Towards a More Substantial Examination of Supplier-Customer Relationship Performance

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Abstract

There is a need to systematically consider the factors associated with enhanced relationship performance in a range of organization types and country contexts. This is often neglected as much past survey work considers a limited number of drivers (in an attempt to fit a path model to the data and/or due to limitations in the data capture). Case study work in part addresses a broader range of drivers but the analysis of relationship performance is often embedded within individual cases and is not systematically addressed. There is also the assumption that performance inevitably arises from relationship attributes, rather than the relationship being two-way. An additional issue is the assumption that factors associated with different levels of performance can be generalised across relationship contexts, i.e. that the same factors drive performance irrespective of the nature of the organization and/or the geographic location of the relationship.

This paper addresses these limitations as it considers the relatively specific context of Chinese supplier relationships with their international export customers with data collected throughout China using the IMP2 instrument. A range of organization and individual level factors suggested by previous work to be associated with supplier-customer relationship performance are assessed. The impact of contextual competitive conditions and indirect supplier and government relationships on supplier-customer relationship performance are also considered.   In particular there is a focus on factors associated with profitability within IJV customer relationships as distinct from Chinese government owned supplier export linkages. Correlation analysis is used to identify variables which are significantly associated with performance without assumption as to causation.

Findings indicate that there is a somewhat different pattern of results for Chinese government owned suppliers than there is for IJV suppliers. For example, Chinese government-owned supplier-customer relationship performance is significantly influenced by the importance of ongoing personal, friendship and hierarchical contacts while IJV supplier-customer relationship performance is significantly related to proactivity and relationship development. Overall these findings contribute to a greater understanding of the complexity of factors which drive IJVs and Chinese government owned supplier-customer relationship performance and demonstrate the value of comparing different relationship forms.
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Keywords: international joint ventures; business marketing relationships; supplier-customer relationships performance

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Introduction

The costs and benefits involved in developing relational bonds are difficult to assess because of the complexities involved in developing good measures of subjective and objective relationship inputs and outcomes. Objective input measures comprise individual level drivers including 'the numbers of people involved, the diversity of functions and the hierarchical levels in an organization who interacted with their counterparts in the other customer or supplier company (Cunningham and Turnbull 1982 in Turnbull et al. 1996, p. 54). There are also difficult-to-quantify subjective psychosocial factors such as trust and social bonding which have been shown to 'facilitate relationship functions and value creation in both Chinese and European contexts'. (Wilkinson and Yeoh 2004, p. 1). There are further, diverse relationship outcomes that may include 'gains in productivity, market share dominance, high R&D investment, achieving economies of scale and concentration on knowledge-intensive value added products' (Cunningham, 1986 in Turnbull, et al. 1996, p. 46).

Business marketing literature reflects the growing interest in establishing 'the role and impact of business relationships and networks on a firm's performance and competitive advantage' (Wilkinson and Yeoh 2004 p. 2). Zolkiewski and Turnbull (2000 p. 11), for example, have developed a 'three dimensional customer classification matrix' which considers relationship costs such as production, distribution, sales and service as well as switching costs. Wilkinson and Yeoh (2004) consider the impact of psychosocial factors (social bonds, trust and commitment) on direct and indirect functional relationship benefits in order to assess European and Chinese supplier-customer value. This literature, however, does not consider supplier-customer relationship costs systematically within a relationship framework. Furthermore, the literature does not consider how relationships may differentially impact the performance of different types of supplier organization. This is of special concern in developing countries such as China where varied organization types have emerged. Further research is needed which considers a broader, theory-based range of relationship cost considerations within a specified national and organizational context.

To address these issues, this paper analyses the performance of international export customer relationships associated with Chinese IJV and Government owned suppliers. The focus is on identifying particular aspects of supplier-customer relations that contribute to relational and organization profits in China. The paper is organized as follows. First there is a review of literature concerned with the costs of supplier-customer relationships and then the drivers of relationship performance are discussed. The methodology for collecting and analyzing the data is described followed by the results. The paper concludes with a discussion of research implications and the types of additional research required.

