

Title:
Managing cultural differences in exporter-importer relationships

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Abstract: A multi-dimensional cultural sensitivity concept to be applied in the context of exporter-importer relationships has been developed. The impact of this model on relational characteristics – trust and information exchange - has been tested. The model was tested using a sample of 111 salespeople in the Norwegian seafood export industry. Regression analysis based on the method of ordinary least squares was conducted to test seven hypotheses. This research has identified specific kinds of competence indicating a salesperson's cultural sensitivity which are essential to succeed in dealings with customers in the export markets as follows: open-mindedness, country experience, an adaptive business style and language skills. For example, language skills enhance a person's ability to negotiate successfully with foreign partners. The multi-dimensional concept of cultural sensitivity could be tested further by including various industry types and variations in type of products would allow comparison between the different industry types. The scales representing open-mindedness, country experience, an adaptive business style and language skills can be used as guiding tools in the process to identify capable salespeople and to work out individual plans to enhance salespeople's cultural sensitivity. Previous research has proposed a one-dimensional concept of cultural sensitivity, but researchers have raised their voices to suggest that this concept is inadequately developed. A multi-dimensional concept is considered to be a better method to identify specific competences that are required to deal successfully with customers in the export markets. **Keywords** – Multi-dimensional concept of cultural sensitivity, seafood industry, relational exchange, exporter-importer relationships

Paper type – Research paper

1. Introduction

In recent years, how to maintain business relationships in international distribution channels has received attention by a number of researchers (e.g. Bello *et al.*, 2003; C. Zhang *et al.*, 2003; Harich and LaBahn, 1998; LaBahn and Harich, 1997; Skarmeas *et al.*, 2002). Managing business relationships in this kind of context is a challenging task, not least because of the cultural differences between the business partners (Bello *et al.*, 2003; Chaisrakeo and Speece, 2004; C. Zhang *et al.*, 2003; Harich and LaBahn, 1998; Kalé and Barnes, 1992). The ability to deal with customers in different cultural settings is considered essential in order to build and maintain business relationships in international markets (Harich and LaBahn, 1998; Shankarmahesh, *et al.*, 2004). This ability may be viewed as an asset, situating the export firm at an advantage in terms of performing effectively in competitive international markets (LaBahn and Harich, 1997; Skarmeas *et al.*, 2002).

A few studies use the concept *cultural sensitivity* in the study of how to manage cultural differences. The concept has attracted some interest among scholars whose interests include non-equity strategic alliances (Johnson *et al.*, 1996; Voss *et al.*, 2006), international marketing (Holzmüller and Stöttinger, 2001), cross-cultural training of expatriates (Zakaria, 2000) and exporter-importer relationships (Harich and LaBahn, 1998; LaBahn and Harich, 1997; Skarmeas *et al.*, 2002). LaBahn and Harich (1997) and Skarmeas *et al.* (2002) have offered an investigation of the role of cultural sensitivity in a selling-buying cross-border context. In these studies cultural sensitivity is viewed as a one-dimensional concept and refers to a partner's sensitivity to national business culture. Although these studies show that cultural sensitivity has a positive impact on relational qualities, which in turn influence relationship performance in a positive way, researchers have raised their voices to suggest that cultural sensitivity is still an inadequately developed concept (Harich and LaBahn, 1998, p.

87; LaBahn and Harich, 1997, p. 30; Skarmeas *et al.*, 2002, p. 773). Skarmeas *et al.* (2002, p. 773) point out that cultural sensitivity, in the way it is defined by them, may not fully capture its intended conceptual domain. LaBahn and Harich (1997) propose that future research could identify other dimensions.

This research offers two major contributions. First, the advancement of the cultural sensitivity concept by proposing a multi-dimensional concept as follows: open-mindedness, country experience, an adaptive business style and language skills. A multi-dimensional concept of cultural sensitivity is viewed as a better method than a one-dimensional concept to study cultural sensitivity. Second, this research provides new knowledge with regard to how business relationships crossing national borders can be managed. This is done by regarding the dimensions of cultural sensitivity as antecedents to relational qualities information exchange and trust between business partners. Research shows that trust and exchange of information are important characteristics of ongoing business relationships in cross-cultural contexts (Aulakh *et al.*, 1996; C. Zhang *et al.*, 2003; Johnson *et al.*, 1996; LaBahn and Harich, 1997). In the subsequent section, a review of the cultural sensitivity concept is given. A section which reviews experience in international markets follows then. Experience is considered as a prerequisite to advance cultural sensitivity. A section devoted to developing a model and positing hypotheses follows, and a presentation of methodology and measurement validation is then given. Finally, the findings are reported, followed by a discussion of the theoretical and managerial implications of the research and directions for future research.

