

The Moderating Function of Communication on the Relationship between Entrepreneurship Orientation, Learning Orientation and International Relationship Trust

(Fungsi Moderat Komunikasi ke Atas Hubungan di Antara Orientasi Keusahawanan, Orientasi Pembelajaran dan Kepercayaan Hubungan Antarabangsa)

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ABSTRACT

Small and medium-sized enterprise exporters that build trusting relationships with foreign importers are strategically helpful in overcoming the challenges brought about by internationalization. Trust facilitates knowledge sharing between partners, and it allows small firms to expand their foreign market knowledge and consequently reduce their uncertainties that are caused by the unfamiliarity of international markets. Although building trust is central to fostering inter-organizational relationships, limited research effort has been exerted on the process of developing and maintaining a trusting relationship. Based on resource-based view, this study assumes that capability in building international relationship trust is a function of organizational unique cultural orientations namely entrepreneurship orientation and learning orientation. Furthermore, the literature demonstrates that communication between partners moderates the relationship between entrepreneurship orientation and learning orientation, and relationship trust. Data was collected from small and medium business exporters in manufacturing sector. The sample consisted of 179 participants and data was analyzed using hierarchical moderated regression analysis. The results show that the relationship between learning orientation and trust is moderated by communication. In addition, the relationship between entrepreneurship orientation and trust is positive and significant. At the end of this paper, discussion, implications and limitations are presented.

Keywords: Communication; entrepreneurship orientation; learning orientation; SMEs; trust

ABSTRAK

Kepercayaan di dalam hubungan dengan pengimport asing yang dibina oleh pengeksport kecil dan sederhana akan dapat membantu mengatasi cabaran pengantarabangsaan secara strategik. Kepercayaan memudahkan perkongsian ilmu di antara rakan kongsi dan membolehkan firma kecil mengembangkan pengetahuan mengenai pasaran asing yang seterusnya dapat mengurangkan ketidaktentuan akibat dari kurangnya pengetahuan pasaran antarabangsa. Walaupun membina kepercayaan adalah penting untuk menggalakkan hubungan antara organisasi, kajian mengenai proses membangun dan mengekalkan kepercayaan adalah terhad. Berdasarkan pandangan berasaskan sumber, kajian ini mengandaikan bahawa keupayaan untuk membina kepercayaan hubungan antarabangsa adalah satu fungsi bagi orientasi budaya organisasi yang unik iaitu orientasi keusahawanan dan orientasi pembelajaran. Tambahan pula, literatur menunjukkan bahawa komunikasi di antara rakan kongsi berfungsi sebagai pemoderat kepada hubungan di antara orientasi keusahawanan dan orientasi pembelajaran, dan kepercayaan. Data dikumpul daripada syarikat kecil dan sederhana dalam sektor pekilangan. Sampel terdiri daripada 179 buah firma dan dianalisa menggunakan regresi moderat berhirarki. Dapatan kajian menunjukkan bahawa komunikasi berfungsi sebagai pemoderat kepada hubungan antara pembelajaran dan kepercayaan. Di samping itu juga, hubungan di antara orientasi keusahawanan dan kepercayaan adalah signifikan dan positif. Di akhir kertas ini, perbincangan, implikasi dan batasan kajian dibentangkan.

Kata kunci: Komunikasi; orientasi keusahawanan; orientasi pembelajaran; EKS; kepercayaan

INTRODUCTION

The research on relationship trust has gained growing attention from international business scholars (Silva, Bradley & Sousa 2012). One such reason behind this interest is that cross-border trading entails an effective interaction between exporters and importers (e.g. Bloemer, Pluymaekers & Odekerken 2013; Spyropoulou, Skarmeas & Katsikeas 2010), and trust is a key in developing and maintaining such business-to-business relationships. Furthermore, building a trusting relationship with foreign importers is strategically helpful in overcoming

the challenges brought about by internationalization (Hilmersson & Jansson 2012) (such as the resource limitation of small and medium-sized enterprises), promoting resource sharing (Ambler & Styles 2000) and reducing any potential opportunistic behavior. In turn, these procedures augments the competitiveness of exporters in the market (Skarmeas, Spyropouliou & Salehi-Sangari 2008). Nonetheless, trust is a complex phenomenon. As such, its understanding is limited (Bachmann & Inkpen 2011). In the context of international relationship trust, the complexity of international business warrants a greater attention and

consideration to cross-border elements, particularly the factors that are implicit in international relationships.

