The nature of relationship atmosphere and links with the value of relationships: the case of Asia and Europe

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ABSTRACT

Supplier-customer relationships evolve over time to position of the firm in its market and to provide its strategic identity. This evolution is strongly influenced by less tangible elements intrinsically linked to exchanges taking place over time; the relationship atmosphere, often discussed in the literature relative to its constituent elements conceptualised using such constructs as trust, cooperation/conflict, power/dependency etc.
This paper follows up on two previous publications, both based on the data collected within the framework of the IMP2 Project. The first paper explored the structure of the relationship atmosphere scale in the European context. The second paper ran a similar analysis, whilst adding data from China and Thailand. A comparison between the European and Asian relationship atmosphere structure was now possible.
This paper investigates the relationship atmosphere structure using second order confirmatory factor analysis and assesses the influence exerted by this atmosphere on the quality or value of the relationship.

TOWARDS AN IMPROVED UNDERSTANDING OF THE NATURE AND EFFECTS OF RELATIONSHIP ATMOSPHERE

This paper builds on previous research findings in the area of supplier-customer relationships and more specifically, the nature of relationship atmosphere. We start by recapping on the bases described in previous papers regarding the state of the literature and the method and initial findings that led to this paper.

Conceptualisation and influence of relationship atmosphere

The Interaction approach proposed by the IMP Group presents a model comprising the actors in interaction (supplier and customer), short-term exchange episodes (product/service, information, economic, social etc.), a long-term relationship dimension, a relationship atmosphere element, and an element environment of the

relationship (Hakansson 1982). The various base elements of the model are seen as interdependent variables, each conditioning the others, and thus conditioning, at the same time, the overall outcome of relationship development, or the "shape" the relationship takes over time. Thus the type and frequency of product exchange will condition the atmosphere of the relationship, which will, in turn, condition the development of the relationship (patterns of future exchanges of different kinds), which will, in turn, condition (and be conditioned by) the strategies of the actors in interaction.

Central to the debate here are the underlying concepts such as power, independency, trust, cooperation that collectively comprise the atmosphere element in the model. Several authors stress the necessity for a better understanding of the relationship atmosphere. Some work focuses on the very nature of the atmosphere and the relationship between underlying relationship atmosphere concepts. Other work adopts a "so what?" attitude (Young and Wilkinson 1997). In other words, what correlation if any exists between the relationship atmosphere dimensions and value to the companies in the interaction.

Relationship atmosphere and management and performance issues.

The study of relationship atmosphere and its component parts takes on a particular interest from a managerial perspective when associated with factors relative to the performance of the firm and the firm's position in the market in general.

The tendency is to consider that good relationships correspond inevitably to relationships with a strong, positive relationship atmosphere. More specifically, the relationship atmosphere strongly conditions the future of the relationship, cooperation and that good relationships are synonymous with greater economic exchange and higher profitability for both supplier and customer.

Likewise trust is projected as being a necessity for full relationship potential to be achieved, and power-dependency issues will play a primary role in the relationship development processes. More specifically, power can be seen as relatively equally shared or "balanced" between trading partners, or else in a state of imbalance, with one party being more dependent upon the other. In the former case, favourable relationship development would occur more smoothly between the two parties where each is able to influence the process. Nevertheless, the latter case can still have productive or non-

productive consequences in terms of relationship development, depending on each party's willingness to accept or exploit their position.

Performance of the firm, however, is not limited to short-term economic considerations alone. Thus the benefits to be had from "good" as compared to "bad" relationships extend to include better information and knowledge acquisition, access to leading-edge products or process technologies, resource pooling and risk sharing, access to other markets, market reference value to certain customers or suppliers, and so on. To what extent these performance dimensions are perceived as being important and the extent to which the relationship atmosphere impacts upon these performance factors is the principal research question. .

