

LEARNING PROCESSES IN BUSINESS RELATIONSHIP DEVELOPMENT

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Abstract

The paper explores business relationship development between small English firms with its five customers in Indonesia, which has become an uncertain market since 1997. The study utilised qualitative method and followed inductive logic to explore the phenomena. The data was gathered through in-depth interviews both in England and in Indonesia with the Sales Director, the Export Manager, the Company Secretary and the Purchasing Manager of the buying firms. The finding suggests critical roles of learning in maintaining competitiveness in an uncertain market. Learning processes underline the development of business relationship elements, which then influence the development the business relationships.

Keywords: business relationship, trust, commitment, satisfaction

Abstrak

Artikel ini menggali dan mengkaji perkembangan hubungan bisnis antara sebuah perusahaan Inggris dengan lima mitranya di Indonesia yang sejak tahun 1997 menjadi pasar yang tidak stabil. Kajian ini menggunakan metode kualitatif dan mengikuti logika induktif untuk mengeksplorasi fenomena tersebut. Data diperoleh melalui wawancara mendalam terhadap direktur penjualan, manajer ekspor, manajer pembelian, dan sekretaris perusahaan baik di Inggris maupun di Indonesia. Kesimpulan dari hasil penelitian menunjukkan pentingnya pembelajaran untuk mempertahankan daya saing di tengah ketidakstabilan pasar dan bahwa proses pembelajaran menggarisbawahi perkembangan elemen-elemen hubungan bisnis yang pada akhirnya mempengaruhi perkembangan hubungan bisnis itu sendiri.

Kata kunci: *business relationship, trust, commitment, satisfaction*

1. Research Background

This paper aims to provide explanation on relationship development in a high-risk and uncertain market since the existing literature seems to provide limited understanding of the issue. Some of the existing literatures based on conceptual works, which are not supported by empirical works. This is particularly true in the area of relationship development. Relationship development phenomena have been studied from relational perspective only leading to a rather deterministic view (Rao and Perry, 2002). The existing literature explains relationship development as the result of fluctuation of relationship elements. However, no explanation of how and why the elements develop in different ways. A business relationship can be described as a string

of episodes. Marketing and customer satisfaction have to be analysed both on an episode level and on a relationship level (Storbacka et al., 1994). A relationship consists of a series of episodes, exchanges or transactions, past experience or learning from previous episodes and some interrelated expectations about the future (Hedaa, 1991: 30). This suggests that learning process embedded in the relationship building; however, the literature provides limited understanding of the issue. An interesting question emerges of how learning processes underline the development of business relationships in the context of a high-risk and uncertain market.

The situation in Indonesia indicates the business environment is one of both high risk and high uncertainty (Sealy, 2002). For the purpose of the exploration, the author is defining Indonesia as a market of both high-risk and high uncertainty. Due to the instability of the economic, political and social situation, companies building relationships in the market face known risks, which can be managed, however they also face many uncertainties, the outcomes of which are impossible to predict.

2. Literature Review

The literature pertaining to relationship development from relational perspective can be divided into three mainstreams, the three roles of relationship elements; integrative (*stage*) and, *state* models. They will be the focus of the review. Relationship elements, for instance: trust, commitment, communication and satisfaction have different roles in relationship development. Morgan and Hunt (1994); Selnes (1998); Geyskens et al. (1998); Ruyter et al. (2001) indicate relationship elements can be grouped into three categories, namely antecedents, key mediators and outcomes suggesting each element has different roles but the boundaries blurred.

Among those authors, there is agreement that all external aspects of relationships are the antecedents but not key mediating elements or outcomes. This suggests that external aspects of the relationship or environment can affect relationship elements and thus the development of the relationship. The literature contributes to the understanding on the roles of relationship elements in explaining relationship development and the fact that external aspects of the relationship can influence this development. Therefore, it may argue that external aspects of relationship development are the antecedents of management policy, which in turn influence the fluctuation of the relationship elements. The fluctuation can happen through the work of key mediating elements, which are highly inter-related with other elements pushing the development of the relationship.

