

THE UNIVERSITY OF HULL

**An Investigation of Imbalanced Position of Exporters in Relationships with
Importers:**

Case of Small Exporting Textile Suppliers in Turkey

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By

Cagri Talay

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ABSTRACT

Exporter-importer relationships have been an interest of International (Industrial) Marketing Purchasing (IMP) group since 1980s (Hallen and Sandstrom, 1991). The recent researches have focused on imbalanced relationships between exporters and importers. Imbalances in exporter-importer relationships are considered to be mainly associated with, cross-cultural differences, size, customs, institutions, and organisational differences of each party. However, understanding of imbalances in exporter-importer relationships has been less researched from the side of exporters as opposed to importers. Furthermore, the experiences of small export companies have not been paid enough attention to understand the strategies of these companies when they deal with the problems in relationships with importers. Moreover, SMEs characterise the largest range of organisation types both in developed and developing economies. Despite the inadequate resources and knowledge possessed by small exporters, they are increasingly involved in international supply chain relations, which determine imbalances in relationships of small exporting suppliers with importers. To date the limited empirical investigation of such claims has produced lack of understanding.

This research addresses this gap in the literature and takes an exploratory perspective, using qualitative research design and multiple case study method. Twenty in-depth interviews were conducted with ten companies in international textile districts in Istanbul in Turkey. This provided a guidance to discover characteristics of relationships between exporters and importers and the influence of exporters' capabilities on these relations. Conceptual framework and the following typology of international supply relations between exporters and importers have been obtained from related literature.

The findings from the study indicated that the key relationship characteristics of export involvement stage and capabilities determine the degree of balance in the relationship. However, there is a degree of dynamism in the relationship, for instance, if exporters are in an imbalanced relationship, they are able to develop strategies to move towards a more balanced relationship. The findings revealed that capability of seize and capability of transform help exporters to create balance in relationships with importers. Furthermore, different types of imbalances in exporter-importer relationships were identified that may suggest different strategies may be applied in different customer relationships.

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CHAPTER ONE: INTRODUCTION OF THESIS

1.0 INTRODUCTION

This thesis aims to investigate the strategies of how small exporting suppliers in imbalanced relations with downstream partners (importers), create balance and how they should be investigated and analysed. Resource constraints, weak legal structures and under developed institutional environments have long been considered as barriers, while specific relationship capabilities have played important roles for most small exporting suppliers which may be obtained through the examination of exchanges and interactions and by considering relational characteristics which are specific to the context of this research. Moreover, relationship importance is recognised as a vital unit of analysis in exporter-importer relationships.

Chapter one identifies the context of the proposed thesis and indicates the relevance and contribution of the thesis to the field. A summary is also provided in terms of the research problem and the gap in the literature, as well as the overall aim of the research and the questions which will give the research the direction it requires. Following this, the appropriate research approach and methodology is presented. Conclusions are also presented in this chapter together with a map of the thesis.

To date, the limited empirical investigation of such claims has resulted in a lack of awareness in the field of international business and marketing.

1.1 BACKGROUND TO THE STUDY

Dyadic relationships have been painted as low cooperation, low trust, and high conflict and as being characterised by imbalanced relations between powerful buyers and weak suppliers (Anderson and Weitz, 1989; Dwyer et al., 1987; Buchanan, 1992; Frazier et al., 1989; Harrison, 2004). Although small supplier involvement in international business is on the increase, recent research has focused on supply relations from the large importers' point of view (Pagano, 2009; Amal and Filho, 2010). On the other hand, particular attention has been paid to the largest emerging economies such as China (Ahlstrom et al., 2008) and India (Saini and Budhwar, 2008). Small internationalising supplier firms in other developing economies have not received sufficient attention from academics and business practitioners (Lu et al., 2009; Bruton et al., 2008; Peng et al.,

2008; Meyer and Peng, 2005; Wright et al., 2005). Indeed, the existing literature has focused primarily on the larger companies and larger economies' importers. The largest textile producers in the world from East and South Asia focus on price competitiveness. Indeed, this provides them with advantages over other developing countries' companies in competitive markets. This has resulted in the loss of market shares and problems with regards to maintaining business relationships for small textile suppliers with their foreign customers in Europe and US (Leseure et al., 2009).

On the other hand, the relational paradigm has also been neglected in international business despite an increasing interest in buyer-supplier relations. Indeed, it has long been regarded as the core of international business (Leonidou et al., 2011). However, crucial research was conducted during the 1980s on exporter–importer relationships, and saw ground-breaking work from the International (Industrial) Marketing and Purchasing (IMP) group (Håkansson, 1982). This body of research pointed out that the notion of exporting does not only involve economic transactions, whereby goods are exchanged for money and/or other goods, but also involves complex behavioural interactions, including exchanges of social information, and other intangibles (Hallen and Sandstrom, 1991). It was also argued that small firms employ business relations to a greater extent because the 'relationship-based approach' is a natural option for them (Mitrega, 2009).

Latest research in the area of international business relationships has pointed out that the increasing interest in understanding imbalanced buyer-supplier relationships. International buyer-supplier relationships have been characterised by the imbalanced ownership of tangible resources in the favour of strong large companies, while small companies, in contrast, are weaker and tend to have less tangible and intangible resources (Knight and Kim, 2009). Similarly imbalanced has been also associated with the size differences between parties (Chen and Chen, 2002). An imbalanced relationship between small suppliers and foreign customers, which have plenty of strategic resources, has been considered as problematic for small suppliers. It is because the degree of investment in relationships is more significant from small suppliers, although as they suffer from a lack of resources, they ultimately gain less (Chen and Chen, 2002). As a direct result of being in a disadvantageous position in a supply relation, small firms have little chance to acquire key resources such as information on foreign markets and

financial capital, which are essential for the creation of opportunities in foreign markets (Westhead et al., 2001). With this in mind, the experiences of export firms may be more complicated than these points that are mainly associated with resources, investment and size. There is a lack of research that has examined the experiences of exporters in imbalanced relationships. There is a need to explore the strategies of small firms which are increasingly involving in international supply relations with foreign customers at different stages as they feel pressure from strong international competitors and cope with an imbalanced position in relationships with foreign buyers. On the other hand, it may be problematic to consider relationships that are merely imbalanced or balanced because it does not illustrate relational characteristics of each side.

Central constructs in supplier-buyer relationships have been analysed in relation to trust and commitment (Morgan and Hunt, 1994). Leonidou (1989a, b) pointed out that the international buyer-seller relationship constructs examined were limited mainly to power, conflict, cooperation, and satisfaction. Although the relational paradigm has been used to develop a better understanding of export phenomena, up until this point only limited efforts have been made to analyse the introduction of critical issues developed within the large field of exportation. Various authors have analysed international buyer-supplier relations at single relational construct for example; trust (Katsikeas et al., 2009), commitment (Andersen and Weitz, 1992), opportunism (Barnes et al., 2010; Cavusgil et al., 2004), and conflict (Skarmas, 2006).

Relational exchange has been considered as a significant paradigm and determinant of success for internationalising firms (Styles and Ambler, 2000; Aulakh et al., 1996; Evangelista, 1994; Leonidou and Kaleka, 1998; Rosson and Ford, 1982). However, Styles et al. (2008), Samiee and Walters (2003) and Leonidou et al. (2002) have pointed out that the relational paradigm has not been explored and theorised adequately in the international business field. Furthermore, focusing on economic perspective limits our understanding of the relational paradigm in the context of internationalisation, particularly export performance (Styles et al., 2008). With this in mind, there is a need to pay greater attention to the relational paradigm in order to further develop a 'more insightful and complete understanding' of this phenomenon.

Samiee and Walters (2003) have contributed the most valuable insight to the International Relationship Marketing (IRM) by providing extensive and to date IRM literature. Their study has shown that the most common constructs are considered as knowledge exchange, coordination, trust, power, conflict, commitment, quality and reciprocity, whilst in contrast lack of consideration has been attributed to performance related results because small firms put their faith in relationships in order to achieve their goals. It is important to note that the exploration of small firms' relationship building efforts will make a valuable contribution to the IRM literature. This is due to the fact that Relationship Marketing (RM) is the most relevant form of marketing for small firms. They have close links to a limited number of customers and know their needs, thus meaning that these close relationships may be the most common characteristics of small firms (Anderson and McAuley, 1999). Furthermore, small firms apply business relationships to a higher degree but also employ more personal and informal business methods when compared to larger firms (Brencic et al., 2003). In the same vein, Styles et al. (2008) has suggested that the influence of third parties cannot be ignored either, and that it may also be involved in the process and governance of exchange (e.g., upstream and downstream partners). On the other hand, environmental factors such as 'cultural customs and legal systems', which act as moderators, for example, may affect the export behaviour of firms as well as the parties involved.

1.2 IMBALANCED RELATIONS IN INTERNATIONAL SUPPLY CHAIN

Previous discussion has pointed out that a number of researchers have observed the dyadic relationships between powerful buyers and weak suppliers; relationships which are associated with imbalanced power. Furthermore, imbalanced relationships have been considered as they are associated with size differences (Chen and Chen, 2002). Nevertheless, imbalanced relationships are also subject to different relationship dimensions in international buyer-supplier exchange.

Katsikeas et al. (2009) argued that psychic distance can cause opportunism between parties, because parties from different environments may have dissimilar expectations regarding business operations. Such differences can reduce the level of understanding of each others' business behaviour and increase the distrustfulness. Contractual obedience will be enforced which will provide opportunistic behaviour between parties. It is

evident that a weak supplier in a developing country will be blessed with fewer opportunities. Furthermore, there is also a limitation on the opportunities for negotiation.

With strong brand names, market access advantages and high bargaining power, international powerful buyers require higher relationship investments from weak suppliers in order to increase collaboration in supply relations (Chang and Gotcher, 2007). With this in mind, weak suppliers must sacrifice some gains whilst their investments in the relationship will be limited to capitalising on other significant opportunities and developing their own capabilities.

Imbalanced relationships between exporters-importers have also been studied by a number of researchers in terms of power. These studies revealed an imbalance of power, with importers having more control over their export suppliers and their decision making processes because importers have advanced marketing skills, market knowledge and direct contact with end users (Katsikeas and Piercy, 1990b; Leonidou, 1989a, b). Thus, small export suppliers could possibly employ different approaches or strategies with which to access market knowledge and develop skills with a view to maintaining these relationships.

In conclusion, in international supply chain relations, the imbalances are associated with the size differences, resources and investment of companies but these might not be sufficient with regards capturing the complexity of imbalances in relationships between exporters and importers. Therefore, it is important to examine imbalances and balances in relationships characteristics of exporters-importers, while exporters involved export at different stages which may be indicating different determinants.

1.3 PROBLEM DEFINITION

In this research, the main focus is the examination of relations in the international supply chain between exporters and importers. The relationships between exporters and importers are imbalanced in terms of psychic distance, market accession, pressure from other international competitors and superior skills of importers. Throughout this investigation the thesis aims to employ the notion of capabilities in order to identify how small exporters overcome the disadvantages of imbalanced position in relationships with their foreign customers.

The thesis does not focus on how small exporters' capabilities are affected by imbalances in relationships.

According to the existing literature, it is evident that large companies have power over their smaller sized suppliers. Small suppliers are dependent on their buyers and the imbalanced nature of relationships offer the dominant partner the chance to take advantage of the weaker partner in a relationship (Johnsen and Ford, 2002). Exporter-importer relationships in international context, Katsikeas and Piercy (1990), and Leonidou (1989) argued that strong foreign buyers have more authority over small exporting suppliers because foreign buyers have advanced marketing skills, knowledge and accessibility to large consumer markets.

The development of firm capabilities has been considered in relationship marketing theory and has revealed that capability development is a bilateral activity conducted through interactions between companies and cannot be considered as a unilateral activity. They are interdependent and their development is interdependent (Hakansson and Snehota, 1995). Johnsen and Ford (2002) introduced the virtuous relationship circle by alluding to the notion that 'a company's relationships affect its capabilities and its capabilities affect its relationships'. Johnsen and Ford (2006) and Philipsen et al. (2008) both claim that small suppliers are dependent on the decisions of large, strong companies when it comes to the capabilities required in relationships.

The above argument demonstrates that small exporter firms' capabilities will be developed in relationships with importers but this development will be directed, controlled and influenced by the dominant partner, which is the importer, because small exporters have a lack of power over their importer partners. This is an imbalanced relationship. It is evident that imbalance relationships affect small companies' capability development and this has been highlighted by the extant literature. However, this capability development can be too customer focused and provide few opportunities for small export firms to develop better capabilities to overcome the imbalance position in relationships. The key task of management in unbalanced relationships in supply chains is to ease the tensions and reduce imbalances. Therefore, it is unlikely that managers of small firms would be silent and watch the imbalances harm their business relationships. It is expected that firms will actively seek solutions and develop strategies

and capabilities to manage inter-firm governance structure in order to increase their firm's position (Williamson, 1985). Thus, small export suppliers are likely to employ different strategies and capabilities in relationships. This is the focus of this research and has focused on the types of existing capabilities of exporters that help to overcome disadvantaged position in relationships.

Aim of the Research

Relationship dimensions are particularly important when it comes to investigating the imbalanced buyer-supplier relations in an international context and to examining how small exporters' capabilities influence imbalances in relationships with importers. As a result, these dimensions comprise the main focus of this study.

The following research questions have been formulated with a view to achieving the objective of this thesis.

- 1) What are the possible results of imbalanced in relationship dimensions for small exporters?
- 2) What types of exporter interaction capabilities in relationships with importers are considered to be important with regards to overcoming imbalances (creating balance)?
- 3) What are the types of imbalances in terms of export involvement?
- 4) What are the relational strategies followed by small exporter suppliers with which to manage imbalance and distinct foreign customer relations in export markets?

The first question aims to develop a conceptual framework and present relevant constructs of international relationship marketing (IRM) in the context of international buyer-supplier exchange relationships, which are significant when it comes to understanding international dyadic relations. It is important to note that the constructs have been empirically tested and have received wide recognition among international relationship marketing academics. Moreover, the research question has also been related to building international relationship marketing typology through which to explore the outcome of imbalanced position in international supply relations. Thus, IMP interaction research has delved into the typology, which provides an important conceptual insight into the phenomenon.

The second question aims to develop an understanding of small exporting suppliers' capabilities which enable the small suppliers to overcome their disadvantaged position in relationships with foreign buyers, who, in contrast, are in powerful positions. Certain capabilities of small suppliers may provide opportunities for balancing the relationships while imbalanced power in the relationship limits the opportunities. Therefore, the conceptual framework will provide an insight into the types of capabilities possessed by small exporting suppliers and the connection of achieving more balance in the relationship.

The third question aims to explore the types of imbalances in term of export involvement stages in international supply relationships. It also seeks to link them to group which will represent different types of imbalances in relationships between exporting suppliers and importers which are derived from interviews.

The fourth question aims to discover the strategies of small exporting suppliers, while they overcome their disadvantaged position in international exchange relations and managerial implications.

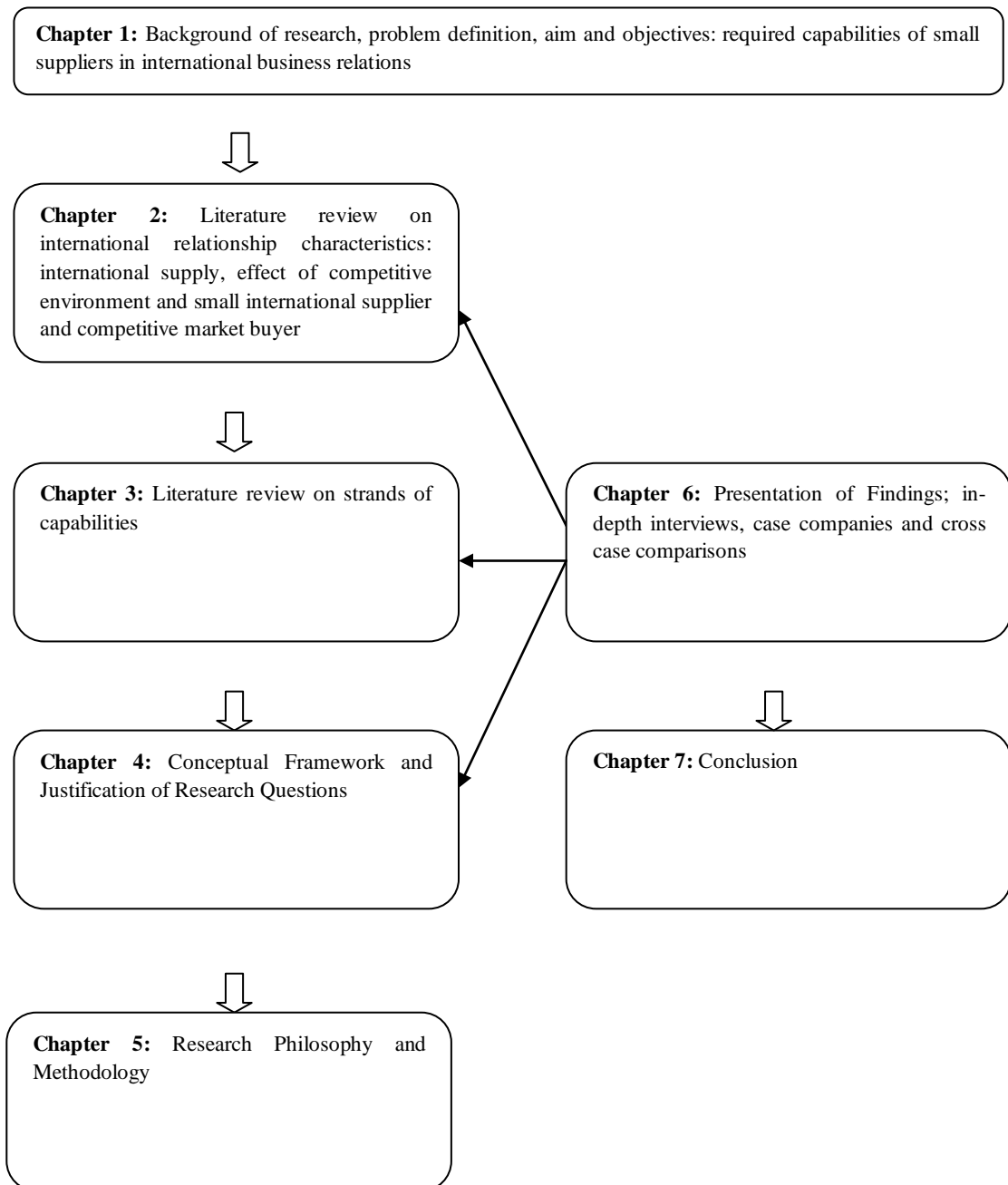
1.4 BRIEF RESEARCH METHODOLOGY AND APPROACH

Critical realist philosophy was adopted for this research (Easton, 2002, 2010; Ryan et al., 2012). Indeed, this approach was deemed particularly suitable for the investigation of imbalance and balance in relationships of exporters and importers. Critical realist philosophy was adopted as it provides the possible use of case study research methods to collect appropriate data. It also brings in the possibility of discovering valid knowledge by analysing and explaining relationship types and processes. Pilot interviews were conducted in 4 small and medium size exporting firms with 4 managers and owners. The interviews explored the disadvantaged position from small exporting suppliers' point of view in the context of international supply relations with foreign buyers. These primary interviews provided a basis and indicated the direction which further interviews should take. These future interviews would involve 10 small and medium size exporting firms with 16 interviews. During the process of interviews both primary and further the literature review was revisited and modified; described as an iterative process. It was the natural process of qualitative research which facilitated the researcher and the research in the investigation and the provision of answers regarding

the way small exporting suppliers overcome disadvantaged positions in their relationships with foreign buyers in different market conditions.

1.5 MAP OF THE THESIS

Figure 1: Map of the Thesis



Briefly, this empirical research has been divided into eight chapters in order to present logical steps throughout this thesis.

The first chapter has introduced the background of the research as well as the research problem. It is in relation to these issues that the aims and objectives have been explained. A brief methodological approach and philosophy have been illustrated and linked to the nature of the research phenomena.

The second chapter presents the identification of existing literature, characteristics, framework and typology. This is ranked according to which are the most acceptable views and which are most relevant to the context of international buyer-supplier relationships literature.

The third chapter establishes a link between small firms' capabilities and the relationships. It identifies the relevant literature on capabilities, particularly small firms' capabilities and explores these capabilities in the context of relationships where imbalanced power has been experienced by small suppliers with their foreign customers.

The fourth chapter demonstrates the framework for the research. It highlights the international buyer-seller relationship characteristics in order to facilitate an exploration of imbalanced power in the relationship. Following this, the chapter focuses on small firms' capabilities as well as their role and affect on change of imbalanced power. Indeed, this affect pertains to the transition for small exporting firms in a disadvantaged position to a more balanced position in international buyer-seller relations.

The fifth chapter summarises the research methodology and approach adopted. It begins with an explanation of the research paradigm on the continuum of positivist and phenomenology before moving on to the ontological and epistemological stance of the research. Finally, this chapter presents the choice of sample, sample size and the interview procedures as well as data analysis, before the credibility and validity of the research is discussed.

The sixth chapter presents the findings of the research. Research findings from the initial 4 primary interviews were analysed. Once a direction had been derived from these findings data analysis continued with other 16 interviews, conducted with the primary interviews in mind. Each case company was presented in brief and cross-case

and within case analyses presented. Conclusions were drawn for each case in relation to how capabilities of small firms change the disadvantaged position in international buyer supplier relationships as a result of imbalanced power. During the data analyses process, the literature review and framework were revisited and revised in Chapters 2, 3 and 4.

The seventh chapter presents the conclusion of the research by highlighting the contributions of this research as it relates to the field of international relationship marketing as well as its implications for managers. The final stages of this chapter will highlight potential areas for future research opportunities in the field under study.

CONCLUSION

This chapter of the research thesis has pointed out the research problems with regards to international buyer-supplier relations, particularly from an exporting supplier point of view. It is evident that there is a growing interest in the international exchange relationships of small firms as they are in a disadvantaged position with regards to relationships with their foreign counterparts. However, there has been a severe lack of research in the area of international buyer-supplier relationships from an exporter point of view. Thus, the research focuses on understanding and exploring small exporting suppliers' relational capabilities, which facilitate them in constructing more balanced relationships with international buyers under the effect of imbalanced power and a disadvantaged position.

For these reasons, the second chapter will begin with an exploration of imbalanced power in international buyer-seller relations.

CHAPTER TWO: CHARACTERISTICS OF INTERNATIONAL BUYER-SUPPLIER RELATIONSHIPS

2.0 INTRODUCTION

The second chapter begins with an examination of existing conceptions, empirical findings and pre-established frameworks of interactions regarding industrial buyer-seller relationships. After presenting the foundation of buyer-seller interactions, the focus will be on searching for relevant definitions which discuss and highlight the different dimensions of relationship characteristics of buyers and sellers. The chapter discusses the influence of imbalanced power on buyer-seller relations in the context of international exporter-importer relationships. The final part of the second chapter presents the special relationship building efforts of small exporting suppliers which enable them to overcome their disadvantageous position in their relationship with foreign buyers. This also creates suitable grounds from which to observe and explore the influence of their relational capabilities on forming more balanced relations in international supply chain relations.

2.1 OVERVIEW OF INDUSTRIAL BUYER-SUPPLIER RELATIONSHIPS

There are several dominant views as highlighted in the existing literature that have examined the business relationships of organisations from different angles, namely, social network theory, transaction cost economics, resource-based theory, institutional theory (Oliver and Elbers, 1998) and, the interaction approach of the industrial marketing purchasing group (IMP). Social network theory concerns independent casual properties, powers of networks and the position of agents that influence opportunities. These concepts offer a base for opportunities as well as restraints within networks (Burt, 1992). Transaction cost economics focuses on the economic behaviour of firms by concentrating on micro-analysis of the product exchange. Exchange partners may behave opportunistically. In order to control opportunistic behaviours the costs should be reduced (Williamson, 1986). Resource-based theory concentrates on power relationships within networks because firms have different characteristics so that they need different resources therefore they will be trying to have resources in different ways (Pfeffer, 1991), the controls of resources by these firms, creating hierarchies within networks. It is important to note that resource-based research is usually combined with the transaction cost approach and institutional considerations for better understanding

(Oliver and Elbers, 1998). Institutional theory concentrates on concrete structures and listed characteristics that are recognized representing national cultures and country-specific or industry-specific governance structures. But those considerations reduce the level of understanding of fast social changes; therefore this view has been seen as inadequate to capture social changes because the environment in which social changes occur has a dominant role on institutions and governance practices (Ackroyd, 2002).

On the other hand, business relationships have been investigated using a very different approach to the views mentioned earlier. This is called the interaction approach and it was introduced by the Industrial Marketing Purchasing Group (IMP) in the mid-1970s (Hakansson and Johanson, 1988; Hakansson and Snehota, 1995). They focused on interactions between parties in a relationship. Those parties can be individuals, companies or organisations; they are considered as a party in a relationship and are considered active members and contributors in a relationship. In this regard, the interaction approach distinguished itself from other approaches in business relationships by focusing mainly on the relationship as its unit of analysis rather than the individual transaction. It examined the attitudes and actions of interacting parties and underlined the important similarity between the purchasing and marketing tasks in relationships. Therefore, it assumed that both parties' interactions in a relationship are important and gives clues of individual transaction behaviour (Hakansson, 1982) and the duration of relationships, that is so called long-term relationships and related characteristics, which have influence on the duration of relationships such as power, dependency and inconsistency. In the existing literature, the interaction approach has been called buyer-seller or customer-supplier relationships in general and importer-exporter relationships in the international context (Katsikeas and Piercy, 1990b; Leonidou, 1989a).

2.2 WHAT IS THE INTERACTION APPROACH IN BUYER-SUPPLIER RELATIONSHIPS?

IMP's interaction approach was developed by a number of researchers in relationship marketing in the mid-1970s (Ford and Hakansson, 2002; Johanson and Mattsson, 1987; Gummesson, 1987). They expanded the view by exploring the inside of dyadic transactions rather than focusing on simple dyadic transactions (Healy et al., 2001). The IMP Group did not follow the established research approaches of researching

purchasing decisions. They pointed out that it was important to investigate relational characteristics between businesses, such as dependencies between companies, the way they deal with each other in terms of meeting the requirements of the other party in a relationship and the personal contact patterns (Turnbull et al., 1996). Those new findings have become frontiers in business to business marketing research and this has become known as the interaction approach (Hakansson, 1982 and Turnbull and Cunningham, 1981).

During evaluation of the interaction approach ideas and concepts have been drawn from other established theories and approaches, for example social exchange theory (Araujo and Easton, 1996), inter-organisational theory (Van de Ven, 1992) and industrial network theory (Mattsson, 1985).

Ford et al.'s (2011: 18) definition of relationships and interaction is that 'business relationships are not just talk and business interaction is not just conversation or negotiation. Business relationships have substance. The resources and activities of the companies in a business relationship interact with each other in the same way as do the individual personnel or the actors from those companies. These resources, activities and actors form three layers of the interaction process and each layer may be adapted, developed or transformed through interaction as a business relationship. This clearly highlights the concept of length in business relationships 'Relationships between buying and selling companies in industrial markets are frequently long-term' (Ford, 2002: 23). By contrast, interaction represents 'the dynamic aspects of relationships' day-to-day exchanges. Interaction is short term and specific to the type of exchange between parties (Johanson and Mattson, 1987). It is evident that interactions take place in relationships.

Individual relationships cannot be understood without considering the effects and influence of other relationships in which each party was involved in a wider network of relationships (Hakansson, 1986; Smith and Easton, 1986). The definition of a network is 'not a world of individual and isolated transactions. It is the result of complex interactions within and between companies in relationships over time' (Ford et al., 2011: 182). Therefore, it is clear that a network is the result of relationships between companies and individuals within it and networks influence and are influenced by those relationships (Ford et al., 2010). Hakansson and Snehota (1995) formed a network

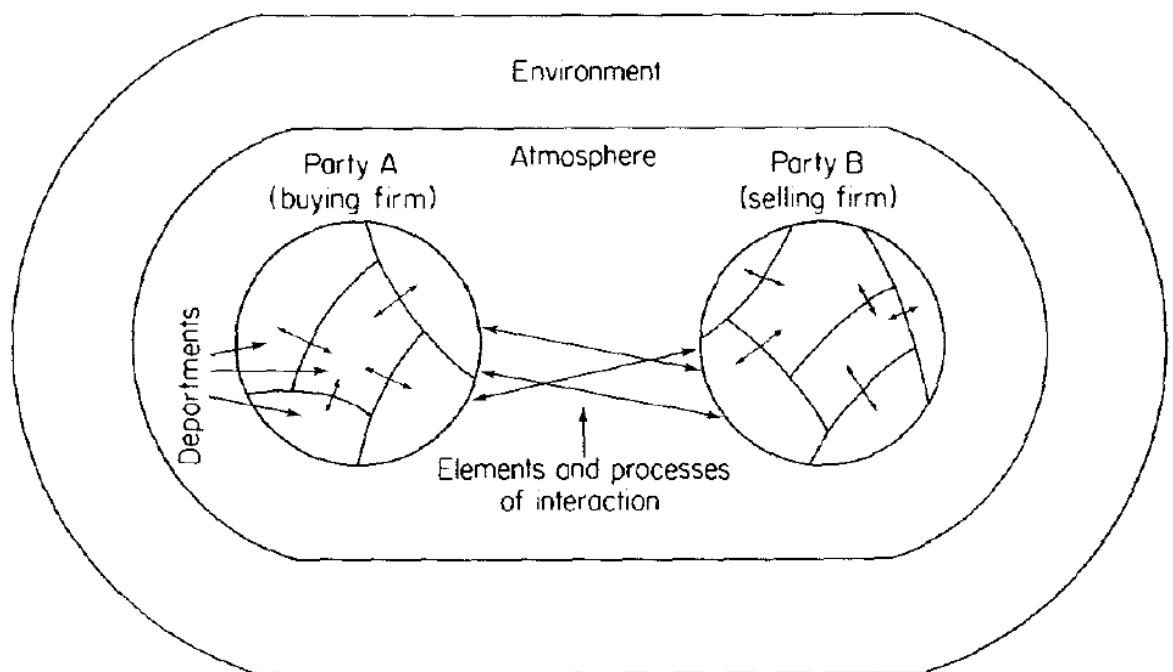
model to understand the network phenomenon by underlying the substances that are the objects of interactions between parties within a network; these are activity links, resource ties and actors bonds. All these substances are related and connected to one another. Actors control activities and resources, therefore the connecting activities among the actors result in changes of competence and capabilities in relation to resource utilization and skills. However, the development of capabilities depends upon the development of activities that are also associated with the other party's perception of the company's ability to provide value within the relevant activity chain. Interacting parties are not passive, but are both active so that in interactions some problems occur and solutions are developed. These result in the creation of capabilities that strengthen the identity of interacting firms in a relation with counterparts.

The IMP interaction approach emphasised the role of dyadic business relationships to understand the changes in business networks (Anderson et al., 1994; Hakansson and Snehota, 1994), because business relationships are usually observed as adaptations of both parties. This is a change and it is continuing due to interactions between parties. This change will influence actor bonds, activity links and resource ties between firms. Single dyadic interactions in relationships play a central role in the change of mechanism of business networks. It is evident that a dyad is not the only determinant leading the change in networks but also various external forces such as general economic circumstances. These changes will be transformed into network processes combined with endogenous changes through relationships of the parties (Hakansson and Snehota, 1995: 270). Halinen et al. (1999) suggested that part of change always remains within dyadic business relationships. On the other hand, the change in business networks have recently been the subject of industrial marketing research including the development and change of individual business relationships (Ford, 1980; Halinen, 1997) and in networks more generally (Hakansson and Henders, 1995; Hakansson and Snehota, 1995). With the movement of attention away from dyadic relationships to networks of relationships, it can be argued that the recent interactions in dyadic relationships in the international context will suffer from a lack of investigation.

2.2.1 THE INTERACTION MODEL

The interaction model has been proposed by the IMP Group by highlighting some factors, which were the short comings of organisation-based studies (Levy and Kotler, 1969). These factors have been the basis for the proposed interaction model including: buyers and sellers are seen as active participants in the market, the relationships are long-term between buyer and seller, the links during relationships between buyer and seller turn into institutionalized links and the set of roles are attributed to each other by the parties. This also leads to adaptation of parties involving conflict and co-operation. Lastly, the relationships between parties are considered not only in the context of continuous supply but also in the context of infrequent supply, because the relationships can be built up during the course of a single transaction (Hakansson, 1982).

Figure 2. Main elements of the interaction model



Source: IMP Group (1982) Industrial Marketing and Purchasing of Industrial Goods, John Wiley & Sons (Page, 15).

Four groups of variables influence the interaction process in the business networks (Halinen et al., 1999; Easton and Lundgren, 1992; Johanson and Mattsson, 1988).

- ✓ The characteristics of parties involved
- ✓ The elements and process of interaction
- ✓ The environment within which the interaction takes place
- ✓ The atmosphere surrounding the interaction

But in the interaction model those variables are sub-divided:

1. The interaction process
2. The participants in the interaction process
3. The environment within which interaction takes place
4. The atmosphere affecting and affected by the interaction

Relationships between buying and selling firms are usually long-term, therefore; short-term aspects that are labelled individual episodes refer to single exchanges of products and services. Those episodes including exchanges of products, services, money, information and social 'chit-chat' between firms and long-term aspects of that relationship refer to adaptation of exchange elements or processes as well as the institutionalization of roles and responsibilities (Hakansson, 1982). Hakansson and Snehota (1995) argued that various episodes and processes influence business relationships and they generally take place in relationships because of interdependencies of parties. Those interdependencies are various: technical, knowledge, social, administrative and legal. Furthermore, Ford et al. (2002: 6) underlined the fact that those episodes are affected by events in the past; also those episodes will be affected in the future because of what happened in the past. Previous experiences of firms will affect their vision for future relationships with their suppliers and customers in terms of performance, delivery and skills; they also influence the characteristics of their relationships at the level of trust and commitment.

Relationships may cause conflict between parties in long-term relationships. Hakansson (1982) suggests that dyadic relationships in business to business markets evolve after

over time, considering the process of relationship development, conflict is overcome; the distance can be reduced and commitment and mutual adaptation can be increased through careful management. In order to gain important benefits of long-term relationships, firms have to sacrifice some gains. For example; adaptation from a supplier point of view demonstrates all a firm's ability to satisfy customers by contributing extra effort but does not reflect that in the cost of products (Gadde and Hakansson, 2002).

The interaction process will be influenced not only by elements of interactions but also by interacting parties that have different characteristics. Parties can be individuals with personal aims and motivations or organisations that offer products to the particular market segments that will determine their position in the market, such as retailers or manufacturers. Technological issues are especially important when the product and product offerings become a matter between two organisations. The size, structure and strategy will be another determinant of power relations between two organisations. Furthermore, organisational experiences with outsiders and the experiences of individuals will influence the interaction process.

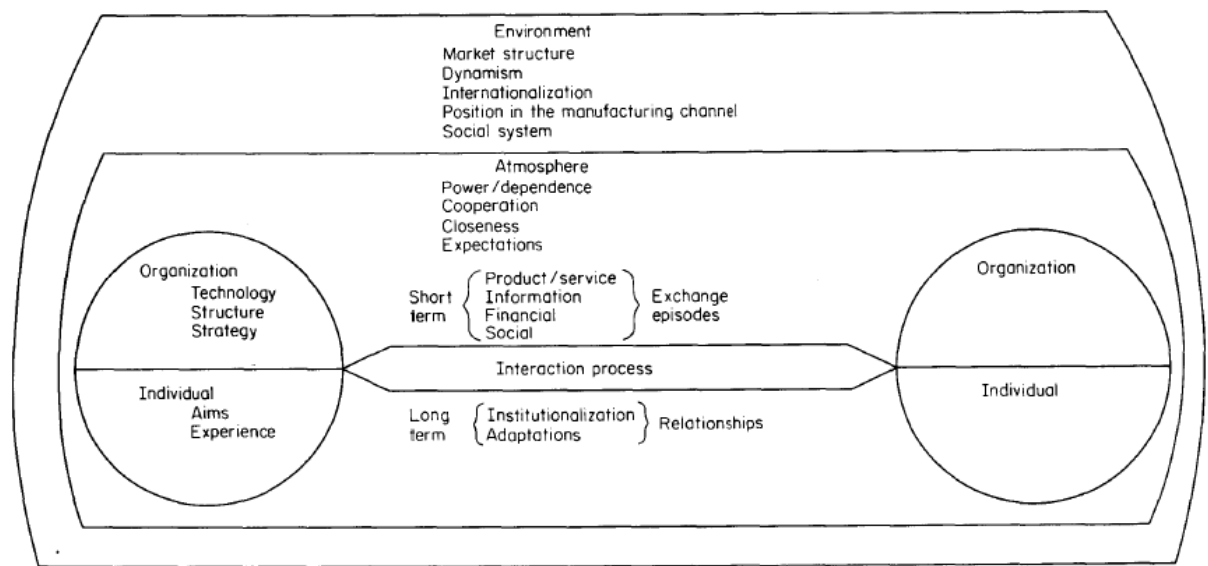
The environment in which the interaction takes place is influenced by forces in a wider context with several aspects including: market structure, dynamism, internationalisation, manufacturing channel position and the social system (Hakansson, 1982). Halinen et al. (1999) described that environmental forces influence business relationships. The parties in a relationship react to environmental forces; the change happens in individual dyads then the reacting and changing dyad will reflect the change to the other dyads and eventually to some degree to the network.

The atmosphere has been described by Hakansson (1982) and considered as a range of combinations of environmental and company-specific characteristics of the interaction process. This is because the atmosphere is the outcome of the relationship between parties, for example, the distance of two companies can be very close or can be distant. To understand the differences of distance between two companies, the situation should be considered from the advantage point of view that is connected to different atmospheres. These atmospheres have economic and control dimensions. Williamson (1975) described the economic dimension as related to cost and gain because close

relationships increase co-operation in delivery, negotiation and management that reduces the cost of production and generates more income. The control dimension is related to closer connection to reduce uncertainty and power relationships. To sum up, organisations have close relationships with the other parties because of economic gain and spreading control over others in the same environment. The important point in these relationships is how a firm can balance its inter-dependence with others.

Hakansson and Snehota (1995) argued that change in business networks resulted from 'exogenous' factors including: economic, social, cultural factors and technological advancements, and 'endogenous' factors; these factors will create new circumstances. Indigenous changes will be triggered by exogenous changes and actors within the networks; the actors will adapt these changes and they reflect these changes to their relationships with others in the network. Similarly, Leek (2001) has pointed out in a broader sense that the factors affecting the networks are external and internal changes. External changes include: industry characteristics, information technology, globalisation and customer expectations. Internal changes involve: basic company functions, such as selling and buying. These functions have been inter-departmental issues, more people involved from different departments within the company bringing special technical knowledge. Therefore, these changes will effect interactions in relationships within networks. Nevertheless, recent internationalisation studies have emphasised that interactions will be influenced by new environmental factors such as increasing involvement of transition economies into world trade and ICT technology. Cultural differences still play an important role and booming small company involvement in the world economy will have an impact upon the strategies of the companies while they are interacting in a wider global environment with foreign firms (Tornross, 2000). Therefore, these changes will have consequences on the firms' strategies and the pattern of interactions with foreign firms.

Figure 3. The Complete Interaction Model



Source: IMP Group (1982) Industrial Marketing and Purchasing of Industrial Goods. John Wiley & Sons (Page, 24)

The authors have identified two important problems in relation to the complete interaction model; these are 'limitation and handling problems' (Hakansson, 1982).

The limitation problem stems from activities in certain relationships with customers and the way customers are treated. It is difficult to manage activities in relationships for seller firms, which have distinct customer portfolios, one of which demands high quality and the other one demands low quality products. The seller company should limit itself to being an efficient and prominent party in a certain type of relationship. The other limitation is how to treat customers; in a standardized way or a special way? This is the second limitation, that firms should evaluate their customers and decide how to treat them in order to avoid financial and market losses due to dis-satisfied customers.

On the other hand, handling problems stem from the long-term aspects and short-term aspects of the relationships. The problems that are related to the long-term are power-dependence and co-operation conflict. Firms pursue different ways to develop relationships for example; close relationships but not dependant or being dependant. The problems that are related to the short term relationships are handling efficient exchange process of elements. In this case, adaptation and the management of

adaptation for the seller becomes a vital part of the relationship exchange process. To sum up, overall handling problems are better to be analysed as the effect of activities on the life span of dyadic relations.

It is important to understand dyadic relationships and the influence of external factors on interactions in a wider global environment for firms, while global competition is developed so fast. It is also vital to acknowledge the general characteristics of dyadic relationships in order to understand buyer-supplier interactions in the international business context as well as have a capability to evaluate them.

2.2.2 CHARACTERISTICS OF BUSINESS RELATIONS

Characteristics of business relationships were researched from the transactional and institutional approach in terms of relations between companies and organisations but the IMP group researchers' works have provided a basis for observing and capturing the characteristics of relationships by focusing on complexity and continuity because these two concepts have mediated to realize characteristics of business relationships from the interaction point of view. Two characteristics have been observed: 'structural and process' characteristics of business relationships (Hakansson and Snehota, 1995).

Structural Characteristics

Structural characteristics of business relationships are categorized as continuity, complexity, symmetry and informality (Hakansson and Snehota, 1995). Continuity has been observed as a common construct in most business relationships between companies; stability is another construct as a dependant variable of continuity. Relationships evolve gradually than lead to close exchange relationships but the maturity of a relationship is an important factor to utilize the relationship in further stages, while continuity is *sine qua non* for the development and effective exchanges between parties in a relationship.

Complexity has been observed in numerous ways, one of which is in the relationships of individuals in a company. Individuals involve in different ways, from different positions into relationships within a company (Halinen, 1997). On the other hand, Hakansson (1989) explained the complexity of relationships regarding people from different departments with different orientations in an organisation involve their company

interactions with other companies. Another characteristic is if complexity is associated with the way relationships are used for pursuing different goals between two companies. Johnston et al. (1999) reported that complexity grows when the organisational relationships take place at the international level, because the dynamic international business environment obliges firms to interact with complex international networks; when firms choose to participate in networks the management of multiple relationships will be extremely complex.

Hakansson and Snehota (1995) depicted that symmetry is where the equilibrium of resources and capabilities in a relationship are balanced. There is a chance to make a balance in relationships where the resources are influenced and capabilities are developed, if buyer and seller are concerned with the balance in the relationship. This might be more symmetrical.

Informality is common in business relationships because formal agreements are poor at managing uncertainty and conflicts when relationships are growing over time. If the trust is the foundation stone in a relationship in the beginning, it is more likely to build further relationships on this base (Hakansson, 1989). Beverland and Lindgreen (2004) identified that the forms of firms' relationships change over time by constructing and exiting relationships as a result of 'a changing environment and changing strategic needs'. Especially, in growing markets, firms formed their relationships in order to overcome short-term difficulties and at later stages, in mature markets, they created the relationships in more complex forms to manage adaptation and increase performance-related objectives.

Process Characteristics

Process characteristics of business relationships are categorized as adaptations, cooperation and conflict, social interaction and routinization (Hakansson and Snehota, 1995).

Hakansson and Snehota (1995) explained that the adaptation process is recurrent within both sides in relationships because growing relationships need more coordination and control between two firms, therefore, adaptation happens daily. Thus, the exchanges between firms need to be complementary to one and another Johanson and Mattsson

(1985) proposed a framework that suggests 'relationship develop through incremental investments of resources', which have to be contributed by both sides in a relationship and these contributions are perceived to be mutually pleasing now and in the future. These contributions will revolve into adaptations of product, process and organisation between firms (Hakansson, 1982). Furthermore, relationships progress step-by-step enhances mutual adaptation, commitment and reduced perceived distance (Ford and Rosson, 1982).

Co-operation and conflict has always been found in relationships but the major area of conflict happens when benefit is shared between firms. However, not all conflicts can be resolved; some conflict is essential to stick together in a relationship because co-operation is important determinant that provides benefits for both sides, although a conflict is exist in a relationship. Therefore, conflicts can be seen as the basis for building creative solutions between parties (Hakansson and Snehota, 1995).

Social interactions take place in relationships because interactions cannot be considered without the social dimension. It is a pre-determined condition that individuals are involved inter-company interactions by building personal ties and connections and make inter-company interactions work in relationships (Dwyer et al., 1987). Social interaction, personal and social connections provide valuable information and help to obtain resources for the conduct of business activities by small firms (Acquaah, 2008). Chetty and Wilson (2003) identified that new and early stage small firms rely on resources from social networks that are friends, family and colleagues because a lack of trust and legitimacy has been attributed by formal organisations at the beginning of the relationship building stage with those early stage firms.

Routinization is a recursive and iterative process. Developing relationships through trust and more awareness of the counterparts' needs and expectations directs this continuous process to a more established and constructed level that is called institutionalisation of relationships. On the other hand, routines are a device of solving problems which occur between parties, as well as managing complex individual activities within the relationship (Nelson and Winter, 1982).

Furthermore, characteristics of business relations are not limited to those mentioned above; some other characteristics related to problems and burdens in business

relationships have important consequences for firms. The problems and burdens have been highlighted by Hakansson and Snehota (1998): firstly, some relationships are beneficial for technical progress and capabilities, while they are not beneficial for the cost dimension; secondly, one party wants to leave the relationship, while other party wants to continue or both parties want to leave the relationship but in both situations interdependency and legal liabilities restrict the parties so they have to carry on with less intention; lastly, both parties want to develop a new relationship but external factors restrict their joint development. The characteristics of those relationships are described as 'the loss of control' in relationships and having an adverse influence and losing power, 'the uncertain bet' is unclear future therefore, parties undetermined to achieve future goals but carrying on will cause problems, 'resource demanding' is maintaining relationships are costly and need constant contributions and when the time goes by the cost is becoming heavier that is a burden for further steps in a relationship, 'the preclusion of others' in a relationships it is expected that others will involve in some degree but some others will involve more. Therefore, deciding to give priorities to some others will cause problems, while economic dimension and long-term goals are considerably important with counterpart. 'Stickiness' is a relationship, which a firm did not intent to involve but at the end it did because of supplier or customer contacts. The firm has pressure from this involvement and the requests and expectations of others. Thus, relationships should be developed and chosen cautiously (Ford et al., 2003).

The central focus of the interaction approach is relationships between companies rather than individual transactions. The interaction approach assumes that relationships are long-term and it engages with the analysis of actions of parties (Hakansson, 1982).

However, Johnston et al. (1999) realised that much research has been conducted in the domestic context although there is little research into international industrial interactions. Relationships in the international context are influenced to a large extent by different social, cultural and environmental factors that will shape the characteristics, range and function of relationships. Indeed, conceptualization of imbalanced relationships in international buyer-supplier relationships has not reached a considerable level to provide a clear understanding.

2.3 OVERVIEW OF THE APPROACHES IN INTERNATIONAL BUYER-SUPPLIER RELATIONSHIPS

The main focus of researchers is to investigate, examine and apprehend inter-organisational relationships, which are considered relationships that are frequently long-term, and to understand the characteristics of relationships in which interactions take place (Dwyer et al., 1987; Hakansson and Ford, 2002; Haugland, 1999). Various researchers have taken different perspectives to highlight inter-organisational characteristics and the complexity of inter-organisational interactions, such as: trust and commitment (Morgan and Hunt, 1994), trust and satisfaction (Anderson and Narus, 1990; Redondo and Fierro, 2008), commitment (Anderson and Weitz, 1992), dependence (Frazier et al., 1989), power (Cox et al., 2001). In the international context: trust (Katsikeas et al., 2009), opportunism (Barnes et al., 2010; Cavusgil et al., 2004; Yilmaz and Hunt, 2001), cross-border firm relationships and trust (Zhang et al., 2003), adaptation (Leonidou and Theodosiou, 2004), conflict (Skarmeeas, 2006). Hakansson (1982) pointed out that different interactions are interrelated to each other in the network literature. Recently, other researchers have focused on the links between different relationships to catch the more complex picture of relational characteristics, for instance, cause and effect relations. Bianchi and Saleh (2009) have stated that trust and commitment is positively related to performance. Opportunism, psychic distance and internal uncertainty influence trust (Katsikea et al., 2009). Nevertheless, Holmlund, (2004) argued that focusing on single or multiple entities of interactions and categorization might not obtain a clear picture of inter-organisational relationship characteristics. Moreover, in the international context, interactions in inter-organisational relationships are influenced by factors that are noticeably more complex than in the domestic or single country context.

The different approaches found in inter-organisational studies in the international context depend on the standpoint; there are differences between developing and developed countries and size differences. Researchers have attempted to understand and analyse inter-organisational relationships in terms of the size of companies but more attention has been paid to large companies compared to small ones and companies in developed countries were also researched more, as well as multinational company and subsidiary relations from a large company point of view (Pagano, 2009), and post-

purchase behaviour of foreign buyers (Lucero, 2008). Moreover, commitment and trust have been researched from an importer point of view (Kim and Oh, 2002; Skarmeas et al., 2002). However, developing countries and exporter firms have gained little attention from researchers (Katsikeas and Piercy, 1991; Wasti and Wasti, 2008). Among industries, much research was conducted into automotive industry suppliers in relation to inter-organisational relationships (Dyer and Chu, 2003; Hagen and Choe, 1998) but little attention has been paid to textile and garment industry suppliers in the international context (Leseure et al., 2009).

Ford et al. (2011) state that the network position of a firm consists of sets of relationships that offer advantages, limitations, obligations and reputation through interactions and also that it is an important determinant for dealing with partners in relationships. Partner choice and the development of relationships are strategically important because prospective partners might have different goals and aims; these will be a sign of the characteristics of relationships such as power, conflict or dependence and will affect the network. Thus, firms in networks prefer different strategies and ways to deal with partners in networks. In the strategic management literature, relationship strategies show that in building and managing networks it is the ability of the individual company; therefore the individual company is a dominant force in networks (Lorenzoni and Liparini, 1999; Zakeer and Bell, 2005). On the other hand, Porter (1985) has suggested that to have power over other firms will give full control of resources by acquiring or possessing other firms but in the international relationship marketing concept however, Tornroos (2000) suggested that developing existing relationships and building new relationships with international suppliers and intermediaries will provide better operational and control abilities for international business firms.

Companies are tend to control and managed the networks in which they are involved for their own benefit in the direction of their plans but the interdependencies of parties in a network make this plan unrealistic (Ford and Mouzas, 2008). If one actor has control over a network, this makes the network become inflexible and does not provide opportunities for innovative ideas from others, therefore control is important as well as dangerous (Hakansson and Ford, 2002). It is evident that the network view provides clear understanding, firms develop relationships through the interactions of resources and activities with other network actors, mutual values and standards will be constituted

by the actors and interdependencies will restrict the complete control of any companies in a network.

The manipulation and control of the variables in interactions – activities, resources and actors are important determinants in cross-cultural business studies (Conway and Swift, 1999). However, transaction cost economics argued that the hierarchical governance mechanism can act to give the right to one actor to manage and control resources and standard activities (Williamson, 1986). According to relational exchange theory, business transactions can be understood from the social relationships point of view; close cooperation based on shared norms can control the behaviour of firms in a relationship (Maitland et al., 1985). In international exchange relationships, exporters accept a high level of control in the beginning of their relationships with importers after establishing trust-based relationships and satisfying the importer in the production and process production stages; the control over the exporter firm is reduced (Leonidou and Kaleka, 1998). Similarly, Welch and Luostarinen (1988) stated that dependency of export firm, such as product, packaging, and distribution and marketing information reduce the level of control of exporter over the international exchange relationships with importers.

It has been emphasised by IMP interaction approach researchers that power is related to where the actor is positioned in a network and access to others and control of resources and activities derived from its position (Johanson and Mattsson, 1992). The IMP interaction approach is distinct from other approaches at the point of controlling the dyadic relationships of partners by emphasising the position of the actor; access to others might provide power of control over those others. It may be complicated to understand in international exchange relationships between firms, while different dimensions of international dyadic relationships are being considered such as culture and distances.

The next section concerns inter-organisational relationship characteristics of export-import companies.

2.4 CATEGORIZATION OF INTERNATIONAL BUYER-SUPPLIER RELATIONSHIP CHARACTERISTICS

Inter-organisational relationship characteristics have been the focus of the IMP school of thought. They categorized those characteristics by establishing theoretical models (Ford, 1980; Hakansson and Gadde, 1992; Morgan and Hunt, 1994; Wilson, 1995) and conducting empirical research (Dwyer et al., 1987; Anderson and Narus, 1990; Metcalf et al., 1992). These researchers have highlighted the different characteristics of inter-organisational relationships from different dimensions and developed conceptual frameworks to categorize and analyse relational characteristics of inter-organisational interactions (Ford, 1980). On the other hand, a number of researchers have focused on characteristics of inter-organisational exchange relationships in the international context, developed conceptual frameworks and categorized them (Ford, 1984; Leonidou et al., 2006b; Leonidou, 1989a; Skarmeen, 2006; Styles et al., 2008; Veludo et al., 2004). It is evident that international exchange relationships are more complex and the environment and atmosphere are influenced by global factors. Buyer-supplier relationships have been illustrated by numerous authors according to different relationship characteristics that are specific to the international exchange context (see Table 1: International Relationship Characteristics and Conceptualization). Leonidou (2003) has highlighted certain characteristics of relationships between export-import firms, namely: uncertainty, distance, commitment, control, adaptation, and communication. These can provide a better understanding of export development from the relationship exchange theory point of view. Other important characteristics of the atmosphere governing business relationships, such as dependence, understanding, trust, cooperation, conflict, and satisfaction, have been considered to a lesser extent in export-import relationships (Leonidou, 2003).

Ford (1984) has explained the characteristics of international buyer-seller relationships by mainly focusing on the dimensions of adaptation, commitment and distance that have an impact upon suppliers' skills. Leonidou et al. (2006b) described the nature of importer-exporter relationships and the influence of uncertainty, distance and conflict on relationship quality. Furthermore, behavioural aspects of exporter-importer relationships were described by Leonidou (1989a and 1998) as power, conflict, co-operation and adaptation (Leonidou et al, 2011). Nevertheless, in the international

context, exchange relationships are more difficult compared with exchanges in the domestic context, due to geographical and cultural differences between exchange parties (Styles et al., 2008; Hakansson, 1982).

There is a tendency in international exchange relationships of buyers-sellers to focus on the consequences of relational characteristics for performance, quality and skill-related issues. In this research, the most relevant relational characteristics of international exchange have been chosen from the international relationships literature.

Table 1. International Relationship Characteristics and Conceptualization

Characteristics	Conceptualization	Dimensions	Authors
Uncertainty	Being unable to predict and expect the future relationships with an existing partner, resulting mainly from problems related to the availability of adequate, relevant, and timely information.	Information flow and sharing	Pfeffer and Salancik (1978).
Distance	‘A difference in perceptions between buyer and seller’.	Perceptions	HalleÂn and WiedersheimPaul (1984, p. 17)
Adaptation	Dyadic adaptation pertains to behavioural or organisational modifications, at the individual, group or corporate level. These are carried out by one organisation, and are designed to meet the specific needs of one other organisation. ‘Adaptation refers to the extent to which the buyer and seller make substantial investments in the relationship.’ Changes in corporate	Understanding needs	Brennan, Turnbull and Wilson (2003)
		Investment	Metcalf et al. (1992)
		Changes	Hallen,

	objectives/strategies/policies, adjustment of procedures, changes in organisational structure, flexibility in responding to demands, adjustment of type/quality of work.		Johanson, and Seyed-Mohamed (1991)
Commitment	‘Commitment is the highest stage of relational bonding’.	Input	Dwyer et al. (1987)
	‘Enduring desire to maintain a valued relationship’.	Durability	Morgan and Hunt (1994)
	Indication of a desire to continue a relationship with a partner.	Consistency	Richey and Myers (2001)
Power/Dependence	Power is the ability to get a person to act in a certain way or to do something that the person would not have otherwise done.	Persuasion Acceptance	Dahl (1961)
	Power is the extent to which a trade partner provides important and critical resources for which there are few alternative sources of supply.	Critical resource providing	Emerson (1962), Pfeffer and Salancik (1978)
	‘Dependence is the degree to which one party in a working relationship needs to maintain its associations with another in order to achieve its desired goals and materialise its expectations’.	Necessities	Frazier (1983)
Conflict/Co-operation	Conflict is a poorly performed role, unreasonable demands, stressful/anxious relations,	Unable cope with	Kumar, Stern, and Achrol (1992)

	disagreements regarding working issues.		
	Conflict is defined as tension between social entities due to real or perceived differences.	Disagreement	Anderson and Narus (1990)
		Norms	
	‘Conflict is the perception on the part of a channel member that its goal attainment is being impeded by another, with stress or tension the result’	Motivations	Thomas (1992)
	Cooperation is similar or consists of complementary coordinated actions taken by firms in interdependent relationships in order to achieve mutual outcomes or singular outcomes with expected reciprocation over time.	Mutual aims	Gaski (1984, p.11) Anderson and Narus (1990)
	Maintaining a cooperative relationship, willingness to collaborate, acting in ways that promote mutual interests/welfare, assisting in the achievement of business goals/objectives, existence of team spirit.	Benefit expectations	Morgan and Hunt (1994)

2.4.1 UNCERTAINTY

Uncertainty is concerned with being unable to predict and expect the future relationships with an existing partner, resulting mainly from problems related to the availability of adequate, relevant, and timely information (Pfeffer and Salancik, 1978). Uncertainties take place in a relationship for both parties, but these will be reduced by exchanges in particular areas: information, technology and commercial, as well as

adjustments in a long-term relationship stage which will help to understand the partner firm's needs and wishes. These adjustments can be made by the parties themselves or requirements can be specified by each party (Hakansson, 1982). Uncertainty has been observed by Hakansson et al. (1976) in three different situations: firstly, where a firm has difficulty specifying its needs; secondly, where the market is heterogeneous and complex; thirdly, where lack of trust exists in a relationship. In these situations, uncertainty can be labelled as market uncertainty and transactions uncertainty; these uncertainties can be increased and decreased during an interaction process. Nevertheless, the firms which operate export markets will be faced with environmental and internal uncertainties to a greater extent than in domestic markets (Leonidou, 2006b). Environmental uncertainty is caused by external factors which mean that a firm is unable to make decisions and plans regarding future circumstances. Internal uncertainty is also caused by the uncertain state of the partner's future (Williamson, 1986).

2.4.2 DISTANCE

Buyers and sellers have different views and perceptions when it comes to issues in the dyadic relationships in which they are interacting. Avoidance, misinterpretation and delays of information exchange are the most common reasons which maintain distance between buyers and sellers (Hallean and Wiedersheim-Paul, 1984). As a construct, distance has been explored in many different ways, for example, Ford (1980) has highlighted the different dimensions of distance – social, cultural, technological, time and geographical distance – which exist between buyers and sellers.

When relationships are taken into the international context some additional complications are seen as being related to distance. Geographical distance is the most studied area in international marketing research including different elements determined by the social, political or economic environment in which interactions take place (Leonidou, 2006b). In relation to these environments, Johanson and Vahlne (1977) explained that distance has hard and soft dimensions. Hard dimensions are differences between language, legal rules, and customs in business and infrastructure. Hard dimensions are examined within the context of export development by highlighting the fact that exporter companies begin exporting to close countries although with more experience, exports are increasingly directed to more distant markets (Leonidou and Katsikeas, 1996). On the other hand, soft dimensions of distance are associated with the

organisational level of importer and exporter in a relationship, including the behaviour and attitude of individuals, norms and values between an importer and exporter, organisational structures of each party and practicing and processing in the working methods of parties (Ford, 1984). It is clear that soft dimensions of distance have more influence on interactions between parties. In order to develop successful relationships, it is essential to understand the values, expectations and motivations of all executives involved in interactions. With this in mind, it is therefore crucial that cultural backgrounds should be studied carefully (Morosini et al., 1998, p.140). It is evident that the concept of psychic elements of distance has been considered to be more relevant in relationship marketing theory (Hallen and Wiedersheim-Paul 1979).

2.4.3 ADAPTATION

Adaptation is the degree to which the buyer and seller make considerable investments in relationships (Metcalf et al., 1992). The investments affect the structure of firms and the overall activities towards partner firms. These changes primarily affect a firm's aims, strategies, policies, structures and attitudes, for example, improved flexibility with regards to the customers. Furthermore, important adjustments of ongoing procedures, working habits, routines and quality of production and work will be taken into consideration (Hallen, et al., 1991). Having invested in relationships, the parties will understand each other's needs and requirements which may in turn enhance relationships or further the exchange process. Adaptation can take place within firms through their own effort or adaptation requests can come from the partner firm. Both parties will be significantly committed when the level of adaptation is high in order to ensure that the relationship continues. Under competitive global competition, the adaptation process may take the form of joint product development, and furthermore, an innovative product offering between buyers and sellers (Metcalf, 1992).

Adaptation can take place in any aspect of an inter-organisational relationship; several researchers have pointed out the commonalities of the adaptation concept in dyadic relationships (Hakansson, 1982; Turnbull and Valla, 1986; Hallen et al., 1991). The general agreement of the adaptation within these research studies was related to ideas including product design, the production process and planning and stock holding processes, as well as payment terms and delivery. The following dimensions of adaptation have been presented by Brennan and Turnbull (1995) in light of these former

research studies by the IMP group. The dimensions of adaptations can be understood in the form of resource commitment: high or low, proactive-reactive; requested or without request, voluntary-coerced; enforced or without enforced, reciprocal-unilateral; independently or dependently and formal-informal; contractual agreement or without it.