Holm and Johanson (1994) and Holm, Eriksson and Johanson (1996) postulate that network connections affect levels of commitment in relationships and that commitment directly affects relationship profitability. Their basic hypotheses suggest that through interaction over time, a learning process occurs, commitments are made by the firm, and a subsequent understanding regarding co-ordination of activities develops (Anderson and Narus 1990), and trust is established (or not)(Dwyer, Schurr and Oh 1987), along with a strong commitment to continue the relationship. At the same time - assuming a positive evolution of the relationship - cooperation creates interdependence, whilst creating additional value from joint productivity (Zajac and Olsen 1993), joint product development etc.

Holm, Eriksson and Johanson (1996) emphasize, however, that the development process is "*by no means deterministic; the dyadic relationship is only developed if both parties consider it profitable or otherwise worthwhile to engage in future exchange*". They also highlight the informal nature of business relationships and the fact that "*uncertainty and possible opportunism are better handled through mutual understanding that is (itself) based on past experience of interaction and expectation of future change*".

At the heart of this cooperative (Axelrod 1984), commitment-driven, vision of good supplier-customer relationships is the idea of "*mutual understanding in co-ordinating exchange activities in the relationship*" (Holm, Eriksson and Johanson 1996). This is contrasted with "trust", seen as a central construct reflecting the affective dimension of the supplier-customer relationship (Morgan and Hunt 1994).

Relationship atmosphere: a universal concept?

Perhaps surprisingly - especially in these times of rampant gobalisation and cross-cultural exchange - precious little attention seems to have been paid to the universality or otherwise of the relationship atmosphere concept and its component constructs. At best, work seems to focus - at a qualitative and conceptual level essentially - on the broad issue of cultural differences, and specificities of certain country or regional cultural characteristics (Fukuyama 1995: Abegglen and Stalk 1985).

This work often also remains rather generic in nature, and does not deal specifically with the relationship atmosphere issue. Yet the potential consequences of non-universality are tremendous in terms of the management and development of international inter-firm relationships.

The IMP2 research programme and resultant data base comprises a strong international orientation, explicitly examining supplier-customer relationships across international boundaries. However, given the relatively limited size of individual "country" data sets, the decision was made to group together data of "European" origin on the one hand, and "Asian" on the other, to enable more meaningful statistical analysis to be performed, whilst, at the same time, being aware of the possible risks involved in assuming that Asian and European data sub-sets can be “grouped together”.

Method and conceptual framework

The empirical data used in this survey is extracted from the data base resulting from the IMP2 research programme used in the preliminary analysis mentioned earlier.

The initial data base comprised interviews with knowledgeable managers concerning relationships between suppliers-customer couples in and between various different countries (France, United Kingdom, Italy, Germany, Holland, and Sweden).

In all, a total of 230 relationships were involved. Each questionnaire comprised several sections: general information on the companies interacting, the context of exchange processes taking place, the "network" context, and one specific section composed of attitude statements, intended to measure dimensions of the relationship atmosphere.

The dimensions of atmosphere identified à priori, in line with the literature and with the IMP model in particu!ar are:

1. Power/dependency (Power balance)
2. Co-operation/competitiveness

3. Trust/opportunism

4- Commitment/non-commitment

5. Understanding/misunderstanding

6. Closeness/distance

This original data base has been supplemented with a second file of data provided by the IMP2 Asia study.

PREVIOUS RESULTS

Promising preliminary analysis

Roehrich and Spencer (2000) examined some of the underlying concepts relative to relationship atmosphere, evaluating the validity of the atmosphere scale using confirmatory factor analysis techniques. To do so, they made use of a data base comprising characteristics of over a hundred international supplier-customer relationships across five national boundaries within Europe. The data base, the result of the IMP2 project performed in the 1990's, included on the one hand, a section of attitude statements relative to perceptions by respondents - both suppliers and customers - of relationship atmosphere, and, on the other hand, sections investigating both the profiles of the supplier and customer firms in interaction and the exchange processes between them. Preliminary findings suggested the existence of, rather than the model expected, six first-order factors, four of which combined to generate a second-order factor that we labelled relationship "Transparency".