The integrative model of relationship development represents the step-wise manner in which relationships develop through a number of stages (Wilson, 1995). At every stage, one or several relationship elements actively affect the outcome, whilst others had latent influences. Consequently, fluctuation of the elements might determine the development or movement from one stage to another. Several integrative models have been suggested in the literature such as Ford (1980); Dwyer et al. (1987); Wilson (1995); Cann (1998); Conway and Swift (2000). These authors describe relationship

development is the outcome of the fluctuation process of the relationship elements. However, based on a literature review, Rao and Perry (2002) view the integrative models are too deterministic and the assumption that the relationship development process occurred sequentially undermined by the fact that relationships rarely go through the definite stages. An interesting understanding nevertheless emerges from the integrative models as they underline that a relationship may move from one stage to another due to environmental influences. When external aspects of the relationship change, the management may react and take a policy that causes relationship elements to fluctuate and causes the movement of the relationship along the continuum.

Rao and Perry (2002), propose *states theory* as an appropriate foundation for explaining relationship development. They suggest that the development of a relationship is not necessarily an orderly progression of phases over time. Indeed, the phases through which a relationship moves depend on the circumstances or opportunities that the parties encounter. Unlike the integrative models that show a richer variation in terms of authors, stages and relationship elements, the *state* models such as Rosson (1986) and Moore (1991) seem to originate from the work of Ford and Rosson (1982:191). These three *state* models, however, seem to be deterministic in terms of two dimensions, namely sales trends and experience (years) that are used to distinguish each state. In contrast to the stage models, that describe a relationship develops via a linear route where it moves to only one possible stage, the *state* models are based on empirical works, whilst the integrative (stages) models are mainly based on conceptual works. The *state* models indicate that a relationship may fall into a declining or inert state just after experiencing a growing state or even straight from a new state (Rosson, 1986).

A new relationship directly moves to one of three different states before going into termination. These authors suggest that a relationship falls into a certain state depending on how the relationship managed as the surrounding environment changes. As the environment changes, firms will try to find new ways to manage and maintain the relationship. This in turn results in a certain state of relationship development. In other words, the management actions result in further relationship development. The stage models also underline this understanding. It seems that there is a common view in the current literature that the market environment affects the development of the relationship. However, none of those authors really provides any insight into just how the changing environment influences relationship development. The literature provides limited explanation as most of the empirical research has taken place in markets with a relatively stable business environment, such as the USA, the United Kingdom, Germany, Norway, the Netherlands and Canada. When, exporting to a volatile country, a firm may face more risks and uncertainties, which make exporting to the country more demanding and complex. In other words, the extant literature does not really contribute to our understanding of the development of business relationships in a volatile market. Here, the author aims to contribute to the understanding of relationship development by providing insights into how a particular business relationship actually developed in a market characterised by high risk and high uncertainty, i.e. Indonesia a

country that has experienced dramatic changes since the Asian Financial crisis in 1997.

3. Research Methods

The aim of the study is to explore business relationship development phenomena. Based on the review of the extant literature, it is apparent that the business relationship development literature re mainly generated based on deductive and quantitative approach. Earlier, Wilson and Vlosky (1997) stress the importance of an inductive approach and argue that there is a solid base of deductively derived theoretical and empirical studies on business relationships phenomena and they urge an inductively derived model may offer new insights about the phenomena. They suggest that future research should rely more on theory building than theory testing. Lindgreen (2001) recommended that further research should concentrate on theory building as opposed to theory testing as it may provide greater understanding of the relationship marketing practices. Adopting inductive logic allows a greater insight into complex variables that affect relationship development practice by highlighting the study of a specific firm and the experiences of particular people involved in the development of its relationships. A wide range of issues can emerge and be investigated to enrich our understanding with regard to inter firm's relationships in high-risk markets. This suggests that inductive logic helps us to take a fresh look at the phenomena from a quite different perspective, for example: learning perspective as this paper will explore.