2. Cultural sensitivity

LaBahn and Harich (1997) were the first to offer an investigation of the role of cultural sensitivity in a selling-buying cross-border context. Cultural sensitivity was defined as "...a

firm's understanding of and adaptation to its exchange partner's domestic business practices *as perceived by its partner* p.31, original italics" (LaBahn and Harich, 1997). They developed a measurement scale; a one-dimensional construct, composed of four items. Three items report the perceptual characteristics of the partner: understanding, awareness and sensitivity to a partner's way of conducting business. The fourth item reports the partner's willingness to adapt. *An adaptive business style*. In the discussions LaBahn and Harich (1997, p. 44) emphasise the ability to adapt: "...high levels of sensitivity to national business culture can be achieved by selecting salespeople who are prone to adapt to their customers..." These researchers also emphasise the behavioural aspect in an article published in 1998. The essence of cultural sensitivity is to what extent the salesperson accommodates the customer's buying process needs in matters such as business etiquette and business procedures. *Country experience*. Knowledge about a business partner's culture and business practices is viewed to be essential in order to succeed with accommodations (Harich and LaBahn 1998). This type of knowledge can primarily be acquired on the basis of experience: through interactions with business partners in international markets (Holden 2004, p. 567). A diverse set of experiences acquired in a specific market leads to in-depth knowledge about this market (Chetty *et al.* 2006, p. 701). Repeating interactions provide the basis from where the code of social tact is acquired. That is, he or she acquires understanding of how to behave in that specific setting (Magala 2005, p. 30).

Open-mindedness. Holzmüller and Stöttinger (2001) argue that non-cognitive skills – affective abilities – are the critical dimension of cultural sensitivity. The affective dimension is by some researchers associated with an individual's cross-cultural attitude, open-mindedness toward new ideas, and experience (Hammer *et al.*, 1978). Open-mindedness and non-judgemental attitude are viewed as important characteristics of cultural sensitivity by

Chaisrakeo and Speece (2004). These researchers also emphasise sensitivity to the verbal and non-verbal cues of people from foreign cultures as important characteristics of cultural sensitivity (Chaisrakeo and Speece 2004). *Language skills*. Sensitivity to the verbal and non-verbal cues of people from foreign countries can be enhanced by language skills (Hofstede 2001; Terpstra and David 1985). Culture includes language, and language is not neutral (Hofstede 2001, p. 21). Language influences our world-view (Usunier and Lee 2005, p. 166), and is the means by which cultural understanding can be communicated (Hofstede 2001, p. 21; Terpstra and David 1985, p. 18). Language is a guide for coding behaviour, expresses social priorities and provides a frame of reference (Hofstede, 2001; Terpstra and David, 1985). To conclude, the review shows that cultural sensitivity is not only a varied concept but also a challenging concept to study (Harich and LaBahn 1998). Accordingly, a multi-dimensional concept is considered a better method than a one-dimensional concept to study cultural sensitivity. The cultural sensitivity concept proposed in this study is composed of four dimensions as follows: open-mindedness, country experience, an adaptive business style and language skills. The theoretical definition is as follows: Cultural sensitivity refers to the competence of a salesperson who has the attitude, the skills and the experience required to deal with cultural differences in the export markets. Previous studies apply cultural sensitivity to the firm level (Johnson *et al.* 1996; LaBahn and Harich 1997; Skarmeas *et al.* 2002). Though, LaBahn and Harich (1997, p. 44) argue that high levels of sensitivity to national business culture can be attained by means of salespeople. In view of that, cultural sensitivity applies in this study to the person responsible for sales in the export market.

2.1. Experience: a prerequisite to advance cultural sensitivity

One field within international business promotes the view that experience is crucial to succeed in business dealings in international markets (e.g. Chetty *et al.*, 2006; Eriksson *et al.*,

1997; Johanson and Vahlne, 1977; 1990). Experience is in this study considered to be an important prerequisite to advance an individual's cultural sensitivity. The emphasis on experience contrasts with the view put forward by researchers who argue that cultural sensitivity can be acquired by learning about cultural standards expressing a range of behavioural aspects that are typical for a particular society (Holzmüller and Stöttinger, 2001). It is also contrary to the view of those who emphasise the importance of comprehensive cultural training programs (e.g. Johnson *et al.*, 1996; Zakaria, 2000). Other researchers refer to Hofstede's (2001) classification scheme, which describes how national cultures differ in terms of five dimensions: power distance, uncertainty, masculinity/femininity, individualism/collectivism and short-term/long-term orientation. The argument is that the scheme offers a basis for learning to know a culture (Harich and LaBahn, 1998; Usunier and Lee, 2005).

