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What Drives Importer Opportunism? Learning from a Developing Country in Latin America

A. F. M. Jalal Ahamed, Rodney L. Stump and Fabrizio Noboa

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ABSTRACT
This research integrates transaction cost and relational exchange theories to depict a more nuanced explanation of exporter-importer exchange relationships when exporters operate from a developing country. Our study examines whether exporters’ investments in specific assets directly influence perceived importer opportunism, or whether these perceptions are driven by the mediating effects of interpersonal and inter-organizational trust and power. Contrary to the general transaction cost argument, we did not find any direct effect of exporter specific assets on perceived importer opportunism. Instead, we found that perceived importer power and exporter inter-organizational trust jointly mediate the exporter specific assets – perceived importer opportunism relationship. By incorporating a dimensional view of trust, we help to resolve conflicting theoretical specifications and empirical results found in the extant literature.

KEYWORDS
Interpersonal trust; inter-organizational trust; power; specific assets; opportunism

Introduction
Exporting is a challenging task for companies, especially for those from smaller economies that typify many developing nations. One of the foundations of a successful export-import business is the underlying relationship that exists between the two parties (Monarch & Schmidt-Eisenlohr, 2017). Building these exchange relationships often entails intensive communication, information exchange, socializing, and signals of commitment (Johanson & Vahlne, 2006; Lye, 1998), all of which can be accompanied by the development of interpersonal trust that forms between boundary spanners from each firm (Ansett, 2005). Ties that develop between boundary spanners, which in many cases involve senior executives, can also lead to heightened sentiments about the importer exchange partner, i.e., inter-organizational trust (Vanneste, 2016; Zaheer et al., 1998; Zaheer & Harris, 2006), and ultimately enhance relationship quality and organizational performance (Huang et al., 2016). Thus, the onus is on exporters from developing countries to initiate, cultivate, and manage valuable and long-lasting relationships with their foreign importers (Zafarullah et al., 1997).

In many cases, exporters’ smaller sizes, limited resources, and/or lack of marketing clout results in them having to offer pledges as an inducement to begin or expand their exchange relationships with importers. Often these pledges, which are used to signal a commitment to the exchange relationship, are in the form of specific assets, or investments that cannot be easily or costlessly deployed to other importer exchange partners (Anderson & Weitz, 1989; Johanson & Vahlne, 2006; Williamson, 1987). However, specific asset investments can be a two-edged sword in that they have both positive and negative qualities (Chu et al., 2019; Rokkan et al., 2003). Specific assets can have a bonding effect by signaling exporters’ commitment, can produce higher returns in an exchange relationship than generalized assets, and can also encourage cooperative behaviors by the importer exchange partner.
Specific assets can also have an expropriation effect since they can generate exit barriers for exporters, create a safeguarding problem, and alter the power-dependence balance between the exchange partners, thus making the exporter more vulnerable to importer opportunism (Joshi & Stump, 1999; Kim et al., 2009; Williamson, 1987; Zhang & Qian, 2017).

To manage exchange risks within ongoing exchange relationships, such as those arising from unilateral specific asset investments, power imbalances, or the threat of opportunism, trading partners can turn to governance mechanisms, which may be “hard,” e.g., contractual stipulations, or “soft,” such as trust (Cullen et al., 2000).

The concepts of specific assets, opportunism, power, and trust, have received considerable attention in marketing channels and international marketing research. Likewise, two underlying theoretical frameworks, namely, Transaction Cost (TCT) and Relational Exchange (RET), have provided the conceptual underpinnings for many recent studies (Aykol & Leonidou, 2018; Bloemer et al., 2013; Katsikeas et al., 2009; Lui et al., 2009).

TCT is regarded as one of the most impactful theories guiding cross border business research, as evidenced by the recent bibliometric review conducted by Ferreira et al. (2014). TCT portrays how exchange relationships are governed as being a function of the extent to which specific assets, environmental uncertainty and behavioral uncertainty are present (Williamson, 1979, 1987), whereas RET is grounded on social interdependence and interconnections (Macneil, 1981). Each of these theoretical traditions holds different views about specific assets and their consequences, especially with regards to opportunism. Despite past attempts to reconcile RET and TCT (e.g., Joshi & Stump, 1999; Xue et al., 2018), the empirical evidence of the underlying processes remains mixed. Hence, the interplay between the exchange risks arising from specific assets and their role in influencing perceptions, sentiments, and behaviors within a dyadic exchange relationship have yet to be fully explored.

Our study addresses several gaps that persist in the extant literature. One is how the interrelationships among variables are depicted. Evidence of this gap has been expressed by Aykol and Leonidou (2018), whose review of importer-exporter studies revealed that in the majority of studies the relevant constructs were conceived as drivers (direct effects) and/or moderators of other variables comprising the relationship atmosphere, with little attention being devoted to exploring mediation (indirect effects).

Another unresolved issue pertains to the causality among specific assets, opportunism, and trust. Past studies have not specified the temporal ordering of these constructs consistently, thus leading to mixed results. For instance, whether trust is an antecedent or consequence of investment in specific assets remains equivocal (Ashnai et al., 2016; Lui et al., 2009).

Another consideration is that many of the empirical studies found in the marketing channels and international business literature have been conducted in countries representing highly developed economies (Bianchi & Saleh, 2010; Tesfom et al., 2004). Similarly, most export-import studies have been conducted mainly in Europe, Asia, and North America (Aykol & Leonidou, 2018). Reflecting recent calls for more research from developing nations (e.g., Aykol & Leonidou, 2018; Samiee & Chirapanda, 2019), we surmise that whether we can generalize from past findings to the context of exporters operating in a lesser developed nation remains unresolved.

To address these several gaps in the extant literature, we present a process model of how exporters form perceptions of opportunism. Our model contributes to the extant literature by synthesizing the theoretical lenses of TCT and RET to provide a better understanding of the complexity and processes within exporter-importer relationships in the context of when the exporters are operating from a developing country. Our model, supported by our empirical findings, portrays the effect of specific assets on opportunism via several indirect (mediation) effects, specifically, inter-organizational trust and power. Another contribution we offer is by providing new insights about the causality between specific assets and trust by taking a dimensional view of trust (i.e., interpersonal trust and inter-organizational trust).
In the following section, we summarize the theoretical frameworks on which our model is based, present a series of hypotheses and rationale for each. Next, we present our data collection method, operational measures of constructs, and how they were assessed, and the results of our statistical tests. We conclude with a discussion of the results, theoretical and managerial implications, as well as limitations and directions for future research.

