The role of sales representatives in cross-cultural business-to-business relationships

Abstract

This study responds to the call for the "internationalization of sales research" by collecting data from 160 international buyers spanning 33 countries and regions. Based on survey data, archival sales records and cultural-distance indices, this research examines the performance-enhancing effect of sales rep-owned commitment as well as its antecedents under varying degrees of cultural distance. Our results show a strong and direct impact of rep-owned commitment, independent of the effect of firm-owned commitment, on enhancing performance indicators including sales volume, importers' purchase share, and importers' future purchase intentions. Moreover, we find two important antecedents to rep-owned commitment: benevolence trust and capability trust. Interestingly, cultural distance moderates the effects of benevolence and capability trust on rep-owned commitment: the larger the cultural distance, the stronger the effect of benevolence trust but the weaker the effect of capability trust. We conclude with theoretical and managerial implications to international marketing research and practice.

Keywords:

Relationship marketing; international marketing; exporting; sales representatives; trust; cultural distance

1. Introduction

The business world has witnessed an unparalleled surge in transnational and cross-cultural commerce. Theoretically, international trade provides comparative advantages and benefits to both seller and buyer firms (Ghemawat, 2003). Importing firms are able to acquire cheaper goods, satisfy customer needs better, and access products that may be unavailable domestically. Exporting firms can access global markets and take advantage of available human and material resources in their own countries. It's a win-win; but the benefits do not come without risks. For example, prior research from a neoclassical microeconomic paradigm indicates that a firm's export involvement is a developmental process that involves substantial learning about foreign markets and operations (Cavusgil, 1980; Leonidou & Katsikeas, 1996). From a relational perspective, international trading entails greater environmental turbulence and behavioral uncertainty than domestic business-to-business (B2B) relationships (Skarmeas, Katsikeas, & Schlegelmilch, 2002), and thus requires the build-up of relational elements such as cooperation, adaptation, and commitment to facilitate successful exchange (Leonidou, Barnes, & Talias, 2006). In view of the heightened risks and obstacles when transacting across borders, extant research has emphasized that sales representatives (reps) who are boundary spanners for the selling firm are in a unique position to interact with buyers, develop relational exchanges, and create and capture customer value (Blocker, Cannon, Panagopoulos, & Sager, 2012; Tuli, Kohli, & Bharadwaj, 2007).

However, insights about how to effectively manage buyer-seller relationships across cultures and countries are scarce. In a comprehensive review, Panagopoulos et. al. (2011) note that a plausible explanation for the relative paucity of international sales research in premier journals is the difficulty associated with obtaining high-quality, multiple-source, cross-national data. This deficiency is concerning given the increasingly international nature of trade and the evidence that many firms fail to incorporate a proper understanding of the influence of culture in managing their sales efforts (Fang, Palmatier, & Evans, 2004; Panagopoulos et al., 2011).

The literature on sales representatives and interfirm relationships falls into two categories. The first category of research scrutinizes the roles that salespeople play in B2B relationships (Palmatier, Scheer, & Steenkamp, 2007; Panagopoulos et al., 2011). This research demonstrates that salespeople often have the best insights and opportunities to create value for customers and appropriate value for sellers (Blocker et al., 2012). Customer relationships tied to salespeople can be even more important than relationships with selling firms (Palmatier et al., 2007). However, motivating a salesperson to be culturally aware is challenging (Hohenberg & Homburg, 2016) because culture alters the effectiveness of sales strategies (Fang et al., 2004; Katsikea, Theodosiou, & Morgan, 2007).

The second literature category focuses on relational aspects of the import-export business. Different from a transaction-based view, relationship marketing scholars emphasize that exporting can best be understood by studying factors that shape the organizational interaction between the parties involved (Skarmeas, Katsikeas, Spyropoulou, & Salehi-Sangari, 2008). For example, research on U.S. exporters and their Mexican distributors shows that enhanced communication and lower levels of conflict lead to better performance (LaBahn & Harich, 1997). In addition, prior studies indicate that an exporter's cultural sensitivity increases its foreign distributor's commitment and role performance (Skarmeas et al., 2002).

However, there are several limitations to prior research. First, studies have largely focused on Western and developed countries, such as the United States and European countries, resulting in limited understanding of how selling is conducted outside of this context

(Panagopoulos et al., 2011). Given the vital importance of emerging economies in today's business world and the increasing dominance of sellers from emerging economies, the need to understand sales management in non-Western countries is vital. Second, prior studies have focused on either organizational level or personal level sales relationships. Scant research has integrated and contrasted the distinct levels of B2B relationships. Notable exceptions include Palmatier et al.'s (2007) comparison of salesperson-owned and firm-owned loyalty, and Tellefsen and Thomas (2005) who explore both organizational commitment and personal commitment. Yet this research is confined to domestic B2B relationships and thus may not apply in international contexts. Third, how culture influences international B2B relationships is largely unknown (Hohenberg & Homburg 2016), calling for more theoretical development and empirical examination of sales issues across cultures (Panagopoulos et al., 2011; Samaha, Beck, & Palmatier, 2014). Fourth, due to the difficulty of collecting objective performance data, previous research relies mainly on self-reported outcomes. Multiple-source data that examines the actual and precise impact of relationships on performance is sorely needed (Katsikeas, Leonidou, & Morgan, 2000; Katsikeas, Morgan, Leonidou, & Hult, 2016).

Our research aims to advance prior work in the following ways. First, we distinguish two levels of commitment, i.e. sales representative-owned and seller-firm-owned (for short, rep-owned and firm-owned, respectively) in the context of international buyer-seller relationships. Commitment represents "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, & Deshpande, 1992, p.316). Thus, rep-owned commitment reflects the buying firm's enduring desire to maintain a valued relationship with the specific sales rep, whereas firm-owned commitment is directed toward the seller firm as a whole. By using archival sales revenue figures together with perceived seller share of a buyer's current and future purchases, we endeavor to understand the magnitude of the performance-enhancing effects of the two types of commitment. Our results suggest that rep-owned commitment brings greater benefits to a firm than firm-owned commitment, and its effect is *not* mediated by firm-owned commitment. To the best of our knowledge, this study is one of the first to contrast and gauge the performance implications of both types of commitment in international marketing.

Second, we theorize and empirically test how cultural distance between the buyer country and seller country alters the formation of rep-owned commitment. Drawing on commitment-trust theory (Morgan and Hunt 1994) and the role of culture (Hofstede, 1980; Samaha et al., 2014) in relationship marketing, we distinguish between capability trust and benevolence trust, and hypothesize that when cultural distance is high—that is, the importer's country differs significantly from the exporter's country in key cultural dimensions—the sales rep's benevolence trust becomes more important in developing rep-owned commitment. By contrast, when cultural distance is low, the sales rep's capability trust becomes more important in developing rep-owned commitment. Based on a sample of Chinese exporters and their foreign buyers in 33 countries and regions, we calculate a cultural distance score for each dyad and examine the moderating role of cultural distance. Our results mostly support our hypotheses, providing implications for cross-cultural sales management.

Altogether, this research responds to the call by Panagopoulos et al. (2011) to "internationalize sales research" by examining how culture affects buyer-seller relationships and how relationship management can be enhanced between buyers and sellers of different cultures.