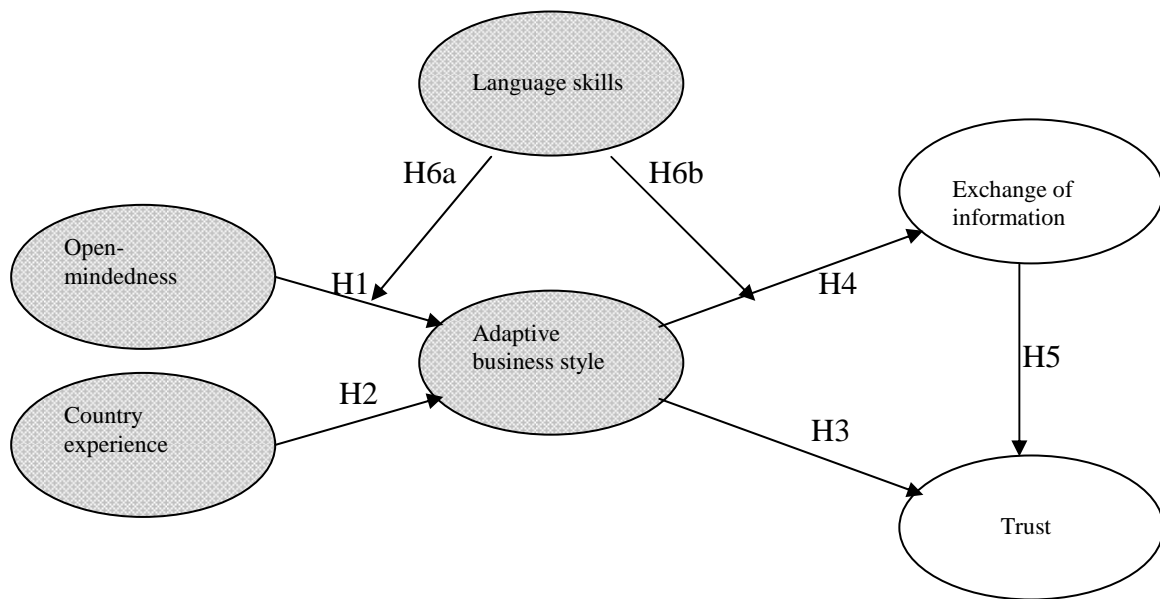
A businessperson should be careful in assessing his or her partner, sitting across a negotiation table, on the basis of a classification scheme of that partner's culture (Graham, 2003; Sebenius, 2002). Stereotyping can obstruct communication because stereotyping implies that individuality is being overlooked (Guirdam, 2005). Every individual represents a number of cultures, such as gender, ethnicity, profession and geographical area (Guirdham, 2005; Sebenius, 2002). The person to whom a set of cultural descriptions applies may not behave in accordance with such descriptions (Adler, 2002). People who work across cultures are often surprised by behaviours that challenge their stereotypes (Osland and Bird, 2000). Persons who have prepared for entering a new culture are likely to be faced with situations in which behaviours appear to challenge the very norms they were told to expect (Bird *et al.*, 1999). They must be prepared to adjust stereotypes, based on observations and experiences (Magala, 2005; Osland and Bird, 2000). Bird *et al.* argue as follows: "Moving beyond cultural

stereotypes and continually refining one's categories and knowledge of the other culture characterise self-learners" (1999). Knowledge about how to carry out business in a different culture does not necessarily imply a total understanding of the foreign mind-set and sharing of value systems (Shankarmahesh *et al.*, 2004).

3. Hypotheses

Figure 1 shows the conceptual model. It is hypothesised that an adaptive business style mediates open-mindedness and country experience. An adaptive business style originates from the adaptive selling literature, which proposes that the performance of a salesperson depends on the salesperson's ability to adapt his/her behaviour and style to different customers in different situations (Gengler *et al.*, 1995).

Figure 1. Conceptual model.



The shaded areas represent the variables representing the cultural sensitivity concept

Salespeople dealing with customers in various international markets are exposed to a variety of selling situations (Chairsraeko and Speece, 2004), and the ability to adapt should therefore be of great relevance. A key element of an adaptive business style is negotiation capabilities. Negotiations are a core activity of salespeople (Chairsraeko and Speece, 2004), and business

negotiations are highly culturally sensitive situations (Holzmüller and Stöttinger, 2001). The ability to adapt is assumed to be partly a result of open-mindedness.

3.1. Open-mindedness

Open-mindedness is the extent to which an individual is receptive to new information and situations including cultural differences (Harich and LaBahn 1998, p. 94). One of the major obstacles to effective international dealings is the tendency to refer to one's own culture norms, thereby risking to ignore some of the essential elements of the other party's culture (Usunier and Lee 2005, p. 509). "Routinized" mental models are likely to hinder a salesperson's receptiveness of subtle and new information. Unless one is motivated to learn and correct misperceptions, the locus of a problem cannot be discovered and improvements cannot take place (Morgan and Stoltman 1990, p. 48). "Routinized" mental models continue to operate unless an individual questions them, thus opening up to new ways of viewing the marketplace (Sinkula *et al.* 1997, p. 309).

An individual's beliefs or preconceived ideas about the characteristics of people affect her/his behaviour (Guirdham 2005, p. 149). An open-minded person recognises a partner's perspective and way of carrying out business, which is fundamental to ensure effective interactions with customers in international markets (Fenwick, *et al.* 2003, p. 308; Skarmeas *et al.* 2002, p. 763). A successful negotiator is able to take cues from his or her business partner and adapt accordingly (Cavusgil *et al.* 2002, pp. 141, 149). Open-mindedness enables a salesperson to accept new information more easily, and predisposes him or her to carry out necessary adaptations when dealing with foreign customers (Harich and LaBahn 1998, p. 94). The hypothesis is as follows: *H 1*. Greater open-mindedness increases salespeople's ability to perform an adaptive business style.