**Literature review and hypothesis development**

Transaction cost theory (Williamson, 1979, 1987) has been the theoretical basis for a vast literature, especially in the realm of marketing channels and international marketing. Based on an efficiency criterion, TCT posits that firms make discriminating governance decisions based on the extent to which particular exchange risks may be present. Firms may opt for market, full vertical integration or hybrid (ongoing exchange relationships between autonomous parties) governance forms and avail themselves to an array of governance mechanisms based on the degree to which specific assets, representing a "safeguarding" problem; environmental uncertainty, representing an "adaptation" problem; and behavioral uncertainty, representing a "measurement" problem exists.

Undergirding TCT is the assumption of opportunism. Williamson (1987) defines opportunism as "self-interest seeking with guile," such that partners will engage in lying, stealing, cheating, withholding or distorting information, shirking or failing to fulfill promises/obligations and other more subtle deceitful behaviors to pursue their self-interest (Rindfleisch & Heide, 1997; Wathe & Heide, 2000). Given the possibility of opportunistic behavior by the trading partner, Buvik and Reve (2001) assert "Such dispositions [investments] are expected to shift the conditions of trade from those of conventional market transactions [i.e., market governance] to small-numbers conditions [i.e., hybrid], which involve substantial interfirm dependence and a need for specific safeguarding of assets at risk" (p. 101). However, the assumption of opportunism has been widely criticized as a weakness of TCT (Hodgson, 2004). For example, Maitland et al. (1985) have observed "opportunism is neither ubiquitous, nor is it very unusual" (p. 64). Consequently, a considerable body of conceptual and empirical literature has grown to refute that this is a given characteristic of human behavior, including the seminal study by John (1984), who depicted opportunism as being a function of bureaucratic structuring, power, and attitudinal orientation.

Relational exchange theory (RET) views that a unique set of governance mechanisms may evolve within exchange relationships that prescribe commitment and proscribe opportunism in exchange relationships (Joshi & Stump, 1999; Macneil, 1981; Morgan & Hunt, 1994). RET views exchange as a continuum, ranging from discrete transactions to an ongoing and even evergreen series of transactions (Wan et al., 2008). RET holds that exchanging parties are motivated to develop and nurture their mutual relationships to obtain favorable trade outcomes. Shared norms and values, based on previous business experiences and transactions, can lead to a shift in cost-benefit analyses that emphasize mutual interests rather than self-interests (Heide & John, 1992; Zaheer & Venkatraman, 1995). This also leads to behaviors in relational exchange that are more likely to be controlled through internal mechanisms, in the form of mutual behavioral expectations or personal relations, rather than incentives, as in market governance, or fiat, as in vertical integration (Dwyer et al., 1987; Joshi & Stump, 1999; Lambe et al., 2001; Morgan & Hunt, 1994; Shanka & Buvik, 2019).

Trust, linked with RET, has become recognized as a critical issue in the international marketing literature (Aykol & Leonidou, 2018; Bianchi & Saleh, 2010; Bloemer et al., 2013; Katsikeas et al., 2009). Considered to be the glue that binds businesses together (Bengtsson & Kock, 1999), trust is generally conceptualized as one party’s confidence of an exchange partner’s reliability and integrity (Morgan & Hunt, 1994) or similarly, the belief that one party will not take advantage of the other party’s vulnerability (Mayer et al., 1995).

Zaheer et al. (1998) have advanced the conceptualization of trust by arguing that it is a multidimensional phenomenon, drawing attention to two distinct yet related dimensions of trust, i.e., interpersonal and inter-organizational trust.
Zaheer et al. (1998) define interpersonal trust as "the trust placed by the individual boundary spanner in her opposite member" (p.142), and inter-organizational trust as "the extent of trust placed in the partner organization by the members of a focal organization" (p.142).

We posit that when exporters hold higher levels of interpersonal trust, this will influence two relationship-enhancing factors, pledges in the form of dedicated investments and more positive attitudinal orientations in the form of inter-organizational trust, which will subsequently influence their perceptions of importer opportunism.

Specific assets (Williamson, 1979, 1987), also known as “dedicated investments” or “sunken commitments” (Lui et al., 2009), refer to those assets that are directly tied to a specific business relationship and which cannot be redeployed to other exchange relationships easily, quickly, or without incurring considerable switching costs. Specific assets can be physical assets (e.g., special production or handling equipment), knowledge assets (e.g., specialized procedures, methods, etc.) or integrated systems such as accounting or logistics. Specific assets can also result from capacity allocations or physical proximity (Griffith & Harvey, 2001). While specific assets may have performance-enhancing characteristics (Brown et al., 2009; Williamson, 1987), they create a safeguarding problem, which can increase transaction costs and create dependence on the exchange partner (Ganesan, 1994; Kim et al., 2009; Noorderhaven, 1995; Williamson, 1979, 1987).

RET acknowledges a similar construct, the relation-specific asset, and holds the view that these assets foster pro-social sentiments (e.g., trust & commitment) and cooperative behaviors, thus mitigating the threat of opportunism and enhancing partnership performance over the long run (Lui et al., 2009). Over time, the criticisms of TCT and the evolution of that theory have brought it somewhat closer to the RET perspective. Following the precedents of previous studies, we treat asset specificity and relation-specific assets as synonymous terms (Dyer & Singh, 1998; Lui et al., 2009; Rokkan et al., 2003).

There exist conflicting conceptualizations of the relationship between specific assets and trust, i.e., in terms of directionality. Some scholars conceptualize trust as the consequence of specific assets (Bianchi & Saleh, 2010), while others consider trust as an antecedent of specific assets (Ashnai et al., 2016). We think both views may be correct but can be clarified further by distinguishing which dimension of trust may be involved, i.e., interpersonal versus inter-organizational.

