

East is East? A Comparative Study of Relationship Quality among Iranian, Russian and Chinese Managers

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Abstract

The manuscript focuses on developing our understanding of what constitutes relationship quality in three large and developing economies. It attempts to understand which attributes are important in assessing relationship quality and how they may vary in importance among countries. Specifically the research seeks to examine how Iranian, Russian and Chinese managers trade off different attributes of relationship quality, and explores the variation within and between respondent managers in each of the three countries. Whilst the routes to develop relationships may vary between different countries, the attributes which make up relationships are also likely to be valued differently in various places around the World. As a result, it is perceived that the research findings will make an incremental contribution to the relationship quality literature, and will provide useful insights for academics, governmental policy makers, and international managers that seek to understand more in the quest to develop or improve the quality of international business relationships.

Introduction

The successful management of business relationships is an issue of central debate among practitioners and academics alike. Improving relationship quality is not only an important issue for firms, but on an international scale is equally, if not more significant for national governments as companies that seek to engage in global trade make significant contributions to their national economies. Research in the area of relationship quality has largely tended to focus on data from developed economies such as the U.S. and Europe (Leonidou and Kaleka 1998), and very little work has been undertaken to address such issues in developing countries. In response, this investigation particularly responds to the call from academics for further research on market relationships to consider different international settings and cultures (Ambler and Styles 2000). Furthermore, whilst the routes to develop relationships may vary between different countries, the attributes which make up relationships are also likely to be valued differently in various places around the World (Buttery and Wong 1999).

This research focuses on developing our understanding of what constitutes relationship quality in three large and developing economies. It attempts to understand which attributes are important in assessing relationship quality and how they may vary in importance among countries. Specifically the manuscript seeks to examine how Iranian, Russian and Chinese managers trade off different attributes of relationship quality, and explores the variation within and between the samples. As a result, it is perceived that the research findings will make an incremental contribution to the relationship quality literature, and will provide useful insights for academics, governmental policy makers, and international managers that seek to understand more in the quest to develop or improve the quality of business relationships with business partners in the three markets explored in the research.

The manuscript is organised as follows: First, a basic overview of the three markets in question is provided and this helps to demonstrate the importance and significance of each market studied. Second, a review of the pertinent literature is presented in order to provide the reader with further understanding regarding the dimensions of relationship quality, and particularly those used in the primary research process. Third, the research approach and methodology is then described. Fourth, data are presented in a findings/results section.

Finally, the conclusion provides an overview of the research and outlines several managerial implications.

Background on the three markets

Iran

Iran has an increasingly internationally oriented fast growing economy with 5.9% GDP annual growth expected in 2007 (World Bank, 2006). According to the Oil and Gas Journal, Iran holds 125.8 billion barrels of proven oil reserves, equating to approximately ten percent of the world's total revenues. Iran also has an estimated 940 trillion cubic feet of natural gas reserves, making it the world's second largest, and is surpassed only by Russia. Demographically, Iran has one of the youngest populations in the world. Over 70 percent are under the age of 30 (www.economist.com). Along with Iran's strategic geographical location, between Europe and the Far East, and its large population of over 65 million (the second largest in the Middle East and North Africa) the country is ideally poised, and in its own right represents a relatively un-tapped market with significant potential.

Radical regulatory reforms in 2003 have also opened up the market in light of foreign direct and indirect investment opportunities (Foster and Kharazi, 2006). Over the last two decades, following the Islamic revolution and the Iran-Iraq war, Iran's industrial environment has experienced several changes. Many companies were nationalized after the revolution and governmental organizations became key players in a somewhat monopolistic market. In May 2005, the WTO established separate working parties to examine Iran's membership application. Liberalization of Iran's legal and economic sectors is gradually taking place, and the country has taken certain measures to attract foreign investments. Such radical movements in Iran along with the market's potential suggest that the country is of worthwhile interest for studying, and particularly for analyzing business relationships involving Iranian managers.

Russia

After rapid development between the years 1998-2004, Russia experienced an economic slowdown in 2004-2005. This heightened concerns within Russia about a loss of competitiveness in some branches of industry and a necessity to promote more diversified growth. In terms of global competitiveness Russia fell from its rank of 53rd in 2005, to 62nd in 2006 (Global Competitiveness Report 2006-2007). At the moment a booming domestic market continues to drive strong economic growth and economists predict that annual GDP growth could reach seven percent in 2007 (World Bank, 2006). The various problems associated with a Russian style of management may influence interaction among trading partners. Factors involving a lack of trust, low management competence, as well as the unwillingness to share information have been cited as barriers to trade (Michailova and Husted 2003; Hallen and Johanson 2004).

China

With a population significantly over one billion and a GDP of US\$2,222,862 million, China has the fourth largest economy in the World (The World Bank 2006; Poole 2006). Economic growth is no longer questioned in China - the actual percentage growth is now a concern for discourse. Although economic reform commenced in the late 1970s, it was not until the 1990s that China has made substantial movements in terms of an 'open door' policy and a market oriented economy (Lee 2001; Su and Littlefield 2001). It is interesting to note China's rise to fame over the last two decades, and equally important to bear in mind that Chinese history and culture represent a source of its strength (Stoltenberg 2003).

