

Minna Jukka

## **PERCEPTIONS OF INTERNATIONAL BUYER-SUPPLIER RELATIONAL EXCHANGE**

Thesis for the degree of Doctor of Science (Economics and Business Administration) to be presented with due permission for public examination and criticism in the room 6311 at Lappeenranta University of Technology, Lappeenranta, Finland on the 9<sup>th</sup> of November, 2017, at noon.

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Supervisors Professor Kirsimarja Blomqvist  
LUT School of Business and Management  
Lappeenranta University of Technology  
Finland

Professor Kaisu Puumalainen  
LUT School of Business and Management  
Lappeenranta University of Technology  
Finland

Reviewers Professor Jukka Vesalainen  
Department of Management  
University of Vaasa  
Finland

Associate Professor, PhD Maria Smirnova  
Graduate School of Management  
Saint Petersburg University  
Russia

Opponent Professor Jukka Vesalainen  
Department of Management  
University of Vaasa  
Finland

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# **Abstract**

**Minna Jukka**

## **Perceptions of International Buyer-Supplier Relational Exchange**

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Business relationships are perceived as successful, when they fulfil the expectations of the exchange parties. Though, the perceptions of business relationships can differ between cross-cultural business partners. The objectives of this study were to identify personal constructs associated with successful business relationships, and reveal possible differences in the perceptions of Chinese, Russian, and Finnish managers. The research question was how relational exchange is perceived in buyer-supplier relationships from the perspectives of Chinese, Finnish and Russians.

The dissertation includes a collection of five mutually supportive research articles. The repertory grid method was used to elicit constructs differentiating well-functioning and poorly functioning buyer-supplier relationships from 45 Chinese, Finnish and Russian managers participating in international trade. According the theoretical assumptions of the psychology of personal constructs individuals create subjective meaning systems to conceptualise their own perceptions, and revealing these meaning systems will make it possible to study culturally shared meanings.

Strong evidence was found that relational exchange is perceived differently in cross-cultural buyer-supplier exchange. Using three countries of different levels of cultural values, and different market context (transitional and mature markets) both culture and market circumstances were found to affect perceptions of relational exchange. Who is considered the business partner, the organisation or the key person is a fundamental difference between the individualistic Finnish and the collectivistic Chinese and Russian managers. This difference in perceptions is reflected in all areas of relational exchange. The typical perceptions of the Chinese (reciprocal favours) and Russian (informal communication) were related to inter-personal interactions, while the perceptions of the Finns were focused on cooperation between organisations. This study provides novel findings by identifying the relational exchange perceptions of Chinese, Finnish, and Russian managers. It argues that relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity are equally important for business partners of dissimilar cultural backgrounds. It enriches the view of trust as a holistic process by simultaneously evaluating both trustworthiness and distrustworthiness, and introduces the concept of trust ambivalence. As a methodological contribution, the study demonstrates how individual meaning systems can be utilised to study larger social groups in studying buyer-supplier relational exchanges.

**Keywords:** International buyer-supplier relationships, Relational exchange

# Tiivistelmä

Minna Jukka

## Ostajien ja toimittajien käsityksiä vaihdannasta kansainvälisissä liikesuhteissa

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Liikesuhteet koetaan onnistuneiksi, silloin kun ne täyttävät suhteelle asetetut odotukset. Kulttuurienvälisissä liikesuhteissa kumppanien odotukset voivat kuitenkin olla erilaiset. Tutkimuksen tavoite oli tunnistaa menestyksekkäälle liikesuhteelle asetetut odotukset kiinalaisen, suomalaisen ja venäläisen liikekumppanin näkökulmista, ja selvittää mahdolliset erot näissä odotuksissa. Tutkimuskysymys oli miten kulttuurienvälisissä liikesuhteissa ostaja-myyjä suhteeseen liittyvä vaihdanta koetaan kiinalaisen, suomalaisen ja venäläisen näkökulmista.

Kokoelmaväitöskirjaan sisältyvät viisi tutkimusartikkeliä muodostavat toisiaan tukevan kokonaisuuden. Hyödyntämällä psykologian repertory grid -menetelmää selvitettiin hyvin ja huonosti toimivien liikesuhteiden eroja kuvaavat merkitysjärjestelmät 45 kiinalaiselta, suomalaiselta ja venäläiseltä kansainväliseen kauppaan osallistuvalla päälliköltä. Tutkimuksessa käytetty tulkitseva lähestymistapa perustui teoreettiseen olettamukseen siitä, että yksilöt luovat subjektiivisia merkitysjärjestelmiä käsitteellistämään havaintojaan maailmasta, ja näiden järjestelmien selvittämisen avulla voidaan tutkia kulttuurillisesti jaettuja merkityksiä. Tulosten perusteella kiinalaisten, suomalaisten ja venäläisten liikekumppanien käsitykset liikesuhteeseen liittyvästä vaihdannasta erosivat todistaen eroja kyseisissä liiketoimintaympäristöissä. Perustava ero näiden liiketoimintakulttuurien välillä liittyi siihen, kumpi käsitetään liikekumppaniksi organisaatio vai organisaatiossa työskentelevä avainhenkilö. Kollektivismiin liittyvien odotusten mukaisesti kiinalaiset ja venäläiset henkilöivät liikesuhteen avainhenkilöön, sen sijaan suomalaiset käsittivät liikekumppaniksi organisaation. Kiinalaisille tyypilliset odotukset vastavuoroisista palveluksista, sekä venäläisille tyypillinen odotus epämuodollisesta vuorovaikutuksesta henkilöityivät selvästi avainhenkilöön. Suomalaiset osoittivat odotuksensa yhteistyöhön kumppaniorganisaation kanssa.

Tutkimus identifioi erot kiinalaisten, suomalaisten ja venäläisten liikesuhteisiin liittyvissä odotuksissa, ja todisti liikesuhteen joustavuuteen, tiedonvaihtoon, suhteen pitkäaikaisuuteen, molemminpuoliseen hyötyyn ja solidaarisuuteen liittyvien normien olevan yhtä tärkeitä erilaisista kulttuuritaustoista huolimatta. Se myös rikasti näkemystä luottamuksesta prosessina, jossa luotettavuutta ja epäluotettavuutta arvioidaan kulttuurisidonnaisin kriteerein, ja esitteli konseptina luottamuksen ambivalenssin. Metodologisesti tutkimus osoitti, kuinka yksilöllisiä merkitysjärjestelmiä voidaan hyödyntää sosiaalisesti jaettujen merkitysten identifioimisessa.

Avainsanat: Kansainväliset liikesuhteet, Vaihdanta



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Minna Jukka  
October 2017  
Hamina, Finland





*To the memory of my Father*



# Contents

Abstract

Tiivistelmä

Acknowledgements

List of publications 13

List of figures 14

List of tables 15

List of abbreviations 16

1 Introduction 17

1.1 Background of the study.....18

1.2 Research gaps and objectives .....19

1.3 Structure .....21

2 Theoretical point of departure 23

2.1 Theoretical approaches to inter-firm relations .....23

2.1.1 Transaction cost economics .....24

2.1.2 Relational exchange theories .....25

2.2 Conceptual framework of the dissertation.....26

2.3 Cultural context in relational exchange.....30

2.3.1 Relational exchange as culturally-bounded relational norms .....30

2.3.2 Cultural values in relational exchange .....32

2.4 Cross-cultural studies of relational exchange.....36

2.4.1 Sino-Western studies.....37

2.4.2 Russian-Western studies .....38

2.5 Positioning of the study .....39

3 Research design and methods 41

3.1 Introduction to repertory grid method .....41

3.1.1 Personal construct theory .....41

3.1.2 Grid structure and procedure.....43

3.1.3 Strengths and limitations.....45

3.2 Research design.....47

3.2.1 Data collection .....47

3.2.2 Grid design .....48

3.2.3 Data analysis methods.....50

4 Summary of the publications and results 54

4.1 Publication 1 .....57

4.2	Publication 2.....	59
4.3	Publication 3.....	61
4.4	Publication 4.....	63
4.5	Publication 5.....	65
<b>5</b>	<b>Conclusions</b>	<b>67</b>
5.1	Answering to research question .....	67
5.2	Theoretical contribution .....	69
5.3	Managerial implications .....	70
5.4	Limitations and suggestions for future research.....	71
	<b>References</b>	<b>73</b>
	<b>Appendix A: Relevant cross-cultural studies of relational exchange</b>	<b>92</b>
	<b>Appendix B: Background information of interviewees</b>	<b>98</b>
	<b>Appendix C: The generic research questions</b>	<b>99</b>
	<b>Publications</b>	

## List of publications

This dissertation is based on the following papers. The rights have been granted by publishers to include the papers in this dissertation.

### PUBLICATION 1

Jukka, M., Puumalainen, K. and Blomqvist, K. (2015). Dimensions of quality in business relationships between developed and emerging markets – Finnish-Chinese relationships. *Proceedings of GSOM Emerging Markets Conference-2015: Business and Government Perspectives*, Oct 15–17, 2015, St. Petersburg, Russia, pp. 903–913.

The author was responsible for collection and analysis of the interview data, and the principal co-author.

### PUBLICATION 2

Jukka, M., Andreeva, T., Blomqvist, K. and Puumalainen, K. (2017). A cross-cultural perspective on relational exchange. *Journal of Business & Industrial Marketing*, Vol. 32 No. 7, pp. 937–950.

The author was the principal and corresponding co-author, made the interviews, transcribed and analysed the interview data, reported results, and wrote the manuscript.

### PUBLICATION 3

Jukka, M. (2017). Expectations for buyer-supplier relational exchange: Chinese, Finnish and Russian perspectives. *22<sup>nd</sup> CBIM International Conference 2017*, June 19–21, 2017, Stockholm, Sweden.

The author was the sole author.

### PUBLICATION 4

Jukka, M., Blomqvist, K., Li, P. and Gan, C. (2017). Trust-distrust balance: Trust ambivalence in Sino-Western B2B relationships. *Cross Cultural & Strategic Management*, Vol. 24. No. 3, pp. 1–29.

The author was the principal and corresponding co-author, and collected and analysed the data with the Chinese-Finnish research team.

### PUBLICATION 5

Jukka, M. (2016). The perceptions of partners' trustworthiness in Russian-Finnish business. *Proceedings of The International Business Conference 2016: Searching for Innovative and Creative Business Solutions*, April 28, Vilnius, Lithuania, pp. 326–339.

The author was the sole author.

## List of figures

Figure 1. The structure of the dissertation

Figure 2. Relational exchange concepts and their relations

Figure 3. The positioning of the dissertation within the literature

Figure 4. Correspondence analysis plot for the grid of an example Chinese manager

Figure 5. A schematic story line of publications

## List of tables

Table 1. Publications, objectives, contexts and research methods

Table 2. Hofstede's cultural value dimensions for China, Finland and Russia

Table 3. Cultural values and relational exchange

Table 4. Relevant Sino-Western and Russian-Western studies

Table 5. Generic illustration of the repertory grid

Table 6. Data collection phases and data used in the publications

Table 7. An example repertory grid with the real data from a Chinese manager

Table 8. Data analysis methods

Table 9. Summary of the findings and contributions

## **List of abbreviations**

ABI – Ability, benevolence, integrity framework for trustworthiness

B2B – Business-to-business

FOT– Factors of trustworthiness

PCA – Principal components analysis

PCT – Personal construct theory

RET – Relational exchange theory

RM – Relationship marketing

RQ – Business relationship quality

SET – Social exchange theory

TCE – Transaction cost economics theory



# 1 Introduction

In recent years, international business-to-business (B2B) relationships have become increasingly crucial (Samaha, Beck and Palmatier, 2014). Especially exchange relationships with emerging markets have claimed to be the growth roots of the world economy due to their high growth rate and unexploited market potential (Biggeman and Fam, 2011). China as the largest emerging market with a distinct socio-cultural context is currently exceptionally central for international business (Wang and Song, 2011). Likewise, the Russian market potential is vast. These two markets together constitute a huge market area, which is characterised by the specific attributes of transitional markets from communist economic system into liberalised markets.

The focus on cross-border relational exchange in inter-firm buyer-supplier relationships is interesting for several reasons. Compared to the domestic markets, cross-cultural relationships, particularly in the emerging market context, are characterised with a high level of uncertainty (Hewett and Krasnikov, 2016), and a high risk of opportunism (Luo, 2006; Zhou and Xu, 2012). Several studies have revealed that building and maintaining business relationships varies considerably across countries (Griffith, Myers and Harvey, 2006; Ndubisi, 2004; Samaha et al., 2014; Cannon et al., 2010; Steward et al., 2010). In emerging and transitional markets, such as China and Russia, strong relationships between buyer and supplier were found to be truly beneficial (Barnes et al., 2015; Samaha et al., 2014; Voldnes, Grønhaug and Nilssen, 2012). In general, relational investments were found to be more effective in emerging markets than in developed markets (Hewett and Krasnikov, 2016; Samaha et al., 2014; Wang, Shi and Barnes, 2015). Therefore, international B2B could be a more challenging context compared to domestic business due to possible divergent goals between business allies and prevailing cross-cultural differences (Akrouf, 2014; Leonidou, Barnes and Talias, 2006). Under these circumstances, with the different perceptions of contractual clauses, the formal contracts would be less effective safeguards against opportunism (Cavusgil, Deligonul, and Zhang, 2004; Poppo and Zenger, 2002; Zhou and Xu, 2012).

Most studies of cross-cultural relational exchange to date have tended to focus on the Western perspective, and have not shown interest in alternative methods, especially individual level analyses. Therefore, the aim of this dissertation is to explore personal perceptions of relational exchange, manifested as the individual's internal personal constructs of culturally-bounded relational norms. The repertory grid, as a culturally insensitive and unbiased method, highly recommended for the cross-cultural business studies (Bachmann, 2011), will be used to achieve a better understanding of the cross-cultural relational exchange. The dissertation includes five studies which explore the culturally-bounded issues affecting perceptions of appropriate buyer-supplier relational exchange. The investigated cross-cultural parties included business partners from Finland, China and Russia. This compilation dissertation is divided into two parts, an introduction part and publications. The first part of this dissertation has been organised in the following way. First, Chapter 2 provides the theoretical approaches to inter-firm relations, cultural aspects in relational exchange, conceptual framework and findings of the extant cross-

cultural studies. Second, Chapter 3 describes the research design and methods, including data collection and a brief introduction of the data analyses. Third, the summary of the publications and their results are presented in the Chapter 4. Chapter 5 concludes the dissertation introduction by answering the research question and presenting the theoretical contributions and managerial implications. The second part includes the five publications in the form in which they are published.

## 1.1 Background of the study

During the last century, there has been a paradigm shift in B2B marketing from the economic exchange-based theories to the relationship-based marketing theories. This change has its early roots already at the turn of 18<sup>th</sup> and 19<sup>th</sup> centuries in the pioneering perceptions of Ely (1884) and Wanamaker (1899, 1900). The first mentioned scholar highlighted relationships over transactions and the second one the importance of relationship building in retail operations (LaPlaca and da Silva, 2016).

Recently, a considerable amount of literature has grown around the relationship marketing (RM), and currently the relationship perspective is claimed to be a dominant approach in the B2B marketing (Aijo, 1996; Grönroos, 1996; LaPlaca and da Silva, 2016). This relational approach highlights the development of trusting relationships between buyers and suppliers (Grönroos, 1996). It has replaced the previously dominant transaction cost economics (TCE) paradigm in the academic discussion (Möller and Wilson, 1988; Sheth and Sharma, 2006). Traditionally transactional and relational approaches have been viewed as opposing approaches excluding the other. Another body of research shows these approaches can co-exist or even be combined and used in tandem (Viio and Grönroos, 2016). This can be comprehended that both transactional and relational dimensions can exist simultaneously within a single relationship (Akrouf, 2014; Fontenot and Wilson, 1997). Akrouf (2014) found transaction cost approaches dominant in the beginning of the relationship and relational approaches in mature phases. However, Palmer (2007) has evidenced that the transaction-relational continuum simply is not believable in practice. Rather, firms practice several types of relationships depending on the type of customer and not within a single relationship developing from a transactional form to a more relational form as time passes.

According to Viio and Grönroos (2016) firms use both transactional and relational orientations depending on the strategic choices regarding the nature of their partnerships. Crosby, Evans and Cowles (1990) argued that the importance of relationship marketing is higher when a service is complex, customised, having continuously repeated transactions, and carried out with a relatively inexperienced buyer. Research has also shown that buyers do not commit themselves to only one approach; instead the two approaches are combined (Cox, 1996; Kraljic, 1983; Lindgreen et al., 2013; Van Weele, 2005). A relational approach may be used with a limited number of key suppliers, while a more distant transactional approach is used with other suppliers (Lindgreen et al., 2013). Despite that many firms have moved from transactional relationships towards a more rela-

tional approach with their key partners, firms could still focus on price and the transactional approach with less important customers or suppliers of the easily substitutable products. Long-term relationships could also be based purely on the necessity of having a supplier, and in that case, may not require relational exchange and trust (Kumar, 2005). Although the academic discussion is still mainly exclusive, transactional and relational approaches can co-exist and be combined depending on the strategic segmentation of partners. This means that transactional and relational orientations cannot be separated and viewed in isolation. Therefore, both the TCE and the RM theories are used as theoretical frameworks in this study.

## 1.2 Research gaps and objectives

### *Research gaps*

The normative expectations of establishing and maintaining business relationships have been found to vary in different countries (Cannon et al., 2010; Steward et al., 2010). Especially, in the East-West business recent studies have identified differences in the role of contractual obligations (Wang et al., 2015), relational governance and social monitoring norms (Griffith et al., 2006; Zhou and Xu, 2012), demanded reciprocity (Berger et al., 2015), importance of fairness (Lund, Scheer and Kozlenkova, 2013), reactions for perceived inequity between partners (Scheer, Kumar and Steenkamp, 2003), and is trustworthiness an expected norm or not (Jansson, Johanson and Ramström, 2007). Despite that informal social ties were found to be extremely important in emerging market settings, diverse cultural backgrounds of foreign firms may deteriorate the role of social ties in business (Dong, Li and Tse, 2013). Accordingly, many studies evidenced empirically that cultural closeness and shared values enhance business relationships (e.g. Friman et al., 2002; Hewett and Krasnikov, 2016; Leonidou et al., 2013). Close social ties between partners both from high-context cultures (Hall, 1976) could increase mutual relationship learning (Jean, Sinkovics and Kim, 2010).

While extant studies (e.g. Voldnes et al., 2012; Jiang et al., 2011; Yen and Barnes, 2011) have demonstrated the impact of national differences in cross-cultural industrial business relationships, there exist several research gaps which previous scholars have not considered. First, previous studies have not studied the deeper level cultural differences in norms of relational exchanges. Second, the conclusions of extant literature are very one-sided by nature since they lack dyadic perceptions of both buyers and suppliers within the same study. Third, much of extant literature has a quantitative approach and does not provide comprehensive explanations of how different contextual issues affect business relationships with emerging and transitional markets compared to mature markets. Due to a lack of qualitative research, we still know little about how perceptions of relational exchange differ in cross-cultural settings. Thus, the underlying theoretical assumptions of earlier studies were mainly based on the measurable cultural values representing an objectivistic ontology. Therefore, an interpretive/constructivist

position in modelling human knowledge could give new insights how relational exchange is perceived in the cross-cultural business relationships.

Overview of the extant cross-cultural studies (see chapter 2.4) indicates that the studies were homogeneous in their ontology and epistemology, and therefore one-sided replicating each other using universal metrics. According to Schaffer and Riordan (2003, p. 188) “Researchers must ensure that the measures of a construct developed in one culture can be applied to another culture before they can establish a basis for theoretical comparisons”. This means that more qualitative research is required in tailoring quantitative research metrics for different cultures, especially for the Asian cultures, to prevent Western ethnocentrism caused biases. Within the extant research, only Yen and Barnes (2011) questioned the Western perspective. They acknowledged that in the Chinese context relationship quality should be measured using different metrics than in the West. Similarly, in studies conducted in the Russian context the Western way of thinking dominates, although few studies (e.g. Ashnai et al., 2009; Hewett and Krasnikov, 2016) have highlighted the impact of the local institutional context of Russia. As a conclusion, there is a notable paucity of cross-cultural studies focusing specifically on how relational norms could differ in cross-cultural buyer-supplier exchange.