We posit that at the outset of an exchange relationship, interpersonal trust is most critical. This is the trust that arises from the affinities and productive interactions between boundary spanners. Without any preexisting interpersonal trust, managers will not be encouraged to invest in specific assets unilaterally. Thus, we propose:

\[ H1: \text{Exporter interpersonal trust will be positively associated with the exporter's investment in specific assets.} \]

However, while both dimensions of trust are distinctive and have discrete effects, they are linked (Ashnai et al., 2016; Møllering & Sydow, 2018). To better appreciate the connection between the two trust dimensions, we need to look at their origins. Interpersonal trust is seen as arising from individuals’ emotions, while inter-organizational trust is viewed as a collective appraisal that arises from rationality (Ashnai et al., 2016). Positive emotions, i.e., feelings held at the interpersonal level, can influence the rational, positive attitudes at the organization level either through reciprocity or reliance (Ashnai et al., 2016; Vanneste, 2016; Zaheer et al., 1998). Hence, we posit:

\[ H2: \text{Exporter interpersonal trust will be positively associated with exporter inter-organizational trust.} \]

There also remains conceptual ambivalence and conflicting empirical evidence about whether specific assets positively or negatively influence trust and opportunism. Heide and John (1992) contend that if one party makes the specific asset investment, then the partner firm might consider this investment as a favorable commitment to their relationship, which can lead to an increase in the level of trust of the supply chain partner. Noorderhaven (1995) goes so far as to assert that trust is the willingness of the trading partners to engage in a business transaction even in the absence of adequate safeguards. Findings from
several recent studies have found a positive association between asset specificity and trust (Lui et al., 2009; Suh & Kwok, 2003). Noorderhaven (1995) also asserts that if an agent perceives himself to be vulnerable, he will act in such a way as to protect himself and thus rule out the possibility of entering into a relationship of dependence (or conversely ceding power to the exchange partner), such as could be created by unilateral investment in specific assets without offsetting safeguards. However, the reality is that in competitive exporting environments, firms – and especially those from developing nations, may need to make unilateral investments in which reciprocal commitment from the other firm is neither expected nor forthcoming (Kang et al., 2009).

Kwon and Suh (2004), following Chiles and McMackin (1996) precedent, hypothesized that investment in specific assets by one partner would be negatively associated with trust in the supply chain partner and found a marginally significant negative association between specific asset and trust. Zhong et al. (2017), contrasting TCT and social embeddedness theories, posed competing hypotheses about the relationship between asset specificity and inter-organizational trust. Their finding of a negative association between asset specificity and inter-organizational trust was indicative of support for the TCT argument. Since opposite conceptual arguments of the expected effect of asset specificity on inter-organizational trust exist, as well as contradictory empirical evidence, we propose competing hypotheses on the effect of asset specificity on inter-organizational trust. Our hypotheses reflect the TCT and RET views, respectively.

**H3a**: Investment in specific assets by the exporter will be negatively associated with exporter inter-organizational trust.

**H3b**: Investment in specific assets by the exporter will be positively associated with exporter inter-organizational trust.

TCT has been criticized for not giving sufficient recognition to social and political mechanisms inherent to inter-organizational relationships such as power, bargaining, negotiation, and coalitions, while overemphasizing the importance of economic mechanisms to manage exchange risks, such as price or incentives (Rossignoli & Ricciardi, 2015). Proponents of TCT argue that contracting parties are far-sighted and thus can anticipate potential dependence conditions at the outset (Buvik & Reve, 2002; Williamson, 1987).

In recent years, the marketing channels and international marketing literature have seen a return to the behavioral approaches that once dominated these literatures, with increasing attention being paid to constructs like power, dependence, and conflict (e.g., Cuevas et al., 2015; Ebers & Semrau, 2015; Tesfom et al., 2004; Watson et al., 2015).

Power has been conceptualized as the capacity to influence another, i.e., the ability to exert one’s will over another party or what enables one party to get the other to change its decision-making criteria and/or engage in behaviors that it otherwise is not inclined to do (Emerson, 1976; Sturm & Antonakis, 2015). Huxham and Beech (2008) assert that power, as a relational concept, is a central issue in inter-organizational settings. Power is the inverse of dependence and thus can be the function of the relative importance of a resource being procured, a party’s position within a network and/or the degree of replaceability (Low & Li, 2019; Pfeffer & Salancik, 2003). While power has been depicted as a multidimensional concept comprising both coercive and non-coercive components (Huo et al., 2019), our model only focuses on coercive power, given that our country context, Ecuador, is a high power distance culture. In high power distance cultures, coercive power is more likely to be used to influence others (Kale & McIntyre, 1991). Further, previous research indicates that coercive power worsens cooperative relationships (Brown et al., 1995; Matanda & Freeman, 2009; Pfajfar et al., 2019; Yeung et al., 2009).

If an exporter has invested in specific assets, this may trigger the perception that the importer’s power has increased. However, it should also be understood that specific investments can be viewed as both sources and a consequence of power-dependence (Ebers & Semrau, 2015). At the outset of an exchange relationship, the perception of power-dependence may be influenced by the relative sizes of the two firms,
the relative importance of the sales volume to each party, or other contextual factors. In this research, we conceptualize specific investments as another source that may influence earlier perceptions of power. Accordingly, we hypothesize:

**H4:** Investment in specific assets by the exporter will be positively associated with perceived importer power.

TCT holds that asset specificity can increase the chances of opportunistic behavior and holds that human beings will behave opportunistically whenever such behaviors are feasible and profitable (Williamson, 1979, 1987). Specific asset investments can make managers skeptical about their trading partners’ intentions and future behaviors (Kwon & Suh, 2004) since they may weaken the ability of the investing party to resist the influence efforts or opportunistic behaviors of the exchange partner, absent other safeguarding mechanisms being crafted into the relationship. Hence, we hypothesize the following relationship:

**H5:** Investment in specific assets by the exporter will be positively associated with perceived importer opportunism.

Power is seen as being a key antecedent to many aspects of relationship management strategies, including cooperation, trust, conflict resolution, and coordination (Jain et al., 2014; Terpend & Ashenbaum, 2012). Inter-organizational trust, as a property of organizations (Zaheer & Harris, 2006), can be directly affected by perceived power symmetry/asymmetry (Cuevas et al., 2015). Prior research suggests that asymmetry in power is likely to lead to differences in value appropriation and distort trust between the partners (Huxham & Beech, 2008). When exporters perceive that importers hold higher relative power in their exchange relationship, inter-organizational trust is expected to diminish. Thus, we hypothesize:

**H6:** Perceived importer power will be negatively associated with exporter inter-organizational trust.

Buvik and Reve (2002) assert that it may be troublesome for transacting parties to estimate the power-dependence structure at the outset of an exchange relationship and predict possible changes over time, thus making it challenging to align responses to these changes. As Foucault (1982) articulated, the classic view of power holds that the specific actions of one party configure others’ possible actions. In their review of the previous literature, Leonidou et al. (2019), identified several common themes related to opportunistic behaviors that were related to the exertion of coercive power, including “(a) retaliating actions in response to the punishments imposed by the party exercising power (b) violation of the subject’s decision autonomy, which may provoke psychological reactance; (c) erosion of favorable norms that prevail in the relationship; and (d) the increase in economic and social costs as a result of the negative psychological pressures felt” (p.202). Since one party’s pattern of exercising power creates a frame of reference and ultimately shapes subsequent relationship functions (Cuevas et al., 2015), our next hypothesis postulates that as the importer’s power increases (as perceived by the exporter), the exporter will feel that there is a higher probability of increased opportunism from the importer’s side.