3.2. *Country experience*

Country experience refers to experience acquired on the basis of prior and current business assignments in the market of the ongoing business (Chetty *et al.*, 2006). Experience refers to the business climate, cultural patterns and structure of a specific foreign market and to the characteristics of the buyers in this market (Johanson and Vahlne, 1977, p. 28). This knowledge can only be acquired through experience. Multiple business assignments in a specific market is likely to deepen the salesperson's knowledge about how business is carried out in that market (Chetty *et al.* 2006, p. 701). Axinn (1988, pp. 64, 67) shows that previous experience in a specific market is important because it enhances an export manager's ability to assess and capitalise on export opportunities. Similarly, Denis and Depelteau (1985, p. 86) find that "...the exporter's most valuable information is obtained in the field, in the course of business transactions rather than through officially established information services, whether public or private." Export marketing management is facilitated by export experience acquired in the buying firm's country. Such experience leads to improved understanding of the market, and a network of personal contacts; consequently, product decisions, agents/distribution selection, and communication with partners in the market are improved (Madsen 1989, p. 50). Experience of the market targeted is essential, leading to improved understanding of the foreign business partner's culture and enabling the export firm to manage the business relationship better (Kalé and McIntyre, 1991; Morgan *et al.*, 2003). The following hypothesis has been proposed: *H2*. Greater country experience increases salespeople's ability to perform an adaptive business style in that market.

3.3. *Trust between exchange partners*

Trust is defined as a partner's confidence in an exchange partner's reliability and integrity (Morgan and Hunt, 1994). The presence of trust enables the business partners to focus on the long-term advantages of the relationship (Dwyer *et al.*, 1987; Morgan and Hunt, 1994). Johnson *et al.* (1996), who focus on non-equity strategic alliances between US and Japanese partners, find that there is a positive relationship between a higher level of cultural sensitivity, including adaptations, to a partner's cultural characteristics of the focal firm and a higher level of the partner trust of the focal firm. They find that trust results in trust: when your partner trusts you, you trust your partner (Johnson *et al.*, 1996). Mutual trust is more likely than one-way trust (Anderson and Weitz, 1989). Awareness of and adjustments to cultural differences seem to signal and strengthen trust (Johnson and Cullen, 2002). The hypothesis is as follows: *H3*. Greater levels of an adaptive business style increase trust between business partners.

3.4. Exchange of information

Exchange of information is defined as the extent to which the partners of a business relationship openly share information, formal as well as informal (LaBahn and Harich, 1997; Morgan and Hunt, 1994). Findings show that those who maintain a continuous flow of communication with the market are also likely to succeed in their export ventures (Czinkota and Johnston, 1983). However, communication difficulties are likely to lead to misunderstandings between business-partners in cross-cultural contexts (Adler, 2002; Adler and Graham, 1989; Kalé and Barnes, 1992). In order to minimise problems and enhance exchange of information, the extent to which a salesperson is prepared to deal with cultural differences is of vital importance (Kalé and Barnes, 1992). Evidence shows that partner awareness, understanding of and adjustments to a partner's way of conducting business lead to more open communication and sharing of information (LaBahn and Harich, 1997). The hypothesis is as follows: *H4*. Greater levels of an adaptive business style increase exchange of information between business partners.

3.5. *Exchange of information and trust*

Time, effort and problems solved involve exchange of information, which serves to bring business partners closer to each other (Anderson and Weitz, 1992). And a close and committed exchange relationship is likely to be characterised by trust (Anderson and Weitz, 1989; Morgan and Hunt, 1994). Aulakh *et al.* (1996, pp. 1011, 1024) find that exchange of information fosters trust between partner firms in cross-border contexts. In their view, trust implies expectations about future behaviour, and is therefore guided by past behaviour of an exchange partner. Past interactions, such as exchange of information, form the basis from where trust can be built. Similar findings have been produced by a study carried out by Anderson and Narus (1990, p. 45), focusing on the relationship between distributors and manufacturers in a domestic market. They view communication as an antecedent to trust building, based on the argument that constructive communication between interacting firms is a necessary mechanism for trust to evolve. Findings give support to this link (Anderson and Narus 1990, p. 52). In the same way, Morgan and Hunt (1994, p. 29) find support for the argument that exchange of information is required to maintain and strengthen trust. Although trust is present between partners in cross-border alliances, it can still be enhanced (Johnson and Cullen, 2002, refer to Sarkar *et al.*, 1997). The hypothesis is as follows: *H5*. Greater levels of exchange of information increase trust between business partners.

3.6. *Moderating effect: Language skills*

Language can be understood as “...a means of communication *within a particular culture* p. 18, original italics” (Terpstra and David, 1985). Language plays an essential role in intercultural interactions (Hofstede, 2001). Because business people share a professional culture with their business partners, they frequently underestimate obstacles that may emerge

because of language differences and problems of communication (Usunier and Lee, 2005). A person who has limited language skills is tempted by the fallacious assumption that what a foreign person can express in English words is all that this person has in mind. By mastering a partner's language, one gets to know the subtleties of that specific culture (Hofstede, 2001). A salesperson who is receptive to the verbal and non-verbal feedbacks from a foreign buyer is more likely to succeed in communications (Kalé and Barnes, 1992). Researchers argue "...that bi- and even multilingualism have a positive effect on psychological adjustment" (Hofstede, 2001, refers to Sarawathi and Dutta, 1987). Those who are aware of language differences are better prepared to adapt (Usunier and Lee, 2005). Thus, salespeople who master multiple languages have an awareness of language differences and should be prepared to deal successfully with customers in international markets, even when they encounter customers whose language they do not master. The following hypotheses have been proposed:

H6. Mastering several foreign languages strengthens the relationship between: a) open-mindedness and an adaptive business style, and b) an adaptive business style and exchange of information.

