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CREATION OF PRINCIPAL-AGENCY RELATIONSHIP VALUE:
SOCIAL CAPITAL AND DYNAMIC LEARNING CAPABILITY
PERSPECTIVES

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CREATION OF PRINCIPAL-AGENCY RELATIONSHIP VALUE:
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by
XIE Yan Bin

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ABSTRACT

Creation of Principal-Agency Relationship Value: Social Capital and Dynamic Learning Capability Perspectives

by

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Master of Philosophy

In this 'age of turbulence' (Greenspan, 2007), businesses, in response to challenges of globalized competition, escalated customer expectation, and disruptive technological innovations, find innovative value propositions (Slater, 1997) critical for survival and sustained competitiveness. In lined with relationship marketing that suppliers need target valuable customer to establish long-term relationship for survival in fierce competition (Gronroos, 2000), scholars (e.g. Walter, Ritter & Gemunden, 2001) looking from supplier perspective identify direct and indirect value as two dimensions for supplier-perceived relationship value. Direct value-based drivers of business relationships consist of higher profits from the product and service offering (i.e. profit function), growth of trade volumes (i.e. volume function), and the possibility to sell over-capacity (i.e. safeguard function). Indirect value-based drivers of business relationship consist of customers' contribution in cooperative development of new products or processes (i.e. innovative function), intelligence about the markets and customers (i.e. market function and scout function), and facilitation of access to important third parties (i.e. access function).

To extend prior literatures, this study tries to explore the antecedents of relationship value from both dynamic capability perspective and social capital perspective. Drawing upon a database of 411 manufacturer-channel partner relationships, this study examines the impacts of three dimensions of social capital (i.e. structural, relational, and cognitive dimensions: in the forms of extra-industry ties of principal managers, competence-based trust, and strategic consensus with a specific channel partner), and two types of learning (i.e. exploratory learning and exploitative learning) on the creation of relational value, that in turn, affects relationship performance. Specifically, the findings demonstrate that: (1) relationship value has impact on both relationship performance and market performance; (2) dynamic learning capabilities have significant impacts on the creation of relationship value; (3) social

capital of principals contributes a lot to the creation of relationship value; (4) the impacts of social capital on relationship value are partially mediated by exploratory and exploitative learning; and finally (5) knowledge non-redundancy between principals and agents positively moderates the overall linkage between social capital and principal-agent learning. On the basis of current findings, managerial implications and future research directions are drawn.

DECLARATION

I declare that this is an original work based primarily on my own research, and I warrant that all citations of previous research, published or unpublished, have been duly acknowledged.

Signature of student _____

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CERTIFICATION OF APPROVAL OF THESIS

Creation of Principal-Agency Relationship Value:

Social Capital and Dynamic Learning Capability Perspectives

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Chapter 1 Introduction

In response to challenges of globalized competition, escalated customer expectation, and disruptive technological innovations in this 'age of turbulence' (Greenspan, 2007), businesses find innovative value propositions critical for survival and sustained competitiveness (Slater, 1997). Recently, extending product-based value proposition, researchers (e.g. Axelsson & Easton, 1992; Ford, 2001; Ford *et al.*, 2002, 2003) emphasize the creation of relationship value in seller-buyer relationships. Relationship value proposition asserts that value is derived not only from technical, economic, social and service aspects of a particular product (Anderson, Jain, & Chintagunta, 1993), but also embedded in long-term relationships (Axelsson & Easton, 1992; Ford, 2001; Ford *et al.*, 2002, 2003; Hakansson, 1982; Hakansson & Snehota, 1995). In line with relationship marketing perspective (Gronroos, 2000), scholars (e.g. Walter, Ritter, & Gemunden, 2001) classify relationship value into two types: direct value and indirect value.

Direct value refers to the proposition of value drawn directly from a seller-buyer relationship, such as increased profit, growth of trade volumes, and flexibility to sell over-capacity (Walter, Ritter, & Gemunden, 2001). Indirect value includes business partner's contribution to technology or process innovation, intelligence about markets and customers, and facilitation of access to important third parties in market

(Walter, Ritter, & Gemunden, 2001; Ritter & Walter, 2006). Compared with direct value, indirect value is more concerned about future development of exchanging parties, and the achievement of indirect value takes more time. Although researchers suggest the critical role of relationship value to business (e.g. Axelsson & Easton, 1992; Ford, 2001; Ford *et al.*, 2002, 2003; Walter, Ritter, & Gemunden, 2001), impacts of key customer relationship value on relationship performance and overall market performance await empirical substantiation.

Moreover, a review of extant literatures reveals that understanding on antecedents of relationship value is limited. Prior studies (e.g. Walter & Ritter, 2003; Ritter & Walter, 2006) attributed the creation of relational value only to relationship-specific factors. For instance, a significant effect of trust, commitment, and customer-specific adaptations on both direct and indirect relationship value has been reported (Walter & Ritter, 2003). Similarly, a positive effect of relationship management activities (involving synchronizing, planning, controlling, representing interests, and buffering external threats) on relationship values has been demonstrated (Ritter & Walter, 2006). Researchers (e.g. Walter, Ritter, & Gemunden, 2001; Walter & Ritter, 2003) call for the exploration on other predictors in order to further widen the understanding on relationship value.

Based on the above introduction of major problems to be examined in this study, this chapter will present theoretical background, importance of this study in the China context, and research objectives in this study. Theoretical background section provides a general overview of dynamic learning capability perspective and social capital perspective, which are the two theories guiding the conceptual model development in this study. Meanwhile, based on a comprehensive literature review, research gaps in these two theories' development are also identified. Importance of this study in the China context discusses about the reasons for China as an appropriate context to explore principal-agent relationship value. Finally, research objectives of this study are presented to provide an overall idea about goals and specific research questions in this study.

1.1 Theoretical Background

This study aims at exploring antecedents of relationship value embedded in principal-agent relationship from both dynamic learning capability and social capital perspectives.

1.1.1 Dynamic Learning Capability Perspective

Dynamic capabilities refers to “the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve,

and die” (Eisenhardt & Martin, 2000: 1107). Dynamic capabilities enable firms to “integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece, Pisano, & Shuen, 1997: 516). Among various dynamic capabilities, learning enables a firm to create value by continuously reconfiguring and adapting itself in respond to changing value proposition of customers (Flint, Woodruff, & Gardial, 2002). The extensive knowledge an organization holds about its markets and customers is essential and vital for it to survive in fierce competition and create superior value (Woodruff, 1997).

Exploration and exploitation are two distinct learning capabilities that have attracted broad attention in the field of organizational learning (e.g. Levinthal & March, 1993; March, 1991; Schulz, 2001; Ozsomer & Gengturk, 2003). Exploration refers to organizations’ learning capturing “search, variation, risk taking, experimentation, play, flexibility, discovery, (and) innovation” (March, 1991: 71). It involves “a pursuit of new knowledge” (Levinthal & March, 1993: 105). Exploitation refers to organizations’ learning capturing “refinement, choice, production, efficiency, selection, implementation, (and) execution” (March, 1991: 71). It involves “use and development of things already known” (Levinthal & March, 1993: 105).

A review of extant literatures shows that recent studies (e.g. Atuahene-Gima, 2005;

Benner & Tushman, 2003; Garcia, Calantone, & Levine, 2003; Lee, Lee, & Lee, 2003; Levinthal & March, 1993; Lewin, Long, & Carrol, 1999; Rothaermal & Deeds, 2004; Yalcinkaya, Calantone, & Griffith, 2007) tend to study exploration and exploitation at two different levels: intra-firm level and inter-firm level. One school of researchers (e.g. March, 1991; Yalcinkaya, Calantone, & Griffith, 2007) use firm as the unit of analysis. As dynamic learning capabilities (Nonaka, 1994; Eisenhardt & Martin, 2000; Teece, Pisano, & Shuen, 1997) inside firms, exploratory learning and exploitative learning have a significant impact on new product and process development of firms that help firms to adapt in a dynamic environment (March, 1991). For instance, scholars (e.g. Atuahene-Gima & Murray, 2007; Yalcinkaya, Calantone, & Griffith, 2007) report that exploratory and exploitative learning contributes to success of new product development in terms of ROI, sales, profit and return on assets.

Extending the exploration and exploitation frame which March (1991) proposes, another school of researchers (e.g. Koza & Lewin, 1998; Rothaermel, 2001; Rothaermel & Deeds, 2004) classifies exploration and exploitation on the basis of firm activities in a value chain function. Exploratory learning and exploitative learning are studied at inter-firm level. Reflected as inter-firm learning, exploratory learning and exploitative learning take the form of collective learning in strategic

alliances and other inter-organizational collaborations (Holmqvist, 2004). This school is developed based on the notion of Koza and Lewin (1998: 256) that a firm's motivation to engage in inter-firm activities is driven by a desire to "exploit an existing capability or to explore for new opportunities" (Rothaermel & Deeds, 2004). For example, in empirical studies of Rothaermel (2001) and Rothaermel & Deeds (2004), exploitation is measured as the amount of marketing alliances, while exploration of a focal firm is measured as the amount of its R&D alliances. The goals for firms to establish alliances with other firms are to exploit one another's experiences, and to produce new experiences jointly with the other ones (Holmqvist, 2004).

As a whole, a review of literatures shows that exploratory and exploitative learning is a multiple-level system. To adapt to dynamic market, firms need to conduct both exploratory learning and exploitative learning for long-term success (Garcia, Calantone, & Levine, 2003; Lee, Lee, & Lee, 2003; March, 1991) within firm and with other partners. In a channel context, Selnes and Sallis (2003) propose that principals and agents tend to learn from each other to create more value together than they would create individually or with other business partners. Yet, literature review shows that few studies have discussed exploratory learning and exploitative learning simultaneously in a focal inter-firm relationship. Moreover, major studies

about exploratory and exploitative learning (e.g. Atuahene-Gima, 2005; Atuahene-Gima & Murray, 2007; Garcia, Calantone, & Levine, 2003; Holmqvist, 2004; Rothaermel & Deeds, 2004; Yalcinkaya, Calantone, & Griffith, 2007) are limited within technological domains (Rosenkopf & Nerkar, 2001). For instance, Atuahene-Gima and Murray (2007) find that social capital of top management team-members in new technology firms contributes to exploratory and exploitative learning among team-members, which in turn influences firms' new product development. Using 111 U.S.A. importers, Yalcinkaya, Calantone, and Griffith (2007) demonstrate that importers' exploratory capability promotes both product innovation and market performance, whereas importers' exploitative capability hinders product innovation on the one hand, and has insignificant impacts on market performance on the other hand. However, few studies have explored the relationship between exploratory/exploitative learning and value creation. Yet, inter-firm learning is expected to affect co-created value by strategic alliances in forms of jointly developed, new, and innovative products, and creative marketing effects. A notable gap in the literatures is a lack of research efforts in examining the relationship between learning and value creation at an inter-firm level.

1.1.2 Social Capital Perspective

Social capital theory postulates that networking relationships provide value to actors

(e.g. individuals, organizations, or communities) by allowing them to tap into resources embedded in such relationships for their benefits (Bourdieu, 1986; Acquaaah, 2007). Social capital is acknowledged as a strategic resource that accrues to an individual or an organization as a result of the development of personal and social networking relationships (Burt, 1992; Nahapiet & Ghoshal, 1998). Notably, Nahapiet and Ghoshal (1998: 243) provide a definition that is widely cited and followed by other scholars (e.g. Chetty & Agndal, 2007; Tsai, 2000; Yli-Renko, Autio, & Sapienza, 2001), which defines social capital as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit.... [S]ocial capital comprises both the network and the assets that may be mobilized through the network.” In line with resource-based view for valuable resources, social capital is valuable, rare, in-imitative for competitors and non-substitutable. Accordingly, it has been argued that the development of social capital can be leveraged to facilitate actions and achieve superior value creation (Adler & Kwon, 2002; Srivastava, Fahey, & Christensen, 2001; Tsai & Ghoshal, 1998).

However, a research question remains unanswered: What is the path through which social capital of an organization has a significant impact on its market performance?

This question can be further addressed from two perspectives. Firstly, Nahapiet and

Ghoshal (1998) posit that social capital enhances learning between actors, and consequently improves collective intellectual value creation and firms' competitive advantage at markets. However, few studies have investigated the relationship between social capital, learning, and market performance simultaneously (Atuahene-Gima, 2007; Tiwana, 2008). Secondly, social capital theorists posit that social capitals are valuable resources within relationships. Through social capital, organizations have accesses to other members, leverage their complementary resources, and gain competitive advantage. In other words, social capital is the value embedded in relationships. Yet, few studies have explored the exact value given by leveraged social capital in a relationship. The previous empirical studies focus on market performance as a direct outcome of social capital, rather than explicitly explore the value created from focal relationships. As such, Moran (2005: 1145) calls for future studies exploring "how social relations and exchange may operate as social capital".

This study tries to fill these research gaps by examining the associations among social capital, exploratory/exploitative learning, relationship value, and performance (in the forms of relationship performance and market performance). Specifically, in this study, social capital will be examined at three dimensions: structure embeddedness (reflected as extra-industry ties of principal managers who are

involved in channel management), relational embeddedness (reflected as competence trust principal managers hold on agents), and shared cognition (reflected as strategic consensus shared between principals and agents) (Nahapiet & Ghoshal, 1998).

Table 1.1 summarizes gaps in the research area of relationship value, and highlights potential contributions of the current study.

Table 1.1 Research Gaps in Relationship Value and Potential Contributions of This Study

Research gaps in relationship value	Potential contributions of this study
Theoretically, researchers suggest the critical role of relationship value to business (e.g. Axelsson & Easton, 1992; Ford, 2001; Ford <i>et al.</i> , 2002, 2003; Walter, Ritter, & Gemunden, 2001)	This study aims to provide empirical substantiation of impacts of key customer relationship value on relationship performance and overall market performance.
Prior study attributed the creation of relational value to relationship marketing specific factors. E.g. trust, commitment, and customer- specific adaptation (Walter & Ritter, 2003); relationship management activities (Ritter & Walter, 2006)	This study explores antecedents of relationship value creation from social capital perspective (i.e. extra-industry ties, competence- based trust, and strategic consensus), and learning capability perspective (i.e. exploratory learning and exploitative learning).
Prior researchers study exploratory and exploitative learning at firm level (e.g. March, 1991; Yalcinkaya, Calantone, & Griffith, 2007).	This study uses relationship as unit of analysis, and study exploratory learning and exploitative learning simultaneously in a focal inter-firm relationship.
Few studies have investigated the relationship between social capital, learning, and market performance simultaneously (Atuahene-Gima, 2007; Tiwana, 2008).	This study examines the associations among social capital, exploratory / exploitative learning, relationship value, and performance.

1.2 The Importance of This Study in China

The present study is undertaken in China, a country context that has long been

characterized as collectivist or group-oriented (Hwang, 1987; Xin & Pearch, 1996). In such a collectivistic country as China, relationship ties, guanxi, and social network have presumably very important roles in doing business (Li, Poppo, & Zhou, 2008; Li & Zhang, 2007; Luo, 2003; Luo *et al.*, 2004; Park & Luo, 2001; Peng & Luo, 2000; Zhou, Wu, & Luo, 2007). In fact, critical effects of relationship marketing factors (such as trust, commitment, and shared goals) on performance were repeatedly reported by studies carried out in China (e.g. Fang *et al.*, 2008; Li, 2007, Liu *et al.*, 2007; Luo, 2005). Given the collective cultural orientation of China, and the significant roles of relationship factors on performance observed in previous researches on firms in China, it is contemplated here that China is a proper country context to examine relationship value, its predictors and consequences.

Moreover, this study will discuss seller-buyer relationships in a marketing channel context. As a country enjoying the fastest growth rate in the world, China has drawn broad attention from both practitioners and academic scholars. On the one side, attracted by huge market potential, numerous foreign firms invest in this promising market every year, which makes China the biggest FDI host in the world (Fang *et al.*, 2008; Luo, 2005). Facing heterogeneous customer demands and high market uncertainty in China (Cui & Liu, 2000, 2001), foreign investigators established collaborative relationships with agents to explore and serve local markets.

However, it has been observed that a significant number of MNCs in China is not profitable (Davies, 1994; Gong *et al.*, 2007; Rheem, 1996). One of the reasons explaining MNCs' unsatisfactory performance in China is that they failed to adapt to local market conditions, such as distribution channels (Prahalad & Lieberthal, 1998; Yan, 1994). Therefore, in order to gain competitive advantages at foreign markets, it is critical for principals to establish and maintain well-performed principal-agent relationships. On the other side, encouraged by the opening policy of China government, many local private firms were established in the last decades. Taking advantage of low labor cost, many local firms in China are international-oriented, and engaged in exporting business. Limited by resources and cultural distance, establishing marketing alliances also becomes a normal operation way adopted by local firms to explore overseas markets. As a whole, as a kind of seller-buyer relationship, principal-agent relationships have been widely adopted by firms operating in China. How to manage and draw value from principal-agent relationships has attracted great attention from practitioners. Therefore, China represents an appropriate context for examining relationship value embedded in channel relationships in this study.

1.3 Research Objectives

There are four main empirical objectives in this study. The first major research objective is to identify values of specific agency relationships as perceived by principals under investigation, and to find out the relative effects of a focal principal-agent relationship's values on foreign product-market performance versus relationship performance.

The second major research objective is to identify predictors influencing the development of relationship values from dynamic learning capability and social capital perspectives. More specifically, looking from dynamic learning capacity perspective, this study examines the impact of exploratory learning and exploitative learning on relationship value. Based on the notion of Holmqvist (2004) that intra-firm exploration and exploitation can take place both in exploratory inter-firm partnership (e.g. R&D alliance) and exploitative inter-firm partnership (e.g. marketing alliance), this study focuses on exploratory and exploitative learning within marketing alliance (i.e. principal-agent relationship). Extending relationship learning theory (Selnes & Sallis, 2003), this study contributes to existent researches by investigating exploratory and exploitative learning at inter-firm level. Moreover, this study extends the predictor set of relationship value to cover not only relationship factors but also network tie factors. Looking from social capital

perspective, this study taps into structural, relational, and cognitive dimensions of social capital of principal firms, and examines their respective direct effects on value embedded in principal-agent relationships.

The third major research objective of this study is to identify the mediating role learning takes in the association between social capital and relationship value. In keeping with channel learning framework (Lukas, Hult, & Ferrell, 1996; Li, 2007), channel dyads should be in a better position to learn to adapt to changing environmental challenges (1) when they have developed “cognitive consensus” over channel input-output transformation; (2) when they have fostered “relational trust” over information-sharing with channel partners; and (3) when they have sorted out “structural ties” over access to potential partners. Consistent with previous findings that have ascertained the predictor roles of cognitive consensus (e.g. Li, 2007) and relational trust (e.g. Selnes & Sallis, 2003) on channel learning, this study aims at examining the mediator role of learning between principals and agent channel members over social capital - relationship value linkage.

The fourth major research objective of this study is to examine the moderating role of knowledge embeddedness over social capital - learning linkage. In line with Rindfleisch and Moorman’s (2001) conception of tie-of-strength whereby those new

product development alliances that benefited from non-redundant knowledge are more likely to achieve better new product performance than those alliances characterized by redundant knowledge, this study sets to explore “knowledge non-redundancy” as an important moderator over the linkage between social capital and learning capabilities.

1.4 Organization of the Thesis

The rest of the thesis will be organized as follows. Chapter Two provides a literature review on the relationships among social capital dimensions (in the forms of extra-industry ties, competence-based trust, and strategic consensus), learning (in the forms of exploratory learning and exploitative learning), knowledge non-redundancy, relationship value, relationship performance and market performance. Based on a review of extant literatures, hypotheses will be formulated. Chapter Three introduces the research methodology used in this study, consisting of sample design, instrument design, and measurement development. In Chapter Four, the empirical findings of this study will be reported. The managerial and academic implications of this study will be discussed at Chapter Five. Finally, on the basis of limitations in this study, the directions on future research will be suggested in Chapter Six.

Chapter 2 Literature Review and Hypothesis Development

This chapter is consisted of four parts. The first part presents a literature review on value creation, its importance, concept development, and challenges. Specifically, a relationship approach of value creation (i.e. relationship value) will be introduced in detail. The second part presents a theoretical model used in this study. Underlying theories are discussed. On the basis of extant literatures discussing relationships among social capital dimensions, exploratory/exploitative learning, knowledge non-redundancy, relationship value creation, relationship performance, and market performance, nineteen hypotheses are developed in the third part. The fourth part summarizes all the hypotheses with their core theoretical ideas.

2.1 Value Creation

2.1.1 The Importance of Value Creation

Value creation is pivotal in marketing (Alderson, 1957; Anderson, 1982; Anderson & Narus, 1998; Doyle, 2000; Lepak & Smith, 2007). In a discussion about theories of the firm, Slater (1997) puts forward that existence of organization is value oriented. To create value for customer is the reason that explains the differences in scale, scope and types of activities among firms (Slater, 1997). As prescriptive literature asserts the role of value creation as cornerstone of business market management (Anderson,

Jain, & Chintagunta, 1993; Anderson & Narus 2004), the Marketing Science Institute identified understanding of markets and delivering of superior value as a research priority (Parasuraman & Grewal, 2000).

Moreover, the knowledge of “value creation” becomes particularly important for practitioners in emerging markets, such as China. Under planned economy which is featured with low competition, scarce production resources, and highly national controlled distribution channel, many firms in China need not worry about their profitability even though they deliver very little value to customers (Doyle, 2000).

Yet, the protective regime of planned economy has gone. Facing liberalization of economics, deregulation of industries, globalization of markets, elevated customer-expectations, and new information technology (Doyle, 2000; Hunt, 2000; Sheth, Sisodia, & Sharma., 2000), practitioners find “value creation” critical to survival in fierce competition.

2.1.2 The Challenge of Value Creation

Although the importance of value creation is widely acknowledged, it is surprising to find that firms often have no idea about what exactly value is, how to measure and create it (Anderson & Narus, 1998; Lepak & Smith, 2007). Tzokas and Saren (1999: 53) point out that “(despite) its importance for the marketing discipline, little

research effort has been devoted to examine what value is, how it is produced, delivered and consumed and how it is perceived by the customer”. This statement is echoed by Lepak and Smith (2007: 180), “while one would be hard pressed to find a management scholar who would disagree that value creation is important, one also would find it equally difficult to find agreement among such scholars regarding (1) what value creation is, and (2) the process by which value is created”. In addition, despite conceptual development of value creation, little empirical research has been done (Lindgreen & Wynstra, 2005; Ulaga & Eggert, 2005).

Reviewers conclude that the concept of value is poorly understood (Lepak & Smith, 2007; Tzokas & Saren, 1999) and the research on customer value is still in an early stage (Flint, Woodruff, & Gardial, 2002; Lepak & Smith, 2007; Ulaga & Eggert, 2006).