The case study, on which this paper based, developed by carrying out qualitative research through a series of in depth face-to-face interviews with key management personnels in the North West Company in the UK; there were additional follow up through email and telephone. In order to build a richer and deeper picture of the development of relationships the author conducted face-to-face interviews with the Indonesian partners and customers. This allowed the author to build a 360-degree profile of the development of the relationship. The author was fortunate that the sales director of the North West Company gave his full support to this study. He encouraged his staff to provide the author with useful information and he contacted his Indonesian customers so their co-operation assured. The author interviewed three staff in North West Company, namely the managing director who interviewed three times, the export manager and the company secretary. In the buying companies (lamp manufacturers), the author interviewed the purchasing managers. However, as they provided with a confidential letter, the name of the companies was changed. Each interview was about two hours long. The author conducted eight face-to-face interviews in total, which allowed the author to explore in depth and develop a holistic picture. In order to avoid loss of focus during interview process, semi structured interview guides developed. The interviews were tape-recorded in order to ensure dependability (Riege, 2003) and at a later stage transcribed to allow analysis. This helped the authors to confirm and recheck data so that the author was confident the findings of the research. The in-depth interviews focused on the interaction process and the perception of the interviewees of the interactions during the period of increasing risk in the Indonesian market. Manuscripts

revisited and re-checked by email and telephone with the informants throughout the data collection period to confirm findings.

4. Result and Discussion

This part aims to explore the key relationship elements that seemed to be consistently, both implicitly and explicitly, indicated as critical aspects by the interviewees. Three elements, i.e. satisfaction, trust and commitment inductively emerged and became the key issues to explore the other elements interrelated to those main elements. The identification of the elements solely based on the information obtained from the in-depth interviews. Therefore, none of the extant literature dictated the identification.

4.1. The Development of Trust

Trust related to the perception held by one party of another party's abilities, expertise, and knowledge, as well as to the individual's perceptions of the other party's motives and intentions (Wilson and Jantrania, 1994). This means that trust reflects one's belief of a partner's behaviour (Cullen et al., 2000), which might be a manifestation of the partner's abilities, expertise and knowledge. The majority of definitions of trust as the belief by one firm that another company will perform actions that will produce positive results for the former (Sanzo et al., 2003); that one party will act in the best interest of the other (Blois and Wilson, 2000: 49). The exploration here is to find out how the company trusted their customers by analysing their policy on the method of payment since the market entailed a risk of non-payment or payment delay (Sealy, 2002).

North West still perceived the market as significant to its business as a whole and might indicate stable trust although the market was increasingly uncertain. The company accepted two methods of payment namely: open account and cash in advance dependent on trust. The sales director expressed the reasons:

"Using LC, you are 95% sure you will get paid and gradually you get to know the customers, you build up relationships over a period of time and you think that LC costs so much money. So gradually trust is built up then you may change it."

North West did not change the method of payment as the level of trust in the relationships and its perception towards the market did not alter. North West applied an open account method for its three largest customers, i.e. TG Indonesia, YG Indonesia and Binar Langit. These companies already had regular and long-term transactions in larger volumes compared to two smaller local companies: Pioner and Hira. Long-term, regular transactions gave the exporter confidence in the credibility of the customers but the two latter customers' credit rating was unknown as a limited number of transactions were not sufficient for the exporter to consider the customers credible. This suggested that the exporters' confidence was a result of past experience: learning the customers' capability and creditworthiness from previous transactions. The long term and more intense transactions led to a better knowledge of customers'

behaviour in terms of payment, which led a perceived reduction in risk of non-payment. The company indicated that credibility trust could be built and was rooted in an understanding of the customers, which was generated from past experience of long-term interactions. This may suggest that when the market became increasingly risky, the exporter applied a particular method of payment dependent on how they learnt from experience on the customers' credibility.