It has long since been recognised that developing close relationships is of major significance in China (Lee et al. 2001), and often the Chinese only do business with those that they know and trust (Pearce and Robinson 2000). Based on Confucianism, understanding individuals and relationships is paramount, and as a result, developing and cultivating relationships is a common pre-occupation for investing in China (Yau et al. 2000). Whilst much has been made of the prospects for doing business in China, and not only as a location for establishing a relatively low-cost production base, but also as a consumer market in its own rights (Yi and Ellis 2000), very little has been published in a business-to-business context that distinguishes the nature and type of business relationships in this country from those of other nations. Where attempts have been made, such work has tended to be somewhat descriptive, assumptive and fragmented. Many have for example compared Chinese with Western business practices, and have made claims without empirical evidence.

The nature of the market in terms of a) emerging as a leader for attracting foreign direct investment, and b) the scale of international trade operations in terms of the accelerating growth in import and export, collectively suggest that China warrants increased research attention. Until fairly recently, such research has been somewhat scant (Lee 2001). Building on the topical interest surrounding China, and the opportunities that have emerged as a result of the opening up of this market, as well as the difficulties often faced by European and U.S. companies (Gomez-Arias, 1998), the research will prove useful for helping to demonstrate a better understanding on the notion of relationship quality in a Chinese context, and will draw useful comparisons with other emerging markets namely, Iran and Russia.

Relationship Quality

Understanding business relationships lies at the cornerstone of understanding business marketing, and central to this is the IMP interaction model (Ford et al. 2006; Håkansson 1982). Building and maintaining relationships can have significant long-term implications, and therefore affect the strategic and long-term planning of any firm's marketing activities (Gummesson 1987). For the purpose of this study, relationship quality is defined as the strength of the relationship - the potential for a relationship to continue and evolve (Griffith 2002).

In congruence with Smith (1998), it refers to the association of the strength of a relationship and the extent to which it meets the needs or expectations of parties based on a history of successful or unsuccessful events (Trang et al. 2005). Because no common consensus tends to exist regarding which dimensions constitute relationship quality, an important question arises from a managing practitioner's perspective of which attributes are likely to improve the quality of a business relationship (Dorsch et al. 1998; Walter et al. 2003).

This question is amplified somewhat when adding the international dimension, and considering buyer-seller relationships in different countries. Whilst there has been some debate on this subject, U.S. research tends to accept that relationship quality can best be conceptualised as a higher-order construct consisting of distinct, yet related dimensions (Crosby et al. 1990; Leonidou et al. 2006) and these can be considered as an overall assessment of the strength or success of a particular relationship (de Wulf et al. 2001; Garbarino and Johnson 1999; Smith 1998; Mohr and Spekman 1994). Research investigations have outlined several major constructs of relationship quality. Trust, satisfaction, commitment, coordination, communication, joint problem solving, bonds, goal congruence, investments, profit and power have all been highlighted in various different contextual research (Cosby et al. 1990; Mohr and Spekman 1994; Storbacka et al. 1994;

Wilson and Jantrania 1995; Naudé and Buttle, 2000). In congruence with the work of Naudé and Buttle which was developed in a business-to-business context, their framework was judged to be most suited for this investigation. The various dimensions are outlined, and described as follows:

Trust

Trust has been embraced in business marketing as a fundamental cornerstone of co-operation. It is a necessary requirement and determinant of sound business relationships (Håkansson et al., 2004). Business relationships depend on a variety of important interactions based on inter-personal trust (Håkansson and Ford 2002). As defined by Garbarino and Johnson (1999), trust refers to customer confidence in terms of quality and reliability. They suggest that people are unlikely to be committed in a relationship if trust is not already established. Christy et al., (1996) and Palmer (1996b) have both suggested that establishing a marketing relationship will depend upon obtaining an adequate level of trust, and this forms a prerequisite for business exchange to occur. According to Schurr and Ozanne (1985), it represents a belief that a party's word or promise is reliable, and they will fulfill their obligations to an exchange relationship (Schurr and Ozanne, 1985).

Wilson (1995) claims that trust is a fundamental relationship model building block, and as a result is included in most relationship models. Research conducted by Boles et al., (1996) amongst industrial buyers, stresses that it is an important factor when determining success in sales relationships. In short, Wilson and Vlosky (1998) argue that most definitions of trust involve a belief that one party will act in the best interests of the other. Mouzas et al. (2007) and Seppänen et al. (2007) in providing recent reviews on the trust literature, suggest that researchers in inter-organizational relationships have consistently argued that mutual trust is an essential factor for building relationship quality.

Satisfaction / Understanding Needs

Satisfaction is a positive affective state resulting from the appraisal of all aspects of a working relationship in relation to the alternatives available (Anderson and Narus, 1990). Specifically, Wilson (1995) defines satisfaction in terms of performance and the degree to which business dealings meet the expectations of the partner. Relationship quality contributes to a lasting bond by offering assurance that the salesperson will continue to meet the customer's expectations (Crosby et al. 1990). Wilson and Jantrania (1995) meanwhile introduce satisfaction as a factor affecting relationship success. Needs fulfillment, and the understanding of such needs is used here as an attribute of relationship quality and is intrinsically similar to satisfaction (Naudé and Buttle 2000).