Adaptation is in the context of international exchange relationships, particularly export-import, and provides a central construct as adaptation takes place in an environment which is influenced by various factors such as turbulence, heterogeneity and the dynamic nature of markets (Czinkota et al., 2009). Leonidou et al. (2011) have stated that the cultural, economic, technological and allied differences of parties which are involved in international exchange relationships highlight the crucial importance of adaptation between importers and exporters. Metcalf et al., (1992) have also pointed out the notion of adaptation in the international context. Importers and exporters often work together to overcome specific problems which are related to unstable currencies affecting the prices, development of innovative products for the specific needs of import markets and the advertising campaign focused on end users in import markets. It is evident that the adaptation process is a more complex process for both export and import firms. Furthermore, adaptation determines strategies for export firms in host countries, especially when competitive intensity is high (Katsikeas et al., 2006).

2.4.4 COMMITMENT

Commitment refers to the highest level of contribution in a relationship between exchange partners for relational continuation; the status of exchange partners' relationships illustrates a high level of satisfaction in their relationships. Even though some other possible exchange partners are available, they cannot break the continuity of the most satisfied exchange partners' relationship. Furthermore, highly committed exchange partners contribute resources and input into the relationship for a considerable amount of time. Furthermore, contributed resources and inputs should be consistent in order to meet partners' expectations (Dwyer et al., 1987). Similarly, Morgan and Hunt (1994) have postulated that a long-lasting relationship can be protected by contributing resources and time whilst also showing keen interest and determination in an exchange relationship (Morgan and Hunt, 1994).

Several factors have an effect on commitment in exchange relations: termination cost, benefit and shared norms. Termination cost pertains to switching the exchange partner

with another and implies a certain cost. High switching costs give rise to maintaining a relationship with an existing partner willingly or unwillingly (Dwyer et al., 1987). The other factor is relationship benefit; global competition in the international market place will put pressure on firms to seek better exchange partners and thus to receive innovative and higher quality products through which to add value to their own offerings. Because the partner, who delivers the best products, is valued and offers advantages for the exchange partner, firms therefore commit more to continued relationships with such partners (Webster, 1991). Shared norms are also considered as important factors which influence commitment as they refer to appropriate actions. When exchange partners share values and norms they will be more committed, although on the other hand opportunistic behaviour of exchange partners will decrease the level of commitment between partners (Dwyer et al., 1987).

Leonidou and Kaleka (1998) have examined the notion that in export-import relations, commitment can be seen as twofold, 'corporate commitment' and 'personal commitment'. Corporate commitment refers to the fact that organisational resources are already devoted to a relationship with a foreign counterpart in order to protect the relationship with the foreign counterpart in the long term. The other type of commitment is related to employees within companies. Employees' contribution to the firm's relationship with the foreign counterpart has been viewed as an important determinant. Employees inform the partner companies' employees about the ongoing processes and procedures. Nevertheless, both types of commitment have different extents according to export involvement. The other investigation of relational exchange in exporter-importer relations was conducted by Styles et al. (2008) and found that commitment is directly related to export performance whilst commitment is driven by a cycle which is each partners' perception of the other's commitment. On the other hand, the cycle of commitment is influenced by certain factors; organisational and personal. Simply put, this refers to the exporter's perception of the importer's commitment and the importer's perception of the exporter's commitment. In addition, the tendency to carry on with a partner is important as is commitment to the relationship (Anderson and Weitz, 1992). However, motivations of the parties are the main determinants in relationship commitment (Kumar et al., 1994). These motivations have been labelled as calculative commitment and affective commitment. The former commitment type presents a positive view of the partner and an enjoyable relationship. Executives like the

partner and thus maintain relationships (Kumar et al., 1994). The latter commitment type refers to the notion that maintaining the relationships is beneficial as well as necessary whilst the termination cost is another reason for the maintenance of the relationship (Geyskens et al., 1996).

Commitment has been considered as an important characteristic in the context of international marketing in relation to the notion that higher degree of buyer's commitment is the result of highest degree of seller's involvement in interactions with the buyer (Grayson and Ambler, 1999). Ford (1984) stated that the technical and commercial capability of a supplier is closely linked with the perceived supplier commitment to the relationship. Furthermore, commitment between parties is also seen as a reciprocal process in nature.

2.4.5 POWER/DEPENDENCE

Power is an ability to get a person to act in a certain way or to do something that the person would otherwise not have done (Dahl, 1961). Power is a concept which is based on social relations associated with reciprocal dependence between interacting parties because interacting parties have goals to achieve. However, one party's goal depends upon the other party's actions, in other words, power stems from another party's dependence (Emerson, 1962 in Gadde and Hakansson, 2002: 106). Cox et al., (2001) stated that power deserves to be the central construct in buyer-seller relationships because there is no organisation which can survive alone in the complex business environment (Hakansson and Snehota, 1990), as dependence always exists and thus so does power. Furthermore, the imbalanced natures of relationships between partners offer the dominant partner the chance to take advantage of the weaker partner in a relationship (Johnsen and Ford, 2002).

Dependence is the extent to which one party maintains its relationships with another party in order to achieve its goals in the future. These goals are critically important, highly valued and expected (Frazier, 1983). Dependence pertains to providing limited and important resources to a partner. Indeed, it can be difficult to find a provider who provides these resources in another relationship (Emerson, 1962) since valuable resources are inadequate and the competition for their use is too high. This is the reason why the importance of relationships is the result of difficulties faced when attempting to

replace a partner with one which provides the same resources. If the resources can be replaced easily, the relationship cannot be seen as important (Frazier, 1983). The dependency on other firms' resources can be decreased by making close connections with other firms or decreasing the level of reliance on the other firm's resources (Pfeffer and Salancik, 1978). Furthermore, Buchanan (1992) has stated that symmetry is an important concept in dependence specific relationships and represents the extent to which the value of one trade partner's relevance affects the other partner's resources. In symmetry, the trade partners value each other's resources equally; otherwise the relationship is not symmetric. In symmetric relations, the degree of dependence ranges from low to high and in asymmetric relations, the dominant partner is the less dependent one. There is a need for symmetric dependence because relationships last long, although in contrast, imbalanced dependence causes more conflict and less stability (Ganesan, 1994).

Given that in all power/dependence relationships it is necessary to have balance, Emerson (1962) commended that if any one party attempts to gain more power, then the other party will try to balance that power against its partner. This is an ongoing process. Wilson (1995) highlighted that sharing of value is a function of a power/dependence relationship; the more powerful partner's values will be shared more by the weaker partner. However, cooperation and commitment will be increased when the value sharing is high in relationships. In balanced relationships there will be an equal level of value sharing from both parties; if any one party pushes the other, this will fragment the relationship and create risk for new value creation in relationships with partners. Cook and Emerson (1978) stated that the long term effectiveness of power can be seen as a control mechanism. Indeed, they were of the opinion that the powerful party will exploit the weaker party meaning that there is imbalanced power in the relationship, thus resulting in less cooperation and high levels of conflict (Dwyer et al., 1987).

The extensive work of Hakansson (1982, p.380) has revealed the dimensions of concept of power in inter-organisational relationships and defined power: 'power resides implicitly in the other's dependence'. Dahl (1957 in Hakansson, 1982) highlighted the dimensions of power including; 'reward, coercive, referent, legitimacy, expertise and informational' power. Furthermore, Hakansson (1982) argued that power in inter-organisational relationships is twofold. The first type is organisational power and the

second is individual power. When organisations start working together, organisational power can be observed and when the individuals start working in cooperation this is individual power. However, in the latter situation, the organisation's members have synergetic effects which will bring out emergent properties attributed to the organisations. Nevertheless, inter-company interactions take place in an environment and in a wider network of relationship meaning that it would be short sighted to consider the power just as it exists in dyadic relationships (Hakansson, 1982). However, different types of power and dependencies exist including technical, social, managerial and logistic (Hakansson, 1987). For example: a supplier can have power in high technology capabilities but be dependent on a customer's financial resources and logistic networks (Johnsen and Ford, 2008).

The atmosphere governing the export-import companies' relationships is mainly related to interdependency whereby one party's actions and activities will affect the other party's performance (Leonidou, 1989a). With regards to interdependency and power in export-import relationships, the power of companies is weakened when they are involved in international business as exporters because the companies face different conditions in international markets than the domestic markets where they hold the power over their market. Furthermore, different conditions must be handled by qualified employees; however, there is a lack of human resources which are able to manage complex international marketing activities. In export-import relations, developed country importers are in a powerful position. They are involved in directing decision making processes related to production, process, packaging and quality standards of goods which are manufactured at the exporter's manufacturing plant in the developing country (Wortzel and Wortzel, 1981). However, this situation restricts exporters' opportunities and the development of an export marketing strategy although the exporter also has the chance to transfer knowledge and technology from the importer and develop manufacturing capabilities (Leonidou, 1989a). Moreover, the level of dependence from exporters on importers has been found to be greater among exporters which are involved in international business and greater difficulties (Leonidou and Kaleka, 1998).

Power and dependence are the constructs which have received the least amount of attention in the context of international inter-firm channel relationships (Frazier, 1999;

Samiee and Walters, 2002). In contrast, power and conflict in the context of channel relationships and business networks has been researched extensively (Wilkinson, 2001).

2.4.6 CONFLICT/COOPERATION

‘Conflict is poorly performed roles, unreasonable demands, stressful/anxious relations, disagreements regarding working issues’ (Kumar et al., 1992). Gadde and Hakansson (2002) have commented that business relations are always described in terms of conflict and cooperation because both parties have different interests in a relationship. These interests clash or are shared by the parties, however, an effective relationship contains both relationship constructs at the same time. Gemunden (1985) argued that both parties in a relationship should not take conflicts too seriously or be ignorant because there are different degrees of conflict and cooperation which can be observed. In long-term relationships, it seems both parties are in agreement regarding future goals and coping with difficulties. However, both parties have different opinions which are rooted in perceptions regarding how to achieve these goals in the future. Therefore, even in efficiently functioning relationships, conflict can occur. If there is no conflict, parties may still be struggling to cooperate. Indeed, handling problems does not denote the exclusion of conflict. Moreover, conflict refers to clashes and exhaustion between parties caused by attitudinal (dissimilar opinions and expectations) and structural (rival for limited resources) factors (Stern, 1969 in Leonidou et al., 2006a).

There are a number of other reasons why conflict can occur between interacting parties, for example; lack of communication and false communication between interacting parties causes conflict (Brown and Day 1981). In addition, Barnes et al., (2010) found that opportunism generates conflict between importers and exporters. ‘Cooperation is similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time’ (Anderson and Narus, 1990: 45). This is similar to Morgan and Hunt (1994)’s view of cooperation, although they focused on the proactive aspects of cooperation. Indeed, the interaction of cooperation and commitment is important for the partnership to work as are the benefits supplied for both parties. Cooperation is expected to be raised when values are mutually created by the parties. However, although cooperation has been viewed as an essential construct in channel relationships, it has received little in the way of academic attention. Frazier (1983) also expressed that

cooperation supports relationship marketing success because conflict can occur at any time in cooperative relationships. Cooperation cannot be defined as it takes the place of conflict or fills the gap in a situation where conflict is absent. Even though conflict is occurring in ongoing relationships, parties continue to cooperate because termination cost is high. At this point cooperation is proactive because cooperating parties suggest better ideas to each other rather than simply agreeing each other's ideas.

Johnsen and Ford (2008) stated that cooperation and conflict in the case of size differences have different postures. Conflict resolution processes should be taken into account by small suppliers in order to manage the imbalanced position in the relationship with large buyers because understanding of the procedures and formalities will provide better opportunities for small suppliers to cooperate with large buyers. Cooperation is not always attractive for small suppliers because large companies are not interested in cooperation in certain areas such as production and technology. This means that cooperation is limited and insufficient with regards to developing such capabilities; a small company will be disinterested in cooperation. In contrast, Axelrod (1984) suggested that the formalisation of cooperative relationships is not as important as the evolution of cooperation in a relationship over time.

Katsikeas and Piercy (1991) found that the relationship between a developing country exporter and a developed country importer is characterised by low levels of conflict because three different issues determine level of conflict, namely; define roles of both sides, both sides committing in different ways in long term relations, exporters are more focused on production related activities, while importers are more focused on marketing activities; perceptual differences between parties; parties perceive that the other parties must play different roles because parties have different backgrounds, norms and values as a result of belonging to different economic and cultural environments; situational factors refer to the notion that different industries have their own circumstances which determine their relationships. Furthermore, low levels of conflict between export-import exchanges have been revealed by a number of scholars (Loenidou, 1989a, b; Rosson and Ford 1980). The reasons for the low level or reduced frequency of conflict pertain to the importer's superior marketing skills and market knowledge as well as the high degree of performance in relationships. Ford (1984) revealed that conflict between buyers and sellers results from a lack of two sets of skills, namely technical and

commercial. In relation to these, supplying an insufficient amount of technical information about products and necessary commercial information about products causes conflict between buyers and sellers in international business relations.

Palamountain (1969 in Katsikeas and Piercy, 1991) classified three different types of conflicts; horizontal refers to conflicts between the same types of middlemen, whilst intertype refers to the different types of middlemen and vertical refers to the different level of channel members. The third type of conflict has received much attention and is also the most suitable form through which to investigate the exporter-importer channel relationship. Nevertheless, in a channel relation, conflict can take two forms, 'overt and covert'. Overt conflict is the unseen status of the frustrated party by doing nothing to change in his/her position or other's position. Covert conflict is an obvious clash and forces the other party to get things done (Stern and Heskett, 1969). In international channel relations, cultural and physical distances contribute more to covert conflicts.

Rosson (1984) commented that the uncertain international environment as well as this limited and costly information increases the level of expectations of parties and as a result all of these factors can easily cause conflict. However, good communication between parties increases the perceptual clarity and decreases the uncertainty, thus indicating a high level of cooperation when it comes to exporter-importer relations (Leonidou, 1989a). In their later study, Leonidou and Kaleka (1998) revealed that 'mutuality/reciprocity' and 'esprit de corps' are associated with cooperative relationships in the exporter-importer dyad. The former refers to support for achieving goals, facing hard problems and being willing to continue with cooperative relations. In contrast, the latter refers to the tight coordination of activities and team spirit. Conflict is expected at any time in relationships due to many reasons, be them person specific or country specific. However, there are solutions when it comes to relationship conflicts, for example; creating platforms which serve the understanding of each other's roles and expectations whilst also providing better communication between interacting companies (Ford et al., 1998). Thus, conflict resolution mechanisms must be established between interacting parties (Anderson and Narus, 1990).

Childers and Ruekert (1982) stated that balanced exchange relationships represent cooperation by considering the feasibility of individual goals, sharing mutual

agreements and committing to fair contributions. However, conflict is not that bad even though it has negative connotations of frustration and unpleasantness (Pondy, 1992). Indeed, conflict is the source of creativeness, innovation and adaptation (Tjosvold, 1997). When conflict takes place over a disagreement regarding task orientation and the judgement of how to achieve mutual goals, it is functional conflict which contains the combination of open minded ideas and rich arguments (Amason, 1996). This type of conflict can contribute to relationship effectiveness, cooperation and greater satisfaction between parties (Tjosvold, 1997). In addition, conflict can also result in long term benefits for exchange parties (Barnes et al., 2010). Skarmeas (2006) has also revealed that functional conflict and future purchase intention is positively linked, although opportunistic behaviour increases functional conflict and decreases future purchase intention, while cultural sensitivity strengthens functionality of conflict; it fosters future cooperative relationships. Furthermore, Sandstrom (1992) discussed the notion of 'rules and routines' in networks. He stated that they are tools with which to conduct the conflict because cooperation has become dysfunctional meaning that network researchers should be aware that in conflict resolutions, 'routines and rules' may become cooperation again (Easton and Lundgren, 1992).

2.5 THE RELATIONS BETWEEN INTER-ORGANISATIONAL RELATIONSHIP CHARACTERISTICS

The relationships between inter-organisational relationship characteristics are an undeniable fact and the previous section regarding relationship characteristics is represented in the literature review. Many attempts to categorise relational characteristics have illustrated that a single relational characteristic influences others and is influenced by others or one or two relational characteristics combined together influence other sets of relational characteristics or are influenced by them. Hakansson and Snehota (1990)'s work 'no business is an island' has clearly demonstrated that organisations constantly interact with other organisations which have different goals and behaviours in networks and which constitute the context with which the organisation interacts whilst also providing a framework for exchange processes. In these contextually rich and complex networks which consist of actors, activities and resources, it is obvious that relational characteristics in the interactions and exchanges cannot be seen as single entities and isolated from other relational characteristics.

Indeed, they instead have a significant influence and are connected to each other (Hakansson and Snehota, 1995). Furthermore, a number of studies have focused on single relationships of firms in which the firms are engaged with other firms in relationships (Johanson and Mattsson, 1992; Anderson et al., 1994). Dubois and Pedersen (2002) have also commented that relationships are influenced by other relationships embedded in the network context, meaning that relationships are linked to other relationships. Gadde and Snehota (2000) suggested that relationships in business markets should be investigated from a wider perspective in order to capture their complexity and dynamics because a single relationship has connections with many other relationships, all of which create the structure of a network.

Leonidou et al. (2006a) explored the interrelationships and behavioural dimensions of industrial buyer and seller relationships and found interrelationships between relational constructs, as a relationship construct distance; reduction of distance increases the awareness of partner organisations' social, cultural and procedural characteristics whilst focusing on long-term relationships has a positive effect on mutuality and reciprocity as well as the accessibility of partner specific information. On the other hand, increasing trust between partners reduces the opportunistic behaviour whilst in contrast increasing satisfaction and dependence has a positive effect on satisfaction.

Dependency is linked with commitment and adaptation, as these three relational characteristics all have one feature in common, they all are resource centred. Dependence pertains to gaining the resources of a partner, whilst commitment stresses the continuation of these resources from partner and adaptation refers to the notion that there is a need to protect long-term access to resources through continuous modifications. Nevertheless, the involvement of many other relational constructs in buyer-seller relationships will change the influence of dependence on satisfaction and dependence on other constructs recursively.

Furthermore, capabilities can be developed through various activities in relationships with partners (Ethiraj et al., 2005). Interdependencies of capabilities are observed in the network of relationships by considering the fact that capabilities are not simply managing activities and resources; capabilities are also connected to counterparts in relationships (Alajoutsijarvi et al., 1999). Therefore, Johnsen and Tseng (2010)

suggested that the development of capabilities must be analysed from an interdependency point of view in relationships.

Although relational constructs are interrelated with each other, this interrelatedness can be influenced by the involvement of other relational constructs. Therefore, relationship characteristics cannot be investigated and studied separately from others in isolation. In addition, some of the relationship characteristics pointed out in Table 1 was not studied by Leonidou et al., (2006a). Hence, there is a scope for developing a wider understanding of these relationship characteristics in the context of international buyer-seller relationships. Indeed, this context represents a more dynamic and complex environment with a wide range of prospect partners. In addition, it has been pointed out that capabilities have links with relationships but no clear findings help our understanding of the link between capabilities and relational characteristics; the focus of this thesis.

2.6 IMBALANCED AND BALANCED EXPORTER-IMPORTER RELATIONSHIPS

There is no universal model of international supply chain relationships which conceptualises the relationship constructs. Similarly, research on dyadic relationships does not suggest any particular way in which to explore and conceptualise relationships (Samiee and Walters, 2006). Nevertheless, the main focus was on the relationship quality and performance related issues (Anderson and Narus, 1990; Geyskens et al., 1996); the influence of trust and commitment on relationship success and communication; investment in relationships and perceived values and norms (Dwyer et al., 1987; Dyer and Singh, 1998; Morgan and Hunt, 1994). Furthermore, the behavioural aspects of buyer-seller relationships have been studied by a number of researchers but these studies are heterogeneous, fragmented and only examined some of the key relational characteristics (Leonidou et al., 2006a). They have also failed to capture the whole picture of exporter-importer relationships. Exporting firms in imbalanced position commence, establish and maintain their relationships with foreign buyers while there are many attempts to generate lists of relationships between exporters and importers. It has been suggested that all of these attempts are subject to dynamic and fast changing international environment specific relational characteristics

such as uncertainty, distance and conflict (Johanson and Mattsson, 1987; Leonidou et al., 2006b). Therefore, the definition of imbalanced and balanced relationships must be considered carefully while researching export-import relationships internationally.

In the marketing literature, imbalances and balances in relationships of buyers-sellers have been mostly associated with power, dependence and commitment (Hingley, 2005; Kumar, 1996; Sollner, 1999). However, these discussions still generate a lack of understanding in the context of international exporter-importer relationships. According to the Oxford Dictionary, imbalance is a 'lack of proportion or relation between corresponding things', whilst balance pertains to 'a situation in which different elements are equal or in the correct proportions'.

Andersson and Servais (2009: 13) have observed imbalance and balance in strategic buyer-seller relationships and suggested that these will be more complicated in international relationships. If the parties have different opinions of the nature of the relationship, it will be hard to find a solution that they can agree on. If the marketing side interprets a relationship as very important and lets a key account manager handle the customer, while the purchaser regards the supplier as a simple one and does not want to develop a deeper connection, there is an imbalance in the relationship and it may be hard to create an arrangement that both parties are satisfied with. If both parties have positioned the relationship in a similar way, there are much greater possibilities that the relationship will be fruitful for both parties. The international dimensions will further complicate these negotiations. There are different negotiation styles in different cultures and the negotiators have to be able to interpret whether problems arise from differences in culture or from different strategic positions'. Their implication helps our understanding only with regards to one aspect of many different types of buyer-seller relationships. Moreover, the above implication and other studies related to imbalances and balances in relationships usually identify the reasons for imbalance and balance relationships. However, this is a narrow approach and is fragmented in order to explore imbalances and balances. As a result, imbalanced international buyer-seller relationship research further reduces our understanding on this matter.

2.7 IMBALANCES IN RELATIONSHIPS CAUSE TROUBLES

Imbalances in buyer-supplier relationships will cause more trouble for small suppliers. These problems range from establishing trust and its effect on commitment in particularly long-standing relationships as well as governance of joint ventures (Sollner, 1999; Chen and Chen, 2002). Inter-organisational relationship studies, resource-based views and transaction cost theory appear to have paid the most attention to imbalances in inter-organisational relationships. With regards to the resource based view, Chang and Gotcher (2007) have pointed out that in subcontracting relationships strong foreign buyers with famous brand names enter the markets and require the highest amount of relationship specific investments from weaker suppliers, thus giving more power to foreign buyers including bargaining power and manufacturing control. Therefore, international buyer-supplier relationships are often seen, and foreign buyers use their power in an imbalanced way. They have suggested that preventing or at least reducing the amount of opportunistic behaviour of foreign buyers and dependence relies greatly on 'relationship learning and relational capital'.

Adaptation has been categorised as both unilateral and bilateral (Hallen et al., 1991). Nevertheless, with regards the adverse effect of imbalanced power in a relationship, it has been found that unilateral adaptation is related to imbalanced power which means that there is a lack of trust established between parties (Brenan et al., 2003). Therefore, the length of relationship may be shorter and unilateral adaptation which results from an imbalance of power will lead to opportunistic behaviour between parties.

Kumar, (1996) argued that most manufacturer-retailer relationships are imbalanced. This will make the relationships unstable and a slippery path will result if any errors are made by the weaker party during transactions. Indeed, if this happens, the dominant party will force the weaker party to accept penalising actions, which can result in harmful consequences. Hingley (2005) examined the imbalanced power of fresh food retailers and supplier relationships' imbalanced relationships. It was found that imbalanced relationships are obviously favourable for strong retailers, and that weaker suppliers do not want to be involved in such relationships.

Small firms can find a way to make business with large buyers by becoming specialised with regards to certain niches in relationships. However, operating in these niches limits

the small firms which may result in the loss of strategic flexibility and the relinquishing of individual objectives in order to preserve the relationship. This will require an investment from the small firm. On the other hand, power imbalanced relationships are also against small suppliers because small suppliers are under the control of large buyers in the area of strategic and technical relationship. Small firms usually give control to the large buyers and put effort into proving their sufficiency to the large buyers (Jonhsen and Ford, 2008). On the other hand, historic dependence in relationships where imbalances have taken place could be destructive for small suppliers because with historic dependence it is likely that large buyers may take it for granted with bad consequences often affecting small suppliers (Johnsen and Ford, 2008).

In international business relationships, export-import firms have been examined by Katsikeas and Piercy (1990) and Leonidou (1989b). Both researchers found that strong foreign buyers have more authority over small exporting suppliers because foreign buyers have advanced marketing skills, knowledge and accessibility to large consumer markets. Furthermore, some barriers such as time differences, language, inadequate face-to-face contacts, and cultural dissimilarities and distance are extremely critical to relational exchanges within a well-functioning supply chain (Styles and Ambler, 2003; Leonidou, 2006b). Uncertainty of environment and internal uncertainty influence exporter-importer relationships. Examples of this include information asymmetries which will lead to opportunistic behaviour and the poor coordination of activities (Hakansson and Snehota, 1995).

Managerial problems in imbalanced exporter-importer relationships are the main focus of many researchers in the reviewed literature although there are no clear suggestions regarding how small exporting firms can overcome imbalances in their relationships with importers. Quantitative studies have revealed the problems at hand but have failed to offer sufficient solutions.

2.8 RELATIONSHIPS DETERMINE THE POSITION OF FIRMS IN NETWORKS

In relation to the above discussion, it is clear that relationships determine the position of firms in networks whilst it is also evident that positioning is an important managerial activity. Johanson and Mattsson (1988) stated that position characterises the actor's link

to the environment and the actor's position in the network is the major feature of the environment. Traditionally, it has been seen that the position of a firm is explained in terms of services and products provided to the markets and, to a lesser degree, the competition with others in the same market (Rumelt, 1980). However, most companies have a limited number of customers and suppliers which are important to them, while many large companies have many large customer portfolios. Furthermore, different business companies have different problems which dictate how their customers' problems will affect them. All of these problematic relationships and motivations between companies lead to the creation of networks. In addition, each company's resources and experiences are also determinants of the network creation. As a result, a company's important relationships with customers or suppliers as well as the interdependencies between them are defined as a company's position in a network (Ford et al., 2011: 9).

A good position in an industry structure is often associated with a firm's size and power (Conner, 1991). Johanson and Mattsson (1992) argued that the power is obtained through an actor's network position in which the actors have many relationships with others whom have held some power. Hingley (2005) has found that powerful channel members who have easily exploited the positions of others even have the authority to exert penalising actions on them. Johnsen and Ford (2008) suggested that suppliers often have difficulties with regards to enlarging their relationships over their existing relationships with larger customers. Indeed, it is therefore important for suppliers to enlarge relationships with others, which will likely have an impact upon the network of relationships of suppliers and their position in networks. Although companies attempt to use their power to make changes in their positions, this is limited with the existing relationships of such companies in the network (Hakansson and Ford, 2002).

IMP (International Marketing and Purchasing) Group has viewed internationalisation as the development of a network position in a foreign market. They have focused on the interactions between buyers and sellers (Hakansson, 1982). Therefore, the number of entities should be focused on in the case of international industrial networks; these are actors, activities and resources (Hakansson and Johanson, 1992). Understanding the network position of an actor requires looking at actors' relationships with other network actors (Johnston et al., 1999). On the other hand, Hakansson (1987) introduced the

concept of ‘networking ability’ which he defined as making stronger the position of a company in terms of activities and resources and managing relationships effectively with external partners. Furthermore, it has been highlighted that interaction capability is an important determinant with regards to managing cross cultural relationships and establishing a positioning in networks for small suppliers (Johnsen and Ford, 2006; Johnsen and Tseng, 2010).

Network position is also important for strategies because a strategist will assess the position of his/her own company and others in the same network. The business strategy concept is a helpful tool when it comes to attempting to change a company’s position in a network. Therefore, strategists must look at the internal and external resources of actors. External resources are the result of an actor’s position in the network and these resources influence the actor’s capabilities and activities (Ford and Mouzas, 2008). Managers must take into account the network position of their company and accept that it cannot hold the best position in the case of every relationship. However, the change of a company’s position is a highly strategic activity and can only be done in the long run (Hakansson and Ford, 2002). In addition, network positions are continuously evolving and strategists should take precautions whilst also being proactive in observing the moves of other actors and developing their own position again (Ford and Mouzas, 2008).

2.9 RELATIONAL STRATEGIES IN NETWORKS

‘Strategy formulation is an emergent process, where we learn over the time’. Strategic initiatives can emerge from the lower reaches of the organisation. They can eventually succeed if they support the idea that strategies can be developed from many different initiatives as the organisation learns how it works. Leaders should support the process of organisational learning. This has been developed on Brian Quinn’s theory of logical incrementalism: where strategy changes ‘on the run’ as the product of thought, action and external events (Koch 2000: 132). He described incrementalism as joining the pieces together. Hence, Quinn called this process ‘logical incrementalism’. In Quinn’s view an organisation consists of a series of subsystems, for example: subsystems for diversification, reorganisation and external relations so that strategic management means trying to develop or continuing a consistent pattern among the decisions made in each subsystem. The theory of incrementalism can be interpreted in two ways. The first

way states that a central strategist learns incrementally; the second way states that a strategist thinks and plans tactically in incrementalism through a complex organisation. Both ways are central in Quinn's view. The team of top executives or chief executives remains 'the architecture of strategy'. Furthermore, Quinn concluded that these two interpretations have some mutual points as these strategists have to promote strategic visions which are themselves changing and improving. Therefore he referred to the process as 'continuous' (Mintzberg et al. 1998: 180).

Araujo et al. (2003) described the concept of strategy from a network view, stating that the earlier view of strategy does not appreciate the concept of strategy within the network view because networks are dynamic and diverse. Business strategy does not consist of sets of rules and analysis or attempts to take full control over others. The meaning of strategy for a company in the business network is a process of developing, managing and utilising relationships with others. Therefore, the characteristics of networks come to consideration when the strategy is thought in a network which is interdependence. Business companies are interdependent with other companies in networks; these interdependencies affect business companies' strategies, plans, supplier selection. They also affect ways of developing and accessing resources as well as managing their activities with other network members whilst generating value for themselves (Ford et al., 2011). Gadde and Hakansson (2002) commented that capabilities are also important determinants of network strategies because strategy is dependent upon the capabilities of others and the accessibility to these capabilities is dependent upon internal capabilities. Furthermore, without any relationship a company would be unstable and unable to operate. Business strategy is active and evolves day by day. However if it is to be categorised as short and long term, short term strategies are most likely to cope with situations, while long term strategy would operate within situations in terms of goals and objectives (Narayandas and Rangar, 2004). Furthermore, Ford and Mouzas (2008) have drawn attention to the notion that interdependences between firms are the main determinants of strategy development in network settings.

There is no set of rules or procedures which can enable us to analyse and implement strategy in a network since networks are complex and dynamic. Indeed, a company's strategy within this network structure resembles a 'pattern in a stream of decision'

which is made on its own as well as by other members of the network. This can occur at any time without following any plan (Ford et al., 2011: 206). However, Hakansson and Ford (2002) suggested a way to examine and understand the strategy of network companies. They observed that strategy development takes place through responses and actions of others in networks without considering any sets of rules or any rationalistic views. Their suggestion was to consider the paradoxes which help our understanding strategy in networks; these paradoxes are three fold. The first network paradox implies that companies cannot act or operate by themselves according to individual goals; each company's actions can be understood within the context of relationships with others, particularly important partners. Therefore, opportunities and limitations are closely connected with the investments of resources in relationships and the company's internal capabilities. Resource dependence also has a direct effect on a firm and its activities (Pfeffer and Salancik, 1978). Indeed, every decision, action and change is dependent upon the network of relationships. This formation regarding relationships and existing firms influences the way 'how and what' can be done (Anderson et al., 1994). In this paradox, the strategic stand of a firm should provide an ability to manage strategic choices. These are restrictions or the thing which enables a firm to manage change in relationships (Ford et al., 2002).

The second network paradox suggested that a firm's relationships are the result of its interactions with others; on the other hand, the firm is the result of relationships with other firms. This paradox illustrates that a firm influences the others in a network as well as being influenced by others in the same network. Therefore, the implication for managers is to carefully consider the paradox and bear in mind both sides of the coin in order to make decisions and take actions which change firm position or develop strategic relationships within a network (Hakansson and Ford, 2002).

The third network paradox pertains to control or being out of control in networks. Firms in networks have a strong desire to manage and have control over others. However, these strong ambitions do not help in the achievement of strongly desired results. Indeed, the result will be less effective and less innovative networks (Hakansson and Ford, 2002). It has been suggested in terms of third paradox that managers should take into account other firms' needs and wishes rather than persuading them regarding ways in which to achieve their goals (Ford et al., 2002). In addition, the pattern of

interdependencies, the allocation of resources, the boundaries to knowledge and the undeniable reality of interactions in networks do not provide a base from which to achieve full control over others (Ford and Mouzas, 2008).

Strategy in a network must be developed in terms of network position. Without the involvement of others in strategy development it will be an impossible task. With this in mind, strategy in network settings requires adaptation and cooperation of a firm's progress with those of others rather than pre decided plans and instructions. A firm's strategy of being collective should not limit to its own progress (Ford et al., 2002: 107).

Ford and Mouzas (2008) concluded that priority of relationships is the main determinant of strategy in business networks. This view requires clarity with regards to analysing the current situation, involving development of relationships in terms of timely responses and aims of others, increasing the number of relations, coping with others and understanding resource preferences.

CONCLUSION

The second chapter of this thesis has presented the central characteristics of relationships, which form a base from which to investigate imbalances in international business relationships, particularly exporter-importer relationships. The categorisation of relationship characteristics has been drawn mainly from a number of International Marketing Purchasing Group's studies. These studies present the most relevant relational characteristics when it comes to investigating any inter-organisational relationships.

The thesis mainly focuses on the way in which small exporting suppliers cope with and manage imbalances in their relationships with importers, in the hopes of striking a balance in these relationships. With this in mind, it is argued, as it is in the literature, that evidence suggests that imbalanced relationships are neither fully appreciated nor investigated. Existing research has highlighted the fact that they focus primarily on imbalanced relationships in domestic settings by considering a few relationship characteristics together. However, there is a limited understanding with regards to imbalanced relationships in an international context. There is also limited investigation

and a tendency to focus on single relational characteristics rather than a set of relationship characteristics.

The categorisation of relationship characteristics has been defined in the second chapter which states that it is relevant to investigate relationships in the context of inter-organisational relations. However, these categorised characteristics do not provide a clear understanding of the interplay between organisations, while organisations attempt to change their positions in networks and the influence of relationships on their ability to change their position in networks. Indeed, there is a possibility to develop further categorisation of relational characteristics in terms of positioning and strategy development aspects of exporter-importer relationships. Furthermore, existing studies have been considering the most useful area for investigation, namely the important relationship. An important relationship means that it is considered as important by both parties in a relationship; however, the meaning of important relationship may be different from a small exporting supplier's point of view because they are experiencing more dependency on their counterparts and their resources. In addition, dyadic relationships, particularly export-import relationships from the small exporting supplier side have been the least investigated area in relationship marketing literature.

It is evident that imbalanced relationships may illustrate the difficulties and problems experienced by small exporting suppliers. Furthermore, increasing global competition and the number of small firms' involvement in international business makes the imbalances greater for small exporting suppliers because they must cope with the increasing pressure from global competitors whilst simultaneously managing their relationships with their importers by searching for innovative ideas and novel products and designs with which to add value to their importers and maintain the relationship for as long as possible. Therefore, this second chapter has placed emphasis on positioning and strategy, as these are two very important concepts with regards understanding the international inter-organisational relationships, while small exporting firms may experience imbalances in their relationships with importers.

There is recognition in the relationship marketing literature that capabilities are related to relationships because of interdependencies between organisation and cooperative activities such as innovating, planning and manufacturing. Therefore, relationships

revolve entirely around the capabilities which are also recognised as resources; relational capabilities are considered as important capabilities of companies. The concept of capabilities is different from the concept of relationship characteristics, although they may be related with and connected to each other. With this said, there is a limitation to the amount of research regarding how relationship specific capabilities can influence imbalances in inter-organisational relationships and export-import relationships in particular.

CHAPTER THREE: CONNECTION BETWEEN CAPABILITIES AND RELATIONSHIPS

3.0 INTRODUCTION

The previous chapter has highlighted how capabilities and relationships are connected whilst interdependent relationships between business partners also indicate that capabilities are interdependent which are interdependent that influence innovation, planning and manufacturing activities of both parties. It has been considered that the nature of interdependent capabilities influences the imbalances in inter-organisational relationships. Following these recognitions, this chapter defines the concept of capability from different streams of research and summarises how capabilities have been seen and categorised. It closely examines capabilities in relationships and their influence, particularly on export-import firm relationships.

No previous studies have researched the capabilities of small export companies in terms of export involvement stages. Leonidou and Kaleka (1998) examined the numerous relationship characteristics of export firms in relation with import companies in terms of export company involvement and found that relationship characteristics differ according to the extent of involvement in export.

3.1 THE CONCEPT OF CAPABILITY

When a firm increases its growth and innovativeness as a result of its relationship with an external partner, it is an underlining fact that the firm has an accomplished ability to manage its relationship. Lorenzoni and Lipparini (1999) argued that the concept of relational capability is ‘the capability to interact with other companies’. The simple definition of capability is ‘the ability to do something’ (Cambridge Dictionary). Moreover, capability is described as representing a different concept; it does not match with the concept of resources such as financial assets, technology or tangibles, but it is rather a distinctive and greater way of allocating resources, for example; organisational capabilities represent a collective action and sharing of problem solving (Cyert and March, 1963).

In strategic management research, the definition of capability is broad due to its distinctive stance. For instance, the literature defines capabilities as; core capabilities (Leonard-Barton, 1992); relational capabilities (Lorenzoni and Lipparini, 1999);

organisational capabilities (Knight and Cavusgil, 2004) transferable capabilities (Camison and Villar, 2008), relationship capabilities (Lages et al., 2009) and relational capabilities, the latter of which are classified as human, technical, managerial and cultural interaction capabilities (Johnsen and Ford, 2006). Capabilities are the competences which a firm possesses and which can contribute towards their competitive advantage. A firm's capabilities are related to its resources, although capabilities are often invisible, intangible, and more importantly, unique to each individual company. A firm may develop these invisible and unique capabilities over time through interaction in complex relational networks (Teece et al., 1997). Furthermore, the way in which resources are used and developed in cooperation within the network has implications for the firms' strategy development and is important for capability development within the organisation (Tikkanen, 1998). Additionally, capabilities cannot be valued as financial assets because they are embedded in the routines and exercises of a firm (Day and Nedungadi, 1994). However, the distinguishing feature of capabilities is that they are 'dynamic' competences and one of the key functions of capabilities is how they bring resources together and organise them. Nevertheless, the complexity and relationship between resources and capabilities makes it difficult to evaluate either independently.

Strategic management studies have attempted to understand the differences between capabilities and resources by examining the role of capabilities which influence the competitive advantage. Amit and Schoemaker (1993: 35) distinguished capabilities and resources as follows; capabilities are a firm's ability to organise resources by combining organisational processes to achieve goals. Capabilities are information based and tangible and intangible processes which are unique to each firm and are developed while the firm's resources are interacting. In addition, capabilities can be seen as 'intermediate goods' which are produced by the firm to increase the productivity of resources as well as to gain more strategic elasticity and security for the firm and its manufactured goods. Furthermore, Learned et al. (1969) suggested that capabilities are connected with the strength of a firm by proposing the examination of SWOT model.

Makadok (2001) depicted capabilities as distinct types of resources which enhance productivity of other resources within a firm. A similar approach was taken by Barney (2002), who also viewed capabilities as internal attributes of a firm which enable that firm to control and exploit other resources within the firm. Moreover, Day and

Nedungadi (1994) observed market oriented companies and found that capabilities are 'complex bundles of skills and collective learning, exercised through organisational processes that ensure superior coordination of functional activities'. Teece et al. (1997) suggested a dynamic capability approach which aimed to investigate competitive advantage of firms in a fast changing business atmosphere. Therefore, capabilities are recognised as dynamic in conjunction with requirements of a fast changing business atmosphere to strategic management. It is evident however, that capabilities have a dynamic nature when compared to resources; resources are inactive.

Capabilities are also considered as critical elements of competitive advantage (Grant, 1991). Indeed, Prahalad and Hamel (1990) stated that competitive advantage stems from the core competences which a firm possesses. Core competences are collective learning processes, coordination of manufacturing skills and integration of different technologies. Core competences have different features, although their most eminent features include the fact that they provide potential accession to diverse markets, add value to the customers of the end product and cannot be easily copied by others.

Leonard-Barton (1992) highlighted that it is distinct knowledge and sets of knowledge which provide competitive advantage for a firm, thus capabilities can be recognised as being embedded within knowledge or can be seen as a set of knowledge and thus the main provider of competitive advantage for a firm. Moreover, employees and technical systems provide growth and development of the knowledge and capability development which are managed and controlled by systems and values. However, knowledge development alone is not sufficient; knowledge must be applied in the right relationship and at the right time in order to elevate the firm to a privileged position whilst other parties will easily notice the valuable capabilities within the firm (Ritter and Gemunden, 2004).

Nevertheless, the distinction between capabilities and resources is blurred in the literature. Thus a clear understanding of the distinction between capabilities and resources must be dependent upon the context discussed (Ethiraj et al., 2005). In this research the concept of capability will be considered from the IMP researchers' point of view, which is associated with relationship and interactions rather than technical or manufacturing capabilities.

3.2 RELATIONAL CAPABILITY DEVELOPMENT

Research in the strategy field has identified various types of capabilities embedded within company practices and has focused on the influence of capabilities on competitive advantage and performance related issues. ‘Absorbing, coordinating and integrating’ resources from counterparts will help to develop capabilities (Ethiraj et al., 2005; Sirmon et al., 2007; Teece et al., 1997). Thus, capabilities provide important competitive advantages to companies because capabilities transform resources into original products or services which cannot be copied by competitors (Amit and Schoemaker, 1993; Grant, 1991; Makadok, 2001). Teece et al., (1997) proposed a dynamic capability approach and suggested that dynamic capabilities pertain to the ability of companies to integrate and reorganise internal and external resources whilst developing capabilities continuously in order to form a fast changing business environment. They also seize the opportunities and requirements of the business environment (Teece et al., 1997, 2009). However, simply acquiring resources does not contribute to achieving competitive advantage unless there are sequential activities whereby resources are acquired by companies and capabilities are developed which transform those resources into competitive advantage and enable the firm to achieve greater performance (Simon et al., 2007). Therefore, Teece (2010: 9) categorised capabilities in relation to strategic importance; ‘sensing’ (identification and assessment of opportunities), ‘seizing’ (mobilisation of resources to address an opportunity and to capture value from doing so), and ‘transforming’ (shaping and reshaping the organisation and its markets).

There are two distinct understandings of capabilities from different angles, namely strategic management literature and the resource based view; the former considers capabilities as embedded within a firm, and postulates that the only way capabilities can be understood is when the firm strategically differentiates itself from other companies or players (Prahalad and Hamel, 1990; Leonard-Barton, 1992). The latter sees capabilities as intangible assets like resources but hypothesises that they are developed through the interactions of resources within a firm (Teece et al., 1997). However, relationship marketing theory has highlighted a distinct understanding with regards capabilities. Interactions with external actors in resources and activities help to develop capabilities through long term relationships (Hakansson and Snehota, 1995). Capabilities stem from

interdependent relationships and are not simply used to organise and manage activities and resources unilaterally. They are also bilaterally connected with counterparts' activities and resources (Hakansson and Snehota, 1995, Alajoutsijarvi et al., 1999).

As a concept, capabilities have been examined by management researchers. The resource based view represents one of the leading fields and has examined capabilities in relation to resources and their contribution to strategic management (Ethiraj et al., 2005; Grant, 1991; Makadok, 2001; Prahalad and Hamel, 1990; Teece, 1997, 2009). These views have not focused on the development of capabilities. However, little attention has been paid to the relationship marketing view of capabilities, with the focus rather falling on the development of capabilities in terms of interactions in inter-organisational relationships (Johnsen and Ford, 2006, 2007; Philipsen et al., 2008; Johnsen and Tseng, 2010). Neither the resource based view nor relationship marketing studies have paid sufficient attention to international perspectives of capability development in international relationships between companies. However, recent attempts by Lages et al. (2009) and Pagano (2009) have revealed that relational capabilities are important determinants of export performance and purchasing activities.

3.3 THE VIEW OF CAPABILITIES IN INTER-ORGANISATIONAL RELATIONSHIPS

Relationship marketing theory has revealed that capability development is bilateral activity conducted through interactions between companies and cannot be considered as a unilateral activity. They are interdependent and their development is interdependent (Hakansson and Snehota, 1995). Thus, the interdependence of capabilities is an important determinant of relationships between firms in networks (Alajoutsijarvi et al., 1999). Interdependence of capabilities leads to the questions: 'what can I do for you? Can you do this for me? What can you do for me?' These questions can be answered by considering the reasons for interactions between companies. Indeed, companies interact in order to gain from counterparts as well as others (Ford et al., 1986). Through interactions with counterparts, resources are gained, combined and transformed into valuable products, thus 'any firm should be able to describe what it has the capability to do in terms of the needs of its counterparts' (Johnsen and Ford, 2006: 1003). Furthermore, Hakansson and Snehota (1995) stated that it is also important to know and

analyse a partner's competences and skills, whether they be experience based, financial or technological. They further postulated that relationships with others will provide a clear picture as to how much should be demanded from the partner bearing in mind what is essential for the development of capabilities. Furthermore, relationships have important effects on technical competence development, productivity, innovativeness and competitiveness. Indeed, these all represent elements of firm capabilities; therefore, a firm's capabilities can be described as the success of combining relationships with counterparts and others and its internal features (Hakansson and Snehota, 1995).

Alajoutsijarvi et al., (1999) stated that heterogeneity and interdependencies are important factors with regards to the development of a company's capabilities and that those capabilities are changing continuously meaning that companies must face the reality of capability development in their relationships in networks (Rosenbroijer, 1998). Thus, the interdependent development of capabilities as well as the management of their development must be analysed by considering the relationships between companies (Johnsen and Ford, 2006). Furthermore, the relationship and network must focus on the co-operative aspects of capability development, and particularly the interdependencies between companies. Indeed, these are important determinants of capability development because interactions shape capability development meaning that being aware of how capabilities add value to counterparts in relationships and are perceived will provide a better understanding of capabilities (Rosenbroijer, 1998; Philipsen et al., 2008).

Moller and Torronen (2003) focused on the connection between relationship value and capability. On the other hand, some other researchers have defined the value from an economic point of view (Anderson et al., 1994). However, it is difficult to define the value in relationship concept in economic terms because relationship value has a different stance including social ties, contribution of knowledge, and sacrifices such as time and effort and capability development (Moller and Torronen, 2003). Moreover, it is important to assess partners' 'value creation' potential in relationships. For this reason, parties will assess each others' 'value creation' potential by examining each others' capabilities, although these examinations primarily involve organisational capabilities which are not easy to examine and which cannot be examined efficiently (Moller and Torronen, 2003). Therefore, it is critical to show value potential in a

relationship for counterparts and enable them to assess potential contributions to the relationship because capability development is particularly important for suppliers with regards to demonstrating value potential in their relationships (Philipsen et al., 2008).

Granstad et al., (1997) argued that large companies are the agents for distributive capabilities because they spread their capabilities which influence the way production and manufacturing are designed in relation to supply channels. They also explore the latest technologies in return. Therefore, management of relationships in networks is known as 'network competence' and it is considered an important contributor to capability development and a value adding activity which is seen as an important capability (Ritter and Gemunden, 2004).

Relational capabilities are also developed if a company aims to increase the scope of its relationships in order to increase competitive position in the market (Lambert et al., 1996). With this aim, companies begin to interact with one another and these interactions result in mutual understandings between each other. These understandings are labelled as mutual commitment and trust (Morgan and Hunt, 1994; Dwyer et al., 1987) and lead to the shared values, norms and standards which generate integrated operations, knowledge transfer and mutual learning. In this context, relational capabilities play an important role in co-operation whilst integration helps to develop capabilities. In other words, they generate competitive advantage for interacting firms. This competitive advantage can be maintained if the relationships are continuous and develop dynamic capabilities in the face of market and conditions change (Teece et al., 1997). If relationships fail, then capability development is halted, meaning that there will be a need for a gradual process to rebuild them. The only formula which facilitates the development of relational competences is cooperation culture which can be generated by working with other firms (Kale et al., 2002). Therefore, interactions between firms will determine the value of a firm's capabilities and define how capability development occurs; companies must take into consideration others people's perception of capabilities and the benefits of others (Philipsen et al., 2008).

In strategic management studies, capabilities are considered as taking advantage of opportunities. Indeed, this has been explored by employing different concepts; Leonard-Barton (1992) suggested the core capabilities and rigidities concepts, whilst Prahalad

and Hamel (1990) suggested the core competences concept and Teece et al., (1997) (Eisenhardt and Martin, 2000) the dynamic capabilities concept. These authors emphasised that these concepts signify that capability development happens unilaterally within a firm. Gadde and Hakansson (2002) argued that the link between capability development and external relationships remains unclear. However, Johnsen and Ford (2006) have put forth the idea that interaction capabilities in networks and relationships must be explored because the relationship and network view focuses primarily on interactions between companies. Moreover, these interactions should be explored in different contexts, industries and international settings in particular.

Johnsen and Ford (2006) pointed out the importance of core capabilities and their development while examining buyer-supplier interactions in relationships from an asymmetry stand point; hence exporter importer relationships have a bearing on international inter organisational relationships, particularly in terms of export involvement stages.

3.4 SMALL EXPORTING SUPPLIER- FOREIGN BUYER RELATIONSHIPS AND CAPABILITIES

Different views in the literature have produced a fragmented and blurred understanding of capabilities and little evidence has been highlighted regarding imbalances in relationships, particularly export-import relationships. However, exporters are encountering difficulties in their relationships with importers and these difficulties influence their capability development. Ling-yee and Ogunmokun (2001) emphasised the role of relational capabilities; inter-firm relationship intensity and cooperation, which influence the performance of exporting activities.

The network model of internationalisation was introduced by Johanson and Mattson (1988) who observed firms' relationships in order to study the internationalisation process. This model helps to understand different dimensions of internationalisation of small firms and has drawn researchers' attention to external influences and interactions in international business relationships. Moreover, Hallen et al., (1991) pointed out that much knowledge is gained through business partners when interactions take place in relationships. For example, the 'adaptation of products' and 'production processes' involve the other partner as a result of reciprocal process. Nevertheless,

internationalisation has been viewed as a chosen strategy, based on the examination of the firm's capabilities, resources and opportunities. This strategy is likely to shape the form of firms and the implementation of market relationships to the unique character of each individual market. Indeed, it has its own distinguishing conditions rather than following a prescribed path of international market development (Johnsen and Johnsen, 1999). The unique character of each individual foreign market may affect the manner of the small firms' internationalisation as well as its relationships with foreign buyers. On the other hand, these relationships may contribute to the small firms' capability development through interactions with foreign buyers. With this in mind, Johnsen and Ford (2006) expressed the importance of understanding interaction capability development as well as its contribution to relationships with other firms and to the firms' knowledge.

In business relationships, the design and handling of activities, as well as the control and utilisation of resources indicate the fact that the firms' capabilities are interdependent and involve important managerial implications (Ngugi et al., 2008). Despite the limited research on how interactions in dyadic relationships contribute to small firms' capabilities particularly with regards to buyer seller interactions in international business studies, Ganesan (1994) highlighted that long term relationship orientation contributes to competitive advantage and is expected to yield outcomes of mutual dependence in joint relationships. In the same vein, importers' level of information sharing is another factor which will be useful to the relationship with the exporter (Cannon and Homburg, 2001). Close contact with an exporter, that is, a type of capability in dyadic relationships, will help to resolve quality problems through regular feedback from importer firms (Flynn et al., 1994). Furthermore, communication quality indicates that there is continuous interaction in dyadic relationships (Menon et al., 1996). However, research by Ethiraj et al., (2005) has shown that in the software sector, repeated interactions with clients in a given project contribute to the firms' client specific capability development and client specific learning. On the other hand, the development of project specific capabilities, for example software design, effort estimation and management, schedule estimation and management capabilities, require planned investment and training.

Nonetheless, Katsikeas et al., (2009) found that international exchange can be achieved most successfully when resources and capabilities of partners are matched and harmonised. However, this is difficult to achieve because coordination of resources and capabilities are embedded and dispersed among employees from exporter and importer companies. Furthermore, physical and psychic distance make the control of resources difficult and make the parties unaware of each others' needs meaning that sharing information is an important asset (Zaheer and Zaheer, 2006). Johnsen and Ford (2006) and Philipsen et al. (2008) stated that small suppliers are dependent on the decisions of large, strong companies when it comes to the capabilities required in relationships. Therefore, it is difficult for suppliers to recognise and classify the capabilities which are likely to be developed in future relationships (Leonard-Barton, 1992). Prahalad and Hamel (1990) also argued that if competencies are imprisoned in peoples' hands, and those people are not willing to take opportunities, then competencies will die, and the only way to compete with strong companies would be to develop and utilise competencies. Moreover, stronger companies' capability requirements may put stress on weaker parties. This also means that importers' capability requirements will put even more stress on exporters if exporters have a desire to achieve international business success by dealing with the complex and dynamic international market conditions as well as a culturally and politically distanced partner in a relationship.

Johnsen and Ford (2002) introduced the virtuous relationship circle by alluding to the notion that 'a company's relationships affect its capabilities and its capabilities affect its relationships'. With this in mind, Leonidou and Kaleka (1998)'s research on international buyer-seller relationships revealed that relationship characteristics are changing in terms of the degree of export involvement. Therefore, changing relationship characteristics in relation to different degrees of export involvement will have a bearing on the capability development of export companies in international buyer-seller relationships

3.4.1 Export Involvement

Exporting has long been considered an easy option for many firms in order to explore foreign market opportunities. The removal of government-imposed barriers and recent technological developments in manufacturing, transportation and digital communications, have enabled small firms to access customers, suppliers and

collaborators in international markets (Wright and Dana, 2003). In addition, fast internationalising firms with a lack of resources make use of networks to overcome their internal resource constraints meaning that networks are considered as important determinants which influence the process of SME internationalisation (Chetty and Wilson, 2003). Moreover, an SME's position in its network context, for instance, 'how resources are used and developed in cooperation within the network', has implications for the SME's strategy development and is also important for capability development within the organisation (Tikkanen, 1998). Hallen and Sandstrom (1991) pointed out that exporting cannot be seen only as an economic activity and that it also includes various behavioural interactions between exporters and importers. They are also interdependent of each other's resources, knowledge and capabilities, and thus it is important to understand exchanges in relationships (Styles and Ambler, 1994). Furthermore, Johnsen (2007) suggested that small size firms may develop their capabilities and resources by involving international markets.

Research on export involvement and initiation stages and export development has proven that relational variables such as distance, commitment and uncertainty affect export companies in terms of customer relationships and the degree of involvement in export influences the relationship characteristics between exporters and importers (Leonidou, 2003; Leonidou and Katsikeas, 1996; Leonidou and Kaleka, 1998). Recent work by Cieslik et al. (2010) has pointed out that early involvement in export has negative influence on small export companies and they encounter difficulties in managerial capabilities with regards coping with customer relationships. However, they build knowledge more efficiently than the exporters who experienced late involvement in international markets. In addition, a lack of human and financial resources as well as geographical distance is likely to pose risks to the survival of these exporters. It has been pointed out that relational capabilities are important determinants of export performance and purchasing activities. However, neither the resource based view nor relationship marketing studies have paid sufficient attention to international perspectives of capability development in international relationships between companies (Lages et al., 2009; Pagano 2009).

3.5 CATEGORISATION OF CORE CAPABILITIES

Capabilities, and their different forms, have been identified and discussed in the literature and across different disciplines in management studies. For example, core capabilities and core rigidities (Leonard-Barton, 1992), dynamic capabilities (Eisenhardt and Martin, 2000; Teece et al., 1997), core competences (Prahalad and Hamel (1990), interaction capabilities (Johnsen and Ford, 2006). These different forms of capabilities are presented in the table below.

Table 2. Categorisation of Capabilities and Definitions

<p>Definitions of Capability</p>	<p>‘Capabilities reflect the evolutionary process of deliberate firm-specific investments and the largely tacit ‘learning-by-doing’ that firms engage in’ (Ethiraj et al., 2005)</p> <p>‘Adapting, integrating and reconfiguring internal and external organisational skills, resources and functional competences to match the requirements of a changing environment’ (Teece, 1997)</p> <p>‘An organisation’s ability to achieve advantage given path dependencies and market positions’ (Leonard-Barton, 1992)</p> <p>‘Specific organisational and strategic processes (e.g., product innovation, strategic decision making, alliancing) by which managers alter their resource base’ (Eisenhardt and Martin, 2000)</p> <p>‘Core competencies are the collective learning in the organisation’ (Prahalad and Hamel, 1990)</p> <p>‘Capability is through interaction with others that the resources of a company are integrated and activated (Ford et al., 1986)</p> <p>The capabilities of a company reflect how successful it has been in combining relationships and its internal features (Hakansson and Snehota, 1995)</p>
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	<p>‘Relational capability accelerate the lead firm’s knowledge access and transfer with relevant effects on company growth and innovativeness’ (Lorenzoni and Lipparini, 1999)</p> <p>‘Interaction with another party in a relationship will determine the usefulness of a firm's capabilities and will define the way in which these capabilities develop. So, interaction capabilities that enable firms to relate to other organisations more successfully, contributing not only to their own knowledge, but to that of their relationships are increasingly required’ (Johnsen and Ford, 2006)</p>
Forms of Capabilities	
Knowledge Based Capability	<p>Embodied in employee knowledge and skills (Leonard-Barton, 1992)</p> <p>‘Over time, firms’ knowledge, accumulated through ‘learning by doing,’ is embedded in bundles of ‘routines’ that are likened to the genetic material of the firm’ (Ethiraj et al., 2005)</p> <p>‘The firm’s knowledge base includes its technological competences as well as its knowledge of customer needs and supplier capabilities. These competences reflect both individual skills and experiences as well as distinctive ways of doing things inside firms’ (Teece, 1998)</p>
Technology Based Capability	<p>Knowledge embedded in technical systems, results from years of accumulating, codifying and structuring the tacit knowledge in people’s heads. This knowledge constitutes both information and procedures (Leonard-Barton, 1992)</p> <p>‘How to coordinate diverse production skills and integrate multiple streams of technologies’ (Prahalad and Hamel, 1990)</p> <p>‘Business relationships have effects on the development of the technical competence and capacity of the company’ (Hakansson and Snehota, 1995)</p>

Management Based Capability	<p>‘Represents formal and informal ways of creating knowledge and controlling knowledge’ (Leonard-Barton, 1992)</p> <p>‘Communication, involvement, and a deep commitment to working across organisational boundaries. It involves many levels of people and all functions’ (Prahalad and Hamel, 1990)</p> <p>‘Once an opportunity is sensed, it must then be seized. This is where the organisation’s ability to quickly contract up the requisite external resources and direct the relevant resources comes into play’ (Teece, 1998)</p>
Values and Norms Based Capability	<p>‘The value assign within the company to the content and structure of knowledge’ (Leonard-Barton, 1992)</p> <p>‘Competence is about the organisation of work and the delivery of value’ (Prahalad and Hamel, 1990)</p> <p>‘The norms serve as rules and guidelines for the ongoing exchange processes’ (Hakansson and Snehota, 1995)</p>

3.5.1 Knowledge Based Capability

Knowledge based capability is embodied in employee knowledge and skills (Leonard-Barton, 1992). Nelson and Winter (1982) were of the opinion that dependent knowledge is the foundation stone for firms and firms are heavily dependent on this basis. Therefore, knowledge is built up with individuals ‘learning by doing’ through routines which are connected to the firm’s actual activities and processes (Ethiraj et al., 2005). On the other hand, individuals are playing important roles in crafting and converting knowledge, which is derived in relationships, into knowledge assets and technologies. In this way, the knowledge which is generated by individuals within firms is tacit and hard to copy (Teece, 1998). In contrast, explicit knowledge is easy to implement in relationships, whilst knowledge exchange is highly individualised and is transferred through human interactions (Nonaka, 1994). Furthermore, a firm’s knowledge base consists of technological competences as well as the knowledge of customer needs and

supplier capabilities. These competences are individual skills and experiences as well as distinctive ways of doing things inside a firm (Teece, 1998). Therefore, these competencies are an important underlining for companies which are looking for distinguished suppliers with qualified employees who are able to understand customer needs and are able to apply knowledge in relationships (Ford et al., 2002).

3.5.2 Technology Based Capability

Technology based capability and knowledge may be embedded in technical systems and procedures relating to accumulating, codifying and structuring the tacit knowledge in people's heads over a period of time. This knowledge constitutes information and procedures as well as their development (Leonard-Barton, 1992). It is important to coordinate diverse production skills and integrate multiple streams of technologies because core competencies also represent collective learning in the organisation (Prahalad and Hamel, 1990). On the other hand, Teece (1998) highlighted that technological capabilities can bring many opportunities for firms when they are considered by their counterparts as important players, who can offer distinctive technologies. Therefore, Hakansson and Snehota (1995) argued that business relationships are undeniably important contributors for building technical capabilities.