2.1.3 Conceptions of Value Creation

The study of value creation begins at the mid-20th century (Lindgreen & Wynstra, 2005). Yet, until now there is no universally agreed upon view of value (Miles, 1961; Ulaga & Eggert, 2005; Lindgreen & Wynstra, 2005; Woodall, 2003). For instance, Zeithaml (1988: 13) provides four different definitions regarding value: “(1) value is low price, (2) value is whatever I want in a product, (3) value is the quality I get for

the price I pay, and (4) value is what I get for what I give”. Notably, perceived value is subjective and such perceptions are made on a competitive basis (Anderson & Narus, 1998). Anderson, Jain and Chintagunta (1993: 5) defines value as ‘the perceived worth in monetary units of the set of economic, technical, service, and social benefits received by a customer firm in exchange for the price paid for a product offering, taking into consideration the available alternative suppliers’ offerings and prices”. Given value perception is a kind of judgement, perceived value is often based on trade-offs between benefits and costs of an offer or a relationship. More recently, from supplier perspective, Walter, Ritter, and Gemunden (2001: 266) define value as “the perceived trade-off between multiple benefits and sacrifices gained through a customer relationship by key decision makers in the supplier’s organization”. Given the various definitions, two streams can be drawn based on the sources where value is derived: product-based approach and relational approach (Lindgreen & Wynstra, 2005; Ulaga & Eggert, 2005).

2.1.3.1 Product-based Approach of Value

Product-based approach (e.g. Bowman, 2001; Doyle, 2000; Kolter, 2000; Neap & Celik, 1999; Slater & Narver, 2000) indicates that value is derived from a particular product/transaction in the forms of ‘goods or services’ (Lindgreen, 2005). One of the earliest and most popular works on product value is developed by Miles (1961)

who defines value as the minimum dollars expended in purchasing or manufacturing a product to create the appropriate use and esteem factors (Lindgreen, 2005). Based from Miles' (1961) work, value definitions have been developed in three facets.

The first school of researchers (e.g. Anderson & Narus, 1998) considers value and price as two independent elements of marketing offering, which influence customers' incentive to close a deal. For example, Anderson and Narus (1998:54) define value as "the worth in monetary terms of the technical, economic, service, and social benefits a customer company receives in exchange for the price it pays for a market offering".

Assuming customers tend to maximize benefits and minimize sacrifices, the second school of researchers (e.g. Doyle, 2000; Kolter, 2000; Slater & Narver, 2000; Zeithaml, 1988) defines value as a trade-off between benefits and sacrifices of a product. For instance, Slater and Narver (2000) indicate that customer value is created when benefits of products or services exceed their life-cycle costs to customers. More explicitly, Doyle (2000) formulates value as perceived benefits offered by a product minus price and other costs of using and owning the product. Further, Kolter (2000) specifies that benefits from a given product include goods, service, personnel interaction, and image value, and costs include monetary, time

energy, and physic costs.

The third school of researchers (e.g. Bowman, 2001; Lepak & Smith, 2007; Neap & Celik, 1999) indicates that product value is reflected in the sum of costs that customers tend to give away and benefits that customers can gain from a product. Neap and Celik (1999) indicate that product value is reflected in both an objective dimension (i.e. the price a customer would like to pay for a product) and a subjective marginal dimension (i.e. the performance/ benefits of a product in a particular usage situation/value system of a customer). In a similar view, Bowman (2000) defines value as use value (i.e. value based on perceived usefulness of an offering), monetary value (i.e. amount customer would like to pay) and exchange value (i.e. amount exactly paid by customer). More recently, Lepak and Smith (2007) merge monetary value into exchange value, and then define exchange value as either monetary amount realized when exchange of an offering take place, or total amount paid by user to seller for usage value of product. This school of definitions emphasizes that perceived value is subjective and individual specific, and based on usage value that differs to various customers (Anderson & Narus, 1999).

2.1.3.2 Relational Approach of Value

Relational approach is an extension of product-based approach. Relational

approach asserts that value is not only derived from a particular product such as technical, service, economic and social aspects (Anderson, Jain, & Chintagunta, 1993), but also embedded in buyer-seller relationships consisting of activity links, resource ties, and actor bonds (Axelsson & Easton, 1992; Hakansson, 1982; Hakansson & Snehota, 1995; Ford, 2001; Ford *et al.*, 2002, 2003). Rooted in relationship marketing (Ulaga & Eggert, 2005) which suggests suppliers to provide and capture value through continuous interactions with customers (Payne & Holt, 1999; Vanderbosch & Dawar, 2002), relational approach considers value in long-term oriented exchange processes, rather than a single episode level (Ravald & Gronroos, 1996). This has been described as ‘relationship value’ (Payne & Holt, 1999).

Although scholars (e.g. Cannon & Homburg, 2001; Payne & Holt, 1999) have conceptualized relationship value for decades, consistent with Ulaga and Eggert (2005), our literature review shows that empirical researches focusing on construct of relationship value is still few (See Table 2.1).

Table 2.1 Literature Review on the Construct of Relationship Value

Perspective	Conceptualization of Relationship Value		Empirical Foundation	Author(s)
	Benefit Dimensions	Sacrifice Dimensions		
Customer perspective	? episode benefits ? relationship benefits	? episode sacrifices ? relationship sacrifices	none	Ravald & Gronross , 1996
	? core solution ? additional service	? price ? relationship costs	none	Gronroos, 1997
	? confidence ? social benefits ? special treatment		Survey among over 300 consumers of services in the U.S.	Gwinner, Dremler, & Bitner, 1998
	? product related ? service related ? relationship related	? price ? relationship related	Survey among 209 and 129 purchasing executives of the Canadian IT and finance sectors respectively	Lapierre , 2000
	? product benefits ? service benefits ? know-how benefits ? time-to-market benefits ? social benefits	? process costs ? price	Survey among 207 purchasing managers of French manufacturing companies in a large variety of industries	Ulaga & Eggert, 2005
	? core benefits - product support - delivery ? sourcing benefits - service support - personal interaction ? operations benefits - supplier know-how - time to market	? direct costs - purchasing price ? acquisition costs - ordering costs - delivery costs - inventory carrying costs - coordination and communication costs ? operation costs - manufacturing costs - downtime costs	Survey among 300 senior purchasing managers in U.S. manufacturing firms in various industries.	Ulaga & Eggert, 2006
Supplier perspective	? direct functions - profit function - volume function - safeguard function ? indirect functions - innovation function - market function - scout function - access function		Survey among 247 CEOs or sales managers of manufacturing companies in Europe	Walter, Ritter, & Gemunden, 2001

Adopted from Ulaga and Eggert (2005)

The empirical studies of Lapierre (2000), Walter, Ritter, & Gemunden (2001), and Ulaga & Eggert (2005, 2006) are the exceptions that provide modelling of

relationship value proposition from either customer or supplier perspective. To investigate value proposition of service organizations to their major IT suppliers, Lapierre (2000) conducted a multi-industry survey among Canadian firms in ICE (i.e. information, communication and entertainment), distribution, and finance industries. This study reveals that customer-perceived value involves something much more than a trade-off between product-related benefit (i.e. product quality) and monetary cost (i.e. price). When estimating value given by suppliers, customers not only calculate benefits and sacrifices reflected directly in a market offering (i.e. product and service), but attach great importance to relational aspects (i.e. image, trust, solidarity, time/effort/energy saving, and conflict reduction). Specifically, Lapierre (2000) identifies thirteen value-based drivers under the categories of product/goods-related, service-related, and relationship-related. Product/goods-related benefits are reflected in high product quality, alternative solutions, and product customization given by suppliers. Service-related benefits consist of responsiveness, flexibility, reliability, and technical competence of suppliers. Relationship-related benefits comprise suppliers' image, trust in suppliers, and supplier solidarity with customers. Sacrifices of value-based drivers are price that is goods and service related, time/effort/energy, and conflict that are relationship related. Table 2.2 presents the value proposition that Lapierre (2000)

proposes.

Table 2.2 Value Propositions of Service Organizations

Scope Domain	Product	Service	Relationship
Benefit	Alternative solution Product quality Product customization	Responsiveness Flexibility Reliability Technical competence	Image Trust Solidarity
Sacrifice	Price		Time/effort/energy Conflict

Source: Lapierre (2000)

Further, Lapierre (2000) provides empirical supports on the subjective characteristic of value. The weight of each value driver in total value proposition differs for service organizations from various industries. For firms in finance industry, the four most important customer-perceived values are price, responsiveness, flexibility, and solidarity. For firms in distribution fields, flexibility, reliability, alternative solution, and solidarity are the most important. Yet, for firms in ICE fields, responsiveness, trust, solidarity and flexibility are the most vital values. To sum up, the test results of Lapierre (2000) demonstrate that customers evaluate value drivers according to their own requirements. Moreover, both service flexibility (i.e. service-related value) and supplier's solidarity with customers (i.e. relationship-related value) are highly important customer-perceived values for firms in all finance, distribution, and ICE industrials to their IT suppliers.

However, Ulaga and Eggert (2005: 77) argue that the marketing variables (i.e. trust

and solidarity) used by Lappierre (2000) are distinct constructs, which may “lead to a conceptual overload and jeopardize the discriminate validity to the relationship value construct”.

Given an assumption that, to survive in fierce competition, suppliers must provide more superior value in seller-buyer relationship than rivals, Ulaga and Eggert (2006) develop a construct of “must have” value proposition from customer perspective. Specifically, Ulaga and Eggert (2006) identify three value dimensions: core offering, sourcing process, and customer operation (See Table 2.3).

Table 2.3 Value Proposition of Manufacturing Organizations

Scope Domain	Core Offering	Sourcing Process	Customer Operation
Benefit	Core benefits - product quality - delivery performance	Sourcing benefit - service support - personal interaction	Operations benefits - supplier know-how - time to market
Sacrifice	Direct product costs - actual price charged	Acquisition costs - ordering costs - delivery costs - inventory carrying costs - coordination and communication costs	Operations costs - cost in existing products - cost in manufacturing process - tooling cost and warranty costs

Source: Ulaga and Eggert (2006)

Core offering dimension of value is physical-product-related trade-off between benefits embedded in product quality and delivery performance, and direct product costs in the form of purchasing price (Ulaga & Eggert, 2006). Customers value suppliers who create value by consistently delivering high quality and reliable

products to meet customers' technical specifications over time, and to deliver products on time, flexibly, and accurately. Moreover, customers appreciate suppliers who are able to offer a fair market price and committed to reducing prices continuously.

Secondly, sourcing process dimension of value refers to service/process-related trade-off between benefits embedded in service support and personal interaction, and acquisition costs (Ulaga & Eggert, 2006). Value creation embedded in service support is reflected as suppliers' responsiveness, capacity to manage information exchange quickly and appropriately, and outsourcing service. Furthermore, customers consider value created through personal interaction with suppliers in high regard. Developing interpersonal ties between suppliers and customers can improve problem solving and communication, which leads to a better understanding of each partner's goals, and facilitates business (Palmatier, 2008; Van de Ven, 1984). In addition, customers value suppliers who reduce customers' cost in inventory management, order handling process, and incoming-product inspection.

Thirdly, customer operations represent another domain of value creation, which concerns trade-off for innovative benefits embedded in suppliers' know-how, time to market, and operation costs (Ulaga & Eggert, 2006). The delivery of suppliers'

know-how creates many opportunities to add value in supplier-customer relationships when suppliers' know-how provides customers with new sourcing alternatives, helps to improve customers' existing products, and develops new ones. To create value in saving customers' time-to-market, suppliers develop products and prototypes fast, and perform testing and validation tasks for customers. Taken together, compared with operation value, both core offering and sourcing process value-drivers are more product-based, and created by specific offerings or transactions. Yet, suppliers and customers create operation value when they hold deep mutual understanding of each other that is accumulated from long-term cooperation.

Furthermore, using structural equation modelling (SEM), Eggert, Ulaga, and Schultz (2006) study the weight of core benefits, sourcing benefits and operation benefits for purchasing managers in US manufacturing companies. With a standardized coefficient of 0.555, sourcing process contributes most to the explanation of variance between the main supplier to the second best supplier, followed by customer operation with a standardized coefficient of 0.252, and core offering with a standardized coefficient of 0.085. As core offering accounts for little variance when comparing the main supplier to the second best supplier, Eggert, Ulaga, and Schultz (2006) suggest that offering superior value through personal interaction and service,

access to know-how, and increased time-to-market are more important value domain for differentiation in today's highly competitive business markets.

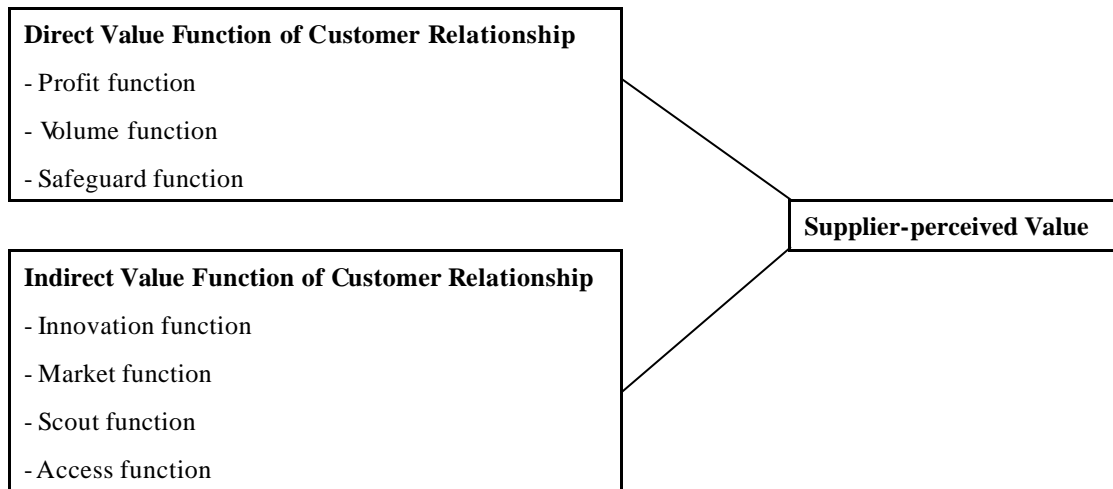
Reinforcing Eggert, Ulaga, and Schultz's (2006) emphasis on relationship value as derived from access to know-how, Zerbini, Golfetto and Gibbert (2007) use case studies to show that suppliers attach great importance to demonstrate suppliers' know-how and fast time-to-market value to their customers' during trade shows. Instead of exhibiting only intermediate product, such as yarns and fabrics, Tuscan spinners displayed their prototypes of fabrics and clothes in a trade show, which delivered a strong message of their understanding about future fashion in buyers' market. Their presentation of the potential of delivering "know-how" and "time to market" attracted a great amount of visitors to their booths (Zerbini, Golfetto, & Gibbert, 2007).

Further, Eggert, Ulaga, and Schultz (2006) identify the moderating role of relationship life cycle in the assessment of value perception, and point out that buyer-seller relationships are indeed dynamic phenomena. More specifically, the weight of customer-perceived benefits in sourcing process increases, while the weight of benefits in customer operation decreases through relationship life cycle. Yet, relationship life cycle has no significant effect on the role of suppliers' value

creation through core products. Given the empirical result showing the dynamic nature of value creation in business relationships, researchers (Eggert, Ulaga, & Schultz, 2006) call for a longitudinal approach for researches on long-term collaborative partnerships.

In a similar view, scholars (e.g. Hogan & Armstrong, 2001; Walter, Ritter, & Gemunden, 2001) looking from supplier perspective identify different types of value functions. In line with relationship marketing that suppliers need target valuable customers to establish long-term relationships (Gronroos, 2000), investigation of relational value propositions from supplier perspective is important (Hogan & Armstrong, 2001; Walter, Ritter, & Gemunden, 2001). Hogan and Armstrong (2001) note that only when both a supplier and a customer/distributor find a focal business exchanging relationship valuable, can this relationship continue. Suppliers need not only deliver value to customers, but also gain value from customers in order to develop sustainable relationships and survive in fierce competition. A valuable relationship delivers both current and future assets to suppliers (Hogan & Armstrong, 2001). Empirically, Walter, Ritter, and Gemunden (2001) identify direct and indirect value as two dimensions for supplier-perceived relationship value (See Figure 1).

Figure 1 Value Functions of a Customer Relationship



From a supplier's perspective, direct value-based drivers of business relationships are comprised of creation of higher profits from product and service offerings (i.e. profit function), growth of trade volumes (i.e. volume function), and possibility to sell over-capacity (i.e. safeguard function) (Walter & Ritter, 2003). Indirect value-based drivers of business relationships are comprised of customers' contribution in cooperative development of new products or processes (i.e. innovative function), assistance to attract new customers and to enter new markets (i.e. market function), information about suppliers' future developments in customers' market (i.e. scout function), and facilitation of access to important third parties (i.e. access function) (Walter & Ritter, 2003). To sum up, when establishing a sustaining relationship with a specific customer, a supplier would anticipate benefits, which result either immediately in the specific relationship (i.e. direct value function) or from its impact on future business or on other connected relationships (i.e. indirect value function).

Both direct value and indirect value are vital to the development of suppliers (Lindgreen & Wynstra, 2005; Walter, Ritter, & Gemunden, 2001).

To summarize, a valuable relationship not only delivers immediate return for actor's current operation (i.e. core offering value, process value and direct value), but also facilitates actors for sustaining development (i.e. operational value and indirect value). Accordingly, how to achieve perceived value arouses the interests of both contemporary scholars (e.g. Palmatier, 2008; Walter & Ritter, 2003) and practitioners.

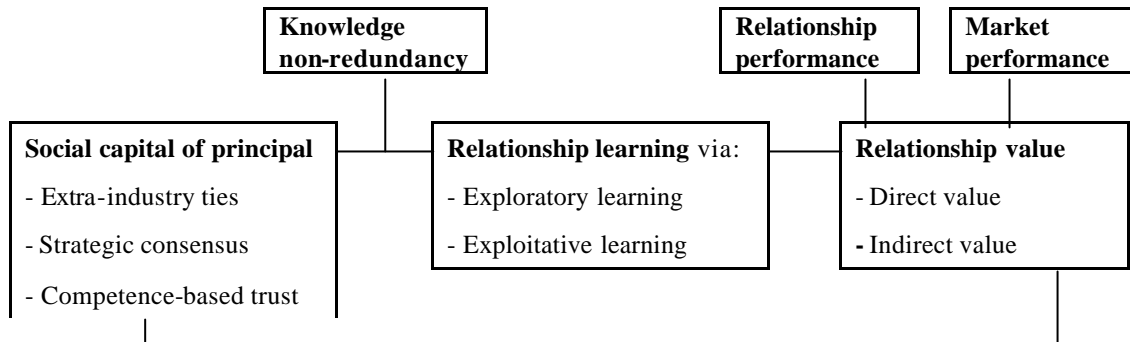
2.2 Theoretical Model

Figure 2 presents the theoretical model used in this study. Underlying the relationships depicted in Figure 2 is the theoretical perspectives of dynamic learning capability and social capital. Learning capability perspective proposes that learning enables firms to create value by continuously reconfiguring and adapting itself to dynamic market. Social capital perspective postulates that social relations create value for actors by allowing them tap into resources embedded in relationships. When theorizing the relationships among social capital, learning, and intellectual value's creation, Nahapiet and Ghoshal (1998) postulated that learning may take a mediating role. Further, it is generally asserted that social relations promote

learning (Selnes & Sallis, 2003). Rindfleisch and Moorman (2001) noted that relational ties differ, and only some ties bring along non-overlapping, non-redundant knowledge, and hence has greater potential in sharing knowledge. This study argues that when exchanging actors have complementary and non-overlapping knowledge, they would more likely to learning from each other.

Figure 2 summarizes all the theoretical relationships under examination here, consisting of: (1) learning capabilities in the form of exploratory and exploitative learning influence relationship value embedded in principal-agent relationships; (2) social capital of principals in terms of extra-industry ties, competence-based trust and strategic consensus with agents promotes relationship learning (i.e. exploratory learning and exploitative learning); (3) the influence of social capital of principals (i.e. extra-industry ties, competence-based trust, strategic consensus) on relationship value is partially mediated by exploratory and exploitative learning; (4) the influence of social capital (i.e. extra-industry ties, competence-based trust, and strategic consensus) on relationship learning (i.e. exploratory learning, exploitative learning) is moderated by knowledge non-redundancy; and (5) relationship value contributes to both relationship performance and market performance of principals in focal product-markets that agents are responsible for.

Figure 2 Theoretical Model in This Study



2.3 Exploitative Learning, Exploratory Learning, and Relationship Value Creation in Principal-agent Relationships

2.3.1 Definitions of Exploratory and Exploitative Learning in This Study

March (1991: 71) defines exploitative learning as learning activities involving “refinement, choice, production, efficiency, selection, implementation, and execution”, and exploratory learning as learning activities capturing “search, variation, risk taking, experimentation, play, flexibility, discovery, innovation”. In the context of agent learning, Ozsomer and Gengturk (2003) define exploitative learning for overseas subsidiaries as learning activities within a local knowledge domain, involving modifying or fully leveraging existing knowledge that subsidiaries already have or imported from their head office or other subsidiaries for local operations or knowledge generation. On the contrary, exploratory learning of subsidiaries involves information searching in a broader domain, and generates

radical new knowledge, which usually involves experiments and high risk (Ozsomer & Gengturk, 2003).

Based on the theoretical studies of March (1991) and Ozsomer & Gengturk (2003), this study refers exploitative learning to learning activities between principals and agents within a well-defined and limited solution domain, which focus on the acquisition of information in the neighbourhood of their market and product knowledge base for the purpose of improving productivity and efficiency (Atuahene-Gima & Murray, 2007). Exploratory learning embedded in principal-agent relationship refers to learning activities with efforts to search and generate new, unsettled knowledge beyond existing product-markets with aims to explore new product-markets. The new information and knowledge is unrelated to firms' current marketing experience and market knowledge base for the purpose of experimentation. These definitions are consistent with prior studies that distinction between exploratory learning and exploitative learning depends on information flow (Douglas & Judge, 2001). In exploratory learning, principals and agents communicate and exchange information in a free and open structure, whereas exploitative learning leads information flow within a limited domain.