Coordination / Supply Chain Integration

Coordination reflects the set of tasks each party expects the other to perform (Mohr and Spekman 1994). Successful partnerships are marked by coordinated actions directed at mutual objectives that are consistent across organizations (Narus and Anderson, 1987). Supply chain integration is introduced here as an attribute of relationship quality, which is similar to coordination (Naudé and Buttle, 2000). The development of co-manufacturing for example calls for a complex set of investments in technologies and people that are built and acquired from numerous sources over time (Ettlie and Ward, 1997).

Such a system provides a highly differential value, which is sustainable because it is valued by buyers and sellers alike and is difficult to replicate by competitors. Interactive technologies, including Electronic Data Interchange can result in better co-ordination among

relational parties (Day, 2000). Jackson (1985) illustrates an example of how a hospital gown manufacturer has moved closer to a US hospital via installing a computer terminal which is receptive to the hospital's re-orders, thereby avoiding staff having to re-type regular orders. Wilson and Vlosky (1998) suggest that the advent of such co-ordination in a relationship may actively contribute to strengthening a relationship.

Power

Cho and Chu (1994) suggest that various studies have been conducted on the issue and concerns over power in marketing channels. Dabholkar and Neeley (1998) posit that there are two conditions related to this dimension. Balanced power, where the exchange parties are somewhat equal in power, and unbalanced power, where one party holds the upper-hand. Hanmer-Lloyd (1996) claims that power is one of the key factors that predicts how a relationship can evolve. The degree of power that each member has and uses influences how a relationship develops. Anderson and Narus (1984) define power as the ability to affect the outcome regarding the other party in the relationship. Often within industrial relationships, the balance of power can vary and is dependent on a particular situation (Takala and Uusitalo, 1996).

Despite this, research examining mutual power within buyer-seller relationships is scant (Kutschker, 1985). Relationships are seldom symmetrical (Gronroos, 1994) and one party often exerts influence (Blois, 1996). Holmlund and Tornroos (1997) suggest that both large and small firms can have distinct power positions, and these are likely to change with time. Whereas buyer power is often high in industrial markets, suppliers too can also exercise power over some customers (Turnbull and Valla, 1986). Whilst Frazier and Antia (1995) suggest that power is not limited to asymmetric relationships, they also feel it can be useful for promoting collaborative arrangements. Considering the extent to which power is equally shared between the two parties is perceived to be vital here in assessing the quality of business relationships.

Profit

In order to assess relationship quality Naudé and Buttle (2000) emphasise screening the extent to which the relationship yields profitable outcomes for the companies involved in the relationship. Shoham and Kropp (1998) suggest that performance can be measured objectively in terms of financial data, and subjectively via the extent of satisfaction. According to Katsikeas et al., (2000) the pertinent literature outlines three dimensions of performance, which are defined as a) effectiveness – the extent to which organisational goals are achieved; b) efficiency, the ratio of performance outcomes to the inputs required to achieve them, and c) adaptiveness, the organisation's ability to respond to environmental changes. The extent to which the relationship yields profitable rewards is perceived here to represent an important attribute from which the quality of a given relationship may depend.

Through replicating an earlier study on relationship quality (Naudé and Buttle 2000) it will be possible to shed further light on how attribute characteristics of relationships may vary in importance between Iran, Russia and China. This will make a positive contribution to knowledge and enhance understanding among academics and practitioners alike.

Research Approach and Methodology

In this study we tried to understand how the constituent attributes of relationship quality might vary in importance, and how they may vary between countries. In order to draw meaningful and valid comparisons, the following five attributes were taken, which were previously found to significantly contribute to inter-firm relationship quality. These were the levels of *trust* in the relationship, the understanding of each others' *needs*, the *integration* of systems between the two companies, the use or abuse of *power*, and the *profit* resulting from the interactions. The findings presented use conjoint analysis, coupled with cluster analysis to identify groups of managers that show similar traits in terms of their perceptions of relationship quality. The Iranian, Russian and Chinese clusters are compared, and as a result it is believed that our overall findings will add to the earlier research presented in the area to provide an incremental contribution that will be valued by members of both the academic and practitioner communities.

In the design of the research instrument, full profile descriptions were used, and each of the five attributes specified at three different levels (essentially better than, the same, or worse than a current relationship). Through the use of factorial design, fifteen different combinations of these five different attributes were identified for inclusion in the questionnaire. Key informants responsible for managing buyer or seller relationships were asked to consider a specific (ideally long-term) supply chain relationship of which they had experience and knowledge.

After collecting fifty-five complete questionnaires from Iranian managers, seven responses were excluded which had low reliability criteria, leaving forty-eight usable questionnaires. The firms represented various industries such as IT, telecommunication, manufacturing, logistics, oil and gas, as well as services. The average age across the Iranian respondent managers was thirty-six years. The managers had been with their current companies for an average of eight years and the average length of the relationship under consideration was eight years.

Forty-one questionnaires were collected from Russian managers, of which four did not have acceptable reliability criteria. After eliminating them, the thirty-seven remaining responses were used for further analysis. These firms represented industries such as light machinery, food production, metal fabrication, construction materials, packaging, and construction. The average age of the respondents was forty years. The managers had been with their current companies for an average of five years, and the average length of the business relationship under consideration was around five and a half years.

Fifty completed questionnaires were obtained from Chinese managers. After calculating the reliability criteria, thirteen questionnaires were eliminated and analysis undertaken on thirty-seven responses. These responses were from managers operating in a range of industries including electronics, electricity generation, I.T., chemical industries, banking, textiles, telecommunication, pharmaceutical manufacturing and services. The average age among this sample was thirty-four years. The managers had been with their current companies for an average of seven and a half years, and the mean length of the relationship under consideration was marginally less than eight years.