#### *Objectives and research questions*

The objective of this explorative study is to examine perceptions as internal personal constructs of relational exchange in cross-cultural buyer-supplier relationships. From the perspective of this research, relational exchange is seen as culturally-bounded relational norms. This study compares the relational exchange perceptions between developed Finnish and emerging Chinese and Russian economies by simultaneously measuring perceptions from both sides of cross-cultural business partners. This dissertation is made comprehending culture as more than mere cultural values. Culture is also norms and actual behaviours comprising the entire human community activities, artefacts and unconscious deep structures. The research topic is not a national culture, rather a business culture and more specifically business cultures as systems of shared expectations called relational norms. This study it is targeted to find answer to the following research question:

*How relational exchange is perceived in buyer-supplier relationships from the perspectives of Chinese, Finnish and Russians?*

The sub-questions providing help in answering the main research question:

- 1 What are the generic and the context specific dimensions of buyer-supplier relationship quality? (Publication I)
- 2 What are the perceptions of relational norms represented by internal personal constructs? (Publication II and Publication III)
- 3 What are the trustworthiness perceptions of managers participating into international trade? (Publication IV and Publication V)

### 1.3 Structure

The dissertation structure is shown in Figure 1 and Table 1.

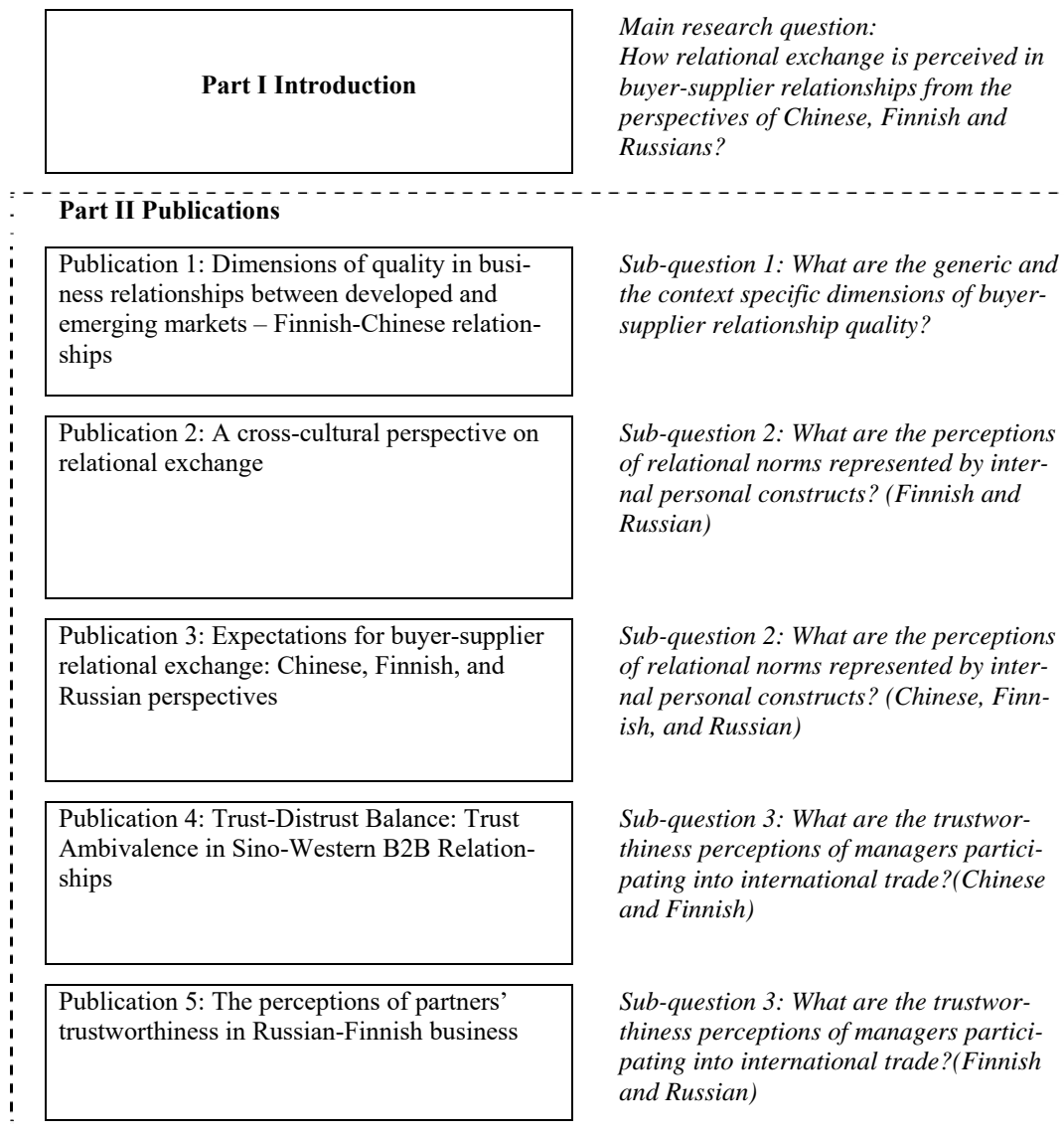


Figure 1. The structure of the dissertation

Table 1. Publications, objectives, contexts and research methods

Publications	Objectives	Contexts	Research methods
1 Dimensions of quality in business relationships between developed and emerging markets – Finnish-Chinese relationships	What are the generic and the context specific dimensions of buyer-supplier relationship quality?	Sino-Finnish sourcing: Chinese suppliers, Finnish buyers and suppliers	Qualitative study of 23 Chinese and Finnish repertory grid interviews, content analysis of personal constructs (Jankowicz, 2013)
2 A cross-cultural perspective on relational exchange	How does the importance of relational norms differ between Russians and Finns? Which of the relational norms are the most critical? Do Russians and Finns view well- and poorly functioning relationships with domestic partners differently than those with foreign partners?	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	22 Russian and Finnish repertory grid interviews, content analysis of personal constructs (Jankowicz, 2013), T-tests of personal constructs' importance scores and grid element ratings
3 Expectations for buyer-supplier relational exchange: Chinese, Finnish, and Russian perspectives	What are the expectations of relational exchange for Chinese, Russian, and Finnish managers who participate in international trade?	Sino-Finnish sourcing and Finnish-Russian trade	Repertory grid study, 37 interviews, analyses of Correspondence Analysis plots
4 Trust-Distrust Balance: Trust Ambivalence in B2B Sino-Western Relationships	What are the factors related to perceived trustworthiness and distrustworthiness in the cross-cultural business transactions between China and Finland?	Sino-Finnish sourcing: Chinese suppliers, Finnish buyers and suppliers	Qualitative study of 23 Chinese and Finnish repertory grid interview transcripts, inductive analysis (Gioia, Corley and Hamilton, 2013)
5 The perceptions of partners' trustworthiness in Russian-Finnish business	What are the trustworthiness perceptions of Russian and Finnish managers participating into Finnish-Russian trade?	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	22 thematic interviews with open-ended questions after the repertory grid questions, qualitative inductive clustering (Miles and Huberman, 1994), and concept maps (Novak and Gowin, 1995)

## 2 Theoretical point of departure

The theoretical background of this study relies on the *behaviourally driven relationship marketing* interested to understand relational exchange in buyer-supplier relationships, their elements, developments as well as factors influencing them (Möller, 2013). According to Möller (2013) this research approach is theoretically based on the social exchange theory (Thibaut and Kelley, 1959), the relational exchange theory (Macneil, 1980), and the transaction cost economics (Coase, 1937; Williamson, 1975, 1985). Therefore, these theories form the theoretical background of this study. This study follows also the assumption that transactional and relational approaches can co-exist within a single relationship as well be combined depending on the strategic segmentation of partners (Viio and Grönroos, 2016; Akrouf, 2014; Fontenot and Wilson; Cox, 1996; Kraljic, 1983; Lindgreen et al., 2013; Van Weele, 2005).

Even though the dominant marketing paradigm has changed to relationship marketing, transaction cost economics (TCE) (Coase, 1937; Williamson, 1975, 1985) still has explanatory power in general, and especially in the cross-cultural context, because particularly cross-border exchange may be associated with high risk of opportunism. Opportunism in the cross-border exchange refers to the “degree which local distributors violate both formal and relational contracts” (Cavusgil, Deligonul and Zhang, 2004, p. 17). Interestingly, there exists a link between relational governance and opportunism. Trust as relational governance seems to be the only effective way to minimise the tendency toward opportunistic behaviour in international buyer-supplier exchange (Wu et al., 2007; Zhou and Xu, 2012). Based on the above arguments both the relationship marketing theories and the TCE are used as theoretical frameworks in this study.

### 2.1 Theoretical approaches to inter-firm relations

This dissertation relies on three main theories 1) the transaction cost economics (TCE), 2) the relationship marketing (RM) theory including the relational exchange theory (RET), and 3) the social exchange theory (SET). These theories provide a comprehensive view covering different features of buyer-supplier relationships.

Despite the noticeable differences in these theories they have a common background in neoclassical economic models. It is claimed that “interpersonal exchange theories are derivatives of the neoclassical economic model of market exchange” (Starr and MacMillan, 1990, p. 80). This means that the reasons for social transactions are based on individual profit maximising calculations with the expectations of non-monetary future profits and rewards (Starr and MacMillan, 1990; Homans, 1961; Blau, 1964). As stated by Blau (1964) the main difference between economic and social transactions is that social transactions, instead of the economic return, stimulate feelings of future personal obligations, trust and gratitude.

### 2.1.1 Transaction cost economics

The transaction cost economics originally developed by Coase (1937) and later popularised by Williamson (1975, 1985) analysed the costs of economic exchange. Transaction costs are “the costs that parties incur in the process of agreeing and following through on a bargain” (Mankiw, 2004, p. 211). Relational mediators, e.g. trust, lower transaction costs caused by searching, negotiation, controlling, and monitoring (Gulati, 1995). Therefore, perceived trustworthiness of a business partner has economic importance for buyer-supplier relationships. Dyer and Chu (2003) found that a reputation for trustworthiness improves performance, because trustworthiness is strongly linked to low transaction costs, and low transaction costs are strongly linked to performance.

In international business opportunism is still an existing phenomenon, especially in the emerging market context. Cross-cultural studies examining opportunistic behaviour of Chinese buyers evidenced the prevailing risk of opportunism, which is faced by many international firms operating in China (Barnes et al., 2010). The classical definition of opportunism states that opportunism is “a lack of candor or honesty in transactions, to include self-interest seeking with guile” (Williamson, 1975, p. 9). Guile is “lying, stealing, cheating, and calculated efforts to mislead, distort, disguise, obfuscate, or otherwise confuse” (Williamson, 1985, p. 47).

The TCE takes the assumption of universal opportunism as granted (Williamson, 1975). However, these basic assumptions of the TCE have faced criticism, e.g. seeing human nature as equally opportunistic under all conditions, and to be self-success oriented in general (Ghoshal and Insead, 1996). This assumption, in particular, has faced criticism in the cross-cultural context. As an oversimplification, the assumption of opportunism does not take into account the governing context or environmental circumstances of opportunistic behaviour.

Perceived differences in ethnicity and culture have been revealed to influence opportunistic behaviour. Chen, Peng, and Saporito (2002) argued that when transacting with in-groups, representatives of individualistic cultures tend to be more opportunistic than representatives of collectivist cultures. Contrarily, when transacting with out-groups collectivists tend to be more opportunistic. Although, the TCE theory partly explains the behaviour in business relations, its explanatory power is not sufficient. Ghoshal and Insead (1996) state that holding on the assumption of opportunism across individuals and organisations worldwide may not be realistic. As a cross-cultural study, this dissertation aims to explore the differences between cultures. Therefore, the general TCE theory assumptions like universal opportunism and bounded rationality of an individual in decision making should be taken with caution, as there may be culturally-bounded differences.



### 2.1.2 Relational exchange theories

The theories for relational exchange in this research are the relationship marketing theory (RM) and the relational exchange theory (RET), which has taken its main ideas from the social exchange theory (SET).

In contrast to the TCE, which focuses on arm's length transactions, the RM theory focuses on the importance of developing relationships in the long term (Lui, Wong and Liu, 2009). The rise of the relationship marketing literature is a result of the paradigm shift from the TCE marketing perspective to focusing on buyer-supplier relationships in business markets (Grönroos, 1994, 1996; Möller and Wilson, 1988, Sheth and Sharma, 2006). Relationship marketing can be defined as "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges" (Morgan and Hunt, 1994, p. 22). The studies related to business relationship quality are part of this relationship marketing field. The concept of relationship quality is seen as one of the relational mediators of relationship marketing (Palmatier et al., 2006).

In conceptualising buyer-supplier relations, the relational exchange theory (Macneil, 1980) distinguishes discrete transactions from relationship-based exchange. In discrete transactions, exchanges take place in money on one side and an easily measured commodity on the other (Macneil, 1980; Dwyer, Schurr and Oh, 1987). In contrast, in relational exchanges, participants are expected to "derive complex, personal, non-economic satisfactions and engage in social exchange" (Dwyer et al., 1987, p. 12). The RET focuses on cooperative behaviour to explain the relationship between asset specificity and partnership performance (Lui et al., 2009, p. 1214). Typically, inter-firm business transactions form a continuum from discrete transactions to relational exchanges. However, in reality true transactional exchanges are rare, and most business transactions include relational exchanges (Fontenot and Wilson, 1997).

Organisations are influenced by the social networks, and these social networks restrict the behaviour and choices of subjects in the organisation (Dickson, BeShears and Gupta, 2004). Social exchange is the exchange of tangible or intangible activities between at least two persons (Homans, 1961; Cook and Rice, 2003). In the social exchange social transactions generate feelings of personal obligations, trust, and gratitude (Blau, 1964). According to the social exchange theory (Thibaut and Kelley, 1959) the behaviour of the parties could be explained through social interactions entailing repeated exchanges, and beliefs that parties fulfil their future obligations in the long run (Blau, 1964; Thibaut and Kelley, 1959). In this process, communication is a critical element in building shared values, commitment, and long-term attachment (Anderson and Narus, 1990; Morgan and Hunt, 1994). The commitment-trust theory (Morgan and Hunt, 1994) claims that trust is a self-governing mechanism leading to commitment with greater transparency and cooperation between partners. Trust based relationships and open communication between partners helps to build competitiveness, increase local market competence, and reduce distributor opportunism in the export markets (Wu et al., 2007).

Based on the similarity-attraction theory (Byrne, 1971) and the social categorisation theory (Tajfel, 1981; Turner, 1987) it could be argued that cultural similarity of the business partners might influence the relational exchange evaluations, because demographic similarity between two individuals increases interpersonal attraction and liking (Byrne, 1971). The creation of social categories and labelling other persons as in-group or out-group members regarding their own social groups is typical for human activity (Tajfel and Turner, 1986). In addition, industry level similarities affect the relationships: “Firms within the same industry tend to have considerable interaction with each other, and so tend to have similar characteristics, because of social cohesion and social influence” (Dickson et al., 2004, p. 80).

Compared to other governance mechanisms, including formal contracts, trust has been found to be the only effective way to curtail opportunism in cross-cultural business (Wu et al., 2007). Trust evolves naturally among those who are socially similar, and communication is a critical medium in generating shared understandings and feelings of similarity (Bekmeier-Feuerhahn and Eichenlaub, 2010). Communication includes shared understanding of assumptions and meanings, and it differs from information sharing (Ural, 2009; Lages, Lages and Lages, 2005). Especially, communication that generates perceptions of similarity influences the development of trust. Communication affects all aspects of the relationship, but mainly trust, satisfaction, and loyalty (Ball, Coelho and Machás, 2004).

## 2.2 Conceptual framework of the dissertation

At the very beginning, before proceeding into the theoretical concepts, it should be clarified that in this thesis the term “perception” is understood broadly, consisting of both hopes for future relational exchange and past perceptions. For clarity, the term “expectations” will be used later only when emphasising precisely expectations for the future.

In general, the concept of a business relationship differs from a business transaction. Business relationships are “long term, bundles of multiple transactions” (Bercovitz and Feldman, 2007, p. 935). However, the multiple transactions alone do not form a relationship. The relationship is formed as a result of social exchange aiming for long-term mutually satisfactory and profitable business for both sides, with expectations of relational continuity manifested in signs of commitment (Dwyer et al., 1987; LaPlaca and da Silva, 2016). In inter-firm context relationships could include different forms of co-operation, alliances and partnerships. Cannon and Perreault (1999) have identified six ways how buyers and sellers conduct relationships: information exchange, operational linkages, legal bonds, cooperation, and relationship-specific adaptations. Thus, it could be said that there are multiple ways how buyer and seller organisations could cooperate with each other.

The focus of this study is personal perceptions of relational exchange, manifested as individual’s internal personal constructs of culturally-bounded relational norms in the

cross-cultural buyer-supplier context. The following paragraphs present the conceptual framework of the dissertation.

Relational exchange is the principal concept and the phenomenon explored in this study. **Relational exchange** is long-term exchange containing much interaction between the exchange partners, including past, present, and expected future experiences (Macneil, 1980). It differs from purely economic exchange, discrete transactions, which are usually short-term market driven exchange events. Relational exchange transpires over time, meaning that every transaction has to be viewed in the terms of its history and anticipated future (Dwyer et al., 1987). Relational exchange holds the expectations and norms, perceptions, and evaluations from both parties. When these evaluations are compared with the expectations, and these expectations are fulfilled, the outcome is an understanding of the relationship quality (Figure 2).

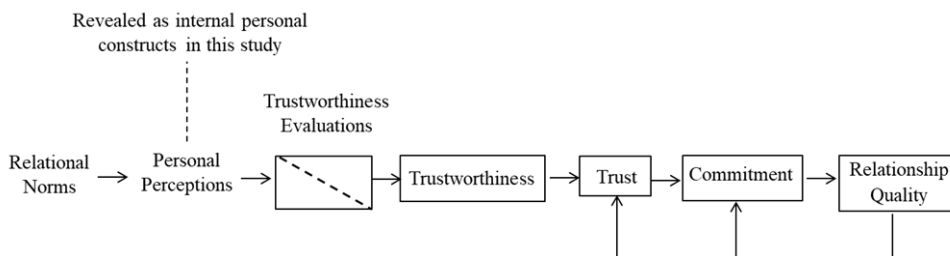


Figure 2. Relational exchange concepts and their relations (adapted from Macneil, 1980; Joshi and Stump, 1999; Caldwell and Clapham, 2003; Morgan and Hunt, 1994; Crosby et al., 1990)

**Relational norms** are shared expectations between exchange partners (Joshi and Stump, 1999). These norms regulate relational exchange in the forms of behaviours, goals, or policies in relationships (Heide and John, 1992; Morgan and Hunt, 1994). Relational norms include e.g. expectations of flexibility, solidarity, mutuality, information exchange, and long-term orientation (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009). **Flexibility** could be defined as “a bilateral expectation of willingness to make adaptations as circumstances change” (Heide and John, 1992, p. 35). **Solidarity** is a social norm of unity between partners driven by positive values (Macneil, 1980; Achrol, 1997). **Mutuality** refers to an expectation that the proceeds are divided fairly between the exchanging parties (Macneil, 1980). **Information exchange** is “a bilateral expectation that parties will proactively provide information useful to the partner” (Heide and John, 1992, p. 35). **Long-term orientation** is a desire for a long-term connection with a specific exchange partner through a series of transactions relying on relational exchanges (Ganesan, 1994). These bilateral norms are based on expectations of mutual interest, and are assumed to be similar for both parties (Heide and John, 1992; Joshi and Arnold, 1997). However, in intercultural exchange relationships, the expectations of different parties might not be the same, because prevalent expectations of behaviours may be different due to the different cultural backgrounds.