In this paper, we intend to contribute to the literature on cross-border trust by examining the factors that influence inter-organizational trust between exporters and foreign importers. According to Leonidou, Katsikeas and Hadjimarcou (2002), trust is the belief that the behavior of a partner is honest, sincere, and fair. We begin our articulation of trust by accepting the notion that trust is the foundation of business relationships (Bachmann & Inkpen 2011; Jiang, Henneberg & Naude 2011; Liu 2012; Nes, Solberg & Silkoset 2007) where knowledge sharing is implicitly defined. From a cross-border perspective, the literature emphasizes the importance of foreign market knowledge in minimizing the liabilities caused by the foreignness and uncertainties of international markets (Vahlne & Johanson 2013). Ismail (2013) acknowledges that resource-scarce small firms acquire their foreign market knowledge through resource sharing with foreign partners in trusting relationships.

The discussion above suggests that developing and maintaining a trusting relationship with importers is essential for export ventures to succeed. Our theoretical foundation is based on the resource-based view where capability building is a function of idiosyncratic resources that are owned by the firm (Barney 1991). Given that Small and Medium Enterprises (SMEs) are deprived of tangible resources, they have become dependent on intangible resources. The extant literature has conceptualized and empirically investigated the role of organizational processes and routines in the competitive capabilities of SMEs. For example, Knight and Cavusgil (2004) insist that "smallness" gives an advantage and allows greater flexibility and quick adaptation to organizational routines in order to meet the changes in external environments. Moreover, the literature emphasizes the importance of organizational orientation toward entrepreneurship, (Knight & Cavusgil 2004) and learning (Souchon, Sy-Changco & Dewsnap 2012). Therefore, this paper examines the impact of learning orientation and entrepreneurship orientation on international relationship trust.

Establishing organizational relationships is intimately related to communication (Cazan & Indreica 2014). Following Palmatier, Dant, Grewal and Evans (2006: 138), this study defines communication as the "... amount, frequency, and quality of information shared between exchange partners". Communication is a mean of transmitting information from the importer on the export market. Therefore, the ability of each partner to communicate effectively determines the success of long-term business relationships (Mohr & Nevin 1990). This study proposes that communication controls the impact of organizational resources on relationship trust.

This study focuses on SME exporters. Export strategies are most attractive for SMEs because such strategies make the foreign market more accessible (O'Cass & Weerawardena 2009). The export sector has been a major contributor to the gross domestic product (GDP)

of Malaysia for a long time. A report by the Ministry of International Trade and Industry (MITI) of Malaysia (MITI 2012) shows that the external trade in Malaysia in 2012 recorded an export value of RM702 billion. Furthermore, export activities are linked to increases in revenue and profit (Hill, Wee & Udayasankar 2012).

This study aims to fill research gaps and to advance the knowledge on cross-border inter-organizational relationship trust. The three objectives of this paper are as follows; first is to develop an organizational resource function and trust model for SME exporters, secondly is to empirically investigate the role of entrepreneurship orientation and learning orientation in developing cross-border trust between exporter SMEs and their respective foreign importers. The third objective is to examine the moderating effects of communication on the relationship between entrepreneurship orientation and learning orientation, and relationship trust.

LITERATURE REVIEW AND HYPOTHESES

ENTREPRENEURSHIP ORIENTATION

Entrepreneurship orientation is synonymous with inquiries into the emerging phenomena of SME internationalization (Ismail, Isa & Ali 2013). Miller (1983: 177) refers entrepreneurship firms as "...those that are geared toward innovation in the product market field by carrying out risky initiatives, and which are the first to develop innovations in a proactive way in an attempt to defeat their competitors". The concept of entrepreneurship orientation is said to be associated with the decision-making activities used by managers to act entrepreneurially and pursue new entries. According to Atuahene-Gima and Ko (2001), entrepreneurship orientation may be translated to a strong and positive focus on innovation. Given that the activities of internationalization are related to innovation processes (Maslow 1954), the role of entrepreneurship in cross-border relationship is highlighted.

Knight (2000) suggested that entrepreneurship may be particularly useful for firms that are strongly affected by globalization, such as SMEs. Zahra and Garvis (2000) highlighted the importance of entrepreneurship activities for succeeding in international markets, because entrepreneurship orientation provides opportunities to gain recognition and implement expansions to new markets. Knight and Cavusgil (2004) found that entrepreneurship orientation drives small firms to develop high-quality, distinctive, and technologically advanced goods. However, a business venture must have access to the resources that enables it to go international to realize these benefits (Fernhaber, Gilbert & McDougall 2008). Especially for entrepreneurial SMEs the expansion into international market is a daunting task, given the amount of resource commitment to accomplish successful international venture. Furthermore, the new venture is compounded by the constraint of liabilities of smallness (Knight &

Cavusgil 2004) and newness (Smith & Lohrke 2008). Here, we believe that a key concept in entrepreneurship is the opportunity-seeking behavior of firms (Wright & Stigliani 2012). As such, opportunities for new business in foreign markets can be explored or created by both acquiring knowledge resource about foreign markets and building exchange relationships with other firms (Johanson & Vahlne 2006) specifically key resource provider (Smith & Lohrke 2008).