2. Conceptual Framework and Hypotheses

International marketing scholars have long emphasized behavioral aspects in export channels. Integrating insights from relationship marketing and commitment-trust theory (Morgan

& Hunt, 1994) in particular, previous research investigates multiple dimensions of relationship quality in exporter-importer relationships (Leonidou et al., 2006), the impact of buyer-seller relationships on firms' export involvement (Leonidou & Kaleka, 1998), and the driving forces behind importers' commitment (Skarmeas et al., 2002) and importers' role performance (Obadia, Bello, & Gilliland, 2015)

Among the various relationship concepts, commitment has assumed a central role in the development of international buyer-seller relationships (Skarmeas et al., 2008). According to commitment-trust theory, commitment contributes to cooperation, reduced conflict, relationship longevity (Morgan & Hunt 1994; Ross, Anderson, & Weitz 1997), and promotes long-term performance in cross-border relationships (Skarmeas et al., 2002). In this study, we follow the classic view of commitment as "an enduring desire to maintain a valued relationship" (Moorman et al., 1992, p.316), and further classify it into rep-owned and firm-owned commitment depending on the target of the importer's commitment. We refrain from using loyalty, although there is conceptual overlap between loyalty and commitment (Anderson and Weitz 1992; Henning et al., 2004). Based on commitment-trust theory, commitment, which reflects a positive valuation of a relationship and a positive cognitive-affective state (Meyer, Allen, & Smith, 1993), is a more immediate outcome of trust than loyalty (Morgan & Hunt 1994; Moorman et al., 1992). Moreover, because loyalty is a more behavioral-based construct, it is often operationalized as repeat purchase (Neal, 1999). Thus, loyalty may confound with sales performance measures that tap into both current purchase record and future purchase intention in this study.

Our distinction between rep-owned and firm-owned commitment fills an important void in international marketing literature. Although relationship marketing has gained considerable prominence in the literature, the object of the international buyer's commitment has been understudied (Mavondoa & Rodrigo, 2001). By highlighting the critical role that sales reps play in cross-border exchanges, we aim to delineate trust-based antecedents of rep-owned commitment and contrast it with firm-owned commitment in driving sales performance. Moreover, unique to commitment that transcends different national cultures (Lohtia, Bello, Yamada, & Gilliland, 2005), our study also seeks to examine *how* cultural distance moderates these two types of trust in the development of rep-owned commitment.

Along with the individual-level commitment (rep-owned commitment), our conceptualization of trust is also at the individual level, that is, the importer's trust of the exporter's sales rep. This individual-level trust reflects the importer's belief and expectation about the sales rep's trustworthiness, which generally falls into two categories, benevolence and capability (Mayer, Davis, & Schoorman, 1995; Moorman et al., 1992). Specifically, capability trust captures the "can-do" component, or whether the importer believes that the sales rep has the skills and abilities needed to act in an appropriate fashion, while benevolence trust captures the "will-do" component, or whether the importer believes that the sales rep will choose to use those skills and abilities to act in the best interest of the importer. Although the literature indicates a third dimension of trust, i.e. integrity trust, we do not include it because previous studies have found that its effects are often redundant or insignificant when used together with benevolence trust (Jarvenpaa, Knoll, & Leidner, 1998; Mayer & Gavin, 2005). In this study, we include both benevolence trust and capability trust because trust scholars have suggested that they function differently, with the former primarily affective-based and the latter being cognitive-based (McAllister, 1995; Rousseau, Sitkin, Burt, & Camerer, 1998; Williams, 2001). Based on this distinction, we propose that the effectiveness of these two types of trust in developing rep-owned commitment can vary substantially across different levels of cultural distance, a mechanism that will be discussed in detail in Section 2.2.

We present our overall conceptual framework in Figure 1. We first hypothesize about the effects of capability trust and benevolence trust on rep-owned commitment and then discuss how these effects are moderated by cultural distance between the importer and exporter countries. Lastly, we hypothesize regarding the outcomes of rep-owned commitment, its effect on firm-owned commitment, and its direct effect on the exporter's sales to the importer.

<u>FIGURE 1 ABOUT HERE</u>

2.1. Trust and commitment

The centrality of trust in developing long-term relationships has long been a focus of interest (e.g., Anderson & Weitz, 1989; Morgan & Hunt, 1994). Trust literature suggests that confidence on the part of the trusting party results from the conviction that the trustworthy party has key characteristics including capability and benevolence (Mayer et al., 1995; Morgan & Hunt, 1994). A sales rep's capability includes the skills, competencies and expertise that generate influence within a specific domain (Mayer et al., 1995). The domain of the capability is specific because the rep may be highly competent only in certain areas, affording that person trust on tasks related to those areas (Mayer et al., 1995). Capability highlights the task- and situation-specific nature of the construct. From an economic perspective, a sales rep's capability in specific domains brings important benefits to the importer to a greater extent than the opportunity cost of transacting with other sales reps (Cullen, Johnson, & Sakano, 2000; Geyskens, Steenkamp, Scheer, & Kumar. 1996). Based on a calculation of benefits and costs, the importer asks: Can the sales rep be relied upon in trading activities and operations? Does s/he have the expertise and resources to achieve results? Capability trust is usually based on a comprehensive evaluation of the rep's behavior and results; commitment is rewarded based on the rep's capability (Cullen et al., 2000).

In export-import contexts, sales reps are especially important to the importer's decision making. Importers rely upon the reps' capability to acquire and interpret product and market information. It is the rep's duty to understand the importer's needs, provide satisfactory solutions, and interpret outcomes. These benefits reflect the contributions that are made personally by the rep and are separate and distinct from the contributions made by the exporting firm. Highly capable reps provide detailed explanations of products and services, (Zaltman & Moorman, 1988) a full interpretation of a buyer's requirements, and satisfactory adaptation to the buyer's resources (Bitner, Booms, & Mohr, 1994). Moreover, they exhibit skill in working out satisfactory settlements and effectively interpreting buyers' needs based on their industry expertise (Tellefsen & Thomas, 2005). Some empirical studies show that overseas buyers are more likely to be satisfied with sales reps who have desirable skills and knowledge (e.g. Churchill, Ford, Hartley, & Walker, 1985; Sujan, Sujan, & Bettman, 1988).

As knowledge and information are often difficult or expensive to acquire in a foreign land, a sales rep's capability becomes a key source of buyer benefit to buyers. For example, importers benefit from knowledge about quality, cost, design, technology and regulation. Up-to-date information about new products and market pricing can give importers a competitive advantage. Thus, sales reps who are adept at offering knowledge and insight to their importers are of great value. Importers are likely to be confident in these reps and committed to them over the long term (Doney & Cannon, 1997).

> **H1**: Trust of a sales representative's capability is positively related to the importer's commitment to the sales representative.

Personal liking and honesty create a basis for trust and are considered foundational before engaging in more involved forms of commitment (Friman et al., 2002). Because commitment entails vulnerability, parties tend to seek trustworthy partners (Morgan & Hunt 1994). In an import-export context, benevolence trust is the extent to which the sales rep is believed by the importer to do right (Mayer et al., 1995). We argue that benevolence trust encourages a desire for relationship continuation and development through the commissioning of more time and resources (Morgan & Hunt, 1994).

Benevolence trust emerges from one's beliefs regarding a partner's caring about the relationship (Cullen et al., 2000). Can the rep be trusted not to undermine or damage the importer? Can the rep be trusted to protect and preserve the relationship when conditions change? Benevolence trust exists outside an egocentric profit motive and rests on the perception of a positive orientation of the rep toward the importer. If an importer believes a rep cares about its interests and is motivated to seek common grounds, the rep is perceived as having benevolence towards the importer (Doney & Cannon, 1997; Mayer & Davis, 1999). Benevolence trust reflects the belief that the rep will not engage in opportunistic or unethical actions that might harm the importer (Anderson & Weitz, 1989; Anderson & Narus, 1990). For example, the benevolent rep is believed to maintain confidentiality, offer reliable advice, deal fairly and sincerely with the importer, and go beyond mere contractual obligations to make the exchange successful (Cullen et al., 2000).

