ENHANCING SUCCESSFUL INTER-ORGANIZATION RELATIONSHIPS: A STUDY OF VIETNAMESE TRAVEL COMPANIES WITH THAI PARTNERS

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ABSTRACT

Title of Dissertation	Enhancing Successful Inter-Organization Relationships: A Study of Vietnamese Travel Companies with Thai Partners
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This study examines the overall IOR success of Vietnamese international travel companies with Thai travel partners in order to increase the awareness and understanding of current cooperation relationships for tour operators, managers of international travel companies, and management boards of the tourism industry. As a result, the empirical information found in this dissertation provides foundation for competent individuals and organizations to make appropriate adjustments and effective development decisions for enhancing the tourism cooperation relationship between the two countries.

Based on the results of the path analysis exploring the direct and indirect effects of exogenous and intervening variables on overall IOR success, this study argues that in order to achieve overall IOR success, Vietnamese international travel companies should have a high frequency of interaction and a high level of commitment to their current relationships with their Thai partners. In addition, this study also found that when each member sets up a relationship with its partner outside the country, the factors of marketing support, financial benefits, and business success are main purposes and motivations for joining the IOR and directly influenced their overall IOR success. On the other hand, the factors of trust in the IOR and communication in the IOR did not appear to directly affect overall IOR success but indirectly caused small negative effects in overall IOR success through the intervening variables of marketing support of the IOR and the business success of the

IOR, respectively. These results indicate that involved travel companies have trust in the relationship with their travel partners but they do not receive enough marketing support from them; thus, they are currently not satisfied with the marketing support in the relationship. In terms of communication in the IOR, the findings indicate that the involved travel companies provide and receive sufficient information within the relationship, which increases the relationship performance satisfaction with the IOR but negatively affects business success. This explains the reality that Thai travel partners provide Vietnamese travel companies with much information about cheap package tours in order to attract high flows of tourists to many tourist destinations in Thailand, thus creating great competition between international travel companies within the Vietnamese tourist market, where these companies have to sell tours to Thailand at lower prices and simultaneously have had to suffer a higher rate of inflation of the economy annually (8.8 percent) compared with Thailand (2.7 percent) during the last ten years (World Bank, 2010). Only large travel companies with a longer period of relationships have enough resources to compete, survive, and develop well, while other small travel companies get hurt in terms of business achievements with their Thai travel partners.

In conclusion, this study provides contributions to both the theoretical perspective and the empirical findings as scientific bases for practical suggestions for enhancing tourism cooperation between the international travel companies of Vietnam and Thailand. In addition, this study also finds empirical evidence for the factors affecting overall IOR success directly and indirectly, as well as provides reliable scales with which to measure theoretical dimensions. Measuring overall IOR success through intervening variables, marketing support in the IOR, the financial benefits of the IOR, the business success of the IOR, and relationship performance satisfaction with the IOR was carried out for the first time by this study. Thus, a more comprehensive conceptual framework for measuring the success of dyadic IOR that included all of the important factors suggested by previous researchers was built and tested in this study.

ACKNOWLEDGEMENTS

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ABBREVIATIONS, ACRONYMS AND SYMBOLS

Abbreviations	Equivalence
AD	Anno Domini
AGIOR	Age of the Inter-Organization Relationship
AIDS	Acquired Immunodeficiency Syndrome
ANOVA	Analysis of Variance
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BUSUCIOR	Business success of the Inter-Organization Relationship
COMITIOR	Commitment to the Inter-Organization Relationship
COMUNIOR	Communication in the Inter-Organization Relationship
COORDIOR	Coordination of the Inter-Organization Relationship
CORESIOR	Conflict Resolution in the Inter-Organization Relationship
CT	Contingency Theory
Eq	Equation
EWEC	East-West Economic Corridor
FIBENIOR	Financial Benefits of the Inter-Organization Relationship
FLEXIOR	Flexibility in the Inter-Organization Relationship
FORMIOR	Formalization in the Inter-Organization Relationship
FREINTER	Frequency of Interaction
GDP	Gross Domestic Product
GMS	Great Mekong Sub-region
H.E.	His Excellency
HIV	Human Immunodeficiency Virus
INTERIOR	Interdependence in the Inter-Organization Relationship
IOR	Inter-Organizational Relationship

IORs	Plural form of Inter-Organizational relationships
KMO	Kaiser-Meyer-Olkin
KPMG	Klynveld Peat Marwick Goerdeler (accounting firm)
Lao PDR	Lao People's Democratic Republic
MARSUP	Marketing Supports in the Inter-Organization Relationship
MICE	Meeting, Incentive, Conference, Exhibition
NESDP	National Economic and Social Development Plan
OE	Organizational Ecology
ORCOMPAT	Organizational Compatibility
OVIORSUC	Overall Inter-Organization Relationship Success
PARTIOR	Participation in the Inter-Organization Relationship
PCA	Principal Component Analysis
PLC	Public Limited Company
R&D	Research and Development
R&R	Rest and Recreation
RBV	Resource Based View
RDT	Resource Dependence Theory
REPESA	Relationship Performance Satisfaction
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
TCT	Transaction Cost Theory
TRUSTIOR	Trust in the Inter-Organization Relationship
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	United States Dollar
VIF	Variance Inflation Factor
VND	Vietnam Dong
WTO	World Tourism Organization

Symbols

<	Less than
F	Test statistic used in ANOVA, ANCOVA and other tests
p	Probability that observed data are consistent with null hypothesis
r	Sample Pearson product-moment correlation coefficient
R^2	Coefficient of determination. Proportion of variance in Y attributable to Xs
α	Greek alpha; significance level in hypothesis testing, probability of Type 1 error
β	Greek beta, probability of a Type II error; also, a standardized regression coefficient (beta weights)

CHAPTER 1

INTRODUCTION

1.1 Introduction

All organizations have relationships with other organizations: suppliers, distributors, competitors, public organizations, governments, and other firms performing complementary activities. Some relationships are relatively trivial, while others are of utmost importance to the parties involved. Scholars from a variety of disciplines are currently interested in different facets of these inter-organizational relationships (IORs). Indeed, IOR management is becoming a central research paradigm in the literature concerning marketing channels, organization theory, strategic management, economics, and organizational economic theory (Oliver, 1990b; Dollinger and Golden, 1992; Heide, 1994; Ring and Van de Ven, 1994; Gulati, 1995).

An inter-organizational relationship is defined as a structured process that is put in place to enable cooperation between companies. This relationship would ideally be of mutual benefit to its partners, aiming at enhancing the competitive position of its participants (Smith, Carroll and Ashford, 1995) and in which resources, knowledge, and capabilities ought to be shared. These relationships may take several forms, including advertising, licensing, research and development, prototyping, consortia, forums, purchasing, and co-development. Lorange and Roos (1993) have presented a popular classification of the rationale behind alliances and have suggested that firms form alliances for both offensive and defensive reasons. Offensive alliances focus on accessing or creating markets, defining or setting industry standards, anticipating and preparing for new political developments and/or competitive actions (Bronder and Pritzl, 1992). Defensive alliances focus on protecting or solidifying an existing market position, sharing the financial risk of an

expensive technology, or gaining economies of scale by combining processes and/or production capabilities (Ohmae, 1989). Sheth and Parvatiyar (1992), along the same lines, have considered an IOR as being either strategic or operational based on whether it considers longer-term/offensive reasons versus shorter-term/defensive motives. It is very important to know that organizations tend to have multiple reasons for alliance formation (e.g. cost minimization, risk sharing, and learning) rather that just one reason.

Inter-organization relationships are created to facilitate the learning of new skills and acquiring or transferring tacit knowledge (Kogut, 1988; Hamel, Doz and Prahalad, 1989; Hamel, 1991; Lei and Slocum, 1991; Khanna, Gulati and Nohria, 1998). They are also created in order to gain faster or cheaper access to resources, technologies, marketing, and production expertise (Teece, 1992; Lei, 1993). Another key motive for entering an IOR is to combine the resources of the partners (Devlin and Bleackley, 1988; Pisano and Teece, 1989). Scholars of corporate strategy have suggested that firms enter alliances to improve their strategic position (Porter and Fuller, 1986; Contractor and Lorange, 1988). Additonally, marketing theorists have argued that firms enter alliances in order to increase their responsiveness to customers. Further, Baum and Oliver (1991) and Sharfman, Gray and Yan (1991) have presented the quest for legitimacy as another important reason. Finally, it is important to note that the IOR often represents opportunistic behavior (Williamson and Ouchi, 1981) which is sometimes a precursor to a merger or an acquisition (Haspeslagh and Jemison, 1991).

In a study focused on the biotechnology industry, Deeds and Hill (1996) found that a firm's rate of new product development is a function of the number of strategic alliances it has entered. Furthermore, McGee and Dowling (1994) also found a positive relationship between sales growth and the use of research and development collaborative arrangements in a sample of new high-technology ventures. Das and Teng (1998) found that the stock market reacts more favorably to the announcement of technology versus marketing alliances. Powell, Koput and Smith-Doerr (1996) have made the observation that firms without partnerships are becoming rare, and that the typical firm has multiple partnerships; Atler and Hage (1993) indicate that firms will participate in IORs as a means of adaptation and survival.

Despite the popularity and benefits of IORs, not all the evidence is positive. Many IORs fall short of meeting the expectations of their participants (Barringer and Harrison, 2000). In a recent report from the accounting firm KPMG, the failure rate for business alliances reached around sixty and seventy percent (Kok and Wildeman, 1999). Bouno (1997) has further stressed research opportunities: "Yet, while such inter-firm arrangements may offer companies the opportunity to expand their strategic options beyond existing capabilities and current product-market domains, the resultant transformation demands the development of new perspectives on organizational structures, strategies and relationships."

The literature on the formation of the IOR has mainly focused on the selection of partners that provide strategic, cultural, and organizational fitness. Constructs like reputation, incumbency, financial resources, countries of origin, and the experience of prior alliances as good predictors of success have been studied (Barley, Freeman and Hybels, 1992; Mitchell and Singh, 1992). The literature also presents discussion of many good relationship practices and characteristics that partners adopt to ensure success, including trust, commitment, recognized interdependence, levels of communication, shared decision making, and the distribution of ownership and control (Gabarro, 1987; Nooteboom, Berger and Noorderhaven, 1997). Mohr and Spekman (1994) studied the characteristics of vertical partnership success between manufacturers and dealers. The results indicated that the primary characteristics of partnership success are: partnership attributes of commitment, coordination, trust, communication quality, participation, and conflict resolution techniques of joint problem solving.

In the travel and tourism industry, relationships with other organizations seem to be very crucial for travel companies. Travel company managers are finding that establishing IORs is becoming more and more important if they are to gain competitive advantage and consequently achieve their organizational goals in an open and globalized market.

Within this framework, travel companies are increasingly forming permanent alliances or partnerships with other organizations such as airlines, car rental agencies, suppliers, hotels, and especially other travel companies within and outside one's country.

In order to measure the success of such relationships in the field of travel and tourism, Medina-Munoz and García-Falcón (2000) conducted a study on the success of dyadic IORs between hotels and travel agencies in the U.S. and found that in order to have successful relationships, hotel companies should: 1) show more commitment to working with their partners, 2) have more trust in the partners, and 3) be less dependent on any one travel partner for their business. In addition, the results suggest that hotel companies that coordinate activities and communicate with their partners in a timely, accurate, adequate, complete and credible manner have more successful IORs than those that do not. Furthermore, hotel companies that share proprietary sales and any other information with their partners have reported more successful relationships. For example, hotel companies should provide their partners with detailed information on their facilities and services, booking procedures, and special promotions. Also, hotel companies using conflict resolution techniques such as persuasion, smoothing over the problem, and joint problem solving had significantly more successful relationships.

This study is a further and more comprehensive examination of IOR success based on the previous work of Mohr and Spekman (1994), with a study of the characteristics of vertical partnership success and the work of Medina-Munoz and García-Falcón (2000), with a study of the determinants of the success of dyadic relationships. These two studies have shed light on understanding the factors affecting partnership success and measuring IOR success as a whole; the two models used to measure IOR success in these two studies, however, are considered simple and many important factors are not included in the models, such as age of IOR (as suggested by Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Heide and John, 1990; Bucklin and Sengupta, 1993), formalization in IOR (as suggested by Bresser, 1988; Bucklin and Sengupta, 1993; Heide, 1994), flexibility in IOR (as suggested by Harrigan and Newman, 1990; Gibson, Rutner and Keller, 2002), importance of IOR (as suggested by Hall et al., 1977; Whetten and Szwajkowski, 1978; Hall, 1991; Bucklin and Sengupta, 1993), frequency of interaction (as suggested by Mayhew's, 1971; Hall, 1991), and organizational compatibility (as suggested by (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Bucklin and Sengupta, 1993). Through this study, a more comprehensive model for measuring

IOR success including the important factors (independent variables) suggested by previous researchers is investigated and tested in order to find out whether these independent variables directly and indirectly, through intervening variables, predict IOR success. The context of this study is the travel and tourism industry of Vietnam and Thailand, in which there are currently two groups of travel companies set up as IORs as forms of partnership and alliances for better competitive advantages and business outcomes.

1.2 Background of the Study

Vietnam and Thailand officially established diplomatic relations on August 6th, 1976. The first fifteen years after establishing this relationship was quite a difficult period, during which the two countries had to go through many ordeals with a lot of vicissitudes and changes caused by the situation of the world and region. The bilateral relations have been gradually consolidated and well developed since 1991, especially since Vietnam's admission to ASEAN in 1995. The two countries now frequently exchange delegations at both high level and working levels to discuss development in the fields of politics, diplomacy, economics, and specialties between two countries (Mofa, 2007).

The First Vietnam-Thailand Joint Cabinet Retreats were held in Da Nang (Vietnam) and Nakhon Phanom (Thailand) on the 20th and 21st of February, 2004, respectively. The Vietnamese delegation was led by H.E. Mr. Phan Van Khai, Prime Minister of the Socialist Republic of Viet Nam. The Thai delegation was led by H.E. Dr. Thaksin Shinawatra, Prime Minister of the Kingdom of Thailand. The Retreat was attended by forty-seven members of the Vietnamese and Thai Cabinets. On this occasion, ten documents, including a Joint Statement on a Vietnam-Thailand Cooperation Framework in the first decade of the 21st century were concluded (Mofa, 2007). The target of the joint cabinet meetings was to enhance the awareness of the importance of tightening cooperation relationships between countries in the region in all fields for mutual peace and prosperity.

In terms of politics and security, both sides have cooperated on preventing transnational criminals such as drug trafficking and transport, women and children purchasing and enhancing bilateral cooperation on security at sea, etc. In the social field, cooperation on public health, education, human resource training, employment, HIV/AIDS, etc. have been increased. In the economic field, the two countries have developed cooperation on trade, investment, tourism, transportation, fisheries, agriculture, energy, etc., in which the two countries have many mutual interests. Thailand has shared many experiences in agricultural development and aqua-product exports with Vietnam. According to the Ministry of Foreign Affairs (2007), Thailand has one hundred and forty-five investment projects with a total capital of 1.6 billion USD (ranking 3rd in ASEAN and up from the 12th or 13th position in 2006 among 77 countries/territories investing in Vietnam). In 2009, despite Thailand's political woes, the trade balance actually favored the kingdom with seventy-two percent of bilateral trade volume consisting of Thai exports. Thai investors in 2009 were the eighth largest investor group, with over two hundred and sixteen investment projects being undertaken by about twenty-five large Thai companies in Vietnam. Siam Cement Group, Amata Corporation Plc, and Charoen Pokphand Group were among the Thai businesses investing in Vietnam (Pandey, 2010). In addition, economic, trading and investment activities between Thai Northeastern provinces and Vietnamese central provinces along roads No.8 and No.9 have been expanded significantly.

Bilateral trade exceeded $6.1 billion in 2009 (Pandey, 2010). Vietnam and Thailand are the two biggest rice exporters in the world. For the past few years the two countries have agreed to conduct cooperation in rice export with an aim to co-ordinate a price policy and exchange market information. Vietnam's main exports to Thailand are computers, crude oil, seafood, coal, peanuts, and plastics. Imported products from Thailand are petrol, material plastics, components, and motorbike spare-parts.

In the field of travel and tourism, Vietnam-Thailand cooperation in tourism development between the governments of the two countries, state and private enterprises, and between both countries' airlines has been significantly improved. As a result, infrastructure for economic and tourism development has been built, such as the construction of a bridge linking Thai east-west province of Mukdahan to the

Laotian province of Savanakhet and the Dong Ha district of Quang Tri province (Vietnam). Road No.9 (the East-West corridor connecting Vietnam and Thailand) and road No.8 (connecting Northeastern Thailand and Vietnam) have been opened to serve economic and tourism development between three countries: Vietnam, Laos, and Thailand. More and more flights have been launched to serve travelers between the two countries recently, especially the air routes of Air Asia, a low cost airline of Thailand, between main tourist attractions of Vietnam and Thailand.

In addition, under the cooperation of the Mekong River Sub-region nations (GMS), road No.6 linking Northern provinces of Thailand, Laos and Vietnam to Dien Bien Phu province (Vietnam) forms a tourist route from Thailand and other countries to northeastern areas of Vietnam for visiting and exploring its diversified cultural beauty. In Thailand, the project of the Thailand-Vietnam Friendship Village in the Na Chooc mountain village of Nakhonphanom province—an historical relic zone where Uncle Ho lived and carried out his political work—has been accomplished. This will be a symbol of friendship and a cultural and historical tourist spot to attract tourists to the two countries.

Visitor flows between the two countries are also growing substantially due to bilateral visa-free access as well as increased transportation links, both by air as well as over land. Ongoing marketing programs including the "Two Countries One Destination" campaign have contributed to the growth of tourist arrivals of both countries. Vietnamese arrivals to Thailand in 2006 totaled 251,838, an increase of twenty-nine percent, the fourth highest growth in the ASEAN region; the number of arrivals in 2007 was 254,252, and 337,000 arrivals in 2008. According to Mr. Pichai Raktasinha, the director of the TAT office in Ho Chi Minh City in his speech at the meeting held at the Rex Hotel on 7 April, 2010, there were 350,000 Vietnamese arrivals to Thailand in 2009, an increase of ten percent over 2008, and this number went beyond expectations and the target of some 300,000 arrivals from Vietnam for 2009. In 2010, the total number of Vietnamese tourist arrivals to Thailand rose to 401,188 arrivals, an increase of nearly eleven percent compared to 2009 (Department of Tourism of Thailand, 2011).

On the other hand, the number of Thais travelling to Vietnam has also grown strongly. In 2006, the number of Thai visitors to Vietnam totaled 123,804, an

increase of forty-three percent over 2005. The number of arrivals in 2007 was 160.747, an increase of thirty percent over 2006. In 2008, there were 183,142 arrivals, an increase of nearly ten percent over 2007, and in 2009 there were only 152,633 arrivals from Thailand, a decrease of eighteen percent over 2008 due to the political crisis, leading to several serious demonstrations which heavily affected the economy and especially the tourism industry of Thailand. In 2010, the total number of Thai tourist arrivals to Vietnam rose to 222,839 arrivals, an impressive increase of nearly forty percent compared to the number of arrivals in 2009 (VNAT, 2011b).

In order to be able to serve the increasing numbers of tourists between the two countries visiting each other, hundreds of Vietnamese and Thai travel companies have set up relationships and co-operation with each other for years for better competitive advantages, business benefits, and market expansion. Unfortunately, there has been no literature or research on the success of the relationships between these two groups of travel companies of the two countries. This study focuses on the identification of the key determinants of the IOR success between Vietnamese and Thai travel companies and measurees the success of the relationships as a whole through the direct and indirect effects of the key determinants (independent variables).

1.3 Statement and Significance of the Problem

Although establishing cooperative relationships among tourism organizations is increasingly mentioned as being crucial for any travel and tourism industry organization (Selin and Beason, 1991), there has been no empirical research which has examined the relationships that travel companies have with other travel companies in the travel and tourism industry.

Research on IORs has focused on theories addressing the reasons why firms enter into business relationships rather than on the factors associated with IOR success (Mohr and Spekman, 1994). Therefore, an understanding of the factors associated with the success of the relationship between travel companies is lacking.

It is assumed that, when used under the appropriate circumstances and environmental conditions, an IOR will be successful. However, this assumption seems at least partially incorrect, as a large percentage of IORs have not succeeded

(Harrigan, 1988). Given this inconsistency, determining and understanding the factors associated with IOR success is a valuable research objective and one which this study addresses.

Within the travel and tourism context, Vietnamese and Thai travel companies have not established an entirely satisfactory business relationship. The establishment of cooperative relationships between the two countries, as well as with others, is becoming increasingly crucial for tourism-sustainable development. Indeed, IORs are becoming a key research paradigm in the tourism literature. However, the governments between the two countries have recognized the great potential of cooperation in tourism development among the ASEAN countries, and especially in the Great Mekong Sub-region, as both Vietnam and Thailand are members of the Mekong River Commission. Unfortunately, there has been no empirical research dealing with this topic concerning the enhancement of the effective cooperation between the countries. Consequently, the empirical research of this study first aims to identify the determinants of successful relationships between Vietnamese and Thai travel companies in both aspects of successful relationships - success in relationship performance and success regarding the mutual economic benefits with the most cost-effective way for both to extend their financial benefits and marketing supports. Specifically, Mohr and Spekman's (1994) model of the characteristics of partnership success and Medina-Munoz and García-Falcón's model (2000) of the determinants of the success of relationship were extended and tested with a set of twelve independent variables (e.g. trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of IOR, age of IOR, organizational compatibility, frequency of interaction), four intervening variables (e.g. marketing supports, financial benefits, business success, and relationship performance satisfaction with IOR), and dependent variable of overall IOR success. This more comprehensive and precise model will be discussed in detail later in chapter two, the review of the literature.

1.4 Main Research Question and Hypothesis

1.4.1 Main Research Question

To what extent are the inter-organization relationships between Vietnamese and Thai travel companies successful through trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of IOR, age of IOR, organizational compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR?

1.4.2 Main Research Hypothesis

The success of the inter-organization relationships between Vietnamese and Thai travel companies are hypothesized to be directly and indirectly affected by trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of IOR, age of IOR, organizational compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR.

In order to fully answer the main question and to test the main hypothesis of this research, there are several secondary questions and hypotheses that need answering and testing through different multiple regression models. The secondary questions and hypotheses of this research are as follows:

1.4.3 Secondary Questions

1) How much variance in marketing supports in the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in IOR, flexibility in IOR, importance of IOR, and age of IOR? What is the best predictor of marketing supports?

2) How much variance in financial benefits of IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in IOR, flexibility in IOR, importance

of IOR, and frequency of interaction? What is the best predictor of the financial benefits of an IOR?

　　　　　3) How much variance in business success of an IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in IOR, flexibility in IOR, and importance of IOR? What is the best predictor of the business success of an IOR?

　　　　　4) How much variance in business success of an IOR can be explained by marketing supports and financial benefits? What is the best predictor of the business success of an IOR?

　　　　　5) How much variance in relationship performance satisfaction with an IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in IORs, importance of the IOR, and organizational compatibility? Which is the best predictor of relationship performance satisfaction with an IOR?

　　　　　6) How much variance in relationship performance satisfaction with an IOR can be explained by marketing supports in the IOR and financial benefits of the IOR? What is the best predictor of relationship performance satisfaction with an IOR?

　　　　　7) How much variance in overall IOR success can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR? What is the best predictor of overall IOR success?

　　　　　8a) How much variance in overall IOR success can be explained by marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR? Which is the best predictor of overall IOR success?

　　　　　8b) To what extent do the factors of marketing supports, financial benefits, business success, relationship performance satisfaction with IOR, and other independent variables directly and indirectly explain overall IOR success?

1.4.4 Secondary Hypotheses

H_1: There are different variances in marketing supports of the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and age of the IOR.

H_2: There are different variances in financial benefits of the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and frequency of interaction.

H_3: There are different variances in business success of the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, and importance of the IOR.

H_4: There are different variances in business success of the IOR that can be explained by marketing supports in the IOR, and financial benefits of the IOR.

H_5: There are different variances in relationship performance satisfaction that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and organizational compatibility.

H_6: There are different variances in relationship performance satisfaction with the IOR that can be explained by marketing supports in the IOR, and financial benefits of the IOR.

H_7: There are different variances in overall IOR success that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR.

H_{8a}: There are different variances in overall IOR success that can be explained by marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction with the IOR.

H$_{8b}$: Factors of marketing supports, financial benefits, business success, relationship performance satisfaction with the IOR, and other independent variables directly and indirectly affect overall IOR success.

1.5 Objectives of the Study

1.5.1 To identify the determinants of IOR success between Vietnamese and Thai travel companies in both aspects of successful relationships—success in relationship performance satisfaction and success in mutual economic benefits

1.5.2 To put inter-organizational relation theory into practice with empirical research and hypothesis testing. The results will contribute to asserting the firmness of the theories and making them more applicable in the field of tourism

1.5.3 To measure overall IOR success through intervening variables: marketing supports, business success, financial benefits, and relationship performance satisfaction with IOR

1.5.4 To rebuild and test a more comprehensive conceptual framework and model for measuring the success of the dyadic IOR including all of the important factors suggested by previous scientific researchers

1.5.5 To provide development suggestions based on the empirical research findings and the scientific framework of the research for enhancing cooperation in the field of travel and tourism between Vietnam and Thailand

1.6 Scope and Limitation of the Study

The first delimitation of this study is that the analysis of the relationship focuses only on the success of the dyadic relationship between two groups of organizations, Vietnamese and Thai travel companies, while there are many more complicated relationships between all tourism organizations, including restaurants,

transportation companies, airlines, tourist attractions, recreational companies, hotels, travel companies, etc.; additionally, even one travel company of Vietnam may have more than one relationships with other travel companies of Thailand and vice versa.

The second delimitation of this study refers to the population objective of the study. Owing to different constraints such as cost, time, and language, the population of this study consisted of all Vietnamese international travel companies which have relationships with Thai travel companies. The list of these travel companies was obtained from the Office of Tourism Authority of Thailand in Ho Chi Minh City.

Finally, in order to carry out this research, information needed about the success of the relationship between Vietnamese and Thai travel companies was at the corporate level. The kind of information required induced the researcher to survey one of the four appropriate positions in Vietnamese travel companies: 1) director or deputy director of the company, 2) chief of marketing and market development department, 3) deputy chief of marketing and market development department, and 4) staff in charge of marketing and market development (small travel companies because a majority of travel companies were considered small. According to Middleton and Clarke (2001), it is estimated that more than two-and-a-half million SMEs are involved in the tourism industry in Europe, with nearly eighty-two percent of these actually falling into the micro category. It was assumed that people holding these positions in Vietnamese travel companies knew well their relationships with their Thai travel company partners and were sufficiently qualified to provide the researcher with accurate information about the relationship of their companies with the Thai travel partner.

1.7 Definitions of Critical Terms Used in the Study

In this section, the key terms used throughout this study will be defined. Furthermore, in chapter two, the literature review, these terms and others terms will be analyzed in detail.

Age of the IOR: Age of the IOR refers to a period that would enable potential partners to judge their compatibilities and develop the necessary personal

relationships to augment their general similarities (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Bucklin and Sengupta, 1993).

Business success: Business success refers to a quantitative measure of the mutual financial benefits that participants reap from the relationship (Narus and Anderson, 1987; Johnston and Lawrence, 1988).

Commitment to the IOR: Commitment to the IOR is defined as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely (Morgan and Hunt, 1994).

Communication in the IOR: Communication in the IOR is defined as "the formal as well as informal sharing of meaningful and timely information between firms" (Anderson and Narus, 1990).

Conflict resolution in the IOR: Conflict is defined as disagreements between inter-organizational relation participants (Dwyer et al., 1987). Conflict resolution in the IOR includes the following techniques: joint problem solving (Thomas, 1976, Cumming, 1984), persuasion (Duetsch, 1969), domination (Mohr and Spekman, 1994), mediation (Anderson and Narus, 1990), internal resolution (Assael, 1969), and smoothing (Ruekert and Walker, 1987).

Coordination of the IOR: Coordination of the IOR is defined as the process by which participants in an inter-organizational relation seek to work together in a joint effort (Narus and Anderson, 1987; Morgan and Hunt, 1994) based on a set of tasks each partner expects the other to perform (Mohr and Spekman, 1994). In addition, Mulford and Rogers (1982: 12) define inter-organizational coordination as "the process whereby two or more organizations create and/or use existing decision rules that have been established to deal collectively with their shared task environment."

Financial benefits: Financial benefits refer to the actual economic value of the success of the relationship (Medina-Munoz and Garcia-Falcon, 2000).

Flexibility in the IOR: Flexibility in the IOR refers to the extent to which partners respond to requests for changing circumstances (Gibson, Rutner and Keller, 2002).

Formalization in the IOR: Formalization in the IOR refers to the degree to which rules prescribing behavior are formulated, as well as the extent to which role responsibilities are prescribed (Scott, 1987; Dahlstrom and Nygaard, 1999).

Frequency of interaction: Frequency of interaction refers to the amount of contacts or exchanges between organizations, to be measured in relation to an organization's total contact with others (Mayhew, 1971; Hall, 2005).

Importance of the IOR: Importance of the IOR refers to the extent to which staff members of an organization perceive that the relationship is critical to the mission of the organization (Hall et al., 1977; Whetten and Szwajkowski, 1978; Hall, 1991; Bucklin and Sengupta, 1993).

Inter-dependence: Inter-dependence refers to a partner's perception of its dependence relative to its partners' dependence on the relationship (Anderson and Narus, 1990).

Inter-organizational relationship (IOR): an IOR is formal or informal agreement between two or more organizations in order to make joint decisions or share resources in a common environment. It is the term used to name partnerships or alliances between organizations (Bohr, 1991; Hall, 1991).

Inter-organizational relationship success: IOR success refers to the overall evaluation of the relationship between two organizations. It can be defined as the generation of the satisfaction of the parties taking part in a relationship as a result of the achievement of performance expectations and business success (Van de Ven and Ferry, 1980; Narus and Anderson, 1987; Johnston and Lawrence, 1988; Anderson 1990; Anderson and Narus, 1990; Biong, 1993; Medina-Munoz and García-Falcón, 2000).

Throughout the study the researcher will use the abbreviation IOR as equivalent to "inter-organizational relationship." IORs will refer to the same term but in the plural form.

Marketing supports: Marketing supports refer to the support of all marketing activities directed toward establishing, developing, and maintaining successful relationships (Morgan and Hunt, 1994).

Organizational compatibility: Organizational compatibility is considered as domain similarity and goal compatibility which have been found to enhance the

effectiveness of inter-organizational dyads (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987). Organizational compatibility reflects complementarity in goals and objectives, as well as similarity in operating philosophies and corporate culture (Bucklin and Sengupta, 1993).

Participation in the IOR: Participation in the IOR refers to partners in an IOR working together to plan all related activities (Mohr and Spekman, 1994), as well as taking part in major decisions (Devlin and Bleackley, 1988) and goal setting.

Relationship performance satisfaction: Relationship performance satisfaction refers to the organization's positive experience as regards its partners' ability to obey rules and to fulfill performance expectations (Anderson and Narus, 1990; Biong, 1993).

Trust in the IOR: Trust in the IOR is defined as the willingness to rely on an exchange partner in whom one has confidence (Morgan and Hunt, 1994).

1.8 Relevance of the Study

Regarding the importance of the study, for many travel companies, having good relationships with their travel partners is an important element in achieving success. Indeed, this relationship is considered the most cost-effective way for a travel company to extend its sales, marketing efforts (Knight, 1994), competitive advantages, market expansion, and business success.

In addition, while the formation of relationships with other organizations is often viewed as a panacea for any organization, unfortunately the academic literature has provided little guidance on how to better ensure the success of the IOR (Mohr and Spekman, 1994). This study is the first to attempt to identify the key determinants of the relationship between travel companies of Vietnam and Thailand that can make this relationship successful.

In summary, the findings should prove useful for the following reasons: first, they should help to improve the present understanding of the increasingly complex travel and tourism industry and to describe how travel companies operating in Vietnam relate with travel companies in Thailand.

Second, the results of the study should provide tour operators, travel company managers of both countries, Vietnam and Thailand, and potential investors with important information with which to make strategic decisions. For instance, the findings should be useful in deciding whether or not forming or continuing a relationship with a travel partner is strategically advantageous. The findings should also be useful in improving the success of on-going relationships of travel companies between the two countries.

Third, the study should make important contributions to inter-organizational relation theory by searching for empirical evidence either supporting or rejecting theoretical frameworks. Specifically, Mohr and Spekman's (1994) model of the characteristics of partnership success and Medina-Munoz and García-Falcón's model (2000) of the determinants of the success of relationship (e.g. trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of IOR, age of IOR, organizational compatibility, frequency of interaction) were fully extended in the present study to a more comprehensive model to measure IOR success, and this new model will be tested in a new context - the travel and tourism industry.

1.9 The Organization of the Study

Chapter one presents the reasons why it is imperative to conduct research on the overall IOR success of the relationship between Vietnamese and Thai travel companies. The core of this chapter is comprised of the following sections: statement of the problem, objectives of the study, and relevance of the study. Definitions, delimitations and limitations of the study are also included.

Chapter two deals with a review of the literature on the IOR and specifically on IOR success. This chapter contains five main sections. The first section discusses the theoretical background of the IOR with definitions of the IOR and the relevant theories. The second section concerns the typologies of IORs. Mohr and Spekman's (1994) model of partnership success, as well as Medina-Munoz and García-Falcón's (2000) model of relationship success, will be analyzed in the third section. The determinants of the IOR and the intervening factors of the IOR will be reviewed in the

fourth section. Finally, the conceptual framework used to measure overall IOR success will be addressed in the fifth section of the chapter.

Chapter three describes how the research was conducted. It provides an overview of the methodology which includes various sections. The first section discusses the research design; the quantitative approach was chosen for this research. The following sections explain the unit of analysis and informants of the research, population and sample size, survey instrument development, and operational definitions and measurements. In the section on operational definitions and measurements, the researcher focuses on how and where in the literature the dependent variable, intervening variables, and independent variables were formed. Another large section explains how the reliability and validity of measures of this research were obtained. This section discusses the Cronbach's alpha values and pretest procedures that were applied to ensure the reliability of all of the measurement tools of the research. In addition, factor analysis was conducted as a dominant approach to test the validity of all measurement tools of the research. In the next section, the researcher describes the data collection, and finally the last section focuses on the data analysis techniques used.

Chapter four provides an overview of Vietnam and Thailand tourism cooperation and development. The first and second sections depict the tourism industry, where country overviews, tourist development processes, tourism potentials, and the current tourism development of the two countries are discussed. Finally, the tourism cooperation relationship between Vietnam and Thailand is described in the fourth section of the chapter.

Chapter five presents the results of the study. It first addresses the demographic characteristics of the international travel companies involved in this study. Secondly, it discusses the standard multiple regression analysis, with its assumptions, used in this study, and provides the results for answering the research questions and hypothesis testing. Thirdly, path analysis was introduced with the calculations of the direct and indirect effects of IOR, and a path model was formed with the significant factors affecting overall IOR success.

Finally, chapter six discusses the findings of the study and their implications for the practical management and operation of the relationship from which tour

operators, managers of travel companies, and governmental boards of tourism management of both countries understand more deeply the nature of the relationship and have a clearer and closer picture of the current cooperation relationship with partners for making better adjustments and strategic development decisions concerning the improvement of the success of the relationship between travel industry of Vietnam and Thailand. Each research question is answered and the research hypothesis is also in turn addressed. Then academic contributions, limitations of the study, and suggestions for future research are discussed.

1.10 Chapter Summary

This chapter provides an overview of the dissertation. First, it provides an introduction to IOR research as a whole and specifically describes the background of the study concerning the tourism cooperation relationship between Vietnam and Thailand. This study is considered a further and more comprehensive examination of IOR success based on the previous work of Mohr and Spekman (1994), with the study of the characteristics of vertical partnership success, and the work of Medina-Munoz and García-Falcón (2000), with the study of the determinants of the success of relationship, and additional constructs suggested by other previous researchers to add to the model of IOR success, such as age of the IOR, formalization in the IOR, flexibility of the IOR, importance of the IOR, frequency of interaction, and organizational compatibility. Then, drawing on the above arguments, the remainder of this chapter presents the problem statement of the study, the research objectives, the scope of the study, the theoretical and practical contributions, the conceptual definitions of variables, and the organization of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature on the IOR is very rich and lends itself to multiple disciplines, such as economics, sociology, psychology, and political science, as well as organizational behavior, organization theory, and strategic management (Berg and Friedman, 1977; Stern and Reve, 1980; Ring and Van de Ven, 1992; Powell and Smith-Doerr, 1994; Elg and Johansson, 1996). As indicated in Chapter 1, this research draws mainly on the theory of the IOR to examine the likelihood of the success of the IOR between two groups of travel companies, Vietnamese travel companies and Thai travel companies.

This literature review is divided into six main sections. Section one introduces the theoretical background of the inter-organization relationship; section two then focuses on the relevant theories related to inter-organization relation theory; section three discusses the reasons why organizations become involved in relationships with partners; section four describes types of relationships and the appropriate types employed for this study; section five then discusses the dependent and independent variables as well as intervening variables of the research; and section six depicts the conceptual framework applied in this study.

2.2 Inter-Organizational Relations – Theoretical Background

According to Oliver (1990b), IORs are defined as "the relatively enduring transactions, flows, and linkages that occur between an organization and one or more organizations in its environment." The IOR used by small businesses is considered a

tool that small firms use to buffer themselves from environmental uncertainty and to improve their performance. The IOR is employed by small firms to reduce transaction costs related to the acquisition, manufacturing, and distribution of goods and services, as well as to monitor environmental change (Dollinger, 1990; Dollinger and Golden, 1992, 1993). In addition, Bohr (1991) considers that the IOR is "… two or more organizations making joint decisions and sharing resources to pursue joint efforts through formal agreements in a common environment." However, we cannot forget the informal relationships in which organizations participate. Therefore, the IOR may be defined as formal or informal agreements between two or more organizations in order to make joint decisions or share resources in a common environment. It is a term used to name partnerships or alliances between organizations.

Throughout the years, many theories have been developed to explain IOR, and several researchers have presented many widely used theories on IOR that have been explored in the literature (Gray and Wood, 1991; Das and Teng, 1998; Barringer and Harrison, 2000). These theories include agency theory (Jensen and Meckling, 1976), behavioral learning theory (Bower and Hilgard, 1981), conflict theory (Brett, Shapiro and Lytle, 1998), control theory (Powers, 1973), corporate social performance theory (Carroll, 1977), game theory (Parkhe, 1993), institutional theory (DiMaggio and Powell, 1983), organizational learning theory (Argyris and Schon, 1978; Senge, 1990), network theory (Jarillo, 1988), resource dependence theory (Pfeffer and Salancik, 1978), stakeholder theory (Freeman, 1984) strategic choice (Spekman and Sawhney, 1995), strategic management theory (Hofer and Schendel, 1978), transaction cost economics (Williamson, 1985), contingency theory (Lawrence and Lorsch, 1967; Thompson, 1967; Oliver, 1990b), and organizational ecology (Hannan and Freeman,1977; Trist, 1983).

2.3 Relevant Theories of Inter-Organization Relation

IOR research has taken place in a variety of fields and disciplines, and distinct perspectives have emerged. The most important theories that explain the conditions and contingent factors that motivate IOR have been developed in the disciplines of economics, sociology, and the field of administrative science. These academic areas

have produced three major schools of organizational study and are the basis for much of the literature on the study of the IOR (Alexander, 1995). Economic theories tend to focus on increasing operational efficiency, social theories tend to focus on managing relationships (Pfeffer, 1997), and the literature from administrative science tends to focus on environmental fit and adaption. Existing theories are important for understanding why organization engage in IORs and how those relationships are structured (Gomes-Casseres, 1996).

Among the many relevant theories of the IOR mentioned in the previous section, nine major theories which provide important assumptions and contributions in the study of the IOR are: 1) open system theory (Bertalanffy, 1950; Kast and Rosenzweig, 1973; Katz and Kahn, 1978), 2) transaction cost theory (Williamson, 1985), 3) resource dependence theory (Pfeffer and Salancik, 1978), 4) contingency theory (Lawrence and Lorsch, 1967; Thompson, 1967; Oliver, 1990b), 5) organizational ecology (Hannan and Freeman, 1977; Trist, 1983), 6) institutional theory (DiMaggio and Powell, 1983), 7) strategic choice (Spekman and Sawhney, 1995), 8) stakeholder theory (Freeman, 1984), and 9) learning organization theory (Argyris and Schon, 1978; Senge, 1990). These theories attempt to describe the IOR in terms of context (i.e., the environmental conditions increasing the likelihood of IOR formation), motives (i.e., the organization's reasons for engaging in IORs) and fit (i.e., the degree and type of interdependency). Each theory explains the IOR from a different perspective. What all of these theories have in common is the consideration of the organization as an open system and the use of the environment to explain reasons or motives for IOR formation.

2.3.1 Open System Theory

Open system theory was initially developed by Ludwig von Bertalanffy (1950), a biologist, but it was immediately applicable across all disciplines. It defines the concept of a system, where all systems are characterized by an assemblage or combination of parts whose relations make them interdependent (Scott, 2003). Open system theorists posit that organizations must continuously interact with their environments for survival because the environment and the organization are in a mutual state of interdependence (Kast and Rosenzweig, 1973; Katz and Kahn, 1978).

In open system theory, an organization's survival depends on homeostasis, internal stability, and equilibrium with the environment. It is considered that the open system perspective sets up a strong foundation for other relevant theories of IOR to develop.

Assumption 1: Organizations must continuously interact with their environments for survival (Kast and Rosenzweig, 1973; Katz and Kahn, 1978).

2.3.2 Transaction Cost Theory

Transaction cost theory (TCT) (Williamson, 1975, 1985) is one explanation for the emergence of the IOR and has become an important paradigm in the literature on organizational theory (Hill, 1990; Alexander, 1995). TCT attempts to explain why organizations create an IOR and how the IOR is structured based on the specific type of transaction required for organizational survival (Gomes-Casseres, 1996). Transaction cost theorists posit that organizations engage in IORs to minimize transaction costs and to increase operating efficiency (Williamson, 1985; Perrow, 1990). Three types of transaction costs are recognized in the literature: 1) the associated costs of writing, investigating, negotiating, selecting, monitoring, and enforcing contractual arrangements to assure compliance (Williamson, 1985); 2) the investment costs of personnel training, facilities, equipment and other investment costs of assets specific to a transaction (Alexander, 1995); and 3) the costs of cheating, opportunism, incompetence, and other unanticipated problems associated with a transaction (Williamson, 1991).

Transaction costs are the result of environmental uncertainty caused by imperfect market conditions (Williamson, 1975). Operating efficiency is a ratio of operating efficiency which can be increased by reducing the costs of resources by establishing economies of scale (i.e., buying power) or by reducing the costs of processing resource inputs.

In term of economics, the transaction costs are generally regarded as the costs of running an economic system. The costs include, for example, expenditures for searching, enforcing, and monitoring (Williamson, 1985). According to Williamson (1979: 239), a business transaction has three dimensions: "1) uncertainty, 2) the frequency with which transactions occur, and 3) the degree to which durable transaction-specific investments are incurred." Drawing on these dimensions,

Williamson (1979) categorizes business transactions into six groups. He then argues for matching governance structures to each group in order to achieve cost economizing. The result of matching brings forth the basic layout of markets and hierarchies spectrum. TCT is widely used in studies of individual firms and their use of inter-organizational transactions to minimize transaction costs (Osborn and Hagedoorn, 1997). The overall goal is for an organization to seek the lowest cost, highest benefit IOR alternatives (see Williamson, 1975 and 1991; Jarillo, 1988; Child and Faulkner, 1998 for a range of concepts and applications). According to Barringer and Harrison (2000), the main contribution of this theory to inter-organizational relationship studies is:

Assumption 2: Organizations engage in an IOR to reduce uncertainty caused by market failure, reduce costs associated with establishing a hierarchy (Barringer and Harrison, 2000), and increase operating efficiency (Williamson, 1985; Perrow, 1990).

TCT predicts how resource exchanges are structured. As uncertainty in resource exchanges increases, organizations shift from market-based solutions to hierarchical-based solutions or intermediate-based solutions (Williamson, 1981). If the transaction costs of a resource exchange are greater than the cost of integrating the exchange into the organization, then internal coordination is more efficient (Williamson, 1985). For example, an organization may seek market-based solutions such as outsourcing if the transaction costs are low; it may seek hierarchical-based solutions by integrating the resource exchange into the organization by providing the goods or services in-house or by acquiring the source of needed resources if the transaction costs are high.

Intermediate-based solutions are also an attempt to minimize transaction costs; they are dependent upon the nature of the transaction, the level of resource interdependency among organizations, and the nature of the relationships. The loosely-coupled nature of the IOR allows independent organizations to obtain needed resources while maintaining institutional autonomy and organizational flexibility (Weick, 1976). IORs structure the interactions between or among independent organizations so that their fit is based on a certain level of resource interdependency, either complementary or commensal interdependency (Alexander, 1995). From research in the for-profit sector, it can be seen that TCT predicts that organizations

with commensal interdependency will form trade associations if the costs associated with the IOR will be less than the economic benefits that the trade association provides (Williamson, 1985). Joint ventures and joint programs are more likely to form among organizations when they possess complimentary resources and the economic benefits are greater than self-provision (Oliver, 1990a).

Despite its success, TCT also has criticism. Not all IORs are the result of transaction cost economization—some relationships are the result of mutual goals (Sobrero and Roberts, 2001), and TCT fails to recognize such alternative goals. Furthermore, the implications of TCT cannot be applied liberally. Robins (1987) criticizes that organizations under TCT exist only in an environment of perfect competition. The more business contexts deviate from perfect competition, the more erroneous causal explanations of TCT become.

Moreover, the opportunistic behavioral assumption has been at the center of criticism. Ghoshal and Moran (1996) have taken on the opportunism assumption in a serious way, arguing that opportunism assumption creates a self-fulfilling condition. This assumption, not the actual opportunistic behavior, brings about higher transaction costs. Organizations that operate under TCT will always escalate their controls to counter "anticipated" opportunistic behavior. Transaction costs, thus, increase because of these control mechanisms. Obviously, this increase of transaction costs does not stem from actual opportunistic behavior, rather by the opportunism assumption of TCT.

Scott and Walsham (2005) and Hart and Saunders (1997) argue that the opportunism assumption is unrealistic in the context of the IOR. In many instances, firms' actions are not driven by opportunism but rather by trust and the reputation of their partners. Indeed, a study by Kale et al. (2000) illustrates empirical support for this argument. They found that trust among alliance partners actually negated opportunistic behaviors.

To summarize: TCT states that IORs are an attempt to minimize transaction costs and increase operating efficiency. The enabling factors in the relationship are the desire for autonomy, loose coupling, and resource interdependence. The individual organization in an IOR is internally focused on increasing operating

efficiency. The motives or reasons for IOR formation that can be shown to have a basis in TCT include operating efficiency, cost reduction, and scale economies.

2.3.3 Resource Dependence Theory

Resource dependence theory (Pfeffer and Salancik, 1978) is another explanation for the motives and resulting structures of IORs (Van Vught, 1997) and has received much attention in the literature on organization (Galaskiewicz, 1985). Whereas the transaction cost theory of Williamson (1975, 1985) attempts to explain IOR in terms of economic motives, resource dependence theory (RDT) focuses on the relationship characteristics and structures that emerge to manage power dependencies among organizations. In other words, it focuses on the motivation for an organization to meet its essential resource needs by controlling its own critical resources, by gaining some form of control over external resource providers, and by increasing the resource dependence of others. Firms may enter into resource dependent relationships to increase their own competitiveness (e.g. Child and Faulkner, 1988) in order to take advantage of complementary assets (e.g., Fisher, 1996) or to build unique joint market power (Harbison and Pekar, 1998).

According to Pfeffer and Salancik (1978), all organizations need to exchange resources for survival and growth. This leads to dependence on other organizations. Environmental uncertainty due to competition for resources increases the level of dependence and can result in power differentials among organizations (Aldrich, 1979). Organizations attempt to reduce environmental uncertainty and manage dependencies through IOR strategies. In RDT, the effective organization is able to establish relationships to obtain needed resources for organizational survival and growth while maintaining institutional autonomy (Pfeffer and Nowak, 1976; Aldrick, 1979; Burt, 1992). According to Barringer and Harrison (2000), the main contribution of this theory to inter-organizational relationship is:

Assumption 3: Organizations enter IORs to exert power or control over organizations that possess scarce resources in order to fill a perceived resource need (Barringer and Harrison, 2000).

Traditionally, the degree of "resource dependence" of an organization is addressed by the "interdependence" construct. This construct has been recently

elaborated by Casciaro and Piskorski (2005). These authors referred to Emerson's (1962) power-dependence theory and suggested two dimensions of interdependence: power imbalance and mutual dependence. Power imbalance indicates the power differential between two organizations. Mutual dependence indicates the dependence between two organizations. These two dimensions are independent and not mutually exclusive. An organization may have overwhelming power over the other organization but that organization may also need little assistance from the other organization. As a result, the latter organization does not have high interdependence with the former organization. Provan et al. (1980) have pointed out two basic resource manipulation techniques. First, organizations seek to control resources to increase others' dependence on them. Second, organizations seek to reduce their dependence on the others' resources. Engaging in the two activities will result in a change in power-dependence.

According to Aldrich and Whetten (1981), power dependency is the central concept in IOR formation. Power is defined in relational terms: organizational power resides in another organization's dependency (Galaskiewicz, 1985); power is the result of dependency (Aldrich, 1979) in terms of dependence (Pfeffer, 1981). Because the IOR is critical to obtaining needed resources, three factors determine the relative power of one organization over another (i.e., dyadic relationship), one organization over a group of organizations (i.e., monopolistic relationships), or one group of organizations over another group of organizations (i.e., oligopolistic relationships). These factors are: 1) the importance of the resource to organizational survival and growth, 2) the availability of the resource in the environment, and 3) the availability of substitutes. Power, as defined here, is the ability to possess and allocate resources or the ability to regulate resource procurement and use (Pfeffer and Salancik, 1978). Resource dependency theorists posit that organizations seek to avoid power dependencies (Pfeffer, 1981) and exert power over other organizations (Aldrich, 1979).