Firms with entrepreneurship orientation can overcome lack of resources by practicing pro-activeness, innovativeness, and risk-taking initiatives to leverage the competence of foreign partners such as importers, who in context is the key provider of foreign market knowledge. Reviewing previous studies, Messersmith and Wales (2013) conclude that with entrepreneurship orientation, firms are able to access critical resources through strategic alliances, make use of these resources productively and identify opportunities through these resources. Along this line, Walter, Auer and Ritter (2006) insist on close connection between entrepreneurship orientation and deeper customer relationship. Smith and Lohrke (2008) meanwhile emphasize the merit of trust component of exchange relationship in the context of entrepreneur search for resources.

Trust is developed gradually over time through numerous exchanges between partners whereby working together, keeping promise and avoidance of cheating demonstrate partner's trustworthiness (Day, Fawcett, Fawcett & Magnan 2013). A trusting partner is willing to take risk by relying on the other, who is judged based on competence, integrity and benevolence (Bachmann & Inkpen 2011). As suggested by Miller (1983) entrepreneurship orientation increases firms capability in customer relationship building by acting proactively upon customer's expectations in innovative way within the context of risky international cross border partnerships. In addition, in light of varying business environment, the smallness of SMEs gives advantage in the form of flexibility (Knight & Cavusgil 2004) whereby firms can quickly adopt new routines and processes to effectively meet the needs and expectations of the customers. Under this condition, frequent interactions allow partner to gain knowledge and understanding, and these interactions will in turn develop high level of trust. In earlier discussion, we evoked the concept of entrepreneurial search for opportunities to achieve growth (Shane & Venkataraman 2000), which resonates with entrepreneurial efforts to acquire sufficient resources so as to ensure sustainable venture success (Smith & Lohrke 2008). Smith and Lohrke (2008) view that entrepreneur develops and maintains relationships trust by creating necessary and sufficient conditions either, or both, from structural bonds that concern with overall patterns of the bonds or/and personal or direct relationship developed through numerous interactions. As such we maintain that entrepreneurship orientation entails firm ability to develop and maintain trust by means of positive trustworthy behaviours, overall

patterns that reduced risks (or misplaced trust) (Bachmann & Inkpen 2011) and trust-enable institutional structure (Fuglsang & Jagd 2015). Therefore, this study proposes the following hypothesis:

- H₁ The relationship between entrepreneurship orientation and relationship trust is positive and significant

LEARNING ORIENTATION

Learning orientation is defined as "a basic attitude toward learning" (Alghamdi & Gillies 2013: 189). Sinkula and colleagues (1997: 309) suggested that learning orientation "...gives rise to that set of organizational values that influence the propensity of the firm to create and use knowledge." Learning orientation necessitates the management commitment to foster learning value (Garvin 1993), unlearn existing knowledge for organizational change (Real, Roldan & Leal 2014) and guide to the kind of knowledge that is important to organization (Senge 1990). As such, organizational learning involves the acquisition and sharing of customer information, such as their needs and requirements (Calantone, Cavusgil & Zhao 2002).

Learning is crucial to the SME internationalization process (Yeung 2015) because it helps small firms to develop the ability to compete and survive in the market (Rhee, Park & Lee 2010). Organizations with cultures conducive to learning are likely to learn from their experiences (Emden, Yaprak & Cavusgil 2005), which, in turn, facilitates the acquisition of foreign market knowledge by internationalizing firms (Freeman, Edwards & Schroder 2006). In addition, learning assists new knowledge creation that helps to sustain alertness for changes in the market (Fang, Chang, Ou & Chou 2014) and achieve proactive response to the market (Bouncken, Pesch & Kraus 2014), hence the customer value proposition (Nasution & Mavondo 2008). Clearly, meeting customer expectations and promises helps to develop customer (importer) reliance and trust on partner (exporters) (Jap 1999).

