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Theoretical Perspectives of Interorganizational Relationship Performance

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Abstract

Four theoretical perspectives currently dominate attempts to understand the drivers of successful interorganizational relationship performance: (1) commitment–trust, (2) dependence, (3) transaction cost economics, and (4) relational norms. Each perspective specifies a different set and distinct causal ordering of focal constructs as the most critical for understanding performance. Using four years of longitudinal data (N = 396), the authors compare the relative efficacy of these four perspectives for driving exchange performance and provide empirical insights into the causal ordering among key interorganizational constructs. The results demonstrate the parallel and equally important roles of commitment–trust and relationship-specific investments as immediate precursors to and key drivers of exchange performance. Building on the insights gleaned from tests of the four frameworks, the authors parsimoniously integrate these perspectives within a single model of interfirm relationship performance consistent with a resource-based view of an exchange.

Theoretical Perspectives of Interorganizational Relationship Performance

Introduction

Successful interorganizational relationships are critical to firms' financial performance because most firms must leverage other organizations' capabilities and resources to compete effectively. Not only do strong interfirm relationships directly enhance sales and profits (Palmatier et al. 2006) but they also, due to higher levels of cooperation and reduced conflict, can improve innovation, expand markets, and reduce costs (Cannon and Homburg 2001; Rindfleisch and Moorman 2001). Marketers' and researchers' efforts to uncover the drivers of interorganizational relationship performance are well placed, because only by understanding the precursors of performance can managers develop strategies to leverage these causal drivers. Thus, a key question remains: *What are the key drivers of interorganizational relationship performance*? To investigate this question, researchers usually employ one or more of four theoretical perspectives: (1) commitment–trust, (2) dependence, (3) transaction cost economics, and (4) relational norms (Heide and John 1990; Hibbard, Kumar, and Stern 2001; Morgan and Hunt 1994; Siguaw, Simpson, and Baker 1998).

Each of these perspectives suggests different key drivers of exchange performance. For example, Morgan and Hunt (1994, p. 22) propose commitment and trust, "not power" or dependence, are "key" to promoting "efficiency, productivity, and effectiveness" in interorganizational exchanges; other researchers suggest the exchange dependence structure determines performance (Bucklin and Sengupta 1993; Hibbard, Kumar, and Stern 2001); and yet another school of thought argues for consideration of the direct effect of relational norms (Lusch and Brown 1996; Siguaw, Simpson, and Baker 1998). The fourth perspective, based on transaction cost economics (Williamson 1975), proposes the level of transaction-specific investments and the

need to manage opportunism influence governance structures and ultimate exchange performance (Heide and John 1990; Parkhe 1993; Wathne and Heide 2000). Each of these perspectives has received empirical support when tested separately, but the only way to evaluate their relative impact on performance is to compare the effects of each perspective's focal constructs across a common context (Hunt 2002). A comparative analysis of the theoretical perspectives of interorganizational relationship performance therefore represents the primary focus of this research.

In addition to comparing the relative effects of key performance drivers, we address a second important question: *How are key performance drivers causally related*? Even though each perspective promotes different performance drivers, interorganizational researchers often take a pragmatic approach and combine theoretical paradigms to explain performance (Ganesan 1994; Siguaw, Simpson, and Baker 1998). Thus, many studies include similar constructs but use different causal ordering, depending on the perspectives. For example, some researchers suggest transaction-specific investments affect performance directly (Heide and John 1990; Parkhe 1993), whereas others argue the effect is mediated by commitment (Anderson and Weitz 1992) or dependence (Ganesan 1994). Moreover, an overwhelming majority of studies use cross-sectional data and therefore provide little empirical insight to help resolve nomological differences.

On the basis of the empirical findings, we develop and test a post hoc framework that integrates the four different perspectives into a single model of interorganizational relationship performance. The final model is consistent with a resource-based view (RBV) of the exchange and thereby provides a parsimonious theoretical basis for our findings (Dyer 1996; Wernerfelt 1984). Applying RBV theory to an interfirm relationship parallels strategy research's focus on firm performance (Conner 1991, p. 121), in the sense that the "resource-based view may form the kernel of a unifying paradigm."

Our contribution therefore focuses on three research questions aimed at enhancing understanding of interfirm relationship performance (both financial and relational) by evaluating evidence from 396 interorganizational exchange dyads across four consecutive years. Specifically, we investigate ***what*** drives relationship performance, ***how*** the drivers are causally ordered, and ***whether*** these different drivers may be parsimoniously integrated into a single, unifying theoretical framework. Only by understanding the what and how of the drivers of relationship performance can managers develop and effectively implement performance-enhancing strategies. In addition to comparing and synthesizing theoretical perspectives, we provide a platform for guiding future interfirm relationship research efforts.

Theoretical Perspectives of Interorganizational Relationship Performance

Various theoretical perspectives from a wide range of disciplines have been applied to understand interfirm relationship performance. Using research from social psychology, sociology, and anthropology, social exchange theory provides a foundation for two prevalent marketing perspectives (Blau 1964; Cook and Emerson 1978). The first, the commitment–trust perspective (Morgan and Hunt 1994), argues that a party's commitment to and trust in its exchange partner determines relationship performance. The second perspective suggests that the dependence or power structure among exchange partners drives exchange performance and the level of interorganizational conflict (Gundlach and Cadotte 1994; Hibbard, Kumar, and Stern 2001).

Building on early work in social psychology (Thibaut and Kelley 1959) and integrating contract law (Macneil 1980), researchers have also investigated the importance of relational norms (Heide and John 1992; Siguaw, Simpson, and Baker 1998). This perspective suggests that the strength of relational norms in an exchange affects the level of cooperative behavior and relationship performance (Cannon, Achrol, and Gundlach 2000).

With its roots in economics (Williamson 1975), transaction cost economics argues that transaction-specific investments and opportunism influence exchange parties' relationship decisions and affect interorganizational performance (Heide and John 1990; Noordewier, John, and Nevin 1990). Although social network theory, game theory, the political economy perspective, the knowledge-based view of the firm, and analytical modeling represent other theoretical paradigms used to investigate interorganizational relationships, we do not compare these perspectives because extant marketing research based on them is relatively limited (Anderson and Coughlan 2002; Johnson, Sohi, and Grewal 2004; Selnes and Sallis 2003).

Rather, extant interorganizational marketing literature predominantly uses (1) commitment–trust, (2) dependence, (3) transaction cost economics, and/or (4) relational norms perspectives to understand interfirm relationship performance. (For a summary, see Table 1.) We compare the key drivers of performance suggested by each framework by developing parallel conceptual models in which the focal performance drivers serve as immediate precursors of exchange outcomes. Each theoretical approach defines the focal or organizing constructs included in its model, but their antecedents vary widely across studies and often include constructs from other perspectives. To mirror the literature, aid in model comparison, and provide empirical insight into the actual causal ordering among constructs, we include the same constructs in each model but base the causal ordering and measurement period on the specific perspective.

More specifically, we measure constructs across four sequential years on the basis of where each construct falls in the antecedents → mediators → outcomes framework for a *specific* perspective. For example, we measure dependence in the commitment–trust model during the first year, because that framework models it as an antecedent (Morgan and Hunt 1994); in the dependence model, we measure it in the second year, because that perspective considers

dependence a mediator. In each framework, the constructs modeled as antecedents are measured in year 1, mediators in year 2, and outcomes in years 3 and 4.

Financial metrics provide a universal measure by which to evaluate different perspectives, whereas other relationship performance measures may be linked more closely to a specific perspective. To provide a "fair" comparison and identify any specific "strengths" among the different perspectives, we apply both financial and relational outcome measures. For financial performance, we consider objective *sales growth* measured over two years and *overall financial performance*, a composite perceptual measure of sales and profit growth and overall profitability. To indicate relationship performance, we use *cooperation*, or the coordinated and complementary actions between exchange partners to achieve mutual goals, and *conflict*, or the overall level of disagreement and ill will between exchange partners (Jap and Ganesan 2000). Therefore, all our conceptual models contain an identical set of outcome measures, as we summarize in Figure 1.

—— Insert Figure 1 and Table 1 about here ——

Commitment–Trust Perspective

The commitment–trust perspective argues that a customer's trust in and/or commitment to a seller is the prime determinant of exchange performance (Morgan and Hunt 1994). *Commitment* is "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpande 1992, p. 316), and *trust* is "confidence in an exchange partner's reliability and integrity" that directly and indirectly through commitment affects exchange outcomes (Morgan and Hunt 1994, p. 23). These constructs, individually or together, positively influence performance and relational behaviors because customers are more likely to act positively toward and in the best interest of committed, trusted sellers (Anderson and Weitz 1992; Hibbard et al. 2001).

Relationship-specific investments (RSI) are idiosyncratic investments made by an exchange partner that are specialized to a relationship and not easily recoverable (Ganesan 1994). Customer

RSI positively affect customer commitment to a seller (Gilliland and Bello 2002) through its positive impact on switching costs, which makes the relationship more important to the customer and increases its desire to maintain the relationship (Anderson and Weitz 1992). Although empirical support is limited, RSI may influence customers' trust in the seller negatively, because it increases concerns about vulnerability to unilateral seller actions (Gassenheimer and Manolis 2001). The positive effect of seller RSI on trust depends on the signal sent to the customer, which offers "tangible evidence" that the seller can be "believed" and "cares" about the relationship (Ganesan 1994, p. 5). Seller *opportunistic behaviors,* defined as seeking to support self-interests through guile (Williamson 1975), negatively influence the customer's trust in the seller as the customer begins to suspect the seller's benevolence.