2.3.2 Influence of Exploitative Learning and Exploratory learning on Direct Value Creation in Principal-agent Relationships

General speaking, as a dynamic capability, learning creates value (Anand & Knanna, 2000; Slater & Narver, 2000). When principals launch new products into markets, direct value of principal-agent relationships is reflected in agents' help over new products' sales and profit growth, and flexibility in selling over-capacities. Exploitative learning between principals and agents during new product-market development drives information flowing along the existing trajectory (Gupta, Smith, & Shalley, 2006), which deepens the understanding and knowledge storage on existing customers and marketing or R&D strategies implemented by competitors in the neighbourhood. Leveraging localized and in-depth information collected from narrow range domains, principals are able to improve productivity by conducting incremental improvement on routine and operation processes (Dewar & Dutton, 1986) with few costs, which, in turn, reduce operational costs (Lewin, Long, & Carroll, 1999), and increase profit and volume value in new product-markets. Therefore, it is hypothesized that:

Hypothesis 1a: Exploitative learning between principal and agent is positively related to the creation of direct relationship value.

On the other hand, exploratory learning between principals and their agents widens

the knowledge storage of principals about foreign markets. As a result, principals are more likely to implement more attractive and unique market strategies than competitors when introducing new products to customers. Studying 363 high-technology firms located in China, Luca and Atuahene-Gima (2007) demonstrate that broad market knowledge helps high-technology manufacturers in China to increase sales, return on investment, and profitability of new products. Furthermore, widened knowledge of principals due to exploratory learning increases chances of “happy accident” (Prabhu, Chandy, & Ellis, 2005), by which concepts from various knowledge domains are applied and combined in unexpected ways in problem solutions. This provides opportunities for principals and their agents to implement and execute complex tasks in marketing and operation more quickly and flexibly. Therefore, time and money are saved, and more profit value can be created. Moreover, expanded knowledge diversity and enhanced learning mechanism from exploration make principals and agents adapt flexibly to unpredictable changes (Luo & Peng, 1999). To some extent, such flexibility of channel partners reduces principals’ costs when meeting obstacles in dynamic foreign markets. Therefore, it is posited that exploratory learning enhances direct value in principal-agent relationships.

Further, this study argues that when launching new products into market, exploratory

learning between principals and agents may have a stronger impact on direct value creation than exploitative learning has. March (1991) notes that dynamic environment induces organizations to conduct exploitative learning in order to increase the mean performance. Exploitative learning helps organizations to survive by developing incrementally and efficiently along the same or old trajectory. In contrast, through exploratory learning, principals and agents search and exchange market information beyond current market and marketing experience, which leads channel partners into a broader knowledge domain. The widened knowledge storage enables channel partners to view markets from various angles. As such, principals and agents can have more opportunities to find radical new ways to compete with their competitors rather than compete within a narrow trajectory. Researchers (e.g. Christensen & Raynor, 2002; Markides, 1997, 1998; Normann & Ramirez, 1993) have reported their observation that radical strategic innovation enables organizations to overcome resource limitation, and compete with or even win their bigger competitors. Empirically, Zahra, Ireland, and Hitt (2000) demonstrate that the breadth of technological learning for new venture firms enhances return of equity, and sales growth when moving into new foreign markets. Therefore, it is hypothesized that:

Hypothesis 1b: *Exploratory learning between principal and agent is more strongly positively related to the creation of direct relationship value than exploitative learning is.*

2.3.3 Influence of Exploitative Learning and Exploratory Learning on Indirect Value Creation in Principal-agent Relationships

Indirect value in channel relationship can be reflected by supports from agents to enhance principals' potential to conduct marketing and technologic innovation (i.e. innovation function), to attract new customers and enter new markets (i.e. market function), to provide information about principals' future developments in foreign markets (i.e. scout function), and to facilitate access to important third parties (i.e. access function) (Walter & Ritter, 2003). It is supposed that exploitative learning between principals and agents helps to create indirect value. Through exploitative learning with agents, principals are able to get closer to foreign product-markets, and be aware more about existing customers and their competitors. As a result, principals deepen their understanding about product-market trends. In other words, exploitative learning with agents promotes the creation of scout value.

However, prior studies provide inconsistent reports on the impacts of exploitative learning on innovation value. On the one side, as a kind of experimentation-based intelligence-generation practices (March, 1991), exploitative learning has great

potential in new product development (Slater & Narver, 2000). Customer-orientation literatures also assert that such kind of closeness with customers and competitors help organizations implement innovation (Han, Kim, & Srivastava, 1998). Through exploitative learning, principals are able to fully leverage their existing resources to upgrade new product lines. As a result, exploitative learning helps to enhance innovation value in principal-agent relationships. On the other side, researchers (e.g. Atuahene-Gima & Murray, 2007; Katila & Ahuja, 2002) report curvilinear and inconsistent impacts of exploitative learning on innovation. For instance, Katila and Ahuja (2002) find that exploitative learning in the form of search depth is curvilinearly (taking an inverted U-shape) related to the number of new products introduced by firms. This finding shows that exploitative learning initially enhances new product development, but hinders new product development thereafter. On the contrary, studying new technology ventures in China, Atuahene-Gima and Murray (2007) demonstrate that the linkage between exploitative learning and new product performance is U-shaped, with the curve decreasing initially and increasing thereafter.

Moreover, researchers in the field of disruptive innovation (e.g. Christensen, 1997; Christensen & Raynor, 2003) state that exploitative learning induces organizations into competence traps, and, as a result, ignore emerging market opportunities.

Through exploitative learning, organizations reinforce their utilization on existing technologies and strategies, which helps to enhance their current competencies and systems rather than restructure them (Uzzi & Lancaster, 2003). Empirically, Zhou, Yim, and Tse (2005) demonstrate that the closeness and focuses on existing product-markets even hinder organizations from market-based breakthroughs. Despite inconsistent and maybe negative impacts of exploitative learning on innovation value and market value, it is expected that, as a whole, exploitative learning still can promote the creation of indirect value. Therefore, it is hypothesized that:

Hypothesis 2a. *Exploitative learning between principal and agent is positively related to the creation of indirect relationship value.*

Levinthal and March (1993: 105) content that the long-term survival of a firm depends on its ability to “..... engage in enough exploration to ensure its future viability”. It is contemplated that exploratory learning may have a stronger impact on indirect value creation in principal-agent relationships than exploitative learning has. Based on a relatively broad and general knowledge search, exploratory learning adds new insights in firm’s operation routines and product design (Atuahene-Gima & Murray, 2007). As a result, through exploratory learning with agents, principals are expected to have more ideas in new product development,

which help to develop more successful new products to target customers in foreign markets. Empirical findings also emerged showing that exploratory learning among project team-members help to create innovation value. For instance, Katila and Ahuja (2002) find that exploratory learning in the form of search scope significantly enhances number of new products introduced by firms. Besides, Atuahene-Gima and Murray (2007) demonstrate that exploratory learning among top management team-members has a significant positive impact on new product performance. Considering inconsistent and non-linear impacts of exploitative learning on new product development, exploratory learning is expected more helpful in technology innovation.

Moreover, exploratory learning expands knowledge diversity of principals about markets and customers (Levinthal & March, 1993). The diversity of knowledge developed out of exploratory learning alerts principals to opportunities by cues “outside the box”. Therefore, principals are able to notice or discover emerging markets. On the contrary, although exploitative learning enables principals know more about existing customer segments and competitors in foreign markets, and enable them to satisfy customers’ needs more efficiently, such kind of closeness may push principals to focus on satisfying existing customers, and lead into strategic rigidity in the form of competing with competitors along the same trajectory

(Christensen, 1997; Christensen & Raynor, 2003). Zhou, Yim, and Tse (2005) report that efforts in satisfying existing markets hinder organizations from discovering emerging ones. As such, exploratory learning may have more contribution to create market value for principals than exploitative learning has.

Furthermore, compared with exploitative learning, exploratory learning provides more opportunities for principals to communicate with business partners in various fields, which helps principals to develop good communication skills (Reagans & McEvily, 2003) to build up effective and efficient relationships with key contacts in foreign product-markets, such as government officials or key person of associations (Luo *et al.*, 2004). Therefore, it is hypothesized that:

Hypothesis 2b: *Exploratory learning between principal and agent is more strongly positively related to the creation of indirect relationship value than exploitative learning is.*

2.4 Social Capital and Exploratory/Exploitive Learning

2.4.1 The Influence of Structural Ties on Exploratory and Exploitative Learning

Social structure embeddedness refers to “the properties of the social system and of the network of relations as a whole” (Nahapiet & Ghoshal, 1998: 244). Network ties is a main representation of social structure embeddedness (Nahapiet & Ghoshal,

1998). Social capital theories postulate that ties of firms constitute a valuable source of learning. The social ties of firms influence both their access to other parties for combining and exchanging knowledge, and anticipation of value through such exchanges (Nahapiet & Ghoshal, 1998). Through ties, organizations exchange and combine the knowledge of others, and create new knowledge for their own benefits. Recently, researchers (e.g. Adler & Kwon, 2002; Atuahene-Gima & Murray, 2007) argue that ties in internal and external domains tend to bring different impacts on organizational learning. The basic underlying idea is that behaviour, opinion, and information, broadly conceived, are more homogeneous within than between groups. People tend to focus on activities inside their own group, which creates information holes among groups (Burt, 2004). As a result, based on structural hole theory (Burt, 1992, 2004), internal ties are supposed to promote conformity by delivering redundant information to actors (Geletkanczyz & Hambrick, 1997). On the contrary, since external ties work as breakage that delivers remote and unfamiliar information to focal actors, they have more potential to bring novel ideas to organizations (Geletkanczyz & Hambrick, 1997).

Following the studies of Geletkanczyz & Hambrick (1997) and Atuahene-Gima & Murray (2007), this study classifies internal and external ties based on industrial boundary. Intra-industry ties refer to the connections with executives of other firms

that operate in the same industry of actors (Gelektkancycz & Hambrick, 1997). Extra-industry ties refer to the connections with managers and professionals outside of actors' industry (Gelektkancycz & Hambrick, 1997). In China, there is a long-term held belief that managerial ties are crucial for business success. Managers need cultivate personal connections to achieve organizational goals (Luo & Chen, 1997). In particular, Peng and Luo (2000) find that social networks with contacts outside of the industry (i.e. extra-industry ties), such as government officials, are more important than ties with managers at other firms in the industry along value-function chain (i.e. intra-industry ties). Therefore, this study focuses discussion on the impacts of extra-industry ties on relationship learning and relationship value creation. More specifically, this study argues that extra-industry ties has a stronger impact on exploratory learning than on exploitative learning.

Burt (1992) notes that information potential is determined by structure holes among focal actors' networks. Ties with extra-industry contacts are characterised by novel information. Viewing environment from different knowledge grounds and industrial experiences, extra-industry contacts tend to bring in diverse and non-redundant information. The diverse information and knowledge embedded in ties between principals and their extra-industry contacts widen learning scales (Zahra, Ireland, & Hitt, 2000), and encourage exploratory learning.

In addition, in exploratory learning, the delivered information is normally quite different to actors' existing knowledge. Researchers (e.g. Reagans & McEvily, 2003) argue that common language between exchanging parties are essential for exchanging parties to transfer knowledge successfully. When organizations cannot frame knowledge in a language that recipients can understand, comprehending knowledge can be very difficult and with high cost (Borgatti & Cross, 2003; Burt, 2002). Nonetheless, Reagans and McEvily (2003) demonstrate that social range positively influences the ease of knowledge transfer. Wide social range of principals promotes co-exploration in principal-agent relationships by affecting principals' capabilities to convey complex ideas across distinct bodies of knowledge. With abundant experiences in interacting with multiple perspectives and different ways of framing know-how, principals may find it easier to explain their ideas to foreign agents even when the concepts delivered is unfamiliar to agents' experiences. Moreover, the broader range of information from outsiders may challenge some long-standing beliefs and assumptions principals hold, and lead to search extra-information departing from the existing learning orbit. Further, with connections to multiple bodies of knowledge, principals are exposed to more worldviews. They are more likely to recognize the need for discussion about novel ideas, and therefore, be willing to adopt new strategies and methods to further

explore the value in relationship. Therefore, with multiple extra-industry ties, principal manufactures are encouraged to conduct exploratory learning with agents.

Furthermore, for firms in transitional economies, such as China, extra-industry ties are supposed to help firms to buffer uncertainties and business risks in exploratory learning at dynamic markets. Peng and Luo (2000) find that extra-industry ties with government officials promote organizations' exploratory activities in the form of innovation.

It is further supposed that extra-industry ties has a stronger positive impact on exploratory learning than exploitative learning. Since information carried by extra-industry ties are scatter and tacit, ties with extra-industry contacts emphasize less on explicit working procedures or job responsibilities, which suit the information delivering focus on novelty rather than efficiency (Christensen & Overdorf, 2000; Tushman & O'Reilly, 1997). Compared with exploitative learning, exploratory learning can rely more on these kinds of personal and informal modes of coordination and control (Koza & Lewin, 1998; Ring & Van de Ven, 1994; Van de Ven & Walker, 1984). March (1996: 280) notes explicitly that "exploiting interesting ideas often thrives on commitment more than thoughtfulness, narrowness more than breadth, cohesiveness more than openness". Empirically, studying 179

high-tech new ventures in China, Atuahene-Gima and Murray (2007) find that extra-industry ties of top management team enhances their exploratory learning, while hindering exploitative learning in new product development. This study expects more powerful impacts of extra-industry ties on exploratory learning than on exploitative learning. Therefore, it is hypothesized that:

Hypothesis 3: *Extra-industry ties of principal managers is more strongly positively related to exploratory learning than exploitative learning within principal-agent relationships.*

2.4.2 The Influence of Competence-based Trust on Exploratory and Exploitative Learning

Trust refers to the extent to which a firm believes that its exchange partner is honest, benevolent (Ganesan, 1994; Doney & Cannon, 1997; Anderson & Narus, 1990), and reliable (Morgan & Hunt, 1994). Trust represents an actor's willingness to rely on an exchange partner in whom he has confidence (Moorman, Deshpande, & Zaltman, 1993), and reflects relationship quality (Palmatier, 2008). As a key of relationship marketing (Morgan & Hunt, 1994), trust-related beliefs and expectations are vital for initiation of exchange, enabling suppliers to engage exchanging parties when judging ideas, tackling thorny problems, seeking perspective or feedback, and so on (Moran, 2005). Scholars (e.g. Kale, Singh, & Perlmutter, 2000; Nahapiet & Ghoshal, 1997)

suggest that since relationships are created and leveraged through social exchange process, high relationship qualities can have an enduring effect on the nature of knowledge exchange in those relationships.

Previous studies correlate trust with effective knowledge sharing and transfer (e.g. Andrews & Delahay, 2000; Dyer & Chu, 2003; Penley & Hawkins, 1985; Tsai & Ghoshal, 1998; Zand, 1972). For instance, Burt (1992: 15) argues that “providing a reliable flow of information is a matter of trust, of confidence in the information passed and the care with which contacts look out for interests”. Such confidence principals hold in agents is essential when principal managers are to accept or act upon the information agents provide (Uzzi, 1996). Selnes and Sallis (2003) find a significant positive impact of relational trust on relationship learning between suppliers and their downstream partners. Responding to scholars’ call that “the field would be better served by researchers acknowledging that trust is a multifaceted concept, clearly identifying which definition is most relevant for their particular research question, and applying that definition consistently” (McEvily, Perrone, & Zaheer, 2003: 101; Zaheer & Venkatraman, 1995), this study focuses on competence-based trust.

Competence-based trust is defined as the extent that one party has confidence in its

exchange partners' professional expertise to perform job effectively and achieve relationship benefits (Ganesan, 1994; Das & Teng, 2001). The trust in agents' competence is critical for principal-agent relationships because agents take important marketing functions for principals, such as information collection, product selling, and service delivery. Agents' competence can have a substantial impact on principals' success in foreign markets.

As a relational dimension of social capital, trust enhances relational learning via promoting information sharing (Dyer & Chu, 2003), collaborative communication (Heide & John, 1992; Mohr & Spekman, 1994), and flexibility in mutually adjusting to unanticipated circumstances (Dyer & Chu, 2003). Adler and Kwon (2002) note that trust increases interactions and closeness among connected-actors, and enhances their abilities to recognize and effectively evaluate information. Encouraged by expectations of reciprocity, principals and agents tend to be more involved into transferring and combining knowledge with each other (Reagans & McEvily, 2003). For example, in a cross-national study among transactional relationships in Korea, Japan, and USA, Dyer and Chu (2003) demonstrate that Korean and Japanese suppliers' trust in their downstream partners increases valuable (confidential) work-related information sharing. In addition, trust is a critical antecedent to joint problem solving in alliances (McEvily & Marcus, 2005). With competence-based

trust, principals are convinced of accuracy and importance of the information and knowledge given by agents. Drawing on 508 inter-firm relationships in bank, oil and gas, and pharmaceutical industries, Levin and Cross (2004) demonstrate that competence-based trust enhances the receipt of useful knowledge in a process to improve project effectiveness and efficiency. When problems emerge during new product management in foreign markets, principals are likely to rely on trusted agents' capabilities, and to invest time and money in exploratory and exploitative learning with agents in problem solving. Based on this kind of emotion-based bonds, principals are encouraged to admit their lack of knowledge, and seek for help and knowledge from their agents in time (Uzzi & Lancaster, 2003). Atuahene-Gima and Murray (2007) provide empirical evidences that mutual trusted strategic decision-makers are likely to promote exploitative learning in their efforts to develop new products. Therefore, it is hypothesized that:

Hypothesis 4a: *Competence-based trust is positively related to exploratory learning in principal-agent relationships.*

Hypothesis 4b: *Competence-based trust is positively related to exploitative learning in principal-agent relationships.*

2.4.3 The Influence of Strategic Consensus on Exploratory and Exploitative Learning

Shared cognition is a third important dimension of social capital (Nahapiet & Ghoshal, 1998). Shared cognition is defined as resources “providing shared representations, interpretations, and systems of meaning among parties” (Nahapiet & Ghoshal, 1998: 244). Cannon-Bowers and Salas (2001) note that the nature of shared cognition is common knowledge hold by connected members, including shared task-specific knowledge, task-related knowledge, knowledge of team-mates, and shared attitudes/beliefs. As a reflection of shared cognition, strategic consensus is the “agreement or overlap among individual team members’ mental models of strategy” (Knight *et al.*, 1999: 447). More specifically, in this study, strategic consensus is defined as the level of agreement between principals and agents on strategic goals and means to achieve goals in foreign product-markets. This conceptualization of strategic consensus is consistent with other scholars (Atuahene-Gima & Murray, 2007; Bourgeois, 1980, 1985; Dess, 1987; Homburg, Krohmer, & Workman, 1999; West & Schwenk, 1996) who suggest that strategic consensus primarily should be around the priorities of goals and means.

Based on social capital theory, strategic consensus is supposed to promote learning via enhancing learning parties’ capability of knowledge combination and smoothing

their communication process (Nahapiet & Ghoshal, 1998). In this study, strategic consensus is supposed to promote exploratory and exploitative learning between principals and agents for three reasons. Firstly, consensus among interactive members promotes collaboration in marketing relationships (Spekman, Salmond, & Lambe, 1997). The collaborating norms help to limit competition, which is a potential barrier of successful knowledge transfer in collective learning (Messick & Mackie, 1989; Szulanski, 1996; Argote, 1999). As a result, the mitigated conflicts between channel partners promote knowledge transferring (Ingram & Roberts, 2000).

Secondly, with the agreement on strategic goals, principals and agents are able to see potential value of their resources (e.g. information and knowledge) exchanging and combination (Tsai & Ghoshal, 1998). This compatible expectation on the marketing cooperation coordinates collective learning (Cannon-Bowers & Salas, 2001).

Thirdly, holding strategic consensus (i.e. what marketing goals in foreign markets are, how marketing strategies operate, and the importance), principals and agents can learn effectively with each other. With a common understanding and agreement about goals and processes of marketing strategy, principals and agents know well about each other's future actions and requirements, as such, they are able to adjust

their own behaviour to compensate for each other in order to achieve mutual benefits.

As a result, with strategic consensus, principals and agents are able to provide useful information even before being asked, and to allocate resources accordingly (Cannon-Bowers & Salas, 2001). Furthermore, similar attitudes and beliefs in strategies hold by principals and agents lead to compatible perceptions about each task and market environment, and diminish possible misunderstanding in communications, which makes principal-agent learning more effective (Cannon-Bowers & Salas, 2001; Tsai & Ghoshal, 1998). Being encouraged by the effective outcomes of collective learning, principals and agents would be more likely to learn more together in the forms of exploration or exploitation.

Empirically, Lane and Lubatkin (1998) demonstrate that common understanding about know-what, know-how, and know-why in the form of “relative absorptive capacity” facilitates inter-unit learning. A recent study of Atuahene-Gima and Murray (2007) demonstrates that strategic consensus among top management team-members in new technological firms operated in China has a positive impact on exploratory learning in new product development. At inter-firm level, studying 414 principal-agent relationship, Li (2007) provides empirical evidences that the shared understanding about marketing strategies between principals and overseas channels enhances their collective learning. Therefore, it is hypothesized that:

Hypothesis 5a: *Strategic consensus is positively related to exploratory learning between principal and agent.*

Hypothesis 5b: *Strategic consensus is positively related to exploitative learning between principal and agent.*

2.5 The Mediating Effects of Exploratory and Exploitative Learning over Relationships between Social Capital Dimensions and Relationship Value Creation

The hypotheses presented above link social capital with exploratory/exploitative learning on the one hand, and exploratory / exploitative learning with relationship value creation on the other hand. Implicitly, the discussion suggests that social capital dimensions affect relationship value creation via their effects on exploratory / exploitative learning between principals and agents. While social capital provides basic elements for achieving benefits in relationships, inter-organizational learning converts social capital into tangible benefits. However, such a proposition might downplay the power of social capital factors. It is also inconsistent with prior researches showing direct effects of social ties, trust and strategic consensus on relationship value.

For example, it is argued that extra-industry ties may have direct effects on relationship value creation. Studies (e.g. Acquaah, 2007; Luo *et al.*, 2004; Peng &

Luo, 2000) have reported that businesses tend to build up extra-industry ties to buffer uncertainty in markets and gain legitimacy from relational connections with government officials. Researchers (e.g. Benson, 1975; DiMaggio & Powell, 1983; Pfeffer & Salanick 1978) indicate that governing institutions are major institutional forces that influence firms' activities. In particular, in emerging markets, with considerable power and control, government officials can award suppliers government projects and contracts; and provide certification and approval to products as meeting government standards (Acquaah, 2007). The contracts of government projects and official certifications help to increase the legitimacy of principals. Examining stock market gains of all products introduced between 1982 and 2002 by all public firms in the U.S. biotechnology industry, Rao, Chandy, and Prabhu (2008) report that legitimacy helps new ventures to gain more stock market return from introducing new products than others. As a result, agents are more likely to see promising investment return of long-term relationships with principals who enjoy good personal relationships with government officials, which encourages them to invest more in value creation. Furthermore, acting as bridging ties, extra-industry ties can be a source of firms' competitive capabilities (McEvily & Zaheer, 1999). With extra-industry ties, principals are more likely to absorb new intelligence about markets. As such, more scout value will be created within

principal-agent relationships.