Benevolence trust can increase the perception of exchange quality (Moorman et al., 1992). Trusting parties maintain positive feelings toward their exchange partners by discounting negative elements in ways that confirm their positive trusting attitudes (Geyskens et al., 1996). In international buyer-seller relationships, benevolence trust is an essential prerequisite for boosting commitment despite to the existence of geographic, market and institutional differences between sellers and buyers (Leonidou et al., 2011).

A rep's benevolence leads to better communication and more open exchanges. The benevolent rep is trusted to take initiatives that favor the buyer while refraining from self-serving opportunism. S/he works beyond explicit contractual terms and serves customers with pro-consumer motivations and a willingness to assume fiduciary responsibility (Morgan & Hunt, 1994). Benevolent behaviors are regarded as "extra-role" actions that are performed at a cost to the service provider with or without commensurate benefits (Sirdeshmukh, Singh, & Sabol, 2002). When the rep puts the buyer's needs first and engages in creating mutual benefit, long-term relationships are likely to form. In sum, we hypothesize that:

> **H2**: Trust in a sales representative's benevolence is positively related to the importer's commitment to the sales representative.

2.2. Moderating effects of cultural distance

Cultural distance (CD) is the degree to which the cultural norms in one country are different from those in another country (Kogut & Singh, 1988). CD is based on Hofstede (1980)'s four dimensions of national culture: individualism-collectivism, power distance, uncertainty avoidance, and masculinity-femininity. CD has been adapted to the majority of business administration principles for the purpose of approximately measuring the degree of similarity or difference of specific cultures (Shenkar, 2001).

Global markets and international operations are contingent upon cultural factors and it can be difficult to verify claims by culturally distant agents when these claims are rooted in an unfamiliar environment (Shenkar, 2001). Our research examines the moderating effect of CD on

B2B relationships. Specifically, CD is examined in relation to China (exporters' home country) and international buyers' countries.

A high CD is likely to weaken the effect of capability trust on rep-owned commitment. First, a rep's expertise is more difficult for the importer to understand and appreciate. When CD is high, the rep's knowledge about technology, products and markets is difficult to transfer and be understood by the importer (Yang, Su, & Fam, 2012). The lack familiarity of the culture in which knowledge is embedded complicates understanding of its functional attributes and benefits. It is also more difficult to explain how the knowledge can be used (Reus & Lamont, 2009). When reps' expertise is poorly understood, the importers may be unconvinced by the reps' actions and may thus undervalue the reps' capabilities.

People of different cultures perceive the value of expertise and capability differently. In our context, the Chinese exporters hail from a high power-distance culture, where expertise is generally more valued than in a low power-distance country (Pornpitakpan & Francis, 2000). Therefore, if the importer is also from a high power-distance culture, resulting in a small CD, the sales rep's capability or expertise should have a stronger influence on the importer's attitude and behavior. Conversely, when CD is high--that is, when the importer is from a low power-distance country--capability trust will be less valued and exert less of an influence.

Moreover, when CD is great, importers may be more concerned about a rep's opportunistic behavior. In our context, if the importer is from an individualistic culture with a large CD from China's collectivist culture, the importer may view knowledge sharing as an opening for the partner to behave opportunistically and potentially threaten the firm's competitive position (Griffith & Myers, 2005). Managers in these cultures tend not to value knowledge sharing at the same level as their counterparts in collectivistic cultures (Cheung et al., 2011). Cultural differences also increase monitoring costs, making it difficult to verify the motives and credibility of a rep's knowledge sharing.

Regarding the cultural variable of uncertainty avoidance, which is a well-established predictor of risk-taking inclination (Sully de Luque & Javidan, 2004), partners with large cultural differences may disagree about each other's risk-related behavior. Opposing views on risk are especially challenging in the global B2B market given its nature of high uncertainty and rapid change. In our context, importers with a high risk-taking predisposition may undervalue the expertise and advice of a rep from China's risk-avoidance culture due to their reference frame. Lastly, the masculinity/femininity dimension represents a societal preference for achievement, assertiveness and material rewards (Hofstede, 1980). As China is high on masculinity, a large CD means that people in the importer's country have a different success orientation. Therefore, capability, a key quality for business success, may be considered less important in driving the importer's commitment to the rep. In sum, we hypothesize:

> **H3**: Cultural distance between an importer and an exporter weakens the effect of capability trust on rep-owned commitment.

Benevolence indicates that the rep cares about the importer's interests and is motivated to seek common ground. Research shows that cultural differences between local and foreign partners may exacerbate foreign partners' opportunism (Lyles, Saxton, & Watson, 2004). However, one's benevolent behavior may mitigate this concern. Large cultural differences can incite conflicts because of partners' differing beliefs, values and habits. For example, participants from different cultural backgrounds are less aware of their partner's expectations in negotiation contexts and may misunderstand each other (Gelfand & Christakopoulou, 1999). One partner's benevolent behavior can reduce confusion and keep the other informed and satisfied. CD may decrease personal attachment because of the difficulty of mutual understanding (Ribbink & Grimm, 2014). Benevolence trust reduces this negative impact because the rep takes actions to demonstrate his/her trustworthiness.

Regarding specific dimensions of cultural difference, uncertainty avoidance or power distance may have no effect on benevolence trust. Power distance refers to the way a culture handles inequality and authority (Hofstede 2001) and thus its impact is mostly related to service providers' knowledge and expertise but not benevolence (Schumann 2009). Uncertainty avoidance is the extent to which a culture avoids risk and creates security and thus service providers' ability to predict and reduce risk is of most value. In contrast, collectivism/individualism and masculinity/femininity dimensions are likely to intersect with benevolence trust. Research shows that managers from individualistic cultures focus primarily on their own gains whereas those from collectivistic cultures stress of a congruency of goals while taking their partner's interests into account (Gelfand & Christakopoulou, 1999). When dealing with an importer from an individualistic culture, the rep's benevolent behavior will be recognized and valued by the importer. High CD in masculinity/femininity indicates that the importer country prefers cooperation, modesty, compassion and quality of life (Hofstede 1980). Thus the importer may emphasize the rep's benevolent characteristics in their relationship. In sum, we hypothesize:

> **H4**: Cultural distance between an importer and an exporter strengthens the effect of benevolence trust on rep-owned commitment.

2.3. Outcomes of rep-owned commitment

Rep-owned commitment and firm-owned commitment co-exist in B2B relationships (Palmatier et al., 2007). A rep's role involving both economic exchange (e.g., provision of products) and social exchange (e.g., offer of favors) doubly impacts firm-level relationships (Jones, Taylor, & Bansal, 2008). We argue that rep-owned commitment leads to firm-owned commitment and both layers of commitment positively impact sales performance.

2.3.1. Rep-owned commitment and firm-owned commitment

In global B2B markets, a sales rep's behavior is attributable to the exporter's policies, reward systems and training programs. S/he embodies the exporter's culture and values. The sales rep is an important and direct mediator of the exporter's relationship with the importer. For example, one phase in the decision to commit to a relationship involves negotiating and signing contracts, and the rep can often facilitate this process by developing a psychological contract with the counter-party before the actual contract is signed (Friman et al., 2002). Multi-level loyalty research indicates that a customer's loyalty to the salesperson appears to increase overall loyalty to the seller firm (Macintosh & Lockshin, 1997; Reynolds & Beatty, 1999). Once a committed personal relationship is established, the organization-level commitment easily follows. Essentially, the importer's commitment to the sales rep transfers to the exporting firm. Therefore, we hypothesize:

> **H5**: Rep-owned commitment by an importer is positively related to exporter-owned commitment by the importer.