Dependence refers to the need to maintain a relationship to achieve goals; researchers show that both *interdependence*, or the mutual dependence of both partners, and *dependence asymmetry*, or the imbalance between partners' dependence, are critical to understanding its impact in an exchange (Jap and Ganesan 2000). Kumar, Scheer, and Steenkamp (1995) indicate that interdependence positively affects commitment and trust, through a reduction in relationship problems and convergence of interests, whereas dependence asymmetry undermines commitment and trust as partners' interests diverge and the structural barriers to the coercive use of power fall.

Relational norms have been investigated as both unique norms and a composite construct. The most commonly investigated norms are *solidarity*, or partners' belief in the importance of the relationship; *mutuality*, or the belief that success is a function of the partner's success and partners should share benefits and costs; and *flexibility*, or the willingness of exchange partners to adapt to new conditions (Cannon, Achrol, and Gundlach 2000; Lusch and Brown 1996). Some researchers argue that specific norms affect commitment (e.g., solidarity) and others trust (e.g., mutuality), but most research employs a single composite index of positive effects on relational bonds (Siguaw,

Simpson, and Baker 1998). Finally, *communication* refers to the amount, frequency, and quality of information shared between exchange partners and positively affects customers' trust in and commitment to a seller (Mohr, Fisher, and Nevin 1996).

Dependence Perspective

Dependence has been widely studied as a critical determinant of interfirm relationship performance in terms of financial outcomes, cooperation, and conflict, especially in the channel context (Bucklin and Sengupta 1993; Kumar, Scheer, and Steenkamp 1995). Many aspects of an exchange's dependence structure appear in the literature, but most research accepts the premise that interdependence positively affects exchange performance because dependence increases both the partners' desire to maintain the relationship and the level of adaptation they undertake (Hallen, Johanson, and Seyed-Mohamed 1991; Hibbard, Kumar, and Stern 2001). Moreover, dependence asymmetry negatively influences performance by fostering coercive uses of power and reducing willingness to compromise (Gundlach and Cadotte 1994).

As customers invest time and effort to build relational governance structures, they become more dependent on their partner, because duplicating relational bonds with a new partner would involve additional investments. Thus, commitment and trust in a partner increase interdependence (El-Ansary 1975). As partners commit RSI, they grow more dependent, and switching threats are less credible (Ganesan 1994; Kim and Frazier 1997). Thus, RSI should affect interdependence positively. Furthermore, potential partners may engage in opportunism, so to find a partner, firms must expend effort and search costs, which increases dependence on "safe" partners.

Building strong relational norms takes time and effort from both exchange partners. Because they are not easily replaced, strong relational norms should represent valuable, difficult-to-duplicate assets for both partners and result in higher interdependence levels. Interdependence also should increase as the level of communication increases, because information typically provides value to

each party and is difficult to replace (Frazier 1983; Mohr and Nevin 1990). Few antecedents of dependence asymmetry appear in the literature, but because RSI increases a partner's dependence, all else being equal, RSI by one partner should increase its relative dependence, leading to a power imbalance (Kim and Frazier 1997).

Transaction Cost Economics Perspective

The transaction cost perspective (Williamson 1975), which focuses on the twin focal constructs of specific investments and opportunism to predict governance and exchange performance, has received consistent research attention (Heide and John 1990; Wathne and Heide 2000). The normative claim of transaction cost analysis—firms should vertically integrate when confronted with investments in idiosyncratic specific assets or suspicions of opportunistic behaviors by the exchange partner—has been well supported by empirical studies (Rindfleisch and Heide 1997). In this sense, RSI by an exchange partner simultaneously signals its intent and generates the need to safeguard investments. Because RSI represents sunk, unredeployable assets in an exchange relationship, parties' RSI reduce their motivation to behave opportunistically and the credibility of switching threats, which in turn minimizes the partner's need (and costs) to monitor performance or safeguard assets. With fewer opportunism concerns and lower monitoring and safeguarding costs, the exchange becomes more efficient and more prone to joint action and includes higher expectations of continuity, all of which contribute to enhanced performance (Heide and John 1990; Parkhe 1993; Smith and Barclay 1997). Researchers agree that opportunism has a negative impact on interfirm performance because it significantly increases the ex post costs associated with monitoring performance and safeguarding investments (Gassenheimer, Davis, and Dahlstrom 1998; Heide and John 1990).

Strong relationships cause partners to discount the possibility that their partner will appropriate their idiosyncratic investments, and relational bonds increase their willingness to make

RSI. We expect interdependence to have a positive effect on partners' RSI because they are less concerned partners will appropriate them (Heide and John 1988). Interdependence should also reduce partners' tendency to behave opportunistically, because they do not want to jeopardize a difficult-to-replace relationship. Conversely, dependence asymmetry should reduce the exchange partner's RSI because of its concerns about coercive uses of power. Consistent with the literature (Parkhe 1993), seller RSI suppresses sellers' opportunist behaviors; they do not want to forfeit or undermine their nonrecoverable investments by engaging in relationship-damaging behaviors.

Research also suggests a positive influence of relational norms on RSI, in that strong norms reduce concerns that either exchange partner will appropriate idiosyncratic investments (Heide and John 1992; Noordewier, John, and Nevin 1990). Moreover, because relational norms embody a promise of fair play and a mutually beneficial, long-term relationship, they provide pressure to not behave opportunistically and support RSI that often pay returns only in the long term.

Transaction cost analysis works on the presumption of bounded rationality (i.e., managers are constrained by limited cognitive capability and imperfect information) and thus posits that effective communication reduces the uncertainties associated with governance-related decisions and concerns of opportunism while increasing RSI (Rindfleisch and Heide 1997).

Relational Norms Perspective

The relational norms perspective, drawn from relational exchange theory (Kaufmann and Dant 1992; Macneil 1980), often appears in conjunction with the commitment–trust perspective to explain the positive influence of relational marketing (Gundlach, Achrol, and Mentzer 1995; Jap and Ganesan 2000; Siguaw, Simpson, and Baker 1998). Relational exchange theory rests on two key propositions. First, for contracts to function, a set of common contracting norms must exist (Kaufmann and Dant 1992). Second, in contrast to classical legal theory, which assumes all transactions are discrete events, Macneil (1980) argues that transactions are immersed in the

relationships that surround them, which may be described in terms of the relational norms of the exchange partners. Relational norms positively affect financial results and cooperative behaviors (Cannon, Achrol, and Gundlach 2000; Siguaw, Simpson, and Baker 1998) and reduce the level of conflict (Jap and Ganesan 2000). Exchanges characterized by high levels of relational norms enable exchange partners to respond more effectively to environmental contingencies, extend the time horizon for evaluating the outcomes of their relationships, and, ultimately, refrain from relationship-damaging behaviors (Kaufmann and Stern 1988). In other words, relationalism plays a significant role in structuring economically efficient exchange relationships and therefore should lead to improved financial performance (Heide and John 1992).

Commitment and trust promote the emergence of relational norms by fostering behaviors that support bilateral strategies to accomplish shared goals (Gundlach, Achrol, and Mentzer 1995). Similarly, RSI positively affects relational perceptions (Bello and Gilliland 1997); idiosyncratic investments signify the importance a partner attaches to the partnership and have a positive impact on switching costs, which makes the relationship more important to the exchange partner and enhances its efforts to maintain the relationship (Anderson and Weitz 1992).

Opportunistic behaviors have a negative impact on the emergence of relational sentiments (Gundlach, Achrol, and Mentzer 1995), because perceiving a partner as opportunistic undermines extant relational norms and raises the specter that the exchange partner is not concerned with the well-being or fairness of the exchange. Interdependence enhances relational sentiments, in that perceptions of dependence indicate significant stakes in the relationship and increase exchange partners' interest in maintaining the relationship (Ganesan 1994; Lusch and Brown 1996). Conversely, asymmetric dependence promotes the coercive use of power and undermines relational norms. Communication's effect on relational sentiments should be positive, because

"communication [is] the glue that holds together a channel of distribution" and helps create an atmosphere of mutual support and participative decision making (Mohr and Nevin 1990, p. 36).

Research Method

Sample and Data Collection Procedure

We draw the sample for this research from a longitudinal survey of business-to-business relationships between a major *Fortune* 500 company (seller) and its local distributor agents (customers). The business relationships cover various products, including clothing, hardware, furniture, and appliances, so our sample minimizes any specific product category effects. The relationships also include diverse business functions, such as generating demand, inventorying products, selling to consumers, and handling returns. Thus, this setting captures a range of business activities and provides an excellent context in which to test alternative theoretical perspectives.

We gathered the data in three successive annual mail surveys to the manager of each customer firm. The sampling frames for the three years were 1,651, 1,837, and 1,965, and the corresponding completed questionnaires received were 984, 1,004, and 1,089. Thus, the response rates are 60%, 55%, and 55%; however, not every customer responded to all three surveys. Therefore, we base our analysis on 396 cases in which the same respondents completed the surveys in all three years, which represents a 24% response rate for the 1,651 surveys mailed in year 1.