4. Methodology and data analyses

The Norwegian seafood export industry provides the empirical setting. The unit of analysis is the salesperson and one selected business relationship. The perspective of the selling side has been taken into account to assess a dyadic business relationship. As a first step, a review of the literature focusing on selling/buying business relationships, both in domestic and in export marketing channel settings, was carried out. An interview guide was developed and interviews with six persons, each one representing different firms located in Norway exporting seafood, were carried out to ascertain whether the theoretical approach chosen would be relevant (Shankarmahesh *et al.*, 2004). Then a new literature review followed.

Various fields of literature have been used to develop a multi-dimensional concept of cultural sensitivity, including international business, marketing and adaptive selling. The literature review provided the basis from where measurement scales were identified. The scales were accommodated to the context studied. Language skills are a new scale. The items included in the questionnaire were translated into Norwegian and then back-translated into English. Various people have read through the questionnaire to identify statements and formulations that may be difficult to understand. The questionnaire was pre-tested by four persons responsible for sales of seafood in export markets to identify any problems (de Mortange and Vossen, 1998). Some changes were carried out as a result of feedbacks.

The sampling frame was developed on the basis of a list held by the Norwegian Seafood Export Council. By November 2005 the number of registered exporters was 528. Every firm was contacted by telephone to identify those firms that qualified to take part in the survey. The effective sample consists of 272 exporting firms. 224 accepted to respond and a questionnaire, including a cover letter and a pre-paid envelope, was sent to each of them. An electronic version of the questionnaire was also given as an option. Participants in the survey were ensured anonymity. To motivate the respondent to respond, a report describing the main results of the study was offered in return.

O'Grady and Lane (1996, p. 317) argue that business relationships selected for a study investigating ongoing business relationships should preferably be running for a minimum of 2 years. The respondent was asked to select a business relationship with duration of 2 years or more. In addition, it is of great importance to ensure some variation in the responses (Anderson and Narus, 1990; Skarmeas *et al.*, 2002). The following instructions were given: If the respondent has served 3 or less customers in export markets for 2 years or more, the

respondent should select the customer who bought the largest volume seafood products in 2005. If the respondent has served 4 or 5 customers for 2 years or more, the respondent should select the customer who bought the second largest volume in 2005. If the respondent has served more than 5 customers for 2 years or more, the respondent should select the customer who bought the third largest volume in 2005. 78 responded after the first wave of questionnaires, 23 responded after the second, and 10 responded after the third wave. One questionnaire was excluded due to excessive missing data. 111 usable questionnaires were included in the analysis, which makes up a response rate of 40.8 percent. A test of non-response bias, a *t*-test of mean differences across the early and late response groups, shows that there are no significant differences for number of employees, turnover, export sales experience and key variables at the significance level 0.05 (Armstrong and Overton, 1977).

4.1. *Development of measures*

Trust is defined as the partner's confidence in an exchange partner's reliability and integrity (Morgan and Hunt, 1994). Five items were derived from studies carried out by Aulakh *et al.*, (1996), and Ganesan (1994). *Exchange of information* is defined as the extent to which the partners involved in the exchange relationship openly share information, formal as well as informal (Labahn and Harich, 1997; Morgan and Hunt, 1994). Two studies have been used as the sources of five items: Heide and John (1992) and LaBahn and Harich (1997). *Open-mindedness* is the degree to which an individual is receptive to new information and situations including cultural differences (Harich and LaBahn, 1998). Three items were adapted from a study carried out by Sinkula *et al.* (1997). *An adaptive business style* is defined as the altering of business style during a customer interaction or across customer interactions based on perceived information about the nature of the business situations (Weitz *et al.*, 1986). Five items were adapted from a study carried out by Robinson *et al.* (2002). All items were

measured on a five-point scale, ranging from “very poor description” to “very good description.” The items are presented in the appendix (table AI).

Country experience is inspired by a study carried out by Chetty *et al.* (2006)¹, and is viewed as a continuous variable; it consists of one indicator and is logarithmically transformed (ln). The use of logarithmically transformed variables is based on the assumption that an additional assignment in a foreign country is assumed to have a lesser impact on a person who is highly experienced than on a person who has just started to get such experience (Chetty *et al.*, 2006). The question put forward was as follows: Please state the number of customers that you have been serving in this market, previously and currently. The respondents were asked to include business relations with duration of 1 year or more, and to include all business relationships throughout their careers. *Language skills* are a new variable and are viewed as a moderator variable. 60 salespeople are classified in the category defined as mastering several foreign languages, and 45 salespeople are classified in the category defined as mastering one foreign language, which is English.² Three control variables are included and are as follows: export sales experience, frequencies of deliveries in 2005 and total number of long-term business relationships (duration of 2 years or more) managed by the respondent. In the adaptive selling literature, experience viewed in terms of sales experience is frequently used to test the nomological validity of adaptive selling (e.g. Spiro and Weitz, 1990). The control variables are continuous variables and are logarithmically transformed (ln).

4.2. *Measurement validation*

Reliability tests extracted in SPSS 14.0 show acceptable scores. All inter-item correlations are above 0.30, suggesting that the items relate well (Hair *et al.*, 1996). Also, all item-to-total

¹ This article was first published as a forthcoming article in Lindbergh’s thesis published in 2004.