Individuals form personal perceptions of how well relational exchange works. **Personal perceptions**, in general, and in this case especially related to relational exchange, form internal mental representations, called **personal constructs**. According to the Kelly's (1955) personal construct theory these investigative bipolar constructs constitute larger meaning systems of the individual's perceptions (Easterby-Smith et al., 1996; Jan-kowicz, 2013). For more information on these constructs and the related theory, see Chapter 3.1.1.

From the perspective of this research, the positive outcomes of relational exchange include the perceptions of partner's trustworthiness, trust and business relationship quality. According to the literature these concepts relate to each other causally (Figure 2). Perceived trustworthiness of a business partner, achieved through experience of partner's behaviour related to relational exchange and relational norms, is an important prerequisite for trust and commitment affecting the formation of relationship quality. According to the literature perceived trustworthiness of a business partner is an antecedent of relationship quality (RQ), because it is antecedent of trust (see Mayer Davis and Schoorman, 1995) which is an antecedent (e.g. Huntley, 2006; Yeh, 2013) or component of RQ (e.g. Athanassopoulou, 2009; Segarra-Moliner, Moliner-Tena and Sánchez-Garcia, 2013; Ulaga and Eggert, 2006). Trustworthiness could also be, depending on the context, an expected norm in the business relationships (Jansson et al., 2007).

According the definition, **Trustworthiness** is accumulated perceptual experiences that leads to trust another person, institution or organisation (Caldwell and Clapham, 2003). According to Mayer and colleagues' (1995) ABI model, the factors of trustworthiness (FOT) include perceptions of ability, benevolence, and integrity. Mayer et al. (1995) defined ability as a "group of skills, competencies, and characteristics that enable a party to have influence within some specific domain" (p. 717); benevolence as "the extent to which a trustee is believed to want to do good to the trustor" (p. 718); and integrity as the "trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable" (p. 719). Adapting the same approach, in this dissertation trustworthiness is defined as a multidimensional construct consisting of factors relating to the characteristics of the business partner as seen by the other party.

**Trust** is defined as an expectation that one will not be harmed if in a vulnerable position (e.g. Blau, 1964; Luhmann, 1979; Lewis and Weigert, 1985; Granovetter, 1992). In the extant Western literature trust development process is divided into three phases: the phase of the first impression, the probing phase and the phase of familiarity (Mayer et al., 1995). According to the Western perception of trust it is constructed through keeping promises, otherwise, it will be destroyed due a lack of perceived integrity (Branzei et al., 2007; Butler, 1991; Rotter, 1971; Tinsley, 1996). This perspective emphasises that the main sources of trust are shared values and length of attachment, which ensure effective communication and understanding between the different parties. However, the different cultural backgrounds increase the unfamiliarity and uncertainty between partners (Möllering and Stache, 2010) and may prevent the development of trust. This could be caused or reinforced by cultural differences in communication styles.

Although, commitment was not the primary object of this study, it is recognised in the literature, and therefore needs to be defined in this chapter. **Commitment** has been defined “as an enduring desire to maintain a valued relationship” (Moorman, Deshpandé and Zaltman, 1993). Morgan and Hunt’s (1994) fundamental assumption is that trust leads to commitment. In more recent studies (e.g. Huntley, 2006; Yeh, 2013) trust and satisfaction, or goal congruity, were seen as antecedents of commitment. Hence, empirical evidence has found that satisfaction with the supplier will turn into commitment only if the purchasing relationship is characterised by trust (Ulaga and Eggert, 2006). Especially, in the Finnish context it was found that intensive communication has an indirect influence on commitment through the inter-firm investments in knowledge and communication channels made by the partners (Halinen, 1994). In the cross-border trade the economic benefits that foster exporter’s commitment include importer’s specific investments to develop business relationships, adequate fulfillment of importer’s role, and exporter’s economic results (Obadia, 2010).

A positive outcome of the relational exchange, the fulfillment of the expectations, is comprehended as perceived relationship quality. The inter-organisational **relationship quality** (RQ) is “an overall assessment of the strength of a relationship” (De Wulf, Odekerken-Schröder and Iacobucci 2001, p. 36). It is mentioned to be a multi-dimensional (Woo and Ennew, 2004) higher-order construct consisting of distinct, yet related dimensions (Crosby et al., 1990; Dwyer and Oh, 1987; Kumar et al., 1995). RQ has also been defined as “A higher level construct manifested in a customer’s attitudinal evaluations of key components of the buyer-seller relationships” (Huntley, 2006, p. 712), or “overall assessment of the strength of a relationship, conceptualised as a composite or multidimensional construct capturing the different but related facets of a relationship” (Palmatier et al., 2006, p. 138).

In the literature, the discussion of RQ could be divided into two separate streams (Jiang et al., 2012). According to one of these streams the dimensions of RQ include trust, commitment and satisfaction (Brun, Rajaobelina and Ricard, 2014; Segarra-Moliner et al., 2013; Chu and Wang, 2012; Nguyen and Nguyen, 2010; Ulaga and Eggert, 2006). These studies conceptualised trust as an equal dimension with the other dimensions, or even as the main component of RQ (Jiang et al., 2012). This study follows the second stream which considers trust and commitment as antecedents of relationship quality (consistent with e.g. Morgan and Hunt, 1994; Huntley, 2006; Yeh, 2013). Within this stream, the relationship characteristics used as antecedents creating RQ were e.g. communication, long-term orientation, social and economic satisfaction, and commitment perceived by exchange parties (Jiang et al., 2012).

This chapter has described the conceptual background of this dissertation. The next chapter introduces culture as context of this study.

## 2.3 Cultural context in relational exchange

### 2.3.1 Relational exchange as culturally-bounded relational norms

The cross-cultural literature typically discusses either culturally generalizable or culturally specific features (House and Javidan, 2004). The first-mentioned phenomena are, to some extent, common for all cultures. Culturally specific phenomena occur only in particular cultures, and are not comparable across all cultures. Relational exchange is a global phenomenon and common managerial practice also in China and Russia (Wagner, 2005; Yau et al., 2000). Nonetheless, it is social exchange which is strongly affected by culture, because culture influences norms, roles, and expectations of social exchange in business relationships (Samaha et al., 2014).

Thus, practices and the expectations related to relational exchange could be different across cultures. Particularly, business partners from individualist and collectivist cultures differ in their normative orientations towards establishing and maintaining business relationships (Cannon et al., 2010). For example, marketing strategies in Russian firms still have traditional Soviet traits. The prominence of personal relationships in business interactions, and taking benefits from favours through personal connections (*blat/svjazi*) are typical even in contemporary Russian business (McCarthy and Puffer, 2013; Michailova and Worm, 2003; Smirnova et al., 2011).

Relational exchange has been practiced in China for thousands of years in the form of “*guanxi*” (Yau et al., 2000). Yet, *guanxi* is not a Chinese version of relationship marketing, and much fundamental dissimilarity exists between these two practices (Shaan et al., 2013). *Guanxi* is a special form of social networking that bonds network partners via reciprocal obligations of favours (Chung, 2011; Luo, 1997; Tsang, 1998; Yang, 1994; Yeung and Tung, 1996). *Guanxi* consists of an emotional attachment (*ganqing*), reciprocity and empathy (*renqing*), and interpersonal trust (*xinren*) (Wang, 2007; Barnes, Yen and Zhou, 2011).

While the role of personal relationships is essential globally in industrial business relationships, these are more extensively rooted in the former socialist societies than in the West (Ayios, 2004; Michailova and Worm, 2003). In China and Russia business success is attained by cultivating high quality personal relationships. This indicates that relational exchange should be managed differently in these countries in order to reach optimal results.

Due to the importance of personal relationships, differences between Western, Russian, and Chinese exchange are related to the expectations based on the order in which the relationship forms. Chinese and Russians typically expect that long-term relationships should be built first before any transactions happen (Ahmed and Li, 1996; Yau et al., 2000; Kidd, 2001; Ariño et al., 1997). In the Western business cultures, it is typical to build transactions first, and if they are successful, they can lead to a relationship (Ambler, 1994, 1995). This could be explained by Westerners having initial organisational

trust, which is not based on experience or first-hand knowledge of the other party (McKnight, Cummings and Chervany, 2006), and it exists and develops gradually over time until destroyed (Gao, Ballantyne and Knight, 2010). Another major difference between the Chinese/Russian approach and the Western approach is that both *guanxi* and *blat*/*svjazi* operate on the interpersonal level while Western relationship marketing operates on the inter-organisational level (Shaalan et al., 2013; Michailova and Worm, 2003).

The core of relationship marketing is “to decrease exchange uncertainty and to create customer collaboration and commitment through gradual development and ongoing adjustment of mutual norms and shared routines” (Andersen, 2001, p. 168). Accordingly, relationship marketing is social exchange governed by relational norms. Relational norms are mutually shared expectations between exchange partners (Joshi and Stump, 1999). These norms determine what kind of behaviour, goals, or policies are considered appropriate or inappropriate in business (Heide and John, 1992; Morgan and Hunt, 1994).

Relational norms typically include expectations of flexibility, solidarity, information exchange, collaboration, commitment, and participation (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009). These norms are based on expectations of mutual interest, and these bilateral norms are assumed to be the same for both parties (Heide and John, 1992; Joshi and Arnold, 1997). However, the expectations of the different parties are not inevitably the same. This is realised, especially, in cross-cultural buyer-supplier relationships, in which norms may be different due to the different cultural backgrounds.

In Chinese business, *guanxi* moderates the effect of social ties on information sharing and trust building (Cai and Yang, 2010). In China, a person is perceived trustworthy (*kexin*) when a person is sincere, honest, credible, reliable, and capable (Chen and Chen, 2004). The main components of trustworthiness are sincerity and the person’s usability referring to person’s ability (Chen and Chen, 2004). Sincerity (*cheng*) as a sign of trustworthiness means that “the person has the true intention to enter and stay in the relationship and has your best interest at heart” (Chen and Chen, 2004, p. 314, ref. Yang, 2001; Chinese text). This sincerity is typically manifested in being reliable by following the social norms of *guanxi* networking.

Chinese exhibit personal trust as *xinren* and *xinyong*. *Xinren*, a deep personal trust takes time to grow, as it is judged by assessing the extent to which a partner keeps their obligations based on a previous history of dealings (Barnes et al., 2011, p. 517). *Xinyong* kind of personal trust denotes a hierarchical relationship, where a person having a higher social status will have more *xinyong* (Leung et al., 2005). According to Leung et al. (2005, p. 532) “*xinyong* attaches a person’s overall social credit evaluation with his/her social status and bypass a third agency”. Supplier’s abilities to establish *guanxi* with the buyer will subsequently generate *xinyong*.

In Russia, building personal ties and cultivating trust is critical in business (Barnes et al., 1997; Ariño et al., 1997). Russians appreciate true friendship (Ariño et al., 1997) and trust personal ties more than loyalty to an organisation (e.g. Barnes et al., 1997). Hence, in the Russian context, trust is related to the quality of personal relationships; whereas in Western cultures, common aims and expectations of group performance support cooperation (Engelhard and Nägele, 2003).

Also other features distinguish the Russian business culture from the Western one. Traditionally Russian organisations are characterised by one-man authority, anti-individualism and dependence, tightly coupled hierarchies, and lack of knowledge sharing (Michailova, 2002). Trust building can be slow and demand high personal involvement or deep personal friendship (Ariño et al., 1997). Participating in informal communication and open demonstrations of emotions are mentioned as being essential for building and maintaining trustworthy business relationship in Russia (Andreeva, 2014). In the German-Ukrainian study of Möllering and Stache (2010) culturally similar Ukrainians gave a high value for openness. When comparing Russians and Norwegians Voldnes and colleagues (2012) found Russian buyers seem to base their trust on the people in the company, not on the company itself, and they need to get to know their sellers personally.

Other contextual factors, in addition to culture, could affect relational exchange in different countries e.g. institutions and market circumstances. The contemporary Russian markets have special transitional market circumstances, as there is still a lack of formal institutions after the collapse of the Soviet system (Puffer, McCarthy and Boisot, 2010). This weakness of formal institutions in business has been substituted with the traditional way of using informal personal networks (Puffer et al., 2010; Voldnes and Grønhaug, 2015).

### 2.3.2 Cultural values in relational exchange

The traditional definition of culture is: “that complex whole which includes knowledge, belief, art, moral, law, custom, and any capabilities and habits acquired by man as a member of society” (Tylor, 1871). Hofstede (2001, p. 9) defined culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another”. In the Globe study of 62 societies (House et al., 2004), which is applicable framework especially for leadership and management studies, culture is defined as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that results from common experiences of members of collectives that are transmitted across generations” (House and Javidan, 2004, p. 15).

Culture has been conceptualised in many ways, but many approaches comprehend it mainly as values (Hofstede, 1980; Schwartz, 1999). Schwartz (1999) has identified three fundamental values distinguishing all cultures 1) autonomy versus embeddedness, 2) hierarchy versus egalitarianism, and 3) mastery versus harmony. Hofstede’s cultural value dimensions (Hofstede, 1980, 2001) focus on specific levels of culture, e.g. indi-



vidualism–collectivism, power distance, uncertainty avoidance, masculinity–femininity and long-term orientation. The GLOBE study (House et al., 2004) separates cultural construct to embedded values describing the way things should be done and societal practices describing the way things are actually done in a society. This has resulted as 18 different GLOBE cultural constructs, including three similar constructs originally identified by Hofstede (1980) namely uncertainty avoidance, power distance and individualism.

The way that Hofstede's cultural value dimensions were originally developed has received considerable critical attention. According to Emrich, Denmark and Den Hartog (2004) the cultural values of Hofstede were derived exclusively from IBM employees. In addition, it was claimed that his research was not grounded in any cultural theory framework, and that he used exploratory factor analysis which was not statistically valid (Silverthorne, 2005). It has also been thought that the questionnaire's items were biased by Western values and assumptions, not valid in China (Gelfand et al., 2004). Despite of the extensive criticism, Hofstede's value dimensions are widely used in cross-cultural studies. Although other frameworks exist in the literature, the majority of studies are still based on Hofstede's framework. Therefore, the justification for the use of Hofstede's cultural dimensions in this study is that these dimensions are widely used in national level cross-cultural studies (Schaffer and Riordan, 2003).

Chinese, Finns and Russians differ based on Hofstede's cultural dimensions (Table 2). Chinese and Russians have high collectivism with high power distance. Quite the opposite Finns are individualistic with low power distance (Hofstede, 2001). Furthermore long-term orientation is higher in China and Russia than in Finland. In individualist societies, ties between individuals are mentioned to be loose and "everyone is expected to look after him/herself and her/his immediate family only" (Hofstede, 2001, p. 255). Instead, in collectivist societies "people are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (Hofstede, 2001, p. 255).

The individualism–collectivism dimension is the most relevant dimension for buyer–supplier social exchange (Table 3), because it emphasises long-term social bonding and dependence (Samaha et al., 2014). Within individualism, persons are expected to take care of only themselves and their close relatives, whereas in collectivistic cultures persons can expect the members of their in-group to look after them (Hofstede, 2001). Therefore, in collectivistic cultures, emotional ties and personal relationships will provide the foundations for business relationships (Tan and Chee, 2005). Respectively, in high individualistic societies, business relationships with long-term social bonding and dependence are more difficult to form (Samaha et al., 2014).

Also, in collectivistic cultures managers are assumed to be more sensitive and responsive to relationship marketing norms (Samaha et al., 2014). The collectivist cultures of East Asia emphasise reciprocal relationships, which are largely based on long-term interdependency and strong emotional bonds with committed potential partners (Branzei,

Vertinsky and Camp, 2007). However, according to Triandis (1994, 1995) there exist a huge number of different individualist and collectivist patterns indicating that all collectivist cultures and all individualist cultures are not identical to each other. Chinese collectivism differs from Russian collectivism in a way that in China in-group collectivism practices are higher compared to Russia (Gelfand et al., 2004).

Table 2. Hofstede's cultural value dimensions for China, Finland and Russia

Hofstede's dimension	China	Finland	Russia
Individualism	Weak	Strong	Weak
Power distance	Strong	Weak	Very strong
Uncertainty avoidance	Weak	Strong	Very strong
Masculinity	Strong	Weak	Weak
Long-term orientation*	Very high	Low	High

\* This dimension was added in 1991, and it is originally based on research by Michael Harris Bond.

Different perceptions of status and power distance are also included in cross-cultural inter-firm exchange (Table 3). According to Hofstede (2001, p. 98) power distance is "The extent to which the less powerful members of institutions and organisation within a country expect and accept that power is distributed unequally". Interactions in business are social exchanges, and perceptions of status and power are obvious matters in all social exchange (Blau, 1964). Thus, possible cultural differences in the perceptions of power distance could have an effect on cross-cultural relationship management based on social exchange. Power distance reflects the extent to which a community accepts and endorses authority, power differences, and status privileges (Carl, Gupta and Javidan, 2004). Countries which have strong Confucian traditions, e.g. People's Republic of China, Taiwan, Singapore, The Koreas, and Japan, a vertical hierarchy based on age and seniority deals with the norms and duties of the five pivotal relationships in society. These are ruler-minister, father-son, husband and wife, elder and younger brother, and senior friend-junior friend (Carl et al., 2004). These societies stressing on reciprocal obligations between senior and junior accept high power distance.

Uncertainty avoidance is "the extent to which the members of a culture feel threatened by uncertain or unknown situations" (Hofstede, 2001, p. 161). GLOBE's definition of uncertainty avoidance refers to "the extent to which members of collectives seek orderliness, consistency, structure, formalised procedures, and laws to cover situations in their daily lives" (De Luque and Javidan, 2004, p. 603). The desire to establish rules allows predictability of behaviour, which has implications for trust in organisation and society (De Luque and Javidan, 2004). According to Doney, Cannon and Mullen (1998) people in low uncertainty avoidance societies would be less willing to trust compared to high uncertainty avoidance societies. People living in high uncertainty avoidance societies, such as China, could be less trusting due to strong in-group collectivism, which results in lack of trust outside the family and in-group (Fukuyama, 1995).

According to Hofstede (2001, p. 297) "Masculinity stands for a society in which gender roles are clearly distinct: Men are assumed to be assertive, tough, and focused on mate-

rial success; women are supposed to be more modest, tender and concerned with the quality of life. Femininity stands for a society in which gender roles overlap: Both men and women are supposed to be modest, tender and concerned with the quality of life". Masculinity has been found to increase the risk of opportunistic behaviour in a form of deceit (Hofstede, Jonker and Verwaart, 2010).

Long-term orientation affects how long-term relations in trade are valued. The long-term orientation dimension "stands for the fostering of virtues oriented towards future rewards, in particular, perseverance and thrift. Its opposite pole, Short Term Orientation, stands for the fostering of virtues related to the past and the present, in particular, respect for tradition, preservation of 'face' and fulfilling social obligations" (Hofstede, 2001, p. 359). Asian cultures, including China, typically have very high long-term orientation scores, implicating that they value their long-term relations and relational gains by the prospect of future business (Hofstede et al., 2010).