We assess possible nonresponse bias in three ways. First, we conduct tests comparing early to late respondents for all three waves in terms of archival sales data, demographic information, and study constructs. The results indicate that early versus late respondents constitute the same population ($p > .05$). Second, we compare the retained sample of 396 with respondents excluded from the analysis due to their failure to complete surveys in all three years—588 in the first year, 608 in the second, and 693 in the third year—across the study constructs using a series of Manova and univariate analyses. These results are insignificant ($p > .05$). Third, we compare the respondent

pools in each year with the total sampling frames (e.g., 984 compared with 1,651 in year 1). Again, we find no significant differences ($p > .05$). The relatively high response rates and results of these three tests suggest nonresponse bias is not a concern.

Measures

We base our reflective measures on extant literature that has undergone prior psychometric scrutiny and adapt them to fit the context of our investigation. In all three years, we use identical surveys; in the Appendix, we present the full battery of scales employed, item loadings, and principal literature sources.

For the measures of financial outcomes, we use a perceptual format reported by customers and average sales growth for years 2–4, provided by the seller. Consistent with the literature(e.g., Cannon, Achrol, and Gundlach 2000; Gundlach, Achrol, and Mentzer 1995), we conceptualize relational norms as a composite construct using three items generated by averaging the items used to measure each of three specific norms (solidarity, mutuality, and flexibility). We verify the reliability of the scales for each norm and then average them to form the relational norm indicators in the measurement and structural models.

Following Jap and Ganesan (2000), we operationalize interdependence as the product of the customer's dependence on the seller and its perception of the seller's dependence on it, whereas dependence asymmetry is the seller's dependence minus the customer's dependence. Exchange age, a control variable, serves as an antecedent for all mediators and outcomes.

Measurement Models

We estimate separate confirmatory measurement models for all latent constructs captured in each of the three data collection efforts (years 1, 2, and 3). Thus, the first measurement model pertains to data collected in year 1, including all antecedent and mediator constructs; the second duplicates this approach with year 2 data; and the third model includes the three customer-reported

latent outcome constructs measured during year 3. Each item's loading is restricted to its *a prior* construct, and each construct is correlated with all other constructs. The measurement fit indices for the first, second, and third models are as follows: year 1, $\chi^2_{(395)} = 656.8$ ($p < .01$) comparative fit index (CFI) = .96, Tucker-Lewis index (TLI) = .95, root mean square of approximation (RSMEA) = .04; year 2, $\chi^2_{(395)} = 695.6$ ($p < .01$), CFI = .96, TLI = .95, RSMEA = .04; year 3, $\chi^2_{(24)} = 34.5$ ($p < .01$), CFI = .99, TLI = .99, RSMEA = .03. Thus, the fit indices for all three models are acceptable. All factor loadings are significant and in the predicted direction ($p < .001$), in support of convergent validity. Finally, all latent constructs' composite reliabilities are .67 or greater, which indicates internal reliability. We provide the descriptive statistics and correlations for all measures in Table 2.

——Table 2 about here——

We confirm discriminant validity by comparing two nested models for each pair of latent constructs for each measurement year in which we either allow the correlation between two constructs to be free or restrict the correlation to 1. Discriminant validity is supported; the χ^2 statistic is significantly lower ($p < .05$) in the unconstrained model than in the constrained model for all constructs. We find additional support for discriminant validity by verifying that the average variance extracted by each latent construct is greater than its shared variance (intercorrelation^2) with other constructs. On the basis of these tests, we conclude that our measures are valid and reliable.

Analysis and Results

We test our conceptual models using structural path modeling with maximum likelihood criteria. We evaluate the main effects among key interfirm constructs according to the nomological framework suggested by each theoretical perspective (Figure 1) and perform mediation tests for the direct effect of each antecedent on each outcome variable. These tests provide key insights into the causal ordering among constructs and the primary drivers of performance. We report the results of proposed main effects in Table 3. On the basis of the results across these four models, we propose

and test a fifth *post hoc* integrative model. The fit indices across the five structural models are relatively stable, ranging from $\chi^2_{(762 \text{ to } 766)}$ = 1144.8 to 1209.3 ($p < .01$), CFI = .96 (all models), TLI = .95 to .96, and RSMEA = .04 (all models), all of which indicate acceptable fits.

——Table 3 about here——

Results: Commitment–Trust Perspective

As we show in Table 3, building customer trust (β = .53, $p < .01$), increasing interdependence (β = .12, $p < .01$), and building stronger dyadic relational norms (β = .27, $p < .01$) lead to higher levels of customer commitment. Customer RSI, dependence asymmetry, and communication are not significantly related to commitment. Customers trust sellers who make RSI (β = .21, $p < .01$) and those involved in exchanges with high levels of relational norms (β = .23, $p < .01$) and communication (β = .22, $p < .01$). The premise that customers who make RSI are concerned they will be held hostage by these investments is supported by their lower levels of trust in the seller (β = -.10, $p < .05$). As we expected, seller opportunistic behaviors (β = -.13, $p < .05$) undermine customers' trust in the seller. However, neither interdependence nor dependence asymmetry has a significant influence on customer trust.

Commitment has a strong effect on all four outcomes: sales growth (β = .18, $p < .01$), overall financial performance (β = .18, $p < .01$), cooperation (β = .30, $p < .01$), and conflict (β = -.21, $p < .01$). Similarly, trust has a direct impact, in addition to its indirect impact, on cooperation (β = .14, $p < .05$) and conflict (β = -.14, $p < .05$), but its direct impact on sales growth and overall financial performance is not significant. The exchange age control variable has a negative effect on sales growth (β = -.08, $p < .05$), indicating that new partners grow faster than long-term partners**.**

To understand if the effect of the antecedents on outcomes is fully mediated by each perspective's focal construct(s) and generate insight into the causal ordering among the constructs, we perform a series of mediation tests for each antecedent on each outcome by comparing two

nested models: the proposed full mediation model and a partial mediation model with an additional path from an antecedent to an outcome. If the new model provides significantly better fit, the antecedent's effect on the outcome is not fully mediated by the proposed focal constructs.[1] Our tests demonstrate that only customer and seller RSI are not fully mediated by commitment and trust. Moreover, we compare mediation results across the four theoretical models and derive key insights into causal ordering. For example, neither trust's nor commitment's effect on outcomes is fully mediated when they serve as antecedents in other models. This finding provides additional support for the role of commitment and trust in driving performance. That is, commitment and trust mediate all constructs except for RSI, and no other perspective mediates their effect on outcomes; therefore, commitment and trust are immediate precursors to exchange performance.

Results: Dependence Perspective

As customers' commitment ($\beta = .20$, $p < .05$) increases, they make more RSI ($\beta = .15$, $p < .05$), have higher levels of relational norms ($\beta = .18$, $p < .05$), and increase the level of interdependence. Contrary to our expectations, customer trust negatively ($\beta = -.26$, $p < .01$) and opportunism positively ($\beta = .18$, $p < .01$) affects interdependence. The customer's evaluation of the seller's reliability and self-interest may affect interdependence perceptions, in that if the seller sincerely stands by its word, the customer expects it to help minimize losses were the relationship to end. A trusted, nonopportunistic seller is more likely to follow the letter and spirit of a contract regarding notification and termination payments, which would make the loss of the relationship less costly (lowering interdependence), whereas a less trusted, more opportunistic seller may provide a relatively lower level of transitional support. This conjecture requires additional empirical testing.

Seller RSI and communication are not significantly related to customer interdependence. Similarly, neither customer nor seller RSI have a significant impact on dependence asymmetry.

[1] $\Delta\chi^2$ test statistics are available for all mediation tests on request from the authors.

Interdependence has a positive influence on overall financial performance (β = .16, $p < .01$) and cooperation (β = .10, $p < .05$) and a negative influence on conflict (β = -.11, $p < .01$). Unbalanced relationships experience higher levels of conflict, but dependence asymmetry does not influence any of the other three outcomes. Exchange age has a negative effect on sales growth (β = -.04, $p < .05$).

Mediation tests demonstrate that all antecedents have direct effects on the outcome variables (i.e., no antecedents are fully mediated), though in the commitment–trust and transaction cost perspectives, dependence constructs are fully mediated. Therefore, we posit interdependence and dependence asymmetry are not immediate precursors to performance, and the dependence structure of exchange partners represents a structural characteristic of an exchange that may provide an important context for other proximate performance drivers.