Studies also show that competence-based trust may have a significant direct impact on relationship value creation. Firstly, competence-based trust facilitates resource investment in relationships. Social capital theory implicitly notes that firms need resources that are controlled by others, and hence reliance upon others is a nature and prerequisite for inter-firm relationships (Morgan & Hunt, 1994). With the trust in agents' competence, principals are convinced that cooperation with agents can bring complementary resources in value creation. Therefore, principals are ready to invest more resources in the promising relationships, and in turn, create more value. At an intra-firm level, Tsai and Ghoshal (1998) demonstrate that when business units have trust in each other, they would like to take more efforts in resource exchange and combination. As a result, such efforts increase units' level in product innovation, which creates innovation value (Tsai & Ghoshal, 1998). At an inter-firm level, trust from principals in agents' competence reduces perceived opportunism in principal-agent relationships (Cavusgil, Deligonul, & Zhang, 2004; Liu *et al.*, 2007), and consequently, saves transaction costs via reducing time spent on monitoring, bargaining price of offering, and solving conflict (Zaheer, McEvily, & Perrone, 1998; Dyer & Singh, 1998; Dyer & Chu, 2003). Zaheer, McEvily, and Perrone (1998) demonstrate that inter-organizational trust reduces cost of negotiation

between exchanging parties. Given low transaction costs and conflict, principals and agents are able to create additional direct relationship values in forms of concentrating efforts on growth of new products' profit and trade volumes, and selling over-capacities (Walter & Ritter, 2003).

On the top of direct relationship value, based on trust, exchanging parties tend to have more confidence in partners' cooperation (Das & Teng, 1998) and more open to share resources (Tsai & Ghoshal, 1998). Therefore, principals can count on agents' network and other resources, and create value in terms of access to important actors in foreign markets and market intelligence (Walter & Ritter, 2003; Yli-Rendo, Autio, & Sapienza, 2001). Empirically, Walter and Ritter (2003) provide evidences that trust significantly increases both direct and indirect relationship value.

Moreover, achieving agreement on marketing strategic goals and means concerned in foreign markets, principals and agents tend to pay more efforts in facilitating strategy implementation, which increases value drawn from their collaborative relationships (Homburg, Krohmer, & Workman, 1999). For example, through 15 case studies in U.S. carpet industry, John and Rue (1991) find that consensus between manufacturing and marketing groups increases volume value for firms in the form of order-winning at marketplaces. Luo (2005) argues that consensus between alliance

parties improves process efficiency and reduces administrative costs. The higher the level of consensus held by marketing alliance parties, the more profit value is produced from focal relationships. Using subsidiary business unit (SBU) as unit of analysis, Homburg, Krohmer, and Workman (1999) also find that strategic consensus on SBU strategies between cooperated managers in R&D and marketing departments contribute positively to profits.

Furthermore, findings of Homburg, Krohmer, and Workman (1999) show that the higher the level of strategic consensus between managers, the better their cooperative outcome in attracting new customers and satisfying existing ones. Through sharing strategic goals and means, collaborative parties make their relationship more valuable in the forms of increased market value. On the top of market intelligence provided by agents, principals are able to handle innovation to satisfy existing and potential customers' needs. The previous studies provide empirical evidences on the antecedent role of strategic consensus on innovation or new product development. For example, Tsai and Ghoshal (1998) argue that, in order to conduct innovation, it is necessary to reallocate the resources, and to combine new resources with other parties. The shared vision among units is demonstrated to facilitate resource exchange and combination, and consequently, promote innovation activities (Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998). Therefore, it is hypothesized

that:

Hypothesis 6: *The positive relationship between extra-industry ties and relationship value creation is partially mediated by exploratory and exploitative learning.*

Hypothesis 7: *The positive relationship between competence-based trust and relationship value creation is partially mediated by exploratory and exploitative learning.*

Hypothesis 8: *The positive relationship between strategic consensus and relationship value creation is partially mediated by exploratory and exploitative learning.*

2.6 The Moderating Effects of Knowledge Non-redundancy over the Relationship between Social Capital Dimensions and Exploratory /Exploitative Learning

Although relational ties motivate learning (Nahapiet & Ghoshal, 1998), scholars argue that the potential for ties to facilitate knowledge is unequal (Burt, 1992; Granovetter, 1973; Kale, Singh, & Perlmutter, 2000; Reagans, Zuckerman, & McEvily, 2004). Spanning structure holes among networks, bridging ties are more likely to conduct information (Burt, 1992; Reagans, Zuckerman, & McEvily, 2004). Connecting actors holding different background, experiences, knowledge, and skills from a focal actor (Reagans & Zuckerman, 2001), bridging ties increase the

likelihood of finding non-redundant and novel ideas (Burt, 1992; McEvily & Zaheer, 1999; Reagans & Zuckerman, 2001; Uzzi, 1996). An empirical study of Burt (2004) further demonstrates that structural holes are indeed sources of novel knowledge and perspectives. When perceived knowledge non-redundancy is low, knowledge embedded in principal-agent relationships is common shared. Principals and agents might take it for granted that the knowledge they hold is also known by collaborative partners. As such, they would have less motivation to exchange ideas and learn from each other. However, when knowledge non-redundancy increases, potential for principal-agent relationships to deliver novel information and knowledge becomes high. Access to sources of new experiences makes knowledge held by exchanging partners attractive, and thereby, in order to create more value from collaborative relationships, principals and agents are motivated to learning more from each other. Empirically, Schulz (2001) finds that a unit's uniqueness or non-redundant experiences, compared to its peers', enhances knowledge flow between the unit and its supervising units. Therefore, it is expected that non-redundant knowledge perceived by exchanging partners in channel relationship strengthens a positive impact of social capital on exploratory and exploitative learning. More specifically, it is hypothesized that:

Hypothesis 9a. *Knowledge non-redundancy enhances the positive relationship between extra-industry ties of principal and exploratory learning.*

Hypothesis 9b. *Knowledge non-redundancy enhances the positive relationship between extra-industry ties of principal and exploitative learning.*

Hypothesis 9c. *Knowledge non-redundancy enhances the positive relationship between competence-based trust and exploratory learning.*

Hypothesis 9d. *Knowledge non-redundancy enhances the positive relationship between competence-based trust and explorative learning.*

2.7 The Influences of Relationship Value on Relationship Performance and Market Performance

A well-performing relationship exists if both the customer and the supplier are satisfied with the relationship's effectiveness (i.e. doing the right things) and efficiency (i.e. doing things the right way) (Selnes & Sallis, 2003). In line with relationship marketing, relationship value embedded in principal-agent relationships raises the satisfaction of exchanging actors. Reflected as increased profit and volume, direct value increases principals' sales and financial performance in current foreign product-markets. However, according to Walter, Ritter, and Gemunden (2001), indirect value contributes to principals' future product-market development, rather than current ones. Therefore, it is supposed that indirect value has a weaker

impact on current product-market than direct value has. Moreover, although intelligence about the market and customer increases competitive advantage in market performance (Nahapiet & Ghohal, 1998), the impacts may go through some processes, such as product and process innovation (Han, Kim, & Srivastava, 1998; Zhou, Yim, & Tse, 2005). More specifically, it is hypothesized that:

Hypothesis 10a. *Direct value is positively related to relationship performance.*

Hypothesis 10b. *Indirect value is positively related to relationship performance.*

Hypothesis 11. *Direct value is more positively related to current product-market performance than indirect value is.*

2.8 Summary of the Core Theoretical Ideas and Hypotheses

The theoretical ideas and specific hypotheses are presented at Table 2.4.

Table 2.4 Summary of Core Theoretical Ideas and Hypotheses in This Study

Core Theoretical Idea	Hypothesis Number	Testable Hypothesis
Relational learning enhances relationship value	1a	Exploitative learning (+) ? Direct value
	1b	Exploratory learning >> Exploitative learning (+) ? Direct value
	2a	Exploitative learning (+) ? Indirect value
	2b	Exploratory learning >> Exploitative learning ? Indirect value
Social structure enhances relationship learning	3	Extra-industry ties (+) ? Exploratory learning >> Exploitative learning
Relational embeddedness enhances relationship learning	4a	Competence-based trust (+) ? Exploratory learning
	4b	Competence-based trust (+) ? Exploitative learning
Shared cognition between learning partners enhances relationship learning	5a	Strategic consensus (+) ? Exploratory learning
	5b	Strategic consensus (+) ? Exploitative learning
Relational learning mediates social capital and relationship value	6	The positive impact of extra-industry ties on relationship value is partially mediated by exploratory and exploitative learning.
	7	The positive impact of competence-based trust on relationship value is partially mediated by exploratory and exploitative learning.
	8	The positive impact of strategic consensus on relationship value is partially mediated by exploratory and exploitative learning.
Knowledge non-redundancy positively moderates the linkage between social capital and relationship learning	9a	The product term of knowledge non-redundancy and extra-industry ties (+) ? exploratory learning
	9b	The product term of knowledge non-redundancy and extra-industry ties (+) ? Exploitative learning
	9c	The product term of knowledge non-redundancy and competence-based trust (+) ? Exploratory learning
	9d	The product term of knowledge non-redundancy and competence-based trust (+) ? Exploitative learning
Relationship value enhances relationship performance	10a	Direct value (+) ? Relationship performance
	10b	Indirect value (+) ? Relationship performance
Market performance is primarily driven by direct value	11	Direct value >> Indirect value (+) ? Market performance

Chapter 3 Research Methodology

This chapter presents a detailed explanation of the methodology used in this study. It is consisted of three parts. The first part introduces sample design. Following paths suggested by Blair and Zinkhan (2006), the sample in this study can be regarded as generalizable to the research population. The second part introduces instrument design. The procedures used to minimize common method bias are reported. And, measurement development and design are presented in the third part.

3.1 Sample Design: Generalizability

This study defines its population as manufacturing firms that have production facilities located in China, which sell their product outputs to foreign markets through agents/distributors. Generalizability of resultant findings to represent the population it represents is taken into consideration in sample design.

Generalizability refers to the extent to which the findings obtained on a specific sample can be applied to the target population (Rothman & Greenland, 1998).

Generalizability is “a goal that defines academic research and distinguishes it from consulting projects” (Blair & Zinkhan, 2006: 4). The lack of generalizability may happen as a result of coverage bias, selection bias and non-response bias.

According to Blair and Zinkhan (2006), there are three paths to generalization.

First and foremost is the generalization through theory (i.e. theoretical generalization). This study discusses the predictors of relationship value drawn from principal-agent relationships that is a major and important marketing channel for manufacturers in a business-to-business marketing context. Therefore, the current theoretical model that explains and predicts value creation in principal-agent relationships in China could generalize to other channel relationships.

The second path is through sampling process (i.e. probabilistic generalization), which decides the quality of sampling. Blair and Zinkhan (2006) suggest that, instead of attempting to justify the results by comparing non-respondents with the broader population on a few demographic variables, or by comparing early versus late respondents, researchers are encouraged to maximize response rates as much as possible through careful survey design. The best practices to maximize response rate involves (1) preparing attractive questionnaire and cover letter, (2) identifying proper respondents, (3) contacting with proper respondents to inform the coming survey, (4) following up, and finally, (5) if the respondent rate is still low, doing extra efforts to compare non-respondent sample with respondent sample, checking if any differences exists between these two samples on demographic aspects or key

attributes (Blair & Zinkhan, 2006; Dillman, 2000).

This study follows aforementioned guidelines in its survey design to ensure the generalizability. Surveys are conducted in two international exhibitions: namely, SEMICON, Electrnoia & Productronica China 2008 that is one of the biggest electronic exhibitions in Mainland China, and the Hongkong Electronics Fair that is the second biggest electronics show in the world. Holding more than 2000 and 4000 exhibitors respectively, these two trade shows represent the greatest number of industry participants from the electronic sector in China. The current study focuses on electronics industry as it is a high-tech sector where value innovation is considered as critical for firm performance and competitiveness. The exhibitor directories of two exhibitions (namely: SEMICON, Electrnoia & Productronica China 2008, and the Hongkong Electronics Fair) are used as the sampling frames. To generate data, a sample of 1000 firms was randomly drawn: with 500 firms drawing out of the 2000 firm participants at the Shanghai trade show, and another 500 firms drawing out of the 4000 firm participants at the Hongkong trade show.

Cover letters were printed in color to give a brief introduction of research goals and questions concerned in the questionnaire for maximum appeal. Interviewer visited the randomly selected booths, and identified firms' channel managers or executives

involved in channel operations. After a brief introduction about research goals and required time for this survey, eligible respondents were asked if they would like to help to complete a questionnaire under the guide of an interviewer. Respondents' preferred time to have an interview were recorded for re-visiting. Furthermore, respondents were informed that survey information would be used for academic purpose only.

The third path to generalization is through replication (i.e. empirical generalization) (Blair & Zinkhan, 2006). In academic research, if a finding is important, other researchers will elaborate on it and try to define moderators, boundary conditions, and so forth. As such, the generalization in this study can be validated through future researches.

3.2 Unit of Analysis

The unit of analysis of this study is at a project-relationship level. A copy of instrument was delivered in person to each principal channel manager/executive indicating their willingness to participate in the survey at the two above mentioned trade shows. Following the instrument, each respondent was asked to identify from his/her memory a major agent with abundant marketing experiences. Further, they were required to focus on a product-market project that was co-developed with this

specific agent in the past five years, and complete the rest of the questionnaire with the reference to this specific project in mind. Unit of analysis at project-relationship level is appropriate in this study for two reasons. Firstly, this study discusses value creation at relationship level. Secondly, the analysis focuses on a project helps to “unmask hitherto-overlooked subtleties in knowledge-intensive multi-firm alliances” (Tiwana, 2008: 268). It helps respondents to reply the questions concerned with inter-firm learning and knowledge non-redundancy easily and more accurately.

3.3 Instrument Design- Minimization of Common Method Bias

Common method bias is one of main sources of measurement error, which may arise from having a common rater, a common measurement context, a common item context, or from the characteristics of the items themselves (Podsakoff, MacKenzie, & Lee, 2003). To minimize common method bias, this study adopts the following procedures: (1) appropriate side of informant, and (2) consideration in questionnaire instrument design, consisting of item context, scale anchor, question style, and messages to encourage respondent to provide true information.

3.3.1 Single Side Response

The responses to the current research questions regarding relationship value and its

predictors are collected from suppliers' perspective. Although the single side's perception might cause common method bias in some studies because exchanging parties might have different perceptions of a focal relationship, common methods bias is less of a concern for this study. Since principals are the value receiver in their efforts to explore new markets with agents, they are appropriate to give the score to the evaluated items. Therefore, in this study, we use the perception of principals to judge social capital dimensions (i.e. extra-industry ties, competence-based trust, and strategic consensus), inter-firm learning (i.e. exploration and exploitation), creation of principal-agent relationship value, and performance concerned (i.e. relationship performance and market performance).

3.3.2 Questionnaire Instrument Design

To further minimize the effects of common method variance, the procedures suggested by Podsakoff, MacKenzie, and Lee (2003) are followed to avoid common method bias produced by item context. Firstly, this study carefully constructs the items in Chinese to make them as simple, specific and concise as possible. Comprehension problem caused by item complexity or ambiguity induces respondents to develop their own idiosyncratic meanings for items, which may result in common method bias (Podsakoff, MacKenzie, & Lee, 2003; Tourangeau, Rasinski, & D' Andrade, 1991). During a pretest, a panel of twenty experts (four

professors under the disciplines of marketing and international business and sixteen senior managers responsible for channel management in electronic industries) were invited to give advice on the wording of primal questionnaire. Item wording and terminology were refined accordingly to ensure the validity and appropriateness of the measures in channel and China context.

Secondly, order of construct of predictor and criterion variables is counterbalanced (Podsakoff, MacKenzie, & Lee, 2003). The construct of outcome variable (i.e. market performance) is arranged ahead of predictors' (e.g. exploratory and exploitative learning, competence-based trust, and strategic consensus, etc.).

Thirdly, scale anchors for different constructs vary from one to another (Podsakoff, MacKenzie, & Lee, 2003). For most of the constructs in this study (i.e. extra-industry ties, strategic consensus, competence-based trust, exploratory learning, exploitative learning, relationship performance), the scale is consisting of 7-point Likert-type indicators, ranging from 1 "strongly disagree" to 7 "strongly agree".

However, the rest of constructs adopt different anchors for scales. For example, the scale of market performance consists in 7-point Likert-type indicators, ranging from 1 "much worse than 3 main competitors" to 7 "much better than 3 main competitors". The scale of relationship value consists in 7-point Likert-type

indicators, ranging from 1 “extremely low” to 7 “extremely high”. In addition, semantic differential scale is adopted to knowledge redundancy, ranging from 1 “totally complementary” to 5 “totally overlapping”.

Fourthly, open-ended questions (i.e. the year of channel establishment, the specific country or area that agent partners are responsible for) are inserted in the middle part of the questionnaire to pull respondents out of a pattern linked to Likert scales.

Last but not least, respondents were convinced in advance about the following messages. (1) The information collected is only for academic usage. (2) There is no right or wrong answer. What respondents need to do is to answer questionnaires as honestly as possible. (3) Respondent anonymity is protected. Although respondents were required to evaluate their attitude towards the value creation in a specific product-market project with a specific agent, they need not tell the exact name either of the agent or the project. Projects and agents concerned in this study are all marked as “Project X” and “Agent X”.

3.4 Measurement Development and Design

All of the variables in this study are adopted from past researches (e.g. Atahene-Gima & Murray, 2007; Liu et al., 2007; Rindfleisch & Moorman, 2001;

Walter, Ritter, & Gemunden, 2001). Minor modifications on items are done to make scales more clear, concise, specific, and adapt to channel context.

3.4.1 Extra-industry Ties

A four-item measurement of extra-industry ties was based on items culled from Atahene-Gima and Murray's (2007) scale to capture the extent to which channel managers in principals' firms maintain contacts with knowledgeable people outside their industry. Specifically, items were used to assess ties with top executives, board of directors, business leaders, and professionals in firms outside principals' industry. All the responses were obtained on a seven-point "strongly disagree" versus "strongly agree" scale.

3.4.2 Competence-based Trust

Based on the definitions of competence-based trust (e.g. Ganesan, 1994; Das & Teng, 2001), Liu *et al.* (2007) developed a four-item scale to assess the belief of marketing channel members in their upstream partners in China to perform job effectively. In this study, the job functions listed in Liu *et al.*'s (2007) scale are modified to reflect the trust of principals' on their agents' competence to perform marketing and operation functions in foreign markets. Respondents were required to rate the extent to which they disagree or agree with statements describing their trust in

agents' competence to keep promises, to formulate valid marketing policies, to offer high-quality marketing and product delivery support, and to provide market intelligence ahead of competitors. All the responses were obtained on a seven-point "strongly disagree" versus "strongly agree" scale.

3.4.3 Strategic Consensus

The measurement of strategic consensus was originally developed by Miller, Burke, and Glick (1998) to assess the level of cognitive diversity among top management team-members on firm objectives and the best ways to ensure the achievement of objectives. In a recent study of Atuahene-Gima and Murray (2007), this scale was modified to reflect strategic consensus among top management team-members on strategic marketing goals and strategies. In this study, the measurement of Atuahene-Gima and Murray (2007) is culled to assess strategic consensus between principals and agents on marketing strategic goals and means to achieve those goals. Respondents were required to rate the extent to which they disagree or agree with statements describing the agreement achieved between principals and agents on strategic goals, priorities, and the best ways to ensure and to maximize the long-term success of marketing strategies in a foreign product-market. All the responses were obtained on a seven-point "strongly disagree" versus "strongly agree" scale.

3.4.4 Exploratory Learning

A five-item measurement of exploratory learning is drawn from the scale Atahene-Gima and Murray (2007) developed to capture the degree of learning activities to generate new, unsettled knowledge beyond existing product-markets. Respondents were required to rate the extent to which they disagree or agree with statements describing novel and experimental characteristics of information searched and used by principals and agents. It is consisted of (1) being involved experimentation and high market risks, (2) encouraging marketing innovation, (3) leading to new areas of learning, such as new markets and technological areas, (4) going beyond current market and technological experiences, (5) forcing to learn new things in business development. All the responses were obtained on a seven-point “strongly disagree” versus “strongly agree” scale.

3.4.5 Exploitative Learning

In this study, exploitative learning refers to learning activities between principals and agents within a well-defined and limited solution domain. A five-item measurement of exploitation is drawn from the scale Atahene-Gima and Murray (2007) developed to capture the extent of learning activities focused on acquisition of information in the neighbourhood of current market and product knowledge base in order to improve efficiency and productivity. Respondents were required to rate

the extent to which they disagree or agree with statements describing learning activities between them and agents involving (1) exchanging information related to refine common methods and ideas in solving problems in the project, (2) exchanging ideas and information that can be implemented well to ensure productivity rather than those ideas that could lead to implementation mistakes in the project and in the marketplace, (3) exchanging usual and generally proven methods and solutions to product development problems, (4) using information acquisition methods (e.g. survey of current customers and competitors) that help them understand and update firms' current project and market experience at product-markets, and (5) emphasizing the exchange of knowledge related to existing project experience. All the responses were obtained on a seven-point "strongly disagree" versus "strongly agree" scale.

3.4.6 Knowledge Non-redundancy

The measure of knowledge non-redundancy is based on Rindfleisch and Moorman's (2001) semantic differential scale capturing knowledge redundancy between R&D alliance partners. Borrowing ideas from the construct of marketing resources for importers (Yalcinkaya, Calantone, & Griffith, 2007), modifications on item are made to tap the specific key knowledge for channel members to develop product-markets.

A revised four-item semantic differential scale is used to assess the degree of

knowledge complementary in marketing development skills, research skills, skills in personnel development, and resources of focal agents.

3.4.7 Direct Value

In this study, direct value refers to the benefits captured by a principal from its relationship with a specific agent for current markets' development. A seven-item measurement is culled from Walter, Ritter, and Gemunden (2001) developed to assess the value of supplier-buyer relationships on current market development. Respondents were required to rate the level of benefits from a focal principal-agent relationship, concerning (1) the growth of profit, (2) the growth of delivery amount, (3) long-term supply agreement, (4) the growth of sales volume, (5) possibility of short notice deliveries, (6) possibility of sell over-capacities, and (7) reduction of dependency on other accounts. All the responses were obtained on a seven-point "extremely low" versus "extremely high" scale.

3.4.8 Indirect Value

In this study, indirect value refers to the benefits captured by a principal from its relationship with an agent over future business development. An eleven-item measurement is culled from Walter, Ritter, and Gemunden (2001), which was used for tapping the value from business-to-business relationships in future business.