Organizations attempt to manage their dependencies through adaptive strategies by modifying existing organizational boundaries through IOR formation (Nohria and Gulati, 1994). Reviews of research show that increased dependency on external resources leads to more formal IOR structures, such as joint venture, joint

programs, trade associations, and consortia (Oliver, 1990a). Research on dominant versus weak firms in an industry shows that dominant firms with large pools of resources constantly win competitive battles because of size, market position, technology, and expertise. Dominant firms seek to preserve autonomy and tend to avoid IORs until market conditions place stress on available resources (Gomes-Casseres, 1996). RDT predicts that small, structurally-equivalent organizations with commensal interdependency will form IORs to equalize their competitive positions vis-a-vis more dominant organizations in the same industry (Galaskiewicz, 1985). From research on business alliances, RDT suggests that trade associations form to manage power dependencies vis-a-vis political and legal authorities (Pfeffer and Salancik, 1978).

Resource dependence theory predicts that less dominant members in an IOR will develop mechanisms to help them avoid power dependencies vis-a-vis more dominant members. Structures such as written agreements or other formal arrangements help member institutions manage power dependencies within an the IOR (Pfeffer, 1997).

The strength of the RDT is its ability to explain multiple motives for the IOR. Because organizations are constrained by the political, legal, social, and material aspects of their environment, they attempt to overcome these constraints by forming IORs to influence opinion, obtain resources, and avoid dependencies (Pfeffer, 1997). Whereas transaction cost theory focuses on economic motives of efficiency and managing uncertainty, RDT recognizes money, authority, services, information, reputation, knowledge, and skills as potentially important resources and sources of dependency (Aldrich, 1979).

Although RDT has been a cornerstone in a large number of studies across many areas in management and has been utilized in the study of governance structure (Boeker and Goodstein, 1991; Dalton et al, 1998; Hillman, 2005), merger and acquisition (Finkelstein, 1997; Casciaro and Piskorski, 2005), innovations (Li and Atuahene-Gima, 2001), and information technology (Jasperson et al., 2002), it has also been praised for the breadth of its concept. This theory brings the general conceptual framework from social exchange theory into the management area (Provan et al., 1980). However, there are concerns about this theory. Gulati (1995) points out

that the theory is limited within the context of within-industry studies. To apply the theory in this context, researchers need to gather information on every relationship of the organizations. The gathering task is immense and is considered empirically impossible. Furthermore, Kenis and Knoke (2002) discuss the incompatibility between the conceptualized organization-environment under resource dependence and that of real-world network organizations. Resource dependence scholars conceptualize the environment of organizations in a highly mechanistic way as they believe that organizations control environments. However, this is quite opposite in real-world network organizations. Kenis and Knoke have argued, for example, that organizations are actually under the influence of the environment.

Finkelstein (1997) casts doubt at the predictive power of resource dependence theory in the context of inter-industry mergers and inter-organizational sourcing. The theory's explanative power for inter-industry mergers is weaker than that of the original result. Moreover, the resource-dependence phenomenon could be a snap-shot of strategic inter-organizational sourcing rather than a result of environmental constraints. Therefore, the strategic choice perspective could offer a better explanation of the IOR phenomenon than resource dependence.

On the other hand, the IOR goes beyond resource dependence, as Barringer and Harrison (2000) argue; while recourse dependence theory has a straightforward appeal, it has limitations with regard to explaining alliance formation. They contend that resource-based theories do not shed much light on how organizational competencies are developed. The theory focuses on the need for critical resources and the necessity for social exchange, rather than the more complex theoretical challenge of describing how competencies are developed. For example, it does not explain why organizations might pursue other strategies besides alliances to satisfy perceived resource deficiencies, including mergers and acquisitions, recruitment of key personnel from competitors, and raising new capital to obtain a resource through a market transaction (Child and Faulkner, 1998).

Lastly, a reinvestigation of Pfeffer (1972) by Finkelstein (1997) identifies many limitations of resource dependence theory that have not been understood previously. This reinvestigation was done with a new, up-to-date and more complete

dataset, a more refined research model, and more advanced statistical methods. The reinvestigation supports the general findings of the original analyses.

These prior limitations lead to the conclusion that each organization theory explains relationship formation from a narrow point of view. Several researchers have stressed the need for consideration of multiple perspectives as new theories are developed and tested along with blending multiple theoretical paradigms together to provide a more useful means of understanding the formation of the IOR.

To summarize: Organizations will seek to establish an IOR that help them to overcome power dependencies or to establish power dependencies vis-a-vis rivals. The enabling factors are the desire for institutional autonomy and some degree of interdependence. The individual organization in an IOR is externally focused on managing relationship for self-benefit. The motives for IOR formation that can be shown to have a basis in RDT include manage power dependencies and influence or advocacy.

2.3.4 Contingency Theory

Contingency theorists posit that the fit between an organization and its environment must be adequate for survival. Contingency Theory (CT) focuses on a single organization's attempt to adapt to environmental demands and limitations. Environmental uncertainty is caused by unstable and unpredictable resource flows and increases the risks associated with business operations. Uncertainty is a primary motivation for organizations to develop coping strategies through adjustments to internal processes or through external relationships (Pfeffer, 1981).

The degree of environmental uncertainty in a marketplace is a predictor of how organizations in an industry will be structured (Lawrence and Lorsch, 1969). The internal structure of an effective organization is contingent on its environment: formal, highly-structured bureaucratic organizations are more likely to be found in industries with stable and predictable environments (Lorsch, 1975). Based on studies of organizational change, as environmental uncertainty increases, successful organizations tend to become more open, flexible, and decentralized in response (Lawrence and Lorsch, 1967) - the successful organization is able to adapt quickly to changing environmental circumstances.

The formation of the IOR is consistent with CT because the loosely0-coupled nature of the IOR allows organizations to establish, manage, and eliminate multiple patterns of relationships as needed to meet environmental conditions while maintaining institutional autonomy (Alexander, 1995). Because CT takes into account material resources, as well as the political, legal, economic, and social aspects of the environment, multiple patterns of the IOR form to deal with different kinds of environmental conditions (Lawrence and Lorsch, 1969). Consequently, the main contribution of this theory to IOR studies is:

Assumption 4: An organization enters an IOR to manage environmental uncertainty and to reduce risks, and the fit between an organization and its environment must be adequate for survival (Lawrence and Lorsch, 1969; Pfeffer, 1981).

According to research on business alliances and public service sector organizations, organizations with some degree of interdependency will form an IOR to establish stable and predictable resource flows (Oliver, 1990a) or to reduce the risk associated with programs, ventures, and innovations designed to meet the needs, expectations, or mandates of constituents (Lawrence and Lorsch, 1967; Aldrich, 1979; Alexander, 1995). For example, organizations with complimentary resources may form joint programs to reduce the risks associated with new program start-up designed to meet the needs or mandates of constituents (Kogut, 1988).

IORs that form among organizations with commensal interdependence are consistent with CT. Trade associations are a means of assuring access to stable and predictable flows of information needed to respond to environmental conditions (Oliver, 1990a).

Critics of CT have argued that the idea that organizations are able to adapt to meet environmental conditions attributes too much power and flexibility to organizations and too little power to environmental determinants of organizational success and failure (Morgan, 1986). They argue that an environment "selects" certain organizations to succeed based on their fit with environmental conditions, not on their ability to adapt to those conditions. Organizations have limited ability to adapt because of internal constraints, including history, culture, traditions, capitalization,

and financial structure (Aldrich, 1979). CT is a powerful alternate explanation for IOR motives and structures and is often cited in the literature on IOR formation.

To summarize: contingency theory assumes that the IOR is formed to help organizations manage environmental uncertainty and to reduce the risks associated with operations by establishing stable and predictable flows of resources and information. The focus is on a single organization's attempt to adapt to environmental conditions for survival and growth. The factors enabling IOR formation are loose coupling, interdependence, and institutional autonomy. Motives for IOR formation that can be shown to have a basis in CT include the management of environmental uncertainty, reducing risks, and ensuring stability/predictability.

2.3.5 Organizational Ecology Theory

Organizational ecologists posit that organizations do not completely adapt to their environments, nor are they selected for success because of their fit with the environment. Organizations influence and, in turn, are influenced by their environments. In other words, organizations and their environment interact through mutual adjustment (Trist, 1983). Unlike contingency theory, which focuses on a single organization's attempt to adapt to the environment, Organizational ecology focuses on how groups of organizations linked by some degree of interdependency interact with the environment.

Whereas resource dependence theory focuses on an organization's attempt to manage power dependencies, organizational ecology (OE) focuses on cooperation and sharing among organizations for mutual benefit (Morgan, 1986). Organizational ecology predicts that organizations in an industry, which are linked by a common purpose or are structurally similar, will form an IOR as means to overcome environmental uncertainty while maintaining autonomy (Alexander, 1995). The IOR is formed so that member scan share information and resources, promote common interests, or seek solutions to common problems (Trist, 1983). According to Trist (1983), the main contribution of this theory to IOR studies is:

Assumption 5: Organizations enter an IOR to share information and resources, promote common interests, or seek solutions to common problems (Trist, 1983).

These relationships imply both competition and cooperation. The IOR is a response to factors in the environment that create interdependency and cooperation among what are essentially competing organizations. Organizations with symbiotic interdependence form an IOR to exchange needed resources, and organizations with symbiotic interdependence will form joint programs and joint ventures to share the risks associated with innovations. This type of IOR implies reciprocity, which is defined as the extent to which resources are exchanged for mutual benefit (Levine and White, 1961). Organizations with commensal interdependence draw from the same resource pool. This type of IOR implies cooperation and sharing for mutual benefit (Alexander, 1995), and organizations with commensal interdependence are predicted to form trade associations to share information for mutual benefit.

Organizational ecology appears to be less empirically developed than the other theories of IOR formation; however, as an alternate theory of IOR formation, its application to public service organizations is particularly important. Environments that are dominated by the need to meet social demands tend to reward organizations for conforming to values and norms (Hatch, 1997).

To summarize: organizational ecology states that organizations form cooperative IORs to share resources, information, and expertise. The focus is on a group of similar organizations linked by a common purpose and cooperating for mutual benefit. The enabling factors are the desire for institutional autonomy and some degree of interdependence. The motives for IOR formation that can be shown to have a basis in organizational ecology include cooperation, reciprocity, resource sharing, and risk sharing.

2.3.6 Institutional Theory

Institutional theorists focus on the ways in which institutional pressures for legitimacy and acceptance push organizations to conform to prevailing social norms and to associate with firms whose legitimacy and reputation are well established (DiMaggio and Powell, 1983). To achieve their own legitimacy, organizations mimic the IOR of others whose legitimacy is already established. In addition, conformance with norms and rules many also be a simple necessity for firm survival (Oliver, 1990a; Alter and Hage, 1993).

In a simple version, an organization is primarily the result of its social contexts. The main argument is that organizational goals, structures, and processes are not a result of economic forces but are the result of social contexts (Avgerou, 2001). An organization is viewed as a social system that serves a purpose for its greater social system (Parsons, 1956). The survival of this smaller system depends on social resources from its greater system. Acceptance from its environmental social system is the major concern of the organization under this theory. Achieving social legitimacy status is theoretically an important organizational goal (Meyer and Rowen, 1977)—a legitimized organization is called an institutionalized organization. Zucker (1987) points to the underpinning assumption that both environmental and organizational social contexts must be stable enough to give rise to this institutionalization.

Social "legitimacy" is the most important construct of institutional theory (Suddaby and Greenwood, 2005). DiMaggio and Powell (1983) have identified three social mechanisms of legitimacy. The first mechanism, coercive, is the forces from peers and partner organizations, and from the society. The second mechanism, mimetic, is the desire of the organization to imitate successful organizations in order to survive in an uncertain environment. The last mechanism, normative pressures, is the norms of professionalism within the organization. These mechanisms, in the long-run, bring about more similar organizations than distinct organizations within an industry (Deephouse, 1999).

In the context of the inter-organizational relationship, Eisenhardt and Schoonhoven (1996) have empirically documented that entrepreneurial organizations form alliance not only for economic reasons but also for social resources. These social resources play particularly important roles in organizations with weak competitive positions. Van de Ven (2005) found that an organization with extensive inter-organizational ties is more successful than an organization without ties. The main argument was that the single organization lacked resources and legitimacy to command a strong competitive position. David (1991) and Haunschild (1993) reported that organizations tend to imitate the strategies of their partners. A reason cited was that the imitation increased the chance of group survival. The main contribution of institutional theory in context of IORs, then, is:

Assumption 6: Organizations engage in an IOR for social resources and legitimacy in order to increase their chance of survival (DiMaggio and Powell, 1983; Oliver, 1990a; Alter and Hage, 1993; Suddaby and Greenwood, 2005).

However, institutional theory has some limitations. First, Huber (1991) points to the fast-changing environment—that it works against the assumption of this theory. The power of institutional theory is weakened in such an environment. Second, McKendrick and Carroll (2001) have reported that this theory might show a limit in an industry where organizations are from various origins. The case in point was the computer disk array industry. This industry lacked an identity among organizations within the industry—there was nothing to identify an organization as a disk array producer. This phenomenon was counter to the prediction of institutional theory. An industry should have an identity because organizations in the industry become more similar over time. However, this was not the case. McKendrick and Carroll speculated that the various origins of the disk producers prevented the formation of an identity. Last, Barringer and Harrison (2000) have criticized that this theory emphasizes too much the behavioral side of an organization. An organization is implicitly assumed to behave according to a social norm; however, a number of organizations exist outside any social norms.

2.3.7 Strategic Choice Theory

Strategic choice theory emphasizes the need to increase internal capability or decrease competition relative to others in an industry (Jarillo, 1988). In IOR terms, firms pursue profit and growth by setting up barriers to the entry of others, by increasing their influence or political power, and by entering into relationships that increase access to resources, improve efficiency, or share risks (Powell, 1990).

Central to this perspective is that superior performance is the ultimate goal of organizations. Competitive advantage, believed by many, is the antecedent of superior performance (e.g., Reed and Defillippi, 1990; Roberts, 1999; Cockburn et al., 2000). Scholars rooted in the strategic choice theory focus on explanations and predictions of competitive advantage. Powell (2001) points to three theories underpinning the sources of competitive advantage. In addition, Dyer and Singh (1998) and Borgatti

and Foster (2003) have made arguments for social capital theory. These four theories are reviewed below.

1) Position theory: In the first theory, competitive advantage centers on market position (Caves and Porter, 1977; Porter, 1980); this theory is generally recognized as positioning theory. Organizations are assumed to be homogeneous in a competitive market. Differences in firm performance stem from differences in market positions. The main argument is that an organization achieves superior performance when it attains a unique market position. This unique position is analogous to a miniature monopoly. Hence, monopoly rent plays a strong role in this theory (Powell, 2001). According to Porter (1985), a market position is analyzed according to the interplays among five industry-level constraints. The first constraint is the entry barrier of newcomers. The second constraint is the threat of substitute products. The third constraint is the power of customers. The fourth constraint is the power of suppliers. The last constraint is the competition intensity from peer organizations in the same industry. When a firm positions itself favorably with these five constraints, the firm will likely gain competitive advantage and demonstrate superior performance.

In the context of IORs, the most important position for an organization is at the center of its network (Zaheer and Bell, 2005). An organization at this position can utilize its position to influence the decisions of its competitors (Semadeni, 2006). Goerzen (2005) has pointed out that this position enables the organization to effectively access and manage resources.

2) Resource theory: In the second theory, competitive advantage operates on a principle of idiosyncratic firm-specific resources (Wernerfelt, 1984). This principle is based on Ricardian economics (Peteraf, 1993; Barney, 2001) and gives rise to the "resource based view" (RBV) (Barney, 1986; 1991). Ricardian (Ricardo, 1817) economics operates under an assumption that no two firms in a competitive market have the same bundles of resources or capabilities (i.e. resource heterogeneity). The main argument is that this heterogeneity causes different economic returns across firms—superior firms are hypothesized to have some kind of idiosyncratic resources and capabilities. Barney (1986, 1991) explicates three important characteristics of idiosyncratic resources and capabilities. First, they have

imperfect mobility across organizations; imperfect mobility resources are difficult to move from one organization to another. Second, they have imperfect imitability; imperfect imitability resources are difficult for others to duplicate. Third, they have imperfect substitutability; imperfect substitutability resources cannot be easily substituted by alternative resources. Any resources possessed with these three characteristics are considered strategically important under the RBV. In the context of the IOR, Das and Teng (2000) have categorized RBV resources into two groups: property-based and knowledge-based. The property-based resources are those such as patents, copyrights, and physical plants. The knowledge-based resources are those such as technological and managerial skills.

3) Innovation theory: In the third theory, competitive advantage is driven by innovation. This theory operates under the umbrella of innovation theory. A classic work by Schumpeter (1942) points to the importance of continuous innovation as a basis for competitive advantage. The process of creative-destruction perpetuates the growth of organizations (Kaghan, 2000). At the center of this theory, the competitive environment is assumed to be so dynamic that competitive advantage is nothing but transient (Danneels, 2002). The way to out-compete competitors is to out-innovate them.

Being an innovative organization has many advantages; the organization gains early access to new markets and to scarce resources. An innovator also benefits from the learning curve effect and buyers' switching cost. However, there are some concerns about erosion of the advantages by competitors' imitations. The majority of these concerns are based on the assumption of all else being equal. That is, a competitor with capabilities similar to the innovator would quickly and successfully imitate the innovations and erode the innovator's advantages. Gilbert (1995) points out that this assumption is rarely materialized in the real world within a short period of time. Therefore, threats from imitations, although they exist, are remote, at least in the short term—an average innovator enjoys superior returns from successful innovations for at least 10 years (Boulding and Christen, 2001)

The studies on innovation in organizations can be separated into three distinct yet related inquiries (Wolfe, 1994). The first inquiry investigates diffusions of innovations. The second inquiry investigates influential factors of innovativeness

within organizations. The last inquiry investigates processes of organizational innovations. Within these three inquiries, the natures of innovations are addressed by at least three dimensions. The first is the degree of improvements over the current generation. These improvements are traditionally classified as either radical or incremental (Tushman and Nelson, 1990). However, Abetti (2000) suggests that this degree actually operates like a spectrum spanning form, incremental to radical. Incremental improvements require no research and development activities and are minimally improved over the current generation. On the other hand, radical improvements are the results of major research and development activities and potentially render the current generation obsolete. The second dimension is the type of innovation. Products, processes, and administrative innovations are the three main types of organizational innovations (Drury and Farhoomand, 1999). The last dimension of innovation is innovation speed: the speed captures the time from the inception of an idea to a marketable innovation of the idea.

Regarding the context of the IOR, various innovation studies (e.g., Mowery et al., 1996; Powell et al., 1996; Goes and Park, 1997; Danneels, 2002; Holmqvist, 2004) have arrived at the conclusion that the IOR helps an organization to innovate by enabling it to explore new resources and knowledge, and exploits them for innovation.

4) Social capital theory: In the fourth and emerging theory, social capital underpins organizational competitive advantage (Nahapiet and Ghoshal, 1998). This theory argues that the organization leverages its social capital to access outside resources in order to gain competitive advantage. Social capital can, sometimes, grant the organization an advantage over the power of the market. Under this theory, social capital is broadly defined as "a set of social resources embedded in relationships" (Tsai and Ghoshal, 1998: 464). It is a multi-dimensional construct with two basic characteristics (Coleman, 1988). First, social capital operates based on some aspects of social structures. Second, it helps social actors to accomplish certain actions under the social structures. There is one basic assumption: organizations are assumed to be purposeful social actors (Koka and Prescott, 2002). The argument for this assumption is that organizations do engage in relationships with others and that

these relationships lead to social activities, such as resource exchanges and norm establishments.

Social network theory is the traditional analysis framework. Based on this framework, Nahapiet and Ghoshal (1998) have proposed three dimensions of social capital for competitive advantage. The first dimension is based on the structural aspect of the social network. This dimension explains the configuration characteristics of a network (Sparrowe et al., 2001). Studies investigating this dimension reveal the importance of centrality (e.g., Gibbons, 2004; Owen-Smith and Powell, 2004), density (e.g., Shaw et al., 2005), structural holes (e.g., Burt, 1992; Ahuja, 2000), and structural embeddedness (Gnyawali and Madhavan, 2001) for competitive advantage.

The second dimension is based on the relational aspect of the social network. This dimension explains the characteristics of the linkage between social actors (Tsai and Ghoshal, 1998). This aspect is not as well developed as the first dimension (Borgatti and Cross, 2003). Tie strength is one of the most important constructs under the relational aspect (Uzzi, 1996; Hansen, 1999). This construct has led social capital investors to explore the roles of trust (e.g. Saparito et al., 2004), and trustworthiness (e.g. Szulanski et al., 2004) in the context of the inter-organizational relationship.

The third dimension is based on the cognition aspect of the social network (i.e. socio-cognition). This dimension explains the shared cognitive representations among partners (Nahapiet and Ghoshal, 1998). It governs how firms exchange resources (Rindova and Fombrun, 1999). Cognitive representations, for example, include beliefs, visions, understandings, meaning systems, and information. This dimension is still underdeveloped. However, Koka and Prescott (2002) have shed some light on the information aspect of this dimension. The information in social capital theory can be described by volume, diversity, and richness.

In conclusion, the review of these four theories under the strategic choice perspective points to the main contribution of this perspective to IOR research:

Assumption 7: Organizations exercise IORs in order to secure competitive advantage in the form of either market position, idiosyncratic resource, innovation, or social capital (Caves and Porter, 1977; Porter, 1980; Wernerfelt, 1984; Mowery et al.,

1996; Powell et al., 1996; Goes and Park, 1997; Nahapiet and Ghoshal, 1998; Danneels, 2002; Holmqvist, 2004).

There are four weaknesses associated with the strategic choice perspective. The first weakness is the fact that the three well-established theories (i.e. market position, resource, and innovation) compete among themselves and none has demonstrated superiority over the others. A series of studies (e.g., McGahan and Porter, 2002; Hawawini et al., 2003) have revealed the comparative importance among the three paradigms but offer no conclusion.

Furthermore, establishing social-capital theory has been criticized for its lack of objectivity (Locke, 1999). Social capital theory has become a support platform for the three established theories. The second weakness is that any organizational initiative can be cited as a strategic choice by the management team (Barringer and Harrison, 2000). As a result, often times, a causal relationship between a strategic initiative and a strategic result cannot be clearly established. The third weakness is that this perspective focuses almost exclusively on survival from competition (Rindova and Fombrun, 1999). However, an organization can survive without being superior in the competition given that it is well supported by its resource holders. Last, Powell (2001) argues that the characteristics of the competitive advantage construct are philosophically unidentifiable. No researcher is exactly sure what the characteristics of competitive advantage are—the four theories under this perspective may be built on an uncertain ground.

2.3.8 Stakeholder Theory

The stakeholder theory of the firm (first developed by Freeman, 1984) views the organization as the hub of a set of stakeholder relationships. In this view, an IOR is formed to align or coordinate stakeholder interests or to reduce environmental uncertainty.

In addition, stakeholder theory has deep roots in philosophical ethics (Donaldson and Preston, 1995). At the crux of this theory, the single most important mission of an organization is to satisfy the demands of its stakeholders. This crux has two implicit assumptions (Mitchell et al., 1997). First, stakeholders have some kind of authority over the organization; second, the managers recognize the salience of these

stakeholders. Stakeholders are generally defined as groups or individuals that can affect or are affected by the organization's actions, and the mission is critical because the organization needs resources from these stakeholders in order to survive (Freeman, 1984).

The need for resources here should remind one of the resource dependence theory. Indeed, Thorelli (1986) points out that the resource dependence theory is conceptually a special case of stakeholder theory. There are similarities between stakeholder theory and resource dependence theory—both of them recognize that resources are important for organizational survival and pay attentions to how these resources are secured. However, these theories are different by the virtue of a different understanding of the term "resources." Resource dependence theory recognizes only economic resources, for example, monetary, labor, and production capacity. Because of its philosophical ethic roots, stakeholder theory recognizes not only economic resources but also social resources, such as reputation, legitimacy, and insight (Freeman et al., 2004).

Two core questions underpin the investigations of stakeholder theory (Rowley, 1997). The first question concerns the nature and characteristics of stakeholders. The second question is about the management of the stakeholders. In the context of the IOR, the answers to these two questions have illuminated three major points (Post et al., 2002; Rowley and Moldoveanu, 2003; Fry and Polonsky, 2004). First, an organization engages in not only economic transactions but also in social relations with many parties. Second, the traditional view of the dyadic relationships between an organization and its stakeholders does not hold true: stakeholders interact among themselves. Thus, the organization conceptually operates in networks of stakeholders. Third, managers must recognize the contextual complexities of the stakeholders in order to effectively manage them.

A study by Post et al. (2002) illustrated these three points in relation to the two core questions. In their study, Post and associates propose a framework to understand and to manage three levels of stakeholders in networked organizations. The first level of this framework is the "resource base." Stakeholders at this level (e.g. employees and customers) provide resources to organizational operations. The management goal for this level is to maintain accesses to resources. The second level is "industry

structure". Stakeholders at this level (e.g., trade partners and trade organizations) provide the organization with stability from the industry. The management goal for this level is to establish and enhance a position within the industry for the organization. The last level is "social-political", for example, government agencies and social communities—they provide overall social support for the organization. The management goal at this level is to conform to and to anticipate social developments.

In summary, the main contribution of stakeholder theory in the context of the IOR is:

Assumption 8: Stakeholder theory acts as social guidance for managers in recognizing and managing networks of constituents and in understanding that these constituents require not only economic resources but also social resources (Freeman, 1984; Post et al., 2002; Rowley and Moldoveanu, 2003; Fry and Polonsky, 2004).

The stakeholder theory generally exhibits two weaknesses. The first weakness centers on the question about who actually the stakeholders are. Decades of debates (Post et al., 2002; Freeman et al., 2004; Sundaram and Inkpen, 2004) have not yielded a satisfactory conclusion. A common agreement has emerged that "stakeholders" are context dependent. Since the main construct has no unified meaning, the development of this theory lacks a unified direction. The second weakness is this theory lacks empirical evidence supporting the causal relationships between the importance of stakeholder management and firm performance (Donaldson and Preston, 1995). The main reason is that the value of social resources is difficult to empirically measure. Managers are encouraged to accept stakeholder theory on a moral ground (Barringer and Harrison, 2000). As a result, this theory has not gained wide support from business practitioners.

2.3.9 Organizational Learning Theory

Organizational learning theory is concerned with a firm's ability to recognize, absorb, and apply new knowledge and thus to improve its competitive position. One goal is to absorb knowledge from partners in order to increase competence and to add value to the organization. Learning is also seen to be an effective way to transfer and share knowledge across cooperating firms (Powell, Koput and Smith-Doerr, 1996).

Learning is also a motivation for forming informal relationships, such as trade and professional associations (Mariolis and Jones, 1982).

Simply put, organizational leaning theory is a metaphor for a group learning phenomena (Cornelissen, 2005). The organization is viewed as a social system that learns by individuals (Easterby-Smith, 1997). Levitt and March (1988) have pointed out that this theory originated from three phenomena within the organization. First, an organization exhibits behavior based on routines. Second, an organizational routine is a result of past experience. Last, the routine has a goal.

Organizational learning theory carries two important assumptions (Grant, 1996). First, knowledge is pervasively embedded within a firm's production functions. Second, organizational knowledge includes both tacit and explicit forms. The tacit form resides within employees and processes; the explicit form resides within the documents of the organization. This theory operates on four basic, yet important, constructs (Huber, 1991). The knowledge acquisition construct is a process for the acquisition of new knowledge. The knowledge distribution construct is a process for the distribution of new knowledge and integration of new knowledge with current knowledge. The knowledge interpretation construct is a process for the provision of the meaning of knowledge in the context of the organization. Last, the organizational memory construct is a means of storing knowledge.

Organizational learning theory is widely utilized in the context of the IOR. The relationships enable an organization to access other sources of knowledge (Yli-Renko et al., 2001). Two sources are available for the organization (Podolny and Page, 1998) First, the organization accesses knowledge from its partners; second, the organization utilizes its network of relationships as a source of knowledge creation. However, the learning outcomes from these two sources depend on the social context of the relationship (Inkpen and Tsang, 2005) and organizational absorptive capacity (Cohen and Levinthal, 1990). The main contribution of this theory to inter-organizational relationship studies is:

Assumption 9: Organizations are encouraged to form relationships with others to learn new knowledge (Grant, 1996; Powell, Koput and Smith-Doerr, 1996).

Organizational theory has two shortcomings. First, this theory is very general for organizational studies. A wide range of academic disciplines have adopted this

theory to suite their agendas, and this theory is scattered throughout many disciplines. Thus, it lacks a common vein (Easterby-Smith, 1997). Second, learning does not always result in organizational improvements (Huber, 1991). The organization may not realize the potentials of the knowledge or may learn irrelevant knowledge.

Table 2.1 Summarizes Major Organizational Perspectives and Their Contribution to the Studies of the IOR

Perspectives	Assumptions and Contributions
Open System Theory	Organizations must continuously interact with their environments for survival (Kast and Rosenzweig, 1973; Katz and Kahn, 1978).
Transaction Cost Economics	Organizations engage in IOR to reduce uncertainty caused by market failure, reduce costs associated with establishing a hierarchy" (Barringer and Harrison, 2000), and increase operating efficiency (Williamson, 1985; Perrow, 1990).
Resource Dependence Theory	Organizations enter IOR to exert power or control over organizations that possess scarce resources in order to fill a perceived resource need (Barringer and Harrison, 2000).
Contingency Theory	Organizations enter IOR to manage environmental uncertainty and reduce risks and the fit between an organization and its environment must be adequate for survival (Lawrence and Lorsch, 1969; Pfeffer, 1981).
Organizational Ecology	Organizations enter an IOR to share information and resource, promote common interests, or seek solutions to common problems (Trist, 1983).
Institutional Theory	Organizations engage in IOR for social resources and legitimacy to increase the chance of survival (DiMaggio and Powell, 1983; Oliver, 1990a; Alter and Hage, 1993; Suddaby and Greenwood, 2005).

Table 2.1 (Continued)

Perspectives	Assumptions and Contributions
Strategic Choice	Organizations develop IOR to secure competitive advantages in the form of either market-power, idiosyncratic resource, innovation, or social capital (Caves and Porter, 1977; Porter, 1980; Wernerfelt, 1984; Mowery et al., 1996; Powell et al., 1996; Goes and Park, 1997; Nahapiet and Ghoshal, 1998; Danneels, 2002; Holmqvist, 2004).
Stakeholder Theory	Stakeholder theory acts as a social guidance for managers in recog nizing and managing networks of constituents and in understanding that these constituents carry not only economic resources but also social resources (Freeman, 1984; Post et al., 2002; Rowley and Moldoveanu, 2003; Fry and Polonsky, 2004).
Learning Organization	Organizations are encouraged to form relationships with others to learn new knowledge (Grant, 1996; Powell, Koput and Smith-Doerr, 1996).

2.4 Reasons for Organizations Setting up IOR

Much of this section focuses on the reasons for IOR formation, which in turn suggest criteria for assessing their success. Oliver (1990b) presents these reasons as a set of critical contingencies that motivate organizations to enter into relationships with others and set conditions around those relationships. These include necessity (the need to meet legal or regulatory requirements), asymmetry (the potential to exercise power over another organization or its resources), reciprocity (the pursuit of common or mutually beneficial interests), efficiency (the need to improve internal cost-benefit ratios), stability (the need to reduce environmental uncertainty), and legitimacy (a need to demonstrate or improve reputation or prestige). Oliver (1990b) also states that each of the determinants may be a separate and sufficient cause for collaboration. However, the decision to collaborate with other organizations is usually based on multiple contingencies. Some of the factors that necessitate collaboration are:

pursuing common or mutually-beneficial goals and interests; reducing environmental uncertainty; mutual interdependence; legitimacy; fragmented jurisdictional structure; meeting necessary legal or regulatory requirements; and resource scarcity. This section will provide a summary of these motivators for organizations to enter IORs.

2.4.1 Organizational Goals

While examining the motives for collaboration, pursuing common or mutually-beneficial goals and interests comes up immediately. Schermerhorn (1975) identifies organizational goals as a motivator influencing inter-organizational collaboration. He hypothesizes that when organizations recognize some mutual needs or purposes, and organizational domains are not sensitive issues, inter-organizational collaboration becomes more likely. Oliver (1990b) agrees. Based on an integration of the inter-organizational relations literature from 1960 to 1990, she determined that reciprocity is a critical contingency that motivates organizations to collaborate in order to pursue common or mutually-beneficial goals and interests.

The reciprocity model of inter-organizational relations is theoretically rooted in exchange theory. One of the assumptions of this model is that collaboration "typically will be characterized by balance, harmony, equity, and mutual support, rather than by coercion, conflict and domination. Potential partners to an exchange will anticipate that the benefits of forming a linkage far exceed the disadvantages, particularly the loss of decision-making latitude and the cost of managing the linkage" (Oliver, 1990b: 245).

2.4.2 Environmental Uncertainty

Another factor mentioned by most authors as motivating collaboration is the desire to reduce environmental uncertainty (Schoorman et al., 1981; Provan, 1982; Gray, 1985; Weiss, 1987; Borys and Jemison, 1989). Environmental uncertainty may be caused by resource dependency relationships (Provan, 1982; Borys and Jemison, 1989) or by task environments, which are defined by Mulford and Rogers (1982: 10) as "the organizations, groups and persons with which an organization interacts directly." Oliver (1990a) describes this as stability contingency. Collaboration helps organizations to forestall, forecast, or absorb uncertainty and to achieve an orderly,

reliable pattern of resource flows and exchanges. In the private sector, collaborating can reduce environmental uncertainty in four ways: horizontal coordination linking competitors; vertical coordination linking an organization with suppliers of inputs or receivers of outputs; expertise; and enhanced reputation (Schoorman et al., 1981).

2.4.3 Mutual Interdependence

Collaboration as a way of responding to environmental uncertainty has been discussed above. Mulford and Rogers (1982) suggest that increased interdependencies lead to a greater need for intra- and inter-organizational collaboration. Gray (1989: 27-29) states that "Under turbulent conditions organizations become highly interdependent with others in unexpected but inconsequential ways, turbulence cannot be managed individually because disruptions and their causes cannot be adequately anticipated or averted by unilateral action ... Collaboration offers an antidote to turbulence by building a collective capacity to reduce the unintended consequences ... and increase variety in organizations repertoire of responses to environmental change."

Owen (1998: 129) agrees that parties choose to collaborate because they realize the interdependence in their goals and that "one party cannot get what it wants without the support or action of the others. Underlying the process is the assumption that by working with the other parties to solve a jointly defined problem, each party will gain more than it could by relying on other methods of influencing public policy." Gruber (1987) believes that to do their jobs well bureaucrats that work in interdependent environments need to collaborate with those officials whose work both affects and is affected by theirs.

Halpert (1982) finds support in the literature for the idea that awareness by leaders of at least the partial interdependence of their organizations is a necessary prerequisite for collaboration. In addition to having similar interests, organizations "must perceive the need for some type of immediate joint endeavor to fulfill an organizational goal" (Halpert, 1982: 57). Exchange theory identifies the mutual dependence created when private organizations in different sectors require goods and services from each other. The dependence upon each other may be for scarce resources (Alter and Hage, 1993) or for analytical information, such as simulation

models and databases that agencies have to share (Lee, 1995). Gray (1989) states that local, state, and federal agencies are dependent on each other for information, resources, and policy decisions, making it impossible for any agency to act unilaterally.

2.4.4 Legitimacy

Oliver's (1990a) legitimacy contingency posits that organizations enter an inter-organizational relation to enhance organizational legitimacy, and to justify their activities or outputs. This is the view of institutional theory. Organizations seek to increase their legitimacy to improve their reputation, image, prestige, or to conform with prevailing norms in their institutional environment. Weiss (1987) also believes that satisfying norms and values and obtaining a political advantage are motives for public agencies to cooperate.

2.4.5 Meeting Necessary Legal or Regulatory Requirements

Organizations sometimes cooperate in order to meet necessary legal or regulatory requirements that are mandates from higher authorities (Weiss, 1987; Oliver, 1990a). When a powerful extra-organizational force demands collaboration, it is more likely to happen (Schermerhorn, 1975). Based on case studies of local school districts, Weiss (1987: 109) concludes, however, that "legal mandates, standing alone without the reinforcement of political consensus, standard procedures, preexisting relationships, systematic enforcement or shared moral codes, may be too weak to overcome the obstacles to cooperation."

Halpert (1982) argues that when agencies are mandated to collaborate they are caught in a situation in which they are particularly vulnerable to organizations that are more powerful in a hierarchical system—such as the government. If they collaborate, they may lose their autonomy and create disturbance in their organization; if they do not, they may not survive because of their dependence upon society for legitimacy.

2.4.6 Resource Scarcity

There is agreement in the literature that resource scarcity will induce organizations to seek out or be receptive to inter-organizational collaboration

(Schermerhorn, 1975; Weiss, 1987). Gruber (1987: 133) argues that agencies need cooperation "when they do not command all the resources necessary for the success of their technology." Dispersion of control over absent resources makes cooperation necessary. Halpert (1982) deduces from a survey of the literature that the prime factor motivating interagency collaboration is the quest for survival by an organization. He argues that an organization will voluntarily collaborate when faced with the threat of resource loss among other things (i.e. autonomy and task and power domains) as a result of prevailing market and environmental conditions. Another situation that prompts organizations to collaborate for survival is to forestall or prevent future crises when organizations look for areas of expansion in terms of resources, power, or task domains.

Oliver (1990a) takes a different position with her asymmetry contingency and argues that resource scarcity might not motivate organizations to collaborate as expected. On the contrary, scarcity may prompt organizations to try to exert power, influence, or control over other organizations that control the required scarce resources. This power approach to collaboration states that one organization may be motivated to enter a collaboration with a financial institution to be able to control the capital resources and to have more power than other organizations competing for financial resources in the same area.

2.5 Types of Inter-Organization Relationship

Rule, Ross and Donougher (1999) have stressed the fact that the starting point for any successful alliance is to match a company's philosophy and objectives with the correct form of the relationship. Gulati (1995), for example, has argued that an anticipated transaction cost determines the type of contract used in an alliance. Two major types of IOR have been mainly identified in the literature, technological and marketing (Das, Sen and Sengupta, 1998). Technological alliances involve cooperation in upstream value chain activities, such as research and development, engineering, and manufacturing, where marketing alliances involve cooperation in downstream value chain activities, such as sales, distribution, and customer service

(Hagedoorn, 1993). Prior research has reported more opportunities of success in technological versus marketing relationships (Somnath et al., 1998).

According to the intensity or formalization in the relationship, Klonglan, Warren, Winkelpleck and Paulson (1976) identified eight types of IOR: 1) awareness of the existence of another organization, 2) acquaintance between organizations, 3) personal interaction between organizations, 4) information exchange, 5) resource exchange or bargaining of funds, materials, or personnel, 6) overlapping board membership or cooptation of staff or members, 7) joint programs or coalition to plan and implement activities, and 8) written agreements to share activities between organizations.

Lorange and Roos (1993) have identified the following types of IOR: 1) informal IORs, 2) formal IORs, and 3) joint ventures. Joint ventures could be added to Klonglan et al.'s (1976) list as the last level of organizational relationships.

The IOR is has also been classified as voluntary or mandated (Hall, Clark, Giordano, Johnson and Van Roekel, 1977). Whereas voluntary refers to relationships where organizations freely choose to participate, mandated relationships are those in which there is limited choice. Mandated relationships involve laws or regulations specifying the obligation to cooperate.

The strategic value of the IOR is found in the literature concerning alliances and whether they are of a strategic nature or not. Segil (1998) has divided relationships into being either strategic or tactical; however, she stressed that the concepts "strategy" and "tactics" in business are overused and under-explained. Das and Teng (1998) discussed the differences when it comes to classifying precisely what types of cooperative arrangements can be termed strategic alliances. Some researchers maintain that virtually all kinds of inter-organization arrangements should be call strategic alliances (Borys and Jemison, 1989; Lei and Slocum, 1991; Forrest, 1992; Murray and Mahon, 1993; Stafford, 1994). Other researchers consider strategic alliances as only referring to those deals in which the parent firms are tied to each other in a substantive manner, i.e. long-term interdependence, shared control, and continued contributions by the partners.

In addition, Roberts (2004) places types of IOR along a continuum that ranges from the loosest form of collaboration, on the left of the diagram in Figure 2.1, to the

tightest. At the looser end of the spectrum are coalitions. They usually have the least structure, often relying only on terms of reference and a decision-making process, and are apt to be used for advocacy purposes. A little less loose, perhaps, are partnerships, which Oshry (2007), author of Seeing Systems, defines as "A relationship in which we are jointly committed to the success of whatever process we are in." The term is particularly favored by governments and can include anything from organized consultation processes to service delivery partnerships controlled by contractual agreements.

Generally, a business uses the term strategic alliance, which also falls about midway on the continuum. A strategic alliance involves at least two partner firms that remain legally independent after the alliance is formed. They share benefits and managerial control over the performance of assigned tasks and make continuing contributions in one or more strategic areas, such as technology or products (Roberts, 2004).
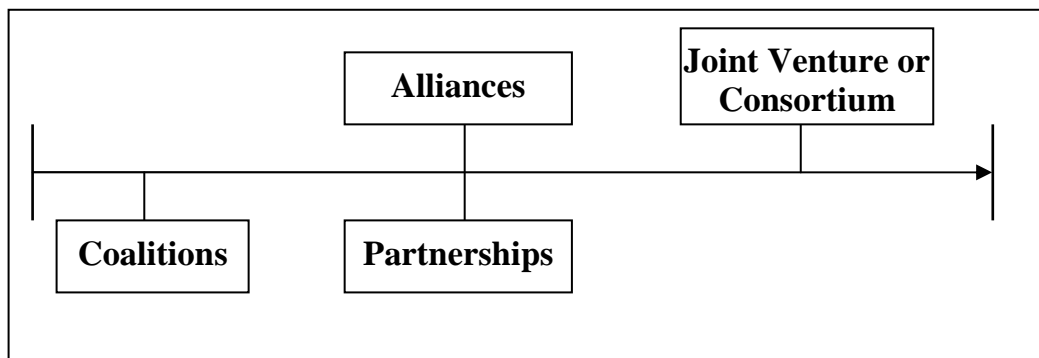
Figure 2.1 Types of IOR
Source: Adopted from Roberts, 2004.

According to Roberts (2004), in any of the above situations, once a clear purpose or common goal is identified involving a tightly-focused service or a structure to share administrative functions, the organizations need to formalize an agreement regarding partner contributions and commitment of resources. Then the IOR is more likely to use the term joint venture or consortium to describe the formalized agreement and organizational infrastructure. Partner organizations still

remain autonomous, with separate decision-making boards and administrations, but the IOR is operational in handling a particular business function.

Another classification of the IOR focusing on short-term and long-term relationships is Beamish and Banks' (1987) view of short-term relationships as transitional in nature and also demanding quick and tangible results. Das and Teng (1998) have also argued that long-term orientation provides the need for good working relationships, whereas a short-term orientation stresses prompt results that vitalize the relationship.

Finally, with regard to the analysis levels in the study of the IOR, Hall (1991) states that there are three basic forms of IORs:

1) dyadic linkages, which refers to two organizations interacting with one another to form an IOR;

2) the organizational set, which is the sum total of dyadic linkages that one focal organizational maintains. This is the action set, which is comprised of a group of organizations formed in a temporary alliance for a limited purpose; and

3) the Inter-organizational network, consisting of all organizations linked by a specified type of relation and constructed by finding the ties between all organizations in a population.

This research classifies the IOR as tactical or marketing (Hagedoorn, 1993) if it is intended to be for a short term, or mainly focusing on capturing value (Lubatkin, 1983), for defensive reasons aiming at enhancing and solidifying an existing operation or market position, or realizing economies of scales (Ohmae, 1989). This work classifies the IOR as strategic or technological (Hagedoorn, 1993) if they are intended for a long duration, for creating value (Salter and Weinhold, 1979; Porter, 1985; Chatterjee, 1986; Walter and Barney, 1990; Pablo, 1994), enhancing efficiency or core competencies (Sheth and Parvatiyar, 1992), or for offensive reasons seeking to create new markets or setting industry standards (Lei, 1993; Lorange and Roos, 1993; Murray and Mahon, 1993). In addition, based on the continuum ranging from the loosest form of collaboration (Roberts, 2004), strategic alliances and partnerships are most appropriate for this study of the IOR between Vietnamese and Thai travel companies, as they can be strategic alliances for sharing benefits and managerial control over the performance of assigned tasks and make continuing contributions in

one or more strategic areas, such as technology or products (Roberts, 2004) and tourist services. They can also be partnerships that they are jointly committed to the success of whatever process they are in (Roberts, 2004). And finally, only dyadic linkages involving Vietnamese and Thai travel companies will be examined. These two organizations interact with one another to form an IOR. This IOR is also the major dyadic linkage within a travel company's organizational set.

2.6 Success of Inter-Organizational Relationship

In the tourism industry as a whole and particularly in the travel business, the establishment of cooperative relationships with other organizations is increasingly regarded as a crucial factor for organizational performance and survival (Child and Faulkner, 1998). Indeed, IOR management is becoming a central research paradigm in the literature covering travel and tourism management. On the whole, it is argued that when used under the appropriate circumstances and environmental conditions, the IOR will be successful (Harrigan, 1985, 1988). However, a large percentage of these relationships do not succeed even when their creation seemed to be appropriate. Given this inconsistency, determining and understanding the factors associated with successful IORs is a valuable research objective and one which this study addresses.

According to Medina-Munoz and García-Falcón (2000), IOR success refers to the overall evaluation of the relationship. It can thus be defined as the generation of satisfaction by the parties involved in it as a result of the achievement of performance expectations. However, there are two distinct approaches to the concept of IOR success. One approach (Van de Ven and Ferry, 1980; Anderson, 1990) associates the term IOR success with participants' overall satisfaction with the relationship. Satisfaction refers, in this case, to an organization's positive experience as regards its partners' ability to obey rules and to fulfill performance expectations (Anderson and Narus, 1990; Biong, 1993). A second approach (Narus and Anderson, 1987; Johnston and Lawrence, 1988) defines IOR success as a quantitative measure of the mutual benefits that participants reap from the relationship. Specifically, an IOR is considered to be successful according to how fully its objectives have been satisfied. This study takes both approaches to explaining the concept of IOR success.

With regard to the factors contributing to the success of the IOR, two main streams of research can be identified in the existing literature, depending upon whether or not the relationship is already built. Several models have been proposed for successful IOR formation (Devlin and Bleackley, 1988; Lynch, 1992; Pekar and Allio, 1994). An overview of such models leads to five factors: 1) the participation in an IOR, compared with other alternatives (such as internal development and going to the open market for a particular transaction), should be suitable for the focal organization; 2) a particular organization should be careful in choosing potential partners; 3) an operative plan for the IOR should be established; 4) potential partners should negotiate overall IOR conditions; and 5) participants should choose an appropriate structure and legal status for the relationship.

Once the system is formed, another set of factors seems to determine the successful evolution of any IOR, which is the objective of this study—to identify the factors or determinants that are associated with the IOR success. The first group of researchers consists of Anderson and Narus (1990). These researchers have presented a model which includes efforts to resolve inter-organizational conflicts, coordination measures, the influence of a given partner firm over the rest of the partners, influence over a partner firm, and assessment of the results from the relationship in comparison with expectations based on present and past experience with similar relationships. These factors are influenced, according to the same source, by partners' trust in the IOR, inter-organizational communication, and relative dependence.

In addition, Bucklin and Sengupta (1993) have developed a model for organizing successful co-marketing alliances, which is comprised of the presence of a power balance, the extent of inter-organizational conflict in the relationship, how beneficial the relationship is, partner compatibility and prior history of business relations, and other variables such as the age of the IOR and turbulence in the environment.

Furthermore, Morgan and Hunt (1994) claim that a successful IOR requires participants' commitment to the IOR and mutual trust. They also found that inter-organizational communication contributes to trust and commitment. Finally, Mohr and Spekman (1994) developed a more precise model which sets out those IOR characteristics which make them successful. Specifically, they suggest three sets of

behavioral characteristics as determining factors of success: attributes of the IOR (commitment, trust, coordination, and interdependence), communication behaviors (communication quality, information exchange, and participation in decision making), and techniques utilized to resolve conflicts.

In addition, many other researchers around the world have struggled to define the constructs of IOR success, and many studies have tried to relate a group of dependent variables and test multiple hypotheses to the construct of success or performance of the IOR. While some research did not fully operationalize success (Parkhe, 1991; Kanter, 1994; Vyas et al., 1995; Frankel, Whipple and Frayer, 1996; Das and Teng, 2000), others developed formal evaluation criteria based on specific attributes (Mohr and Spekman, 1994; Dussauge and Garrette, 1995; Medina-Munoz and García-Falcón, 2000).

Some researchers, especially those motivated by the transaction cost economic or resource dependence, have considered the financial impacts. Measurements such as firm valuation and stock prices have been measured following the financial announcements of involed firms. Asquith, Bruner and Mullins (1983) studied performance-using assets, Haspeslagh and Jemision (1991) assessed performance by using earnings, Reuer and Miller (1997) used profitability, Mohr and Spekman (1994) used dyadic sales and satisfaction of performance expectations, and Newburry and Zeira (1999) used growing market shares and meeting profits targets. Other researchers, including Lambert et al. (1999), studied reduced damage claims, and finally Dussauge and Garrette (1995) evaluated improved quality.