Results: Transaction Cost Economics Perspective

As interdependence increases, customers make larger RSI (β = .13, $p < .01$). None of the other antecedents of customer RSI is significant. Seller opportunism drops as a result of strong relational norms (β = -.24, $p < .01$) and high seller RSI (-.18, $p < .01$). Similarly, seller RSI is influenced positively by relational norms (β = .19, $p < .01$) and communication (β = .29, $p < .01$) but unaffected by dependence. Customer RSI has a positive affect only on sales growth (β = .12, $p < .01$), whereas seller opportunistic behavior affects both relationship outcomes, undermining cooperation (β = -.17, $p < .01$) and increasing conflict (β = .26, $p < .01$), but has no effect on financial outcomes. Opportunistic behaviors thus do not appear to influence financial outcomes directly but rather indirectly through their impact on relational behaviors. Seller RSI has significant effects on three outcomes: It improves overall financial performance (β = .32, $p < .01$) and cooperation (β = .30, $p < .01$) and decreases the level of conflict (β = -.16, $p < .01$). Exchange age has a positive effect on seller RSI (β = .11, $p < .05$) but a negative effect on sales growth (β = -.10, $p < .05$) and financial performance (β = -.09, $p < .05$).

Mediation tests demonstrate that commitment, trust, relational norms, and communication are not fully mediated in the transaction cost perspective, and customer and seller RSI have direct effects on outcomes (i.e., not fully mediated) when tested in the three other perspectives. Thus, RSI has a direct effect on outcomes across all models, so they should be considered immediate precursors of exchange outcomes. The failure of this perspective to mediate the effect of the relational constructs on outcomes fully supports the view that transaction cost economics cannot capture the relational aspect of an exchange.

Results: Relational Norm Perspective

Of the eight antecedents tested, only customer commitment ($\beta = .24$, $p < .01$) and trust ($\beta = .23$, $p < .01$) have significant effects on the level of relational norms. We find it especially surprising that opportunistic behaviors and communication do not influence relational norms but posit this finding may be because of the time lapse in our longitudinal data; one year between antecedent and mediator measures may be relatively short compared with the time needed for meaningful changes in norms. Relational norms have strong effects on all four outcomes: sales growth ($\beta = .12$, $p < .01$), financial performance ($\beta = .27$, $p < .01$), cooperation ($\beta = .37$, $p < .01$), and conflict ($\beta = -.25$, $p < .01$).

Relational norms fail to mediate commitment, trust, customer and seller RSI, and communication fully but fully mediate dependence measures and opportunistic behaviors. Results from the other models' mediation tests show that relational norms are fully mediated in the commitment–trust perspective. In addition, only two of the eight antecedents of relational norms are significant in this model, whereas norms relate significantly to five of the six focal constructs across the other models. Therefore, we posit that relational norms provide an important backdrop for other focal performance drivers but are not an immediate precursor of exchange performance themselves.

Results: Resource-Based View Perspective

On the basis of the results from the four theoretically "pure" models, we develop and test a post hoc integrative model that combines the theoretical perspectives according to the causal ordering indicated by our analysis. We offer a model consistent with the RBV (Dyer 1996; Wernerfelt 1984) that treats commitment, trust, and RSI as immediate precursors of performance (mediators) and all other constructs as antecedents (Figure 2).

In Table 4, we show that building customer trust ($\beta = .53$, $p < .01$), increasing interdependence ($\beta = .11$, $p < .05$), and building stronger relational norms ($\beta = .26$, $p < .01$) lead to higher levels of customer commitment. Communication is not significantly related to commitment. Customers experience higher levels of trust in exchanges with more relational norms ($\beta = .27$, $p < .01$) and communication ($\beta = .30$, $p < .01$) and less opportunism ($\beta = -.13$, $p < .05$). The dependence structure has no significant influence on customer trust. Customers make larger RSI when exchange interdependence ($\beta = .16$, $p < .05$) and communication ($\beta = .11$, $p < .05$) increase, but none of the other antecedents is significant. Seller RSI is positively affected by relational norms ($\beta = .21$, $p < .01$) and communication ($\beta = .28$, $p < .01$) but not by interdependence.

——Figure 2 and Table 4 about here——

Customer commitment has a strong effect on three outcomes: sales growth ($\beta = .16$, $p < .05$), cooperation ($\beta = .24$, $p < .01$), and conflict ($\beta = -.19$, $p < .01$); customer trust has a direct impact on conflict only ($\beta = -.12$, $p < .05$); customer RSI has a positive effect on sales growth ($\beta = .12$, $p < .01$); and seller RSI affects financial performance ($\beta = .24$, $p < .01$) and cooperation ($\beta = .18$, $p < .01$). Exchange age has a positive effect on seller RSI ($\beta = .11$, $p < .05$) and a negative effect on sales growth ($\beta = -.09$, $p < .05$) and financial performance ($\beta = -.09$, $p < .05$).

Moreover, the mediation tests demonstrate that the effects of antecedents on outcomes are all fully mediated, in support of our proposed model. Even with all four mediators modeled as

influencing each outcome, each still affects at least one outcome; therefore, each mediator captures independent, performance-relevant information.

Discussion

Most researchers investigating interorganizational relationship performance use one or more of the theoretical perspectives we address herein (Heide and John 1990; Lusch and Brown 1996; Morgan and Hunt 1994; Siguaw, Simpson, and Baker 1998). Each perspective offers different focal or organizing constructs and either explicitly or implicitly proposes a different nomological ordering of key constructs. Because interfirm research often uses a single theoretical perspective and employs cross-sectional data, even after decades of research, we lack an understanding of relative efficacy or how the focal constructs are causally related, but only by understanding the key drivers of performance can managers develop effective strategies. Moreover, resolving how these different theories interrelate can support researchers' efforts to build a holistic view of interfirm performance. We structure our discussion and implications for research and practice around our three focal questions: ***what*** drives relationship performance, ***how*** are the drivers causally ordered, and ***whether*** these different drivers can be parsimoniously integrated into a single framework. We summarize the results and implications in Table 5.

——Table 5 about here——

Key Drivers of Interorganizational Relationship Performance

Evaluating the main effects of each perspective's focal construct(s) on the four outcomes shows that with a single theoretical lens, as is typically utilized, each theoretical perspective receives strong empirical support, which may provide misleading insight into its relative efficacy. Both financial outcomes were impacted by commitment, RSIs, and relational norms, while only commitment and RSIs had a direct effect on financial outcomes across all four models independent of measurement period or the inclusion of other focal constructs (i.e., during mediation tests). Thus,

commitment and RSIs are key drivers of *financial performance*, whereas trust, opportunism, communication, relational norms, and dependence are not. All the focal constructs drive relational outcomes, but only the direct effects of trust, commitment, and RSI remain across all measurement periods and perspectives. Thus, commitment, RSI, and trust are key drivers of *relational outcome*s, but opportunism, communication, relational norms, and dependence are not.

Therefore, previous research based solely on dependence or relational norm perspectives likely overstates the impact of direct effects on performance. We find support for the role of commitment and trust on performance, but the equally strong and independent direct effect of RSI on both financial and relational outcomes suggests it should be considered as well. A recent meta-analysis (Palmatier et al. 2006, p. 150) reinforces this point by noting "relationship investment has a large, direct effect on seller objective performance, in addition to its frequently hypothesized mediated effect." This meta-analysis also shows that RSI's direct effect on objective performance is greater than that of relational mediators. Together, these results imply relationship marketing should no longer model the effects of relational investments on outcomes as fully mediated only by trust and commitment (cf. Morgan and Hunt 1994) but rather investigate RSIs' direct effect or other possible mediating mechanisms (e.g., reciprocity, exchange effectiveness).

Management strategies must increase customers' motivation to maintain (commitment) and enable (e.g., trust, willingness to accept risk) the relationship, in addition to promoting investments by both partners to improve the efficacy and effectiveness of the interaction. Training programs, easier and more effective communication channels, and other specific assets could make the exchange more effective. Managers may want to provide incentives to push customers to make RSI. For example, incentivizing customers to learn about products, using Web-based systems, or attending seller-funded seminars may pay higher dividends than additional "relationship-building events" targeted at improving customer–seller relational bonds.

The Causal Relation of Key Performance Drivers

Commitment, trust, and RSI are not mediated by other constructs across different models and have consistent direct effects on multiple outcomes across different perspectives; therefore, they are immediate precursors of performance (Table 5). So what is the role of other focal interorganizational constructs?[2] The dependence structure of an exchange builds commitment and promotes RSI, possibly by increasing switching costs and reducing concerns about appropriations. Contrary to extant research (Ganesan 1994; Kim and Frazier 1997), we find that RSI's impact on performance does not function through its effect on the dependence structure. Furthermore, the effect of opportunistic behaviors on outcomes works through its influence on trust, and the role of communications in driving outcomes lies in its effect on trust and RSI. Whereas researchers understand the communication–trust relationship, the connection between communication and RSI is less familiar, though it may be an important vehicle for uncovering potential exchange-leveraging investment opportunities.

Relational norms appear to be important antecedents of all key drivers of performance, possibly because they provide key foundational rules (e.g., solidarity, mutuality, flexibility) and conformance pressures that prompt strong relational bonds and risky investments. Thus, norms may be a necessary but insufficient condition for high-performance exchanges; that is, violating norms ensures underperformance but following norms does not guarantee high performance. We find only a limited number of significant antecedents of relational norms, possibly because norm development likely takes longer than one year.

These findings respond clearly to persistent calls for more longitudinal research to resolve differences in causal ordering among theoretical perspectives and support a more integrated view.

[2]Because relational norms have a strong impact on outcomes in the relational norm perspective, we test an additional model that also includes relational norms as a mediator in the RBV model. In this alternative model, relational norms do not relate significantly to any of the four outcomes, in support of their role as antecedents rather than focal mediators.