The relationship is strong when partners learn from the experiences that they gain during interactions and when they utilize the acquired knowledge to anticipate and act according to the norms that satisfy the needs of their partner. Thus, firms can gain knowledge by learning and implementing appropriate operational adjustments that leads to a stronger partnership (Perez-Nordtvedt, Babakus & Kedia 2010) and trust. Moreover, dynamic environment of cross-border markets entails that customer needs and requirement are changing. Learning oriented firm questions and unlearn the absolute market knowledge (Baker & Sinkula 1999) in order to learn new knowledge. Furthermore, learning orientation guides employees to learn customer wants and deliver services that give customer delightful experience (Fang et al. 2014). Bianchi and Abu Saleh (2010) emphasize that importer trust inferred by supplier's reputation and performance, which is based on selling competencies. These competencies

are the outcome of entrepreneurship orientation. On the basis of this discussion, this study suggests the following hypothesis:

- H₂ The relationship between learning orientation and relationship trust is positive and significant

COMMUNICATION

The success of business relationships is dependent on the ability of each partner to communicate effectively (Mohr & Nevin 1990). Effective communication foster participation (Agnihotri, Rapp & Trainor 2009) hence greater interactions and exchanges between partners. Palmatier et al. (2006: 138) defined communication as the “amount, frequency, and quality of information shared between exchange partners.” Information sharing refers to “the mutual sharing of business and market information between exchange partners” (Majstorovic 2007: 123). Carr and Kaynak (1995) stated that information sharing pertains to the information shared between a buyer and a supplier; such information is sufficiently detailed, frequent, and timely to meet the requirements of a firm, and it enables their partners to enhance their performance in the relationship. In personal selling context, transfer of product information can be improved through communication (Agnihotri et al. 2009) and we believe this is applicable to exporter (seller) and importer (buyer) exchange relationship.

In international relations, communication is hindered by problems such as physical distance, which reduces face-to-face contact, language barriers, and cultural differences (Nes et al. 2007). Effective inter-organizational communication among members promotes strong relationships (Agnihotri et al. 2009) particularly in the global marketplace (Griffith & Harvey 2001). Without effective inter-organizational communication, learning among network partners would be diminished, and the long-term effectiveness of the network would be damaged (Koza & Lewin 2000). Ineffective learning leads to information asymmetry and thwart the unlearning process of existing knowledge and routines, as well as lessen the intensity of new knowledge sharing (Knight & Cavusgil 2004) resulting poor customer value offerings. These may also cause power asymmetry and therefore distrust.

Information sharing is the outcome of quality of communication between partners. Poor communication limits the accumulation of market knowledge and restrains the opportunity-seeking ability and innovativeness of SMEs. Therefore, communication will diminish the influence of entrepreneurship on relationship trust. Prior review in this paper suggests that effective communication enhances exchange of information about seller competencies and product knowledge. Moreover, entrepreneurship orientation reflects organizational competencies in terms of exporter proactiveness to customer needs and requirements, and altering routines so as to meet market dynamism. Along this line, effective communication

between partners will lead to a better appreciation of the operational tactics (Sahadev 2008) and routines. On the other hand, poor communication of partner’s information increase relationship risks and reduce other partner’s reliance and willingness to accept vulnerability. On the basis of this argument, this study proposes the following hypotheses:

- H₃ Communication moderates the relationship between learning orientation and relationship trust
 H₄ Communication moderates the relationship between entrepreneurship orientation and relationship trust

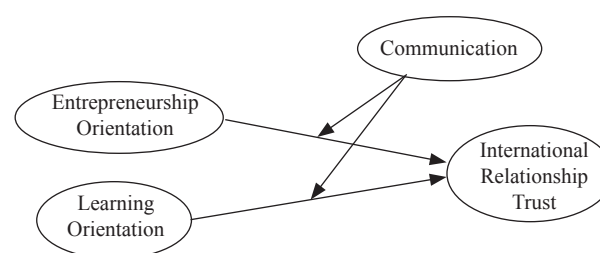


FIGURE 1. Conceptual framework

METHODOLOGY

SAMPLE DESIGN

To test the research hypotheses, a sample of exporting SMEs in the manufacturing sector was gathered from the directory of the Federation of Malaysian Manufacturers. The sample consisted of multi manufacturing based industry SMEs with number of employees between 10 and 200. The classification of SMEs is based on Small and Medium Enterprise Corporation Malaysia (SME Corp), a government agency which defines SMEs as companies with maximum number of 200 employees (SME Corporation 2016). Multi-industry sample allows this study to achieve greater generalizability of the results (Katsikeas, Skarmeas & Bello 2009). In this study, consistent with others (e.g. Souchon et al. 2012) we selected SMEs with at least 10 employees to capture an appropriate measure of constructs. Meanwhile, the maximum number of employees of participating firms was set to 200 so that a larger number of firms could be included in the sample.

