

**An Extended Abstract of
What Drives Importer Opportunism? Finding a Middle Ground among Transaction
Cost, Resources Dependency and Relational Exchange Theories**

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Abstract

This study examines the direct and mediated effects of an exporter's investment in specific assets on perceived importer opportunism, as well as exploring possible effects of interpersonal and inter-organizational trust within the export-import relationship. We develop and test a model that synthesizes three interrelated theories that are widely embraced in international business research, namely transaction cost theory, resources dependency theory, and relational exchange theory. The hypotheses from our conceptual model were tested using structural equation modeling on a sample of Ecuadorian non-oil exporters (N=142). We found that interpersonal trust fosters both inter-organizational trust and exporter investment in specific assets, and that the latter increases perceived importers' power. We also found that power increases perceived opportunism, while inter-organizational trust has a negative association with opportunism. Contrary to the general transaction cost argument, we did not find any direct effect of exporter specific assets on inter-organizational trust or importer opportunism. Instead, we found several mediating relationships, i.e., power mediates the relationship between specific assets and inter-organizational trust, as well as specific assets and opportunism. We also found that power and inter-organizational trust jointly mediate the specific assets – opportunism relationship. The study has implications for managers as well. Engaging in trust building activities can be an important means to build strong interfirm relationships where positive sentiments and behaviors prevail that will help manage exchange risks and ultimately reduce transaction costs and enhance performance. While unilateral investments in specific assets can pose the threat of opportunism, our results suggest that managers can better mitigate this risk when high levels of inter-organizational trust exist. Fostering the development of interpersonal trust is also important in export-import relationships. Our results further indicate that interpersonal trust positively influences investments in specific assets as well as inter-organizational trust. Finally, firms must be cognizant of the power structure of exporter-importer relationships and recognize that trust building efforts and specific assets can alter the balance of power and with that the threat of opportunism.

Note: paper is available from the authors.

Keywords: Interpersonal trust, inter-organizational trust, power, specific assets, opportunism.