Moreover, we provide insight into the role of key interorganizational constructs. When developing financial strategies, managers should build commitment and promote RSI; concerns about dependence, opportunism, norms, and communication are secondary and should be evaluated in terms of their impact on the key performance drivers.

Integration in a Single Theoretical Framework

The previous sections focus on discrete theoretical perspectives, but many researchers already recognize their close interrelations (e.g., Ganesan 1994; Siguaw, Simpson, and Baker 1998). Using causal insights gleaned from these different models, we parsimoniously integrate them within a RBV of interorganizational exchange, though many of our conjectures require additional support. The finding that the proximate drivers of both financial and relationship outcomes include commitment, trust, and RSI falls in line with Dyer and Singh's (1998, p. 662) premise that the RBV framework should extend to *interfirm* relationships, which generate superior performance when "partners combine, exchange, or invest in idiosyncratic assets, knowledge, and resources/capabilities, and/or they employ effective governance mechanism." In our post hoc RBV model, commitment and trust provide the relational governance structure; RSI represent idiosyncratic resources that, when combined, can make the exchange valuable, rare, and difficult to duplicate and generate sustainable competitive advantage and superior outcomes (Wernerfelt 1984).

As we summarize in Figure 2, we can synthesize common interorganizational constructs by extending RBV theory from the more common "firm" unit of analysis to an "exchange," arguably the most fundamental unit for marketing (Bagozzi 1975), in which dependence structure and relational norms perspectives and communication and opportunistic behaviors precede commitment, trust, and RSI. We also build on Jap's (1999) and Dyer's (1996) empirical work to apply RBV theory to an interfirm dyad by (1) supporting their findings that RSI positively affects performance and (2) integrating the key relational governance construct of commitment and trust, as well as

other key interorganizational constructs. Overall, compelling evidence shows that when applied to an exchange, the RBV offers a unifying paradigm, similar to its use in strategy research, which synthesizes diverse literature across different perspectives (Conner 1991).

More specifically, we outline the key role of each focal construct with a RBV perspective of interorganizational relationship performance. First, as relationship marketing literature (Morgan and Hunt 1994) argues, *commitment* encapsulates exchange partners' desire and motivation to maintain a relationship, without which it is hard to envision the partner expending effort to enhance exchange performance. Second, trust gives partners confidence in their counterpart's future actions, strengthens commitment, supports cooperation, and prevents conflict, which suggests it plays an enabling role by making long-term, successful interactions possible rather than affecting financial outcomes directly. Third, in terms of the direct affect of RSI on exchange performance, though commitment captures an exchange partner's relational motivation, RSI improves financial and relationship outcomes by increasing the ***efficacy*** or ***effectiveness*** of the exchange itself because of the exchange's improved ability to create value by either increasing benefits or reducing costs. For example, when partners invest in training, customized procedures, or specialized interfaces, they improve the functional capabilities of the exchange, enabling it to create value better (e.g., lower interaction costs, improved product innovation) and catalyze higher performance.

The theoretical implications and research opportunities of an RBV perspective are varied. First, the focus on investments and asset specificity should shift from a transaction cost perspective of safeguarding and monitoring to a focus on improving the effectiveness and efficacy of relationship value creation. Second, the many different forms of exchange-specific investments must be evaluated with regard to their productivity-enhancing effect, difficulty to duplicate, and overall ability to generate value. Third, the interaction between governance variables and investments should be better understood. For example, if commitment improves exchange partners'

motivation to maintain the relationship and RSI increases exchange capabilities, capabilities may have a greater impact on outcomes when partners are more motivated. Further empirical support for these premises would offer important managerial implications and specific guidance regarding the level and type of exchange-specific investments that yield the highest returns, as well as how spending should be allocated across relational- and effectiveness-building investments.

Limitations and Further Research

Despite its longitudinal analysis and objective performance data, our study contains several limitations. For example, our seller is a single large company. Although its product breadth and varied business processes reduce some concerns, we cannot evaluate its idiosyncratic characteristics. It is hard to envision how these might influence the causal ordering of constructs or the fit among theoretical perspectives, but they could alter the relative effect sizes among our constructs. Further research should confirm our results in other industries and with other firms. In addition, we conduct our longitudinal analysis over four years, which may not support an analysis of constructs with longer response cycles, such as norms, or those that may vary month to month, such as frequency and depth of communication. Additional research should take a more dynamic view and investigate whether key interorganizational constructs have natural response cycles. Because we fail to identify many antecedents of relational norms, further research also should investigate how firms can build or accelerate their development.

We focus on four common theoretical perspectives for understanding interorganizational exchanges, but further research should compare and synthesize other perspectives as well. Focusing on the newly defined knowledge-based view of the firm may be especially fruitful (Johnson, Sohi, and Grewal 2004; Selnes and Sallis 2003) because of its compatibility with the RBV. Overall, we hope that additional efforts extend our research by providing more dynamic and integrative views of interfirm exchange performance.

Table 1
Summary of Theoretical Perspectives of Interorganizational Relationship Performance

Theoretical Perspectives	Descriptions	Key Performance Drivers (Focal Constructs)
Commitment-Trust Perspective		
	Morgan and Hunt's (1994, p. 22) classic paper builds on social exchange theory (Blau 1964; Cook and Emerson 1978) and proposes that commitment and trust, not power or dependence, are the key focal constructs for understanding interorganizational relationship performance. Consistent with their relationship marketing focus, they argue commitment is the critical precursor to improving financial performance, and commitment and trust are both important for building strong relationships. These constructs, individually or together, positively influence performance and relational behaviors because customers act positively toward and in the best interest of committed, trusted sellers (Anderson and Weitz 1992; Hibbard et al. 2001).	Commitment, trust
Dependence Perspective		
	Marketing researchers (e.g., Bucklin and Sengupta 1993; Hibbard, Kumar, and Stern 2001; Kumar, Scheer, and Steenkamp 1995), building on social exchange theory, argue that the exchange's dependence structure is crucial for understanding interorganizational relationship performance, because it determines each partner's ability to influence the other. Many different approaches attempt to capture an exchange's dependence structure (e.g., relative dependence, total interdependence, asymmetric dependence), but partners' interdependence usually affects relationship performance positively because partners work to maintain their relationship and avoid destructive actions (Hibbard, Kumar, and Stern 2001), whereas dependence asymmetry undermines the relationship through fewer structural barriers to the use of coercive power (Gundlach and Cadotte 1994).	Interdependence and dependence asymmetry
Transaction Cost Economics Perspective		
	Transaction cost analysis, the successor to traditional neoclassical economics (Williamson 1975), can predict interorganizational exchange governance and performance (Heide and John 1990; Noordewier, John, and Nevin 1990; Parkhe 1993). Exchanges occur in free markets without relational encumbrances or associated costs (Rindfleisch and Heide 1997), except when specific governance problems exist (e.g., safeguarding specific investments from opportunism, managing uncertainty). It is based on two key assumptions of human behavior: bounded rationality and opportunism. Thus, it suggests that the governance structure and ultimate performance of an exchange are influenced by the level of the exchange partners' relationship-specific investments and opportunistic behaviors.	Relationship- (transaction-) specific investments, opportunistic behaviors
Relational Norm Perspective		
	Traceable to Macneil (1980), the relational exchange theory (Kaufmann and Dant 1992) focuses on contracting norms or shared expectations regarding transactional behavior, ranging from one-time discrete to ongoing relational exchanges. The latter category involves heightened perceptions of relational norms, which contribute to exchange partners' strategic ability to develop long-term, committed, trusting, value-creating associations that are difficult and costly to imitate. On the basis of this logic, researchers propose that strong relational norms positively affect exchange performance (Cannon, Achrol, and Gundlach 2000; Lusch and Brown 1996; Siguaw, Simpson, and Baker 1998).	Relational norms (solidarity, mutuality, and flexibility)
Resource-Based View Perspective		
	The resource-based view (RBV) of the firm counters industry structure as the focal unit of analysis for understanding firm performance; firms that have resources and capabilities that are rare, valuable, and difficult to duplicate or substitute earn superior competitive advantage and performance (Wernerfelt 1984). Based on a review of the literature, Conner (1991) cites the RBV as a potential unifying paradigm, and Dyer (1996) and Jap (1999) extend this framework to interfirm relationships. The RBV perspective of an interorganizational exchange integrates focal constructs from other perspectives by proposing that superior performance occurs when “partners combine, exchange, or invest in idiosyncratic assets, knowledge, and resources/capabilities, and/or they employ effective governance mechanism" (Dyer and Singh 1998, p. 662).	Idiosyncratic assets, resources, and capabilities (e.g., relationship-specific investments) and relational governance mechanism (e.g., commitment, trust)