**H7:** Perceived importer power will be positively associated with perceived importer opportunism.

To address the safeguarding problem and minimize transaction costs, an investing party can turn to a variety of governance mechanisms to manage the risk of partner opportunism in a particular transaction, including the use of pledges, hostages, increased monitoring, and/or creating contingency contracts (Lui et al., 2009; Noorderhaven, 1995; Williamson, 1987). When a new transaction is initiated within a preexisting, or embedded relationship, the need for formal governance mechanisms may be mitigated (Granovetter, 1985). The preexisting relationship can act as a generalized safeguard, and a means for relational norms and positive attitudinal orientations to develop (Dwyer et al., 1987), which serve to align the interests of the exchange partners further. Repeated interactions also allow boundary spanners to gain experience and confidence in the reliability of their counterparts and the exchange partner as a whole, thus allowing sentiments like trust and commitment to develop (Kwon & Suh, 2004; Morgan & Hunt, 1994).

Trust is seen as being an informal safeguard that protects the vulnerable partner against the
opportunistic behavior of the other, more dominant partner (Heide & John, 1992). Based on the argument of Chiles and McMackin (1996) and empirical precedents (e.g., Ashnai et al., 2016; Joshi & Stump, 1999; Wu et al., 2007), we posit that when inter-organizational trust is present, the exporter is more likely to expect a focal importer to be benevolent and to act in the exporter’s interest regardless of the exporter’s ability to monitor the behavior (Joshi & Stump, 1999). We view inter-organizational trust will serve as a buffer between the power–opportunism relationship. Exporters having a higher inter-organizational trust will perceive the threat of importer opportunism to be less. Accordingly, we hypothesize:

H8: Exporter inter-organizational trust will be negatively associated with importer opportunism.

Our conceptual process model, which depicts how perceptions of importer opportunism are formed, is displayed below (Figure 1).

**Methodology**

**Context, sample, and data collection procedure**

To date, the majority of export-import studies have been conducted mainly in Europe, Asia, and North America, leading to recent calls for more research from developing nations (Aykol & Leonidou, 2018; Samiee & Chirapanda, 2019). Research on Latin American firms, especially in the context of international marketing or business has been deemed to be very inadequate. When Latin American countries have been the context, this research has been conducted predominantly in Brazil, Chile, and Mexico; and to a lesser extent, Argentina and Colombia (Fastoso & Whitelock, 2011; Paul & Mas, 2020).

We deliberately chose Ecuador as the context for this study, with active Ecuadorian non-oil exporting companies as the target. According to statistics published by the Ecuadorian Ministry of Foreign Trade (2014), this nation had 1,820 non-oil product exporting companies during 2013, which served as the sampling frame of this study. Due to the nature and national scope of the study, a telephone survey was conducted using an independent call center. Our data collection approach was patterned after a portion of the World Bank’s data collection protocol for its Enterprise Survey 2017. We ruled out using a mail survey because of the generally low and declining response rates to mail surveys in Latin American countries and Ecuador’s low postal reliability, as indicated by its Integrated Index for Postal Development (2IPD) score. Collection via the internet was also deemed to not be feasible, given the low broadband penetration rate in the country.

Managers of exporting companies were selected as key informants (John & Reve, 1982; Krause et al., 2018) and were instructed to respond relative to an exchange relationship with a particular importer. As an incentive, those who

![Figure 1. The conceptual model.](image-url)
participated were eligible to be part of a drawing for a partial scholarship in the MBA program of one of the author’s institution.

The call center conducted calls between February 28 and April 30, 2018. A total of 1,330 companies were attempted to be contacted, but 345 could not be reached because of incorrect contact information. Of the 985 companies that were actually contacted, 404 met our qualification criterion (i.e., whether the firms were still active in exporting) and agreed to participate. Unfortunately, top executives’ negative attitudes toward participating in survey research tend to suppress response rates, which is a general tendency in inter-organizational research (Baruch & Holtom, 2008), especially when collecting data in emerging countries (Krishnan & Poulose, 2016). Our final sample consisted of 142 valid surveys (corresponding to a 14.4% response rate from the qualified firms who expressed their willingness to participate); this relatively small sample size is consistent with previous organizational research.

Since we lacked comparable data for non-responding firms, we were unable to conduct a direct comparison of the responding and non-responding firms (Zou et al., 1997) to assess non-response bias. Instead, we used the wave analysis method (Armstrong & Overton, 1977) by examining whether there were any significant differences between early and late respondents on all variables. We performed the homogeneity of variances test (Levene Statistic) in SPSS and found that there are no significant differences between the early and late response groups at the 0.05 level on all constructs, suggesting that non-response bias was not a problem in this study (Skarmeas et al., 2002). A comparison of the mean and standard deviation of early and late responses are shown in Table 1.

Since cross-sectional surveys have also criticized for common method bias (Podsakoff et al., 2003), we used multiple techniques to reduce the potential for this bias, including separation of different variables’ measurements and counterbalancing the question order. To mitigate social desirability bias, participants were informed that their responses were voluntary and guaranteed anonymity. Harman’s single factor test was used to assess whether common method bias existed (Lindell & Whitney, 2001). This method assumes that if the research sample is subject to a common method bias, one general factor will account for the majority of the covariance among the variables (Aulakh & Genceturk, 2000). This analysis revealed that the first (largest) factor did not account for a majority of the variance (24.26%). Further, we used the common latent factor (CLF) technique in confirmatory factor analysis (CFA) and also found that the common latent factor does not count the maximum variance. Thus, common method variance was deemed to not be present in our data.