The second group of researchers has studied IOR performance using other the factors like longevity, stability, and survivability of the relationship. These factors were considered as the key indicators of the IOR success. Beamish (1987), Haspeslagh and Jemison (1991), and Garette, Dussauge and Mitchell (2000) assessed IOR performance using longevity, or stability. Harrigan (1988) measured IOR performance on the basis of joint venture duration and survival, and Kogut (1988) used joint venture stability to approach the issue of IOR performance. Finally, Medina-Munoz and García-Falcón (2000) measured IOR success through two indicators: overall success (generation of satisfaction by the parties involved in the

relationship as a result of the achievement of performance expectations) and satisfaction with marketing supports.

The last group of researchers has defined performance as the degree of appreciation of and satisfaction with the relationship. These included goal achievement (Deeds and Hill, 1996), satisfaction (Shamdasani and Sheth, 1995), meeting stakeholders' expectations (Newburry and Zeira, 1999), partner relationships including trust and harmony (Kotabe et al., 2000; Dyer, Kale and Singh, 2001) or improved operating procedures, support of core business, and customer services (Sankar et al., 1995). The degree of satisfaction is an indication of overall approval or contentment with the IOR (Gaski and Nevin, 1985). Satisfaction is the "positive affective state resulting from the appraisal of all aspects of a firms' working relationship with another firm" (Anderson and Narus, 1984). In the dyadic relationship, satisfaction is typically assessed as one participant's evaluation of the other trading partner's fairness and reliability (Dwyer and Oh, 1988). The evaluation also extends to the quality of the product/services supplied by the trading partner and the policies and procedures that govern the dyadic relationship (Dwyer and Oh, 1988).

This study adopts different success measures for the dyadic relationship between Vietnamese and Thai travel companies. IOR success in this study refers to the participants' overall positive satisfaction with IOR performance (Anderson and Narus, 1990; Biong, 1993; Medina-Munoz and García-Falcón, 2000) and the mutual economic benefits that participants reap from the relationship (Narus and Anderson 1987; Johnston and Lawrence, 1988; Haspeslagh and Jemision, 1991; Asquith, Bruner and Mullins, 1993; Mohr and Spekman, 1994; Reuer and Miller, 1997; Newburry and Zeira, 1999). A comprehensive examination of the models and measuring approaches of IOR presented previously, together with other studies related to determining overall factors for the successful IORs, led to the identification of the important factors that contribute to a successful IOR: inter-organizational trust (Morgan and Hunt, 1994), commitment to the IOR (Morgan and Hunt, 1994), inter-organizational communication (Anderson and Narus, 1990), interdependence (Anderson and Narus, 1990), IOR coordination (Narus and Anderson, 1987; Morgan and Hunt, 1994; Mohr and Spekman, 1994), IOR participation (Devlin and Bleackley, 1988; Mohr and Spekman, 1994), IOR conflict resolution (Duetsch, 1969; Thomas, 1976; Cummings,

1984; Dwyer et al., 1987; Anderson and Narus, 1990; Mohr and Spekman, 1994), formalization in the IOR (Scott, 1987; Dahlstrom and Nygaard, 1999), flexibility in the IOR (Gibson, Rutner and Keller, 2002), importance of the IOR (Hall et al., 1977; Whetten and Szwajkowski, 1978; Hall, 1991; Bucklin and Sengupta, 1993), frequency of interaction (Mayhew's, 1971; Hall, 2005), organizational compatibility (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Bucklin and Sengupta, 1993), and age of the IOR (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Bucklin and Sengupta, 1993). In addition, four intervening variables are included in the models of this research: marketing supports in the IOR (Morgan and Hunt, 1994), financial benefits of the IOR (Medina-Munoz and García-Falcón, 2000), business success of the IOR (Narus and Anderson, 1987; Johnston and Lawrence, 1988), and relationship performance satisfaction with the IOR (Anderson and Narus, 1990; Biong, 1993). Each of these factors is explored in depth in the following section.

In order to fully test the main hypothesis of the research, three separate sub-hypotheses will be tested, as follows:

H_7: There are variances in overall IOR success that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR.

H_{8a}: There are variances in overall IOR success that can by explained by marketing supports in the IOR, the financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction with the IOR.

H_{8b}: The factors of marketing supports, financial benefits, business success, relationship performance satisfaction, and other independent variables directly and indirectly affect overall IOR success.

2.7 Factors Determining IOR Success

Many researchers have devoted a great amount of research to understanding the role that social behavioral and relational processes play in forging robust and enduring partnerships that can withstand the conflicts and difficulties that will

inevitably arise (Kanter, 1994; Doz and Hamel, 1998). Some research have examined the constructs, including trust (Gabarro, 1987), commitment, recognized interdependence, and levels of communication, that serve as antecedents to successful alliance formation (Park and Russo, 1996; Nooteboom et al., 1997). Mulford and Rogers' (1982) typology of collaborations include cooperation, mutual adjustment, alliance, and corporate strategies. Six dimensions of collaborative initiatives are examined to decide which one of the three strategies a particular case represents: 1) rank of the participating agency representatives, 2) degree of formalization in the collaboration, 3) level of resource commitment to the collaboration, 4) focus of power in the collaboration, 5) focus of control in the collaboration, and 6) focus of collaboration goals. Gould, Ebers and Clinchy (1999) have addressed anxiety, social defense, and the management of mutual dependence. Gulati and Garguilo (1999) studied the level of interdependence between partners, number of prior indirect alliances between both parties, and level of structural differentiation. Saxton (1997) studied prior affiliation, shared decision making, and similarities between partners. Kogut (1988) also studied the distribution of ownership and control. Finally, a great amount of the literature on partnership characteristics has been devoted to the concepts of fitness and compatibility (Porter, 1987; Dickson and Weaver, 1997; Harbison and Pekar, 1998). This section explores, in depth, all of the factors theoretically considered as determinants of IOR success, including inter-organizational trust, commitment to the IOR, inter-organizational communication, IOR coordination, IOR participation, IOR conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, frequency of interaction, organizational compatibility, and age of the IOR.

2.7.1 Trust in the IOR

Trust is defined as the behavioral intention of willingness to rely on an exchange partner in whom one has confidence (Morgan and Hunt, 1994). Trust is the critical determinant of a good relationship (Dwyer, Schurr and Oh, 1987; Han, Wilson and Dant, 1993; Ganeson, 1994; Morgan and Hunt, 1994). However, trust between firms does not occur automatically (Hakansson and Wootz, 1979). Decision makers must first convince themselves of their partner's ability, reliability, and integrity.

Experience with the channel partner breeds trust (Dwyer, Schurr and Oh, 1987) and, over time, the accumulation of trust leads to better communication between the respective firms (Anderson and Narus, 1990) and the development of cooperative behaviors that are more conducive to the long-term success of the relationship (Morgan and Hunt, 1994).

Trust reflects the extent to which IOR negotiations are fair (Anderson and Narus, 1990), as well as the belief that participants will fulfill their commitments (Anderson and Weitz, 1989). As a result, inter-organizational trust exists during the creation of the relationship and should be sufficient to ensure a correct negotiating procedure. Once the IOR is established, this climate of confidence should be maintained and increased in order to guarantee a lasting and successful relationship (Barney and Hansen, 1994; Ganesan, 1994; Mohr and Spekman, 1994; Morgan and Hunt, 1994; Williamson, 1985).

Trust as a determinant of successful IOR has received special attention by resource-based and transaction cost theory. From a resource-based perspective, intangible resources such as reputation and trustworthiness are scarce, complex, and difficult to market and imitate, thereby being contributors to performance differences among organizations (Rao, 1994). Bearing in mind that trust decreases the probability that participants in an IOR behave in an opportunistic way, the transaction cost theory would conclude that trust minimizes the transaction costs inherent in any relationship and, as a result, makes the arrangement more attractive. Furthermore, Williamson (1985) claims that trusting relationships are able to confront stressful situations much better and are also more flexible.

2.7.2 Commitment to the IOR

Commitment is defined as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely (Morgan and Hunt, 1994). In addition, commitment refers to the willingness of the trading partner to exert an effort on behalf of the relationship (Porter et al., 1974). It suggests a future orientation in which partners attempt to build a relationship that can weather unanticipated problems. A

high level of commitment provides the context in which both parties can achieve individual and joint goals without raising the specter of opportunistic behavior (e.g., Cummings, 1984). Because more committed partners will exert effort and balance short-term problems with long-term goal achievement, higher levels of commitment are expected to be associated with partnership success (Angle and Perry, 1981).

2.7.3 Interdependence

Interdependence refers to a partner's perception of its dependence relative to its partner's dependence on the relationship (Anderson and Narus, 1990). As firms join forces to achieve mutually-beneficial goals, they acknowledge that each is dependent on the other. This perspective flows directly from an exchange paradigm (Cook, 1977). Interdependence results from a relationship in which both companies perceive mutual benefits from interacting (Levine and White, 1962) and in which any loss of autonomy will be equitably compensated through the expected gains (Cummings, 1984). Both parties recognize that the advantages of interdependence provide benefits greater than either could attain singly.

According to Bresser (1988), organizational interdependence exists whenever one organization does not entirely control all of the conditions necessary for achieving a desired action or outcome (Pfeffer and Salancik, 1978; Bresser, 1988). In addition to environmental movement, interdependence can cause problems with decision-making uncertainty for focal organizations. This occurs because the success of activities chosen by any interdependent organization depends on the activities selected by other organizations. Consequently, an interdependent organization may need to consider other organizations' actions, and it faces decision-making uncertainty if it is aware of its interdependence and has difficulties in controlling the activities of other organizations. Decision-making uncertainty is most likely to be perceived among horizontally-interdependent organizations operating in oligopolistic markets. Under these conditions all organizations are aware of their mutual interdependence and have considerable difficulties in controlling each other's behaviors as they compete with one another for market share (Pennings, 1981; Fombrun and Astley, 1983).

In addition, Mohr and Spekman (1994) suggest that the successful IOR exhibits high interdependence among partners (that is, partners perceive mutual

benefits from interacting). However, these authors did not find empirical evidence in the relationship between manufacturers and dealers in the personal computer industry.

2.7.4 Coordination of the IOR

Coordination is viewed as a legitimating mechanism used by those involved to divide up the territory and mutually work to prevent the entry of competition, and to dampen costly innovation (Rogers and Whetten, 1982). In addition, coordination is also defined as the process by which participants in an IOR seek to work together in a joint effort (Narus and Anderson, 1987; Morgan and Hunt, 1994) based on a set of tasks that each partner expects the other to perform (Mohr and Spekman, 1994).

Coordination is related to "boundary definition and reflects the set of tasks each party expects the other to perform" (Mohr and Spekman, 1994). Narus and Anderson (1987) suggest that successful working partnerships are marked by coordinated actions directed at mutual objectives that are consistent across organizations. Further, Pfeffer and Salancik (1978) have suggested that stability in an uncertain environment can be achieved via greater coordination.   Just-in-time processes fail, production stops, and any planned mutual advantage cannot be achieved.

2.7.5 Communication in the IOR

Communication is defined as "the formal as well as informal sharing of meaningful and timely information between firms" (Anderson and Narus, 1990). In order to achieve the benefits of collaboration, effective communications between partners are essential (Cummings, 1984). Communication captures the utility of the information exchanged and is deemed to be a key indicant of the partnership's vitality (Mohr and Spekman, 1994).

Inter-organizational relationships are utilizing better information to facilitate the ability to plan more strategically and respond more successfully to the demands of the partner nowadays. In the supply chain, this ability to plan key variables, such as the capacity of the supplier, through good information provided by the buyer, creates a better and more efficient chain which benefits both parties (Chapman and Carter, 1990; Meredith, Raturi, Camm and McCutcheon, 1990). This quality information

exchanged between the partners plays a key role in the relationship and the performance of the supplier.

Good information, or information quality, is vital to organizational success (Huber and Daft, 1987). For this study, the definition of information quality or quality communication is the degree to which the information that the individual organization receives from the other organization is accurate, timely, adequate, complete, and credible (Daft and Lengal, 1986; Huber and Daft, 1987; Monczka et al., 1998). Effective communication through the availability of information is a vital component of collaboration through cooperation. Guetzkow (1965) found that information must be systematically available for the effective completion of required tasks. Not only is information exchange necessary for performance, but Schuler (1979) finds support for increases in satisfaction when information is systematically available within an organization. In examining collaborative relationships, Devlin and Bleackley (1988) found that the exchange of quality information predicts the success of a partnership.

2.7.6 Participation in the IOR

Participation is defined as partners in an IOR working together to plan all related activities (Mohr and Spekman, 1994), as well as taking part in major decisions (Devlin and Bleackley, 1988) and in goal setting. Participation refers to the extent to which partners engage jointly in planning and goal setting. When one partner's actions influence the ability of the other to effectively compete, the need for participation in specifying roles, responsibilities, and expectations increases. Anderson, Lodish and Weitz (1987) and Dwyer and Oh (1988) suggest that input on decisions and goal formulation are important aspects of participation that help partnerships succeed. Driscoll (1978) also found that participation in decision-making is associated with satisfaction. Joint planning allows mutual expectations to be established and cooperative efforts to be specified.

2.7.7 Conflict Resolution in the IOR

Conflict is defined as the disagreements between inter-organizational relation participants (Dwyer et al., 1987). Conflict resolution includes the following techniques: joint problem solving (Thomas, 1976, Cumming, 1984), persuasion (Duetsch, 1969), domination (Mohr and Spekman, 1994), mediation (Anderson and Narus, 1990), internal resolution (Assael, 1969), and smoothing (Ruekert and Walker, 1987).

According to Mohr and Spekman (1994), conflict often exists in the IOR due to the inherent interdependencies between parties. Given that a certain amount of conflict is expected, an understanding of how such conflict is resolved is important (Borys and Jemison, 1989). The impact of conflict resolution on the relationship can be productive or destructive (Assael, 1969; Deutsch, 1969). Thus, the manner in which partners resolve conflict has implications for partnership success.

In some partnerships, the method of conflict resolution is institutionalized, and third party arbitration is sought. While such mediation can be helpful in producing beneficial outcomes (Anderson and Narus, 1990), internal solution (i.e. not relying on outside parties) shows a greater promise of long-term success (Assael, 1969). While outside arbitration may be effective for a particular conflict episode, ongoing use of arbitrators may indicate inherent problems in the relationship.

Other conflict resolution techniques (e.g., smoothing over or ignoring/avoiding the issue) are somewhat at odds with the norms and values espoused in more successful strategic partnerships (Ruekert and Walker, 1987). Such techniques do not "fit" the more proactive tone of a partnership in which problems of one party become problems affecting both parties. As a result, smoothing or avoiding fails to go to the root cause of the conflict and tends to undermine the partnership's goal of mutual gain.

2.7.8 Formalization in the IOR

Formalization refers to the degree to which rules prescribing behavior are formulated, as well as the extent to which role responsibilities are prescribed (Scott, 1987; Dahlstrom and Nygaard, 1999). Van de Ven (1976) has defined formalization as the extent to which rules and procedures govern the relationship between inter-

organizational partners. Similar definitions have been offered in the marketing literature. Dwyer and Oh (1988), for example, view formalization as the extent to which goals, operational policies, and procedures are explicitly defined.

In general, formalization refers to the extent to which rules, manuals, job descriptions, and standard operating procedures guide an IOR (Hoffman, Stearns and Shrader, 1990). For this study, the interest is on work procedures and training, standardization of tourist products and services, qualified tour guides, and clear prescriptions of tasks between the two partners.

2.7.9 Flexibility in the IOR

Flexibility refers to the extent to which partners respond to requests for changing circumstances (Gibson, Rutner and Keller, 2002). Much of the literature on flexibility in alliances is not in terms of flexibility in managing the relationship but rather in terms of the option to enter and exit particular commitments in the light of changing circumstances (Harrigan, 1985).

While one can argue at a more general level about the importance of flexibility, there remains considerable ambiguity and lack of empirical evidence about: 1) the conditions that influence the extent of flexibility in inter-firm alliances, and 2) the performance implications of flexibility. Aulakh and Madhok (2002) have found that flexibility is strongly related to the performance of the relationship.

Flexibility in accommodating one another's needs, preferences, and opinions, especially in dynamic environments, provides the glue for a smoother and more stable relationship. It results in greater adaptability to changing circumstances and reduces the likelihood of the relationship becoming asynchronous with the environment. Moreover, a more flexible relationship is also more "sticky." Rather than rupturing or resorting to costly contractual mechanisms in the case of conflict, the relationship is more resilient to the normal ebbs and flows that characterize inter-firm collaboration. Differently put, there is a greater "band of tolerance" characterizing the relationship that enables the partners to ride out temporary periods of inequity (Madhok, 1995) and to continue to engage in the mutual "give and take" that undergirds any successful relationship. By thus reducing the cost associated with governing the partnership, and

by enhancing the value that can be attained through them (Dyer, 1997; Madhok and Talman, 1998), such flexibility has important implications for performance.

2.7.10 Importance of the IOR

The factor of importance of the relationship refers to the extent to which staff members of an organization perceive that the relationship is critical to the mission of the organization (Hall et al., 1977; Whetten and Szwajkowski, 1978). According to Hall (1991), IORs vary in their importance for the interacting organizations. Hall et al. (1977) and Schmidt and Kochan (1977) have focused on this factor. A Hall et al. (1977) study found that the importance of interaction was a strong predictor of the frequency of interactions. The idea of importance contains two elements. The first is the importance of another organization to the work of the focal organization, while the second is the importance of the interaction itself. In either case, importance is a major contributor to the generation of the IOR. Importance has been examined at the dyadic level and not at the set or network levels, but the pattern would appear to be the same. Hall et al. (1977) reported that important interactions are likely to lead to formalized agreement among the organizations interacting.

2.7.11 Frequency of Interaction

Frequency of interaction refers to the number of contacts or exchanges between organizations, to be measured in relation to an organization's total contact with others in the relationship (Mayhew, 1971). According to Hall (1991), frequency of interaction and intensity are sometimes viewed synonymously. This is inappropriate, since frequency is a component of the transactions among organizations, while intensity is a component of the resource flow among organizations. While importance and frequency are also closely associated, there is not a necessary relationship between the processes. A once-a-year budget meeting may be more important than weekly casual contacts. In general, however, important relationships are frequent relationships. Hall et al. (1977) found that frequent interactions were related to high levels of both coordination and conflict. This suggests that frequent interactions tend to involve more elements of the organizations involved than do infrequent interactions. Marrett (1971), Aldrich (1979), and Van De

Ven and Ferry (1980) all suggest that there is a strong linkage between frequency and intensity. Frequent interactions contribute to heightened resource flows. Interactions can have high or low frequency on the basis of voluntary exchange, formal agreements, or mandates.

2.7.12 Organizational Compatibility

Organizational compatibility is considered as domain similarity and goal compatibility which have been found to enhance the effectiveness of inter-organizational dyads (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987). Organizational compatibility reflects complementarity in goals and objectives, as well as similarity in operating philosophies and corporate culture (Bucklin and Sengupta, 1993).

Partner fitness and compatibility is an important area of research that highlights partnership characteristics as an explanation for alliance success (Porter, 1987; Mohr and Spekman, 1994; Dickson and Weaver, 1997; Harbison and Pekar, 1998). Fitness research includes resource, strategic, cultural, and organizational compatibility. All have been commonly used as indicators of the extent to which relationships can succeed. Lubatkin (1983) and Jemison and Sitkin (1986) studied strategic fitness and defined it as the congruence and compatibility of objectives justifying the need to get into a partnership. It is important to notice that hidden agendas and different objectives often contribute to the failure of the IOR. Segil (1998) reported that in a survey of 200 firms involved in alliances, 75 percent felt that alliance failure was caused largely by an incompatibility of corporate culture or personality. As such, fit creates a level of "corporate comfort" (Datta, 1991; Pablo, 1994).

For the purposes of this study, organizational similarity is considered a multidimensional construct consisting of partners' perceptions of relative similarity in the areas of organizational culture (i.e. norms, values, beliefs, traditions), mission (i.e. goals, purposes, motivation), structure (i.e. procedures, methods, regulations, technology), and status (i.e. prestige, market position, financial position) (Whetten, 1981).

2.7.13 Age of the IOR

The age factor has been shown to be important in previous research on the IOR (Ruekert and Walker, 1987; Heide and John, 1990). It is defined as a period that would enable potential partners to judge their compatibilities and develop necessary personal relationships to augment their general similarities (Van De Ven and Ferry, 1980; Ruekert and Walker, 1987; Bucklin and Sengupta, 1993). Gray (1989) suggests using the durability of the IOR as a factor affecting the success of the IOR. This is important because an IOR that does not stand the test of time cannot be considered successful regardless of its content or the process through which it is reached. Leach et al. (2002: 653) mention institutional longevity as a measure of success but warn that "longevity (or time) can also be viewed as a cost of cooperation rather than a benefit."

2.8 Intervening Factors of IOR Success

2.8.1 Marketing Supports in the IOR

Marketing supports refers to the support of all marketing activities directed toward establishing, developing, and maintaining a successful relationship (Berry and Parasuraman, 1991; Morgan and Hunt, 1994). In marketing, the dominant issues that researchers have been interested in are the impact of coercive and non-coercive uses of power on conflict and satisfaction among organizations linked in a channel of distribution (e.g. manufacturers, distributors, wholesalers, and retailers).

Somnath et al. (1998) analyzed 119 strategic alliances formed from 1987 to 1991. The authors found that announcements of technological alliances enjoyed greater returns in the stock market than marketing alliance announcements. The returns were inversely correlated with organizational size and profitability. This means that investors perceived that larger organizations capture fewer gains in alliances while smaller partners in technological alliances appeared to benefit the most. The authors argued that more profitable firms are less likely to capture the benefits of strategic alliances and that more profitable firms have potentially less to gain from marketing alliances than from technological alliances.

In this study, in order to find out how much variance in the marketing supports in the IOR can be explained by independent variables and which factors make a significant contribution to predicting marketing supports gained through the IOR, the hypothesis is stated as follows:

H_1: There are variances in marketing supports in the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and age of the IOR.

2.8.2 Financial Benefits of the IOR

The financial benefits of the relationship refer to the actual economic value of the success of the relationship (Medina-Munoz and Garcia-Falcon, 2000). According to Marino (2000), partners are involved through financial participation or in-kind contributions sharing costs among partners. The private sector brings greater responsiveness to market trends, has a willingness to try new tactics, as well drops those proven to be ineffective, and generally exhibits a more entrepreneurial mentality (Marino, 2000). For this study, a hypothesis was formed to test whether any of the independent variables affect the financial benefits of the involved companies.

H_2: There are variances in the financial benefits of the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and frequency of interaction.

2.8.3 Business Success of the IOR

The business success of the IOR refers to a quantitative measure of the mutual financial benefits that participants reap from the relationship (Narus and Anderson, 1987; Johnston and Lawrence, 1988). The business value is the perceived worth of benefits relative to what is given (Smith and Nagle, 1995). It is an estimate of the ability of a product or service to satisfy the needs, demands, and mandates of the constituents (Kotler, 1984). Organizations create value when they develop capabilities that respond to constituents' desire for quality, choice, and economy. The IOR creates value for constituents when their member organizations pool their

capabilities to meet their needs, demands, and mandates, thereby improving their competitive position, which in turn increases their probability of organizational survival (Haspeslagh and Jemison, 1991). For the purposes of this study, partners' perceptions of the transactional value (i.e. quality, price, etc.) they are creating for constituents is the measure of performance by which they judge the IOR. The greater the transactional value they create through the IOR, the more successful they will perceive the IOR to be.

According to Lorange and Roos (1993), IORs may allow a firm to reap three classes of benefits in an activity. The first is economies of scale, when organizations combine their efforts in activities such as a joint research or coordinated manufacturing. In this case, they might obtain volume-based cost savings and share investment. The second is the scope of advantages, when organizations combine their efforts in activities such as a joint sales force. The benefits would be, for example, an increased presence in the marketplace and the sharing of the costs of building the presence. Third is complementarity, when organizations combine their efforts in complementary activities, for example, when a company performs manufacturing activities and other performs sales activities.

Besides the benefits gained from the IOR, there are four main potential economic costs for any organization participating in the IOR; 1) loss of autonomy, or loss of control over the strategic resources and activities (Gray, 1989; Lorange and Roos, 1993); 2) coordination costs. The IOR requests ongoing coordination between the participating organizations (Porter and Fuller, 1986); 3) erosion of competitive position. The involvement in the IOR might erode one organization's sources of competitive advantage (Porter and Fuller, 1986); and 4) impact on service quality. Extensive cooperation may reduce the quality of services provided by the set of organizations (Whetten, 1987).

In this study, in order to find out how much variance in the business success of the IOR can be explained by the independent variables and which factors make a significant contribution to predicting the business success of the IOR gained through the IOR, the hypotheses are stated as follows:

H_3: There are variances in the business success of the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination,

communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, and importance of the IOR.

$H_{4:}$ There are variances in the business success of the IOR that can be explained by marketing supports in the IOR and the financial benefits of the IOR.

2.8.4 Relationship Performance Satisfaction with the IOR

The relationship performance satisfaction with the IOR refers to the organization's positive experience as regards its partners' ability to obey rules and to fulfill performance expectations (Anderson and Narus, 1990; Biong, 1993). IOR performance is one of the constructs that is of particular importance to channel managers (Lewis and Lambert, 1991). An IOR among firms is established and sustained for the purpose of achieving certain specific objectives and goals. In managing the functioning of an IOR, the participants are generally concerned about establishing controls for its evaluation. Measures of efficiency and effectiveness are typically used to assess whether or not the IOR is meeting pre-set performance levels. These measures, which can vary depending on the type of IOR, are essential for participants to monitor each other's performance expectations.

In the context of an IOR between suppliers and customers, Stern and Kaufmann (1985) identified a number of measures for evaluating channel performance. These cover multiple facets of channel activity, including order entry and processing, communication, delivery schedules, operation costs, and service levels (Stern and Kaufmann, 1985).

Performance outcome is the result of the IOR and consists of each partner's overall level of satisfaction with the IOR or with the desired outcome of the relationship. It is a function of: 1) partner characteristics: achieving motives and organizational interdependence, and 2) relationship characteristics: partner reputation, partner trustworthiness, and organizational similarity (Saxton, 1997). This study proposes that, in order for the IOR's performance to be considered effective, partners' objectives must be met and the relationship must be satisfactory.

In this study, in order to find out the extent to which variance in the relationship performance satisfaction with the IOR can be explained by the independent variables and which factors make a significant contribution to predicting

the relationship performance satisfaction gained through the IOR, the following hypotheses are proposed:

H_5: There are variances in the relationship performance satisfaction with the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, importance of the IOR, and organizational compatibility.

H_6: There are variances in relationship performance satisfaction with the IOR that can be explained by marketing supports in the IOR and the financial benefits of the IOR.

2.9 Conceptual Framework for Measuring Overall IOR Success
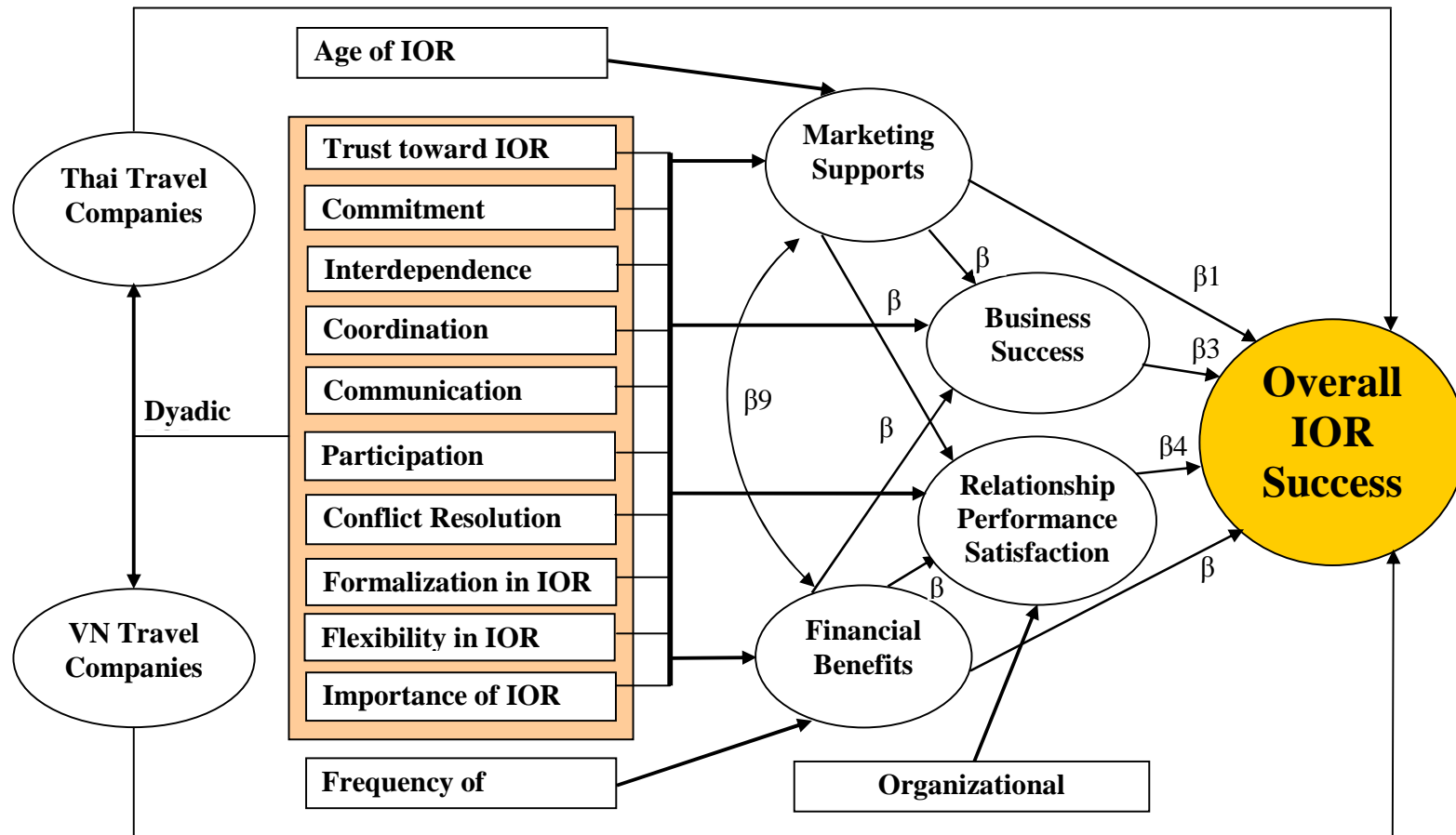
Figure 2.2 Conceptual Framework

2.10 Chapter Summary

This chapter has focused on the theoretical background of inter-organization relation theory,, which is considered a combination of relevant theories that view organizations as open systems. Those relevant theories are: 1) open system theory, 2) transaction cost theory, 3) resource dependence theory, 4) contingency theory, 5) organizational ecology, 6) institutional theory, 7) strategic choice, 8) stakeholder theory, and 9) learning organization theory. The common element of these theories is the consideration of the organization as an open system and the use of the environment to explain reasons or motives for IOR formation. In addition, the chapter discussed the reasons for an organization to set up an IOR with partners. Those reasons are mainly: organizational goals, environmental uncertainty, mutual interdependence, legitimacy, meeting necessary legal or regulatory requirements, and resource scarcity. Types of IOR were also discussed in this chapter and only the types of strategic alliance and partnership were considered appropriate for this study of the success of the relationship between Vietnamese and Thai travel companies, as they can be strategic alliances for sharing benefits and managerial control over the performance of assigned tasks and make continuing contributions to one or more strategic areas, such as technology or products (Roberts, 2004) and tourist services. These companies can also be in partnerships in which they are jointly committed to the success of whatever process they are in (Roberts, 2004). The chapter then introduced the main dependent variable of overall IOR success and the factors determining overall IOR success. The overall IOR success that this study tries to measure refers to the overall evaluation of the relationship in both aspects—the quantitative measure of the mutual benefit that participants reap from the relationship, and satisfaction with the achievement of performance expectations of the involved parties. The factors determining overall IOR success were mainly derived from the work of Mohr and Spekman (1994), the study of Medina-Munoz and García-Falcón (2000), and several additional factors suggested by other researchers; namely, inter-organizational trust, commitment to the IOR, inter-organizational communication, interdependence, IOR coordination, IOR participation, IOR conflict resolution,

formalization in the IOR, flexibility in the IOR, importance of the IOR, frequency of interaction, organizational compatibility, and age of the IOR. In addition, four intervening variables were included in the models of this research: marketing supports in the IOR (Morgan and Hunt, 1994), financial benefits of the IOR (Medina-Munoz and García-Falcón, 2000), business success of the IOR (Narus and Anderson, 1987; Johnston and Lawrence, 1988), and relationship performance satisfaction with the IOR (Anderson and Narus, 1990; Biong, 1993). Finally, a comprehensive conceptual framework was formed and used as a model to measure the direct and indirect effects of overall IOR success.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the methodology that was used to determine which of these factors were important for the success of the relationships. First, the chapter provides an overview of the research design, then the unit of analysis and informants of the study are discussed, followed by a description of the target population and sample size; after that, the survey instrument development and survey administration are described. Next the dependent and independent variables are introduced and operationalized. The reliability and validity of the measures of the study were considered important in terms of the pretest procedures, the Cronbach alpha values, and the factor analysis applied to check for the reliability and validity in this study. Finally, the data collection procedure is described and the analytic methods used in this study are described in the data analysis section.

3.2 Research Design

The main research question this research attempts to answer is: "To what extent are the inter-organization relationships between Vietnamese and Thai travel companies successful through trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of IOR, age of IOR, compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR?" A review of the literature in Chapter 2 found that the success of the relationships is dependent on many factors, such as trust in the IOR,

commitment to the IOR, interdependence, coordination of the IOR, communication in the IOR, participation in the IOR, conflict resolution in the IOR, formalization in the IOR, flexibility of the IOR, importance of the IOR, age of the IOR, organizational compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR.

This study mainly focuses on IOR success considering the relationships of factors that affect this success. Therefore, the quantitative approach was the major method applied to this study. This means that this research is based on survey research in which data were collected from the sample selected from the target population. Most of the measures were based on a five point Likert scale in which 1 is "strongly disagree" and 5 is "strongly agree," and for the last question of the questionnaire, "How often does your company interact with your travel partner in Thailand?," 1 is "not at all" and 5 is "very often."

The quantitative analysis of this research was conducted using SPSS program version 15.0 with important statistical techniques applied, including factor analysis, multiple regression analysis, and path analysis in the research finding analysis of the research.

In addition, researcher also conducted several casual, short interviews with managers of travel companies (both Vietnamese and Thai) that came to a conference about Thai tourism products organized by the office of TAT at the Rex Hotel on April 7, 2010. The questions to the managers mainly focused on their current relationships and practical solutions for enhancing the success of tourism cooperation between Vietnamese and Thai travel companies. On the other hand, one open ended question was included in the questionnaire asking for further suggestions on how to develop successful cooperation between the Vietnamese and Thai tourism industry in general and between the travel companies of the two countries, in particular, consider qualitative. An integration of quantitative research findings and the answers from several travel company managers and from the open ended question helped researcher to better understand the reality of the relationships and the demands of tourism cooperation

development between the two countries in order to provide more valuable recommendations to tourism authorities, tour operators, travel company managers of both countries, and potential investors with important information with which to make important strategic decisions.

3.3 Unit of Analysis and Informants of the Study

Inter-organizational relationship research identifies three different levels of analyses. These are: 1) dyad, 2) organizational set, and 3) networks. In a dyad, the focus is on the relationship between two organizations. In an organizational set, the interest lies in the relationships maintained by a single focal firm with a number of other organizations. In a network, the enquiry encompasses all possible links that exist between the organizations in a given set.

This study mainly focuses on the dyadic relationship between Vietnamese and Thai travel companies. The unit of analysis for the relationship between the travel partners of Vietnam and Thailand, therefore, is at the corporate level. Some IOR researchers maintain that a dyadic relationship cannot be studied independently of the two participants. In order to obtain analyzable IOR measures, Van de Ven and Ferry (1980) suggest that data should be collected from the two parties in a dyad. However, studies by Reve and Stern (1986), among others, have shown that dyad participants may have widely different perceptions, which questions the validity of combining their scores to obtain an overall measure. Moreover, the requirement of collecting matched responses from both participants in a dyad can considerably reduce sample size and impinge on the opportunity for conducting stringent data analyses. One possible strategy for dealing with this dilemma is to separate the dyadic relationship into two levels, and focus on one or both of the levels independently. This strategy, which is commonly followed by both organizational behavior and marketing researchers, is employed in this study. The data were collected from only one party of the dyad, which consisted of 237 international travel companies of Vietnam having business relationships with Thai travel partners.

3.4 Target Population and Sample Size of the Study

The target population of this study was all international travel companies of Vietnam having relationships with Thai travel companies. This number of Vietnamese travel companies was obtained from a list provided by the office of TAT in Ho Chi Minh City. The total number of travel companies in this list is 237, considered as the population of this research.

The size of a sample is an important element in determining the statistical precision with which population values can be estimated. In general, increased sample size is associated with decreased sampling error. The larger the sample, the more likely the results are to represent the population. However, the relationship between sampling error and sample size is neither simple nor proportional—there are diminishing returns associated with adding elements to a sample. Bartlett, Kotrlik and Higgins (2001) have stated that a common goal of survey research is to collect data representative of a population. Researcher uses information gathered from the survey to generalize findings from a drawn sample back to a population, within the limits of random error. Determining a correct sample size for a study is very important because, according to Peers (1996), sample size is one of the four interrelated features of a study design that can influence the detection of significant differences, relationships or interactions. Scientifically, to achieve a correct sample size, it was reasonable to look at Bartlett, Kotrlik and Higgins' table (2001) in order to determine sample size for this research. Realistically, costs are usually the main factor in determining sample size. Incidentally, the degree of confidence in the findings from the study would objectively reflect the entire population.

Table 3.1 Determining Minimum Returned Sample Size for a Given Population
Size for Continuous and Categorical Data

	Sample size					
	Continuous data (margin of error =.03)			Categorical data (margin of error =.05)		
Population size	alph =.10 t=1.65	alph =.05 t=1.96	alph =.01 t=2.58	p=.50 t=1.65	p=.50 t=1.96	p=.50 t=2.58
100	46	55	68	74	80	87
200	59	75	102	116	132	154
300	65	85	123	143	169	207
400	69	92	137	162	196	250
500	72	96	147	176	218	286

Source: Adapted from Bartlett, Kotrlik and Higgins, 2001: 48.

Table 3.1 above is small part of a bigger table developed by Bartlett, Kotrlik and Higgins which presents sample size values that will be appropriate for many common sampling problems. The table includes sample sizes for both continuous and categorical data, assuming an alpha level of .10, .05, or .01. The margins of error used in the table were .03 for continuous data and .05 for categorical data. The margin of error expresses the maximum expected difference between the true population parameter and a sample estimate of that parameter. According to Bartlett, Kotrlik and Higgins (2001), an alpha of .05 or .01 is acceptable for most research and for continuous data, a 3 percent margin of error is acceptable (Krejcie and Morgan, 1970). For example, a three percent error would result in researcher being confident that the true mean of a five point scale is within ±.15 (.03 times five points on the scale) of the mean calculated from the

research sample. Therefore, based on Bartlett, Kotrlik and Higgins' table for determining minimum returned sample size for a given population for continuous data and the list of 237 international Vietnamese travel companies having relationships with Thai travel partners obtained from the office of TAT in Ho Chi Minh City, the minimum sample for this study was 110 travel companies, with a margin of error of (ME=.03) and a p-value = .01. This means that if researcher has more than 110 questionnaires filled and returned, he or she can be 99 percent confident that the sample estimates will have a sampling error less than ±.15 (.03 times five points on the scale of this research measures).

In order to obtain an appropriate sample size for factor analysis and multiple regression analyses, researcher expected to have more than 110 questionnaires filled and returned that matched Nunnally's (1978) suggestion of a 10 to 1 ratio: that is, ten cases for each variable to be factor analyzed or five cases for each variable are considered adequate in most instances (Pallant, 2005). This expected number of responses is considered quite high in the travel and tourism industry, as Crawford-Welch (1991) states that the response rates in the hospitality industry range from 10.5 to 30.7 percent. In addition, Bartlett, Kotrlik and Higgins (2001) stated that many educational and social research studies often use data collection methods, such as surveys and other voluntary participation methods, where the response rates are typically well below 100 percent. Salkind (1997: 107) recommended oversampling when he stated that "If you are mailing out surveys or questionnaires, count on increasing your sample size by 40 percent to 50 percent to account for lost mail and uncooperative subjects." Fink (1995: 36) has also stated that "oversampling can add costs to the survey but is often necessary." Cochran (1977: 396) added that "a second consequence is, of course, that the variances of estimates are increased because the sample actually obtained is smaller than the target sample. This factor can be allowed for, at least approximately, in selecting the size of the sample." Therefore, in this study, in order to make sure that the expected sample size was obtained, researcher decided to send the survey questionnaires to all travel companies on the list, except the 17 travel companies in Ho Chi Minh City that researcher had interviewed for the

pretest process of the research. As a result, the number of international travel companies left to be sent questionnaires to was 220 companies (237 – 17 = 220).

3.5 Survey Instrument Development

The development of the survey instrument closely followed Dillman's (2000) tailored design approach in order to maximizing potential response rate. Most questions were formulated as statements on a five-point Likert-scale, ranging from 1 as "strongly disagree" to 5 as "strongly agree." Six steps were adopted in elaborating the questionnaire. First, researcher reviewed the empirical literature related to IORs, and an initial draft questionnaire was completed based on the literature review. Many of the statements included in the questionnaires were adapted from the previous work of Mohr and Spekman (1994) in their study of the characteristics of vertical partnership success, and the work of Medina-Munoz and García-Falcón (2000), in their study of the determinants of the success of relationship between hotels and tour agencies. In addition, researcher added more indicators to each of the factors adapted from previous works. Using other factors suggested from the literature by many previous researchers without testing or giving indicators, researcher created new indicators that matched the objectives of the study and were especially suitable for the field of travel and tourism.

According to Neuman (1997), the principle of using a pretest extends to replicating the measures that other researchers have used. We may use past research that constructed a scale to measure the same concept as in our study or we may add more indicators and compare them to the previous measures. Consequently, the measure can improve over time, as long as the same definition is used.

Second, the initial draft questionnaire was then reviewed by researcher's colleagues (Ph.D. students of class 13 and 14) in order to obtain comments on wording, corrections of sentences and statements, format, and scale construct during the preliminary qualitative phase. Then the questionnaire was read by a former expert in tourism marketing and development at TAT in Bangkok and by

two lecturers in the field of tourism for further comments. All contributing suggestions and comments for the draft questionnaire from colleagues, tourism experts, and academic experts in the field of tourism were carefully considered and adjustments were made in order to produce a good survey instrument for the research. After that, the questionnaire was once again carefully reviewed and approved by the supervisor of the research for the final version of the questionnaire.

In the third step, the questionnaire was translated into Vietnamese (by researcher) and reviewed by two professors in the school of international tourism management of Hong Bang University International in order to make sure that the translation was good quality and understandable in Vietnamese.

Fourth, the questionnaire was pretested with a group of 17 Vietnamese international travel companies having relationships with Thai travel partners in Ho Chi Minh City in order to determine the reliability of the measurement. The responses from the pretest were then reviewed and analyzed. Although the small sample size (N = 17) for the pilot test did not allow for an in-depth quantitative analysis, item means, ranges, variances, Cronbach's alpha coefficient, and corrected item total correlations were examined to detect potential problems.

Table 3.2 Summary of Survey Instrument Development Steps

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1. Select factors and items within each factors based on the literature.
2. Refine where needed based on comments and suggestions from colleagues and experts.
3. Translation of the survey instrument into Vietnamese.
4. Conduct the pretest of the survey instrument (17 respondents).
5. Convert nearly half of the statements in the questionnaire to avoid halo effect/error.
6. Final survey instrument

In the fifth step, in order to avoid the "Halo Effect/Error", nearly half of the statements in the questionnaire were reverse-worded. Halo error is considered the major psychometric error affecting multi-factor ratings and it occurs when an informant evaluates or rates an object in an undifferentiated manner. Details of how several statements/items of each factor will be discussed in following sections. Finally the questionnaire was completed and was ready to be sent to the target informants of the research.

3.6 Operational Definitions and Measurements

After the conceptual model was developed from various literature reviews and previous researches related to IOR success, the operational definition of each variable needed to be determined in order to conduct the research. To determine the process for transforming the abstract of the conceptual framework into concrete variables, each variable required both an operational definition and a measure (Kerlinger, 1973). The following sections explain the measures of the dependent, intervening, and independent variables used in this study.

The survey instrument developed for this study consisted of measurement items for the following constructs: Overall IOR success as the main dependent variable of the research. In addition, marketing supports, financial benefits, business success, and relationship performance satisfaction were considered as intervening variables. The independent variables of the study included trust in the IOR, commitment to the IOR, interdependence in the IOR, coordination of the IOR, communication in the IOR, participation in the IOR, conflict resolution in the IOR, formalization in the IOR, flexibility of the IOR, importance of the IOR, age of the IOR, organizational compatibility, and frequency of interaction. Each item was measured using a five-point Likert-type scale with responses ranging from (1) "strongly disagree" to (5) "strongly agree." Questions concerning organizational and individual demographics were also included in the questionnaire. These items included the following: job positions, location of company, organizational size (in terms of number of staff: full time and part-time

staff), age of company, and age of the relationship. A copy of the survey instrument is included in Appendix A (English version) and Appendix B (Vietnamese version). The items used to measure each construct are listed below with the sources and reliability estimates (Cronbach's alpha coefficient) of the pretest of the research.

3.6.1 Dependent Variable

The dependent variable of overall IOR success was derived from the measures of success shown in table 3.3, which were based on criteria of success derived from the IOR success literature. The overall IOR success measured in this research was based on an aggregation of the outcome variables listed in the table. The dependent variable is a constructed index of the variables that were measured on the same scale. Index construction creates new variables from a combination of several variables and is used when several questions measure a complex concept. Weisberg et al. (1996) claim that this strategy gives better results than when only a single question is used to measure a variable since the result will be less dependent on the wording of particular questions.

For the main dependent variable of overall IOR success of this research, respondents were asked about the overall IOR success between their companies and Thai travel partners in question (q6a), including five items as shown in table 3.3 below.

Table 3.3 Dependent Variable of Overall IOR Success

Construct	Items	(Cronbach's alpha = .847; Pre-test: N = 17)
Overall IOR Success	1. Our partner is an excellent travel company to do business with. 2. Our time and effort spent in developing and maintaining the relationship with the partner has been worthwhile. 3. We feel more powerful and confident in this tourist market. 4. All of our goal setting for this relationship has been met. 5. We are completely satisfied with the relationship as a whole.	

This measure was developed by adopting the first two items from previous researchers (Van de Ven, 1976; Van de Ven and Ferry, 1980; Ruekert and Walker, 1987; Skinner, Gassenheimer and Kelley, 1992; Bucklin and Sengupta, 1993; Mohr and Spekman, 1994; Medina-Munoz and García-Falcón, 2000). These two items include: 1) "Our partner is an excellent travel company to do business with" and 2) "Our time and effort spent in developing and maintaining the relationship with the partner has been worthwhile." The other three items of this construct were added by researcher as they were considered important in the field of travel and tourism. The reliability test of this measure in the pretest procedure of this research showed a Cronbach alpha coefficient of **.847**. This value was quite high, above .70, so it could be concluded that these items were internally consistent and measured the same thing.

3.6.2 Intervening Dependent Variables

One of the objectives of this research was to try to measure IOR success through intervening variables. Looking at the literature, there has been no research measuring IOR success. The two works, Mohr and Spekman (1994) in their study of the characteristics of vertical partnership success and the work of Medina-Munoz and García-Falcón (2000) in their study of the determinants of the success of relationship between hotels and tour agencies, that this study is based

on measured IOR success directly using multiple regression models. Negandhi (1980) has stated that the present focus in inter-organization studies has not established a linkage between the so-called intervening variables and effectiveness (relationship success) measures. Therefore, this study attempted to measure overall IOR success through intervening variables, marketing supports satisfaction, overall business success of the relationship, financial benefits from the relationship, and relationship performance satisfaction, in order to find out the direct and indirect impacts on IOR success, as well as the predictive power of the independent variables.

1) Marketing Supports in the IOR

Regarding marketing supports satisfaction of the IOR between Vietnamese and Thai travel companies, this measure was presented in the survey questionnaire as (q6b) and consisted of six items, as shown in table 3.4, among which the first three items were adapted from the work of Medina-Munoz and García-Falcón (2000): 1) "We receive cooperative advertising support from our partner." 2) "We receive promotional support (brochures, leaflets, displays, etc.) from our partner," and 3) "We receive off-invoice promotional allowances from our partner." The other three items of this construct were added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.917**. This value is very high, above .70, so it could be concluded that these items were well inter-correlated and measured the same thing.

Table 3.4 Intervening Variable of Marketing Supports in the IOR

Construct	Items	(Cronbach's alpha = .917; Pre-test: N = 17)
Marketing supports in the IOR	1. We receive cooperative advertising support from our partner. 2. We receive promotional support (brochures, leaflets, displays, etc.) from our partner. 3. We receive off-invoice promotional allowances from our partner. 4. We receive new sources of customers from our partner. 5. We can diversify our tourist products and services through our partner. 6. Overall, we are satisfied with the marketing supports from our partner.	

2) Financial Benefits of the IOR

Regarding the financial benefits satisfaction with the IOR between Vietnamese and Thai travel companies, this measure was presented in the survey questionnaire as (q6c) and also consisted of six items, as shown in table 3.5, among which the first item was adapted from the work of Medina-Munoz and García-Falcón (2000): 1) "We obtain more profit on sales from our travel our partner." The other items of this construct were added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.901**. This value is very high, above .70, so it could be concluded that these items were well inter-correlated and measured the same thing.