² 5 respondents did not report their language skills and one person reported that he or she speaks Norwegian.

correlations are well above 0.30, providing evidence that the items correlate well with the total score (Field, 2005). Cronbach Alphas are above the cut-off level for all constructs (Hair *et al.*, 1996). Factor loadings and Cronbach Alphas are presented in the appendix table AI. Composite reliability and variance extracted are another two reliability measures. They were computed in LISREL 8.72, and the results are presented in the appendix table AII. Composite reliability values exceed the recommended level of 0.70, and the variance extracted values exceed the recommended level of 0.50 (Hair *et al.*, 1996). There is a problem related to the construct open-mindedness: LISREL cannot produce a solution. Anderson and Gerbing (1984, pp. 170-71) find that "...with only two indicators per factor, problems can arise with sample sizes of 150 or lower." Sample size and number of indicators per factor may explain why non-convergence and improper solutions occur. The sample size is 111, and open-mindedness is composed of two measures. One item was deleted as a result of factor analysis.

Factor loadings and *t* values for three of the constructs are presented in the appendix table AII. All *t* values are significant at $p < 0.01$, providing evidence that convergent validity is attained (Hair *et al.*, 1996). Discriminant validity was tested by carrying out an orthogonal (varimax) rotated factor analysis including each item composing the summated scales (Buvik and John, 2000). The items load properly on the theoretically correct factor. All loadings are above 0.600. Correlations between each pair of constructs are at acceptable levels (including all constructs in the conceptual model), providing evidence of discriminant validity. Common methods variance was tested by using the one-factor test described by Podsakoff and Organ (1986). All four variables (summated scales) were entered into a factor analysis, and the analysis produced four factors. The largest factor accounted for almost 30 percent of the covariance. This result indicates that common methods variance is not a problem.

5. Findings

Hypotheses were tested by using ordinary least square regression method. As a first step, the effects of open-mindedness and country experience on an adaptive business style were tested (Model 1). Open-mindedness and country experience have significant and positive effects on an adaptive business style. Thus, *H1* and *H2* are supported. These results imply that: the greater the open-mindedness, which implies that the salesperson continuously updates his/her view with regard to customers and markets, the greater the likelihood that this person will perform an adaptive business style; and the greater the diverse set of country experience, the greater the likelihood that a salesperson will perform an adaptive business style. Regression results show that open-mindedness and country experience do not have direct effects on trust and exchange of information, providing evidence that an adaptive business style is an intermediate variable. The overall pattern is maintained when control variables are included (Model 2). Frequency of deliveries demonstrates a significant and positive effect on adaptive business style, while the other two variables do not show significant effects. An adaptive business style does not have a significant effect on trust, which means that *H3* is not supported (Model 3). The explanation may be that an adaptive business style can only influence trust through information exchange, which the following results indicate. An adaptive business style has a positive and significant impact on exchange of information, though only at a $p < 0.10$ level (Model 4). Thus, *H4* is supported. The finding indicates that a high level of an adaptive business style facilitates exchange of information between the salesperson and the foreign business partner. Exchange of information has a significant and positive effect on trust between business partners (Model 5), and gives support to *H5*. This result shows that exchange of information serves to bring business partners closer to each other expressed in terms of trust, which is an important mechanism for coordinating business relationships crossing cultural borders (Johnson and Cullen, 2002).

Sub-group regression analyses were conducted to test the moderating effect of language skills. The GLM ANCOVA analysis (analysis of covariance) using SPSS 14.0 was carried out to check for the homogeneity of regression analysis (Field, 2005). The test of between-subjects effects shows that the regression slopes in the two groups – mastering several foreign languages and mastering one foreign language - are significantly different.³ A model was estimated including open-mindedness as an independent variable (Model 6). The results show that open-mindedness has a stronger effect on an adaptive business style when the salesperson masters two or more foreign languages. The relationship has strengthened from $p < 0.01$ to $p < 0.001$. This means that *H6a* is supported. Three independent variables are included when estimating model 7 as follows: open-mindedness, country experience and frequency of deliveries. Open-mindedness and frequency of deliveries have positive and significant effects on an adaptive business style, while country experience does not have a significant effect. For this group open-mindedness and frequency of deliveries have direct and significant effects on information exchange (Model 8). An adaptive business style has a significant effect on information exchange (Model 9), and gives support to *H6b*. The results show that an adaptive business style has a stronger effect on exchange of information when the salesperson masters two or more languages. The relationship has strengthened from $p < 0.10$ to $p < 0.05$. This shows that mastering several foreign languages enhances a salesperson's ability to perform an adaptive business style, leading to improved communication between the business partners. The results show that for the English speaking language group, open-mindedness does not have a significant effect on an adaptive business style, and an adaptive business style does not have a significant effect on information exchange (Models 10 and 11). The regression results are reported in table I.

³ The result attained for the open-mindedness – an adaptive business style relationship is $p=0.05$. The result attained for an adaptive business style – information exchange relationship is $p<0.05$. A comparison of means shows that there is a significant difference between salespeople mastering one foreign language (English) and salespeople mastering several foreign languages, with regard to an adaptive business style and open-mindedness ($p<0.05$).

Table I. Regression results.