### Measurement instruments

The measures used in this study are adapted from previous studies. Inter-organizational (ten items) and interpersonal (five items) trust measures were adapted from Zaheer et al. (1998). We developed six items based on previous research to measure asset specificity (Claro et al., 2005; Joshi & Stump, 1999). Four items were taken from Luo et al. (2015) to measure opportunism. Finally, four items were used to measure power taken from Matanda and Freeman (2009). Each construct was measured using 7-point Likert-type scales ranging from 1 (strongly disagree) to 7 (strongly agree). Following the recommendation of Baxter (1992), we also included three control variables, the length of the personal relationship and the length of the export relationship, where both of the lengths are measured in years (Heideet al., 2003).

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Construct</th>
<th>Overall sample (N = 142)</th>
<th>Early response (N = 71)</th>
<th>Late response (N = 71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inter-organizational trust</td>
<td>5.70 (1.01)</td>
<td>5.51 (1.09)</td>
<td>5.89 (0.90)</td>
</tr>
<tr>
<td>2</td>
<td>Interpersonal trust</td>
<td>5.52 (1.04)</td>
<td>5.51 (0.96)</td>
<td>5.52 (1.12)</td>
</tr>
<tr>
<td>3</td>
<td>Specific assets</td>
<td>4.16 (1.41)</td>
<td>4.21 (1.47)</td>
<td>4.11 (1.35)</td>
</tr>
<tr>
<td>4</td>
<td>Power</td>
<td>3.44 (1.40)</td>
<td>3.50 (1.43)</td>
<td>3.39 (1.37)</td>
</tr>
<tr>
<td>5</td>
<td>Opportunism</td>
<td>2.71 (1.47)</td>
<td>2.94 (1.58)</td>
<td>2.47 (1.33)</td>
</tr>
</tbody>
</table>
Stump, 1995); employee number (firm size). See the appendix for details of the measurement items.

The questionnaire was administered in the Spanish language and was developed following a back-translation protocol to check translation accuracy (Brislin, 1970). A professional translator in Ecuador was hired to translate the questionnaire from English to Spanish. Next, one co-author of this manuscript, a native Spanish language speaker, evaluated the translated version, followed by a back-translation to assess if anything was lost in the translations process. This cross-checked Spanish version was used for the data collection.

Before the national data collection, the questionnaire was pretested using a group of master’s degree students at a major university in Quito. All of these students had experience from working at different corporations in Ecuador. The results of the pretest revealed no severe flaws or misunderstandings in the questionnaire.

### Data profile

Among the survey participants, 50% of the organizations had annual sales of over 5 million USD, whereas 47% reported annual sales volume in the 1-5 million USD range. On average, exports represented 57% of sales and 35% of profits during the previous year (2017) for those firms. The most favored market destinations were the United States (37%), Colombia (22%), European Union (13%), and Russia (9%). The participating companies averaged 17.60 years of exporting experience. The key informants had a median age of 41-50 years, with 37% reporting that they have earned a master’s degree and 47% reported to have completed an Engineering degree. Positions included President (41%), Export Manager/Executive, or similar title (18%) and the CFO (16%). A detail of the sample composition is given in Table 2.

#### Table 2. Sample composition.

<table>
<thead>
<tr>
<th>Proportion</th>
<th>Count</th>
<th>N = 142</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual sales less than $100,000</td>
<td>3.5%</td>
<td>5</td>
</tr>
<tr>
<td>Annual sales between $100,001 and $5,000,000</td>
<td>46.5%</td>
<td>66</td>
</tr>
<tr>
<td>Annual sales over $5,000,000</td>
<td>50.0%</td>
<td>71</td>
</tr>
<tr>
<td>Designation of the respondent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>President</td>
<td>43.0%</td>
<td>61</td>
</tr>
<tr>
<td>Export Manager/Executive/Assistant/Foreign Trade Executive/coordinator</td>
<td>17.6%</td>
<td>25</td>
</tr>
<tr>
<td>Chief Finance Officer (CFO)</td>
<td>16.2%</td>
<td>23</td>
</tr>
<tr>
<td>Managing Director</td>
<td>7.0%</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>16.2%</td>
<td>23</td>
</tr>
<tr>
<td>Export destinations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>37.3%</td>
<td>53</td>
</tr>
<tr>
<td>Colombia</td>
<td>21.8%</td>
<td>31</td>
</tr>
<tr>
<td>Russia</td>
<td>9.2%</td>
<td>13</td>
</tr>
<tr>
<td>European Union</td>
<td>14.8%</td>
<td>21</td>
</tr>
<tr>
<td>Others</td>
<td>16.9%</td>
<td>24</td>
</tr>
<tr>
<td>Age of the respondents (median)</td>
<td>31-40 years</td>
<td></td>
</tr>
<tr>
<td>Company exporting experiences (mean)</td>
<td>17 years</td>
<td></td>
</tr>
<tr>
<td>Number of employees (mean)</td>
<td>191</td>
<td></td>
</tr>
</tbody>
</table>

Our assessment of measurement quality began with an examination of Cronbach’s α for each construct to check the internal consistency. Each of the multi-item constructs used in this study exceeded the 0.70 threshold for Cronbach’s α recommended by Nunnally and Bernstein (1994). We next ran a confirmatory factor analysis (CFA) to determine the composite reliability and validity of each construct. The CFA results are presented in Table 3. The composite reliability for each construct is above the cutoff value of 0.70 (Fornell & Larcker, 1981).

Convergent validity of the constructs was determined by examining the factor loadings and t-values in the CFA. All factor loadings were found to be acceptable except three items under the inter-organizational trust and one item under the interpersonal trust, which were removed from further analysis. The adjusted measurement model shows a good fit statistics with Chi-square = 439.41 (p = 0.00), CMIN/DF (normal chi-square) = 1.67, GFI (goodness-of-fit index) = 0.81, PNFI = 0.71, CFI (Comparative fit index) = 0.92, IFI = 0.92, RMSEA (Root Mean Square Error of Approximation) = 0.07, PCLOSE = .004 and SRMR (Standardized Root Mean Square Residual) = 0.066. Thus, all constructs show evidence of convergent validity according to the criteria set by Anderson and Gerbing (1988).