Relationship Investments and Performance

At the core of business marketing relationship theory is the proposition that the effective functioning of relationships is critical to success in ongoing business ventures (Ford 1980; Hakansson 1982; Moller 1995). Success emerges from the strategic embeddedness of supplier-customer relationships in external networks of organizations which can include government bodies, competitors and intermediaries. While relationships are recognized as being critical to business success, there are concerns about the investment required to sustain them such that investments do not exceed returns (Ford et. al. 1996 in Iacobucci 1996, p. 147; Turnbull and Cunningham 1982) and that mechanisms for monitoring costs and benefits do not undermine relational bonds (Ford 1980 in Turnbull, et al. 1996, p. 49). Factors that are key determinants of supplier-customer relationship interaction and success have been identified by IMP researchers (e.g. Hakansson 1982 p. 15; Axelsson 1995; Wilson 1995). These include:

- Participating actors' characteristics (both individual and organizational), which affect the nature of the exchange
- Characteristics of the interaction or exchange process (economic, technical and social) as well as adaptation, and contractual details
- Environmental factors which dictate the context within which relationship interaction takes place
- Relationship "atmosphere" which includes psychosocial variables such as conflict, cooperation and trust.

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Effective relational performance is defined as the combined value created through resource exchange being greater than either partner could achieve individually (Borys and Jemison 1989 in Styles and Hersch 2005). In IMP research, relationship performance is considered in a number of ways. First, effective relationship interaction is associated with reduced relationship transaction costs (Hakansson 1982). Second, cooperative relationship activities facilitate performance through the joint use of facilities and resources, linked administrative systems and improved production processes which address a negotiated "marketing gap" (Hakansson 1982). Third, the critical exchange of products and services between trading partners, supported by information, finance and people is central to performance (Hakansson 1982). Also, the complementary, synergistic and balanced contribution of relationship participants is associated with performance (Ford et al 1996).

External environmental or contextual factors and relationship "atmosphere" also have also been considered in the interaction model as influencing supplier-customer performance (Hakansson 1982). For example market structure and/or indirect relationships with government organizations are highlighted as an important, potential influence upon supplier-customer performance (Moller and Wilson 1995; Wilson and Brennan 2003) and these external influences have been given particular prominence in considering Chinese business success (Osland and Cavusgil 1996; Bjorkman and Lu 1999; Park, Li et al. 2006). Relationship atmosphere, described in terms of relationship conflict or cooperation, as well as psychic distance, interacts with 'environmental, company specific and interactive process characteristics' and is also seen as central to performance (Hakansson 1982 p. 21). Atmosphere builds learned norms and behaviours which further influence performance and create (and recreate) the relationship atmosphere (Turnbull, et al. 1996; Wilkinson and Young 2005).

The critical determinants of business performance have been considered in a range of industry-based studies (Cavusgil and Zou 1994) in different countries and in different business organization types (Child and Yan 2003). However research gaps remain because only a limited number of factors have been considered in any one study (e.g. Zolkiewski and Turnbull 2000; Wilkinson and Yeoh 2004) and industry-based studies do not consider the impact on performance of supplier-customer relationships. It is not clear which combinations of factors affect performance under different conditions.

This paper seeks to address this gap by exploring the impact on relationship performance of a wide range of factors identified in the literature as important to performance. These include the organization, individual, interactive and contextual factors that have been mentioned above.

The nature of relationship performance and its drivers are explored by comparing the mix and strength of drivers of performance in two different organization structure contexts - IJVs (International Joint Ventures) and Chinese Government owned organizations (CGOs) operating in China. Joint ventures are a complex form of foreign direct investment in which one or more parent firms share legal ownership of a business entity (Meschi 1997). International joint ventures involve the creation of a new enterprise by firms from different countries (Albaum, Duerr, and Strandskov 2004, Park, Li and Tse 2006).

As is consistent with the work of Wilkinson and Nguyen (2003), this analysis relies primarily on profit as a measure of performance because it potentially reflects a broad range of relationship management strategies. A major interest of the authors in undertaking this analysis was to determine the relationship between subjective drivers such as trust and commitment to more quantifiable profit measures. The authors acknowledge that, while profit is only one means of measuring relationship success (Turnbull et al. 1996), it is particularly critical to long-term organization survival.

.**Methodology**

The analysis uses pre-existing data collected in China using the standardized supplier IMP2 questionnaire which was developed by the IMP group. The IMP2 questionnaire measures many different properties of supplier-customer relationships and their connected relations (Wolcott 1994 in Wilkinson and Young 1994). A stratified, geographically-based sample was used to collect data from supplier organizations across China. Officials from the Chinese Bureau of Statistics contacted firms by phone to determine willingness to participate in the project and conducted face-to-face interviews lasting one to two hours.