Independent variables:	<i>B</i>										
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11
Open-mindedness	0.282***	0.305***									
Country experience	0.218**	0.231**									
Adaptive business style			0.012	0.170*							
Exchange of information					0.576****						
Several foreign language:											
Open-mindedness						0.439****	0.383***	0.296**			
Country experience							0.170				
Frequency of deliveries (2005)							0.256**	0.345***			
Adaptive business style									0.296**		
One foreign languages:											
Open-mindedness										0.074	
Adaptive business style											-0.144
Control variables:											
Nr of business relationships		-0.083									
Export sales experience		0.016									
Frequency of deliveries (2005)		0.228**									
Adjusted R^2	0.118	0.155	-0.000	0.020	0.326	0.179	0.246	0.177	0.072	-0.018	-0.002
<i>F</i>	5.922***	4.351***	0.015	3.247*	54.148****	13.825****	7.407****	7.363***	5.581**	0.239	0.911

N = 111: models 1-5, N = 60: models 6-9; N = 45: models 10 og 11 * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Dependent variable: Models 1-2, 6-7, 10: an adaptive business style; Models 3, 5: trust; Models 4, 8-9, 11: exchange of information.

6. Discussions and managerial implications

This study contributes to theory by proposing a multi-dimensional approach to researching the impact of cultural sensitivity on relational qualities. This provides the basis from where new knowledge with regard to how trust between business partners and information exchange can be enhanced. This research identifies specific kinds of competence indicating a salesperson's cultural sensitivity: open-mindedness, country experience, an adaptive business style and language skills. To enhance personnel's cultural sensitivity is one strategy to the maintaining of business relationships in a cross-border context. Open-mindedness predisposes the person to negotiate more effectively with customers. An open-minded attitude facilitates the learning of skills. Open-mindedness is a kind of attribute that cannot easily be acquired by individuals who do not already possess it (Johnson *et al.* 2006, p. 535). This implies that to identify those persons who are open-minded should be a key issue in the recruitment process. The positive and significant effect of country experience on an adaptive business style shows that interactions with various business partners facilitates a person's ability to practice flexibility, and improves the awareness of the differences in a specific market. Various assignments in the market of the ongoing business enhance a person's confidence and ability to deal with customers in this specific country. The positive impact of frequency of deliveries on an adaptive business style demonstrates the importance of repeating interactions with the customer to enhance negotiation skills and the ability to adjust to the specific customer. Thus, frequency of deliveries is important to enhance one of the key competencies indicating a salesperson's cultural sensitivity: an adaptive business style. This gives support to the view that experience is important to advance the ability to deal successfully with partners in a different cultural setting. An adaptive business style has a positive effect on information exchange, though only at a $p < .10$ level, but no effect on trust. The findings show that an adaptive business style influences trust through information exchange. This gives support to

previous research which shows that a high level of information exchange leads to trusting business relationships in seller – buyer cross border contexts (Aulakh *et al.* 1996). In an export marketing channel context, trust needs to be fostered and enhanced on a continuous basis: there is a physical distance between business partners and buyers use multiple suppliers.

The following two relationships are strengthened for the group including salespeople who speak two or more foreign languages: the open-mindedness – an adaptive business style relationship (from $p < 0.01$ to 0.001), and an adaptive business style - information exchange relationship (from $p < 0.10$ to 0.05). An adaptive business style does not influence trust for this group either. This indicates that information exchange is required to the maintaining of trust between business partners. These findings suggest that persons who are aware of language differences are better prepared to adapt both in terms of mind (Hofstede, 2001) and behaviour (Usunier and Lee, 2005). Sensitivity to the verbal and non-verbal cues of people from foreign countries can be enhanced by language skills (Hofstede, 2001; Terpstra and David, 1985). Having such sensitivity is of particular importance to avoid misunderstandings and to ensure two-way communication, which again fosters trust. Language skills have frequently been viewed as one of several components included in the definition of concepts such as psychic distance (e.g. Johansson and Vahlne, 1977) and business distance (Evans and Mavondo, 2002). It is pointed out however that by viewing language skills separately could help to identify its impact on the information flow (Peltokorpi, 2007).

By viewing language skills as a moderator variable the impact of language skills on the information flow between business partners could be investigated. Finally, open-mindedness and frequency of deliveries do not only influence information exchange through an adaptive

business style for the group including salespeople who master two or more languages. These two factors do also have direct and significant effects on information exchange. This shows that mastering several foreign languages in combination with having an open mind and frequent interactions with the customer enhance the level of information flow between business partners. Enhanced knowledge with regard to factors that promote information exchange is highly relevant because frequent two-way communication is an important way to achieve coordination in distribution channels (e.g. Anderson and Weitz 1992; Medlin *et al.* 2005).

6.1. Managerial implications

The Norwegian seafood industry exports world-wide. A major share of the respondents report that the firm exports to two or more different geographic regions. About 50 percent of the business relationships assessed in this study are not regulated by formalised contracts. About 50 percent of the business relationships are regulated by contracts that determine volumes and/or price. However, contracts are re-negotiated on a regular basis. This shows that salespeople in the Norwegian seafood export industry are required to have negotiation skills in order to deal successfully with buyers in various cultural settings. Buyers make use of multiple sources of supplies, and food safety has become a critical issue. The major share of products exported is fresh, which means that coordination of tasks in the distribution channel must be effective. Trust between exchange partners and exchange of information are two relational aspects that help stabilise business relationships. Information exchange is essential in order to stay updated about important market conditions, events and changes that are of significance (Aulakh *et al.*, 1996; C. Zhang *et al.*, 2003; LaBahn and Harich, 1997), and influences trust in a positive way. One approach to enhance these relational qualities is to

identify capable salespeople in the recruitment process and to work out individual plans to enhance salespeople's cultural sensitivity.