Experiential learning is a process whereby knowledge created through the transformation of experience (Kolb, 1985: 27). Experience in business relationships creates experiential knowledge of the specific relationships, this is not transferable but it is gradually accumulated as companies obtain experience of interacting in the business relationships (Chetty and Eriksson, 2002). This suggests that experiential learning in business relationships is a gradual process, where trust develops depending on past experience of the interactions in a specific relationship. Experiential learning produces experiential knowledge of individual customer behaviour, from which trustworthiness can be evaluated, which allows predictions to be made concerning future behaviour and intention. Experience from transactions over a period of time, allows the exporter to know the credibility of each customer and to apply the best method of payment. Once there is confidence in the firm, policy may not change as the firm perceived low risk of non-payment. Mitchell (1999) suggested that an outcome of trust building is a reduction in the perceived risk of the transactions or the relationship. As relationships develop and trust builds, risk will decrease. This suggests that from previous interactions, a firm may learn and obtain knowledge of the behaviour of its customers by which it can predict or estimate its customers' future behaviour. Positive experience may result in a reduction in risk perception. Therefore, perception of risk related to possession of knowledge and rationality needed to be able to estimate risks (Viklund, 2003).

The discussion above suggests that when the market increasingly uncertain and an exporter face a greater risk of non-payment or payment delay, they may alter their policy regarding the method of payment. Policy may change with respect to the market situation; but policy can reflect learning from experience of partners/customer credibility. If confidence of partners/customers credibility is high, which is the result of experiential learning; the market situation may be ignored, as the risk of non-payment may be perceived as unaffected. Learning from past interactions generates knowledge on the credibility, behaviour and motivation of customers, which leads to trust development in business relationships. Business relationship development is explained by the development of trust, which relates to how a company learn from their experience in the relationships. This suggests that learning associated with business relationship development through trust development. The exploration above suggests experiential learning plays a key role in the development of business relationships. Trust development relates to a company's ability to learn from their past experience. Interactions in the business relationship provide critical learning opportunities to the exporters and their local customers to understand each other. Knowledge of the customer's capability carried over from a learning stage of trust development; such knowledge may reflect understanding the clear strengths and weaknesses of a

partner based on experience of a working relationship (Nguyen, 2005). The process of trust formation often seen as a process of experiential learning, in which expectations are developed, tested and reformulated through critical encounters (Dwyer et al., 1987; Wilson and Jantrania, 1994). Consequently, the better the exporter learns, the better the knowledge or understanding obtained from experience, the more the exporter has confidence in their customers and is better able to predict the future behaviour of the customers even if the market situation changes.

4.2. The Development of Commitment

Commitment is defined by Morgan and Hunt (1994) as an exchange partner believing that an ongoing relationship with another is important as to warrant maximum efforts to maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. This may suggest that commitment will exist in a relationship when it is perceived to be important encouraging the committed party to work to maintaining it.

North West maintained its commitment to customer relationships in Indonesia by maintaining effective communication through visits. The company believed that they had a better chance of getting to know their customers through visits.

"Put it in a positive way, we visit them to find out what they are doing, so if we don't visit them we don't know. So I think it is important to keep the contact and continue to work with them and maybe we can reduce our visits from 2 to 1, but we do always want to visit them."

The sales director indicated that stable interaction motivated by a positive desire to keep the same level of contact in order to maintain their understanding of their customers. The commitment motivated by the desire to obtain reliable information from the customers, yet it was not entirely successful. North West's customers seemed to be the only source of information regarding the market situation; the existence of new competitors; behaviour of lamp users and of the customers themselves.

"The source of information is our customers, if we visit them; we talk about their problems or anything." (The Sales Director of North West)

North West began to export directly after the Asian Financial crisis hit the country as illustrated on Table 1 below. Yet, North West was previously involved in interactions with the customers and thus already had experience and knowledge of them; this reinforced as the key management personnel of the former agent joined North West. The company seemed to be confident that having local intermediaries was unnecessary; as they believed that, they were well informed by their customers.