Table 2

Descriptive Statistics and Correlations

Constructs	Mean	Std. Dev.	α	Mean	Std. Dev.	α	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
		Year 1			***Year 2***															
1. Customer commitment	4.38	0.61	.88	4.40	0.59	.88	n.a.	.61**	.18**	-.09	.24**	.45**	-.33**	.67**	.39**	.24**	.36**	-.29**	.00	.16**
2. Customer trust	4.24	0.60	.90	4.26	0.63	.92	.59**	n.a.	.06	-.08	.25**	.43**	-.41**	.63**	.45**	.23**	.32**	-.27**	.06	.10*
3. Interdependence	10.63	4.03	.72	10.78	3.98	.74	.28**	.08	n.a.	-.06	.17**	.12*	-.05	.21**	.05	.14**	.09	-.11**	-.06	-.02
4. Dependence asymmetry	0.28	0.98	.67	0.23	1.02	.77	-.12**	-.10*	-.10	n.a.	-.07	-.05	.09	-.13**	-.08	.04	-.05	.08	-.02	.01
5. Customer relationship-specific investments	3.78	0.61	.88	3.81	0.57	.88	.19**	.23**	.24**	-.04	n.a.	.48**	-.17**	.32**	.29**	.14**	.18**	-.11*	.05	.11*
6. Seller relationship-specific investments	3.73	0.69	.86	3.78	0.67	.84	.41**	.41**	.16**	-.16**	.44**	n.a.	-.25**	.50**	.51**	.27**	.31**	-.20**	.10	.11*
7. Seller opportunistic behaviors	2.13	0.72	.86	2.06	0.73	.91	-.41**	-.45**	-.05	.11*	-.20**	-.28**	n.a.	-.35**	-.28**	-.12*	-.25**	.29**	-.00	-.05
8. Relational norms	3.90	0.59	.83	3.92	0.58	.82	.65**	.60**	.18**	-.12*	.32**	.43**	-.42**	n.a.	.47**	.25**	.32**	-.21**	-.02	.12*
9. Communication	3.88	0.60	.87	3.93	0.61	.90	.42**	.50**	.18**	-.14**	.29**	.52**	-.29**	.46**	n.a.	.18**	.30**	-.20**	.12*	.05
		Year 3																		
10. Overall financial performance	3.93	0.66	.93	n.a.	n.a.	n.a.	.21**	.19**	.15**	.02	.18**	.17**	-.04	.17**	.16**	n.a.	.22**	-.13**	-.05	.10
11. Cooperation	4.15	0.60	.91	n.a.	n.a.	n.a.	.23**	.30**	.10	-.04	.15**	.22**	-.22**	.25**	.26**	.22**	n.a.	-.47**	.03	.10*
12. Conflict	1.66	0.68	.95	n.a.	n.a.	n.a.	-.15**	-.19**	-.12*	.02	-.04	-.12*	.19**	-.14**	-.23**	-.13**	-.47**	n.a.	.01	-.07
13. Exchange age (years)	8.61	6.98	n.a.	n.a.	n.a.	n.a.	.01	.05	-.11*	.02	.02	.06	-.05	-.01	.07	-.05	.03	.01	n.a.	-.08
		Years 3 and 4																		
14. Sales growth (%)	-1.30	6.62	n.a.	n.a.	n.a.	n.a.	.06	.10*	-.01	.03	.01	.09	-.06	.11*	.05	.10	.10*	-.07	-.08	n.a.

Notes: Constructs 1-9 were measured in years 1 and 2, constructs 10-13 were measured in year 3, and construct 14 represents the average sales growth across years 3 and 4; α. refers to coefficient alphas; correlations for years 1, 3, and 4 are reported below the diagonal and for years 2, 3 and 4 above the diagonal; n.a. refers to non-applicable items.

* $p < .05$; ** $p < .01$.

Table 3
Results: Main Effects

Antecedents → Mediators	β	t-Value	Mediators → Outcomes	β	t-Value
Commitment-Trust Perspective					
Customer trust → Customer commitment	.53	9.85**	Customer commitment → Sales growth	.18	2.38**
Customer RSI → Customer commitment	-.07	-1.54	Customer commitment → Overall financial performance	.18	2.33**
Interdependence → Customer commitment	.12	2.40**	Customer commitment → Cooperation	.30	3.94**
Dependence asymmetry → Customer commitment	.02	0.31	Customer commitment → Conflict	-.21	-2.80**
Relational norms → Customer commitment	.27	4.67**			
Communication → Customer commitment	.04	0.65	Customer trust → Sales growth	-.01	-0.16
Customer RSI → Customer trust	-.10	-1.74*	Customer trust → Overall financial performance	.12	1.61
Seller RSI → Customer trust	.21	2.82**	Customer trust → Cooperation	.14	1.90*
Seller opportunistic behaviors → Customer trust	-.13	-2.30*	Customer trust → Conflict	-.14	-1.87*
Interdependence → Customer trust	.02	0.28			
Dependence asymmetry → Customer trust	.05	0.84			
Relational norms → Customer trust	.23	3.44**			
Communication → Customer trust	.22	3.17**			
R^2: Customer commitment = .54, trust = .33, sales growth = .04, overall financial performance = .08, cooperation = .17, and conflict = .11					
Dependence Perspective					
Customer commitment → Interdependence	.20	2.02*	Interdependence → Sales growth	-.02	-0.36
Customer trust → Interdependence	-.26	-2.67**	Interdependence → Overall financial performance	.16	2.74**
Customer RSI → Interdependence	.15	2.08*	Interdependence → Cooperation	.10	1.72*
Seller RSI → Interdependence	-.11	-1.21	Interdependence → Conflict	-.11	-1.91*
Seller opportunistic behaviors → Interdependence	.18	2.48**			
Relational norms → Interdependence	.18	1.83*	Dependence asymmetry → Sales growth	.00	0.72
Communication → Interdependence	.12	1.43	Dependence asymmetry → Overall financial performance	.05	0.81
Customer RSI → Dependence asymmetry	-.07	-0.96	Dependence asymmetry → Cooperation	-.07	-1.11
Seller RSI → Dependence asymmetry	-.10	-1.27	Dependence asymmetry → Conflict	.11	1.87*
R^2: Interdependence = .11, dependence asymmetry = .02, sales growth = .01, overall financial performance = .03, cooperation = .02, and conflict = .03					
Transaction Cost Economics Perspective					
Customer commitment → Customer RSI	.03	0.34	Customer RSI → Sales growth	.12	2.36**
Customer trust → Customer RSI	.10	1.14	Customer RSI → Overall financial performance	.01	0.11
Interdependence → Customer RSI	.13	2.77**	Customer RSI → Cooperation	.03	0.67
Dependence asymmetry → Customer RSI	.02	0.28	Customer RSI → Conflict	.01	0.14
Relational norms → Customer RSI	.00	-0.01			
Communication → Customer RSI	.08	1.12	Seller opportunistic behaviors → Sales growth	-.00	-0.04
Seller RSI → Seller opportunistic behaviors	-.18	-2.92**	Seller opportunistic behaviors → Overall financial performance	-.03	-0.61
Interdependence → Seller opportunistic behaviors	-.04	-0.68	Seller opportunistic behaviors → Cooperation	-.17	-3.00**
Dependence asymmetry → Seller opportunistic behaviors	-.01	-0.17	Seller opportunistic behaviors → Conflict	.26	4.76**
Relational norms → Seller opportunistic behaviors	-.24	-3.90**			
Communication → Seller opportunistic behaviors	-.08	-1.15	Seller RSI → Sales growth	.08	1.31
Interdependence → Seller RSI	.08	1.41	Seller RSI → Overall financial performance	.32	5.37**
Dependence asymmetry → Seller RSI	.01	0.17	Seller RSI → Cooperation	.30	5.14**
Relational norms → Seller RSI	.19	2.96**	Seller RSI → Conflict	-.16	-2.85**
Communication → Seller RSI	.29	4.33**			
R2: Customer RSI = .07, opportunistic behaviors = .17, seller RSI = .21, sales growth = .03, overall financial performance = .11, cooperation = .15, and conflict = .12					
Relational Norm Perspective					
Customer commitment → Relational norms	.24	3.20**	Relational norms → Sales growth	.12	2.36**
Customer trust → Relational norms	.23	2.99**	Relational norms → Overall financial performance	.27	4.90**
Customer RSI → Relational norms	.05	0.88	Relational norms → Cooperation	.37	6.54**
Seller RSI → Relational norms	.08	1.10	Relational norms → Conflict	-.25	-4.52**
Seller opportunistic behaviors → Relational norms	-.07	-1.25			
Interdependence → Relational norms	.08	1.43			
Dependence asymmetry → Relational norms	.02	0.35			
Communication → Relational norms	.05	0.76			
R^2: Relational norms = .35, sales growth = .02, overall financial performance = .07, cooperation = .14, and conflict = .06					

Notes: RSI = relationship-specific investments; β represents the standardized path coefficient.

* $p < .05$ (one-sided); ** $p < .01$ (one-sided).