Results

Among qualification techniques that exist for measuring attribute or construct importance is conjoint analysis. This represents one of the best approaches to understand how such trade-offs are made. The approach is tried and tested and has been frequently used in industrial marketing (see, for example Auty, 1995; Nairn et al., 2004).

Iran

The results of the conjoint analysis for the Iranian sample are shown in Table 1. The data indicate that profit is the most important attribute, followed by trust and power. When looking at the part-worth scores of the different attribute levels, the results appear logical in the sense that for each attribute the utility increases in line with movement from 'worse' to 'the same' through to 'better'. The least important attributes are integration and understanding of each other's needs.

Table 1: The Overall Conjoint Analysis Results Showing Attribute Scores and Part-Worths, Iran

	Trust	Needs	Integration	Power	Profit
Importance(%)	20.40	13.22	12.32	19.02	35.05
Utilities:					
Better	1.72	1.10	0.90	1.49	3.26
The same	0.28	0.18	0.24	0.37	0.20
Worse	- 2.00	- 1.28	- 1.14	-1.86	- 3.45

Cluster analysis was used to classify the respondents in order to check if the overall results were indicative of a general consensus among the managers concerned, or alternatively if there were different perspectives on what constituted good quality relationship. The results of the conjoint analysis for each of the clusters identified are shown in Table 2, indicating there are different perceptions regarding what constitutes relationship quality (see also the characteristics of each cluster in Table 3). The most heavily populated group is cluster 1, accounting for 26 respondents (54.1% of the total sample). Members of this cluster value profit as the most important and dominant attribute (with a relative importance level of 44.3%). For the Iranian managers sampled, power was of intermediate importance with a significant gap after profit (relative importance of 18.8%). The average relationship length in this cluster is 7.8 years. One respondent mentioned that short-term profit is of critical importance, as relationship needs tend to be somewhat pre-defined.

The next most heavily populated cluster is cluster 2, accounting for 11 respondents (22.9% of the Iranian sample). In this cluster trust was the most important attribute (relative importance - 40.4%). Profit was also important (25.4%). One of the members of this cluster, a manager in a marine safety company, felt that trust was important because he reported that many counterfeit certificates appeared in the market, and it was difficult to validate which ones were real. Understanding needs was not very influential here, as the products are highly standardised.

Cluster 3 is the third most heavily populated cluster, which accounts for 10.4% of the population. Members of this group are power-oriented (relative importance - 46.5%), and profit (at 25.4%) is of intermediate importance. One of the members is a supplier to the Iranian government, and claimed that because there were just a few decision makers, the

company needed to have a strong relationship and sufficient power to be awarded a contract. These three clusters, which account for 87.5% of the respondents, reflect the overall results, whereby profit is the most salient attribute and trust / power are of intermediate importance.

The three remaining clusters were quite different in their perceptions about the importance of the relationship quality attributes. They show that although some general insights can be obtained from the majority of managers, there are likely to be some situations in which preferences vary significantly from that majority. For this reason it is noteworthy to also consider these clusters carefully. The three members of Cluster 4 valued integration as the most important attribute (relative importance - 35.5%). The average length of the relationships under consideration in this cluster was eight years. One member from a national bank when considering a supplier relationship claimed that integration was essential in order to have a close relationship and some control.

Additional variation was also observed from Clusters 5 and 6. Understanding needs was highly-valued by the two members of cluster 5. One of them considered the relationship between two subsidiary companies of the National Petrochemical Company (NPC) of Iran. He suggested there was no fight for profits, as one party produced for the other that found customers. If this customer did not understand the supplier's needs, inventory problems would occur. The respondent claimed it was also important to understand the customers' specific needs. Cluster 6 had just one member, and for him everything was relatively important, with power having the most relative importance. Clusters 5 and 6 are typified by both relationships that have been more enduring (14 - 15 years) and managed by company employees that have been in place for a relatively long duration (12 and 17 years, respectively). It is interesting to note that these represent relationships whereby attributes other than profit are considered important.

Table 2: Conjoint Analysis per Cluster, Iran

Cluster No.	No. of Members	Trust	Needs	Integration	Power	Profit
1	26	15.19	11.68	10.08	18.76	44.29
2	11	40.38	14.35	11.54	8.32	25.41
3	5	10.01	8.04	10.67	46.54	24.74
4	3	9.40	7.43	35.52	21.12	26.53
5	2	18.92	48.55	9.105	13.24	10.19
6	1	18.79	15.89	19.95	25.87	19.49

Table 3: Characteristics of the clusters, Iran

Mean	Relationship length (years)	Duration of employment in the company (years)	Age	MVA
Cluster1	7.8	8.0	38.2	P W
Cluster2	5.7	5.3	29.0	T P
Cluster3	6.7	7.2	32.8	W P
Cluster4	8.0	6.8	35.2	I P W
Cluster5	14.0	12.0	36.5	N
Cluster6	15.0	17.0	44.0	W IP

Abbreviation: MVA=Most Valued Attributes, T=Trust, N=Needs, I=Integration, W=Power, P=Profit

Russia

The overall results of the conjoint analysis for the Russian sample are shown in Table 4. The data indicates that profit is the most important attribute, followed by needs and trust. A significant gap between profit and the other attributes is evident. The part-worth scores of the different attribute levels for profit, needs and trust appeal to flow logically, and the utility increases with the movement from 'worse' to 'the same' through to 'better'. This trend is not seen in the part-worth scores of power and integration which are the least important attributes. Less attention has been paid to these attributes among the managers when completing their responses (Naudé and Buttle 2000).