Table 1 shows a summary of the demographic profile of the respondent. In this study, the small-sized firms are represented by 45 percent of the total respondent while medium-sized firms are represented by slightly more than half (55 percent) of the total respondents. The sample included multi-industry firms where food and beverages is represented by 37 percent of the total respondents. The remaining of the sample is represented by the rest of the industries, ranging from 0.5 to 8.5 percents of the total respondents. In term of the ownership, 58.3 percent of the respondents in this study are Malay-owned firms. This is followed by the Chinese (28.6 percent and others (11.1 percent).

TABLE 1. Demographic profile of respondents

Items		Percentage
Size	Small	45.0%
	Medium	55.0%
Industry	Food and beverages	37.0%
	Metal products	8.5%
	Plastic	7.0%
	Wood	7.0%
	Machinery	6.0%
	Chemical	5.5%
	Rubber	4.0%
	Electric and electronic	4.0%
	Pharmaceutical	2.0%
	Non-metallic	1.5%
	Palm oil	1.5%
	Paper	1.0%
	Textile	1.0%
Transport	0.5%	
Ownership	Malay	58.3%
	Chinese	28.6%
	Others	11.1%

Early and late respondents were compared in the process of monitoring non-response biases. The comparative results (ANOVA) showed no significant differences among the respondents. A total of 783 envelopes containing the questionnaire were sent out to the firms. After the second wave of questionnaires, 179 firms participated in the survey, yielding a 22.86 percent response rate.

MEASURES

Measurement items for the constructs in this study were identified through an extensive literature review. The measurements were then adapted and modified to suit the research context. This study uses multi-item scales, and all items is based on a seven-point Likert scale.

The measurements for learning orientation were based on the works of Jerez-Gomez, Cespedes-Lorente and Valle-Cabrera (2005), Sinkula et al. (1997), and Nasution and Mavondo (2008). The measurements for learning orientation consisted of 15 items that are classified into three dimensions (five items for each dimension). The measurements relate to the information about managerial commitment, system perspective and openness, and experimentation.

For entrepreneurship orientation, this study utilized the items that were developed by Knight and Cavusgil (2004), Nasution and Mavondo (2008), Zhou (2007), Wang (2008), and Covin and Slevin (1989), which consisted of three dimensions: pro-activeness, risk taking, and innovation. A total of 17 items were used to measure entrepreneurship orientation.

The measurements for trust were based on the original version developed by Leonidou, Katsikeas and Hadjimarcou (2002) and Skarmeas et al. (2008). For communication, the measurements were derived from the work of Mohr and Spekman (1994). The measurements for trust and communication consisted of seven and five items, respectively.

VALIDITY AND RELIABILITY

This study applied confirmatory factor analysis to test the validity, dimensionality, and internal consistency of the scales. Initially, items with less than the (standardized) factor loading of 0.60 were deleted. For the multidimensional constructs, such as learning orientation and entrepreneurship orientation, the items that measure the dimension was operationalized as summate. The measurement model was then run, and the results demonstrated that the minimum score for the standardized factor loadings is 0.63. Meanwhile, the square root extracted average variance is 0.72, indicating that the convergent validity and unidimensionality of all constructs are supported. The score for square root average variance extracted is greater than the correlation values between construct in all cases. This finding suggests that there is adequate discriminant validity. Table 2 shows the validity results.

CORRELATION

Table 2 shows the Pearson correlations between constructs. Correlation between entrepreneurship orientation and learning orientation is 0.7, thus suggesting a concern for multicollinearity between constructs. Variance inflation factor was performed to test multicollinearity. The results show in Table 3, all values less than 4, which indicate that multicollinearity is not an issue.

TABLE 2. Square Root Average Variance Extracted (AVE) and correlation of constructs

Construct	1	2	3	4
1. Entrepreneurship Orientation	0.72			
2. Learning Orientation	0.71 ***	0.79		
3. Communication	0.47 ***	0.50 ***	0.82	
4. Relationship Trust	0.42 ***	0.46 ***	0.59 ***	0.73
Cronbach Alpha (α)	0.78	0.87	0.90	0.81
Mean	5.22	5.37	5.52	5.30
Standard deviation	.79	.78	.83	.71
Skewness	-0.64	-0.70	-0.63	-0.00
Kurtosis	0.52	0.42	0.43	-0.17

***Correlation is significant at the 0.001 level; ** Correlation is significant at the 0.01 level; *Correlation is significant at the 0.05 level.