Table 3. Cultural values and relational exchange

Key Findings	Representative studies
In collectivistic cultures, managers are assumed to be more sensitive and responsive to relational norms as governance mechanisms	Griffith et al. 2006; Ndubisi 2004; Samaha et al. 2014
High-collectivism increases long-term social bonding and dependence	Samaha et al. 2014
Communication is more important for collectivistic than for individualistic cultures	Ketkar et al. 2012; Samaha et al. 2014
In collectivistic cultures, trust has a greater effect on long-term orientation than performance	Cannon et al. 2010
High-collectivism restricts trust within one's tight social in-group	Fukuyama 1995; Özer et al. 2014; Ashnai et al. 2009
High-collectivism causes much stronger personal focus in business	Voldnes et al. 2012
Under individualistic values people have been found to focus on rationality, which means a cost-benefit analysis if a partner is worth for trust	Cannon et al. 2010; Kim et al. 1994, Ketkar et al. 2012
Power distance influences the effectiveness of status-based relational marketing activities	Samaha et al. 2014
Expertise is more influential on members of high power distance cultures than members of low power distance cultures	Pornpitakpan and Francis 2000

This section has attempted to provide a brief summary how culture is conceptualised and how it may affect relational exchange (Table 3). To conclude this section, the differences in cultural values could affect the expectations of appropriate relational exchange, and relational governance in the collectivistic cultures seems to have a more important role than in individualistic cultures.

## 2.4 Cross-cultural studies of relational exchange

The cross-cultural studies on business-to-business relational exchange can be roughly divided into relationship quality and trust studies. However, these two concepts of relational exchange seem to overlap in empirical studies, because often trust is conceptualised as a dimension of relationship quality. In this review, only those cross-cultural studies are selected which included relevant findings related to RQ and trust. Another selection criterion was that their research topic was linked to China, Finland or Russia, or the studies included other important theoretical information for this dissertation. Such studies can be, for example, studies investigating the effect of cultural dimensions e.g. individualism/collectivism on cross-cultural business relationships. As a general rule, studies relating only to one nationality were not included.

The most recent and relevant Sino-Western and Russian-Western studies of the topic in question are summarised in the Table 4. These studies are presented in more detail in Appendix A. Based on this literature review most research on the topic has been carried out in the Sino-Western context focusing more on studying trust than RQ. Russian-Western relationships seem to be a less studied area, and particularly relational norms have been little studied in the Sino-Western and Russian-Western cross-cultural context.

This literature review suggests several research and knowledge gaps for future studies, which previous scholars have not considered. First, the previous studies have not studied the deeper level cultural differences in the perception of relational exchange. Secondly, the conclusions of extant literature are very one-sided in nature since they lack dyadic perceptions of both buyers and suppliers within the same study (see Appendix A). Thirdly, the majority of extant literature has a quantitative approach and does not provide comprehensive explanations of how different contextual factors affect business relationships with emerging and transitional markets compared to mature markets. As a conclusion, little is still known about how perceptions and expectations of relational exchange differ in the different countries. The results of the extant research are summarised in the following chapters.

Table 4. Relevant Sino-Western and Russian-Western studies

	Sino-Western	Russian-Western
RQ and relational exchange	Barnes et al. 2015 Zhou and Xu 2012 Yen and Barnes 2011 Andersen et al. 2009 Ashnai et al. 2009 Skarmeas et al. 2008 Lin and Germain 1999	Hewett and Krasnikov, 2016 Ashnai et al. 2009
Trust	Berger et al. 2015 Wang et al. 2015 Samaha et al. 2014 Özer et al. 2014 Lu et al. 2012 Jiang et al. 2011 Wasti et al. 2011 Barnes et al. 2010 Dong et al. 2010 Chua et al. 2009 Ramström 2008 Jansson et al. 2007	Samaha et al. 2014 Rašković et al. 2013 Voldnes et al. 2012 Jansson et al. 2007

#### 2.4.1 Sino-Western studies

Results from earlier studies demonstrate that in China the role of relational governance appears to be stronger than in the individualist countries (e.g. Griffith et al., 2006; Lu et al., 2012; Barnes et al., 2010). It can be concluded that in China the role of strong guan-xi networks, high-level of transaction-specific investments, and interpersonal trust significantly contribute to a high level of relationship satisfaction (Lu et al., 2012). The Chinese concepts related to interpersonal relationships, namely personal communication (sijiao), personal credibility (xinyong) and personal affection (ganging) were found to have a positive influence on interfirm trust (Barnes et al., 2015).

It has also been identified that trust plays an instrumental role in enhancing the components of interfirm relationship quality between Western exporters and Chinese importers (Barnes et al., 2015). In the Chinese context, trust is based on individual and social trustworthiness of the employees of the firms, and trustworthiness is the expected norm based on the social network (Jansson et al., 2007). This can be explained by the fact that in the Asian collectivist cultures relational norms are used as governance mechanisms to decrease uncertainty (Griffith et al., 2006). Western firms could benefit from reciprocity norms and accept it as a way of doing business in China (Berger et al., 2015). Failure to comply with the relational norms and opportunistic behaviour reduces trust and commitment (Barnes et al., 2010).

The length of the relationship seems to be crucial, because perceptions of trust, communication, cooperation, social bonding, and the saving of face are higher in long-term Western-Chinese relationships (Yen and Barnes, 2011). Distributor's role orientation

was also found to be important for trust. Without recognising the orientation of the partner firms in the distribution channel, mutual trust becomes difficult to develop (Dong, Tse and Hung, 2010). Assistance from the business partner and the length of the relationship are found as important determinants of trust (Dyer and Chu, 2000). Among Chinese trust has been found to have a crucial role for long-term orientation (Wang et al., 2015). However, among Westerners trust and contractual obligation have complementary roles. Trust was insufficient without contractual mechanisms to guarantee long-term orientation (Wang et al., 2015). It was also found that relational governance is not always beneficial. Zhou and Xu (2012) found that when used together with centralised control, it turns centralised control counterproductive in curtailing opportunism.

Particularly, Chinese executives have been noticed to have higher affect-based trust when their overseas business partners had the same cultural ethnicity (Jiang et al., 2011). Based on the evidences of two separate studies there will be differences in the perceptions of affect- and cognition-based trusts between the Chinese and Westerners. Affect- and cognition-based trusts seem to be more intertwined in Chinese business than in the West (Jiang et al., 2011; Chua, Morris and Ingram, 2009). In addition, Chinese high collectivism restricts trust and trustworthiness within one's tight social in-group (Özer, Zheng and Ren, 2014).

When comparing the importance of trustworthiness factors of ability, benevolence and integrity (Mayer et al., 1995) the collectivist norms cause that benevolence towards a partner rise as the most significant factor of trustworthiness (Wasti, Tan and Erdil, 2011). Ramström (2008) found that when Finnish and Swedish firms develop interfirm business relationships with ethnic Chinese firms, the relationship is neither Nordic nor Chinese. Due to the interaction with a foreign partner and continuous learning, both parties deviate from their native behaviour and a new type of relationship evolves. It is also evidenced that the divergent relationship expectations of the cross-cultural business partners cannot be ascribed only by cultural differences; rather these differences reflect larger institutional contexts affecting business practices (Andersen, Christensen and Damgaard, 2009).

#### 2.4.2 Russian-Western studies

Previous research has established that in the Russian-Western business exporter role performance, exporter's investments, relationship length, open and frequent communication, and import intensity have positive effect on relationship quality (Skarmeas et al., 2008; Voldnes et al., 2012). While RQ has been found to have no connection with environment uncertainty, trust and satisfaction were found to be more important with complex products, where commitment has stronger impact than on less complex products (Skarmeas et al., 2008; Hewett and Krasnikov, 2016).

Previous research findings of Russian managers seem to also partially contradict each other, because profit was also found as the most important attribute of exchange for Russian managers. The two leading attributes for Russians were profit and trust, fol-

lowed by needs and power (Ashnai et al., 2009). The tendency of Russians to combine hard business and friendship is unique even if they want to establish personal relationships before any business, and tend to mix business with pleasure (Ashnai et al., 2009; Voldnes et al., 2012).

Russian buyers seem to have a much stronger personal focus than their Scandinavian business partners. It was claimed that Russians need to get to know the sellers personally to trust them; they seem to base their trust on the people in the company, not on the company itself (Voldnes et al., 2012). Nonetheless, trustworthiness is not the expected norm (Jansson et al., 2007). The role of trust was found to be lower in Russian compared to Western companies, and Russians do not trust easily third parties outside their inner circle (Ashnai et al., 2009). Thus, ethnicity influences the business relationships in their international relationships. If sellers are culturally and politically close to buyers in transitional Russian markets, it was found it is easier to develop relationships, while a mental distance was found to have a negative impact on the quality of relationships (Hewett and Krasnikov, 2016; Skarmas et al., 2008).

## 2.5 Positioning of the study

This dissertation is positioned in the literature as relationship marketing in the international context. Thus, it is situated at the intersection of international business and relationship marketing research domains, more specifically in the literature of relational exchange, relational norms, and relationship quality, and trust within the relationship marketing paradigm (Figure 3). The relationship quality and relational exchange studies are a part of the relationship marketing literature and both of them are related to trust literature, because trust is an antecedent of relationship quality (Morgan and Hunt, 1994; Huntley, 2006; Yeh, 2013). The context of this dissertation is cross-cultural buyer-supplier exchange, namely Sino-Finnish and Finnish-Russian exchange.

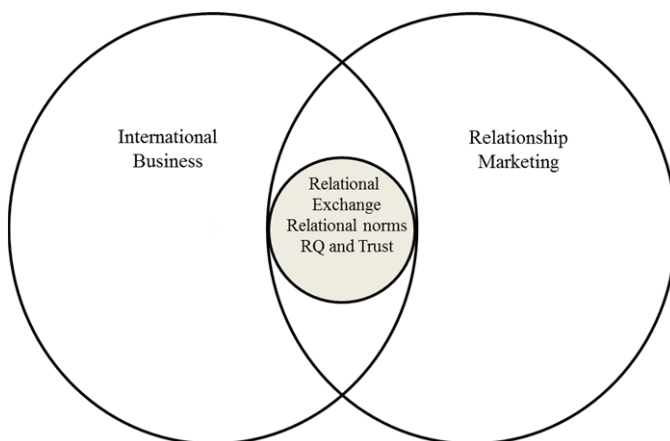


Figure 3. The positioning of the dissertation within the literature

This explorative study is positioned within the stream of the behaviourally driven relationship marketing strongly influenced by Morgan and Hunt's (1994) commitment-trust theory of relationship marketing. According to Möller (2013), within the behaviourally driven RM attention is focused on understanding relationship-specific factors and outcomes of relational exchange using quantitative methodology (mostly structural equation modelling), and is claimed not to be concerned how exchange contexts influence relationships. Instead, this exploratory study tries to compare the relational exchange perceptions in the contexts of developed Finnish and emerging Chinese and Russian economies. It contributes the literature on cross-cultural relational exchange. In addition, this research focuses on international exchange relationships by simultaneously measuring perceptions from both sides.

As the justification for the method selection, the aim is to extend current knowledge and the existing methodology by using the repertory grid method, which is based on different ontological assumptions compared to traditional qualitative or quantitative approaches. The opportunity to acquire new empirical evidence through the repertory grid method is underlined by the fact, that the method has received little attention in cross-cultural studies, even though it is recommended for comparative research on inter-organisational relationships across cultures (Bachmann, 2011).



### 3 Research design and methods

This research is based on the repertory grid technique derived from Kelly's (1955) personal construct theory (PCT). This method was chosen for this study, because it is highly recommended for cross-cultural studies to prevent possible biases caused by ethnocentrism, and it is independent of the researcher's own "assumptions about what might be important issues in the eyes of the interviewee" (Bachmann, 2011, p. 132). Also, according to Jankowicz (2013) the structured interviewing technique of the method provides rich qualitative data, which is uncontaminated by the interviewer's own assumptions and based purely on the interviewees' reflections of their own experiences. Traditionally the repertory grid has been used in psychology predominantly as a quantitative technique (Burr, King and Butt, 2014). Later, Asleigh and Meyer (2011) have suggested that repertory grid analysis can be combined with qualitative analysis of interview transcripts. This encouraged the use of qualitative data besides of quantitative data in this study. In this study the questions of the repertory grid (1<sup>st</sup> phase of interview) were utilised with latter open-ended questions (2<sup>nd</sup> phase of interview) to collect rich qualitative data in addition to numeric grid data including constructs and element's ratings (see all interview questions in Appendix C). The following sub-chapters introduce the theoretical assumptions of personal construct theory, the designed repertory grid, research designs, data, and data analyses used in this study.

#### 3.1 Introduction to repertory grid method

##### 3.1.1 Personal construct theory

The use of the repertory grid should be grounded in the theoretical assumptions of the personal construct theory (Marsden and Littler, 2000). One of the main considerations is the fact that the personal construct theory takes an interpretive/constructivist position in modelling human knowledge (Neimeyer, 1993a; Marsden and Littler, 2000; Shaw and Gaines, 2000). It is consistent with the interpretive paradigm by focusing on "exploring the psychological processes that people use to make sense of their material and social environments" (Marsden and Littler, 2000, p. 818). The constructivist paradigm comprehends "human beings as active agents who, individually and collectively, co-constitute the meaning of their experiential world" (Neimeyer, 1993a, p. 222).

According to this subjectivist interpretive paradigm the social world is an emergent social process created by individuals at the level of their subjective experience (Burrell and Morgan, 1994). Ontologically theories of interpretive paradigm are nominalist, epistemologically anti-positivist, and voluntarist regarding to human nature (Burrell and Morgan, 1994). Epistemologically the paradigm comprehends "knowledge as construction of the subject's experience and action" (Neimeyer, 1993a, p. 223). Research within the interpretative paradigm is idiographic aiming to seek to obtain information from observing, discussing, and becoming familiar with a research subject (Burrell and Morgan, 1994).

Despite the fact that the interpretive paradigm is the underlying assumption of personal construct theory and the repertory grid method is based on this theory, the repertory grid characterizes personal construct systems based on a positivist position in axiomatic terms which is convertible to numerical computational form (Shaw and Gaines, 2000) or naturalistic research orientation like qualitative research (Burr et al., 2014; Neimeyer, 1993a). The method allows the use of both qualitative and quantitative methods as supplements and these could be accompanied by each other in the research process (Neimeyer, 1993a).

The repertory grid method can be said to break down the barriers between different paradigms and methods, but this is not a problem, if a researcher is aware of the ontological and epistemological foundations of the method. The core assertions of the Kelly's (1955) personal constructs theory are based on the fundamental postulate and the eleven corollaries. Understanding these assumptions underlying the repertory grid is essential for the use of the method in practice correctly without distortions (Easterby-Smith, Thorpe, and Holman, 1996). The following paragraphs summarise the essential theoretical assumptions that affect the use of the repertory grid in practice.

The fundamental postulate of the theory is "A person's processes are psychologically channelized by the way he anticipates events" (Kelly, 1955, p. 46). This postulate emphasises that the individual does not just react to past experiences but rather evaluates events or situations in terms of predictions about the future (Warren, 2002). People build internal representations of the phenomena they experience, and act like a scientist continually seeking explanations and exploring his or her own world (Easterby-Smith et al., 1996; Jankowicz, 2013). In other words, according to the theory, human beings act like scientists by developing hypotheses about their reality, testing them out, and developing their own theories to make sense of their personal experiences (Beal, 1985).

In addition, the theory of personal constructs focuses on personal experiences with "constructive alternativism" (Kelly, 1955) meaning that the events could be interpreted in a variety of ways, and individuals are free to present alternative interpretations, as well as make construct revisions or replacements (Burr et al., 2014; Warren, 2002).

The first corollary of the eleven corollaries called construction corollary claims that "A person anticipates events by construing their replications" (Kelly, 1955, p. 50). People construe these internal representations called personal constructs, in the form of contrasts, by recognising regularities and recurring patterns in their experiences (Jankowicz, 2013).

The person has an active role in this process. Individuals actively generate and test their own hypothesis about their reality by constructing a dichotomous system of personal constructs (Asleigh and Nandhakumar, 2007). The personal construct systems are dynamic and people change their systems based on "hypothesis testing" with new experiences. This is expressed in the experience corollary "A person's construction system varies as he successively construes the replications of events" (Kelly, 1955, p. 50).

The dichotomy corollary states that “A person’s construction system is composed of a finite number of dichotomous constructs” (Kelly, 1955, p. 59). These constructs are not concepts. They are reference axes, and in order to understand the person’s meaning, both ends of a dichotomous construct should be known (Jankowicz, 2013). An organisational corollary indicates that constructs are organised as systems with complex hierarchical structure of many sub-systems, and these systems are an individual’s guidelines for living (Beail, 1985). Constructs are organised into various kinds of systems for different individuals involving hierarchical relationships of core constructs, which are personally the most important ones, and subordinate constructs which are relatively less important to them (Warren, 2002).

The systems are extremely personal. To understand the main limitations of the repertory grid method, the seventh corollary, individuality corollary, is important to bear in mind. It states that “People differ from each other in their construction of events” (Kelly, 1955, p. 38). This means that people develop their own meanings, using their own individual construct systems, which give their individuality and distinct personhood (Jankowicz, 2013).

The personal construct theory avoids accusation of solipsism, the most extreme form of subjective idealism ontologically claiming that there is no existence beyond the subjective sensations (Burrell and Morgan, 1994, p. 239), because people construe their experiences psychologically in a similar way (Marsden and Littler, 2000; Neimeyer, 1993b). This is manifested in the commonality corollary “to the extent that one person employs a construction of experience which is similar to that employed by another, his processes are psychologically similar to those of the other person” (Kelly, 1955, p. 90). This means that the membership in cultural, social, and language communities affect the individual’s subjective interpretations (Berger and Luckmann, 1971) and the process of construction of meanings (Marsden and Littler, 2000).

The commonality corollary justifies the studying of culturally shared perceptions in personal construct systems using the theory of personal constructs and its research technique, the repertory grid, which is discussed in more detail in the following sub-chapter.

### 3.1.2 Grid structure and procedure

The repertory grid is a conversation-based research method that reveals the constructs of how individuals understand their own world in a particular context (Fransella, Bell and Bannister, 2003). The method could be used to quantify perceptions, if the elements are rated against each construct (Bachmann, 2011; Canning and Holmes, 2006; Easterby-Smith et al., 1996). Therefore, the method produces rich material that contains both qualitative data and numeric grid data in the form of grid elements’ ratings. The generic example of a repertory grid is shown in the Table 5.

Repertory grid contains four essential components (Jankowicz, 2013; Easterby-Smith et al., 1996):

- (1) Topic
- (2) Elements
- (3) Constructs
- (4) Ratings or other links between elements and constructs.

The repertory grid technique proceeds in the following stages (Beail, 1985):

1. Eliciting elements
2. Eliciting constructs
3. Filling the grid
4. Analysis
5. Interpretation.

Table 5. Generic illustration of the repertory grid

Construct emergent pole	Elements				Construct opposite pole
	E1	E2	E3	E <sub>n</sub>	
Construct 1	2	2	2	3	Construct 1
Construct 2	5	4	3	1	Construct 2
Construct 3	3	5	1	2	Construct 3

The personal constructs are organised into a system and integrated into a complex hierarchical structure of systems containing many sub-systems (Beail, 1985). A single grid is not applicable for eliciting the whole construct system, and therefore the grid should have a specific topic. Each repertory grid is unique and made for a specific domain, a particular purpose, and it must have a clear topic. A topic should always be clearly specified in advance, because the intention will be eliciting solely and exclusively those constructs which a person uses in making sense of this predetermined domain (Jankowicz, 2013).

The technique could be used with fixed elements, fixed constructs, or both fixed elements and constructs. The use of fixed constructs it is not recommend, because the aim is to let an informant articulate own understanding of the world using his or her own voice and terms (Burr et al., 2014; Easterby-Smith et al., 1996). Thus, the supplying of constructs is not a good practice, because of the risk that the grid will turn into an inflexible attitude questionnaire.

Elements (columns of the grid) are objects of thoughts (Easterby-Smith et al., 1996). The elements could be generated in many different ways, either by supplying them or eliciting through discussion with the person. However, the final list of elements should

be homogeneous, representative, unambiguous, and as short as possible (Easterby-Smith et al., 1996).