Capabilities must be applied and used continuously because they cannot be weakened when they are used. Indeed, in contrast with tangible assets their development and growth is heavily dependent on continuous usage and implementation (Prahalad and Hamel, 1990). Thus, Ford and Saren (2001) stated that technological capabilities need continuous development because the state of stability is the main reason why capabilities may lose their strength whilst they also become older as time passes. Similarly, technological discontinuities can damage existing competences (Tushman and Anderson, 1986) and changes in the external environment as well as small innovations can weaken the usefulness of deeply embedded knowledge (Henderson and Clark, 1990). Moreover, there are certain conditions for the development of technological knowledge in relationships; technology can be developed in collaboration with others or with the requirements of others; technology can be used in conjunction with products which are purchased from suppliers or which require technologies from others to produce new products; the output of a firm can only be used in combination with other firms and others firms' technologies (Ford et al., 2002).

3.5.3 Management Based Capability

Leonard-Barton (1992) defined the managerial system capability as ‘formal and informal ways of creating knowledge through sabbaticals, apprenticeship and relationships with partners and controlling knowledge through incentive systems and reporting structures’. These techniques can be seen as the development stages or strategies for managerial system capability among interacting companies in networks. On the other hand, within a company managerial system, capabilities have different roots ‘Communication, involvement, and a deep commitment to working across organisational boundaries. It involves many levels of people and all functions’ (Prahalad and Hamel, 1990). Furthermore, Teece (1998) viewed organisational ability as including sensing and seizing opportunities by possessing external resources and then combining them with organisational resources. Nevertheless, managerial systems develop and change in terms of employees evolving interpretation of their organisational roles (Giddens, 1984).

From the relationship view point, understanding managerial system capabilities seems more complicated as the substance of relationships, namely actor bond, activity links and resource ties (Hakansson and Snehota, 1995). Therefore, managerial system capabilities and their development may involve all of these aspects. Indeed, developing managerial system capabilities in relationships is vitally important for the focal company because they are valuable assets with which to create efficiency and innovativeness (Ford et al., 2002). It is also important for smaller firms in order to develop capability for relationship planning and strategy development to operate effectively in relationships with larger customers (Johnsen and Ford, 2006).

3.5.4 Values and Norms Based Capability

‘The value assign within the company to the content and structure of knowledge’. Every company has their own way of collecting knowledge and controlling knowledge as a result of distinct norms and values which constitute corporate culture. Therefore, this situation has been seen as a capability which is unique to a company (Leonard-Barton, 1992). It is evident that capabilities are connected with values and norms within a company. ‘The norms serve as rules and guidelines for the ongoing exchange processes’ (Hakansson and Snehota, 1995).

There is close contact between capabilities and culture which cannot be duplicated as a result of their social complexity and tacitness whilst it is also a significant area to understand the capabilities in relationships (Foss, 1999). Because culturally dominant customer might be influential on a small company's culture. Furthermore, the capability to manage cross-cultural relationships in developing cultural interaction capabilities in network relationships will bring success to a small company in its internationalisation process (Ford, 1980 cited in Johnsen, 2006).

Furthermore, cultural distance and different national cultures of managers illustrate the differences in organisational practices, norms and values of international companies (Hewett et al., 2006). However, long term orientated cultures will make better cooperative relationships and share similar norms and values (Anderson and Weitz, 1992). Therefore, Leonard-Barton (1992) emphasised that values and norms have a strong connection with the knowledge a firm has and the attempts it makes to control its motivations.

CONCLUSION

In this chapter, the concept of capabilities has been defined and described in terms of the views in the strategic management and international relationship marketing literature. Their different forms, development and categories in relation to business relationships, and exporter-importer relationships in particular have been presented. Furthermore, discussions have been presented regarding the close relationship between capability development and relationships of firms which leads to further discussion that different degrees of export involvement have a bearing on the capability development of export suppliers in relations with importers. However, there is a lack of research and conceptual underlining with regards to the imbalance relationships and capability development of export suppliers in the international marketing literature. Therefore, it appears that there is no clear link between differing relational characteristics in terms of different degrees of export involvement and the capability development of export suppliers.

The following section will present the conceptualisation of international buyer-seller relationship characteristics and capabilities in imbalanced exporter-importer relationships by employing the ideas and underpinnings from previous chapters.

CHAPTER FOUR: THE CONCEPTUAL FRAME WORK OF THE THESIS

4.0 INTRODUCTION

Up to this point of the thesis, discussion has revolved around buyer-supplier relationships, particularly exporter-importer relationships as well as the concept of imbalanced and balanced in relationships. There seems to be a lack of research in the area of international exchange relationships, specifically with regards to evaluating the concept of imbalanced versus balanced relationships. Moreover, it is important to draw attention to the investigation of the influence of exporter's capabilities on imbalance relationships in order to fully understand the link between the degree of export involvement and the nature of imbalances.

The previous chapter revealed that capabilities and relationships are related, that is, they are interdependent. This is an important managerial issue because these interdependencies and relationships affect the way in which companies manage their business activities and access relevant resources. In addition, these interdependencies and relationships are also important determinants with regards to the positioning in networks. With this in mind, certain relationships are more strategically important than others. Indeed, capability development is critical for export suppliers because they are developing juxtaposition with interdependencies which are analysed and evaluated by counterparts in terms of relevance and value potential.

Chapter four will present the relationship characteristics which were identified in Chapter Two, and will summarise exactly how these relationship characteristics are employed with regards the exploration of imbalances in international exchange relationships. Each relationship characteristic will be explained in terms of its consideration in imbalanced and balanced relationships. Furthermore, capabilities, which were identified in Chapter Three, will be presented and the connections between imbalances-balances in relationships and exporter capabilities will be illustrated. The conceptual framework will comprise a combination of all of the above mentioned factors, although more importantly, the conceptual framework will illustrate the possible connections between relationships and capabilities as well as the influence of imbalance over relationships and capabilities of export companies. Throughout the

development of this framework interpretations and the use of concepts are also explained.

4.1 THE DEFINITION OF IMBALANCE IN THE CONTEXT OF INTERNATIONAL EXCHANGE RELATIONSHIPS

The relationship characteristics which were identified and discussed in Chapter 2 will be conceptualised in this chapter by considering the fact that these relationship characteristics are grounded in the relationship marketing and international business literature. Indeed, this conceptualisation will therefore provide a foundation from which to more thoroughly understand export-import relationships from both the imbalanced and balanced stand points. Existing research will be explored whilst its contribution to the inter-firm interaction field will also be examined.

The definition of imbalance, for the purposes of this thesis, has been developed as: ‘disadvantage nature of relationships’.

Imbalance has always been associated with power; however, imbalance has also resulted from many other factors in business to business relationships. In this research, the definition of imbalance has been developed as: ‘disadvantaged nature of relationships’ in the context of exporter-importer relationships. The disadvantaged nature of relationships stands for the disadvantaged position of small size exporter in a relationship with an importer. It is considered that the disadvantaged position of small size exporters has been characteristics by having limited resources, experience and undeveloped interaction capabilities. These limitations occur in several areas of the business such as management and technical systems interaction and cross-cultural understanding in international business relations.

The definition of imbalance reflects the nature of business to business relationships from several dimensions rather than just a single dimension of a relationship in relation to imbalance. This was highlighted in Chapter Two and has been refined to overcome the fragmented view of previous researchers in examining single relationship characteristic or company characteristics. Another distinguishing feature of this definition is to clarify the confusion between the term of imbalance and the term of barrier, particularly in export research. Indeed, export barriers have long been

considered as disadvantageous for exporters. However, the literature considers them as procedural, industry and product specific difficulties but these disadvantages are related to transactions, manufactured goods and industry. Indeed, the main focus of this thesis will be on examining relationship specific imbalances of parties by taking into account the disadvantage position of small exporters in relationships with importers rather than examining industrial and procedural barriers, product specific characteristics and firm characteristics in international exchange. In addition, the first research question has been set to investigate imbalances in six relationship characteristics in order to add to our understanding the concept of imbalance.

A typology of imbalanced and balanced relationship characteristics relating to exporter importer relationships is presented in Table 3. This illustrates the conventional relationship characteristics and provides guidance by which to analyse imbalanced and balanced relationships between exporters and importers. This typology focuses on six relationship characteristics namely; uncertainty (Pfeffer and Salancik, 1978), distance (HalleÂn and Wiedersheim Paul, 1984), adaptation (Brennan et al., 2003); commitment (Dwyer et al., 1987), power/dependence (Dahl, 1961; Frazier, 1983) and conflict/co-operation (Kumar et al., 1992; Anderson and Narus, 1990). They were chosen due to the fact that they are commonly recognised and examined in international exchange relationships and in relationship marketing literature and international business literature. In addition, they are the most relevant relationship characteristics when it comes to analysing the imbalances and balances in international exchange relationships. Although they are important relational characteristics in international business studies, these relationship characteristics have not been studied in the context of imbalanced and balanced relationships between exporters and importers.

Table 3. A Typology of Imbalanced and Balanced Relationships between Exporters and Importers (view from exporter side)

Relational Characteristics	Definition of Characteristics	Possible results of Imbalance	Possible results of Balance
Uncertainty	Being unable to predict and expect future relationships with an existing partner, resulting mainly from problems related to the availability of adequate, relevant, and timely information (Pfeffer and Salancik, 1978).	<p>Uncertainty is high for both parties.</p> <p>Exporter is willing to share more information to get over uncertainty because he/she feels insecure with regards the future.</p> <p>Business plans and directions are directed by importer.</p> <p>Relationship investment is higher from exporter side and necessary joint activities.</p>	<p>Uncertainty is low.</p> <p>Both parties are willing to share information.</p> <p>Business plans and directions are always a joint activity.</p> <p>Relationship investment is equal from both sides and satisfactory joint activities.</p>
Distance	A difference in perceptions between buyer and seller (Hallen and Wiedersheim Paul, 1984).	<p>Perceived distance is high for both parties.</p> <p>Exporter is willing to learn more about importer's organisational culture and country culture.</p> <p>Information flow is disturbed due to</p>	<p>Perceived distance is low for both parties.</p> <p>Parties are willing to learn from each other, whilst organisational cultures are similar.</p> <p>Information sharing is high, cultural, language and political systems are</p>

		<p>different languages and misinterpretations as well as individuals' norms and values.</p> <p>Exporters necessarily put more effort into joint activities.</p>	known by each party and are thus satisfactory joint activities.
Adaptation	<p>Dyadic adaptation pertains to behavioural or organisational modifications, at the individual, group or corporate level. These are carried out by one organisation, and are designed to meet the specific needs of one other organisation (Brennan et al., 2003).</p>	<p>Adaptation is high for exporter but less so for importer.</p> <p>Exporter is flexible to adaptations such as production systems, procedures and organisational culture.</p> <p>Exporter invests more to understand needs of importer.</p> <p>Importer often enforces exporter for adaptation in various areas.</p> <p>Exporter always accepts necessary joint business adaptations.</p>	<p>Adaptation is high for both parties.</p> <p>Both parties are flexible to adaptation in various areas.</p> <p>Both parties invest at satisfactory level to understand each others' needs.</p> <p>Information sharing is at satisfactory level joint activity.</p>
Commitment	<p>Commitment is the highest stage of relational bonding (Dwyer et al., 1987).</p>	<p>Level of commitment is high for exporter but less so for importer.</p> <p>Exporter contributes more to maintaining</p>	<p>Level of commitment is high for both parties.</p> <p>Contributions to relationship maintenance are high for both parties</p>

		<p>valued relationships because exporter has more desire.</p> <p>The performance of exporter is high.</p> <p>Recognising norms and values are low thus importer opportunism is high.</p> <p>Exporter committing to necessary joint activities more than importer.</p>	<p>due to mutual future benefits.</p> <p>The performance of both parties is high.</p> <p>Recognising norms of values are high thus opportunism is very low.</p> <p>The commitment of both parties to joint activities is satisfactorily high.</p>
Power/Dependence	<p>Power is the ability to get a person to act in a certain way or to do something that the person would not have otherwise done (Dahl, 1961).</p> <p>Dependence is the degree to which one party in a working relationship needs to maintain its associations with another in order to achieve its desired goals and materialise its expectations (Frazier, 1983).</p>	<p>High level of power for importer, high level of dependence for exporter.</p> <p>Dominant importer is critical resource provider, thus exporter is dependent upon these resources and dependent upon maintaining relationships more than the importer.</p> <p>Importer restrains exporter's freedom and takes advantage of exporter.</p> <p>Exporter is persuaded and controlled by</p>	<p>Level of power is equal for both parties thus level of dependence is equal.</p> <p>Both parties provide critical resources to each other, as maintaining relationships are important for both parties.</p> <p>Both parties are successfully involved in joint business activities.</p>

		importer to take necessary joint activities.	
Conflict/Co-operation	<p>Conflict is a poorly performed role, Unreasonable demands, stressful/anxious relations, disagreements regarding working issues (Kumar, et al., 1992).</p> <p>Cooperation is similar or consists of complementary coordinated actions taken by firms in interdependent relationships in order to achieve mutual outcomes or singular outcomes with expected reciprocation over time (Anderson and Narus, 1990).</p>	<p>High level of conflict for both parties although exporter is willing to co-operate more.</p> <p>It is hard to formulate mutual aims, as well as share norms and motivations.</p> <p>Disagreements are solved covertly by the parties.</p> <p>Exporter must cope with importer's demands necessarily and must put up with importer opportunism.</p> <p>Co-operation pertains mostly to necessary complementary activities.</p>	<p>Low level of conflict and high level of co-operation for both parties.</p> <p>Mutual aims, norms and motivations are made jointly.</p> <p>Disagreements are resolved jointly and successfully.</p> <p>Reasonable demands from both parties to each other.</p> <p>Co-operation is in most areas of business activities.</p>

The typology of relationship characteristics in Table 3 shows imbalanced and balanced in relationship characteristics between small exporters and importers and it illustrates from an exporter point of view. This typology will be leading the examination process of relationships between exporters and importers. The outcomes of imbalanced

relationships signify the *necessary* joint nature of the firms' approach to interactions in relationships. The outcome of balanced for both involvement types is a sign of equally *satisfactory* joint nature of the firms' approach to interactions in relationships. Furthermore, the definition of each relationship characteristic is drawn from related literature.

The typology presented in Table 3 identifies the key relationship characteristics that can affect the degree of imbalance and balance. In the following section these variables are described and explain how they may contribute toward imbalance and balance in exporter/importer relationships. Hence, this may provide suitable framework for understanding relationship characteristics and the possible outcomes of imbalance and balance.

The definition of each relationship characteristics was drawn from the literature and critically evaluated during the conceptualisation of the potential outcomes of imbalance and balance in relationships. This study focused entirely upon the small exporters' position in their relationships with importers (Table 3).

4.1.1 Uncertainty /Imbalance and Balance in Relationships

Uncertainty is chosen as the first relationship characteristic, and is defined as 'being unable to predict and expect future relationships with an existing partner, resulting mainly from problems related to the availability of adequate, relevant, and timely information' (Pfeffer and Salancik (1978). Furthermore, there are ways in which to reduce uncertainties by exchanging information, technology and commercial knowledge as well as modifications in long term relationships (Hakansson, 1982).

With regards to imbalance, it can be seen that uncertainty is high for both parties in relationships because there is no clear future direction for either party. Relationships do not satisfy both parties because there are no strong ties between parties. In addition, the international business environment is also a source of extra pressure for both parties. However, importers are important for exporters, as an exporter represents the weaker party and must therefore remove uncertainties by investing in a relationship. He/she must also be willing to share more information than the importer does, in an attempt to increase credibility and trustable posture in the eyes of the importer, whilst also coping with the environmental uncertainties.

Business plans and directions are primarily managed by importers without consent from the exporter. However, the exporter must cope with this situation or face losing its long term business benefits. The exporter is not an indispensable partner in the eyes of the importer. With this in mind, exporters are often forced to agree with importers' decisions and directions for future hopes. It is also the case that the exporter, sometimes unwillingly, accepts more pressures from the importer because the exporter is aware of its weaknesses and the fact that environmental uncertainties would inflict additional damage.

In terms of balance, it can be said that uncertainty is low for both parties; both parties are willing to share more information with each other because external uncertainties are a threat to both sides as well as their long term relationships. Business plans and directions are formulated and decided mutually after considering the benefits for each party as well as the long term continuity of the relationship. Therefore, relationship investments of importers and exporters are almost balanced with little differences whilst understanding each other's needs and requirements is important for both parties.

4.1.2 Distance/Imbalance and Balance in Relationships

Distance has been defined as 'A difference in perceptions between buyer and seller' (Hallen and Wiedersheim, 1984). Distance is related to the way in which parties recognise each other's specifications and characteristics such as norms, values and motivations. Imbalance may mean that in international business exchange relationships and exporter-importer relationships in particular, the level of distance is high for both parties. However, the level of perceived distance is always higher for exporters than importers. Different cultural backgrounds, expectations, social, political and economic factors in addition to the international business environment increase the perceived distance for both parties, and particularly for the exporter.

The exporter is willing to learn more about the importer in order to decrease the level of distance. Information flow and sharing is disturbed as a result of various factors including language differences, misinterpretations, individuals' norms and beliefs. However, the exporter is proactive in the relationship otherwise perceived distance will mean that the exporter loses its ties with the importer. The exporter must partake in joint activities and agree, albeit cautiously, with the importer's decisions in order to maintain

a warm relationship with the importer and in turn increase the level of the relationship with the importer.

In order to develop successful relationships it is essential to understand the values, expectations and motivations of all executives who are involved in interactions (Morosini et al., 1998: 140). Balance may mean that perceived distance is low for both parties. Parties learn from each other's norms, values and organisational as well as national cultures. They are aware of the differences between them. Decisions are made jointly and the decisions must satisfy both parties whilst also providing a long term vision of the business relationship.

On the other hand, geographic distance and its intrinsic notion of location-sensitivity in the international supply chain have been seen to influence international business transactions between parties. Moreover, it has been a fundamental part of empirical studies and theoretical discussions. The earliest literature focused on spatial distribution of buyers and sellers and physical distribution cost (Ganesan et al., 2005). However, the assessment of geographical distance has been considered to be less relevant but the interdependent factors of costs and time are very important in relation to logistical requirements of having right product in the right quantity and condition and at the right time and cost (Lee, 2004). In addition, more recent research found that buyers and seller in close geographical proximity faced lower costs (Cannon and Homburg, 2001). Furthermore, geographical proximity is believed to be helpful for firms to establish strong relational ties with their partners and planned and unplanned repeated interaction is provided by geographical proximity that helps firms to develop mutual trust (Ganesan et al., 2005). However, developments in transportation technology and information and communication technology as well as similarities of political, social and economic factors has resulted in less distant world therefore, distance in internationalisation process and dyadic relationships no longer makes sense (Hamill, 1997). Similarly, *'psychical distance has become much less relevant as global communication and transportation infrastructures improve and as markets become increasingly homogeneous'* (Bell, 1995: 62).

A number of authors have paid greater attention onto psychical distance as an aspect of cross-cultural relationships in 1970s Johanson and Wiedersheim-Paul (1975 and 1984),

Johanson and Valhne (1977), Kogut and Singh (1988). This has been largely as a result of psychic distance and has been considered an important construct in relationship building in the domain of IMP theory. The IMP group has suggested an approach that is called the ‘interaction approach’ to examine supplier-buyer interactions in a continuous relationship (Ford, 1980; Hakansson, 1982; Turnbull, 1987). IMP research does focus on the distance between ‘closeness’ firms (Ford, 1980 and Ford et al., 1998) and space between firms (Easton 1992 and Young and Wilkinson, 1997). The interaction approach including actors, resources and activities of IMP school also considered the importance of how resources involved in relationships are brought together (Hakansson and Snehota, 1995). Developing relationships in the international context is generally determined by the degree of differences, in other words, ‘distance’ between the parties concerned. If there is a higher level of distance, it will be harder for both parties to develop a relationship (Lin and Germain (1998). To develop successful relationships, it is necessary to understand the values, norms and expectations of other party. Therefore, successful inter-cultural business relationships are heavily dependent upon understanding cultural backgrounds of involved parties (Morosini et al., 1998: 140).

Correspondingly the network paradigm is based on co-operation between exporters and importers because co-operation creates value for both parties through continuous interactions. This also influences the parties’ other relationships and in turn, the other relationships of the parties influence the focal relationship between exporter and importer (Ford et al., 2003). This would suggest that a concept impacting on the importer would also be related to a concept impacting on the exporter.

4.1.3 Adaptation/Imbalance and Balance in Relationships

Adaptation is described as behavioural or organisational modifications, at the individual, group or corporate level. These are carried out by one organisation, and are designed to meet the specific needs of one other organisation (Brennan et al., 2003).

Imbalance may mean that adaptation is high for the exporter and low for the importer. The exporter is more flexible when it comes to responding to the demands of the importer and taking adjustments more seriously. This results in more pressure for the exporter as there is a lack of resources. In addition, the exporter invests more into the

relationship than the importer and puts more effort into understanding the needs of the importer as well as its organisational requirements.

The importer is the decision maker and forces the exporter to make changes related to strategies, policies and procedures. This is due to the fact that the importer has more experience and knowledge about business, meaning that the exporter accepts all of these adjustments and changes whilst the exporter is proactive. The international business environment and competitors are two additional factors which also force exporters to change as there are many replacements waiting in the wings which can easily take the exporter's position. Adaptation seems more crucial for an exporter when compared to an importer in terms of long term relationships as well as survival. Therefore, the exporter is aware of the international business environment and its weaknesses making any necessary adaptations at the corporate level by implementing changes.

Balance may mean that adaptation is high for both parties in a relationship. 'Adaptation refers to the extent to which the buyer and seller make substantial investments in the relationship' (Metcalf et al., 1992). Both parties are flexible with regards to adaptation because of the competitive international business environment. They invest in relationships equally in order to meet the requirements of each other when it comes to making the adaptation process smoother and the changes worthwhile. The adaptation process for both parties are at the satisfactory level so that they enjoy trust and are both fully satisfied with regards the adaptations at the corporate level as well as individual level for each other's good. Moreover, solving problems is a joint activity and thus the level of responsibility for both parties is equal.

4.1.4 Commitment/Imbalance and Balance in Relationships

Commitment has been defined as 'Commitment is the highest stage of relational bonding' (Dwyer et al., 1987). Imbalanced can mean that the level of commitment is high for the exporter but low for the importer. The exporter contributes more to the relationship, including its resources, time and a keen interest in maintaining valued relationships. Indeed, after all, the exporter has more desire than the importer as well as an 'Enduring desire to maintain a valued relationship' (Morgan and Hunt, 1994). Continuation of relationships is vitally important as the future benefits of long term relationships will be greater for the exporter. Nevertheless, the exporter does not avoid

changes which are necessary for relationship continuation. On the other hand, the switching cost is significantly higher for the exporter than the importer. This is another reason why the exporter is more committed to a relationship with the importer for the long term.

The exporter is more committed than the importer with regards to understanding the importer's values and norms because this increases the level of trust and decrease the level of opportunistic behaviour from the importer. The importer is more opportunistic because it is more equipped with resources and knowledge regarding the business whilst markets switching cost is not a real problem for it. On the other hand, the exporter's commitment exists not only on a corporate level as a personal level of commitment is also an important factor, thus employees of the exporter are also more committed to relationships. The exporter is either corporate level or personal level committing more to necessary joint business activities in order to satisfy the importer.

Balance may mean that commitment is high for both parties. Indeed, Styles et al. (2008) argued that commitment is directly related with export performance and commitment is driven by a cycle that is each partners' perception of the other's commitment. Balance may also mean that high commitment is the result of high performance of both parties in the relationship. Contributions to maintaining the relationship are high from both parties and the parties recognise each other's norms and values meaning that low levels of opportunistic behaviour take place in the relationships. Mutual joint business activities are at the satisfactory level with involvement from both parties.

4.1.5 Power/Dependence Imbalanced and Balanced in Relationships

According to Dahl (1961), the definition of power is the ability to get a person to act in a certain way or to do something that the person would otherwise not have done. The meaning of imbalance can denote that the level of power is high for the importer and the level of power is low for the exporter. However, dependence has been defined as the degree to which one party in a working relationship needs to maintain its associations with another in order to achieve its desired goals and materialise its expectations (Frazier, 1983). The meaning of dependence could be that the level of dependence is low for the importer and the level of dependence is high for the exporter.

The importer is the critical resource provider for the exporter in its international business activities, thus the importer is a powerful party and less dependent on the exporter. This also provides a suitable ground for the importer to take advantage of the exporter. The exporter expects to achieve its goals through the importer, meaning that the exporter is highly dependent on the importer. The exporter's high dependency on the importer also influences the control mechanism in the relationship. The importer persuades the exporter easily and develops business strategies and plans independently whilst the exporter must follow the plans and strategies as well as partake in necessary joint activities. Exporter dependency pertains to various areas such as export market information, expertise and production.

Balance can mean that power and dependence is almost equal for both parties. Both parties have critical resources to provide for each other and their future goals are not going in separate directions. Parties are not attempting to take advantage of each other. Indeed, were this to happen, it would result in the demolition of the long term relationships and beneficial relationships. Business plans and strategies are formulated by the satisfactory joint involvement of both parties.

4.1.6 Conflict/Co-operation Imbalance and Balance in Relationships

Conflict has been defined as 'poorly performed roles, unreasonable demands, stressful/anxious relations, disagreements regarding working issues' (Kumar et al., 1992). Conflict in imbalanced relationships may mean that the level of conflict is high for both parties. In contrast, co-operation is low for both parties because co-operation has been defined as similar or complementary coordinated actions taken by firms in interdependent relationships in order to achieve mutual outcomes or singular outcomes with expected reciprocation over time (Andersen and Narus, 1990). It is extremely difficult to formulate mutual aims, and a lack of understanding regarding each other's norms and values will increase the level of conflict in imbalanced relationships. However, the exporter may cope with the importer's unreasonable demands. The exporter must share necessary co-operative activities with the importer. Communication disruptions during information sharing will increase the level of conflict as a result of language and cultural differences. The importer is less likely to co-operate whilst the exporter is more likely to co-operate in order to maintain relationships.

Balance may mean that conflict is low and co-operation is high between parties. Indeed, aims and strategies are made jointly and satisfy both parties, whilst disagreements are resolved jointly and parties are demanding by considering other party's benefits.

4.2 HOW RELATIONSHIPS INFLUENCE THE WAY OF CAPABILITY DEVELOPMENT and VICE VERSA

Management studies have viewed capabilities as the assets of a firm and also as unique to the firm, whilst being hard to copy by other firms. Strategic management literature has considered capabilities as embedded within a firm, and the only way that capabilities can be understood is when the firm strategically differentiates itself from other companies or players (Prahalad and Hamel, 1990, Leonard-Barton, 1992). Resource-based views have considered capabilities as intangible assets like resources but which are developed through the interactions of resources within a firm (Teece et al., 1997). Therefore the overarching view is that, capabilities have been considered as firm-specific properties. Alternatively, relationship marketing researchers argued for the distinct understanding of capabilities as capabilities are relationship-specific properties; interactions with external actors through resources and activities help to develop capabilities in long term relationships (Hakansson and Snehota, 1995). Capabilities are related to interdependent relationships and are not simply related to organising and managing activities and resources unilaterally; they are also connected bilaterally with counterparts' activities and resources (Hakansson and Snehota, 1995; Alajoutsijarvi et al., 1999). Furthermore, Ford et al. (1986) argued that interaction influences firms' capabilities and their development. In this research capability is constructed as a separate firm-specific property and capabilities are examined in relation to their influence on relationships. Therefore, conceptualisation of capability relates to the things companies can do for one another and importance of these.

According to the above argument, capabilities are assets which are separate from relationships but are still the firm's assets. However, there is a connection between relationship characteristics and capabilities. Therefore, in this thesis, the author focuses on the influences of capabilities on relationships. How capabilities influence relationship characteristics will be explained as follows.

An imbalance in exporter-importer relationships means that the importer is the dominant party and has the power to force the exporter to join necessary activities thus the exporter must join and accept the necessary activities. This restricts their ability to develop certain other capabilities, which are essential for the exporter, as well as developing new relationships with other importers. This is because the exporter's capabilities become importer-specific. Simply put, partner oriented capabilities are not truly effective for developing different capabilities and developing new relationships with other importers. Strong foreign buyers have more authority over small exporting suppliers because foreign buyers have advanced marketing skills, knowledge and accessibility to large consumer markets (Katsikeas and Piercy, 1990 and Leonidou, 1989b).

A balance in relationships provides more freedom for both parties and will have positive consequences for the exporter. The exporter will have more opportunities to be involved in decision making activities with the importer. Furthermore, the exporter will not be locked into the existing relationship with the importer. In contrast, the exporter can develop new relationships with different importers, and a broad range of capabilities can be developed in order to meet the requirements of different customers. This also helps the exporter to position itself far better in networks. It again reminds us that relationships and capabilities are related. Indeed, as Johnsen and Ford (2002) expressed, 'a company's relationship affects its capabilities and its capabilities affect its relationship'. However, overcoming imbalances in a relationship is not an easy task for exporters, and as such an exporter must understand and evaluate its relationships with the importer. The exporter must also focus on imbalances in the relationship and its capability sets, particularly the weaknesses and strengths of these sets and their influence on imbalances and balances in the relationship. This may be the true recipe by which to overcome imbalances in its relationship and to maintain balances in a relationship. Therefore, the author proposes to investigate the influence of capabilities on imbalanced and balanced relationships as well as how they help to change the exporter's position in networks.

The previous section identified capabilities and relationship characteristics and argued that these are the main elements in the conceptual framework. However, it is crucial to establish possible interconnections between capabilities and imbalance and balance in

relationships (Table 4). Due to this underpinning reality of capability-relationship connections and how they influence one another, the research focuses on capabilities identified in the literature. Leonard-Barton (1992)'s fourfold capability set of skills and knowledge based, technical system, managerial system and values and norms based capabilities have been deemed the most suitable for this thesis. These identified capabilities have been categorised into more specific versions which are suitable for the aims and objectives of this thesis. Skills and knowledge based capability are conceptualised as *employee capabilities*, because according to the original research of Leonard Barton (1992) they are defined as being embedded in employees. Technical system based capability is conceptualised as *technical capabilities*. Managerial system based capabilities are conceptualised as *managerial capabilities*. Values and Norms based capabilities are conceptualised as *custom capabilities* because according to Leonard-Barton (1992)'s definition, values and norms are associated with the process of knowledge creation and control. This means that inter-firm interactions result in knowledge regarding how counterparts' values and norms play important roles in knowledge processes whilst also proving critical to capability development.

With this said however, it is also important to illustrate how the capabilities help exporters to overcome imbalances in relationships so that relationship characteristics may be affected by the influences of capabilities. Firstly, *employee capabilities* and skills have an undeniable effect on relationship characteristics. Indeed, there are a number of important assets for the exporter including, employee expertise in various areas of production, foreign language experiences in communication with importers and their individual relationships with other individuals, both formal and informal in the same sector or across different sectors. If the exporter firm interprets its employees' varied capabilities into its relationships with the importer by providing novel products and services, the exporter will gain ground and subsequently hold an important position in its relationship with the importer. In contrast, importers are possibly more interested in looking for these types of qualified employees within the exporter companies. Employee capabilities may mean that the exporter will be nominated as a value adding counterpart. Moreover, superior employee capabilities are also important in order to gain freedom and to not be locked into the current relationship with the importer. Exporters can develop new relationships and thus new capabilities from which to learn.

Employee capabilities help to reduce uncertainty and distance whilst also increasing commitment and adaptation.

Secondly, technical capabilities of the exporter help to overcome imbalances which are characteristic of its relationship with the importer. For example, the exporter can be extremely valuable to the importer due to advanced technical equipment as well as their expertise in using machinery and making quick changes to the machinery in order to match the requirements of the importer for different orders rather than standard orders. Indeed, the exporter's technical capabilities will change the exporter's position for the better. As a result of this, the exporter will have more chances to strike a balance in the relationship by demonstrating its technical capabilities in the manufacturing process. This also influences the relationship's characteristics; the exporter can stand as a powerful and equal partner. Moreover, this will also decrease the level of dependency which may mean that the exporter can negotiate with the importer and be involved in some of the strategic decisions.

Thirdly, managerial capabilities of the exporter are important determinants for the strength of its management. Managerial capabilities are particularly important determinants of the exporter's institutional posture because small exporters have a lack of resources, management skills and weak institutional backgrounds. They are more likely to manage the company with reactive managerial behaviour and without long term plans. However, well managed processes and limited resources within the firm mean that the exporter has the management capability and long term vision. These will help to influence the importer as well as the relationship characteristics by decreasing the level of uncertainty, conflict and distance. It will also present more chances to develop and manage joint activities with the importer. In addition, the competitive international business environment is also a test of the exporter's management capabilities as it provides extra dimensions, for example, implication of international production standards within the firm and overcoming foreign customers' concerns regarding quality issues and delivery time.

Fourthly, the custom capabilities of the exporter will influence the characteristics of the relationship. Indeed, when an exporter understands the way the importer processes knowledge with regards to its values and norms, this is a sign that the exporter's custom

capability is sufficient to capture the importer's nature. This will help to decrease uncertainty, distance and conflict whilst in contrast it will help to increase the level of commitment. Furthermore, custom capabilities of the exporter will strike a better balance in the relationship with the importer with regards to their closeness and understanding of one another. The exporter will be more sensible and patient with the importer and the way it processes knowledge. In international business, understanding each other's values and norms is particularly critical in order to cultivate long term business relationships. Indeed, cultural, language and geographical differences remain the biggest difficulties to cope with when compared with the domestic environment.

Nevertheless, it is easier said than done. Connections between capabilities and relationship characteristics are not limited to the typology discussed earlier. The influence of exporter capabilities to its relationship characteristics is subject to the results of future empirical investigation; results which this thesis hopes to unveil. However, it is evident that relationship characteristics influence the export firm's capabilities. With reference to Table 4, discussions will be presented regarding possible interconnections between the capabilities which are adopted from Leonard-Barton (1992)'s research and relationship characteristics by illustrating exporters in imbalanced and balanced relationships with importers. In addition, indicators of exporter capabilities to support development of more balance in relationships will be shown in Table 4.

Table 4. A Typology of Exporter's capabilities in Imbalanced and Balanced Relationships

Types of Capabilities	Imbalance	Balance	Indicators
Employees Capabilities	Exporter's employees involve necessary activities with importer's employees.	Satisfactory joint employee activities in various areas from exporter and importer.	Exporter involves collaborative projects and tasks.
	Exporter's employees need to perform better and accept the control of importer.	Combined knowledge generation by sharing experiences and different knowledge sets.	Export will have better opportunities to gain market, technical and financial benefits.

Technical Capabilities	Necessary development of technical capabilities in the direction of importer. Exporter develops dependent and importer oriented technologies.	Satisfactory joint development of technology. Better technological knowledge sharing.	Exporters technology needs will be identified in advance and solutions will be found collaboratively. Exporter becomes accustomed with different technologies, their use in different relations.
Managerial Capabilities	Necessary development of plans and business objectives in the direction of importer. Exporter needs importer's advice in various areas to manage its resources and manufacturing activities.	Satisfactory joint development of plans and business objectives which are beneficial for both parties. Exporter has sufficient ability to develop different management capabilities for different partners.	Exporter predicts and offers solutions to solve difficulties in relations. Exporter is able to manage diverse export market customers.
Custom Capabilities	Exporter becomes more familiar with the importer's norms and values than the importer does for those of the exporter. Exporter learns importer's country business culture.	Both parties learn each other's norms and values in order to understand the process of knowledge. Both parties also learn each other's country business culture.	Exporter becomes experienced in understanding of importers' principles and techniques to gain and use this knowledge. Exporter is able to use this capability for different customer relationships.

Source: Adapted from Leonard-Barton (1992)'s fourfold capability framework.

The next section will discuss the identified capabilities from Table 4 and illustrate how each type of capability may be evident in exporters with imbalance and balance in their relationship characteristics.

4.2.1 Employee Capability in Imbalanced and Balanced Relationships

Knowledge based capability is embodied in employee knowledge and skills (Leonard-Barton, 1992). Knowledge is built up through 'learning by doing' as individuals' complete routines which are connected to the actual firm's activities and processes (Ethiraj et al., 2005). Furthermore, a firm's knowledge base consists of technological

competences as well as the knowledge of customer needs and supplier capabilities. These competences are individual skills and experiences as well as distinctive ways of doing things inside a firm (Teece, 1998). These competencies are therefore important underlining factors for the companies which are looking for distinguished suppliers with qualified employees who are able to understand customer needs and are able to apply knowledge in relationships (Ford et al., 2002).

For exporter firms in imbalanced relationships with importers, the employee capabilities are developed in the direction of the importer's needs and requirements. Therefore, employee capabilities are developed within export companies under the influence of the importer. However, with regards to exporter firms in balanced relationships with importers, the employee capabilities are developed in satisfactory joint activities with importers. Both parties consider each other's needs and requirements and may find that collaboration between employees from both firms will be more beneficial and can constitute the foundation for longer lasting relations.

4.2.2 Technical Capability in Imbalanced and Balanced Relationships

Technology based capabilities and knowledge may be embedded in technical systems and procedures relating to accumulating, codifying and structuring the tacit knowledge in people's heads over a period of time. This knowledge constitutes information and procedures as well as their development (Leonard-Barton, 1992). Teece (1998) highlighted that technological capabilities can bring many opportunities for firms when they are considered by their counterparts as having distinct technical capabilities. With this point in mind, Hakansson and Snehota (1995) argued that business relationships are undeniably important contributors for building technical capabilities. Moreover, there are certain conditions for the development of technological knowledge in relationships; technology can be developed in collaboration with others or with the requirements of others (Ford et al., 2002).

For exporter firms in imbalanced relationships with importers, the technical capabilities of the exporter will be developed in the direction of the importer's requirements and needs. The exporter will be involved in necessary development activities with the importer. However, when it comes to exporters in balanced relationships with importers, the technical capabilities of the exporter will be developed through close collaboration

with the importer; these developments will be satisfying for both parties in the relationship. In addition, joint activities will last longer and the exporter will have more chances to develop specific technical capabilities for different relationships with importers.

4.2.3 Managerial Capability in Imbalanced and Balanced Relationships

Leonard-Barton (1992) defined managerial system capability as ‘formal and informal ways of creating knowledge through sabbaticals, apprenticeship and relationships with partners and controlling knowledge through incentive systems and reporting structures’. Teece (1998) stated that organisational ability includes sensing and seizing opportunities by possessing external resources and then combining them with organisational resources.

For exporters in an imbalanced relationship with importers there is a limitation to the number of chances for the exporter to have control of its own management system. The exporter will develop its management capabilities in the direction of the importer’s management system. The importer will make decisions regarding strategies and plans as well as how to manage them. The importer also forces the exporter into formal agreements meaning that the exporter will have limited opportunities to reach certain external resources. However, exporter firms in balanced relationships with importers will have increased or equal chances to be involved in the management of resources and systems. Strategies and plans will be decided by both parties and will satisfy both parties in the relationship. Informality will play an important role as lubricant between parties whilst also boosting the synergy.

4.2.4 Custom Capabilities in Imbalanced and Balanced Relationships

‘The value assign within the company to the content and structure of knowledge’. Every company has their own methods when it comes to the collection and control of knowledge as a result of distinct norms and values which constitute corporate culture. This situation has therefore been seen as a capability which is unique to a company (Leonard-Barton, 1992). Indeed, it is evident that capabilities are connected with values and norms within a company, ‘The norms serve as rules and guidelines for the ongoing exchange processes’ (Hakansson and Snehota, 1995).

For exporters in imbalanced relationships with importers, the development of custom capabilities is vitally important because the more the exporter is aware of the importer's values and norms during the process of knowledge, the better the produced relationship outcomes will be. However, with regards to imbalanced relationships, the exporter must make more effort to learn about the importer's norms and values. With this said, in balanced relationships the exporter and importer are equally mindful of each other's norms and values and are aware of how one another would react in various situations. Moreover, in the international business environment, learning different organisational cultures and customs as well as national cultures is vitally important in order to have longer lasting relationships when compared with the domestic business environment.

CONCLUSION

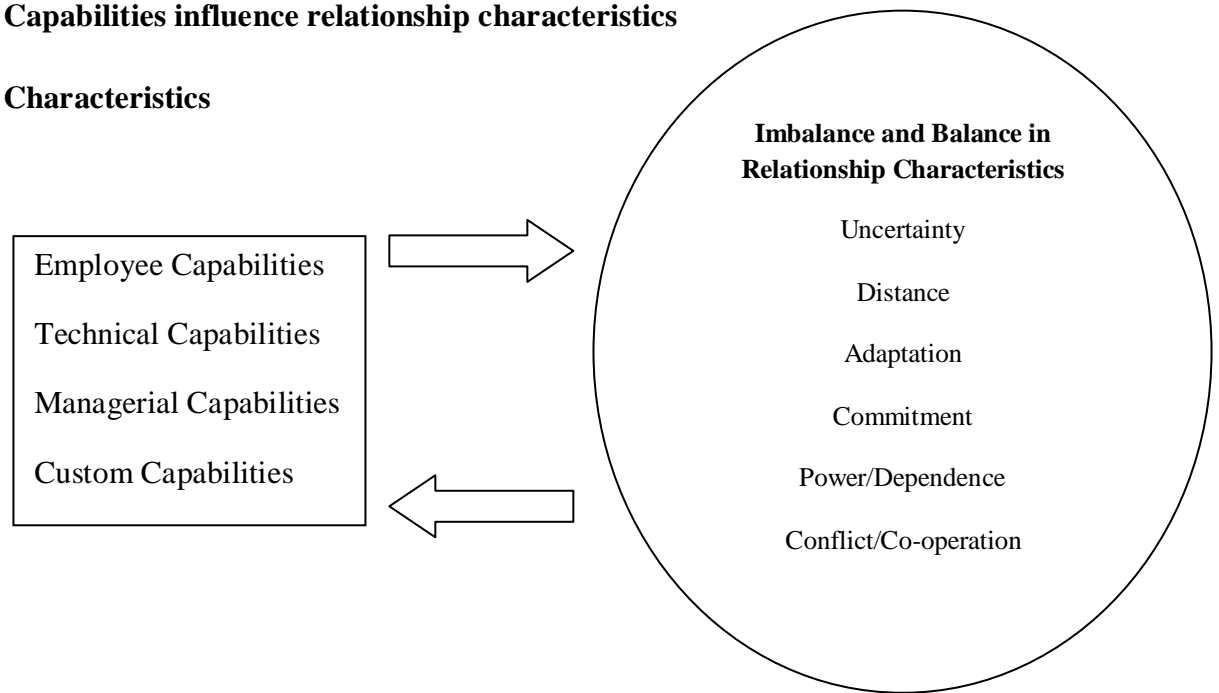
This chapter has conceptualised imbalance and balance in relationship characteristics and identified exporters' capabilities which have led to the development of a conceptual structure (Figure 4). In addition, this conceptual framework has been developed to examine the connections between exporters' capabilities and imbalance and balance in relationships with importers. Thus, the conceptual structure is related to provide better understanding of how exporter's capabilities may help to overcome imbalance in relationships. This framework is firstly concerned with the capabilities of exporter in a disadvantaged position and how it may influence its abilities in relationships. Secondly, how capabilities may influence the ability to develop more balance in relationships.

In Table 4 and the previous sections a number of possible examples of imbalance and balance in relationship characteristics have been identified. These results represent the fact that the characteristics might be anticipated to be demonstrated in state of more imbalance and balance. Therefore, an exporter's capabilities may be manifested when there is imbalance or balance in relationships with importers. Moreover, the potential indicators of exporter capabilities that may help the development of more balance in relationships have been identified. These have directed the research to developing a conceptual framework through which to clarify our understanding of this phenomenon. Indeed, the conceptual frame work will help to obtain answers by aiding in the conduction of an empirical investigation regarding how capabilities make international exchange relationships more balanced.

Figure 4. The Conceptual Framework of the Thesis

Capabilities influence relationship characteristics

Characteristics



Relationship characteristics influence capabilities

The conceptual framework illustrates the connection between imbalance and balance in relationship characteristics and exporters' capabilities. Exporters' capabilities influence imbalance and balance in relationship characteristics in turn relationship characteristics influence exporters' capabilities.

CHAPTER FIVE: PHILOSOPHICAL APPROACH

5.0 INTRODUCTION

This chapter presents the philosophical approach of this research. Furthermore, it will demonstrate the most appropriate perspective adopted for this thesis in order to ensure that the right philosophical stance enables the researcher to conduct the research; it highlights the epistemological stance between positivism and interpretivism and the ontological stance.

The researcher's selection of the right research method facilitates the conduct of empirical data collection through ten case studies and analysis in this thesis.

5.1 PHILOSOPHICAL APPROACH

Philosophical paradigms are the basis on which to facilitate theories which exist in social science. For that reason, it is important that a social scientist is conscious of the different philosophical suppositions because these will be good sources of arguments to justify research and its processes (Burrell and Morgan, 1979). In this part of the research, ontological epistemological positions will be examined.

Ontology focuses on the answer to the question 'what is the nature of reality?' (Hussey and Hussey, 1997: 48).

Epistemology focuses on the answer to the question 'What is the relationship of the researcher to that researched?' (Hussey and Hussey, 1997: 48). Thus, epistemology is related to the nature and validity of knowledge and what we should accept as being valid knowledge. There are two epistemological suppositions, the first of which is that a positivist paradigm believes that valid knowledge can be gathered as long as the knowledge is observable and measurable; it advocates the use of quantitative methods to understand social reality. Positivism assumes that social reality is independent and objective (Bryman and Bell, 2007). Furthermore, a positivistic approach tries to explain the business environment by testing hypotheses, which relies on large samples and is based on the notion that common causes can be found to explain the given phenomena (Collis and Hussey, 2003: 53).

Another supposition of epistemology is phenomenology. Phenomenology is a largely used approach in social researches and it has been useful for researchers who do not rely

on measurements to understand social reality (Denscombe, 2003). Phenomenology is an approach which deals with people's perceptions, attitudes and emotions, as well as focusing on how life is experienced. Phenomenology tends to collect qualitative data via case studies (Denscombe, 2003; Collis and Hussey, 2003) in which the researcher seeks to 'understand the subjective reality and meanings of participants' (Saunders et al., 2003: 480). This is because epistemology assumes that reality is socially constructed; therefore, reality cannot be understood objectively.

A positivist paradigm focuses on 'law-like' generalisations and causal relationships (Saunders et al., 2003). Positivism is also highly structured and repeatable, which means it is likely to give the same results when it is used again in natural sciences. In a positivistic approach, 'laws provide the basis of explanation, permit the anticipation of phenomena, predict their occurrence and therefore allow them to be controlled' (Collis and Hussey 2003: 53). However, according to Easterby Smith et al. (2002), a phenomenologist should look for the answers that explain why different individuals have different experiences rather than looking for regularities in a given context. In a similar vein, phenomenology provides the opportunity for collecting data through the people who experience the real events. It is difficult to put forward that a single truth applies because individuals interpret their own experience and feelings; therefore, phenomenology is aware that realities are multiple (Denscombe, 2003). Furthermore, phenomenology allows the focus of research to be on understanding 'what is happening in a given context' and to grasp the subjective meaning of social action (Carson et al., 2002: 5).

In relation to the above argument, the nature of this research and the research problem has led the researcher to conclude that the most suitable epistemological stance is phenomenology in this research. Moreover, Easton (2010) highlighted the appropriateness of critical realist ontology in case study research and Ryan et al. (2009) highlighted that critical realism in business relationships and networking move beyond rich description towards analytic generalisation. Thus, it focuses not only on 'what happens but also to the mechanism which contingently cause relationships to emerge'; moreover, they highlighted the growing use of critical realism in business relationships and network research. Therefore, a critical realist approach has been adopted in this research as the most suitable philosophical research approach.

5.1.1 Critical Realism

Critical realism assumes that there is a reality ‘out there’, independent of observers and not easy to capture (Easton, 2010). Although realism is an ontological stance, it is not only flat ontology but it also has epistemological implications (Bhaskar, 1978). When a researcher conducts a research, he/she makes assumptions about ‘how the world is’ (ontology) and ‘how we can come to know it’ (epistemology) (Easton, 2002). However, Hunt (1991) stated that there are many versions of realism; therefore, he categorized different versions of realism and pointed out that critical realism is the most suitable in social science. He did this by highlighting the basic principle of critical realism, which goes beyond and makes other assumptions about the nature of reality; furthermore, it also determines the structure of the knowledge and the process for research.

The central tenet of critical realism is causality, which explains the regularity and linkages; however, critical realism goes further than that and suggest the mechanism of how two events are connected and their connection to the theory (Easton, 1998). Similarly Goerner (1999: 138) commented that critical realism is designed not to ‘untangle the weave, but in keeping the tangle looking at the patterns it produces’. Therefore, the reality in relation to knowledge claims must be critically evaluated to understand they are representing the situation which is being studied (Hunt, 1991).

Causality not only focuses on cause and effect relationships of discrete events but also on ‘causal powers’ or liabilities of objects or relations or, more generally, on their ‘ways of acting’ or mechanisms (Sayer 1992: 104). Objects can be anything or any form, such as simple-complex, social or material, abstract or concrete, and are characterised by their relationships and can have causal power. Relations can also be different types, such as formal-contingent or necessary asymmetric. The networks and business relationships consist of rich and varied relationship types; therefore, the focus of critical realism may be useful to discover business relationships and networks with regard to ‘contingent causal powers’ (Easton, 1998, 2002). Furthermore, in order to capture the complexity of business relationships and networks, it needs a philosophical position; thus, critical realism is suitable for this purpose in support. In addition, the increasing use of critical realism in business relationships and network research has been evident in the work of relationship marketing researchers (Ryan et al., 2009).

Critical realism sees social structures as ontologically real entities (Bhaskar, 1978); therefore, the business relationships may be considered as ontologically real entities. In this regard, business relationships are social structures that change over time; on the other hand, they remain stable. Furthermore, these changes can occur at different levels that bring a new dimension, which is learning. All these dimensions are the outcomes of the process of the entity that emerge during its lifetime (Ryan et al., 2012). Moreover, bearing in mind the above conceptualisation, Sayer (1992) stated reality can have different layers and those layers comprise events, object and structures which have powers and liabilities that generate events. Therefore, reality is categorized into three domains by Outhwaite (1983: 322). The empirical domain is when experiences can be understood by the researcher's direct observation, the actual domain is when patterns of events occur that can be experienced by the researcher or experienced by the actors and the real domain is when 'the processes generate events in which generative mechanisms or casual powers exist independently with a tendency to produce patterns of observable events under contingent conditions'. Thus, the reality is not simple and easily understandable when a researcher wishes to discover the nature of objects in relation to the types of causal powers and the way they act. For this reason, critical realism also considers the contingent and situational nature of causal powers as a result of their dependency on certain conditions for acting. For example, with events which take place at the actual domain and our direct observations occur at the empirical domain, we interpret and surmise business relationships; therefore, we may be able to understand causality. In addition, a business relationship research is to understand the causal powers, liabilities and the mechanisms by which the nature of relationship is brought contingently into being (Ryan et al., 2012).

The researcher in this thesis focuses on contingent causal powers that influence the customer relationships of exporter companies and explains the patterns and mechanism when they interact with their customers under certain circumstances. The researcher employed critical realism to understand the imbalance in relationships from the exporter's point of view when complex patterns, background and behaviours and processes related to these relationships. Furthermore, different experiences of people under similar circumstances provided potential to understand this phenomenon. Therefore, a critical realist approach in case study research was the most suitable and

powerful approach which enabled the researcher to understand patterns and relationship processes by analysing and describing the influences that influence them.

The main aim in this thesis is to investigate contingent causal powers; therefore, the researcher focused on two areas. The first area is the export involvement stage and the customer market conditions, particularly whether relationships between export companies involved in export at different stages and importers indicate that these relationships provide imbalance in relationship characteristics. The second area explores the relationship between exporters' capabilities and imbalance/balance in relationship characteristics, which is how exporters' capabilities help them to balance customer relationships by investigating the influences on these relationships.

5.2 RESEARCH APPROACH

The phenomenon, which has been identified through examining in the existing literature, is suitably explored through qualitative data collection, as a result of the nature of the research. In this project, qualitative data is appropriate to the research approach since it gives wide observation into research participants' perceptions in order to develop new theories. Qualitative research looks for relevant answers to questions by examining the different social backgrounds of individuals (Ghauri et al., 2005). Qualitative data provides a more representative basis for interpretation and analysis in business studies (Collis and Hussey, 2003). Moreover, a qualitative approach is one where the data are gathered in the form of words and observations rather than by numbers (Partington, 2002).

After outlining the aim and the type of data needed in the research, the research design can be constructed into two main ways, deductive and inductive, according to Ghauri et al. (2005). The deductive approach is used to test theories through hypotheses before conceptual and theoretical knowledge is generated (Saunders et al., 2003). The inductive approach is the opposite of the deductive approach and is used to collect data and build a theory from data analysis; in other words, the inductive approach is used to develop or construct theory through observations of realities (Collis and Hussey, 2003). After examination of the observations gathered from the field by a researcher, analytic generalisation is produced and Denscombe (2003) referred to that as the 'product of qualitative data' after interpretation and that the generalisations will represent a whole

group or class although only a fraction of the group is involved in giving information in the actual research (Sarantakos, 2000). In general, phenomenology is associated with the inductive approach because theory follows data; meanwhile, positivism is characterised by the deductive approach (Saunders et al., 2003).

A research can gain benefits from both approaches at different times during the research process by relying on a literature review when the research process starts and then relying on the researcher's understanding and the empirical data collected during this process.

5.3 RESEARCH STRATEGY AND METHODOLOGY

The research strategy was developed in this research to enable the researcher to understand and explore the exporter-importer relationships, imbalance in relationships from the exporter's point of view in particular, the exporter's capabilities and their development and influence on relationships. Furthermore, it is necessary to observe and understand the experience and perception of company owners and managers within their workplaces in order to answer the four research questions.

A case study strategy was adopted as an appropriate research strategy and this will be explained and discussed in the details of data collection and conducted interviews with the participant exporter companies.

5.3.1 Case Study

A researcher's epistemological and ontological positions will be his/her choice of appropriate methodology as a research strategy because the researcher's perception about the world and knowledge are the foundation stones of his/her research methodology. In this research, a case study methodology was adopted to reflect to the nature of study, which also identified that a case study methodology is the most appropriate for business relationships and networks (Easton, 1998). Furthermore, Gummesson (2007) has pointed out the appropriateness of a case study methodology for business marketing and network research. On the other hand, a positivistic philosophy and survey methodology would be inappropriate for this research for a number of reasons. The researcher focuses on complex and dynamic aspects of exporter and importer relationships which cannot be captured by surveys; furthermore, emerging

concepts and themes will be missed opportunities for the researcher. Thus, the researcher considers employing a case study methodology for this research to capture the bigger picture of exporter importer relationships and to understand capability development and its influence on imbalance in customer relationships.

The case study method has been used in a number of small business export researches (Chetty, 1996). In addition, although very little research has been conducted in the area of relational-export, which is a different level to domestic business relationships, they have been mainly deductive (Leonidou and Kaleka, 1998). However, there is increasing recognition and distribution of case study findings in business relationship and network research (Easton, 1992, 2010). Yin (1994) has described the case study method as investigating contemporary phenomenon. Furthermore, the case study method connects research phenomena in a bounded context (Miles and Huberman, 1984). Business relationships and networks are multifaceted, dynamic and open systems which are characterised by interdependency between components and influences from context to components (Dubois and Gadde, 1999). Therefore, relational-export can be described as inter-connected and multi-faceted across country borders.

A number of critics have commented that case studies are not clear about the theory on which they are based because theoretical base influences the way the investigation is conducted, questions are asked, data is collected and conclusions are formulated (Diefenbach, 2009). However, 'case research can, in theory, be used to describe empirical events and by its use of multiple data sources, trace out links over time, digging ever deeper, and following through the actual to the real domains' (Easton 1998: 211). Furthermore, case study research is the most popular research method among industrial marketing researchers because of the nature of the subject that focus on companies and their relationships that are difficult to access and to discover inside. On the other hand, there are no such difficulties in the field of consumer marketing; therefore, a single or small number of cases provide rich data and understanding about the studied phenomena (Easton, 2010). However, there is no ideal number of cases but, usually, 4 to 10 cases are considered to be enough (Eisenhardt, 1989).

Relational export business or network research can be conducted at different levels, such as firm level; relationship level and country level or network level, which means

the unit of analysis, will be one of these levels. Researching one type of relationship can be characterised by connectedness; however, representativeness will be an issue. On the other hand, the multidisciplinary nature of industrial networks brought another issue, which is an appropriate methodology to discover knowledge (Easton, 1998). Hakasson (1987) argued that one type of relationship is complex enough to represent other types of relationships. Moreover, Dubois and Gadde (1999) pointed out that the methodological choice to discover multidisciplinary nature of industrial networks should capture the dynamic and complex interactions that are developed continuously.

5.3.2 Multiple Case Studies

A number of researchers have highlighted the augmenting popularity of a multiple case study approach and advocated its use to deal with large amounts of data from multiple sources (Coviello and Jones, 2004; Easton, 1998; Yin, 1994). A multiple case study method was adopted in this research because this method has been indicated as the most appropriate in relational export and network research among IMP researchers (Leonidou and Kaleka, 1998; Johnsen, 2007; Johnsen and Ford, 2006). Case study research is seen as providing clear explanation of complex social phenomena by discovering and categorizing processes, constructs and necessary conditions that cause events (Easton, 2002; Halinen and Tornross, 2005). Similarly, Easton (1998) highlighted that case study provides analysis which underlines the causes and events that are influenced by the causes. Furthermore, it enables the researcher to understand and capture the perceptions of small firms and their experiences in a real life situation. Therefore, a multiple case study method has been adopted in this thesis in order to discover contingent issues and circumstances that are specific to each case (Yin, 2003).

Dyer and Wilkins (1991) criticised that multiple case studies have some limitations to generate theory if case analysis aims for it because this aim will lead to strict control of methodology, hypothesis testing and research propositions, which are common features of surveys. In addition, in order to formulate better constructs, case study will cope with deep descriptions whilst losing rich theoretical productivity. However, Eisenhardt (1991) argued that multiple case studies offer better occasions for theory creation, ‘independent corroboration’ of findings and vigorous analytical generalisation. The researcher aims to validate the findings externally from cases in dissimilar contexts and

by generalising the conceptual framework and research proposition rather than pursuing analytic generalisation (Yin, 2003).

After discussing the appropriateness of the case study method in this research in the light of the conceptual framework and research questions, the researcher concluded the empirical research will be conducted through ten case studies. Therefore, the unit of analysis will be guided by the conceptual framework and research questions.

5.3.3 Unit of Analysis

In this research, the unit of analysis will be small and medium-sized exporter firms and their relationships with importers. In detail, the unit of analysis will concentrate firstly on exporter firms and their relationships with importers and the noticeable features of imbalance and balance in the characteristics of those relationships. Moreover, the stage of export involvement will be examined in relation to imbalance and balance in the characteristics of relationships. The second area of concentration is exporter firms' capabilities, their development and how the exporters' capabilities influence imbalance and balance in relationships with importers. Therefore, different exporters' experience in relationships with importers will be targeted in order to understand the phenomenon from different exporters' perspectives. Thus, a multiple case study method was adopted so as to provide rich understanding and to help capture different experiences of exporters in customer relationships.

In line with the previous export marketing research (Lages et al., 2004 and Lages and Montgomery, 2004), in this study small Turkish textile export firms have been selected as a unit of analysis for a number of reasons. The case of the global textile industry is an example where SMEs play an important role in networks of business relationships internationally. The textile and clothing industry is one of the largest established industries in Turkey and accounts for 11–12 percent of the GNP and textile exporters with 49,000 small and medium enterprises active in this sector (Muneer et al., 2006). Textile export shares 5.3 percent of the total Turkish export by using modern technology in every part of the value chain that makes Turkey able to produce high value added and quality textiles. This also indicates the reason that Europe accounts for more than 49% of Turkish Textile export. According to WTO statistics for 2008 Turkey

ranked seven largest textile exporters in the world and Eurostat statistics ranked Turkey as the second in the EU market with the share of 17.5 percent (ITKIB, 2010).

There are two important factors that have enabled this success. Firstly, the geographical distance of Turkey to the largest textile export markets such as Europe, Russia and the Middle East and the psychical proximity in terms of business relationships. For example; similar managerial systems and an understanding of Turkish textiles firms as a result of long term established business relationships with European firms are useful to study from the perspective of international supplier-buyer relationships.

Lastly, the mission statements of Turkey in the Export Strategic Plan published by Turkish Government in 2005 emphasized the importance of competitiveness and sustainability of export activities. It stated that these objectives can be achieved with the collaboration of stake holders including public associations, organizations and universities (Foreign Trade Ministry, 2005, www.dtm.gov.tr). In addition, Turkey is an important emerging market; it was ranked by Economist magazine, among 27 countries Turkey is ranked as eleventh in 2007. Emerging economies account for more than half of the world's population and they have untapped resources to provide to the world, on the other hand, they have difficulties to reach and access to the world's export markets. From this point of view, examining imbalance and balance in relationships of Turkish exporters with importers as a unit of analysis is important for this study. It is anticipated that the research will make a valuable contribute to Turkish exporters and other international exporters practice. The research demonstrates the strategies of Turkish textile firms and the valuable capabilities that are developed and used by export firms when they overcome imbalances in their international business relationships.