Obtaining a common Asia-Europe structure

Roehrich and Spencer (2001) used 52 items in the IMP questionnaire to identify a relationship atmosphere structure common to both the European and Asian data sets. Their first strategy was to attempt to identify from the Asian data, the same structure previously obtained from the European data. However, this proved impossible, indicating that it was not possible to uncover a common structure capable of optimally reflecting at the same time, the two data sets. A revised strategy was thus implemented by seeking out a universal structure for the relationship atmosphere scale, then applying it to the European data, then to the Asian data. In this way, it was possible to obtain a scale composed of 9 dimensions, made up of the same items, for the three levels of analysis: “world”, Europe, and Asia (Table 1).

Table 1. Cross cultural factorial structure of the relationship atmosphere scale.

	World	Europe	Asia
Communication Quality			
24. We like dealing with this customer	597	638	550
25. We are satisfied with the level of attention we receive from this customer	599	492*	697*
27. It is easy to agree about how to handle the various issues that arise in this relationship	710	693	726
28. Misunderstandings between our two companies are quite rare	618	643	601
31. Agreements on contracts terms are usually reached easily	589	574	620
Dependence			
01. Considering everything, we actually have no alternatives to this relationship	616	593	745
10. It would be very difficult for us to find a replacement for this customer	700	696	604
Power			
04. We are more important to this customer than he is for us	880	656	870
06. We have the upper hand in this relationship	501	698	488
Distance			
38. It is often difficult to understand the customer's behaviour and ways of thinking	726	705	657
41. It is difficult to make friends with purchasers and technicians in this firm	538	439*	717*
Commitment			
45. This customer is committed to a long term relationship with us	714	585*	796*
46. We are strongly committed to this customer	811	981*	734*
Problems			
11.Lack of cooperation has caused problems in our relationship	840	801	850
12. Unsatisfactory performance (eg late deliveries, delayed payment) has caused problems in our relationship	625	621	651
Social ties			
34. We usually make an effort to establish personal contacts with people in the customer's company	579	427*	673*
35. We have excellent personal relations on a social level with people from the customer	785	845	813
Trust			
19. We have full confidence in the information provided to us from this customer	687	649	790
22. We are convinced that this customer can handle confidential information from us	585	581	540
Mutual interest			
47. We would not supply an other customer at the expense of this current customer	576	487	644
48. We consider the exchange of this product to be a part of a wider relationship with this customer	505	434	574

* Coefficients statistically different from one another

All of these dimensions are coherent with the ones hypothesized in the IMP approach regarding relationship atmosphere. Moreover, the stability of the structure is confirmed by the fact that only 5 items out of 21 are statistically different from the European

structure compared to the Asian one. Based on this common structure, we undertook a comparison of the inter-correlation of the dimensions.

Inter-factorial correlation structure

The analysis of these correlations highlights the difference of the internal structure of atmosphere relationships (Table 2).

Table 2. Intercorrelations of relationship atmosphere dimensions

Relationship	Europe	Asia	Relationship	Europe	Asia
Communication Quality Trust	.86*	.37*	Distance - Trust	-.92*	-.44*
Trust - Mutual interest	.76*	.26*	Communication Quality - Distance	-.83*	-.35*
Commitment – Mutual interest	.52	.72	Distance - Commitment	-.31	-.31
Social ties - Mutual interest	.50	.60	Distance - Social ties	-.26	-.28
Communication Quality - Mutual interest	.41	.37	Distance - Mutual interest	-.26	-.21
Commitment – Confidence	.38	.33			
Commitment – Social ties	.24	.47	Problems – Mutual interest	NS	-.22
Communication Quality - Social ties	.22	.33	Dependence - Problems	.30	NS
Social ties – Trust	.30	.29			
Communication Quality - Commitment	(.16)	.33	Communication Quality - Power	NS	(-.11)
Dependence – Mutual inter.	.55	.54	Dependence - Power	NS	NS
Dependence - Commitment	.28	.43	Dependence - Distance	NS	NS
Dependence - Social ties	.21	.27	Power - Commitment	NS	NS
Dependence – Trust	(.16)	.39	Power - Social ties	NS	NS
			Power - Trust	NS	NS
Distance – Problems	.56	.35	Power - Mutual interest	NS	NS
Power – Problems	(.16)	.39	Commitment – Problems	NS	NS
Power – Distance	(.13)	.21	Problems – Social ties	NS	NS
Communication Quality – Problems	-.66*	.29*			
Problems – Trust	-.34*	.20*			
Communication Quality - Dependence	(-.17)*	.52*			