Table 1. The Timeline of North West Export to Indonesia

1989	1995	1996	1998	1999	2002
North West exported through Lamp and Component International Ltd to PT. Binar Langit, PT. Lib Ex and PT. Star	North West supplied the new owner of PT. Lib Ex, e.g. PT. YG Indonesia	North West supplied new customer, i.e.: PT. Pioneer and PT. Hira	North West supplied the new owner of PT. Star, i.e.: PT. TG Indonesia. The managing director of Lamp and Component International joined North West	North West began directly exporting to Indonesia	North West lost business with PT. TG Indonesia as the customer began to produce cement for itself.

Nonetheless, North West lost one of its main customers, i.e. PT. TG Indonesia, as North West did not have sufficient knowledge of the customer's latent need. Regular and direct contacts between the staff in both companies began in 1999, or two years before the customer decided to produce cement itself. The director of North West usually met the purchasing manager and the technical engineer: a Scottish man with New Zealand nationality, from which they could easily gather information regarding their problems. However, during the two years of their interaction, it seemed that North West could not achieve deeper knowledge of their customer's needs. The purchasing manager indicated that the company's latent need was for lamp-capping cement that was suitable for all of their machines and that efficiency of the production process was the main reason behind the decision to produce cement. Unfortunately, North West did not know this and it seemed that North West believed that PT. TG's decision to produce cement was due to the customer's ability to develop a cheaper product, as indicated by the Sales Director below:

"No. We didn't know when they actually did it, then they told us but they didn't tell us before. ... But in this case, they can always make it cheaper than we could sell it to them. I think because of the cost. It is a big disappoint that we couldn't do that for them."

When PT. TG Indonesia took over PT. Stars, it did not start from zero. PT. TG Indonesia kept old production machinery because its headquarters devoted incremental investment to the new plant. The sequential investment was due to the increasing risk in the country as social unrest had just begun when PT. Stars acquired. Old and new machinery required different types of cement, which caused inefficiency in the production process. After gaining knowledge of making cement, PT. TG Indonesia developed its own cement that would be suitable for all the machines and thus the production process became more efficient. Further, it was found that PT. TG Indonesia and the other remaining North West customers continued to buy local cement to make cheaper lamps for the domestic market. Unfortunately, North West did not know this, as they still believed that the decreasing cement orders caused by poor sales of lamps, as expressed by the export manager:

"Our sales are down, I think it is due to the fact that the companies do not produce many lamps therefore they don't need much cement. This is the fact."

North West believed that the customers were buying only from them and that they had reduced orders due to a decline in lamp production volume. Nevertheless, it was found that North West did not really know their customers, who continued buying cement from a local producer.

"We haven't heard about local competitors anymore. So we are hoping the situation will improve." (The company secretary)

This suggested that the communication process between North West and its local customers did not achieve a high level of information exchange and thus social distance still existed. The company staff visited Indonesia twice a year and only one staff member was sent to visit 2-3 customers. Hence, a customer might meet a member North West staff once or twice a year. Although the same personnel were responsible for visiting the local customers and this allowed them to know the partners well, the frequency of visits was low and so the objectives were not met. Therefore, although the number of visits remained stable, it was not sufficient to obtain information regarding the local customers' latent needs. This lack of information did not stimulate a greater ability to offer customers the best service or the best solutions, which suggests that frequency of face-to-face meetings is an essential factor in obtaining knowledge of customers and thus creating a more effective learning process.