This research aims to examine dyadic relationships between exporters and importers; however, for data collection purposes, the research will investigate and examine dyadic relationships from only the exporters' standpoint and examine their capabilities and their influence on imbalance and balance from the exporters' side.

In summary, the purpose of this research is exploratory; it follows a qualitative process and the philosophical approach is critical realism. The logic used for the research is an inductive, multiple case study method as the research strategy and the data collection method is semi-structured in-depth interviews.

5.3.4 Case Selection

Patton (2002) stated that case selection is the most obvious criterion that distinguishes quantitative and qualitative research. In this research, purposive sampling was chosen to conduct the empirical research (Glaser and Stratus, 1967) because the contingent factors are different in each case and contingencies are also important determinants on which to focus in critical realist studies. It was important to discover the experiences of each case in relationships with customers in order to achieve analytical generalization (Yin, 2003) and to verify the conceptual framework and the research proposition rather than make universal generalisations.

A sample population, as defined by Aaker et al. (2000), is ‘the set of all objects that possess some common set of characteristics with respect to a particular research problem’. Hence, purposive sampling was chosen so that firms comprise this research rather than simply a series of interviews. The General Secretariat of the Istanbul Textile and Apparel Exporter Association’s (ITKIB) database helped to choose participant firms that are involved with network relationships and international trade which provided a realisation and rich understanding of the perceptions and experience of owner and managers in these exporter firms.

Statistical generalization is not intended in this research; therefore, it is important to consider how many cases should be selected. Eisenhardt (1989) stated that between 4 and 10 is enough; on the other hand, cases should be examined until no new insights arise from the new cases and a sample would meet the need to understand the phenomenon, whilst also considering the realities of resource limitations (Patton, 1990).

Case selection started first by making a contact with ITKIB (General Secretariat of Istanbul Textile & Apparel Exporter Association) and requesting the list of registered export firms’ list. ITKIB offered a list of 2000 exporter firms but it was the partial list of exporters located in Istanbul. It was out of date with no data on firm size, number of employees, type of export, amount of export, how long these companies had been involved in export and the destination of their export markets. This was the great difficulty for the researcher to select appropriate firms from the list. Therefore, certain criteria has been set for selecting textile export firms in order to meet the aims of this research and selecting appropriate firms as follows.

According to Eisenhardt (1989), case selection is important because the cases can provide the same results that can be repeated or provide different results that can be predicted. In this study, the selected cases should have certain characteristics, as follows:

1. Companies need to be in the textile industry
2. Companies need to be members of (ITKIB) General Secretariat of Istanbul Textile & Apparel Exporter Association
3. Companies need to involve international business as suppliers, contracted manufacturers or independent exporter and subsidiaries.
4. Companies need to employ a maximum of 250 employees.

Further selection criteria were considered in the processes. All cases were selected from the same industry so as to avoid potential contextual differences in the findings (Metcalf et al., 1992). All cases were selected from Istanbul in Turkey in order to avoid geographical and region-specific economic variables; furthermore, the European Commission Guide of SME (2003) was considered when the size of exporter firms ranged from 10 to 250 employees (from small to medium-sized). Table 3 illustrates the number of employees within each case company.

Furthermore, each firm from the list was first searched through internet by employing general search tools to understand if they were suitable for the selection criteria mentioned above. After searching the firms on the internet, around 200 firms were short listed, they appeared to share the characteristics required for the research. The researcher sent e-mails requesting and interview to these 200 firms, the emails includes summary of the proposed research, official letter from the institution where the researcher based, as proof of research conducted for academic rather than commercial purposes. 25 firms replied to the e-mails and agreed to the interview process. First four interviews with four firms were conducted through positive response of selected firms from the list. Other interviews were also arranged by employing first four firms' network relationships in return of asking by the researcher whether they can suggest any other firms similar to their firms. The first four firms allowed the researcher to use their personal contacts to arrange interviews with other similar firms in the same industry.

This was considered by the researcher as an important experience in an on going case selection process because personal trust building is key through the interview process. If a researcher can achieve this, there are more opportunities to obtain very rich data. In addition, personal trust building does not start with interviewing the selected firms; it actually starts with sending first e-mails to selected firms. The e-mails play important role, they should be written well and include documents from official bodies where a researcher is based.

5.3.5 Data Collection

In this research, qualitative data suitable for exploratory research was collected to gain insights and to understand the motivation of case companies. In this instance, it is important to acknowledge the differences between quantitative and qualitative research and the way they deal with data. In general, quantitative research collects statistical data and analyses and interprets those data by using statistical methods. Quantitative research is also considered descriptive rather than exploratory; therefore, the investigated phenomenon can be understood by following the standardized method and the frequencies in this data (Sarantakos, 1998). However, qualitative data does not employ a standardized method; it directly associates with written comments and sentences to understand the insight of the investigated phenomenon (Ghauri et al., 1995). In this project, qualitative data collection is appropriate to the research philosophy and approach, as it gives wide observation into research participants' perceptions towards the investigated phenomenon and qualitative research associated with inductive approach. Furthermore, it looks for relevant answers to the questions by examining the words of individuals from different social backgrounds and inhabits these backgrounds (Ghauri et al., 2005, Saunders et al., 2000). Qualitative data provides a more realistic basis for interpretation and analysis in business study (Collis and Hussey, 2003). Moreover, qualitative research is when data are gathered in the form of words and observations rather than numbers (Partington, 2002). Qualitative data collection is the most suitable method for this research and exploratory, which seeks to answer how imbalance and balance is noticed in relationship characteristics between exporters and importers.

Secondary Data Collection

Secondary information was collected through the internet and websites of case companies and during the process of interviews with case companies, as well as additional documents, reports and brochures that were asked for and were used as supportive sources. The General Secretariat of Istanbul Textile and Apparel Exporter Association's database was used to access case companies and their official status in export business in order to ensure they are registered and regular export companies. In addition, academic databases were used to search and understand the investigated phenomenon from academic disciplines' viewpoints.

5.3.6 Interviews

Structure of the Interviews

Semi-structured interviews were considered appropriate for collecting the data because the research is aimed to be qualitative and exploratory. Semi-structured interviews provide exploratory discussion, which means that researchers have the opportunity to form questions in terms of the interview atmosphere; consequently, the author was able to discuss related sub subjects that were not realised before the interviews were conducted. According to Robson (1993: 42), exploratory questions are a means of 'asking questions' and understanding 'what is happening'. Moreover, the advantages of semi-structured interview is the collection of efficient data that deals with the topic in detail; semi structured interviews provide elasticity, which means that mistakes can be corrected in the interview as well as allowing the chance for researchers to explore answers and meanings

Questionnaires are not relevant for this research because personal contact is very important to collecting primary data included by semi-structured interviews and questionnaires lack personal contact. There is no chance to correct mistakes using questionnaires and there is no possibility for researchers to ensure the truthfulness of answers given by respondents (Denscombe, 2003).

Accordingly, interviews were conducted between January 2010 and January 2011.

Four Pilot Interviews and a Further Sixteen Interviews

In this study, interviews were divided into two parts. The first part represents four semi-structured pilot interviews with four companies in order to grasp the perception of imbalance and balance in relationships between exporters and importers from an exporter's point of view. The exporters are textile companies located in Istanbul in Turkey namely; Akademi Tekstil, Zumurut Tekstil, Desat Tekstil and Cannat Tekstil, which are all small and medium-sized companies (see Table 3). Textile export is one of Turkey's established and leading export industries. Although there are an increasing number of small suppliers involved in international business, recent researches still focus on supply relations from a large importer company's point of view (Pagano, 2009; Amal and Filho, 2010). On the other hand, particular attention has been paid to the largest emerging economies, such as China (Ahlstrom et al., 2008) and India (Saini and Budhwar, 2008). Small internationalizing supplier firms in other developing economies have not been paid enough attention by academics and business practitioners (Lu et al., 2009; Bruton et al., 2008; Peng et al., 2008; Meyer and Peng, 2005; Wright et al., 2005). Thus, the focus has been on the larger companies and larger economies' importers in the existing literature.

Four pilot interviews with four exporter companies focused on their present relationships with importer companies without excluding those customers' country market conditions (developed or developing) and sizes. The present relationships with importers were focused on in order to avoid influence from past relationships and to reduce the level of bias. Four semi-structured interviews were conducted by highlighting the themes and questions around the discussions. The interactions in relationships with importers were focused on by identifying export involvement paths and stages and the major activities. Each interview lasted between one and a half and two hours and concerned those themes, relationships, networks, export involvement stage, export markets, features of relationships and future thoughts.

Interviews were tape recorded and confidentiality was ensured for export companies because most export companies were working with famous and well-known brands. Therefore, export companies did not reveal their customers' company names because

this could cause loss of business relationships; instead, they preferred to call those customers by their country name; for example, Italian customer or English customer.

All participants were actively involved in their companies' activities and relationships with importer customers. It was important to maintain consistency in those interviews, in which the researcher was able to collect first-hand information and understand the experience and perceptions of these participants in relation to importer customer relationships.

The second part represents sixteen interviews with ten export companies. It was argued previously that the case study method was the most appropriate for business relationship research. Therefore, it was adopted in this research to conduct in-depth multiple cases of exporters in relationships with importers. According to Eisenhardt (1989), a multiple case study approach is appropriate when external validity is an issue for the findings of a single case because every single case will highlight different dimensions of the phenomenon. The research aimed to demonstrate different situations and conditions across ten case studies. Sixteen interviews were conducted with the benefit of the experience of four pilot interviews; the experiences gained and concerns of exporters were understood in the pilot interviews and provided guidance for the sixteen interviews. These interviews lasted up to two hours, were tape recorded and consent forms were offered to participants.

The primary data decisions are based on the perspectives and the problem. This research has considered the fact that company managers and owners engage in export and the international supply relations in their companies; therefore, they are more likely to have some knowledge about how company's capabilities influence international supply relations. The initial contacts with respondents from each export company were via the telephone and e-mail. These contacts helped to clarify company address, timing for interviews and the names of respondents.

The primary data for this research comprised 20 semi-structured interviews with executives of 10 small and medium-sized export companies.

Table 5: Company and Respondent Profiles

Company Name	Number of Employees	Export Supply Chain Position	Product Type	Key Informants
Akadem i Triko	213	Manufacturer/Finished Goods	Knitting	1. Export Manager 2. Production Manager
Zumrut Tekstil	127	Manufacturer/Semi-Finished Goods	Fabric	3. Export Marketing Manager 4. Production Manager
Desar Tekstil	100	Manufacturer/Semi-Finished Goods	Fabric	5. Owner/Director 6. Export Manager
Cannat Tekstil	21	Manufacturer/Finished Goods	Ready Wear	7. Account Manager 8. Owner/Director of Production
Nilsen Tekstil	33	Manufacturer Finished Goods	Ready Wear	9. Owner/Director of Export Sales 10. Purchasing Manager
ELM Triko	35	Manufacturer Finished Goods	Ready Wear	11. Owner Director of Production 12. Export Sales/Marketing

				Manager
Roza Tekstil	111	Manufacturer/Semi-Finished Goods	Zip	13. Owner/Director of Export 14. Production Manager
Polin Tekstil	240	Manufacturer/Finished Goods	Ready Wear	15. Export Finance Manager 16. Production Manager
Album Tekstil	24	Manufacturer of Finished Goods	Ready Wear	17. Owner/Director of Purchasing 18. Export Sales Manager
DNN Tekstil	38	Manufacturer/Finished Goods	Ready Wear	19. Owner/Director of Production 20. Export Marketing Manager

The snowball sampling technique was employed to identify the most suitable respondents, who are actively involved in customer relationships and have responsibility for supply to customers. In addition, their experiences are also important determinants that provided rich understanding for the researcher. Four pilot interviews were arranged by the researcher, following which, in some cases, the researcher adopted the recommendation of respondents to access other case companies, which means that personal and individual relationships of previous respondents were also employed to reach other case companies and respondents.

Bias

It is possible that participants sometimes hesitated and were reluctant to give some relevant information and previous experience about how companies cope with complex business relationships. There are a number of ways of cope with such issues, such as proving honesty by gaining the assurance of participants and showing desire for the research, as well as discovering background information about the company. These factors helped participants gain confidence and persuaded them to participate and explain more about the real situation that the researcher was looking to discover. Moreover, before the actual interviews, some themes and issues were informed to participants so that participants were able to supply relevant documentation. This can be very useful for the research in collecting consistent data (Collis and Hussey, 2003).

Length of Time

The length of time allowed for qualitative research is an important issue, which helps to capture the true nature of exporter-importer relationships. Thus, the length of time could be considered as longitudinal in order to capture the true nature of those relationships and means that research can be conducted over long periods. However, the time available for the research is a limitation; therefore, a cross-sectional approach was employed. Initial contacts and the arrangements for interviews with case companies lasted approximately four months.

5.4 DATA ANALYSIS

The steps for data analysis will be presented in the next section.

5.4.1 Analytical Strategy

Yin (1994) stated that data analysis follows certain steps, which are ‘searching, categorising and tabulating’. This is to analyse qualitative data from cases through matrices. In addition, Yin (1994) explained ‘pattern matching’ as the process for bridging empirical data and the research questions. Miles and Huberman (1994) declared that qualitative data analysis focuses on data in the form of words and consists of three concurrent flows of activity. **Data reduction** is the process of ‘selecting; focusing, simplifying, abstracting and transforming’ unprocessed data, which is the part of data analysis that sorts, focuses, discards and organizes data. **Data display** involves

taking the reduced data and displaying it in an organised and compressed way so that conclusions can be drawn easily. Lastly, **conclusion drawing verification** involves deciding what things mean nothing, regularities, patterns, explanations, possible configuration, causal flows and propositions.

The collected data is categorised into relevant fields and themes because an analytical strategy was employed to relate the empirical data to the research questions through illustration of imbalance and balance in the characteristics of relationships and the conceptual framework by connecting imbalance and balance in relationship characteristics and exporters' capabilities. In addition, this exploratory study aims to understand the distinctive situations and experiences of the cases; therefore, explanations will be provided for each case because general explanations are important elements that fit each case, which all differ, and differences are highlighted (Yin, 1994). However, in this research, disclosing contingencies was focused as a result of the research philosophy, critical realism therefore; the literature review was visited constantly and reflected upon.

5.4.2 Within-Case Analysis

Collis and Hussey (2003) stated that there is no structured way to conduct qualitative data analysis compared with quantitative data analysis techniques. Similarly, Hussey and Hussey (1997) raised the same points that ways to reduce, structure and write still remain important concerns. Consistent with the exploratory and empirical research, the collected data through semi-structured in-depth interviews and secondary data resources were filtered and organised in order to capture the reality and understand the phenomenon and to simplify and build a structure for the findings. This was in order to make them visible by leaving out unnecessary information and by categorising the findings and matching the patterns with illustration of imbalance and balance in relationship characteristics and the conceptual framework. All interviews were tape recorded and notes were taken, transcribed and translated into English from Turkish. Translation of interview transcriptions from Turkish into English was an important concern in order not to lose the meaning of original text during the translation process. Therefore, the translation process was carefully conducted by the researcher and a second review was requested from the translation office, which is accredited by official bodies in Turkey.

Conceptual clusters and role-ordered matrices were employed as the process for coding (Miles and Huberman, 1984) that led to reducing and structuring and data analysis. The answers of participants in the interviews were quoted in order to provide a better base to the analysis, which were summarized, interpreted and tabulated. Furthermore, these provided an opportunity for within-case comparison and demonstrated the similarities and dissimilarities. In summary, this represented the specific situations and the atmosphere within each case. Meanwhile, the researcher constantly checked the validity of the analysis, whether the analysis made sense and ensured it did not avoid reality.

5.4.3 Cross-Case Analysis

After finishing within-case analysis, cross-case analysis was completed. The purpose of cross-case analysis of multiple case studies is to aggregate and find similar patterns in the findings; therefore, the ‘pattern matching’ logic of Yin (1994) was employed in this study to achieve the purpose of replication. This also enables the researcher to validate the findings externally, build appropriate theory and demonstrate new findings (Eisenhardt, 1989). Furthermore, the suggestion of Miles and Huberman (1984) was followed by developing meta-matrices, which helped the researcher make fine cross-case comparisons and categorization of patterns across ten case studies (see appendices 12 and 13). According to the philosophical approach in this research, which is critical realism, investigation of the ‘reality’ could be drawn from the patterns occurring during data analysis, which represents the different perspective of each case, and provided the researcher with the opportunity to explain and understand the reality.

5.5 QUALITY CONSIDERATIONS OF THE RESEARCH

Yin (2003) states that reliability and validity are important issues in all stages of any case study research. The quality of case study research can be achieved by focusing on certain issues, including reliability, construct validity, internal validity and external validity.

5.5.1 Reliability

Yin (2003) stated that reliability is a replication of a case study by following the identified procedures and protocols in an earlier case study. In addition, developing data bases for a case study will enhance reliability because these are internal conditions of any case study research. The important point of replication is not to replicate the

findings and conclusions of an earlier case study but to focus on transparency and to demonstrate the sense-making during data analysis (Easterby-Smith et al., 2002). In order to ensure that the research is reliable, the researcher had discussions about the topic and processes of this research with his supervisors. The researcher also sought external advice and suggestions through academic conferences and across disciplines of management researchers. All these interactions and activities helped the researcher to avoid mistakes and to work out weaknesses.

5.5.2 Construct Validity

Yin (2003) has stated that construct validity can be ensured by establishing the right operational set of measures for the concepts being studied. Operational measures have to demonstrate the strength of data collection without compromising objectivity; otherwise, a case study does not represent a systematic data collection process. Therefore; three methods are suggested by Yin (2003). Firstly, multiple sources of evidence should be collected and used; secondly, a ‘chain of evidence’ should demonstrate that there is a clear link from research questions to research processes, research results and conclusions and, lastly, the informants should review the draft case study report to gather constructive criticism about the collected data and research process.

In this research, construct validity was ensured by following Yin’s suggestions. Primary and secondary data were collected through interviews, websites, academic journals and data bases and official bodies’ data bases. Revisiting literature review and conceptual framework and research progress iteratively and gaining feedback from interview participants about transcripts and conclusions and their thoughts about completed analysis for each case study. Lastly, the researcher’s supervisors and the other academics, who were interested in the same type of researches, provided important insights to ensure that construct validity was reached at a considerable level in the study.

5.5.3 Internal Validity

Internal validity is important when demonstrating coherence between a relationship approach and following outcomes; additionally, consistency should be taken into account when data linkages are made within cases and across cases (Yin, 2003).

Furthermore, irrelevant variables and bias should be removed from the research design to ensure that internal validity is provided (Easterby-Smith et al., 2002).

The concepts in the empirical research were explored in the early stage through pilot interviews and this provided the opportunity to collect further data through interviews which were consistent with the focus of research and provided alteration in the research instruments before starting the main data collection.

5.5.4 External Validity

Yin (2003) stated that ‘replication logic’ refers to the replication of findings for each case study. In a broader sense, external validity is defining the domains of the findings from the study that can be generalised (Easterby-Smith et al., 2002). However, analytic generalizability is the focus of a case study; therefore, analytic generalisation is about generalising concepts and theories and, in so doing, generalisation of the results to broader theory (Yin, 2003).

Conducting ten case study researches provided the opportunity for generalisation; thus, external validity was toughened. Furthermore, the findings were bridged with the literature and that also provided the opportunity to understand differences between the literature and the findings. Lastly, the case study selection process, including criteria for the case companies, enabled the researcher to generalise the findings and ensure external validity.

5.5.5 Structural Validity

Case study research should also display structural validity by showing the importance of the topic. Highlighting the different dimensions of the studied topic for example; by emphasising that it is largely investigated in the other areas or less attention paid in general may also facilitate to pull readers attention into the research. Care should be taken to avoid contentious issues being involved and written; however, realities related with the researching topic should not be hidden. Finally, the style of writing should not be boring or too simple for readers; clear and understandable writing that considers academic styles and presents adequate amounts of data in the research will enhance the structural validity of case study research (Yin, 2003).

Therefore, in this research, all the issues discussed above were taken into account carefully, along with the suggestions of Yin. All these suggestions were implemented and are embedded in each section of the research, from the research gap and problems, highlighting of the latest academic views and thoughts and through to the writing style.

CONCLUSION

Philosophical and methodological approaches are demonstrated and defined in this section. After discussing the different philosophical approaches and methodologies, along with the support of researches by Easton (2002, 2010), Ryan et al. (2012) and Dubois and Gadde (2002) and their views, the philosophical approach for this research is critical realist.

The case study method employed is the most suitable method for this research because it enables the researcher to conduct in-depth investigation into each case and to identify the contingencies and causal powers. Pilot interviews and subsequent interviews with ten export company interviews that have regular relationships with importers were conducted and the conceptual framework and the research questions were revisited as a result of pilot interviews and they highlighted important points for further data collection through interviews. Data analysis methods for collected data from the cases and important quality considerations for the research were demonstrated and discussed.

CHAPTER SIX: DATA ANALYSIS OF TEN CASE STUDIES

6.0 INTRODUCTION

This chapter demonstrate the findings from twenty interviews with ten textile exporter in Turkey, and from the ten in-depth case studies formed the main body of data collection for the empirical work in this research.

6.1 FINDINGS FROM TEN TEXTILE EXPORTERS IN TURKEY

Each case details the background and the key customer relationships of exporter. This is followed by the findings and analyses on the relationship characteristics and the exporters' capabilities.

6.1.1 Case Study 1: Akademi Triko

Case study one was conducted to examine long-term relationships of Akademi Triko with customers based in Britain, Spain and Germany. The firm was established as a manufacturer of knitting and knitwear finished goods mainly for the European market in 1997 and has been exporting since that time.

After many years personal experience gained in the textile sector, the company owner established the company to manufacture for export markets. The first attempt to initiate export was to have a contact with importers' purchasing offices based in Istanbul. From its establishment, the company has been manufacturing knitted products for foreign companies. It is based in the Gunesli Textile industrial district in Istanbul and employs 213 people. The company has employed a number of managers since its establishment and the recent production manager has been working for the company for 6 years.

In response to the question concerning 'most important and long-term business relationships', the export manager pointed three importer customers and the countries in which they are based, which are Britain, Spain and Germany. The longest relationship is with the British customer, who has existed for over 8 years it started before he joined the company; meanwhile the Spanish and German customers have imported the company's goods for 6 years. In recent years, the export volume has been growing to Spain and Germany whilst, on the other hand, it has been decreasing to Britain as a result of taut regulations and high expectations of the importer customer in Britain.

The company owner has a dominant presence in the company; however, in relationships with the three major customers, both the company owner and export manager are involved. They visit the customer companies regularly in their home countries and it seems they have strong management ability when dealing with customers. The production manager is mainly responsible for the company's internal activities, such as manufacturing, processes and staff recruitment and their training.

Interpretation of Exporter-Importer Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretations of relationships characteristics of Akademi Triko.

Uncertainty

Akademi Triko has a long term relationships with its customers in three different countries. However, risk taking on the uninsured part of exported goods and constantly changing regulations, standards and ethical considerations of import companies are stretching the business opportunities and importer companies are not supportive on these occasions.

'The goods we sent them are insured but Eximbank insures up to the credibility limit of M&S not more than that. For example, if I send £500000 pounds worth of goods to M&S, the bank insures only £350000 pounds worth of goods; £150000 is the amount of risk on our part.' (Export Manager)

Akademi Triko's approach is to have close contact with importers and to explain the manufacturing processes and transportation risks. However, it seemed that this has been ignored by customers; therefore, Akademi Triko is usually taking risks in order to continue business relationships and it has reluctantly agreed with changing regulations and standards. This results in profit loss and takes more effort to please customers; thus, future uncertainties appear when it lacks the ability to access customer-related information and understanding of their expectations.

Distance

There is perceived distance by Akademi Triko in some areas, such as information sharing about given orders, because the importer wants 100% of what they ordered with no compromise, which means there is little opportunity to change details without customer consent. Therefore, Akademi Triko attempts to overcome this situation by having daily contact with the related departments of importer companies and by having support from language-efficient export agents. Moreover, regular personal visits are seen as a sign of reducing distance and information gathered from official bodies also helps to understand customers more but it is still not enough.

'Eximbank (export credit and assurance bank) is connected to the Union of Exporters in Turkey; we get contact with them first and we start to question the credibility of the company that we wish to work with. How is this company's credibility? How reliable is this firm in the international arena? This is our basic inquiry system that is based on the export credit and assurance bank's collaboration with us.' (Export Manager)

Adaptation

Akademi Triko seemed unwilling in accepting all the changes enforced by its customers regarding manufacturing standards and quality issues. Akademi Triko is inspected by its customers regularly and these inspections are the primary condition for maintaining long-term relationships. Therefore, Akademi Triko cannot be involved in more than suggestions it offers for the adaptation process because its customers are playing in highly competitive markets.

'We have to provide flexible production because, specifically in the textiles and garment industries, fashion is the main driver and it is changing so fast compared with other industries.' (Production Manager)

The textile market is dynamic and it needs quick adaptation processes. Importer companies use this as a fact of competitiveness and there is little room for negotiating, rather than following the importers' decisions in the manufacturing and design of textiles.

'The inspection of our activities in different areas by foreign companies, such as manufacturing and quality standards, is extremely important in relationships; we do not get much chance to have a say on this.' (Production Manager)

Commitment

Akademi Triko is willing to be committed in relationships with its customers, which sometimes causes some financial loss but it still has to put up with this. For example, if there is any damage to the exported product, Akademi Triko replaces this item immediately without asking for the expenses; this is a common situation for Akademi Triko and most times it is not their mistake but they still replace it. The decision not to ask for any expenses from customers is not a written agreement but the company use this as a goodwill gesture in their relationship.

Akademi Triko has quick problem-solving ability for customers' problems; however, Akademi Triko has a limited chance to offer small changes on the given order but no chance for new product ideas in relationships with British customers. Furthermore, Akademi Triko offers fast and efficient services for its customers; this is a '*necessary ability*' the export manager said, '*...because international competition is too taut and there are many other companies ready to take your part.*'

Power/Dependence

Akademi Triko experience high-level dependency on its customers in the area of market access because the European Union has many unbearable regulations and rules, such as quality and health and safety regulations and standards; therefore, Akademi Triko can overcome these difficulties by following closely its customers' instructions.

'Most of our customers are members of 'ILO' international working groups because they are members of a certain standard and your company should comply with ILO's standards.' (Production Manager)

In addition, early involvement in export with resource deficiencies and weak institutional presence seems still to be the main factor of high dependency on customers. Today, the company is much stronger than when first involved in exporting but old

habits die slowly; therefore, changing a position without damaging relationships appears not to be easy for Akademi Triko.

'Each year, every customer checks my company activities. Audit organisations do this job on behalf of my customer company and, when the auditors come in to check my company, a different customer company will do the same check on whether or not a sustainable system exists in my company and then they report. There are some critical issues like child labour, insurance premiums, health, and security conditions, in that order; if you fail one of them, your contract will be cancelled.' (Production Manager)

Akademi Triko has a strategy to make the total level of dependency balance in relationships. The company prefers exporting to different country markets and the company does not let one customer increase its weight in the company more than other customers. In addition, Akademi Triko has advanced technological equipment and knowledge.

Conflict/Cooperation

Akademi Triko experience high levels of conflict with its British customer in the area of quality/price equilibrium. The British customer has strict regulations and standards, expecting high quality but cheaply; it is evident that the British customer is exerting its power over Akademi Triko. However, there is more chance to co-operate with German and Spanish customers, especially in the area of designs and technical issues. Akademi Triko has more room for cooperation with those customers for offering them new designs cheaply and without taking risks.

Case 1: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Akademi Triko

Relationship Characteristics	Long-term Relationships Famous Brands	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> • Long-term established relationships with famous-brand companies. • Risk taking: export insurance companies do not insure all the goods that are exported; thus, Akademi Triko is taking risk and exports the goods. However, losing money on the uncovered part of customers' orders could make a big impact on Akademi's business because it is working with small profit margins. • They trust the well-known image and corporate strengths of their customers. • Communication plays a vital role and following customers' principles is the best way to overcome uncertainty. • Changing regulations and standards and ethical considerations stretch the business opportunities. 	Imbalance is evident; however, necessary risks are taken. It is hard to take frequent change on regulations and standards.
Distance	<ul style="list-style-type: none"> • Difficulties in the area of information-sharing about a given order and having language difficulties that determine the perceived distance. • In order to reduce distance and misunderstandings, they intend to visit customers individually and have support from language-efficient export agents. • Attempts to search more information about their customers from official bodies and trade unions; customers' financial background and past business relationships are important factors to reduce distance. • Attempts to increase the level of personal relationships with its customer by having daily contacts with importer companies' departments. 	<p>Imbalance is that Akademi Triko puts more effort to gain more information about its customers and lacks involvement in decision-making processes</p> <p>Balance is that there is a chance to have daily contact with customers departments</p>

Adaptation	<ul style="list-style-type: none"> • In the area of quality standards and manufacturing standards. • Akademi Triko is inspected regularly by its customers; therefore, strict rules are followed and it is flexible to customer requirements. 	Imbalance is Akademi Triko has to follow customers' decisions and plans.
Commitment	<ul style="list-style-type: none"> • Although there will be some financial losses, Akademi Triko puts up with this. • Customers offer limited involvement in some areas on the given order, such as small changes to production techniques but no new product offer is accepted. • Fast service, price and good production have been focused because of international rivals. • Social rights of employees and overall manufacturing plant's condition are also taken seriously in order to demonstrate the level of commitment to customers. 	<p>Imbalance is Akademi Triko contributes more to maintain relationships.</p> <p>Balance is there is chance to involve some production processes.</p>
Power/ Dependence	<ul style="list-style-type: none"> • High level of dependency on customers in the area of production and quality because market access is mainly dependent on EU regulations and customers force Akademi Triko to meet certain criteria. • Early involvement in export with lack of knowledge and resources make difficulties. • Technologically it is almost equal to its customers and one way to reduce dependency is to have customers in distinct geographical export markets. 	<p>Imbalance: Regulatory power and resources and knowledge dependence</p> <p>Balance: technological advancement and working with different customers in different export markets</p>
Conflict/Co-operation	<ul style="list-style-type: none"> • Akademi Triko has high level of conflict with its British customer on quality issues, price and manufacturing; however, it has low degree of conflict with Spanish and German customers in the same areas. • The solution for conflict is frequent communication. • There is a chance for cooperation with Spanish and German customers by offering them new designs cheaply. 	<p>Imbalance: high expectations of customers cost more time and effort, hard to convince. Little chance for negotiation.</p> <p>Balance: There is a chance for negotiating and new offers make customers happy.</p>

Reflections on Imbalance and Balance

It is apparent that Akademi Triko is experiencing imbalances in relationships with its customers (see Appendix 2) in almost all areas but mainly with British customers. Imbalances are mainly shown in uncertainty; Akademi Triko has concern that fast-changing standards and regulations in the future may be unbearable and may not be worth taking risks; meanwhile, it puts more efforts into maintaining customer relations but less involvement in the decision-making process in relationships with its customers. On the other hand, knowledge dependence about the export market is related and still an important issue for Akademi Triko.

Balances in relationships are apparent in the area of perceived distance, commitment, power and cooperation. Balance is shown by Akademi Triko having a chance to offer innovative products to Spanish and German customers and being involved in decision-making processes with them. Technological advancements of Akademi Triko are also making more balance. In addition, choosing different country customers and not letting them increase their percentage involvement in relationships to a higher level than others is another way to balance relationships.

Interpretation of Capabilities

Employee Capability

Akademi Triko has strong product-related knowledge embedded in its management team and they are also updating this knowledge in contact with machinery companies. It has a disciplined approach with employees rather than day-to-day decision making. Following regulations and rules and observing the industry domestically and internationally shows that employees are aware of changes widely over the industry.

'We are assessing our company in different ways and from different aspects. Performance and timing are the most paid attention areas in this process because they directly and quickly affect our firm's business relations. In addition, we are motivating our employees by offering company staff dinners in outside restaurants, organizing sporting activities and offering them a bonus. We think that motivating our employees is as important as assessing company performance because it gives more clear directions that we have to improve our company capabilities in order to compete

internationally. ' (Export Manager)

Being able to use IT in customer relationships is an important determinant of communication being maintained efficiently and based on facts and figures; however, managers are not strong enough to conduct negotiations with customers. This is mainly due to the dominant position of the company owner who does not give enough authority to managers make critical decisions with customers, although the export manager has the main responsibility to maintain customer relations.

'The company owner is the important factor for making decisions in the company because his decisions are affecting almost every aspect of the company.' (Production Manager)

Technical Capability

Akademi Triko has developed employees' knowledge of machinery and equipment usage. Moreover, it also conducts R&D activities and knowledge development in this area, such as new cost-efficient embroidery and sewing techniques and investigating time-efficient techniques to offer customers on a given order; however, those activities are limited by the resources and knowledge of Akademi Triko. There is lack of investment from the customer side and it is apparent that a reactive attitude is taken for innovation. When a customer places orders, quick solutions are found. The strong point of Akademi Triko in its relationships is having advanced technological equipment and knowledge of its use.

'Each time we are making different goods and the given orders are changing every day. There are no standard orders; they are all very different and, actually, this is the chance to make your company different from others by adding more to your knowledge. In so doing, I need to do R & D for continuous innovation; new fabrics, new printing techniques, new production techniques, new embroidery techniques but this is what we need to invest in not our customers.' (Production Manager)

Managerial Capability

A structured management system is evident; it is used for assessing performance of the firm. Akademi Triko is pursuing staff motivation methods, such as organizing events and promotions for staff. Assessing employee skills ensures they match with the type of machinery used, which is also advanced. The company owner is the dominant decision maker within the company and it seems there is limited involvement from top management of the company in customer relations. Inside the company, communication is efficient and the export manager and production manager are kept informed about what is going on in the other departments of the company. The company is able to transform its experience in one relationship for another relationship and to involve more in the management process in relationships.

'Our relations with a company help to improve our capabilities in areas, such as production techniques and human resources; those capabilities will also help in our relations with other companies because they all require similar criteria. We are able to use the skills gained while working with a company that work out with other companies.'
(Export Manager)

Custom Capability

The export manager has a vital role in this area because he has the main responsibility for maintaining customer relations and keeping the relationships warm all the time. He regularly keeps in touch with customer companies' departments and it seems that regular visits help in understanding customers' values and norms with greater respect. It is apparent that there are stages of understanding the values and cultures of foreign customers. However, a lack of awareness has been observed in the production manager.

'The most important think we have learnt is to understand different countries and their way to do business. I think this has a strong link to their local cultures. More specifically, we have learnt the purchasing behaviour of companies that are unique for every each company.' (Export Manager)

Analysis of Capabilities: Akademi Triko

Type of Capability	Production Manager	Export Manager
Employee Capability	<ul style="list-style-type: none"> • High level of production experience such as knitted fabric, their designs and manufacturing • Updating personal knowledge of production, with new information gathering from machinery producers • Examining standards of production and implementing strict procedures • Observing the industry domestically and internationally • Employing personal relationships with others in the sector for information gain and share • Having knowledge of export procedures 	<ul style="list-style-type: none"> • Good knowledge of INCOTERMS • Customer communication and relationship experience and overcoming their concerns • Observing foreign market opportunities and foreign customers • Knowledge of production and procedures in the manufacturing stages • Tracking customer information from the beginning and keeping records
Technical Capability	<ul style="list-style-type: none"> • Conducting R&D activities and knowledge development in this area • New embroidery techniques to cut cost and avoid employee mistakes • Offering different sewing techniques • Using time-efficient production methods 	<ul style="list-style-type: none"> • High level of IT skills and application • Analysing technical needs for the given order and calculating cost/price equilibrium in terms of capacity of the firm • Translating customers' needs on the given order to the production department verbally and in technical terms
Managerial Capability	<ul style="list-style-type: none"> • Structured management system; assessing performance of the firm, staff motivation methods, such as events and promotions • Assessing employee skills to ensure a match with types of machinery used • Dominant decision making 	<ul style="list-style-type: none"> • Stress management and overcoming customer concerns • Managing export goods delivery and transportation with agencies
Custom Capability	<ul style="list-style-type: none"> • Limited awareness of customer concerns 	<ul style="list-style-type: none"> • Keeping relationships warm all the time with

		<p>customers by timely responses and keeping in touch with related departments rather than top management and less formal relationships</p> <ul style="list-style-type: none"> • Trying to understand more by visiting them and highlighting corporate identity rather than individual
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Conclusion

Analysis of Akademi Triko highlights that imbalance and balance in the relationship characteristics are related with resource deficiencies and lack of institutional presences; therefore, it is hard to change its position in its relationships. Imbalances in its relationships teach Akademi Triko how to cope with them, to be aware of opportunities and to develop better capabilities.

Akademi Triko has advanced technological capabilities but they are customer-oriented. Employee capabilities seem adequate for the relationships; however, the company needs more qualified employees to achieve growth. Akademi Triko is following structured internal company management systems but there is little management ability to get involved in decision-making processes with customers. In addition, European Union rules are also twisting its strengths but it is developing customised solutions.

It focuses only on the European market and there is lack of knowledge about different export markets.

6.1.2 Case Study 2: Zumrut Tekstil

Case study two was conducted into four long-term customer relationships of Zumrut Tekstil with customers based in Germany, Greece, Canada and the United States. The company is based in the Tekstil Kent industrial district in Istanbul and has 127 employees and manufactures semi-finished goods and organic fabric.

The firm was established in 2000 and its business strategy was to export for trial with only a few overseas customers and its main focus being on the domestic market; however, in 2006, the company made some changes in its production facility and its

machinery and equipment. The Company invested in machinery and had an integrated production facility and, in late 2006, this new investment increased the production volume within the company that resulted in the company developing a new strategy to export more to overseas markets.

The export marketing manager has identified four important customers, with which the company has long-term business relations. Two of its customers are European and based in Germany and Greece, one is based in Canada and the other customer is in the United States. The company has eight years' business relations with European customers and 4 years' relations with Canadian and US customers. Export volume is growing to Canada and the US because the recent economic crises in Europe have hit the business opportunities of Zumrut.

In the company, the company owner, production manager and export marketing manager are the key people maintaining relationships with customers; however, the company owner is the ultimate person making decisions in the company. It is evident that Zumrut Tekstil experiences a balanced position in most of its relationships with foreign customers.

Interpretation of Export-Import Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretations of relationship characteristics of Zumrut Tekstil.

Uncertainty

It appears that Zumrut Tekstil has long-term established relationships with its customers in two different continents. It is apparent that uncertainty of future demands from customers, resulting from fast-growing organic textile export markets, make the company feel unsecure and they are unable to estimate investment into new machinery necessary for future market growth. The company feels that they need to develop their capabilities in order to respond to future demands of its customers. The company prefers personal relationships in frequent contact with European customers but this is not preferred in relationships with American customers.

'Recently, the trend of using organic fabrics and organic garments is increasing so fast, we have been watching this trend since February 2009 until today. This is another factor that puts a little pressure on our company to develop more valuable capabilities that help us to avoid our customers concerns.' (Export Marketing Manager)

Zumrut Tekstil has substantial knowledge about European customers but the market conditions in Europe are a burden. Zumrut Tekstil has less knowledge about the markets in Canada and America and it lacks information about its customers; however, it seems that the American market is more promising. Information sharing and contacts are less, which increases the level uncertainty with American customers. The company employs formal ways to gain more information about customers, such as export investment banks and credit companies.

'Marketing activities and information search in foreign markets are challenging for us and you have to use more formal channels to gather information. The important thing is actually not information, the important thing is valid information; even though you use formal channels, it is likely you will get the wrong information.' (Export Marketing Manager)

Distance

Distance is low with European customers but it is high with American customers. There is more frequent contact with European customers; geographical distance plays an important role because the customers come to visit Zumrut Tekstil on a daily trip but that is not possible with American customers. Departmental contacts with customer companies are important for Zumrut Tekstil because having close contact reduces the distance with European customers.

'Our department has contact with a foreign company's purchasing department and design departments most. We get contact with them directly because, in large companies, the communication between departments is slow. To avoid this situation, a large company's designer will contact us directly in order to inform us of the latest changes on the product so we can proceed with the changes at our production lines. Most of the time, designers in large companies change their mind and inform us;

therefore, we have to be flexible about the changes, otherwise we cannot maintain our business.' (Production Manager)

Trade fairs are used as an ice breaker by having first face-to-face contact with customers, which is important to reduce distance in later stages and by sharing information about produce and production processes. Understanding each other's routines and principles has been a focus area by Zumrut Tekstil. In addition, advanced machinery, R&D and experience in customer relationships seemed to help reduce distance by increasing trust with customers.

'First of all, we have learnt that research and development activities are the most important drivers of a company when it is involved with international trade. It is a competitive advantage and offering new products to a customer accelerates your relationships and attracts more new customers.' (Export Marketing Manager)

The heavy regulations of Canadian customers are apparent and are a problem for Zumrut but long-term experience of exporting procedures helps to overcome these difficulties. However, future strategic directions in terms of market conditions are still big problems to be sorted in relationships of Zumrut Tekstil with its customers.

Adaptation

Adaptation is managed collaboratively. The parties discuss and make decisions together with respect to each other's weaknesses and strengths; therefore, adaptation is an enjoyable process for Zumrut Tekstil because the company is deliberately involved in helping to develop better communication and technological capabilities. On the other hand, the integrated production facilities of Zumrut Tekstil provide a suitable ground for this because Zumrut Tekstil can also offer new products that are accepted by its customers. However, American customers need more effort to be encouraged towards new product ideas and their given orders are fragmented and extreme, which make some difficulties for the company and the adaptation process is much more complicated in their case.

'I can say that most of our capability development is on the product base. Foreign customers are sending us different sample fabrics and we see different production techniques and standards and then we adapt our production lines according to this new

technique. Obviously, we develop our technical capabilities; on the other hand, we are introducing our own ideas freely.’ (Production Manager)

Commitment

Zumrut Tekstil is committed in its relationships and it takes some financial risks and stretches its resources. When a customer gives an order that is not feasible to manufacture within its facilities, Zumrut Tekstil hires a contract manufacturer to get the job done and all the failures and extra cost is taken by Zumrut Tekstil and not reflected in the cost of manufacturing agreed with customers. The other issue is the ordering time. Customers in the busy time of textile seasons give their orders at the very last minute and this causes some problems for Zumrut Tekstil because manufacturing processes are planned and structured. However, by putting extra effort and further arrangement of production, Zumrut Tekstil manages this situation.

Employees are trained by considering customers’ quality standard perceptions and ethical considerations. An exclusivity service is offered to customers in order to maintain relationships.

‘We do not produce shiny Lycra because this is unacceptable technically. However, customers, especially in Canada, want this shiny Lycra, which is actually a poor quality fabric but customers want this. What can we say? Another thing, especially in export sales, fabric widths are narrower because we sell the fabric in metres. If you have a customer from Canada that wants wider fabric, then you have to produce wide fabric. This situation disturbs my production line because I need to change my machine's settings.’ (Production Manager)

Power/Dependence

It is evident that Zumrut Tekstil is not dependent on its customers in the area of technology and manufacturing capabilities. It has an integrated production facility and is conducting R&D activities. The company offers new designs and product ranges to its customers also has substantial experience of exporting and exporting procedures in Europe; however, the company has some procedural problems with Canadian customers about export procedures. The company’s export marketing manager and the owner’s personal relationships seem influential over customers.

Conflict/Co-operation

Some problems cause conflict in the area of product designing and orders with customers because customers' orders are not regular and product designs are changed by designers in customer companies, which cause delays and rearrangements in the manufacturing process. However, Zumrut Tekstil has direct contacts with designers in customer companies that reduce conflict and achieve compromise for long-term benefits. On the other hand, a high volume of document preparation is another problem with American customers.

'We export to Canada and we have to send an incredible amount of documents. When we ask them why, they say it is for Canadian customs regulations and nothing to do with them. This is something unusual because we do not encounter such cases in Europe.'
(Export Marketing Manager)

Although there is collaboration between departments with customers' companies, it is apparent that there needs to be more cooperation in busy seasons especially.

Case 2: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Zumrut Tekstil

Relationship Characteristics	Stable Relationships with three customers	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> Stable relationships with three customers. Uncertainty is mainly in the area of uncertain future demands of customers because the organic textile market is growing fast. The company feel that they need better capabilities to manage fast growing product segments. On the other hand, economic crises in Europe apply extra pressure. Marketing strategies are not well structured for the future. However, Zumrut Tekstil has good knowledge of European customers and the level of uncertainty is low presently; relationships with customers in Canada and USA provide more uncertainty. 	<p>Balance: Zumrut Tekstil has substantial knowledge about its customers and has the ability to gain more formally and informally about European customers. Infrequent misunderstandings occur but personal communication is used as an effective tool to reduce uncertainty</p> <p>Imbalance: uncertainty results from market conditions in Europe but uncertainty results from limited knowledge of American customers within the company.</p>
Distance	<ul style="list-style-type: none"> Perceived distance is very low in relationships with European 	<p>Balance: managing strategic plans with</p>

	<p>customers but there are still some problems with American customers.</p> <ul style="list-style-type: none"> • Managers have daily contacts with customer companies' departments and regular visits help to reduce distance. • After developing relations, distance appears in involving production and information sharing with US and Canadian Companies. In addition, heavy regulations in business with Canadian companies still remain a problem. • Geographical closeness to European market is an advantage but it is not the same for the American market. 	<p>customers and having good responses and feedbacks from customers</p> <p>Imbalance: Geographical Distance to American market</p>
Adaptation	<ul style="list-style-type: none"> • Adaptations have been made after discussing related issues with customer companies' departments and information flow is higher with European Customers • Offering new ideas to customers without any restriction. However, little problems happen with American customers because their requirements are fragmented and hard to produce; therefore, adaptation processes are much more complicated. 	<p>Balance: There is enough room for discussion about issues; adaptation is not necessary or dictated, it is a smooth process. High quality and standards within the company give chance for negotiation with customers</p>
Commitment	<ul style="list-style-type: none"> • It takes some financial risks to get customers' orders done by hiring contract manufacturers. • Extra effort is always paid to make last minute changes on production lines. • Quality standards are taken into account seriously and employee trainings are regular for this issue. • Exclusivity and boutique services have been offered to customers and affordable losses are accepted in order to maintain relations. 	<p>Imbalance: More effort put into relationships and financial losses are accepted.</p>
Power/Dependence	<ul style="list-style-type: none"> • Zumrut Tekstil has an integrated production facility; therefore, it is a great advantage for it to conduct R&D activities and offer new products. • The company has substantial knowledge of exporting and procedures. 	<p>Balance: Advance technology and management ability. No dependency for R&D activities and export knowledge</p>
Conflict/Co-operation	<ul style="list-style-type: none"> • Low level of conflict with European customers compared to Americans. 	<p>Imbalance: opportunistic behaviour of customers,</p>

	<ul style="list-style-type: none"> • Cooperation mainly involves product designs and manufacturing processes; inter-departmental close relations with customers; standards and quality issues are sorted collaboratively. • Conflict occurs in order giving because the fast consumer goods market means customers change their all the time and they give orders at the very last moment. This makes it hard to cope with, especially in busy seasons. • High volume of document preparation for American customers also results in conflict with customers. 	<p>waiting until last moment to give order make the production process more complicated</p> <p>Balanced: collaborating with customers in the area of designs, standards and quality issues</p>
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Reflections on Imbalance and Balance

Imbalances have been identified in Zumrut Tekstil's relationships in the area of uncertainty, commitment, dependence and conflict (See appendix 3). Imbalances are demonstrated by a lack of strategic direction for investments in order to manage future product demand and recent economic crises make its concerns bigger. In addition, some production management problems exist within the firm. It is hard to cope with ordering processes with customers and managing the integrated production facility at the same time because of a lack of understanding of decision making towards prioritised customers in terms of their geographical distance and strategic focus.

Balances have been identified in Zumrut Tekstil's relationships in the area of uncertainty, distance, adaptation, power and co-operation. Balances are demonstrated by strong technological knowledge and capabilities and production facilities within the company. The company has the ability to search information about customers by using formal channels, as well as informal channels, such as personal contacts and individual ties.

Zumrut Tekstil also has strong negotiation power in its hands through new product offers and using contract manufacturers by bearing all loss and expense to make the company appear stronger in front of its customers. The company's planned management within the company and quality and ethical standard consideration is another point that

makes its relationships more balanced. Therefore, Zumrut Tekstil is influential on its customers.

Interpretation of Capabilities

Employee Capability

Zumrut Tekstil has advanced employee capabilities in its key management team, which demonstrates a strong team spirit, and collaboration among team members is important. Team members have experience in various areas, such as production, machinery, IT skills and product designs. High levels of quality awareness and standards make the company build structured plans for employee training and their capability development, which is important and involves all employees in the company. Problems are sorted with the involvement of the management team and close relations among the management team are evident. Zumrut had a joint project involvement with one of its customers, which was a quite valuable experience for employees because the team had the chance to learn and develop their capabilities. This offered a chance for Zumrut to demand project involvement in relationships with customers; however, this was a rare opportunity in customer relationships that does not happen often.

‘Our marketing department is collaborating with the planning and production departments because I should know what is going on in those two departments so that I can make agreements with my foreign customers in terms of production details and delivery times. They are important determinants in our international business. If I manage our department’s relationships well with these departments, I can use flexibility to employ advantages for the company.’ (Export Marketing Manager)

There is a low level of hierarchy in the company; although the company owner is dominant, his domination does not disturb key management team members’ freedom and they are able to conduct negotiations with customers.

Technical Capability

Zumrut Tekstil’s technological capabilities are advanced and the employees are well trained. The company is actively involved in R&D activities and it is able to manage these activities without any help from outside. The given order from overseas customers,

are taken as new cases by Zumrut and opportunities in order to develop new capabilities. The company have concerns about the future demands of customers and will therefore put more effort to find solution before they face this situation. In some cases, they consult their customers about technical issues and processes.

'Foreign customers are sending us different sample fabrics and we see different production techniques and standards and then we adapt our production lines according to this new technique; obviously, we develop our technical capabilities too.'
(Production Manager)

Managerial Capabilities

Within the company, the management team is well informed about business plans and directions by means of weekly and monthly meetings; in this way, there is enough opportunity for debate and discussing any problematic issues about the company and its customers. It is apparent that there is a good synergy among the management team and they reflect this synergy to other employees within the company. Furthermore, quality standard management and organic production systems are maintained with strict regulations within the company. The company have ISO certification and organic production certification from formal bodies.

Communication between departments is important because inter-departmental communication affects the relationships with customers. A well-informed export department has more power over customers. However, future marketing strategies are still not clear for the company and the management team appears to need help from external sources.

Custom Capability

The company's owner's values and norms seem influential over the company and employees respect and adopt his values and norms; moreover, these norms and values do not clash with customer values and norms. It seems that there is a synergy between the company culture and the customer company's culture with both seeming to work well in Zumrut's relationships with customers.

‘Our customers are high-end buyers, which mean that their customer segment consists of high income level people. The standards and health and safety measures are so important for them; consequently, we are always developing our company’s capabilities to overcome their concerns.’ (Export Marketing Manager)

The export marketing manager is a key person in contact with the customers; he has an important role within the company. He has the ability to understand foreign customers’ norms and values and he translates them into the company’s routines and culture. Personal relationships of the export marketing manager seem important to understanding customers’ cultures so that those understandings and considerations are translated into company routines rightly. Furthermore, it is apparent those regular visits are taken as serious activities for Zumurut and its customers to understand each other.

‘We visit potential companies or they visit our company. This is accelerating our relationships and helps us to build trust between us.’ (Export Marketing Manager)

Analysis of Capabilities: Zumurut Tekstil

Type of Capability	Export Marketing Manager	Production Manager
Employee Capability	<ul style="list-style-type: none"> • Advanced IT skills. • Deep knowledge of production processes. • Foreign language ability 	<ul style="list-style-type: none"> • High level of experience of manufacturing, technologies and design • Lack of customer influence • Collaborative approach to sort problems within company.
Technical Capability	<ul style="list-style-type: none"> • Computer-assisted cost/price analysis techniques. • Translating technical documents into manufacturing process implementations. 	<ul style="list-style-type: none"> • Aspiration of high quality production. • Laboratory test experience of organic fibres. • Management of R&D activities
Managerial Capability	<ul style="list-style-type: none"> • Key customer management skills. • Managing tensions between customers and production department. • Team spirit and group-oriented. 	<ul style="list-style-type: none"> • In-house focus. • Implementing quality standards and managing employee trainings. • Taking investment decisions.
Custom	<ul style="list-style-type: none"> • Clear understanding of 	<ul style="list-style-type: none"> • R&D and innovation-oriented.

Capability	foreign cultures and organisational routines. • Honesty in communication and responsiveness.	
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Conclusion

This case highlights that imbalance and balance in relationship characteristics are the result of partial prior experience in export and help better involvement in exporting later. Zumrut Tekstil experiences balance in its relationship characteristics with its customers. Balance in relationship characteristics was not seen only in one characteristic; Zumrut Tekstil is committed to its customers but its customers behave opportunistically because they have advance market knowledge and are close to customer markets.

The important factor in Zumrut Tekstil's relationships is its technological advancement. The company is able to manage its technological investments and development of capabilities without dependency on any of its customers, which is strength of Zumrut Tekstil. In addition, its continuous R&D activities make the company stronger and more attractive to those importer companies operating in competitive markets. It is also important that Zumrut Tekstil had a little export experience in the past and active involvement in export since 2006.

Distance is not a problem for Zumrut Tekstil because it has considerable experience of foreign markets and customer management and close personal contacts that make distance smaller and manageable because it provides better information flow and sharing with customers.

The company's strengths and flexibilities support the adaptation process because adaptation processes do not necessarily come from customers in a dictating manner; it is actually seen as an opportunity to develop better capabilities and is a satisfactory activity. However, this process is not really desirable with American customers because their taste is quite different from European customers.

Zumrut Tekstil is a powerful company and it is able to find solutions for problems and conflicts; moreover, its management team is well equipped and have their own independent space to make decisions. Zumrut Tekstil is able to make its strategic plans

but global uncertainties rather than customer-specific issues make the company stick with its customers tightly. However, the company has its own personality and this has been well respected by customers.

Structured plans within the company bring the success for the company; however, the small management team may not be adequate for the future growth of the company. In addition, the company has problems with American customers rather than with European customers and therefore needs to pay more attention to the American customers. It also seems risky to maintain all customer management through one manager in the company.

6.1.3 Case Study 3: Desat Tekstil

Case study three focuses on three long-term relationships of Desat Tekstil. Desat employs hundred people and its customers are based in Germany, Britain and Denmark. The company manufactures semi-finished goods, producing fabric and ready-to-wear clothing; it is based in the Merter industrial district in Istanbul, Turkey.

The company was established 1981 and was a contract fabric manufacturer until 2001, after which the company changed its marketing strategy and started involving exports. Before the company involved export, it produced fabrics mainly for its domestic market and only occasionally for export markets. In 2001, the company made some changes in its production facility and then amended its export strategies in 2005. Its fabric production facility was moved to Uzbekistan and the company divided into two parts but the main management team and export department stayed in Istanbul. The company has enlarged its production portfolio and they still manufacture fabrics but the company's main export product is ready-to-wear clothing to three European countries.

The company owner is also the main director of the company and he manages the production process for ready-wear clothes and exporting. He has identified three long-term customers of the company that are based in Germany, Britain and Denmark. The German customer is a large retailer whereas the other two customers are wholesalers in Denmark and Britain. The company's export activities are managed by the owner/director and the export manager, who are the key people handling customers.

Desar Tekstil experience imbalance and balance in relationships in various extents with its customers.

Interpretation of Export-Import Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretations of relationship characteristics of Desar Tekstil.

Uncertainty

Desar Tekstil has long-term balance relationships with its customers. There some difficulties with the payment terms of customers but Desar sorts this problem by making formal agreements with the customers. Desar does not have direct relationships with its customers; in other words, its relationships with customers are through export agents and that appears a safe way and helps to reduce uncertainties. However, Desar has frequent communication with its customers, which is assisted by the export agency. Future strategic business directions are still in the hands of customers and Desar has limited access to influence this.

'We talk to them almost every day during the time we are making their orders. For example; they ask for colours and tones, collections, samples and some production details but we maintain all this knowledge exchange via foreign trade agents. We prefer to have formal relationships with the foreign buyers and I am sure they do so because we have their order via a formal inform, we make a trade contract with them and then take responsibility.' (Owner/Director)

Distance

In Desar's relationships with customers, distance is high for both parties because Desar is unwilling to have direct relations with customers without agency assistance; therefore, information sharing and understanding value norms of customers are through agents. This makes barriers between parties and limits deep understanding. However, customers visit Desar's production facility in Turkey before business starts, which help to reduce distance, but it seems that this is still not enough to make the distance as low

as it should be. Therefore, it is evident that this type of export involvement affects every aspect of Desar's relationships with customers.

'The flow of information is through agents, who translate e-mails or faxes sent to us written in German or English. We respond to them and our communication goes back in this way.' (Export Manager)

Adaptation

In Desar's case, adaptation is collaborative action because Desar is not a standard goods supplier; every given order has different specifications, meaning information sharing and discussions have to take place during order processing and analysis. Desar's limited marketing vision and weaknesses in various areas led the company to be weak in front of customers. Customers' quality standards and values and norms are accepted and implemented within the company. Desar is involved in necessary innovative product activities with its British customer; however, in this process, Desar has little to say but it learns a lot from this necessary joint activity that also maintains relationships long term.

Commitment

It appears that Desar is more committed to its customers in business relationships because Desar puts more effort into keeping its relationships with customers. In problematic situations, Desar behaves proactively to sort problems out by offering different product ranges and cutting prices, which are its main tactics. On the other hand, in formal commitments, such as written agreements and quality standard issues, the company is careful and follows these strictly; ensuring employees in the company are regularly informed and trained in terms of these written responsibilities of the company to its customers.

'Customers send us the information about the product they want produced. We make the samples and send them out and they ask our prices for the production. If they accept the price, the order goes to production; if they do not accept, we have two different ways or apply a different thing. For example, if a part of the product is expensive, it should be changed to reduce the cost; after that, it depends upon them whether the process will go through or not.' (Export Manager)

Desar provides detailed analysis and criticisms to its customers about the feasibility of given orders in order to overcome their concerns and avoid unwanted situations. Honesty is a very important issue in Desar's relationships. International competition and a growing number of export companies in the sector make foreign companies hard to trust as suppliers; therefore, honesty is crucial for relationship sustainability, although it may incur some losses.

Power/Dependence

Desar has long-standing experience in manufacturing and high-quality production of goods. Fast production capability also attracts customers that are doing business in competitive and fast consumer markets. In addition, Desar has also been able to create its own designs; this is another capability set that provides advantage in relationships.

'We are a manufacturer and our superiority is based on quality of production and fast production. They provide rapid exchange of information. They pass on information to us and we produce fast and with quality. I mean, we have our experiences and capabilities that have developed over years; they need to be discovered and put into practices, which is why foreign companies should not underestimate their suppliers and partners.' (Owner/Director)

On the other hand, Desar is dependent on its customers to gain a reputation. Desar tries to maintain its relationships by committing more because of its lack of reputation in international business. Gaining a reputation is obviously achieved by working with foreign companies.

'The benefit of working with big and well-known companies is to gain a good reputation for us. This an advantage while working with others.' (Export Manager)

Desar is also dependent on its customers for innovation activities because the company has a capability to produce and offer alternative products to its customers but the company wants to go further in this area and produce more value-added products; however, Desar has insufficient resources and employee capabilities to manage it.

Conflict/Co-operation

Conflict occurs occasionally in Desar's relationships, especially in busy seasons in the textile sector. Unreasonable demands and last minute changes on given orders put extra pressures on Desar's production process but Desar employs its personal relationships to express excuses and be more flexible in those situations. Apart from this, Desar's relationships involve being more co-operative with its customers. Over the years, Desar has developed close relations with its customer in Europe and cultural distance is not as much as in previous years; therefore, the levels of customer understanding in terms of their values and norms and quality standard conception are well-developed areas.

Desar involve innovative product activities; problems are sorted smoothly and tailored services are provided; however, involving agents to help export relationships seems to be a barrier to Desar increasing levels of co-operation.

