:

2.2 Work experience:

2.3 International experience:

2.4 Level of education

- High school Undergraduate degree Postgraduate degree
 Others (please specify)

2.5 Age of respondent

- 21-30 years 31-40 years over 40 years

Part 3. International activities information

3.1 Please specify how most of your international business activities is conducted? (Please select only one answer)

- Indirect exporting: Thai intermediaries Indirect exporting: Foreign intermediaries
 Direct exporting Foreign sales subsidiaries
 Foreign production/manufacturing Joint venture
 Licensing/franchising Strategic alliance

3.2 The proportion of main international business activity (mentioned in 3.1) to total international activities

- 1-25 percent
 26-50 percent
 51-75 percent
 more than 75 percent

3.2 The main markets for international activities

- Asia (the AEC members non the AEC members)
 North America (USA, Canada and Mexico)
 The European Union (EU)

- The rest of Europe
- Africa
- Latin America

3.3 Foreign sales to total sales during the last 3 years

- 1-25 percent
- 26-50 percent
- 51-75 percent
- more than 75 percent

3.4 Sale growth in foreign markets during the last 3 years

- 1-25 percent
- 26-50 percent
- 51-75 percent
- more than 75 percent

3.5 ASEAN market sales to foreign sales during the last 3 years

- 1-25 percent
- 26-50 percent
- 51-75 percent
- more than 75 percent

3.6 Sale growth in ASEAN markets during the last 3 years

- 1-25 percent
- 26-50 percent
- 51-75 percent
- more than 75 percent

Part 4 .Foreign market knowledge

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Foreign customers knowledge						
		Very low level of knowledge	Low level of knowledge	Moderate	High level of knowledge	Very high level of knowledge
1.	Customer demographics and segments in foreign markets					
2.	Foreign customer needs and preferences					
3.	Trends in customer needs and preferences in foreign markets					
Foreign cultures knowledge						
		Very low level of knowledge	Low level of knowledge	Moderate	High level of knowledge	Very high level of knowledge
1.	Values and norms in foreign markets					
2.	Differences in the business practices in foreign markets					
3.	Impact of cultural difference on business					
Foreign political environments knowledge						
		Very low level of knowledge	Low level of knowledge	Moderate	High level of knowledge	Very high level of knowledge
1.	Differences in the legal systems in foreign markets					
2.	Risks associated with doing business in foreign markets					
3.	Foreign government rules and regulations					

Part 5 .Trust

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Goodwill trust						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	Though circumstances change, I believe that this main business partner manager will be ready and willing to offer me assistance and support.					
2.	This main business partner manager is like a friend.					
3.	When I have problems with this main business partner manager, I know that they will respond with understanding.					
4.	The main business partner manager would go out of their way to make sure that our firm is not damaged or harmed in this relationship.					
Competence trust						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	I know that this main business partner is capable and competent.					
2.	This main business partner is very dependable.					
3.	I can always rely on this main business partner to “play their part” in this relationship.					
4.	This main business partner is very knowledgeable and reliable.					
Contractual trust						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	Our firm and this main business partner generally trust that each will stay within the terms of the contract.					
2.	This main business partner usually keeps the promises they make to our firm.					
3.	I find it necessary to be cautious with this main business partner.					
4.	Even when the main business partner gives us a rather unlikely explanation, I am confident that they are telling the truth.					

Part 6 .Commitment

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Affective commitment						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	I have a strong sense of loyalty with this main business partner.					
2.	I intend to continue the relationship with this main business partner as I personally like them.					

3.	I want to continue the relationship with this main business partner as both parties are on friendly terms.					
4.	I am patient with this main business partner when they make mistakes that cause us problems.					
Calculative commitment						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	I want to maintain the relationship because it is mutually beneficial, economically speaking.					
2.	I want to remain in the relationship because it makes sense, money-wise.					
3.	If another business partner offered me a better market coverage I would consider taking them on, even if it meant dropping this business partner.					
4.	I am continually on the lookout for another business partner.					

Part 7 .Cooperation

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Communication: information exchange						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	I provide the business partner with any information that might help them to plan for our needs.					
2.	Exchange information between the business partner manager and I takes place timely and frequently.					
3.	I provide the business partner with feedback about how they are performing periodically.					
4.	I communicate the specifications and quality requirements clearly and accurately to the business partner.					

Part 8 .Environmental factor

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Political instability						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	Political instability is detrimental for the economic growth performance of countries.					
2.	There is a negative linkage between political instability and firm's international activities.					
3.	Political instability harms the relationship with business partners.					
4.	It is difficult to monitor our operations in political instability situation.					

Part 9 .E-I relationship quality

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
E-I relationship quality						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	I am very satisfied with a decision to work with this business partner manager.					
2.	If I had to do all over again I would still work with this business partner manager.					
3.	The decision to work with this business partner manager was a wise one.					
4.	I have achieved objectives over the past 1–3 years with this business partner manager.					
5.	My association with this business partner manager has been a highly successful one.					
6.	There was extensive formal and informal communication during implementation with this business partner manager.					
7.	I believe that over the long run, the relationship with this business partner manager will be profitable.					
8.	I am willing to make sacrifices to help this business partner manager from time to time.					
9.	This business partner manager leaves a lot to be desired from an overall performance standpoint. (R)					
10.	Overall, the results of our relationship with this business partner manager fell far short of our expectations. (R)					

Part 10 .Satisfaction with the international business performance

Instruction :Please complete this part by giving your opinion, rate how importance of these statements by putting a mark)√ (in the appropriate box .There are 5 scales for you to complete.

Please rate this on the following statements:						
Subjective measures: Satisfaction with international market position						
		Very unsatisfied	Unsatisfied	Neutral	Satisfied	Very satisfied
1.	Total market share overseas					
2.	Growth of the oversea sales in total					
3.	Growth of the overseas sales in the main markets					
4.	Achievement of international objectives					
Subjective measures: Satisfaction with international profitability and new market entry						
		Very unsatisfied	Unsatisfied	Neutral	Satisfied	Very satisfied
1.	Financial results of the main product/service in total					
2.	Financial results of the main product/service in main markets					
3.	Profitability of the overseas activities					