Maintained or stable frequency of face-to-face communication with customers was motivated by a positive desire to obtain reliable information about their customers, who in fact did not open up. This suggested that the customers shared some (but not all) of the information that could influence North West's intentions or policies in order for any adaptations to be in their favour. Therefore, although communication was stable and perceived as adequate by the exporter, the information obtained was incomplete and there were no local intermediaries who could closely monitor the customers and the market. It seemed that the company did not perform effective communication and so did not obtain up to date knowledge. Customer visits ensure effective communication and aid a continuous learning process in a turbulent environment. It seemed that lack of customer visits led to a lack of information and knowledge. Continuous knowledge acquisition was critical to meet customers' expressed and latent needs and allowed the development of satisfaction in the relationships. This issue will be discussed next. Leek et al. (2004) found that face-to-face contact or visits are used to gain a personal understanding of customers. Visiting local customers allowed companies to build personal contacts and obtain greater intuitive knowledge of how export products received and how to derive appropriate responses to challenge competition (Morgan and Katsikeas, 1998).

IT-based communication may not adequately replace the benefit of visits, as the use of email, for example, is primarily for non-complex and information lean tasks (Hoof et al., 2005). Barry and Crant (2000) pointed out that

communication could be described in terms of richness of information flow between individuals. They maintained that the richest communication mode was through visits. A visit allowed for more customised communication; immediate feedback and the ability to gather additional data through observation (Cannon and Homburg, 2001). Since the market was increasingly uncertain, there was a greater need to obtain up to date information from intermediaries or directly from the final customers and continuous learning was increasingly important when the market was highly turbulent. Effective communication between the exporter and the customers might affect the acquisition of market knowledge. Nonetheless, how commitment through communication led to a greater ability to create customer satisfaction is still unexplained. This will be the focus of the discussion below.

4.3. The Development of Satisfaction

A business relationship entails economic and social factors. Hence, the evaluation of the relationship can be referred into those factors. Geyskens and Steenkamp (2000) defined economic satisfaction as a party's evaluation of the economic outcomes that flow from the relationship with another party, such as sales volume, margins, and discounts. On the other hand, social satisfaction is conceptualised as a party's evaluation of the psychological aspects of its relationship, which may indicate that personal relationships and the interactions between two parties are acceptable, pleasing and fulfilling (Geyskens and Steenkamp, 2000). This suggests that the distinction of both types is rooted on what aspect evaluated. Economic satisfaction may be measured based on a more tangible economic reward as the main aspect in the evaluation, whilst social satisfaction evaluated based on the assessment of psychological and emotional attachment developed in the relationship. In order to maintain business, North West adapted its price and product. Nevertheless, customers' economic satisfaction was not automatically increased, as they perceived North West's price as too expensive, especially when North West was the only supplier.

“It was very expensive, but the quality was not really great.” (The Purchasing Manager PT TG Indonesia)

The purchasing manager of PT. TG Indonesia thought that the quality of North West cement was not perceived to be worth its price, due to North West's cement being unsuitable for all machines in the customer's factory. It seemed that the local customers perceived that the price of products they purchased exceeded the value or the quality of the products. Meanwhile, they perceived that a competitors' product quality was worth its price; they perceived that competitors offered much cheaper products with acceptable quality. This suggested that the customers' perception on price-quality relations changed. Dodds et al. (1991) conceptualised customer perceived value as a trade-off between perceived quality and perceived psychological, as well monetary sacrifice. Hence, customers are willing to buy a product when they believe it to be a quality product at the lowest possible price (Voros, 2006). Therefore, customers will look at price-quality to evaluate the value of the products being

offered. Price essentially determined by the amount the customer is willing to pay for the product and their perception (Marsh, 2000). Thus, the Indonesian customers were no longer willing to pay the same amount of money for the products, whilst they could get cheaper price with a good quality, which suggested an evolving customer perception. Although the local customers were dissatisfied with price, they were happy with the support given by North West, which suggested that they were economically dissatisfied but socially satisfied.

“But if we talk about relationships, I think North West’s support was above average among all of our suppliers.” (The Purchasing manager PT. TG Indonesia).