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The analysis focused on important groups of relationship factors that are correlated to relationship performance and how these differed between IJVs and government owned firms. The variable chosen to measure performance is profit_s ("*Considering all costs and revenues associated with this relationship, how would you assess its profitability [for your own company] over the last 5 years?*"). Spearman rank correlations were used to identify variables that were significantly correlated with performance and a separate analysis for IJVs and CGOs was then conducted.

Sample Characteristics

The analysis is based on a sample of 100 firms selected from the third industrial census and the first national basic business census data bases produced by the Chinese Bureau of Statistics. The 100 Chinese suppliers included IJVs (35%), Chinese government (50%), private Chinese (4%), and foreign owned firms (3%) with 8% of ownership types unknown. The remainder of this analysis focuses on the comparison of the performance of the IJVs and CGOs

The questionnaire focuses on one important relationship selected by the informant. Firms were asked to nominate an important international customer. "Important" customers were nominated from Asian (49%), Western (37%) and South American (6%) regions. The regional locations of eight customers were not identified. Export customers nominated by IJV suppliers were Asian (58%), North American (18%), European (15%), South African (3%) and Australasian (3%). Three percent of IJV suppliers did not provide customer regional location information.

Results

Supplier-Customer Relationship Performance Outcomes

Supplier-customer relationship performance measures include satisfaction, achievement of objectives, years in operation, as well as financial indicators such as sales, profit and turnover. Like Wilkinson and Nguyen (2003), this analysis relies on perceived profit as the measure of performance. This is done for several reasons. First, it reflects success across a range of indicators such as sales, investment and trust. Also, there is more complete data available with respect to profitability than for other indicators. The response rate for the profit question in the database is very good at 95%. The profit question prompted respondents to estimate perceived levels of profit on a scale of 1 to 5 (with 1 = very bad and 5= very good) over the previous five years, considering all associated costs and revenues.

Descriptive statistics indicate that the spread of perceived profit responses is clustered at the higher end of the scale. This is not surprising as one would expect surviving customer relationships to be profitable. Most supplier respondents characterized the profitability of their important customer relationships as "rather good" (70%) or "very good" (5%). Eighteen supplier respondents rated their chosen customer relationships as "breaking even" in terms of profit and 5% as "very to rather bad".

Strategic Planning and IJV Supplier-Customer Performance Variables

Table 1 presents the correlations between performance and supplier-customer relationship planning including compatible goals; coordinated plans and joint product development. Written agreements did not correlate to profit for either supplier ownership type and is not included in the table.

The analysis indicates that for IJVs, profit is associated with joint product development (.585) but this is not related to profit for CGOs. For CGOs compatible goals rather than ongoing coordinated planning and joint activities is most related to profit (.440) but this is not so for IJVs. Profit is correlated with the investment of time and money for both IJVs and CGOs (.444 and .407 respectively). Overall, the analysis shows that IJVs are more likely to be involved in profitable joint planning activities than are CGOs.

Table 1 Correlation Analysis between Strategic Planning and IJV Supplier-Customer Profit

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Strategic Planning IMP2 Questionnaire Codes For all: 1 strongly disagree to 5 strongly agree	IJV Customer Relationship Profit (profit_s)	IJV Descriptive Statistics M = Mean N = Valid Responses	CGO Customer Relationship Profit (profit_s)	CGO Descriptive Statistics M = Mean N = Valid Responses
Supplier/Cust Goal Compatibility (at_goals)	0.254	M = 3.8 N = 45	0.440**	M = 3.82 N = 49
Customer suggest coordinate prod. plans (At_coopp)	0.378*	M = 3.36 N = 33	0.141	M = 2.85 N = 48
Customer interest in joint prod. devel. (at_joint)	0.585**	M = 3.71 N = 34	0.089	M = 3.39 N = 49
Time and money investment (at_money)	0.444**	M = 3.85 N = 34	0.407**	M = 3.80 N = 34

* =significant at .05;   **=significant at .01

Supplier-Customer Product and Process Technology Exchange

Table 2 shows the correlations between technology related items and supplier performance. Technology exchange is an important driver of supplier-customer relationship performance (Hakansson 1982). The contribution of technological product and process expertise has been shown to be a major incentive for Chinese partners to form relationships. IJV supplier profit is correlated positively with quality control changes generally, with quality control changes which meet customer requirements and with changes which meet customer requirements (.487, .439, .365 respectively). These items are not significantly correlated with performance for Chinese government owned suppliers. The customer's provision of detailed product specifications was found to be positively related to profit for both IJVs and Chinese government owned suppliers (.365, .399). The provision of detailed technical information by the customer was found to be positively related to profit for IJVs, as was IJV supplier 'interest in learning about customer product use' (.408, .413) though they were not correlated to profit for CGOs.