Notes: Square Root of AVE value is shown in diagonal

HYPOTHESES TESTING AND RESULTS

Hierarchical moderated regression (SPSS 22) was employed to test the research model. Table 3 illustrates the four regression models. The control variables were entered in Model 1 (Step 1), and the results show that the control variables did not contribute to the variance in relationship trust. Adding the independent variables in Model 2 increased the explained variance (R^2) in relationship trust by 0.25 (statistically significant: $\Delta R^2 = 0.25$, F change = 28.51, $p < 0.001$, two-tailed test). This finding suggests that learning orientation and entrepreneurship orientation account for 25 percent of the total variance in relationship trust. Communication was added in Model 3, and the results indicate that communication account for 22 percent of the variance in relationship trust (statistically significant: $\Delta R^2 = 0.22$, F change = 74.59, $p < 0.001$, two-tailed test). In Model 4, the interaction terms, such as, learning orientation x communication and entrepreneurship orientation x communication, were entered simultaneously. This increased the explained variance by 4 percent (statistically significant: $\Delta R^2 = 0.04$, F change = 6.80, $p < 0.01$, two-tailed test).

As shown in Models 2, 3, and 4 of Table 3, the effect of entrepreneurship orientation on relationship trust is significant (Model 2, $\beta = 0.33$, t -value = 3.50, $p < 0.01$; Model 3, $\beta = 0.13$, t -value = 1.68, $p < 0.10$; Model 4, $\beta = 0.18$, t -value = 2.28, $p < 0.05$). Therefore Hypothesis 1 is supported. Similarly, learning orientation is found to have a significant effect on relationship trust ($\beta = 0.21$, t -value = 2.20, $p < 0.05$), therefore Hypothesis 2 is

supported. Meanwhile, Table 2 indicates that the effect of learning orientation on relationship trust is positive and significant in Model 2. However, when communication and interaction terms are added in Models 3 and 4, respectively, the effect of learning orientation on relationship trust becomes insignificant.

In this study, communication was tested for its moderating function. Multiple regression technique, which is also known as moderated multiple regression, was used to test the moderation effects. In Model 4, the interaction (learning orientation x communication) effect on relationship trust was positive and significant. Thus, Hypothesis 3 is supported ($\beta = 0.22$, t -value = 2.73, $p < 0.01$). These results show that communication exerts significant moderating effects on the relationship between learning orientation and relationship trust, thereby implying the importance of communication on SME internationalization. Finally, the effect of the interaction between entrepreneurship orientation and communication on relationship trust is not significant hence Hypothesis 4 is not supported.

To gain further insight into the moderated relationship, further analysis was conducted using the technique for probing the interaction term (Bauer & Curran 2005). Data were run using a macro in SPSS (Hayes & Matthes 2009). This study utilized two approaches. The first is an approach that was originally developed by Johnson and Neyman and is known today as the Johnson–Neyman (De Clercq, Sapienza & Crijns) (J–N) technique, which involves plotting and testing the conditional effect of the focal predictor at designated levels of the moderating

TABLE 3. Hierarchical moderated regression analysis

Variables	Dependent Variable - Relationship Trust				
	Model 1	Model 2	Model 3	Model 4	VIF
<i>Control Variables</i>					
Firm Size	-0.89(-0.90)	-0.08 (-0.92)	-0.02(-0.34)	-0.02(-0.32)	1.77
Ownership	0.31(-0.34)	0.12 (1.52)	0.02(0.24)	0.05(0.76)	1.64
Turnover	0.03(0.29)	0.03 (-0.36)	-0.01(-0.19)	-0.02(-0.33)	2.07
<i>Independent Variables</i>					
Entrepreneurship Orientation		0.33(3.50)***	0.13(1.68)‡	0.18(2.28)*	2.30
Learning Orientation		0.21(2.20)*	0.48(0.57)	0.07(0.90)	2.34
<i>Moderator</i>					
Communication			0.58(8.63)***	0.54(8.37)***	1.52
<i>Interaction</i>					
EO x Communication				-0.24(-0.29)	2.34
LO x Communication				0.22(2.73)**	2.42
R^2	0.00	0.25	0.47	0.51	
Adjusted R^2	-0.01	0.22	0.45	0.49	
F-Ratio	0.28	11.63***	26.20***	22.66**	
ΔR^2	-	0.25	0.22	0.04	
Degree of freedom	3/177	2/175	1/174	2/172	
F-Change	0.28	28.51***	74.59***	6.80**	

‡ $p < 0.1$; * $p < .05$; ** $p < .01$; *** $p < .001$; Durbin-Watson = 1.90

Notes: Values of standardized regression coefficient are reported and t-values are in parentheses; Dependent variable is commitment.

variable (e.g., high, medium, and low) (Bauer & Curran 2005). The second is the pick-a-point technique (Simpson & Weiner 1989) which was used to plot the interaction.