2.3.2. Firm-owned commitment and sales performance

Exporter-owned commitment encourages the importer to make investments in the relationship, to cooperate and eschew short-term alternatives in favor of anticipated long-term benefits (Morgan & Hunt, 1994). For example, the importer's commitment drives it to allocate sufficient funds to purchase first quality products from the exporter (Leonidou & Kaleka, 1998). The importer may invest resources in equipment, logistics, administrative support, and payment terms to facilitate exchange with the exporter (Leonidou et al., 2011). The importer may even absorb short-term losses to support the exporter in the interest of long-term benefits (Dwyer, Schurr, & Oh, 1987).

Commitment inspires the importer to be flexible and adapt or adjust when necessary for the health of the relationship, (Leonidou et al., 2011). These adaptations signify a conscious endeavor to achieve and sustain a harmonious working relationship. Steps may include adjusting technical, logistical, administrative, financial, and other exchange elements to the needs of the exporter (Leonidou et al., 2011; Skarmeas et al., 2002).

Commitment may reduce the risk and costs associated with cross-border channel exchange (Skarmeas et al., 2002). For example, an importer may pay special attention to promoting and distributing the exporter's products. Because there is a consensus to allocate overall costs, sales share and sales expectation are likely to increase (Moorman et al., 1992). Commitment at the organizational level can be formalized through contractual obligations that may be tightly or loosely specified, and this encourages both importer and exporter to contribute to the exchange (Mavondo & Rodrigo, 2001).

The ultimate goal of commitment is to improve performance outcomes (Lohtia et al., 2005). Exporters can obtain higher sales and earn greater returns by maintaining long-term relationships that lead to substantial repeat sales and cross-selling opportunities. Strong bonds increase efficiency and effectiveness in cross-border exchanges and enable both parties to succeed (Lohtia et al., 2005). Some empirical studies find that a buyer firm's loyalty to a seller firm generates positive financial outcomes for the seller firm (Reichheld & Teal, 1996; Zeithaml, Berry, & Parasuraman, 1996). In global B2B markets, an importer's commitment to an exporter also positively affects the exporter's performance (Skarmeas et al., 2002). Therefore, we hypothesize:

> **H6**: Exporter-owned commitment increases the exporter's sales performance with the importer.

2.3.3. Rep-owned commitment and sales performance

Interpersonal relationships are more intense and more long-term than individual-to-firm relationships (Iacobucci & Ostrom, 1996). Because a buyer can express salesperson-owned loyalty only by buying from that individual's firm, salesperson-owned loyalty directly affects seller firm's sales (Palmatier et al., 2007). A buyer's commitment to a sales rep may lower its price sensitivity and enable the seller to increase sales and profit.

Commitment is expected to enhance the quality of interactions between the rep and importer. They can share more comprehensive, accurate and timely information about their needs and better use the information provided (Moorman et al., 1992). For example, the rep can learn more about the importer's market segments and customer preferences and thus offer appropriate products. Personal commitment with a rep is also likely to increase communication efficiency and enable quicker and more accurate adjustment by the importer (Leonidou & Kaleka, 1998).

When the rep recognizes the importer's commitment, s/he becomes willing to get more deeply involved and interact with the importer. A sense of reciprocity can prompt him/her to engage more fully with the committed importer and provide better quality service. The rep may even provide special help to the importer in times of need (Skarmeas et al., 2002). Commitment to the rep can serve as a psychological bond that underpins solidarity, and when frustrations or setbacks arise they will be motivated to maintain their relationship by working together to find common solutions (Tellefsen & Thomas 2005).

As compared to the exporter's performance, the rep's performance may have a greater impact on the importer's judgment and decision-making and may exert influence on outcomes (Palmatier, Dant, Grewal, & Evans, 2006). Given the heightened uncertainties in global B2B contexts, we predict that an importer's commitment to a sales rep has strong and positive effects on the importer's purchase of the exporter's products.

A rep-owned commitment not only facilitates current transactions but also leads to future business. It enables buyer-seller dyads that foster better information sharing and joint problem solving. The importer is likely to make an effort in relational exchanges with the exporter as long as there is a personal bond with the sales rep (Morgan & Hunt, 1994; Noordewier, John, & Nevin, 1990). In global B2B markets, reps help to reduce uncertainty in an unfamiliar and foreign land and resolve conflicts in a constructive matter. Essentially, in addition to the exporter-owned commitment, reps exert significant personal influence on the importer's purchasing decisions in that they help solve problems, deal with uncertainties, and achieve mutual benefits. Therefore, we hypothesize:

> **H7**: Rep-owned commitment has a direct and positive impact on the exporter's sales performance with the importer.

3. Methods

3.1. Research setting and data collection

We tested our framework using data collected from four leading multinational trading companies headquartered in Shanghai, China. These firms export labor-intensive products, such as garments, textiles, personal and household products, to countries all over the world. We obtained authorization from these four trading companies to access their international client database, from which we randomly selected 500 buying firms as our sampling frame. We adopted the key informant approach and solicited participation from a contact person at each buying firm who was highly placed and knowledgeable about supplier relationships. These informants were asked to answer questions related to a key supplier, which was one of the four trading firms and its sales representative.

We invited 500 potential informants to participate in this research project via email. After two email reminders two weeks apart, we made phone calls to the non-responding firms to further explain the academic purpose of the study and ensure confidentiality of the data collected. Eventually, we obtained 160 completed questionnaires, a response rate of 32%. We compared the early respondents who replied after the first email notification and the late respondents and found no significant differences in terms of country location, years of relationship, or performance indicators.

Our respondents held titles of CEO/partner/general manager (21.3%), buying director (25%), senior buying manager (38.8%), or senior merchandiser (11.3%). On average, they had 15.7 years of industry experience and 7.6 years of company tenure. On average, their buying relationships with their key suppliers span 4.6 years, and their working relationships with the specific sales reps span 3.7 years. These statistics show that the informants are highly experienced and familiar with both their supply firms and their sales reps. As shown in Table 1, country representation spans 33 countries or regions, with 19 firms from Hong Kong (11.9%). While Hong Kong is a special administrative region of China, it is set apart from the rest of China because of its high degree of autonomy in executive, legislative and independent judicial power. Hong Kong is ranked second in terms of total trade value with the Chinese mainland (*China Daily*, 2014). Among other main importing firms, 18 firms are from Italy (11.3%), followed by 16 firms from the United States (10%), 15 French firms (9.4%), 15 Spanish firms (9.4%), and so on.

TABLE 1 ABOUT HERE

3.2.Questionnaire design and measures

We developed the questionnaire in three steps. First, potential measures for key constructs were identified from previous literature. Second, 10 sales reps from the four trading firms and 28 buying directors from their international client firms were interviewed to assess content validity. We modified some measures to better reflect their working language. Third, the questionnaire was pretested with another 10 buying directors, different from those who helped develop the questions. The final set of questions was sent together with a cover page explaining the academic purpose of the study and providing contact details. All the scales, unless specifically indicated, are measured with a seven-point Likert scale (1 = strongly disagree and 7 = strongly agree).