The findings indicate the differing importance of customer provision of accurate technical information in various forms of supplier-customer relationships. The results suggest that Chinese government owned suppliers in the sample are not as responsive to customer needs as are IJVs and/or that their products or processes are not as adaptable. The analysis also shows that changes to quality control made by the IJV supplier contribute to profit whereas those made by a customer do not, according to the supplier. This is not unexpected as other authors (e.g. Young et al 2009) have noted that firms tend to rate their own contributions more highly than those of their partner

Table 2 Correlation of Supplier-Customer Process Technology Exchange Variables and Relationship Profit

IMP2 Questionnaire Codes For all: 1 strongly disagree to 5 strongly agree	IJV Customer Relationship Profit (profit_s)	IJV Descriptive Statistics M = Mean;N = Valid Responses	CGO Customer Relationship Profit (profit_s)	CGO Descriptive Statistics M = Mean;N = Valid Responses
Changes made by supplier re: quality control (chs_qualc)	0.487**	M = 2.19;N = 21	-0.059	M = 2.03;N = 37
Supplier changes quality control to meet customer requirements (at_qcont)	0.439**	M = 4.32;N = 34	0.107	M = 3.69;N = 45
Supplier Changes satisfy supplier or customer requirements (req_sat)	0.365*	M = 3.50;N = 34	-0.165	M = 3.64;N = 50
Supplier Communication of and Learning about Technical Requirements				
Customer provides detailed product specs (at_speci)	0.365*	M = 3.66;N = 35	0.399**	M = 3.65;N = 48
Technical & commercial information easy to get from customer (at_tec_i)	0.408*	M = 3.32;N = 34	-0.018	M = 3.26;N = 50
Supplier interest in learning about customer product use (at_inter)	0.413*	M = 3.58;N = 33	-0.038	M = 3.76;N = 49

* =significant at .05;   **=significant at .01

Supplier-Customer Relationship Performance, Managerial Attributes, Social and Status Characteristics

Supplier-customer relationships are made up of a series of episodes which occur between individuals (Johanson and Mattsson 1987). These episodes, which involve supplier and customer management and staff, incur relationship costs and provide benefits. Cunningham and Turnbull (1982) suggest that there is a need to explore the performance implications of individual level supplier-customer relationship measures including the 'number of people, diversity of functions' [and] 'hierarchical levels' (in Turnbull, Ford and Cunningham 1996, p. 10).

Items with a significant association with IJV supplier-customer performance are shown in Table 3. A quite different pattern of relationships of these variables with profit for the two relationship types is indicated. Supplier formation of personal relationships and difficulty of making friends with customers are significantly associated with performance for Chinese government owned suppliers (.346) but not for IJV suppliers. The negative rho for "difficulty making friends" indicates that greater difficulty is associated with reduced profit. The presence of personal relations on a social level was not linked to performance for either supplier type. Different aspects of the status and functional expertise of staff were related to relationship profit depending on the ownership type. The technical expertise of staff was significantly correlated with IJV profit (.420) but for CGO profit, whereas higher levels of hierarchical involvement was related to CGO profit (.354) but was not related to IJV profit.

These findings show that the link between personal relationships and profit is consistent with previous research, which indicates that friendship is important to business relationships in China. The negative association between IJV profit and friendship is surprising. A possible explanation is that friendship in business relationships may contribute to increased sales but not profit because of reduced price and special discounts provided to the customer who is also a friend.

CGO customer relationship profit is related to the status or hierarchical position of staff involved in the relationship (.354). The link between profit and reliance on staff hierarchy is consistent with literature which indicates that China is a high "power distance" culture which values managerial status (Hofstede 2001). The link between staff technical skills and IJV relationship profit probably reflects the different norms and organizational culture that we presume to be present in IJVs with a greater proportion of value-added products as well as an emphasis on merit rather than status based appointment of staff likely.