Open-mindedness: As emphasised above, to identify those persons that are open-minded should be a key issue in the recruitment process. In combination with interviews, managers could also consider the use of a questionnaire which aim is to capture a person's cultural awareness and ability to question their own assumption and to update their beliefs about the customers and markets. *An adaptive business style:* Managers should make sure that they recruit those that know how to flex and adjust negotiation style. Simulations of negotiations can be used as a tool to identify those people that have a talent to perform flexibility. Managers could also consider mentoring arrangements, which involves that senior salespeople supervise newly recruited people with regard to how to negotiate (Williams and Attaway 1996). *Country experience:* Management should ensure that salespeople interact with various business partners in a target market, and thus attain an in-depth knowledge about how business is carried out in this market. *Language skills:* To master other languages than English should be obligatory. One approach to enhance language skills is to offer employees a stay in a target market. A stay in a target market will also enhance a person's knowledge about that specific market, including how business is arranged and practiced.

7. Conclusions and directions for future research

A number of issues could be addressed in future research. One condition that may be worthwhile investigating is: What kinds of competence indicating cultural sensitivity are of critical importance to maintaining business relationships in countries classified as culturally dissimilar? Future research could also look deeper into the role of language. What differences does it make to know the language of the customer versus not knowing it, not only with

regard to relationship building, but also with regard to performance measures? For example, do those who know the language of the customer attain better deals, such as price, volume and regular/predictable orders? In this study, the respondent was asked to report the languages he/she could master moderately and fluently. There might be other ways to assess salespeople's language skills, and to study its impact on the nature of business relationships.

Various tests indicate that the findings can be generalised to the population, that is, the Norwegian seafood exporters. However, the external validity is limited. To what extent characteristics that have been disclosed apply to the Norwegian seafood exporters only, or if they can be found across various industries in Norway and/or in other countries, remains to be answered. Testing out similar hypotheses, including other types of industry, is one way to investigate this issue. The inclusion of various industry types and variations in type of products would allow comparisons between the different industry types (Humphreys and Williams, 1996). Future research could develop the concept further by including other types of business ventures and studying other cross-cultural contexts. To investigate to what extent it is important that both partners involved in the business venture is cultural sensitive could be a part of this. The cultural sensitivity concept must be accommodated to industry and type of cross-cultural context that is studied.

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Appendix. Table AI. Constructs, items, factor loadings and Cronbach Alphas extracted in SPSS 14.0

Constructs and items	Factor loading	Cronbach Alpha
Open-mindedness Opm1: I willingly reflect critically upon assumptions that I have about my customers.* Opm2: I constantly try to question my own interpretations of the market. Opm3: I often question the foundation (information sources and fixed assumptions) of my interpretation of the customer.	.948 .875	.785
Adaptive business style Ada1: I can easily change to another negotiation style, if I perceive that the style I am using does not work. Ada2: I like testing out different ways of approaching new customers. Ada3: I am very flexible with regard to which negotiation style I apply. Ada4: I can apply a wide range of different ways of negotiating. Ada5: I try to understand how one customer differs from another.*	.580 .871 .910 .871	.841
Trust between business partners Tru1: This buyer and I can generally rely on each other to carry out promises made. Tru2: The negotiations between this customer and me are not characterised by openness. (Reversed coded).* Tru3: This buyer and I are generally sceptical to the exchange of information between us. (Reversed coded).* Tru4: The buyer and I are open about problems that emerge, such as delayed deliveries, price changes, and so on. Tru5: Overall, trust between this buyer and me is characterised by a high degree of trust.	.575 .806 .893	.741
Exchange of information Inf1: Exchange of information between this customer and me takes place frequently and informally. Inf2: This business relationship is characterised by two-way communication. Inf3: In this business relationship, information that is of any use to the other part is given. Inf4: In this business relationship we communicate our expectations to each other. Inf5: In this business relationship, each of us informs the other part about events or changes that are of significance to the other part.	.899 .733 .656 .663 .722	.816

* The item was deleted as a result of the factor analysis carried out in SPSS 14.0.

Appendix. Table AII. Factor loadings, *t* values, composite reliability and variance extracted in LISREL 8.72¹

Constructs	Factor loadings	<i>t</i> values	Composite reliability	Variance extracted
Open-mindedness Opm2 Opm3	n.s.	n.s.	n.s.	n.s.
Adaptive business style Ada1 Ada2 Ada3 Ada4	.69 .79 .93 .82	8.01 9.55 12.31 10.18	.89	.66
Trust Tru1 Tru4 Tru5	.77 .68 1.00	8.86 7.54 12.46	.86	.68
Exchange of information Inf1 Inf2 Inf3 Inf4 Inf5	.80 .87 .66 .74 .68	9.66 11.01 7.48 8.71 7.72	.87	.57

¹ Computation is based on the correlation matrix.

n.s. means no solution.