Table 3.5 Intervening Variable of Financial Benefits of the IOR

Construct	Items	(Cronbach's alpha = .901; Pre-test: N = 17)
Financial Benefits of the IOR	1. We obtain more profit on sales from our travel partner. 2. We receive appropriate commission levels from our partner. 3. We can reduce costs of inputs from our partner. 4. We can reduce market and tour research and development costs. 5. We have new sources of revenue from our partner. 6. Overall, we are satisfied with the financial benefits gained from the relationship.	

3) Business Success of the IOR

The measure of business success satisfaction with the IOR between Vietnamese and Thai travel consisted of five items, as shown in table 3.6, among which the first item was adapted from the work of Mohr and Spekman (1994): 1) "We increase total sales from our partner." The other items of this construct were added by researcher. This measure was presented in the survey questionnaire as (q6d). The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.889**. This value is quite high, above .70, so it could be concluded that these items were well inter-correlated and measured something similar to the scale as a whole.

Table 3.6 Intervening Variable of Business Success of the IOR

Construct	Items	(Cronbach's alpha = .889; Pre-test: N = 17)
Business Success of the IOR	1. We increase total sales from our partner. 2. We have a profitable business relationship with our partner. 3. We see potential benefits including more sales from our partner in the future. 4. We have more opportunities for other business. 5. Overall, we are satisfied with the profit gained from the relationship.	

    4) Relationship Performance Satisfaction

The relationship performance satisfaction presented in the survey questionnaire as (q6e) was measured with items (shown in table 3.7) developed specifically for this study that examined the perception of the organization's relationship performance relative to others in five areas of performance: more productivity, more customer satisfaction with tourist products and services, improvement of products and service performance, compatibility of facilities, and achievement of market expansion goals. The development of these items was from a thorough examination of the literature and the items were tied to the definition of relationship performance (Anderson and Narus, 1990; Biong, 1993) and weere also measured using a five point Likert-type scale with responses ranging from (1) "strongly disagree" to (5) "strongly agree." The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.823**. This value is quite high, above .70, so it could be concluded that these items were well inter-correlated and measured the same thing.

Table 3.7 Intervening Variable of Relationship Performance Satisfaction

Construct	Items	(Cronbach's alpha = .823; Pre-test: N = 17)
Relationship Performance Satisfaction	1. We become more productive. 2. We obtain more customer satisfaction for our tourist products and services. 3. We improve our product and service performance. 4. Our properties/facilities are compatible with the needs of the partner's customers. 5. We achieve our goals of expansion to a new market through our partner. 6. Overall, we are satisfied with our relationship with the partner.	

3.6.3 Independent Variables

The independent variables were also derived and synthesized from the literature reviewed in Chapter Two. For each variable a question was asked about to the extent to which the informants agreed or disagreed with statements about the co-operative relationship that the informants' company had with its Thai travel partner. The following sections are the operationalizations of these variables.

1) Trust in the IOR

The trust measured in this study included two items adopted from a scale developed by Morgan and Hunt (1994), which examined the confidence that the supplier has in the integrity of the buyer. It examines the reliability of the buyer in the inter-organizational relationship. Trust was measured using Morgan and Hunt's (1994) six items (previous α= .949) and were examined with a five point Likert-type scale ranging from (1) "strongly disagree" to (5) "strongly agree." In this measure, only items (4), "We trust that our partner always does right thing for the relationship" and item (5),"We trust that our partner has high integrity" were adopted from the work of Morgan and Hunt (1994). In addition,

item (2), "We trust that our relationship is marked by great harmony" and item (3), "We trust that our partner always brings benefits to us" were adopted from the work of Mohr and Spekman (1994). Item (8), "We believe that we will have a long-term relationship with our partner" was adopted from the work of Gibson, Rutner and Keller (2002). The other items were added by the researcher to create a measure of trust that included nine items, as shown in table 3.8. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.874**. This value is quite high, above .70, so it could be concluded that these items were reliable and measured the same thing.

Table 3.8 Independent Variable of Trust in the IOR

Construct	Items (Cronbach's alpha = .874; Pre-test: N = 17)
Trust toward the IOR	1. We trust our partner's decisions.
	2. We trust that our relationship is marked by great harmony.
	3. We trust that our partner always brings benefits to us.
	4. We trust that our partner always does the right thing for the relationship.
	5. We trust that our partner has high integrity.
	6. We trust that our partner has good prestige.
	7. We trust that our partner has great capability.
	8. We believe that we'll have a long-term relationship with our partner.
	9. Overall, we highly trust our partner.

2) Commitment to the IOR

The measure of commitment to the IOR included six items, as shown in table 3.9. The first three items were adopted from the work of Morgan and Hunt (1994), where the reliability score for this set of items was .895. Item (4), "We have a strong sense of loyalty to this travel partner," was adopted from

the work of Medina-Munoz and García-Falcón (2000). Item (5) and (6) were added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.818**. This value is quite high, above .70, so it could be concluded that these items were well interval consistent and measured something similar to the scale as a whole.

Table 3.9 Independent Variable of Commitment to the IOR

Construct	Items	(Cronbach's alpha = .818; Pre-test: N = 17)
Commitment to the IOR	1. We are very committed to continuing the relationship.	
	2. We intend to maintain the relationship indefinitely.	
	3. The relationship deserves our maximum effort to maintain it.	
	4. We have a strong sense of loyalty to this travel partner.	
	5. We try more to improve and develop this relationship.	
	6. Overall, we will continue the relationship.	

    3) Interdependence in the IOR

To measure the actual interdependence between Vietnamese and Thai travel companies, respondents were asked to rate the following seven items on a five point Likert-type scale, ranging from (1) "strongly disagree" to (5) "strongly agree," as shown in table 3.10. The first two items were adopted from the work of Mohr and Spekman (1994) and the work of Medina-Munoz and García-Falcón (2000). The other items were added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.679**. This value is a bit lower than .70 but it was considered acceptable. It could also be concluded that these items were reliable and measured the same thing.

Table 3.10 Independent Variable of Interdependence in the IOR

Construct	Items	(Cronbach's alpha = .679; Pre-test: N = 17)
Interdependence in the IOR		1. If we want to, we can easily switch to another travel partner.
		2. If our partner wants to, they can also easily switch to another travel company.
		3. Both sides have equal rights in planning and decision making in all aspects.
		4. We have strong control over our partner.
		5. We are strongly controlled by our partner.
		6. Both sides have similarity of relative dependence.
		7. Overall, both sides have relative dependence and interdependence in the relationship.

4) Coordination of the IOR

The measure of coordination of the IOR for this study includes ten items, as shown in table 3.11. The first two items were adopted from the work of Mohr and Spekman (1994) and the work of Medina-Munoz and García-Falcón (2000). Mohr and Spekman measured coordination with the first item along with another item, "Programs at the local level are well coordinated with the manufacturer's national program." The correlation coefficient was .68. The other items from item (3) to item (10) were added by researcher based on the literature. These items are considered important in the field of travel and tourism. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.845**. This value is quite high, above .70, so it could be concluded that these items were well inter-correlated and measured something similar to the scale as a whole.

Table 3.11 Independent Variable of Coordination of the IOR

Construct	Items	(Cronbach's alpha = .845; Pre-test: N = 17)
Coordination of the IOR	1.	Our activities with the travel partner are well coordinated.
	2.	We plan and schedule the sales with our travel partner well.
	3.	Our partner's activities with us are well coordinated.
	4.	We plan and schedule tours and services with our travel partner well.
	5.	We meet and discuss tours and services with our travel partner when needed.
	6.	We fairly divide tasks between partners.
	7.	We have representatives, of each side, for our relationship.
	8.	We help our travel partner whenever and/or whatever they ask.
	9.	Our travel partner helps us whenever and/or whatever we ask.
	10.	Overall, we are satisfied with the current coordination of the relationship.

5) Communication in the IOR

Previous researchers have used the measure of communication in the IOR, which includes five areas of information quality: information that is accurate, timely, adequate, complete, and credible (Daft and Lengal, 1986; Huber and Daft, 1987; Mohr and Spekman, 1994; Monczka et al., 1998). For this study, the measure of communication in the IOR included nine items, as shown in table 3.12. These items were adapted from the literature and were added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.905**. This value is very high, above .70, so it could be concluded that these items were very reliable and measured something similar to the scale as a whole.

Table 3.12 Independent Variable of Communication in the IOR

Construct	Items	(Cronbach's alpha = .905; Pre-test: N = 17)
Communication in the IOR	1. Communication between us is timely, adequate, and complete.	
	2. We share accurate and credible information with each other.	
	3. We always provide honest information to each other.	
	4. We always share relevant information with each other.	
	5. We use an open line of communication in our relationship.	
	6. We often exchange strategic and important business information with each other.	
	7. Our relationship always has systematic availability of information.	
	8. Our communication channels are diverse.	
	9. Overall, we are satisfied with the communication in the relationship.	

6) Participation in the IOR

The measure of participation in the IOR was measured by asking respondents to rate the following nine items on a five point scale, ranging from (1) "strongly disagree" to (5) "strongly agree," as shown in table 3.13. The first three items were adapted from the work of Mohr and Spekman (1994) and the work of Medina-Munoz and García-Falcón (2000). The other items were derived from the literature and added by researcher. The reliability test of this measure in the pretest procedure of the research showed the Cronbach alpha coefficient of **.857**. This value is considered high, above .70, so it could be concluded that these items were very reliable and measured something similar to the scale as a whole.

Table 3.13 Independent Variable of Participation in the IOR

Construct	Items	(Cronbach's alpha = .857; Pre-test: N = 17)
Participation in the IOR	1. We provide advice and counsel to our travel partner.	
	2. We seek advice and counsels from our travel partner.	
	3. We encourage contributive suggestions with each other.	
	4. Both sides have competent abilities.	
	5. Both sides play significant roles.	
	6. Both sides take equal responsibility.	
	7. Both sides take part in decisions and goal formulation.	
	8. Both sides take part in decision-making processes.	
	9. Overall, both sides actively participate in the relationship.	

7) Formalization in the IOR

Formalization in the IOR refers to the extent to which rules and procedures govern the relationship between inter-organizational partners (Van de Ven, 1976). This measure includes six items, which were derived from the literature and added by researcher, as shown in table 3.14. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.859**. This value is considered high, above .70, so it could be concluded that these items were very reliable and measured something similar to the scale as a whole.

Table 3.14 Independent Variable of Formalization in the IOR

Construct	Items	(Cronbach's alpha = .859; Pre-test: N = 17)
Formalization in the IOR	1. We have clear prescriptions and distributions of tasks between partners.	
	2. We have clear routines for safety training for both partners' employees.	
	3. We have work procedures and training for both partners' employees.	
	4. Both sides provide standardized tourist products and services.	
	5. Both sides employ qualified tour guides.	
	6. Overall, the information routines between partners are very clear.	

8) Flexibility in the IOR

Flexibility in the IOR refers to the extent to which partners respond to requests for changing circumstances (Gibson, Rutner and Keller, 2002). This measure includes six items developed for this study that came from the definition of flexibility in the IOR. These six items were tested using a five point Likert-type scale, with responses ranging from (1) "strongly disagree" to (5) as "strongly agree." The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.820**. This value is considered high, above .70, and was considered reliable and measured something similar to the scale as a whole.

Table 3.15 Independent Variable of Flexibility in the IOR

Construct	Items	(Cronbach's alpha = .820; Pre-test: N = 17)
Flexibility in the IOR	1. Both sides of our relationship are flexible in response to requests for changes. 2. Both sides are expected to be able to make adjustments in the ongoing relationship to cope with changing circumstances. 3. When some unexpected situations arise, both parties would rather work out a new deal than hold each other to the original terms. 4. We use proactive management for special needs and exceptions of our relationship. 5. Both sides have the ability to handle changing requirements from each other. 6. Both sides have the ability to respond to objective requests. 7. Overall, we are flexible in dealing with changes in our relationship.	

9) Conflict Resolution in the IOR

The measure of conflict resolution in the IOR was adapted from Mohr and Spekman's (1994) study as well as the study of Medina-Munoz and García-Falcón (2000). For this study, only constructive conflict resolutions were applied. As a result, solving conflicts through using "harsh words" was considered not appropriate, so the item "harsh words" was not included in the measure of conflict resolution. As shown in table 3.16, the measure includes eight items which were derived from the literature and added by researcher. The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.819**. This value is considered high, above .70, and was considered reliable and measured the same thing.

Table 3.16 Independent Variable of Conflict Resolution in the IOR

Construct	Items	(Cronbach's alpha = .819; Pre-test: N = 17)
Conflict resolution in the IOR	1. We try to avoid creating issues/problems.	
	2. Either party tries to be persuasive.	
	3. Both sides always try to solve problems together.	
	4. Our problems are mediated by an outsider partner.	
	5. Our partner lets us dominate/control the relationship.	
	6. We let our partner dominate/control the relationship.	
	7. We try internal resolution.	
	8. Overall, we are satisfied with the conflict resolution used in the relationship.	

10) Importance of the IOR

The importance of the IOR refers to the extent to which staff members of an organization perceive that the relationship is critical to the mission of the organization (Hall et al., 1977; Whetten and Szwajkowski, 1978). This measure included six items developed for this study that came from the definition. These six items were tested using a five point Likert-type scale with responses ranging from (1) "strongly disagree" to (5) "strongly agree." The reliability test of this measure in the pretest procedure of the research showed the Cronbach alpha coefficient of **.867**. This value is considered high, above .70, and was considered reliable and measured something similar to the scale as a whole.

Table 3.17 Independent Variable of Importance of the IOR

Construct	Items	(Cronbach's alpha = .867; Pre-test: N = 17)
Importance of the IOR	1. It's important because we gain marketing supports from our partner.	
	2. It's important because we gain financial benefits from the relationship.	
	3. It's important because we can expand our market through our partner.	
	4. It's important because we can sell more tours and services through our partner.	
	5. It's important because we enjoy cost reduction from the relationship.	
	6. It's important because we are doing business with a competent partner.	

11) Organizational Compatibility

Organizational compatibility reflects complementarity in goals and objectives, as well as similarity in operating philosophies and corporate culture (Bucklin and Sengupta, 1993). In addition, according to Saxton (1997), organizational compatibility or similarity is the degree of fit among organizations, which helps the partners maintain a satisfactory relationship outside the resource exchange. This measure included seven items developed for this study that came from the definition. These seven items were tested using a five point Likert-type scale, with responses ranging from (1) "strongly disagree" to (5) as "strongly agree," The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.852**. This value is considered high, above .70, and was considered reliable and measured something similar to the scale as a whole.

Table 3.18 Independent Variable of Organizational Compatibility

Construct	Items	(Cronbach's alpha = .852; Pre-test: N = 17)
Organizational compatibility		1. Our company's goals and objectives are consistent with those of the partner's.
		2. Our director and the director of the partner company have similar operating styles.
		3. Our products and services are somewhat similar to those of the partner's.
		4. Our products and services have the same quality compared to those of the partner.
		5. Both sides of the relationship serve similar markets.
		6. Our company's tourists and the partner's have similar characteristics.
		7. Overall, both sides of our relationship are compatible with each other.

12) Frequency of Interaction

Frequency of interaction refers to the amount of contacts or exchanges between organizations, to be measured in relation to an organization's total contact with others in the relationship (Mayhew's, 1971). This measure included five items developed for this study that came from the definition. These five items were tested using a five point Likert-type scale, with responses ranging from (1) "not at all" to (5) as "very often." The reliability test of this measure in the pretest procedure of the research showed a Cronbach alpha coefficient of **.823**. This value is considered high, above .70, and was considered reliable and measured something similar to the scale as a whole.

Table 3.19 Independent Variable of Frequency of Interaction

Construct	Items	(Cronbach's alpha = .823; Pre-test: N = 17)
Frequency of interaction	1. We frequently send tourists to our partner. 2. We frequently receive tourists from our partner. 3. We frequently have meeting/visiting between partners. 4. We frequently contact our partner by phone, email, internet, orfax. 5. Both sides frequently help each other with other services (e.g. airline booking, hotel reservations, museums, theater, etc.).	

3.7 Reliability and Validity of Measures

3.7.1 Reliability

Developing a measure of an abstract concept in research is a difficult and extremely time-consuming process if it is to be done correctly. However, it is necessary to spend time on doing this in order to gain accurate and valid results. Reliability and validity are the most important for social research because constructs in social theory are often ambiguous, diffuse, and not directly observable. While reliability provides us with an indicator's dependability and consistency, validity tells us whether an indicator actually captures the meaning of the construct in which we are interested (Neuman, 1997).

According to Norusis (1993), reliability is a measuring instrument that determines if comparable measures of the same construct of a given object agree, or whether the tests yield similar results when different people administer them and when alternative forms are used. Babbie (2001) has also defined reliability as a matter of whether a particular technique that is applied repeatedly to the same object yields the same results. Reliability can also illustrate as the information provided by indicators (e.g. a questionnaire) which do not vary as a result of

characteristics of the indicators, instrument, or measurement device itself (Neuman, 1997).

There are four approaches for accessing instrument reliability, which consist of: 1) the retest method, 2) the split-half method, 3) using established measures, and 4) the internal consistency method (Babbie, 2001). The internal consistency method is used more popularly and is well accepted as the general form of reliability evaluation. Cronbach's alpha statistical analysis is an indicator of the degree of reliability of each measurement. The Cronbach's alpha measures the internal consistency of a single factor by the level of correlation between the indicator variables that describe the factor. This method is based on the assumption that variables measuring the same construct should be highly correlated with one another. Based on the literature review and discussion with the experts in statistics, researcher decided to employ the Cronbach's alpha coefficient to measure the reliability of the dependent and independent variables of this study.

3.7.2 Validity

According to Norusis (1993), the instrument or measurement must measure what we intend it to measure. The validity is then necessary for the measurement tool to evaluate the reliability of construct measurement and fit well with our research objectives and yielded the expected results. Validity then refers to the extent to which an empirical measure has sufficient reflects to the real meaning of the concept under consideration. Selltiz et al. (1976), like Babbie (2001), defined validity as the extent to which difference scores on the measure reflects the true differences among individuals on the characteristics that we seek to measure rather than constant or random errors. In addition, Saunders et al. (2007) defined validity as the extent to which the data collection method accurately measures what it is intended to measure, and the extent to which the research findings are really about what they profess to be about. In other words, "Do the results say what they are supposed to say?" and "How truthful are the results?"

Babbie (2001) has provided yardsticks for assessing validity, which are: 1) face validity, 2) criterion-related validity, 3) construct validity, and 4) content validity. However, Cronbach (1971) suggested a review process whereby experts in the field familiar with the content area evaluate versions of the instrument repeatedly until a form of consensus is reached. Content analysis—how much a measure covers the range of meaning included in the concept—was then applied to this study to assess the validity of the measurement. The items of each variable were reviewed and discussed by researcher and by experts and lecturers in travel and tourism during the item and scale construction period. The wording on each item was reviewed and adjusted to fit the field of travel and tourism. Moreover, pre-testing of the questionnaires was carried out to determine the validity and reliability of the measurement. Finally, the validity and reliability of the measurement were once again consolidated through factor analysis, as described in the following section (3.7.4).

3.7.3 Pre-Testing Process

One principle for improving reliability is to use a pretest or pilot version of a measure first: develop one or more draft or preliminary versions of a measure and try them before applying the final version in a hypothesis-testing situation. This process takes more time and effort, but it is likely to produce a reliable measure.

Cone and Foster (1993) have suggested that researchers do a pilot test of the research process for the following reasons: 1) to ensure that the respondents will respond in accord with instructions, 2) to uncover and decide how to handle unanticipated problems, and 3) to learn how to use and to check the adequacy of the research equipment.

Therefore, doing a pretest provided researcher with feedback that helped him to improve the reliability and validity of the research tool (i.e. questionnaire survey). Consequently, in this study, researcher decided to conduct the pretesting of the questionnaires with a group of 17 travel companies in Ho Chi Minh City. The interviews with the constructed questionnaire survey for the pretest were

done by researcher face by face with key informants. The reliability of the measures of the research was tested with Cronbach's alpha coefficients ranging above .80, as shown in the previous sections (3.6). Only has the measure of interdependence in IOR Cronbach's alpha value of .679 which was also considered acceptable. These results of the reliability analysis of the pretest showed that all dependent and independent variables of this study had very good internal consistency.

3.7.4 Validity Test: Factor Analysis

Two exploratory factory analyses using the principal component extraction method, varimax rotation of 28 items of a group of dependent variables related to overall IOR success and 89 items of a group of independent variables related to the factors affecting overall IOR success were conducted on a sample (N=114) of 237 Vietnamese international travel companies which had a relationship with partners in Thailand. Prior to running the analysis with SPSS, the data were screened by examining the descriptive statistics on each item, inter-item correlations, and possible univariate and multivariate assumption violations. From this initial assessment, all variables were found to be continuous, variable pairs appeared to be bivariate normally distributed, and all cases were independent of one another. For this study, the factor analysis procedure was applied twice—once for a group of dependent variable including five variables and the other for a group of independent variables, including twenty variables. In terms of sample size (N = 114), then, it was considered reliable for factor analysis with a ratio of 23 cases per variable for the dependent variable and 9.5 cases per variable for the independent variable. The Kaiser-Meyer-Olkin measure of sampling adequacy was .786 for the dependent variables and .703 for the independent variables (according to Pallant (2005)—to be significant, the value has to be .60 or above)—indicating that the present data were suitable for the principal components analysis. Similarly, Bartlett's test of sphericity was significant ($p<.001$), indicating sufficient correlation between the variables to proceed with the analysis.

Using the Kaser-Guttman retention criterion of Eigenvalues greater than 1.0, a five-factor solution provided the clearest extraction for the group of dependent variables. The five factors accounted for 60.1percent of the total variance (see Appendix E). Table 3 (in Appendix E) presents the 28 items with their factor loadings and communality estimates. Communalities were fairly high for each of the 28 items, with a range of .406 to .841. In addition, a twelve factor solution was conducted for the group of independent variables. The twelve factors accounted for 69.7percent of the total variance (see Appendix E). Table 7 (in Appendix E) illustrates 71 items with their factor loadings and communality estimates which ranged from .478 to .876.

For the dependent variable group, factor one explains 23.5 percent, factor two explains 19 percent, factor three explains 7.3 percent, factor four explains 5.8 percent, and factor five explains 4.5 percent of the total variance. The Cronbach coefficient alpha ranged from .707 to .909 among the four factors, indicating good subscale reliability.

Table 3.20 Summary of Dependent Variables with Reliability Coefficients

	Given Names	Number of Items	Alpha
Factor 1	Relationship Performance Satisfaction (REPESA)	10	.909
Factor 2	Overall IOR Success (OVIORSUC)	7	.808
Factor 3	Marketing supports in the IOR (MARSUP)	3	.716
Factor 4	Business Success of the IOR (BUSUCIOR)	3	.717
Factor 5	Financial Benefits of the IOR (FINBEN)	5	.707

For the independent variable group, factor one explains 24.2 percent, factor two explains 16.3 percent, factor three explains 4.4 percent, factor four explains 4.4 percent, factor five explains 3.6 percent, factor six explains 3.0 percent, factor seven explains 3.0 percent of variances, factor eight explains 2.4

percent, factor nine explains 2.4 percent, factor ten explains 2.2 percent (this factor was excluded, see Appendix E for a detailed explanation), factor eleven explains 2.0 percent, and factor twelve explains 1.8 percent of variance. So the number of independent variables retained for further analysis consisted of eleven variables (as illustrated in table 7, Appendix E). The Cronbach coefficient alpha of these factors ranged from .639 to .971 among the eleven factors which were retained for further analysis, indicating good subscale reliability.

Table 3.21 Summary of Independent Variables with Reliability Coefficients

	Given Names	**Number of Items**	**Alpha**
Factor 1	Trust in the IOR (TRUSTIOR)	23	.971
Factor 2	Participation in the IOR (PARTIOR)	10	.887
Factor 3	Commitment to the IOR (COMITIOR)	12	.887
Factor 4	Frequency of Interaction (FREINTER)	5	.729
Factor 5	Conflict Resolution in the IOR (CORESIOR)	3	.824
Factor 6	Organizational Compatibility (ORCOMPAT)	3	.793
Factor 7	Formalization in the IOR (FORMIOR)	7	.712
Factor 8	Interdependence in the IOR (INTERIOR)	2	.844
Factor 9	Communication in the IOR (COMUNIOR)	2	.715
Factor 10	Flexibility in the IOR (FLEXIOR)	4	.639
Factor 11	Coordination of the IOR (COORDIOR)	2	.708

The rationale used in naming these four factors was guided in part by the recommendations of Comrey and Lee (1992), where sorted factor weights in excess of .65 were used to "drive" the process of labeling and interpreting each factor. The present five-factor model and twelve factor model of this study were deemed the best solution because of its conceptual clarity and ease of interpretability. For detailed procedures on how the factor analyses were

conducted, it is recommended that the reader look at Appendix E of this dissertation.

3.8 Data Collection

In this research, researcher collected primary data through the survey questionnaires which were sent to 220 Vietnamese international travel companies that had relationships with Thai travel partners. The questionnaire, enclosed with a postage paid pre-addressed return envelope, was filled in by a representative of each travel company. Four positions were considered most suitable for this study: 1) director of the company, 2) chief of marketing and market development department, 3) second chief of marketing and market development department, and 4) staff in charge of marketing and market development (for small travel companies). The survey instrument had a cover page (Appendix C) issued by the office of TAT in Ho Chi Minh City which introduced the project and asked for cooperation of travel companies in providing appropriate information for the research.

3.8.1 Survey Questionnaires

The major research objective was to identify the determinants of the success of inter-organizational relationships. The survey included three sections: section one includes questions (1 to 5) about job positions, profiles of travel companies, and background information on the relationships. Section two consists of 117 items which were derived from the literature and added by researcher in order to measure overall IOR success directly or indirectly. The respondents were asked to rate the extent to which they agreed with the statements related to IOR success and other factors affecting IOR success. These 117 items were of the scale of marketing supports in the IOR (including six items ranging from q6a1 to q6a6); the financial benefits of the IOR (q6b1 to q6b6); business success of the IOR (q6c1 to q6c5); relationship performance satisfaction (q6d1 to q6d6); overall IOR success (q6e1 to q6e5); trust in the IOR (q6f1 to

q6f9); commitment to the IOR (q6g1 to q6g6); interdependence in the IOR (q6h1 to q6h7); coordination of the IOR (q6i1 to q6i10); communication in the IOR (q6j1 to q6j9); participation in the IOR (q6k1 to q6k9); formalization in the IOR (q6l1 to q6l6); flexibility in the IOR (q6m1 to q6m7); conflict resolution in the IOR (q6n1 to q6n8); importance of the IOR (q6o1 to q6o6); organizational compatibility (q6p1 to q6p7); and frequency of interaction (q7a to q7e). Section 3 included one open-ended question asking respondents for further subjective comments for enhancing successful cooperation between the Vietnamese and Thai tourism industry in general and between the travel companies of the two countries in particular. The answers to the open-ended question, together with the empirical results of this research, helped researcher to come up with better and more realistic recommendations for tourism development and relationships between the two countries. The survey questions can be found in Appendix A (English version) and Appendix B (Vietnamese version).

3.8.2 Administration of the Survey and Response Rate

The full survey was administered in four waves, as advised by Dillman (1978), in order to maximize the response rate. Approximately two weeks after the initial mailing, a postcard reminder was sent to everyone thanking the people that responded and reminding the ones that had not. Four weeks after the postcard a second letter and a replacement questionnaire were mailed to non-respondents. Three months after the third wave the same was repeated. Dillman (1978) points out that this last mailing should generate responses from one third of the remaining people if done by certified mail. He reports that in a specialized population like this, the average response rate is 77percent. Due to budget restraints, postcard and certified mail were not used in this study. Instead, email and phone calls were used to directly approach respondents in this research. The data collection took place between March 1, 2010 and July 1, 2010 with the support from the staff of TAT office in Ho Chi Minh city, and especially the efforts and help from Mr. Huynh Dang Khoa, a marketing manager at the TAT office in Ho Chi Minh city, who directly contacted busy people to urge them to

fill in and send back the survey questionnaires. The response rate of this research was 51.8 percent.

Since the study sought to measure organizational level constructs, data were collected from key informants (Anderson et al., 1987) in the sample organizations. The research instrument packages that were mailed to the 220 target Vietnamese international travel companies contained the following:

1) A cover letter (Appendix C)

2) One copy of the questionnaire (Appendix B)

3) One postage-paid envelope with the return address of the TAT office in HCM city

3.9 Data Analysis Techniques

After the data were keyed in directly using SPSS version 15.0, data entry errors were checked by running descriptive and frequency procedures to look for outliers through the valid maximum and minimum values of each variable, and any reported value outside this range indicated a data entry error that needed to be corrected for further analysis. In addition, descriptive statistics such as percentage and frequency were used to describe the general characteristics of the international travel companies involved in this study. Correlations and the Pearson product-moment correlation coefficient were also employed in this research to explore the relationship and the strength of the relationships between the group of dependent variables; marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, overall IOR success, and a group of independent variables representing; trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, frequency of transaction, and age of the IOR.

The next step consisted of the recoding procedures of the reverse-worded statements, as mentioned in Section 3.5 (the fifth step), where nearly half of the items of measures of the research were reverse-worded in order to avoid halo

effects/errors, which happen when an observer evaluates an object in an undifferentiated manner. All of the reverse-worded items in the survey questionnaire were than recoded with value added to the five point Likert scale ranging contrarily (the non-reverse-worded items were coded (1) as "strongly disagree" to (5) as "strongly agree") from (1) "strongly agree" to (5) "strongly disagree."

Next, the validation and internal consistency of the questionnaire were examined. In doing this, one of the conditions taken into consideration was that the Cronbach alpha coefficients had to be equal to or higher than .50 (Cronbach, 1951). According to Pallant (2005), ideally, the Cronbach alpha coefficient of a scale should be above .70. Therefore, the reliability procedure of this research used Cronbach alpha coefficients equal to or greater than .70 for all multiple scale measures. Factor analysis was also conducted, as mentioned in the previous section (3.7), for testing the validity of the measures of the research. Afterward, computing procedures were applied for all well-correlated items as the sum to form new variables for further analysis of the data of the research with more complicated techniques (e.g. multiple regression and path analyses), as described in detail in chapter five.

Multiple regression is a family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of continuous independent variables or predictors. This technique provides research with information about the model as a whole and the relative contribution of each of the variables that make up the model (Pallant, 2005).

For this research, the multiple regression technique was used to find out how well the independent variables were able to predict the marketing supports in the IOR, the financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, and overall IOR success of Vietnamese and Thai travel companies. Also, this technique exactly showed which determinant factors most affected the marketing supports in the IOR, the financial benefits of the IOR, the business success of the IOR, relationship performance satisfaction with the IOR, and overall IOR success.

Path analysis: In this research, path analysis, an extension of the regression model, was performed to test the hypotheses on the direct and indirect effects of a set of exogenous/independent variables; namely trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, frequency of transaction, and age of the IOR through intervening variables of marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction with the IOR on the main endogenous/dependent variable of overall IOR success. The effects are reflected in the so-called path coefficient standardized regression coefficient (beta: β). The interpretations of the path coefficients in this study are shown in table 3.22 below.

Table 3.22 Interpreting Strength of Path Coefficients

Coefficients	Strength of Relationship
0.00	No association
0.01 – 0.09	Trivial relationship
0.10 – 0.29	Low to moderate relationship
0.30 – 0.49	Moderate to substantial
0.50 – 0.69	Substantial to very strong
0.70 – 0.89	Very strong relationship
0.90	Nearly perfect relationship

Source: Adapted from De Vaus, 2002: 259.

3.10 Chapter Summary

This chapter presented an overview of the research design and methodology. Justification was provided for the choice of survey design use, with 1) the director or deputy director of the travel company, 2) chief of marketing and market development department, 3) deputy chief of the marketing and market development department, and 4) staff is in charge of marketing and market development (small travel companies) as key informants. Survey instrument development, the pilot study, reliability and validity of measures through Cronbach's alpha values and factor analysis, respectively, and the survey administration procedure, were described. A total of 114 usable surveys were collected from key informants in Vietnamese International Travel Companies. Most of the measures of the study were based on a five point Likert scale in which 1 was "strongly disagree" and 5 was "strongly agree."

CHAPTER 4

VIETNAM - THAILAND TOURISM COOPERATION AND DEVELOPMENT

4.1 Introduction

This chapter provides an overview of tourism cooperation and development between Vietnam and Thailand. The first section describes the tourism industry of Vietnam, including country overview, tourism evolution, tourism potentials, and current tourism development. The second section discusses the tourism industry of Thailand with similar points of analyses as the previous section. Analyses of domestic tourism, international arrivals, and tourism receipts of Thailand are also conducted in this section. The third section focuses on recent tourism cooperation between Vietnam and Thailand, including a discussion of tourist arrivals and receipts of both countries during the last twenty years.

4.2 Tourism Industry of Vietnam

4.2.1 Country Overview

Vietnam is situated to the east of the Indo-Chinese peninsula. Its long, narrow territory stretches 1,700 km from north to south and in the centre it is a mere 50 km from east to west. Vietnam has common borders with Cambodia in the west, and Laos and China in the north. Typified by very hilly terrain, the country covers an area of some 327,500 sp. km. Its varied landscape ranges from forests and mountain areas (three-quarters of the land surface) to rivers, delta areas, and beaches. The coastline, which extends for 3,260 km, has fine beaches and archipelagos, stretching from the

Tonkin Gulf to the Gulf of Thailand. Vietnam's landscape represents, in many respects, a basic resource for the development of tourism products (VNAT, 2011c).

According to the General Statistics Office (GSO, 2010), Vietnam had a population of 86,210,800 people in 2008. The population comprises 87percent Kinh (Vietnamese), the bulk of whom live in the Red River delta in the North and the Mekong delta in the South. With traditions, languages, and cultures that differ greatly, the ethnic minorities are spread over the high plateau and mountainous regions.

Vietnam is located in the Southeast Asia monsoon zone, between the Tropic of Cancer and the Equator, which gives rise to a humid climate. North Vietnam's climate is influenced by the winds of Central Asia, which also give rise to pronounced winter and summer seasons. In Central Vietnam, the climate varies from north to south. The part of Central Vietnam closest to the north of the country is almost identical to that of the Red River delta, whereas that part of Central Vietnam closest to the south has climatically more in common with the Mekong delta area. South Vietnam's climate is characterized by a relatively constant temperature, a rainy season from May to October, and a relatively dry to dry season from November to February and February to April, respectively. It is important to assess realistically the climatological constraints (monsoons and typhoons) and opportunities in relation to tourism product development from region to region. The tourist season is from October to December and May to June in the north; from May to August and January to April in the centre, and May to December in the south (VNAT, 2011c).

From a cultural perspective, Vietnam has much to offer visitors. It has rich historical sites, architectural monuments, French colonial architecture primarily in the cities, and an "Indo-Chinese" cultural heritage, a war heritage, and spirit. Importantly, the Vietnamese people are hospitable. The historical heritage of this country is still largely unknown to the outside world. The interpretation of these resources as tourism products implies comprehensive research and strategic marketing of interesting architecture, ancient and modern art, music, dance, handicrafts (lacquer ware, embroidery, bamboo ware, reed baskets, pottery and woodwork), and religious customs and festivities (VNAT, 2011c).

This combination of natural and cultural resources forms a strong basis for the development of a unique tourist product and has the potential to make Vietnam an attractive destination for visitors seeking beach holidays and those that are interested in touring the natural and scenic locations, historic places, and cultural attractions.

4.2.2 Tourism Evolution in Vietnam

The tourism sector of Vietnam officially formed and developed in 1960. During the last 50 years of formation and development, this sector has always been given attention by the party and the state of each period in determining the position of tourism in the strategy for socio-economic development of the country.

In a long period when the country was temporarily divided, in the context of brutal war, from 1960 to 1975, the birth of tourism was to meet the service requirements of delegations of the party and state and visitors invited to the country followed the protocols. To achieve this, the council of the government issued Decree No.26/CP, dated 09/07/1960, establishing the Vietnam tourism company under the ministry of foreign trade. This company was in charge of state management of tourism and was made a functional office of the ministry of foreign trade with personnel of four people; in 1969 this function was transferred to the office of the prime minister and then was transferred to the ministry of public security. In very difficult conditions of war and through many management agencies, the tourism industry has striven to overcome all challenges, gradually expanding its tourism facilities in Hanoi, Hai Phong, Quang Ninh, Tam Dao, Hoa Binh, Thanh Hoa, Nghe An, etc.. The tourism sector has successfully completed its political tasks and has safely served all visitors and a large number of guests of the country, including expert teams from socialist countries coming to help Vietnam execute two important tasks: to build socialism in the north and to liberate the south of Vietnam, leading to the unification of the country. At the same time, the tourism sector also successfully welcomed and served all travel demands and vacations for staff, soldiers, army officers, and other people during the war time (VNAT, 2011a).

After the complete liberation of the south and the reunification of the north and the south, the tourism activities gradually extended throughout the country. The

tourism sector, step by step, built an organizational structure and labor force, developed a technical infrastructure, and gradually prepared conditions to shift to market-oriented socialism. At this stage, tourism activities occurred in the post-war conditions of the country. All efforts focused on healing the wounds of war, economic recovery, and destruction of the U.S. embargo. At the same time, Vietnam continued to fight to protect the northern border and the southwest. Between 1975 and 1990, in the spirit of the country's reunification, the tourism sector had done a good job of taking over, preserving, and developing the tourism facilities in provinces, newly liberated cities, and gradually expanded and built new tourist facilities in Hue, Da Nang, Binh Dinh, Nha Trang, Lam Dong, Ho Chi Minh City, Vung Tau, Can Tho, etc.. The tourism sector also step by step established state tourist enterprises under the Vietnam National Administration of Tourism (VNAT), people's committees of provinces, cities, and special zones. VNAT was established under the government council in June, 1978, marking a new stage in the development of tourism (VNAT, 2011a).

In general, during the period from October 1992 onward, the organizational structure of tourism industry was not really well shaped and lacked uniformity of its organizational model at the local level. In 32 years (1960-1992), the tourism sector was transferred between ministries and changed organizational mechanism six times. Thus, the direction of the state management of tourism from the central government to provinces, cities and businesses lacked continuity, limited effectiveness, efficiency, and the tourism sector lagged behind the tourism sectors of other countries with similar conditions. The organizational structure of the tourism sector was not equal to its position, role, or the development requirements of tourism; personnel were scattered and inheritance was lost. Prior to that status, on the basis of the resolutions of the national assembly on 10/17/1992, the government issued Decree No. 05/CP to re-establish the Vietnam National Administration of Tourism (VNAT). After that was Decree No. 20-CP, dated 27/12/1992, and Decree No. 53-CP, dated 07/8/1995, stipulating the functions, duties, powers, and organizational mechanism of the tourism sector (VNAT, 2011a).

Mechanism for tourism development policies have been added, creating a good environment for tourism activities. A master plan for the tourism development of Vietnam for the period 1995 to 2010 was approved by the Prime Minister. Regional planning and important tourist destinations have been built; over 50 provinces and cities directly under the Central Government and a number of tourist attractions and resorts have detailed plans creating good conditions for the development of tourism management and the construction of tourist investment projects. Hundreds of tourist investment projects with detailed plans are being carried out urgently to create conditions to attract investments domestically and abroad, contributing to the management and exploitation of tourist resources more and more effectively (VNAT, 2011c).

Policies and institutional foundations to promote tourism development have been formed and changed to suit the conditions and trends of the tourism industry of the world. Ordinance Tourism was launched in 1999 as the highest legal framework, an important milestone confirming the role of the tourism sector and institutionalizing the process of tourism development of the Party and State to create conditions for the development of tourism activities with clear directions and goals (VNAT, 2011c).

In 2005, the Congress of Vietnam passed a Law on Tourism to regulate the relations in the tourism field at a higher level, once again confirming the important position of the tourism industry.

Legal documents related to tourism, such as ordinances on entry, exiting, residing, and travel for Vietnamese and for foreigners, have been completed. Customs procedures have been improved, creating conveniences for guests and investors. The bilateral visa exemption for ASEAN citizens and unilaterally for citizens of Japan, Korea, Russia, and four Nordic countries has been carried out. In addition, visa fees have been exempted for the program "The Impression Vietnam" and there has been study and research for consideration of unilateral visa exemption for citizens of some other key tourist markets. This is a proactive and positive solution in the context of economic crisis and transmissible diseases in order to attract international tourists and investors (VNAT, 2011c).

In terms of tourist businesses, so far Vietnam has more than 11,000 business establishments in the field of hospitality, 758 international travel companies, and more than ten thousand domestic travel companies. In addition, there are thousands of families in tourist related businesses in most provinces of the country.

4.2.3 Tourism Potentials of Vietnam

Vietnam has great potential for developing tourism, with a diversity of topography, and 75 percent of its total area is high land and mountains, with a 3,260 km coastal line with hundreds of beautiful sandy beaches, a variety of ecosystems and cultural and scenic site systems spread from the North to the South, abundantly profound cultures of 54 different ethnic communities, and six world cultural and natural heritages: Hoi An Ancient Town (recognized by UNESCO in 1999), My Son (1999), Hue Ancient Capital (1993), Ha Long Bay (1994), Phong Nha Ke Bang (2003), and the Imperial Citadel of Thang Long-Hanoi (2010). In addition, UNESCO has also inscribed several Intangible Cultural Heritages of Humanity of Vietnam including: the Royal Refined Music of Hue (2003), and Cultural Space of Gongs of the Highland (2005), the Quan họ folk song, Vietnam's ca trù (ceremonial singing) (2009), and the Gióng festival of Phù Đổng and Sóc temple (2010), (UNESCO, 2011).

The national park system, natural conservation areas, biosphere reserves on the mainland, and offshore islands are important bases for sustainable tourism development of Vietnam. Pursuant to decision No.192/2003/QĐ-TTg dated 17/9/2003 of the Prime Minister, Vietnam has 30 national parks, 69 biosphere reserves, 45 landscape protection areas, 20 scientific empirical research areas, four world biosphere reserves, and one regional biosphere reserve of ASEAN (Ba Be National Park) with a protection area of 2,549,675 hectares (Dung and Yen, 2008). This area is reserved at about 90 – 95 percent for diversified biological resources, including groups of fauna and flora species, valuable and rare animals, and endemic species of tropical forest. According to Luong (2003), Vietnam is ranked one of the sixteen countries which possess the highest biodiversity in the world, with

approximately 13,766 species of flora and 7,740 species of fauna. Among these species ten percent are endemic.

Geographically, Vietnam occupies the eastern portion of the Indochina peninsula, facing the East Sea (South China Sea), and the land is defined by two river deltas, that of the Red River in the North and the Mekong in the South, separated by a long narrow strip bordering the sea and backed by the Central Highlands. Both of the river deltas are extremely fertile and are the country's largest rice-producing areas.

In 1991 a tourism development master plan for the Socialist Republic of Vietnam was published by the World Tourism Organization (WTO) in collaboration with the United Nations development plan. According to the World Tourism Organization (WTO) master plan (VIE/89/003), Vietnam has four "poles" or regions that offer substantial market potential for tourism development (WTO, 1991).

Tourist region 1: Hanoi, Ha Long, and Dien Bien Phu. Hanoi, a historic capital city with a long history (since the 11th century), is still recognizable in the urban morphology. It has an attractive location in the Red River basin. Ha Long Bay and Hai Phong comprise a major port area in the north, and there are also several beach resorts such as Do Son, Cat Ba Island, Hong Gai. The Hanoi - Ha Long - Dien Bien Phu tourist region is characterized by a coastline with karst limestone outcrops, and many islands that are attractive for sea excursions. In addition, Dien Bien Phu, a village in the northwest, is a French military heritage site and is considered an important tourist attraction of the region (WTO, 1991).

Hanoi was founded in 1010 AD, a historic heart of the nation, long providing the cultural nexus that has shaped the national character. The city was built around several lakes that, together with characteristic small parks, tree-lined boulevards and French colonial architecture, make for an attractive destination. A number of venerable temples top the sightseeing list, along with Ho Chi Minh's mausoleum.

Ha Long Bay is one of Vietnam's most scenic areas, some 160 km east of Hanoi, and it comprises an archipelago of some 3,000 islands and oddly-shaped karst outcrops that produce a stunning and unforgettable seascape. Many of the islands are honeycombed with beautiful grottoes, the finest being the huge Dau Go Cave which,

with its superb stalactites and stalagmites, was appropriately named by the French Grotte des Merveilles, "Grotto of Wonders."

Tourist region 2: The historical site of Hue, Da Nang, once the imperial capital, with a citadel, enjoys a situation along with Song Huong (Perfume River). Now in a state of renovation (with UNESCO support), the name Da Nang conjures up images and memories of the American troops landing in 1965. The Hue-Da Nang tourist region is also known for its tropical beach area and cultural heritage, for example, the Buddhist monastery (WTO, 1991).

From 1802 to 1945, when it was the capital of the Nguyen emperors, Hue was the most beautiful, most cultured city in the entire country. In spite of suffering severe damage during the war between America and Vietnam, Hue still holds considerable sightseeing possibilities, including the remains of the Forbidden City, as the former palace complex of the emperors was known, as well as a number of impressive imperial tombs that are extensive memorials combining monumental architecture with attractive landscaping. The city, located in central Vietnam, also inspires accolades for its beautiful setting on the banks of the Perfume River (WTO, 1991).

Da Nang is a large and lively port city lying just over 100 km south of Hue; it is noted for its Cham Museum, which houses the world's finest collection of Cham stone carvings dating from the 7th to the 15th century. On the outskirts of town is Marble Mountain, actually five limestone peaks, where a series of grottoes were transformed into holy shrines a long time ago. The mountain also provides panoramic views of the beach (WTO, 1991).

One of Vietnam's most historic towns, Hoi An, 30 km south of Da Nang, was a noted seaport as far back as the 2nd century. Its era of greatest prosperity, however, was between the 15th and 19th centuries when European, American, and Asian ships called at the port to purchase high-grade silk and other exotic cargoes (WTO, 1991).

Hoi An was eclipsed by Da Nang as a port and centre of commerce early in the present century. With temples, old merchants' houses and many other venerable structures miraculously preserved, parts of the town appear today much as they must have been a century or more ago (WTO, 1991).

Tourist region 3: Nha Trang-Dalat. Tourist resources in Nha Trang are strongly based on the attractive coastlines and beaches and hot springs, in combination with Dala,t which has been redesignated as a health centre (since 1893).

Nha Trang is the capital of the Khanh Hoa province, located in the south and about 450 kilometers to the north of Ho Chi Minh City. This place is quite popular among the several tourist destinations in Vietnam. The city has grown to be a very popular holiday destination, which bring tourists from different corners of the world to the best beach that one can find in Vietnam. The whole town area has a wonderful setting. There are paddy fields and small mountains all around (WTO, 1991).

Most of the tourists come here because of the beautiful beaches, since they are the perfect place to relax during the holidays. The bay of Nha Trang is the 29th member of the most beautiful bay club of the world. Nha Trang has some of the best sites for diving. People go there for snorkeling and scuba diving as well. Plenty of adventure sports activity sites are located in this part of Vietnam (WTO, 1991).

There are many Nha Trang attractions that include a number of religious sites, historical sites, museums and natural scenic spots as well. The popular attractions of Nha Trang include the National Oceanographic Museum, the Alexandre Yersin Museum, Long Son Pagoda and Po Ngar Cham Towers, etc.

The city of Dalat is a very popular place in Vietnam. This is also referred to as the city of Eternal Spring. Dalat in Vietnam is an important city of the Lam Dong province. This is located in the central highlands of Vietnam, about 300 kilometers to the north of Ho Chi Minh City. The city is very popular among the several tourist destinations in Vietnam. It gets lots of visitors almost all year round (WTO, 1991).

Tourist region 4: Ho Chi Minh City and surroundings. Ho Chi Minh City, situated in the Mekong delta, offers possibilities for river cruises and in addition has potentials for urban tourism development. Ho Chi Minh is a livelier and more modern metropolis than Hanoi, being Vietnam's largest city and commercial centre. Sights are mostly limited to a number of pagodas and the Historical Museum, while fascinating day excursions can be made to Cu Chi, a vast network of underground tunnels constructed by the Viet Cong during the war between America and Vietnam,

and to Tay Ninh, famous for its fabulously designed cathedral of the Cao Dai faith (WTO, 1991).

Immediately south of Ho Chi Minh City is the Mekong delta, vast flatlands criss-crossed by the Mekong's nine branches and a maze of canals. Riverine town, villages, floating markets and paddy fields all offer views of traditional lifestyles in a setting of exceptional geographical interest.

The Mekong delta region is located in the lower section of the Great Mekong River and is in the south of Vietnam bordering HCM city to the north, the gulf of Thailand and Cambodia to the west and south, and the East Sea to the east. This region has 370.7 km of coastal line and many river mouths which are convenient for boat and ship transportation. This region is also the transition area between the Tay Nguyen Highland and the plain area. The topography is diversified with a large fertile plain of immense rice fields and tropical forests. The unique landscape of the Mekong delta and the southeast region is good not only for socioeconomic development, but also for sustainable tourism development in general, and especially ecotourism development (WTO, 1991).

The Mekong delta region is famous for its immensely fertile rice fields and it is considered as the breadbasket of Vietnam, producing enough rice for the entire country with a sizeable surplus leftover. In addition, it is famous for the diversity of tropical flowers and fruits in numerous fruit gardens, where warm weather favors year-round tree growth. Tourists can walk in gardens enjoying fresh fruits and the peaceful life closely associated with the rivers. There is a diverse watery ecology, with many green islets and mangrove forests. Throughout the region, there are many popular attractions such as the Vinh Trang Pagoda, Thoi Son Island, Dong Tam Snake Farm (Tien Giang province), Ba Tri bird Park, Phung Islet (Ben Tre province), Binh Hoa Phuoc Islet (Vinh Long province), Cai Rang Floating Market, Phong Dien Floating Market, Bang Lang Bird Park (Can Tho city), Nga Bay Floating Market (Hau Giang), Ha Tien Beach, So Mo Grotto (Kien Giang), Doi Pagoda, Dat Set Pagoda (Soc Trang province), Tam Nong Bird Park (Dong Thap province), U Minh Forest (Ca Mau province), etc. U Minh Forest, the only place in Vietnam with the

typical ecology of a submerged cane forest (Dong Thap), has an area of 700,000 ha located within two provinces, Ca Mau and Kien Giang.