Values in brackets are not statistically different from 0 at the .05 level but at the .10 level. They are still presented for the purposes of information.

*Coefficients statistically different at the .05 level. For example, correlations between « Communication Quality and Distance » are different for the European (-.83) and Asian (-.35) samples.

Only seven of these 36 coefficients are different from the European to the Asian subsample:

Trust is concerned in four cases: the absolute values of the correlations are far higher in the European sample than in the Asian sample. Moreover, the direction of the relationship trust-problems changes with culture (positive for Asia, negative for Europe)

In the three other cases, the Communication Quality dimension is concerned. Here again the coefficients are significantly higher across the European data than across the Asian data. Furthermore, the direction of the Communication Quality-Problems and the Communication Quality-Dependence dimensions vary with culture (positive for Asia, negative for Europe).

Two conclusions can be drawn from these results;

- The relationship atmosphere measurement scale has a similar structure for both cultural settings: European and Asian.
- The direction and strength of the internal relationships between the dimensions of this structure vary significantly for both dimensions Trust and Communication Quality. These relationships, however, are different in direction in only three cases.

SUPERSTRUCTURE OF THE SCALE AND ELEMENTS OF VALIDITY

Exploration of the scale in this section is extended in two directions. Firstly in line with the work by Roehrich and Spencer (2000), where the analysis was limited to European data only, the fundamental dimensions of relationship atmosphere are sought by performing second order factor analysis.

Second order dimensions

Analysis of the inter-factorial correlations suggests high interdependency between several first order dimensions, which, in turn, suggests the existence of higher order constructs. To improve our knowledge of the scale structure, a second order factor analysis was performed. Three higher order constructs were revealed (Table 3).

These indices were sufficiently high to allow further analysis. Figure 1 shows the structure obtained. For purposes of clarity, the correlations observed between second order factors are given in Table 4.

Table 3. Second order factors goodness of fit indices

Coefficient	Valeur
RMSEA	.040 (.047 - .055)*
Γ	.952 (.964 - .975)
Γadj.	.953 (.937 - .967)
GFI	.927
AGFI	.903