Table 4: The Overall Conjoint Analysis Results Showing Attribute Scores and Part-Worths, Russia

	Trust	Needs	Integration	Power	Profit
Importance(%)	13.04	14.41	10.45	10.82	51.58
Utilities:					
Better	0.70	0.93	0.32	0.26	4.60
The same	0.30	0.30	0.52	0.63	-0.40
Worse	-1.00	-1.24	-0.85	-0.89	-4.20

Results of the subsequent cluster analysis were studied focusing on the percentage variation and considering each respondent's conjoint result. As can be seen in the overall results, there is a great interest allocated to profit, each respondent has valued it as a significant attribute, and thirty-six respondents considered profit as the most important attribute. Profit therefore appears to be highly valued among Russian managers. Considering this result, the analysis focused on the remaining attributes in order to understand how they also contribute towards relationship quality.

The largest cluster of those managers that significantly value profit is cluster three (see Tables 5 and 6, and the dendrogram in Appendix A). In this cluster there is a group of managers who also value the understanding of their partners' needs, albeit the average relative importance of this attribute is only 17.2%. Whilst members of cluster 4 tend to purely value the significance of profit, managers in cluster 3 view profit as being the most significant attribute - but also give some recognition to understanding the needs of their relationship partners. In the second largest group (cluster 1), there is a significant number of Russian managers that value trust as an important attribute following profit. Managers who other than considering profit as a significant attribute, value needs and/or integration and/or power, construct the smallest cluster (cluster 2).

Table 5: Conjoint Analysis per Cluster, Russia

Cluster No.	No. of Members	Trust	Needs	Integration	Power	Profit
1	10	23.36	14.08	11.33	11.50	39.73
2	5	6.72	18.09	15.75	20.76	38.68
3	6	5.27	17.26	4.64	8.87	63.97
4	16	11.48	11.71	10.42	8.02	58.38

Table 6: Characteristics of the clusters, Russia

Mean	Relationship length (years)	Duration of employment in the company (years)	Age	MVA
Cluster1	3.9	4.0	39	P T
Cluster2	2.0	4.0	42	PWN
Cluster3	7.7	9.0	50	P N
Cluster4	5.5	6.0	37	P

Abbreviation: MVA=Most Valued Attributes, T=Trust, N=Needs, I=Integration, W=Power, P=Profit

In cluster 3, members have valued profit as the most important attribute (relative importance - 64%) and considered the role of needs (relative importance - 17.3%). Firms in this cluster represented various industries, but there were some common features. The relationships observed by this cluster represented the longest duration of collaboration with their chosen partners (7.7 years on average). The respondents, with an average age of 50 years had been working in their given company for the longest duration among the clusters (about 9 years).

The most heavily populated group is cluster 4, which accounts for 43% of the respondents. Members of this cluster tend to value profit (relative importance - 58.4%). The respondents in this cluster have been working for their company an average of 6 years, which is significantly less than cluster 3 and longer than clusters 1 and 2. The respondents' average age is 37 years, and the average duration of collaboration with their partner is 5.5 years.

Cluster 2 accounting for 13% of the population is the smallest cluster. Its members prioritise on profit (relative importance - 38.7%), and value power as the second most important attribute (relative importance - 20.8%). The average length of the relationships in this cluster is 2 years, and respondents have an average of about 4 years working experience in their company. Their average age is 42 years. We may assume that the significant role of power is more significant, as the relationships have not tended to pass the test of time.

Cluster 1 is the second most heavily populated cluster, accounting for 27% of the respondents. In this cluster, profit is still perceived to be the most important attribute (relative importance - 39.7%) and is followed by trust (relative importance - 23.4%). The average length of the relationships in this cluster is 3.9 years in duration. The average age of the managers is 39 years, and each has approximately 4 years service at their current company. It can be deduced that these firms are typically driven by both profitability and trustworthy relationships.

China

The overall results of the conjoint analysis for the Chinese sample are shown in Table 7. The data suggest that profits then trust are the two most important attributes, followed by needs, integration and power. A significant gap exists between profit and trust, and trust and the other three attributes. The part-worth scores of all of the attributes read logically, and the data suggests that the utility increases with movement from 'worse' to 'the same' through to 'better'.

Table 7: The Overall Conjoint Analysis Results Showing Attribute Scores and Part-Worths, China

	Trust	Needs	Integration	Power	Profit
Importance(%)	26.67	14.27	12.31	12.07	34.68
Utilities:					
Better	2.35	1.21	0.87	0.73	3.04
The same	-0.11	0.01	0.16	-0.04	-0.53
Worse	-2.25	-1.22	-1.03	-0.69	-2.51

The results of the conjoint analysis for the Chinese sample are shown in Table 8. The largest group (cluster 1) includes Chinese managers who value profit as the most important attribute, followed by trust. The second biggest group (cluster 3) includes managers who value trust as the most important attribute, and also value needs and profit. Cluster 4 has five members that tend to purely value trust. The four members of cluster 2 value power as the most significant attribute, and also consider profit. The remaining respondents have significantly different perceptions of relationship quality. Two of them (cluster 5) consider integration to be significantly important, whilst the other two (cluster 6) feel that understanding needs is of high relative importance (see Table 9).