4.2.4 Current Tourism Development of Vietnam

Tourism in Vietnam has taken off well. Since the introduction of Doi Moi (Reform) at the end of the eighties, and the subsequent adoption of open-door policies and looser entry regulations, the number of visitors has skyrocketed, and from 1990 to 2008 the tourism sector has maintained a very good growth of two digits. International tourists increased 17 times, from 250,000 visitors (1990) to approximately 4.3 million (2008), and 5,050 million in 2010, increasing 34,8 percent compared to 2009. Domestic tourists estimated to increase 20 fold from one million in 1990 to around 20.5 million in 2008, and this upward trend is expected to continue in the years ahead (around 5.5 to 6 million by 2010). Not surprisingly, tourism is now the country's fastest growing economic sector, with an average annual growth rate of more than ten percent and an important generator of jobs, income, and foreign exchange. It plays a major part in the country's sustainable development strategy (VNAT, 2011b).

Regarding tourism receipt, receipt from tourism was estimated at 70,000 billion VND (about USD 3.8 billions) in 2009. The industry attracted 47 tourism projects invested directly from FDI capital with the amount of more than USD 1.8 billion in 2007. This made for an approximate growth of 200 percent compared to 2006. In 2007 the amount was USD 2.1 billion, with 48 tourist investment projects. There were only 28 projects approved in 2008, but the total value came up to 9.2 USD billion, more than five times more than the previous year.
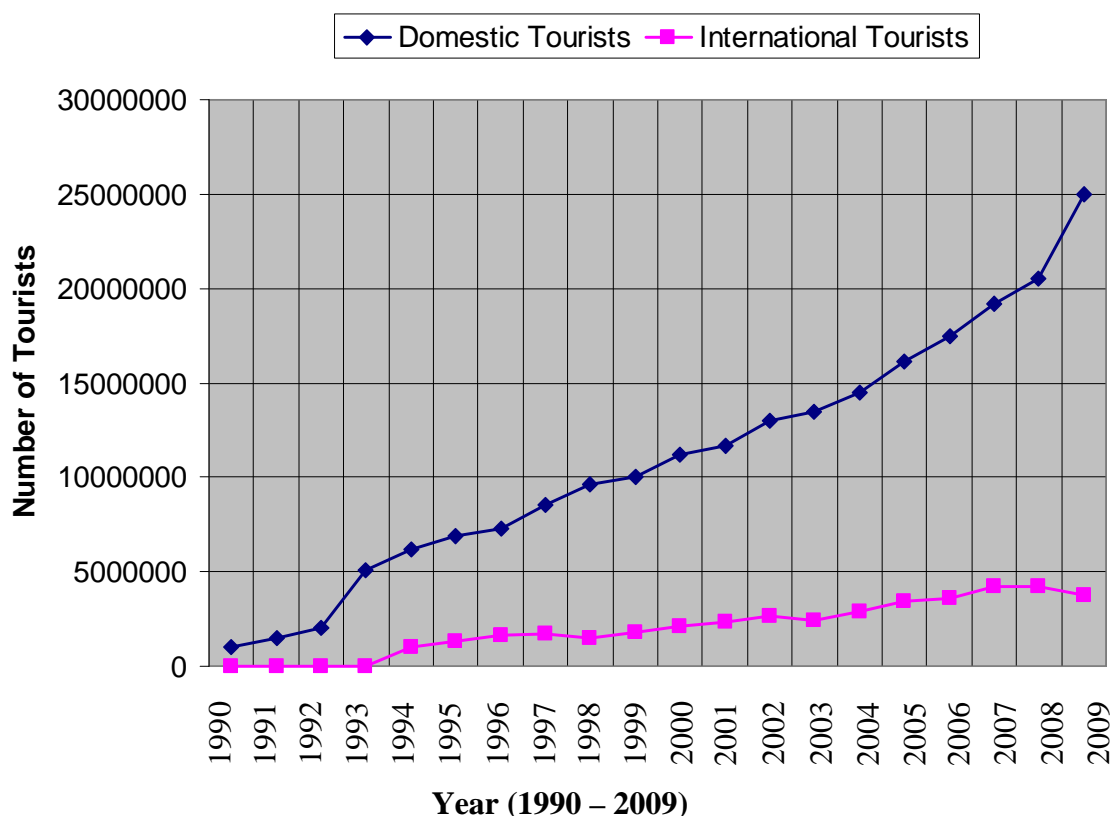
Figure 4.1 Numbers of Annual International and Domestic Tourists
Source: Vietnam National Administration of Tourism, 2010.

In terms of tourism revenue, tourism brings larger and larger income to the society. Tourism activities attract the participation of all economic sectors and all social strata, not only bringing revenue directly to tourism-related businesses, but also indirectly to related industries, exports on spot and generating income for local communities. The rapid growth rate of income shows that tourism income in 1990 reached 1,350 VND billion, but in 2009, that number was estimated at more than 70,000 VND billion. This amount is over 50 times larger.

In the last ten years (2000-2009), social income from tourism reached an annual average of a 20 percent contributing rate of the GDP growth, from 1.76 percent in 1994 to 6.5 percent in 2008. Tourism is one of five branches which have the largest foreign-currency income of the country, with USD 4.05 billion in 2009,

accounting for over 55 percent of export services. This number increased by approximately 10 percent compared to 2008.
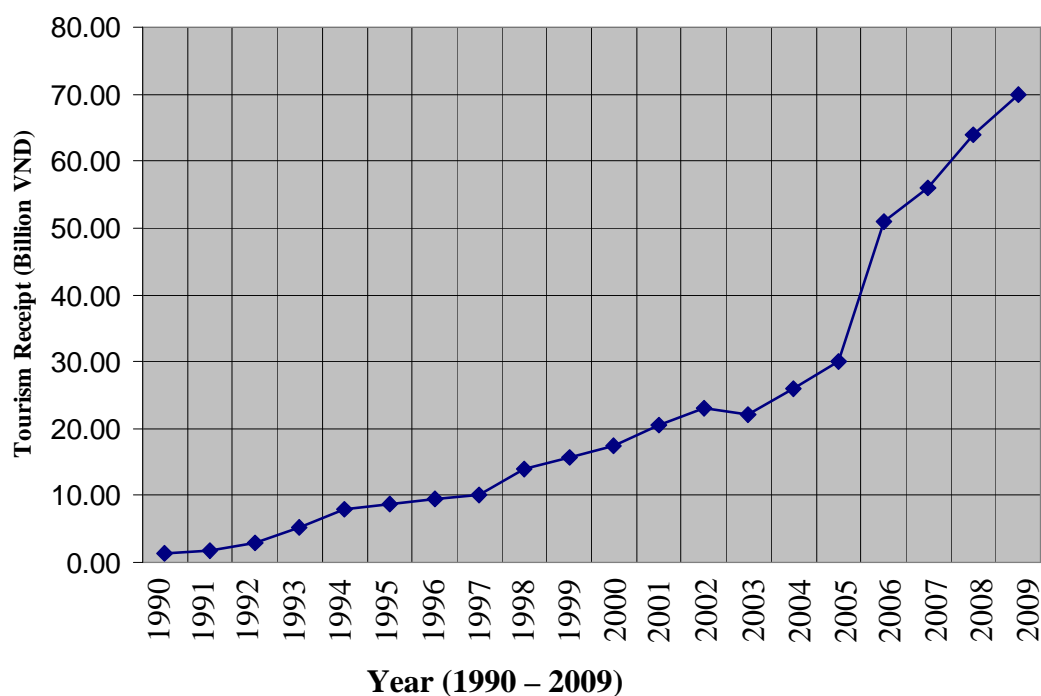
Figure 4.2 Annual Tourism Receipts of Vietnam (1990 – 2009)
Source: Vietnam National Administration of Tourism, 2010.

In terms of tourism investment, according to VNAT (2010), during 11 months of 2009, there were 31 investment projects in the field of hospitality which were approved, with new registered capital of more than USD 4.979 billion, and eight other projects registered to increase capital with an amount of newly-added capital of USD 3.8 billion, bringing the total of newly-registered capital and newly-added capital in the field of accommodation and food services up to USD 8.8 billion dollars, accounting for about 44.7 percent of total foreign investment capital in Vietnam.

4.3 Tourism Industry of Thailand

Situated at the crossroads of the East and the West, and among the ancient cultures of India, Cambodia and China. At present, five historic and natural places have been named World Heritage Sites by UNESCO. These are: 1) the Historic City of Ayutthaya and Associated Historic Towns (1991), 2) Thungyai - Huai Kha Khaeng Wildlife Sanctuaries (1991), 3) the Historic Town of Sukhotai and Associated Historic Towns (1991), 4) Ban Chiang Archaeological Site (1992), and 5) the Dong Phayayen - Khao Yai Forest Complex (2005). Thailand is also well known for its unique and well preserved customs and the gentleness of its people (UNESCO, 2011).

After 40 years of promoting tourism in Thailand, the Tourism Authority of Thailand (TAT) has begun eyeing neighbors in the lower Mekong river basin, Laos, Vietnam, Cambodia, Burma, and other countries in the Southeast Asian region, for more exciting destinations and to promote Thailand as the regional tourism hub. Bangkok is known as the central hub city for tourism in Southeast Asia and millions of people visit or pass through Bangkok on their way to the many neighboring countries as well as to popular domestic tourist destinations throughout the country.

According to Oppermann and Chon (1997), Thailand has been referred to as a success story in tourism development and marketing and is considered a benchmark for policymaking on air access to the region (Limlingan, 1999; MTPDP, 2001-2004) and infrastructure development (McKinsey and Company, 2002).

4.3.1 Country Overview

Thailand is the natural gateway to the Greater Mekong Sub-region because of its location in the center of Southeast Asia, with coasts on the Andaman Sea and the Gulf of Thailand. Its shape and geography are divide into four natural regions: the mountains and forests of the North; the vast rice fields of the Central Plains; the semi-arid farm lands of the Northeast plateau; and the tropical islands and long coastline of the peninsular South. Thailand borders Myanmar (Burma) to the northwest, Laos to the northeast, Cambodia to the southeast and Malaysia to the south. There are four distinctive regions; namely: Central (Bangkok) and East Coast; Southern; Northern;

and North Eastern, each with its own unique natural and cultural attributes. The total area of Thailand is 514,000 km^2, including 2,230 km^2 of water and 511,770 km^2 of land (TAT, 2011).

The country comprises 76 provinces that are further divided into districts, sub-districts and villages. Bangkok is the capital city and centre of political, commercial, industrial and cultural activities.

The population of Thailand is 65,068,149 (July, 2007 est.), eighty percent of which are ethnic Thais, ten percent Chinese, four percent Malays plus Lao, Mons, Khmers, Indians, and Burmese - reflecting the country's long history at the crossroads of Southeast Asia (TAT, 2011).

Thailand enjoys a tropical climate with three distinct seasons: summer from March to May, rainy with plenty of sunshine from June to September, and cool from October to February. The average annual temperature is 28 C (83 F).

Language: Spoken and written Thai are largely incomprehensible to the casual visitor. However, English is widely understood at tourist attractions, particularly in Bangkok where it is almost the major commercial language. English and some European languages are spoken in most hotels, shops and restaurants in major tourist destinations, and Thai-English road and street signs are found national wide (TAT, 2011).

Thailand embraces a rich diversity of cultures and traditions. With its proud history, tropical climate, and renowned hospitality, the Kingdom is a never-ending source of fascination and pleasure for international visitors.

Each of its four major regions offers a distinctive experience for the traveler in search of discovery. Misty mountains in the north shelter verdant valleys and exotic hill tribes, while in centers like Chiang Mai traditional customs and crafts have been preserved over generations. Along the picturesque coastlines of the east and south lie some of the world's most beautiful beaches and off-shore islands, each with its own beauty. Scattered over the northeastern plateau are superb Khmer monuments from the time of Angkor Wat and natural parks teeming with wild life. In the Central Region can be found the evocative ruins of ancient Thai capitals and bustling Bangkok, with its dynamic and countless pleasures (TAT, 2011).

4.3.2 Tourism Evolution in Thailand

The evolution of tourism in Thailand can be divided into four main periods described as follows:

1) The Beginning of Modern Tourism (1850s – 1950s).

According to Meyer (1988) and Li and Zhang (1997) modern tourism in Thailand began in the 1850s when the Thai kings (Rama IV and Rama V) encouraged international trading in the nation. Foreign trade brought Thailand not only flows of capital, but also a flow of investors, traders, and occasional tourists. In the late 19th and early 20th century, Kings Rama V, VI, and VII traveled the world on royal visits as well as invited European aristocrats and dignitaries to Bangkok. Besides improving the development of international policies, those activities made the country known as a tourist destination. After that, aristocrats and foreigners began to travel to Thailand on holiday. This highlighted the fact that Thai kings and the royal family played a significant role in promoting tourism development in the early period.

Despite the end of the absolute monarchy in 1932, the tourism industry continued to grow, as the government and throne still supported unrestricted tourism development (PSDR-LIPI, 2004). Up to World War II (1939 – 1945), the colonial travelers with political power and economic interests, notably the French and British, became another important group of tourists that visited Thailand. They used Bangkok as a convenient stopover en route to the colonized countries in the Southeast Asian region, including Burma, Malaysia, Laos, and Cambodia (Meyer, 1988). Guesthouses and hotels were constructed in the country - mostly in Bangkok - in response to the demand for lodging. Most of these facilities were small and operated by ethnic Chinese, while a small number of high-class properties were developed by the royal families to accommodate mainly aristocrats (Li and Zhang, 1997).

2) Tourism during the War between America and Vietnam

The direct engagement of US military in Vietnam (1962 – 1975) had a profound effect on the development of tourism in Thailand. The presence of American forces boosted the development of an extensive entertainment industry in the country.

Located in the surrounding areas of every US military base was a "pleasure-belt" comprised of restaurants, bars, massage parlors, nightclubs, and brothels (Li and Zhang, 1997). These establishments led to the upgrading of infrastructure for the later expansion of tourism. During this period, Thailand was a destination for thousands of American servicemen that were based in Vietnam and took their regularly scheduled five-day "Rest and Recreation" (RandR) leave. These RandR troops soon became a major part of the growing number of tourists in the country. Between 1966 and 1971, their expenditures accounted for one-third of the total revenues from overseas visitors and exceeded 40 percent of the country's export income (Meyer, 1988).

The expansion of tourism during the 1960s provoked substantial growth in Bangkok's service sector. Despite the lack of direct coordination with the government, the early entertainment precincts tended to concentrate in the areas around New Road, south of Krung Rattanakosin, along the Chao Phraya River, or along Ratchadamnoen Road. Local entrepreneurs and joint venture enterprises capitalized on the influx of tourists, businessmen, and RandR troops, consolidating these entertainment and hotel precincts and expanding into Sukhumvit (Askew, 2002). The number of hotel rooms in Bangkok increased from 2,041 in 1964 to 8,736 by 1970, giving rise to claims that there were too many hotels in the city (Donner, 1978).

The increasing importance of the service sector had a significant effect on the socio-economic structure of the country. It not only contributed to the social and economic interdependence between the ruling military elite and the Sino-Thai commercial elite in the society, but also changed the social relationships even in farm families (PSDR-LIPI, 2004). Young women and men migrated to Bangkok and other major destination cities to work as waiters and waitresses, bartenders and hotel clerks, tour guides, souvenir shop clerks, prostitutes and masseuses (Wyatt, 1988).

3) The Tourism Boom Period (the 1980s – the mid 1990s).

Since the end of the war between America and Vietnam, Thailand has experienced tremendous growth in its international tourism industry. The departure of the US military personnel led to a shift in the type of tourists in Thailand, from American to Japanese, Arabian, and European visitors, while tourist services have

changed in response to the new visitors' particular needs. The quality of tourist services has diversified as a result of the increased number of travelers. Several high-end amenities, such as hotels, travel services, exclusive clubs, and golf courses, are now available. The Thai government had recognized the economic value of tourism since the late 1970s, so the industry was incorporated into the Fourth National Economic and Social Development Plan (NESDP). The goal of this first Five-Year Tourism Development Plan (1977 – 1981) was to promote tourism as a source of foreign exchange earnings and to reduce the trade deficit of the country (Meyer, 1988). In 1979, the Tourism Organization of Thailand was upgraded to the Tourism Authority of Thailand (TAT), which gained the authority to invest in developing infrastructure and facilities for tourism, and to promote tourism in the country (PSDR-LIPI, 2004).

In the 1980s, a series of tourism promotion campaigns launched by the government and TAT were extremely successful, especially the "Visit Thailand Year" campaign in 1987 (Li and Zhang, 1997), which stimulated annual increases in visitor arrivals of 20 percent through to the end of that decade (Hall, 1997). From 1980 to 1995, the number of international arrivals increased about three fold, from 1.9 million to 7 million, with tourism receipts rising from $867 million to $7.2 billion (Weaver, 1998). The year of 1982 was marked as a turning point for the Thai tourism industry as its revenue became, for the first time, the largest foreign exchange earner (TAT, 2004). In response to the great demand for hotel rooms in the 1980s, the Thai government introduced various tax incentive policies to promote hotel construction. Consequently, the hotel industry experienced a boom with a 44 percent room increase between 1986 and 1990 (TAT, 2004).

4) Tourism in the 21st Century: the Bust and Recovery Period
(1997 – 2007)

As a result of the Asian economic crisis, the Thai government had to devalue the Baht on July 2, 1997. The value of the Thai currency rapidly plunged from 25 Thai Baht/per US$1 to 55 Thai Baht/per US$1, causing the value of revenues from tourism to drop from $8.6 billion in 1996 to 5.93 billion in 1998—a fall of 31 percent. Initially, the government and TAT expected that the country would be

attractive to international tourists due to its very competitive exchange rate (Kunarucks, 2002). TAT (1998) even claimed that, "at this time of unstable regional currencies, tourism may provide one of the means by which financial stability can be assisted. Given the centrality of tourism to many regional economies, now should be the time for proactive economic policies to redress the downturn." However, as the economic crisis spread to nearby countries in Asia, including Japan and Korea, which were Thailand's major tourism markets, their expectations were not met (Kunarucks, 2002).

To return the tourism industry back to its leading status as the top foreign exchange earner, the TAT launched the "Amazing Thailand 1998 – 1999" advertising campaign, which was recognized as one of the most successful marketing strategies of TAT (Ardhana, 2004). The combination of this campaign and other factors (e.g. the cheap Thai Baht, the cooperative relationship between the public and private sectors, and the relaxation of rules and regulations by the Chinese government) attracted more than 16 million overseas tourists and generated 580 million Baht (about US$15.5 million) between 1998 and 1999 (TAT, 2004).

From 2000 to 2002, Thailand continued to enjoy the growth of its tourism industry. The 10.8 million international visitors in 2002 represented an increase of 26 percent— to 10 million—due to the twin debacles of the SARS (Severe Acute Respiratory Syndrome) pandemic in Asia and the Iraq war. The sharp declines forced the government agencies to respond actively and effectively to the crises in order to bring back as much business as possible. The TAT, in cooperation with Thai Hotels Association, Association of Thai Travel Agents, Thai and other industry groupings launched various recovery campaigns, such as Thailand Smiles Plus, the Big Smile Card, and the annual Grand Sale. Throughout 2003 and 2004, TAT also maintained its strong marketing focus on attracting "quality tourists," those with high purchasing power and potential for long average stays. In addition to TAT's campaigns, a series of multilateral meetings, at which the crises were analyzed and addressed from different perspectives, were held by several international organizations. Other responses from the Thai government included the offering of US$100,000 to any tourists who could prove that they were infected with SARS while

in Thailand, the offering of special low interest loans to small and medium enterprises (SMEs) affected by the crisis, and the approval of funds for short- and medium-term campaigns launched in different markets in the amount of 500 million Baht (US$12.6 million) (Bangkok Post, 2003).

Due to the rapid response mechanisms and effective collaboration between the public and private sectors, in 2004, the number of international tourists increased by about 16.5 percent to 11.65 million in spite of various internal and external crises (e.g., the unrest in the far south of the country, the avian flu outbreak, and rising oil prices). The country's tourism revenue increased by about 40 percent, from US$6.7 billion in 1999 to US$9.4 billion in 2004 (TAT, 2011).

4.3.3 Tourism Potentials of Thailand

Thailand is considered a multi-faceted destination with a rich cultural heritage and diverse landscapes of great natural beauty. From the glorious ruins of ancient cities to the excitement of dynamic modern Bangkok, from the lush forested hills of the north to the white sandy beaches and tropical islands of the south, from sporting options to shopping, dining and fun-filled entertainment, the Kingdom offers a variety of things to do and see (TAT, 2007).

1) Central and East Coast

There are 26 provinces that make up Central and Eastern Thailand, and Bangkok is one of them. Geographically, this is Thailand's heartland, extending from Lop Buri in the north and covering the rice bowl of the Central Plains around the Chao Phraya River. Further south, the area embraces the east and west coasts of the upper Gulf of Thailand (TAT, 2007).

The 26 provinces of Central and East Coast are Ang Thong, Bangkok, Chachoengsao, Chai Nat, Chanthaburi, Chon Buri, Kanchanaburi, Lop Buri, Nakhon Nayok, Nakhon Pathom, Nonthaburi, Pathum Thani, Phetchaburi, Phra Nakhon Si Ayutthaya, Prachin Buri, Prachuap Khiri Khan, Ratchaburi, Rayong, Sa Kaeo, Samut Prakan, Samut Sakhon, Samut Songkhram, Saraburi, Sing Buri, Suphan Buri and Trat (TAT, 2007).

The central and east coast is Thailand's most fertile farming areas with a wide-ranging landscape of paddy fields, orchards and plantations. More than 1,000 years ago Thai settlers moved from the north, gradually replacing Mon and Khmer influences and establishing communities at Lop central and east coast of Buri then at Sukhothai, before founding a kingdom that lasted 417 years with Ayutthaya as its capital. When the Burmese destroyed Ayutthaya in 1767, the capital moved to Bangkok (TAT, 2007).

The central region has a dramatic history, and its heritage of ancient temples, battlefields and ruins and two capitals, Ayutthaya and Bangkok, are a continuing fascination for visitors. The east and west sea coasts at the region's southern end also draw huge numbers of visitors every year. Bangkok residents spend long weekends enjoying the relaxing seaside atmosphere, while holiday-makers from around the world discover the delights of the tropical beach life (TAT, 2007).

Bangkok has been the Thai capital for more than two centuries. It has in the last 20 years undergone more change than at any other period during its history. The ultimate impact of it all is that the city is now better than it has ever been - greener, more comfortable, and faster and easier to get around. Likewise, the options for shopping, dining and entertainment have vastly expanded in the last couple of decades. Amazingly, at the same time as developing as a thoroughly modern metropolis, Bangkok has succeeded in preserving monuments to its traditional oriental splendor. It is still a city of temples and palaces, of golden spires and orange-tired roofs, of saffron-robed monks and serene Buddha images. Classic sights, most famously the Grand Palace and Temple of the Emerald Buddha, remain as magnificent as ever (TAT, 2007).

Set in the heart of the Central Plains that extend north from Bangkok, Ayutthaya provides an intriguing glimpse into a glorious past. Founded in the 14th century, it was the nation's capital for more than 400 years until its destruction in 1767. During the height of its power, it ranked as the largest, most magnificent city in the Orient, as witnessed today in the extensive ruins of numerous temples and palaces that are now preserved as a World Heritage Site (TAT, 2007).

On the eastern side, 400 kilometers of coastline extend from Chon Buri to Rayong with some of the finest beaches in Asia. Pattaya, with an enormous range of resorts, hotels, and guesthouses, is its centre. If you are seeking a more relaxing experience, travel further down the coast to Rayong or Ko Samet, and the lovely islands of Ko Chang National Park near the Cambodian border.

Pattaya is situated just a 2-hour drive from Bangkok. It is famous for being an international playground in the sun. Facing a wide bay and a long sweep of beach, it is a seaside resort with city status, and goes all out to offer a huge variety of sporting and entertainment opportunities both on the water and on land. By day, Pattaya is alive with water sports action, while come night-time the place is equally active as vacationers flock to the resort's neon-lit bars, discos, nightclubs, and restaurants (TAT, 2007).

On the west coast, the resorts of Cha-am and Hua Hin attract international travelers who prefer their more sophisticated yet laid-back atmosphere.

Far from the sea in the northwest of the region is Kanchanaburi, whose forested mountains, waterfalls and caves, national parks and wildlife sanctuaries on the border with Myanmar provide some of Thailand's beautiful scenery.

2) The North

The North is the birthplace of the earliest Thai civilization and has many sites of archaeological and cultural interest. Northern people are famous for their courtesy and hospitality, and the region is also noted for its variety of cultural traditions. Many tourists from the surrounding provinces converge on Chiang Mai for the annual Songkran Festival, and to Sukhothai for Loi Krathong (TAT, 2007).

The North falls into two distinct areas, the plains of the lower north from Nakhon Sawan to Sukhothai, and the mountainous upper north leading to the borders of Myanmar and Laos. The mountain ranges along the borders are breathtaking, with waterfalls and fast-flowing rivers ideal for rafting. They are also the home of many ethnic hill people (TAT, 2007).

The region has three seasons, hot from March to May, wet from June to November, and cool from December to February. High up in the mountains, though, "cool" may often mean extremely cold.

The Thai nation had its origins in the North, in city states that were gradually incorporated into the Lanna kingdom centered in Chiang Mai. Sukhothai became the first capital of Thailand, but the influence of the Lanna states of Laos and Myanmar can be clearly seen in the architecture and cuisine of the North (TAT, 2007).

The nomadic hill people of the region pursued their own course, moving back and forth across frontiers. There are six main tribal groups, Karen, Hmong, Lahu, Mien, Akha and Lisu, each with its own unique customs and clothing. Today, they are settled in villages on the mountainsides, a great attraction for travelers (TAT, 2007).

Most overseas visitors make for Chiang Mai, the northern capital, as a base for visiting ethnic tribes, soft adventure activities, and shopping. Further north still, Chiang Rai and Mae Hong Son are centers for rafting, trekking, and tours of tribal villages. To the south, the Historical Park at Sukhothai is an essential destination for all those wishing to discover more about the history and culture of Thailand (TAT, 2007).

Chiang Mai is located some 700 km North of Bangkok and is pleasantly situated on the banks of the Ping River. It is Thailand's second city, a centre for tourism and commerce, as well as an aviation gateway to Yunnan and Lao PDR. Founded in the late 13th century, Chiang Mai is a treasure trove of venerable temples, fascinating for their distinctive Northern Thai architectural style and rich decorative detail. The city is equally famous for its wealth of traditional handicrafts, in silk, wood, silver, ceramics and more, which makes Chiang Mai a veritable shopper's paradise. In addition, beyond the high forested hills and idyllic river valleys, the traditional villages of the colorful hill-tribe people are unique features of the landscape (TAT, 2007).

As a historic town, established in the 13th century, Chiang Rai is the perfect base for exploring Thailand's far north. The quiet charm of the town is matched by stunning surroundings. Two high forested peaks, Doi Mae Salong and Doi Tung, are located just a few kilometers north of the town and both afford easy access into quite spectacular hill country dotted with hill-tribe villages. Beyond is the

ancient town of Chiang Saen, on the banks of the Mekong River, and the famous "Golden Triangle," where the confluence of the Mekong and Ruak Rivers form the border between Thailand, Myanmar and Lao PDR (TAT, 2007).

Sukhothai was the cradle of the Thai nation. Here, in a landscape of low wooded hills on the northern border of the Central Plains, the first capital city was founded in the 13th century. Today, the superb ruins of Sukhothai are preserved in an immaculately kept historical park that is a World Heritage Site. According to TAT (2011), Sukhothai covers an area of some 70 square km are the ruins of more than 20 major monuments that offer wonderful insights into the art, architecture, and religious faith that still defines the Kingdom today (TAT, 2007).

The 17 provinces that comprise the North are Chiang Mai, Chiang Rai, Tak, Kamphaeng Phet, Lampang, Lamphun, Mae Hong Son, Nakhon Sawan, Nan, Phayao, Phetchabun, Phichit, Uthai Thani, Phitsanulok, Phrae, Sukhothai, and Uttaradit.

3) The Northeast

Situated on the Khorat Plateau, Northeastern Thailand is the most traditional part of the country, where rural villages dot the landscape and colorful festivals punctuate the agricultural year. Virtually the whole of the area's Northern and Eastern limits are bounded by the Mekong. This vast plateau covering nearly one third of the country is usually known as Isan. It extends northwards to the Mekong River, which divides Thailand from Laos, and to the south, and it ends at the Dong Rek mountain range along the border with Cambodia (TAT, 2007).

It is known to be an arid region with soil of poor quality, but for tourism, Isan is one of the country's most intriguing destinations with many Stone Age and Bronze Age dwellings and artifacts, and several significant temples that are a legacy of the great Khmer empire (TAT, 2007).

The sandstone shrines are popular tourist attractions, particularly the superbly restored sites at the historical parks of Phimai in Nakhon Ratchasima and Phanom Rung in Buri Ram. The great temple complex at Khao Phra Viharn in Si Sa Ket on the border with Cambodia is now accessible to visitors after a long period of isolation (TAT, 2007).

The Bronze Age settlements at Ban Chiang in the province of Udon Thani provide fascinating evidence of the work of the local potters some 5,000 years ago. The red and white pottery with characteristic "fingerprint" designs is thought to be the first earthenware vessels known to man (TAT, 2007).

Two of Thailand's best-loved national parks, Khao Yai, Phu Kradung and Phu Rua in Loei, are in Isan. Other major attractions include the villages in Khorat and Khon Kaen, where beautiful local silk is woven by hand (TAT, 2007).

Isan is a comparatively poor region whose main income is from agriculture, and many of the younger people in the villages migrate to the city. But Isan folk have a distinctive character and dialect and a vigorous culture, with their old traditions still reflected in the many festivals unique to the region (TAT, 2007).

With its strategic position bordering Laos and Cambodia, Isan has in recent years risen to become a useful starting point for adventurous journeys to destinations along Mekong River. There have been important developments in infrastructure to accommodate what is expected to be a boom in tourism.

Nong Khai, site of the Friendship Bridge that links Thailand and Lao PDR, is a charming, relaxed town with a handful of interesting temples and fine river views. A little to the South lies Udon Thani, a major regional hub and also the nearest city to the prehistoric site of Ban Chiang, a World Heritage Site (TAT, 2007).

A road bordering the Mekong runs from Nong Khai to the riverside provincial capital of Nakhon Phanom, which commands superb views across the Mekong to the mountains of Lao PDR. Nearby is Phra That Phanom, one of the most revered Buddhist sites in the Northeast. A journey further sough along the riverbank leads to Mukdahan, a pleasant little town with excellent river views. It is also the site of a proposed bridge over the Mekong to link with Savannakhet in Lao PDR (TAT, 2011).

Travel in the region has been improved by domestic airlines with regular flights to regional airports; and it is no longer impossible to find luxury accommodation, especially in the large provinces of Khon Kaen, Udon Thani Nakhon, Ratchasima, and Ubon Ratchathani (TAT, 2011).

The Northeast consists of 19 provinces: Amnat Charoen, Buri Ram, Chaiyaphum, Kalasin, Khon Kaen, Loei, Maha Sarakham, Mukdahan, Nakhon Phanom, Nakhon Ratchasima, Nong Bua Lamphu, Nong Khai, Roi Et, Sakon Nakhon, Si Sa Ket, Surin, Ubon Ratchathani, Udon Thani, and Yasothon.

One of the largest of the northeastern provinces, Ubon Ratchathani presents a fascinating blend of cultural and historical sights, while outside town, the eastern edge of the province borders the Mekong, affording scenic drives to several local beauty spots both along the mainstream and the Mun tributary.

4) The South

This region extends southward along a narrow peninsula lying between the Andaman Sea on its west side and the South China Sea on the east. It is a rich land in terms of the abundance of its natural resources, the fertility of its soil, the diversity of its people and its commercial viability (TAT, 2007).

The South is made up of 14 provinces, from Chumphon in the north down to the Malaysian border 1,200 kilometers from Bangkok. It has a long coastline on either side with sandy beaches and offshore islands on both, and a rugged central hinterland of mountains and forests.

The east coast on the Gulf of Thailand always seems to be more relaxed, with long, wide bays and calm seas; the Andaman Sea coast tends to be more rugged and exhilarating, with its strange limestone rock formations and cliffs.

The occurrence of two seasonal monsoons means that the climate differs from the rest of Thailand. The southwest monsoon sweeps the west coast and the Andaman Sea from May to October, while the northeast monsoon moves across the Gulf of Thailand form November to February. The peninsula forms a barrier so that rain rarely falls on both coastlines simultaneously.

The area was once part of the Buddhist Srivijaya Empire but later came under the rule of Ayutthaya and then Bangkok. Chinese and Malaysian influences have played a large part in the cultural makeup of the region; the further south, the stronger the Malaysian influence, with a dialect akin to Malay, and a predominance of Muslim communities and mosques. Rice fields give way to rubber plantations, and Chinese tin mining operations become evident (TAT, 2007).

The coastline attracts most tourists, though Samui island in the Gulf of Thailand is growing in popularity as a laid-back holiday spot with first class diving opportunities nearby on Tao and Pha-ngan islands.

The Andaman Sea coast offers more sophisticated choices in the island province of Phuket, Thailand's premier holiday resort. However, the fascinating rock formations and offshore islands at Phang-nga, Krabi, and Trang are extremely popular for the diving and sailing opportunities they offer.

According to TAT (2007), Phuket is Thailand's largest island, which blends extraordinary natural beauty with superb tourism facilities to ensure a perfect time in the sun. Against a backdrop of green hills, the island's west coast is blessed with a whole string of magnificent beaches and coves bathed by the clear blue waters of the Andaman Sea. Nature's bounty is matched by luxurious hotel and resorts, while for leisure, pleasure and sheer indulgence there are water sports, yachting, scuba diving, golf, spa treatments, exquisite dining and more (TAT, 2007).

Samui Island, Thailand's third largest island, lies in the Gulf of Thailand facing Surat Thani province. Like Phuket, it combines natural beauty with an exceptionally good standard of hotels, spas, and other tourism facilities that afford the luxury, the dining, and the entertainment to complete the holiday. Moreover, a vide variety of beach locations, ranging from fun-filled action centres to quiet hide-aways, satisfy all preferences for the ideal beach vacation (TAT, 2007).

Krabi offers beaches displaying the characteristic qualities of the Andaman coast—soft, fine white sand, warm clear water and lush tropical greenery spilling on to the shore—while soaring cliffs present a dramatic backdrop to the most beautiful locations. There are also offshore islands, most famously the twin Phi Phi isles, location for the movie "The Beach." and the newly popular Ko Lanta.

In addition, the mountains, rivers, and forests in the national parks in the interior of the peninsula are also gaining popularity with eco-tourists, as can be seen with the growing numbers of safari expeditions on foot, by elephant, and in canoes (TAT, 2007).

The South of Thailand consists of 14 provinces: Chumphon, Krabi, Nakhon Si Thammarat, Narathiwat, Pattani, Phang-nga, Phatthalung, Phuket, Ranong, Satun, Songkhla, Surat Thani, Trang and Yala.

4.3.4 Current Tourism Development of Thailand

From statistics about tourism industry in Thailand, there were only 81,380 foreign tourists visited the country in 1960 with revenue of 196 million Baht. This number steadily increased over the years and in 1982 the number of foreign tourists were 2,218,429, generating a total revenue amounting to 23,879 million Baht. A decade later, in 1995, the number of foreign tourists dramatically increased to 6.9 million, creating total revenue of 339,658 million Baht and this positive growing trend continued until the end of year 2008 (TAT, 2011).

Unfortunately, since the middle of 2008, a severe worldwide financial recession has dampened the desire to travel. Thailand furthermore has suffered from political instability, a closure of Suvarnabhumi Airport (26 November, 2008, by the Yellow Shirt protesters). A Red Shirt demonstration invaded the East Asia Summit in Pattaya on 11 April, 2009, leading to a cancellation of the summit, with world leaders scurrying away to safety. This was followed by violent riots the next day (during Songkhran) and the declaration of a state of emergency by Prime Minister Abhisit Vejjajiva. The protesters withdrew and the state of emergency was lifted after that (TAT, 2011).

This will have a major negative effect on Thai tourism prospects. This was the first time that the tourist industry had been directly targeted, and the protesters' use of this tactic suggests that they considered attacking the lucrative industry as a highly effective way of putting both fiscal and political pressure on the government. According to TAT (2011), despite the eventually peaceful resolution of the occupation, the direct effort to disrupt the tourist industry set a worrying precedent and will act as a disincentive for tourists considering a holiday in Thailand in 2009 (TAT, 2011).

In general, as the tourism business becomes popular and generates more income for many people in the communities where there is a thriving tourist industry,

the government and business sectors became eager to develop more tourism sites to distribute income generation to more communities. It is obvious that the tourism businesses in Thailand have continuously recorded rapid growth, bringing sizable amounts of foreign currency into the country (TAT, 2011).

        4.3.4.1 Tourist Arrivals and Revenue Annually Gained from Tourism

              Industry

        As shown in table 4.1, the number of international tourist arrivals and receipts of Thailand has increased quite rapidly, nearly double from 1998 to 2007. The amount of tourism revenue is more than two times, from 242 billion Baht in 1998 to 547 billion Baht in 2007, and become an important factor of the economy of Thailand. In 2008, 14.54 million international visitors came to Thailand with nearly 600 billion Baht. But, unfortunately, the global financial crisis and Thailand's political turmoil that have been going on since late 2008 have resulted in a decline in the number of inbound tourists, with a decrease of about four percent in 2009. The number of international tourist arrivals was 14.15 million in 2009, which is in line with a decrease of revenue equaling 527,326 million Baht.

        According to TAT (2011), since August 2009, tourism in Thailand has been showing clear signs of recovery. The number of tourists declined by only five percent in August 2009 and switched to a growth of more than ten percent in September and October. This dramatic increase continued until the end of 2009. The number of tourists arriving via Suvarnabhumi International Airport between November and mid-December 2009 increased nearly 40 percent. Charter flights from Europe and Asia to major tourism destinations, including Phuket and Koh Samui, grew significantly during November and December. From September, there were clear signs of recovery and normalization in all adversely-affected markets.

Table 4.1 International Tourism Statistics in Thailand 1998-2009

Year	Tourist arrivals (Million)	Average expenditure (Baht)	Revenue (Million Baht)
1998	7.76	3,712.93	242,177
1999	8.58	3,704.54	253,018
2000	9.51	3,861.19	285,272
2001	10.06	3,748.00	299,047
2002	10.80	3,753.74	323,484
2003	10.00	3,774.50	309,269
2004	11.65	4,057.85	384,360
2005	11.52	3,890.13	367,380
2006	13.82	4,048.22	482,319
2007	14.46	4,120.95	547,782
2008	14.54	N/A	599,708
2009	14.15	N/A	527,326
2010	15,84	N/A	N/A

Source: Tourism Authority of Thailand, 2011.

Thanks to all efforts to save the tourism industry from the governmental tourism organizations, together with TAT's tourism promotion initiatives as well as the recovery of the world economy, TAT finally announced that the number of international tourists for 2009 came up to 14.15 million, down only about four percent compared to 2008. In 2010 there was a strong recovery in spite of the various internal and external crises that affected the industry at large. According to the data from the Ministry of Tourism and Sports, international visitor arrivals in 2010 showed a remarkable 12 percent growth in its international tourist arrivals, to 15.84 million in 2010 (TAT, 2011).

The factors supporting the recovery of the Thai tourism market include:

1) The recovery of the global economy in the third quarter of 2009 was stronger than expected and marked by increased consumer confidence;

2) The Thai political situation became more stable. Despite rumors of conflicts, no major incidents occurred, further restoring confidence in Thailand;

3) The less-than-feared severity of the flu outbreak from early 2009 increased tourist confidence;

4) The government's economic stimulus measures, such as the exemption of visa fees and reduced takeoff and landing fees, benefited operators promoting Thai tourism;

5) Marketing campaigns implemented by TAT

a) Restoring Thailand's image to enhance confidence among travelers;

b) Advertisements promoting value-for-money visits to Thailand;

c) Road-shows that provided accurate information about the situation in Thailand to senior officials of many governments and tourism operators;

d) Stimulus measures that boosted travel including the Partners on Demand project designed to encourage partners to offer Thailand travel programs and sales promotional advertisements under the Amazing Thailand, Amazing Value concept.

4.3.4.2 International Tourist Arrivals Forecast for 2011

The situation for the Thai tourism industry is expected to be more favorable in 2011, as long as no major political crisis occurs. TAT expects the number of international tourists to grow at around 9 percent from last year, approximately more than 17 million in 2011, generating an approximate revenue of 600 billion Baht (US$18.5 billion) (TAT, 2011).

According to TAT, in order to achieve the expected number of international tourist arrivals for the year 2011, TAT's marketing campaigns for 2011 will be highly visible worldwide through traditional promotional channels, including TV commercials and vignettes, print advertising, out-of-home media, brochures, and posters. There will also be an increased use of celebrity marketing, inviting popular actors, and sports figures in major events in Thailand, while also encouraging the movie industry to consider Thailand as a shooting location (TAT, 2011).

In the new media space, TAT will reach the younger demographic of travelers using social media, such as the Amazing Thailand video channel on YouTube featuring short documentaries, more use of E-Books and E-Brochures, an iThai application to get Thai tourism updates on iPhone, and an Internet call center that visitors can contact via computer. TAT will also build on the member network of the Thailand Fan Club that has already been established in their Europe and Middle East markets.

4.3.4.3 Domestic Tourism

Thai people also enjoy travel; indeed it is considered a favorite pastime, along with eating and shopping. A central strategy of the government at the end of the review period was to boost the Thai economy and encourage Thais to travel within the country, with different campaigns and promotional packages persuading Thais to discover the country's beauty. There were many themes and activities related to the celebration for the King to boost domestic tourism, for example, the Royal Flora Exhibition in Chiang Mai and the grand exhibitions in Bangkok. As seen in table 4.2, there has been an ongoing trend of domestic tourist arrivals. Domestic tourism provided a significant contribution of 188 billion Baht in 1998 up to 407 billion Baht in 2009.

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Table 4.2 Domestic Tourism Statistics in Thailand 1998-2009

Year	Tourist arrivals (Million trip)	Average expenditure (Baht)	Revenue (Million Baht)
1998	51.68	1,512.70	187,897.82
1999	53.62	1,523.55	203,179.00
2000	54.74	1,717.77	210,516.15
2001	58.62	1,702.70	223,732.14
2002	61.82	1,689.52	235,337.15
2003	69.36	1,824.38	289,986.81
2004	74.80	1,852.33	317,224.62
2005	79.53	1,768.87	334,716.79
2006	81.49	1,795.09	322,533.71
2007	83.23	1,767.35	380,417.10
2008	83.00	N/A	385,000,00
2009	87.00	N/A	407,600.00

Source: Tourism Authority of Thailand, 2010.

According to TAT, the domestic tourism market was not particularly affected by the political situation. Recently, the signs of economic recovery are reflected in an upturn in the Thai domestic tourism sector, with the number of domestic tourist arrivals coming to 87.00 million in 2009. The tourism situation has since improved and became much more robust in the year 2011. Factors giving rise to this included:

1) Increased confidence in the economy leading to increased consumer spending on travel, especially on low-cost airlines;

2) Private sector sales promotions to mobilize tourism at the end of 2009, and the introduction of low-cost flights between Udon Thani and Phuket;

3) Activities organized in all regions by the private sector since May to encourage domestic travel in the five regions which all received significant response. They included the Thai Tourism Festival, the Amazing Tastes of Thailand promotional campaign, Ruam Jai Pak Rak Po Luang, the International Balloon Festival, and train tours under the Tour by Train is Fun campaign;

4) Measures to boost tourism by the government sector, such as promoting conventions and educational and study trips within the country, and measures to extend public holidays into more consecutive days.

4.3.4.4 Domestic Tourism Forecast for 2011

For 2011, the target for tourism will be 91 million trips, an increase of nearly one percent from last year, with income from tourism expected to reach 432 billion Baht, an increase of three percent. In order to achieve this target for domestic tourism, the TAT plans to establish a new dimension in terms of value and understanding among Thai people about the important contribution their domestic travel makes to the Thai economy. By making domestic tourism an integral part of Thai people's lives, TAT hopes to shift the perception of Thai travelers and tourism owners and operators alike to a new awareness that will lead to sustainable tourism. The core tourism values that TAT aims to build are travel with awareness (pride), travel with creativity (gaining new ideas and perspectives), travel together (to encourage unity and respect for diversity), travel with understanding (gaining knowledge and wisdom), and travel by the heart (feeling love and cherishing amazing moments) (TAT, 2011).

4.4 Tourism Cooperation between Vietnam and Thailand

Vietnam and Thailand officially established diplomatic relations on August 6, 1976. The bilateral relations have been gradually consolidated and developed since 1991, especially since Vietnam's admission to ASEAN in 1995. The two countries frequently exchange delegations at both the high and working level.

The first Viet Nam-Thailand Joint Cabinet Retreats were held in Da Nang (Viet Nam) and Nakhon Phanom (Thailand) on 20 and 21 February 2004,

respectively. The Viet Nam delegation was led by H.E. Mr. Phan Van Khai, Prime Minister of the Socialist Republic of Viet Nam. The Thai delegation was led by H.E. Dr. Thaksin Shinawatra, Prime Minister of the Kingdom of Thailand. The Retreat was attended by forty-seven members of the Vietnamese and Thai Cabinets. On this occasion, ten documents, including a Joint Statement on Viet Nam-Thailand Cooperation Framework in the first decade of the 21st Century were concluded.

In the framework of regional and international forums, such as ASEAN, ACMECS, EWEC and GMS, Vietnam and Thailand have always wished to further their bilateral cooperative relations. Thailand supported Vietnam's accession to WTO and Vietnam's non-permanent membership of the UN Security Council in the 2008-2009 term.

Concerning Vietnam-Thailand economic cooperation, according to Mr. Pisanu Chanvitan, Thai Ambassador to Vietnam in a talk at the Vietnam Business Forum, economic cooperation between Vietnam and Thailand has grown considerably, especially over the last five years, and covers all areas of economic exchanges (Trang, 2010). Both countries are each other's important markets. The bilateral trade value has exceeded US$5 billion since 2008. Thailand is on the top ten list of foreign investors in Vietnam, with over two hundred and sixteen active projects and the total amount of US$5.8 billion.

Despite the effect of the global economic crisis in 2009, there have been a growing number of Thai investors in Vietnam and the expansion of existing projects, while the bilateral trade volume has remained at the same level as the previous year. This clearly demonstrates the potential of the Vietnamese market as well as the resilience of Vietnam-Thai economic cooperation.

In terms of tourism cooperation between Vietnam and Thailand, Vietnam and Thailand have cooperated in tourism for ten years. The tourism authorities of the two countries have exchanged information and visits. The Tourism Authority of Thailand has organized a number of training courses for the Vietnamese tourism personnel. Most recently, a group of Vietnam Administration of Tourism Agency and Tourism Agencies visited Thailand on 1 March, 2010 on an observation tour under the cooperation programme between the tourism authorities of the two countries.

In fact, Vietnam and Thailand are important transportation hubs in Southeast Asia. During the official visit to Vietnam of Mr. Abhisit Vejjajiva, Prime Minister of Thailand, in July 2009, both sides agreed to promote tourism activities as well as to develop infrastructure to support the potential increase in the number of tourists under the project "One Million Tourists Programme 2015."

4.4.1 Overview of Tourism Cooperation between Vietnam-Thailand

A Vietnam-Thai tourism promotion agreement signed in November 2000 provided the foundation for a major increase in activities to increase visitor flows between the two countries. The agreement between the Thailand Authority of Thailand (TAT) and the Vietnam National Administration of Tourism (VNAT), signed in Hanoi, covers a number of activities to be undertaken bilaterally as well as under the aegis of other regional and sub-regional agreements.

These include numerous areas of travel and tourism developments, especially planning for destinations with strong future potential, investment promotion, human resources, basic infrastructure and transportation linkages. All of these are crucial for supporting regional tourism growth. The co-operation will build upon existing transportation, and trade and investment linkages, to strengthen the economies of both countries, and to promote cultural exchanges and supplement existing activities and projects being undertaken through others forums such as the Association of Southeast Asian Nations (ASEAN), the Asia Pacific Economic Cooperation (APEC), and the Greater Mekong Subregion (GMS). One of the most significant infrastructure projects is the East-West Economic Corridor (EWEC) Highway Network linking Myawaddy in Myanmar, Tak, Phitsanulok, Kalasin and Mukdaharn in Thailand, Savannakhet in Lao PDR, as well as Hue and Danang in Vietnam. The EWEC project will go a long way towards promoting overland tourism between Thailand, Laos, and Vietnam. Recently, the opening of the Thai-Lao Bridge in Mukdahan province has helped to facilitate Thai tourists that travel to Vietnam by car, which is in line with the objective of promoting greater regional integration through the Asian Highway Network and the East West Economic Corridor.

In addition, the railway link that will run from Singapore to Vietnam and Southern China, via Malaysia, Thailand and Cambodia, was approved by ASEAN leaders in November 2001 and will form a crucial part of the transportation and infrastructure being developed region wide. Other major developments between the two countries include the promotion of transportation along the Mekong River to benefit trade and tourism and an increase in direct flights between Bangkok and Danang by Thai Airways International.