Respondents were required to assess the benefits drawn from a focal principal-agent relationship, concerning an agent's supports in innovation (in the forms of new marketing process and product development, support in new technology adoption), market development (in the forms of initiating new contacts, providing information about customers, competitors, and markets), and access to critical contacts at foreign markets including other suppliers and channel partners, government agencies and influential institutions. All the responses were obtained on a seven-point "extremely low" versus "extremely high" scale.

3.4.9 Relationship Performance

A three-item measurement is culled from relationship performance developed by Li (2007) for assessing relationship performance in principal-distributor relationships. Respondents were required to rate the extent to which they disagree or agree on statements describing consequences of relationship outcome captured by a principal from its relationships with an agent including flexible production, successful product development, and access to intelligence about end-users' needs. All the responses were obtained on a seven-point "strongly disagree" versus "strongly agree" scale.

3.4.10 Market Performance

A three-item measurement is culled from the scale used by Douglas and Judge (1999)

to assess sales growth, profitability and market share of principal in foreign product-market. Each item was measured relative to principals' three main competitors at specific product-markets. All the responses were obtained on a seven-point "much worse" versus "much better" scale. Table 3.1 sums up measurement scales, sources, and exact items for constructs.

Table 3.1 Construct Measurement

Likert Scale	Construct	Adopted from Source(s)
7-point Likert scale: 1 = strongly disagree 7 = strongly agree	Extra-industry ties	Atuahene-Gima and Murray, 2007
	<u>Item 1.</u> Channel manager in our firm puts a lot of resources into cultivating relationships with top executives of firms outside our industry. <u>Item 2.</u> Channel manager in our firm has connections with top executives from firms not operating in our industry. <u>Item 3.</u> Channel manager in our firm has connections with professionals who are not in our industry. <u>Item 4.</u> Channel manager in our firm has strong relationships with top executives who serve on boards in firms not operating in our industry.	
	Competence-based trust	Liu <i>et al.</i>, 2007
	<u>Item 1.</u> We believe that Agent X is competent to keep the promise they make to our firm. <u>Item 2.</u> We believe that Agent X' s marketing policies help us to perform our tasks effectively. <u>Item 3.</u> We believe that Agent X provides a high quality of marketing support. <u>Item 4.</u> We believe that Agent X provides market information before others do.	
	Strategic Consensus	Atuahene-Gima and Murray, 2007
	<u>Item 1.</u> Our firm and Agent X are in total agreement about marketing goals and priorities in Project X. <u>Item 2.</u> Our firm and Agent X agree on the best ways to ensure the long-term impact and success of market development where Project X is involved. <u>Item 3.</u> Our firm and Agent X have consensus on the best ways to maximize the long-term effectiveness of marketing strategies Project X involved. <u>Item 4.</u> Our firm and Agent X totally agree on which strategic marketing objectives should be considered the most important in Project X.	

Table 3.1 Construct Measurement (Continued 1)

Likert Scale	Construct	Adopted from Source(s)	
7-point Likert scale: 1 = strongly disagree 7 = strongly agree	Exploratory Learning	Atuahene-Gima and Murray, 2007	
	<u>Item 1.</u> In information search, Agent X and our firm discuss about project strategies that involving experimentation and high market risks.		
	<u>Item 2.</u> In information search, we prefer to explore new customer needs to encourage marketing innovation.		
	<u>Item 3.</u> The aim of Agent X and our firm is to acquire knowledge to develop a project that led us into new areas of learning such as new markets and technological areas.		
	<u>Item 4.</u> Agent X and our firm exchange novel information and ideas that go beyond our current market and technological experiences.		
	<u>Item 5.</u> The aim of Agent X and our firm is to collect new information that forced us to learn new things in the business development.		
5-point semantic differential scale	Exploitative Learning	Atuahene-Gima and Murray, 2007	
	<u>Item 1.</u> Agent X and our firm exchange information to refine common methods and ideas in solving problems in the project.		
	<u>Item 2.</u> The aim to exchange information between Agent X and our firm is to search for ideas and information that can be implemented well to ensure productivity.		
	<u>Item 3.</u> Agent X and our firm exchange information and ideas about the usual and generally proven methods and solutions to product development problems.		
	<u>Item 4.</u> Agent X and our firm use information acquisition methods (e.g., survey of current customers and competitors) that help us understand and update Project X and market experience.		
	<u>Item 5.</u> Agent X and our firm emphasize the use of knowledge related to exiting project experience.		
7-point Likert scale 1= much worse 7= much better	Relationship Performance	Selnes and Sallis, 2003; Li, 2007	
	<u>Item 1.</u> Flexibility to handle unforeseen fluctuations in demand has been improved because of the relationship with Agent X.		
	<u>Item 2.</u> This relationship with Agent X has a positive effect on our ability to develop successful new products.		
	<u>Item 3.</u> This relationship with Agent X helps our firm to detect changes in end-user needs and preferences before our competitors do.		
	Knowledge Non-redundancy	Rindfleisch and Moorman,2001; Yalcinkaya, Calantone, and Griffith, 2007	
<u>Item 1.</u> Has complementary abilities in market development– has overlapping abilities in market development			
<u>Item 2.</u> Has complementary abilities in market research – has overlapping abilities in market research			
<u>Item 3.</u> Has complementary skills in terms of personnel development – has overlapping skills in terms of personnel development			
<u>Item 4.</u> Has very different resources – has very similar resources			
Market performance	Douglas and Judge, 2001		
<u>Item 1.</u> Sales growth			
<u>Item 2.</u> Profit return			
<u>Item 3.</u> Market share			

Table 3.1 Construct Measurement (Continued 2)

Likert Scale	Construct	Adopted from Source(s)
7-point likert scale 1= extremely low 7= extremely high	Direct Relationship value	Walter, Ritter and Gemunden, 2001
	<u>Item 1.</u> Increase profit <u>Item 2.</u> Increase amount of deliveries <u>Item 3.</u> Long-term supply agreements <u>Item 4.</u> Increase sales volume <u>Item 5.</u> Possibility of short notice deliveries <u>Item 6.</u> Possibility of sell over-capacities <u>Item 7.</u> Reduction of dependency on other accounts	
	Indirect Relationship value	Walter, Ritter and Gemunden, 2001
	<u>Item 1.</u> Joint development of marketing processes <u>Item 2.</u> Joint concept development of new products <u>Item 3.</u> Support our firm in new technology adoption <u>Item 4.</u> Support our firm in prototype testing <u>Item 5.</u> Initiation of contacts with new customers <u>Item 6.</u> Information about potential new customers <u>Item 7.</u> Information about the market <u>Item 8.</u> Information about competitors <u>Item 9.</u> Information about relevant third organizations (e.g. suppliers and other agents/distributors) <u>Item 10.</u> Support by handling contacts with governmental agencies <u>Item 11.</u> Promotion in influential institutions and committees	

Chapter 4 Findings and Results

Chapter Four presents the present study's findings, and it is organized into five parts. This first part describes the current sample's characteristics and shed lights on its potential to generalize onto the population that it represents. The second part addresses the issue of common method bias in this study. The third part assesses the validity and reliability of constructs used in the current research model, and reports satisfactory construct measures. The fourth part examines the current measurement model in terms of goodness-of-fit measures, which indicates a model-fit good enough for further hypothesis testing. The fifth part reports path analyses results that show direct and indirect effects of social capital dimensions and learning on relationship values on the one hand, and reports evaluations of structural model using interaction terms indicating the moderating effect of knowledge non-redundancy on the other hand. The results are presented to shed light on the relationships hypothesized in this study.

4.1 Sampling Frame

A final total of 411 fully completed questionnaires were collected. The resultant usable samples of 198 and 213 represent a combined response rate of 41.1%. This response rate is comparable to the rates reported in other studies involving channel

selling (Li, 2007; Liu *et al.*, 2007). Of the remaining companies, they declined to take part in the survey due to three main reasons: (1) they never use or cease using channel for foreign market exploration, (2) the managers in charge were not on-site, and (3) time constraints. Therefore, non-response bias is not supposed to be a big problem in this study. In addition, chi-square test results show insignificant difference between the samples in the Hong Kong trade show and the Shanghai trade show regarding firm size, ownership, and length of establishment. The results of pair sample t-test also show insignificant difference between the two samples on all predictors, as well as dependent/outcome variables. Therefore, the two samples are merged for further analysis. Table 4.1 and Table 4.2 present the characteristics of current sample and respondents.

4.1.1 Sample Characteristics

With reference to Table 4.1, the current sample is consisted mainly of small and medium sized companies that have been established for more than five years, and operated under private funding. With respect to firm size, nearly two-third (65.7%) of the respondent firms were small in size defined as employing less than 500 employees in China; and about a quarter (24.1%) were medium-sized companies defined as employing 500 to 3000 employees in China. In other words, while an absolute majority (89.8%) of firms in the current sample were small and medium

sized companies, only one-tenth (10.2%) were big companies employing over 3000 staff in the country.

With respect to ownership type, the present sample is made up of private enterprises (99.3%) as only a negligible number of state-owned enterprises (0.7%) was reported.

While more than half of the firms in the current sample (56%) were private firms operated under domestic funding, slightly less than half (43.3%) were private firms under foreign funding.

With respect to years of establishment, whereas a big majority of firms (86.1%) were established companies that have been in business for more than five years, a minority (13.9%) were entrepreneurial firms that have less-than 5-years history. Working against this background, the current sample seeks to represent a population of small and medium sized manufacture principals that have been operated under private funding and established in China for more than five years.

4.1.2 Respondent Characteristics

With reference to Table 4.2, the current study's respondent managers are consisted mainly of top or middle managers that have university or above education, and served as initiators or major decision-makers for focal principal-agent relationships under examination. With respect to organizational seniority, while about a quarter

(25.5%) of the respondents claimed that they were top management, nearly half (47.7%) claimed to be middle management. In short, a big majority of respondents (73.2%) were top and middle managers, while a quarter (26.8%) were functional managers.

With respect to education, an absolute majority (94.2%) of respondents had university or above education. While four-fifth (80.3%) had university education, more than one-tenth (13.9%) has post-graduated education.

With respect to role in principal-agent relationship, about half (47.4%) of respondent managers were served as executives over daily operations with agents. In addition, more than one-third (35.8%) of respondents were served as major decision-makers over long-term strategy formulation with agents. More than one-tenth (15.1%) of respondents were served as initiators of agent relationships. In other words, whereas about half of the respondent managers were initiators and major decision-makers over long-term development with agents, the other half of respondents were operational executives over day-to-day activities dealing with agents under study. Given the profile of respondent managers, the current key-informant approach over data collection is judged to be appropriate. The quality of the data input is safeguarded since the respondents were highly educated,

senior organizational members who understood both strategic and operational issues of agent relationships under study.

Table 4.1 Sample Characteristics

Respondent Firm Characteristics	Percentage
Firm Size	
Less than 500 employees	65.7%
500-3000 employees	24.1%
3000 employee and above	10.2%
Ownership	
Private firms - <i>Firms mainly with domestics funding: 56.0%</i> - <i>Firms mainly with foreign funding: 43.3%</i>	99.3%
State-owned firm	0.7%
Established Years	
5 years or less than 5 years	13.9%
More than 5 years - <i>from 6 to 10 years: 27.5%</i> - <i>from 10 to 20 years: 33.3%</i> - <i>from 20 to 30 years: 8.7%</i> - <i>31 years and above: 16.5%</i>	86.1%

Table 4.2 Respondent Characteristics

Respondent Characteristics	Percentage
Organizational Seniority	
Top and Middle Management Team Member - <i>Top management team member: 25.5%</i> - <i>Middle management team member: 47.7%</i>	73.2%
Marketing or sale executive	18.2%
Technical supporter	8.5%
Education	
University and above - <i>Postgraduate degree or above: 13.9%</i> - <i>Undergraduate degree: 80.3%</i>	94.2%
High school or less	5.6%
Others	0.2%
Role in a Focal Principal-agent Relationship Management	
Serving as initiator and major decision maker - <i>Serving as initiator that set up the principal-agent partnership: 15.1%</i> - <i>Serving as the major decision maker that formulate strategies for long-term partnership development: 35.8%</i>	50.9%
Serving as an executive that dealt with the agent in daily operations	47.4%
Others	1.7%

4.2 Statistic Test of Common Method Bias

After collecting the data, this study adopts Harman's one-factor test to check against the potential problem of common method variance. An exploratory factor analysis (EFA) is performed on independent and moderator variables in this study. Table 4.3 reports the result of EFA.

Table 4.3 The Rotated Component Matrixes of Independent Variables (EFA)*

Scale and Item	1	2	3	4	5	6
Competence-based trust						
Item 4	.800					
Item 3	.789					
Item 2	.781					
Item 1	.732					
Exploitative learning						
Item 1		.766				
Item 2		.742				
Item 3		.706				
Item 5		.694				
Item 4		.665				
Extra-industry ties						
Item 2			.876			
Item 1			.829			
Item 4			.827			
Item 3			.799			
Strategic consensus						
Item 2				.805		
Item 3				.784		
Item 1				.761		
Item 4				.722		
Exploratory learning						
Item 3					.729	
Item 5					.707	
Item 2					.669	
Item 4					.655	
Item 1					.580	
Knowledge non-redundancy						
Item1						.797
Item2						.777
Item4						.716
Item3						.680
Eigenvalue	7.233	2.954	2.154	1.829	1.479	1.291
Variance explained %	11.814	11.234	10.948	10.219	10.028	8.498
KMO	0.875					

*Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser Normalization.

If common method variance is a serious problem, a single factor is expected to emerge from a factor analysis or one general factor to account for most the covariance in the independent and criterion variables (Podsakoff, MacKenzie, & Lee, 2003). As reported in Table 4.3, six factors are extracted with eigen-values greater than one. Furthermore, no general factor was appeared in the unrotated factor structure. Factor 1 explains less than 12% of the variance. Therefore, this post hoc test suggests that common method variance is not a big problem in this study.

4.3 Construct Validity and Reliability

Construct validity evaluates systematic variance in an item corresponding to the target construct (Davis, 1986). Construct validity is generally defined as the degree to which a concept achieves theoretical and empirical meaning within the overall structure of one's theory (Bagozzi, 1980), or the degree to which the measures' true score corresponds to the conceptual variable that the measure is intended to operationalize. Although all the measurements in this study were culled from prior studies, some wordings of independent variables were modified, and new items were added to adapt the measures into channel context. Therefore, exploratory factor analysis (EFA) was carried out to test if the data collected in the study possesses preliminarily satisfactory construct validity. Table 4.3 represents the rotated

component matrix for independent and moderating variables: extra-industry ties, strategic consensus, competence-based trust, exploratory learning, exploitative learning, and knowledge non-redundancy. It can be seen that all the items fall into the right constructs, which indicates a preliminary satisfaction on construct validity.

Further, five criteria have been used to test construct validity (Bagozzi, 1980) in this study, namely content validity, reliability, convergent validity, discriminant validity, and nomological validity. Structural Equation Model (SEM) technique is used in this study. As a second-generation of multivariate technique (Bagozzi & Fornell, 1982), SEM is well documented as being able to test the casual relationships among variables (i.e. structural model) and the relationships among measurement items and the latent construct (i.e. measurement model) at the same time. LISREL is one of the most widely used techniques to test SEM models.

4.3.1 Content Validity

Content validity refers to the extent to which the measurement items of a construct actually represent the theoretical meaning of that construct (Srite, 2000). Content validity generally has two perspectives: theoretical meaningfulness of concepts and observational meaningfulness of concepts. Theoretical meaningfulness of concepts requires the theoretical definition of each concept adequately describes that concept

and be based on theory. Observational meaningfulness of concepts captures the relationship between the theoretical concepts and their measures. The measures need correspond to their underlying constructs. Since content validity is usually subject to researchers' subjective rather than to empirical judgement, Karahanna (1993) proposes that content validity can be justified by examining how these scales were derived and validated in prior studies.

To ensure content validity of the scales, the definitions and items of the constructs in this study are (1) adapted from prior studies and substantiated by rich literature review, and (2) refined through interviews in a pilot study. The final instruments are perceived as easy to understand by sixteen channel managers in the pilot study. The items of each variable can reflect practitioners' business operations.

4.3.2 Reliability

Reliability is used to measure the internal consistency of a measurement instrument, capturing the extent to which a measurement item is free from random error (Nunnally, 1978). Reliability reflects the proportion of variance in the observed score due to the true score. Reliability can be assessed by two measures: Cronbach's alpha and SEM estimates of construct reliabilities. The first measure, Cronbach's alpha, is one of the most widely applied coefficients in evaluating

reliability. Nunnally (1967) suggests that an alpha value of 0.7 or higher is normally considered an acceptable level and a value of 0.60 or above is considered sufficient for exploratory research. The second measure, composite reliability or construct reliability, assesses how the items of a scale reflect a common underlying construct (Spector, 1992). Construct composite reliability is assessed based on the criteria that the indicator's estimated pattern coefficient is significant on its underlying factors (Nunnally, 1978). It is calculated as: $(\text{square of summation of factor loadings}) / [(\text{square of summation of factor loading}) + (\text{summation of error variances})]$ (Chau & Hu, 2001). The recommended value of composite reliability is 0.70 or above.

All the original construct values of Cronbach's alpha in this study are above 0.7, indicating a satisfactory reliability. However, the originally composite reliabilities of some variables (i.e. direct value, indirect value, exploratory learning, and exploitative learning) are a little lower than recommended value. Given the formative nature of scales for direct value and indirect value, this result is understandable. In order to improve the reliability of constructs for further analysis, a technology named item-to-construct balance is adopted to create parcels for variables: direct value, indirect value, exploratory learning and exploitative learning. According to researchers (e.g. Little *et al.*, 2002), this technology allows specifying a

single-construct model that includes all items associated with the construct.

Take direct value that has seven items as an example. Using the loadings as a guide, the three items with the highest loadings anchor the three parcels at the beginning. Next, the three items with the new highest item-to-construct loadings are added to the anchors in an inverted order. The basic procedure continues by placing lower loaded items with higher loaded parcels. The averaged sum of the indicators for each parcel is calculated to create new item. The final value of factor loading, composite reliability, AVE and Cronbach's alpha for each construct are reported in Table 4.4.

As can be seen, the value of Cronbach's alpha and composite reliability for each variable is above recommended level, indicating satisfactory reliability.

**Table 4.4 Factor Loading, Composite Reliability, Cronbach's Alpha, and AVE
for Latent Constructs**

Construct	Standardized Factor Loading	Composite Reliability	Cronbach's alpha	AVE
Extra- industry tie		0.8698	0.88	0.66
Item 1	0.85			
Item 2	0.85			
Item 3	0.72			
Item 4	0.72			
Competence-based Trust		0.8491	0.85	0.59
Item 1	0.71			
Item 2	0.80			
Item 3	0.79			
Item 4	0.77			
Strategic consensus		0.8566	0.86	0.60
Item 1	0.75			
Item 2	0.81			
Item 3	0.82			
Item 4	0.72			
Exploratory learning		0.7683	0.78	0.54
Item 1	0.82			
Item 2	0.69			
Item 3	0.69			
Exploitative learning		0.8235	0.81	0.59
Item 1	0.80			
Item 2	0.80			
Item 3	0.70			
Direct value		0.8305	0.80	0.57
Item 1	0.71			
Item 2	0.81			
Item 3	0.75			
Indirect value		0.9041	0.89	0.73
Item 1	0.84			
Item 2	0.85			
Item 3	0.88			
Market performance		0.7965	0.80	0.57
Item 1	0.77			
Item 2	0.77			
Item 3	0.73			
Relationship performance		0.7624	0.75	0.50
Item 1	0.65			
Item 2	0.72			
Item 3	0.74			

4.3.3 Convergent Validity

Technically, convergent validity can be evaluated by item reliability, construct composite reliability and average variance extracted (AVE) (Chau, 1997). Item reliability indicates the amount of variance in a measure due to the construct rather than the error. Item reliability is achieved if items have significant factor loadings of 0.50 or above (Hair *et al.*, 1995). Average variance extracted (AVE) indicates the amount of variance in the item explained by the construct relative to the amount due to measurement error. The recommended value of AVE is 0.50 or above. Construct composite reliability is assessed based on the criteria that the indicator's estimated pattern coefficient is significant on its underlying factors (Nunnally, 1978). The recommended value of composite reliability is 0.70 or above.

As Table 4.4 shows, all the value of construct composite reliability, AVE and item reliability is above recommended value, indicating a good convergent validity.

4.3.4 Discriminant Validity

Discriminate validity refers to the degree to which measures of different constructs are distinct or unique from each other (Hair *et al.*, 1995). Two ways are normally used to examine the discriminant validity. The first method is to test whether the correlations (corrected for measurement error) among constructs differs from one

another. The correlation between various constructs at 1.0 is constrained in confirmatory factor analysis (CFA) model, and modified model is the re-estimated (Segars & Grover, 1993). Discriminant validity is indicated if chi-squared difference test between constrained and unconstrained model shows a better fit of unconstrained one. Another method to examine discriminant validity is to compare the squared correlation between two constructs with their respective average variance extracted (AVE) (Fornell & Larcker, 1981). The underlying idea is that a construct should be more closely related to its own indicators than to other constructs. If squared correlation is lower than AVE, then discriminant validity is indicated. The second method is adopted in this study, because this method is regarded more demanding, and serves to diminish potential theory testing errors caused by multicollinearity (Grewal, Cote, & Baumgartner, 2004). Table 4.5 reports AVE, correlation, and squared correlation of measures in this study. The values in the second row and column are AVEs. The remaining contains correlations and squared correlations. Squared correlation is the value in the brackets. As it can be seen from the table below, all AVE values are higher than the value of squared correlations, indicating high discriminant validity of each construct from other constructs.

Table 4.5 Discriminant Validity – Comparing AVEs and Squared Correlations

	AVE	ET	CT	SC	EL1	EL2	DV	IV	MP	RP
AVE		0.66	0.59	0.60	0.54	0.59	0.57	0.73	0.57	0.50
ET	0.66	1.00								
CT	0.59	0.22 (0.05)	1.00							
SC	0.60	0.20 (0.04)	0.52 (0.27)	1.00						
EL1	0.54	0.30 (0.09)	0.51 (0.27)	0.59 (0.35)	1.00					
EL2	0.59	0.15 (0.02)	0.51 (0.26)	0.61 (0.37)	0.42 (0.18)	1.00				
DV	0.57	0.19 (0.04)	0.53 (0.29)	0.43 (0.18)	0.23 (0.05)	0.42 (0.17)	1.00			
IV	0.73	0.31 (0.10)	0.62 (0.39)	0.49 (0.24)	0.57 (0.32)	0.51 (0.26)	0.43 (0.18)	1.00		
MP	0.57	0.07 (0.00)	0.18 (0.03)	0.14 (0.02)	0.17 (0.03)	0.13 (0.02)	0.29 (0.08)	0.16 (0.03)	1.00	
RP	0.50	0.26 (0.07)	0.58 (0.34)	0.46 (0.22)	0.17 (0.03)	0.47 (0.22)	0.65 (0.42)	0.48 (0.23)	0.20 (0.04)	1.00

* ET=Extra-industry tie; CT=Competence-based trust; SC=Strategic consensus; EL1=Exploratory learning; EL2=Exploitative learning; DV=Direct value; IV=Indirect value; MP=Market performance; RP=Relationship performance

4.3.5 Nomological Validity

Nomological validity refers to the degree to which a new measure fits lawfully into a network of expected relationships. Nomological validity is accessed if predicted theoretical relationships containing investigated constructs are significant. If a scale indeed measures its underlying construct, predictions of the formal theoretical model should be proved by empirical data analysis. Generally speaking, nomological validity of this study is satisfied by the results of hypothesis examination in the following sections.