Constructs (grid rows) are qualities which the person uses to describe and differentiate between the elements (Easterby-Smith et al., 1996). These could be supplied by a researcher, or elicited using the method of triad or dyad comparison of elements. The first option is not recommended because of the risk that grid will become inflexible questionnaire (Easterby-Smith et al., 1996). The triads could be shown randomly, fully or sequentially. Randomly means showing random three elements (written onto cards) and asking the interviewee to consider the ways in which two are alike but different from the third. Fully means showing all elements and asking an interviewee to think which element groups are alike.

The constructs are elicited from the interviewee's answers, but according to Easterby-Smith and colleagues (1996) clarifications of what an interviewee means by a construct are essential. This should be done by asking an interviewee to clarify meanings of the terms and their opposite terms. Ratings as the linking mechanisms are various ways which show how elements and constructs are linked (Easterby-Smith et al., 1996). Linking constructs to elements could be done by dichotomising, rating, or ranking. See Jan-kowicz (2013, p. 24-24) where the basic procedure of the repertory grid is fully described.

### 3.1.3 Strengths and limitations

Strength of the repertory grid technique is that the researcher does not have to be a professional psychologist in order to catch respondents' perceptions of relationships between constructs (Canning and Holmes, 2006, p. 285). In these structured interviews, the grid formalises the process of understanding how the other person views the world. The method is very well suited for comparative cross-cultural studies aiming to reveal the shared meanings and constructs on the group-level. The research instrument allows comparisons between culturally and institutionally different contexts (Bachmann, 2011).

The repertory grid also provides a focused and structured method of communicating with interviewees in their own terms (Canning and Holmes, 2006; Dackert et al., 2003), and the technique provides more information than traditional interviewing with a pre-formulated set of questions. An interviewee can freely talk about his or her feelings, attitudes, or perceptions without the bias of the interviewer's assumptions (Bachmann, 2011). As an advantage, the repertory grid offers a way to investigate attitudes and perceptions that may be difficult to articulate through traditional question-and-answer interview methods.

The most restrictive limitation of the method in practice is the risk of too large amount of element combinations. When comparing triads interviewees have to answer the same question many times in the worst case and this could be very a frustrating experience for

both the interviewer and the interviewee. Therefore, the number of elements should definitely be minimised. Beail (1985, p. 4) stated that there are no fixed rules how many triads should be presented to the subject: “As many triads of elements are presented to the subject as the investigator thinks appropriate”. If the interviewee cannot give answers anymore, it is not obligatory to show all the possible triad combinations.

In general, designing a grid is quite challenging and should be done carefully. Also while interviewing the method demands listening skills e.g. emphasising and avoiding of personal prejudices (Jones, 1998) from the interviewer during the interviewing session. The interviewer should focus on listening without comments or questions not related to the repertory grid. During the interview only discussion related to construct elicitations and clarifications of meanings is allowed between participants (Jankowicz, 2013). An important target of the repertory grid interview is to encourage participants to think of their own constructs, without interferences from the researcher (Asleigh and Nandhakumar, 2007).

The forming of constructs could be time-consuming (Goffin, 2002) and requires patience from the interviewer; there could typically be long pauses between the answers and questions, when the interviewee is construing his/her experiences. In the interview sessions it could also happen that informants will be initially sceptical of the method, or the artificial nature of the interview will influence an interviewee’s constructs (Goffin, 2002). In general, functionality of the grid should be tested in a small test group, and the interviewers should be trained well. Also analysing the repertory grid results, particularly when combined with narrative analysis, could be very time-consuming (Asleigh and Meyer 2011).

The repertory grid method has also philosophical and technical limitations. The limitations of the method are derived from the underlying philosophy of the method related to the corollaries of personal construct theory, or there could be technical problems related to the analysis and interpretation of data (Easterby-Smith et al., 1966). The risk that the grid becomes an inflexible attitude questionnaire exists, and this should be guarded against (Easterby-Smith et al., 1996, p. 9).

As an epistemological limitation, the repertory grid is designed to reveal individuals’ mental bipolar constructs and meaning systems. Constructs elicited with the technique are personal, and they have to be aggregated to present a larger social unit when studying organisations (Dackert et al., 2003, p. 711). However, the transition from individual-level analysis to group-level analysis causes difficulties. Easterby-Smith and colleagues (1996, p. 7) stated that “combining data from individuals may result in substantial distortions”, because according to the seventh corollary of the personal construct theory (Kelly, 1955), individual personalities are not combinable. This is related to the earlier mentioned basic assertion of Kelly’s personal construct theory: individuals develop their own meanings for the same events that give their individuality and distinct personhood (Kelly, 1955; Jankowicz, 2013).

## 3.2 Research design

### 3.2.1 Data collection

The data consisted of 45 interviews of Chinese, Finnish and Russian managers. The participants were managers working for international companies doing business in China, Finland and Russia representing industrial buyers and suppliers. The data were gathered using interviews. Although, the aim was not to test hypotheses and seek to generalise, the numeric data were analysed using quantitative methods.

The studies were divided into two sub-studies named Sino-Finnish study and Finnish-Russian study. See Appendix B for background information of interviewees. The generic research questions of both studies, Sino-Finnish and Finnish-Russian, are shown in Appendix C. In the Sino-Finnish study the foreign business partners, which examples interviewees selected as elements of the grid, were Chinese for the Finnish managers and Finnish/Western for the Chinese managers. In the Finnish-Russian study the Russian managers' foreign business partners were Finnish, and the Finnish managers' foreign partners were Russian.

The interviews followed the same format. The first phase of the interview consisted merely of repertory grid questions, and the second phase included open-ended questions about the business partner's trustworthiness. This sequence was applied, as only questions directly related to personal constructs are allowed during the repertory grid interview. The Sino-Finnish and Finnish-Russian sub-studies, and what data were used in the publications, are illustrated in Table 6. The two trust studies (Publication 4 and 5) used the open-end questions from the second phase of the interview as their main data source. In addition, the Sino-Finnish study (Publication 4) utilised the full transcripts of the repertory grid interviews, which contained complementary data for this trust study.

In the first interview round (Sino-Finnish study) the representatives of two Finnish companies and their Chinese and Finnish suppliers were interviewed (31–145 min) to collect both repertory grid and qualitative data from 23 managers between November 2012 and March 2013. The studied relationships were the dyadic supplier relationships of two Finnish companies. The companies operated in Finland or the Shanghai area of China and participated in Chinese-Finnish outsourcing. The first company operates in machinery industry and the second in electronics. The persons interviewed were currently working in the direct cross-cultural buyer-supplier interface. The Finnish managers were interviewed by a native Finn in Finnish. The Chinese managers were interviewed by a team of three persons (two Finns, one Chinese) in Chinese or English depending on what language the interviewee favoured. The interviews conducted in Chinese were simultaneously translated into English.

The second interview round (Finnish-Russian study) was conducted between June and November 2014. The data included 22 interviews (60–128 min) with representatives of Russian and Finnish companies located in southern Finland and the city area of St. Pe-

tersburg, Russia (12 Russians and 10 Finns). All the Finnish companies involved in this research were suppliers, while the Russian companies included both buyers and suppliers. All the interviewees had experience in Finnish-Russian business collaboration from 2 to 25 years. This study was designed so that both genders were equally represented. Seven of the twelve Russian interviewees were female, and seven of the twelve Russian interviewees were strategic managers. The research setting was multi-industrial including machinery, construction, and consulting industries. Interviewees were selected so that both nationalities must be represented among in the three industries. The interview language was Finnish, English, or Russian, depending on the interviewee's nationality and preference.

Table 6. Data collection phases and data used in the publications

	Sino-Finnish study	Finnish-Russian study
Focus	Chinese suppliers and Finnish buyers	Russian buyers and Finnish suppliers
Industries	Machinery and Electronics	Multiple
Time	November 2012 and March 2013	June and November 2014
Interviews	23	22
<b>First part of interview:</b>	Publication 1, personal constructs	Publication 2, personal constructs
Repertory grid questions	Publication 3, personal constructs Publication 4, interview transcripts	and rated importance
<b>Second part of interview:</b>	Publication 4, interview transcripts	Publication 5, interview transcripts
Open-ended questions		

The personal constructs were elicited from the informants' answers, and each element was rated by the interviewee. This data was saved as an excel file. In addition to this repertory grid data, the interviews were recorded, transcribed verbatim, and analysed using NVivo as an analysis tool. In summary, the data consisted both the 1050 excel rows of repertory grid data (grid elements and ratings made by interviewees) and 45 interview transcripts. The interview transcripts were used as supplemental data, when analysing and classifying the personal constructs, and as the primary data source in the trust studies.

### 3.2.2 Grid design

The designed grid for exploring the personal constructs differentiating well-functioning and poorly functioning business relationships (Table 7) consisted of four elements: a well-functioning relationship with a business partner of one's own nationality, a well-functioning relationship with a foreign (Finnish for Russian interviewees, and Finnish or Western for Chinese interviewees; Russian or Chinese for Finnish interviewees) business partner, a poorly functioning relationship with a business partner of one's own nationality and a poorly functioning relationship with a foreign business partner.



Table 7. An example repertory grid with the real data from a Chinese manager

Positive pole=5 High-quality indicator	Well-functioning business relationships		Poorly functioning business relationships		Negative pole=1 Low-quality indicator
	Own nationality	Foreign nationality	Own nationality	Foreign nationality	
Listening	4	5	3	2	Not Listening
Takes care	5	4	1	2	Ignorance
Fulfils promises	5	5	2	3	Non-committed
Communication	5	4	2	1	Lack of communication
Active	5	4	2	2	Passive
Takes us as priority partner	5	5	3	2	Lower attention
Motivation	5	4	2	2	Demotivation
Professional	4	5	2	3	Unprofessional
Fast pace	5	4	3	2	Slow
Organisational support	5	4	1	2	Unsupportive
Flexibility	5	5	2	1	Lack of flexibility
Trust	4	5	2	2	Distrust
Easy-going	5	4	2	2	Formal documentation
Competence	4	5	2	3	Incompetence
Committed	5	5	2	2	Lack of commitment
Cooperation	5	4	2	2	Lack of cooperation
Art of conversation	5	4	3	2	Not social
Managing stakeholder expectations	5	4	3	2	Lack of common sense
Information sharing	5	4	3	2	Lack of information sharing
Conservativeness	4	5	2	3	Too optimistic
Reasonable documentation	4	5	1	1	Excessive documentation
Effectiveness	5	5	2	2	Slow
Informal relationship	5	4	3	1	Distant

In the beginning of the interview, the interviewee was asked to write examples of well- and poorly functioning business relationships on cards. The different combinations of elements were shown with the repeated question: “Can you tell me a way in which two of these (elements, business partners) are similar to each other but different from the third (element, business partner)?”

The bipolar constructs (rows) were elicited from the informants’ answers. Then at the end of the session the interviewee was asked to explain and confirm them and name opposites. The new constructs and their opposites were inserted in the rows of the repertory grid (Table 7) using the following logic: a high-quality indicator on the left and a low-quality indicator to the right. Each element referring to an example business relationship was rated by an interviewee using the constructs created during the interview by giving a rating of 1–5 between the construct poles. The objective of this procedure

was to achieve personal constructs of Chinese, Russian, and Finnish managers for the comparisons and analyse differences in the managers' meaning systems.

### 3.2.3 Data analysis methods

The diversity of the data made it possible to utilise both qualitative and quantitative analysis methods. Therefore, the analysis methods varied in the publications of this compilation dissertation from qualitative content analysis to quantitative methods using the data of ratings (see Table 8). The analysis methods used in this dissertation were content analysis of personal constructs (see Jankowicz, 2013, p. 151-152), analyses of Correspondence Analysis plots (Bell, 1997; Doey and Kurta, 2001; Sourial et al., 2010), statistical tests of evaluations based on personal constructs (T-tests), inductive analysis (Gioia, Corley and Hamilton, 2013), and inductive clustering (Miles and Huberman, 1994) combined with concept maps (Novak and Gowin, 1995). The following paragraphs present briefly the used analysis methods. It should be noted that the repertory grid data can be analysed in multiple ways, and the following paragraphs after Table 8 present only the analyses used in this dissertation.

Table 8. Data analysis methods

	Context	Data	Analysis methods
<b>Publication 1</b>	Sino-Finnish sourcing : Chinese suppliers, Finnish buyers and suppliers	Repertory grid data; personal constructs (rows), 480 personal constructs from 23 interviews	Content analysis of personal constructs (Jankowicz, 2013)
<b>Publication 2</b>	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	Repertory grid data, 535 personal constructs from 22 interviews, importance scores of constructs, scored evaluations of domestic and foreign partners, interview transcripts	Content analysis of personal constructs (Jankowicz, 2013), T-tests of importance scores and scored evaluations
<b>Publication 3</b>	Sino-Finnish sourcing and Finnish-Russian trade	Repertory grid data; 838 personal constructs from 37 interviews, scored evaluations of domestic and foreign partners	Analyses of Correspondence Analysis plots
<b>Publication 4</b>	Sino-Finnish sourcing: Chinese suppliers, Finnish buyers and suppliers	Interview transcripts from 23 interviews (1 <sup>st</sup> and 2 <sup>nd</sup> phases)	3-stages qualitative inductive analysis (Gioia et al., 2013)
<b>Publication 5</b>	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	Interview transcripts of open-ended questions (2 <sup>nd</sup> phase of interview) from 22 interviews	Qualitative inductive clustering (Miles and Huberman, 1994), concept maps (Novak and Gowin, 1995)

*Repertory grid constructs' content analysis*

A special form of content analysis for analysing multiple repertory grids was used in publications 1 and 2. A fundamental limitation of the repertory grid method is that grids of different individuals are not combinable. This was solved by applying the Generic Content-Analysis Procedure for multiple repertory grids recommended by Jankowicz (2013). This method is an analysis tool for the bipolar personal constructs stored in the grid rows. Only the constructs in the grid rows were used as data for analysis. The main idea of this content analysis is the allocation of the personal constructs to categories following procedural steps (see Jankowicz, 2013, p. 151). In Publication 1 the categories were formed inductively, and in Publication 2 the categories were drawn from the relational exchange literature.

*Correspondence analysis plots*

Correspondence analysis plots were used in Publication 3 for analysing the cognitive maps of the interviewed managers. The next paragraphs present a way which allowed the study of shared perceptions by means of Correspondence Analysis plots.

Correspondence analysis is a special case of principal components analysis (PCA) of the rows and columns of a table. The analysis, widely used in social science, behavioural, and psychological research, reveals the relations among multivariable categorical variables (Doey and Kurta, 2001). Mathematically it utilises, as a measure of associations, the chi-square distance between categories (Sourial et al., 2010). This analysis transforms a numeric table of information into a graphics, where each row and column is depicted as a point, indicating the relations between two or more variables of the original table (Sourial et al., 2010). Analysis of the images takes place following the advice of Doey and Kurta (2001, p. 6), “rows with comparable patterns of counts will have points that are closer together on the biplot and columns with comparable patterns of counts will also have points that are close together on the biplot”. However, it should take into account that visual analysing requires symmetrical normalisation to standardise the row and column data to be comparable with each other (Doey and Kurta, 2001).

An example of a Correspondence Analysis plot (SPSS ANACOR) is presented in Figure 4 using the scores of Table 7. In Correspondence Analysis plots, the constructs located near an element (business relationship) are associated with that particular element (Doey and Kurta, 2001). In this example plot, the person associated e.g. a well-functioning relationship with the Chinese partner (WW\_PRC) the constructs of good communication, flexibility and easy-going. Likewise, this person associated a well-functioning relationship with the Finnish partner (WW\_FIN) the constructs of fulfilment of promises and trust. Conservativeness, professionalism and competency were instead associated with a poorly functioning relationship with the Finnish partner (PW\_FIN) indicating that the existence of these constructs were not the most relevant for the perception of a good relationship in this case. Thus, by analysing each individual

plot separately, it is possible to identify the existence of the shared perceptions within the various groups.

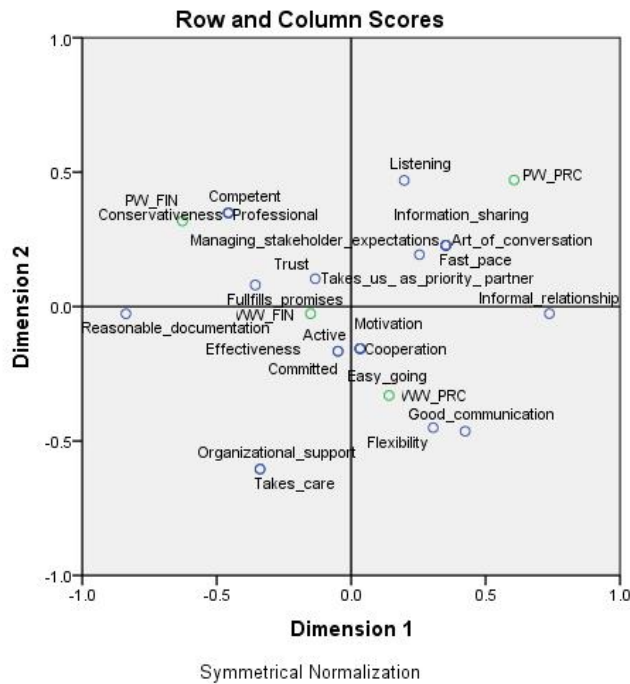


Figure 4. Correspondence analysis plot for the grid of an example Chinese manager (see Table 7). WW\_PRC means well-functioning relationship with the Chinese partner, WW\_FIN well-functioning relationship with the Finnish partner, PW\_PRC means poorly functioning relationship with the Chinese partner, and PW\_FIN poorly functioning relationship with the Finnish partner

#### Statistical tests

Publication 2 included statistical tests of categorised constructs. First, the repertory grids' personal constructs were categorised into categories of relational elements (relational norms and ability) drawn from relational exchange literature using content analysis (Jankowicz, 2013). Then independent sample T-tests (see e.g. Milton and Arnold, 1990) were used to test the differences between Finnish and Russian managers in relational norms' scored importance. Paired sample T-tests (e.g. Milton and Arnold, 1990) were used to compare means of ratings of repertory grid elements (domestic and foreign business partners).

*Inductive analysis titled Gioia methodology*

The inductive analysis method by Gioia and colleagues (2013) used in Publication 4 included three distinct coding stages from the first-order concepts, the second-order order themes, and finally to the aggregate dimensions. The qualitative data used were interview transcripts of the recorded interviews (repertory grid questions and open-ended questions). The first-order concepts are based on open-coding, reflecting the informant's experience and voice (see also Strauss and Corbin, 1990). The second-order themes, reflecting more theoretical concepts, were categorised by a research team consisting of one Chinese and two Finnish researchers. The third stage consisted of the coding of aggregate dimensions. The whole analysis path from quotes, first-order concepts and their frequency counts, second-order themes, and aggregate dimensions was shown in Publication 4 to enhance transparency of the coding procedure.

*Inductive clustering combined with concept maps*

In Publication 5, the categories made by open coding were clustered following the principles of qualitative inductive clustering (Miles and Huberman, 1994), and visualised for analysis with concept maps (Novak and Gowin, 1995). The qualitative data were based on interview transcripts of open-ended questions in the second part of the interviews immediately after the repertory grid questions. The qualitative inductive clustering is "the process of inductively forming categories, and the iterative sorting of things into those categories" (Miles and Huberman, 1994, p. 249). This process includes typically the creation of multiple levels of categories which could be illustrated as a content-analytic "dendrogram" (see example Miles and Huberman, 1994, p. 251). The illustration of clustering using the dendrogram method was chosen for this study to demonstrate the data analysis path to the final clusters which were further analysed with concept maps (Novak and Gowin, 1995).