Table 3 Correlations of Managerial Attributes, Social and Time Commitment and Profit

IMP2 Questionnaire Codes For all: 1 strongly disagree to 5 strongly agree unless otherwise indicated	IJV Customer Relationship Profit (profit_s)	IJV Descriptive Statistics M = Mean;N = Valid Responses	CGO Customer Relationship Profit (profit_s)	CGO Descriptive Statistics M = Mean;N = Valid Responses
Friendship or Social Relationships				
Supplier establish personal relationships with buyer (at_per_c)	0.140	M = 3.51;N = 35	0.294*	M = 3.51;N = 49
Making friends with purchasers and technicians is difficult (atfrien)	-0.215	M = 2.38;N = 34	0.346*	M = 2.23;N = 47
Status Vs. Functional Expertise of Staff				
Highest hierarchical supplier staff involvement (promo_sh) 1 very weak to 5 very strong	0.135	M = 4.28;N = 33	0.354*	M = 4.15;N = 49
Highest technical supplier staff involvement.(promo_st) 1 very weak to 5 very strong	0.420*	M = 3.87;N = 30	-0.088	M = 3.74;N = 47

* =significant at .05;   **=significant at .01

Supplier-Customer Relationship Quality - Cultural Distance, Cooperation, Trust and Commitment

Psycho-social concepts related to the formation of strong ties have been explored in previous research and have been shown to be related to buyer-seller profit in the West (Wilson 1995; Blankenburg-Holm, et al. 1996; Ford, Gadde et al. 2003) as well as China. Table 4 shows the associations of various psycho-social characteristics and relationship profitability. Trust in and cooperation with customers is associated with profit for both IJVs (.434, .472) and CGOs (.300, .304). The ability to handle relationship issues easily is strongly correlated to profit for IJV suppliers (.498) but is less so for COGs (.291). IJVs are more profitable when the customer puts cooperation before short term profit and is committed to the customer (.411 and .401) though neither of these is significant for CGOs.

These results show that indicators of relationship closeness are strongly linked to Chinese supplier-customer relationship performance but only for some relationship types. The association of profit and relationship closeness is in line with literature that considers the significance of trust and cooperation in business marketing and Chinese guanxi business relations.

Issues related to culture are associated with profit only for CGOs but the findings are inconsistent. As one might expect, CGO supplier's difficulty in understanding the behaviour and thinking of their customers has a negative association with relationship profit (-0.305) but it is less clear why there is a positive association between CGO profit and culture difference causing crises (.305). There is no obvious explanation for this inconsistency.

Table 4 Correlation of "Exchange Coordination Process" Variables and Relationship Profit

IMP2 Questionnaire Codes For all: 1 strongly disagree to 5 strongly agree	IJV Customer Relationship Profit (profit_s)	IJV Descriptive Statistics M = Mean;N = Valid Responses	CGO Customer Relationship Profit (profit_s)	CGO Descriptive Statistics M = Mean;N = Valid Responses
Conflict & Cooperation				
Ease of handling relationship issues (at_easya)	0.498**	M = 3.79;N = 34	0.291*	M = 3.70;N = 50
Supplier cooperates closely with customer (at_coocl)	0.434**	M = 4.11;N = 35	0.300*	M = 3.84;N = 50
Customer cooperates before short term profit (atprofi)	0.401**	M = 3.97;N = 35	0.114	M = 3.98;N = 48
Culture				
Culture differences cause crisis (at_cult)	-0.009	M = 2.09;N = 33	0.305*	M = 2.50;N = 48
Supplier has. Difficulty. understanding cust. behaviour & thinking (at_think)	-0.014	M = 2.51;N = 35	-0.305*	M = 2.29;;N = 49
Trust and Commitment				
Supplier trusts customer completely (at_tru_c)	0.472**	M = 3.34;N = 35	0.304*	M = 3.34;N = 35
Supplier is committed to customer (at_stron)	0.411*	M = 3.47;N = 34	0.109	M = 2.98;N = 49

* =significant at .05;   **=significant at .01

Organization Level Supplier-Customer Financial Resource Exchange and Outcomes

Business marketing relationship theory emphasizes the achievement of mutually satisfactory supplier-customer goals through financial as well as product, information and people exchange (Hakansson 1982). It has been argued that this is reflected in the equitability of the financial contribution of both the supplier and customer (Turnbull, Ford and Cunningham 1996). It is suggested that IJVs in China with larger investments have higher levels of performance and lower returns on investment.