Discriminant validity was assessed by observing the Average Variance Extracted (AVE) and by comparing it against the square of inter-
correlations as recommended by Fornell and Larcker (1981). The AVE for each construct is greater than the square of inter-correlations. Two additional criteria were examined, MSV (maximum shared variance) and ASV (average shared variance), both of which were found to have a lower score than the AVE (Hair et al., 2014), which further indicates sufficient discriminant validity of the constructs.

### Structural model results

Our hypotheses were tested in a structural equation model using maximum likelihood estimation. A myriad of fit indices is available to show the fitness of structural equation research models. Within the extant literature, authors have advocated relying on certain indices over others, particularly when smaller sample sizes are involved (e.g., Fan et al., 1999; Hooper et al., 2008; Hu & Bentler, 1999; Kyriazos, 2018; Loehlin & Beaujean, 2016; MacCallum & Hong, 1997; McDonald & Ho, 2002). Table 4 displays our model’s results relative to several widely used goodness of fit indices, along with referenced studies and recommended standards for each fit index. We found that all of the fit indicators indicate a satisfactory fit of our research model, except GFI, which is sensitive to sample size (MacCallum & Hong, 1997). Hence, we concluded that our model showed an acceptable goodness of fit.

As shown in Figure 2, we found that exporter interpersonal trust has a positive effect on exporter specific assets ($\beta = 0.28$, $p < 0.01$), which supports hypothesis H1. We also found a significant positive association between exporter interpersonal trust and exporter inter-organizational trust ($\beta = 0.39$, $p \leq 0.001$), which indicates support of H2.

Contrary to both of our competing hypotheses (H3-a & b), we did not find any statistically significant direct effect of asset specificity on inter-organizational trust ($\beta = 0.14$, $p > 0.10$). As hypothesized in H4, we found a significant positive association of specific assets with perceived importer power ($\beta = 0.44$, $p \leq 0.001$). We only found a marginally significant positive direct effect of exporter specific assets on perceived importer opportunism ($\beta = 0.15$, $p < 0.10$). Hence, while in the expected direction, H5 was not supported. As predicted by H6, perceived importer power was found to have a significant negative association with exporter inter-organizational trust ($\beta = -0.26$, $p \leq 0.05$). We also found that perceived importer power had a significant

### Table 3. Measurement model results.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
<th>Inter-construct correlations and the square root of the AVEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Power</td>
<td>0.81</td>
<td>0.53</td>
<td>0.26</td>
<td>0.14</td>
<td>0.73</td>
</tr>
<tr>
<td>2. Specific Assets</td>
<td>0.88</td>
<td>0.55</td>
<td>0.21</td>
<td>0.10</td>
<td>0.46, 0.74</td>
</tr>
<tr>
<td>3. Inter-organizational trust</td>
<td>0.90</td>
<td>0.57</td>
<td>0.28</td>
<td>0.13</td>
<td>-0.22, 0.15, 0.76</td>
</tr>
<tr>
<td>4. Interpersonal trust</td>
<td>0.87</td>
<td>0.63</td>
<td>0.18</td>
<td>0.09</td>
<td>-0.17, 0.30, 0.43, 0.79</td>
</tr>
<tr>
<td>5. Opportunism</td>
<td>0.89</td>
<td>0.68</td>
<td>0.28</td>
<td>0.16</td>
<td>0.51, 0.24, -0.52, -0.20, 0.82</td>
</tr>
</tbody>
</table>

### Table 4. Fit indexes of the research model.

<table>
<thead>
<tr>
<th>Indices</th>
<th>Suggested standard</th>
<th>Reference literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chi-square</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>$&lt; 3$ (Good)</td>
<td>1.59</td>
</tr>
<tr>
<td>RMSEA</td>
<td>$&lt; 0.08$ (Acceptable)</td>
<td>0.07</td>
</tr>
<tr>
<td>Relative indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normed fit index (NFI)</td>
<td>$\geq 0.80$</td>
<td>0.80</td>
</tr>
<tr>
<td>Tucker–Lewis index (TLI) (also known as Non-Normed Fit Index –NNFI)</td>
<td>$&gt;0.90$</td>
<td>0.90</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>$&gt;0.90$</td>
<td>0.91</td>
</tr>
<tr>
<td>Parsimonious fit indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parsimony-adjusted NFI (PNFI)</td>
<td>$&gt;0.50$</td>
<td>0.70</td>
</tr>
<tr>
<td>Parsimony-adjusted GFI (PGFI)</td>
<td>$&gt;0.50$</td>
<td>0.65</td>
</tr>
<tr>
<td>Other fit indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardized Root Mean Square Residual (SRMR)</td>
<td>$\leq .08$</td>
<td>0.076</td>
</tr>
<tr>
<td>Goodness-of-fit index (GFI)</td>
<td>$&gt;0.90$</td>
<td>0.80</td>
</tr>
</tbody>
</table>
positive effect on perceived importer opportunism ($\beta = 0.39$, $p \leq 0.001$), as hypothesized in H7. With regards to H8, we found that exporter inter-organizational trust was negatively related to perceived importer opportunism, as expected ($\beta = -0.46$, $p \leq 0.001$). As to the control variables used in the research model, length of the interpersonal relationships had a significant negative effect on perceived importer power ($\beta = -0.07$, $p \leq 0.05$). Length of the export-import relationship had a positive effect on inter-organizational trust ($\beta = 0.04$, $p \leq 0.05$). And, length of the interpersonal relationships had a significant positive effect on perceived opportunism ($\beta = 0.06$, $p \leq 0.05$).