A bilateral visa-waiver agreement has allowed holders of Vietnamese and Thai ordinary passports to be exempted from visas for a stay not exceeding thirty days. This has greatly helped visitor flows between the two countries to grow substantially. On the marketing front, a new tourism promotion campaign under the theme "Two Countries, One Destination" will jointly feature both destinations. It will be backed by dissemination of tourism information of both countries through TAT's fifteen overseas offices and Vietnamese embassies and consulates. It will get a further boost when VNAT opens three overseas tourism representative offices in Thailand, France, and Japan in 2002. The Vietnamese-Thai tourism agreement also commits the two countries to organizing joint road shows for local and international travel agents as well as participating in international trade exhibitions.

4.4.2 Tourist Arrivals between Vietnam and Thailand (1998 – 2009)

Vietnamese arrivals to Thailand in 2006 totaled 251,838, an increase of 28.85 percent, the fourth highest growth in the ASEAN region. In addition to the many first-time holiday travelers from Vietnam, there has been a significant growth in Vietnamese business travelers to trade exhibitions, especially since Vietnam has now become a member of the World Trade Organization. As seen in the Chart 4.3 below, there has been an ongoing growth in the number of Vietnamese tourist arrivals annually to Thailand, from about 25,000 in 1997 to more than 363,029 in 2009. According to TAT (2011), there was a very good growth in the number of Vietnamese tourist arrivals to Thailand in 2010 and that number rose to 401,188.
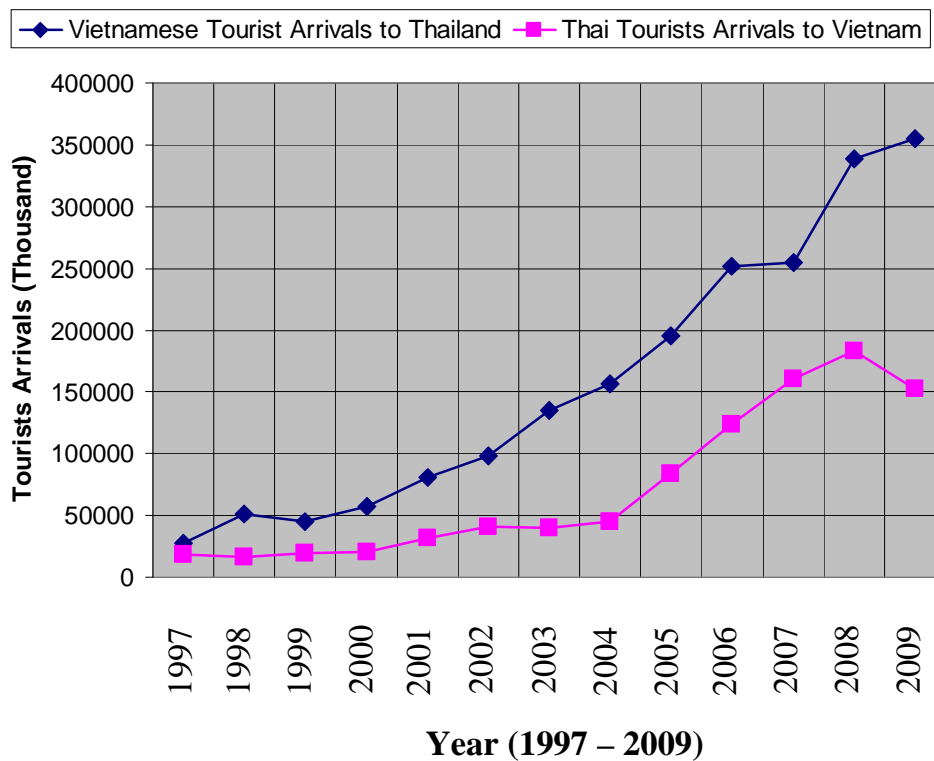
Figure 4.3 Number of Vietnamese and Thai Tourist Arrivals
Source: Tourism Authority of Thailand, 2010.

Thais travelling to Vietnam have also grown strongly. In 2006, the number of Thai visitors to Vietnam totaled 123,804, an increase of 142.6 percent over 2005. This spectacular growth continued until 2008, when Thai visitor arrivals to Vietnam totaled 183,142, up 109.6 percent over the previous year. Due to the economic crisis and the political unstability in Thailand, there was a 16 percent drop of Thai tourist arrivals to Vietnam in 2009 that made for a total of 152,633 visitors. According to VNAT (2011b), there was also a very good growth in the number of Thai tourist arrivals to Vietnam in 2010, that number rising to 222,839.

4.4.3 Tourist Receipts between Vietnam and Thailand (1998 – 2007)

As seen in Chart 4.4, according to recorded statistics from TAT from 1998 to 2007, the Vietnamese market contributed more than 1.3 billion Baht in 1998. There was a drop of revenue from this market in 1999, and the following years retained

positive growing rates until 2003, when the amount of tourism receipt from the Vietnamese tourist market amounted to nearly 3 billion Baht in 2003. Again there were moderate drops in 2004 and 2005; the amount of income in 2005 was 2.64 billion Baht. In the following years of 2006 and 2007, there was a great growth in tourism receipts from the Vietnamese market contributing to the success of Thailand's tourism industry, with the amount of income growing to nearly 7 billion Baht in 2007. The tourism receipts for 2008, 2009, and 2010 were not available, but as number of Vietnamese travels to Thailand has grown at a high rate recently, that surely suggests a high rate of tourism income as well.

Figure 4.4 Thailand Tourism Receipt from Vietnam Market
Source: Tourism Authority of Thailand, 2010.

4.5 Chapter Summary

This chapter has provided an introduction to Vietnam's tourism industry, including a country overview with general information, information on the evolution of tourism, tourism potentials with many attractive tourist destinations around the country, and information on the current tourism development of Vietnam. Then the chapter describes the tourism industry of Thailand with similar points as in the section on Vietnam's tourism industry. Analyses of domestic tourism, international arrivals, and tourism receipts of both countries were also included in this chapter. Finally, the chapter focuses on the recent tourism cooperation between Vietnam and Thailand, with a discussion of tourist arrivals and receipts of both countries during the last twenty years.

CHAPTER 5

RESEARCH FINDINGS

5.1 Introduction

This chapter focuses on describing the research findings, and includes three main sections and various sub-sections in section two. The first section describes the characteristics of the international travel companies involved in this study. The second section provides answers to all research questions and hypothesis testing of the study, including introducing the standard multiple regression and its assumptions. In addition, the bivariate relationships between the independent variables and dependent variables are examined in section 5.3.1 of this chapter. Then the results of eight standard multiple regressions are analyzed and path analysis is also conducted to explore the direct and indirect effects of overall IOR success. Finally, the third section is the summary of the chapter.

5.2 Characteristics of Sample Companies – Univariate Descriptive Statistics of Independent and Dependent Variables

5.2.1 Characteristics of Sample Companies

This section is focused strictly on the profile of the international travel companies. The respondents from these companies formed an overall sample of $N = 114$ for this research. Descriptive statistics run with frequency procedures on the primary data (displayed in table 5.1) confirmed that nearly 70 percent of the respondents participating in answering the questionnaires of this research were the directors of the travel companies, accounting for 36 percent, and the chief of

marketing and market development department accounting for 33.3 percent. Two other smaller groups were the second chief of marketing and market development department, accounting for 7.9 percent and finally, the staff in charge of marketing and market development, accounting for 22.8 percent of the sample companies.

In general, all of the international travel companies involved in this study have a core business of providing all kinds of tours and related tourist services to both the domestic and international market. International tours include providing tours and services to both inbound and outbound tourists. These travel companies can provide many kinds of tours, serving the diversified needs of customers, for example, MICE tours, teambuilding tours, caravan tours, cultural tours (festivals, religion, belief), medical tours, discovery tours (sea diving, mountain climbing, etc.), family visiting tours, etc. Besides providing tours, these travel companies also provide services such as air-ticket booking, money exchange, transportation (car rental, high speed boat rental, bus, train, etc.), hotel booking, etc. The common characteristics of the travel companies are to be located mainly in big cities and popular tourist destinations, to be small and medium size (majority), and highly competitive with one another.

In terms of the location of the international travel companies, the entire country was geographically divided into three main regions by researcher, including the southern region, the middle region, and the northern region of Vietnam. More than half of the companies having relationships with Thai tourist partners are located in the southern region of Vietnam (58.8 percent). The reason is that this region contains Ho Chi Minh City, the largest and most populated city of Vietnam, with thousands of domestic and international tourist companies. The second largest group came from the northern region, accounting for 28.1 percent of the total international travel companies involved in this study. Finally there were fifteen companies (13.2 percent) from the middle region of Vietnam that provided information and that returned the filled questionnaires to the TAT office in Ho Chi Minh City.

Table 5.1 Vietnamese International Travel Company Profiles (N = 114)

	Frequency	Percentage
Job Positions of Respondents		
- Director of the company	41	36.0
- Chief of marketing and market development department	38	33.3
- Second chief of marketing and market development department	9	7.9
- Staff who is in charge of marketing and market development	26	22.8
Total	114	100.0
Locations of Companies		
- South of Vietnam	67	58.8
- Middle region of Vietnam	15	13.2
- North of Vietnam	32	28.1
Total	114	100.0
Number of Full-time Staff		
- 1 - 20	63	55.3
- 21 - 40	23	20.2
- 41 - 60	10	8.8
- 61 - 80	6	5.3
- 81 - 100	4	3.5
- 101 - 120	2	1.8
- Greater than 150	6	5.3
Total	114	100.0

Table 5.1 (Continued)

	Frequency	Percentage
Number of Part-time Staff		
- 0 - 20	97	85.1
- 21 - 40	9	7.9
- 41 - 60	4	3.5
- 61 - 80	1	.9
- 81 - 100	3	2.6
Total	114	100.0
Age of Company		
- 1 - 5	43	37.7
- 6 - 10	38	33.3
- 11 - 15	16	14.0
- 16 - 20	12	10.5
- 21 - 25	1	.9
- Greater than 25	4	3.5
Total	114	100.0
Age of IOR		
- 1 - 5	66	57.9
- 6 - 10	35	30.7
- 11 - 15	11	9.6
- 16 - 20	2	1.8
Total	114	100.0

In short, the majority of the sample companies in this research (75.5 percent) were considered SMEs which employ a staff of fewer than 40 people. Only 6 companies, accounting for 5.3 percent, were considered large companies that employ more than 150 employees. In addition, most companies (85.1 percent) recruit a staff of fewer than 20 part-time workers and other small numbers of companies employ more than 20 part-time workers, including 9 companies (7.9 percent) employing from 21 to 40 part-time employees, 4 companies employing from 41 to 60 part-time

employees, accounting for 3.5 percent of the sample size, and only 4 companies (about 2.7 percent) employing more than 60 part-time employees.

Concerning the age of international travel companies, the tourism industry of Vietnam is considered new, so the high percentage (more than 75 percent) of young companies (less than 10 years of age) was not a big surprise; 43 companies accounting for 37.7 percent of total sample size were established only 5 years ago, 38 companies have been operating for 6 to 10 years, accounting for 33.3 percent, 14 percent of the companies are from 11 to 15 years of age, 10.5 percent of the companies have been established for 16 to 20 years, and finally, only 5 companies accounting for about 3.6 percent were older than 20 years.

In line with the age of international travel companies, the frequency procedure showed that more than 88 percent of the companies have had a relationship with their Thai partners for less than 10 years; 57.9 percent of the companies have had relationships with Thai partners for 1 to 5 years, 30.7 percent have formed IORs with Thai partners for 6 to 10 years, and only about 11 percent of the total number of travel companies have had relationships with Thai partners for more than 10 years.

5.2.2 Univariate Descriptions of Independent Variables

In order to check whether all scores were normally distributed, the descriptive procedure was conducted with all variables - the dependent and dependent variables involved in this study. As can be seen in table 5.2, there was no missing value; all variables loaded with a full sample size of 114 cases. The minimun and maximum scores of each variable are also included.

Table 5.2 Univariate Descriptive Statistics of Independent Variables

	N	Minimum	Maximum	Mean	Std. Deviation
TRUSTIOR	114	23.00	114.00	77.9386	23.83249
PARTIOR	114	22.00	50.00	39.1842	4.83821
COMMITIOR	114	30.00	60.00	48.5877	5.13673
FREINTER	114	9.00	25.00	19.4737	2.63808
CORESIOR	114	3.00	15.00	6.7281	2.48993
ORGCOMP	114	6.00	15.00	11.0351	1.74949
FORMIOR	114	10.00	35.00	22.9649	4.40822
INTERIOR	114	2.00	10.00	6.7105	1.79342
COMUNIOR	114	2.00	10.00	6.9825	2.00875
FLEXIOR	114	10.00	20.00	15.0351	1.88111
COORDIOR	114	5.00	10.00	7.6667	1.17997
AGIOR	114	1.00	20.00	6.0351	4.24041
Valid N (listwise)	114				

5.2.3 Univariate Descriptions of Dependent Variables

Table 5.3 presents the univariate descriptive statistics of the five dependent variables with a sample size of 114 cases, minimum, maximum, mean, and standard deviation values of each variable.

Table 5.3 Univariate Descriptive Statistics of Dependent Variables

	N	Minimum	Maximum	Mean	Std. Deviation
REPESA	114	10.00	50.00	31.4825	9.69557
OVIORSUC	114	18.00	35.00	27.2368	3.21309
MARSUP	114	4.00	15.00	10.7281	2.48993
BUSUCIOR	114	5.00	15.00	11.1053	1.78672
FIBENIOR	114	12.00	25.00	18.9825	2.94487
Valid N (listwise)	114				

5.3 Determinants of IOR Success

In this section, eight standard multiple regression analyses were employed to find out how well the independent variables were able to predict the marketing supportss in the IOR, the financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, and overall IOR success of Vietnamese and Thai travel companies. Also, this technique will exactly show which determinant factors most affected marketing supports, financial benefits, business success, relationship performance satisfaction, and overall IOR success. Lastly, the findings from a series of regression analyses were combined to form a path model which helped researcher to find out the direct and indirect effects of the independent variables on the dependent variable of overall IOR success.

5.3.1 Multiple Regression Analysis with Assumptions and Bivariate Correlation Analyses of Independent and Dependent Variables

Multiple regression is a family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of continuous independent variables or predictors. This technique provides researchers with

information about the model as a whole (all subscales) and the relative contribution of each of the variables that make up the model (individual subscales).

According to Pallant (2005: 141), in standard multiple regression all the independent variables are entered into the equation simultaneously. Each independent variable is evaluated in terms of its predictive power, over and above that offered by all the other independent variables. This is the most common use of multiple regression analysis. This approach was used for this study when researcher had a set of variables (e.g. determinants of IOR success) and wanted to know how much variance in a dependent variable (e.g. overall IOR success) that these determinants of overall IOR success were able to explain as a group or block. This approach would also told the researcher how much unique variance in the dependent variable each of the independent variables explained.

1) Assumptions of Multiple Regression: The assumptions about the data for multiple regression analysis were concerned with the data scale, sample size, intercorrelations among the independent variables, outliers, linearity, normality of the variable distributions, and homoscedasticity.

The dependent variables should be measured at the interval/continuous level, independent variables should also be predominantly at the interval/continuous level as well, and the non-interval independent variables should be dichotomous (De Vaus, 2002). For this study, all dependent and independent variables were continuous and measured on a five-point Likert-scale ranging from 1, "strongly disagree" to 5, "strongly agree," except the variable of Age of IOR, which was measured in year of the relationship and the variable of Frequency of Interaction (FREINTER), which was measured on a five-point Likert-scale ranging from 1, "not at all" to 5 as "very often."

2) The sample size: The sample size of this study was is 114, which is considered acceptable. According to Bartlett, Kotrlik and Higgins (2001), in order to use multiple regression analysis, the ratio of observations to independent variables should not fall below five. If this minimum is not followed, there is a risk for overfitting, ". . . making the results too specific to the sample, thus lacking generalizability" (Hair, Anderson, Tatham and Black, 1995: 105). A more

conservative ratio of ten observations for each independent variable was reported as optimal by Miller and Kunce (1973) and Halinski and Feldt (1970).

Table 5.4 Maximum Number of Regressors Allowed for Regression Analysis

Sample size for:	Maximum number of regressors if ratio is	
	5 to 1	10 to 1
Continuous data: n = 111	22	11
Categorical data: n = 313	62	31

Source: Bartlett, Kotrlik and Higgins, 2001: 49.

These ratios are especially critical in using regression analyses with continuous data because sample sizes for continuous data are typically much smaller than sample sizes for categorical data. Therefore, there is a possibility that the random sample will not be sufficient if multiple variables are used in the regression analysis.

As shown in table 5.4, if researcher uses the optimal ratio of 10 to 1 with continuous data, the number of regressors (independent variables) in the multiple regression model would be limited to 11, and if researcher uses the optimal ratio of 5 to 1 with continuous data, the number of independent variables in the multiple regression model would be limited to 22. For this study, when the multiple regression analysis was applied for the variable of marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, and overall IOR success, the ratio was more than or nearly 10 cases to 1 variable.

3) Multicollinearity: Multiple regression procedures assume the absence of multicollinearity. Multicollinearity occurs when two or more of the

predictors/ independent variables are highly intercorrelated, thus producing an unstable regression equation (Cone and Foster, 1998: 193). Multicollinearity among variables was examined by the correlation matrix of independent variables (table 5.7 and table 5.8) of this research.

The ideal predictive situation is when correlations among the twelve independent variables, namely, TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, ORGCOMP, FREINTER, and AGIOR, are low. The more the independent variables are intercorrelated, the more difficult is the result interpretations (Kerlinger, 1973). Therefore, it is crucial for all research to determine the correlations among the independent variables and to avoid the multicollinearity problem. The recommended guideline for determining the correlation value of multicollinearity varies among scholars in public policy and social research. Mendenhall and Sincich (1996) have pointed out that a frequent practice is to examine the bivariate correlations among the independent variables, looking for a coefficient of about .80 or larger. However, Anderson, Sweeney and Williams (2002) and Tabachnick and Fidell (2001) have suggested that a sample correlation coefficient which is greater than +.07 or less than -.07 for two independent variables identified a potential problem of multicollinearity.

Table 5.5 Correlation Coefficients between Independent Variables

	1	2	3	4	5	6	7	8	9	10	11
1. TRUSTIOR	1.00										
2. PARTIOR	.083	1.00									
3. COMITIOR	.163*	.698**	1.00								
4. CORESIOR	.237*	-.094	-.117	1.00							
5. FORMIOR	.473**	.242*	.292**	.176*	1.00						
6. INTERIOR	.203*	.012	.089	.054	.073	1.00					
7. COMUNIOR	.644**	.060	.121	.066	.461**	.163*	1.00				
8. FLEXIOR	.029	.574**	.540**	-.043	.249*	-.047	.012	1.00			
9. COORDIOR	.108	.330**	.415**	-.146	.158*	.038	.121	.376**	1.00		
10. ORGCOMP	-.125	.335**	.333**	-.103	.153	-.115	.030	.333**	.211*	1.00	
11. FREINTER	.137	.566**	.510**	-.039	.164*	-.047	.128	.398**	.273*	.332**	1.00
12. AGIOR	.271*	.102	.103	.043	.098	.101	.100	.087	.073	.055	.123
Mean	**77.94**	**39.18**	**48.59**	**6.73**	**22.96**	**6.71**	**6.98**	**15.04**	**7.67**	**11.04**	**19.48**
SD	**23.83**	**4.84**	**5.14**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**	**1.18**	**1.75**	**2.64**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

4) Bivariate Relationships between Independent Variables: For the independent variables, table 5.5, shows that the correlations among independent variables were at the moderate level (the lowest was at -.039), which was the correlation between conflict resolutions of IOR and frequency of interaction. The highest correlation between independent variables was in the relationship between participation in the IOR and commitment to the IOR, which was at .698. The highest correlation of .698 between the independent variable of this study was still less than the recommended acceptable level of the correlation value (.70), so it was concluded that there was no multicollinearity problem in this study. As the result, these outputs will not have a significant impact on the multiple regression analysis and path analysis in the further data analysis of this study.

5) Bivariate Relationships between Dependent Variables: For the dependent variables, table 5.6 illustrates that the correlations among variables were at a moderate level; the lowest was at -.032, which was the correlation between marketing supports in the IOR and relationship performance satisfaction. The highest correlation was in the relationship between marketing supports in the IOR and financial benefits of the IOR, which was at .516. According to the data analysis of this study regarding the correlations, the highest correlation was at .516, which still was less than the recommended acceptable level for the correlation value (.70); consequently, it was concluded that there was no multicollinearity problem with dependent variables of this study. As the result, these outputs will not have significant impact on the multiple regression analysis and path analysis in the further data analysis procedure.

Table 5.6 Correlation Coefficients between Dependent Variables

	1	2	3	4	5
1. OVIORSUC	1.000				
2. MARSUP	.490**	1.000			
3. FIBENIOR	.502**	.516**	1.000		
4. BUSUCIOR	.396**	.271*	.493**	1.000	
5. REPESA	.074	-.032	.127	.277**	1.000
Mean	**27.2368**	**10.7281**	**18.9825**	**11.1053**	**31.4825**
SD	**3.21309**	**2.48993**	**2.94487**	**1.78672**	**9.69557**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

In addition, multicollinearity was also tested using the variance inflation factor (VIF) test, which measures "how much the variances of the estimated regression coefficients are inflated as compared to when the independent variables are not linearly related" (Neter et al., 1996). A VIF over 10 indicates that multicollinearity may be unduly influencing the least square estimates. None of the models tested showed VIF factors exceeding 10 for either the dependent or independent variables of this study.

The outlier analysis was also performed by running descriptive and frequency procedures to check for extreme scores (very high or very low scores) for all of the variables of this research. According to Pallant (2005), multiple regression is very sensitive to outliers; all extreme scores should be checked in the initial data screening process. Outliers can either be deleted from the data set or, alternatively, given a score for that variable that is high, but not too different from the remaining cluster of scores. Tabachnick and Fidell (2001: 122) define outliers as those with standardised residual values above about 3.3 (or less than -3.3).

6) Normality, linearity, homoscedasticity, independence of residuals: These all refer to various aspects of the distribution of scores and the nature of the underlying relationship between the variables. These assumptions can be checked from the residual scatterplots, which are generated as part of the multiple regression procedure. Residuals are the differences between the obtained and predicted dependent variable scores. The residuals scatterplots allow researcher to check:

(1) Normality: the residuals should be normally distributed about the predicted dependent variable scores;

(2) Linearity: the residuals should have a straight-line relationship with predicted dependent variable scores; and

(3) Homoscedasticity: the variance of the residuals about predicted dependent variable scores should be the same for all predicted scores.

The data of this study were screened for linearity by examining the bivariate scatter plots between the pairs of variables for conducting principal component analysis and no serious violations were found. Most of the variables were normally distributed.

5.3.2 Factors Affecting Marketing Supports in the IOR

The first research question of this study asked "How much variance in marketing supports in the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, and age of the IOR? Which is the best predictor of marketing supports in the IOR? Standard multiple regression was performed between the MARSUP, as the dependent variable, and TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and AGIOR as the independent variables the to find out the answer to this research question and to test the first hypothesis of the study.

Hypothesis 01: There were different variances in marketing supports that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, and age of the IOR.

For greater clarity, a regression equation for the model of MARSUP was written using the standardized coefficients (Beta) in table 5.8 as follows:

$$\textbf{MARSUP} = -.376(TRUSTIOR) -.091(PARTIOR) \quad\quad (Eq.\ 1)$$
$$+ .317\ (COMITIOR) + .142\ (CORESIOR)$$
$$+ .174(FORMIOR) + .124(INTERIOR)$$
$$+ .047(COMUNIOR) + .178(FLEXIOR)$$
$$-.007(COORDIOR) -.043(AGIOR)$$

where:

- **MARSUP**: The dependent variable (Marketing Supports in the IOR)
- TRUSTIOR: Trust in the IOR
- PARTIOR: Participation in the IOR
- COMITIOR: Commitment to the IOR
- CORESIOR: Conflict resolution in the IOR
- FORMIOR: Formalization in the IOR
- INTERIOR: Interdependence in the IOR
- COMUNIOR: Communication in the IOR
- FLEXIOR: Flexibility of the IOR
- COORDIOR: Coordination of the IOR
- AGIOR: Age of the IOR

Table 5.7 shows that there were significant relationships between the dependent variable, MARSUP, and the independent variables: TRUSTIOR, PARTIOR, COMITIOR, FORMIOR, FLEXIOR. Among these significant relationships, there as a weak negative correlation between TRUSTIOR and MARSUP ($r=-.168$, $p<.05$), with high levels of TRUSTIOR associated with lower levels of MARSUP. This indicates that the more trust a travel company has in its IOR partner, the less marketing supports it may obtain. There was a modestly positive correlation between PARTIOR and MARSUP ($r=.228$, $p<.05$). This means that the more participation a travel company has with its IOR partner, the more marketing supports it may receive. The variable of FORMIOR also had a modestly positive relation with MARSUP ($r=.161$, $p<.05$). This means that a high level of formalization

in the IOR is associated with the high level of marketing supports. In addition, the variables of COMITIOR and FLEXIOR were moderately correlated with MARSUP (r=.332, p<.001) and (r=.312, p<.001), respectively. This shows that a high level of commitment to the IOR and the high level of flexibility in the IOR are associated with the high level of marketing supports.

In conclusion, the MARSUP was modestly correlated with the TRUSTIOR (r=-.168, p<.05), PARTIOR (r=.228, p<.05), and FORMIOR (r=.161, p<.05), and moderately correlated with the COMITIOR (r=.332, p<.001) and FLEXIOR (r=.312, p<.001), as shown in table 5.7 below.

Table 5.7 Descriptions and Variables' Correlations of the MARSUP Model

	MARSUP	1	2	3	4	5	6	7	8	9
1. TRUSTIOR	-.168*	1.000								
2. PARTIOR	.228*	.083	1.000							
3. COMITIOR	.332**	.163*	.083	1.000						
4. CORESIOR	.056	.237*	.163*	-.117	1.000					
5. FORMIOR	.161*	.473**	.237*	.292**	.176*	1.000				
6. INTERIOR	.089	.203*	.473**	.089	.054	.073	1.000			
7. COMUNIOR	-.056	.644**	.203*	.121	.066	.461**	.163*	1.000		
8. FLEXIOR	.312**	.029	.644**	.540**	-.043	.249*	-.047	.012	1.000	
9. COORDIOR	.135	.108	.029	.415**	-.146	.158*	.038	.121	.376**	1.000
10. AGIOR	-.066	.271**	.108	.103	.043	.098	.101	.100	.087	.073
Mean	**10.7281**	**77.94**	**.271****	**48.59**	**6.73**	**22.96**	**6.71**	**6.98**	**15.04**	**7.67**
SD	**2.48993**	**23.83**	**77.94**	**5.14**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**	**1.18**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The model was statistically significant at p<.0005 with F (10, 113) = 3.432 and had an R squared value of .250, which explains 25 percent of the variance in the MARSUP. This indicates that, as a whole, all of the independent variables contributed to explaining 25 percent of the variance of the MARSUP.

Table 5.8 Coefficients between IVs and MARSUP

Variables	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
TRUSTIOR	-.376	.003	-.258
PARTIOR	-.091	.475	-.061
COMITIOR	.317	.016	.210
CORESIOR	.142	.123	.133
FORMIOR	.174	.103	.140
INTERIOR	.124	.163	.120
COMUNIOR	.047	.690	.034
FLEXIOR	.178	.114	.136
COORDIOR	-.007	.941	-.006
AGIOR	-.043	.633	-.041

Note: Dependent Variable: MARSUP: Total Marketing Supports in IOR
- Predictors: TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, AGIOR
- ANOVA: F(10, 113) = 3.432, Sig.=000, p < .0005
- Model summary: R^2 = .250

To answer the question "Which is the best predictor of marketing supports?", an interpretation was done for all parameters from table 5.8 above. To compare the contribution of each independent variable to the MARSUP and to find out which variables made a significant unique contribution to the prediction of the MARSUP,

standardized beta values (β) and significant values (p) were used. There were only 2 variables out of 10 independent variables included in the model making a statistically significant unique contribution to the MARSUP with significant value (p<.05). Among them was TRUSTIOR, which had the largest beta value (β =-.376, p<.005) and was considered the most important factor. This indicates that TRUSTIOR was the factor that had the most effect on MARSUP and contributed the highest percentage (as correlation part value was -.258, and its square was nearly 7 percent) of the total variance in the dependent variable, when the variance explained by all other variables in the model was controlled for.   The second important factor was COMITIOR (β=.317, p<.05), with the percentage of the total variance in the MARSUP equals to 4.4 percent (as correlation part value is .210, its square makes 4.4 percent).

These two important factors were significant in making a unique contribution to the prediction of the MARSUP and contributed both negative (TRUSTIOR) and positive (COMITIOR) scores to the MARSUP. This means that every 1-standard deviation increase in the TRUSTIOR will contribute a decrease in the score of the MARSUP. On the other hand, every 1-standard deviation increase in the COMITIOR is associated with an increase of the score of the MARSUP equal to the amount of the coefficient in front of it, while other factors are controlled for. In this case, every 1-standard deviation increase in the TRUSTIOR will contribute a decrease of a score of -.376 in the MARSUP while other factors of the model are kept unchanged. Every 1-standard deviation increase in the COMITIOR will yield an increase of a score of .317 in the MARSUP while other variables are kept as constants.

It was concluded that 25 percent of the variance in the MARSUP could be explained by TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and AGIOR as independent variables of the model, and the MARSUP was mainly affected by two important predictors; the TRUSTIOR (β =-.376, p<.005) and the COMITIOR (β=.317, p<.05).

5.3.3 Factors Affecting Financial Benefits of the IOR

The second research question of this study asked "How much variance in the financial benefits of the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, and frequency of interaction? Which is the best predictor of the financial benefits of the IOR? Standard multiple regression was performed between the FIBENIOR as the dependent variable and TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and FREINTER as the independent variables in order to find out the answer to these research questions and to test the second hypothesis of the research.

Hypothesis 2: There were different variances in financial benefits of the IOR that could be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility in the IOR, and frequency of interaction.

For greater clarity, a regression equation for the model of FIBENIOR was written using the standardized coefficients (Beta) in table 5.10 as follows:

$$\textbf{FIBENIOR} = .002(\text{TRUSTIOR}) + .152(\text{PARTIOR}) \qquad \text{(Eq. 2)}$$
$$+ .212(\text{COMITIOR}) - .061(\text{CORESIOR})$$
$$+ .126(\text{FORMIOR}) + .016(\text{INTERIOR})$$
$$- .096(\text{COMUNIOR}) + .022(\text{FLEXIOR})$$
$$+ .160(\text{COORDIOR}) + .214(\text{FREINTER})$$

where:

- **FIBENIOR**: The dependent variable (Financial Benefits of the IOR)
- TRUSTIOR: Trust in the IOR
- PARTIOR: Participation in the IOR
- COMITIOR: Commitment to the IOR
- CORESIOR: Conflict resolution in the IOR
- FORMIOR: Formalization in the IOR
- INTERIOR: Interdependence of the IOR
- COMUNIOR: Communication in the IOR

- FLEXIOR: Flexibility in the IOR
- COORDIOR: Coordination of the IOR
- FREINTER: Frequency of Interaction

Table 5.9 shows that there were significant relationships between the dependent variable of FIBENIOR and the independent variables: PARTIOR (r=.517, p<.001), COMITIOR (r=.539, p<.001), FORMIOR (r=.237, p<.05), FLEXIOR (r=.401, p<.001), COORDIOR (r=.383, p<.001), and FREINTER (r=.470, p<.001). This indicates that a high level of participation in the IOR, commitment to the IOR, formalization in the IOR, flexibility in the IOR, coordination of the IOR, and frequency of interaction were associated with the high level of financial benefits of the IOR.

In general, the FIBENIOR was moderately correlated with the PARTIOR, COMITIOR, FORMIOR, FLEXIOR, COORDIOR, and FREINTER, as shown in the correlation coefficients and significant levels in table 5.9.

Table 5.9 Descriptions and Variables' Correlations of the FIBENIOR Model

	FIBENIOR	1	2	3	4	5	6	7	8	9
1. TRUSTIOR	.083	1.000								
2. PARTIOR	.517**	.083	1.000							
3. COMITIOR	.539**	.163*	.698**	1.000						
4. CORESIOR	-.115	.237*	-.094	-.117	1.000					
5. FORMIOR	.237*	.473**	.242*	.292**	.176*	1.000				
6. INTERIOR	.022	.203*	.012	.089	.054	.073	1.000			
7. COMUNIOR	.043	.644**	.060	.121	.066	.461**	.163*	1.000		
8. FLEXIOR	.401**	.029	.574**	.540**	-.043	.249*	-.047	.012	1.000	
9. COORDIOR	.383**	.108	.330**	.415**	-.146	.158*	.038	.121	.376**	1.000
10. FREINTER	.470**	.137	.566**	.510**	-.039	.164*	-.047	.128	.398**	.273*
Mean	**18.9825**	**77.94**	**39.18**	**48.59**	**6.73**	**22.96**	**6.71**	**6.98**	**15.04**	**7.67**
SD	**2.94487**	**23.83**	**4.84**	**5.14**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**	**1.18**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The model was statistically significant at p<.0005 with F(10, 113) = 6.775 and had an R squared value of .397, which explains 39.7 percent of the variance in the FIBENIOR. This indicates that as a whole all of the independent variables contributed to explaining nearly 40 percent of the variance of the FIBENIOR.

Table 5.10 Coefficients between IVs and FIBENIOR

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
TRUSTIOR	.002	.986	.001
PARTIOR	.152	.206	.097
COMITIOR	.212	.074	.138
CORESIOR	-.061	.461	-.057
FORMIOR	.126	.190	.101
INTERIOR	.016	.837	.016
COMUNIOR	-.096	.360	-.070
FLEXIOR	.022	.826	.017
COORDIOR	.160	.069	.141
FREINTER	.214	.029	.170

Note: Dependent Variable: FIBENIOR: Total financial benefits of IOR
- Predictors: TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, FREINTER
- ANOVA: F(10, 113) = 6.775, Sig. = 000, p < .0005
- Model summary: R^2 = .397

To answer the question "Which is the best predictor of the financial benefits of the IOR?", an interpretation was done for all parameters from table 5.10 above. To compare the contribution of each independent variable to the FIBENIOR and to find out which variables made a significant unique contribution to the prediction of the

FIBENIOR, standardized beta values (β) and significant values (p) were used. There was only 1 variable out of 10 independent variables included in the model that made a statistically significant unique contribution to the FIBENIOR with a significant value of (p<.05). The FREINTER had the largest beta value (β =.214, p<.05) and was considered the most important factor. This indicates that the FREINTER was the factor that had the most effect on the FIBENIOR and contributed the highest percentage (as correlation part value was .170, and its square makes nearly 3 percent) of the total variance in the dependent variable, when the variance explained by all other variables in the model was controlled for. This means that every 1-standard deviation increase in the FREINTER contributes an increase of the score of the FIBENIOR. In this case, every 1-standard deviation increase in the FREINTER will contribute an increase of a score of .214 to the FIBENIOR while other factors of the model are kept unchanged.

It was concluded that 40 percent of the variance in the FIBENIOR could be explained by the TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and the FREINTER as independent variables of the model and the FIBENIOR was mainly affected by a single important predictor: the FREINTER (β =.214, p<.05).

5.3.4 Factors Affecting Business Success of the IOR

The third research question of this study asked "How much variance in business success of the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, and flexibility of the IOR? Which is the best predictor of business success of the IOR?" Standard multiple regression was performed between the BUSUCIOR as the dependent variable and the TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, and COORDIOR as the independent variables to find out the answer to this research question and to test the hypothesis 3.

Hypothesis 3: There were variances in the business success of the IOR that could be explained by trust in the IOR, commitment, interdependence, coordination,

communication, participation, conflict resolution, formalization in the IOR, and flexibility of the IOR.

For greater clarity, a regression equation for the model of the BUSUCIOR can be written using the standardized coefficients (Beta) in table 5.12 as follows:

BUSUCIOR = .293(TRUSTIOR) - .131(PARTIOR)   (Eq. 3)

+ .573(COMITIOR) + .142 (CORESIOR)

-.089(FORMIOR) - .056(INTERIOR)

-.262(COMUNIOR) - .027(FLEXIOR)

+ .138(COORDIOR)

where:

- **BUSUCIOR**: The dependent variable (Business Success of the IOR)
- TRUSTIOR: Trust in the IOR
- PARTIOR: Participation in the IOR
- COMITIOR: Commitment in the IOR
- CORESIOR: Conflict resolution in the IOR
- FORMIOR: Formalization in the IOR
- INTERIOR: Interdependence in the IOR
- COMUNIOR: Communication in the IOR
- FLEXIOR: Flexibility of the IOR
- COORDIOR: Coordination of the IOR

Table 5.11 shows that there were significant relationships between the dependent variable of BUSUCIOR and independent variables: TRUSTIOR (r=.201, p<.05), PARTIOR (r=.272, p<.05), COMITIOR (r=.493, p<.001), FLEXIOR (r=.238, p<.05), and COORDIOR (r=.285, p<.001). This means that an increase in trust in the IOR, participation in the IOR, commitment to the IOR, flexibility of the IOR, and coordination of the IOR will be associated with an increase in the business success of the IOR.

In conclusion, the BUSUCIOR was modestly correlated with the TRUSTIOR, PARTIOR, COMITIOR, FLEXIOR, and COORDIOR, as shown in the correlation coefficients and significant levels in table 5.11.

Table 5.11 Descriptive Statistics and Variables' Correlations of the BUSUCIOR Model

	BUSUCIOR	1	2	3	4	5	6	7	8
1. TRUSTIOR	.201*	1.000							
2. PARTIOR	.272*	.083	1.000						
3. COMITIOR	.493**	.163*	.698**	1.000					
4. CORESIOR	.102	.237*	-.094	-.117	1.000				
5. FORMIOR	.100	.473**	.242*	.292**	.176*	1.000			
6. INTERIOR	.018	.203*	.012	.089	.054	.073	1.000		
7. COMUNIOR	-.036	.644**	.060	.121	.066	.461**	.163*	1.000	
8. FLEXIOR	.238*	.029	.574**	.540**	-.043	.249*	-.047	.012	1.000
9. COORDIOR	.285**	.108	.330**	.415**	-.146	.158*	.038	.121	.376**
Mean	**11.1053**	**77.94**	**39.18**	**48.59**	**6.73**	**22.96**	**6.71**	**6.98**	**15.04**
SD	**1.78672**	**23.83**	**4.838**	**5.137**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The model was statistically significant at p<.0005 with F(10, 113) = 6.290 and had an R squared value of .352, which explained 35.2 percent of the variance in the BUSUCIOR. This indicates as a whole that all of the independent variables contributed to explaining nearly 35.2 percent of the variance of the BUSUCIOR.

Table 5.12 Coefficients between IVs and BUSUCIOR

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
TRUSTIOR	.293	.010	.208
PARTIOR	-.131	.266	-.088
COMITIOR	.573	.000	.379
CORESIOR	.142	.096	.133
FORMIOR	-.089	.365	-.072
INTERIOR	-.056	.495	-.054
COMUNIOR	-.262	.017	-.192
FLEXIOR	-.027	.791	-.021
COORDIOR	.138	.128	.121

Note: Dependent Variable: BUSUCIOR: Total Business Success of IOR
- Predictors: TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR
- ANOVA: F(9, 113) = 6.290, Sig. = 000, p < .0005
- Model summary: $R^2 = .352$

To answer the question "Which is the best predictor of business success of the IOR?", an interpretation was done for all parameters from table 5.12 above. To compare the contribution of each independent variable to the BUSUCIOR and to find out which variables made a significant unique contribution to the prediction of the BUSUCIOR, standardized beta values (β) and significant values (p) were used. There

were three variables out of nine independent variables included in the model making a statistically significant unique contribution to the BUSUCIOR with a significant value (p<.05 and p<.0005). The COMITIOR had the largest beta value (β =.573, p<.0005) and was considered the most important factor. This indicates that the COMITIOR was the factor that had the most effect on the BUSUCIOR and contributed the highest percentage (as the correlation part value was .379 and its square makes 14.4 percent) of the total variance in the dependent variable, when the variance explained by all other variables in the model was controlled for. This means that every one unit change in the COMITIOR will contribute an increase in the score of the BUSUCIOR. In this case, every one unit of change in the COMITIOR will contribute an increase in the score of .379 above the average in the BUSUCIOR while other factors of the model are kept unchanged. The second important factor was the TRUSTIOR (β=.293, p<.05) with the percentage (as the correlation part value was .208, and its square makes 4.3 percent) of the total variance in the BUSUCIOR. The third important factor was the COMUNIOR (β=-.262, p<.05), which was significant in making a unique contribution to the prediction of the BUSUCIOR and contributed a negative score to the BUSUCIOR. In this case, every one unit of change in the COMUNIOR will contribute a decrease of a score of -.262 above the average in the BUSUCIOR while other factors of the model are kept unchanged.

It was concluded that 35.2 percent of the variance in the BUSUCIOR could be explained by the TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, and COORDIOR as independent variables of the model and the BUSUCIOR was mainly affected by three important predictors of the COMITIOR (β =.573, p<.0005), TRUSTIOR (β=.293, p<.05), and COMUNIOR (β=-.262, p<.05).

5.3.5 Effects of Marketing Supports and Financial Benefits on Business Success of the IOR

The fourth question of this research asked "How much variance in the business success of the IOR can be explained by marketing supports and financial benefits?" and "Which is the best predictor of the business success of the IOR?"

Hypothesis 4: There were variances in the business success of the IOR that could be explained by marketing supports in the IOR and the financial benefits of the IOR.

For greater clarity, a regression equation for the model of the BUSUCIOR was written using the standardized coefficients (Beta) in table 5.14 as follows:

BUSUCIOR = .023(MARSUP) + .481(FIBENIOR)   (Eq. 4)

where:

- **BUSUCIOR**: The dependent variable (Business Success of the IOR)
- MARSUP: Marketing supports in the IOR
- FIBENIOR: Financial benefits of the IOR

Table 5.13 shows that there were significant relationships between the dependent variable of BUSUCIOR and the independent variables: MARSUP (r=.271, p<.05) and FIBENIOR (r=.493, p<.05). This indicates that a high level of marketing supports in the IOR and a high level of financial benefits of the IOR are associated with a high level of business success of the IOR.

In general, the BUSUCIOR was modestly correlated with the MARSUP and moderately correlated with the FIBENIOR, as shown in the correlation coefficients and significant levels in table 5.13.

Table 5.13 Descriptive Statistics and Correlations between MARSUP, FIBENIOR, and BUSUCIOR

	BUSUCIOR	MARSUP	FIBENIOR
MARSUP	.271*	1.000	
FIBENIOR	.493**	.516**	1.000
Mean	**11.1053**	**10.73**	**18.98**
SD	**1.78672**	**2.49**	**2.94**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The results presented in table 5.14 below indicate that the BUSUCIOR as positively and statistically significant at $p<.0005$ with $F(2, 113) = 17.871$ and had an R squared value of .244, which explains 24.4 percent of the variance in the BUSUCIOR. This indicates as a whole that the MARSUP and FIBENIOR contributed to explaining 24.4 percent of the variance of the BUSUCIOR.

Table 5.14 Coefficients between MARSUP, FIBENIOR, and BUSUCIOR

	Standardized Coefficients (Beta)	**Sig.**	**Correlations (Part)**
MARSUP	.023	.814	.019
FIBENIOR	.481	.000	.412

Note: Dependent Variable: BUSUCIOR: Total Business Success of IOR
  - Predictors: MARSUP, FIBENIOR
  - ANOVA: $F(2, 113) = 17.871$, Sig. = 000, $p < .0005$
  - Model summary: $R^2 = .244$

To answer the question "Which is the best predictor of the business success of the IOR?", an interpretation was done for all parameters from table 5.14 above. Only the FIBENIOR made a significant unique contribution to the prediction of the BUSUCIOR with a significant value ($p<.0005$). FIBENIOR had the largest beta value ($\beta =.481$, $p<.0005$) and was considered the most important factor. This indicates that the FIBENIOR was the factor that had the most effect on the BUSUCIOR and contributed the highest percentage (as correlation part value was .412, and its square makes nearly 17 percent) of the total variance in the BUSUCIOR, when the variance explained by the MARSUP in the model was controlled for. This means that every one 1-standard deviation increase in the financial benefits of the IOR will contribute an increase in the score of the BUSUCIOR. In this case, every 1-standard deviation increase in the FIBENIOR will contribute an increase of a score of .481 in the BUSUCIOR while the factor of MARSUP of the model is kept unchanged.

It was concluded that 24.4 percent of the variance in the BUSUCIOR could be explained by the MARSUP and FIBENIOR and that the BUSUCIOR was mainly affected by an important predictor—the FIBENIOR ($\beta =.481$, $p<.0005$).

5.3.6 Factors Affecting the Relationship Performance Satisfaction with the IOR

The fifth research question of this study asked "How much variance in relationship performance satisfaction with the IOR that can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR, and organizational compatibility? Which is the best predictor of relationship performance satisfaction with the IOR? Standard multiple regression was performed between REPESA as the dependent variable and TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and ORGCOMP as the independent variables to find out the answer to this research question and to test hypothesis 5.

Hypothesis 5: There are variances in REPESA that can be explained by trust in the IOR, commitment, interdependence, coordination, communication,

participation, conflict resolution, formalization in the IOR, of the IOR, importance of the IOR, and organizational compatibility.

For greater clarity, a regression equation applied to the model of the REPESA was written using standardized coefficients (Beta) in table 5.16 as follows:

REPESA = .835(TRUSTIOR) - .037(PARTIOR)   (Eq. 5)

- .024(COMITIOR) + .182(CORESIOR)

+ .045(FORMIOR) + .043(INTERIOR)

- .060(COMUNIOR) + .052(FLEXIOR)

+ .074(COORDIOR) - .026(ORGCOMP)

where:

- **REPESA**: The dependent variable (Relationship Performance Satisfaction)
- TRUSTIOR: Trust in the IOR
- PARTIOR: Participation in the IOR
- COMITIOR: Commitment to the IOR
- CORESIOR: Conflict resolution in the IOR
- FORMIOR: Formalization in the IOR
- INTERIOR: Interdependence in the IOR
- COMUNIOR: Communication in the IOR
- FLEXIOR: Flexibility in the IOR
- COORDIOR: Coordination of the IOR
- ORGCOMP: Organizational Compatibility

Table 5.15 shows that there were significant relationships between the dependent variable of REPESA and the independent variables:; TRUSTIOR ($r=.876$, $p<.05$), CORESIOR ($r=.382$, $p<.001$), FORMIOR ($r=.452$, $p<.001$), INTERIOR ($r=.217$, $p<.05$), and COMUNIOR ($r=.521$, $p<.05$). This means that high a level of trust in the IOR, conflict resolution in the IOR, formalization in the IOR, interdependence, and communication in the IOR are associated with high level of relationship performance satisfaction with the IOR.

In summary, the REPESA was moderately correlated with the TRUSTIOR, CORESIOR, FORMIOR, INTERIOR, and COMUNIOR.

Table 5.15 Descriptive Statistics and Variables' Correlations of the REPESA Model

	REPESA	1	2	3	4	5	6	7	8	9
1. TRUSTIOR	.876*	1.000								
2. PARTIOR	.052	.083	1.000							
3. COMITIOR	.125	.163*	.698**	1.000						
4. CORESIOR	.382**	.237*	-.094	-.117	1.000					
5. FORMIOR	.452**	.473**	.242*	.292**	.176*	1.000				
6. INTERIOR	.217*	.203*	.012	.089	.054	.073	1.000			
7. COMUNIOR	.521**	.644**	.060	.121	.066	.461**	.163*	1.000		
8. FLEXIOR	.061	.029	.574**	.540**	-.043	.249*	-.047	.012	1.000	
9. COORDIOR	.132	.108	.330**	.415**	-.146	.158*	.038	.121	.376**	1.000
10. ORGCOMP	-.137	-.125	.335**	.333**	-.103	.153	-.115	.030	.333**	.211*
Mean	**31.4825**	**77.94**	**39.18**	**48.59**	**6.73**	**22.97**	**6.71**	**6.98**	**15.04**	**7.67**
SD	**9.69557**	**23.83**	**4.84**	**5.14**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**	**1.18**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The model was statistically significant at p<.0005 with F(10, 113) = 44.231 and had an R squared value of .811, which explains 81.1 percent of the variance in the REPESA. This indicates as a whole that all of the independent variables contributed to explaining more than 81 percent of the variance of the REPESA.

Table 5.16 Coefficients between IVs and REPESA

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
TRUSTIOR	.835	.000	.576
PARTIOR	-.037	.560	-.025
COMITIOR	-.024	.714	-.016
CORESIOR	.182	.000	.170
FORMIOR	.045	.403	.036
INTERIOR	.043	.331	.042
COMUNIOR	-.060	.312	-.044
FLEXIOR	.052	.361	.039
COORDIOR	.074	.129	.065
ORGCOMP	-.026	.591	-.023

Note: Dependent Variable: REPESA: Total Relationship Performance Satisfaction
- Predictors: TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, ORGCOMP
- ANOVA: F(10, 113) = 44.231, Sig. = 000, p < .0005
- Model summary: $R^2 = .811$

To answer the question "Which is the best predictor of the relationship performance satisfaction with the IOR?", an interpretation was done for all parameters from table 5.16 above. To compare the contribution of each independent variable on the REPESA and to find out which variables made a significant unique contribution to

the prediction of the REPESA, standardized beta values (β) and significant values (p) were used. Two variables out of ten independent variables were included in the model that made a statistically significant unique contribution to the REPESA with significant value (p<.0005). The TRUSTIOR had the largest beta value (β =.835, p<.0005) and was considered the most important factor. This indicated that the TRUSTIOR was the factor that had the most effect on the REPESA and contributed the highest percentage (as correlation part value was .576, and its square makes nearly 33.2 percent) of the total variance in the dependent variable, when the variance explained by all other variables in the model was controlled for. In this case, every 1-standard deviation increase in the TRUSTIOR will contribute an increase of a score of .835 to the REPESA while other factors of the model are kept unchanged.   The second important factor was the CORESIOR (β=.182, p<.0005) with the percentage (as correlation part value was .170, and its square makes nearly 3 percent) of the total variance in the REPESA. In this case, every 1-standard deviation increase in the CORESIOR will contribute an increase of a score of .182 to the REPESA while other factors of the model are kept unchanged.