TABLE 4. OLS Regression Estimation of trust on learning orientation, communication and interaction between learning orientation and communication

	b	se	F	P
Learning Orientation	0.2488	0.0590	4.2161	<0.001
Trust	0.4350	0.0548	7.9398	<0.001
Interaction	0.1906	0.0535	3.5655	<0.001

TABLE 5. MODPROBE Macro Output - Estimating the conditional effect of learning orientation at values of the communication

COMM	b	se	t	p
-0.8225	0.0920	0.0677	1.3592	0.1757
0.0000	0.2488	0.0590	4.2161	<0.001
0.8225	0.4056	0.0791	5.1307	<0.001

*R2 = 0.4301, F = 49.0561, df1 = 3.0000, df2 = 195.0000, p = <0.001

Communication was split into three levels, namely, high, medium, and low, to explain the conditional effects. The test results for the slope analysis are shown in Figure 2 and the accompanying Tables 3 and 4. Table 4 shows the output for estimating the conditional effects of learning orientation at the three levels of communication. The results indicate that the positive relationship between learning orientation and relationship trust is stronger when communication is high (b = 0.4056, t-value = 5.1307, p < 0.001) than when it is low (b = 0.0920, t-value = 1.3592, insignificant). Therefore, small businesses will experience enhanced relationship trust by increasing their focus on learning culture when communication is high.

DISCUSSION AND IMPLICATIONS

Existing research trends indicate a promising future for interorganizational trust (Liu 2012; Morgan & Hunt 1994), particularly in the context of international business (Bloemer et al. 2013; Silva et al. 2012). Notwithstanding our limited understanding of the organizational level of trust (Bachmann & Inkpen 2011; Dowell, Heffernan & Morrison 2013), this phenomenon demonstrates a significant gap in the extant literature. Consequently, this study aims to investigate the antecedent role of learning and entrepreneurship orientations in developing cross-border trust. In addition, the moderating affect of communication on the relationship between entrepreneurship orientation and learning orientation, and relationship trust is also investigated. Therefore, the findings of this study not only contribute to the literature but also significantly guide both policymakers and practitioners.

The findings demonstrate that SMEs in emerging markets greatly value the importance of learning and entrepreneurship orientations in the development of cross-border relationship trust. However, the effect of learning on trust is fully moderated by communication. Consistent with the previous studies (Polo-Redondo & Cambra-Fierro 2008), communication has been found to contribute significantly toward relationship building. Communication occurs not only in the exchange of information but also in the ability of the exporter to decipher codes from the importer. Thus, the enhanced learning process of obtaining information about importer equips exporters with the ability to better serve the needs of importers by using effective and efficient communication. Firms can build strong relationships with their customers through uncomplicated and accurate communication (Agnihotri et al. 2009). Efficient and effective communication facilitates organizational learning which in turn enhances the relationship trust with trading partners. Therefore, the effect of learning orientation on relationship trust is fully moderated by communication.