A concept map, derived from Ausubel's (1963) assimilation theory from cognitive psychology of learning, is a knowledge presentation tool to visually structure and assemble the thought patterns and the connections between them (Novak and Gowin, 1995). The purpose of a concept map is to show through statements that the concepts have meaningful connections (Novak and Cañas, 2006, 2007). It provides a visual image of the cognitive structure including concepts and linking words showing a relationship between two or more concepts (Novak and Cañas, 2006). Concept maps are hierarchical in a way that the main concept integrating subordinate concepts is typically located at the top of the map, and the subordinate concepts, as well as the conditions precedent of the phenomenon, are located at the bottom of the map (Novak and Cañas, 2006). Consequently, the map enables visual impression of the dynamic evolution loops of a phenomenon. In this study, the concept maps were used only in the analysing phase and the visualisation of the relationships between aggregated trustworthiness factors.

## 4 Summary of the publications and results

This section summarises the results and contributions of the five publications that constitute this dissertation. The publications included in this dissertation support each other and form a meaningful whole. In Figure 5, the publications are presented in the order in which more general information moves towards more detailed knowledge of the studied concepts. The first three publications deal with relational exchange, while the last two investigate in detail the important part of international relationship quality, trustworthiness perception in Sino-Finnish and Finnish-Russian business.

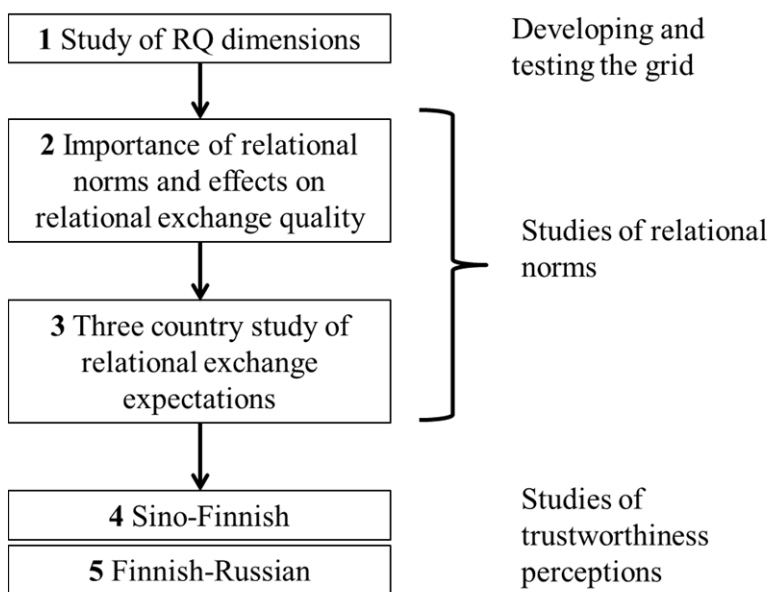


Figure 5. A schematic story line of publications

The first publication introduces the repertory grid designed to explore dimensions of relationship quality in business relationships, and examines what are the generic and the context specific dimensions of buyer-supplier relationship quality in Sino-Finnish business relationships.

The second publication examines in more detail the importance of relational norms in the cross-cultural settings using collectivistic Russian managers and individualistic Finnish managers as examples. The findings indicated that relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity were equally important to both Russian and Finnish managers. The importance of a business partner's ability seemed to be culturally dependent, and sharing the same cultural background might have an adverse effect when evaluating poorly functioning business relations.

The third paper, which is related to the psychology of personal constructs, goes beyond into the meanings of the relational expectations, respecting and in accordance with the individuality corollary (Kelly, 1955, p. 38) and commonality corollary (Kelly, 1955, p. 90). These corollaries claim that, although people develop their own meanings, using their own individual construct systems, which give their individuality and distinct personhood (Jankowicz, 2013), their processes are psychologically similar to those of the other person (Kelly, 1955, p. 90). This enables the examination of culturally shared perceptions using the repertory grid method (Berger and Luckmann, 1971; Marsden and Littler, 2000). The third publication reveals the differences in the shared expectations of all three studied nationalities: Chinese, Finnish and Russians.

The following two publications provide a more detailed view of the important antecedent of business relationship quality, the perceptions of trustworthiness in the cross-cultural business. The fourth publication deepens the knowledge of factors of trustworthiness in the cross-cultural (Sino-Finnish) business relationships, focusing also on less studied factors of distrustworthiness. The main contribution of this study is based on the fact, that it was probably the first study bringing anecdotal examples of trust ambivalence in cross-cultural inter-firm trust dynamics. This study also enriches the view of trust as a holistic process from the Eastern perspective of yin-yang balancing (Li, 1998, 2008, 2012a, 2012b, 2014, 2016) by simultaneously evaluating the factors related to both trustworthiness and distrustworthiness. It also presented needs to adopt the construct of trust ambivalence as a complex balance between trust and distrust (cf. Guo, Lumineau and Lewicki, 2017; Lewicki et al., 1998).

The fifth publication presents the perceptions of trustworthiness of Russian and Finnish managers participating in Russian-Finnish trade by filling a large research gap of Russian-West European studies related to the cross-border exchange. The summary of the findings and contributions of all publications are presented in Table 9.

Table 9. Summary of the findings and contributions

Research questions	Context	Main results	Main contributions
<b>Publication 1</b> What are the generic and the context specific dimensions of buyer-supplier relationship quality?	Sino-Finnish sourcing: Chinese suppliers, Finnish buyers and suppliers	The main differences were the greater importance of interpersonal relationship in China, different conversation styles, and Chinese way to value flexibility more than the following of rules.	Identified the generic dimensions of relationship quality, and demonstrated how relationship quality is culture and role dependent.
<b>Publication 2</b> How does the importance of relational norms differ between Russians and Finns? Which of the relational norms are the most critical?	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	Relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity were equally important to both Russian and Finnish managers. The importance of a business partner's ability seems to be culturally dependent, and sharing the same cultural background might have an adverse effect when evaluating poorly functioning business relations.	Clarifies the role of relational norms in cross-cultural B2B relationships and introduces a method applicable for studying relational exchanges.
<b>Publication 3</b> What are the expectations of relational exchange for Chinese, Russian, and Finnish managers who participate in international trade?	Sino-Finnish sourcing and Finnish-Russian trade	Clear distinctions were found in Chinese, Finnish, and Russian managers' expectations for relational exchange. The expectations of the Chinese (i.e. reciprocal favours) and Russian (i.e. informal communication) managers were related to inter-personal interactions, and the Finnish managers' expectations focused on cooperative behaviour between organisations.	Identifies the expectations of relational exchange for Chinese, Finnish, and Russian managers. Revealed individual differences in propensity for transactional norms.
<b>Publication 4</b> What are the factors related to perceived trustworthiness and distrustworthiness in the cross-cultural business transactions between China and Finland?	Sino-Finnish sourcing: Chinese suppliers, Finnish buyers and suppliers	Chinese highlighted personalised communication and benevolence, which manifested in respect and reciprocity. The Finns were more associated with depersonalised organisational attributes. They emphasised integrity, especially promise-keeping. Tentative signs of trust ambivalence were identified for both the Chinese and the Finns.	Evidenced that the Western perspective of trust is insufficient in a cross-cultural context. Enriches the view of trust as a holistic process by simultaneously evaluating the factors of trustworthiness and distrustworthiness including trust ambivalence in the process of yin-yang balancing.
<b>Publication 5</b> What are the trustworthiness perceptions of Russian and Finnish managers participating into Finnish-Russian trade?	Finnish-Russian trade: Finnish suppliers, Russian buyers and suppliers	The main differences between the Finns and the Russians were Russian preference for personal connections, informal communication, fast reactions, emotions, transparency of partner's expectations, and mutual benevolence. The Finns perceived the partner organisation as the business partner. The Finns emphasised rationality and punctuality.	Identifies the differences between trustworthiness perceptions of the Russian and Finnish business partners.



## 4.1 Publication 1

Jukka, M., Puumalainen, K. and Blomqvist, K. (2015). Dimensions of quality in business relationships between developed and emerging markets – Finnish-Chinese relationships. *Proceedings of GSOM Emerging Markets Conference-2015: Business and Government Perspectives*, Oct 15–17, 2015, St. Petersburg, Russia, pp. 903–913.

### *Objective*

Relationship quality (RQ) is typically in organisational buyer-supplier context measured using universal dimensions of trust, commitment and satisfaction. This could lead to problems in the conceptualisation in cross-cultural studies, because some of the RQ dimensions could be context, culture, or role specific. Following the best practices, researchers should check equivalence of research methods and research units related to the studied cultures (Sinkovics, Penz and Ghauri, 2008). This necessity is reinforced, particularly in the RQ studies, by the fact that the nature of the relationship quality seems to be context-specific (Woo and Ennew, 2004).

In the extant research, there is a lack of a commonly accepted definition of relationship quality (Huntley, 2006). This also indicates that there is a need for exploratory cross-cultural studies with different market contexts, especially for Asian cultures, to prevent Western ethnocentrism caused biases. Most of the previous studies have suffered from a Western point of view. Only Yen and Barnes (2011) have comprehended that in the East relationships should be measured using different dimensions than in the West. They used social bonds, reciprocity, face, and interpersonal trust as relationship quality metrics for Chinese, and trust, commitment, communication, cooperation, coordination, and dependence for Westerners. To investigate how an emerging market context affects RQ, the aim of this paper was to explore the generic and national culture related dimensions of RQ of Sino-Finnish buyer-supplier dyads. The methodological objectives were the developing and testing of culturally insensitive repertory grid for exploring perceptual differences between well-functioning and poor business relationships.

The research question was: What are the generic and the context specific dimensions of buyer-supplier relationship quality?

### *Results and contribution*

480 constructs of relationships were elicited in the repertory grid interviews from 23 interviewees. The total number of constructs was from the Chinese Suppliers 192, from the Finnish Suppliers 84, and from the Finnish Buyers 205. The number of constructs elicited from each participant varied from 11 to 49, and the mean was 21 constructs. The constructs were categorised into main themes with qualitative analysis. The categorisation included interpretations the meaning of constructs and inductive analysis. The averages of ratings described the perceived relationship quality. The most often mentioned constructs of relationship quality were found using frequency analysis and their

rated importances (scale 1–5) were compared. The main themes of the three studied groups and the relative shares of the personal constructs classified to the specific themes had cross-cultural and cross-role differences.

The main differences affecting Sino-Finnish business relationships were the greater importance of interpersonal relationships in China, different conversation styles, and Chinese way to value flexibility more than the following of rigid rules. In China, where interpersonal relationships and personal emotions affect work relationships, the quality of communication means adequate informal communication. Finnish buyers seemed to have more requirements for well-functioning relationships due to their buyer role, and product and operational quality were more significant to them. The unique dimensions of the Chinese were personal properties of key person and general business style. These were often mentioned and associated with Chinese-Chinese interaction.

As a contribution to the current discussion of RQ, the dimensions for Sino-Finnish business partners were explored in an intriguing cross-cultural context of Chinese emerging markets. The study identified the shared generic dimensions of RQ for the Chinese and the Finns, and demonstrated how relationship quality is culture and role dependent in Sino-Finnish inter-firm relationships. The study affirms that generic, culture and role dependent dimensions of relationship quality could be simultaneously identified using the repertory grid method. The found generic dimensions (communication quality, functioning of organisation, information sharing, personal relationships, ability, trust, motivation, commitment, conversation styles and problem solving) were similar with results of the previous studies (e.g. Athanassopoulou, 2006; Holmlund, 2008; Lages et al., 2005; Fynes, Voss and de Búrca, 2005; Benton and Maloni, 2005).

However, the main contribution lies in the explored specific dimensions for Chinese and Finns. Chinese dimensions were personal properties of an individual key person working in the partner organisation and their business styles. The latter was associated with the perception how ethical or correct they evaluate actions of the key persons from their own perspective. The functioning of partner organisation and keeping of promises seemed to be the most important issues for the Finnish managers. The dimensions of Finnish buyers, e.g. quality, price and efficiency, indicate that they saw business more as a transaction than a relationship. Previous studies have approached buyer-supplier relationship quality mainly from the buyer's perspective, but this study also includes the supplier's perceptions. Many relationship quality dimensions were apparent only from the buyer's perception, and were absent from the supplier's side. Therefore it is not indifferent from which viewpoint business relationship quality is assessed.

As limitations, the validity of findings was limited to this context and this material. There was also a risk of bias due to large share of interviewees from one company (see Appendix B). The suppliers in the study were closely tied with the machinery and electronics industries and can be seen as part of these. This could limit the generalisation of the results to other industries. As a direction for future research focus should be directed on studies where different role dependent dyadic expectations of buyers and suppliers,

as well as cultures, industries and other contexts are explored simultaneously to identify general and context specific dimensions of relationship quality.

## 4.2 Publication 2

Jukka, M., Andreeva, T., Blomqvist, K. and Puumalainen, K. (2017). A cross-cultural perspective on relational exchange. *Journal of Business & Industrial Marketing*, Vol. 32 No. 7, pp. 937–950.

### *Objective*

Relational norms play a central part in relational exchange as a regulator of behaviour, but these normative expectations may vary between business partners in cross-cultural business. Although there exist few cross-cultural studies in the literature (e.g. Ashnai et al., 2009; Hewett and Krasnikov, 2016; Barnes et al., 2015; Voldnes et al., 2012; Lin and Germain, 1999), there is little research studying particularly relational norms in the emerging and transitional markets context. The objective of this publication was to increase knowledge of relational norms in a cross-cultural context. This study investigated what Russian and Finnish managers considered as the most critical norms in relational exchange, and how they evaluated the relational exchange of their domestic and foreign business partners. The research questions were “How does the importance of relational norms differ between Russians and Finns?”; “Which of the relational norms are the most critical?”; “Do Russians and Finns view well- and poorly functioning relationships with domestic partners differently than those with foreign partners?”

### *Results and contribution*

A total of 535 personal constructs making a difference between a well-functioning relationship and a poorly functioning relationship were elicited with the repertory grid technique from 22 interviewees. The number of constructs elicited from each participant varied from 11 to 45 (mean 24 constructs). The first order themes were further categorised into categories of relational norms (flexibility, information exchange, long-term orientation, mutuality, and solidarity) and ability following a deductively developed framework from the literature. The targets were to statistically test the importance of different relational norms, find the most critical relational norms that make a difference between well and poorly functioning relationships for both nationalities, and compare the evaluations of the domestic and foreign partners. The valid data for the T-tests consist of 381 importance scores of personal constructs and 398 partner evaluation scores.

The results revealed that there were no significant differences in importance scores between Finnish and Russian managers in relational norms. The differences were significant only in the category of Ability ( $p=0.041$ ) and the category of Economic exchanges ( $p=0.069$ ). Therefore, relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009) were found to be equally important to both Russian and Finnish man-

agers. These norms were found to be equally important regardless of the difference in collectivism and individualism between these nationalities. This finding is contrary to previous studies (e.g. Griffith et al., 2006; Ndubisi, 2004, Samaha et al., 2014) which have suggested that in collectivistic cultures managers are more sensitive and responsive to relational norms, and that norms would be more important in collectivistic cultures as regulators of behaviour.

This study empirically demonstrated that business partner's ability is more important to Russian managers than Finnish managers. A possible explanation for this could be several factors including cultural differences and differences in the institutional structure affecting markets. Interestingly, Russians seemed to be more focused on business competence and less on technical competence than Finns. This indicates dissimilarities in the expectations of ability.

Based on paired samples T-tests the differences between well- and poorly functioning relationships were the highest in the "Mutuality" and "Long-term orientation" categories. These relational norms were the most significant ones differentiating well- and poorly functioning business relations with the both cases of domestic and foreign relationships. The most frequently mentioned themes of the relational norm of mutuality, with both nationalities, were mutual targets and mutual understanding. Though, it was not astonishing that the relational norms of long-term orientation, mutual targets, and mutual understanding had the highest difference in well- and poorly functioning relationships, it was remarkable that this was the case with both Finns and Russians. Thus, it seems that different cultural backgrounds do not decrease the importance of these norms in the cross-cultural exchange.

The outcome that Russians scored their poorly functioning domestic business partners lower than their poorly functioning Finnish partners is somewhat contrary to earlier studies (e.g. Armstrong and Yee, 2001; Crosby et al., 1990; Hewett and Krasnikov, 2016; Smith, 1998) claiming that perceived similarity of partners always facilitates relationship management. The different result of this study may be explained by transitional market conditions characterised by a higher risk of opportunistic behaviour (Luo, 2006; Zhou and Xu, 2012). As a conclusion, similarity arising from a shared cultural background may not always be advantageous. This conclusion also endorses the assumption that special market conditions of transitional markets may be reflected in relationship management.

This study contributes to the literature on cross-cultural relational exchange. First, as the principal theoretical contribution, it argues that relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009) could be equally important for business partners of dissimilar cultural backgrounds. This is a novel finding, since according to prior knowledge relational norms have been presumed to be more imperative as governance mechanisms in collectivistic cultures than in individualistic cultures (Griffith et al., 2006; Ndubisi, 2004; Samaha et al., 2014). Second, it claims that the importance of

a business partner's ability can be culturally dependent. Third, sharing the same cultural background might have an adverse effect on business relations. This is also a novel finding compared to the current understanding, that demographically similar individuals have a tendency to perceive each other positively (Tsui et al., 2002). Third, as a methodological contribution, it shows how the repertory grid method can be utilised for studying perceptions of relational norms. As a managerial implication, this study reveals that firms should be focused on long-term orientation, achieving mutual targets and mutual understanding in their cross-cultural business relationships.

As limitations of this study the validity of these findings is restricted only to this context and material. Likewise, the term "well-functioning relationships", although best choice for the interviewees, may not theoretically be the optimum term for defining the "functionality of relational exchange". The dissimilar languages used in the interviews of different nationalities may also be comprehended as limitations. Obviously, caution must be applied, because of the small sample size. This leads to the fact, that comparing the importance of relational norms should be repeated with more data, possibly with several other nationalities future research.

### 4.3 Publication 3

Jukka, M. (2017). Expectations for buyer-supplier relational exchange: Chinese, Finnish and Russian perspectives. 22<sup>nd</sup> CBIM International Conference 2017, June 19–21, 2017, Stockholm, Sweden.

#### *Objective*

In relational exchange, inter-firm business partners are expected to engage in mutually satisfying social exchanges. Though, these expectations can vary between cross-cultural business partners. The objectives of this study were to identify personal constructs associated with well-functioning business relationships, and reveal differences in the awareness of Chinese, Russian, and Finnish managers. The repertory grid method was used to reveal the constructs of how managers understand a satisfactory relational exchange. This context includes cultural determinants, because the managers' cultural background and existing values affected these evaluations. The main objective was to reveal the personal construct systems of managers to study shared perceptions. The personal constructs of 37 Chinese, Russian, and Finnish managers were identified using the repertory grid method and analysed with cognitive maps as correspondence analysis plots (SPSS ANACOR).

#### *Results and contribution*

The shared expectations for desirable social behaviour, relational exchange norms, in business relationships between managers of buyer and supplier firms were identified from the 37 correspondence analysis plots. These plots indicated that there were nationally shared constructs describing the business practices of the country in question, and

the constructs associated with well-functioning relationships had shared national features. The expected ways of relational exchange in business relationships were clearly different for Chinese, Russian, and Finnish managers. The expectations of the Chinese (e.g. reciprocal favours) and Russian (e.g. informal communication) managers were related to inter-personal interactions, and the Finnish managers' expectations focused on cooperative behaviour between organisations.

Chinese and Russian personal network tendencies were observed in many personal network-related constructs, for example, Chinese reciprocal favours and mutual respect and Russians' informal communication. These kinds of personal networks are predominant in most emerging markets (Michailova and Worm, 2003). The organisational cooperation expectations of the Finnish managers indicate Western perceptions of institutional trust (McKnight et al., 2006) lead to depersonalised organisational business relationships. Who is considered the business partner, the organisation or the key person working in this organisation, is a fundamental difference between the Finnish managers and the Chinese and Russian managers. It seems that the Finns did not differentiate the key person and the partner organisation in their perceptions of a business partner.