Table 4
Results: Resourced-Based View of Interorganizational Exchange Performance

Antecedents → Mediators	β	t-Value	Mediators → Outcomes	β	t-Value
Customer trust → Customer commitment	.53	9.67**	Customer commitment → Sales growth	.16	2.13*
Interdependence → Customer commitment	.11	2.28*	Customer commitment → Overall financial performance	.10	1.28
Relational norms → Customer commitment	.26	4.54**	Customer commitment → Cooperation	.24	3.11**
Communication → Customer commitment	.03	0.46	Customer commitment → Conflict	-.19	-2.41**
Seller opportunistic behaviors → Customer trust	-.13	-2.28*	Customer trust → Sales growth	-.03	-0.44
Interdependence → Customer trust	-.00	-0.09	Customer trust → Overall financial performance	.07	0.87
Dependence asymmetry → Customer trust	.03	0.50	Customer trust → Cooperation	.10	1.29
Relational norms → Customer trust	.27	4.00**	Customer trust → Conflict	-.12	-1.66*
Communication → Customer trust	.30	4.84**			
Seller opportunistic behaviors → Customer RSI	.02	0.29	Customer RSI → Sales growth	.12	2.38**
Interdependence → Customer RSI	.16	2.69**	Customer RSI → Overall financial performance	.01	0.10
Relational norms → Customer RSI	.10	1.43	Customer RSI → Cooperation	.04	0.71
Communication → Customer RSI	.11	1.65*	Customer RSI → Conflict	.00	0.01
Interdependence → Seller RSI	.08	1.32	Seller RSI → Sales growth	.00	0.05
Relational norms → Seller RSI	.21	3.10**	Seller RSI → Overall financial performance	.24	4.23**
Communication → Seller RSI	.28	4.09**	Seller RSI → Cooperation	.18	3.21**
			Seller RSI → Conflict	-.08	-1.43

R^2: Customer commitment = .53, customer trust = .32, customer RSI = .07, seller RSI = .21, sales growth = .05, overall financial performance = .11, cooperation = .16, and conflict = .10

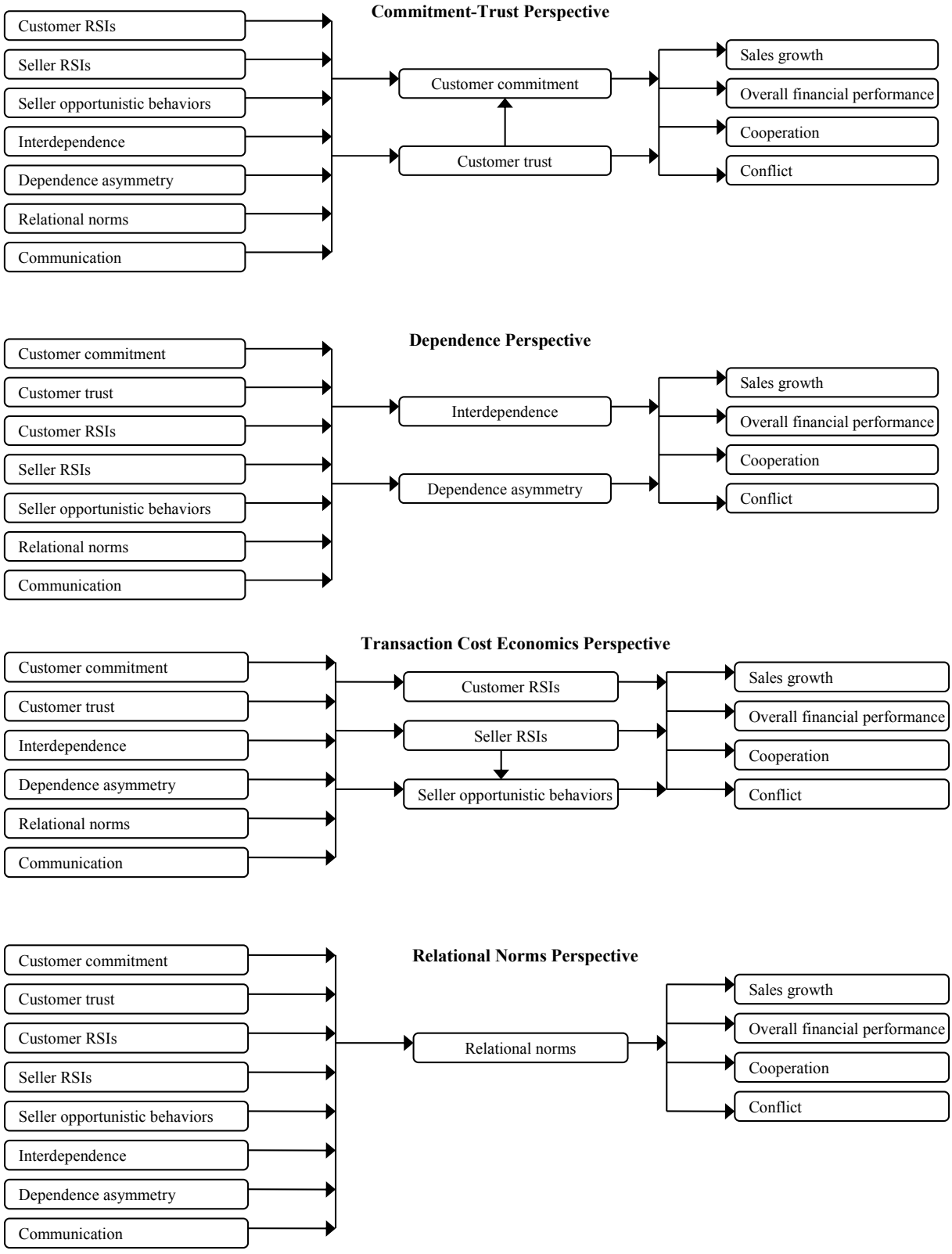
Notes: RSI = relationship-specific investments; β represents the standardized path coefficient.
* $p < .05$ (one-sided); ** $p < .01$ (one-sided).

Table 5

Summary of Key Findings and Implications

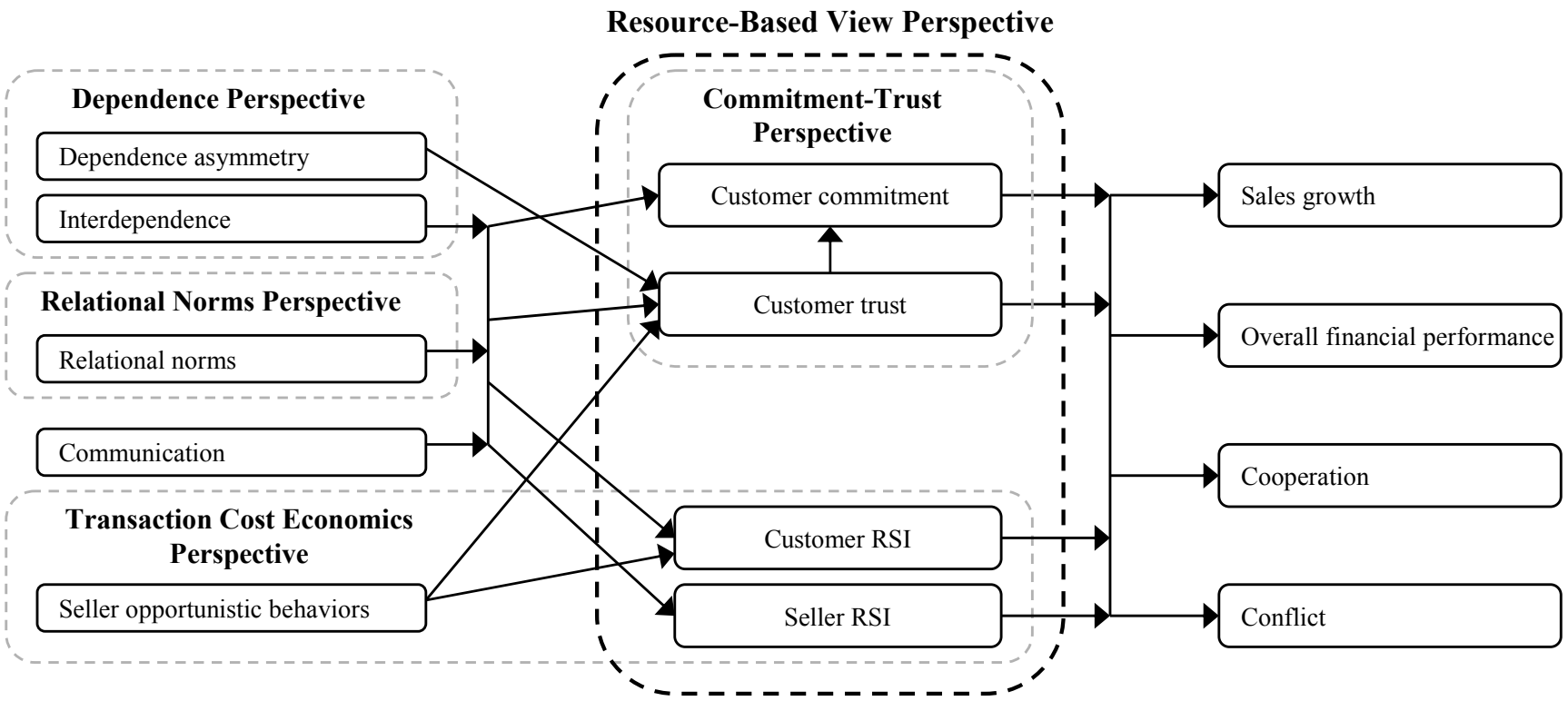
Key Findings	Implications
Commitment-Trust Perspective	
● Commitment and trust positively affect financial and relational outcomes. These direct effects remain even when modeled as an antecedent in other perspectives (i.e., commitment and trust's effect on outcomes were not fully mediated in any other perspective).	Commitment and trust are immediate precursors and important drivers of exchange performance.
● Customer and seller relationship-specific investments (RSI) have a direct effect on exchange outcomes, which is not fully mediated by commitment or trust.	RSI influences outcomes through direct, not trust- and commitment-mediated, pathways, consistent with a recent meta-analysis showing RSI has a large, direct effect on seller objective performance, in addition to its frequently hypothesized mediated effect (Palmatier et al. 2006). Relationship marketing researchers should no longer model RSI effects on outcomes as fully mediated by trust and commitment (Morgan and Hunt 1994) but rather investigate RSI's direct effect and/or other possible mediating mechanisms.
Dependence Perspective	
● Interdependence and dependence asymmetry have direct effects on only three of the four outcomes; all antecedents have direct effects on the outcome variables (i.e., no antecedents are fully mediated in this perspective); and dependence constructs are fully mediated in all other perspectives.	Interdependence and dependence asymmetry are not immediate precursors of performance; the dependence structure of a relationship represents a structural characteristic of the exchange that provides an important context for other, more proximate drivers. RSI's impact on performance is not due to its impact on the dependence structure of the exchange.
● Contrary to expectations, customer trust and opportunistic behavior have a negative effect on interdependence.	When parties believe their exchange partner is more honest and reliably, they may *perceive* lower levels of interdependence; when estimating the cost of relationship termination, they expect a trusted seller to help minimize incurred losses and not take a self-interested position.
Transaction Cost Economics Perspective	
● RSI has a direct effect on all exchange outcomes; their influence on financial and relationship outcomes is not fully mediated in any of the other models.	Relationship-specific investments are immediate precursors and important drivers of exchange performance.
● Opportunistic behaviors affect relational outcomes but not financial outcomes. Unlike RSI, opportunistic behaviors are fully mediated in both the commitment-trust and relational norms models.	Opportunistic behaviors do not influence financial outcomes directly but rather indirectly through their impact on relational behaviors.
Relational Norms Perspective	
● Relational norms have direct effects on all exchange outcomes but fail to mediate the effects of five of eight antecedents on outcomes fully. Relational norms' effects on outcomes are fully mediated in the commitment-trust perspective and transaction cost perspectives (except for cooperation).	Relational norms are not immediate precursors of exchange performance.
● Only two of the eight interorganizational constructs modeled as antecedents have significant effects on relational norms in this perspective. Conversely, norms are a significant antecedent in all other perspectives.	The lack of significant antecedents to norms may be due to the time frame of the longitudinal analysis; one year between antecedent and mediator measures is relatively short compared with the time required for norm development. The strong effects on other focal constructs suggest it is an important antecedent and may provide a long-term contextual backdrop for other focal performance
Resource-Based View Perspective	
● Post hoc model integrating theoretical perspectives according to the causal ordering indicated is consistent with a resource-based view (RBV) of the exchange. Mediation tests demonstrate the effects of all antecedents on outcomes are fully mediated by commitment, trust, and RSI.	Proximate drivers of both financial and relationship outcomes include commitment, trust, and RSI. This is consistent with Dyer and Singh's (1998, p. 662) premise that the RBV should extend to interfirm relationships, in which superior performance occurs when "partners combine, exchange, or invest in idiosyncratic assets, knowledge, and resources/capabilities, and/or they employ effective governance mechanism."
● The antecedents of dependence, relational norms, and communication significantly impact the key mediators in the RBV model.	An exchange is embedded in a dependence structure, which affects partners' commitment and RSI willingness, and an informal grid of relational norms, which affects all key drivers of performance. Ongoing communication builds and maintains trust and increases customer and seller RSI, possibly by uncovering potential exchange-leveraging investment opportunities.