'10-15 years ago there was a very big culture gap but this gap has now been closed; we can understand them easily, there is very little cultural diversity at this level and it is gradually closing. We're going to them, they come here and this brings a kind of cohesion. Because of cultural gap got little between us, we can easily reach European customers and markets. We can understand if we are trade partner or just a supplier in their eye.' (Owner/Director)

Case 3: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Desar Tekstil

Relationship Characteristics	Formal Agreements Long-term Relationships	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none">• The level of uncertainty is low, rare situations on payment terms because of financial uncertainties but Desar sorts these problems by having formal agreements and frequent communication with customers• Desar also has support from export agencies to reduce uncertainties in its export relationships with its customers. However, future strategic directions still depend upon customers' decisions.	Balance: formal agreement is a condition, stable relations, and frequent communication through agencies. Imbalance: lack of influence on strategic decisions

Distance	<ul style="list-style-type: none"> Distance is high because of information sharing and understanding values and norms of customers through agency assistance. Unwilling to have direct contact with customers; however, before starting business with customers, visits take place. 	<p>Imbalance: indirect relations, limited understanding of customers' values and norms.</p> <p>Balance: Business visits reduce distance</p>
Adaptation	<ul style="list-style-type: none"> Adaptation is a joint activity in relationships with customers. Desar is more flexible towards adaptation; it appreciates customers' standards, values and norms. Under competitive international circumstances, Desar involves necessary joint innovation activities 	<p>Imbalance: a customer's values and norms are shared more than Desar's</p> <p>Balance: substantial communication and discussion, involving joint innovation activities</p>
Commitment	<ul style="list-style-type: none"> The company put more effort into keeping business relationships longer. Formal commitments are regarded as very serious duties. The company tend to be more committed in problematic situations by offering alternative designs and cutting prices. Company prefers to talk openly to its customers by pointing out negatives and positives in the given orders. However, customers' dominant on decision making. 	<p>Imbalance: more commitment from Desar, lack of involvement in decisions about products and strategic management of relationships.</p>
Power/Dependency	<ul style="list-style-type: none"> High dependency on customers in innovation activities because of lack of resources and skills. Dependency is seen by Desar as the way to gain a reputation. Desar think that gaining a reputation can be achieved by having relationships with importer companies. Desar has enough experience and capabilities, such as quality and fast production techniques and the ability to offer alternative products. 	<p>Balance: developed capabilities in production technology and ability to offer alternative products</p> <p>Imbalance: lack of financial resources to conduct innovative activity and low reputation</p>
Conflict/Cooperation	<ul style="list-style-type: none"> Conflicts occasionally occur through unreasonable demands in busy seasons. Cooperation is very high with European customers because cultural distance has reduced over past years; therefore, standards, quality issues and product designs are sorted with mutual agreement by considering each other's values and norms. 	<p>Balance: consideration of norms and values. Reducing cultural distance. Agreement on quality issues and standards</p>

Reflections on Imbalance and Balance

Imbalances take place in Desar's relationships with customers over uncertainty, distance, adaptation, commitment and dependency (See appendix 4). It is apparent that Desar has low risk-taking behaviour in export relations and a lack of decision-making ability. Desar receives assistance from export agents in almost every aspect of its relationships. This makes some problems and barriers for understanding customers' values and norms; therefore, in its long-term relationships, the level of distance is still a problem. It is lowering but is still not low enough to have direct relationships, meaning that adaptation is a necessary joint activity under the control of customers. This also causes a high level of dependency on customers financially and in gaining a reputation. Desar is also dependent on its customers to manage innovation activities.

Balance is shown in the areas of uncertainty, power, and co-operation. Balance in Desar's relationships seems to be the result of its past experience in relation to production processes, procedural issues and flexible customer relations and management ability. The company has strong quality standard implementation and production capabilities; these provide a chance to demonstrate some of its strengths and to make formal agreements with customers through agents, which also secures its rights and reduces uncertainty. Furthermore, Desar frequently talks to customers (inter-departmental communication) and offers alternative products that are taken into account by its customers.

Interpretations of Capabilities

Employee Capability

Desar Tekstil has considerable experience of production processes and design techniques in people minds. This is supported by the disciplined working habits of employees in the company. The management team follows structured plans and programmes; however, low risk-taking behaviour stops individuals exploring more about customers; therefore, a lack of understanding of customer values and concerns has developed within the company. It appears that employees rely on export agents having information about their customers. This is also the sign of why they are unwilling to involve direct relationships and have no intention to develop inter-personal relationships with foreign customers involving strategic decision making processes. Furthermore,

Desar employs qualified staff; therefore, employee capabilities seem to depend upon past experience of employees.

'We always employ qualified employees and specialized people in the textile industry in order to give well and in-time service; otherwise, in the international arena, you have not got much chance to compete with others.' (Owner/Director)

Technical Capability

Desar's technical capabilities appear good enough to manage production processes within the company but need further development for orders. It is also apparent that innovative production design activities and research and development activities need further developments for future demands of customers where they are operating in highly competitive markets. There looks to be a lack of knowledge of customer resources and technology as a result of indirect contact with customers, which may be problems for further integration and collaborative projects in the future.

Managerial Capability

Implementation of strict quality standards within Desar indicate that Desar has been managed by plans and regulations. Flexibility is also a further strength of its managerial system. The owner's dominant position in the company influences all employees' working habits but it seems it also restricts their ability to explore and discuss issues within the company. Moreover, it is apparent that Desar lacks understanding of its human resources management.

'I cannot say that we learn more about human resource management from our international trade because it is hard to watch and understand what the employees learn from this experience.' (Owner/Director)

Desar has a lack of customer management ability and it needs help from export agents; this is also a barrier to influencing customers; thus, the company needs to improve its management capabilities and responsiveness to its customers. Moreover, Desar needs to develop its relationships on a strategic level with its long-term customers, while decreasing the level of dependency on export agents.

Lack of vision and management capability in innovative activity management is apparent; therefore, the company's direct attempts at collaboration and learning how to manage it are important for the future of the company.

Custom Capability

Desar's owner/director has strong beliefs and norms about his company and it is evident that he practices them in the company; although he is focused on his company, a lack of understanding about foreign customers' norms and values causes some difficulties. Formal agreements are considered to sort all these misunderstandings but they clearly do not provide more than standard relationships; Desar needs to be more specific about its customers in order to maintain relationships.

This lack of international understanding was recognized by the export manager and it might cause bigger problems for the company, such as losing its customers or being unable to be competitive in terms of changing trends in consumer markets in Europe. It appears that a lack of focus on customer values may also affect developing further customer portfolios in the future.

'Agents are experienced in how to handle risks and they know more about our customers, especially importers in foreign countries and the market conditions. For all those reasons, we are working constantly with agents in our foreign business.' (Export Manager)

Analysis of Capabilities: Desar Tekstil

Type of Capability	Owner/Director	Export Manager
Employee Capability	<ul style="list-style-type: none"> • Experience of production process and design • Low risk-taking behaviour • Following structured planned activities 	<ul style="list-style-type: none"> • Disciplined personality and export procedural knowledge • Lack of understanding of customers' values and concerns • Lack of foreign language ability

Technical Capability	<ul style="list-style-type: none"> • Advanced fast production skills • Need for integrating these skills with innovation activities 	<ul style="list-style-type: none"> • Need to build technical knowledge for customer orders • Good knowledge of in-house production systems
Managerial Capability	<ul style="list-style-type: none"> • Implementing strict customer quality standards in the company • Managing flexible production by managing employees well • Dominant decision maker for short-term issues • Lack of vision for innovation activity management 	<ul style="list-style-type: none"> • Weakness in managing direct contacts with foreign customers • Need to improve personal relationship management with customers • Need to move out of dominance of owner decision mechanism
Custom Capability	<ul style="list-style-type: none"> • Strong individual beliefs and norms • Lack of risk-taking behaviour in relationships with foreign customers • Depending on too much formal agreements 	<ul style="list-style-type: none"> • Awareness of changing customer demands in terms of trends in their consumer market • Need to understand more cross-cultural issues

Conclusion

Desar's case illustrates the condition of imbalance and balance in the relationships characteristics. The results of imbalance are apparent in the low risk-taking approach, resistance to change and a lack of confidence in its relationships. In addition, it is apparent that securing financial rights, a chance for limited involvement in innovative activities, and the danger of losing customers in the future as a result of a lack of awareness of customer values and norms increases the imbalance in relationships.

Custom capability is a weak spot in Desar's case. It is evident that Desar is a low risk-taking exporter and having support and assistance from export agents seems to be a barrier for Desar, which is not a comfort zone. However, its weaknesses restrict its vision of international business markets and fast changing trends in the sector. On the other hand, Desar has developed production capabilities and facilities. It is apparent that technical capability is sufficient to manage current relationships but there are likely to be some difficulties in the future. In relation to this, employee capabilities seem enough to manage the necessary transactions but it is evident that employees need more training and capability development.

Managerial capabilities within the company have an established presence and are not based on day-to-day decisions. Rules and regulations are respected and implemented well by the employees; however, Desar has a lack of customer management capabilities and little personal contact with customers. It is apparent that the owner's dominancy limits the export manager's capability development and directly influences Desar's customer relationship management.

Uncertainties in relationships are reduced by formal agreements but Desar does not actively get involved with any strategic decision-making processes with customers; therefore, it is apparent that uncertainty is reduced by mechanic solutions, causing distance to remain high. Adaptation seems a necessary joint activity that is enforced by customers. However, Desar's established technological capabilities seem to be providing Desar with more co-operation than conflict with customers.

6.1.4 Case Study 4: Cannat Tekstil

Case study four focused on five long-term business relationships of Cannat Tekstil whose customers are based in Italy, Sweden, Germany, Denmark and Jordan. Cannat employs twenty-one staff in the company and it is a manufacturer of finished goods, producing ready-wear clothing. It is based in the Merter Industrial district of Istanbul in Turkey.

Cannat was established in 1996 and since then it has been exporting to overseas countries. It first exported to the USA for four years and then the company changed its export strategy as a result of textile quotas that became a barrier to the company's export activities and in relationships with US customers. Cannat has changed its export marketing strategies and started exporting mainly to European countries and Jordan. This was the first attempt in export involvement and the company owner/director commented that '*we started exporting to America from which we have developed our brain and background.*' It seems that this first attempt gave the company priceless experience and understanding of international business.

The owner/director of production identified five of its long-term business relationships, two of which are customers in Italy and Sweden with a famous brand name and a ten-year relationship with them. The others are in Germany, a retailer with a relationship of

eight years, in Denmark, a retailer with a relationship of eight years and, in Jordan, a retailer with a relationship of 5 years.

In the company, the key personal for conducting relationships with foreign customers are the account manager and the owner/director of production.

Interpretation of Export-Import Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretation of relationship characteristics of Cannat Tekstil.

Uncertainty

Cannat has regular and long-term relationships with its customers. It is apparent that the level of uncertainty is low with customers; especially, personal trust plays an important role in relationships with the German and Jordanian customers. On the other hand, system-based trust is more important for the Italian, Swedish and Danish customers. Standardized relationships appear to be the solution for reducing uncertainty and both parties are satisfied with this. Cannat seems to feel secure with regular relationships because they make communication easy and understandable.

‘We have learnt the European standards and we speak the same language in technique terms.’ (Owner/Director of Production)

Moreover, Cannat receives procedural support from export agents, which seems to avoid misunderstandings and secures financial rights for Cannat Tekstil.

Distance

The level of business system-based distance is high with the Jordanian customer, while cultural distance is not; however, it appears that Cannat is close with its European customers in the area of business systems and organisational distance because information sharing is more efficient and quick. Moreover, longer relationships seem to remove the perception of distance in many aspects of relationships and increases cultural and organisational understanding between parties. On the other hand,

standardized relationships with European customers, limit the involvement of future strategic plans with customers and resource sharing.

Adaptation

Desar adapts its production systems and procedures within the workplace in relationships with Italian and Swedish customers. It appears that their standards and requirements are heavy tasks for Cannat. These customers have famous brands and it seems they are very strict with their suppliers and enforce strict contractual agreements. Cannat does not offer new designs and products to these customers; it adapts their requirements in necessary joint activities.

'The interaction between our company and the foreign customers in Italy and Sweden is a one-way relationship. We don't make designs and models to show our customers. We produce ready wear clothes in consideration of a received order from foreign customers.' (Owner/Director of Production)

It appears that adaptation is a mutually joint activity with the Danish and German customers at a team level and Cannat also offers new designs.

Commitment

Cannat has a slightly different approach to commitment in its customer relationships than the other companies. Cannat directly exports and has direct contacts with its customers but it also employs further services from export agencies for further checks on production and quality standards in the company. It is apparent that this is a supportive activity for Cannat so that the company is committed to its customers in relationships. Cannat use this as a control vehicle for commitment.

'We make direct contact with our customer and direct correspondence but there are always foreign agents in between because they find the customers for us. All such export to Europe is like that and the agents take commission from us and they inspect and control our production.' (Account Manager)

Cannat offers boutique services to its customers in Germany and Denmark, as a result of the customers' complicated but highly expensive orders; therefore, there is more frequent information sharing with them. In addition, Cannat appears to be more

committed to Italian customers as a result of strict formal agreements that have to be followed and committed.

'In my company, there are experienced and qualified employees. This employee type is our competitive advantage. European customers know that Asian companies are not able to deal with complicated production processes; therefore, our company is their first choice.' (Owner/Director of Production)

On the other hand, the recent economic crisis also influences Cannat's financial well-being but future gain for the company seems a bigger motivation to be more committed in relationships. However, it is apparent that Cannat loses control over relationships with its famous brand customers as a result of limited involvement in decision-making processes.

'In 2005, we were working with a 25% margin but now it is 5%; would you imagine how much our loss is!!!! The price of raw materials, tax, insurance of employees and, more importantly, petrol prices have risen sharply in Turkey but we cannot reflect all these costs in our sale prices because European customers say; they are your problems not ours. Therefore, the only way is working with a 5% profit margin; there is nothing to say about it otherwise I should leave the business.' (Owner/Director of Production)

Power/Dependence

Cannat has advanced production skills and designing techniques, which appear to be the capabilities that attract its customers. Moreover, personal power seems to play an important role in relationships with German and Jordanian customers.

'The German customer said that I could not rely on anyone, I do not know why. Then they come back to you again. I said that this time my price is different than 3 months ago, it is a little bit expensive and he said that is no problem. You put 25 cents more on the price, I rely on you.' (Owner/Director of Production)

Cannat has a reputation-related dependency on its Italian and Swedish customers; it appears that Cannat has priorities making them top of its list. Therefore, their influence on Cannat is larger than other customers in relation to these highly-competitive market customers who always demand better technological capabilities. Cannat takes this as an

opportunity to develop better capabilities; however, it is apparent that Cannat is continuously dependent on its customers and it has difficulty overcoming a historical dependent position and strategic dependency on its customers.

Conflict/Cooperation

Cannat appears to have a long-term goal orientation; therefore, it is more constructive in relationships with its customers. It solves conflict situations by having more frequent personal communication with customers and by sometimes putting up with financial losses.

'We first started exporting to Europe and America from which we have developed our brains and background. We adapt our system according to their system and that is why we think that having business relationships with them are valuable experiences but the profit margin is too little. We still prefer to export to Europe rather than Arabic countries.' (Account Manager)

Cooperation occurs on technical issues and product designing, especially with the German, Danish and Jordanian customers at a team level. However, formal agreements with the Italian customer limits the chance for cooperation with them because there are certain rules to be followed that are necessary cooperation and there is no chance of control over decisions. It seems that Cannat solves this conflict covertly in order to carry on relationships.

'We are producing the goods without changing any details on them in the Italian customer's order.' (Owner/Director of Production)

Case 4: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Cannat Tekstil

Relationship Characteristics	Long-term Relationships Formal	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> • Stable relationships with European and Arabic customers. • Personal trust plays an important role in relationships with Arabic countries; in contrast, system-based trust is more important with European customers. • Standardization of production and familiarity with European cultures decreases the level of uncertainty with European customers. • Support from export agents avoids misunderstandings and protect its rights. 	Balance: stable relations, familiarity with culture and understanding of technical and procedural system.
Distance	<ul style="list-style-type: none"> • Distance is high with Arabic customers but distance is low with European customers because there is more information sharing but resource sharing is low. • European customers prefer to have standard relationships with Cannat. 	Balance: frequent information sharing, Imbalance: lack of resource sharing and standard relations limit chances to go further
Adaptation	<ul style="list-style-type: none"> • Adaptation is high for Cannat in the area of production systems and export procedural bases in relationships with Italian and Swedish customers. Cannat does not offer new products. • Cannat offer new products to its Danish and Germany customers, adaptation is mutual for both parties and employees are involved in this process. 	Balance: new offers, employee involvement Imbalance: no new offers, strict adaptation process, no involvement for strategic decisions
Commitment	<ul style="list-style-type: none"> • Cannat is offering boutique services to its customers; especially, Cannat is more committed to Italian and Swedish customers for gaining reputation and for maintaining long-term relationships because they are famous brands. • Recent economic crisis in Europe also puts more pressure on Cannat because financial gain is dropping but formal agreements have to be followed. 	Imbalance: formal agreements and following strict criteria, loss of control in relationships
Power/Dependency	<ul style="list-style-type: none"> • Cannat has no brand and international reputation; therefore, it is dependent on its customers who have a famous brand name. • In the area of strategic decisions and capability development, it depends on relationships with Italian and Swedish 	Imbalance: strategic dependency and further capability development, difficult to change long-term capability development patterns Balance: technological

	<p>customers. However, in some areas, such as production techniques and designing, Cannat has power to influence its German and Danish customers.</p> <ul style="list-style-type: none"> • Personal power applies to its Arabic customers. 	skills and designs and personal power
Conflict/Co-operation	<ul style="list-style-type: none"> • Conflict is solved by accepting small profit margins and having more frequent communication. • Cooperation occurs on technical issues and product designing at a team level with the German customer. • Formal agreements with the Italian customer enforce Cannat involving in necessary cooperation without having any control over decisions, standardized interactions. 	<p>Imbalance: restricted level of cooperation</p> <p>Balance: team level cooperation, frequent communication</p>

Reflection on Imbalance and Balance

It is apparent that imbalance applies in relationships in the areas of distance, adaptation, commitment, dependency and cooperation (See appendix 5). Imbalances are illustrated by Cannat's lack of self-reliance in relationships with customers. Distance is mainly the result of standardized rules and regulations and a feeling of being more committed by accepting heavy tasks. Lack of involvement in the decision-making processes also increases the level of necessary adaptation by committing more resources into relationships. Strong customers are seen as important resource providers by Cannat, especially for further technical capability development and reputation gain. Cooperation appears limited with Italian and Swedish customers as a result of exercising power and social superiority and limited access to commencement of projects. Long-term stable relationships appear to make Cannat feel in a comfort zone; however, this stability limits its capability development and enlarges its customer portfolio.

Balance appears in the areas of uncertainty, distance, adaptation, power and cooperation. Cannat's advanced technical capabilities, experience in exporting, and cultural familiarity with customer systems is shown in the power of Cannat. Long-term stable relationships support certainty in its relationships. Agent-assisted information sharing with German and Danish customers also reduces the level of distance; in addition, having a chance to discuss and offer new products to these customers seems to make

adaptation a mutual activity. Involvement in team level collaborative product-related activities appears to give more balance in relationships.

Interpretation of Capabilities

Employee Capability

Cannat has been working with famous brand customers; therefore, its manufacturing capabilities and technical knowledge have been developed and employees are trained regularly; on the other hand, Cannat appears to indicate that top management of the company is not able to be involved in strategic decisions.

Staff trainings appear planned and organized; however, there is a lack of foreign customer understanding held by employees. The company receives support from export agents in its relationships; however, working with famous brands helps to develop more marketing understanding among employees; especially, new product development activities with German and Danish customers provide more opportunities for employees.

'We have more opportunities to involve in joint projects and innovative activities with German and Danish customers but this is almost impossible with Italians.'
(Owner/Director of Production)

The company owner is the dominant decision maker and it appears that he is the only one who is able to speak a foreign language in the company; therefore, he has individualistic behaviour, especially in relationships with foreign customers. It is evident that this does not help employees' awareness about foreign customers because the employees seem to be in isolation.

Technical Capability

The technical capability of Cannat appears to be developing in relationships with the Italian and Swedish customers but the capabilities become customer-specific capabilities and they are necessary developments on this occasion. Cannat has no involvement in shaping its capabilities; therefore; dependency is high on technological capability development. On the other hand, technological capabilities are developed with German and Danish customers mutually and it appears there is a balance in the

relationships and decision making on technical capabilities that have become a satisfactory joint activity.

'In Germany, our customer company does not employ any designer and stylist and they ask us for our own designs and collections. Every 2 months, we prepare a collection that consists of 30-40 pieces we send out to them and we talk about prices. They are having the benefit from our designer and stylist resources.' (Owner/Director of Production)

It appears that technical capabilities are not an issue for Cannat's Jordanian customer because Cannat's technological capability is high enough and there are no requirements from the customer.

Managerial Capability

It is apparent that Cannat has a limited involvement in decision-making processes with customers, especially in relationships with Italian and Danish customers. Lack of international vision and marketing knowledge and conflicts make the company more flexible in front of customers and force Cannat in support from export agents. It seems that indirect relationships with customers do not help to build further managerial capabilities for the company in relationships with foreign customers. Moreover, the personal power of the company owner appears to make Cannat able to manage its relationships with Jordanian and German customers.

It appears that the company has an efficient management culture because manufacturing processes and designs are planned and organized well. The company owner is informed by employees regularly and he is also involved in activities with staff. It seems the weak side of the company's management is that there are no employee motivation activities or promotions.

Custom Capability

It is apparent that inside the company there is a strong business ethic and the company owner's strong personal values play a critical role in the company. This is reflected in relationships with foreign customers and the trustworthy personal image of the owner exerts power in some relationships with foreign customers. However, it is apparent that

Cannat has to develop more professional and corporate level custom-based capabilities for different international relations; it seems that indirect involvement by having constant support from export agents also limits the chance for involvement in strategic decisions in customer relations.

'My German customer had looked for another supplier in Turkey who can offer a cheaper price for fabric and production than I did. He found one but he could not trust the supplier and he came back to my office and gave this order to my company. This shows that personal relations make a difference in our business relations.'
(Owner/Director of Production)

In the company's small management team, the owner is the only one who is able to speak a foreign language; therefore, it seems the company need to employ more qualified staff with international business understanding ability and able to manage foreign customer relationships.

Analysis of Capabilities: Cannat Tekstil

Type of Capability	Account Manager	Owner/Director of Production
Employee Capability	<ul style="list-style-type: none"> • Good knowledge of IT systems. • Lack of customer development and communication. • Limited international vision 	<ul style="list-style-type: none"> • Experience of manufacturing. • Foreign language ability. • Individualistic approach.
Technical Capability	<ul style="list-style-type: none"> • Knowledge of manufacturing process • INCOTERMS. 	<ul style="list-style-type: none"> • Technical knowledge and strong quality production awareness. • Close involvement in designing.
Managerial Capability	<ul style="list-style-type: none"> • In-house focus. • Lack of leadership. 	<ul style="list-style-type: none"> • Lack of direct customer relationship management. • Responsive. • Personal power over customers.
Custom Capability	<ul style="list-style-type: none"> • Limited understanding of customers and international marketing. 	<ul style="list-style-type: none"> • Building high quality standards and encouraging employees within the company.

Conclusion

Cannat's case illustrates the situation regarding imbalance and balance in the relationship characteristics. It is apparent that Cannat experiences both standardized and heterogeneous relationships with its foreign customers but it appears the important problem in Cannat's relationships is a lack of confidence to involve direct relationships because all relationships are assisted by export agents.

Technical capabilities seem to be developed that attract foreign customers but it does not necessarily mean that Cannat has a chance to involve in strategic decision-making processes with its Italian and Swedish customers. On the other hand, Cannat has more opportunity to involve in production and critical decisions with its German and Danish customers; however, strategic decisions involve the company owner and not the management team. Therefore, it seems personal relations are more effective with some foreign customers but organisational relations are more important.

Cannat has long-term relationships with its customers and the level of conflict is low; it is apparent that there are different reasons for this. One is that some customers are famous brands; therefore, possible future gains are extremely important for the company and Cannat feels more committed to its customers but strict rules and regulations limit the chance for co-operations and does not help reduce distance, even though there is regular information sharing.

The technological power of Cannat helps it to be more active in relationships with German and Danish customers and there are more opportunities to involve design activities at the team level. It seems Cannat is more relaxed in relationships with those customers and there is closer understanding of foreign customers' organisational cultures, values and knowledge process stages.

All in all, Cannat experience imbalance and balance in relationships with its foreign customers but it has developed technological and organisational capabilities; however, it is unable to combine these developed capabilities into customer relationships in order to achieve balance. It appears that Cannat attempts to increase its reputation and international business experience and establish different relationships in different export markets. Its international marketing vision is limited and is reluctant to involve direct

relations because it appears that Cannat's position and organisational structure has not been developed to communicate effectively with customers. Furthermore, it has difficulties in customer-based capabilities that enable the company to have effective involvement in customer relationships.

6.1.5 Case Study 5: Nilsen Tekstil

Case study five was conducted into relationships with to three long-term customer relationships of Nilsen Tekstil, which employs 33 employees and manufactures finished goods and produces ready-wear clothing. These long-term customers are based in Russia, Romania and Italy whilst Nilsen is based at the Merter industrial district of Istanbul in Turkey.

Nilsen Tekstil was established in 1988 and since then it has been exporting approximately 50% of its production to foreign countries but this percentage has fluctuated. Recently, it has experienced a drop in the volume of its exports. In 2002, Nilsen decided to join another company in a partnership and now the two companies' trade under the name of Nilsen when operating and exporting. In the past, Nilsen had an unsuccessful export experience. The company's first attempts at exporting were to Libya, USA, France and Germany but, since 2002; the enlarged Nilsen Company has been focusing on Balkan countries and the Russian and Italian markets.

In the company, two key personal are responsible for export and foreign customer relationships, the owner/director of export sales in Nilsen and the purchasing manager from the partnership company. The owner/director of Nilsen has pointed out three long-term customers that are based in Romania, Russia and Italy. These customers are large retailers but only the Italian customer has its own brand and Nilsen produces goods for the Italian customer to market under its brands. Meanwhile, Nilsen exports its products to the other two customers under its own brand.

Interpretation of Export-Import Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretation of relationship characteristics of Nilsen Tekstil.

Uncertainty

Nilsen has stable long-term relationships with three customers. It appears that Nilsen cannot control its customers' opportunistic behaviour because the recent economic crisis has had an impact on the relationships as customers demand higher quality products at cheap prices. Therefore, Nilsen feels that its customers' interests have slightly moved as they have been looking for cheaper products and suppliers and manufacturers in the Far East. It is evident that uncertainty is high for the future of Nilsen's relationships with its customers.

However, Nilsen is seen to be taking a proactive approach to overcome this problem by communicating with customers personally and developing personal trust with them. In addition, Nilsen is reducing the level of employment of export agencies because employing export agencies seems to increase the level of uncertainty in relationships with foreign customers as it slows down the flow of information and the level of efficiency in interactions. Currently, it appears that ambiguity in interactions with customers is evident.

'We sometimes use foreign trade agencies based in Turkey but day-by-day their intermediation is decreasing because we are getting more experience and knowledge about international trade and we understand more and more about them; they are limiting our interactions and opportunities.' (Owner/Director)

So far, Nilsen seems more successful with this strategy over Romanian and Russian customers but future uncertainty is still an issue for Nilsen with the Italian customer.

Distance

Distance appears that mainly results of lack of inefficient communication with Italian customer. On the other hand, standardized services and procedural issues with Romanian and Russian customers also increase the level of distance. Nilsen has standardized relationships and communication with its Italian customers and it seems the long-term contract keeps the relationship stable and affords limited involvement opportunities in strategic decisions in relationships with customers. Nilsen also experience a high level of distance with Russian customers as a result of distinct

business systems and distinct procedural issues. It appears that Nilsen has difficulties in reducing distance in business systems and communication issues with customers.

'The Russian textile market is changing very fast and it is becoming difficult to follow them. Russian companies also increase their expectations about quality and designs which push us to learn more and search information around and it increases our knowledge and experience. However, Russian companies' business systems are not developed to manage the demand of their market and too many procedures at their borders make us.....' (Owner/Director of Export Sales)

Company visits and observing customer systems bring better understanding for Nilsen; however, frequent visits are still not taken into account by Nilsen's customers.

Adaptation

It appears that adaptation is critical in relationships with the Italian customer because the Italian customer has its own brand, which means it is dominant in relationships and it also applies the European Union's regulations in its relationships. Production processes and quality standards are necessary but Nilsen has no influence on these issues and that puts extra pressure on Nilsen.

Nilsen has very limited involvement in the choice of raw material supply for its Italian customer, who usually makes the choice. It appears that the level of adaptation by Nilsen is high and it has become increasingly important recently because the amount of orders have dropped sharply from this customer. Therefore, Nilsen's experience in technology use and quick adaptation ability help to achieve quick adaptations in terms of the customer's requirements.

'My foreign customer in Italy says that I have been working with a supplier in Turkey and it is a good company; if you want to work with me, you should be supplied by this company.' (Purchasing Manager)

It is evident that business system and production processes are adapted in order to maintain relationships but the level of communication appears less and strict; long term contracts restrict Nilsen's capability development in order to be involved in the decision-making process with customers. However, adaptation in manufacturing

relationships with the Russian and Romanian customers appears to be an easier activity, although they have undeveloped business systems and relatively more personal communication takes place in relationships with these customers.

Commitment

Apart from standard formal commitments under the conditions of the contract with the Italian customer, Nilsen appears more committed to this customer because the Italian customer has a strong brand in its market and small mistakes by Nilsen can cause bigger problems for the customer. On the hand, it appears that Nilsen has been focusing on tailored production as a result of the lesser number of orders from the Russian and Romanian customers. Nilsen has established its own design team to respond to fast-changing customer demands because, otherwise, Nilsen will face the danger of losing customers.

It is evident that Nilsen has undeveloped communication skills with its customers and international vision; however, it prefers to continue its export relationships with its existing customers because switching costs will be too high, even though the amount of orders is dropping. It appears feasible for Nilsen to provide value-added products and innovative products to those customers by increasing establishment costs.

'In the past, the quantity was the main determinant when we considered taking orders in Turkey but the concept has changed and is no longer on the basis of quantity consideration. The new consideration is on the basis of the models and designs because the quantities has fallen sharply to 250 to 300 pieces, which is why we consider the designs and models that we can produce and our capabilities have developed in this way. We have established our team, stylists, and model makers and we are ready for this today. I have a small workshop. Today, if something is required by our clients within 48 hours, we are able to shows samples and designs. This is our competitive strength.' (Purchasing manager)

Power/Dependence

It appears that the powerful side of the company is the developed technological capabilities and responding to customers' demands in a short period of time by managing its production processes.

'We create fast models; my partner has long-term experiences of an integrated production facility and this gives me a chance to reduce the profit margin a bit more to create more appropriate manufacturing prices.' (Owner/Director of Export Sales)

Nilsen is an old company and is well known in the Merter industrial district, which means its relationships with suppliers and other companies in the domestic market bring extra strengths. Its well-known presence enables Nilsen to communicate and exchange resources with others; therefore, Nilsen is able to respond to customers quickly, although it lacks resources and time. In addition, Nilsen consults its Russian and Romanian customers about how to get cheaper production. It is evident that Nilsen is dependent on its customers in the areas of business continuity as a result of the high cost of switching and gaining a reputation. Nilsen has long term contract with the Italian customer that provides security and stability but limited involvement and collaboration.

Conflict/Co-operation

Conflict appears in the opportunistic behaviour of customers and a lack of customer interest in understanding Nilsen and Nilsen's weak attempts to understand customer values and norms. However, Nilsen solves these problems by being more flexible during the course of manufacturing processes and quality standard implementation within the company.

'Italian companies are in the European Union and there are compulsory quality regulations that they have to stick with. They require from us to be at European Union standards for employee rights, working conditions, production standards and they check our processes strictly but they don't want we reflect those things in our sales prices.' (Purchasing Manager)

It is evident that a drop in the amount of customer orders also shows that customers are facing difficulties in their business; therefore, Nilsen appears to take this as an advantage for cooperating in new product development offers and consulting them on how to get cheap production without compromising quality. It seems that Nilsen's international customers' understanding is increasing but is still not at the expected level.

'We understand why their sales are slowing down. We offer them cost effective designs and production types which make our job easier and make their sales smoother.'
(Purchasing Manager)

Case 5, Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Nilsen Tekstil

Relationship Characteristics	Long-term Relations but Opportunism	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> Long-term relationships but the opportunistic behaviour of customers, increases uncertainty. Italian customer demands high quality products cheaply; therefore, Nilsen feels that the Italian customer has a tendency to purchase from the Far East. Personal relations play a critical role with other customers. Personal trust. Offering alternative products helps to ease this problem. 	Imbalance: insecurity is hard to cope with; unable to influence the customer's strategic decisions.
Distance	<ul style="list-style-type: none"> Distance is high in relationship with Italian customer, longer term formal agreements seen as a high level of trust between them. Communications are through agents but Nilsen is planning to visit customers more often although there are no visits from customer companies. Distance is high with Romanian and Russian companies. Procedural issues seem a problem. 	<p>Imbalance: Lack of communication at organisational level and distinct business systems</p> <p>Balance: having long-term agreements, geographical closeness to customers</p>
Adaptation	<ul style="list-style-type: none"> Mutual supplier choice, production processes and EU regulation-related adaptations with customers. Necessary adaptations come from customers with contracts. Nilsen has less influence to manage it. Adaptation is becoming more critical in relationships because the demands from customers are decreasing recently. 	<p>Imbalance: Lack of influence on changing systems and procedures.</p> <p>Balance: ability to adapt and change fast.</p>
Commitment	<ul style="list-style-type: none"> Nilsen focuses on tailored production in small amounts; therefore, it established its own design team for fast-changing customer demands and offering innovative product designs. Working with prestigious customers brings more recognition for Nilsen. Putting up with unreasonable demands are sorted with established capabilities. 	<p>Imbalance: putting up with unreasonable demands, lack of response from customers.</p> <p>Balance: uniqueness of relationships</p>
Power/Depen	<ul style="list-style-type: none"> Nilsen dependent on its customers in the 	Imbalance: low

dependency	<p>areas of reputation gaining and for maintaining its business because product orders from customers have dropped sharply.</p> <ul style="list-style-type: none"> • Developed technological skills are the powerful side of the company and offers consultation for designs and production. 	<p>reputation and lack of marketing abilities for increasing sales, necessary dependence</p> <p>Balance: technical and design power and consulting customers</p>
Conflict/Co-operation	<ul style="list-style-type: none"> • Customer opportunism causes problems for Nilsen; high quality and low price expectations in particular. • Nilsen cooperating in mutual supplier choice and developing new products. 	<p>Imbalance: opportunism</p> <p>Balance: team level cooperation; understanding norms and values</p>

Reflection on Imbalance and Balance

It is apparent that imbalance exists in relationships with customers in the areas of uncertainty, distance, adaptation, commitment, dependency and conflict (see appendix 6). Strategic decision making is a collaborative action within the company as a result of business operations being managed with a partnership company; however, Nilsen lacks the ability to influence customer decisions. Long-term contractual obligations and fast-changing customer market conditions dictate many heavy tasks being taken by Nilsen. On the other hand, Nilsen lacks communication with its customers and there are no regular visits and resource and information sharing between Nilsen and customers.

As a result of a lack of marketing skills and a low level of understanding of international business, there seems to be a barrier in front of the company. Unreasonable demands of customers bring more pressure to Nilsen. The other factor apparent is that Nilsen needs to increase its reputation; therefore, keeping relationships with highly reputable customers is seen as a good investment for the future. Moreover, European Union regulations that are applied by two of the customers bring extra pressure on Nilsen because Nilsen's domestic market conditions and European customers' conditions differ and create more imbalances in relationships.

Balance in relationships appears in the areas of distance, adaptation, commitment, power and cooperation. Nilsen has experience in manufacturing and recently developed design capabilities. Geographical closeness and long-term agreements show that Nilsen have some chances to create more balance in its relationships and its developed technological capabilities enable Nilsen to make quick changes in its production facility

to meet fast-changing demand profiles of customers. It appears that Nilsen has been putting more emphasis on tailored services for its customers, which also seems to make more balance for Nilsen; meanwhile, Nilsen suffers from a lack of attractiveness and uniqueness in relationships.

Interpretation of Capabilities

Employee Capability

Nilsen's employees have been working for the company long term. There is almost no staff turnover within the company for a long time; therefore, established positions in the company make the management of employees easier. However, a common concern of all employees in the company is the lack of international customer relationships but this situation is changing recently by reducing the use of export agents in relationships with customers.

There is no hierarchical management in the company because the long-term stable working atmosphere and satisfaction of employees in the company seem to reduce all barriers between staff and the management team. Employees in the company appear aware of the fast-changing production process and they are easily adapting themselves for these changes.

Technical Capability

The recent economic crisis has caused a drop in customer orders. Nilsen has been focusing on tailored production and services for its customers; therefore, Nilsen's technical capabilities are developing in the way of specialist production that will bring different layers in its production processes and more staff training. Furthermore, having many years' experience in textile manufacturing appears helpful in this process.

The company has recently established its own design facility in order to offer new products to customers and develop more collaboration for competitive international markets. All these developments and quick changes appear to reflect that Nilsen trusts its employees and their experiences. It seems to present good encouragement for further technical capability development for Nilsen and, in the future, the company would like to create its own brand and gain more recognition.

'Western Europe's companies' system does not meet us; they are looking for large companies, manufacturers and suppliers who can prepare very quick collections to offer them and they are seeking more professional people. Their orders consist of large volumes and quantities and these are over my head. We are heading towards smaller-volume customers and more boutique orders because we trust our employees.'
(Owner/Director of Export Sales)

Management Capability

It appears that Nilsen is in the process of transformation of technical and custom-based capabilities because future plans of Nilsen indicate that the future textile market in the world will be more challenging and Nilsen should position itself in terms of these changes. It is apparent that these transformations bring a heavy burden on management capabilities of Nilsen. The management team has a collectivist manner and seems to be having no difficulty in managing all these within the company with qualified employees but there seems to be a problem in management of foreign customer relationships because the management team has in-house focus and limited understanding of customer concerns.

If Nilsen creates a new brand in the future, this also needs better management capabilities for success and recognition. From this viewpoint, it is apparent that Nilsen has a lack of planning and strategic plan development for its management capability development in relation to outside operations.

Custom Capability

Nilsen has a long history in export but limited understanding of the customer's norms and values. Nilsen also has made unsuccessful attempts in exporting; therefore, it appears Nilsen trusts its customers less and prefers conducting its relationships through agents. It seems that unsuccessful past experiences still influence its current relationships by limiting the understanding of customers' values and more security being sought in relationships, as well as pushing Nilsen to have standardized relations. However, Nilsen appears to be realizing that past concerns should not influence its current relationships; therefore, Nilsen is developing its strategy by focusing on niche

production without taking more risks and by cooperating with customers better without support from export agencies.

This new strategy seems to need new cultural change within the company and more knowledge being gained from external sources.

Analysis of Capabilities: Nilsen Tekstil

Type of Capability	Owner/Direct of Export Sales	Purchasing Manager
Employee Capability	<ul style="list-style-type: none"> • Experience of production and manufacturing • Good at personal relationship establishment • Staff training and development experiences 	<ul style="list-style-type: none"> • Understanding of market trends and changes and transformation processes • Advance knowledge of fibre and textile accessories • Regular update of textile knowledge
Technical Capability	<ul style="list-style-type: none"> • Deep knowledge of manufacturing and applying technology into products • Organizing quick adaptations on manufacturing facility 	<ul style="list-style-type: none"> • Deep knowledge of manufacturing processes • Specialist on raw material purchasing • Good knowledge of IT
Managerial Capability	<ul style="list-style-type: none"> • Good at short-term decisions but not strategic decisions • Effective and timely production management for customers • Establishing new departments for the company • Lack of skills in establishing inter-organisational relationships 	<ul style="list-style-type: none"> • Distribution management • Dealing with customer complaints by categorizing each complaint • Collectivist
Custom Capability	<ul style="list-style-type: none"> • Need more interactions with customers • Lack of understanding of customers • Strong personal influence within the company 	<ul style="list-style-type: none"> • Limited customer understanding • Need better international business knowledge

Conclusion

Nilsen's case demonstrates different degrees of imbalance and balances in relationship characteristics as a result of different customers in different export markets. Especially, Nilsen's relationship with its Italian customer presents a more consistent example of imbalance and balance in relationships. The other customers, Russian and Romanian

companies, also present imbalance and balance in relationships but it is evident that Nilsen manages its relationships and achieves more balance in relationships with these customers.

Imbalance in Nilsen's relationships appears to stem from Nilsen's stability-seeking behaviour in relationships. Therefore, long-term contracts locks Nilsen into standard relationships and low levels of personal contacts; distinct business systems and unreasonable demands cause more problems for Nilsen.

It appears that Nilsen feels it needs to change its export strategy because there is no chance to develop better capabilities; meanwhile, the international business environment becomes more competitive day-by-day.

Nilsen has developed technical capabilities and employee capabilities but it is evident that they are not enough to achieve more balance in relationships with customers. However, it is apparent that Nilsen's lack custom capabilities and foreign customer relationship-management capabilities. It seems that Nilsen has difficulties in applying its capabilities in customer relationships. Long-term assistance from export agencies in relationships with customers appears to be a barrier to Nilsen developing custom-based capabilities.

It appears that uncertainties in relationships are rooted in the opportunistic behaviour of customers but Nilsen achieve more balance by increasing personal relationships with customers. The recent economic crisis in the Euro zone influences Nilsen's relationships; thus, adaptation seems critical to maintaining relationships with customers and those adaptations are reactive and unplanned.

Nilsen appears more committed to its customers because, when the number of orders is squeezed, Nilsen feels more pressure; therefore, by making quick changes in the manufacturing facility and agreeing with customers on the choice of raw material suppliers seem necessary activities to be taken. It appears that Nilsen needs to increase its reputation by keeping its relationships with foreign customers as long as possible because Nilsen considers relationships with reputable foreign companies to be beneficial to creating its own brand in future.

It is apparent that the unsuccessful export business experience of Nilsen has become a psychological barrier in the mind of the management team; therefore, Nilsen has been seeking more security in its relationships and taking more pressure to maintain its relationships. However, recently occurring conflicts in customer relationships have been taken as a wake-up call by Nilsen; thus, the design facility offering tailored services and developing brand creation have been discussed by the management team. Moreover, it appears that Nilsen needs organisational transformation and custom-based capability development for further steps in its business.

6.1.6 Case Study 6: Elm Triko

This case focuses on ELM Triko and its two long-term customer relationships. ELM Triko is a manufacturer of finished goods, producing knitwear that includes jumpers, sweaters and knitted pullovers; it employs 35 people in the company. It is based in the Bayrampasa industrial textile district of Istanbul in Turkey.

ELM Triko was established in 1980 but the company did not start direct exporting until 2004. ELM has a long history in the textile sector. The company has been manufacturing knitwear since 1980 but it did not get involved in export; they were contract manufacturing for domestic companies and export companies based in Turkey. In 1995, the company changed its focus by deciding to indirectly export by producing knitwear for export mediatory companies. After many years' experience in manufacturing and a growing understanding of international business, the company decided to directly export in 2004. Since then, ELM has been manufacturing and exporting goods to various international markets.

In the company, the Owner/Director of Manufacturing and Export Sales Manager are in charge of export processes and foreign customer relationships. ELM pointed out its two most important and long-term customers that are based in Russia and Qatar.

In the ELM Triko case, it is apparent that personal relations, personal trust and commitment play important roles in foreign customer relations. The company owner is the most powerful figure in the company and his personal presence is critical in customer relations and in relations with employees within the company.

Interpretation of Export-Import Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretation of relationship characteristics of ELM Triko.

Uncertainty

ELM has long-term relationships with its customers. It appears that uncertainty is low with customers because there is frequent personal communication between customers and ELM that provide relevant and timely information for ELM and make ELM's job easier in specifying the needs of customers. Furthermore, ELM emphasises on this issue because it reduces uncertainties; regular visits are also critical. ELM appears to hold a dominant position in relationships and is involved in strategic decision-making processes in customer relationships.

'In the long-term business relationships, flexibility plays an important role. We are more flexible and intimate towards our customers. Customers in Russia, for example, we go there for a little closer look. I think in our fourth year of being in business with them, they came to visit our company and trust was developed; personal trust. The things he spoke, his movements, his words gave us an idea about him and his business and an understanding of the obstacles.' (Export Sales Manager)

However, it appears that the market in which Russian customers are based is not stable; general economic instability in this export market influences customers' business; thus, ELM feels there may be uncertainties in the future, it appears that ELM feels it should be in charge and should sort out the Russian customers' problems. On the other hand, ELM has no such uncertainty with its Arab customer.

'The Russian market is important for us. Once we started trading with this firm in this market we have been trying to make our relationships as friendly as possible by visiting a couple of times a year in their work place because they need our assistance with sales in unstable market conditions.' (Owner/Director of Manufacturing)

Distance

It appears that distance is low in relationships between ELM and its customers. The customers' quality standard expectations are not too high and small mistakes do not cause big problems and money loss; therefore, it seems there is no concern about this issue. It is apparent that ELM has advanced technological capabilities and machinery; therefore, ELM satisfies its customers technologically.

'We prefer exporting to Russia because the Russian market is suitable for us. The European market requires more and the expectations of customers companies are so high we cannot meet their expectations and standards. The Russian market is more relaxed and there are no strict regulations. There is not much difference in our profit margins compared with the companies in Europe. This makes us more confident in the Russian market.' (Export Sales Manager)

It appears that not only does the long-term experience of ELM in the export business help it to understand customers' expectations and values but similar business systems and geographical distance to customers also reduce the level of distance in business relationships. It also appears that information flow between ELM and its customers is accurate with no delays and avoidance; the management team is in contact with customers frequently and ELM employs staffs able to speak customers' languages.

Adaptation

It is apparent that the level of adaptation is very low in relationships with customers because ELM has advanced technological capabilities and experience in the manufacturing process. It has fast production ability and independent designs attract customers. ELM makes minor adjustments in terms of customer requirements on products. However, there is no adaptation at the organisational and strategic levels because it is apparent that ELM is the dominant party in relationships with foreign customers. Its technological capabilities and experience in export achieve balance for ELM in relationships with customers. Adaptation seems to be voluntarily taken so as not to miss opportunities for better offers and designs.

'While producing the goods, we use our own technical knowledge and administrative ability. We take into account the customers' requirement and wants but our offers are

winners. In the countries to which we export our goods, our customers like what we offer them because, after many years' experience and gained knowledge, we are able to offer them what they possibly like to buy and enjoy.' (Owner/Director of Manufacturing)

Commitment

It appears that ELM is more committed to its Russian customer because it provides more business opportunity in Russia for ELM. ELM's brand name is spreading into the market and ELM receives more business companies' demand from Russia. Therefore, it seems that the key customer in the Russian market is an important resource provider for ELM. It is apparent that instability in the Russian market influences ELM's customer business; therefore, ELM make more frequent visits to this customer to make its sales more stable and to understand its sales-related problems. This is because this customer in Russia is a good opportunity for ELM to develop new relationships with other companies.

'The Russian market is important for us. Our customers find our company. One firm selling our product there is our longest customer in Russia and another buyer sees our product and gets into contact with us and this is the case applied all the time. Keeping relationships with our key customer helps our exports to grow.' (Export Sales Manager)

On the other hand, it appears that the level of commitment is at the standard level with the Arabic customer because its market is stable with no increasing level sales or new customers.

Power/Dependence

It is apparent that ELM has developed technological capabilities and employee capabilities and many years' experience in almost every step of textile manufacturing enable ELM achieve more balance in relationships with customers.

'I think that the strongest side of my company is our experience. We have 10 years' production experience after 1980, starting active sales in domestic market and indirect

export. We started doing direct export in 2004 and, since then, we have been in this sector almost 30 years in different positions. They are all important moments and represent our strengths.’ (Owner/Director)

ELM has an established brand name, which is another indication of its power over its customers. In addition, the export sales manager mentioned ‘*our country image is very good in the eyes of our customers; this gives us power to negotiate better in trade and makes us be in an advantageous position.*’

It appears that ELM experiences dependency in relationships with its customer in the areas of market expansion and market stability. Relationships with the Russian customer provide the opportunity to have new customers in the Russian market; on the other hand, the customer from Qatar is based in a stable market that provides regular and stable business opportunity. Therefore, ELM feels dependent on these issues.

‘The Arabic customer is based in a very stable economy. The exchange rate does not change so the prices are not raised; therefore, there is no inflation.’ (Owner/Director)

Conflict/Cooperation

It is apparent that there are minor conflicts in payment terms and delivery options in relationships with customers in ELM’s case. ELM is holding a strong position and has the power to encourage its customers; therefore, it seems there is low level of conflict. However, cooperation with the Russian customer is very high because of the market instability in Russia. ELM feels that cooperation will bring more opportunities for it; even though the Russian economy is unstable, ELM feels it will be promising in future and, therefore, cooperation is at the organisational and personal levels. Fast and new product designs in terms of cost efficiency and marketing sales’ strategies are decided mutually in joint activities.

Case 6: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: ELM Triko

Relationship Characteristics	Long-term Personal Involvement	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> Long-term relations with customers. Uncertainty is low at the organisational level because ELM 	Balance: strong personal communication, establishing personal trust,

	<p>emphasises on personal involvement in customer relationships,</p> <ul style="list-style-type: none"> Customer's business systems are undeveloped and the markets where its customer is based are unstable; therefore, uncertainties are always there. 	<p>involving strategic decision-making processes and information availability.</p> <p>Imbalance: market uncertainty problem and undeveloped customer business systems</p>
Distance	<ul style="list-style-type: none"> Moderate level of quality expectations from customers. ELM has an advanced technological capability and good knowledge of manufacturing process. Good levels of understanding customer values and expectations and close geographical distance is an advantage to the two export markets. 	<p>Balance: similar quality expectations, business systems and geographical distance</p>
Adaptation	<ul style="list-style-type: none"> Product modification, designs and delivery time, no adaptation at the organisational level. 	<p>Balance: advance technology and developed capabilities.</p>
Commitment	<ul style="list-style-type: none"> High level of commitment to key Russian customer because the number of customers are growing in this market. Standard level of commitment to Arabic customer the relationships are stable. 	<p>Balance: increasing recognition through key customer's channel.</p>
Power/Dependency	<ul style="list-style-type: none"> Technological advancement, employee capabilities, new offers, experience, brand image. Future market expansion in Russia makes ELM more dependent on its key customer and the market stability in Qatar is also another factor why ELM is dependent. 	<p>Balance: developed technological and employee capabilities, established brand, country's image.</p> <p>Imbalance: market expansion and stability, seeking strategic dependence</p>
Conflict/Co-operation	<ul style="list-style-type: none"> Low level of conflict in payment terms and delivery options. Cooperation concerns fight against unstable market condition and developing new sales tactics and strategies. 	<p>Balance: close understanding of customers problems and expectations</p>

Reflection on Imbalance and Balance

It is apparent that imbalance exists in ELM's relationships in the areas of uncertainty and dependency (See appendix 7). Imbalance shows that mainly external market conditions influence ELM's relationships and cause uncertainties in customer relationships. ELM takes a proactive approach to reduce uncertainty in relationships by making regular visits to identify specific needs of customers which have undeveloped

business systems. Imbalance also appears in dependency related to market expansion plans of ELM because the key customer in Russia provides more opportunity for market expansion and the Arab customer provides a stable and regular business opportunity for ELM.

It appears that balance in ELM's relationships exists in the areas of uncertainty, distance, adaptation, commitment, power and cooperation. ELM experiences more balance in its relationships than imbalance. It is apparent that ELM's Russian customer is operating in an unstable market and it has insufficient strength to manage external ambiguities; however, ELM has long-term experience in textile manufacturing and sales and has the power to encourage the customer and be involved in the strategic decision-making mechanism. Distance is low with customers and it appears that personal relations play an important role. It appears that ELM is the dominant part; therefore, it makes minor adaptations on products.

Balance in ELM's relationships also seems to depend upon personal communication, personal trust building and tailor-made production offers; therefore, accurate information is available and strategic decisions are a mutual activity rather than a one-sided decision. It appears that ELM's recognition increases in the Russian market; thus ELM is more committed. On the other hand, it is apparent that the country's image also plays an important role in ELM's case because ELM feels that Turkey's image in Russia and Qatar is extremely good; therefore, this positively influences its powerful position and enables ELM to achieve more balance in its relationships.

Interpretation of Capabilities

Employee Capability

Top management has a substantial amount of experience in manufacturing and technology-related areas in the company. Additionally, export regulations and documentation are well acknowledged within the company; however, in some problematic situations, ELM receives legal support from external sources.

ELM has long-term experience of managing relationships with foreign customers directly. It appears that communication with customers is taken seriously and there are qualified staffs to manage timely communication with customers and to make

suggestions. In addition, ELM is also able to find quick solutions for customers' problems and to offer them innovative products.

'We can communicate with foreign customers in their language. This is important because foreign customers want to have answers as quickly as possible and be convinced by the answer; especially in international business, communication is vital. There are many substitutes; if customers can't get an answer from, you they can change their opinion and this means that your firm loses a customer.' (Owner/Director of Manufacturing)

With many years' experience in manufacturing and customer relationships; it appears that ELM's expertise is the most important capability embodied in employees' heads that shows ELM undeniably has a professional team in the company.

'Exporting is an important thing to gain international experience and competencies, as well as disciplining you. When a foreign firm gives an order, you have to produce it 100% the same as the given order. If you produce it with a 1% mistake, they don't accept the product so you and, especially, your company should gain some skills and competences to make it right. This is a kind of motivation factor for us to train our employees to be better.' (Owner/Director of Manufacturing)

Technical Capability

It appears that the technical capabilities of ELM have mainly developed over years; previous export experience to Germany was the highest level of technological capability development; since then, it seems that technological capability development has slowed down. ELM feels that there is a need for research development activities within the company; therefore, it is more open for collaboration in innovative product creation.

ELM focuses on cost-efficient production techniques; therefore, customers' problems are taken as important motivation factors to develop these techniques.

Managerial Capability

The company owner is influential on employees' working discipline and training but decisions are taken by employee involvement at weekly and monthly staff meetings. It appears that there are no written rules and regulations in the company but reactive

decision making is very low because routines in the company become unwritten rules and employees follow these; therefore, management of employees creates synergy rather than conflicts within the company.

It appears that ELM is able to translate customer requirements into the production department; therefore, more efficiency is seen in customer relationship management in relation to product-based issues. ELM is capable in managing its customer relationships by communicating frequently without language barriers. ELM offers sales and marketing-related consultation to its Russian customer as a result of unstable market conditions. Customer concerns are taken into account; however, it is apparent that an increasing number of customers, especially in the Russian market, will put more pressure on ELM. It seems there is need for extra modification for efficient management; however, ELM seems unclear about this issue.

Custom Capability

It appears that long-term relationships and previous experience in exporting taught ELM a lot and provided suitable ground on which to develop custom-based capabilities. ELM has good understanding of foreign customers' expectations and values and norms and it seems that personal involvement in customer relationships increases the level of understanding. Customers seem to trust ELM because ELM involves in strategic level decisions with customers.

'We have had customers from Russia since 2004. We met them here and, since then, we have been exporting to them directly and I visit them in Russia twice a year. It is because the Russian market is important for us. The more we involve in relationships with customers in foreign markets, the better we understand the tastes and needs of different markets and customers.' (Export Sales Manager)

Analysis of Capabilities: ELM Triko

Type of Capability	Owner/Director of Manufacturing	Export Sales Manager
Employee Capability	<ul style="list-style-type: none"> • Knowledge of knitting and applications • Technical knowledge of knitting machinery 	<ul style="list-style-type: none"> • Ability to understand customer needs and translate them into production processes • Ability to understand different market conditions and a

	and equipment	customer's problems and difficulties <ul style="list-style-type: none"> • Foreign language ability • Export procedural knowledge
Technical Capability	<ul style="list-style-type: none"> • Flexible production techniques and fast adaptation • Innovative, cost-efficient production methods 	<ul style="list-style-type: none"> • Ability to understand manufacturing processes and • Ability to translate technical details of orders into production department
Managerial Capability	<ul style="list-style-type: none"> • Management ability for manufacturing • Management ability for integration between employees and machinery • Proactive planning ability to avoid market uncertainties 	<ul style="list-style-type: none"> • Ability to manage and organize customer communication patterns; • Ability to organize communication inter-departments
Custom Capability	<ul style="list-style-type: none"> • Ability to offer exclusive services • High level of understanding in customer expectations 	<ul style="list-style-type: none"> • Distinguishing different customers' cultural values and business ethics

Conclusion

This case illustrates where balance in relationship characteristics has taken place more than imbalance. ELM has developed capabilities that provide more opportunities to overcome imbalance in relationships with customers. Developed managerial capabilities are important determinants in customer relationships because ELM is able to manage its customers by being involved in strategic decisions with them and communicating frequently. In addition, its expertise and experience in manufacturing bring more opportunities for cooperation with customers in innovative product creation and cost-efficient product designs. However, previous quality standard consideration within the company has been ignored since exporting started to Russia and Qatar. ELM has developed custom capabilities, which is evident from mutual activities with customers, by being more sensitive to their expectations.

ELM has focused on technological and custom-based capability development; however, there is a lack of emphasis on additional employee resources and better management

capabilities in order to keep its strong position in relationships with customers. It is likely that ELM will have a growing number of customers in its export markets; therefore, advanced management capabilities within the company and in relationships with customer need to be developed. In current management of the company, it is mainly dependent upon the owner's decisions; however, other employees' decisions are also respected by the owner but it looks limited.

Over-confidence is evident within the company and among the management team as a result of standing on the powerful position in relationships; this causes the company to ignore some issues. For example, the existing brand of the company seems unpromising for future expansion; therefore, ELM is looking to buy a new brand or create a new one but there is no plan for how to start buying or creating the new brand and how to replace the existing brand. Furthermore, ELM is able to sort customers' problems by making quick adaptations to products and suggestions for sales and marketing; however, these are based on personal experiences of the owner. They are not based on well-studied analysis; in other words, these problem-sorting methods are not professional and it could cause problems for customers and damage relationships.

6.1.7 Case Study 7: Roza Tekstil

Case study seven focuses on Roza Tekstil and its three long-term relationships with customers. Roza Tekstil employs 111 people and manufactures and exports semi-finished goods, metal and plastic zips to Western Europe and North Africa. Roza Tekstil is based on the Merter industrial textile district of Istanbul in Turkey.

Roza Tekstil was established in 1996 and, after four years' business experience in domestic market, it started being involved in export in 2000. The company started exporting through limited acquisition of a Spanish zip manufacturer but this did not last long because of conflict over strategic-level priorities in relationships and the focus of the partner. The second attempt was to the Russian market by an unsolicited order from a customer but Roza had too much uncertainty in its business relationships with this Russian customer and the business suffered drawbacks from this export market. Roza is now exporting to Italy, Britain and Egypt and the company owner identified three customers in each country which are the most important customers and exporting is still continuing to these customers. In the company, the owner/director of export is

responsible for all export activities with current customers. Roza Tekstil is also an importer of raw materials for its zip production. It imports mainly from China.

Interpretation of Exporter-Importer Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretation of relationship characteristics of Roza Tekstil.

Uncertainty

Roza Tekstil has long-term relationships with its three customers. It appears the level of uncertainty is low with its Italian and British customers because these customers place regular orders and communication is frequent and information-sharing is continuous. Roza also has quality certificates that are recognized internationally. Roza rarely use an indirect export mode and export with these customers is direct. Furthermore, there seem to be no barriers for information search. Roza also observe customers by searching their current business relationships and performance through export credit bank databases and export agencies to ensure that the partners are doing well.

'Gathering information about the business history of the company through official bodies and channels, such as the last or current business relations of this company is important to being sure about this partner.'

'They are interested in our certificate our company gained from accredited institutions and bodies.' (Owner/Director of Export)

However, it appears that there are some problems with the Egyptian customer in communication, order placing and undeveloped business systems. This customer's behaviour is not clear in relationships, especially when it comes to negotiation and the closing stage. In addition, there is no adequate external database to search Egyptian customers; therefore, uncertainty appears to remain high.

'When we do trade with an Egyptian customer, their behaviour is like they are buying something in a street market; it is not smart. On the contrary, European customers know what they need to buy and know what they are looking for. This shows two

extreme edges. If we offer innovative products to European customers, they do not even ask the price but Arabic customers are price-sensitive.’ (Owner/Director of Export)

Roza is also very well aware of the speed and efficiency of communication with its partners because Roza believes that these two things help to reduce the level of uncertainty in relations.

‘Our relationships with foreign companies are regular and we have very fast communication with them. If they ask any questions about their order that is about the process at our production line, we answer them in seconds. I think that fast communication and quick response are important capabilities that add positive differences in our relationships with foreign companies.’ (Production Manager)

Distance

It is apparent that Roza has standardized relationships with its customers. The level of communication is high during the manufacturing process but not constant and there are distinct strategic objectives between Roza and its customers. However, Roza tries to reduce distance by acquiring its machinery from European companies that is even more expensive than Asian brands, establish its web site and by obtaining quality standard certificates from internationally-recognized bodies.

‘We bought our machinery from European machinery sellers. This gives a confidence that your company will produce quality as well as making sure your company strengths can easily be identified by our customers. Moreover, creating our company website was the most efficient way to make contact with foreign companies and it helps them to get to know you. On the other hand, we have studied how to produce an order as fast as possible. In this process, you can carry on producing fast and with quality.’ (Owner/Director of Export)

These attempts appear to show that the level of distance in relationships is lowered but there seems the level of distance is still big at the personal level with the Italian and British customers. This may be because company visits are not common in relationships with these customers; however, personal relationships play a critical role with the Egyptian customer to reduce the level of distance. More company visits take place in relationships with this customer.

'Personal contacts and friendship is important when I am doing business with Eastern companies. After a couple of transactions, our relationships are on a friendship base. Europe and the west; our relationships with them are more formal than the relationships with eastern companies. I think that this is because of cultural differences between west and east, reflecting in human behaviours.' (Owner/Director of Export)

Adaptation

It appears that strategic level adaptation is low in relationships with customers; there is no resource development activity with customers and adaptation takes place on product design at the request of customers and formal quality standard policies. It is apparent that Roza invests in obtaining quality standard certificates because these are critical in relationships with Italian and British customers. Furthermore, communication with customers appears to be growing every day; therefore, Roza invests in human resources and technological communication systems and tries to update employee capabilities in order to be more efficient in communication. However, it appears almost no adaptation takes place in relationships with the Egyptian customer and Roza influences this customer to adapt its own business systems, such as ordering systems and frequent communication.