We carefully differentiated sales-rep constructs and seller-firm constructs. One section focused on "the relationship you have with the primary sales rep in the seller firm." We asked each informant to provide the name of the sales rep to be referenced in all questions in the section. Another section started with an emphasis on "the seller firm referenced in the cover letter." Therefore, there was no ambiguity about the focal party. Our measures of *capability trust* and *benevolence trust*, referenced to the sales rep, are adapted from Mayer and Davis (1999) to suit our context of international buyer-seller relationships. Capability trust captures the "can-do" component of trustworthiness by describing whether the sales rep has the abilities and knowledge needed to act in an appropriate fashion. Benevolent trust captures the "will-do" component of trustworthiness by describing whether the sales rep will choose to act positively toward the buyer. *Rep-owned commitment* is adapted from Palmatier et al. (2007) to describe the overall commitment the buyer has to the sales rep and the behavioral willingness to "go the extra mile" and switch to another company to follow the sales rep. Items for *firm-owned commitment* are adopted from Anderson and Weitz (1992). They all assess the buyer's willingness to forge a long-term relationship with the selling firm.

We computed cultural distance (*CD*) scores based on Kogut and Singh's (1988) CD-index formula with each country's cultural dimension scores extracted from Hofstede (2001)'s work. Specifically, for each country j, its cultural distance from China (CD_j) is calculated based on $\sum_{i=1}^{4}\left\{\left(I_{ij}-I_{iChina}\right)^2/V_i\right\}/4$, where I_{ij} is country j's score on the ith cultural dimension, I_{iChina} is the score of China on this dimension, and V_i is the variance of the score of the dimension. There are four cultural dimensions in the formula (i=1, 2, 3, 4), including power distance, uncertainty avoidance, masculinity, and individuality. In this study, the resultant cultural distance scores range from 0.33 (between Hong Kong and China) to 5.39 (between Denmark and China), with a mean value of 2.74 (See Table 1 for each country's *CD* score).

We used three items to capture the sales outcomes. Two items index *current sales performance.* One is the natural log of sales volume that occurred between the buyer and seller in the past year (USD). The sales volume data was obtained from the selling firms' archival records for each customer. The other item is rated by the buyer: Of the potential products you could purchase from this supplier, what percentage share does it currently have? This item captures the selling firm's relative share of sales compared to other suppliers. In business terms, this reflects the supplier's share of wallet, or the percentage of a customer's spending within a category that is captured by a given supplier. Access to both the archival sales data and the buyer-rated sales share enables us to gauge the seller's sales performance in a balanced way. Moreover, to understand the buyer's future purchase intentions, we measured *future sales performance*, which is also rated by the buyer: Of the potential products you could purchase from this supplier, what percent share do you estimate it will have three years from now?

We included *relationship length* as a control variable for firm-owned commitment and for sales outcomes, as suggested in the relationship management literature (e.g., Dyer & Chu, 2003; Jap & Ganesan, 2000). We also included *alternative suppliers*, measured by the number of other suppliers that could provide similar products, to control for its effects. Previous literature on B2B relationships suggest that the availability of alternative suppliers indicates a buyer's relative dependence on the focal supplier, and hence affects a wide range of relational and economic outcomes (e.g. Jap & Ganesan 2000; Gu, Kim, Tse and Wang 2010). Lastly, following previous literature (e.g., Antia & Frazier 2001; Gu et al., 2010), *firm size*, measured by a natural log of number of staff in the buyer firm, is controlled because of its potential effects on the final sales outcomes.

3.3. Measurement model

In Table 2, we summarize the constructs, measurement items, and model statistics. We subjected all multi-item subjective constructs to a confirmatory factor analysis. We restricted each item's loading to its a priori factor and allowed each factor to correlate with all other factors. The fit indexes were satisfactory [$\chi^2_{(57)}$ =75.062, p<.01, goodness-of-fit index (GFI) = .935, comparative fit index (CFI) =.988, incremental fit index (IFI) = .988, and root mean square error of approximation (RMSEA) = .045].

<u>TABLE 2 ABOUT HERE</u>

All standardized factor loadings were significant (p <.001), demonstrating convergent validity. All the composite reliability values (CR) are greater than .80, again, in support of convergent validity (Bagozzi, Yi, & Phillips, 1991). We assessed the discriminant validity of the measures using two approaches. First, we calculated the shared variance between all possible pairs of constructs; they were lower than the AVE for any individual construct (ranging from .59 to .84; see Table 2). For example, the highest shared variance between capability trust and any other construct is .49 (i.e., between capability trust and benevolence trust), lower than the AVE of capability trust (.59), thus providing evidence of discriminant validity of this construct. Second, we used a more stringent method based on chi-square difference tests (Bagozzi et al., 1991). For all the constructs in pairs, we calculated the difference between one model, which allowed the correlation between the constructs to be constrained to unity (i.e., perfectly correlated), and another model, which allowed the correlations to be free. For example, in testing benevolence trust and rep-owned commitment, which shared the highest correlation among all pairs, the chi-square difference test between two models ($\Delta\chi^2(1) = 46.32$, $p <.001$) was highly significant. All the pair-wise model comparisons resulted in significant differences, affirming the discriminant validity of the constructs. Based on these estimation results, we conclude that the measures in this study are distinct and reliable. Table 3 provides the descriptive statistics and inter-construct correlations among all variables.

<u>TABLE 3 ABOUT HERE</u>

3.4. Common method variance

To reduce common method bias, we matched the survey data with sales records in the four trading firms' databases. Sales volume in the past year ranges from US$5,000 to US$2,500,000, with a mean value of US$484,613, suggesting sufficient variance in the yearly purchasing amounts. Moreover, we asked buying firms, "Of the potential products you could purchase from this supplier, what percent share does it currently have?" and "What percent share do you estimate it will have three years from now?" These two percentages, together with the actual sales figures, serve as the dependent variables in our hypotheses testing. Because they are based on facts of the focal supplier-buyer relationship, they minimize our concerns about common method, especially regarding the effects of rep-owned and firm-owned commitment.

Furthermore, unlike subjective cultural distance perceptions, our use of objective cultural distance scores reduces the potential common method problem. Specifically, when testing the moderating role of cultural distance in the trust-commitment relationships, it is unlikely that respondents would be aware of the nuanced interactive effects.

In addition to these data source considerations, we added a common method factor in our structural equation modeling. Specifically, we followed Podsakoff, MacKenzie, Lee and Podsakoff (2003) to allow each subjective item to load on their theoretical constructs as well as on a latent common method variance factor to control for the latter's potential effects. The significance levels of the structural parameters both with and without the latent common methods variance factor in the model remain highly consistent. Results shown in tables 4 and 5 are based on models with the latent common method factor, hence free from potential effects of the common method factor.

In summary, after considering the data collection procedures and statistical tests, we conclude that common method variance does not pose a serious threat in this study.

4. Results

We performed structural equation modeling to test the theoretical framework as described in Figure 1. We report test results of main effects in Table 4 and those of moderation effects in Table 5.

4.1 Main effects.

In Table 4, we report structural estimation results related to all hypothesized main effects. In the model specification, in addition to the links proposed in our theoretical model, we also include the links from control variables to all endogenous variables. Moreover, as explained above, a common method variance factor is included to control for its potential effects. The overall model fit statistics show a satisfactory fit of our model to the data ($\chi^2(114)$ =184.745, CFI =.968, IFI = .969, RMSEA= .062).

<u>TABLE 4 ABOUT HERE</u>

We hypothesize that both capability trust (H1) and benevolence trust (H2) of the sales rep positively affect the international buyer's commitment to the sales rep. Results show that capability trust registers a highly significant and positive impact on rep-owned commitment (γ =.284, $p < .05$), as does benevolence trust (γ = .425, $p <.001$). The results provide strong support for H1 and H2.