The good foreign and domestic business relationships were typically located close to each other. It indicates that on an individual level foreign and domestic business partners have to fulfil the similar relational expectations in order to be valued partners. The Chinese managers attached constructs related to flexibility, communication quality, and mutual respect to their well-functioning domestic and foreign business relationships. The Russian managers attached informal communication, long-term perspective, cooperation, and feelings to their well-functioning domestic relationships, while only long-term perspective and cooperation were attached to their well-functioning foreign relationships. Relational exchange was related to building and maintaining a business relationship between the buyer and seller organisations for the Finnish suppliers. The Finnish buyers had more expectations related to the transaction, for example, product quality. The majority of the relational exchange constructs of the Finnish buyers were related to information-sharing about the delivery or joint problem-solving.

All suppliers associated the long-term development of a relationship with a well-functioning business relationship. For the Chinese managers, this occurred through personal relationships and mutual favours, whereas for the Finns it was more a relationship between organisations. The Russian managers also favoured inter-personal relationships, but they were more emotional and looked for passion for the business in their counterpart. All buyers differed from suppliers by having more transactional norms for the relationship, which could be seen as transaction-related constructs, such as product, price, payment, or delivery-related constructs.

The Finnish buyers had more transaction-related constructs compared to other buyers indicating that the Finns saw a business relationship more as a discrete transaction (Macneil, 1980; Dwyer et al., 1987) than as an inter-personal or an organisational relationship between business partners. However, there were observable differences be-

tween individuals in their penchant for transactional norms, including the Chinese and Russian managers. The differences in individuals' penchant for transactional norms are consistent with the findings of Bailey and Spicer (2007), that there could be mismatches between individual and societal value levels.

This research contributes to the existing literature on cross-cultural relationship marketing in several ways. First, the study indicates how individual meaning systems can be utilised in this context to study larger social groups and their shared meanings. Second, this study provides novel findings for the literature by identifying the relational exchange expectations of Chinese, Finnish, and Russian managers. The most remarkable finding is that both foreign and domestic business partners have to fulfil similar relational expectations in order to be valued partners. In addition, this study revealed evidences about differences in individuals' penchant for transactional norms. These were found in every studied culture indicating mismatches between individual and societal value levels. An individual's propensity for transactional norms appears to be associated with individual perceptions of the nature of the business relationship derived from role or individual traits. Third, as a managerial implication, the study will help companies understand the expectations of foreign business partners.

Obviously, the validity of these findings is restricted to this data representing the thought patterns of only few individuals, which do not describe the whole country's business culture due to the large geographical differences in Russia and China. Thus, generalisation of these findings may be a limited due to the small sample size of 37 Chinese, Russian, and Finnish managers from the most economically developed regions of their countries. Further cross-cultural studies need to be carried out to identify cross-cultural relational exchange expectations to improve generalisability.

#### 4.4 Publication 4

Jukka, M., Blomqvist, K., Li, P. and Gan, C. (2017). Trust-distrust balance: Trust ambivalence in Sino-Western B2B relationships. *Cross Cultural & Strategic Management*, Vol. 24. No. 3, pp. 1–29.

##### *Objective*

Despite the agreement on the critical role of trust in the cross-cultural context, there is a general lack of deep understanding about the cultural influence on the perceptions of trustworthiness (Li, 2008; Dietz et al., 2010; Zaheer and Zaheer, 2006). Most of the research on trust across cultures considers the Western perspective of trust (e.g. Mayer et al., 1995) as seemingly universal across diverse cultures, so it may not be able to capture the contextual meaning of trust as perceived by individuals and organisations across different cultures (Li, 1998, 2008). In this sense, it was tempting to engage in a comparative study of trustworthiness perceptions between managers from the West and the East. Cross-cultural buyer-supplier relationships between Chinese and Finnish firms

were selected for this study for a theoretical investigation into the development of trust in a cross-cultural context.

Finland has a vastly different cultural tradition than that of China. The Chinese and Finnish cultures differ from each other on several dimensions, such as in individualism–collectivism and uncertainty avoidance values (Gelfand et al., 2004; De Luque and Javidan, 2004). These differences in cultural dimensions may affect trust formation in the two countries, thus making China and Finland an interesting pair for a comparative study. Prior Chinese-Western B2B studies (e.g. Wang et al., 2015; Jiang et al., 2011; Yen and Barnes, 2011) have explored primarily Chinese-Anglo Saxon business relationships, and there is a lack of research on non-Anglo Saxon countries making the comparison between China and Finland interesting.

The study explored how Chinese and Finnish managers in cross-cultural supply-chain relationships evaluate their business partners' trustworthiness and distrustworthiness. Representatives of two Finnish companies and their Chinese and Finnish suppliers were interviewed to collect qualitative data from 23 managers.

#### *Results and contribution*

This exploratory qualitative study investigated trust-building as a holistic process in a cross-cultural context. Study revealed that the perception of trustworthiness differs between the Western and the Eastern perspectives. In general, a set of cross-cultural differences in trustworthiness and distrustworthiness factors was found. The Chinese managers emphasised relationship-specific personalised trustworthiness visible in personalised communication, commitment, and personalised benevolence, which is manifested in respect and reciprocity rooted in the Chinese practice of *guanxi*. The Finnish managers' view of trustworthiness was more associated with organisational integrity, especially promise-keeping. Further, it was found that trust and distrust tend to coexist simultaneously in each specific relationship, which is in support of the perspective of trust ambivalence as a balance between the two contrary yet complementary opposites (i.e. trust and distrust) in the holistic, dynamic, and duality-rooted processes of both trust-building and trust-eroding.

The findings indicate that the factors causing distrustworthiness might not be exactly negative opposites of the factors of trustworthiness. These results further support the idea that there could also be independent factors causing distrust. The relative importance of the distrustworthiness factors seems to be higher than trustworthiness factors when the informants evaluated their partners. These distrustworthiness factors were disharmony for the Chinese and unpredictability for the Finns. The importance of harmony in Chinese business relationships could be explained by the fact that social harmony is highly valued by the Chinese (Chow and Yau, 2010). Harmony "guides interaction manners and norms in every aspect of Chinese social interaction" (Wei and Li, 2013, p. 62). This means that the existence of disharmony in a personal relationship



could delineate the whole relationship as distrustworthy, regardless of the existence of trustworthiness factors.

The first primary implication for academic research was that the prevailing perspective in the West concerning trust evaluation seems insufficient for describing cross-cultural trust in the Asian context. The evaluations of trustworthiness differed between China, with a greater emphasis on personalised factors beyond the domain of the Mayer's and colleagues (1995) ABI (ability, benevolence, and integrity) model, and Finland, with a set of factors consistent with the ABI model.

The second primary implication for academic research was that the typical approach to examining trust and distrust as two fully separate elements is inadequate for understanding trust as a holistic process. This study demonstrated that trust evaluation is a holistic process, especially in a cross-cultural context, so highly complex, dynamic, ambiguous and unpredictable in nature. This process is framed as holistic, because the key factors for both trust (trustworthiness) and distrust (distrustworthiness) in each specific relationship should be simultaneously evaluated.

The most noticeable implication for academic research is that this study frames trust evaluation as a holistic, dynamic, and duality-rooted process of yin-yang balancing (Li, 1998, 2008, 2012a, 2014, 2016; Luo and Zheng, 2016). In addition, this study evidenced a need to adopt the novel construct of trust ambivalence, neither trust nor distrust alone, but rather both in a complex balance between trust and distrust (cf. Guo et al., 2017; Lewicki et al., 1998).

As limitations, the validity of these findings is limited to the context, geographical area, and data. The studied organisations do not reflect all of China or Finland as countries, and they could form a geographical and industry-specific sub-culture, especially considering the large regional diversity in China, which would limit the generalisation of these findings. In addition, there is a potential risk of bias due to a fairly large number of interviewees from a single company and also the different proportions of females in the studied groups. Moreover, one of the limitations of this study is that this research design focuses only on cultural differences, but not all can be explained by culture. Other issues than nationality, such as personal preferences, industry, market position, and firms' geographical locations in China, may also have an impact on trustworthiness. Finally, as an exploratory qualitative study, the results are not readily generalised outside this context. Future research should overcome the above limitations.

## 4.5 Publication 5

Jukka, M. (2016). The perceptions of partners' trustworthiness in Russian-Finnish business. *Proceedings of The International Business Conference 2016: Searching for Innovative and Creative Business Solutions*, April 28, Vilnius, Lithuania, pp. 326–339.

*Objective*

The business partners' perceived trustworthiness is a critical element of successful buyer-supplier relationships. Though, international business partners can perceive their partner's trustworthiness differently. The aim of this study was to analyse how business partners in Russian-Finnish trade evaluate trustworthiness of their domestic and foreign business partners. The qualitative data was collected from interviews with 22 Russian and Finnish managers. Inductively formed trustworthiness categories were clustered (Miles and Huberman, 1994), and the clusters were analysed using concept maps (Novak and Gowin, 1995).

*Results and contribution*

The central differences between the Finns and the Russians were Russian preference for personal connections, informal communication, fast reactions, emotions, transparency of partner's expectations, and mutual benevolence. The Finns instead perceived the partner organisation, not the key person, as the business partner. They stressed rationality and punctuality. This study contributes to the relationship marketing literature in the contexts of cross-cultural buyer-supplier relationships. It identifies the differences between trustworthiness perceptions of the Russian and Finnish business partners. As practical outcomes informal communication, transparency in business expectations, flexibility, and favours could be ways to achieve trust in Russian business.

The findings of this study support the notion, that social interactions dictate the perceptions of trustworthiness (c.f. Doney, Barry and Abratt, 2007). In general, the predictability of the partner's behaviour in different situations, achieved by long-term cooperation, appeared to be more essential in the cross-cultural settings compared to the within culture settings (e.g. Mayer et al., 1995). The different perceptions of trustworthiness of the Russians and the Finns could be explained by the Russian way of using informal personal connections in business typical for emerging markets (Puffer et al., 2010). This seems to reinforce the importance of mutual benevolence and favours. The special trustworthiness factors of Russians (e.g. fast reactions) indicate the existence of severe competition in the current market environment, which is reflected in the business culture.

This study has limitations that could lead to possible further research. First, concept maps were used only for analysis and visualisation of the results, so their potential has not been fully exploited in this study. Concept maps could be utilised to study individual cognitive structures with maps drawn and organised by informants themselves. However, the way concept maps were used in this study yielded many advantages compared to conventional classification based analyses. Without concept maps the results of this study could have been only a list of trustworthiness factors that do not tell us much without the links describing the relations and dynamics between them. Thus, the cognitive structure as a holistic view with interrelations and dynamics between trustworthiness factors may have remained undetected.

## 5 Conclusions

The objective of this dissertation was to explore personal perceptions of relational exchange, manifested as the individuals' internal personal constructs of culturally-bounded relational norms. The context of the study was Sino-Finnish and Finnish-Russian inter-firm buyer-supplier exchange. The main focus was to extend the scientific knowledge and achieve a better understanding of the relational exchange phenomenon in these contexts using the repertory grid method. This chapter gives answers to research questions, summarises the theoretical contributions and the managerial implications, and reflects on research limitations and recommendations for future research.

### 5.1 Answering to research question

The study sought to find an answer to the following research question:

How relational exchange is perceived in buyer-supplier relationships from the perspectives of Chinese, Finnish and Russians?

Strong evidence was found that relational exchange is perceived differently in cross-cultural buyer-supplier exchange. Using three countries of different levels of cultural values, and different market context (transitional and mature markets) both culture and market circumstances were found to affect perceptions of relational exchange. Chinese, Finnish and Russian perceptions of relational exchange differed from each other indicating differences in cultural values and the contemporary business cultures. Who is considered the business partner, the organisation or the key person, is a fundamental difference between the individualistic Finnish and the collectivistic Chinese and Russian managers. This difference in perceptions is reflected in all expectations of relational exchange. The typical expectations of the Chinese (reciprocal favours) and Russian (informal communication) were related to inter-personal interactions, while the expectations of the Finns were focused on cooperation between organisations.

The differences related to buyer-supplier roles were also visible in the findings, even if not the actual topic of research. All suppliers associated the long-term development of a relationship with a well-functioning business relationship. For the Chinese managers, this occurred through personal relationships and mutual favours, whereas for the Finns it was more a relationship between organisations. The Russian managers also favoured interpersonal relationships with informal communication, but they were more emotional and looked for passion for the business in their counterpart.

All buyers differed from suppliers by having more transactional norms for the relationship, which could be seen as transaction-related constructs, such as product, price, payment, or delivery-related constructs. The Finnish buyers had more transaction-related constructs compared to other buyers, and the Finns comprehended a business relationship more as a discrete transaction (Macneil, 1980; Dwyer et al., 1987) than as an inter-personal or an organisational relationship between business partners. In addition, the

Finnish buyers demonstrated more transactional attitudes towards Chinese suppliers than Finnish suppliers. A possible reason for this might be that the original reason for selecting this particular supplier was cost savings, rather than building a long-term relationship.

In the case of relational norms (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009) an indication was found that the importance of these norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity might be similar for Russian and Finnish managers. The fact that these norms were evidenced to be equally important, despite the difference in collectivism and individualism indicates that cultural differences might not affect the perceived importance of relational norms.

The findings of this study did not support the assumption that in the collectivistic cultures managers are presumed to be more sensitive and responsive to relational norms or that norms would be more important in the collectivistic cultures as regulators of behaviour (Griffith et al., 2006; Ndubisi, 2004; Samaha et al., 2014). With both Finns and Russians the relational norms of long-term orientation, mutual targets, and mutual understanding seemed to have the highest difference between well- and poorly functioning relationships. Therefore, these could be comprehended as the most critical norms and different cultural backgrounds do not decrease the relevance of these norms in the cross-cultural exchange.

The reasons why business partner's ability seems to be more critical for Russians than Finns might be explained by several factors including cultural differences or differences in the institutional framework affecting markets. In addition, in the prevailing transitional market circumstances, a shared cultural background might not always be beneficial, especially in the case of poorly functioning relationships. Russians rated their poorly functioning domestic business partners lower than their poorly functioning Finnish partners. Thus, the claim of the extant research (e.g. Armstrong and Yee, 2001; Crosby et al., 1990; Hewett and Krasnikov, 2016; Smith, 1998) that perceived similarity of partners always assists relational exchange is not supported. The Russians rated their domestic poorly functioning relationships to be worse than their foreign poorly functioning relationships. This might be explained by transitional market circumstances, where poor partners have a higher tendency for opportunistic behaviour (Luo, 2006; Zhou and Xu, 2012).

There were observable differences between individuals in their penchant for transactional norms, including for the Chinese and Russian managers. The differences in individuals' penchant for transactional norms are consistent with the findings of Bailey and Spicer (2007) that there could be mismatches between individual and societal value levels. The managers' propensity for transactional norms appears to be associated with individual perceptions of the nature of the business relationship derived from role or individual traits.

Regarding findings related to perceived trustworthiness, this study raises concern about whether the Western perspective of trustworthiness is sufficient for explaining cross-cultural trust. Especially, even though high uncertainty avoidance practices are common in both the Chinese and Finnish cultures (De Luque and Javidan, 2004), the Chinese seem to have strong uncertainty reduction mechanisms embedded in social relationships (e.g. striving for harmony and *guanxi*), which are largely absent with the Finns. This could be one reason why the unpredictable behaviour of a business partner is critical to the development of distrust for the Finns. The importance of predictability is highlighted in cross-cultural business, since the contractual agreements do not cover all interactions, and the Finns do not have an effective mechanism, such as harmony, to ensure that appropriate behaviours are embedded in their social interactions.

The Russians and the Chinese were similar in some respects related to the high collectivism and transitional markets circumstances. In contemporary business cultures of the most developed areas of China and Russia, e.g. studied Shanghai and St. Petersburg areas, the need for speed and fast reactions are essential indicating circumstances of transitional markets. Chinese and Russian personal network tendencies were observed in many personal network-related constructs, for example, Chinese reciprocal favours and mutual respect and Russians' informal communication. These kinds of personal networks are predominant in most emerging markets (Michailova and Worm, 2003). The Finnish expectations of cooperation between organisations indicate Western perceptions of institutionalised trust (McKnight et al., 2006) leading to depersonalised organisational business relationships.

## 5.2 Theoretical contribution

This research contributes to the existing literature on cross-cultural relational exchange in several ways. First, this study provides novel findings by identifying the importance of relational norms, relational exchange expectations, and the business partners' trustworthiness perceptions of managers from developed markets (Finland) and emerging markets (China, Russia). The study argues that relational norms of flexibility, information exchange, long-term orientation, mutuality, and solidarity (Macneil, 1980; Heide and John, 1992; Artz, 1999; Liu et al., 2009) can be equally important for business partners of dissimilar cultural backgrounds. This differs from the earlier knowledge that relational norms were presumed to be more imperative as governance mechanisms in collectivistic cultures than in individualistic cultures (Griffith et al., 2006; Ketkar et al., 2012; Ndubisi, 2004; Samaha et al., 2014).

Second, even though the actual objective of this study was not to question the existing metrics of the dimensions of relational norms, the results of this study indicate that the ability of the business partners seems to be more important in emerging market settings. It can thus be suggested that the expectations regarding the partner's ability can be understood as a norm in that context and has not been applied in extant research (cf. Andersen et al., 2009; Ivens, 2006; Lin and Germain, 1999). This finding echoes Schaffer

and Riordan's (2003) call to tailor metrics to fit different cultures. These findings, including the revealed differences in individuals' penchant for transactional norms, were unlikely to be found without the personal constructs provided by the repertory grid method.

Third, most of the extant cross-cultural studies (e.g. Barnes et al., 2010; Barnes et al., 2015; Chua et al., 2009; Griffith et al., 2006; Hewett and Krasnikov, 2016; Rašković et al., 2013; Skarmeas et al., 2008; Zhou and Xu, 2012) included only the buyers' viewpoint. This study, by considering both buyers' and suppliers' perspectives, yields a more comprehensive understanding of the business relationship perceptions.

Fourth, regarding trust, the contribution for academic research is that the prevailing perspective in the West seems to be insufficient in describing cross-cultural trust. The evaluations of trustworthiness differ between Chinese, Finnish and Russian managers. Chinese and Russians have greater emphasis on personalised factors beyond the domain of the ability, benevolence, and integrity model (Mayer et al., 1995), whilst the Finnish managers' factors of trustworthiness were consistent with this ABI model. The findings also enrich the view of trust as a holistic process by simultaneously evaluating both trustworthiness and distrustworthiness in each specific relationship. Therefore, the implication for research is that the typical approach to examining trust and distrust as two fully separate elements is inadequate for understanding trust as a holistic process. The most salient implication for trust research is that this study frames trust evaluation as a holistic and dynamic process of yin-yang balancing (Li, 1998, 2008, 2012a, 2014, 2016; Luo and Zheng, 2016). This study framed this coexistence of trust and distrust as a novel construct of trust ambivalence (cf. Guo et al., 2017; Lewicki et al., 1998). This would not have been detected without rich repertory grid interview transcript data which was free from the researcher's preassumptions.

Fifth, as a methodological contribution, the study has designed a grid to elicit personal constructs of the expectations on cross-cultural buyer-supplier relational exchange. Although the repertory grid has been used in single-culture trust studies (Asleigh and Nandhakumar, 2007; Alexander et al., 2010; Bauman, 2015; Clases et al., 2003), it has not been previously used in a cross-cultural relationship marketing context. The utilisation of the repertory grid evidenced further that generic, culture and role dependent dimensions of relational exchange could be simultaneously identified from the partners involved in the exchange using the repertory grid method.