Commitment

Roza is more committed in relationships with its Italian and British customers. It is apparent that Roza pays more attention to those customers' requirements because business relationships with them provide more opportunities to learn new things rather than financial gain and help to develop international vision in competitive international export markets. Moreover, relationships with them are also prosperous and that helps to obtain a reputation in these export markets. It is hard for Roza to find new customers; therefore, it appears that the switching cost is high. Roza has a good level of understanding of customers' expectations and norms; therefore, it tends to be more flexible with those customers. However, the level of commitment is low with Egyptian customers because there is less possibility to learn new things from this relationships and standard relationships appears satisfactory for the Egyptian customer.

'When we have an order form an Egyptian company, we don't have any pressure on our production line; even if we are late for delivery, they don't make any complaint, which means that Egyptian companies have no strong deadlines to receive their orders. In contrast, European companies are so strict about time; everything has to be done on time and they don't tolerate delays.' (Production Manager)

Power/Dependency

It appears that Roza Tekstil is small in size compared with their customers; however, this does not put Roza in a weak position. Roza has strengths in technological systems, quality production, and effective communication and negotiation skills in relationships with customers. On the other hand, Roza lacks innovative activities within the company as a result of weak infrastructure in this area and conception. In addition; employee capabilities seem insufficiently developed to manage processes; therefore, Roza is dependent on its customer in those areas. Furthermore, a lack of strategic market expansion plans makes Roza dependent on its customers.

Conflict Co-operation

It appears that Roza experiences conflict with priorities in relationships with customers. Roza focuses on small amounts but a diverse range of production in orders. Roza feels that this type of production provides more benefits for the company to develop its capabilities and increase its reputable image on customers. However, Italian and British customers place large amounts and standard orders; on the other hand, the Egyptian customer focuses on price rather than quality when ordering. Therefore, it is evident that conflict takes place in Roza's relationships but Roza has limited options to overcome these problems. Cooperation is apparent in relationships concerning designs of products.

'It is a little difficult to do business with the Egyptian customer. It is because of breaking through and involving too many bargains. They will certainly demand further discount after ordering. Therefore our trade with them is a little bit time consuming and nerve racking.'

'Doing business with European customers is better for the development of your ability, technical capabilities and prestige. It is also a good thing for us to increase the company's reputability.' (Owner/Director of Export)

Case 7: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Roza Tekstil

Relationship Characteristics	Long-term Relationships with Distinct Market Customers	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> The level of uncertainty is low in relationships with British and Italian customers. Frequent communication, direct relationships and regular orders. Uncertainty is high in relationships with Egyptian customers because undeveloped business systems and untimely orders are placed by the customer. 	<p>Balance: stability in relationships</p> <p>Imbalance: infrequent contact and informality</p>
Distance	<ul style="list-style-type: none"> Standardized relations with customers, communication is high during manufacturing process but not all times. Low level of visits by customer companies. Certified quality standards. 	<p>Imbalance: infrequent communication and standard relations; lack of trust building</p>
Adaptation	<ul style="list-style-type: none"> Adaptation is high on product quality standard policies but low on strategic level; there is no mutual project activity 	<p>Imbalance: necessary adaptations, enforced by the customers. No innovative product activity</p>
Commitment	<ul style="list-style-type: none"> Highest level of commitment in relationships with Italian and British customers in the areas of paying more attention to their orders by being flexible and meeting requirements. Opportunity to learn new things from them but customers do not respond in the same way. 	<p>Imbalance: lack of control over opportunities and resources</p>
Power/Dependency	<ul style="list-style-type: none"> Customers are large companies but Roza has power in its relationships, such as technological advancements and quality production, effective communication and negotiation tactics. Innovative activities are very low as a result of weak infrastructure in this area and a lack of developed capabilities and employee abilities. A lack of strategic planning. 	<p>Balance: technological power and production systems management</p> <p>Imbalance: administrative weakness in innovation and necessary strategic dependence</p>
Conflict/Co-operation	<ul style="list-style-type: none"> Conflict in relationships concerning priorities. Roza prefer to produce small quantities for customers but many different types, which is more beneficial for Roza's developing capabilities because Roza's focus is on quality and diversity in production. Egyptian customer's irregular orders and too much focus on price rather than quality 	<p>Imbalance: focusing on different priorities and hostility in relationships, lack of benefit gathering</p>

	<p>cause conflict.</p> <ul style="list-style-type: none"> • Cooperation is not apparent in relationships with customers. 	
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Reflection on Imbalance and Balance

Imbalance takes place in uncertainty, distance, adaptation, commitment, dependency and conflict (see appendix 8). Standardized relationships with Italian and British customers provide lack of involvement in decisions with customers and infrequent communication shows that Roza has limited opportunities for discussing some problematic issues with customers. On the other hand, the Egyptian customer's informal business system makes Roza more anxious about the future of relationships and there is a lack of trust-building in the relationship. It appears that adaptation is a necessary activity for Roza in production and quality issues. Roza is more committed to its customers. Roza has a lack of control over resources in relationships; customers seem unwilling to share critical resources with Roza but the demands of customers are higher. Roza's limited administrative ability in innovation and a lack of strategic focus show that dependency is high in relationships and focusing on different priorities causes conflict in relationships. Roza feels hostile in relationships and cannot achieve enough benefit from customers.

Balance appears in uncertainty and power in relationship characteristics. It is apparent that Roza has stable relationships with all customers and is willing to maintain relationships. Frequent communication during the manufacturing process shows that relationships are satisfactory for both parties and there is no intention to break it. Roza has advanced technological equipment and trained employees who are able to use and manage this production system. This is the most desirable feature of Roza and shows Roza is able to make quick changes in terms of customers' requirements.

Interpretation of Capabilities

Employee Capability

Despite Roza working with international customers in distinct export markets, its employees' capabilities are limited in customer relationship management. It is apparent that employee capabilities have not been developed in foreign customers' relationship

management. Roza has not established an export department in the company and, apart from the company owner; no employee can handle customer complaints and requests. It seems that customers are not satisfied with the limited employee capabilities within Roza and a lack of interest in cross-company joint projects. In order to sort this problem, Roza employs professional export agents. Roza's employees also have no opportunity to involve in any research development activities with the customer company's employees; therefore, employees feel restricted within their routine work.

'We have intense relationships with foreign trade agents. In many areas, they help us to sort our product-related and export procedural problems very fast; otherwise, we could lose our customers. I admit that my company is less developed in this area but we still have some good points in customer relations.' (Owner/Director of Export)

It appears that employees are trained well and trainings are continuous; however, routine employee training programmes make little difference in employees' capabilities and those training programmes do not encourage employees to contribute more to the company. In addition, employee turnover is high because employees tend to leave the company after being trained, especially those who trained for chemical laboratory work because this training provides better opportunities for employees outside.

Technical Capability

It is apparent that Roza has developed technical capabilities in two areas; manufacturing and laboratory testing techniques; not many companies in the textile sector have this facility. These capabilities provide confidence for Roza in relationships with customers.

'When we receive an order, first we do the planning of the production process, which is the key point. We are always positive towards our clients. If you approach them with a question, this can cause you to lose the orders. So we try to make our talk very clear to our customers and we talk conditions. I said I need to be very clear in talking about something important in marketing. Always avoid new question marks in customers' minds. Even if you have an obstacle, you have to present it very clearly; the customer thinks about the challenges of this business but the producer knows how to transcend these difficulties.' (Production Manager)

Technical capabilities are well planned and organized within the company and the

responsibilities from holding quality certificates within the company force it to comply. Roza's chemical laboratory and manufacturing facilities are managed differently and it appears that there are discrete management styles between the two departments; the company needs more integration between these two departments to make technical capability development equal between the departments. A recent attempt to establish internet web pages appears to be working well and providing better opportunities to communicate with customers.

Managerial Capability

Roza has no strict hierarchical management system in the company and it appears there is a lack of integration between the manufacturing department and chemical laboratory department. This seems to cause some problems in the company and to influence customer relationships management. Translating customer requirements into the manufacturing department and chemical department seems to be the owner/director's job, which puts more pressure on the company owner and slows down the decision-making processes and reduces the speed of production.

Roza has more informal relationships with the Egyptian customer and this seems to be against Roza's business management system; therefore, Roza is always more cautious about this customer and handles more ambiguous situations that are time consuming and offer less to learn. Despite Roza having developed technological capabilities, it appears that Roza lacks management ability for research development activities and there are no plans for it.

Custom Capability

Long-term standardized relationships with foreign customers appear to be limiting the ability of Roza to develop custom-based capabilities. Within Roza, the owner is the only person handling customers and translating their requirements into departments. There seems to be insufficient development of custom capabilities in this area. Roza has a limited understanding of the international business environment and it seems they also have no intention to understand more about it and to provide opportunities for employees to do it. It is apparent that Roza focuses on customers and their values and

norms, trying to see the export market through customers' points of view; however, this does not provide better opportunities for export market understanding for Roza.

'There is a difference between our customers in terms of purchasing behaviour. If you're asking what kind of behaviour; the Middle East is difficult to do business with. We have a shortage of trust in relationships with them. They are different in a commercial sense and have different values in general. When we do trade with them, their behaviour is like they are buying something in a street market; it is not smart. In contrast, the European manufacturer knows what need to buy and knows what they are looking for. These are two extremes.' (Owner/Director of Export)

Analysis of Capabilities: Roza Tekstil

Type of Capability	Owner/Director of Export	Production Manager
Employee Capability	<ul style="list-style-type: none"> • Knowledge of production process • Trained staff in manufacturing • Degree in management 	<ul style="list-style-type: none"> • Long-term experience of manufacturing • Knowledge of different types of material • Chemistry degree and education
Technical Capability	<ul style="list-style-type: none"> • Translating customer orders into production department • Ability to use communication technology effectively • Foreign language ability 	<ul style="list-style-type: none"> • Chemical Laboratory experience • High-tech laboratory equipment use
Managerial Capability	<ul style="list-style-type: none"> • Developed management systems for manufacturing and customer-relationship management • Financial management of company 	<ul style="list-style-type: none"> • Responsibility of managing staff trainings • Managing laboratory staff and hazardous substance purchase • Integrating laboratory department and manufacturing department
Custom Capability	<ul style="list-style-type: none"> • Limited international customer understanding and establishment of better integration in relationships 	<ul style="list-style-type: none"> • Limited understanding of customer norms

Conclusion

This case demonstrates a situation in which imbalance and balance exist in relationship characteristics. It is apparent that imbalance in relationship characteristics are related

with limited managerial and custom-based capability development within Roza. Long-term standardized relationships with customers have limited Roza's capabilities in those areas. However, Roza also shows a lack of intention to involve in decision-making mechanisms with customers; on the other hand, it is not apparent that any customers show clear intentions to involve in projects with Roza. Innovative activities are not in the minds of customers involved with Roza. Roza has focused on technical capabilities but the manufacturing facility consists of two separate departments and integration between these departments is limited; it seems there is a need to develop managerial capabilities in this area. It appears that limited custom-based capabilities in customer relations cause problems because Roza has difficulty understanding customer expectations; this has been supported by infrequent contacts and informality.

It is apparent that Roza's limited international vision and unplanned future provides more dependency in relationships; lack of cooperation is evident by the lack of managerial capability development within Roza. Roza has no control over resource and opportunities; however, the level of commitment is high for Roza. It seems that it is Roza's task to be more committed in relationships as a result of its undeveloped management capabilities and undecided priorities in relationships. Necessary adaptations are adopted by Roza but a lack of customer understanding and undeveloped management capabilities reduce the chance for joint innovation-based activities with customers. Geographic distance appears not to be a problem with customers but psychic distance is high because of infrequent communication and standard relationships.

Balance shows in uncertainty and power. Roza has long-term relationships with customers and regular orders and frequent communication during the ordering process help to reduce uncertainty. Roza's technological capability development shows Roza's strengths in technical-based interactions with customers.

6.1.8 Case Study 8: Polin Tekstil

This case focuses on Polin Tekstil and its four long term relationships with customers. Polin Tekstil employs 240 employees and exports finished goods and ready-wear clothes to Europe and North America. It is based on the Gunesli Industrial textile district of Istanbul in Turkey. Polin has an integrated production facility managed by highly qualified employees and producing high-quality textiles for its customers. Its

customers are top brand companies; therefore, quality issues are incredibly important in relationships with customers.

Polin Tekstil was established in 2001 and, since then, it has been exporting to its main export market in Italy, which receives 85% of the company's manufacturing. Over the years, the company's experience and capabilities have developed and it has expanded export markets and the volume of exporting goods by involving the North American market. The other reason Polin expanded its export to North America was because the textile export quotas were removed and more opportunities for Polin have become visible, involving direct export relations with customers from this market.

Polin identified its four most important export customers that are based in Italy, Britain, Canada and the United States. The longest relationship is with the Italian customer and other relationships with customers have existed 4 to 5 years on average.

Interpretation of Exporter-Importer Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretations of relationship characteristics of Polin Tekstil.

Uncertainty

Polin has long-term relationships with its customers. Communication in the areas of technical and production is high and accessibility to customer-related information is satisfactory. It appears that Polin's relationships with customers are regular with problems solved by mutual joint decisions and face-to-face discussions.

'Our relationships with our customer are continuous. They send their staff to our office in Turkey to give orders. We have face-to-face discussion about their order and first we take their orders and analyse the order in our collection and production planning departments and send samples made for their orders. If they are happy with the samples, we send them and we start producing; otherwise, we seek further clarification about the order until they like.' (Export Finance Manager)

However, unstable relations with Italian customers have appeared in the past. The main reasons were the different strategic priorities of the Italian customer. It arose because

the Italian customer's focus moved to the Far East for low-cost production but later quality issues did not meet its expectations and they returned to Polin to carry on business. Apart from this issue, it appears that the level of uncertainty is very low and problems are sorted by mutual agreements and frequent communication with customers.

Distance

It is apparent that Polin has frequent information and resources exchange available in relationships. The company owner makes regular visits to customer companies and they visit Polin. Polin exports direct to its customers without employing any export agents and this has influenced Polin's relationships in the area of trust, which is very high in relationships. Moreover, Polin emphasises the name 'Istanbul' in its customer relationships and it is often seen as one of the ways Polin reduces psychic distance in its relationships with customers.

'Istanbul is a city which has got a very reputable name all around the world. This is an advantage and honour for us; in business relationships with our customers, which are from Europe, it helps us to break the distance in their mind because we say that our company is situated on the European side of Istanbul. This is a kind of way to get close with your customers.' (Export Finance Manager)

However, it is not apparent that Polin involves in any joint projects with customers and it seems there is no intention from customers to involve in joint projects with Polin. It also appears that Polin feels moral values in business relationships are different despite the established trust in relationships; however, there is still distance in moral aspects of relationships.

'I cannot say that moral values play a role in our business relations. The important thing is we speak the same language on technical issues; they understand what we are talking about and we understand them with no problem at all. I cannot say this is something related with moral values; this is the level we understand each other and both sides understand the rules and regulations of the European Union. Both sides try to be ethical and fair to each other.' (Production Manager)

Adaptation

It appears that adaptation is a one-sided activity in Polin's relationships. In organisational adaptation, the Italian customer is influential over Polin because it is a famous brand in Italy; therefore, Polin makes considerable investment into relationships with this customer. The level of adaptation is high on Polin's side mainly in the areas of production systems, employee capabilities and quality policies. However, it is apparent that the strategic level of adaptation is very low with Canadian and American customers because Polin adapts its own market expansion strategies by itself in those export markets. Moreover, adaptation in the area of values and norms seems a standard level for Polin but there is no sign of customers' adaptation of Polin's moral values in business relations.

'Innovation is very little in our company because we do not produce something new. We always produce what our customers order from us. They are leading the changes within the company; we are followers (Production Manager)

Commitment

It appears that Polin is more committed to its customer, offering tailored services for customers and the export procedures are well acknowledged by Polin; therefore, Polin consults its customer in many aspects of exporting. Polin's employees are important actors in interactions with customers because, if any problem happens, Polin involves face-to-face discussion with customers and frequent communication shows Polin's intention in relationships. However, customers make the last decisions in relationships and Polin has limited influence over interactions.

'Our communication is intense with our customers and, in order to be given an order, it has got a higher level of details. We try to simplify the order. When we receive an order we go into production planning in terms of the particular qualities of the order, fabrics, accessories and the schedule of colours. While we do this work, we communicate with the responsible people within our customer's company, who are the same level as ours, by providing confidentiality for their secrets. They are usually people who have become the final decision-making authority and the final decision-makers.' (Production Manager)

It is also apparent that Polin offers exclusive and confidential services to its customers as a condition of working with famous brands; otherwise, an information leak will destroy Polin's relationships. Thus, customers seem happy with the approach in relationships.

Power Dependence

It is apparent that Polin is strongest within the company in the areas of technical, employee capabilities and export procedural knowledge and implementations; its relationships with customers are direct and Polin does not employ export agents as support in procedural issues in export; therefore, Polin offers a consultancy to its customers. Polin also appears to be financially strong. However, Polin appears to have a lack of strategic decision-making ability within the company; therefore, the level of strategic dependency is high in relationships with the Italian customer. The Italian customer is a strong branded company and its brand image influence Polin's status with other relationships. Polin feels that being dependent to this customer helps its own reputable company image and recognition internationally.

Conflict Co-operation

Conflict is evident in Polin's relationships with British, US, and Canadian customers because Polin's aim is to produce value-added tailored products but long-term customers cannot understand Polin's strategic priority.

'We have been understood less by our customers because our focus has moved from mass production to tailor-made as a result of economic conditions and employee turnover in the company. We feel that we are locked into long-term relations with these customers.' (Export Finance Manager)

Export procedural issues also appear problematic with customers as a result of customers' lack of developed awareness on procedures and export regulations. However, conflict resolution is available by discussing with customers at the inter-departmental level, involving employees from both parties.

Cooperation appears in new designs and product development with customers but there is no cooperation in the area of innovative product development and project involvement.

'In terms of our product segments and design, face-to-face discussion and talk is preferred because there are many details about products, such as designs, accessories volumes and delivery times and export procedures.' (Export Finance Manager)

Case 8: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Polin Tekstil

Relationship Characteristics	Long-term More Interaction Takes Place	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> Polin Tekstil has long-term relationships with its customers. There is sufficient level of information exchange and joint problem-solving by discussing with customers. Relationships with the Italian customer are problematic because, three years ago, the Italian customers left the relationship then came back to do business again. This has still been a concern in relationships. 	Balance: stability and continuity in business relationships; joint problem solving
Distance	<ul style="list-style-type: none"> Information and resource exchange is high in Polin's relationships. Regular company visits and direct export increase the level of trust. Psychic distance is overcome by highlighting the company being based in Istanbul; however, there is no joint project involvement between Polin and its customers. 	Balance: regular information exchange and visits, trust building Imbalance: no intention of joint project involvement from customers
Adaptation	<ul style="list-style-type: none"> The level of adaptation is high for Polin. Polin adapts its production systems, employee capabilities and quality policies in terms of the Italian customer's requirements because it is an important customer for Polin. However, it is apparent that there is no strategic level adaptation for future market expansion with any customers. 	Imbalance: high level investment for Polin and necessary adaptation.
Commitment	<ul style="list-style-type: none"> Polin is more committed to its customers by offering exclusivity of services in production and export procedures. Polin's employees are important actors because they are dealing with 	Imbalance: control over interactions by customers. Higher commitment from Polin. Balance: exclusive services offered

	<p>customers' problems and face-to-face discussions always take place in interactions; however, the last word is always made by customers.</p> <ul style="list-style-type: none"> • Customer control is evident over interactions. Polin offers exclusive service uniquely for each customer and customers are satisfied with this. 	
Power/Dependency	<ul style="list-style-type: none"> • Despite Polin is smaller than its customers, Polin is a powerful company in the areas of technological and employee capabilities and export procedural knowledge and financially. • Lack of strategic decision-making ability within the company shows that Polin is dependent on its customer in the area of image build up. 	<p>Imbalance: strategic and status dependency Balance: technological advancement, developed employee capabilities</p>
Conflict/Cooperation	<ul style="list-style-type: none"> • Polin experience conflict with British, American and Canadian customers in the area of strategic priorities because Polin's aim to produce tailored products but customers are willing to order standard and large volumes. However, conflict resolution is available by discussing with customers. • Cooperation is in the area of new designs and new products; however, cooperation is very low in innovation-based projects. 	<p>Imbalance: strategic priorities, hostility Balance: cooperation opportunities</p>

Reflection on Imbalance and Balance

Imbalance in relationship characteristics appears in the areas of distance, adaptation, commitment, dependency and conflict. It is apparent that distance is high in Polin's relationships because Polin has a lack of confidence to involve for joint projects with customers and customers do not show any intention to involve them. The level of investment is high for Polin in relationships by offering tailored service adaptation and it seems it is Polin's task in relationships and procedural support but a lack of control appears over interactions; therefore, commitment is high for Polin. Polin appears dependent on its customers in the area of strategic decisions and status because Polin lacks export marketing understanding and it follows its customers for future market movements. Conflict appears in the area of strategic priorities because Polin focuses on

boutique production rather than mass production and a lack of understanding is apparent from customers.

Balance in relationship characteristics appears in the areas of uncertainty, distance, commitment, power and cooperation. Polin has stable long-term relationships and Polin is able to solve customers' problems by having face-to-face discussions; therefore, uncertainty is low in its relationships. Regular information exchange and visits helps to reduce distance between Polin and its customers. Polin offers an exclusive service by considering its customers' privacy, which achieves balance in relationships and customers appear satisfied and recognize Polin's commitment into relationships. Polin's technological advancement and employee capabilities achieve more balance in relationships and also provide more opportunities for complicated production processes with customers in competitive consumer markets.

Interpretation on Capabilities

Employee Capability

Employee capability in Polin appears well developed. Employees are able to involve in customer relationships by suggesting better techniques in production and discussing details about given orders. Employees are also involved in relationships with customers in order to solve their order-related problems. It is apparent that, in the company, there are cooperative relationships among employees and between departments; they inform each other frequently about the process of production.

'Inter-departmental communication is vital in the company; this strengthens our individual knowledge about daily changes in the production process and we may predict some incidents before they happen.' (Production Manager)

Employees are trained regularly; their technical knowledge is developed in the area of quality production and health and safety procedures. Polin's focus has been on tailored production rather than mass production for a long time; on this occasion, it does not appear that any employee in the company has difficulty adapting themselves for a new type of production method.

It also appears that Polin has developed communication ability in customers' relationships without employing an export agent but this seems a limited ability and needs more development for future market expansion.

'Some of our customers need further assistance for their order because they are not aware of the techniques that should be used for particular orders. Our qualified staffs from the related departments give them brief information about the techniques we will use and make their order feasible to produce. They are happy with this and I am sure it makes our relationships stronger and with a long-term commitment.' (Production Manager)

Technical Capability

Polin has long-term experience in mass production techniques but, since 2009, the company has been focusing on boutique-style production; therefore, the company has been transforming its technical capabilities in the company but this does not disturb its relationships with customers. In contrast, it helps to achieve more balance in relationships with customers on the technical side. However, limited opportunities appear in relationships with customers in the area of innovative activities because customers seem to have no intention for it.

'Of course, Italy, the Italian market is important; our background developed in Italy. Especially, the technique for production and process management has been learnt by our managerial team along with the loading patterns of exports.' (Production Manager)

Managerial Capability

It is apparent that there is no strict hierarchy in the company; employees and top management regularly have meetings and discussions about products and production-related issues and the latest customer updates. It does not appear that the company owner is dominant over the company, which brings more freedom for employees to involve in customer relationships.

Cooperation among employees is very high in Polin and cross-company employee relations are encouraged by Polin and its customers; however, its cross-company employee relations are limited and restricted with short-term projects.

The strategic decision-making process is the weakest point of Polin and the company lacks capability in this area; therefore, dependency is apparent. Polin has faced difficulty in managing its brand in the past. It is evident that Polin needs better management capabilities.

‘We produced under our own brand in the interim but it did not work. It was too expensive an experience for us. On the other hand, we realized that we should have a better team to manage the brand because there are so many different things we would need to handle, such as Internet advertising and publicity for our brand that are too expensive.’ (Export Finance Manager)

Customer Capability

It appears that Polin has developed customer understanding ability because long-term relations and distinct export market customers provide richer observation and understanding ability to Polin. However, American and Canadian customers’ unreasonable requirements and different business ethics shows that Polin still need to develop more custom-based capabilities within the company for North American export market customers. Moreover, it is apparent that ethical production is also taken into account by implementing it within the company to overcome customer concerns.

‘Ethical issues are getting more and more important all around the world; therefore, we are becoming more and more aware of it and internalize it.’ (Export Finance Manager)

Analysis of Capabilities: Polin Tekstil

Type of Capability	Export Finance Manager	Production Manager
Employee Capability	<ul style="list-style-type: none"> • Knowledge of INCOTERMS • Translating customer orders into technical matters • Foreign language ability • Limited international market understanding • Degree in finance 	<ul style="list-style-type: none"> • Knowledge of textile garment production • Raw material purchasing experience and updating knowledge about textiles • Needs developing marketing understanding • Degree in engineering
Technical Capability	<ul style="list-style-type: none"> • Advance level of IT skills • Financial reporting • Knowledge of production processes 	<ul style="list-style-type: none"> • Developed technical fibre knowledge • Advance machinery knowledge
Managerial Capability	<ul style="list-style-type: none"> • Advanced customer-relationship management 	<ul style="list-style-type: none"> • Following structured management in the

	<ul style="list-style-type: none"> • Managing inter-company interactions 	<ul style="list-style-type: none"> • company and updated capabilities • Dominant on production processes
Custom Capability	<ul style="list-style-type: none"> • High level of understanding for customer expectations • Clear understanding of geographical cultural differences 	<ul style="list-style-type: none"> • Need to developed better customer understanding

Conclusion

Polin's case demonstrates a situation of imbalance and balance in relationship characteristics. Polin has been exporting since it was established; therefore, long-term relationships with customers seems to lock Polin into these relationships and it is too difficult to change patterns of interaction. Its longest relationship is with Italian customers and this also influences Polin's relationships with other customers.

Polin has developed technological capabilities and development is regular and continuous; therefore, Polin's relationships with the Italian customer is institutionalized. However, Polin's focus has moved into tailored production and technologically Polin has made many changes within the production facility and trained employees but customers from the US and Canada still request larger amounts of production. Polin faces problems with customers in this area and customers' resistance to change limits Polin's chance to involve innovative activities and joint projects; therefore, Polin has to delay many of its projects and it also affects its strategic decision-making ability. This shows that managerial capabilities need to be developed in relationships with customers.

Customer capabilities appear to be developed and top management is able to understand expectations and requirements of customers; however, North American customers' business systems and ethics in interactions cause minor conflict. Therefore, Polin needs to develop its capabilities in relationships with those customers. Polin's institutionalized relationships with Italian and British customers seem to make this development slower. Polin's ethical considerations in production and purchasing help to establish a trustable image in customers' eyes. On the other hand, frequent communication and information-sharing help to solve problems.

6.1.9 Case Study 9: Album Tekstil

This case focuses on Album Tekstil and its two long-term relationships with foreign customers. Album employs twenty four employees, manufactures finished goods and male sportswear and exports to two distinct export markets, Europe and the Middle East. It is based on the Merter industrial textile district of Istanbul in Turkey.

Album Tekstil was established in 2003 but the owner has been in the sector since 1996, producing ready wear for local companies and exporter companies in Turkey. In 2003, the company owner decided to involve direct export and established the Album Tekstil Company with a partner. It is a partnership company and it transformed itself over years by only focusing on the sportswear segment and establishing personal trust with its customers in relationships. The owner commented that ‘honesty’ in relationships is the best strategy in the company’s business relationships. *‘I did stand strongly on the side of honesty; therefore, my business and relations are still dynamic and going on well.’ (Company Owner)* Album Tekstil also has a retail shop in the Laleli district of Istanbul where many Eastern Europeans and Russian market buyers congregate; this is another way of involving export for the company. However, those customers are short-term customers and the customer portfolio is changing so fast.

In Album’s case, it has been focused on its long-term relationships with two customers. The company owner/director of purchasing has identified two long-term customers based in Germany and Syria.

Interpretation of Exporter-Importer Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of the interpretations of relationship characteristics of Album Tekstil.

Uncertainty

Album Tekstil has stable relationships with its customers. Especially, personal relationships appear to be reducing the level of uncertainty in relationships but it is not enough on its own. Uncertainty is still high in relationships with the Syrian customer because trust has not been established in the relationship with them; there seems to be a lack of trust between Album and its Syrian customer in the relationship. Album

experiences difficulties with unfamiliar business systems of the Syrian customer. On the other hand, Album has more certain relationships with the German customer regarding business systems, especially ordering procedures and quality procedures with which they are familiar. Relationships are predictable with the German customer, strategic decisions are discussed and Album has a clear idea of the future business ventures of the German customer. Moreover, financial risks in the business are reduced by making official agreements and taking advance payments from customers.

‘When we make an agreement with our foreign customers, they pay an amount of money in advance to us in return for their goods and they go back to their country. This is because they trust us but they cannot do this in Italy, for example.’ (Export/Sales Manager)

Distance

It is apparent that distance is high with the Syrian customer; there are no regular visits and information-sharing about product designs and manufacturing processes because the Syrian customer mainly focuses on price rather than quality issues and production in relationships. However, the level of distance is low with the German customer because it is apparent that there are regular visits and human resource and information-sharing is more frequent. In addition, company visits are planned. Album has no transparency issues in interactions with the German customer. The company owner has commented on how distance is visible in Album’s relationships by highlighting the ordering process between these two customers.

‘The Syrian customer comes here, sees our product and buys but the German customer comes here, places his order, we analyse the order then give feedback about the order and start production and buy.’ (Export Sales Manager)

Distance is also apparent in the opportunities for learning in relationships with customers. Album considers that the German customer and the relationships with it offer more learning and developing opportunities but the Syrian customer does not.

‘Actually, we don’t learn much in our trade with the Syrian customer because it is a small buyer and it buys small amounts. There is not an established trade process. On

the other hand, our export to Germany is totally different and that offers more to learn.'
(Export Sales Manager)

Adaptation

Adaptation appears necessary for Album in the relationship with the German customer. There is no new product offer and Album has to be more flexible because this customer's requirements have changed recently to become more frequent and price sensitive, rather than focusing on quality; therefore, it seems that quick adaptation is the necessary condition for maintaining relationships.

'The concepts and perceptions have changed over the years. Our relationships were based on quality. We were producing quality products and they were happy with this but since 2005, they have been more price-sensitive than concerned with the quality so that we have to find cost effective but fashionable designs that apply extra pressure.'
(Owner/Director of Purchasing)

However, the level of adaptation is low in relationship with the Syrian customer because they do not make demanding requirements from Album and this customer focuses on price rather than designs and models. Therefore, Album has to adapt less but it seems there is no benefit for Album's capability development within the company.

Commitment

Album's relationships with the German customer have a long history; therefore, personal commitment plays an important role with this customer. Extra efforts are paid by Album and affordable losses are sometimes taken. No standard relationships appear but, in contrast, personal ties are on the rise and the German customer's orders are always given highest priority. It is apparent that the German customer also provides important resources to Album, such as market information and introducing different customers from Germany. The company owner appears to be the most important actor because personal relationships with the German customer are still making business for Album Tekstil. However, Album does not seem committed in relationships with the Syrian customer and the Syrian customer does not contribute either because no critical resource or information is provided by this customer.

Power Dependency

Album Tekstil does not appear to experience dependency in its customer relationships. Album has advanced production capabilities and machinery in the company, which has its own design department but this is not actively working; however, it is ready to make new designs for customers. Album appears to control power in relationships but it is also careful not to exert this power over customers.

'Our production is not 100% for our customers' order as there is something in it for us. They do not know much about production and we don't expect them to understand everything about production. It is ok because very few people understand all production processes. The customers are more interested in the appearance, design and colour-related parts of their orders. They send an e-mail and say; I would like the colours on this model, followed by I would like to get this type of fabric. The rest of the production process is completely in our hands. In other words, we offer guidance and recommendations to be mindful of them.' (Owner/Director of Purchasing)

The owner of the company appears aware of how his personal relations play an important role in controlling customers and convincing them about product designs and some cost-efficient manufacturing. Album Tekstil is also taking advantage from Turkey's reputable image in the Syrian market and feels that it is an important strength and advantage in customer relationships.

'Turkey is a brand in Syria and the country's brand image is very high. 'Made in Turkey' is very best buy for them.' (Export Sales Manager)

However, Album is dependent in some areas on customers; financial dependency is apparent and Album relies on customers' decisions about cost and delivery times and the amount of compensation paid back if there is any problem in delivery of goods.

Conflict Co-operation

Customers appear to have little influence over Album Tekstil; therefore, Album has the opportunity to act independently for its strategy-making process to involve different export markets. It seems there is no conflict in this area of relationships. There seem to be a little conflict with the Syrian customer as a result of undeveloped business system

but Album is solving this conflict by employing its personal relations and being more flexible to this customer. However, there is a limited cooperation opportunity with customers. The customer does not demand higher quality products and their market expansion is slow; therefore, there is limited innovative product cooperation or human resource collaboration because both customers are focused on cost-efficient product purchase rather than innovative products.

Case 9: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: Album Tekstil

Relationship Characteristics	Long-term Stable Relations	Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> Album has stable relationships with its customers; however, uncertainty is evident in relationships with the Syrian customer that has unfamiliar business systems and shows lack of trust in relationships. Album has a certain relationship with the German customer; there is no transparency issue and information sharing is high. Customers rely on Album for payment terms. 	Imbalance: unfamiliar business system and accessibility Balance: personal trust and stability
Distance	<ul style="list-style-type: none"> Album has regular visits and information-sharing and is able to access customer-related information; however, this is not possible in relationship with the Syrian customer. Learning opportunities considered as distance in relationships. 	Imbalance: Lack of transparency Balance: resource and information exchange and established trust
Adaptation	<ul style="list-style-type: none"> Adaptation is high for Album in relationship with the German customer in the area of quality and amount of orders. Album is solving one-sided adaptation problem by being more flexible to customer requirements; however; adaptation is low with the Syrian customer because no demanding requirements come from them. 	Imbalance: necessary adaptation and changes.
Commitment	<ul style="list-style-type: none"> Album is more committed to its German customer because this customer is an important information source and further business opportunity provider. However, this is not possible with the Syrian customer. 	Imbalance: higher level of investment and more attention paid.
Power/Dependency	<ul style="list-style-type: none"> Technological power and personal 	Balance: technological advancements and

	<p>relations provide powerful position in its relations with customers.</p> <ul style="list-style-type: none"> • Dependency is in the areas of cost price decision of customers. 	<p>customer relationship management and problem-solving ability</p> <p>Imbalance: financial dependency and lack of influence on customer decisions.</p>
Conflict/Co-operation	<ul style="list-style-type: none"> • Conflict caused by undeveloped business systems but personal relations and flexibility solve this problem. • There is a limited opportunity for cooperation in the area of innovation and joint projects. 	<p>Balance: Control over interactions</p> <p>Imbalance: Limited cooperation for innovative activities</p>

Reflection on Imbalance and Balance

Imbalance is apparent in the areas of uncertainty, distance, adaptation, commitment, dependency and cooperation. Album has established business system capabilities but these do not seem enough for reducing uncertainties because Album has difficulty in accessing information resources of customers. Especially, the Syrian customer seems reserved in relationships but this is not the case with the German customer. Lack of transparency in relationships with the Syrian customer is apparent, there are no regular visits and information-sharing is limited. Adaptation is critical for maintaining relationships; therefore, Album invests more into relationships than its customers and it appears that Album is processing their requirements in a systematic way after many stages inform customers about the feasibility of orders. Album is dependent on its customer financially because their decisions are directing production processes, which may result in offering cost-efficient products to maintain relations. Moreover, cost-efficient production that customers prefer restricts the chances for innovative product activities.

Balance is apparent in the areas of uncertainty, distance, power and conflict. The company owner's personal relationships achieve more balance in uncertain situations with customers; personal honesty provides trust in relationships. Resource and information exchange is efficient with the German customer and regular company visits reduce distance. Furthermore, Album's developed capabilities offer a powerful position in its relationships and provide control over interactions with customers.

Interpretation on Capabilities

Employee Capability

Employee capability appears at the centre of manufacturing processes and knowledge in the company. Employees are trained regularly at the request of customers. It appears that employee capability is developing in the relationship with the German customer because they request a different product range in every order; therefore, employee capability seems to play an important role in relationships with the German customer and their experience helps Album to solve product-related problems quickly. However, employee capabilities have little chance to be developed in the relationship with the Syrian customer because, in Album's case, it is apparent that the Syrian customer is a low demand customer, the business relationships with this customer do not provide opportunities to learn new things.

With the growing demands of the German customer, Album employs more staff for the company and focuses on the skills of new staff that should be suitable for export production rather than basic production ability.

Technical Capability

Album has developed technical capability in the company and this appears to provide a balanced position in relationships with customers. Album has proactive behaviour in the technical capability development and the company has close contact with machinery manufacturers and regular updates about the latest machinery are sent to Album. Therefore, Album's technical capability is superior and quality standards are applied in production. It is apparent that those changes are not the requirements of customers. However, Album lacks the ability to conduct innovative product activities and customers are not requiring innovative products.

Managerial Capability

It appears that Album has a fragmented management system in the company because it is a partnership company and the roles are not well-described between the partners; therefore, it seems Album needs better role descriptions in the company. However, the owner appears to have full control over the company and is responsible for the

company's employee training plans. The management of the company appears to focus on manufacturing process concerns that are reflecting customers' concerns. Album has successfully managed to overcome customer concerns and this type of interaction helps to develop managerial capability in the company. However, managerial capability makes slow progress in relationships with the Syrian customer and is apparently the result of limited transparency in interactions and standard business relations.

Custom Capability

It is apparent that Album's set of standards and moral values have an impact on relationships with current customers. It also appears that Album has made slow progress on growing its customer portfolio because Album's conception about moral values in some cases stops doing business with different customers. It seems that Album focuses more on ethical issues in its business relationships and looking for safety but this does not mean that Album ignores customer expectations. However, developing new customer relationships for Album to develop capabilities and relate them in new situations appears limited.

'Our customer from Syria is a small and medium-sized company it does not place order, they buy anything that we offer. However, as the German customer is placing his order, we analyse the order and then give feedback about the order and start production. Actually, the German customer sold all his order before giving an order to us; I mean that he buys what he can sell in his shops. But I don't think our Syrian customer have this concept in their mind.' (Export Sales Manager)

Analysis of Capabilities: Album Tekstil

Type of Capability	Owner/Director of Purchasing	Export Sales Manager
Employee Capability	<ul style="list-style-type: none"> • Advanced knowledge of fibre and textiles • Knowledge of production processes • Foreign language ability 	<ul style="list-style-type: none"> • Negotiation techniques and foreign language ability • Degree in business management • Training on INCOTERMS
Technical Capability	<ul style="list-style-type: none"> • Able to make quick changes on production process • Flexible production and cost-efficient techniques 	<ul style="list-style-type: none"> • Computer-aided customer tracking system ability • Knowledge of textiles technical

Managerial Capability	<ul style="list-style-type: none"> • Full control over the company in manufacturing and human resource • Personal approach to customer 	<ul style="list-style-type: none"> • Customer's problem solving ability • Limited ability to manage employees
Custom Capability	<ul style="list-style-type: none"> • Understanding customer expectations and ethical considerations. • Understanding cons and pros between different export markets. 	<ul style="list-style-type: none"> • Undeveloped customer culture understanding ability

Conclusion

Album's case demonstrates a situation where there is imbalance and balance in the relationship characteristics. However, more imbalances in relationships appear. The conditions in the Syrian customer's relationships has led to limited involvement in interaction and standardized relationships limit Album in growing its influence over interaction; therefore, Album appears to have limited opportunities to develop its capabilities in this relationship and imbalance is evident more than balance in relationships. On the other hand, there appears to be more interactions with the German customer that reduce the level of barriers and technological advancements achieve more balance in relationships. In addition, it is evident that personal relationships and establishing trust with this customer also provide more balance in relationships.

The capabilities of Album appear mainly in the area of technological and production-related activities and there is no customer-driven technological capability development; however, a lack of strategic decision-making ability makes Album rely on its German customer in this area. This is a burden for Album because the company lacks vision about its technological capabilities and how far Album should develop may be not suitable for new customers. It is also apparent that a fragmented management system in the company causes uncoordinated development activities and over-investment into this area rather than other areas of capability development is needed.

Album's norms and set of rules appear not to cause big problems with current customers but this is a weak point of Album since there is no consideration of these norms and rules possibly causing some problems when the number of customers grows from different export markets. Therefore, it is apparent that Album needs to develop more flexible custom-based capabilities and enlarge its vision of cultural issues in international business.

6.1.10 Case Study 10: DNN Tekstil

Case ten focuses on DNN Tekstil and its five long-term relationships with foreign customers. DNN Tekstil employs thirty eight people, manufactures finished goods; produces men's and women's ready-wear clothes, suits and night clothes and exports to Canada, Europe and the Gulf States. The company is based at Istanbul in Turkey.

DNN was established in 2005 and, since then, 100% of its production is for export markets; with no production for the domestic market in Turkey. Before DNN was established, the company owner used to work as a paid employee in different positions in textile export companies. *'I am a textile engineer; I have worked in almost every stage of textile production in this industry; from raw material purchasing to manufacturing finished products (Company Owner).* The company has transformed itself by establishing its own production facility and employing qualified employees. In the beginning of its export involvement, DNN relied on contract manufacturers and suppliers as a result of its financial difficulties and undeveloped manufacturing facility; DNN later sorted all these problems and now the company does direct export and produces customer orders within the company. The company owner identified five long-term customer relationships with customers based in the United Kingdom, Sweden, United States, Canada and Oman.

In the company, the owner is responsible for production and mutually managing customer relationships with the export marketing manager. DNN is involved in direct export without employing any export agents.

Interpretation of Exporter-Importer Relationship Characteristics

The analysis, findings and imbalance and balance of relationship characteristics will be demonstrated as a table at the end of interpretations of relationship characteristics of DNN Tekstil.

Uncertainty

DNN Tekstil has long-term relationships with its customers. It is apparent that personal relationships are playing an important role in its relationships because regular and friendlier approaches, rather than using corporate identity in relationships, seem to help establish personal trust. Frequent information exchange and predictability of customer

strategies and aims through personal ties reduce the level of uncertainty. However, uncertainty is apparent in relationships with North American customers because their lack of knowledge and experience in textile export business develops a concern in the mind of DNN. This is because any business failure will also damage DNN's financial well-being; therefore, frequent talking and giving advice in technical areas is necessary.

'American customers do not act as professionally as Europeans. Their communication patterns are different and they use very little e-mail. They can phone you at any time and they love to talk on the phone. They do not think about the costs of their purchase like the Europeans do. Practicality and speed of production are important for them as this is their purchasing behaviour. They are not professional compared to the Europeans.' (Owner/Director of Production)

On the other hand, it appears the level of uncertainty is low in relationships with European customers and the Omani customer because they are established companies and communication abilities are very high and accurate.

Distance

It is apparent that there are different levels of distance in relationships with customers. Distance is high in relationships with North American customers because there are no regular visits and DNN experience difficulties in information exchange during manufacturing processes for timely changes on production lines. On the other hand, the business systems of North American customers are unfamiliar to DNN as a result of different focus on product designs and manufacturing that has been apparent.

It is apparent that distance is low in relationships with European customers and the Omani customer because familiar business systems and customers' experience in textile production and processes reduce the level of distance in relationships. DNN's technical capabilities are as high as these customers' capabilities. Therefore, there seems to be no conflict in this area. Both DNN and its customers from Sweden, the United Kingdom and Oman do regular visits to DNN and DNN visit them. It seems that geographical proximity helps to reduce the level of distance; DNN is very well aware of it but this does not apply in relationships with North American customers. Furthermore, DNN

emphasises that it is based in Istanbul rather than based in Turkey. This seems to help DNN's country image problem with all customers.

'Customers in Europe tell me how I should manufacture their orders. Furthermore, they tell me that I should be careful about my employees because employees may be careless in production. Things should be done in the manufacturing process so they are rehearsing with me. This shows how advanced they are in purchasing from foreign suppliers, which makes me feel comfortable and happy. I feel that I am working with professionals.' (Owner/Director of Production)

Adaptation

It appears that adaptation is more appropriate for DNN in relationships with European customers in the areas of manufacturing; designing and organisational because those customers have more detailed requirements and standards of production and employee rights; therefore, adaptation seems necessary for DNN in order to overcome customer concerns.

'European designs are similar to one and other and we are more familiar with them but not with America. I have recently had an order from the United States that was difficult for me but I did not step back. The order was so different from anything I had ever seen but, after close communication by talking on the phone for hours and hours and receiving pictures from the customer and doing trial production with my designer, I found out the way for production. It was the first and hardest production for me.' (Export Sales Manager)

On the other hand, the level of technical adaptation is also high with North American customers because their requirements and standards are not as high as European customers but more complicated; it seems that DNN's developed capabilities need further adaptation in relationships with those customers. In addition, strategic adaptation seems more important with these customers in terms of the competitive international business environment making the parties work more closely for survival because DNN's experience of exporting to distinct export markets is also recognized by DNN's customers as an important capability.

'My clients send their own models. I'm doing a review on them and then I suggest to them slightly different techniques, for example; easier sewing techniques help you get the goods faster. I give them advice and most of them take it and we go on to produce their orders. My job is to make changes on their orders for cheaper and faster production options without comprising the quality because it is important for competitiveness today.' (Owner/Director of Production)

Commitment

It is apparent that DNN has committed to its customer in relationships. Its customers appear to have great satisfaction in relationships with DNN because DNN offers them affordable product designs and fast and flexible production and timely delivery is always provided. DNN has no standard relationships with its customers; therefore, DNN's relationships appear to achieve the highest level of bonding in technology and manufacturing. However, there is a limited involvement in strategic level decisions with customers. In addition, DNN offers exclusive services for each customer and this appears to be the most respective issue in its relationships.

'We accept orders within our production groups. Apart from that, I have good relationships with some customers as they do not rely on any other supplier. They say that to me so I do not want to let them down and I say to them it is okay.' (Export Sales Manager)

'Sometimes, I provide them with different products that are not in my product group so as not to let them down. In this case, our business relationship ends and, instead, friendship works. However, this is still trade but they say that you find the product you sell to us.' (Owner/Director of Production)

Power Dependency

DNN has developed technological capabilities and distinct export market experience that are important strengths for DNN that helps them to hold power. DNN's own brand is recognized as valuable by Omani customers and used but it is not recognized by other customers; they prefer to have their own brand etiquettes on their products. However, dependency exists in the area of finance because DNN has to follow the decisions of customers which directly influence financial gain.

'Selling goods in Europe with my own brand means I put myself in a competitive position. My customers won't like this idea. The European market has already filled. After all, you do not need to heat up the competition more. Why heat up the competition? I am their supplier. I should not be competing with them.' (Owner/Director of Production)

DNN is dependent on its European customers as a result of high switching costs; it seems that DNN is aware of the difficulty in finding customers in Europe while the recent economic crises hardens businesses in Europe. The Omani customer provides DNN the opportunity to expand markets because the amount of given orders has been increasing in this export market. Although DNN has long-term relationships with North American customers, these export markets, United States and Canada, have still to be discovered and expanded enough; therefore, DNN keeps its relationships warm and is committed to these customers because important resources are provided by these market customers, such as different business systems and cultural understanding.

Conflict Cooperation

Conflict appears low with European and Omani customers because familiar business systems and similar priorities in relationships help to reduce conflict. In addition, DNN is experienced in problem resolution in product-related areas and export procedural issues; therefore, DNN are able to advise and offer quick solutions for these customers. It appears that DNN does not feel hostility in relationships and there is enough room for discussing issues. On the other hand, conflict is apparent with North American customers as a result of unfamiliar business systems and a lack of textile manufacturing knowledge by these customers.

Cooperation is mainly on operational issues, such as technology, manufacturing and designs. However, there is no cooperation for innovative activities and between employees, other than for necessary communication and discussions. Moreover, DNN does not involve in strategic decisions with any customers.

'I offer them the new models they will be attracted to more. If you are monotonous with your customers, this is dangerous and you might end up with losing them. The other thing is to be moderate; the reason why I express this is if you offer them new things

without considering how much they are open-minded towards new designs, it might raise questions and cause fear. This is another important point that must be considered.'
(Owner/Director of Production)

Case 10: Analysis and Findings of Relationship Characteristics and Imbalance & Balance: DNN Tekstil

Relationship Characteristics		Imbalance & Balance
Uncertainty	<ul style="list-style-type: none"> • Long-term relationships, personal ties play important role in relationships with all customers. • North American customer's lack of knowledge and experience about textiles and production provide concerns but DNN sort these problems by giving frequent advice and technical support. • Uncertainty is low with other customers, there is regular information exchange and they are established companies. 	<p>Imbalance: transaction uncertainty, customers need regular technical support</p> <p>Balance: personal ties, and regular communication, predictable future of customers</p>
Distance	<ul style="list-style-type: none"> • Business systems are different with North American customer but it is similar with European and Omani customers. • Geographical proximity helps to reduce psychic distance while it does not help in relationships with American customers. • The name 'Istanbul' seems to help reduce distance in all customer relationships. 	<p>Imbalance: unfamiliar business systems</p> <p>Balance: frequent communication, and regular visits, frequent information exchange.</p>
Adaptation	<ul style="list-style-type: none"> • The level of adaptation is high in relationships with European customers, DNN adapt its technical capabilities in terms of customer requirements. • There is no strategic level of adaptation with those customers. • DNN appears to have less adaptation in relationships with North American and Omani customers because DNN capabilities and technical knowledge have been developed. 	<p>Imbalance: necessary adjustment in the technical areas, more flexibility shown</p>
Commitment	<ul style="list-style-type: none"> • Commitment appears more for DNN in relationships with all customers. • DNN has advanced technological capabilities to commit into relationships; however, customers 	<p>Imbalance: high level of commitment for DNN and lack of control over interactions</p>

	seem less committed to relationships.	
Power/Dependency	<ul style="list-style-type: none"> • Technological capabilities provide power but switching cost and critical resources are provided by the customers. 	Imbalance: financial difficulties and need for critical resources to be provided Balance: experience in export and technological advancement
Conflict/Co-operation	<ul style="list-style-type: none"> • Conflict is low with European and Omani customers, similar business systems and similar priorities. • Quick problem solutions are offered; however, more conflict appears with North American customers. • Cooperation opportunities are limited with all customers. 	Imbalance: limited opportunities for innovative activities and employee interactions. Balance: quick problem resolutions are offered and no hostility in relationships

Reflection on Imbalance and Balance

Imbalance is apparent in the areas of uncertainty, distance, adaptation, commitment, dependency and co-operation. DNN's North American customers appear to lack textile manufacturing knowledge; therefore, regular communication and support seems necessary, which causes DNN to expect an unpredictable future with those customers. Geographical proximity and unfamiliar business systems make some difficulties with North American customers. Adaptation appears to be the main task for DNN in European customer relationships and DNN has to be more flexible. DNN's lack of control over interactions is apparent but high level of commitment is a necessary condition in order to maintain relationships with European customers. DNN is also dependent on its customers in the areas of critical resources and opportunities that are provided, such as market information and financial gain. Lack of involvement in innovative activities with customers appears to be a problem.

Balance is apparent in the areas of uncertainty, distance, power and conflict. DNN has frequent communication and personal ties reduce the level of uncertainty; meanwhile, frequent visits and information exchange reduce the level of distance with European customers. DNN offers tailor-made services and products; therefore, standard relationships do not take place and that provides more freedom for DNN. Developed technological capabilities and experience in export procedural processes provide power

for DNN and its experience-based quick problem resolutions provide more balance in relationships for conflicts.

Interpretation of Capabilities

Employee Capability

DNN is a small company compared with its customers and a small number of employees in the company appear to have developed capabilities in the areas of manufacturing, customer relations and application of export regulations. Foreign language ability is sufficient to manage frequent communication with customers. Exporting to distinct markets has provided considerable opportunities for DNN to develop market-sensing and customer-understanding capabilities. DNN's owner has long-term experience in textile manufacturing processes from start to finish and this is the strong point of the company. It also appears that other employees in the company have well-developed capabilities, especially in the area of custom-made production and design techniques. However, employee capabilities need further development in understanding distinct export market customer's expectations and business systems.

Technical Capability

It appears that DNN has developed technical capabilities and it is able to make quick changes to accord with customers' timely requirements. DNN exports to distinct markets; therefore, adjustments to the production process and last-minute changes to designs seem to indicate DNN handle these in a professional way because DNN is not a standard product producer. Its focus is tailor-made production; therefore, DNN is well equipped for this type of supply relations. It is apparent that long-term relationships with European customers and the Omani customer have offered enough opportunities to develop technological capabilities and there are no difficulties apparent. However, DNN's technological capabilities in relationships with North American customers seem to need further development because their requirements and standards are different than other customers.

'My Company is able to provide a boutique service, which means that we are flexible and produce any design and any amount of garments and ready-wear clothes. This attracts them towards my company. Because they are small size firms so is my company.'

I understand their financial difficulties, struggles and risks. My company's ability and flexibility about the amount and designs give them confidence and the chance to minimize their risks. The garment sector trends and fashion change so fast almost every day; therefore, they want to sell small and different design products.' (Owner/Director of Production)

Managerial Capability

DNN has a hierarchical management system in the company and top management appears to be responsible for customer relations in every aspect. However, it is apparent that employees get involved in problem-solving activities with customers; therefore, a hierarchical management system in the company seems to reduce employee interactions in the company. DNN also lacks ability in delivery of goods because customers' complaints are mainly about late deliveries of products; DNN needs to develop management capability in this area. Another weak point in management is that DNN lacks ability to involve in strategic decision-making in business relationships with customers; a lack of influence is apparent towards interactions on a corporate level. Moreover, DNN is able to manage conflicting and complicated relationships.

'My customers' silence tells me something and they also understand my silence; what I mean is that sometimes stopping relationships is a good resolution. Let's say you have a business relationship going well that has failed at some point in time; therefore, there is no point going back every so often to do a lot of unsuccessful attempts to make it right; it makes no sense at all.' (Owner/Director of Production)

Custom Capability

DNN appears to have developed custom capabilities; it is able to understand customers' product-related expectations and needs. It has been exporting to distinct export markets and its relations are long term; however, it seems there is more to develop because customers focus on ethical issues within the company and employee rights; therefore, these seem to be new challenges for DNN. Frequent communication and personal ties, on the other hand, have been helped so far but some actions need to be taken for securing future business relationships.

‘Recognize them thoroughly, their weaknesses and strengths. I make offers that might make them happy and make their business struggles less. After all, do you think these customers will leave you? This is my secret; making their life easy.’ (Owner/Director of Production)

Analysis of Capabilities: DNN Tekstil

Type of Capability	Owner/Director of Production	Export Marketing Manager
Employee Capability	<ul style="list-style-type: none"> • Knowledge of fibre and textile raw material • Foreign language ability • IT skills • Degree in textile engineering 	<ul style="list-style-type: none"> • Export procedure knowledge • Foreign language ability • Knowledge of manufacturing processes
Technical Capability	<ul style="list-style-type: none"> • Advanced technical machinery knowledge • Fast and flexible production techniques • Specialised in tailor-made production • Custom-made production techniques and designs 	<ul style="list-style-type: none"> • Tailored product application knowledge • Need raw material supply tracking system knowledge • Knowledge of computer-aided customer tracking system
Managerial Capability	<ul style="list-style-type: none"> • Influence over employee management in the company • Influence over customer relations • Supplier relations management 	<ul style="list-style-type: none"> • Need more manufacturing process knowledge • Lack of delivery system knowledge
Custom Capability	<ul style="list-style-type: none"> • Cross-cultural understanding from international interaction • Understanding of customer expectations via company visits and communication 	<ul style="list-style-type: none"> • Customer assurance by frequent communication • Need to develop understanding about North American customers and standards.

Conclusion

This case demonstrates a situation with more imbalances in relationship characteristics. It is apparent that imbalance in DNN’s relationships is mainly the result of DNN’s lack of control over interactions in relationships. Limited financial resources of DNN and

European customers' dominance in relationships cause imbalance. DNN's capabilities with those customers seem to be developed as customer-oriented capabilities and there is a lack of freedom for developing specific capabilities. Necessary adjustments and being more committed appear to be the main conditions in its relationships with these customers. On the other hand, geographical proximity in business relationships with North American customers also influences the imbalance position of DNN. As a small exporter, DNN seems to lack influence over customers. In addition, the unfamiliar business systems of these customers add extra pressure on DNN; meanwhile, DNN has a limited custom base and managerial capabilities in international business relationships.

DNN has developed technological capabilities and these create more balance in relationships. It seems that technological capabilities are sufficient to maintain relationships with current customers but there is lack of vision about future developments. This is because DNN lacks influence over interactions, which is likely to limit DNN's ability in the future unless it takes proactive action in this area. It also appears that DNN has some problems with North American customers in the area of technology because their requirements are distinct and standards are different than European customers, with which DNN is more familiar.

DNN has employees experienced in manufacturing within the company but they have limited opportunities to involve in customer relationships and this also seems to be a barrier to custom-based capability development in the company. Custom-based capabilities are limited to top management knowledge.

It appears that the capabilities of DNN have developed by way of European customers' requests and wants because DNN started export to those customers first; however, this offers limited focus on independent capability development in the company. Especially, this applies in managerial capabilities in a sense of being influential over interactions and the development of distinct cultural understanding capabilities. DNN is more committed and invests more into relationships but it is clear that this does not provide better opportunities for DNN to involve in innovative activities and joint projects with customers rather than in maintaining relationships.

DNN is not passive in relationships with any of its customers; DNN offers solutions for customers' problems and suggestions on technical issues. However, a lack of strategic

decision-making ability for future market expansion and enlargement of its customer portfolio demonstrate that all DNN's attempts just keep it on track rather than one step forward.

6.2 CROSS CASE COMPARISONS OF THE TEN CASE STUDIES

6.2.1 Introduction

This section demonstrates the analysis of cross-case comparisons of ten case studies. The patterns and categories have been identified in light of the results of empirical research findings from cross cases; matrices are shown in appendix twelve. The centre of attention of the analyses is mainly the exporter-importer relationship characteristics, exporters' capabilities and the influence of exporters' capabilities on relationships with importers. The empirical findings reflect upon the literature review and are discussed. Emerging themes have been identified during data analysis and the conceptual framework has been improved. (See appendix 12)

6.2.2 Exporter/Importer Relationship Characteristics

Imbalance and balance in exporter/importer relationship characteristics in each case are discussed and, in terms of export involvement, the types of imbalances are identified.

Uncertainty

'Being unable to predict and expect the future relationships with an existing partner, resulting mainly from problems in having inadequate, irrelevant, and untimely information available' (Pfeffer and Salancik, 1978).

Balance

Balance was shown in parallel approaches across the cases. Accessibility to prior customer-related information, such as business background and past relationships, was the main focus of case companies. They demonstrated this ability to reach enough information about their customers by gathering data from official bodies and export agents and by employing personal relationships. Stability in relationships and regular communication with customers provide clearer perceptions about future goals of customers and overcome misunderstandings in relationships. However, two of the cases (Akademi and Nilsen) experienced ambiguity in their relationships as a result of a lack of information-search ability about their customers but they receive large amount of

production-related information as requests from customers and involvement in strategic decisions.

Imbalance

Ambiguity in customer relationships is a common cause for uncertainty in many of the cases and frequent changes to customer standards caused ambiguity in relationships with importer companies. Different strategic priorities of parties also cause misunderstanding between parties; furthermore, infrequent communication and undeveloped customer capabilities are other reasons for more ambiguity in relationships. On the other hand, complexities in the international business environment, such as frequent changes to customs regulations and export market conditions and the competitive environment, cause more uncertainties in relationships. However, uncertainty is likely to involve the ability to cope with a large number of requests from customers, their processes and implementations.

The findings are consistent with previous research results that have suggested uncertainty can be observed when difficulties occur to identify customers' needs and heterogeneous market conditions are evident (Hakansson *et al.*, 1976). However, the findings are different from those of Pfeffer and Salancik (1978) who suggested that insufficient, inappropriate and untimely flow of information results in uncertainties in prediction of customers' future activities. In the relationships in this research, there was a propensity of continuous changes of customer requirements in the areas of product quality standards and standards of employee rights as a result of competitive international market conditions. For instance, in the Akademi Tekstil case, there was a continuous and large amount of information flow from customers that is too difficult to handle for a small company and makes the small company confused about the real aim of customers and their strategies for future business activities.

Distance

'A difference in perceptions between buyer and seller' (HalleÂn and WiedersheimPaul, 1984, p. 17)

Balance

Balance was demonstrated in the same way across the cases. Frequent personal contact was one of the important determinants that help to reduce distance between parties. On the other hand, regular information exchange also plays a critical role to overcome distance in relationships and it helped to identify similar expectations between parties. Furthermore, company visits was the most attention-paid area by small exporters in relationships with customers because the business visits indicate that geographical distance is no longer a factor that supports the concept of geographical distance in relationships. However, one of the cases (Roza Tekstil) experienced distant relationships with its customers as a result of infrequent information exchange and different business perceptions from customers.