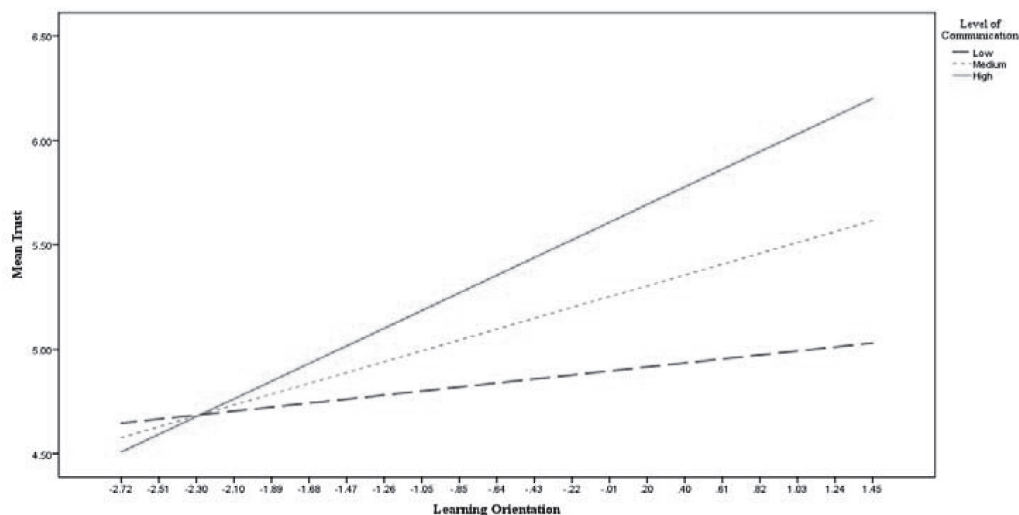


FIGURE 2. Interactions between communication and learning orientation on relationship trust

On another note, in this study communication did not mediate the relationship between entrepreneurship orientation and relationship trust hence worth further explanation. This result emerges as a surprise taking into account that communication is critical in the development of trust-based relationship (Ford 2002). A plausible explanation for this phenomenon is linked to the way messages are communicated which is based on cultural aspect of communication context, namely high and low contexts culture (Hall 1976). Jean, Sinkovic and Kim (2010) explain that people of high context culture attain information through personal networks, whereas people from low context culture get information via research or information sources (example databases and the Internet). For that reason, communication between partners from the opposite culture may weaken the impact of entrepreneurship on international trust. Therefore firms in our sample do not think that communication is important on the relationship between entrepreneurship orientation and relationship trust.

THEORETICAL IMPLICATIONS

The findings of this study have important theoretical implications. First, existing studies have conceptually and empirically demonstrated the significant role of learning on cross-border relationship trust. For example, Nielsen and Nielsen (2009) found that learning positively influences trust among international strategic alliances. However, this study demonstrates that the relationship is context-dependent, and that communication fully moderates the relationship between learning and international relationship trust hence the theoretical contribution.

Second, this study contributes to the literature by providing an empirical support on the nature of relationship between entrepreneurship orientation and learning orientation and trust. Smallness gives advantage to small firms (Knight & Cavusgil 2004) in terms of their ability to be flexible and adapt quickly to the changes in the markets. Thus, entrepreneurship orientation enables SMEs to become proactive and innovative as well as willing to venture into risky investment in the markets at the same time to competitively serve and produce a product that meets the needs and preferences of the customers. Furthermore, smallness allows SMEs to learn high-level communication through market changes and requirements. This means that small firms with the culture of learning can acquire and disseminate the information across firms faster than their competitors. In turn, it allows them to respond to the customer's requests ahead of their respective competitors.

MANAGERIAL IMPLICATIONS

In terms of managerial implication, the findings of this study have several practical implications. First, the findings suggest that managers of small firms should focus on the cultural aspect of their organization in

building a trusting cross-border relationship. These findings are consistent with previous studies (Knight & Cavusgil 2004) that emphasizes on the importance of the intangible resources that are internal to small firms and allow SMEs to quickly adjust to customer's requirements. This study specifically proposes that cooperation with a foreign importer is built on trust; managers should nurture a culture of entrepreneurship to encourage proactiveness, innovativeness and risk-taking. Furthermore, managers of SMEs should focus on the learning culture that supports and promotes knowledge creation and acquisition activities within the organization. Therefore, it will enhance the ability to better serve the customers and meet their needs and expectations. However, learning orientation can only be effective in building a relationship trust when communication is effective and efficient. Greater communication with partners, especially in cross-border relationship ensures a better understanding of the needs of their respective partners that helps to fulfill customer expectations better than their competitors. This facilitates the effective exchange of information. Therefore, managers of small firms should aim on increasing communication ability of the firms.

The results suggest that small firms competent in learning are able to build a close and superior relationship with their foreign importers or distributors by committing a high-level communication in their working relationship. SMEs in emerging markets should consider this as their priority in their quest towards successful export ventures. For the policy makers, the findings serve as an important guideline in the development of multinational corporations.

LIMITATIONS AND FUTURE STUDIES

This study has several limitations that warrant readers in the interpretation of the results. First, a relationship refers to an interaction between two or more partners. However, in this study, data were gathered from the exporter's perspective. Although such an approach is consistent with other previous works (Lages, Silva & Styles 2009), the results may present slight biasness towards the exporter's viewpoint. Secondly, this study is cross-sectional in nature. Therefore, the dynamic effects of relationship are disregarded. In view of these limitations, future studies should gather data from both sides of a relationship as well as utilizing longitudinal analysis on the research constructs.

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