Table 8: Conjoint Analysis per Cluster, China

Cluster No.	No. of Members	Trust	Needs	Integration	Power	Profit
1	17	20.93	8.48	8.96	9.55	52.08
2	4	13.61	7.68	9.79	39.49	29.44
3	7	33.31	23.75	14.27	10.38	18.30
4	5	60.08	11.20	11.47	4.58	12.67
5	2	8.23	11.10	47.12	12.74	20.83
6	2	13.31	54.34	6.21	2.72	23.44

Table 9: Characteristics of the clusters, China

Mean	Relationship length (years)	Duration of Current Position (years)	Duration of employment in the company (years)	Age	MVA
Cluster1	6.7	4.4	7.3	34.8	P T
Cluster2	7.8	3.0	15.0	32.5	W P
Cluster3	5.5	8.5	8.5	35.9	T N P
Cluster4	15.3	3.0	5.0	32.5	T
Cluster5	4.5	5.0	11.5	37.0	I P
Cluster6	12.0	2.0	2.0	30.5	N P

Abbreviation: MVA=Most Valued Attributes, T=Trust, N=Needs, I=Integration, W=Power, P=Profit

The most heavily populated group is cluster 1. This cluster includes managers who value profit as the most important attribute (relative importance - 52%). These managers value trust as the second most important attribute (relative importance - 21%). This cluster consists of 17 respondents (46% of the sample) and suggests that a significant percentage of this sample views both profit and trust as the most important attributes of relationship quality. The average age of respondent in this cluster is 34 years and the managers have been employed within their companies on average for 7 years. The average length of the relationships observed is 6.7 years.

Cluster 2 consists of 4 members that value power most significantly (relative importance - 39.5%). The members view profit as the second most important attribute (relative importance of 29.5%). One respondent that is employed in the education sector explained that in long term relationships, the relationship itself is more important than profit. This manager suggests that having equal bargaining power is very important for maintaining a long-term relationship. He also claimed that five years of cooperation in a relationship usually is enough time to show satisfactory levels of trust. This cluster had an average relationship length of 7.8 years.

The second largest group is cluster 3 with 7 members (19% of the population). Members of this cluster value trust, needs and profit with the relative most importance (33%, 24% and 18% respectively). The average length of relationships in this group is 5.5 years and the sample of managers had been working in their current company for an average of 8.5 years. One member of this cluster that belonged to an international trading company identified the pivotal role that trust and understanding play in order to better co-operate with suppliers. He claimed that these attributes represented the essence for his company's survival.

Cluster 4 includes 5 managers who have allocated an average of 60% of importance to trust. The relationships considered by members of this cluster have an average length of 15 years, which is the longest among the clusters. One of the members is the manager of a telecommunications company, which produces mobile phones and provides network services. The relationship he considered for this exercise had been operational for 30 years. Another manager in this cluster works in an oil company, and provided data relating to a working relationship of 10 years.

As shown in the dendrogram (Appendix B), and Table 8, clusters 5 and 6 are quite different from the others. Both of these include only two respondents. Cluster 5 consists of two managers that have significantly valued integration. One of them is the manager of an I.T. company who considered a business relationship of three years in length. The other manager is employed by a company that operates in the chemical sector and considered a relationship of 6 years in length.

In cluster 6 the two members value needs followed by profit. However, there is a big gap between these two attributes. One of the managers in this cluster who works in a trading company has considered a four year relationship with one of his importers. He claimed that because margins were low within this particular industry, obtaining some profit was vital. However, as a trading company, understanding the needs of others was by far the most important attribute that needed to be considered.

Comparison between Countries

The overall results of the combined data are shown in Table 10. It is immediately apparent from Table 10 that there are both similarities, yet also large differences in perceptions between the three datasets. While all three sets of managers agree that profit is the most important attribute, it is overwhelmingly so in the case of the Russian managers. This is so much the case that no other Russian attribute has an average weight above 15%, thereby somewhat distorting the analysis.

Table 10: A Comparison between Overall Conjoint Analysis Results

Attribute		Trust	Needs	Integration	Power	Profit
Importance (% and rank)	Iran	20.40 - 2	13.22 - 4	12.32 - 5	19.02 - 3	35.05 - 1
	Russia	13.04 - 3	14.41 - 2	10.45 - 5	10.82 - 4	51.58 - 1
	China	26.67 - 2	14.27 - 3	12.31 - 4	12.07 - 5	34.68 - 1

In an attempt to understand the data more fully, the data was then subjected to a further cluster analysis, the output of which is not shown for reasons of space, but the results of which are summarised in Tables 11 and 12 below

Table 11 Overall Dataset

	Trust	Needs	Integration	Power	Profit
Cluster 1	12.93	9.92	8.59	9.81	58.76
Cluster 2	20.17	14.63	11.29	16.70	37.20
Cluster 3	11.70	11.89	33.81	19.05	23.55
Cluster 4	7.98	7.05	11.07	50.17	23.74
Cluster 5	48.34	16.18	11.53	7.27	16.68
Cluster 6	16.11	51.45	7.66	7.98	16.81