* Indications in brackets refer to the minimum and maximum values of the index

Table 4. Correlations between the higher order dimensions

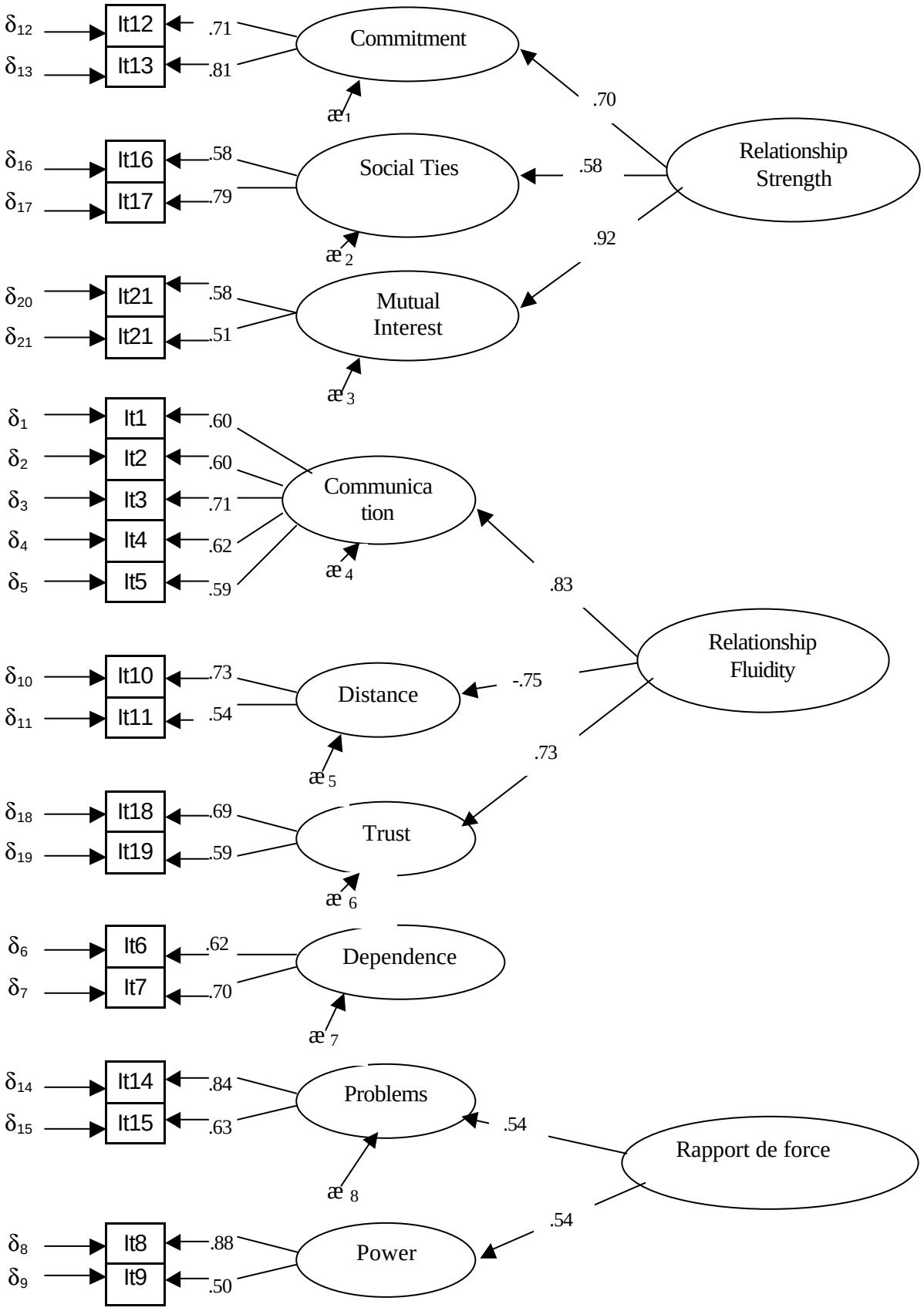
	Relationship strength	Relationship fluidity	Rapport de force	Dependence
Relationship strength	1			
Relationship fluidity	.60	1		
Rapport de force	-.17 (NS)	-.50	1	
Dependence	.51	.20	.17	1

An analysis of Figure 1 shows that three second order factors and one first order factor are revealed;

The first factor groups together the Commitment, Social Ties and Mutual Interest factors. We have named it Relationship strength, as the elements it comprises reflect either an internal strength (commitment or mutual interest), or the strength of social ties. It can be noted that with a value of 0.58, social ties play the weakest role in making up relationship strength.

The second factor groups together the dimensions Communication Quality, Trust and Distance. These three elements are linked to the ease of implementing the relationship. It has thus been named Relationship Fluidity. Note that the relationship is negative for Distance, as the further away the customer is, the more difficult it is to maintain the relationship. Also noted is the fact that the first order factors are of approximately equal weight in making up Relationship Fluidity.

The third second order factor groups together the dimensions of Problems and Power. It has been named Rapport de Force, as the content of the items concerned suggests a struggle for domination between supplier and customer. These two factors are of equal weight in making up the dimension Rapport de force.