Imbalance

Across most of the cases, a common difficulty was unfamiliar business systems in relationships with customers. Even though there are close personal contacts, frequent information exchanges and company visits, distinct export market customers operating their businesses under high-pressure international market conditions, have dynamic business systems that need to be changed and adjusted continuously, which provides difficulties for small exporter companies. On the other hand, indirect export modes across cases (Desar and Cannat) provide a lack of understanding of customer expectations and values and prevent them increasing direct communication with customers. Limited opportunities for joint project development also appeared in standard relationships with customers and that increased the level of imbalance in relationships.

These findings indicated that export firms that involve direct export are more likely to reduce distance by frequent communication, visits and information exchange. In addition, more balanced relationships are achieved by maintaining long-term relationships with customers. However, more imbalances were caused by unfamiliar business systems of competitive market customers, indirect export modes that provide limited opportunity for export companies to be more open and involve customer relationships and customers' unwillingness to participate in joint projects.

Leonidou and Katsikeas (1996) suggested that export companies first start exporting to geographically-close countries and, when they gain more experience, they export to distant countries. However, there appears to be limited evidence across cases to support this because most of the cases have shown that geographical distance is not an important determinant in their export involvement since developed communication tools enable frequent communication and information exchange with customers. Furthermore, development in transportation technology also enables both parties to pay more frequent visits. Therefore, geographical distance is not a determinant that provides imbalance in exporter/importer relationships. Moreover, the findings are consistent with those of Ford (1984), who shows that, in exporter/importer relationships, distance is associated with organisational level, including understanding the norms and values, organisational structures of each party and practising and processing in working methods. Across the case companies which export to competitive market, customers had difficulties at the organisational level; frequent changes and adjustment in their organisational structures as a result of customers' competitive market conditions provide more organisational level distance. In addition, an indirect export mode also provides more imbalances in exporter/importer relationships as a result of limited involvement interactions with customers and a lack of understanding of values and expectations.

Adaptation

'Dyadic adaptation is behavioural or organisational modifications at the individual, group or corporate level, carried out by one organisation, which are designed to meet the specific needs of one other organisation' (Brennan, Turnbull and Wilson, 2003)

Balance

Balance was only seen in adaptation in the Zumrut Tekstil case. Other cases demonstrated partial or little evidence of balance in adaptation in relationships. There were equal opportunities to discuss and negotiate issues with customers. It was apparent that key customer management was critical within Zumrut and its customers appreciated this. This could be described by Zumrut Tekstil's developed capabilities in the area of customer management and technical and by operating in a niche market segment and providing a better position in relationships from the other case companies.

Furthermore, other cases demonstrated partial balance in adaptation in some areas, such as product-related or having limited rights for short-term decisions.

Imbalance

Imbalance in adaptation appeared where standard relationships apply. Standard relationships create problems for export companies in relationships with customers by following customer plans and decisions, lacking influence over strategic decisions and systems and customers' norms and values are shared more than those of exporters. Across the cases, a different range of customers from different export markets was served by exporter companies. For example; Cannat exports to Sweden, Germany, Denmark and Jordan; Roza exports to Italy, Britain and Qatar and Album exports to Germany and Syria. The cases demonstrated that they had more influence with customers operating in less-competitive markets and they had less influence over customers in highly competitive markets. The reason for having distinct export market customers could be explained as creating balance in overall relationships by adapting more from highly competitive market customers and less from less-competitive market customers and then managing balance in the relationships.

Highly competitive market customers tended to have standard relationships with exporter companies that imposed more pressure on export companies for necessary adaptation activities in every corner of the company and relationships. This restricted their vision about the international market environment and trends, as well as development of capabilities within the company.

Czinkota *et al.* (2009) stated that adaptation is a central construct in exporter/importer relationships because adaptation takes place in an environment that is influenced by various factors, such as turbulences and heterogeneity and the dynamic nature of markets. Therefore, the findings are consistent with the statements of these researchers. Across cases, it appeared that highly-competitive and less-competitive market conditions were the important determinants for balance and imbalance in adaptation. However, the findings were different from those of Metcalf *et al.* (1992), who suggested that exporters and importers work closely to overcome specific problems related to currencies, prices, making innovative products and advertising campaigns. In contrast,

adaptation in relationships appeared to be the task of export companies mainly in relationships with customers in highly-competitive markets.

Commitment

'Commitment is the highest stage of relational bonding' (Dwyer et al., 1987)

Balance

Balance was demonstrated in similar ways across four cases (Akademi, Nilsen, ELM and Polin). There was little evidence of balance in commitment in relationships of the other six cases. Offering exclusive services in relationships made customers more committed in relationships with exporters and that resulted in balance in commitment to relationships by joining decision making and increasing recognition and trust of exporters in the importer's eyes. In a competitive international business environment, big brands (importer companies) looked for exclusivity in services and tailored production offerings from exporters. These were part of the capability set of four case companies that understood these requirements of customers and implemented them in relationships. Therefore, it helped export companies to achieve balance in commitment in relationships with customers.

Imbalance

Higher levels of contribution, lack of involvement in customer decisions and lack of control over interactions were common in many of the cases. Export companies appeared to be more committed by accepting affordable losses and unreasonable requirements of customers in order to maintain relationships because switching customers was too expensive for export companies. Furthermore, export companies had limited involvement in production-related activities and this was a short-term aspect; on the other hand, long-term decisions were made by customers. Personal communication appeared to lack the power to encourage customers in highly competitive markets to be more committed in relationships; in contrast, personal communications helped exporter companies to encourage customers in less competitive markets to be more committed in relationships.

The findings indicate that export companies were more committed to customer relationships and they influenced short-term decisions and production processes in

relationships with customers in highly competitive markets; therefore, a lack of balance was seen in commitment with these customer relationships. However, export companies were less committed in relationships with customers in less competitive markets but equal commitment from both sides provided more balance.

The findings are consistent with Dwyer *et al.* (1987) who suggested that commitment refers to the highest level of contribution in a relationship between parties and, even though other possible partners are still available, parties do not break relationships with the most satisfied exchange partners. Highly committed partners contribute resources and time in order to meet partners' expectations. In addition, high termination cost, high benefit gained and shared norms increase the level of commitment between parties and the length of relationships. Four cases demonstrated that exporters are more committed to competitive market customer relationships to meet their expectations while other possible choices are available for importers. Suppliers put more effort into understanding customers' values and norms; however, commitment appeared different in relationships with customers in less-competitive markets. Ford (1984) stated that technological and commercial capabilities of suppliers are important signs of perceived commitment of suppliers in relationships. Across cases, most companies demonstrated that they have developed technological capabilities in the areas of manufacturing and designing but commercial capabilities were limited.

Leonidou (1998) revealed that commitment in exporter/importer relationships can be observed in two ways, which are 'organisational' and 'personal' commitment. Organisational commitment refers to the devotion of organisational resources into foreign customer relationships in order to maintain relationships long term. Personal commitment refers to the contribution of employees to a company's relationships with customers. Across cases, it was evident that export companies devoted their resources into long-term relationships with customers in highly competitive markets in particular; personal commitment was not important to maintaining long-term relationships with customers in highly competitive markets but organisational commitment was less and personal commitment was high in long-term relationships with customers operating in less competitive markets.

Power Dependence

'Power is an ability to get a person to act in a certain way or to do something otherwise the person would have neither acted nor done' (Dahl, 1961). 'Dependence is the degree to which one party in a working relationship needs to maintain its associations with another in order to achieve its desired goals and materialize its expectations' (Frazier, 1983).

Balance

Exporters demonstrated that they had high technological advancement and developed capabilities in this area in relationships with foreign customers, which appeared in all cases. Exporters often had a considerable amount of knowledge and applications of new technology in production that helped exporters to hold powerful positions in relationships. Fast production without compromising quality was common across all cases but, more importantly, most cases focused on tailor-made production rather than mass production as a result of East Asian manufacturers' powerful position in mass production in the textile industry globally. Therefore, focusing on niches and tailor-made production made exporters create more balance in their relationships.

Some exporters had large knowledge bases concerning export procedures and they offered consultation to their customers in this area. Their problem-solving abilities in production were significantly important for foreign customers operating in competitive markets and that provides more opportunities for exporter companies to hold powerful positions in relationships.

Country image was not a disadvantage for export companies because they did not highlight the country image of Turkey in relationships; instead, they preferred to express the image of Istanbul in their relationships. This was demonstrated by all cases in relationships.

Imbalance

Imbalance in exporter/importer relationships indicated that importers had powerful positions and exporters were dependent on importers' market knowledge and critical resources. The only exception was Zumrut Tekstil, which was not dependent on any customers' resources, and knowledge imbalance in power was not demonstrated in

Zumrut's relationships because Zumrut was operating in a niche market, organic textiles, and had developed capabilities and resources within the company and made its own strategic decisions independently. However, across other cases, imbalance in power was evident because export companies had shown high levels of dependency on customers' financial decisions and strategic decisions and they lacked influence over customer decisions.

The exporters often followed customers' decisions for market expansion plans and they were locked into relationships with foreign customers. Increasing levels of orders from customers were also an important determinant. Exporters had shown over-dependency on customers strategically and on administrative issues. However, dependency was less in relationships with customers in less competitive markets as a result of lacking critical resources and exporters' capabilities were sufficient to manage these customers and make strategic decisions in relationships.

The findings have shown that competition in international business markets was an important determinant for exporter/importer relationships. Competitive market customers were powerful and they had available resources and knowledge; therefore, exporters were more dependent on these market customers. In addition, strong-brand companies were also the powerful party in a relationship as a result of their well-known brand and credibility in international markets. Even though exporters had technologically developed capabilities, this indicated that technological power in international business was not the only factor that can help achieve balance in relationships.

The findings are consistent with the work of Gadde and Hakansson (2002); Johnsen and Ford (2002); Frazier (1983); Pfeffer and Salancik (1978) and Ganesan (1994). Suppliers can be powerful in technological capabilities but this does not indicate that a supplier is independent in relationships and has full power because business relations consist of other important areas; customers can be powerful in other areas, such as financially and logistically (Johnsen and Ford, 2008). The findings indicate that exporters had developed capabilities but these capabilities are not sufficient for them to be independent in relationships because market knowledge and financial resources of importers play critical roles; therefore, imbalance exists in power in relationships across

the cases. Powerful customers had more chance to take advantage of their positions and to control exporters strategically.

Developed-country importers hold powerful position because they are making decisions for production, packaging, and quality standards of goods that are produced in an exporter's country (Wortzel and Wortzel, 1981). The findings support Wortzel and Wortzel (1981). Furthermore, the power of importers restricts exporters' opportunities to develop an independent export strategy and independent capabilities; exporters have the chance to develop capabilities but these will be mainly customer-specific capabilities. Moreover, the higher levels of difficulty an exporter faces in its international involvement, the more dependent they will be (Leonidou, 1989a). The findings indicated that there is a tendency among cases to focus on niche product segments and tailor-made production. This tendency of exporters provides more opportunities to break the level of dependency on customers and supports development of independent capabilities that are valuable for customers in highly competitive markets because exporter companies were able to offer new designs and competitive products.

Conflict Cooperation

'Conflict is poorly performed roles, unreasonable demands, stressful/anxious relations, disagreements on working issues.' (Kumar, Stern, and Achrol, 1992) *'Cooperation is similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time.'* (Anderson and Narus, 1990)

Balance

Balance in conflict and cooperation was demonstrated in the same ways across cases but two case companies (Desar and Cannat) had different ways to solve conflict because they were involved in export in indirect mode and they employed export agencies to solve conflicts. In the other eight cases' relationships, conflict resolutions appeared to be through mutual involvement from both parties in relationships, which involved negotiation and face-to-face discussion. This seemed to provide a chance to reduce the level of conflict by enabling cooperation on product designs, quality issues, understanding each other's expectations, values and reducing psychic distance. It was

demonstrated across cases that company owners and managers were involved in conflict resolution for exporter companies but importer companies only used the responsible department's representatives in conflict resolution. This helped export companies to express themselves to customers and achieve more balance in relationships but personal relationships were not employed in conflict resolutions with customers in highly competitive markets. In contrast, personal relations were employed as a priority in relationships with customers operating in less competitive markets. In addition, Roza Tekstil showed no conflict resolution efforts in its relationships as a result of standard production and hostility in relationships.

Imbalance

Imbalance in conflict and cooperation was demonstrated across cases where different strategic priorities appeared between parties and there was restricted cooperation in innovative activities. Importer companies employed professional methods to solve conflicts, such as reminding about contract terms and appointing their responsible and specialist staff; however, except for two cases (Desar and Cannat), no exporter identified professional methods for solving conflict in relationships. However, personal ties and relationships of export companies' owners and managers did work well in solving any conflict in relationships with customers in less competitive markets.

Dissimilar priorities in strategic issues between exporters and importers did not provide an opportunity for exporters to involve in cooperative activities, such as innovative product designs or offering new techniques in production. On the other hand, a lack of employee experience in cooperation made importer companies unwilling to offer cooperative projects to exporters. Furthermore, the opportunistic behaviour of importers in some cases was apparent; therefore, exporters had concerns about involvement in cooperative projects and they did not see any benefit from joint projects. Exporters felt restricted by these reasons in cooperative activities but they also did not show any intention to cooperate in relationships with customers in less competitive markets. In cases of hostility and standard relationships, exporter companies were not involved in any cooperation activities other than necessary ones.

The findings pointed different conceptions in the minds of interacting parties in relationships because exporters sought security in relationships, although some

exporters had shown risk-taking behaviour. However, they had insufficient resources and experience about cooperative activity in relationships; therefore, exporters seemed to lack confidence for this.

In some cases, conflict resolutions helped to reduce the level of conflict and provide limited cooperation opportunities for exporters. However, importers in highly competitive markets and exporters involved in conflict resolution with staff of different levels but this still provided opportunities for exporters to achieve balance in relationships. Exporters had more opportunities to achieve balance with customers in less competitive markets.

The opportunistic behaviour of importers discouraged exporters from involvement in cooperative activities but importer opportunism did not provide conflict in relationships; however, it was the sign for exporter companies to be more aware of partners' attitudes. The findings differ from Barnes (2010) who suggested that opportunism generates conflict between importers and exporters. Therefore, the findings indicated security-seeking in relationships to reduce the level of conflict between exporters and importers; however, they discouraged exporters from involvement in cooperative relationships with importers acting opportunistically.

However, the findings are more consistent with those of Katsikeas and Piercy (1991a) who contended that relationships between a developed country's importer and a developing country's exporter were characterized by a low level of conflict. This is because of the defined roles of parties, different ways of commitment and importers' focus on marketing and exporters' focus on production activities. Thus, the findings indicate that, even though there is no clear definition of parties' roles in relationships, the experiences of parties help them to understand each other's roles. Different ways of commitment across cases appeared by the offering of exclusivity services by exporters and respecting the financial rights of exporters by importers; the different focus of each party seemed to achieve balance in relationships.

The findings were different from Ford (1984) who suggested a lack of technical and commercial skills of each party and information flow cause conflict between buyers and sellers. Moreover, Amason (1996) suggested that when conflict is about a disagreement of task-oriented and judgements on how to achieve mutual goals, it is functional conflict

and it contains the combination of open-minded ideas and rich arguments. Therefore, it appeared that technical and commercial skills were developed and information flow was continuous across cases; however, different strategic priorities between parties increased the level of conflict. This indicated that conflict in long-term exporter/importer relationships may result from mainly strategic differences and functional conflict may take place more in short-term relationships.

Emerging Themes

Three emerging themes have been identified from data analyses that are related to relationship characteristics of exports and importers.

Frequently Changing Requirements and Information Flow

A significant finding from data analysis and the findings is related to uncertainty that involved the flow of information in exporter/importer relationships; this was from the importer to the exporter as fast changing requirements and information flow. Across most cases, relationships were set with customers in highly competitive markets. Environmental turbulences and competitiveness in those markets lead importer companies to make quick changes in product quality and employee standards, which mean that exporter companies received large amounts of flow of information and requirements from importers. This was a burden for small export companies that had usual difficulties handling fast changing requirements and information flow caused uncertainty and misunderstanding between the parties

The findings were related to Pfeffer and Salancik (1978) and pointed that lack of information flow and irregular communication provides more uncertainty in relationships. However, the findings indicated that, in exporter/importer relationships, market conditions are important determinants of uncertainty because uncertainty in relationships with customers in highly competitive markets may be resulting from large amounts of information flow and frequent changes to an importer's requirements. On the other hand, uncertainty in relationships with customers in less competitive markets may be the result of a lack of information flow and slow-changing requirements of importers.

Furthermore, findings demonstrate that information flow is also influenced by geographical distance (Porter 1998). Information sharing is fundamental for new product development; geographical proximity influences this activity and provides to develop face-to-face communication and the development of strong relational ties (Porter, 1998). Textile goods especially in competitive markets are characterised as fast moving consumer goods. Turkish textile firms focus on these markets because they are able to produce tailor made goods in high quality and delivery times are very short. Moreover, the price of production is lower than European textile manufacturing but the prices are higher than East Asian manufacturing. This is the strategic focus of Turkish textile firms position themselves against East Asian textile firms, which are able to manufacture large amounts in cheap prices but delivery times are long on the other hand, European textile firms products are high quality and expensive. This strategic focused combining with geographical closeness of Turkish textile firms to European market has nominated them as the most preferred partners. Therefore, the research findings have demonstrated that geographical closeness is an important determinant for information flow in dyadic relationships when the manufactured goods are characterised as fast moving consumer goods. Since it is expected that fast moving consumer goods production require continuous and extensive information exchange, consultation as well as tight regulations need to be applied on the delivery terms and customs. This is particularly important for countries in the European Union. For these reasons, Turkey, textile export firms of Istanbul in particular, is the best geographical location for many European firms to choose a partner in order to provide fast manufactured textile goods for their domestic market customers, exchanging information and inspecting their partners. Therefore, geographical distance has an influence on information flow in fast moving consumer goods production and delivery in long-term international dyadic relationships.

Moreover, information flow with East Asian customers would be accurate for European firms; however, research findings indicate that information flow can be managed easily by telecommunication tools. Nevertheless physical distance is also important for auditing and checking the efficiency and effectiveness of the implementation of exchanged information within partner firms' manufacturing facilities in relation to the matter of time and disruptions in the supply chain. This finding is related to Trimarchi

et al., (2008) and claimed that geographical distance be likely to source of greatest difficulties when there is a need to inspect the goods produced.

Personal Relationships Moving towards Formal Relationships

An emerging theme from the findings is related to commitment that involves personal relationships in exporter/importer relationships. Personal approaches supported exporters showing personal levels of commitment in relationships with customers in less competitive markets; however, exporters in relationships with customers in highly competitive markets followed formal procedures and agreements.

Personal relationships were important to starting business relationships with customers across cases but, in later stages of relationships, personal relationships turned into more formal and corporate-level relationships. Imbalance in relationships with customers in highly competitive markets showed large evidence of formality rather than personal approaches. This meant that export companies had to be more committed in relationships by following formal responsibilities and procedures because they needed the critical resources of importers. On the other hand, balance in relationships with customers in highly competitive markets indicated that formal relationships were more important than personal relationships because maintaining relationships long term and the developed institutional presence of exporters in relationships indicated that formality is important in relationships.

The findings are related to the work of Samiee and Walters (2006) noted that evident differences in buyer-seller relationships are as follows: suppliers put more emphasis on interpersonal relationships; however, buyers are less interested in personal relationships but more interested in market factors such as price. In addition, suppliers are more interested in engaging relational exchanges but it may be the result of the uncertainty that influences suppliers more than buyer. Moreover, Beverland and Lindgreen (2004) highlighted that small firms' relationship patterns change in later stages of relationships from personal to formal as a result of the changing needs of small firms.

The findings demonstrated that export companies in relationships with customers in high competitive markets had personal relationships for starting business relationships but imbalance in relationships provided insecurity and ambiguity; therefore, formal

relationships were considered to be more secure and consistent. This interesting finding indicated that export companies preferred formal relationships with customers that make them feel more secure in long-term relationships; however, this approach did not contribute to export companies achieving more balance because they had been traditionally weak part in relationships and importer is a stronger party and requires more commitment from exporters.

Export Market Choice versus Export Customer Choice

A noticeable aspect from data analysis and the findings is related to power dependence that involves customers versus the market choices of export companies. These choices are critical for export survival and growth; therefore, customer size and market conditions are considered by exporter companies to achieve more balance in power dependence. It appeared that exporters had a single or few customer relationships in highly competitive markets because these customers were important for survival and exporters were able to manage quick changes in relationships with a few customers. However, exporters had more customer relationships in less competitive markets because they were able to manage slow changes in many customer relationships. This means that exporters had difficulties achieving balance in power in relationships with customers in highly competitive markets and less confidence but less difficulty achieving balance in power in relationships with customers in less competitive markets and more confidence.

Conclusion

The results of balance and imbalance have been identified and they will be demonstrated in relationships characteristics.

Imbalance in uncertainty seems to result from a lack of ability to search information about importers and limited capability to cope with large amounts of information flow in requests from importers. Moreover, discrepancies in priorities and misunderstandings between parties are other results of imbalance. Furthermore, unpredictable international market conditions increase the level of uncertainty and imbalance; therefore, exporters attempt to seek more stability by accepting tolerable imbalance in relationships. However, balance in uncertainty appeared to be the result of satisfactory levels of

information provided by both parties to each other and mutual agreement of strategic plans against unpredictable market conditions. In addition, exporters' capabilities for information search also achieve balance in uncertainty in relationships.

Imbalance in distance appeared to result from unfamiliar business systems and a lack of understanding of customers' market conditions. Indirect export modes increased the distance between parties. Standard relationships appeared more; therefore, exporters had fewer opportunities to join projects with importers and overcome physical distance. However, balance in distance is associated with frequent communication, information exchange and company visits. On the other hand, exporters involved in export in direct export mode were able to reduce the influence of distance in relationships.

Imbalance in adaptation appeared to be the result of tight contractual agreements and customers' dominance of plans and decisions. In addition, exporters' limited ability for negotiation with branded customers increased the level of imbalance in adaptation. Furthermore, a high level of imbalance was apparent in adaptation in relationships with customers in highly competitive markets. However, balance was associated with equal opportunities being given to exporters to discuss and negotiate with customers and similar expectations helped to achieve more balance in relationships. Moreover, balance was high in relationships with customers in less competitive markets.

Imbalance in commitment seemed to be the result of high switching costs for exporters; therefore, they tolerated affordable losses and unreasonable requests from importers. Customers showed resistance to personal relationships and pursued more formal and organisational-level relationships that are not suited to small export companies. Imbalance is also the result of exporter companies' lack of ability to understand customer needs and expectations; therefore; their random attempts increased the level of imbalance in commitment. Balance in commitment appeared to be the result of parties mutually sharing the responsibilities and increasing recognition and trust in step-by-step attempts. High-level understanding from being capable in corporate level communication provides clear direction for exporters and importers making contributions in relationships. In addition, when offering exclusive services; personal relationships play an important role in achieving more balance in commitment with customers in less competitive markets.

Imbalance in power dependency appeared to be associated with importers being in command of financial decisions, market knowledge and critical resources in relationships. Furthermore, importers also control domestic relationships of exporters by restricting their freedom to ensure there is no information leak concerning business transactions and product-related issues. It was apparent that strategic decision-making ability was advanced within importer companies; therefore, exporters were dependent in this area of relationships. However, balance appeared to be related with advanced technical capability sets of exporters and offering new designs and cost-efficient and fast production techniques to importers based in competitive markets. Furthermore, balance also involved consulting customers in relation to export procedures and regulations in order to avoid delays and being aware of geographical image perception of customers. Therefore, exporters expressed a location-specific image rather than the country image of their host country and that provided more opportunities to achieve balance in power-dependency relationships.

Imbalance in conflict and cooperation appeared to be associated with different priorities between parties in relationships and different ways to cope with conflict resolutions; exporters attempt to get involved personally but customers appointed responsible departments to solve problems. Furthermore, feelings of restriction and hostility in relationships, regarding limited opportunity for innovative activities, contribute more to conflict. Opportunistic behaviour of importers also appeared to create more conflict but this was covert conflict within exporter companies. However, balance in conflict cooperation seemed to be the result of mutual involvement from same-level departments to achieve conflict resolutions; in addition, having face-to-face discussions increased the level of understanding of each other's expectations. Furthermore, joint activities in product designs and corporate-level relationships seemed to be more critical for cooperation in relationships, particularly with customers in highly competitive markets.

6.3 GROUPING IMBALANCE IN RELATIONSHIP CHARACTERISTICS

6.3.1 Introduction

Throughout the data analysis, some relationship patterns have been identified across the cases and this led to forming groups in terms of relationship characteristics. Similar patterns of imbalance and balance in relationship characteristics were apparent across

the cases. Two types of relationship characteristics were grouped as unsatisfactory imbalance and satisfactory imbalance.

6.3.2 Group One: Unsatisfactory and Satisfactory Imbalance in Relationship Characteristics in Early Export Involvement from an Exporter's Perspective

Similar patterns of imbalance and balance were identified across five of the cases (Akademi, Nilsen, Cannat, Polin and DNN). These cases represent early involvement in export; therefore, these cases were set as group one. Group one means that there are similarities of imbalance and balance in the same relationship characteristics for early involvement in export. Therefore, imbalance and balance would be seen as unsatisfactory and satisfactory in relationship characteristics of these exporters. Group one consists of two subgroups, which represent unsatisfactory imbalance (Akademi and Nilsen) and satisfactory imbalance (Cannat, Polin, and DNN).

The backgrounds of group one companies had similarities in the area of international business involvement because they all started exporting shortly after being established by their founders. Group one companies had similar problems and challenges in their international business experiences with their customers and in overcoming difficulties in relationships with customers. However, these five cases also differ in their way to deal with customers.

Unsatisfactory Imbalance (Akademi and Nilsen)

	Imbalance	Balance
Uncertainty	<ul style="list-style-type: none"> • High-level insecurity and risk taking • Frequent changes 	
Distance	<ul style="list-style-type: none"> • More effort by exporter to gather information about importer • Distant business systems • Lack of involvement in decisions 	<ul style="list-style-type: none"> • Frequent communication • Long-term agreements
Adaptation	<ul style="list-style-type: none"> • Has to follow customer decisions, plans and procedures 	<ul style="list-style-type: none"> • Exporter's fast-change response to production requests from importers (Nilsen)

Commitment	<ul style="list-style-type: none"> • More contribution from exporter into relationships • Unreasonable importer demands 	<ul style="list-style-type: none"> • Limited involvement into existing product decisions
Power Dependence	<ul style="list-style-type: none"> • Resource and knowledge dependency • Low reputation 	<ul style="list-style-type: none"> • Advanced technical systems; designing
Conflict Cooperation	<ul style="list-style-type: none"> • High-level importers' opportunism • High-level importers' expectations 	<ul style="list-style-type: none"> • Limited negotiation opportunity • Team-level cooperation

Unsatisfactory imbalance was identified across Akademi's and Nilsen's relationships because imbalances exceeded balance in their relationships with customers. The cases suffered from hostility in their relationships but the main aim of the companies was to survive rather than make any attempt to demand more in relationships.

Akademi and Nilsen had similar problems in their customer relationships. They had high levels of uncertainty as a result of frequent changes to customer requirements and they demonstrated high levels of risk-taking behaviour to overcome difficulties in relationships. They put more effort into gathering customer-specific information but customers showed little attempt to be helpful on this occasion and distant business systems resulted in a lack of involvement in decision-making mechanisms in customer relationships.

In most situations, Akademi and Nilsen had to follow customers' decisions, plans and procedures. They felt that they needed to contribute to relationships more than customers do in order to maintain relationships by coping with unreasonable demands by customers. They also have suffered from a lack of market knowledge and resources; therefore, the level of dependency was high in relationships. Furthermore, importers' opportunism was high and their expectations had to be met or it would be the end of their business arrangement.

Long-term contracts helped to maintain relationships with customers and frequent but less efficient communication helped Akademi and Nilsen to achieve more balance in long-term relationships. The ability to quickly change product lines and advanced

technical knowledge helped in holding a powerful position in relationships but it offered limited involvement in the decision-making process for ordered products rather than future offers and only limited negotiation opportunity and team-level cooperation with some customers.

Necessities and positioning were the important characteristics of the cases with imbalance in relationships. The literature has stated that, in symmetric relations, the degree of dependence ranges from low to high and, in asymmetric relations, the dominant partner is the less dependent one. There is a need for symmetric dependence because relationships last longer; in contrast, imbalanced dependence causes more conflict and less stability (Ganesan, 1994). The findings are consistent with this statement; furthermore, in power/dependence relationships, it is necessary to have balance. Emerson (1962) commented that, if one party attempts to gain more power, then the other party will try to balance power against its partner. This is an on-going process. However, the findings indicated that these cases had a lack of ability to change their positions and demands from customers in order to make their relationships achieve more balance because they involved exporters with a lack of knowledge and limited resources. In later stages, their knowledge and capabilities become customer-specific and they lost the ability to move independently in international business; therefore, survival is the main target in these cases rather than achieving more balance in customer relationships.

Satisfactory Imbalance (Cannat, Polin, and DNN)

	Imbalance	Balance
Uncertainty	<ul style="list-style-type: none"> • Transaction uncertainty (DNN) 	<ul style="list-style-type: none"> • Regularity in relationships • Understanding business systems • Frequent communication • Predictable future
Distance	<ul style="list-style-type: none"> • Lack of resource sharing • Complex business systems • Limited opportunities for joint projects 	<ul style="list-style-type: none"> • Frequent information exchange • Business visits • Apparent trust building

Adaptation	<ul style="list-style-type: none"> • Limited opportunity for new offers • High-level investment in relationships from exporters and necessary adaptation • More flexibility shown by exporters 	<ul style="list-style-type: none"> • Limited employee involvement in customer relationships (Cannat)
Commitment	<ul style="list-style-type: none"> • Tight formal agreements • Lack of control over interactions 	<ul style="list-style-type: none"> • Exclusive services offered (DNN)
Power Dependence	<ul style="list-style-type: none"> • Strategic, financial and critical resource dependence 	<ul style="list-style-type: none"> • Developed technical capabilities of exporters • More opportunities for learning and development
Conflict Cooperation	<ul style="list-style-type: none"> • Different strategic priorities • Limited opportunities for innovation-related activities 	<ul style="list-style-type: none"> • Team-level cooperation • Low-level hostility in relationships

Satisfactory imbalance was identified across Cannat, Polin and DNN's relationships. Imbalance and balance in relationships was almost equal in customer relationships; however, the level of imbalance across Cannat, Polin and DNN was lower than across Akademi and Nilsen. Cannat, Polin and DNN suffered from low-level hostility and more learning opportunities were evident in their relationships.

Cannat, Polin and DNN had similar problems in their customer relationships. They have lack of opportunities for joint project activities and they were faced with complicated customers' business systems; in addition, customers showed a lack of interest in resource-sharing in relationships. Furthermore, limited opportunities existed in relationships for new offers; high level investment from exporters and necessary adaptation activities were exposed by customers, which meant exporter companies demonstrated more flexibility in customer relationships.

Tight formal agreements and a lack of control over interactions were apparent across the cases. Dependence was high in the area of strategic, financial and resource decisions of customers. Conflict appeared to be mainly the result of different strategic priorities of

the parties and customers' lack of interest in cooperative project development, despite exporters having expressed interest in cooperative activities.

Regularity in Cannat's, Polin's and DNN's relationships was apparent. These cases demonstrate a higher level of understanding for customer relationships and frequent communication helped to predict where relationships are led. Distance was reduced by frequent information exchange, company visits and process-based trust building. In addition, employee involvement in customer relationships was high and exclusive services were offered to customers. Advanced technical capabilities of the cases helped them achieve more balance in power and more learning opportunities and further capability development was apparent in relationships. Cooperation was at the team level rather than a personal level and the most evident aspect in relationships was the cases had low-level hostility in relationships.

Regularity in relationships and learning and capability development opportunities were the important characteristics of the cases with satisfactory imbalance in relationships, as they involved in export early with a lack of knowledge and experience in international business. The most noticeable difference across cases that experience unsatisfactory imbalance in customer relationships and those that experience satisfactory imbalance in customer relationships was the high level of hostility. Survival applied to the cases experiencing unsatisfactory imbalance in customer relationships, whilst stability, learning and capability development opportunities apply to the cases experiencing satisfactory imbalance in customer relationships.

The literature has highlighted that capabilities must be applied and used continuously because they cannot be weakened when they are used. They are not like tangible assets; in contrast, their development and growth is heavily dependent on continuous usage and implementation (Prahalad and Hamel, 1990). Thus, Ford and Saren (2001) stated that technological capabilities need continuous development because the state of stability is the main reason why capabilities may lose their strength and they are also getting older as time passes. The findings are consistent with these statements and satisfactory imbalance offered the cases more freedom and learning and capability development opportunities, not only in technical areas but also in managerial and employee capabilities.

6.3.3 Group Two: Satisfactory Imbalance in Relationship Characteristics in Late Export Involvement from an Exporter's Perspective

Similar patterns of imbalance and balance were identified across three of the cases (Desar, Roza and Zumrut). These cases represent late involvement in export; therefore, these cases were set as group two. Group two means that there are similarities in imbalance and balance in the same relationship characteristics in late involvement in export. Thus, imbalance and balance emerge as satisfactory relationship characteristics for these exporters.

The context of group two companies is they have similarities in the area of international business involvement. They all started exporting a long time after being established by their founders and they have developed export knowledge and capabilities and a high level of institutional presence within the companies.

Satisfactory Imbalance (Desar, Roza and Zumrut)

	Imbalance	Balance
Uncertainty	<ul style="list-style-type: none"> • Market uncertainty and conditions influence exporters more • Restrictions by formal contracts 	<ul style="list-style-type: none"> • Stability in relationships is secured by formal agreements • Specific support is provided by specialist export agents
Distance	<ul style="list-style-type: none"> • Standard relationships • Lack of personal trust building 	<ul style="list-style-type: none"> • Moderate influence over strategic decisions and plans • Scheduled business visits
Adaptation	<ul style="list-style-type: none"> • Customer dominance • Necessary adaptation 	<ul style="list-style-type: none"> • Opportunities for negotiation • Equal opportunities for innovative activities (Roza)
Commitment	<ul style="list-style-type: none"> • Affordable losses • More contribution from exporter • Control by formalities over resources and opportunities 	
Power Dependence	<ul style="list-style-type: none"> • Low-level financial and strategic dependence • High reputation-gain need 	<ul style="list-style-type: none"> • Advanced technical capabilities • R&D activities within

	for exporter	exporter (Zumrut) <ul style="list-style-type: none"> • Alternative product offers
Conflict Cooperation	<ul style="list-style-type: none"> • Opportunistic behaviour of importer • Different priorities • Restricted benefit gathering 	<ul style="list-style-type: none"> • Cooperation in designs, quality issues and standards • Understanding values and norms

Satisfactory imbalance was identified across Desar's, Roza's and Zumrut's relationships. Imbalance and balance in relationships were almost at an equal level in customer relationships; however, the level of imbalance across Desar, Roza and Zumrut (satisfactory imbalance in late export involvement) is the same level as across Cannat, Polin and DNN (satisfactory imbalance in early export involvement) but lower than across Akademi and Nilsen (unsatisfactory imbalance in early export involvement). Desar, Roza and Zumrut were in a state of principle hostility and the level of institutionalisation was very high in their relationships compared with Cannat, Polin and DNN (early export involvement).

Desar, Roza and Zumrut faced similar problems in customer relationships. Market uncertainty appeared to be influencing the cases more than their customers and formal contracts were restricting exporters' opportunities to take action that provided more imbalances in uncertainty. Customers tended to have standard relations with these exporters and personal trust building was not apparent widely. Furthermore, customers were dominant over adaptations.

Affordable losses were taken by those exporters and more contributions were apparent from exporter companies; however, formalities were restricting exporter companies in taking full control over resources and business opportunities. Moreover, low-level financial and strategic dependence was evident and exporters needed to gain reputations from customer relationships; therefore, they maintained customer relationships by contributing at the maximum level. Opportunistic behaviour of customers was apparent and different priorities in relationships caused more conflict.

Across the cases, it was apparent that institutional characteristics in customer relationships provided more balance in customer relationships. Stability and regularity were secured by formal agreements and case companies employed specialist export

agencies to conduct their customer relationships. Moderate involvement in strategic decision processes and scheduled business visits helped to reduce levels of distance. Case companies had more negotiation opportunities with customers and equal opportunities for involvement in innovative activities offered by the customers in adaptations. Surprisingly, there was no balance in relationships across the cases in commitment but it does not necessarily mean that cases had complete imbalance in overall customer relationships. Furthermore, advanced technical capabilities and being able to offer new products provided powerful positions in relationships. Individual R&D activities of Zumrut indicated its dominance over its customers. Cooperation in designs, quality issues and standards were mutually agreed in relationships and there was no one-sided decision making.

Institutionalisation and formalities in relationships were important characteristics of the cases which have satisfactory imbalance in customer relationships, as they involved in export late and with high-level institutionalisation within the companies and in relationships with domestic market companies. The cases did not lack resources and knowledge in production; however, their weakest side was a lack of experience in international business.

There are similarities between early export involvement case companies (Cannat, Polin and DNN) and late export involvement cases companies (Desar, Roza and Zumrut). All these cases experience satisfactory imbalance but early export involvement cases experience more learning and developing opportunities in their customer relationships. On the other hand, late export involvement cases experience more involvement in strategic decision-making procedures in their customer relationships. Therefore, the type of satisfaction is different between these two groups, which may be associated with the state and timing of involvement in international business relationships.

Furthermore, Ford *et al.* (2002, p.6) underlined the fact that previous experiences of firms will affect their vision for future relationships with their suppliers and customers in terms of performance, delivery and skills; it also influences the characteristics of their relationships with the level of trust and commitment. The findings concur with the statement of Ford *et al.* (2002, p.6). The companies experiencing satisfactory imbalance in late export involvement have more opportunity in their customer relationships to

involve in strategic decisions and moves as a result of their strong background in their domestic market. Furthermore, in international exchange relationships, exporters accept high levels of control in the beginning of their relationships with importers. After establishing trust-based relationships and satisfying the importer over the production and the process production stages, the control over the exporter firm is reduced (Leonidou and Kaleka, 1998).

Patterns of interdependencies, the allocation of resources, the boundaries to knowledge and the undeniable reality of interactions in networks do not provide a base from which to achieve full control over others (Ford and Mouzas, 2008). It was apparent in the findings that the cases lacked international business experience; therefore, their strong financial and managerial capabilities were not sufficient for them to take full control over their customers. Furthermore, the cases demonstrate strong cooperation and collaboration in customer relationships for strategy building. This concurs with Ford *et al.* (2002 p.107) that strategy in a network needs to be developed in terms of network position. Without the involvement of others in strategy development, it is an impossible task; therefore, strategy in network settings requires adaptation and co-operation of a firm's progress with those of others rather than pre-decided plans and instructions. A firm's strategy should necessarily be collective and should not limit its own progress.

Conclusion

The above discussion on grouping relationship characteristics in terms of whether the export involvement is late or early has indicated similar results of imbalance and balance across eight case studies. It is relevant to highlight the most evident differences between cases. The above discussion did not cover all cases in this study because two cases (Album and ELM) experienced more balance in their customer relationships than imbalance.

Differences in the Strategy for International Business Relationships

In group one, the cases with *unsatisfactory* imbalance in relationships tended to employ a survival strategy for their firms in their export business. These cases suffered from a high level of hostility in their relationships however, the main aim of the companies was to survive rather than make any attempt to reposition themselves in their relationships.

They had high levels of uncertainty as a result of frequent changes to customer requirements. In most situations these two firms had to follow customers' decisions, plans and procedures. They also suffered from a lack of market knowledge and resources; therefore, the level of dependency was high in relationships, this also caused importers' opportunism. Exporters felt that importers expectations had to be met or it would be the end of their business life

In group one, the cases with *satisfactory* imbalance in relationships tended to benefit from more learning and developing opportunities in relationships. The level of imbalance across these three firms was low therefore; low-level hostility was evident in their relationships. Furthermore, these cases demonstrate a higher level of understanding for customer relationships and frequent communication helped to predict where relationships are led. In addition, employee involvement in customer relationships was high and exclusive services were offered to customers by frequent information exchange. Advanced technical capabilities of the cases helped them achieve more balance and more learning opportunities and further capability development was apparent in relationships.

In group two, the cases with *satisfactory* imbalance in relationships tended to have a pro-active approach by implementing their skills and involving strategic decisions for future business opportunities with their customers. Established present and past experiences led them to pursue more professional ways to cope with imbalance in customer relationships. Moreover, low-level financial and strategic dependence was evident. Across the cases, established presence and high level of involvement in strategic decision processes was apparent. Stability and regularity were secured by formal agreements. Case companies had more negotiation opportunities. Furthermore, advanced technical capabilities and being able to offer new products provided powerful positions in relationships. Their weakest side was a lack of experience in international business and low reputation in foreign markets, therefore gaining reputations from customer relationships was vital.

Customer Portfolios

In group one, the cases with unsatisfactory imbalance in relationships had a stable customer portfolio and they did not have any desire to enlarge their customer portfolio

so that interaction patterns were not changed dramatically. Uncertainty was high therefore, exporters were cautious in their relationships with importers, there was a lack of personal contacts. Formal agreements and pre-determined patterns of interaction has been preferred by exporters in order to remain stable in relationships. This shows their concerns about future changes in interaction patterns. These concerns also impact upon their interactions in the area of new product offers, showing more interest in resource sharing and communication patterns. In addition, group one exporters were too customer focused they have limited vision to develop independent relationships with other countries importers so that their international market knowledge was limited with their current customer's market and interaction patterns.

The group one cases with satisfactory imbalance in relationships had a moderate changing customer portfolio. They intend to change the customer portfolio if they can identify more opportunities for learning from new customers. Their focus was on learning opportunities with new customers, therefore their interaction patterns changed moderately and related to the opportunities identified, which are generally offered by the relationships with competitive market customers. Furthermore, uncertainty was low and they were not as hesitant as the group one firms experience unsatisfactory imbalance. Therefore, there were more opportunities for negotiations and limited opportunities given for involving strategic decisions, this has improved the level of interactions from pre-determined to expected patterns with culturally similar but geographically different export market customers. These firms also achieved more balance in their relationships than the previous group.

In group two, the cases with satisfactory imbalance had increasing culturally and geographically diverse customer numbers because they have large production plants, qualified employees and expertise to produce for a large number of customers from high competitive and low competitive market customers. Therefore, their interaction patterns changed dramatically and they were able to manage complicated patterns of interaction with new and existing customers from diverse export markets. Uncertainty was not a big problem for them; they were able to cope with uncertain relationships by relying on their technical, financial strengths and experience. They have more equal opportunities in customer relationships such as involving strategic decisions, offering new products

and regular and formal team base communication patterns. Therefore, they were more able to make balance in relationships than the other groups.

Export Involvement Stages and Managerial Behaviours

In group one, firms which experience unsatisfactory imbalance in their early export involvement tend to have certain managerial attitudes. These firms put more emphasis on **retaining** customers, **tolerating** customers and **fitting** which means that managers try to fit their firm in relationships by taking importer led adaptations. On the other hand, they put less emphasis on **seeking**: managers' search for better opportunities to develop their capabilities and learning by increasing level of interactions, **evaluating**: managers seriously analyse the losses and gains in relationships, consider their weaknesses and strengths and **demonstrating**: managers show their firms abilities, priorities and objectives in relationship. These firms have more imbalances in their relationships.

In group one firms, which experience satisfactory imbalance in their early export involvement tend to have certain managerial attitudes. These firms put more emphasis on **retaining** customers, **tolerating** customers, **fitting** which means that managers try to fit their firm in relationships by taking importer led adaptations and moderate emphasis on **seeking**: managers' search for better opportunities to develop their capabilities and learning by increasing level of interactions. On the other hand, less emphasis on just two of these; **evaluating**: managers seriously analyse the losses and gains in relationships, consider their weaknesses and strengths and **demonstrating**: managers show their firms abilities, priorities and objectives in relationship. These firms have moderate level of balance in their relationships.

In group two firms, which experience satisfactory imbalance in their late export involvement tend to have put less emphasis on **retaining** customers, **tolerating** customers and **fitting** which means that managers try to fit their firm in relationships by taking importer led adaptations. On the other hand, put more emphasis on **seeking**: managers' search for better opportunities to develop their capabilities and learning by increasing level of interactions, **evaluating**: managers seriously analyse the losses and gains in relationships, consider their weaknesses and strengths and **demonstrating**: managers show their firms abilities, priorities and objectives in relationship. This group firms' managerial attitudes were different than the other two groups they put more

emphasis on seeking, evaluating and demonstrating because these firms have more balance in their relationships.

6.4 CROSS-CASE ANALYSIS OF CAPABILITIES

6.4.1 Introduction

In this section, analysis of ten cases' capabilities will be demonstrated by discussing and drawing reflections on the relevant literature review (See appendix 13). Furthermore, emerging themes and insights from the findings will be shown.

Table 6: Exporters Capabilities and their Influence on Imbalance in Customer Relations (making balance)

Employee Capability	Joint Development Activities <ul style="list-style-type: none"> • Individual involvement (top management) • Team-based involvement Domestic Networks <ul style="list-style-type: none"> • Employee experience • Personal relations and local knowledge
Technical Capability	Joint Development by Identifying Technology Needs of Exporter <ul style="list-style-type: none"> • Necessary • Existing Technology and Experience • Distinct market customers
Managerial Capability	Joint Development in Strategic Relationships <ul style="list-style-type: none"> • Personal ties and collaboration for third-party supplier choice • Having relationships with distinct export market customers
Custom Capability	Joint Development of Culture and Values <ul style="list-style-type: none"> • Different extent in terms of export involvement • Different export market customers

6.4.2 Employee Capability

Joint Development Activities

There was little evidence of joint employee capability development across the cases because importer companies were not interested in sharing and developing any information or capability sets with exporter companies. However, ELM and DNN demonstrated that individuals from top management in these companies involved in joint activities with their customers but this involvement was mainly for problem-

solving where customers are based in turbulent export markets. These problems were sales and product-related problems. These joint activities did not spread widely to company employees and did not contribute much to employee-based capabilities within the companies. It contributed to top management individuals, owners and managers, but it is hard to observe how this knowledge development reflects on other employees in the company. Only one case, Zumrut, demonstrated team-based involvement in a joint project for organic textiles and innovative products with a competitive market customer. This was highlighted by employee changes between Zumrut and its customers and by using each other's technical equipment and testing laboratories before making business plans for a new product launch in the export market. This was a rare opportunity for Zumrut and it does not happen often in customer relationships.

The findings are related with those of Ethiraj *et al.*, (2005) who stated that knowledge is built up from 'learning by doing' by individuals via routines connected to the actual firm's activities and processes. On the other hand, individuals play important roles to craft and convert knowledge, derived from relationships, into knowledge assets and technologies; thus, the knowledge generated by individuals within firms is tacit and it is hard to implement (Teece, 1998). The findings indicated that, in some export companies, mainly top management individuals are involved in customer relationships and develop new knowledge; however, this does not mean that other employees learnt the same knowledge, especially in the companies with hierarchical employee relations. It seemed that employee capability development within companies depended upon internal company structures and employee relations.

Domestic Network

There was evidence across most cases that employee capability development was conducted through domestic network connections. It was important for resource-poor exporters and it was not costly. Employing experienced employees and offering them better financial opportunities was common across the cases because those employees' personal ties with other networks and experience in production and foreign trade provided new opportunities to export companies. Export companies were able to conduct innovative activities and offer new product ranges for customers, as well as enlarge their customer portfolio in export markets. Furthermore, these employees also

provide new knowledge and capability-development opportunities for existing employees within the companies.

The findings indicated that export companies are dependent upon specialist knowledge to achieve more balance in customer relationships; thus, they employ specialist employees from domestic markets because their knowledge is as important for the company as other employees' knowledge development within the company. Therefore, the findings associated with Nelson and Winter (1982) viewed that path-dependent knowledge is the foundation stone for firms and firms are heavily dependent on this basis.

6.4.3 Technical Capability

Joint Development by Identifying Technology Needs of Exporters

There was evidence of necessary development for technical capabilities across two of the cases, Akademi and Nilsen, in customer relationships. These two companies represent early involvement in export with limited resources and under-developed technical capabilities; therefore, customers were dominant in technical capability development and suppliers integrated their technical capabilities with those customers. Exporters had little contribution to development of their technical capabilities. However, this was not the case for other companies because Cannat, Polin and DNN had higher levels of technological development; when they involved in exports, their technical capability-development mainly enhanced and enlarged their technical capability sets for coping with competitive market customers' requirements and responding fast. Furthermore, Desar, Roza and Zumrut involved in export at later stages in their business life; therefore, their technical capabilities were already developed for most transactions with their customers. However, they needed to involve more innovative activities to develop better technical capabilities and ensure that continuous development was happening in customer relationships.

On the other hand, it was common across most cases that distinct customer relationships in technical issues helped to develop unique technical capabilities because cases had different customers from different export markets, which are highly competitive and less competitive market customers. The cases had more opportunities to combine knowledge and capability sets to achieve more balance in technical-based capabilities in

customer relationships. Furthermore, it was apparent that an imbalance in one customer relationship taught case companies how to achieve balance in other customer relationships and offered alternative ways to cope with customer problems.

Flexibility and qualified employees were important determinants in technical capability development across the cases because most cases were focusing on niche product segments; therefore, technical capabilities in designing and machinery were more important for these segment customers. The cases demonstrated a submissive approach to customers in technical capability development and appointing qualified employees for these development activities. In addition, strict training for employees within the case companies was followed in order to cope with fast changes and ensure more balance in customer relationships. Joint project involvements would have been the best option for technical capability development but importer companies were not interested in those activities with exporter companies. Therefore, export companies mainly developed technical capabilities through continuous orders from their customers. Thus, long-term relationships result in better technical capability development in export companies and provide more chance to achieve balance in relationships.

Across the cases, it was commonplace to reduce general costs within companies so as to invest more in technical capabilities and achieve balance in customer relationships. Therefore, they reduce the amount of employees within their companies and focus on niche product segments and tailored production rather than mass production. This allowed the cases to produce value-added products with a small number of employees, specialisation in particular segments and development of related technical capabilities.

The findings are related to the work of Ford *et al.* (2002), who suggested that there are certain conditions for the development of technological knowledge in relationships. Technology can be developed in collaboration with others or with the requirements of others; technology can be used in conjunction with products that are purchased from a supplier or require technologies from others to produce new products. The output of a firm can only be used in combination with other firms and others firms' technologies. The findings indicated that technical capabilities of export companies are developed from requests of customers and in collaboration with customers. Furthermore, relationships with different export market customers are also important determinants in

technical capability development. Lastly, changing the focus on production type; for example niche product segments and tailor-made production, also greatly influences technical capability development for export companies.

6.4.4 Managerial Capability

Joint Development in Strategic Relationships

Personal ties appeared to play an important role across two of the cases' strategic relationships with customers. These cases, ELM and DNN, were offering consultation to their customers for cost-effective production and after sales services but these services were at a personal level. They were not seen as being at team level and regular personal company visits were the sign of knowing each other and strengthening strategic ties. The other case, Nilsen, had a different way to develop strategic relationships with its customers. The industry experience of Nilsen was valued by its customers and they were collaborating in choosing a third party supplier, which was important for strategic cooperation between Nilsen and its customers. However, other cases did not have much opportunity to involve strategic decisions of their customers. Therefore, managerial capability development of most case companies remained undeveloped and no evidence appeared. Furthermore, Desar and Cannat had export involvement through indirect modes; therefore, they were less likely to develop managerial capabilities in strategic customer relationships.

The findings are related to the work of Leonard-Barton (1992), who defined the managerial system capability as 'formal and informal ways of creating knowledge through sabbaticals, apprenticeship and relationships with partners and controlling knowledge through incentive systems and reporting structures.' The findings indicated that export companies had little chance to create knowledge through apprenticeships and reporting structures; however, some of them involved relationships through personal ties and offered verbal consultation, which was not professional but based on personal experiences. Therefore, the findings also relate to the work of Hakansson and Snehota (1995). They stated that, in a relationship view, understanding managerial system capabilities seem more complicated because the substance of relationships are actor bond, activity links and resource ties.

Having Relationships with Diverse Export Market Customers

It appeared that most cases had distinct customer portfolios that range from large to small, retailer to wholesaler and highly competitive and less competitive export market customers. However, they did not tend to stick with one type of customer to secure their relationships or have the same type of export market customers to have stable business activities because most case companies were focusing on niches and tailor-made production rather than mass production; therefore, they had more opportunities with customers which request specialist designs and tailor-made production. Furthermore, flexibility and fast adaptation abilities of these cases were matched with their focus and helped to achieve better managerial capabilities with customers. However, Akademi Tekstil, with its integrated production facility, had mass production and focused on a few large companies; therefore, Akademi had difficulty achieving balance in its customer relations. This is because large quantities and strictly written agreements restrict many of its opportunities to develop managerial capabilities in strategic issues in customer relationships.

Teece (1998) viewed that organisational ability includes sensing and seizing opportunities by possessing external resources and then combining them with organisational resources. Export companies applied this in customer relationships by focusing on specific production methods in which they are more experienced, superior and cost-efficient. This provides export companies with the opportunity to find a central segment that exists within any export market and within most company orders. This approach offered to develop better managerial capabilities with distinct export markets and different types of customers.

6.4.5 Custom Capability

Joint Development of Culture and Values

It was apparent that customers were dominant in cultural-capability development within the export companies. The export companies adopted their customers' values and norms; however, this dominancy was at a different level and influenced export companies to different extents. Across Akademi, Nilsen, Cannat, Polin and DNN, it was apparent that the customers had large influence on them. These exporters experienced early export involvement; therefore, they unconditionally accepted customers' values and

norms and developed custom-based capabilities in terms of customers' requirements that also helped them to keep relationships longer. On the other hand, Desar, Roza and Zumrut experienced late export involvement with institutional presence; therefore, customers' values and norms were accepted to a lesser extent. In contrast, these exporters influenced customers' values and norms moderately.

Desar, Roza and Zumrut demonstrated their company cultures and business ethics in customer relationships that were respected by their customers and considered important. Despite customers' values and norms being shared more in relationships and influencing these exporters, it appeared that these exporters also achieved a moderate level of influence on customers which provided them with a strong position in customer relations and productive cooperation opportunities were more evident in their relationships.

Two cases; ELM and Album, tended to have more personal-level relationships with their customers; therefore, their custom capabilities showed personal values and norms were more important to influence customers and to hold strong positions.

The findings are connected to the work of Mintzberg and Quinn (1992), who commented that founders of an organisation are also the frontier for development of values and norms; therefore, this fact undeniably influences an organisation's relationships in later stages of its life. The findings indicated that values and norms of export companies are closely related to experience of the stage of export involvement as early and late. Therefore, these exporters' custom-based relationships are continuously influence by these facts.

Different Export Market Customers

Across the case companies, it was common for them to have different export market customers in their portfolio. However, competitive export customers influenced the export companies in the area of values and norms to a large extent because export companies were learning more from them and were provided critical resources by them. On the other hand, less competitive market customers were influenced more by the export companies and exporters held a strong position and imposed their values and norms on those customers.

Influence by one customer in custom-based capabilities also guided export companies to build new relationships with other companies in the same export market. Early experience of exporters appeared to help in developing new relationships in the same export market; furthermore, it seemed that it was a valuable experience for export companies, even if they built relationships in a different export market.

The findings are related to the work of Ford (1980), who depicted that the capability to manage cross-cultural relationships in developing cultural interaction capabilities in network relationships will bring success to a small company in its internationalisation process. The findings indicated that not only do managing cross cultural relationships help to develop custom capabilities but it is also able to cope with different market conditions in international business relations and provide opportunities for export companies to develop better custom capabilities.

Emerging Themes

Stage of Export Involvement

Across the cases, technical capability was demonstrated in different methods and ways as a result of different strengths and weaknesses of the case companies. It was a fact that case companies involved export in different stages of their business life. These two different stages of export involvement indicated that the problems related with technical capability development have a bearing on involvement in export.

Companies that experienced early export involvement, which are Akademi, Nilsen, Cannat, Polin, Album and DNN, lacked resources and knowledge and technical capability development heavily depended upon their customers; in other words, the bases for their technical capability sets were provided by their customers. They had customer-specific technical capability development and dependency on customers was high in this area; there was little independent technical capability development within the case companies. It seemed a trap for the export companies and limited their opportunities to develop different customers; Akademi, Nilsen and Album were three examples of this. However, Cannat, Polin and DNN, in the later stages of their export relationships, managed to develop independent technical capabilities and developed different customers from different export markets. Their attempts offered them better positions in their customer relationships.

Furthermore, companies with late export involvement, Desar, Roza, Zumurut and ELM, had moderately high levels of resources and knowledge and technical capability development occurred within the companies when they had business in domestic markets. These exporters were also larger than those that experienced early export involvement and they demonstrated institutional presence in their business practises and technical capabilities. These exporters' technical capabilities were already developed at a considerable level and they were not willing to accommodate quick changes in this area. Therefore, it seemed that they had barriers to further technical capability development as a result of their established technical systems and procedures within the companies.

The findings are related to the work of Johnsen and Ford (2002), who introduced a virtuous relationship circle by commenting 'a company's relationships affect its capabilities and its capabilities affect its relationships'. With this in mind, Leonidou's (1998) research on international buyer-seller relationships revealed that relationship characteristics are changing in terms of the degree of export involvement. The findings indicated that different export involvement stages of cases could be influencing capability development of export companies in international buyer-seller relationships.

Common Ways of Capability Development

Noticeable findings emerged across the case companies' capability development that demonstrated common aims of companies. These aims are broadly described as capability development for survival and capability development for achieving goals.

The first aim was demonstrated among export companies that experienced early involvement in export with a lack of resources and knowledge, which served their survival focus because stability and resistance to developing capabilities could be the end of their business life. Even though these companies had problems and limited resources, they had to maintain their business relations by developing capabilities necessarily that were dictated as conditions of maintaining relationships with their customers.

The second aim was demonstrated among export companies that experienced late involvement in export with moderately high level of resources and knowledge, which

served to achieve their goals rather than merely survival. These exporters were opportunity seekers and developing further capabilities allowed them to reach their higher-level goals and gain more reputation and knowledge in their international business.

The findings concur with Teece (2010, p.9), who categorized capabilities in relation to strategic importance, which are ‘sensing’ (identification and assessment of opportunities), ‘seizing’ (mobilization of resources to address an opportunity and to capture value from doing so), and ‘transforming’ (shaping and reshaping the organisation and its markets). The findings indicated that export companies experienced some difficulties in relation to their position in relationships and having limited resources; on the other hand, some exporters had opportunities for further capability development. Therefore, strategic importance of relations and companies’ positions lead them to develop their capabilities to serve their strategic aims.

6.5 REVISED CONCEPTUAL FRAMEWORK

Revised Relationship Characteristics

Revising the conceptual framework has highlighted new issues and lessons that were learnt from investigation of imbalance and balance characteristics of exporter/importer relationships. Firstly, relationship characteristics and then capabilities will be demonstrated in the new framework, along with the lessons that were learnt from the investigation.

Uncertainty

Uncertainty was defined as being unable to predict and expect future relationships with an existing partner, resulting mainly from problems in having inadequate, irrelevant, and untimely information available (Pfeffer and Salancik, 1978). Uncertainty implied that the inadequate, irrelevant information increases the level of uncertainty in relationships; however, the findings revealed that uncertainty was more related to the ability to information search in customer relationships because no business company was hiding their background and past relationships information from their customer. Most export companies were able to access databases to reach their customer information through official bodies and credit banks. Only two cases, Akademi and

Nilsen, had this difficulty in their customer relationships because they lacked the ability to search for information. On the other hand, frequent changes of customer standards and requirements were other reasons causing uncertainty in customer relationships for exporters because coping with frequent changes and requirements is difficult for small export companies. Therefore, some elements of uncertainty, such as irrelevant and inadequate information, were less relevant to understanding uncertainty in exporter/importer relationships.

Environmental changes and turbulent market conditions also appeared to raise concerns in exporter/importer relationships and provide uncertainty, even though relationships are long term and regular.

Distance

Distance was defined as ‘A difference in perceptions between buyer and seller’ (HalleÂn and WiedersheimPaul, 1984, p.17). Distance implies that different perceptions between parties increase the distance. Differences in perception were evident between parties and different business goals and expectations were appropriate to understanding the distance. The findings indicated that personal relations and business visits were used to help understand each other. In addition, geographic distance was not an important determinant in distance, as a result of the advancements in communication and transportation technologies. However, unfamiliar business systems, unwillingness in joint project involvement and long-term standard relationships were more related to high-level distance in international customer relationships of exporters.

Adaptation

Adaptation was defined as behavioural or organisational modifications at the individual, group or corporate level, carried out by one organisation and designed to meet the specific needs of one other organisation (Brennan, Turnbull and Wilson, 2003). Adaptation implied that adaptation occurs in different levels, such as individual, group or corporate. The findings revealed that the issues are more related to the type of relationships in different market conditions between exporters and importers. Only one case, Zumrut, had balance in adaptation in its customer relationships and adaptation was processed through mutually agreed decisions. Zumrut’s focus on the niche product

segment has provided more chance to influence customers and ease the difficulties of adaptation issues requested by its customers. However, the other cases demonstrated common patterns in adaptation. Adaptation was frequent and vital at any level within export companies in relationships with customers in highly competitive markets because it was the key to maintaining long-term relationships. On the other hand, adaptation in relationships with customers in less competitive markets appeared to show that frequency was low and personal-level adaptation was more important to maintaining relationships. Another lesson is that export companies balance overall relationships in adaptation-related issues by choosing distinct market customers from different markets. These new elements have emerged in adaptation and should be taken into account for future researches.