Table 12 Overall Dataset

	Iran		Russia		China		Total
	No.	%	No.	%	No.	%	No.
Cluster 1	8	16.67	24	64.86	11	29.73	43
Cluster 2	24	50.00	12	32.43	9	24.32	45
Cluster 3	4	8.33	1	2.70	3	8.11	8
Cluster 4	4	8.33	0	0.00	2	5.41	6
Cluster 5	6	12.50	0	0.00	10	27.03	16
Cluster 6	2	4.17	0	0.00	2	5.41	4
Total	48	100	37	100	37	100	122

As shown, Cluster 1 is dominated by the need for profit (58.76%), this attribute scoring the highest of all the part-worths in any of the other clusters. The cluster is also dominated by the Russian respondents, 65% of whom are in the group. Cluster 2 is similar to the first in that Profit is still the most important attribute, although here it is less so, falling from 59% to 37%. The importance of this attribute has now been traded off against an increase in all other factors, but most noticeably for Power and Trust. While the Russians dominated the first Cluster, this one is made up mostly of the Iranian sample, 50% of whom identified with this group.

Cluster 3 is mostly concerned with issues surrounding Integration, and although it has only 8 respondents, they do come from all three countries. Cluster 4 is dominated by Power issues. There are only 6 respondents, and it is interesting that no Russians fall into either this

segment or groups 5 & 6. Cluster 5, with 16 respondents, sees the relative Power as far more important than the Profit potential of the relationship. Finally, Cluster 6 has to do with needs, and has just 4 respondents.

Conclusion

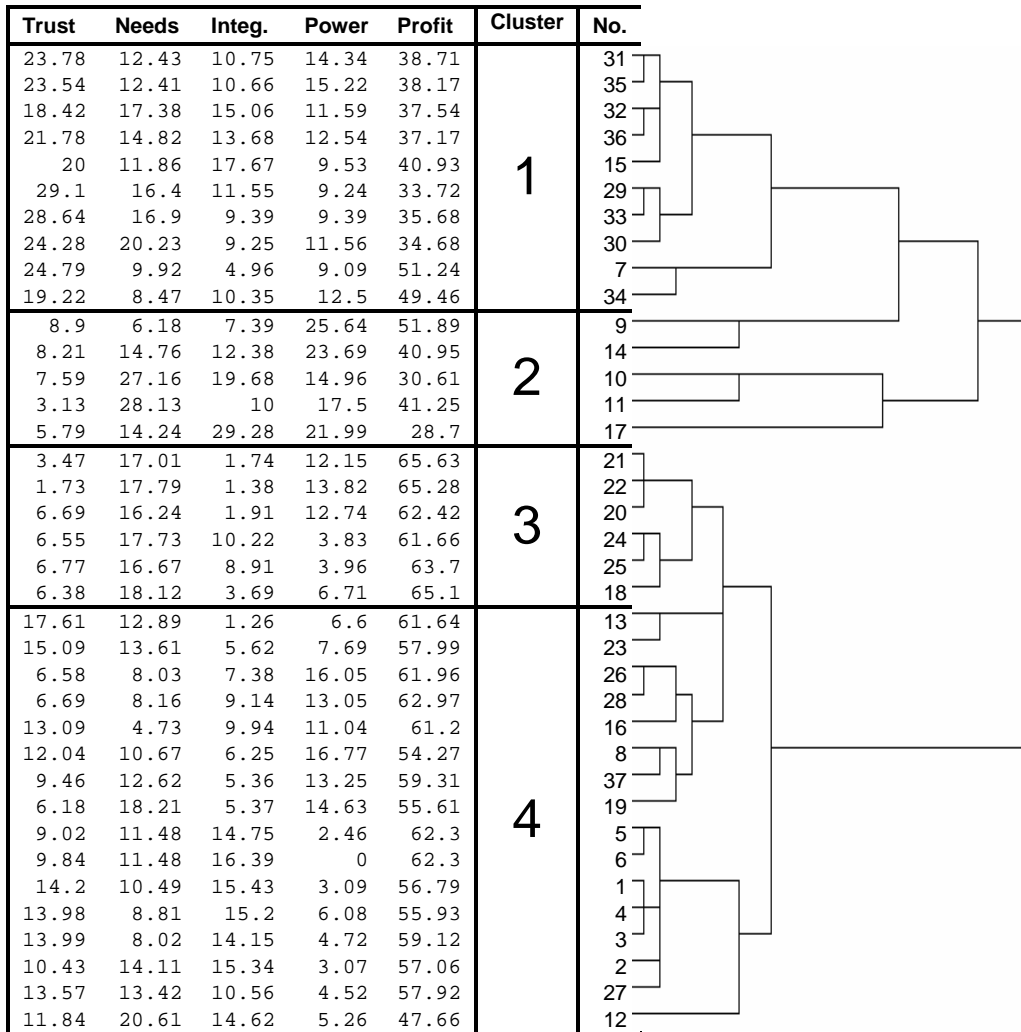
Our results point to the diversity of what constitutes relationship quality. There is overwhelming evidence to suggest that profit is the most important attribute in adjudging the quality of a relationship across the three countries, with Clusters 1 and 2 accounting for 88 out of the 122 respondents in the three countries. However, this simplistic fact disguises the underlying complexity. As argued above, cluster 1 and 2 vary in that the former is dominated by profit, but in the latter there is a trade-off in accepting the importance of other factors influencing relationship quality. In addition, the results also indicate that a significant minority of the participants, the remaining 34 in the sample of 122 do not see profit as the dominating variable.