It was concluded that 81.1 percent of the variance in the REPESA could be explained by the TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, and ORGCOMP as independent variables of the model and the REPESA was mainly affected by two important predictors: the TRUSTIOR (β =.835, p<.0005), and CORESIOR (β=.182, p<.0005).

5.3.7 Effects of the Marketing Supports and Financial Benefits on the Relationship Performance Satisfaction with the IOR

The sixth question of this research asked "How much variance in the relationship performance satisfaction with the IOR can be explained by marketing supports and financial benefits?" and "What is the best predictor of relationship performance satisfaction with the IOR?"

Hypothesis 6: There are variances in the relationship performance satisfaction with the IOR that can be explained by marketing supports and the financial benefits of the IOR.

For greater clarity, a regression equation for the model of the BUSUCIOR was written using the standardized coefficients (Beta) in table 5.18 as follows:

REPESA = -.133(MARSUP) + .196 (FIBENIOR)   (Eq. 6)

where:

- **REPESA**: The dependent variable (Relationship Performance Satisfaction)
- MARSUP: Marketing supports in the IOR
- FIBENIOR: Financial benefits of the IOR

Table 5.17 shows that there was no significant relationship between the dependent variable of REPESA and the independent variables: MARSUP and FIBENIOR.

Table 5.17 Descriptive Statistics and Correlations between MARSUP, FIBENIOR, and REPESA

	REPESA	MARSUP	FIBENIOR
MARSUP	-.032	1.000	
FIBENIOR	.127	.516**	1.000
Mean	**31.4825**	**10.7281**	**18.9825**
SD	**9.69557**	**2.48993**	**2.94487**

Note: ** Significant level at $p < .001$

The results presented in table 5.18 below indicate that the REPESA as not statistically significant at $p<.05$ with $F_{(2, 113)} = 1.669$ and had an R squared value of only .029, which explains 2.9 percent of the variance in the REPESA. This indicates as a whole that the MARSUP and FIBENIOR contributed to explaining only 2.9 percent of the variance of the REPESA.

Table 5.18 Coefficients between MARSUP, FIBENIOR, and REPESA

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
MARSUP	-.133	.225	-.114
FIBENIOR	.196	.076	.168

Note: Dependent Variable: REPESA: Total Relationship Performance Satisfaction

- Predictors: MARSUP, FIBENIOR
- ANOVA: $F(2, 113) = 1.669$, Sig. = .193, $p > .05$
- Model summary: $R^2 = .029$

To answer the question "What is the best predictor of relationship performance satisfaction with IOR?", an interpretation was done for all parameters from table 5.18 above. Neither the MARSUP nor the FIBENIOR made any statistically significant unique contribution to the REPESA with a significant value of ($p>.05$).

It was concluded that only 2,9 percent of the variance in the REPESA could be explained by the MARSUP and FIBENIOR, and the REPESA was not affected by either the MARSUP or the FIBENIOR.

5.3.8 Factors Affecting the Overall IOR Success

The seventh research question of this study asked "How much variance in overall IOR success can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR?" and "What is the best predictor of overall IOR success?" Standard multiple regression was performed between the OVIORSUC as the dependent variable and TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR,

COORDIOR, ORGCOMP, FREINTER, and AGIOR as the independent variables to find out the answer for this research question and to test hypothesis 7.

Hypothesis 7: There were variances in overall IOR success that could be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR.

For greater clarity, a regression equation for the model of the OVIORSUC was written using the standardized coefficients (Beta) in table 5.20 as follows:

$$\textbf{OVIORSUC} = -.078\text{TRUSTIOR)} - .150(\text{PARTIOR}) \qquad (\text{Eq. 7})$$
$$+ .441(\text{COMITIOR}) - .034(\text{CORESIOR})$$
$$- .013(\text{FORMIOR}) - .004(\text{INTERIOR})$$
$$+ .096(\text{COMUNIOR}) + .143(\text{FLEXIOR})$$
$$+ .040(\text{COORDIOR}) + .104(\text{ORGCOMP})$$
$$+ .243(\text{FREINTER}) + .045(\text{AGIOR})$$

where:

- **OVIORSUC**: The dependent variable (Overall IOR success)
- TRUSTIOR: Trust in the IOR
- PARTIOR: Participation in the IOR
- COMITIOR: Commitment to the IOR
- CORESIOR: Conflict resolution in the IOR
- FORMIOR: Formalization in the IOR
- INTERIOR: Interdependence in the IOR
- COMUNIOR: Communication in the IOR
- FLEXIOR: Flexibility in the IOR
- COORDIOR: Coordination of the IOR
- ORCOMPAT: Organizational Compatibility
- FREINTER: Frequency of Interaction
- AGIOR: Age of the IOR

Table 5.19 shows that there were significant relationships between the dependent variable, the OVIORSUC, and the independent variables: PARTIOR (r=.429, p<.001), COMITIOR (r=.592, p<.001), FORMIOR (r=.182, p<.05), FLEXIOR (r=.442, p<.001), COORDIOR (r=.324, p<.001), ORGCOMP (r=.354, p<.001), and FREINTER (r=.492, p<.001). This indicated that the high level of participation in the IOR, commitment to the IOR, formalization in the IOR, flexibility in the IOR, coordination of the IOR, organizational compatibility, and frequency of interaction were associated with a high level of overall IOR success.

In summary, the OVIORSUC was moderately correlated with the PARTIOR, COMITIOR, FLEXIOR, and FREINTER and modestly correlated with the FORMIOR, COORDIOR, and ORGCOMP.

Table 5.19 Descriptive Statistics and Variables' Correlations of the OVIORSUC Model

	OVIORSUC	1	2	3	4	5	6	7	8	9	10	11
1. TRUSTIOR	.069	1.00										
2. PARTIOR	.429**	.083	1.00									
3. COMITIOR	.592**	.163*	.698**	1.00								
4. CORESIOR	-.117	.237*	-.094	-.117	1.00							
5. FORMIOR	.182*	.473**	.242*	.292**	.176*	1.00						
6. INTERIOR	.006	.203*	.012	.089	.054	.073	1.00					
7. COMUNIOR	.127	.644**	.060	.121	.066	.461**	.163*	1.00				
8. FLEXIOR	.442**	.029	.574**	.540**	-.043	.249*	-.047	.012	1.00			
9. COORDIOR	.324**	.108	.330**	.415**	-.146	.158*	.038	.121	.376**	1.00		
10. ORGCOMP	.354**	-.125	.335**	.333**	-.103	.153	-.115	.030	.333**	.211*	1.00	
11. FREINTER	.492**	.137	.566**	.510**	-.039	.164*	-.047	.128	.398**	.273*	.332**	1.00
12. AGIOR	.111	.271*	.102	.103	.043	.098	.101	.100	.087	.073	.055	.123
Mean	**27.2368**	**77.94**	**39.18**	**48.59**	**6.73**	**22.96**	**6.71**	**6.98**	**15.04**	**7.67**	**11.04**	**19.48**
SD	**3.21309**	**23.83**	**4.84**	**5.14**	**2.49**	**4.41**	**1.79**	**2.01**	**1.88**	**1.18**	**1.75**	**2.64**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

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The model was statistically significant at p<.0005 with F(12, 113) = 6.681 and had an R squared value of .443, which explains 44.3 percent of the variance in the OVIORSUC. This indicated as a whole that all of the independent variables contributed to explaining more than 44 percent of the variance of the OVIORSUC.

Table 5.20 Coefficients between IVs and OVIORSUC

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
TRUSTIOR	-.078	.490	-.051
PARTIOR	-.150	.199	-.096
COMITIOR	.441	.000	.286
CORESIOR	-.034	.667	-.032
FORMIOR	-.013	.887	-.011
INTERIOR	-.004	.954	-.004
COMUNIOR	.096	.353	.069
FLEXIOR	.143	.148	.108
COORDIOR	.040	.640	.035
ORGCOMP	.104	.229	.090
FREINTER	.243	.012	.190
AGIOR	.045	.569	.042

Note: Dependent Variable: OVIORSUC: Total Overall Success of IOR
- Predictors: TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, ORGCOMP, FREINTER, AGIOR
- ANOVA: F(12, 113) = 6.681, Sig. = 000, p < .0005
- Model summary: R^2 = .443

To answer the question "Which is the best predictor of overall IOR success?", an interpretation was done for all parameters from table 5.20 above. To compare the contribution of each independent variable to the OVIORSUC and to find out which variables made a significant unique contribution to the prediction of the OVIORSUC, standardized beta values (β) and significant values (p) were used. Two variables out of twelve independent variables were included in the model that made a statistically significant unique contribution to the OVIORSUC with significant value of (p<.0005). The COMITIOR had the largest beta value (β =.441, p<.0005) and was considered the most important factor. This indicated that the COMITIOR was the factor that had the most effect on the OVIORSUC and contributed the highest percentage (as correlation part value is .286, and its square makes nearly 8.2 percent) of the total variance in the dependent variable when the variance explained by all other variables in the model was controlled for. In this case, every 1-standard deviation increase in the COMITIOR will contribute an increase of a score of .441 to the OVIORSUC while other factors of the model are kept unchanged. The second important factor was the FREINTER (β=.243, p<.05), with a percentage (as correlation part value was .190, and its square makes 3.6 percent) of the total variance in the OVIORSUC. In this case, every 1-standard deviation increase in the FREINTER will contribute an increase of a score of .243 to the OVIORSUC while other factors of the model are kept unchanged.

It was concluded that 44.3 percent of variance in the OVIORSUC could be explained by the TRUSTIOR, PARTIOR, COMITIOR, CORESIOR, FORMIOR, INTERIOR, COMUNIOR, FLEXIOR, COORDIOR, ORGCOMP, FREINTER, and AGIOR as independent variables of the model and the OVIORSUC was mainly affected by two important predictors: COMITIOR (β =.441, p<.0005), and FREINTER (β=.243, p<.05).

5.3.9 Effects of Marketing Supports, Financial Benefits, Business Success, and Relationship Performance Satisfaction with the Overall IOR Success

The eighth question of this research asked "How much variance in overall IOR success can be explained by marketing supports, financial benefits, business success,

and relationship performance satisfaction with the IOR?" and "What is the best predictor of the overall success of the IOR?"

Hypothesis 8a: There are variances in overall IOR success that can be explained by marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR.

For greater clarity, a regression equation applied to the model of the BUSUCIOR was written using the standardized coefficients (Beta) in table 5.22 as follows:

OVIORSUC $= .311(\text{MARSUP}) + .247(\text{FIBENIOR}) + .190(\text{BUSUCIOR})$ (Eq. 8)
where:

- **OVIORSUC**: The dependent variable (Overall IOR success)
- MARSUP: Marketing supports in the IOR
- FIBENIOR: Financial benefits of the IOR
- BUSUCIOR: Business success of the IOR
- REPESA: Relationship performance satisfaction with the IOR

Table 5.21 shows that there were significant relationships between the dependent variable of OVIORSUC and the independent variables: MARSUP ($r=.490$, $p<.001$), FIBENIOR ($r=.502$, $p<.001$), and BUSUCIOR ($r=.396$, $p<.001$). This shows that the high level of marketing supports in the IOR, financial benefits of the IOR, and business success of the IOR were associated with a high level of overall IOR success.

In conclusion, the OVIORSUC was moderately correlated with the MARSUP, FIBENIOR, and BUSUCIOR.

Table 5.21 Descriptive Statistics and Correlations between MARSUP, FIBENIOR,
BUSUCIOR, REPESA, and OVIORSUC

	OVIORSUC	1	2	3	4
1. MARSUP	.490**	1.000			
2. FIBENIOR	.502**	.516**	1.000		
3. BUSUCIOR	.396**	.271*	.493**	1.000	
4. REPESA	.074	-.032	.127	.277**	1.000
Mean	**27.2368**	**10.7281**	**18.9825**	**11.1053**	**31.4825**
SD	**3.21309**	**2.48993**	**2.94487**	**1.78672**	**9.69557**

Note: * Significant level at $p < .05$, ** Significant level at $p < .001$

The results presented in table 5.22 below indicate that the OVIORSUC was positively and statistically significant at $p<.0005$ with $F(4, 113) = 14.810$ and had an R squared value of .352, which explains 35.2 percent of the variance in the OVIORSUC. The interpretation is that as a whole the MARSUP, FIBENIOR, BUSUCIOR, and REPESA contributed to explaining 35.2 percent of the variance of the OVIORSUC.

Table 5.22 Coefficients between MARSUP, FIBENIOR, BUSUCIOR,
            REPESA, and OVIORSUC

	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
MARSUP	.311	.001	.264
FIBENIOR	.247	.015	.191
BUSUCIOR	.190	.040	.160
REPESA	.000	.999	.000

Note: Dependent Variable: OVIORSUC: Total Overall Success of IOR
- Predictors: MARSUP, FIBENIOR, BUSUCIOR, REPESA
- ANOVA: $F(4, 113) = 14.810$, Sig. $= .000$, $p < .0005$
- Model summary: $R^2 = .352$

To answer the question "Which is the best predictor of overall IOR success?", an interpretation was done for all parameters from table 5.22 above. MARSUP, FIBENIOR, and BUSUCIOR made a significant unique contribution to the prediction of the OVIORSUC with a significant value ($p<.0005$). The MARSUP had the largest beta value ($\beta = .311$, $p<.001$) and was considered the most important factor. This indicated that the MARSUP was the factor that had the most effect on the OVIORSUC and contributed the highest percentage (as the correlation part value was .264, and its square makes nearly 7 percent) of the total variance in the OVIORSUC when the variance explained by the OVIORSUC in the model was controlled for. This means that every 1-standard deviation increase in the MARSUP will contribute an increase of the OVIORSUC score. In this case, every 1-standard deviation increase in the MARSUP will contribute an increase of a score of .311 to the OVIORSUC while other factors of the model are kept unchanged. The second important factor was the FIBENIOR, which had a beta value of ($\beta = .247$, $p<.05$) and contributed more than 3.6 percent (as the correlation part value was .191, and its

square makes more than 3.6 percent) of the total variance in the OVIORSUC. In this case, every 1-standard deviation increase in the FIBENIOR is associated with an increase of .247 in the OVIORSUC while other factors of the model are controlled for. The third important factor of this model was the BUSUCIOR, which had a beta value of (β =.190, p<.05) and contributed 2.7 percent of the total variance to the OVIORSUC. This means that every 1-standard deviation increase in the BUSUCIOR will contribute an increase of a score of .190 above the average in the OVIORSUC while other factors are kept unchanged.

It was concluded that 35.2 percent of the variance in the OVIORSUC could be explained by the MARSUP, FIBENIOR, BUSUCIOR, and REPESA, and the OVIORSUC as mainly affected by three important predictors: the MARSUP (β =.311, p<.001), FIBENIOR (β =.247, p<.05), and BUSUCIOR (β =.190, p<.05).

5.3.10 Direct and Indirect Effects of the Overall IOR Success

Lastly, in order to answer the ninth research question, which asked "To what extent do the factors of marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, and other independent variables directly and indirectly explain overall IOR success?", hypothesis 8b of the research was tested.

Hypothesis 8b: The factors of marketing supports in the IOR, the financial benefits of the IOR, business success of the IOR, relationship performance satisfaction with the IOR, and other independent variables directly and indirectly affect overall IOR success.

Path analysis was performed with the dependent and independent variables based on the multiple regression results from the previous sections, from which all variables making significant unique contributions to predicting the dependent variables were retained for further path analysis.

The path analysis is a straightforward extension of multiple regressions. Its aim is to provide estimates of the magnitude and significance of the hypothesized causal connections between sets of variables. This is best explained by considering a path diagram. In this regard, by considering the literature review, possible different paths were identified to show theoretically strong relationship towards explaining

overall IOR success. To assess the significance of the relationships stated in the hypotheses, a series of eight separate standard/simultaneous multiple regression analyses were employed for each endogenous variable; namely, MARSUP, FIBENIOR, BUSUCIOR (2 regression analyses), REPESA (2 regression analyses), and OVIORSUC (2 regression analyses). The results of these multiple regressions were integrated to form a path model of the factors affecting the overall IOR success, as shown in Figure 5.1. In addition, the results of standard multiple regression analysis also showed that the REPESA failed to achieve practical or statistical significance. This result indicates that the REPESA had no direct effect on the OVIORSUC (section 5.3.9) so the variable of REPESA was removed from the path model of this research.

The path analysis was performed to find out the direct and indirect effects of the independent variables on the dependent variable of this research. The variables that were retained and used for the path model of this research are as follows:

Endogenous variable: **OVIORSUC**

(Intervening endogenous variables): **MARSUP, FIBENIOR, BUSUCIOR**

Exogenous variable: TRUSTIOR, COMITIOR, COMUNIOR,

and FREINTER

Path analysis is considered the extension of multiple regression, so all of the assumptions applied to the multiple regression were also applied t the path analysis. Additionally, there were some other considerations in this research regarding the type of path analysis, as follows:

1) All relations are linear and additive. The causal assumptions (what causes what) are shown in the path diagram.

2) The residuals (error terms) are uncorrelated with the variables in the model and with each other.

3) The causal flow is one-way.

4) The variables are measured on interval/continuous scales.

5) The variables are measured without error (perfect reliability).

The total effect of one variable on the OVIORSUC can be divided into direct effects (no intervening variables involved) and indirect effects (through one or more intervening variables). The direct effect of an independent variable on the dependent

variable of the OVIORSUC was a standardized regression coefficient (beta) shown in the results of standard multiple regressions from previous sections (integrated in table 5.21, section 5.3.12) and was considered as a path coefficient in the path model.

5.3.10.1 Direct Effects of the Overall IOR Success

As can be seen in table 5.23, five variables produced direct effects on the OVIORSUC. The effect of each variable on the OVIORSUC varied; COMITIOR (β = 0.441, p < .0005) produced the strongest direst effect on the OVIORSUC, followed by MARSUP (β = 0.311, p < .001), FIBENIOR (β = 0.247, p < .005), and BUSUCIOR (β = 0.190, p < .05). The indirect relationships between variables and the OVIORSUC were calculated and are discussed below.

5.3.10.2 Indirect Relationship between TRUSTIOR and OVIORSUC

TRUSTIOR $\longrightarrow$ MARSUP $\longrightarrow$ OVIORSUC

-.376   x   .311   =   -.117

TRUSTIOR $\longrightarrow$ BUSUCIOR $\longrightarrow$ OVIORSUC

.293   x   .190   =   .056

where:

        TRUSTIOR: Trust in the IOR

        MARSUP: Marketing supports in the IOR

        BUSUCIOR: Business Success of the IOR

        OVIORSUC: Overall IOR Success

From the diagram and calculation presented above, it can be seen that the TRUSTIOR had an indirect effect on the OVIORSUC through both the MARSUP and BUSUCIOR. However, the indirect effect of the TRUSTIOR through the MARSUP (-.117) was higher than through the BUSUCIOR (.056) - more than double.

5.3.10.3 Indirect Relationship between COMUNIOR and OVIORSUC

COMUNIOR $\longrightarrow$ BUSUCIOR $\longrightarrow$ OVIORSUC

-.262   x   .190   =   -.050

where:

        COMUNIOR: Communication in the IOR

        BUSUCIOR: Business Success of the IOR

        OVIORSUC: Overall IOR Success

Similar to the TRUSTIOR, communication in the IOR also had an indirect effect on the OVIORSUC through the BUSUCIOR (-.050).

5.3.10.4 Indirect Relationship between COMITIOR and OVIORSUC

COMITIOR $\longrightarrow$ MARSUP $\longrightarrow$ OVIORSUC

$\quad$ .317 $\quad$ x $\quad$ .311 $\quad$ = $\quad$ .098

COMITIOR $\longrightarrow$ BUSUCIOR $\longrightarrow$ OVIORSUC

$\quad$ .573 $\quad$ x $\quad$ .190 $\quad$ = $\quad$ .109

where:

$\quad$ COMITIOR: Commitment to the IOR

$\quad$ MARSUP: Marketing supports in the IOR

$\quad$ BUSUCIOR: Business Success of the IOR

$\quad$ OVIORSUC: Overall IOR Success

The COMITIOR indirectly affected the OVIORSUC through both intervening variables of the MARSUP and BUSUCIOR. However, the indirect effect of the COMITIOR through the BUSUCIOR on the OVIORSUC (.109) was greater than the indirect effect of the COMITIOR on OVIORSUC through the MARSUP (.098).

5.3.10.5 Indirect Relationship between FREINTER and OVIORSUC

FREINTER $\longrightarrow$ FIBENIOR $\longrightarrow$ BUSUCIOR $\longrightarrow$ OVIORSUC

$\quad$ .214 $\quad$ x $\quad$ .481 $\quad$ x $\quad$ .190 $\quad$ = .019

FREINTER $\longrightarrow$ FIBENIOR $\longrightarrow$ OVIORSUC

$\quad$ .214 $\quad$ x $\quad$ .247 $\quad$ = $\quad$ .053

where:

$\quad$ FREINTER: Frequency of Interaction

$\quad$ FIBENIOR: Financial Benefits of the IOR

$\quad$ BUSUCIOR: Business Success of the IOR

$\quad$ OVIORSUC: Overall IOR Success

Unlike the other variables, the FREINTER indirectly affected the OVIORSUC through two paths; one path through the FIBENIOR and BUSUCIOR (.019) and the other path through the FIBENIOR (.053).

5.3.10.6 Indirect Relationship between FIBENIOR and OVIORSUC

FIBENIOR $\longrightarrow$ BUSUCIOR $\longrightarrow$ OVIORSUC

.481   x   .190   =   .091

Where:

FIBENIOR: Financial Benefits of the IOR

BUSUCIOR: Business Success of the IOR

OVIORSUC: Overall IOR Success

Lastly, as shown in the diagram and calculation above, the OVIORSUC was indirectly affected by the FIBENIOR through BUSUCIOR (.091).

5.3.11 Path Diagram of the Overall IOR Success
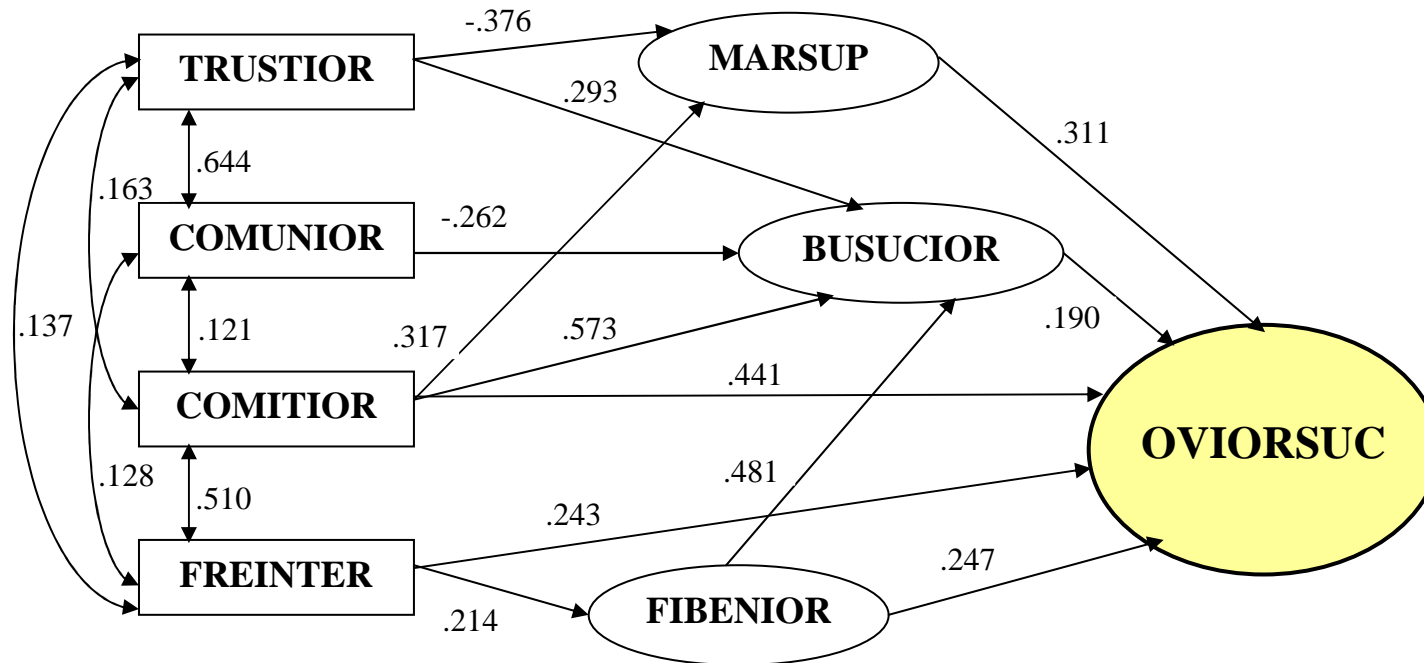
Figure 5.1 Path Coefficients of the Structural Equation for Hypothesis Testing

Note: All coefficients in the model were significant at the .05 level.

5.3.12 Summary of Path Analysis

Table 5.23 summarizes the effects of the exogenous/independent variables on the endogenous/dependent variable of this study. Regarding the total effects, the factor of commitment to the IOR had the strongest impact on overall IOR success (β=.648), followed by the factor of frequency of interaction (β=.315), the factor of marketing supports in the IOR (β=.311), then the factor of the financial benefits of the IOR (β=.240) and the factor of business success of the IOR (β=.190). In addition, the factors of trust in the IOR and communication in the IOR provided negative impacts on overall IOR success with (β=-.061) and (β=-.050) respectively. The total effect of the factors affecting overall IOR success was 1.694.

With regard to the direct effects, the factor of commitment to the IOR also had the strongest impact of the dependent variable on overall IOR success with (β=.44), followed by the factor of marketing supports in the IOR (β=.311), then the factor of the financial benefits of the IOR (β=.247), the factor of frequency of interaction (β=.243) and the factor of business success of the IOR (β=.190). The total of direct effects of e the exogenous and intervening variables on the main endogenous/dependent variable of the study was 1.432.

With regard to the indirect effects, the factor of commitment to the IOR again had the strongest indirect impact on overall IOR success with (β=.207), followed by the factor of the financial benefits of the IOR (β=.091) and factor of the frequency of interaction (β=.072). Two factors, the factor of trust in the IOR and the factor of communication in the IOR, had a negative impact on overall IOR success with (β=-.061) and (β=-.050), respectively. The total indirect effect of the exogenous variables through the intervening variables on the overall success of the IOR was .259, which is considered a small effect.

Table 5.23 Direct, Indirect and Total Causal Effects

Independent Variables	Causal effects		
	Direct	**Indirect**	**Total**
TRUSTIOR	-----	-.061	-.061
COMUNIOR	-----	-.050	-.050
COMITIOR	.441	.207	.648
FREINTER	.243	.072	.315
MARSUP	.311	----	.311
BUSUCIOR	.190	----	.190
FIBENIOR	.247	.091	.247
Total	**1.432**	**.259**	**1.691**

The results of this path analysis suggest that there were seven variables that directly and indirectly affected the OVIORSUC. COMITIOR had the strongest total effect of .648 on overall IOR success. According to De Vaus (2002), this can be considered a strong effect. Ranked second was the FREINTER, with a total effect of .315 on overall IOR success. This factor provided a substantial effect (De Vaus, 2002). The third factor was the intervening factor of the MARSUP. This factor also substantially affected the overall IOR success with a total of .311. The fourth factor was the FIBENIOR, which provided a moderate effect of .247 on the overall IOR success. This was followed by the factor of the BUSUCIOR, which had a moderate direct effect of .190 on overall IOR success. In addition, the results also indicate that both the TRUSTIOR and COMUNIOR trivially influenced the OVIORSUC indirectly and negatively with the effects of -.061 and -.050, respectively. Both the TRUSTIOR and COMUNIOR were mediated by the BUSUCIOR, which directly correlated with

the OVIORSUC. None of the exogenous variables (PARTIOR, FLEXIOR, CORESIOR, COORDIOR, FORMIOR, INTERIOR, ORGCOMP, or AGIOR). or the intervening variable REPESA, significantly affected the OVIORSUC directly or indirectly.

5.4 Chapter Summary

This chapter provides a detailed description of the research findings. First, the characteristics of the international travel companies involved in this study were clearly described, with information about the job position of the key informants, the location of the involved travel companies, the size of the travel companies in term of number of full-time and part-time staff, the age of the travel companies, and the age of the relationship. The main research findings provide answers to all research questions and the results of the hypothesis testing of the study. The following chapter will provide explanations for all of the results found in the research findings of this chapter.

CHAPTER 6

CONCLUSION AND DISCUSSION

6.1 Introduction

The last chapter consists of six important sections. The first section presents the summary and conclusions of the study on the determinants of overall IOR success. The next section discusses the results of the hypothesis testing and once again shows evidence for the answers of all the research questions of the study. The third section provides the theoretical contribution, research and applied implications of the findings. Together with this section, theoretical and practical recommendations for tourism cooperation and development, as well as the management of the relationship between Vietnam and Thailand as a whole, and between Vietnamese and Thai travel companies in particular, are suggested. The fourth section then discusses the limitations of this study in terms of its design, generalizability, and measurement. The last section provides suggestions for future study.

6.2 Summary and Discussion of Findings

The purpose of this dissertation is to answer the research question "To what extent are the inter-organization relationships between Vietnamese and Thai travel companies successful through trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of the IOR, age of the IOR, organizational compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR?" In order to achieve this, the measures and determinants of IOR success have been identified from the theoretical literature on the topic to develop the framework of variables that was used in the analysis. A survey

instrument was developed that included questions on the measures and determinants of overall IOR success identified during the review of the IOR success literature. The content below should be considered a combination of answers to the secondary research questions and the results of the hypothesis testing that provide detailed answers to the main research question of this study.

In brief, through the hypothesis testing procedure and path analysis, the main research hypothesis, which states that "the overall IOR success between Vietnamese and Thai travel companies are hypothesized to be directly and indirectly affected by trust, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization, flexibility, importance of the IOR, age of the IOR, organizational compatibility, frequency of interaction, marketing supports, financial benefits, business success, and relationship performance satisfaction with IOR," was partially supported by the results for seven of the independent and intervening variables, including trust in the IOR, communication in the IOR, commitment to the IOR, frequency of interaction, marketing supports in the IOR, financial benefits of the IOR, and business success of the IOR, providing significantly direct and indirect effects on the overall IOR success as the main dependent variable of this study. In order to come to this conclusion, there was a total of nine hypotheses tested in this study.

6.2.1 Relationships between Independent Variables and the IOR Success

An examination of the bivariate correlation coefficients of the overall IOR success (main dependent variable of this study) and all 12 independent variables (table 5.19) were conducted to explore whether all of the independent variables had a significant relationship with the overall success of IOR. From the results of the correlation coefficient matrix in table 5.19, it can be seen that 7 out of 12 independent variables of the study indicated positively strong and significant relationships at the 99 percent confidence level, with overall IOR success; namely, commitment to the IOR ($r=.592$, $p<.001$), frequency of interaction ($r=.492$, $p<.001$), flexibility of the IOR ($r=.442$, $p<.001$), participation in the IOR ($r=.429$, $p<.001$), organizational compatibility ($r=.354$, $p<.001$), coordination of the IOR ($r=.324$, $p<.001$); only the

factor of formalization in the IOR (r=.182, p<.05) possessed a modestly significant relationship at the 95 percent confidence level.

    1) Trust in the IOR

    The results of this study showed that trust in the IOR did not have a direct relationship with overall IOR success, but in another way, the factor of trust in the IOR had a direct effect on the business success of the IOR, thus causing an indirect effect on overall IOR success. These results are relatively consistent with Mohr and Spekman's (1994) study about the success of the relationship between manufacturers and dealers, and the study of Medina-Munoz and García-Falcón (2000) about the relationship success between hotel and travel agencies. In particular, while trust was significantly associated with satisfaction with profit considered as business success of the IOR in this study, it was not associated with satisfaction with manufacturer support.

    The difference is that in this study, trust in the IOR was found to be significantly correlated with the business success of the IOR, marketing supports in the IOR, and relationship performance satisfaction with the IOR. However, this trust in the IOR was negatively associated with marketing supports (r=-.168, p<.05), which directly affected the overall IOR success, thus having a small negative indirect effect on overall IOR success. This result objectively explains the reality of the IORs between Vietnamese and Thai travel companies. It also indicates that one travel company placed more trust in its relationship with its travel partner, but the company was not sufficiently satisfied with the current marketing supports received from its travel partner.

    Based on several casual interviews which researcher had with the managers of the travel companies (both Vietnamese and Thai) that came to the exhibition and conference about Thai tourist products organized by the office of the TAT at the Rex Hotel in 2010, and also based on the nature of the dyadic IORs between Vietnamese and Thai travel companies, of which 58 percent were formed less than 5 years of prior to the study and the size of the travel companies was considered small, with 75 percent of the sample population hiring fewer than 40 full-time staff, the results can explain that small travel companies in short-period relationships still do not highly trust each other enough yet, thus increasing the

probability that participants in an IOR behave in an opportunistic way (Williamson, 1985), as they expect their partners to provide a higher level of marketing supports. In reality, however, they do not because of one reason or another of their travel partners, so this has a small negative effect on overall IOR success.

In addition, the literature on the IOR confirmed that trust between firms does not occur automatically (Hakansson and Wootz, 1979) but it takes time for companies to build up trust in their relationships after experiencing the partner's ability, reliability, and their integrity (Hakansson and Wootz, 1979; Dwyer, Schurr and Oh, 1987; Anderson and Narus, 1990). This is true in the context of the cooperative relationship between Vietnamese and Thai travel companies - larger travel companies with longer periods of relationships try hard to make their IOR successful. These companies create long-term committed and trusted relationships with their partners. They have a high level of trust in their relationships and provide a high level of marketing supports as well. This can be proved through the Thailand Tourism Awards of 2010 when all of the top five Vietnamese travel companies received awards for excellent travel partners of Thailand in the field of marketing supports and in sending tourists to Thailand. Those travel companies were: 1) **Ben Thanh Toursist Company,** with outstanding achievements in 2010, as reported by the TAT office in HCM city that last year, the number of tourists sent from Ben Thanh to Thailand immensely increased more than 50 percent compared to the previous year. This travel company had advertised tours and destinations in Thailand through newspapers and magazines. 2) The **FIDI Travel Joint Stock Company (FIDITOUR)** was voted a Top 10 travel agent in Vietnam by the Vietnam National Administration of Tourism and has cooperated with the TAT Ho Chi Minh Office in the sales of new travel routes and new destinations, such as the fruit orchards in Rayong. 3) The **Saigon Tourist Holding Company** was reported as one of the five leading tour operators sending the most tourists to Thailand; it has regularly publicized Thailand's destinations through various media in the form of articles in newspapers, documentary films, and reports on TV, as well as through press releases on new tours and new promotion programs for Thailand. 4) The **Vietnam Travel and Transport Service (Vietravel)** is the most popular travel agent among Vietnamese travelers. Vietravel has brought the most tourists to Thailand, with more

than a 50 percent growth from 2007 to 2008. Last year, the figures of tourists sent from the agent remained high in comparison to other travel operators. Vietravel has consistently cooperated with the TAT Ho Chi Minh Office on promotional activities and regularly participates in promotional events held by the office. 5) Finally, the **TST Tourist Service and Trading Corporation** has constantly sent tourist groups to Thailand since 1996. The tour operator has advertised tours and destinations in Thailand through various media. TST has organised familiarization trips to Thailand for the mass media and has cooperated with the TAT Ho Chi Minh Office on the shooting of a series of documentary films in Thailand. TST has created new travel routes to new destinations in Thailand, such as Chiang Mai, Phuket, Samui, Cha-am, Hua Hin, and other golf destinations (TAT news, 2010).

2) Commitment to the IOR

The results shown in table 5.7, 5.9, 5.11, and 5.19 indicate that commitment has a significantly positive association with marketing supports in the IOR, the financial benefits of the IOR, the business success of the IOR, and overall IOR success. These results suggest that travel companies that have the higher level of commitment to the IOR obtain higher levels of marketing supports from partners and receive higher financial benefits from the IOR, thus they have a higher level of overall IOR success. This is supported by Angle and Perry (1981) when they state that a higher level of commitment is associated with partnership success. Medina-Munoz and García-Falcón (2000) also found that the more successful the relationships that hotels have with their travel agents, the higher the levels of commitment they put into the relationships.

In addition to having a direct effect on overall IOR success, the factor of commitment to the IOR also indirectly influences overall IOR success through marketing supports in the IOR and the business success of the IOR as well.

3) Interdependence

The results of the study also show that interdependence does not have any relationship with overall IOR success. This result is consistent with the study of Medina-Munoz and García-Falcón (2000). Mohr and Spekman (1994) also stated that interdependence was not a predictor of partnership success and they did not find

any empirical evidence in the relationship success between manufacturers and dealers in the personal computer industry.

4) Coordination of the IOR

This research shows that coordination of the IOR has a significant positive effect (r=.324, p<.001) on overall IOR success. Therefore, the more coordination that exists in the relationship between Vietnamese and Thai travel companies, the more successful is the overall IOR success. Mohr and Spekman (1994), Frazier et al. (1988), and Medina-Munoz and García-Falcón (2000) have suggested in their studies that a high level of coordination is associated with the success of interorganizational relationships, thereby supporting the results of this study.

5) Communication in the IOR

This study finds that communication in the IOR has no significant relationship with overall IOR success; on the contrary, it provides a significant relationship with the variable of relationship performance satisfaction with the IOR. This result is consistent with the work of Mohr and Spekman (1994), which found a significant positive association between communication quality and satisfaction with manufacturer support, but not with satisfaction with profit. However, this result is not consistent with the study of Medina-Munoz and García-Falcón (2000), which suggested that the overall success of the relationship that hotel companies have with travel agents significantly increases as communication in IOR increases. In other words, communication problems are associated with a lack of overall IOR success.

6) Participation in the IOR

Tables 5.19, 5.7, and 5.11 suggest that participation in the IOR has a positive significant association with overall IOR success (r=.429, p<.001), marketing supports in the IOR, and business success of the IOR. Thus, seeking advice from partners, along with encouraging partners to make suggestions and give advice, seems to be relevant in order to improve the success of the relationship. The findings of this study are completely consistent with the study of Medina-Munoz and García-Falcón (2000) and partially consistent with Mohr and Spekman's (1994), who found a significant association between participation and satisfaction with manufacturer support.

7) Conflict Resolution in the IOR

This study also found that conflict resolutions in the IOR have no significant relationships with the overall IOR success, but there is a significant positive association between conflict resolution in the IOR and the performance satisfaction with the IOR. This result is partially consistent with the work of Mohr and Spekman (1994) and the study of Medina-Munoz and García-Falcón (2000), which indicated that the manner in which conflict is resolved has an impact on relationship success. Specifically, smoothing over problems, persuasive attempts by either party, or outside arbitration are suggested to be beneficial to the success of the relationship between travel companies.

8) Formalization in the IOR

Formalization in the IOR is a newly-added variable to this study, and was suggested as an essential predictor of overall IOR success by Bresser (1988), Bucklin and Sengupta (1993), Heide (1994), and Medina-Munoz and García-Falcón (2000). They did not, however, offer any empirical evidence to show that there is a relationship between overall IOR success and the formalization in an IOR. According to Hoffman, Stearns and Shrader (1990), the formalization in the IOR relates to the extent to which rules, manuals, job descriptions, and standard operating procedures guide it. Thus, this study considers formalization in the IOR as the in of work procedures and training, standardization of tourist products and services, qualified tour guides, and clear prescriptions of tasks between the two partners.

The results from table 5.19, 5.7, 5.9, and 5.15 show that formalization in the IOR has a positive significant relationship with overall IOR success, marketing support in the IOR, financial benefits of the IOR, and relationship performance satisfaction with the IOR. This indicates that the higher level of formalization in the IOR a travel company has, the higher the level of marketing supports, financial benefits, relationship performance satisfaction, and the overall IOR success it may obtain from its relationship with its partner. These results reflect the reality that the ASEAN countries are attempting to cooperate to make Southeast Asia a one destination of the world tourism industry. On the other hand, Vietnam and Thailand have also worked together to promote the tourism of both countries. TAT news reported that in 2000, the Thailand Authority of Tourism (TAT) and the Vietnam

National Administration of Tourism (VNAT) signed a tourism promotion agreement providing the foundation for a major increase in activities to attract international tourists and to boost visitor flows between the two countries. As a result, a tourism promotion campaign under the theme "Two Countries, One Destination" jointly feature both destinations, and through this campaign, tourism information of both countries has been disseminated through TAT's fifteen overseas offices and Vietnamese embassies and consulates. In addition, the Vietnamese-Thai tourism agreement also commits the two countries to organizing joint road shows for local and international travel agents, as well as participating in international trade exhibitions. Therefore, in order to make the cooperation relationship between the two countries successful, formalization in professional work procedures, training, standardization of tourist products and services, qualified tour guides, and clear prescriptions of tasks are suggested by this study.

9) Flexibility in the IOR

Flexibility in the IOR is also a newly-added variable to the overall IOR success model. This variable was suggested by Harrigan and Newman (1990); Gibson, Rutner and Keller (2002). From table 5.7, 5.9, 5.11, and 5.19, it can be seen that the flexibility of the IOR has a positive significant correlation with marketing supports in the IOR, the financial benefits of the IOR, the business success of the IOR, and overall IOR success. This study argues that the high level of flexibility in IOR is associated with high levels of marketing supports, financial benefits, and business success, and thus high levels of overall IOR success that a travel company may receive from its travel partner. These results are not consistent with the work of Aulakh and Madhok (2002); these researchers found that flexibility was strongly related to the performance of the relationship. In addition, Dyer (1997) and Madhok and Tallman (1998) also confirmed that flexibility has important implications for performance. Based on the correlation coefficients that flexibility has with overall IOR success, marketing supports, and financial benefits, it is argued that flexibility should be considered as an important predictor of relationship success.

10) Frequency of Interaction

Frequency of interaction is suggested by Mayhew's (1971) and Hall (1991) as another factor affecting overall IOR success. This study found that

frequency of interaction has a positive significant correlation with participation in the IOR, commitment to the IOR, formalization in the IOR, flexibility of the IOR, coordination of the IOR, and organizational compatibility. Hall et al. (1977) found that frequent interactions were related to high levels of coordination. Thus, this finding is partially consistent with the results shown in table 5.7 of this study.

In addition, this study also found that frequency of interaction was an important predictor of overall IOR success, having a positive significant relationship with financial benefits and overall IOR success. This indicates that a high frequency of interaction is associated with a high level of financial benefits and a high level of overall IOR success. In this study, high frequency of interaction means often sending or receiving tourists to/from partners, meetings or contacting partners, and helping each other with other services (e.g. airline booking, hotel reservations, museums, theaters, etc.). Besides the direct affect on overall IOR success, this study proves that frequency of interaction also has an indirect effect on overall IOR success through financial benefits and the business success of the IOR as well.

11) Organizational Compatibility

Organizational compatibility is another newly-added predictor of overall IOR success. This variable was suggested to be a factor affecting relationship success by Van De Ven and Ferry (1980), Ruekert and Walker (1987), and Bucklin and Sengupta (1993). As can be seen from table 5.19, the results show that variable of organizational compatibility has a positive significant correlation with the dependent variable of overall IOR success in this study. This indicates that a high level of organizational compatibility is associated with a high level of overall IOR success. Thus this it is consistent with the findings of Van De Ven and Ferry (1980) and Ruekert and Walker (1987) when they state that the domain similarity, the goal compatibility, and the organizational compatibility factor have been found to enhance the effectiveness of inter-organizational dyads. Other researchers, including Porter (1987), Mohr and Spekman (1994), Dickson and Weaver (1997), and Harbison and Pekar (1998), have also suggested that a partner's fitness and compatibility have been used as indicators of the extent to which a relationship can succeed. Finally, Segil (1998) reported in a survey of 200 firms involved in alliances that 75 percent felt that the alliance failure was caused largely by the incompatibility of the corporate culture

or "personality." It can be concluded, then, that the relationship between Vietnamese and Thai travel companies is more successful when both travel partners have a high level of organizational compatibility.

12) Age of the IOR

The variable of the age of the IOR is a newly-added factor to the model of overall IOR success based on suggestions from previous researchers; namely, Van De Ven and Ferry (1980), Ruekert and Walker (1987), Heide and John (1990), and Bucklin and Sengupta (1993). Unfortunately, these researchers proposed no empirical evidence for the relationship between the age of the IOR and relationship success. This study found that there was no significant relationship between age of the IOR and the variable of overall IOR success. The results from table 5.5 show that the age of the IOR has a positive significant relationship with only the variable of trust in the IOR. This indicates that the longer period of time a travel company has a relationship with its travel partner, the more trust it may invest in the relationship.

Besides discussing the relationships between the independent variables and the dependent variable, this study conducted eight different standard multiple regression analyses to find out the answers to the research questions and to test all of the research hypotheses. Seven out of eight linear regression models tested in this study were significant at the 99.5 percent confidence level and had at least one predictor statistically significant at the 95 percent confidence level. The R squared values range between .244 and .811, which indicate the explanations of variances in the dependent variables, ranged between 24.4 percent and 81.1 percent. The one linear regression model left in this study between two independent variables, marketing supports in the IOR and financial benefits of the IOR, and the dependent variable of the relationship performance satisfaction with IOR, was not significant. The results (table 5.16) show that that only 2,9 percent of the variance in the variable of the relationship of performance satisfaction with IOR could be explained by factor of marketing supports in the IOR and the financial benefits of the IOR. It was also shown that the variable of the relationship of performance satisfaction with the IOR was not affected by either variable, marketing supports of the IOR or the financial benefits of the IOR, and did not have any impact on overall IOR success either. The

following sections briefly describe the answers to all research questions and the results of the hypothesis testing.

6.2.2 Direct Effects of the Overall IOR Success

In order to explore the direct effects of the independent and intervening variables on overall IOR success, two standard multiple regression analyses were conducted to test hypothesis 7 and hypothesis 8a of this study. The first multiple regression analysis tests hypothesis 7 and finds out the answers to the seventh secondary research question, which asked "How much variance in overall IOR success can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR, organizational compatibility, frequency of interaction, and age of the IOR?" and "What is the best predictor of overall IOR success?" The results show that there the 44.3 percent variance in overall IOR success can be explained by the independent variables. In addition, they also show that overall IOR success was directly affected by two important predictors: COMITIOR (β=.441, p<.0005), and FREINTER (β=.243, p<.05).

Another standard multiple regression analysis was conducted to test hypothesis 8a and to answer the eighth (a) secondary research question, which asked "How much variance in overall IOR success can be explained by marketing supports, financial benefits, business success, and relationship performance satisfaction with the IOR?" and "Which is the best predictor of overall IOR success?" The results show that there that the 35.2 percent variance in overall IOR success can be explained by marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction with the IOR as a whole. In addition, overall IOR success was directly affected by the three important predictors of marketing supports in the IOR (β=.311, p<.001), financial benefits of the IOR (β=.247, p<.05), and business success of the IOR (β=.190, p<.05).

In summary, five variables produced direct effects on the overall IOR success. The effect of each variable on the overall IOR success varied; commitment to the IOR (β = 0.441, p < .0005) produced the strongest direst effect the overall IOR success,

followed by marketing supports in the IOR ($\beta = 0.311$, $p < .001$), financial benefits of the IOR ($\beta = 0.247$, $p < .005$), and business success of the IOR ($\beta = 0.190$, $p < .05$).

6.2.3 Indirect Effects of the Overall IOR Success

1) Marketing Supports in the IOR

The answer to the first secondary research question, which asked "How much variance in marketing supports in the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in IOR, flexibility of the IOR, and age of the IOR?" and "What is the best predictor of marketing supports?", was that the 25 percent variance in the dependent variable of marketing supports in IOR can be explained by the independent variables; namely, trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, and age of the IOR. The correlation coefficients between marketing supports in the IOR and other independent variables (table 5.7) show that marketing supports in the IOR was positively correlated with participation in the IOR ($r=.228$, $p<.05$), formalization in the IOR ($r=.161$, $p<.05$), commitment to the IOR ($r=.332$, $p<.001$), and flexibility of the IOR ($r=.312$, $p<.001$). This indicates that when Vietnamese and Thai travel companies set up a relationship with their partner, a high level of participation, formalization, commitment, and flexibility of the IOR are positively associated with the high level of marketing supports that the a travel company may obtain from its IOR. On the other hand, the results from the correlation coefficient matrix (table 5.7) reported that trust in the IOR provided a modestly negative correlation with marketing supports in the IOR with ($r=-.168$, $p<.05$). This indicates that the higher level of trust that a travel company places in the IOR with its partner is associated with the lower level of marketing supports that it can obtain from the IOR with its partner.

Hypothesis 1 was tested and the results show that marketing supports in the IOR was mainly affected by two important predictors: trust in the IOR ($\beta= -.376$, $p<.005$) and commitment to the IOR ($\beta=.317$, $p<.05$). These two factors directly affected the intervening variable of marketing supports in the IOR and then marketing supports of the IOR directly caused an effect on overall IOR success with ($\beta = 0.311$,

p < .001). Consequently, through the intervening variable of marketing supports in the IOR, the factors of trust in the IOR and commitment to the IOR created indirect effects on overall IOR success with (-.117) and (.098), respectively.

The findings indicate that the existence of commitment to the relationship between Vietnamese and Thai travel companies has a significant positive effect on both the marketing supports in the IOR and the overall IOR success that a Vietnamese or Thai travel company receives from its partner. Thus this study argues that as a greater amount of commitment to the IOR become apparent, the marketing supports in the IOR and overall IOR success are likely to be greater. This result is consistent with Anderson and Narus (1990), Mohr and Spekman (1994), and Medina-Munoz and García-Falcón (2000).