We also hypothesize that rep-owned commitment positively affects the international buyer's commitment to the selling firm (H5), which will increase actual sales performance and future sales expectations (H6) between the buyer and seller firms. H5 received strong empirical support in that rep-owned commitment positively links to firm-owned commitment (β = .790, $p <.001$). But firm-owned commitment has little impact on sales performance, current or future, refuting H6.

We hypothesize that rep-owned commitment has a positive and direct impact on current and future sales performance (H7). Results show that it increases actual sales revenue (β = .761, $p <.001$) significantly and enhances the seller's share of the buyer's overall purchase (β = .515, $p <.001$) significantly. Furthermore, rep-owned commitment predicts the buyer's expected future purchasing. It has a positive influence on the buyer's expected future purchase share of the selling firm (β =.594, $p<.001$). These results provide strong support for H7.

Because firm-owned commitment has no significant effect on performance variables, we conducted another structural model estimation with the links from firm-owned commitment to three sales outcomes removed. This parsimonious model also fits our data well (χ^2 (117) =185.719, CFI =.969, IFI = .970, RMSEA= .061), showing that removing the three links does not hurt our model fit. All the structural path estimates and significance levels are by and large similar to those in our full model, providing additional evidence for model stability. Comparing the effects of rep-owned and firm-owned commitment, we conclude that, in international buying situations, rep-owned commitment has much stronger predictability for sales performance. Sales reps who have trusted, committed, and long-lasting relationships with international clients have the ability to influence firm sales to a great extent, despite the interfirm commitment.

4.2 Moderation effects.

We have two hypotheses regarding the moderating role of cultural distance, an important factor in international buyer-seller relationship. In H3, we hypothesize that culture distance reduces the effect of capability trust on rep-owned commitment. Conversely, in H4, we hypothesize that culture distance strengthens the effect of benevolence trust on rep-owned commitment.

<u>TABLE 5 ABOUT HERE</u>

To test these hypotheses, we split our sample into two groups—high and low culture distance, relative to the median value (2.60). Following the moderation test procedure that Jaccard and Turrisi (2003) suggested, we first conduct multi-group estimation with the path parameter from capability trust to rep-owned commitment and that from benevolent trust to rep-owned commitment freely estimated across the high and low groups. All the other path parameters are included as described in the main effects model (i.e., parsimonious model in Table 4). This baseline model fits the data satisfactorily (χ^2 (234) =322.533, CFI =.960, IFI = .962, RMSEA= .049).

In the second step, we proceed to an individual parameter estimation, in which we constrain each relevant pair of parameter estimates to be equal across high and low groups and then assess the change of model fit between the models. A significant chi-square value change between the two models provides evidence of interaction, and an insignificant change indicates the equivalence of parameters. As shown in Table 5, regarding the path from capability trust to rep-owned commitment, the path estimate for the low group (γ_{LOW} = .665, p < .05) is significant, yet shows insignificance for the high group (γ_{HIGH} =.122, p > .10). The chi-square difference test results in a significant change ($\Delta\chi^2(1)$ = 2.931, p < .10), in support of H3. By contrast, regarding the path from benevolence trust to rep-owned commitment, the path estimate is not significant for the low group (γ_{LOW} = .255, p > .10) but is positive and significant for the high group (γ_{HIGH} =.797, p < .001), consistent with our expectation. The chi-square difference test further shows a significant result ($\Delta\chi^2(1)$ = 4.058, p < .05), in support of H4. In all, there is a clear pattern of the moderating role of culture distance, such that in international buyer-seller relationships with lower culture distance capability trust has greater capacity in promoting rep-owned commitment, but when the partners display higher culture distance, benevolence trust is more important and plays a greater role in developing rep-owned commitment.

For the control variables, we found relationship length positively affects the final financial outcomes, in terms of natural log of sales (p < .05), sales share (p < .05) and future sales share (p < .10; Table 4). We found that the effects are more pronounced in the high CD sample (Table 5), in that it affects all three outcomes at .05 significance level. But its effect only shows on sales share at .10 significance level in the low CD sample. Furthermore, we found that the number of alternative suppliers negatively affects both current and future sales share ($p < .10$; Table 4). It is reasonable that the more alternative suppliers the buyer has, the lower the proportion of sales that may possibly be captured by the focal supplier. Again, the effect is more pronounced in the high CD sample (Table 5). The effect of firm sizes registers no significance on financial outcomes ($p > .10$; Table 4 and 5). Adding these control variables does not alter the sign and statistical significance of other hypothesized parameters.

5. Conclusion and Discussion

Local knowledge is essential to firms' success in the era of globalization. However, such knowledge is often difficult and expensive to acquire in foreign markets. From a buyer's perspective, sales reps who possess knowledge and insight into international markets are of great value. From a seller's perspective, sales reps are important means of creating value for international customers and repatriating value back to the company. This research examines the critical roles of sales reps in global markets. The results from 160 international buyer-seller dyads spanning 33 import countries confirm that sales reps who are perceived as trustworthy by buyers in both capability and benevolence dimensions are more likely to cultivate rep-owned commitment, which significantly enhances the seller firm's performance in terms of sales revenue and purchase share from the buyer. Moreover, we show how cultural distance between the buyer country and seller country alters the effectiveness of the trust-commitment building processes. In particular, when cultural distance between the two countries is low, the sales rep's capability trust is more important in building rep-owned commitment. In contrast, when cultural distance is high, the sales rep's benevolence trust is more important in developing rep-owned commitment.

5.1 The critical role of sales reps

Relationship marketing literature has long recognized the importance of interpersonal relationships in business-to-business exchanges (Doney & Cannon, 1997; Gu, Hung, & Tse 2008; Wathne, BIong, & Heide 2001). Sales reps acting as key boundary spanners in seller firm have been shown to exert great influence on a buying firm's attitudes and behavior (Palmatier et al., 2007) However, extending the research to cross-cultural contexts, scholars have yet to answer (1) if sales reps still matter or would matter more in international buyer-seller relationships, and (2) what kind of sales reps are more likely to develop committed buyer relationships that benefit the firm. Thus, this research focuses on these questions to respond to the pressing call for the "internationalization of sales research" (Panagopoulos et al., 2011).

Based on data collected from Chinese exporters (i.e., the archival sales data of the focal relationship) and their foreign buyers (i.e., perceptual data about the relationship), we present findings that supplement results from previous export marketing literature that mostly focus on the exporters' view in developed economies (e.g., Bello & Gilliland, 1997; Leonidou, Talias, & Leonidou, 2008). As more and more firms from emerging markets attempt to access global markets, our study is relevant and timely and generates new insights. One central conclusion which can be drawn from this study is that the commitment owned by the sales representative produces more sales revenue and a higher percentage of the buyer's category purchase now and in the future. Indeed, our results show that the explained variances for the natural log of sales, current purchase share, and estimated future purchase share are as high as 57.9%, 26.5%, and 35.3%, respectively, by rep-owned commitment alone. This overriding effect is unlikely to be the result of common method bias given the fact that our outcome variables include both actual sales volume and purchase share estimates, and we have statistically controlled the potential CMV effect following Podsakoff et al.'s (2003) procedures. This effect is also unlikely to be confounded by a firm-level commitment. We specifically allowed the effects of firm-owned commitment to act on rep-owned commitment and on the final financial outcomes. The performance effects of firm-owned commitment are insignificant and negligible, rendering the process of rep-owned commitment → firm-owned commitment → performance not applicable in our context. Therefore, our finding contradicts the commonly expressed belief that firm-level attitudes and/or beliefs assume a mediating role in the influence of boundary spanners' relationship building (e.g., Macintosh & Lockshin, 1997; Palmatier et al., 2007). We consider that the much greater benefit of rep-owned commitment than firm-owned commitment in boosting sales is due to the international context of our study. In international business exchanges, especially for firms from developed countries tasked with buying from a developing country, it can be perplexing whether to rely on the seller firm or the sales rep. Because of the geographical distance between the buyer and seller which results in a wide range of differences in language, culture, and values, buyers often find it difficult to evaluate and monitor the conduct of their foreign trading partners (Bello & Gilliland, 1997; Klein & Roth 1990). When the sellers are embedded in an institutional environment that mixes explicit regulations and implicit norms, hinges on both contracts and guanxi, and is often impacted by government forces as in the case of China (Gu, Hung, & Tse 2008), the foreign buyer tends to consider the evaluation of firm trustworthiness less effective than the judgment of personal integrity and capability. Interpersonal communication, arising from personal likability, trustworthiness, and commitment enables the flow of data and feedback needed for successful trading exchanges.