“North West supports are superb.” (The Purchasing manager of PT. YG Indonesia)

The lamp manufacturers seemed to appreciate North West's support mainly in the process of changing the product grade; price negotiation; quick response to customer inquiry; and flexible credit payment terms. For the latter, the customers perceived that North West had provided ease for their business in a difficult situation; by applying a flexible payment term, North West was able to fulfil the customers' requirement as they had expressed them through negotiation and cooperation. However, as discussed earlier, the customers' latent needs were not met.

The implication of the above exploration is that North West was not able to maintain its superior quality but able to maintain its support to its customers. The company could provide support in terms of payment term, as it learnt from experience of past interactions in the relationships. This suggests that the company support was a result of experiential learning in its relationships. Nevertheless, it could not successfully perform continuous learning in order to build its knowledge of the customers' latent needs. This suggests that the ability to create customer value and to pursue satisfaction depends on experiential learning and continuous learning through business relationships. Constant direct communication or visits; cooperation and adaptation reflect commitment in relationships and create social satisfaction. Commitment enables the exporters to acquire market and customer knowledge in order to create customer added value.

An important implication is that satisfaction can be maintained as a reflection of a company's ability to create the best total value to customers, particularly where understanding the customers' perception of value is critical. The understanding accumulated through experiential and continuous learning in the business relationships. Trust and commitment creates satisfaction in the relationships: trust develops according to experiential learning, which allows the exporters to adapt their methods according to customer needs, which signals trust, perceived as support and leads to satisfaction. Lack of commitment in terms of direct communication hinders companies' accumulation of important knowledge about customers' latent and expressed needs; failure to obtain such knowledge leads to an inability to satisfy and retain customers, which leads to weak business relationships. Continuous learning facilitates the acquisition of understanding of customers' value perceptions and leads the companies to

provide the best total value to their customers, which stimulates satisfaction in the business relationships.

4.4. Conclusion

This paper aimed to find implications related to the development of the main relationship elements of trust, commitment and satisfaction. The exploration above provided insights into how learning might link to relationship development. Figure below suggests that the learning processes facilitate the building of knowledge concerning the creation and provision of the best value to customers, which leads to satisfaction. Since learning explains the development of trust, commitment and satisfaction therefore those elements relate to business relationship development. The experiential learning process stimulates knowledge development of customers' credibility and trustworthiness leading to the development of trust. Commitment also facilitates the continuous learning process and provides an opportunity for a company to get to know their customers' needs and how their value perception evolves; this knowledge facilitates the company to apply best policy, which may be viewed as the addition of company's support creating better value for the customers and therefore promoting satisfaction.

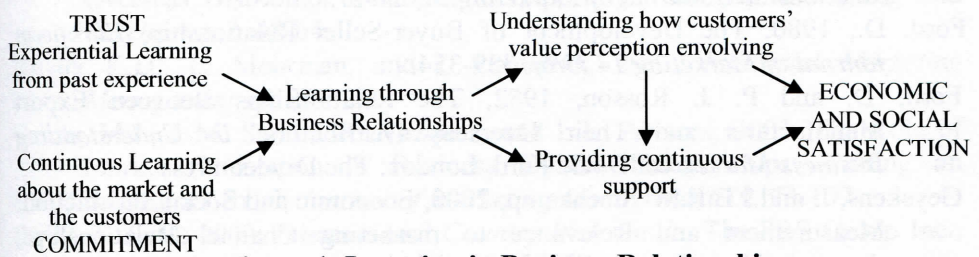


Figure 1. Learning in Business Relationships

4.5. Limitation and Future Direction

This paper contributes to knowledge on how the processes of learning influence the development of relationship elements such as trust, commitment and satisfaction and thus the relationship. The contribution however obtained by exploring the experience of a single firm limited the generalization of the interpretation. Nonetheless, this study has theoretical implications and thus contributes to the development of relationship development literature and potential further studies. Further studies may investigate firms in a different industry or even market context. It is also necessary to explore the role of learning orientation in managing and developing business relationships.

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