δ12
δ13
It12
It13
.71
.81
Commitment
æ1
.70
δ16
δ17
It16
It17
.58
.79
Social Ties
æ2
.58
Relationship Strength
.92
δ20
δ21
It21
It21
.58
.51
Mutual Interest
æ3
δ1
δ2
δ3
δ4
δ5
It1
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It3
It4
It5
.60
.60
.71
.62
.59
Communica tion
æ4
.83
δ10
δ11
It10
It11
.73
.54
Distance
æ5
-.75
Relationship Fluidity
.73
δ18
δ19
It18
It19
.69
.59
Trust
æ6
δ6
δ7
It6
It7
.62
.70
Dependence
æ7
δ14
δ15
It14
It15
.84
.63
Problems
æ8
.54
Rapport de force
.54
δ8
δ9
It8
It9
.88
.50
Power

The dimension Dependence was not related to any second order factor. It would thus seem to play a specific role in relationship atmosphere make-up.

A closer look at the coefficients presented in Table 4 provides some indications as to the internal structure of the relationship atmosphere scale;

With a correlation of 0.60, Relationship Strength and Relationship Fluidity seem to be core elements of the Relationship Atmosphere phenomenon.

The existence of a Rapport de force can prove damaging for Relationship Fluidity

($r = 0.50$), but has only a slight effect on Relationship Strength.

The Strength of the Relationship can be linked to the existence of a Dependency Relationship, which is only weakly linked to Relationship Fluidity.

The relationship between Dependence and the existence of a Rapport de Force is statistically significant, but negligible.

A fourth phenomenon, which in our view seems to be external to the relationship atmosphere construct (Dependency), can nonetheless exert an influence that is strongly linked to Relationship Strength.

Elements of validity

The IMP questionnaire comprises a series of questions intended to assess the content of the Supplier-Customer relationship. More precisely, amongst other things, certain of these questions aim at assessing to what extent the customer is important for the supplier and the supplier important for the customer.

The existence of a relationship between Relationship Atmosphere and the degree of mutual importance of the Supplier and Customer can also be considered. More specifically, we will address the following research issue: what is the relationship between Relationship Atmosphere and mutual Supplier/Customer importance.

From this perspective, a two-stage approach has been adopted. Firstly, exploratory factor analysis was performed using the Importance questions, so as to extract an internal structure. Confirmatory factor analysis was subsequently carried out on the two sets of factors: Relationship Atmosphere and Mutual Supplier/Customer Importance. The resulting correlations between the dimensions of these two sets of factors provides an indication of the strength and content of the relationship binding supplier and customer (Table 5).

Table 5. Factorial structure of Mutual Supplier/Customer Importance

	Down-stream tech. flow	Up-stream tech. flow	Network link	Core exchange
Stid : my firm is an important source of product technology ideas to that customer	.83			
Stecd : my firm is an important partner in technical development for that customer	.78			
Snid : my firm is an important source of production technology to that customer	.68			
Ctid : this customer is an important source of product technology ideas for us		.85		
Ctecd : this customer is an important partner in technical development for us		.69		
Cnid : this customer is an important source of production technology for us		.60		
Cexi : this customer is a bridgehead for expansion in the customer country			.79	
Cexo : this customer is a bridgehead for expansion in other counties			.69	
Cimgi : relationships enhances our image (standing) with other firms in that country			.52	
Cfaci: this customer facilitates our other operations there (e.g. distribution)			.51	
Crang : this customer is important for the range of products he buys from us				.53
Camou : this customer is important for the amount he buys from us				.40

A good quality factorial structure is obtained for the first three factors. The fourth factor was less good.

The first factor groups together those items expressing the supplier's technological contribution. It has been labelled "downstream technology flows", given that it concerns flows from supplier to customer. All loadings are close to or greater than 0.7, which means that they share 50% of their variance with their respective factor.