4.4 Assessment of Structural Model

On the top of the satisfaction of the construct models, the goodness-of-fit of the whole model is examined in SEM. SEM provides a number of model fit index, such as chi-square/degree of freedom, Goodness-of-fit (GFI), Adjusted GFI (AGFI), Normed Fit Index (NFI), Comparative Fit Index (CFI), and Root Mean Square Error of Approximation (RMSEA). Researchers propose that the measure of chi-square / degree of freedom with a threshold of less than 2.0 or 3.0 indicating good model fit (Carmines & McIver, 1981). GFI indicates the proportion of observed covariance explained by model-implied covariance. AGFI includes a built-in adjustment for model complexity by correcting downward the value of GFI as the number of parameters increases (Kline, 1998). NFI indicates the proposition in the improvement of overall fit of researcher's model relative to a null hypothesis that assumes no correction among observed variables. CFI is a modified version of NFI, interpreted in the same way but less affected by sample size. Table 4.6 presents the recommended values for these measures based on the rule of thumb, and the exact measurement value for the model used in this study. The value of GFI is 0.89, which indicates a reasonable acceptance. The rest of values are all above the recommended, which indicates a good model fit. Therefore, this model is acceptable for further hypothesis analysis.

**Table 4.6 Recommended Value of Goodness-of-fit Measures
and Measurement Value for the Model in Test**

Goodness-of-fit Measure	Recommended Value	Measurement Value for the Tested Model
Chi-square/degree of freedom	<= 2.00	747.90/382=1.96
Goodness-of-fit Index (GFI)	>= 0.90	0.89
Adjusted Goodness-of-fit Index (AGFI)	>= 0.80	0.87
Normed Fit Index (NFI)	>= 0.90	0.96
Comparative Fit Index (CFI)	>= 0.90	0.98
Root Mean Square Error of Approximation (RMSEA)	<= 0.10	0.048

4.5 Path Analysis

4.5.1 Examination of Direct Effects

Table 4.7 represents the standardized maximum likelihood path coefficients regarding direct effects for the hypothesized model.

Table 4.7 Significance of Individual Paths

Hypothesis Number	Description of Path	Coefficient	Z-statistic
1a	Exploitative learning (+) ? Direct value	0.09	2.17*
1b	Exploratory learning (+) ? Direct value	0.29	4.46***
2a	Exploitative learning (+) ? Indirect value	0.16	3.44***
2b	Exploratory learning (+) ? Indirect value	0.30	4.24***
3	Extra-industry ties (+) ? Exploratory learning	0.10	3.34***
	Extra-industry ties (+) ? Exploitative learning	-0.02	-0.39
4a	Competence-based trust (+) ? Exploratory learning	0.25	4.19***
4b	Competence-based trust (+)? Exploitative learning	0.37	4.47***
5a	Strategic consensus (+) ? Exploratory learning	0.38	6.35***
5b	Strategic consensus (+) ? Exploitative learning	0.58	7.08***
10a	Direct value (+) ? Relationship performance	0.41	6.25***
10b	Indirect value (+) ? Relationship performance	0.53	9.86***
11	Direct value (+) ? Market performance	0.37	3.99***
	Indirect value (+)? Market performance	0.04	0.57

*** p < 0.001; ** p < 0.01; * p < 0.05

H1a and H1b state that both exploitative learning and exploratory learning have significant positive impacts on direct value. Furthermore, the relationship from exploratory learning to direct value is stronger than the relationship from exploitative learning to direct value. As shown in Table 4.7, exploitative learning has a significant positive impact on direct value creation ($\beta=0.09$, $p<0.05$), supporting H1a. In addition, the coefficient ($\beta=0.29$) between exploratory learning and direct value is significant at 0.001, which indicates the positive relationship between exploratory learning and direct value. Further, to test the impact difference between exploitative learning and exploratory learning on direct value, a new SEM model, namely Model 2 in Table 4.8, is created to set the two paths from exploitative learning to direct value and exploratory learning to direct value equal. Comparing the model fit between Model 1 (i.e. hypothesized model) and Model 2, the chi-square difference test (see Table 4.8 and Table 4.9) indicates that hypothesized model provides a better fit, which is significant at 0.05 level. Therefore, as expected, exploratory learning has a stronger impact on direct value than exploitative learning does. H1b is supported.

Table 4.8 Significant Difference between Paths – Model Statistics

Model	Chi square	d.f.
Model 1: hypothesized model	747.90	382
Model 2: set path coefficient of exploitative learning-direct value and exploratory learning-direct value equal	751.98	383
Model 3: set path coefficient of exploitative learning-indirect value and exploratory learning-indirect value equal	751.24	383
Model 4: set path coefficient of extra-industrial ties-exploitative and extra-industrial ties-exploratory learning equal	754.56	383
Model 5: set path coefficient of direct value-market performance and indirect value-market performance equal	760.83	383

Table 4.9 Significant Difference between Paths – Model Comparison

Model Comparison	Chi ² diff.	d.f. diff.	p	Model Preference
Model 1 vs. Model 2	4.08	1	<0.05	Model 1
Model 1 vs. Model 3	3.34	1	<0.10	Model 1
Model 1 vs. Model 4	6.66	1	<0.01	Model 1
Model 1 vs. Model 5	12.93	1	<0.001	Model 1

H2a is supported demonstrating that exploitative learning has a significant positive impact on indirect value embedded in principal-agent relationship ($\beta=0.16$, $p<0.001$).

H2b states that exploratory learning has a stronger significant positive impact on indirect value than exploitative learning has. In Table 4.7, it is evident that the relationship between exploratory learning and indirect value is significant at 0.001 with coefficient equal to 0.30, indicating the preliminary stronger impact of exploratory learning on indirect value than exploitative learning. Furthermore, as shown in Table 4.8 and Table 4.9, Model 3 setting the paths from these two kinds of

learning to indirect value equal indicates significant higher chi-square value than hypothesized model (i.e. Model 1). Therefore, H2b is supported. This current finding is consistent with previous studies (e.g. Selnes & Sallis, 2003) in that relationship learning between suppliers and their channel partners enhances relationship outcome.

H3 states that extra-industry ties have a stronger impact on exploratory learning than exploitative learning. As shown in Table 4.7, extra-industry ties of principal manager have a positive impact on exploratory learning ($\beta=0.10$, $p<0.001$), but no significant impact on exploitative learning ($\beta=-0.02$, $p>0.1$). Further, the chi-square difference test (See Table 4.8 and Table 4.9) shows the model (i.e. Model 4) setting the impact of extra-industry ties on exploratory learning and exploitative learning equal is significantly worse than hypothesized model (i.e. Model 1) in this study. H3 is supported. Reinforcing prior studies (e.g. Atuahene-Gima & Murray, 2007), this finding shows that the extra-industry ties tends to enhance the exchange of novel information at inter-firm level.

Both H4a and H4b are supported, demonstrating that competence-based trust has significant positive effect on exploratory learning ($\beta=0.25$, $p<0.001$), and exploitative learning ($\beta=0.37$, $p<0.001$). This finding is consistent with prior studies that

relationship quality reflected as competence-based trust has a significant impact on relationship learning between channel partners (Nahapiet & Ghoshal, 1998; Selnes & Sallis, 2003). Furthermore, this study is one of the first studies that explore impacts of trust on exploratory learning and exploitative learning in channel context. Complementary with learning in other kinds of alliance, this study lends support to the positive impacts of competence-based trust on both kinds of strategic learning capabilities. Confident in the competence of channel partners, principals are encouraged to learn more about new product-markets with the cooperation of agents. In return, trusted partners in an exchange with strong reciprocity norms also would like to accept risk by investing in exploitative learning and exploratory learning in spite of an absence of an immediate concession or formal guarantee of repayment in near future (March, 1991).

Both H5a and H5b are supported, demonstrating the positive impacts of strategic consensus embedded in principal-agent relationship on both exploratory learning ($\beta=0.38, p<0.001$) and exploitative learning ($\beta=0.58, p<0.001$). Extending the study of Atuahene-Gima and Murray (2007), these findings show that, at inter-firm level, strategic consensus significantly facilitates exploratory learning and exploitative learning.

As expected, both H10a and H10b are supported, demonstrating that both direct value ($\beta=0.41$, $p<0.001$) and indirect value ($\beta=0.53$, $p<0.001$) are critical for relationship performance. Furthermore, positive impact of direct value on overall market performance is demonstrated ($\beta=0.37$, $p<0.001$). Yet, indirect value has no significant impact on overall market performance ($\beta=0.004$, $p>0.1$). The chi-square difference tests (see Table 4.8 and Table 4.9) demonstrate that the positive impacts of direct value on market performance is significantly stronger than indirect value does, giving support to H11.

4.5.2 Examination of Mediating Effects

4.5.2.1 Testing of Alternative Explanations

It has been suggested that researchers should compare rival models and not just test a proposed model (Rust, Lee, & Valente, 1995). To assess the mediating roles of exploratory and exploitative learning, two rival models are built up for comparison with the hypothesized mediation model. In Table 4.10 and Table 4.11, Model 1 is hypothesized model in this study. Model 2 is a saturated model, in which direct and indirect effects of social capital constructs on relationship value are included. Model 3 is a direct model, which includes only direct effects of social capital on relationship value. Researchers (Morgan & Hunt, 1994; Rust, Lee, & Valente, 1995) suggest the most common statistical tests for model comparison between a proposed

model and a rival model are (1) overall fit of the competing models relative to degrees of freedom; (2) number of hypothesized parameters that are significant; and (3) ability to explain the variance in the outcome of interest. Table 4.10 shows the model statistics of each model. Table 4.11 summarizes the testing sequence.

Table 4.10 Model Statistics

Model	Chi ²	P	d.f.	GFI	CFI	NFI	RMSEA	Squared multiple correlation	
								DV	IV
1. Hypothesized model	747.90	0.000	382	0.89	0.98	0.96	0.048	0.39	0.50
2. Saturated model	741.92	0.000	379	0.89	0.98	0.96	0.048	0.39	0.50
3. Direct model	786.11	0.000	383	0.89	0.98	0.95	0.051	0.38	0.48

Table 4.11 Nested Model Testing Sequence and Difference Tests

Model Comparison		Chi ² diff.	d.f. diff.	P	Model Preference
Model 1 vs. 2	Hypothesized model vs. Saturated model	4.02	3	> 0.10	Model 1
Model 2 vs. 3	Saturated model vs. Direct model	34.09	4	< 0.001	Model 2
Model 1 vs. 3	Hypothesized model vs. Direct model	-	-	-	Model 1

At the first step, hypothesized model (i.e. Model 1) is compared with saturated model (i.e. Model 2). Based on hypothesized model, saturated model posits three additional paths (i.e. two direct paths from consensus to direct value and indirect value, and one direct path from extra-industrial ties to direct value). Although chi-square of saturated model is a bit lower than hypothesized model, the difference in chi-square is insignificant (See Table 4.10), indicating the identical goodness-of-fit

statistics of these two models. Furthermore, all the additional paths in saturated model are insignificant (See Table 4.12). Therefore, the more parsimonious hypothesized model provides a better fit with the data than saturated model.

The second step compares saturated model (i.e. Model 2) with direct model (i.e. Model 3). In direct model, only the direct effects of social capital on relationship value are examined. The chi-square value for direct model is higher than for saturated model. Further, chi-square difference tests show that the chi-square difference is significant at 0.01 level, indicating that saturated model is preferred.

Lastly, hypothesized model is compared with direct model. Researchers (e.g. Yli-Renko, Autio, & Sapienza, 2001) note that direct model cannot be compared with hypothesized model by a chi-square difference test because these models are not nested. However, since hypothesized model provides better fit than saturated model, while saturated model fits better than direct model, it can be concluded that hypothesized model provides a better fit than direct model. In summary, nested model tests indicate that hypothesized mediation model (i.e. Model 1) fits the data better than either saturated model (i.e. Model 2) or direct model (i.e. Model 3).

4.5.2.2 Examining Power of Mediation for Exploratory and Exploitative Learning over the Linkage between Social Capital and Relationship Value

To examine the extent of mediation for exploratory and exploitative learning over the relationship between social capital and relationship value, the three conditions necessary for mediation are tested (Baron & Kenny, 1986). Firstly, independent variables (i.e. extra-industry ties, competence-based trust and strategic consensus) must be related to mediators (i.e. exploratory learning and exploitative learning). Second, mediators must be related to dependent variables (i.e. direct value and indirect value). Third, the previous significant relationship between independent variables and dependent variables should be eliminated or substantially reduced when mediators are account for. Table 4.12 reports the statistics concerned in the test of mediation.

Table 4.12 Test of Mediation: Comparison of Standardized Path Coefficients for Direct, Hypothesized, and Saturated Models

Path	Direct Model	Hypothesized Model	Saturated Model
Extra-industry tie ? Exploratory learning	0.10**	0.10***	0.10**
Extra-industry tie ? Exploitative learning	-0.02	-0.02	-0.02
Extra-industry tie ? Direct value	0.05	-	0.03
Extra-industry tie ? Indirect value	0.12***	0.09**	0.09**
Competence-based trust ? Exploratory learning	0.29***	0.25***	0.26***
Competence-based trust ? Exploitative learning	0.41***	0.37***	0.38***
Competence-based trust ? Direct value	0.34***	0.26***	0.24***
Competence-based trust ? Indirect value	0.54***	0.40***	0.40***
Strategic consensus ? Exploratory learning	0.36***	0.38***	0.37***
Strategic consensus ? Exploitative learning	0.56***	0.58***	0.57***
Strategic consensus ? Direct value	0.25***	-	0.12
Strategic consensus ? Indirect value	0.25***	-	0.05
Exploratory learning ? Direct value	-	0.29***	0.21**
Exploratory learning ? Indirect value	-	0.30***	0.27***
Exploitative learning ? Direct value	-	0.09*	0.06
Exploitative learning ? Indirect value	-	0.16***	0.15**

*** p < 0.001; ** p < 0.01; * p < 0.05

The first condition that predictor being related to mediator is examined by the path coefficients in direct model. The second column in Table 4.12 shows that competence-based trust and consensus are significantly related to mediators. However, extra-industry ties are only significantly related to exploratory learning, but insignificantly to exploitative learning. These results satisfy the first condition of mediation, except for exploitative learning in the case of extra-industry ties.

The second condition is examined by path coefficients from mediators to dependent variables. As shown in hypothesized model (the third column in Table 4.12), significant relationships exist between relationship learning (i.e. exploratory learning and exploitative learning) and relationship value (i.e. direct value and indirect value). As such, the second condition of mediation is satisfied.

To satisfy the third condition, social capital dimensions (i.e. extra-industry ties, competence-based trust and strategic consensus) must have significant relationship with relationship value in direct model, but relationships should be substantially reduced in saturated model. Path coefficients reported in second column show that all the social capital dimensions except extra-industry ties are positively related to relationship value. Extra-industry ties is only related to indirect value, but not to direct value. Therefore, extra-industry ties has no direct impact on direct relationship value. Furthermore, when taken exploratory learning and exploitative learning into account, the paths from strategic consensus to both direct and indirect value become no longer significant, indicating the full mediating role of exploratory learning. The remaining significant direct paths are from extra-industry ties to indirect value and from competence-based trust to both direct and indirect value. The significance of the path coefficients are substantially reduced, indicating the partial mediating role of exploratory and exploitative learning over the relationships

(1) between extra-industry ties and indirect value, (2) between competence-based trust and direct value, and (3) between competence-based trust and indirect value.

To summarize, the comparison of path coefficients in three models shows the various mediating roles of exploratory and exploitative learning over the relationships between social capital dimensions and relationship value. Firstly, exploratory learning partially mediates the relationship between extra-industry ties and indirect value. Because extra-industry ties have insignificant impacts on exploitative learning, so the mediating role of exploitative learning on relationship between extra-industry ties and relationship value is rejected. In addition, because extra-industry ties has insignificant direct impacts on direct value, so the mediating role of exploratory learning over the relationship between extra-industry ties and direct value is rejected. As such, H6, which indicates the partial mediating role of exploratory learning and exploitative learning over the relationship between extra-industry ties and relationship value, is partially supported. Secondly, the positive impacts of competence-based trust on relationship value (i.e. direct value and indirect value) are partially mediated by exploratory and exploitative learning. Thus, H7 is supported. Thirdly, the positive impacts of strategic consensus on relationship value are fully mediated by exploratory learning and exploitative learning, which provides partial support to H8.

4.5.3 Examination of Moderating Effects

H9a-d posit the positive moderating effects of knowledge non-redundancy between principals and agents over the linkage between social capital (i.e. extra-industry ties and competence-based trust) and learning (i.e. exploratory learning and exploitative learning). This study follows Ping's (1995) guidelines for the evaluation of structural models with interaction terms. Because all the variables of this study have continuous measurement scales, the effective method for analysis of statistical interaction is to use product term (Jaccard & Wan, 1995). However, the introduction of product term may cause collinearity. Therefore, this study follows researchers' suggestion (e.g. Little, Bovaird, & Widaman, 2006) to use residual centering to generate the product term with an effect to test the interaction effects of knowledge non-redundancy on the path from social capital dimensions (i.e. extra-industry ties and competence-based trust) to learning (i.e. exploratory learning and exploitative learning).

As presented in Table 4.13, the product term of extra-industry ties and knowledge non-redundancy is positively related to exploratory learning ($\beta=0.15$, $p<0.01$). It means that when the knowledge non-redundancy increases one unit, the positive relationship between extra-industry ties and exploratory learning will be strengthened by 15%. As such, hypothesis 9a is supported.

The product term of competence-based trust and knowledge non-redundancy is positively related to both exploratory learning ($\beta=0.21$, $p<0.001$), and exploitative learning ($\beta=0.24$, $p<0.001$). H9c and H9d are supported. These findings are consistent with Levin and Cross's (2004) observation that trusted weak ties are often a source of novel knowledge that is also perceived as being useful. As such, extending the researches of Tiwana (2008) and Levin & Cross (2004), this study demonstrates that the positive effects of competence-based trust on both exploratory and exploitative learning are stronger as knowledge non-redundancy between principals and agents increases. However, H9b is rejected because extra-industry ties has an insignificant impact on exploitative learning.

Table 4.13 Significance of Product Term

Hypothesis Number	Description of Path	Goodness-of-fit	Coefficient	Z-statistic
9a	Product term of Extra-industrial Ties and Knowledge Non-redundancy (+) ? Exploratory Learning	Chi ² /d.f.:862.34/500; GFI=0.89; NFI=0.95; CFI=0.98; AGFI=0.87; RMSEA=0.043	0.15	3.28**
9c	Product term of Competence-based Trust and Knowledge Non-redundancy (+) ? Exploratory Learning	Chi ² /d.f.:866.46/500; GFI=0.89; NFI=0.95; CFI=0.97; AGFI=0.87; RMSEA=0.042	0.21	3.41***
9d	Product term of competence-based Trust and Knowledge Non-redundancy (+) ? Exploitative learning	Chi ² /d.f.: 868.32/500 GFI=0.89; NFI=0.95; CFI=0.97; AGFI=0.87; RMSEA=0.042	0.24	2.87***

*** $p<0.001$; ** $p<0.01$; * $p<0.05$

4.6 Direct and Indirect Weights of predictors on relationship value

Table 4.14 and Table 4.15 give summaries of direct and indirect effects in predicting relationship value in principal-agent relationship. The path coefficient of an independent variable represents the direct effect of that variable on the dependent variable. An indirect effect represents the effects interpreted by the intervening variable, which is the product of the path coefficients along an indirect route from cause to effect via tracing arrows in the headed direction only.

Table 4.14 Direct, Indirect Effects in Predicting Direct Relationship Value

Variables	Direct effects	Indirect effects	Total effects
Extra-industry ties	-	0.03	0.03
Competence-based trust	0.26	0.11	0.37
Strategic consensus	-	0.16	0.16
Exploratory learning	0.29	-	0.29
Exploitative learning	0.09	-	0.09

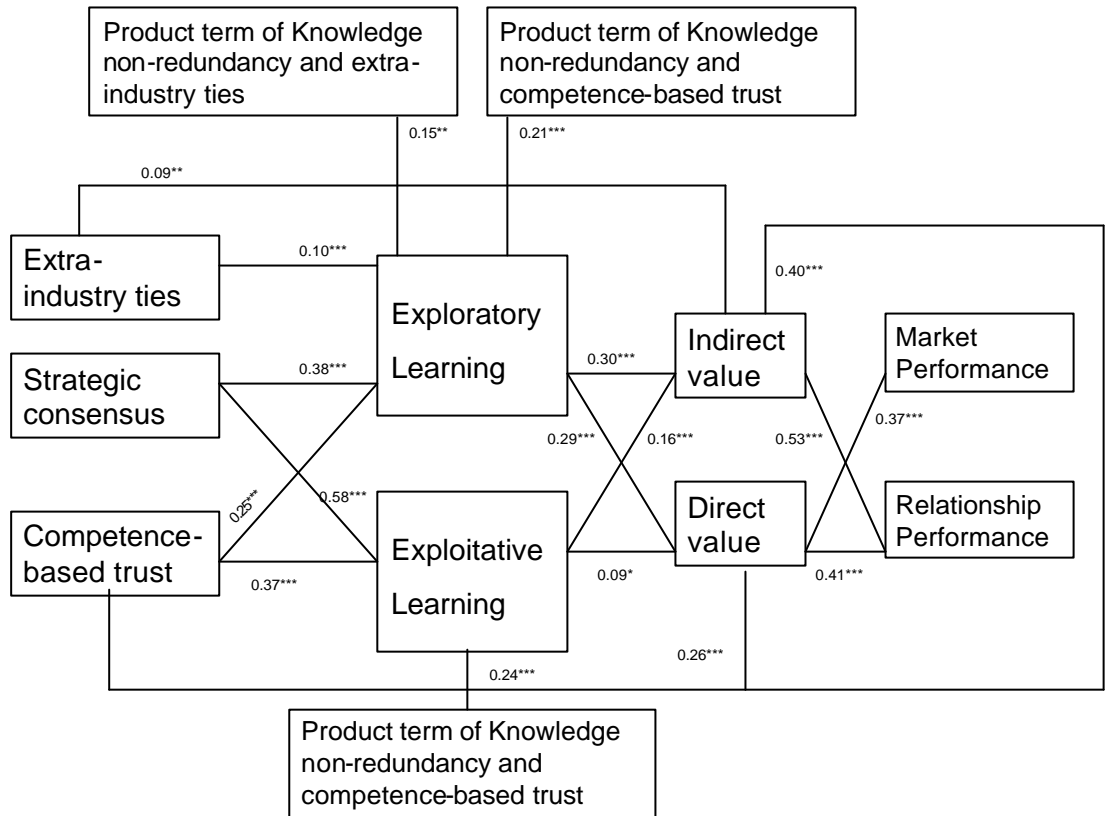
Table 4.15 Direct, Indirect Effects in Predicting Indirect Relationship Value

Variables	Direct effects	Indirect effects	Total effects
Extra-industry ties	0.09	0.03	0.12
Competence-based trust	0.40	0.14	0.54
Strategic consensus	-	0.21	0.21
Exploratory learning	0.30	-	0.30
Exploitative learning	0.16	-	0.16

As seen from Table 4.14 and Table 4.15, competence-based trust is the most important variable in predicting relationship value in principal-agent relationships, which is able to explain 37% variance of direct value, and 54% variance of indirect value. Moreover, exploratory learning is the second most powerful predictor for both direct value (29%) and indirect value (30%), which indicates that in principals' product-market development with agents, inter-firm learning for new marketing strategies, new market and customers is extremely important to principals' current and future business development.