Commitment

Commitment was defined as ‘Commitment is the highest stage of relational bonding’ (Dwyer *et al.*, 1987). The findings have supported the significance of the concept of commitment in exporter/importer relationships. Four of the case relationships indicated that exclusive services in famous brand customer relationships were vital. In detail, keeping customer information secret and avoiding information leaks was a very important issue, especially in relationships with customers in highly competitive markets. Another issue was switching cost, which is very high for export companies; therefore, export companies were more committed in customer relationships and even take affordable losses and unreasonable requirements from customers. However, commitment was at the personal level in relationships with customers in less competitive markets; the highest stage of relational bonding involved personal welcome and hospitality.

Some elements of commitment, such as resource sharing, were not relevant to understanding commitment in exporter/importer relationships; on the other hand, production-based skills, involving cost efficient offers and innovative products, were more relevant to understanding commitment in international business relationships.

Power Dependence

Power was defined as an ability to get a person to act in a certain way or to do something in a way other than the person would have either acted or done (Dahl, 1961). ‘Dependence is the degree to which one party in a working relationship needs to maintain its associations with another in order to achieve its desired goals and materialize its expectations’ (Frazier, 1983). Unlike conflict and cooperation in relationships, power and dependence work well together, as they are considered the reason for one another in the literature. Cox *et al.* (2001) stated that power deserves to be the central construct in buyer-seller relationships because no organisation can survive alone in a complex business environment (Hakansson and Snehota, 1990). Dependence always exists so that power. The other reason power and dependence are examined under the same title was that power and dependence are the constructs that have less attention in the context of international inter-firm channel relationships (Frazier, 1999; Samiee and Walters, 2002). In contrast, power and conflict, in the context of channel relationships and business networks have been researched extensively (Wilkinson, 2001).

The findings revealed that standardized power has been exerted over supplier by importers and that this power was mainly the result of importers’ geographic and economic zones and market conditions that are regulated by established institutions (e.g. European Union’s Regularity Bodies and Standards). This was common across the cases and exporter companies have little or no chance to change this power relationship. The findings also revealed that export companies had technical power in hand and they further demonstrated this power to customers by consulting in the areas of production. Their focus on niche product segments and tailor-made production also provides a more powerful position for them. However, exporters had to accept their position in customer relationships.

The findings revealed that different types of dependence existed in exporter/importer relationships; namely, market knowledge base, resource base, financial and strategic dependence were examined in the literature. However, new dimensions of dependence have emerged, which are the power of customers’ brands and the country of origin effect. These two issues have appeared in exporter/importer relationships as they are

elements of dependence. Exporters were dependent on strong brand customers to gain reputation and credibility in international markets, as well as avoiding country of origin effect on other relationships. Therefore, new researches should continue to investigate the consequences of these two dimensions in exporter/importer relationships.

Conflict Cooperation

Conflict was defined as ‘Conflict is poorly performed roles, unreasonable demands, stressful/anxious relations, disagreements on working issues’ (Kumar, Stern, and Achrol, 1992). The findings indicated that conflict was more related to strategic priorities of the parties in relationships. Long-term goals of customers raised more concerns for exporters because exporter companies attempt to keep their relationships as long as possible and secure the relationships. However, export companies were given little or no opportunity to decide strategic decisions for the future. Short-term problems and production and product-related problems were sorted by mutual involvements and agreements; therefore, these were seen as constructive conflict rather than destructive.

Cooperation is similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time (Anderson and Narus, 1990). The findings indicated that there was little cooperation in relationships, excluding short-term product and production-related issues. Therefore, cooperation in exporter/importer relationships appeared as an irrelevant relationship characteristic. This is because export companies are historically dependent upon their importer customers, particularly in highly competitive markets, and they hold a higher level position in relationships with customers in less competitive markets. Therefore, in both situations, the concept of cooperation may not occur unless the export relationship is different between parties, such as direct investment or know-how. Accordingly, cooperation was excluded from the revised framework.

In addition, conflict was seen as covert within export companies and it was not reflected in relationships; moreover, two of the cases used specialist agents to sort their problems. These new issues were highlighted from the findings and may be relevant to consider in future researches.

Revised Results of Imbalance/Balance in Relationship Characteristics

The revised results of imbalance and balance have been developed with regards to the conclusions in sections 6.2.2 and 6.3 of Chapter 6. The reason that imbalance and balance was chosen to illustrate necessary and joint activities in exporter/importer relationships in each of the characteristics has been explained from the findings and with the guidance of an initial illustration (Table 3).

The findings and initial illustration in Table 3 were compared. It was evident that necessary and joint activities and approaches to relationships were an important move towards understanding possible results of imbalance and balance. The findings demonstrated that the result of imbalance was demonstrated by necessary activities being taken by exporters to aspects of the relationships with importers. In addition, the result of balance was demonstrated by joint activities taken by both exporters and importers to aspects of the relationships.

The results of imbalance and balance influenced the focus of some relationship characteristics in the previous chapter. Uncertainty, distance, adaptation and commitment indicated different dimensions of exporter/importer relationships; conflict and cooperation were separated and cooperation was eliminated; power dependence was kept as a dual concept of exporter/importer relationships.

Revised Capabilities

In this section, the lessons learnt from the findings and emerging themes from four capabilities will be discussed.

Employee Capabilities

Employee capabilities were derived from the literature for this study and implied that knowledge is embodied in people's minds and knowledge can be learnt by doing (Leonard-Barton, 1992; Ethiraj *et al.*, 2005). In order to highlight the importance to developed knowledge of employees and their role in learning by doing, this capability set was named 'employee capabilities' rather than 'knowledge-based capability'. Through analysis, the findings indicated that employee capabilities play an important role in achieving balance in customer relationships. Furthermore, importers are also interested in employee capabilities within exporters, which are important signs for an

exporter having employee capabilities to gain importers' trust in relationships. Employee capabilities seemed central in the four-fold capability set because they are also important to developing capabilities in the other capability sets.

Exporters were heavily dependent upon employee capabilities in customer relationships, which were demonstrated by their recruitment of experienced staff from local companies; their local knowledge provides strength for export companies in customer relationships. However, export companies had difficulties implementing employee capability development in customer relationships. This occurred at top management level, including owners and managers, but it seemed that this capability development was not widespread to other employees within export companies. This was mainly the result of imbalances in customer relationships that provided limited opportunities for export companies to develop this capability. In addition, early-stage export companies had more imbalances in customer relationship so they experiences problems with implementation of employee capabilities. On the other hand, employee capability development was more efficient and continuous in balance relationships with customers.

It was noticeable that the findings indicated some emerging themes in relation to individual approaches but these were not enough to develop whole employee capabilities within an export company unless the approach was team- based and in balanced customer relationships.

Technical Capabilities

Technology-based capability and knowledge may be embedded in technical systems and procedures relating to accumulating, codifying and structuring tacit knowledge in people's heads over a period of time (Leonard-Barton, 1992). Early-stage export companies had more opportunities to develop their technical capabilities rather than implement their technical capabilities in customer relationships. However, late-stage export companies implemented their technical capabilities in customer relationships. It appeared that, in both types of export company, investing more in technical capability development could be the reason they had distinct export market customers and these customers' requirements and standards in production were different. In addition, competitiveness in the international business environment could be another reason.

A new insight emerged from the findings that the implementation of technical capabilities is also related to employee turnover in export companies. The longer employees stay in a company, the better it is to implement technical capabilities.

Managerial Capabilities

The concept of managerial capability was derived from Leonard-Barton (1992), who defined managerial system capability as ‘formal and informal ways of creating knowledge through sabbaticals, apprenticeships and relationships with partners and controlling knowledge through incentive systems and reporting structures’. The findings indicated limited opportunities for implementing managerial capabilities in customer relationships by export companies because import companies influenced exporters and they were the decision makers in most situations. However, export companies demonstrated implementations of their managerial capabilities in a few situations. Firstly, the personal ties of company owners and managers provided them with limited involvement in key customer relationships and some technical capabilities, such as fast production and tailor-made production, provided more opportunities for export companies to implement their managerial capabilities at a moderate level in distinct export markets. In addition, most export companies were implementing their managerial capabilities inside their companies for employee management but this was not a big benefit for customer relationship management.

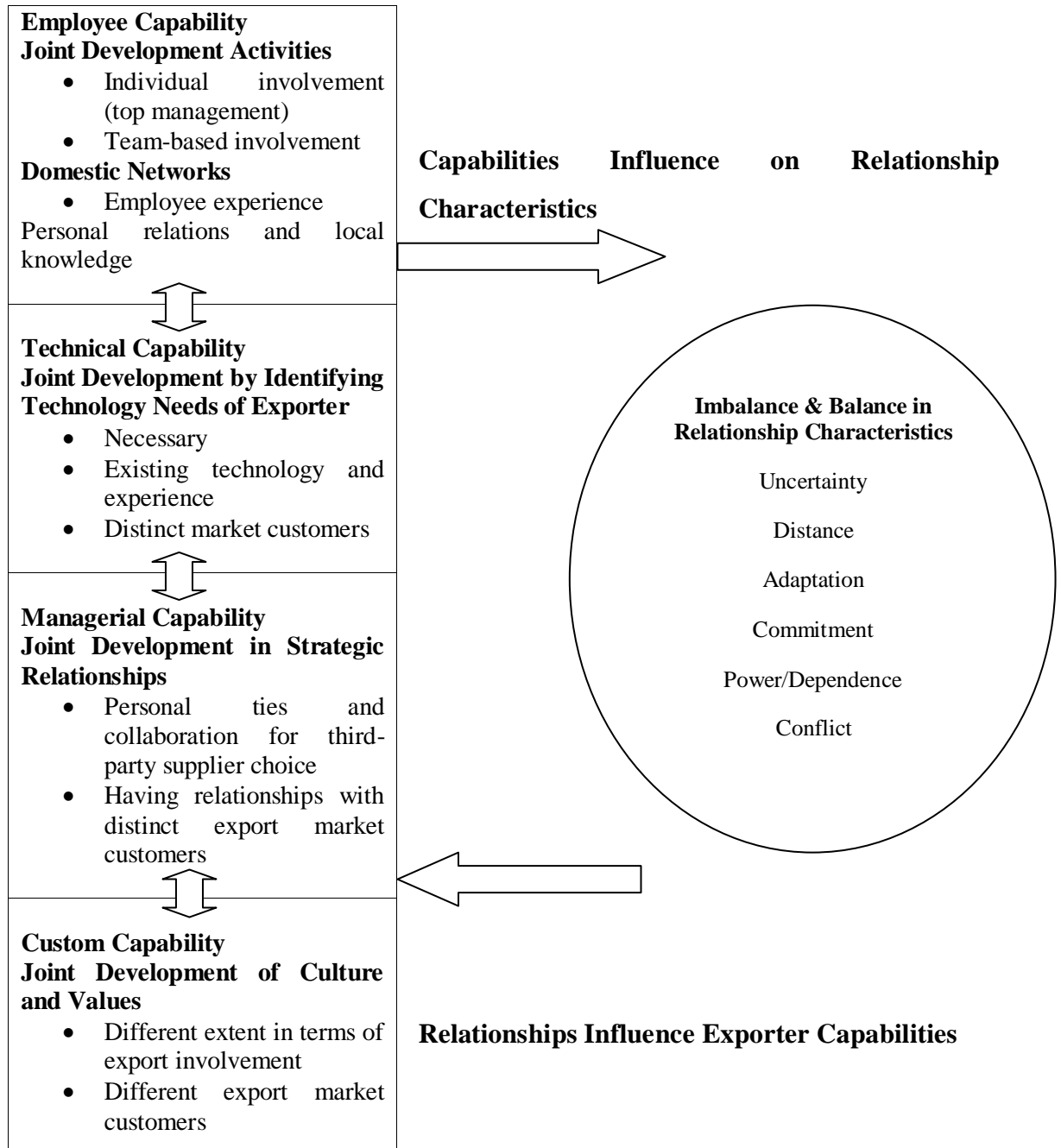
Custom Capabilities

According to Leonard-Barton (1992), custom capabilities represent ‘The value assigned within the company to the content and structure of knowledge’; every company has their own way to collect knowledge and control knowledge as a result of distinct norms and values that constitute corporate culture; therefore, this situation has been seen as a capability that is unique to a company (Leonard-Barton, 1992). Therefore, it is evident that capabilities are connected with values and norms within a company, ‘The norms serve as rules and guidelines for the on-going exchange processes’ (Hakansson and Snehota, 1995). From these definitions of custom capabilities, the focus was on the norms and values in this capability set. The findings indicated that there is a different picture between early and late-stage export companies. Early-stage export companies are influenced more by their import customers norms and values; however, late-stage

export companies are influenced moderately by import customers' values and norms. Interestingly, there was little evidence that late-stage exporters influenced their customers by emphasising on ethical considerations in relationships. However, there was little evidence of mutual custom-based capability development between exporters and importers; meanwhile, more balance in late-stage exporters' relationships provides opportunities to implement custom capabilities.

Figure 5: Revised Conceptual Framework

Capabilities Influence Each Other



Capabilities Influence Each Other

CHAPTER SEVEN: CONCLUSIONS

7.0 INTRODUCTION

The general conclusion of this thesis will be drawn in this chapter by demonstrating reflections on the four research questions. Furthermore, managerial implications and limitations will be discussed and suggestions for future research will be made.

7.1 REFLECTION ON RESEARCH QUESTIONS

The aim of this research is to investigate imbalance in exporter importer relationships from an exporter's point of view and to find out how exporters overcome imbalances in customer relationships by developing their relational capabilities. Therefore, four research questions will be discussed in the next section and conclusions will be drawn for each question.

Research Question One: *what are the possible results of imbalance in relationship dimensions for small exporters?*

Question one was addressed through the related literature review of relationship marketing and international business studied in order to point imbalance in exporter/importer relationships. In this thesis, it was argued and pointed that imbalance in international relationships were the less researched area; therefore, it was addressed in the literature by various authors and important relationship constructs were drawn upon to establish a conceptual framework surrounding imbalance and balance in relationship characteristics for this thesis. Table 3 in chapter four showed the imbalance and balance in relationship characteristics and the possible results. The relationship characteristics of uncertainty, distance, adaptation, commitment, conflict and cooperation and power and dependence were chosen particularly to construct this illustration because they were important to understanding complex interactions in exporter/importer relationships.

The findings from the cases indicated some of the problematic results of imbalance in relationships, emerging themes and insights highlighted first in the conclusion in section 6.2.2 in chapter 6 and the imbalance and balance in relationships between exporters and importers were revised in section 6.5.

Uncertainty: the results of imbalance in relation to information availability and relevancy in the revised conceptual framework focus on the necessary activities taken by exporters because of importer companies' influence over exporters by requiring frequently and increasing the volume of their requirements. The results of balance focus on joint satisfactory activities in interactions by sharing relevant and accurate information between the parties and building trust.

In relationships with imbalance, importers manage relationships mainly by themselves and share insufficient amounts of information and require more from exporters that may be limiting exporters' involvement into relationships and give too heavy tasks for exporters to cope with the large and frequently changing requirements of importers. However, in relationships with balance, exporters and importers change relevant information in regular bases; therefore, equal involvement from both parties into interactions were evident.

The other point is environmental changes in turbulent markets. In relationships with imbalance, importers are less helpful for exporters and are more protective of their own rights. However, in relationships with balance, importers are more helpful and share their concerns to find better solutions with exporters in relationships.

Distance: the results of imbalance in the revised conceptual framework focus on perceptions of parties. Importers' reluctance for joint project involvement with exporters, and the importers' aim to keep long term and standard relationships with exporters restricted the exporters' involvement into these activities thus it increased the level of imbalance in relationships so that the level of perceive distance. The results of balance focus on satisfactory joint activities of parties that were involved mutually by exporters and importers.

The initial framework focused on cultural backgrounds, social, political and economic factors but these were too broad to understand; therefore, in the revised conceptual framework, the focus has been narrowed down to the perception of parties about business activities. Therefore, in relationships with imbalance, importers are actively controlling the distance in relationships with exporters; on the other hand, in relationships with balance, both parties have mutual involvement activities to make the

distance smaller by focusing on personal level relations and regular business visits.
Unwillingness

Adaptation: the results of imbalance in the revised conceptual framework focus on different level modifications and personal, group and organisational levels that were taken by the export companies in relation to the requests of importers. In relationships with imbalance, importers tended to keep relationships at an organisational level and adaptation was a task for exporters, not for importers. Importers' requirements were taken as necessary activities for modifications by exporters. The results of balance focus on satisfactory joint adaptation activities in relationships between exporters and importers. In relationships with balance, adaptation was a satisfactory joint activity by considering each others' needs at personal and group levels.

New results related to exporters' focus on tailor-made production over importers' attitudes to adaptation. In relationships with balance, an importer may satisfactorily adapt exporters' values and norms because the value of an exporter's production is high and important for importers. In relationships with imbalance, tailor-made production of exporters may be restricted by importers and necessary modifications will be the condition for exporters. Further results are related to the frequency of adaptation in interactions. In relationships with asymmetry, adaptation is more frequent and necessary for exporters; however, in relationships with balance, adaptation is slower through satisfactory joint activities.

Commitment: the results of imbalance in the revised conceptual framework focus on importers' influence on the level of bonding, switching cost and exclusivity in interactions. The results of balance focus on satisfactory joint influence of exporters and importers on the level of bonding through personal ties, efficiency and innovation in interactions.

In relationships with imbalance, importers may be less interested in levels of bonding but exporters will be more interested in it as a result of the high switching cost of a customer; therefore, necessary joint activities may be taken by exporters and exclusivity will be offered as an important condition in interactions by exporters. However, in relationships with balance, importers and exporters will both influence the level of

bonding by committing more personally and deciding effective ways in production and innovative activities in interactions.

Power and Dependence: The results of imbalance in the revised conceptual framework focus on importers' influence on knowledge about the export market, resources, strategic and financial decisions and technical aspects of relationships. Furthermore, importers exert their power over exporters in these areas; therefore, an exporter accepts an importer's power and necessary activities that are heavy tasks for exporters. However, the results of balance focus on the above issues and importers and exporters satisfactorily involve joint activities and decide on these issues almost equally.

The findings indicated new aspects of power dependence in relationships. An importer company's location is an important determinant in power because general regulations and standards (e.g. European Union Standards and Regulations) is the third dimension which influences both parties in relationships and both parties have to accept this influence in their relationships. In relationships with balance, importers and exporters satisfactorily influence knowledge-sharing in areas of consultation; exporters have more opportunity to consult importers in production-related issues.

The other aspect of power dependency is an importer's brand and country of origin because, in relationships with imbalance, these are used by importers to exert power over exporters and limit an exporter's opportunity to keep balance in customer relationships.

Conflict: the results of imbalance in a revised conceptual framework focus on importers' influence on disagreements and unreasonable demands and roles performed involving strategic priorities and long-term goals in interactions. The results of balance focus on satisfactory joint influence of exporters and importers on solutions for disagreements, unreasonable demands and role performance involving strategic priorities and long-term goals in interactions.

In relationships with imbalance, importers sort disagreements without considering exporters and dictate unreasonable demands by performing their role with the advantage of a dominant position. Strategic priorities of importers and their long-term goals are followed by the exporter; therefore, importers attitude limited exporters' involvement

into strategic decisions; therefore, exporters experienced covert conflict. However, in relationships with balance, satisfactory joint decisions of importers and exporters influence disagreements positively and avoid unreasonable demands. In addition, long-term goals are decided mutually by considering each others' priorities.

Research Question Two: *What types of exporter capabilities in relationships with importers are considered to be important to overcoming imbalances (making balance)?*

Question two was addressed through the building of the conceptual framework to understand how an exporter's capabilities and imbalance and balance are connected and how these elements influence each other, particularly the influence of exporters' capabilities over imbalance in customer relationships in order to develop balance when imbalance relationships limit the ability of small export firms in relationships. The findings from across the cases indicated that two aspects in a four-fold capability set, which are employees, technical, managerial and custom-based capabilities, allow exporters to develop balance in customer relationships. There is a capability to seize and a capability to transform.

Capability to Seize

The findings from the cases demonstrated that speed in production, services and communication is a critical capability for exporters to grab opportunities or see the possible pitfalls in their relationships. This has indicated that those exporters were able to cope with customer requirements fast and that was identified by their partners and appreciated. In other words, exporters were taking possession in relationships without forcibly operationalising their current capabilities, which help to achieve balance in customer relationships. It seemed an important capability for exporters to manage customers' orders and requirements speedily because competitiveness in an international business environment applies time pressure on exporters and importers focus on the timing in production and delivery of their orders. Therefore, exporters' speed in a capability development approach to involve customer relationships has emerged as an important capability. This also means that in international business relations, exporters need to develop their capabilities, especially technical and managerial, to cope with timing-related issues, which is vitally important for exporters in international business relations. This is because good timing is a value-added activity

and provides more opportunities for exporters to have a suitable platform from which to develop balance in customer relationships, as well as to develop new relationships with other customers in export markets in a sense of an entrepreneurial approach to opportunities.

Capability to Transform

The findings from across the cases revealed that continuity in capability development was pointed in the conceptual framework. This was highlighted in the exporters' courage to expand their involvement in current customer relationships and a desire to develop new customer relationships. Therefore, the drive to transform capabilities for expansion in current and new relationships demonstrates why some export companies develop balance in relationships and others do not. This seemed an important capability within export companies, especially those pursuing expansion in new export markets, because every stage of customer relationships and every new market requires new capabilities; therefore, transformation in capability development is a continuous activity.

Research Question Three: *What are the types of imbalance in terms of export involvement?*

Question three was addressed through the findings by identifying three forms of imbalance in two different groups of exporter/importer relationships. These three forms of imbalance in customer relationships were discussed in section 6.3 under the heading of grouping imbalance in relationship characteristics in Chapter 6. Two forms of imbalance were identified in the early stage of exporters' relationships in group one, which are unsatisfactory imbalance and satisfactory imbalance; furthermore, satisfactory imbalance was also identified in the late stage of exporters' relationships. In addition, unsatisfactory imbalance was not identified in the late stage exporters.

The findings from the ten case studies demonstrated the differences between these two groups in terms of the export involvement stages. Furthermore, the findings also demonstrated the differences between the three types of imbalances in exporter/importer relationships in terms of experience, institutional presence, informality, survival, opportunistic behaviour and the strengths and weaknesses of exporters.

In the group one early stage exporters, Akademi and Nilsen experienced unsatisfactory imbalance in customer relationships. This is because they involved export in their early stage of business life with a lack of experience and resources, which meant they accepted their disadvantageous position in customer relationships from the beginning of their involvement and a lack of confidence was apparent within those exporters. Those companies felt hostility in customer relationships, high uncertainty and distance was also apparent. They had to follow customers' decisions and very few opportunities were given by their customers to involve in strategic decisions. Their main aim was to survive rather than increase their influence in customer relationships and to enlarge their customer portfolio. Long-term standard relationships with customers served the aim of those exporters. Their capabilities were developed in a way to meet customers' needs and wishes; therefore, their capability sets also were customer-specific capabilities. Accordingly, those exporters were less able to develop different capabilities for developing new customer relations.

The group one early-stage exporters, Cannat, Polin and DNN, experienced satisfactory imbalance in customer relationships. They involved export in the early stage of their business life; however, they were more experienced in customer relationship management, which could be the result of owners' and managers' personal experiences. Those exporters had more opportunities to learn and to develop their capabilities in customer relationships and the limited opportunities offered by their customers to involve in joint projects and offer new designs and products. Regularity in relationships was the main aim for these export companies; however, a lack of control over interactions and tight formal agreements were providing difficulties. Moderate levels of confidence within those exporters were apparent because they were not only developing capabilities for current customer relationships but they were also able to develop new relationships with distinct customers with their existing capability sets.

The group two late stage exporters, Desar, Roza and Zumrut, experienced satisfactory imbalance in customer relationships. They involved export in the late stage of their business life with developed knowledge in technology, customer relationship management and high-level resource availability but limited reputable image and awareness of branding. Institutional presence was apparent within those companies; therefore, the principal hostility was seen in their customer relationships as a result of

formal agreements that brought certain rules and regulations in relationships. Furthermore, team-level approaches were more apparent than personal approaches in customer relationships. These exporters were able to offer new products developed in those exporters' R&D facilities; thus, resource dependency was very low on customers and, in some areas, they were superior in customer relationships. These exporters were also strategically less dependent on their customers because their capabilities enabled them to develop new customer relationships and they were skilful in negotiations with customers. These exporters' main aim was to gain a reputation through relationships and to develop knowledge about branding in international export markets.

Research Question Four: *What are the relational strategies followed by small exporter suppliers to manage imbalance and distinct foreign customer relations in export markets?*

Question four was addressed through the findings by identifying three types of managerial approach to cope with imbalances in customer relationships. The different managerial approaches were disclosed through the findings from ten case study companies. The first approach was 'the frizzing approach' in relationships, which means reducing the speed of interactions and having small breaks to overview current relationships and making small adjustments within their companies before making a fresh start; however, this was not rejection or ignoring customers. The overview process was conducted at organisational level and at market level because small exporters were able to understand that some of the problems in relationships resulted from environmental factors, such as currency rates or exporter market conditions. Therefore, exporters adopted the frizzing approach to overcome imbalances in customer relationships. In addition, some of the case companies employing this approach used specialist export agents giving advice and support to cope with market-level problems.

The second approach was 'the heating approach' in relationships, which is when relationships turn into routines and become standardized. This means showing interest in developing further relationships with customers that provide opportunities to develop balance in customer relationships. The heating approach was mainly used by company managers and owners through personal relationships, which also illustrates the entrepreneurial approach in the current relationships of these companies. This approach

is used to cope with imbalance in relationships by suggesting alternative business opportunities to customers, such as alternative products or alternative production techniques, which provide more involvement with interactions for export companies.

The third approach was 'the contrast approach' for coping with imbalance in customer relationships. This means working with distinct export market customers, such as highly competitive markets and less competitive market customers and large and small size customers to achieve overall balance in customer relationships. In other words, to overcome imbalance in one customer relationship by identifying the problems and difficulties in order to develop balance in other customer relationships on the basis of solutions for identified problems.

7.2 MANAGERIAL IMPLICATIONS

Having analysed the data collected from ten case studies and identifying relevant literature, important managerial implications has been identified that are appropriate for export managers and executives in managing relationships with partners.

The first important managerial implication for export companies arising from this research is that early export firms are too customer focused and they had a tendency to manage relationships with single or very few customers in the same export market by accepting their requirements and sphere of activity patterns irrespective of their own needs and analysed their position in relationships. Therefore, these exporters should engage in constant evaluation of their position in customer relationships because it is important to realize how to overcome imbalance position in customer relationships. Early stage exporters should be aware of their weaknesses and they should be aware of the opportunities of developing relationships with different export market importers in order to make effort for making more balance in relationships. This involves exporters considering the possible requirements of new customers from different export markets. They should engage with international customer management education within their firm and building management styles for diverse export market customers. On the other hand, this study revealed that late-stage exporters have larger portfolio of customers from diverse export markets but their portfolio is changing fast that may generate some difficulties in management of customer relationships and appropriate interaction capabilities to be developed for these exporters in the future. Therefore, late-stage

export customers need to engage with key customer management education within their firms. They need to be more strategic in customer relationships being aware of the benefit of long term and quality of relationships rather than large quantity of customers. This provides opportunities for them to make more balance in relationships.

The second important managerial implication is that export companies should be aware of the importance of interaction capability development that adds value to relationship quality and improves their position in their customers' eyes in imbalanced relationships. The findings of this study revealed that capability of seize and capability of transform are important for exporters to develop employee, technical, managerial and custom interaction capabilities and help exporters to make more balance in relationships. Therefore, exporters need to evaluate their capabilities by focusing on how current customer relationships influence existing interaction capabilities and how current customer relationships influence establishing new capabilities. The study revealed that early-stage exporters develop new capabilities by the influence of their customers; in contrast, late-stage exporters improve existing capabilities by the influence of customers. However, there may be traps to develop capabilities if interaction capabilities are too customer-focused and these capabilities may not be applicable in new customer relationships.

7.3 CONTRIBUTIONS

This research has contributed to knowledge in several areas of the international relationship-marketing field. Imbalanced buyer-supplier relations in the context of international business are generally associated with resources, investment and the size of each party (Knight and Kim, 2009; Chen and Chen, 2002). However, in this research, the conceptual contribution shows that, the concept of imbalance is also associated with the stages of export involvement. In this research, early and late export involvement was the focused. In addition, this study has also contributes to understanding that imbalances in relationships not always harmful or damaging for small export firms, they have positive influence on small export firms such as offered learning opportunities, capability development and making strategies to overcome difficulties and move forwards which in turn reduces imbalance and helps them to understand how they manage imbalances in their relationships with importers.

The major contribution of this study is developing a typology of relationship characteristics between exporters and importers. A conceptual framework was also developed to assess the results of imbalance and balance in exporter-importer relationships. Moreover, it was discovered that the influence of interaction capabilities of exporters on imbalance in customer relationships. The revised conceptual framework indicated new dimensions for relationship characteristics and interaction capabilities through the findings of the empirical research. These new dimensions of relationship characteristics and capabilities revealed how capabilities are developed by exporters and influence imbalance in customer relationships and shows how to develop balanced relationships (see section 6.5 in chapter 6).

The most important contribution of this research is to demonstrate a connection between an exporter's capabilities and their influence to achieve balance in relationships. This has been a lesser developed area in international relationship marketing and IMP literature. The conceptualisation of imbalance and balance in relationships provides further development opportunities for relationship evaluation models. It provides a practical technique for both academics managers to assess imbalance and their companies' position to develop strategies to cope with imbalance in customer relationships. This is because most cases indicated that developing balance is one of the challenging issues in customer relationships. This research revealed the importance of interaction capabilities in relationships and established a base for future development of frameworks that assess imbalance and take action to develop interaction capabilities in business relationships rather than seeking transactional and economic solutions.

Another important contribution of this study has been the identification of a certain set of capabilities; employee, managerial, technical and custom interaction capabilities, which have been found to develop balance in relationships. This has provided a deeper understanding of a certain types of interaction capabilities which need to be taken into account by exporters as they have clearly have influence on relationships with importers to develop balance. Therefore, this has underlined the significance and relevance of assessing capabilities by exporters, to develop plans to provide a sufficient amount of effort and time to develop capabilities for diverse relationships. This is particularly important when they aim to increase their customer portfolios by considering developing relationships with different customers in the same market or geographically

different export market customers. It is because the study has found that physical distance in exporter-importer relationships has an affect on information flow, especially fast moving consumer goods are produced for competitive market customers and information flow is an important determinant for capability development of export firms. Therefore assessment of capabilities and their development in conjunction with phsycial distance and information flow is vitally important for export firms. Thus, there are further opportunities for export firms develop better interaction capabilities across different types of international relationships.

Furthermore, the findings related to capabilities of seize and capability of transform further adds a contribution to understand exporters' capability development. These findings have provided an understanding that exporter capabilities based on certain realities in international relationshships and more importantly these capabilities are important to survive in competitive international markets.

Lastly, this thesis contributed to developing understanding of imbalance in relationships from a relationship-marketing perspective. A small number of frameworks and researches have attempted to explore imbalance in export-import relationships in relationship marketing literature. The revised framework includes relationship characteristics, interaction capabilities and operationalization has enabled to identify areas of exporters' relational capabilities that help to overcome imbalance in customer relationships; this has been the key contribution.

7.4 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

A number of limitations have been identified in this research, both conceptually and methodologically, which are related to the findings from the case studies. In relation to these limitations, a number of suggestions have been made for future research.

Imbalance in customer relationships was limited to one side, which is the exporters' point of view; the research could not capture the importers' point of view to understand imbalance in relationships. If the researcher explored the concept of imbalance from exporter an importer sides, it would provide more fruitful insight to interaction capability development and this was not possible to identify and capture in this research. However this is a bilateral activity, which has been highlighted in the literature in

chapter three, therefore, this generates a limitation in this study. Future research could investigate the imbalance in relationships and capability development from both exporter and importer sides.

This study was conducted in the textiles industry and all the cases are small textile exporters; therefore, the findings and concepts in this study are limited to this industry. However, different industries, different-sized company relationships, different types of export involvement and diverse export market settings would provide a deeper understanding of imbalance in dyadic relationships and developing interaction capabilities in dyadic relationships. Therefore, future research can explore the same phenomenon in different contexts and industries.

This research has drawn on international relationship-marketing literature, combined with strategic management literature for establishing a conceptual framework. In addition, a limitation of studies in the area of capabilities and capability development in international relationship-marketing literature and IMP literature has led researchers to cooperate with strategic management literature. This was a limitation in relation to the literature in this study. Therefore, the researcher adopted relationship characteristics concept from IMP literature and the concept of capabilities from strategic management literature. Thus, future researchers should be aware of connections between these two distinct areas of literature. However, this provides opportunities to do further work to enlarge the body of literature within international relationship marketing.

A limitation concerns the conceptual framework. Certain relationship characteristics were employed in this study in order to reflect exporter-importer relationships and that the capabilities were influential on these characteristics and vice versa. However, those relationship characteristics did not illustrate all the relationship characteristics between exporters and importers and the capabilities did not illustrate the whole sets of capabilities of exporters. Therefore, a number of limitations were identified during data analysis and the findings indicated the different dimensions of relationship characteristics and capabilities were highlighted in the revised conceptual framework. Therefore, future research could investigate by focusing on different relationship characteristics and the dimensions of capabilities and their influence on relationship characteristics.

Another limitation was in the operationalising stage of relationship characteristics when the data analysis started. Some important possible results of imbalances become apparent as data analysis progressed. In some areas, it was identified that relationship characteristics overlap and their dimensions are very close to each other; therefore, unexpected results of how capabilities influenced those relationship characteristics become more apparent later stages of data analysis. Taking further steps in operationalising of these these variables would be providing further and deeper understanding in this study. Future research could pay more attention to the operationalization of relationship characteristics and the capabilities that would be beneficial to forming clearer conclusions and understanding; in addition, data collection would be more efficient.

The most important exporter customer relationships have been examined in this study, exporters appeared to have a very small number of customers, and however, through data analysis it is apparent that export firms are able to manage more customer relationships. This shows that in exporters' relationships some features related to portfolio models have been overlooked. However, portfolio models in relationships would have offered rich insight. This could also be used to analyse different types of relationship patterns and their relation for capability development. Therefore, future research can investigate the same phenomenon by focusing on portfolio models of exporters. In addition, although portfolio models have not been considered as appropriate concept in relationship marketing research, they can offer opportunities for small exporters, which have only a few large customers. It can build awareness of the benefits of different customer relationships from diverse export markets can be beneficial for them to make more balance in relationships that may be important for their long-term development. In addition, portfolio models can be used to develop effective customer relationship strategies in terms of imbalance and balance and focus on their positioning in relationships as well as management of capability development according to this strategy.

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APPENDICES

Appendix 1 Discussion Guide

Interviewee related information

Your position in the firm:

How long have you been working:

Company Information

Established Date:

Number of employee on:

Type of product and production:

Export involvement stage of your company:

Customer Information

Which importer customers important for your company?

Where are they located and their market conditions?

How long have you been in relationships with these customers and why?

Relational Characteristics and Customer Relationships

Uncertainty

In which areas do you see the uncertainty in your customer relationships?

What is the main issues cause uncertainty?

How do you solve uncertainty in customer relationships?

Distance

How distant you are from your customers?

What is the main issue cause distance in customer relationships?

How do you solve distance related problems and who make the first move for solution?

Adaptation

Which areas of your company adapt more from customers in relationships?

What did adaptation add to your company?

How do you manage adaptation in customer relationships?

Commitment

How committed you are in customer relationships?

What level of commitment is important in customer relationships (personal, organisational or?).

Do your customers fair to you?

Conflict/Cooperation

What are the main causes for conflict in customer relationships?

Do you think cooperation is the result of conflict or the way of solution for conflict?

What level cooperation is most likely in customer relationships?

Power/Dependence

In which areas do your company and customers' company hold power in relationships?

In which areas do your company and customers' company dependent each other?

How do you manage power exertion of your customers in relationships?

Change of Relationships with Customers

In what ways your business relations have been changed in customer relations?

How do you manage these changes and your approach?

What are your company's priorities with customers?

Capabilities and Their Development in Customer Relationships

Which capabilities within your company are important in customer relationships?

(Employee Capabilities, Technical Capabilities, Managerial Capabilities, Custom Capabilities)

What do your customers seek in your company capabilities?

Employee Capabilities

In which areas employee capabilities are developed?

In what ways employees keep the knowledge they gain? (practising them in routines, in mind or writing and documenting)

How customer relationships influence your employees' capabilities?

Technical Capabilities

In what ways technical capabilities are developed within your company?

How much your employee's knowledge contribute into technical capability development?

Does customer influence your company's technical capability development?

Managerial Capabilities

What is your management style in the company?

What areas and what degree do you involve in decisions with customers?

Have you involved any joint project with customers?

What level involvement helps to solve conflict in managerial issues in customer relationships?

Custom Capabilities

What are the main foundation stones of your company's values and norms?

How has your company's norms and values been changed in customer relationships?

Have you influenced your customers' norms and values?

Capabilities and Their Influence on Customer Relationships?

Which capabilities of your company influence customers more?

The most important capabilities that are considered by customers

What capabilities need developing?

Influence of prior capabilities on customer relationships

Difficulties in capability development

Future plans for capability development

How can your capabilities help to develop new customers?

Appendix 2, Case 1, Changing and Influencing Capabilities: Akademi Triko

	Production Manager	Export Manager
The capabilities need developing	Managerial capabilities by focusing on new staff recruitment and freedom of speech and critical decision involvement International market based capabilities	Management of Technical capability sets Knowledge of distinct export market customer cultures
The most important capabilities that are considered by customers	Application of manufacturing techniques	Application of export regulations
Influence of prior capabilities on customer relationships	Knowledge of raw material supply fast adaptation ability in production processes	
Difficulties in capability development	Limited independent decision making ability and too much rely on customers	Disadvantage position of the company
Future plans for capability development	Try to change companies position in relationships by focusing on value added production	Have a professional support from specialist agents

Appendix 3, Case 2, Changing and Influencing Capabilities: Zumrut Tekstil

	Export Marketing Manager	Production Manager
The capabilities need developing	Customer relationship patterns and their management in organic textile markets Understanding trends of organic textiles in the world and in export markets that we focused on	Production techniques in organic fabrics Knowledge of organic fabric production techniques and their marketing
The most important capabilities that are considered by customers	Certificates and accreditations of organic textile and employee training in relation to	Organic fabric export delivery system and production techniques
Influence of prior capabilities on customer relationships	Informal domestic ties and information search	Coping with turbulent market conditions and experience
Difficulties in capability development	Financial costs and high dependency on customers	Conventional thinking rather than entrepreneurial and lack of risk taking behaviour as a result of institutionalisation
Future plans for capability development	More risk taking and being demanding on customer relationships	Focusing on R&D

Appendix 4, Case 3, Changing and Influencing Capabilities: Desar Tekstil

	Owner/Director	Export Manager
The capabilities need developing	Design and manufacturing based capabilities Inside company decision making mechanisms and employee management relations	Product delivery systems in terms of customers' market conditions Export marketing skills and information search
The most important capabilities that are considered by customers	Custom made cost efficient manufacturing	Knowledge of fabrics and production
Influence of prior capabilities on customer relationships	Combined production experience; domestic and tailor made	Domestic supplier relationships and their management
Difficulties in capability development	Having limited opportunities to involve in production in customer decisions and institutionalisation it is hard to change some capability sets that stays in the company long time	Less competitive market customers and their focus on prices rather than quality
Future plans for capability development	Focusing on being specialist one or two area in textile production and innovation	Entering distinct export markets and customer relationships

Appendix 5, Case 4, Changing and Influencing Capabilities: Cannat Tekstil

	Account Manager	Owner/Director of Production
The capabilities need developing	Specific production based capabilities Strategy making capabilities in international customer relationships	Manufacturing techniques according to different customers' requirements Customer driven product development
The most important capabilities that are considered by customers	Quick production and response	High quality production New offers and problem solving ability
Influence of prior capabilities on customer relationships	Domestic personal relations and supplier management	Knowledge of domestic suppliers and informal relationship skills
Difficulties in capability development	Ineffective of communication and lack of understanding customers expectations in terms of market conditions	Being restricted by contracts and limited freedom
Future plans for development	More integration with customers	International production plans International marketing strategy

Appendix 6, Case 5, Changing and Influencing Capabilities: Nilsen Tekstil

	Owner/Director of Export Sales	Purchasing Manager
The capabilities need developing	Manufacturing and designing based capabilities Developing communication abilities in customer relationships	Textile and fibre related manufacturing techniques Tailored service capabilities
The most important capabilities that are considered by customers	Fast manufacturing and quality production Implementation of strict contract terms and conditions	Advance production processes management
Influence of prior capabilities on customer relationships	Technical flexibility and problem solving experience in turbulent market conditions	Supply chain experience with local companies
Difficulties in capability development	Standardized relationships	Lack of financial resources
Future plans for capability development	Employing qualified staff who is able communicate with customers	Competitive strategy establishment and moving more advantageous position in customer relationships

Appendix 7, Case 6, Changing and Influencing Capabilities: ELM Triko

	Owner/Director of manufacturing	Export Sales Manager
The capabilities need developing	Customer communication management Better integration with future customers at organisational level	Export procedures and their management Branding related communication
The most important capabilities that are considered by customers	Experience and product sales related consulting	Procedural knowledge implementations capability
Influence of prior capabilities on customer relationships	Different export market involvement and quality standard related learning	Knowledge of indirect and direct export modes and pros and cons
Difficulties in capability development	Unclear and out of standard customer expectations and lack of institutional corporate identity	Financial concerns and lack of risk taking behaviour
Future plans for capability development	More interaction in the area of innovation with different customer	Learning brand communication in terms of distinct export market

Appendix 8, Case 7, Changing and Influencing Capabilities: Roza Tekstil

	Owner/Director of Export	Production Manager
The capabilities need developing	Value added production base capabilities Customer development capabilities	Chemical testing systems and procedures
The most important capabilities that are considered by customers	Quality production capability Quick response to customer	Advanced laboratory management capability and equipments
Influence of prior capabilities on customer relationships	Obtained internationally recognize certificates	Established procedural health and safety issues within the company
Difficulties in capability development	Limited communication and following procedures and written agreements in customer relations and institutionalisation	Hard to find qualified employees
Future plans for capability development	Focusing on communication in business relations	Try keep qualified employees in the company

Appendix 9, Case 8, Changing and Influencing Capabilities: Polin Tekstil

	Export Finance Manager	Production Manager
The capabilities need developing	Technical based capabilities Strategic decision making ability	Technical capabilities; designs and stitching
The most important capabilities that are considered by customers	Exclusivity services	Ethical consideration in production and purchasing
Influence of prior capabilities on customer relationships	Being able to establish trust in customer relationships	Being able to realized customer concerns
Difficulties in capability development	Financial difficulties	Unable to involve mutual projects with customers
Future plans for capability development	Focusing on certain type of products	Value added production techniques

Appendix 10, Case 9, Changing and Influencing Capabilities: Album Tekstil

	Owner/Director of Purchasing	Export Sales Manager
The capabilities need developing	Cultural understanding in business relations Cost efficient production capability	Procedures understanding Export information access and processing
The most important capabilities that are considered by customers	Quick response and flexibility in production	Fast delivery of goods
Influence of prior capabilities on customer relationships	Experience in textile manufacturing	
Difficulties in capability development	Standard production	Lack of market focus
Future plans for capability development	Try to develop internet base sales capabilities	Employ specialist export agencies for international business and marketing understanding

Appendix 11, Case 10, Changing and Influencing Capabilities: DNN Tekstil

	Owner/Director of Production	Export Marketing Manager
The capabilities need developing	Modification of production for specific market customers Different market customer understanding	Technical capability sets Knowledge of distinct export market and entry modes
The most important capabilities that are considered by customers	Tailored services and production	Advance export delivery system
Influence of prior capabilities on customer relationships	Experience of whole manufacturing processes and capability and knowledge	Relationship management with customers
Difficulties in capability development	Stability in relationships	Lack of international business experience and market understanding
Future plans for capability development	Employing qualified employees and training regularly	Attend export related seminars and workshops that are offered by official bodies

Appendix 12 Cross Case Comparison of Relationship Characteristics

	Case 1 Akademi Triko	Case 2 Zumrut Tekstil	Case 3 Desar Tekstil	Case 4 Cannat Tekstil	Case 5 Nilsen Tekstil	Case 6 ELM Triko	Case 7 Roza Tekstil	Case 8 Polin Tekstil	Case 9 Album Tekstil	Case 10 DNN Tekstil
Uncertainty	Imbalance is evident, however, necessary risks are taken, it is hard to take frequent change on regulations and standards.	Balance: Zumrut Tekstil has substantial amount of knowledge about its customer and have ability to gain more formally and informally about European customers. Infrequent misunderstandings occur but personal	Balance: formal agreement is a condition, stable relations, and frequent communication through agencies. Imbalance: lack influence on strategic decisions	Balance: regular relations, familiarity with culture and understanding of technical and procedural system.	Imbalance: insecurity, it is hard to cope with this, unable to influence customer's strategic decisions.	Balance: strong personal communication, establishing personal trust, involving strategic decision making processes and information availability.	Balance: stability in relationship s Imbalance: infrequent contact and informality	Balance: regularity and continuity in business relationship s, joint problem solving	Balance: personal trust and stability Imbalance: unfamiliar business system and accessibility	Balance: personal ties, and regular communication, predictable future of customers Imbalance: transaction uncertainty , large proportion of customer requirements

		<p>communication is used effective tool to reduce uncertainty</p> <p>Imbalance: uncertainty results from market conditions in Europe but uncertainty results from limited knowledge of American customers within the company.</p>				<p>Imbalance: market uncertainty problem and undeveloped customer business systems</p>				
Distance	Balance is there is a chance to	Balance: Managing strategic plans	Balance: Scheduled business	Balance: frequent information	Balance: having long term	Balance: similar quality	Imbalance: infrequent communication	Balance: regular information	Balance: resource and	Balance: frequent communication

	have daily contact with customers departments. Imbalance is Akademi Triko puts more effort to gain more information about its customers and lack of involvement in decisions making processes	with customers and having good responses and feedbacks from customers	visits reduce distance. Imbalance: indirect relations, limited understanding of customers' values and norms.	sharing, Imbalance: lack of resource sharing and standard relations limited chance to go further	agreements, , geographic al closeness to customers. Imbalance: distinct business systems	expectation s, business systems and geographic al distance	tion and standard relations. , lack of personal trust building	exchange and visits, trust building. Imbalance: no intention of joint project involvement from customers	information exchange and established trust. Imbalance: Lack of transparency	tion, and regular visits, frequent information exchange. Imbalance: complicate dbusiness systems
Adaptati	Imbalance	Balance: There	Balance:	Balance:	Balance:	Balance:	Imbalance:	Imbalance:	Imbalance:	Imbalance:

on	is Akademi Triko has to follow customers' decision and plans.	is enough room for discuss about issues, adaptation not necessary or dictated, it is smooth process. High quality and standards within the company give chance to for negotiation with customers	substantial communication and discussion, involving joint innovation activities Imbalance: customer's values and norms are shared more than Desar's	employee involvement Imbalance: no new offers, strict adaptation process, no involvement for strategic decisions	ability to adapt and change fast. Imbalance: Lack of influence on changing systems and procedures.	advance technology and developed capabilities help to have control over adaptation	necessary adaptations , enforced by the customers. No innovative product activity	high level investment for Polin and necessary adaptation.	necessary adaptation and changes.	necessary adjustment in the technical areas, more flexibility shown by exporter
Commitment	Balance is there is chance to	Imbalanced: More effort put in	Imbalance: more commitment	Imbalance: formal agreements	Balance: uniqueness of	Balance: increasing personal	Imbalance: lack of control	Balance: exclusive services	Balance: increasing personal	Imbalance: high level of

	involve some production processes. Imbalance is Akademi Triko contribute more maintain relationship .	relationships and financial losses are accepted.	t from Desar, lack of involvement in decisions about products and strategic management of relationships.	and following, strict criteria, lost control on relationship s	relationship s Imbalance: put up with unreasonable demands, lack of response from customers.	recognition Imbalance: more investment compare with customers	over opportunities and resources	offered Imbalance: control over interactions by customers. Higher commitment from Polin.	ties Imbalance: higher level of investment and more attention paid.	commitment for DNN and lack of control over interactions
Power Dependence	Balance: technological advancement	Balance: Advance technology and	Balance: developed capabilities in	Balance: technological skills and designs	Balance: technical and design power and	Balance: developed technological and	Balance: technological power and	Balance: technological advancement	Balance: technological advancement	Balance: experience in export and

	nt and working with different customer in different export markets Imbalance: Regulatory power and resource and knowledge dependence	management ability. No dependency for R&D activities and export knowledge	production technology and ability to offer alternative products Imbalance: lack of financial resources to conduct innovative activity and low reputation	and personal power Imbalance: strategic dependenc y and further capability developme nt, difficult to change long term capability developme nt patterns	consulting customers Imbalance: low reputation and lack of marketing abilities for increasing sales, necessary dependence	employee capabilities , established brand, country of image. Imbalance: market expansion and stability seeking, strategic dependenc e	production systems manageme nt Imbalance: administrative weakness in innovation and necessary strategic dependence	nt, develop employee capabilities Imbalance: strategic and status dependenc y	nts and customer relationship manageme nt, problem solving ability Imbalance: financial dependenc y and lack of influence on customer decisions.	technologic al advancement Imbalance: financial difficulties and need critical resources provided
Conflict Co-operation	Balance: There is chance for negotiating and new offers make	Balanced: collaborating with customers in the area of designs, standards and	Balance: consideration of norms and values. Reducing cultural	Balance: team level cooperation , frequent communication	Balance: team level cooperation , understanding norms	Balance: close understanding of customers problems	Balance: offering new products and cooperation	Balance: cooperation opportunities Imbalance: strategic	Balance: Control over interactions Imbalance: Limited	Balance: quick problems resolutions are offered and no

	customers happy. Imbalance: high expectations of customers cost more time and effort, hard to convince. Little chance for negotiation.	quality issues Imbalance: opportunistic behaviour of customers, waiting until last moment to give order make the production process more complicated	distance. Agreement on quality issues and standards	Imbalance: restricted level of cooperation	and values Imbalance: opportunism	and expectations	in designs Imbalance: focusing on different priorities and hostility in relationships, lack of benefit gathering	priorities, hostility	cooperation for innovative activities	hostility in relationships Imbalance: limited opportunities for innovative activities and employee interactions.
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Appendix 13 Cross Case Comparison and Analysis of Capabilities

Capabilities	Akademi	Zumrut	Desar	Cannat	Nilsen	ELM	Roza	Polin	Album	DNN
Employee Capability	Production experience of employees having updated knowledge in mind Good knowledge of export procedures and customer management Awareness and observation of industry	Knowledge of organic fabric and fibre production and market experience in employee minds Team level approach to deal with customers High level technical training and continuous development	Long term experience of textile production Structured production processes and employee training followed Lack of foreign language and international business experience	Knowledge of textile manufacturing and design in employees' head Developed IT skills Limited customer communication ability and information sharing Limited foreign language ability	Knowledge of manufacturing and transformation of textile production processes Trained staff for technology use and updated knowledge provided regularly Market observation ability	Combined knowledge in knitting and its applications for machinery use Being able to do technical translation for product department and analysing market conditions and customer expectations Developed	Long term experience of manufacturing and materials Trained employees in Chemicals and different material processes Being able to demonstrate new product ranges Team work is applied in customer relations	Knowledge of INCOTERM S in mind of employees but limited understanding of international marketing aspects Experience of raw material purchasing and domestic supplier data based knowledge and textile	Strong background in production processes and fibre knowledge INCOTERM S and export procedures are employees mind Limited marketing and international business knowledge	Combined knowledge of production and raw material purchase and processes Foreign language ability of responsible employees and IT skills are widely developed among employees

	and markets			among employees		foreign language ability		production		when dealing with export procedures and process
Technical Capability	Knowledge of conducting R&D and applying new techniques in sewing Improving efficiency in manufacturing IT skills and able to analyse	High level investment in R&D, machinery and employees for organic fabric. Relying on employees and technology equally Being able to offer new product ranges	Developed production methods and applications Limited innovation and production integration Need competitive customer requirements related technological knowledge	Combined production ability with quality awareness Developed capabilities in designing and quick changes Knowledge of INCOTERMS and export custom procedures	Large knowledge of technology applications in new areas and product adaptation abilities Understanding quality enhancement by drawing on diverse raw	Flexible production techniques Ability for innovation activity in the company and offering cost efficient products to customers	Effective communication technology use Developed Chemical laboratory and equipment use by specialist staff Technical translation for production department for customer orders	Developed IT skills and application of technical processes Being able to offer new designs and flexible adaptation for customer requirements and advance problem solving abilities	Making quick changes and adaptations for customer requirements in production line Being able to offer cost efficient techniques Using customer tracking systems on IT	Advance technical knowledge in employees' head Fast and flexible production techniques and focusing on tailor made production and

	technical issues and costs of production Technical translation for production				material purchasing experience of employees				Need more contemporary technical knowledge in machinery	designs Knowledge of computer aided customer tracking systems and raw material supply systems
Managerial Capability	Structured management system; assessing performance of firm and	Key customer management focus Individualistic approach for investment decisions but	Efficiency in implementation of customer standards and flexibility	In house focus rather than customer relationships Limited leadership	Adequate management skills in short term decisions, production, employee	Hierarchical management style in company Proactive approach in customer	Integrated inter departmental employee management and trainings Limited	Following structured plans for employee capability development Dominant	Hierarchical management in the company and owner dominance is evident but	Dominant management system in the company and supply management

	<p>employee motivation</p> <p>Lack of strategy management ability</p> <p>Able to overcome customer concerns and delivery system of goods</p>	<p>team approach in customer relationships</p> <p>Low level dependency on customers for strategic direction of company</p>	<p>Dominant decision maker for short term decisions</p> <p>Evident weakness of customer relationship management and lack of ability of direct relations</p> <p>Owner dominance within the company</p>	<p>abilities</p> <p>Responsive to customers but evident weakness of involvement decision making processes</p> <p>Personal approaches rather than organisational</p>	<p>management, delivery systems and customer complaints</p> <p>Collectivist approach in the company</p> <p>Lack of skills on inter-organisational relationships</p>	<p>relations in order to avoid market uncertainties</p>	<p>involvement in strategic decisions in customer relationships</p> <p>no hierarchical structured in the company effective up down employee relations</p>	<p>position for production processes and production focused management</p> <p>Being able to establish customer trust at organisational level</p>	<p>employee trainings are ad-hoc there is no sign of structured plans</p> <p>Customer relations are managed by personal approaches and informal ways</p>	<p>not but limited involvement strategic relations with long term customers</p> <p>Need better divers customer relationship management experience</p>
Custom Capability	<p>Demonstrating trustable image of</p>	<p>Clear understanding of customer expectations</p>	<p>Individual beliefs and norms rather than</p>	<p>Limited understanding of customer</p>	<p>Need developing skills for customer</p>	<p>Being able offer exclusive services for</p>	<p>Limited understanding of customer values and</p>	<p>Customer understanding and meet expectation</p>	<p>Limited Understanding of customer</p>	<p>Limited cross cultural experience</p>

	<p>firm in customer relationship s Timely responses to customers and flexibility Accepting customer standards concerns and focusing on these issues by highlightin g honesty and transparenc y</p>	<p>and values Demonstrating honesty and commitment and expressing interest in innovation in customer relationships</p>	<p>customer values Need to developed cross cultural issues in customer relations</p>	<p>values and norms Lack knowledge in international marketing and textile industry however, more attention paid in company culture and practices</p>	<p>relationship s and have understandi ng internationa l business experience</p>	<p>customer privacy high level of understandin g customer expectations and developed ethical consideration in the company</p>	<p>expectations being unable to offer sufficient amount of privacy in customer relationship</p>	<p>and being able to manage long term customer relations with divers customer in divers export markets Limitations of institutional presence of company put extra pressure for the company for trust building in customer relationships</p>	<p>expectations and ethical consideration different attitude to customer relations between top management personalise versus corporate</p>	<p>but well managed existing customer relationshi p by communic ating frequently and making business visits need developing divers customer understand ing ability</p>
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Appendix 14 Changing and Influencing Capabilities and their effect on Customer Relations

Subject	Akademi	Zumrut	Desar	Cannat	Nilsen	ELM	Roza	Polin	Album	DNN
The capabilities need developing	Managerial capabilities by focusing on new staff recruitment and freedom of speech and critical decision involvement International market based capabilities Management of Technical capability sets Knowledge of distinct export	Customer relationship patterns and their management in organic textile markets Understanding trends of organic textiles in the world and in export markets that we focused	Design and manufacturing based capabilities Inside company decision making mechanism s and employee management relations Product delivery systems in terms of customers' market conditions	Specific production based capabilities Strategy making capabilities in international customer relationship s Manufacturing techniques according to different customers' requirements Customer	Developing communication abilities in customer relationships Tailored service and production capabilities	Customer communication management Better integration with future customers at organisational level Export procedures and their management Branding related communication	Value added production base capabilities Customer development Chemical testing systems and procedures	Technical based capabilities Strategic decision making ability Technical capabilities ; designs and stitching	Cultural understanding in business relations Cost efficient production capability Procedures understanding Export information access and processing	Modification of production for specific market customers Different market customer understanding Technical capability sets Knowledge of distinct export market and entry modes

	market customer cultures	on Productio n technique s in organic fabrics Knowledg e of organic fabric productio n technique s and their marketin	Export marketing skills and informatio n search	driven product developme nt						
The most important capabilities that are considered by	Application of manufacturin g techniques Application	Certificat es and accreditati ons of organic	Custom made cost efficient manufactur ing	Quick production and response High	Fast manufactur ing and quality production	Experience and product sales related	Quality production capability Quick response to	Exclusivity services and ethical considerati on in	Quick response and flexibility in	Being able to demonstrat e tailored services

customers	of export regulations	textile and employee training in relation to Organic fabric export delivery system and production technique	Knowledge of fabrics and production	quality production Being able to offer new designs and problem solving ability	Implementation of strict contract terms and conditions; Advance production processes management	consulting Procedural knowledge implementations capability	customer Advanced laboratory management capability and equipments	production and purchasing	production Fast delivery of goods	and production Advance export delivery system
Influence of prior capabilities on customer relationships	Knowledge of raw material supply fast adaptation in production processes	Informal domestic ties and information search Coping with turbulent market conditions	Combined Production experience; mass and tailor made Domestic supplier relationships and their management	Knowledge of domestic suppliers and informal relationship skills	Technical flexibility and problem solving experience in turbulent market conditions Supply	Different export market involvement and quality standard related learning Knowledge	Obtained internationally recognize certificates Established procedural health and safety issues	Being able to establish trust in customer relationships Being able to realize customer concerns	Experience in textile manufacturing	Experience of integrated manufacturing processes capability and knowledge Relationship

		and experienc e	nt		chain experience with local companies	of indirect and direct export modes and pros and cons	within the company			p manageme nt with customers
Difficulties in capability development	Limited independent decision making ability and too much rely on customers Disadvantage position of the company	Financial costs and high dependen cy on customers Conventio nal thinking rather than entrepren	Having limited opportuniti es to involve in production in customer decisions and institutiona lisation it is	Ineffective of communica tion patterns and lack of understandi ng customers expectation s in terms of market	Highly standardize d relations limit the chance for involveme nt in strategic decisions and restrict the company	Unclear and out of standard customer expectation s and lack of institutiona l corporate identity Financial concerns	Limited communic ation and following procedures and written agreements in customer relations and institutiona	Financial difficulties and unable involve mutual projects with customers	Standard production and lack of market focus	Stability in relationshi p Lack of internation al business experience and market understand ing

		<p>curial and lack of risk taking behaviour as a result of institution alisation</p>	<p>hard to change some capabilities sets that stays in the company long time Less competitiv e market customers and their focus on prices rather than quality</p>	<p>conditions Being restricted by contracts and limited freedom</p>	<p>Lack of financial resources</p>	<p>and lack of risk taking behaviour</p>	<p>lisation Hard to find qualified employees</p>			
<p>Future Plans for capability development</p>	<p>Try to change companies position in relationships</p>	<p>More risk taking and being demandin g on</p>	<p>Focusing on being specialist one or two area in</p>	<p>More integration with customers and</p>	<p>Employing qualified staff who is able communica</p>	<p>More interaction in the area of innovation</p>	<p>Focusing on communic ation in business</p>	<p>Focusing on certain type of products; niches and</p>	<p>Try to develop internet base sales capabilities</p>	<p>Employing qualified employees and training</p>

	by focusing on value added production Have a professional support from specialist agents	customer relationships Focusing on R&D	textile production and innovation Entering distinct export markets and customer relationships	developing international marketing knowledge within the company and employing new employees	te with customers and establish communication patterns for the company Competitive strategy establishment and moving more advantageous position in customer relationships	with different customer Learning brand communication in terms of distinct export market	relations Try keep qualified employees in the company	value added production techniques	Employ specialist export agencies for international business and marketing understanding	regularly Attend export related seminars and workshops that are offered by official bodies
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