Table 5 shows that customer and supplier relationship contributions / investments are significantly associated with IJV (.467, .415) but not CGO profit. Customer relationship profit is, not surprisingly, very strongly and positively related to supplier profit for both IJVs and CGOs (.626, .565). With respect to sales, IJV supplier profits are positively associated with the present, e.g. the stability of sales patterns (-.400), and CGO supplier profit is positively associated with the future, e.g. sales expectations for the next five years and the likelihood that customer would continue purchasing in the near future (-.369, -.370). Past sales - trends for the previous five years – are related to profit for both IJVs and COGs (-.311, -.347). The sales questions are all framed in the negative, hence the negative rho indicates a positive relationship.

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Table 5 Correlation Analysis for "Financial Resource Exchange and Complementarity" Variables Associated with Supplier Success

IMP2 Questionnaire Codes	IJV Customer Relationship Profit (profit_s)	IJV Descriptive Statistics M = Mean;N = Valid Responses	CGO Customer Relationship Profit (profit_s)	CGO Descriptive Statistics M = Mean;N = Valid Responses
Sales Volume , Investment & Customer Profit				
Turnover Customer Group or Company. $ amount (tocgc) $ amount (in supplier country's currency)	-0.949**	M =$ 2 billion; N = 5	-0.778*	M = $4.2 million; N = 9
Total Sales Volume Sold to Customer - $ (saltotal) $ (In supplier country's currency)	0.054	M = $9,051,577; N = 23	-0.414**	M = $5,088,945; N = 41
Profit for customer's company - (profitc) 1 very bad to 5 very good	0.616**	M = 3.97; N = 33	0.565**	M = 4.04; N = 49
Customer relat investment size (invest_c) 1 none to 5 very large (e.g. the relationship can only be discontinued at large cost)	0.467**	M = 2.71; N = 29	0.163	M = 2.40; N = 35
Supplier relat investment size (invest_s) 1 none to 5 very large	0.415*	M = 3.31; N = 29	0.201	M = 3.25; N = 44
Customer time and money investment (at_money) 1 strongly disagree to 5 strongly agree	0.444**	M = 3.85; N = 34	0.407**	M = 3.80; N = 46
Sales Pattern				
Sales trend last 5 years (saltrend) 1 rapid increase to 5 rapid decrease	-0.311*	M = 2.20; N = 35	-0.347*	M = 2.20; N = 50
Sales expect next 5 years (sal5expe) 1 rapid increase to 5 rapid decrease	-0.208	M = 1.71; N = 35	-0.369*	M = 1.96; N = 48
Stable sales pattern (salstabl) 1 stable to 5 volatile	-0.400*	M = 2.45;N = 33	-0.168	M = 2.52;N = 50
Unlikely Cust. stop purchase near future. (at_stop) 1 strongly disagree to 5 strongly agree	0.176	M = 4.00;N = 34	-0.370**	M = 3.84;N = 50

* =significant at .05;   **=significant at .01

Conclusion

The findings indicate the value of comparative analysis to understand the factors associated with relationship performance. If the analysis had combined IJVs and CGOs many of the indicated associations that reflect their differences would have been obscured.

However some key similarities in factors associated with profit for IJVs and CGOs are found and we propose that these represent possible "relationship universals", i.e. those things that are critical to relationship performance irrespective of context. These include the similar importance of customer capability and investment (Time and money investment, Customer providing detailed product specifications), the relationship quality and supplier relationship behaviours and feelings (Ease of handling relationship issues, Supplier cooperates closely with customer, Supplier trusts customer completely), and the scale and value of the relationship – particularly for the customer (Turnover for Customer Group or Company, Profit for customer's company, Customer time and money investment, Sales trend last 5 years). This is despite there being some quite substantial differences in CGO versus IJV means; in particular CGOs had much lower turnover and profits than did IJVs.

It is also worth noting that there were a number of further similarities - factors previously hypothesized to be associated with relationship profitability that were associated with neither type of relationship explored here. It is beyond the scope of this paper to consider these, however this analysis is available from the first author on request.

