

ABSTRACT

Creation of Principal-Agency Relationship Value: Social Capital and Dynamic Learning Capability Perspectives

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In this 'age of turbulence' (Greenspan, 2007), businesses, in response to challenges of globalized competition, escalated customer expectation, and disruptive technological innovations, find innovative value propositions (Slater, 1997) critical for survival and sustained competitiveness. In lined with relationship marketing that suppliers need target valuable customer to establish long-term relationship for survival in fierce competition (Gronroos, 2000), scholars (e.g. Walter, Ritter & Gemunden, 2001) looking from supplier perspective identify direct and indirect value as two dimensions for supplier-perceived relationship value. Direct value-based drivers of business relationships consist of higher profits from the product and service offering (i.e. profit function), growth of trade volumes (i.e. volume function), and the possibility to sell over-capacity (i.e. safeguard function). Indirect value-based drivers of business relationship consist of customers' contribution in cooperative development of new products or processes (i.e. innovative function), intelligence about the markets and customers (i.e. market function and scout function), and facilitation of access to important third parties (i.e. access function).

To extend prior literatures, this study tries to explore the antecedents of relationship value from both dynamic capability perspective and social capital perspective. Drawing upon a database of 411 manufacturer-channel partner relationships, this study examines the impacts of three dimensions of social capital (i.e. structural, relational, and cognitive dimensions: in the forms of extra-industry ties of principal managers, competence-based trust, and strategic consensus with a specific channel partner), and two types of learning (i.e. exploratory learning and exploitative learning) on the creation of relational value, that in turn, affects relationship performance. Specifically, the findings demonstrate that: (1) relationship value has impact on both relationship performance and market performance; (2) dynamic learning capabilities have significant impacts on the creation of relationship value; (3) social

capital of principals contributes a lot to the creation of relationship value; (4) the impacts of social capital on relationship value are partially mediated by exploratory and exploitative learning; and finally (5) knowledge non-redundancy between principals and agents positively moderates the overall linkage between social capital and principal-agent learning. On the basis of current findings, managerial implications and future research directions are drawn.