Figure 3 presents the summary of results in this study. For the clarity of the diagram, only the significant paths are presented.

Figure 3 Summary of Results



Chapter 5 Discussion and Implications

In this study, the underlying theme is to gain a greater understanding of antecedents of relationship value on the one hand, and outcomes of relationship value on the other hand. Generally, the results have confirmed the hypotheses of this study: (1) relationship value has a significant impact on both relationship performance and market performance; (2) dynamic learning capabilities have a significant impact on the creation of relationship value; (3) social capital of principals contributes a lot to the creation of relationship value; (4) the impacts of social capital on relationship value are partially mediated by exploratory and exploitative learning; and finally (5) knowledge non-redundancy between principals and agents positively moderates the overall linkage between social capital and principal-agent learning. In this chapter, academic implications of this study will be discussed in details, and managerial implications will be further elaborated.

5.1 Implications for Social Capital Theory and Dynamic Learning Capability Theory in the Field of Relationship Value Creation

The current patterns of findings show that social capital and dynamic learning capability theories can be well applied to explain value creation from principal-agent relationships. According to the statistics reported in “squared multiple correlations for structural equations”, social capital and principal-agent learning together explain

39% of direct value variance, and 50% of indirect value variance. Furthermore, as a cognitive dimension of social capital, strategic consensus's effect on relationship value is fully mediated by relationship learning; while the effect of competence-based trust (i.e. a relationship dimension of social capital) and that of extra-industry ties (i.e. a structural dimension of social capital) are partially mediated by relationship learning.

5.1.1 Social Ties, Learning, and Relationship Value

With regard to structural ties as a predictor of relationship value, this study reinforces the existent findings (e.g. Zhou, Wu, & Luo, 2007) that social relations with extra-industry contacts have very few financial impacts on value creation regarding current product-market, but powerful impacts on the exploration of new product-market of the future development. On the one hand, with abundant and non-redundant knowledge delivered by extra-industry ties, principals are more likely to leverage the competence of their agents to learn from each other, and enhance their innovation potential, intelligence about markets and customers, and access to key persons for future business development at foreign markets. This finding is consistent with prior study of Lu *et al.* (2008) which shows that guanxi network of small-scale vegetable farmers in China helps to get access to modern high-value markets (e.g. supermarkets and international markets) and encourage transactions.

As such, this study reinforces the idea that social network plays a critical role in the modern marketing environment in China (Gu, Hung, & Tse, 2008; Lu *et al.*, 2008; Zhou, Wu, & Luo, 2007). Marketing strategies based on personal relationships should be further enhanced in order to increase participation of small holders in modern markets.

On the other hand, the impacts of extra-industry ties on value creation drawn from principal-agent relationships at current product-markets are fully mediated by exploratory learning. In other words, extra-industry ties of principal managers' do not create direct value automatically, but must go through learning activities with agents. It is the utilization of social ties rather than social ties itself that promotes the growth of profit and volume, as well as the flexibility to deal with over-capacities at foreign markets. This finding is consistent with Gu, Hung, and Tse (2008) in that the utilization of *guanxi* enables principals to distribute new products more effectively and efficiently through channels. Moreover, although extra-industry ties of principal managers may not promote sales, profit and market share at foreign markets directly, it helps to facilitate novel marketing strategies that, in turn, promote significant value creation from the current product-market.

In sum, despite its minor direct impacts on direct value, the powerful impacts of

extra-industry ties on exploratory learning and indirect value should argue for and justify its inclusion in any future research models investigating relationship value's creation.

5.1.2 Competence-based Trust, Learning and Relationship Value

The current findings reveal that while relational trust has very significant effects on both types of relationship learning, trust maintains its significant influences over both types of relationship value when the full effect of learning on relationship value has been taken into account. In other words, the influence of competence-based trust on the creation of relationship value is partially mediated by exploratory and exploitative learning. Although these results are not surprising because when principals trust the competence of their agents, principals are more likely to exchange more information during market development with agents, and rely on agents in various value creation efforts including collection of market intelligence, gaining access to additional resources, and development of innovative product or market opportunities, they serve two functions in the context of this study.

Firstly, this result reinforces prior findings that trust has very significant effects on relationship value (Walter & Ritter, 2003; Ritter & Walter, 2006; Palmatier, 2008).

As an important aspect of relationship quality, trust embedded in principal-agent

relationships helps principals to draw both significant financial values from current product-markets (Palmatier, 2008; Walter & Ritter, 2003), and develop valuable resources for future business development (Walter & Ritter, 2003).

Secondly, the finding of this study lends support to Selnes and Sallis's (2003) observation that trust can function as a critical predictor of relationship learning that in turn improves channel performance. However, in contrast to the findings of Selnes and Sallis (2003) that trust measured by general concept has no direct effects on relationship outcomes, this study finds that trust has both a direct effect on relationship value, as well as an indirect effect on relationship value via exploratory and exploitative learning. This difference may lend support to the suggestions of researchers (e.g. McEvily, Perrone, & Zaheer, 2003; Zaheer & Venkatraman, 1995) that it is necessary to clearly identify various types of trust in field studies. Different types of trust tend to have different effects on relationship performance (Massey & Kyriazis, 2007).

In sum, the power of relational trust is well-received as it facilitates exploitative learning around current product-market, improving efficiency-oriented direct value functions on the one hand, and fosters exploratory learning about new product-market opportunities, contributing to effectiveness-oriented indirect value

functions on the other hand.

5.1.3 Strategic Consensus, Learning, and Relationship Value

The current pattern of findings supports a full mediation model whereby shared cognition between principals and agents in the form of strategic consensus has very strong powerful effects on both exploratory learning and exploitative learning on the one hand, but very little and minimal effects on value creation on the other hand. In short, strategic consensus' s effect on both types of relationship value has been fully mediated by relationship learning. These current results give good empirical validation to the theoretical framework proposed by Lukas, Hult, and Ferrell (1996) which suggests consensus between channel partners as an important antecedent of channel learning. Furthermore, the critical role of strategic consensus on learning can be better appreciated as it has greater effects on both learning types than either relational trust or structural tie does. Therefore, the very significant role of strategic consensus over relationship learning justifies its inclusion in any future research models investigating relationship value' s creation.

To recap, the powerful influences of social capital on relationship value creation reinforce Nahapiet and Ghoshal' s (1997) propositions. Furthermore, these findings explicitly show that social capital of principal managers can be leveraged to generate

both direct value contributing to the current foreign product-market development, and indirect value related to future business development drawn from principal-agent relationships.

5.2 Implications for Principal-Agent Relationship Value Theories

This study validates the importance of principal-agent relationships' values on product-markets' economic performance and perceived relationship performance.

The current results shed light on performance as measured at venture market level and at relational level. With regard to the economic performance of the venture market (i.e. sales growth, profit and return of investment), the present findings reveal that only direct relational value has a significant impact on it. As expected, the greater the direct value generated from principal-agent relationships over current product-markets, the greater the sales, profit and capacity utilization functions, and hence the greater the contribution to economic performance of venture market.

Indirect relationship value, however, has no significant effect on venture market's economic performance. There are at least two tentative explanations for such a result. First, since the measurement of economic performance is a kind of retrospective assessment that focuses on financial achievement in the past few years, it may not be affected by indirect relationship value that focuses on future innovation,

market development, and access to new resources. Second, as indirect relationship value concerns about future product-market development (Walter, Ritter, & Gemunden, 2001), it is much more likely that principals and agents create new value out of the relationships that in turn contributes to achievement of other strategic objectives of the venture: such as achievement of product diversification, market development, and additional partnership formation.

Nonetheless, while both direct and indirect relationship values contribute to relationship performance, it is indirect relationship value that accounts for the bulk of variances of overall relationship performance. This implies that at a relational level, channel partners put emphasis on indirect value about future product-market to judge the performance of principal-agent relationship.

5.3 Implications for Social Capital Theories in the Fields of Dynamic Learning Capabilities

This study shows that social capital dimensions are able to explain 45% of exploratory learning and 42% of exploitative learning between principals and their major agents at foreign product-markets. Therefore, as strategic resources, social capital can be concluded as a main source of learning capability development. This finding extends the empirical study of Yalcinkaya, Calantone, and Griffith (2007) in

that firms' technology and market resources have significant impacts on exploratory and exploitative learning. This study sheds new light on how social capital of a principal firm might support learning capabilities.

Moreover, the current findings call into question the traditional view concerning the conflicting nature of exploratory and exploitative learning. It is assumed that firm has limited resources, and hence the more the resources allocated to exploitative learning, the less the resources left over for exploratory learning. In short, exploratory and exploitative learning are struggling for the limited resources in a firm (March, 1991; Levinthal & March, 1993). It seems that although both exploratory learning and exploitative learning contribute to value creation, firms must make a trade-off between these two types of learning. Nonetheless, in recent years, scholars argue that exploratory learning and exploitative learning may not be in conflict with each other. For example, Lavie and Rosenkopf (2006) argue that firms could conduct exploratory learning and exploitative learning simultaneously across domains (e.g. function domain, attitude domain, and structure domain). Furthermore, Gupta, Smith, and Shalley (2006) argue that exploratory learning and exploitative learning may not be in conflict with each other if actors can manage to leverage the resources of other parties. With the connection with other parties, focal actor can go beyond its own resource limitation by leveraging others' resource,

which makes it possible to conduct its exploratory and exploitative learning simultaneously. This study lends empirical supports to Gupta, Smith and Shalley's (2006) viewpoint by demonstrating that high-quality social relations reflected as high competence-based trust and shared understanding on strategic goals and means support exploratory learning and exploitative learning simultaneously and powerfully.

5.4 Implications for Knowledge Embeddedness Theories in the Fields of Social Capital and Relationship Learning

Identifying the key social capital drivers of learning is essential, but these drivers may not be equally important for all principal-agent relationships. The current findings shed light on the contingency condition of knowledge non-redundancy between principals and agents for the impacts of social capital dimensions on exploratory and exploitative learning. It is consistent with Levin and Cross's (2004) finding that trusted weak ties are often a source of novel knowledge that is perceived as being useful. This finding reinforces prior studies that indicate a critical role of bridging ties on novel information acquisition (Burt, 1992; McEvily & Zaheer, 1999; Reagans et al., 2004; Reagan & Zuckerman, 2001; Uzzi, 1996). The findings in this study demonstrate that relational trust and external ties would have a strong effect on inter-firm learning, when inter-partner knowledge is non-redundant and

non-overlapping in nature.

To further identify the implication of roles for knowledge non-redundancy over the relationship between social-capital dimensions (i.e. extra-industry ties and competence-based trust) and learning, a post-hoc study was carried out, and three new models were built up. Model 1 adds two additional paths into hypothesized model, which link knowledge non-redundancy with exploratory learning and exploitative learning. As Table 5.1 indicates, goodness-of-fit value of Model 1 is acceptable. Knowledge non-redundancy has a significant negative impact on exploratory learning ($\beta = -0.14$, $p < 0.001$), but an insignificant impact on exploitative learning ($\beta = -0.03$, $p > 0.1$) (See Table 5.2). Furthermore, based on model 1, two other new models were built up to include path linking product-term of knowledge non-redundancy and extra-industry ties to exploratory learning (i.e. Model 2), and path linking product-term of knowledge non-redundancy and competence-based trust to exploratory learning (i.e. Model 3) into model respectively. Table 5.1 reports goodness-of-fit value of each structural model. Table 5.2 reports coefficients of individual paths.

Table 5.1 Goodness-of-fit Statistics of Model 1, Model 2, & Model 3

Model 1	Model 2	Model 3
Chi ² /d.f.: 917.54/499; p < 0.0000 GFI=0.88; NFI=0.95; CFI=0.97; AGFI=0.86; RMSEA=0.045	Chi ² /d.f.: 1034.50/632; p < 0.0000 GFI=0.88; NFI=0.94; CFI=0.97; AGFI=0.86; RMSEA=0.039	Chi ² /d.f.: 1000.78/596; p < 0.0000 GFI=0.88; NFI=0.94; CFI=0.97; AGFI=0.86; RMSEA=0.041

Table 5.2 Coefficient for Direct Paths in Model 1, Model 2, and Model 3

Description of path	Model 1	Model 2	Model 4
Exploratory learning ? Direct value	0.31***	0.31***	0.30***
Exploratory learning ? Indirect value	0.32***	0.32***	0.31***
Exploitative learning ? Direct value	0.09*	0.08*	0.09*
Exploitative learning ? Indirect value	0.16***	0.15***	0.16***
Extra-industry tie ? Exploratory learning	0.08**	0.09**	0.07**
Extra-industry ties ? Exploitative learning	- 0.02	- 0.02	- 0.02
Competence-based trust ? Exploratory learning	0.24***	0.24***	0.28***
Competence-based trust ? Exploitative learning	0.37***	0.37***	0.37***
Strategic consensus ? Exploratory learning	0.38***	0.37***	0.38***
Strategic consensus ? Exploitative learning	0.58***	0.58***	0.58***
Direct value ? Relationship performance	0.41***	0.41***	0.41***
Indirect value ? Relationship performance	0.53***	0.53***	0.53***
Direct value ? Market performance	0.37***	0.36***	0.37***
Indirect value ? Market performance	0.04	0.03	0.04
Competence-based trust ? Direct Value	0.25***	0.25***	0.26***
Competence-based trust ? Indirect Value	0.39***	0.39***	0.40***
Extra-industry tie ? Indirect Value	0.09**	0.09**	0.09**
Knowledge non-redundancy ? Exploratory learning	- 0.14***	- 0.14***	- 0.15***
Knowledge non-redundancy ? Exploitative learning	- 0.03	- 0.02	- 0.03
Product term of Knowledge non-redundancy and Competence-based trust ? Exploratory learning	-	0.20***	-
Product term of Knowledge non-redundancy and Extra-industry Tie ? Exploratory learning	-	-	0.15***

*** p< 0.001; ** p<0.01; * p<0.05

Goodness-of-fit of three models are all acceptable (See Table 5.1). On the one hand, these findings indicate that knowledge non-redundancy has a significant negative impact on exploratory learning. It extends Tiwana's (2008) argument that bridging ties hinders learning in innovation-seeking project alliances. It also reinforces the observation of Obstfeld (2005) that bridging ties pose difficulties in integrating ideas (i.e. the action problem). Common knowledge between exchanging parties are essential for exchanging parties to transfer knowledge successfully (Reagans & McEvily, 2003). Heterogeneous knowledge embedded in bridging ties may decrease the relative absorptive capacity of collaborative partners (Lane & Lubatkin, 1998), and hinders learning. Studying 17 innovation-seeking projects, Dougherty (1992) reports that the differences in team members' thought worlds prevent them from synthesizing their perspectives and knowledge. Furthermore, collaborative partners with heterogeneous knowledge and skills are likely to be embedded in different social and professional networks, and hence, may feel difficult to frame their knowledge in terms that others can understand (Tiwana, 2008). Therefore, knowledge non-redundancy between principals and agents hinder them from communicating efficiently and effectively with each other to share information when develop product-markets. On the other hand, these finding also show that both competence-based trust and extra-industry ties can complement bridging ties (i.e.

knowledge non-redundancy) in exploratory learning. Complementarities are said to exist when having more of one thing increases the returns of having more of another (Milgrom & Roberts, 1995). Statistically, this represents a positive interaction effect (Tiwana, 2008). The positive interaction effect between competence-based trust and knowledge non-redundancy on exploratory learning ($\beta=0.20$, $p<0.001$) indicates the complementary role of competence-based trust and knowledge non-redundancy on principal-agent exploratory learning. With competence-based trust on agents, principals are encouraged to rely on agents' capabilities to do exploratory learning by enjoying novel/non-redundant ideas agents bring. These findings also indicate that extra-industry ties of principal managers complement knowledge non-redundancy into exploratory learning ($\beta=0.15$, $p<0.001$). Abundant experiences to deal with extra-industry ties ease principal managers to frame their knowledge in a language that agents can understand, and as such, enables principals to leverage agents' novel ideas in exploratory learning.

5.5 Implications for Exploitative and Exploratory Learning Theories

This study is one of the few studies that discuss exploratory and exploitative learning within a focal project alliance. The finding is consistent with Atuahene-Gima and Murray's study (2007) in that team members tend to conduct both exploitative

learning and exploratory learning when they work jointly in new field exploration. Furthermore, this study extends cooperative project team from firm level to alliance level that is a more loose coupling structure. It reinforces Holmqvist's (2004) observation that exploratory and exploitative learning is a multi-level system. Firms tend to conduct both exploratory learning and exploitative learning in exploitative alliances. Moreover, this study shows that exploratory learning and exploitative learning not only enhance firms' innovation potential (Atuahene-Gima, 2005; Atuahene-Gima & Murray, 2007; Garcia, Calantone, & Levine, 2003; Holmqvist, 2004; Rothaermel & Deeds, 2004), but also contribute to various values created through principal-agent relationships. In particular, this study discusses different effects of exploitative and exploratory learning in building relationship value. Contributing to novel and effective experiment, exploratory learning has much stronger influence on value creation than exploitative learning does. This finding is consistent with practitioners' comments in Wall Street Journal that earnings gains generated through cost cutting and efficient operations are less sustainable and, thus, less valuable than earnings gains from a revenue increase (Zuckerman & Hudson, 2007).

5.6 Managerial Implications

The results point to the powerful influence of principal-agent relationship values on both relationship performance and market performance as perceived by suppliers.

The key lesson for suppliers is to adopt the right approach to relationship marketing: relying primarily on “direct relationship values” for market performance and on “indirect relationship values” for relationship performance. The result also indicates that relationship values are driven by dynamic capabilities in the forms of exploratory and exploitative learning on the one hand, and fostered by social capital in terms of strategic consensus, competence-based trust, and structural ties on the other hand.

Given the specific finding that exploratory and exploitative learning are primarily driven by the cognitive dimension of social capital namely strategic consensus, principals are strongly advised to pay effort in communicating to build up common understanding with agents on strategic goals and means with agents (Van de Ven & Walker, 1984), and hence be able to draw superior value from principal-agent relationships.

In addition, it is important for principal managers to maintain personnel ties with extra-industry contacts (Atuahene-Gima & Murray, 2007; Peng & Luo, 2000; Zhou,

Wu, & Luo, 2007). These contacts are likely to help principal learn better with their agents, and create more relationship value consequently. In particular, principals are strongly recommended to put right emphasis on extra-industry ties, as such an emphasis on building up a social network comprising bridging ties is crucial for firms to pursue exploratory learning over new product/market domains and strategies. By emphasizing the exploration of bridging ties for the sake of new ideas, novel business models, and innovative strategies, such a mindset will deliver exploration-directed learning behaviour that contributes to superior relationship values.

Furthermore, principals are well advised to develop and maintain relational trust with agents. The perceptions over trust-worthiness between principal and agent relationships are not only powerful drivers of exploratory and exploitative learning, but also having strong spillover effects over both direct and indirect relationship values. Competence-based trust helps principals to enhance learning with agents and value creation consequently with low financial costs. On the other side, it is recommended for agents to consider marketing their competence effectively and efficiently in order to gain the competence-based trust from principals. As indicated by Zerbini, Golfetto, and Gibbert (2007), such kind of competence marketing promotes value perceived in seller-buyer relationships.

Finally, principals are strongly recommended to think twice when develop marketing alliances with agents owning different social backgrounds and knowledge storage. Different to studies (e.g. Fang *et al.*, 2007; Rindfleisch & Moorman, 2001) that encourage practitioners to find partners with knowledge complimentary/non-redundancy, the findings in this study suggest that in marketing alliances, knowledge non-redundancy alone may not promote principal-agent learning. Knowledge non-redundancy/complementary between principals and their agent is only helpful (1) when principals can trust the competence of their partners, or (2) when principals themselves are experienced to deal with peoples holding various knowledge storage. Based on a wide range of extra-industry social relations or competence-based trust, principals are encouraged to establish relationships with new agents to enjoy non-redundant knowledge.

Chapter 6 Limitations and Future Research Directions

The implication of this study should be seen within the context of its limitations that could also provide the basis for directing future research. There are five main limitations in this study. Firstly, with respect to the sample characteristics in this study, about 89.8 percent of the present sampled firms have less than three thousand employees, which means that the present sample is relatively representative of small and medium business firms. Yet, Cui and Lui (2005) demonstrate that first movers that are large firms achieve better performance than their smaller counterparts in emerging markets. To test the generalizability of current finding, future studies may compare survey results obtained from both SME and large firms to discuss the effect of social capital and learning on relationship value, and in turn, market performance.

Secondly, to examine whether common method bias is a big concern in this study, one of the most widely used techniques, namely EFA, has been used to address this issue. Recently, scholars suggest that compared with exploratory factor analysis, confirmatory factor analysis is a more sophisticated test to examine whether a single factor can account for all of the variance in data (Podsakoff, MacKenzie, & Lee, 2003). As such, future studies are suggested to use confirmatory factor analysis in addressing the issue of common method bias.