Figure 1
Four Theoretical Perspectives of Interorganizational Relationship Performance[1]



[1] Relationship-specific investments (RSIs); All antecedents are measured in year 1, mediators in year 2, and outcomes in year 3, except for sales growth, which includes years 3 and 4. Exchange age is modeled as an antecedent of all mediators and exchange outcomes.

Figure 2
Resource-Based View of Interorganizational Relationship Performance[1]



[1] RSI = relationship-specific investments. All antecedents are measured in year 1, mediators in year 2, and outcomes in year 3, except for sales growth, which includes years 3 and 4. Exchange age is modeled as an antecedent of all mediators and exchange outcomes.

Appendix

Constructs	Measures (Scale Sources)	Item Loadings
Customer commitment (Kumar, Hibbard, and Stern 1994) (Measured in years 1 and 2)		(year 1/year 2)
	We continue to represent [Seller] because it is pleasant working with them	.93/.87
	We intend to continue representing [Seller] because we feel like we are part of the [Seller] family	.88/.88
	We like working for [Seller] and want to remain a [Seller] agent	.76/.79
Customer trust (Crosby, Evans, and Cowles 1990) (Measured in years 1 and 2)		
	[Seller] is a company that stands by its word	.81/87
	I can rely on [Seller] to keep the promises they make to me	.92/91
	[Seller] is sincere in its dealings with me	.86/90
Customer dependence (Kumar, Scheer, and Steenkamp 1995) (Measured in years 1 and 2)		Interdependence
If for some reason, our relationship with [Seller] ended...		
	The loss would hurt our sales of non-[Seller] lines as well	.71/.70
	It would be relatively easy for us to diversify into selling new product lines (Reverse)	.40/.38
	We would suffer a significant loss of income despite our best efforts to replace the lost income	.80/.75
	The loss would seriously damage our reputation in this area	.78/.71
Seller dependence (Kumar, Scheer, and Steenkamp 1995) (Measured in years 1 and 2)		Dependence
If for some reason, we ended our relationship with [Seller]		Asymmetry
	Such a loss would seriously hurt the sales of [Seller] lines in this area	.58/.61
	[Seller] could easily compensate for it by appointing another agent in this area (Reverse)	.53/.50
	Such a loss would significantly damage [Seller]' reputation in this area	.67/.79
	Such a loss would negatively affect the service [Seller]' customers have come to expect in this area	.57/.61
Customer relationship specific investments (Heide and John 1988) (Measured in years 1 and 2)		
In terms of the time spent learning, the following are unique to [Seller]		
	The [Seller]' way of doing things in order to become a [Seller] agent	.79/.79
	Specialized knowledge about the product lines offered by [Seller]	.78/.79
	Special procedures used by [Seller]	.82/.83
	Special needs of [Seller]' customers	.86/.87
Seller relationship specific investments (Zaheer and Venkataraman 1995) (Measured in years 1 and 2)		
	[Seller] has invested significant resources in providing me ongoing training	.79/.78
	[Seller] has invested significant resources in providing me customized support	.80/.77
	[Seller] has invested significant resources in improving personal relations between us	.88/.83
Seller opportunistic behaviors (John 1984) (Measured in years 1 and 2)		
	In working with its partners, [Seller}...Alters facts in order to meet their own goals and objectives	.74/.87
	In working with its partners, [Seller}...Does not negotiate from a good faith bargaining perspective	.90/.90
	In working with its partners, [Seller}...Breaches formal or informal agreements to benefit themselves	.83/.85
Relational norms (Kaufmann and Dant 1992) (Measured in years 1 and 2)		
Solidarity norms (α = .77/.74)		.88/.87
	We consider [Seller] to be our business partner	
	We conscientiously try to maintain a cooperative relationship with [Seller]	
	Our relationship with [Seller] is more important to us than profits from individual transactions	
Mutuality norms (α = .83/.88)		.87/.83
	Even if costs and benefits are not evenly shared between us in a given time period, they balance out over time	
	We each benefit and earn in proportion to the efforts we put in	
	My business usually gets a fair share of the rewards and cost-savings in doing business with [Seller]	
Flexibility norms (α = .79/.79)		.75/.76
	We would willingly make adjustments to help out [Seller] when faced with special problems or circumstances	
	We would gladly set aside the contractual terms in order to work through difficult situations with [Seller]	
	[Seller] gladly sets aside the contractual terms in order to work with us in difficult times	
Communication (Greenbaum, Holden, and Spataro 1983) (Measured in years 1 and 2)		
	Communications are prompt and timely	.75/.68
	Communications are complete	.84/.89
	The channels of communication are well understood	.77/.91
	Communications are accurate	.80/.88
Overall financial performance (Lusch and Brown 1996) (Measured in year 3)		
Our performance is very high in terms of…	Sales growth	.85
	Profit growth	.98
	Overall profitability	.88
Cooperation (Ambler, Styles, and Xiucum 1999; Morgan and Hunt 1994) (Measured in year 3)		
OVERALL, our relationship with [Seller] suggests that...		
	We have a mutually beneficial relationship	.89
	We can work together well in this business	.94
	We should describe our relationship as cooperative	.83
Conflict (Kumar, Scheer, and Steenkamp 1995) (Measured in year 3)		
OVERALL, I consider my relationship with [Seller] to be:	Frustrating	.91
	Antagonistic	.95
	Conflictful	.94

Notes: All items were measured using five-point scales anchored by 1 = "strongly disagree" and 5 = "strongly agree," unless otherwise indicated.

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