Overall, by focusing on the role of rep-owned commitment, this study deepens and broadens our understanding of managing buyer-seller relationships to enhance financial returns in the global marketplace. These findings have double-edged implications. On one hand, reliable personal relationships with clients can bring enormous dividends to the selling firm. But on the other hand, if the key sales rep leaves the company, it can have a major negative impact on the seller firm. In view of this, there are important managerial implications for exporters selling through sales reps. First, exporters need to build rapport and align interests with their sales reps so that what is in the best interest of the firm is also in the best interest of the sales reps. Both socialization (through intrinsic motivation) and incentives (through extrinsic motivation) are mechanisms toward goal sharing and interest alignment. The inability to properly motivate salespeople can result in sales reps' underperformance or defection.

Second, strategic containment of the power of individual sales reps is essential. Industry practices suggest that firms can team sales reps to serve important clients, thus ensuring that information flow is distributed among team members and various aspects of the client's needs are served by different individuals. With this set-up, individual sales reps cannot leverage sensitive information about the company's clients when moving to a different company. They also have less capability to hijack clients without the support of their team members' expertise. Clients are better off staying with the incumbent seller if their needs are better served by a team of people. When properly managed, such an organizational arrangement can effectively motivate sales reps to collaborate and excel as a team rather than seek individual goals outside the company.

5.2 The moderating effect of culture

Despite the growing trend toward globalization, extant research in marketing provides little guidance on whether and how business-to-business relationship strategies should be adapted to different cultures, partly due to the complexity and costs of collecting multi-cultural data (Samaha et al., 2014). Our study serves as an initial attempt to assess how cultural distance between export and import countries moderates the relationship building process for international trading partners. In particular, we focus on two types of individual-level trust: capability trust and benevolence trust of an importer toward the sales rep of an exporter. We find that while both capability and benevolence trust positively affect rep-owned commitment, their effects vary and are contingent upon cultural factors. Trust that is based on capability, knowledge, and skill is more effective in promoting commitment when two partners are culturally similar. Yet, when cultural distance widens, capability-based trust gives away to benevolence trust, which emphasizes goodwill and genuine concern for the partner's welfare, in fostering long-term oriented commitment.

These findings advance our understanding about the marketing strategy standardization issue which has been hotly debated for decades. In their pioneering research, Katsikeas, Samiee, & Theodosiou (2006) incorporated the contingency perspective to examine the performance consequences of *fit* between marketing strategy standardization/adaptation and context of the subsidiary, with encouraging results. Our study builds on the idea of *fit* and offers a more nuanced answer to the question of whether sales management should be standardized or adapted across cultures (Panagopoulos et al., 2011) concluding that it depends on the exporter's foreign buyers' cultural backgrounds. If the foreign buyers are culturally homogenous and similar to the seller, a more standardized knowledge-based selling approach will be effective. If many of the foreign buyers are culturally distant from the seller, a more adaptive human-touch style of selling will be more appropriate.

Viewed from another perspective, it is also evident that the exporting firm can best capture sales reps' value by matching them with clients from different cultural backgrounds. Highly capable and knowledgeable sales reps are better off serving clients from culturally similar countries, whereas more value and better fit accrues when munificent and caring sales reps are assigned to clients from distant cultures.

Overall, our study provides support to the strategic fit perspective in standardization and adaptation research (Katsikeas et al., 2006; Theodosiou & Leonidou, 2003). A careful amalgamation of salespeople's characteristics, selling approaches, and international buyers' cultural origins enhances the overall value of salespeople and improves relationship performance.

5.3 Limitations and future research

This research has some limitations that allow scholars to further examine B2B relationships in global markets. First, while we differentiate sales reps and selling firms in this study, purchase representatives and purchase firms are not distinguished. It is possible that the interpersonal relationships between purchase reps and sales reps are a strong factor for rep-owned and firm-owned commitment. Therefore, a comprehensive examination of individual- and firm-level relationships should be analyzed by a 2 by 2 matrix: sales rep and purchase rep; sales rep and purchase firm; purchase rep and selling firm; purchase firm and selling firm (Fang, Palmatier, Scheer, & Li, 2008). Second, this study sheds some light on the impact of cultural distance. Our study, however, treats cultural distance as a general construct and does not hypothesize or test the effects of its various dimensions. For example, distance between collectivism and individualism—compared to power distance—may come from different theoretical foundations and function differently. The dimensions of cultural difference may influence partners' exchange attitudes and behaviors to differing degrees or even in opposing directions. Third, our study fails to support the effect of firm-owned commitment on a seller firm's performance. Future studies are needed to delineate the contextual factors that influence the effectiveness of different levels of commitment. For example, will firm-level commitment have greater performance-enhancing capability than rep-owned commitment in a relatively stable environment for more complex products? Investigations into these international and operating environments are warranted to further detail the antecedents and consequences of different levels of commitment. We hope this paper opens more research opportunities for international marketing scholars to solve these intriguing questions.

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Table 1 Country Profile and Cultural Distance Index

Country	*Frequency*	*Percentage (%)*	*Culture Distance**
Australia	7	4.4	4.60
Austria	3	1.9	3.59
Belgium	3	1.9	2.95
Brazil	4	2.5	2.21
Canada	3	1.9	3.54
Chile	1	.6	3.92
Denmark	1	.6	5.39
France	15	9.4	2.60
Germany	5	3.1	1.85
Greece	3	1.9	2.82
Hong Kong	19	11.9	0.33
Ireland	1	0.6	3.64
Israel	3	1.9	3.97
Italy	18	11.3	2.09
Japan	1	0.6	2.38
South Korea	2	1.3	1.66
Mexico	2	1.3	4.87
Netherlands	7	4.4	4.35
New Zealand	2	1.3	4.45
Norway	1	0.6	4.53
Poland	1	0.6	2.58
Portugal	4	2.5	3.55
Russia	3	1.9	2.01
Saudi Arabia	2	1.3	2.16
South Africa	2	1.3	2.63
Spain	15	9.4	2.52
Switzerland	2	1.3	2.56
Syria	1	0.6	1.77
Taiwan	2	1.3	1.26
Turkey	2	1.3	2.27
UAE	3	1.9	3.67
UK	6	3.8	3.40
USA	16	10.0	4.12
Total	160	100.0	--

Note: * Cultural Distance scores are based on Kogut and Singh's (1988) CD-index formula, $\sum_{i=1}^{4}\left\{\left(I_{ij}-I_{iChina}\right)^2/V_i\right\}/4$, where I_{ij} is country j's score on the ith cultural dimension, I_{iChina} is the score of China on this dimension, and V_i is the variance of the score of the dimension. There are four cultural dimensions in the formula (i=1, 2, 3, 4), including power distance, uncertainty avoidance, masculinity, and individuality. Scores on these dimensions were extracted from Hofstede (2001).