As portrayed in our process model, exporter specific assets were expected to give rise to supplier opportunism, both directly and indirectly, which implied partial mediation. While our failure to find support for either of the competing hypotheses (H3-a&b) about the direct relationship emanating from exporter specific assets relative to inter-organizational trust, as well as the direct relationship between exporter specific assets and perceived supplier opportunism (H5), could be the result of low power or the influence of unobserved variables, these results encouraged us to conduct a post hoc analysis to reexamine the mediating effects so we might better understand exporter-importer relationships. Specifically, we sought to examine whether i) the effect of exporter specific assets on exporter inter-organizational trust was fully mediated by perceived importer power, ii) the effect of perceived importer power on perceived importer opportunism is partially mediated by exporter inter-organizational trust, and, iii) perceived importer power and exporter inter-organizational trust jointly mediate the exporter specific asset – perceived importer opportunism relationship. In order to test these post hoc suppositions about the mediating effects, we examined specific indirect effects by employing the bootstrap technique in AMOS with 2000 bootstrap samples and 95% confidence intervals. Testing the specific indirect effects allows the researcher to examine the particular indirect effect via each mediator while controlling for other effects. As depicted in Table 5, exporter asset specificity has a significant negative indirect effect on exporter inter-organizational trust through perceived importer power. We also found a significant negative indirect effect of perceived importer power on perceived importer opportunism through exporter inter-organizational trust. Since the bootstrapped confidence intervals do not include zero, we can assert that perceived importer power and inter-organizational trust mediate these relationships (Hayes, 2017). Finally, we found that perceived importer power and exporter inter-organizational trust jointly and fully mediate the exporter specific asset and perceived importer opportunism relationship.
Overall, our findings of multiple mediators in the relationship between exporter specific assets and perceived importer opportunism suggest that this relationship may not be as straightforward as it has previously been assumed and that the underlying processes are likely to be more complicated than depicted in the extant literature. Taken together, the variables in our model provide a more comprehensive depiction of how perceptions of importer opportunism are increased or diminished.

**Discussion and conclusion**

Integrating insights from TCT and RET, our process model examined how perceptions of importer opportunism are formed. It focused on attitudinal orientations held by the exporter, i.e., interpersonal and inter-organizational trust, and the consequences of when exporters from a developing nation tender specific asset investments to support their exchange relationships with focal importers. While such investments are expected to have performance-enhancing attributes, they also can have the unintended consequences of heightening exchange risks, both from the threat of opportunism by the importer and by negatively influencing the perceived power balance between the exchange partners. Our results suggest that it may not be the act of tendering specific assets, per se, that influences perceptions of importer opportunism. Instead, our results give credence to the proposition that the perception of a greater power imbalance favoring the importer influences inter-organizational trust sentiments and ultimately perceptions of importer opportunism.

**Theoretical implications**

This research adds to the empirical studies that have explicitly encompassed TCT (specific assets and opportunism) and RET (trust and power), which is an approach that enriches each of these theoretical frameworks (Ebers & Semrau, 2015). Our findings contradict, to some extent, a core premise of TCT that specific assets give rise to opportunism. Instead, they indicate that rather than merely having a direct effect, exporter specific assets indirectly influence perceived importer opportunism through perceived importer power and exporter inter-organizational trust.

Considerable attention has been paid to the concept of trust by organizational science researchers (Ashnai et al., 2016; Bianchi & Saleh, 2010; Zhong et al., 2017). However, within the extant literature, there remains considerable ambiguity both conceptually and from the empirical finding of its dimensionality and the direction of causality relative to specific assets. From our perspective, we believe that the dimensional view of trust (i.e., interpersonal and inter-organizational dimensions) provides a better and more nuanced explanation. In the case of exporters, the development of interpersonal trust, which arises from contacts between boundary spanners, is critical since our results support the premise that they foster specific asset investments and, at the same time, serve as the foundation for inter-organizational trust.

Partner-specific assets represent a hostage, bond, or pledge, which should engender inter-organizational trust. However, we did not find any significant direct association between specific assets and inter-organizational trust, as opposed to previous studies (e.g., Lui et al., 2009). This may indicate that it is not the act of tendering specific asset investments, by itself, that influences inter-organizational trust. Instead, it is a more subtle and complex calculus that takes into consideration both interpersonal trust sentiments and the perceived power structure of the exporter-importer exchange relationship. This relationship between investing in specific assets and inter-organizational trust deserves more attention from the research community.

### Table 5. Bootstrap result of the specific indirect effects.

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimate</th>
<th>Lower</th>
<th>Upper</th>
<th>significance p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific asset – power – inter-organizational trust</td>
<td>-0.089</td>
<td>-0.232</td>
<td>-0.027</td>
<td>0.005</td>
</tr>
<tr>
<td>Power – inter-organizational trust – opportunism</td>
<td>0.084</td>
<td>-0.231</td>
<td>-0.017</td>
<td>0.009</td>
</tr>
<tr>
<td>Specific asset – power – inter-organizational trust – opportunism</td>
<td>0.063</td>
<td>0.019</td>
<td>0.169</td>
<td>0.004</td>
</tr>
</tbody>
</table>
Exporter investments in specific assets hold the potential to heighten dependence and hence, increase importers’ power. This research found that exporter specific assets increased perceptions of the importer’s power. Since we are implicitly capturing power sources rather than actual exertion of power, investing in specific assets within long-term exchange relationships appears to be making the perception of a power imbalance more acute. However, this perceived power shift may not be a universal reaction but may be influenced by cultural and business norms (Kim et al., 2009). Based on their inherent financial and technical limitations and the obvious nature of market uncertainty, developing country exporters may be more vulnerable to being exposed to the power pressure from their foreign counterparts. This situation can be more difficult to address if there is a lack of confidence in the environment or congruence in terms of cultural or business norms. Thus, a promising direction for future research is to incorporate notions of environmental uncertainty and cultural distance (Obadia, 2013; Zaheer & Venkatraman, 1995).

Not finding any significant direct association of exporter specific assets with perceived importer opportunism is at odds with many previous findings reported in the literature (see Brown et al., 2009, for a review) but is congruent with other studies (e.g., Ashnai et al., 2016; Brown et al., 2009). Our results demonstrated the mediating effect of perceived importer power and exporter inter-organizational trust, which may be indicative of more complicated underlying processes and underscore the role of an informal governance mechanism, which parallels the supposition of Ashnai et al. (2016).

This study found that perceived importer power had a significant negative association with exporter inter-organizational trust while being positively associated with perceived importer opportunism. Greater importer power perceptions can be viewed as greater exporter vulnerability, which could ultimately make them less able to resist power exertions by the importer or prevent opportunism, akin to the findings of Huo et al. (2019). The negative relationship between exporter inter-organizational trust and perceived importer opportunism may arise from the greater experience between the parties and growing confidence that the partner firm is less apt to act opportunistically. Trust, as a positive perception of the partner’s fidelity and reliability, serves as a relational safeguard and, if reciprocated, may represent the development of relational norms, which should further retard opportunism by either party.