There were also substantial differences in factors associated with profitability for CGOs versus IJVs. We speculate that these are relation-context factors. For example only IJVs profitability is linked to:

- Customer proactivity (Customer suggests coordinated product plans, Customer is interested in joint product development),
- Supplier proactivity, innovation and commitment (general changes by supplier to meet customer requirements and specific changes including quality control by supplier, supplier interest in learning about customer use of their products, involvement of supplier's high level technical staff and Supplier is committed to customer),
- Customer long term orientation (Customer puts cooperation before short term profit)
- Relationship investment size (customer and relationship investment size) and
- Sales pattern stability.

It is worth noting that despite these observed differences in patterns of association, there were quite similar means for most items across the two samples.

Only CGO profitability is associated with:
- Goal Compatibility
- Friendship and establishment of personal relationships (Making friends with purchasers and technicians is difficult, Supplier establish personal relationships with buyer)
- High level hierarchical staff involvement by supplier staff
- Cultural differences and issues (Culture differences cause crisis, Supplier has difficulty understanding customer behaviour and thinking)
- Sales volume to customer
- Future Sales expectations (Sales expectations for the next 5 years, Unlikely the customer will stop purchasing in the near future.)

It is worth noting again that despite these observed differences in patterns of association, there were quite similar means for most items across the two samples.

The different patterns of association highlight the importance of not over-generalizing. There is no such thing as a quintessential "Chinese" type of supplier (or customer) relationship. The above patterns seem to indicate that CGO relationships are akin to those described in the literature considering Chinese business relationships. IJV relationships are more akin to those described in the international business literature as typical to "internationalized" business players.

The value of analysis which focuses on theoretical relationships has been long recognized (e.g. Calder et al 1981, 1982) as distinct from purely descriptive analysis. This work does this and has the additional benefit of having made no assumptions about causality. Too often there is the assumption that performance is solely an output of (as distinct from an input into) relationships but this is obviously fallacious (Denize and Young 2007). Indeed, if many of the significant coefficients presented here are considered as indicating factors driven by performance rather than driving performance (and this is an equally valid interpretation of correlation), their interpretation becomes even more explicable. We see that different relationship "atmospheres" and capabilities emerge from poorer or better performance but that this also varies depending on the context in which the relationship sits. While in the association of relationship atmosphere and context have been considered, context has most often been presented as the nationality of the players in the relationship. However other context factors such as ownership and what that entails may matter more. Indeed previous work (e.g. Young et al 2009) highlights that our traditional stereotypes of what kinds of relationships will be alike are sometimes misplaced. In that work comparisons of the Chinese and European IMP data bases found that often Chinese buyer-seller relationships were more like Scandinavian ones than were German relationships.

An important managerial implication emerges from this work. We move beyond the narrow conceptualizations and resulting operationalizations of performance drivers and consider this more deeply though in an established theoretical framework (e.g. Hakansson 1982).
The pattern of results highlights that at the center of interactions are the relational properties. Neither party controls these, rather they are the property of interacting through time. This makes for uncomfortable management implications – that no firm is in control - as noted by many who consider the complex nature of business relationships and networks (e.g. Wilkinson & Young, 2002). However these findings provide a ray of hope. Managers can consider in a more focussed way what relational properties will enhance performance (and vice versa) by considering the relationship context including easily discernable contextual factors such as ownership structure.

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Caution should be used in interpreting these findings. The sample size is small – a common problem when doing cross-national research that considers individual B2B relationships deeply. While it is argued that inferences can be drawn from small samples if there is limited variance (Ehrenberg 1990), the variance of these findings needs to be comprehensively explored before doing so and the work needs to be carefully compared to other findings. Future research will continue to consider the deeper nature of performance – both those factors that drive and are driven by it and the interactions between them. It should be noted that a one, single item measure has been used to measure perceived performance in the analysis presented here. Multiple item measures are often preferred (in line with Churchill (1979) but there are doubts as to the added value these provide (Bergkvist and Rossiter 2007). To that end further analysis on these data presented here will consider the relative contributions of various performance drivers to performance (and vice versa) and underlying structures/contributions of the individual items. These findings will be compared to the insights emerging from more holistic considerations of relationship performance as reflected in case study and qualitative considerations of the evolution of Chinese relationships and their performance. Throughout, the continuing development of theoretical frameworks that can reflect and direct these explorations and the application of these to business practice are the goals.

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