The second factor groups together symmetrical items on the customer side i.e. flows from customer to supplier: "Upstream technology flows". The loadings are slightly lower, indicating a structure of lesser quality.

The third factor groups items relating to the customer's importance as a bridge to accessing other openings or resource types. It has thus been labelled "Network link". Here the structure is of lesser quality than that of the second factor, but the factor demonstrates very clear significance.

Lastly, the fourth factor groups together two items expressing the volume and range of business exchanged with the customer. These items are considered to relate to the degree to which the core product or service exchange itself is of strategic importance. We have consequently labelled it "Core exchange". Loadings are quite low, but the significance of the factor is sufficiently clear to allow it to be retained.

Table 6 shows the correlations observed between these factors. They are quite high, indicating good cohesion of the Relationship Importance phenomenon.

Table 6. Correlation between Relationship Importance Factors

	Upstream Tech. Flow	Downstream Tech. Flow	Network link	Core exchange
Upstream tech. flow	1			
Downstream tech. flow	.46[c]	1		
Network link	.38[c]	.50[c]	1	
Core Exchange	.17[a]	.34[c]	.37[c]	1

Note all the same that the "Core exchange" dimension seems less tied to the three others than the three others are linked together. This may be due to the fact that the "Core exchange" dimension clearly refers to exchange of a commercial type, whilst the three others illustrate far more qualitative relationship dimensions.

In seeking to assess the relationship between the perceived importance of a relationship and the respective relationship atmosphere, it is easy to imagine that the more important the relationship, the better the atmosphere. More difficult, however, is the task of establishing a cause-effect hypothesis between these two phenomena. One would think that a supplier will expend much effort to create a positive atmosphere in a commercial relationship of importance to him, but the relationship may become important precisely because a positive atmosphere reigns. Given this uncertainty, we have preferred to opt for a simple analysis of correlations between these two phenomena.

The adjustment indices for this new model are given in Table 7. They are good, indicating good fit of the model with the data.

The coefficients of correlation observed between the dimensions of the two phenomena studied are shown in Table 8.

Table 7. Goodness of fit indices of the correlational model

Coefficient	Value
RMSEA	.043 (.037 - .048)
Γ	.95 (.94 - .96)
Γadj.	.95 (.93 - .96)
GFI	.90
AGFI	.88

* Indications in brackets refer to the minimum and maximum values of the index

Table 8. Correlation between Relationship Atmosphere and Importance factors

	Upstream tech. flows	Downstream tech. Flows	Network link	Core exchange
Relationship Strength	.30[c]	.27[b]	.17[a]	.47[c]
Relationship Fluidity	.13 [b]	.22[b]	NS	.42[c]
Rapport de force	.27 [c]	.27[c]	NS	NS

a : p<.10 b : p<.05 c: p<.01

An analysis of the coefficients presented in table 8 reveals the following structure:

Relationship Strength is linked to all four dimensions of Relationship Importance. The relationship is stronger the greater the Core Exchange, followed by the two types of Technology Flow, upstream and downstream, and lastly the Network link dimension.

Relationship Fluidity is linked to three of the four factors of Relationship Importance. The link is strongest with the Core Exchange dimension, then with the existence of Downstream Technology Flows, then Upstream Technology Flows. Note here the importance of the link with Core Exchange, compared to that relative to the existence of Upstream and Downstream Technology Flows.

Lastly, the Rapport de Force dimension only seems to be linked, weakly, to the existence of upstream and downstream technology flows.

DISCUSSION

The results of the analyses performed above lead to several points of discussion:

Specificities of Relationship Atmosphere in European and in Asian Contexts

- Europeans seem to give more weight to the notion of mutual trust than Asians

- Asians seem to consider that relationships are all the more easy if the customer depends on the supplier, or the supplier is in a position of strength in the relationship
- Europeans seem to be more sensitive to the negative effects of "distance" than Asians

All of the above converge to suggest that Asians give greater importance to obtaining a position of strength in the relationship. This condition, for them, is the guarantee of an easy relationship, with effective reciprocal commitment, and thus satisfaction of both parties' interests.