Table 2 Construct Measurement Scales and Properties

Multi-item construct measures	*Std. loading*
Capability Trust (adapted from Mayer & Davis, 1999; **CR** = .85; **AVE** =.59)	
1. This rep has much knowledge about the products we are dealing with.	.81
2. This rep is very capable of performing his/her job.	.82
3. This rep is well qualified.	.73
4. We are very confident about this rep's skills and knowledge.	.71
Benevolence Trust (adapted from Mayer & Davis, 1999; **CR** = .94; **AVE** =.84)	
1. This rep is very concerned with our welfare.	.97
2. This rep really looks out for what is important to us.	.98
3. This rep always keeps promises he/she makes to our firm.	.78
Rep-Owned Commitment (adapted from Palmatier, Scheer, & Steenkamp, 2007; **CR** = .81; **AVE** =.59)	
1. We are very committed to this rep.	.85
2. We are willing "to go the extra mile" to work with this rep.	.76
3. If this rep. switches to another company, we would very likely to follow him/her.	.68
Firm-Owned Commitment (adapted from Anderson & Weitz, 1992; **CR** = .85; **AVE** =.66)	
1. We have a strong sense of loyalty to the selling firm.	.78
2. We are quite willing to make long-term investments in cooperating with the selling firm.	.86
3. Our relationship with the selling firm is a long-term alliance.	.79
Overall model fit indices:	
$\chi^2(57)$ =75.062, GFI= .935, CFI =.988, IFI = .988, RMSEA= .045	

Single-item variables

Dependent variables

1. Current sales: *Natural log of sales volume in the last year (USD)*
2. Current sales share: *Of the potential products you could purchase from this supplier, what percent share does it currently have?*
3. Future sales share: *Of the potential products you could purchase from this supplier, what percent share do you estimate it will have 3 years from now?*

Control variables

1. Relationship length: *How many years have you worked with this rep?*
2. Firm size: *Natural log of number of staff in the buyer firm.*
3. Alternative suppliers: *How many alternative suppliers could provide you the products that this supplier provides?*

Note: All the scales are seven-point Likert scales (1 = strongly disagree and 7 = strongly agree), unless stated otherwise. CR = composite reliability. AVE = average variance extracted.

Table 3 Construct Correlations and Statistics (n=160)

	1	2	3	4	5	6	7	8	9	10	11
1. Cultural distance	1.00										
2. Capability trust	.01	1.00									
3. Benevolence trust	.05	.70**	1.00								
4. Rep-owned commitment	.07	.61**	.72**	1.00							
5. Firm-owned commitment	.01	.50**	.70**	.61**	1.00						
6. Relationship length	-.02	.26**	.39**	.22**	.27**	1.00					
7. Buyer firm size	-.03	-.17*	-.15	-.06	-.16*	-.13	1.00				
8. Alternative suppliers	-.11	-.34**	-.38**	-.34**	-.34**	-.15	.46**	1.00			
9. Current sales	.03	.65**	.76**	.66**	.66**	.37**	-.11	-.31**	1.00		
10. Current sales share	.11	.47**	.61**	.50**	.52**	.35**	-.21**	-.39**	.64**	1.00	
11. Future sales share	.15	.44**	.61**	.53**	.51**	.32**	-.21**	-.39**	.65**	.94**	1.00
Mean	2.74	5.91	5.89	5.70	5.89	3.66	2.89	8.29	5.49	.26	.36
Standard deviation	1.26	.74	.80	.81	.80	3.22	1.13	6.28	1.35	.25	.26

** p <.01, * p <.05

Table 4 Hypothesis Testing of Main Effects and Model Comparison

	Full Model+		Parsimonious Model+
Structural paths	*Std. path estimates*	*Hypothesis (Y/N)*	*Std. path estimates*
Capability trust → Rep-owned commitment	.284**	H1 (Y)	.284**
Benevolence trust → Rep-owned commitment	.653***	H2 (Y)	.655***
Rep-owned commitment → Firm-owned commitment	.790***	H5 (Y)	.797***
Firm-owned commitment →Natural log of sales	.06	H6 (N)	---
Firm-owned commitment → Sales share (%)	.046	H6 (N)	---
Firm-owned commitment → Future sales share (%)	-.01	H6 (N)	---
Rep-owned commitment →Natural log of sales	.761***	H7 (Y)	.815***
Rep-owned commitment →Sales share (%)	.515***	H7 (Y)	.556***
Rep-owned commitment →Future sales share (%)	.594***	H7 (Y)	.587***
Controlled effects:			
Relationship length → Firm-owned commitment	.038		.035
Relationship length → Natural log of sales	.117**		0.117**
Relationship length → Sales share (%)	.15**		0.15**
Relationship length → Future sales share (%)	.113*		0.112*
Alternative suppliers → Firm-owned commitment	-.044		-.041
Alternative suppliers → Natural log of sales	.017		.017
Alternative suppliers → Sales share (%)	-.12*		-.12*
Alternative suppliers → Future sales share (%)	-.12*		-.12*
Firm size → Natural log of sales	.005		.003
Firm size → Sales share (%)	-.066		-.068
Firm size → Future sales share (%)	-.066		-.066

Full model fit indices: $\chi^2(114)$ =184.745, CFI =.968, IFI = .969, RMSEA= .062
Parsimonious model fit indices: $\chi^2(117)$ =185.719, CFI =.969, IFI = .970, RMSEA= .061

Notes: + We followed Podsakoff et al. (2003) to allow each subjective item to load on their theoretical constructs as well as on a latent common method variance factor, to control for the latter's potential effects. The significance levels of the structural parameters both within and without the latent common methods variance factor in the model remain highly consistent.
*** p< 0.001, ** p<.05, * p<.10 (two-tailed t test)

Table 5 Multi-Group Analysis of the Moderating Role of Culture Distance

Structural paths	**Std. path estimates**$^{+}$		**Hypotheses (Y/N)**
	Low CD	*High CD*	
Capability trust → Rep-owned commitment	.688**	.122	
	$\Delta\chi^2(1) = 2.931$*		H3 (Y)
Benevolence trust → Rep-owned commitment	.255	.797***	
	$\Delta\chi^2(1) = 4.058$**		H4 (Y)
Rep-owned commitment → Firm-owned commitment	.779***	.810***	
Rep-owned commitment →Natural log of sales	.799***	.788***	
Rep-owned commitment →Sales share (%)	.467***	.592***	
Rep-owned commitment →Future sales share (%)	.484***	.618***	
Controlled effects:			
Relationship length → Firm-owned commitment	.043	.061	
Relationship length → Natural log of sales	.108	.174**	
Relationship length → Sales share (%)	.155*	.182**	
Relationship length → Future sales share (%)	.089	.178**	
Alternative suppliers → Firm-owned commitment	-.134	.061	
Alternative suppliers → Natural log of sales	.076	-.072	
Alternative suppliers → Sales share (%)	-.097	-.182*	
Alternative suppliers → Future sales share (%)	-.11	-.171*	
Firm size → Natural log of sales	-.054	.101	
Firm size → Sales share (%)	-.148	.042	
Firm size → Future sales share (%)	-.119	.026	
Baseline model fit indices (without path equivalence constraint):			
$\chi^2(234)$ =322.533, CFI =.960, IFI = .962, RMSEA= .049			

Notes: $^{+}$ See note under Table 4.
Chi-square difference test is conducted between models with and without coefficient equivalence constraint of relevant paths.
*** p < 0.001, ** p < 0.05, * p < 0.1 (two-tailed t test or chi-square test)

FIGURE 1
Conceptual Framework