### 5.3 Managerial implications

This study will increase managers' cross-cultural competence, and help companies understand the expectations of foreign business partners. Thus, the findings of this study support management in designing and implementing cross-cultural inter-firm marketing practices through the perspectives of relational norms. This study has value as it reveals managerial implications for firms by increasing the knowledge about current Chinese, Russian, and Finnish business cultures. The study gives practical information on how to

improve the quality of cross-cultural relationships through communication by elucidating what levels of informal communication are needed to establish a business relationship in an emerging market cultural context with high personal commitment.

The Chinese value friendly communication with fast responses, reciprocal favours, mutual respect, and interpersonal harmony. The Russians realise good communication quality through openness, transparency about business expectations, keeping of promises, fast responses, and fast decision making with lots of informal communication. Finns interpreted communication quality as ease of trade, keeping of promises, and easy problem solving, while not seeing fast responses as giving an advantage. This study highlights that relational norms such as long-term orientation and mutuality (especially mutual targets and mutual understanding) should be focused on to build and maintain cross-cultural business relationships.

In addition, this study gives information how emerging and transitional markets context could affect business relationships in practice. Russians' and Chinese' penchant for a fast pace (i.e. quick offers, fast responses, and fast decision-making) reflects the ideals of their business culture of transitional markets. These business cultures are now places where modern capitalism and more traditional values related to collectivism, such as the importance of personal ties coexist, leading to an increasing role for informal communication in business (Ariño et al., 1997; Puffer et al., 2010; Voldnes and Grønhaug, 2015).

## 5.4 Limitations and suggestions for future research

The validity of these findings is limited to the context, geographical area, and data. The studied organisations do not reflect all of China, Finland or Russia as countries, and they could form a geographical and industry-specific sub-culture. In addition, in the Chinese-Western studies, there is a potential risk of bias due to many interviewees from a single company and also the different proportions of females in the studied groups. The different interview languages may have a potential impact on the results and can be considered as a limitation.

Regarding other limitations of this study, the used repertory grid was designed to elicit individuals' mental bipolar constructs that distinguish well-functioning business relationships from poorly functioning ones. Thus, the ontological and the epistemological foundations of the method will limit the generalisations despite the fact that cultural and social communities could share common practices in individual's subjective interpretations (Berger and Luckmann, 1971). In addition, the themes of aggregated constructs of personal constructs should not be taken as exhaustive. Other constructs could also exist, even if they were not observable in this study. In the Russian studies, an evidence of an effect of different levels of power distance on communication quality was also found to exist in relationships. Moreover, one of the limitations of this study is that this research design focuses only on cultural differences, but not all can be explained by culture. There must be explanatory factors regarding the differences in perceptions and behaviours between groups and firms other than national culture. Likewise, issues other than

nationality, such as personal preferences, industry, market position, and firms' geographical locations, may also have an impact on results.

Whilst, the findings are limited to this context and cross-sectional data, they may also have a more general value as explanations of how cultural values affect international buyer-supplier exchange. Future research could focus on exploring other contexts e.g. different cultures, industries, market positions, and positions in the supply chain. This research highlights the need for more detailed investigations of the contextual factors affecting buyer-supplier relational exchange as possible future research opportunities. Though, studying only the cultural differences without exploring how people respond to them, is an insufficient approach for future research. By exploring how business partners adjust their behaviour in cross-cultural context would be a more intriguing approach with greater practical utility. Therefore, an interpretive position in modelling human knowledge could give new insights how relational exchanges, particularly dyadic relational norms, are perceived and put into practice in the cross-cultural exchange relationships.



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## Appendix A: Relevant cross-cultural studies of relational exchange

Authors, year	Journal	Countries	Side	Topic	Method	Findings
Hewett and Krasnikov, 2016	Journal of International Marketing	Russian buyers, foreign exporters	Buyer	RQ, trust	Quantitative	Trust and satisfaction were more important with complex products while commitment has stronger impact on less complex products. In transitional markets it is easier to develop relationships, if sellers are culturally close to buyers. Strong RQ is beneficial for transitional market features (political distance, product complexity and presence of authoritative mechanisms). Authoritative mechanism and political distance can diminish the positive impact of RQ on buyer behaviour.
Barnes et al. 2015	Journal of International Marketing	Western exporters, Chinese importers	Buyer	RQ, trust	Quantitative	Personal communication (sijiao), personal credibility (xinyong) and personal affection (ganging) positively influence interfirm trust. Trust plays an instrumental role in enhancing the components of interfirm RQ. Interfirm RQ is positively related to superior financial performance. The moderators of interfirm trust were importer's size, foreign supplier's origin, relationship length, and which party initiated the relationship. Trust provides a bridge between relationships at the interpersonal and inter-organisational levels.
Berger et al. 2015	Industrial Marketing Management	Israeli-Chinese trade, Israeli manager's views	Both	Guanxi, trust, social networks	Quantitative	Western firms may be able to use guanxi as relational tool, but there exist different perceptions. In Israeli manager's view friendship was not part of guanxi. Western firms lacked the Confucian culture of reciprocity, but they accept it as a way to doing business in China, but not as the way of life. Xinren was not a part of guanxi for Israeli and they had no need for socially based transaction mechanism.
Wang et al. 2015	Journal of Business Research	Chinese suppliers, foreign buyers	Both	Satisfaction, trust	Quantitative	Among Western managers, the influence of satisfaction on long-term orientation is mediated by trust; among Chinese managers satisfaction has both direct and indirect influence on long-term orientation. Among Chinese trust has a pivotal key role for long-term orientation, among Westerners trust and contractual obligation have a complementary role, only trust was insufficient without contractual mechanisms to guarantee

## Appendix A: Relevant cross-cultural studies of relational exchange

long-term orientation.				
Samaha et al. 2014	Journal of Marketing	36 countries	-	Hofstede's dimensions, trust and commitment as relational mediators
				Quantitative, meta-analysis
				Individualism-collectivism was relevant for long-term social bonding and dependence, power distance for status-relevant linkages, uncertainty avoidance for linkages that address risk and uncertainty. Masculinity was the least important dimension.
Özer et al. 2014	Management Science	China and United States	Both	Spontaneous trust, trustworthiness
				Experimental study, quantitative
				When there is no prospect for long-term interactions Chinese exhibit lower level of spontaneous trust and trustworthiness than U.S. counterparts regardless of the partner's country of origin. Low levels of trust causes 10 % loss in supply chain profit and efficiency. Collectivism restricts trust and trustworthiness within one's tight social in-group. Both Chinese and U.S. participants trust U.S. partners more than Chinese ones.
Rašković et al. 2013	Trziste	Slovenia, Russia and Serbia	Buyer	Trust, commitment, relationship learning
				Quantitative
				Relationship learning is a fundamental part of international RQ. Through relationship learning partners identify ways to reduce costs, to improve quality and reliability and to increase speed and flexibility.
Lu et al. 2012	China Agricultural Economic Review	Chinese	Supplier	Trust, relationship satisfaction
				Quantitative
				Strong guanxi networks, high-level of transaction-specific investments, and interpersonal trust significantly contribute to a high level of relationship satisfaction. Interpersonal trust shows a moderating effect on the relationship between the transaction-specific investments and relationship satisfaction.
Voldnes et al. 2012	Industrial Marketing Management	Russian buyers, Norwegian exporters	Both	Trust, satisfaction
				Qualitative, explorative
				Both sides emphasised the importance of trust, communication, power equality, and commitment. Differences were found how trust is developed, how communication is executed, how power and dependence are distributed, and how the partners are willing to commit to each other. Russian buyers had a stronger personal focus, and to build trust they needed to know the sellers personally. Personal relationships with the Russian buyers are important to be able to export to the Russian markets. Keeping promises and being reliable were important for both Norwegian sellers and Russian buyers. Russian buyers based their trust on the people, not the company. For Russians it was important to know whether persons were trustworthy or not. Personal relationships were established

before any business and business was mixed with spare-time activities. For Russians openness and frequent communication was important in maintaining good relationships.

<b>Zhou and Xu 2012</b>	Journal of International Business Studies	Foreign, Chinese	Buyer	Relational exchange	Quantitative	Detailed contracts related negatively to opportunism when relational governance was high, and relate positively to opportunism when relational governance was low. Centralised control was negatively associated with opportunism when relational governance was low, but it was positively associated with opportunism when relational governance was high. Relational governance was not always beneficial: When used together with centralised control, it turned the centralised control counterproductive in curtailing opportunism.
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<b>Jiang et al. 2011</b>	Journal of International Business Studies	Chinese interaction with both Chinese and non-Chinese partners.	Data include both suppliers and buyers (mixed not separated), Chinese perspective	Trust	Quantitative	Executives trusted their overseas partners differently. Chinese CEO's had lower affect-based trust towards their overseas business partners, if these partners were not of Chinese ethnicity. The executives had higher affect-based trust in overseas partners of the same cultural ethnicity as themselves; cognition-based trust was associated with affect-based trust differently when overseas partners were of the same or different cultural ethnicity. Relative firm size had a stronger negative effect on executives' cognition-based trust, if their partners had different cultural ethnicity. Although firm age did not have a negative effect on executives' affect-based trust, as hypothesised, the firm age was found to be positively associated with affect-based trust for partners of the same cultural ethnicity. Cognition- and affect-based trusts were more intertwined in same-culture relationships than in different-culture relationships.
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# Appendix A: Relevant cross-cultural studies of relational exchange

Yen and Barnes 2011	Industrial Marketing Management	Chinese buyers, Anglo-Saxon suppliers	Buyer	RQ, Western: Trust, commitment, communication, cooperation, coordination, dependence. Chinese: Social bonds, reciprocity, face, interpersonal trust.	Quantitative	Buyer's perceptions of organisational trust, communication, cooperation, social bonding, and the saving of face were higher in Anglo-Chinese relationships that ventured beyond the short-term. Cooperation, social bonding and performance were better in those relationships survived into more mature states. Relationship duration and stage had a significant moderating effect on relationships.
Wasti et al. 2011	Management and Organization Review	Turkey, China	Not B2B, Supervisor, subordinate trust	Trust and trustworthiness	Qualitative, inductive	The perceived ability, integrity, and benevolence of the trustee were the crucial factors of trustworthiness in Turkish and Chinese employees' minds. Trustor's reciprocation of trustee's trusting behaviours was a prominent antecedent. Under collectivistic norms benevolence emerged as the most significant factor in trust development.
Barnes et al. 2010	Journal of International Marketing	Western-Chinese, Westerners from USA, Canada, UK, Ireland, Australia, New Zealand	Buyer	Trust	Quantitative	Western exporter's opportunistic behaviour reduced trust and generated conflict. Low trust reduced commitment, and conflict impeded communication. Low levels of both commitment and communication reduced importers' satisfaction, which inhibited their long-term orientation. The importer's proactive initiation of the relationship moderates the link between opportunism and trust, but not that of opportunism with conflict. The study confirmed the moderating role of importer dependence and exporters' marketing adaptation on the association of satisfaction with long-term orientation. The authors found moderating effects on this association through the Chinese constructs of renqing and mianzi.
Dong et al. 2010	Journal of International Marketing	Chinese	Supplier	Roles, trust	Quantitative	Distributors assume different roles in exchange relationships; so suppliers must tailor their governance strategies according to these roles. When the strategy matches distributor's role orientation, its effectiveness was enhanced. Without recognising the orientation of the partner firms in the distribution channel the mutual trust becomes difficult to develop.
Andersen et al. 2009	Industrial Marketing	China, Denmark	Both	Relational norms	Qualitative	The diverging relationship expectations cannot be ascribed only cultural differences. These differences reflect often institutional differences.

Management				tutionalised practices.	
<b>Ashnai et al. 2009</b>	Marketing Intelligence & Planning	Iran, Russia, China, UK	Both	RQ, trust	Quantitative
Profit was the most important attribute for Russian managers. The two leading attributes were profit and trust, followed by needs and power. The role of trust was lower in Russian companies. Understanding each other's needs was more important for UK managers than others. Integration of systems between the two companies was the least important.					
<b>Chua et al. 2009</b>	Journal of International Business Studies	China, United States	Buyer	Trust	Quantitative
Social structure of trust in Chinese professional networks differed from American networks. Affect- and cognition-based trusts were more intertwined in China than in the American counterparts. Whereas Chinese managers had more affect-based trust in those on whom they economically depend, American managers had less affect-based trust in such individuals. American managers were more likely than Chinese managers to derive affect-based trust from friendship ties. Embeddedness increased cognition-based trust for Chinese managers but not for American managers.					
<b>Ramström 2008</b>	Industrial Marketing Management	Finnish, Swedish, Chinese.	Northern European perspective	Social interaction, social bonds and trust	Qualitative
When northern European and ethnic Chinese firms developed trading relationships, the resulting relationship was neither Nordic nor Chinese. Both parties deviate from their native behaviour and a new type of relationship evolved as the exchange partners interact. Important traits in the formation of social capital in Asia were social interaction, social bonds and trust. Where cultures and environments were different, social capital takes different forms and assumes different levels of importance.					
<b>Skarmas et al. 2008</b>	Industrial Marketing Management	U.K. importers, multiple nationalities of exporters	Buyer	RQ	Quantitative
Psychic distance is related negatively to RQ. RQ had no connection with environment uncertainty. Exporter role performance, exporter's investments, relationship length, and import intensity were positively related to RQ.					
<b>Jansson et al. 2007</b>	Industrial Marketing Management	China, Russia, West Europe	Conceptual	Trustworthiness, Cognitive substance, normative substance and regu-	Literature review
Institutions influence business networks in different ways. Three major characteristics were critical when establishing and maintaining relationships with firms in the Chinese, Russian, and West European business networks: patience, suspi-					



	Relative substance of institutions				
					cion, and performance. In the West European business networks trust was based on organisational and professional trustworthiness of the firm. Trustworthiness was expected norm based on the legal system. In Russia trust was based on organisational and social trustworthiness, and trustworthiness was not the expected norm. In China trust was based on individual and social trustworthiness of the employees of the firms. Trustworthiness was the expected norm based on the social network.
<b>Griffith et al. 2006</b>	Journal of International Marketing	Japan, United States	Buyer	Trust, commitment, information sharing, problem resolution, national culture	Quantitative  The magnitude of the associations between trust and commitment and between commitment and information sharing in intercultural relationships was significantly stronger in the Japanese data than in U.S. data. In Japan relationship resources were relied to decrease uncertainty and the societal monitoring norms are used as governance mechanisms. The association between trust and commitment was culturally bounded. The national culture influenced the commitment-information sharing-linkage.
<b>Dyer and Chu 2000</b>	Journal of International Business Studies	United States, Japan, Korea	Supplier	Trust	Quantitative and qualitative  In Japan and Korea the assistance from the automaker was most important determinant of trust, second important for Japanese was the length of the relationship, second important for Koreans the continuity of relationship. Continuity of relationship was less important for Japanese, and stock ownership had negative impact for Japanese. Length of relationship and face-to-face contacts were least important for Koreans, and stock ownership had a negative effect. In U.S. sample continuity of relationship was the only variable significantly correlated with trust.
<b>Lin and Germain 1999</b>	Journal of International Marketing	China, United States	both sides, joint ventures	Relationship commitment, relational norms, cross-cultural adaptation, interaction frequency	Quantitative  Relational norms were not associated with interaction frequency, and commitment was not associated with relational norms.

## Appendix B: Background information of interviewees

(1-23 Sino-Finnish, 24-45 Finnish-Russian)

Interviewee	Company	Industry	Nationality	B Buyer/ S Supplier	M Male/ F Female
1	E	Electronics	PRC	S	M
2	E	Electronics	PRC	S	M
3	F	Machinery	PRC	S	M
4	F	Machinery	PRC	S	M
5	G	Machinery	PRC	S	F
6	H	Machinery	PRC	S	F
7	I	Electronics	PRC	S	F
8	I	Electronics	PRC	S	F
9	A	Machinery	Fin	B	M
10	A	Machinery	Fin	B	M
11	A	Machinery	Fin	B	M
12	A	Machinery	Fin	B	M
13	A	Machinery	Fin/Aus	B	M
14	B	Electronics	Fin	B	M
15	C	Machinery	Fin	B	F
16	D	Machinery	Fin	B	M
17	D	Machinery	Fin	B	M
18	A	Machinery	Fin	B	M
19	C	Machinery	Fin	B	M
20	J	Machinery	Fin	S	M
21	J	Machinery	Fin	S	M
22	K	Machinery	Fin	S	M
23	L	Electronics	Fin	S	M
24	M	Machinery	Fin	S	M
25	N	Construction	Fin	S	M
26	O	Construction	Fin	S	M
27	P	Machinery	Fin	S	M
28	Q	Logistics	Fin	S	F
29	R	Logistics	Fin	S	F
30	S	Consulting	Fin	S	M
31	T	Construction	Fin	S	M
32	U	Machinery	Fin	S	F
33	V	Paper	Fin	S	F
34	P	Machinery	Rus	B/S	M
35	T	Construction	Rus	S	F
36	W	Tourism, publishing	Rus	B	M
37	X	IT	Rus	S	F
38	Y	Construction	Rus	S	F
39	Z	Consulting	Rus	B	M
40	AA	Consulting	Rus	B/S	M
41	AB	Biotechnology	Rus	B/S	M
42	AC	Logistics	Rus	S	F
43	AD	Construction	Rus	B	F
44	AE	Environment tech.	Rus	S	F
45	AF	Consulting	Rus	S	F

## Appendix C: The generic research questions

First phase of the interview: Repertory Grid questions
<p><u>Well-functioning relationships—compared to each poorly functioning relationship</u></p> <p>How is a well-functioning relationship with a domestic business partner similar to a well-functioning relationship with a foreign business partner?</p> <p>If you compare these well-functioning relationships with a poorly functioning domestic business partner, what is the difference?</p> <p>If you compare these well-functioning relationships with a poorly functioning foreign business partner, what is the difference?</p>
<p><u>Domestic relationships—compared to each foreign relationship</u></p> <p>How is a well-functioning relationship with a domestic business partner similar to a poorly functioning relationship with a domestic business partner?</p> <p>If you compare these domestic relationships with a well-functioning foreign business partner, what is the difference?</p> <p>If you compare these domestic relationships with a poorly functioning foreign business partner, what is the difference?</p>
<p><u>Foreign relationships—compared to each domestic relationship</u></p> <p>How is a well-functioning relationship with a foreign business partner similar to a poorly functioning relationship with a Foreign business partner?</p> <p>If you compare these foreign relationships with a well-functioning domestic business partner, what is the difference?</p> <p>If you compare these foreign relationships with a poorly functioning domestic business partner, what is the difference?</p>
<p><u>Poorly functioning relationships—compared to each well-functioning relationship</u></p> <p>How is a poorly functioning relationship with a domestic business partner similar to a poorly functioning relationship with a foreign business partner?</p> <p>If you compare these poorly functioning relationships with a well-functioning domestic business partner, what is the difference?</p> <p>If you compare these poorly functioning relationships with a well-functioning foreign business partner, what is the difference?</p>
Second phase of the interview: open-ended questions
<p>What was the difference in trust between these business partners?</p> <p>How do you describe a trustworthy business partner?</p> <p>How do you describe a distrustworthy business partner?</p> <p>From your experience, how does your trust toward a business partner develop?</p>



## **Publication I**

Jukka, M., Puumalainen, K. and Blomqvist, K.

**Dimensions of quality in business relationships between developed and emerging markets – Finnish-Chinese relationships**

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*The article is revised based on the comments received after its presentation at GSOM Emerging Markets Conference-2015*



## **Publication II**

Jukka, M., Andreeva, T., Blomqvist, K. and Puumalainen, K.  
**A cross-cultural perspective on relational exchange**

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## **Publication III**

Jukka, M.

**Expectations for buyer-supplier relational exchange:  
Chinese, Finnish and Russian perspectives**

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Stockholm, Sweden.*



## **Publication IV**

Jukka, M., Blomqvist, K., Li, P. and Gan, C.

**Trust-distrust balance: Trust ambivalence in Sino-Western B2B relationships**

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## **Publication V**

Jukka, M.

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