Thirdly, subjective measurement rather than objective measurement of market performance are adopted in this study. Researchers (e.g. Krasnikov & Jayachandran, 2008) find that studies that use subjective data provide higher correlations for capabilities with performance than studies based on objective data. Future researches using objective market performance measurement will shed light on the validation of the findings presented in this study. Furthermore, only the effect of relationship values on economic performance is tested. Future researches may discuss the effect of relationship value on strategic performance, such as achievement of product diversification, market development, and additional partnership formation.

Fourth, this study is cross-sectional. Although the model developed from the theory implies certain causal relationships, the causality could not be confirmed with cross-sectional research design. Because learning is dynamic phenomenon, the effects of learning may not be demonstrated in cross-sectional studies. A longitudinal study would be beneficial to confirm the directionality of the relationships identified in cross-sectional study (Douglas & Judge, 2001).

Fifth, based on dynamic capability and social capital perspectives, this study examines a subset of antecedents of relationship values as embedded in

principal-agent relationships. Future attempts should be made to investigate additional antecedents of values of channel relationships.

Firstly, while dynamic learning capabilities emerged as an important antecedent of relationship value in this study, other dynamic capabilities leading to co-creation of value on the part of principals and agent partners may deserve further examination, such as absorptive capabilities (Lane, Salk, & Lyles, 2001), customerization (Doving & Gooderham, 2008), experimental learning versus imitative learning (Levitt & March, 1988), alliance scanning, alliance coordination, and alliance learning (Kandemir, Yaprak, & Cavusgil, 2006).

Secondly, scholars (e.g. Lepak & Smith, 2007, pg. 187) suggest that “value creation requires more than simply understanding what the employer, customer, or society is willing to pay for. One must also consider the knowledge of potential users and the context in which they make evaluations about the new value that has been created.” This study shows that as value receiver, principals’ own social relationships, trust and agreement on goals and means of market exploration with partners contribute significantly on perceived value created by agents. Future studies might further explore other characteristics of value receivers as the antecedent of value capture (Lepak & Smith, 2007). For example, researchers

(Sirmon, Hitt, & Ireland, 2007) identify the process of resource management as a critical mechanism through which value may be captured once created. Additional studies may examine how organizations take actions to (1) structure the resource portfolio, (2) bundle resources to build capabilities, and (3) leverage capabilities to exploit market opportunities in their attempts to create and exploit value simultaneously (Sirmon, Hitt, & Ireland, 2007).

Thirdly, while cognitive, relational and structural aspects of social capital of principal firms come out as critical determinants of relationship values in this study, it is interesting to explore into the moderating conditions that strengthen or weaken the relationship between social capital and values embedded in principal-agent relationships. Network researchers applying contingency theory show that the impact of network characteristics on performance depends on contextual factors (Mohrman, Tenkasi, & Jr. Mohrman, 2003; Stevenson & Greenberg 2000). Considering the characteristic of customers, since knowledge embeddedness is a foundation of social network, future research may examine the nature of market knowledge in terms of tacit versus explicit (Polanyi, 1966), its integration in terms of shared versus separate (Luca & Atuahene-Gima, 2007), and investigate into its contingency influence over the linkage between social capital and relational learning. For example, it is conceived that explicit (tacit) market knowledge can strengthen

(weaken) the relationship between social capital and relational learning between principal and agent relationships.

Moreover, the context of environment can have the potential to hinder or foster the impacts of social capital aspects on learning. For example, a recent study of Gu, Hung and Tse (2008) indicates that whether personnel connections of channel managers can be fully leverage to enhance brand market performance is dependent on competitive intensity and technological turbulence. The market environment with high competitive intensity and technological turbulence hinders the positive association between personnel ties and the brand market performance of principals in foreign market. Yet, the positive impacts of relational trust on learning might be fostered by dynamic environments. It is interesting to explore the impact of various environmental aspects over the relationship between social capital and exploratory/exploitative learning.

Furthermore, the characteristics of relationship stage might help to leverage the relationship between social capital and value creation. For example, Powers and Reagan (2007) find that relationship stage between suppliers and buyers moderates the influences of some critical factors such as trust and mutual goals between buyer firms and selling firms on successful relationship outcomes. Eggert, Ulaga and

Schultz (2006) also find the most appreciated relationship value differs with various relationship life stages. As the acceptance of value differs from actors based on usage value, future study is suggested to explore the moderator role of relationship life cycle on social capital-relationship value creation.

Fourthly, any principal-agent partnership is a loosely coupled system in which investing parties interdependently share existing resources or jointly develop new resources while maintaining their respective identities and resource control. This looseness, plus inter-party asymmetry in bargaining power, explains why channel relationships tend to demonstrate a high level of conflict and low levels of cooperation, communication, trust, and stability (Anderson & Weitz, 1989; Dwyer, Schurr, & Oh, 1987; Frazier, Gill, & Kale, 1989; Stern & Reve, 1980). A major challenge for exporting firms is how to structure cross-broader channel partnerships so that exporters can inspire their overseas agents to engage in value co-creation. In keeping with social exchange theory's emphasis on intrinsic utilities of exchange process (Blau, 1964), the current findings suggest that it is the non-contractual mechanisms of an exchange such as relational trust, consensus, and learning that co-create value. Additional studies may use transactional cost analysis (TCA) (Williamson, 1975) to provide the economic self-interest rationale for agents to engage in value-creating behaviour, and focus on contractual mechanisms such as

inclusive and obligatory contracts so as to constrain opportunism, reduce risks, and hence contribute to co-creation of value. In accordance with Gassenheimer, Houston, and David (1998), future research inquires are encouraged to frame further studies on value co-creation under the political economy paradigm. Such an approach should help marketers understand the roles of economic and social factors driving co-creation of relationship value.

Last but not least, this study provides theoretical and practical insights into the roles of social capital in generating relationship value in a channel context and in an emerging economy. The finding explicitly show that social capital of principal managers can be leveraged into fruitful principal-agent relationship values in the forms of sales and volume growth, flexibility in sell over-capacities, potential in product and process innovation, new market opportunities, market intelligence, and access to key persons in markets. Future studies need to extend the study and its implications to different alliance/partnership and country setting to reinforce confidence in the generalizability of this finding.

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Session Tne: Channel Management on New Product Market

Instruction: Think of a new product-market that your firm and one specific channel partner joined hands and developed together in the past five years. In the following sections, this new venture will be identified as Project X. And this particular channel partner will be identified as Agent X. As a member of the new venture management team who has been directly and continuously involved in Project X's development, please complete the following sections with Project X and Agent X in mind.

2.1 Your role in focal principal-agent relationship management is:

- serving as initiator that set up the principal-agent partnership
- serving as the major decision maker that formulate strategies for long-term partnership development
- serving as an executive that deal with the agent in daily operations

2.2 How long have you been involved in Project X?

- less than 3 years
- 1-3years
- more than 3 years

2.3 To obtain new experience, new marketing concept and ideas, top managers usually have connections with actors outside their industries. Please rate to what extent you disagree of agree with the following statements. (1=strongly disagree, 7=strongly agree)

Channel manager in our firm puts a lot of resources into cultivating relationships with top executives of firms outside our industry.	1	2	3	4	5	6	7
Channel manager in our firm has connections with top executives from firms not operating in our industry.	1	2	3	4	5	6	7
Channel manager in our firm has connections with professionals who are not in our industry.	1	2	3	4	5	6	7
Channel manager in our firm has strong relationships with top executives who serve on boards in firms not operating in our industry	1	2	3	4	5	6	7

2.4 Compared with three main competitors in the product-market, please rate your performance at X Project-market.

(1=much worse; 7=much better)

Sales growth	1	2	3	4	5	6	7
Profit return	1	2	3	4	5	6	7
Market share	1	2	3	4	5	6	7

Section Three: Principal-agent Relationship

Instrument : This section discusses about the relationship between your firm and Agent X on Project X.

3.1 When did your firm establish agent relationship with Agent X? _____

3.3 In Project X, Agent X is responsible for _____ area

3.2 The revenue Agent X brings is about _____% to the total revenue of Project X.
 less than 20% 21%-40% 41%-60% 61%-80% 81%-100%

3.4 The following sentences using opposite adjectives to describe knowledge redundancy between firms. Please rate to what extent your knowledge and capability is non-redundant or redundant with Agent X. Please choose 1 if your knowledge / abilities is complementary / different to each other. Choose 5 if your knowledge / abilities is totally overlapped.

Has complementary abilities in market development	1	2	3	4	5	has overlapping abilities in market development
Has complementary abilities in market research	1	2	3	4	5	has overlapping abilities in market research
Has complementary skills in terms of personnel development	1	2	3	4	5	has overlapping skills in terms of personnel development
Has very different resources	1	2	3	4	5	has very similar resources

3.5 Please rate to what extent the following statements reflects learning between you and Agent X.

a) To explore new product-markets, launch new products, business partners exchange information unrelated to firms' current marketing experience and market base. Please rate to what extent you disagree or agree the following statements describe exploratory learning between your firm and Agent X.

(1=strongly disagree, 7=strongly agree)

In information search, Agent X and our firm discuss about project strategies that involved experimentation and high market risks.	1	2	3	4	5	6	7
In information search, we prefer to explore new customer needs to encourage marketing innovation.	1	2	3	4	5	6	7
The aim of Agent X and our firm is to acquire knowledge to develop a project that led us into new areas of learning such as new markets and technological areas.	1	2	3	4	5	6	7
Agent X and our firm exchange novel information and ideas that go beyond our current market and technological experiences.	1	2	3	4	5	6	7
The aim of Agent X and our firm is to collect new information that forced us to learn new things in the business development.	1	2	3	4	5	6	7

b) To improve productivity and efficiency, business partners exchange information in the current or neighbourhood of their market and product knowledge base. Please rate to what extent you disagree or agree the following statements describe exploitative learning between your firm and Agent X.

(1=strongly disagree, 7=strongly agree)

Agent X and our firm exchange information to refine common methods and ideas in solving problems in the project.	1	2	3	4	5	6	7
The aim to exchange information between Agent X and our firm is to search for ideas and information that can be implemented well to ensure productivity.	1	2	3	4	5	6	7
Agent X and our firm exchange information and ideas about the usual and generally proven methods and solutions to product development problems.	1	2	3	4	5	6	7
Agent X and our firm use information acquisition methods (e.g., survey of current customers and competitors) that help us understand and update Project X and market experience.	1	2	3	4	5	6	7
Agent X and our firm emphasize the use of knowledge related to exiting project experience.	1	2	3	4	5	6	7

3.6 Please rate to what extent you disagree or agree the following statements describe the strategic consensus between your firm and Agent X.

(1=strongly disagree, 7=strongly agree)

Our firm and Agent X are in total agreement about marketing goals and priorities in Project X.	1	2	3	4	5	6	7
Our firm and Agent X agree on the best ways to ensure the long-term impact and success of market development where Project X is involved.	1	2	3	4	5	6	7
Our firm and Agent X have consensus on the best ways to maximize the long-term effectiveness of marketing strategies Project X involved.	1	2	3	4	5	6	7
Our firm and Agent X totally agree on which strategic marketing objectives should be considered the most important in Project X.	1	2	3	4	5	6	7

3.7 Please rate to what extent you disagree or agree the following statements describe your trust on Agent X's competence.

(1=strongly disagree, 7=strongly agree)

? We believe that Agent X is competent to keep the promise they make to our firm.	1	2	3	4	5	6	7
? We believe that Agent X's marketing policies help us to perform our tasks effectively.	1	2	3	4	5	6	7
We believe that Agent X provides a high quality of marketing support.	1	2	3	4	5	6	7
We believe that Agent X provides market information before others do.	1	2	3	4	5	6	7

3.8 Please rate to what extent your firm obtain following benefits drawn from your relationship with Agent X.

(1= extremely low, 7=extremely high)

Increase profit	1	2	3	4	5	6	7
Increase amount of deliveries	1	2	3	4	5	6	7
Long-term supply agreements	1	2	3	4	5	6	7
Increase sales volume	1	2	3	4	5	6	7
Possibility of short notice deliveries	1	2	3	4	5	6	7
Possibility of sell over-capacities	1	2	3	4	5	6	7
Reduction of dependency on other accounts	1	2	3	4	5	6	7

Joint development of marketing processes	1	2	3	4	5	6	7
Joint concept development of new products	1	2	3	4	5	6	7
Support our firm in new technology adoption	1	2	3	4	5	6	7
Support our firm in prototype testing	1	2	3	4	5	6	7
Initiation of contacts with new customers	1	2	3	4	5	6	7
Information about potential new customers	1	2	3	4	5	6	7
Information about the market	1	2	3	4	5	6	7
Information about competitors	1	2	3	4	5	6	7
Information about relevant third organizations (e.g. suppliers and other agents/distributors)	1	2	3	4	5	6	7
Support by handling contacts with governmental agencies	1	2	3	4	5	6	7
Promotion in influential institutions and committees	1	2	3	4	5	6	7

3.9 Please rate to what extent you disagree or agree the following statements describe the relationship outcome from your relationship with Agent X.

(1=strongly disagree, 7=strongly agree)

Flexibility to handle unforeseen fluctuations in demand has been improved because of the relationship with Agent X.	1	2	3	4	5	6	7
This relationship with Agent X has a positive effect on our ability to develop successful new products.	1	2	3	4	5	6	7
This relationship with Agent X helps our firm to detect changes in end-user needs and preferences before our competitors do.	1	2	3	4	5	6	7

Thank your for your cooperation!

針對新產品營銷管理的問卷調查

第一部分：企業基本資訊

1.1 貴公司主要涉及行業為：

IT業 電訊業 電子業 制藥業 生物科技業 新能源行業 新材料業

其他：(請填寫) _____

1.2 成立至今，貴公司已運作多少年？

5年或以下 6-10年 11-15年 16-20年 21-25年 26-30年
多於30年

1.3 貴公司目前有多少名全職員工：

少於50名 50-99名 100-199名 200-499名 500-1000名 1001-3000名
多於3000名

1.4 目前貴公司的所有制形式：

國內私營企業 地方政府/集體所有
國內股份制企業 (私人控股 集體控股 地方政府控股)
國際合資企業 (國內企業控股 國外企業控股)
國際獨資企業 其他：(請填寫) _____

1.5 您在貴公司的職務：

高層主管 中層/部門主管 技術人員 其他(請填寫)：_

1.6 您的教育程度：

高中 大學專業/本科 碩士或博士以上 其他(請填寫)：_

第二部分：新產品的網絡管理

答題提示：1) 首先，請在您腦海中找到一位具有豐富市場經驗與全面銷售配套服務的代理商。以下問卷將把該代理商稱為“X代理商”。

2) 其次，請回想在過去五年之內，貴公司和“X代理商”一同合作發展的一個新項目(即把一個自家品牌的新產品/產品線銷售到某一市場)。並根據該項目來回答下面的問題。以下問卷將把該項目稱為“X項目”。

2.1 在“X項目”中，您的個人角色是：

“X項目”發起人之一 “X項目”主要負責人 “X項目”執行人 其他(請填寫)：

2.2 您參與“X項目”已多長時間？

少於1年 1-3年 多於3年

2.3 為了獲得新經驗 新營商概念和手法，企業高層主管往往與其他行業人士保持緊密聯繫。請評價以下描述在什麼程度上準確反映貴公司“X項目”主管與其他行業人士的聯繫。

	極 不 同 意	不 同 意	不 太 同 意	不 置 可 否	基 本 同 意	同 意	非 常 同 意
我公司“X項目”主管花了許多精力來培養與其他行業的商界領袖的關係。	1	2	3	4	5	6	7
我公司“X項目”主管與其他行業企業的高層保持聯繫。	1	2	3	4	5	6	7
我公司“X項目”主管與其他行業內的專業人士保持聯繫。	1	2	3	4	5	6	7
我公司“X項目”主管與其他行業企業的董事會成員建立了良好關係。	1	2	3	4	5	6	7

2.4 與貴公司3個主要競爭對手相比較，請選擇最能反映貴公司在“X項目”市場內整體表現的句子。

	表 現 差 很 多	表 現 差	表 現 略 差	相 同	表 現 略 好	表 現 好	表 現 好 很 多
相比較主要對手，我公司的營銷增長	1	2	3	4	5	6	7
相比較主要對手，我公司的盈利回報	1	2	3	4	5	6	7
相比較主要對手，我公司的市場佔有率	1	2	3	4	5	6	7

第三部分：新產品的營銷夥伴關係、交流學習和價值

答題提示：以下問卷將集中討論貴公司與“X代理商”（即該位具有豐富市場經驗與全面銷售配套服務的代理商）的合作關係。

3.1 貴公司何時與“X代理商”開始業務來往？ _____ 年

3.3 在“X項目”中，“X代理商”負責的市場區域 _____

3.2 “X代理商”帶來的生意金額占“X項目”總銷售金額的百分之幾？

少於 20% 21%- 40% 41%-60% 61%-80% 81%-100%

3.4 以下的句子運用相對的形容詞來描寫企業間在知識方面的重迭程度。請評價，在“X項目”合作中，“X代理商”與貴公司的知識重迭程度。如果雙方知識互補不足，請選擇 1；如果雙方知識完全重迭，請選擇 5。

“X代理商”的市場開發能力與我公司的市場開發能力互補	1	2	3	4	5	“X代理商”的市場開發能力與我公司的市場開發能力完全重迭
“X代理商”的市場調查能力與我公司的市場調查能力互補	1	2	3	4	5	“X代理商”的市場調查能力與我公司的市場調查能力完全重迭
“X代理商”的員工質素與我公司的員工質素互補	1	2	3	4	5	“X代理商”的員工質素與我公司的員工質素完全重迭
“X代理商”的資源與我公司的資源互補	1	2	3	4	5	“X代理商”的資源與我公司的資源完全重迭

3.5 請評價下列描述在什麼程度上反映了貴公司與“X代理商”之間交流資訊、共同學習的狀況。

a) 為了發掘新市場和試驗新產品，合作夥伴間會交流一些與現有市場或產品經驗無關的資訊情報。請評價下述描述在什麼程度上準確反映貴公司與“X代理商”間的資訊交流。

	極不同意	不同意	不太同意	不同意	基本同意	同意	非常同意
在收集資訊時，雙方會探討高風險及試探性的市場開拓策略。	1	2	3	4	5	6	7
在收集資訊時，我們會傾向於發掘新的客戶需要，藉以鼓勵市場創新。	1	2	3	4	5	6	7
雙方求知的目標是透過某一項目來進入新領域（如新市場、新科技領域）。	1	2	3	4	5	6	7
雙方會交流超越企業現有市場與技術經驗的新資訊和新概念。	1	2	3	4	5	6	7
雙方求知的目標是通過搜集新資料來突破自己，獲得業務新知識。	1	2	3	4	5	6	7

b) 為了改進成本效益/效率，合作夥伴會交換針對現有市場或相類似市場的資訊情報。請評價以下描述在什麼程度上準確反映了貴公司與“X代理商”間的資訊交流。

	極不同意	不同意	不太同意	不同意	基本同意	同意	非常同意
雙方會交換資訊，藉以進一步改良解決難題的方法。	1	2	3	4	5	6	7
雙方交流的目的在於搜集改善企業運營的最穩妥方案。	1	2	3	4	5	6	7
雙方會就通常行之有效的產品研發或營銷方法交換資訊。	1	2	3	4	5	6	7
雙方會就現有客戶與競爭對手作市場調查，藉以更新對當前市場的瞭解。	1	2	3	4	5	6	7
雙方在當前合作項目中著重于對現有知識的應用。	1	2	3	4	5	6	7

3.6 請評價以下描述在什麼程度上準確反映貴公司與“X代理商”就“X項目”發展已達成策略共識。

	極不同意	不同意	不太同意	不置可否	基本同意	同意	非常同意
雙方對“X項目”市場目標的先後次序上有一致的理解。	1	2	3	4	5	6	7
雙方認同達到“X項目”市場策略長期成功的最佳途徑。	1	2	3	4	5	6	7
雙方在如何最大化“X項目”市場策略長期效益的方法上取得共識。	1	2	3	4	5	6	7
雙方對“X項目”市場中最重要的策略目標完全認同。	1	2	3	4	5	6	7

3.7 以下句子描寫企業對合作夥伴的信任態度。請評價以下描述在什麼程度上準確反映貴公司對“X代理商”的信任。

	極不同意	不同意	不太同意	不置可否	基本同意	同意	非常同意
我們相信“X代理商”有能力履行對我們許下的承諾。	1	2	3	4	5	6	7
我們相信“X代理商”的市場政策能夠幫助我們有效地開展工作。	1	2	3	4	5	6	7
我們相信“X代理商”能夠提供高質素的營銷支援。	1	2	3	4	5	6	7
我們相信“X代理商”能夠提供快人一步的市場情報。	1	2	3	4	5	6	7

3.8 請評定在什麼程度上，貴公司從“X代理商”這段關係中獲得以下益處：

改善企業運營成本效益/效率方面：

這段關係有助於。。。。。

	非常低	很低	一般	高	很高	非常高	
提高產品銷售利潤	1	2	3	4	5	6	7
提高交貨量	1	2	3	4	5	6	7
長期的供應合約	1	2	3	4	5	6	7
提高銷售量/額	1	2	3	4	5	6	7
接受短期通知的交貨	1	2	3	4	5	6	7
減少存貨	1	2	3	4	5	6	7
減少對其他客戶的依賴	1	2	3	4	5	6	7

開拓新市場、新產品方面：

這段關係有助於。。。。。

	非 常 低	很 低	一 般	高	很 高	非 常 高	
共同開發營銷流程	1	2	3	4	5	6	7
共同開發新的產品概念	1	2	3	4	5	6	7
支持我公司採用新技術	1	2	3	4	5	6	7
支援我公司產品樣本的測試	1	2	3	4	5	6	7
開發新客戶	1	2	3	4	5	6	7
提供資訊，藉以發掘 具有潛力的新客戶	1	2	3	4	5	6	7
提供市場訊息	1	2	3	4	5	6	7
提供競爭者動向	1	2	3	4	5	6	7
提供相關第三方機構的資訊。 (如關於其它上游供應商和經銷、代理商的資訊)	1	2	3	4	5	6	7
幫助拓展與政府機構聯繫的渠道	1	2	3	4	5	6	7
向具影響力的機構和委員會推廣貴企業	1	2	3	4	5	6	7

3.9 最後，請評定以下句子在什麼程度上準確反映了貴公司與“X代理商”合作效果。

	極 不 同 意	不 太 同 意	不 置 可 否	基 本 同 意	同 意	非 常 同 意	
這段關係有助增強靈活生產以配合市場需求之波動。	1	2	3	4	5	6	7
這段關係有助我們公司開發和創造成功的新商品。	1	2	3	4	5	6	7
這段關係有助我們公司快人一步掌握客戶/消費者動向資料。	1	2	3	4	5	6	7

全卷完畢 - 多謝合作!