**Managerial implications**

Previous studies have articulated the important roles of power and trust in inter-organizational relationships and asserted that these two concepts are not independent, thus underscoring past recommendations that managers consider a combination of these two to achieve greater integration, more positive behaviors and ultimately better performance (Yeung et al., 2009). Our finding that inter-organizational trust partially mediates the power – opportunism relationship supports our premise that inter-organizational trust has risk-buffering properties, and thus can serve as a “soft” governance mechanism to mitigate exchange risks.

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, improve the relationship quality 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 those perceptions of the threat of opportunism.

The results of this study also provide insights for importers in developed countries that are interested in establishing business relations with
developing country exporters. Unilateral specific assets investment and the resulting exporter’s perception of importers’ power can influence the relationship. Hence, importers might initiate more communication and information sharing to manage the perceived power gap, heighten exporters’ inter-organizational trust, and lay the foundation for relational norms to develop. Power imbalances may persist in exporter-importer exchanges; however, taking on a more relational approach can lead to less intimidating power and opportunism perceptions, which can further elevate the value of the future exchanges.

Limitations and future research directions

Like other studies conducted in the domains of international marketing and export-import domain, this study suffers from several limitations. One is that we did not collect dyadic data for this research. Hence, all the measured variables are the perceptions of key informants representing exporters. While this has long been debated (e.g., John & Reve, 1982), research encompassing dyadic data, i.e., collected from the exporter and importer, may be worthy of consideration yet it may not always be necessary on both conceptual and pragmatic grounds.

Our study also relied on a cross-sectional design, which relied on theoretical grounds and wording of the operational measures to frame the temporal ordering of the variables depicted in our model. Future research could incorporate longitudinal designs to better ensure the sequencing of antecedents and consequences.

We also acknowledge that the null effect reported for the competing hypotheses H3a&b, could be the result other factors, such as canceling effects, unobservable variables or not enough power.

Referencing Pfeffer and Salancik (2003), Nienhüser (2008) noted that “to understand the behavior of an organization, you must understand the context of that behavior - that is, the ecology of the organization” (2008, p. 12). Thus, additional variables could have been included, such as perceptions of environmental uncertainty, the exporter’s power, or the importer’s specific asset investments. Furthermore, perceived power shifts may not be a universal reaction but may be further influenced by cultural and business norms (Kim et al., 2009).

To explore the universality or cultural sensitivity of constructs drawn from TCT and RET, we encourage others to conduct similar research across different geographical/cultural settings. Future research could also take a longitudinal approach to focus on the hypothesized relationships to see how these relationships may change over time.

References


## Appendix

<table>
<thead>
<tr>
<th>Constructs and items</th>
<th>Factor loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interpersonal trust</strong></td>
<td></td>
</tr>
<tr>
<td>My contact person has always been evenhanded in negotiations with me</td>
<td>0.73</td>
</tr>
<tr>
<td>I know how my contact person is going to act</td>
<td>0.87</td>
</tr>
<tr>
<td>I have faith in the contact person to look out for my companies interests even when it is costly to do so</td>
<td>0.80</td>
</tr>
<tr>
<td>My contact person is trustworthy</td>
<td>0.78</td>
</tr>
<tr>
<td>I would feel a sense of betrayal if my contact person’s performance would be below my expectations (^1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Inter-organizational trust</strong></td>
<td></td>
</tr>
<tr>
<td>We expect this importer to be working with us for a long time</td>
<td>0.53</td>
</tr>
<tr>
<td>This importer has always been evenhanded in their negotiation with us</td>
<td>0.59</td>
</tr>
<tr>
<td>This importer may use opportunities that arise to profit at our expenses (^1)</td>
<td>-</td>
</tr>
<tr>
<td>Based on experience, we can with complete confidence rely on the importer to keep promises made to us</td>
<td>0.88</td>
</tr>
<tr>
<td>We are hesitant to transact with the importer when the order specifications are vague</td>
<td>-</td>
</tr>
<tr>
<td>The importer is trustworthy</td>
<td>0.81</td>
</tr>
<tr>
<td>The importer cannot be trusted at time (^1)</td>
<td>0.92</td>
</tr>
<tr>
<td>The importer is perfectly honest and truthful</td>
<td>0.65</td>
</tr>
<tr>
<td>The importer is always faithful</td>
<td>0.83</td>
</tr>
<tr>
<td><strong>Specific asset</strong></td>
<td></td>
</tr>
<tr>
<td>We have made significant investments in resources dedicated to our relationship with this importer</td>
<td>0.76</td>
</tr>
<tr>
<td>Our operating process has been tailored to meet the requirements of dealing with this importer</td>
<td>0.63</td>
</tr>
<tr>
<td>Training and qualifying this importer has involved substantial commitments of time and money</td>
<td>0.80</td>
</tr>
<tr>
<td>This importer has some unusual technological norms and standards that have required extensive adaptation on our part</td>
<td>0.78</td>
</tr>
<tr>
<td>If we end business with the importer, we would lose a lot of investment we have made in this resource</td>
<td>0.76</td>
</tr>
<tr>
<td>If we decided to stop working with this importer, we would be wasting a lot of knowledge regarding the importer’s method of operation</td>
<td>0.71</td>
</tr>
<tr>
<td><strong>Power</strong></td>
<td></td>
</tr>
<tr>
<td>Even if we disagree with this importer we have to comply with their request</td>
<td>0.69</td>
</tr>
<tr>
<td>In case of disagreement importer could penalize us</td>
<td>0.63</td>
</tr>
<tr>
<td>This importer is able to make decisions that can alter our profit levels</td>
<td>0.71</td>
</tr>
<tr>
<td>This importer can adversely influence the way we operate</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>Opportunism</strong></td>
<td></td>
</tr>
<tr>
<td>On occasion, this importer lies to our company about certain things in order to protect their interests</td>
<td>0.85</td>
</tr>
<tr>
<td>Sometimes this importer alters the facts in order to get what they need</td>
<td>0.90</td>
</tr>
<tr>
<td>This importer has sometimes promised to do things without actually doing them later</td>
<td>0.78</td>
</tr>
<tr>
<td>This importer feels that it is ok to do anything within their means that will help further their own interests</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Note: \(^1\) Items deleted from further analysis. All items were measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Control variables used: the length of the personal relationship, length of the export relationship, and employee number; however, the controls were not included in the CFA.