From an inter-country perspective, the results do show some interesting diversity: the Russian managers are (very nearly) exclusively in clusters 1 and 2, and dominate the profit-above-all-else cluster 1. The Iranian sample dominates cluster 2, with the perspective that while profit is the most important dimension, managers still have to be cognisant of the importance of the other dimensions. Finally, the Chinese managers are the most diverse in their opinion, being almost equally represented in clusters 1, 2, and 5. This last group is interesting, putting trust as the dominant attribute.

We find it useful to observe how divergent these results are from the original paper of Naudé and Buttle (2000). In that research, carried out with respondents from the United Kingdom, it was found that the largest cluster was that which sought trust between the parties (similar to cluster 5 above, in which the Chinese managers represent the majority). The smallest cluster in that research proved to be the cluster that saw profit as the dominant attribute. The research therefore points to the fact that there are indeed differences between what it is that managers seek from the relationships that they have to manage: but while we can point to certain national traits that on the basis of our sample seem to dominate within particular cultures, there is still variance in the individual datasets pointing to the fact that managers still have to manage their portfolio of relationships in an individual way.

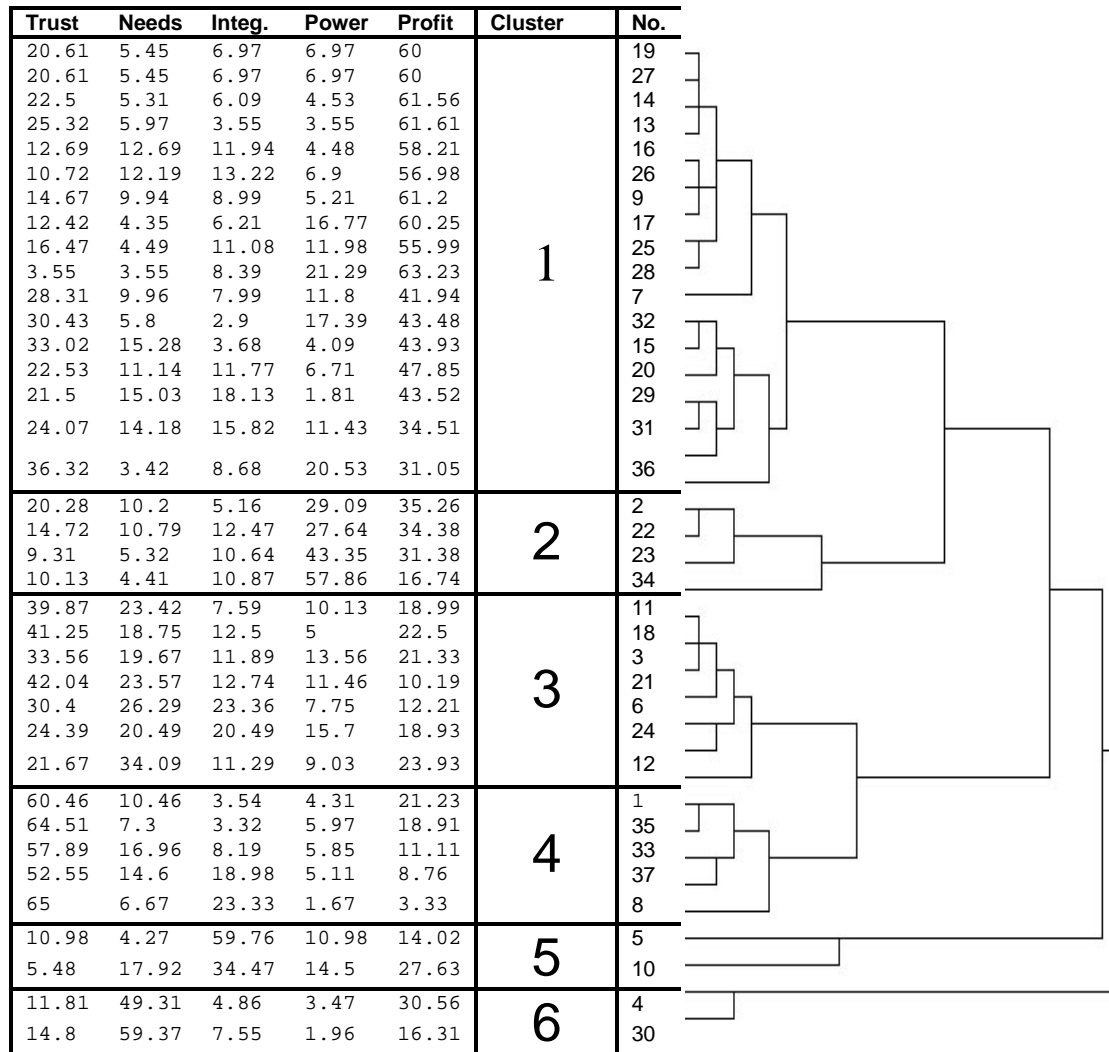
Appendix A: Dendrogram, Indicating Relative Importance for Russian Managers

0 5 10 15 20 25
+-----+-----+-----+-----+



Appendix B: Dendrogram, Indicating Relative Importance for Chinese Managers

0 5 10 15 20 25
+-----+-----+-----+-----+



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