For the Europeans, the configuration is somewhat different. The key issue seems to be, for them, the setting up of a trusting relationship, where the two parties jointly attain their objectives.

The nature of relationship atmosphere

Across the joint European and Asian data base, the 9-dimensional structure identified in previous research by the authors can be confirmed, along with the relevance of the conceptualisation and operationalisation of relationship atmosphere by the IMP Group.

Of equal and perhaps greater interest is the fact that closer analysis of these nine dimensions derived from the combined data base reveals three superior relationship atmosphere dimensions, which we have labeled here as Relationship Strength (Commitment, Mutual interest and to a smaller degree Social ties), Relationship fluidity (Communications quality, Trust and Distance), and Rapport de Force (Problems and Power), and one base dimension, Dependency which seems to stand alone.

The first two superior dimensions seem to evoke "positive" relationship development issues, whilst the third seems to evoke negative issues potentially limiting or marring relationship development.

The role of Dependence, however, whilst linked to Relationship Strength, remains perplexing, as initially this was conceptualised as belonging to a power-dependency continuum.

In simple terms, it would appear that Relationship strength and Fluidity are core components of relationship atmosphere and that problems of power, whilst having potentially damaging effects on relationship fluidity (the everyday operational aspects

of relationship development and running), have only a slight effect on Relationship strength (or continuity).

Relationship importance

The analyses relative to relationship importance, which can be considered as measures synonymous with the value of the relationship to the parties involved, brings out four clear value dimensions: Core exchange, Downstream and Upstream Technical Flows, and Network Link.

This confirms recent views in the literature that consider the relationship as having value in its own right, related to direct advantage from traditional core product and service exchange taking place between supplier and customer. Value is also related to exchange of a technological nature, enhancing the partner firms' position in the market and to the role the relationship plays in linking the respective firms up directly or indirectly with other actors of importance in the firm's environment.

The "Core exchange" dimension seems to stand relatively alone. This is perhaps to be expected, partly due to the commercial nature of the exchange, Another likely explanation is that whilst the technology flows may well have value effects limited to the individual firm's operations e.g. improvement of production processes, they may, in many instances, have inevitable "network" effects. In other words, indirectly, the technology flows modify relationships with others in the firm's environment and its overall market position.

Relationship atmosphere and consequences for relationship importance

The resulting model, when coupled with the analyses of relationship importance, gives some interesting food for thought.

While we made no attempt here to assess a possible cause/effect relationship over time, more likely than not, the process is an two-way iterative, cumulative one, involving all component dimensions discussed.

The value dimension emerges as clearly the most critical criterion relative to both Relationship Strength (continuity) and Fluidity (everyday operations). Next in importance, both regarding Strength and Fluidity, are the technological flow dimensions.

In other words, relationships which demonstrate the most positive atmosphere are those where core product and service exchange are greatest (in volume or strategic

importance). The technological value or importance of the relationship seems to temper this to some degree, and, to a lesser degree, the "network" value of the relationship. These relationships are also those which would pose least operational problems, and which would tend to be perceived as strongest.

Rapport de force issues would seem to relate essentially to technology flows in the relationship, again an issue for further thought and clarification.

Limits of the analysis

The results concerning the Asia/Europe comparison have been obtained by an a priori division of the sample into two sub-samples: European and Asian. Whilst the fact of this split may be justified by the work of numerous authors relative to the history, the culture, the sociology, and the comparative psychology of these two types of populations, it should really be validated by the data itself. Unfortunately, the size of the samples in each country (100 for China, 100 for Thailand, 83 for France, and 63 for Germany) is insufficient to allow better analysis.

Likewise, for the Europe/Asia comparison, analysis has been performed assuming for example, conceptual equivalence of terms used in the questionnaire, and on the basis of the original model proposed essentially for a "Western" context. The absence of phenomena or constructs specific to the "Asian" context(s), are unlikely to have been captured here.

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