2) Financial Benefits of the IOR

In order to obtain an answer to the second secondary research question, "How much variance in financial benefits of the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, and frequency of interaction?" and "What is the best predictor of financial benefits of IOR?" and to test the hypothesis 2 of this study, a standard multiple regress analysis was conducted between the variable of financial benefits of the IOR and a set of independent variables, namely trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, and frequency of interaction. The correlation coefficients between the financial benefits of IOR and other independent variables (table 5.9) show that financial the benefits of the IOR are positively correlated with participation in the IOR (r=.517, p<.001), commitment to the IOR (r=.539, p<.001), formalization in the IOR (r=.237, p<.05), flexibility of the IOR (r=.401, p<.001), coordination of the IOR (r=.383, p<.001), and frequency of interaction (r=.470, p<.001). This indicates that when Vietnamese and Thai travel companies set up a relationship with their partner, high levels of participation of the IOR, commitment to the IOR, formalization in the IOR, flexibility of the IOR, coordination of the IOR, and frequency of interaction are associated with the high level financial benefits of the IOR that a travel company may obtain from its IOR.

Hypothesis 2 was tested and the results show that there the 40 percent variance in financial benefits of the IOR can be explained by the independent variables. The financial benefits of the IOR was mainly affected by only a single important predictor: frequency of interaction with (β=.214, p<.05). The factor of frequency of interaction directly impacts the financial benefits of the IOR with (β=.247, p<.05) and simultaneously the variable of the financial benefits of the IOR directly impact overall IOR success. It was concluded that through the intervening variable of the financial benefits of the IOR, the factor of frequency of interaction created an indirect effect on overall IOR success of (.053).

3) Business Success of the IOR

In order to explore the direct effects of the independent variables on the variable of the business success of the IOR, a standard multiple regression analysis was conducted to test hypothesis 3 of this study and to find out the answers to the the third secondary research questions, which asked "How much variance in business success of the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR?" and "What is the best predictor of the business success of the IOR?". The results show that the 35.2 percent of variance in the business success of the IOR can be explained by the independent variables as a whole. In addition, they also show that the business success of the IOR is mainly affected by three important predictors; namely, commitment to the IOR (β=-.262, p<.05), trust in the IOR (β=.293, p<.01), and communication in the IOR (β=.573, p<.005).

Another standard multiple regression analysis was conducted to test hypothesis 4 and to answer the fourth secondary research question, which asked "How much variance in business success of the IOR can be explained by marketing supports and financial benefits?" and "What is the best predictor of the business success of the IOR?". The results indicate that the 24.4 percent of variance in the business success of the IOR can be explained by marketing supports in the IOR and the financial benefits of the IOR. In addition, the results also show that the business success of IOR was mainly affected by only single predictor: the financial benefits of the IOR (β=.481, p<.0005).

From testing the results of hypothesis 3 and 4, it was reported that the factors of commitment to the IOR, trust in the IOR, communication in the IOR, and the financial benefits of the IOR had direct effects on the variable of the business success of the IOR with (β=-.262, p<.05), (β=.293, p<.01), (β=.573, p<.005), and (β=.481, p<.0005), respectively. In addition, simultaneously the business success of the IOR directly impacted overall IOR success. As a result, through the intervening variable of business success, the factors of commitment to the IOR, trust in the IOR, communication in the IOR, and financial benefits of the IOR create indirect effects on overall IOR success with the magnitudes of (.109), (.056), (-.050), and (.091), respectively.

4) Relationship Performance Satisfaction with the IOR

As with the variable of the business success of the IOR, a standard multiple regression analysis was conducted to test hypothesis 5 of this study and to find out the answers to the fourth secondary research questions, which asked "How much variance in the relationship performance satisfaction with the IOR can be explained by trust in the IOR, commitment, interdependence, coordination, communication, participation, conflict resolution, formalization in the IOR, flexibility of the IOR, importance of the IOR, and organizational compatibility?" and "What is the best predictor of the relationship performance satisfaction with the IOR?". The results show that that the 81.1 percent of variance in relationship performance satisfaction with the IOR can be explained by the independent variables. In addition, the relationship performance satisfaction with the IOR was mainly affected by two important predictors, trust in the IOR (β=.835, p<.0005) and conflict resolution in the IOR (β=.182, p<.0005).

Another standard multiple regression analysis was conducted to test hypothesis 6 and to answer the sixth secondary research question, which asked "How much variance in relationship performance satisfaction with the IOR can be explained by marketing supports in the IOR and financial benefits of IOR? and "What is the best predictor of the relationship performance satisfaction with the IOR?". The results indicate that the 2,9 percent variance in the relationship performance satisfaction with the IOR can be explained by marketing supports in the IOR and the financial benefits of the IOR as a whole. In addition, the relationship performance satisfaction with the

IOR was affected neither by marketing supports in the IOR nor by the financial benefits of the IOR.

From the testing results of hypothesis 5 and 6, it was concluded that the factors of trust in the IOR and conflict resolution in the IOR have direct effects on the variable of the relationship performance satisfaction with the IOR with (β=.835, p<.0005) and (β=.182, p<.0005), respectively. However, the results show that there was no direct effect from the relationship performance satisfaction with the IOR on overall IOR success. This means that through the intervening variable of relationship performance satisfaction with the IOR, none of the independent variables created an indirect effect on overall IOR success.

5) Conclusion of the Study

The last question of this study asked about the direct and indirect effects of the independent and intervening variables on overall IOR success. In order to obtain an answer to this question, which asked "To what extent do the factors of marketing supports, financial benefits, business success, relationship performance satisfaction with the IOR, and other independent variables directly and indirectly explain overall IOR success?", and to test hypothesis 8b, a path analysis was conducted. The results of the path analysis showed that most of the relationships between the independent variables and the dependent variables were positive, as expected. However, the factor of trust in the IOR created negatively direct effects on the dependent variable of marketing supports in the IOR (β=-.376, p<.005),which indirectly caused a small negative effect on overall IOR success (-.061) through the intervening variable of marketing supports in the IOR. In addition, the factor communication in the IOR created a negative direct effect on the dependent variable of the business success of the IOR (β=-.262, p<.05), which also indirectly caused a small negative effect on overall IOR success (-.050) through the intervening variable of the business success of the IOR.

This study argued that in order to achieve overall IOR success, Vietnamese and Thai international travel companies should have high frequency of interaction and a high level of commitment to their current relationship with their partner in Vietnam or Thailand. In addition, this study also found that when each member of the two groups of Vietnamese and Thai international travel companies set

up a relationship with its partner outside the country, the factors of marketing supports, financial benefits, and business success were the main purposes and motivations of joining the IOR. These factors directly influenced the overall success of the IOR. On the other hand, the factors of trust in the IOR and communication in the IOR did not directly affect overall IOR success, but indirectly caused small negative effects on overall IOR success through intervening variables of marketing supports in the IOR and the business success of the IOR, respectively. These results indicate that involved travel companies have trust in their relationship with their travel partners but they do not receive enough marketing supports from their travel partners; thus, they are currently not satisfied with the marketing supports in the relationship. In terms of communication in the IOR, the results showed that the involved travel companies provided and received sufficient information within the relationship, which increased relationship performance satisfaction but on the other hand negatively affected business success. This explains the reality that Thai travel companies provide Vietnamese travel partners with much information about cheap package tours in order to attract high flows of tourists to many tourist destinations in Thailand. Thus, this creates great competition between international travel companies within the Vietnamese tourist market, in which these companies have to sell tours to Thailand at lower prices and simultaneously have had to suffer a higher rate of inflation of the economy annually (8.8 percent) compared with Thailand (2.7 percent) during the last ten years (World Bank, 2010). Only large travel companies with longer periods of relationships have sufficient resources to compete, survive, and develop well, while other small travel companies get hurt in terms of business achievements with their Thai travel partners.

6.3 Implications of Findings and Recommendations

Exploring what makes an IOR between two groups of Vietnamese and Thai travel companies successful is not only important for the evaluation of overall IOR success, but also has significant implications for IOR management practice and development of the tourism cooperation relationship between the two countries. In addition, the implications of the results also aim to identify the determinants of IOR

success, apply inter-organizational relation theory to the practices in the travel and tourism industry with empirical research and hypothesis testing, measure overall IOR success through intervening variables, and build a more comprehensive conceptual framework for measuring the success of a dyadic IOR. All of these points are also the main objectives of this study and are discussed in the following sections.

6.3.1 Practical Implications and Contributions to Management

The practical implications to be drawn from this study have to do with the manner in which managers of both Vietnamese and Thai travel companies should face the future of their relationship. First, the findings of this study, based on significant correlations between the independent and dependent variables, suggest that in order to have successful relationships with a travel partner, the travel company should: 1) show more commitment or dedication to working with its travel partner; 2) increase the frequency of interaction by sending tourists to its partner more often, contacting the partner by phone, email, internet, fax, etc., have more frequent having meetings or visitations between partners, and finally, help each other with other services (e.g. airline booking, hotel reservations, museums, theaters, etc.); 3) have a more flexible relationship with its travel partner (e.g. when unexpected situations arise, both parties should rather work out a new deal than hold each other to the original terms, or both sides may have the ability to handle changing requirements from each other); 4) participate in planning and the goal setting of the relationship (e.g. together take part in decisions, goal formulation, and decision-making processes); 5) pay attention to organizational compatibility when entering into a dyadic relationship; 6) coordinate well its activities with its travel partner; 7) formalize the relationship with its partner (e.g. set up criteria for professional work procedures and training, standardization of tourist products and services, qualified tour guides, and clear prescriptions of tasks between the two partners). Having a more successful relationship with its travel partner should translate into more marketing supports, financial benefits, and profitable business relationships.

The results of this study also show that there are significant correlations between marketing supports and independent variables. Consequently, in order to have good cooperation in tourism marketing with travel partners, this study suggests

that the manager of a travel company should: 1) look carefully at the trust he or she has placed in the relationship and the expectations of marketing supports that he or she wishes to receive from his/her partner. This relationship is currently negative and indirectly causes a negative effect on overall IOR success; 2) participate in the planning and goal setting of the relationship (e.g. together take part in decisions, goal formulation, and decision-making processes); 3) show more commitment or dedication to working with his or her travel partner; 4) formalize the relationship with his or her partner; and 5) have a more flexible relationship with the travel partner.

The financial benefits of an IOR were found to be one of the reasons why travel companies choose to enter into an IOR. This study found that there were significant correlations between the factor of financial benefits of the IOR and the independent variables. It was argued that in order to obtain the most financial benefits from the relationship with the partner, a travel company should: 1) participate in the planning and goal setting of the relationship; 2) show more commitment or dedication to working with its travel partner; 3) formalize the relationship with the partner; 4) have a more flexible relationship with the travel partner; 5) coordinate well its activities with the travel partner; and 6) increase the frequency of interaction by sending tourists to the partner more often.

The findings of this study also found that the business success of the IOR was one of the considerations that managers of travel companies believe may lead to overall IOR success. The results showed there were significant relationships between the business success of the IOR and the independent variables. Thus, this study suggests that in order to achieve successful business with the travel partner, a travel company should: 1) highly trust its partner; 2) participate in the planning and goal setting of the relationship; 3) show more commitment or dedication to working with its travel partner; 4) have a more flexible relationship with the travel partner; and 5) coordinate well its activities with the travel partner.

Finally, in order to achieve a high level of overall IOR success when a travel company decides to set a relationship with a travel partner outside the country, the manager should pay great attention and consideration to the important factors that provide significantly unique contributions to predicting overall IOR success directly and indirectly, as suggested by this study. The significant determinants that

managers of travel companies should assign priority to are: 1) trust in the the relationship of both sides; 2) communication within the relationship; 3) commitment to the the relationship of both sides; and 4) frequency of interaction. In addition, managers of both sides also should look at their partners' purposes for joining the relationship, as this study found that marketing supports, financial benefits, and business success were the three main aspects that travel companies expected to obtain and that these factors directly affected their evaluation of overall IOR success.

6.3.2 Theoretical Implications

This study also makes academic contributions by showing evidence that inter-organization relation theory is an integration of various organizational theories, as discussed in chapter 2. The study also presents empirical evidence on the factors affecting overall IOR success directly and indirectly, as well as provides reliable scales to measure theoretical dimensions such as commitment to the IOR, frequency of interaction, flexibility in the IOR, participation in the IOR, organizational compatibility, coordination of the IOR, formalization in the IOR, trust in the IOR, and communication in the IOR. In addition, measuring overall IOR success through intervening variables (e.g. marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction with the IOR), was conducted in this study for the first time. Thus, the theoretical contribution of this study was that it initially suggested and tested a more comprehensive model for measuring the overall IOR success with important factors suggested by previous scientific researchers. The initial results show that it is appropriate to measure the overall IOR success through intervening variables. Three out of four intervening variables of this study provide directly significant contributions to predict the overall IOR success. Only has the intervening variable of the relationship performance satisfaction with the IOR no significant contribution in predicting the overall IOR success. This reflects the reality of the current situation of tourism cooperation relationship between Vietnam and Thailand when a majority of travel companies are small (75.5 percent employs less than 40 staff), newly established (75 percent less than 10 years of age), and newly set up IOR with Thai travel partners as well (88 percent set up IOR with Thai partners less than 10 years). These small companies still

don't highly evaluate their IOR performance yet in comparison with the marketing supports in the IOR, financial benefits of the IOR, and business success of the IOR. As a result, this study found that there is no relationship between the variable of relationship performance satisfaction with the IOR and the dependent variable of overall IOR success.

In terms of determinants of the overall IOR success, the significant model for measuring the overall IOR success of this study shows that the determinants of trust in the IOR, communication in the IOR, commitment to the IOR, and frequency of interation provide significant contributions in predicting the overall IOR success directly and indirectly. Other determinants of the overall IOR success, even though having positively significant correlations with the overall IOR success, but did not provide significant power to predict the overall IOR success. This can be explained that there are some overlapping and confusion between items affecting the validity of all construct of the study as discussed in the limitation section of this study. In addition, while previous researchers measured IOR success directly without intervening variables, this study tried to measure the overall IOR success through intervening variables and this can be considered the second reason to explain for the exclusion of other determinants of the overall IOR success model of the study. It is concluded that the overall IOR success model of this study is substantially supported by the literature and setting up an initial step for measuring the overall IOR success with a more comprehensive model. There is a great potential to develop the model to be a perfect one with more specific items and higher validity that theorectically contributes to the development of the theory of inter-organization relation as mentioned in the section of suggestions for future research of this dissertation.

Furthermore, this study provides a comprehensive research methodology that has been developed and that can be used in the study of any identifying determinants of overall dyadic IOR success. Researchers may utilize this methodology for future studies.

Finally, one of the objectives of this study was to apply inter-organization relation theory to the tourism context with a more comprehensive conceptual framework drawn from the literature on the IOR and to provide a better understanding of the relationship between two groups of organizations - Vietnamese and Thai travel

companies, thereby contributing to the existing diversified literature in the field of organization management and in the field of tourism development.

6.3.3 Research Implications

This study makes an effort to identify the determinants of IOR success between Vietnamese and Thai travel companies in both aspects of successful relationships: success in relationship performance satisfaction and success in mutual economic benefits. All of the variables were drawn from the literature on the IOR suggested by various researchers for further study. In addition, this study uses multivariate analysis to empirically substantiate the linkages between the determinants of IOR success and overall IOR success.

From the results of this study, there is evidence that a majority of the determinants of IOR success identified from the theoretical and empirical literature on relationship success were significantly associated with the overall IOR success. In terms of correlation, this study is supported by literature with seven out of twelve independent variables in the model have positively strong and significant relationships with the overall IOR success at the 99 percent confidence level, namely, commitment to the IOR, frequency of interaction (newly added variable of this study), flexibility in the IOR (newly added variable of this study), participation in the IOR, organizational compatibility (newly added variable of this study), coordination of the IOR, and formalization in the IOR (newly added variable of this study).

Another contribution of this study was that it first time aimed to measure overall IOR success through intervening variables: marketing supports in the IOR, financial benefits of the IOR, business success of the IOR, and relationship performance satisfaction. The results show that three out of these four intervening variable directly affected overall IOR success and are important motivations for travel companies to join in a relationship with a partner. This study found that there was no significant relationship between the factor of relationship performance satisfaction and overall IOR success, or marketing supports and the financial benefits of IOR. Even though Van de Ven and Ferry (1980) and Anderson (1990) have suggested one approach to measure IOR success that relates to the participants' overall satisfaction with the relationship, unfortunately, these researchers did not provide any empirical

evidence that relationship performance satisfaction is significantly associated with overall IOR success.

6.3.4 Applied Implications

Through conducting this specific study, again, the research had a great opportunity to review a wide range of literature in the field of organizational studies, especially in the field of inter-organization relations; it was argued in this study that inter-organization relation theory is an integration of modern organizational theories. In addition, researcher has attempted to apply inter-organizational relation theory to practice in the tourism industry with empirical research and hypothesis testing. Thus, the results of this study contribute to asserting the firmness of inter-organization relation theory and at least to initially making this theory more applicable in the field of tourism.

6.4 Limitation of the Study

Although this study yields some valuable results in the field of inter-organization relation and substantiates various earlier studies in the field, it nevertheless has incontrovertible limitations. Some of the limitations of this study were discussed in chapter one. In this section, the limitations regarding the results of this study are addressed.

The main limitation of this study is that the results are applicable only to the dyadic relationship between two groups of organizations at the corporate level; namely, Vietnamese and Thai travel companies. Another area of limitation refers to the findings from this research is that the findings are contingent upon the context and type of partnerships studied, partnerships between travel companies. The generalizability of these results across a broad range of IORs was cautioned. In addition, data were collected from only one side of the dyad - only the international travel companies in Vietnam; the international travel companies in Thailand remain unknown due to the researcher's limitation in his use of the Thai language and relationships with necessary key informants for the study.

Finally, one more limitation lies in the area of measurement issues. This study adopted sets of objective measures for relationship success which were drawn from the previous studies of Mohr and Spekman (1994) and Medina-Munoz and García-Falcón (2000) concerning relationship success (e.g. trust in the IOR, commitment to the IOR, interdependence, coordination of the IOR, communication in the IOR, participation, and conflict resolution). Other measures (e.g. formalization in the IOR, flexibility in the IOR, importance of the IOR, frequency of interaction, organizational compatibility, and age of the IOR, as well as the intervening variables of the financial benefits of the IOR and relationship performance satisfaction were newly added to the model for measuring the IOR success of this study. Items of newly-added measures were added based on suggestions from the literature and some items were subjectively added by researcher. Thus, there are possibilities that these items overlap and highly load into the first three factors when conducting a factor analysis, as happened in this study. This subjectivity of some measures may have created problems associated with the validity of the constructs of this study.

6.5 Suggestions for Future Research

Some contribution has been made with regard to theory building and application in the field of relationship success. However, there have been few empirical studies on relationship success, and this study can be considered an important step in the field of tourism in which both direct and indirect effects of relationship success were explored. This study also serves as an essential starting point for building a more robust empirical base that will significantly increase the knowledge in the field of IOR study in general and in the field of relationship success in particular.

Several suggestions for future research are provided in this section. Firstly, regarding the identification of factors determining overall IOR success, the effects of all of additional factors should be continually examined in future research. But the items in each measure should be more carefully considered in terms of wording and stating in order to avoid overlapping and confusion between items, thus ensuring the validity of all the constructs of the study.

Secondly, as to future research directions, by collecting data from only one side of the dyadic relationship, this study suggests a number of factors that generate significant direct and indirect effects on overall IOR success, and the study has made a unique contribution to predicting the success of the relationship between travel companies as well. As the data represent only one partner's view of the relationship, future research on overall IOR success in the tourism industry should be designed in order to collect comparable data from all of the participants.

Finally, this study of overall IOR success was exploratory in nature, and the results show that there is great potential for successfully building a more comprehensive model for measuring overall IOR success. Therefore, it is important to undertake more empirical studies in order to refine the conclusions of this study, specifically, a study of the overall IOR success between two groups of organizations in the field of tourism, such as hotels and travel companies, transportation companies and travel companies, hotels and restaurants, airline companies and travel companies, recreational companies and travel companies, etc. In addition, the study of overall IOR success should also be undertaken in other industries as well, for example, studies of IOR success between universities in the field of education, between production companies and distribution companies, etc.

6.6 Chapter Summary

This chapter includes the summary, discussions of the research findings, and the conclusion of the study. In terms of the significant relationships between the independent variables and dependent variable regarding overall IOR success, bivariate correlations and Pearson product-moment correlation coefficients were employed to explore the relationships and the strength of the relationships between each independent variable and overall IOR success, as well as between each intervening variable and the dependent variable of the study. The direct and indirect effects of overall IOR success were discussed and explained in order to obtain the best answers to all research questions. The implications of this study focus on providing evidence that all of the objectives of the study were successfully obtained with both theoretical and practical contributions to the field of organization management and development.

Although this study is considered an initiation to measuring overall IOR success through intervening variables, as suggested by Negandhi (1980) in studying IOR effectiveness or success as a whole, and especially in the field of travel and tourism, the results showed that not all factors had direct or indirect effects on the overall IOR success in this study for the many reasons mentioned in this chapter. Future research should test the model with more meaningful statements for each factor or determinant of overall IOR success. Importantly this study shows that there is great potential for successfully building a more comprehensive model for measuring overall IOR success.

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APPENDICES

APPENDIX A

QUESTIONNAIRE (ENGLISH VERSION)

QUESTIONNAIRE SURVEY ON CO-OPERATIVE RELATIONSHIPS BETWEEN VIETNAMESE TRAVEL COMPANIES WITH THAI PARTNERS

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First of all, we would like to thank you very much for your time answering this questionnaire and providing contributive suggestions for our study. The information you provide will be kept confidential and only used for studied purposes. To express our sincere thanks, we would like to offer you, who spend time to fill in this questionnaire and send it back to the office of Tourism Authority of Thailand in Ho Chi Minh City, 3 valuable gifts (**1.000.000** VND, **750.000** VND, **500.000** VND) and **10 other gifts** of the office of Tourism Authority of Thailand in Ho Chi Minh City. Please provide us your email and phone number:

Email: …………………………………………… Tel: …..………………………

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1. What is your job position? (We prefer only the following positions to participate in our survey). Please give a tick (✓) in front of the position that's appropriate to you.
   - ☐ Director/Deputy Director of the company
   - ☐ Chief of marketing and market development department
   - ☐ Deputy Chief of marketing and market development department
   - ☐ Staff in charge of marketing and market development (small companies)

2. Where is your company located?

   Province/City: …………………………

3. In total, how many staff does your company employ?

   Full time staff: ………   Part time and contract staff: ………

4. How old is your company?   Number of years: …………………

5. How long has your company had a relationship with the partner in Thailand?

   Number of years: …………………

6. To what extent do you agree with the following statements about the co-operative relationship that your company has with your travel partner in Thailand? Please give your score ranging from 1 to 5 in each blank box on the left side column (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

Marketing supports from the relationship	Score
We don't receive cooperative advertising support from our partner …………..	
We receive promotional support (brochures, leaflets, etc.) from our partner….	
We don't receive off-invoice promotional allowances from our partner ………	
We receive new source of customers from our partner ………………………..	
We can't diversify our tourist products and services through our partner……..	
Overall, we are satisfied with the marketing supports from our partner ……….	

Financial benefits of the relationship	Score
We obtain more profit on sales from our travel partner ……………………….	
We don't receive appropriate commission levels from our partner ……………	
We can reduce costs of inputs from our partner …..…………….……………..	
We can't reduce market and tour research and development cost …………….	
We get a new source of revenue from our partner ……………….…………...	
Overall, we are satisfied with the financial benefits gained from the relationship	

Business success of the relationship	Score
We increase total sales from our partner ……………………………………...	
We don't have a profitable business relationship with our partner ……………	
We see potential benefits including more sales from our partner in the future..	
We have more opportunities of other businesses ……………….……………..	
Overall, we are satisfied with the profit gained from the relationship …….......	

Relationship performance satisfaction	Score
We have become more productive …………………………………………….	
We obtain more customers' satisfaction for our tourist products and services…	
We don't improve our product and service performance …………………….	
Our properties/facilities are compatible with the needs of partner's customers..	
We don't achieve our goals of expansion to a new market through partner……	
Overall, we are satisfied with having a relationship with the partner……..……	

Overall success of the inter-organizational relationship	*Score*
Our partner isn't an excellent travel company to do business with…………….	
Our time and effort spent in developing and maintaining the relationship with the partner has been worthwhile ………………………………………………..	
We don't feel more powerful and confident in this tourist market.……………	
All our goal setting for this relationship have been met…..…………………..	
Overall, we are completely satisfied with the relationship as a whole………….	
Trust toward the relationship	*Score*
We trust our partner's decisions..……………….....……………………….	
We feel that our relationship isn't marked by a great harmony………………..	
We believe that our partner always brings benefits to us..……………………..	
We believe that our partner always does the right thing for the relationship......	
We feel that our partner doesn't have high integrity/honesty.………………...	
We think that our partner has good prestige…………………………………...	
We feel that our partner doesn't have great capability.………...…………….....	
We believe that we'll not have a long-term relationship with our partner..……..	
Overall, we highly trust our partner..…………………………………………...	
Commitment to the relationship	*Score*
We are not very committed to continuing the relationship………..……………..	
We intend to maintain the relationship indefinitely……………...……………..	
The relationship deserves our maximum effort to maintain it..………………...	
We don't have a strong sense of loyalty to this travel partner ..……………….	
We'll try harder to improve and develop this relationship.……………………..	
Overall, we will continue the relationship……..………………………………..	
Interdependence in the relationship	*Score*
If we wish, we can easily switch to another travel partner…..…………………	
If our partner wishes, it can also easily switch to another travel company……..	
Both parties don't have equal rights in all aspects of planning and decision making	
We have strong control over our partner ……………………………………..	

	Score
We are strongly controlled by our partner …………………………………….	
Both parties are not equally interdependent ……………….………………..	
Overall, both parties enjoy an interdependent relationship …………………….	
Coordination of the relationship	*Score*
Our activities with the travel partner aren't well coordinated …………..……	
We plan and schedule the sales with our travel partner well ………………….	
Our partner's activities with us aren't well coordinated ………………………	
We plan and schedule tours and services with our travel partner well ……….	
We meet and discuss tours and services with our travel partner when needed..	
We don't fairly divide tasks between partners.……………..…………………	
We don't have a representative of each side for our relationship…..…………	
We help our travel partner whenever and/or whatever they ask..……………....	
Our travel partner helps us whenever and/or whatever we ask………………....	
Overall, we are satisfied with the current coordination of the relationship…….	
Communication in the relationship	*Score*
Communication between us isn't timely, adequate, and complete……….…..	
We share accurate and credible information to each other……..………………	
We always provide honest information to each other..………………………...	
We always share relevant information to each other..………………………….	
We don't use an open-line communication for our relationship………………	
We often exchange strategic and important business information to each other.	
Our relationship always has a systematic availability of information..………...	
Our communication channels aren't diverse..…………..……………………...	
Overall, we are satisfied with the communication in the relationship....………	
Participation in the relationship	*Score*
We provide advice and counsels to our travel partner ……………………....	
We don't seek advice and counsels from our travel partner ...………………..	
We don't encourage contributive suggestions to each other.……...…………..	
Both sides have competent abilities…………….…..…………………………	
Both sides don't play significant role..………….…………………………...	
Both sides don't take equal responsibility……..………..……………………	

	Score
Both sides take part in decision and goal formulation…………………..……	
Both sides take part in decision making processes………………..…………	
Overall, both sides actively participate in the relationship..…………………	
Formalization in the relationship	*Score*
We have clear prescriptions and distributions of tasks between partners………	
We don't have clear routines for safety training for both partner's employees..	
We have working procedures and training for both partners' employees...…….	
Both sides don't provide standardized tourist products and services……..……	
Both sides employ qualified tour guides..…………………………………...	
Overall, the information routines between partners are very clear..……………	
Flexibility in the relationship	*Score*
Both sides of relationship aren't flexible in response to requests for changes…	
Both sides are expected to be able to make adjustments in the ongoing relationship to cope with changing circumstances ..……………………………	
When some unexpected situation arises, both parties would rather work out a new deal than hold each other to the original terms…………………………….	
We use proactive management for special needs and exceptions of relationship	
Both sides have the ability to handle changing requirements from each other..	
Both sides don't have the ability to respond to objective requests……..……..	
Overall, we are flexible in dealing with changes in our relationship....…………	
Constructive conflict resolution techniques	*Score*
We try to avoid creating issues/problems ……………………………………..	
One party tries to be persuasive to the other ..………………………………	
Both sides don't always try to solve problems together ………………………..	
Our problems are mediated by an outsider partner ..…………………………...	
Our partner lets us dominate/control over the relationship...………….………..	
We let our partner dominate/control over the relationship……..……………....	
We don't try internal resolution ………………………………………………	
Overall, we are satisfied with our conflict resolution used in the relationship…	
Importance of the relationship	*Score*
It's important because we gain marketing supports from our partner…..……….	

	Score
It isn't important because we don't gain financial benefits from the relationship	
It's important because we can expand our market through our partner..…………	
It's important because we can sell more tours and services through our partner	
It isn't important because we don't enjoy cost reduction from the relationship	
It's important because we are doing business with a competent partner……...	
Organizational compatibility	*Score*
Our company's goals and objectives aren't consistent with those of partner's.	
Both directors have similar operating styles……………………………………	
Products and services of both sides are somewhat similar.…….……………....	
Products and services of both sides have the same quality …………………...	
The markets of both sides are not similar.………..…………...……………	
Our company's tourists and the partner's don't have similar characteristics.…	
Overall, both sides of our relationship are compatible with each other.……….	

7. How often does your company interact with your travel partner in Thailand? Please give your score ranging from 1 to 5 in each blank box on the left side column (1 = not at all, 2 = seldom, 3 = sometimes, 4 = often, 5 = very often)

Frequency of interaction	**Score**
We frequently send tourists to our travel partner …………………………….	
We frequently receive tourists from our partner ..…………………………	
We frequently have meetings/visits between partners ………………………..	
We frequently contact our partner by phone, email, internet, fax ..…………..	
Both sides frequently help each other with other services (e.g. airline booking, hotel reservation, museum, theater, etc.) …………………………..	

8. What are your further comments for developing successful cooperation between the Vietnamese and Thai tourism industry in general and between travel companies of the two countries in particular?

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Thank you very much for your time and cooperation.

We wish you good luck!

APPENDIX B

QUESTIONNAIRE (VIETNAMESE VERSION)

BẢNG HỎI VỀ QUAN HỆ HỢP TÁC GIỮA CÁC CÔNG TY DU LỊCH LỮ HÀNH CỦA VIỆT NAM VÀ THÁI LAN

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Lời đầu tiên, chúng tôi chân thành cảm ơn quí anh/chị đã dành thời gian để trả lời bảng hỏi và đóng góp ý kiến cho nghiêu cứu của chúng tôi. Thông tin mà quí anh/chị cung cấp sẽ được giữ kín và chỉ sử dụng cho mục đích nghiên cứu. Để bày tỏ sự cảm ơn tới quí anh/chị, chúng tôi trân trọng gởi tặng 3 phần quà đặc biệt có giá trị (**1.000.000** đồng, **750.000** đồng, **500.000** đồng) và **10 phần quà khác** của văn phòng phát triển du lịch Thái Lan tại TP.HCM tới các anh/chị tham gia trả lời bảng hỏi và gởi lại cho chúng tôi. Xin cung cấp địa chỉ email để chúng tôi liên lạc qúi anh/chị nhận quà: Email:…………………………………Tel: ………………….…

1. Vị trí công tác của anh/chị là gì? (Chúng tôi mong muốn được các vị trí sau đây tham gia vào cuộc khảo sát). Vui lòng đánh dấu (✔) vào một vị trí công tác phù hợp với anh/chị.
   ☐ Giám đốc/Phó giám đốc của công ty
   ☐ Trưởng phòng quảng cáo tiếp thị và phát triển thị trường
   ☐ Phó trưởng phòng quảng cáo tiếp thị và phát triển thị trường
   ☐ Nhân viên quảng cáo tiếp thị và phát triển thị trường (công ty nhỏ)

2. Công ty của anh/chị tọa lạc ở đâu?
   Tỉnh/Thành phố: …………………………

3. Công ty của anh/chị có bao nhiêu nhân viên?
   Nhân viên làm toàn thời gian: ……   Bán thời gian và hợp đồng: ……

4. Công ty của anh/chị hoạt động được bao nhiêu năm? Số năm: …………..

5. Công ty của anh/chị có mối quan hệ hợp tác với đối tác ở Thái Lan được bao nhiêu năm?   Số năm: ………………

6. Mức độ đồng ý của anh/chị như thế nào với những khẳng định sau đây về mối quan hệ hợp tác mà công ty của anh/chị đang có với đối tác ở Thái Lan? Xin vui lòng cho điểm từ 1 đến 5 vào từng ô trống ở cột bên phải (1 = rất không đồng ý, 2 = không đồng ý, 3 = trung lập, 4 = đồng ý, 5 = rất đồng ý)

Sự hỗ trợ quảng cáo từ mối quan hệ hợp tác	Điểm
Chúng tôi không nhận được hỗ trợ quảng cáo từ đối tác …………….………………	
Chúng tôi nhận được hỗ trợ (brochures, tờ rơi, trưng bày, v.v.) từ đối tác …………..	
Chúng tôi không nhận được tiền hỗ trợ khi quảng cáo cho đối tác ……..……………	
Chúng tôi nhận được nguồn khách mới từ đối tác ………………………………………	
Chúng tôi không thể đa dạng sản phẩm và dịch vụ du lịch thông qua đối tác ………..	
Nói chung, chúng tôi hài lòng với sự hỗ trợ quảng cáo từ đối tác …………………	

Các lợi ích tài chính từ mối quan hệ hợp tác	Điểm
Chúng tôi có thêm lợi nhuận từ việc bán sản phẩm và dịch vụ cho đối tác ..………...	
Chúng tôi không nhận được tiền huê hồng tương ứng từ phía đối tác ..………………	
Chúng tôi có thể giảm chi phí đầu vào thông qua đối tác ..………………………………	
Chúng tôi không thể giảm chi phí nghiên cứu và phát triển thị trường ..………………	
Chúng tôi có nguồn thu nhập mới từ đối tác ………………………………………....	
Nói chung, chúng tôi hài lòng với lợi ích tài chính đạt được từ mối quan hệ hợp tác.	

Sự thành công trong kinh doanh	Điểm
Chúng tôi gia tăng doanh số bán hàng thông qua đối tác ………………………………	
Mối quan hệ kinh doanh của chúng tôi với đối tác không mang lại lợi nhuận ……….	
Chúng tôi thấy được lợi ích tiềm năng từ đối tác trong tương lai ………..…………	
Chúng tôi có thêm cơ hội kinh doanh khác ………………………………………..	
Nói chung, chúng tôi hài lòng với lợi nhuận đạt được từ mối quan hệ hợp tác ……......	

Sự thành công trong việc thực hiện mối quan hệ hợp tác	Điểm
Chúng tôi trở nên có năng xuất hơn …………………………………………………	
Sản phẩm và dịch vụ của chúng tôi nhận được sự hài lòng của du khách nhiều hơn …	
Chúng tôi không cải thiện được sự thể hiện sản phẩm và dịch vụ của mình …………	
Trang thiết bị của chúng tôi phù hợp với nhu cầu khách hàng của đối tác …………..	
Chúng tôi không đạt được mục tiêu mở rộng thị trường thông qua đối tác …..………	
Nói chung, chúng tôi hài lòng với mối quan hệ hợp tác với đối tác ……………..………	

Sự thành công tổng thể của mối quan hệ hợp tác	*Điểm*
Đối tác của chúng tôi không phải là một công ty du lịch tuyệt vời để hợp tác làm ăn ..	
Thời gian và nỗ lực của chúng tôi bỏ ra để duy trì và phát triển mối quan hệ với đối tác là xứng đáng …..…….……………………………………………………………..	
Chúng tôi không cảm thấy mạnh lên và tự tin hơn với thị trường du lịch này ………	
Chúng tôi đạt được tất cả các mục tiêu kỳ vọng ở mối quan hệ hợp tác …………….	
Một cách tổng thể, chúng tôi hoàn toàn hài lòng với mối quan hệ hợp tác này …….…	

Sự tin cậy vào mối quan hệ hợp tác	*Điểm*
Chúng tôi tin tưởng vào các quyết định của đối tác …………..………………	
Chúng tôi không tin mối quan hệ của chúng tôi có sự hài hòa cao……………………..	
Chúng tôi tin rằng đối tác luôn mang lại lợi ích cho chúng tôi ...……………………	
Chúng tôi tin đối tác luôn làm những điều đúng đắn cho mối quan hệ hợp tác…….....	
Chúng tôi không tin đối tác có sự liêm chính/tính trung thực cao …………………...	
Chúng tôi tin rằng đối tác có uy tín tốt ……………………………………..	
Chúng tôi không tin đối tác có đủ năng lực …………………..…...……………..	
Chúng tôi không tin sẽ có mối quan hệ hợp tác lâu dài với đối tác …..………………	
Nói chung, chúng tôi tin tưởng nhiều vào đối tác của chúng tôi ………………………	

Sự tận tâm đối với mối quan hệ hợp tác	*Điểm*
Chúng tôi không tận tâm lắm trong việc tiếp tục mối quan hệ hợp tác ..………………	
Chúng tôi dự định duy trì mối quan hệ hợp tác vô thời hạn………………………….	
Chúng tôi nỗ lực hết mình để duy trì mối quan hệ này ……...………………………	
Chúng tôi không có ý trung thành với đối tác du lịch này …….....…..………………	
Chúng tôi cố gắng nhiều hơn để cải thiện và phát triển mối quan hệ này …..………	
Nói chung, chúng tôi sẽ tiếp tục mối quan hệ hợp tác này ..…………………………	

Sự phụ thuộc tương đối trong mối quan hệ hợp tác	*Điểm*
Nếu chúng tôi muốn, chúng tôi có thể dễ dàng đổi sang đối tác du lịch khác ……..…	
Nếu đối tác của chúng tôi muốn, họ có thể dễ dàng đổi sang công ty du lịch khác …..	
Hai bên không có ngang quyền về lập kế hoạch và quyết định trong mọi lĩnh vực…..	
Chúng tôi kiểm soát đối tác của chúng tôi ………………………………………	
Chúng tôi bị đối tác kiểm soát …………………………………………………	
Hai bên không giống nhau về mức độ phụ thuộc tương đối …………..………………	

Nói chung, hai bên có sự phụ thuộc lẫn nhau trong mối quan hệ hợp tác ………….…	
Sự điều phối của mối quan hệ hợp tác	*Điểm*
Các hoạt động của chúng tôi với đối tác không được điều phối tốt ……………..……	
Chúng tôi lập kế hoạch bán sản phẩm du lịch với đối tác rất tốt ………………..……	
Các hoạt động của đối tác với chúng tôi không được điều phối tốt ………….…..……	
Chúng tôi lập kế hoạch các tuyến và dịch vụ du lịch với đối tác rất tốt ……….……	
Chúng tôi gặp gỡ và thảo luận về các tuyến và dịch vụ với đối tác khi cần thiết …….	
Chúng tôi phân chia công việc giữa hai bên một cách không công bằng ………….…	
Chúng tôi không có đại diện của mỗi bên cho mối quan hệ hợp tác ……..…..………	
Chúng tôi giúp đỡ đối tác bất cứ khi nào và/hoặc bất cứ điều gì họ yêu cầu ………....	
Đối tác giúp đỡ chúng tôi bất cứ khi nào và/hoặc bất cứ điều gì chúng tôi yêu cầu	
Nói chung, chúng tôi hài lòng về sự điều phối hiện tại của mối quan hệ hợp tác …….	
Thông tin liên lạc của mối quan hệ hợp tác	*Điểm*
Thông tin liên lạc giữa chúng tôi không kịp thời, đầy đủ, và trọn vẹn ……………...	
Chúng tôi chia sẻ thông tin chuẩn xác và tin cậy cho nhau ………..…………………	
Chúng tôi luôn cung cấp thông tin trung thực cho nhau ………………………….…...	
Chúng tôi luôn chia sẻ thông tin phù hợp cho nhau …………………………………	
Chúng tôi không sử dụng hệ thống thông tin liên lạc mở rộng cho mối quan hệ …….	
Chúng tôi thường trao đổi thông tin chiến lược và kinh doanh quan trọng cho nhau ..	
Mối quan hệ của chúng tôi luôn sẵn có một hệ thống thông tin liên lạc ………….....	
Các kênh thông tin của chúng tôi không đa dạng ………………..…………………...	
Nói chung, chúng tôi hài lòng với thông tin liên lạc của mối quan hệ hợp tác ……….	
Sự tham gia vào mối quan hệ hợp tác	*Điểm*
Chúng tôi cung cấp lời khuyên và tư vấn cho đối tác …………………………….…...	
Chúng tôi không tìm kiếm lời khuyên và tư vấn từ đối tác ..………..…..…………...	
Chúng tôi không khuyến khích những ý kiến mang tính xây dựng cho nhau ………....	
Cả hai bên đều có năng lực để hợp tác ………………………………………………	
Cả hai bên đều không đóng vai trò quan trọng trong mối quan hệ hợp tác …………...	
Hai bên không chịu trách nhiệm ngang nhau ………………………………………….	
Hai bên cùng tham gia vào các quyết định và hình thành các mục tiêu ..……………..	
Hai bên cùng tham gia vào các quá trình quyết định ……………………..…………..	

Nói chung, hai bên tích cực tham gia vào mối quan hệ hợp tác ………………………	
Sự hình thức hóa của mối quan hệ hợp tác	*Điểm*
Chúng tôi có sự mô tả và phân chia công việc rõ ràng giữa hai bên ………………	
Chúng tôi không có quy trình về huấn luyện an toàn cho nhân viên của hai bên …….	
Chúng tôi có quy trình làm việc và huấn luyện nghiệp vụ cho nhân viên của hai bên..	
Hai bên không cung cấp các sản phẩm và dịch vụ du lịch chuẩn …..………………	
Hai bên đều tuyển dụng các hướng dẫn viên có bằng cấp ………………………...	
Nói chung, các quy trình thông tin giữa hai bên là rõ ràng …………..……………	
Tính linh hoạt của mối quan hệ hợp tác	*Điểm*
Hai bên không linh hoạt trong phản hồi những yêu cầu thay đổi …………………..	
Hai bên trông đợi có thể điều chỉnh mối quan hệ hợp tác nhằm đối phó với những tình huống thay đổi …………………………………………………………………	
Khi một số tình huống không mong đợi xảy ra, hai bên cùng nhau tìm ra hướng giải quyết mới thay vì căn cứ theo thỏa thuận cũ …………… …..………………………	
Hai bên cùng hỗ trợ quản lý các nhu cầu và ngoại lệ đặc biệt của mối quan hệ………	
Hai bên đều có khả năng giải quyết các yêu cầu thay đổi của nhau …..……………...	
Hai bên không có khả năng đáp lại những đòi hỏi khách quan ..……………………	
Nói chung, chúng tôi linh hoạt trong ứng xử với những thay đổi của mối quan hệ ….	
Các cách giải quyết mâu thuẫn mang tính xây dựng	*Điểm*
Hai bên cố gắng tránh tạo ra các vấn đề ……………………………………..	
Một trong hai bên đối tác cố gắng thuyết phục bên kia …………………………	
Hai bên không cố gắng cùng nhau giải quyết các vấn đề ..………………………..	
Các vấn đề của chúng tôi được giải quyết thông qua một đối tác thứ 3 bên ngoài	
Đối tác để cho chúng tôi kiểm soát mối quan hệ hợp tác ..…………………………	
Chúng tôi để cho đối tác kiểm soát mối quan hệ hợp tác …………….…………..….	
Chúng tôi không cố gắng tìm giải pháp nội bộ …………………………………	
Nói chung, chúng tôi hài lòng với cách giải quyết mâu thuẫn trong mối quan hệ ……	
Tầm quan trọng của mối quan hệ hợp tác	*Điểm*
Mối quan hệ này quan trọng vì chúng tôi nhận được hỗ trợ quảng bá từ đối tác …….	
Nó không quan trọng vì chúng tôi không đạt được lợi ích về tài chính ………………	
Nó quan trọng vì chúng tôi có thể mở rộng thị trường thông qua đối tác ………….…	

Nó quan trọng vì chúng tôi có thể bán được nhiều tours và dịch vụ thông qua đối tác.	
Nó không quan trọng vì chúng tôi không giảm được chi phí ……………………...	
Nó quan trọng vì chúng tôi hợp tác làm ăn với một đối tác có năng lực …………...	
Sự tương hợp tổ chức trong mối quan hệ hợp tác	**Điểm**
Mục tiêu của công ty chúng tôi không phù hợp với mục tiêu của đối tác ………..	
Giám đốc của chúng tôi và của đối tác có cùng phong cách điều hành ……………..	
Sản phẩm và dịch vụ của hai bên có phần giống nhau …………………..…………...	
Sản phẩm và dịch vụ của hai bên có chất lượng giống nhau ……………………....	
Thị trường của hai bên không giống nhau ……………….…………..……………	
Khách du lịch của chúng tôi và của đối tác không có những đặc điểm giống nhau ….	
Nói chung, hai bên đối tác của mối quan hệ là phù hợp với nhau …………...……	

7. Mức độ thường xuyên trao đổi giữa công ty của anh/chị với đối tác ở Thái Lan như thế nào? Xin vui lòng cho điểm từ 1 đến 5 vào từng ô trống ở cột bên phải (1 = không có trao đổi, 2 = hiếm khi, 3 = đôi khi, 4 = thường xuyên, 5 = rất thường xuyên)

Sự thường xuyên trao đổi giữa các đối tác	**Điểm**
Chúng tôi thường xuyên gởi khách cho đối tác ..…………………………………	
Chúng tôi thường xuyên nhận được khách từ đối tác ..…………………………	
Hai bên thường xuyên hội họp và thăm viếng nhau …..…………………………..	
Chúng tôi thường xuyên liên lạc với đối tác qua điện thoại, email, Internet, fax, v.v.	
Hai bên thường xuyên giúp đỡ nhau với các dịch vụ khác (như đặt vé máy bay, đặt phòng khách sạn, đặt vé viện bảo tàng, nhà hát, v.v. ……………………………	

8. Xin cho biết ý kiến đóng góp cá nhân của anh/chị cho việc phát triển quan hệ hợp tác giữa ngành du lịch của Thái Lan và Việt Nam nói chung và giữa các công ty du lịch lữ hành của hai quốc gia nói riêng (nếu có).

………………………………………………………………………………..…

…………………………………………………………………………………

Cảm ơn sự hợp tác và thời gian của anh/chị.

Kính chúc anh/chị sức khỏe.

APPENDIX C

LETTER OF RECOMMENDATION (VIETNAMESE VERSION)

TPHCM, ngày 18 tháng 12 năm 2009

Kính gửi quí công ty,

Nhân dịp Anh Mai Ngọc Khương – Phó Trưởng Khoa Du Lịch Đại Học Hồng Bàng làm Luận Án Tốt Nghiệp Tiến Sĩ với đề tài *" Sự Hợp Tác giữa các công ty du lịch lữ hành của Thái Lan và Việt Nam"*. Xét thấy nội dung đề tài cũng gần gũi và thiết thực cho việc hỗ trợ của Tổng Cục Du Lịch Thái Lan cho các công ty lữ hành Việt Nam trong việc xúc tiến và mở rộng các tuyến điểm mới, Tổng Cục Du Lịch Thái Lan VPĐD tại TPHCM xin đề nghị quí công ty dành chút thời gian trả lời một số câu hỏi đính kèm và gửi về theo địa chỉ bao thư kèm theo trong thời gian sớm nhất có thể.

Kính mong quí công ty hỗ trợ cho anh Mai Ngọc Khương hoàn thành luận án tiến sĩ trong thời gian sớm nhất.

Trân trọng,

Huỳnh Đăng Khoa
Marketing Officer
Mobile : 0913 883 685
Email : marketing@tourismthailand.org.vn
Tourism Authority of Thailand – HCMC Office

Tourism Authority of Thailand, Ho Chi Minh Office

Floor 5", Empire Tower Building 26-28 Ham Nghi Str., Dist. 1, Ho Chi Minh City, Viet Nam
Tel : (84-8) 6 2913885/6 * Fax: (84-8) 6 2913887
Website : www.tourismthailand.org.vn * Email Address : tathcm@tat.or.th

APPENDIX D

LETTER OF RECOMMENDATION (ENGLISH VERSION)

Ho Chi Minh City, December 18th, 2009

Dear Sir/Madam,

Mr. Mai Ngoc Khuong, a Vice Dean of School of International Tourism Management, Hong Bang University International, is conducting a research for his Ph.D dissertation with the topic "Enhancing Successful Inter-organization Relationships between Vietnamese travel companies with Thai partners". Considering the content of the topic which is necessary and essential for receiving the supports from the Tourism Authority of Thailand of Vietnamese international travel companies in enhancing and extending new tours and tourist destinations, the representative office of the Tourism Authority of Thailand in Ho Chi Minh City would like to request for your time and assistance in answering the attached questionnaire and sending it back to the office of the Tourism Authority of Thailand in HCM city, which is enclosed with a postage paid pre-addressed return envelope, as soon as possible.

I would like you to support and assist Mr. Mai Ngoc Khuong to successfully fulfill his Ph.D dissertation as soon as possible.

Respectfully yours,

   (signed)

Huynh Dang Khoa (Mr.)
Marketing Officer
Mobile: 0913 883 685
Email: marketing@tourismthailand.org.vn
Tourism Authority of Thailand – HCMC Office

APPENDIX E

VALIDITY TEST - FACTOR ANALYSIS

VALIDITY TEST – FACTOR ANALYSIS

1) Introduction of Factor Analysis

Factor analysis is a general term used for a variety of different but related data reduction techniques that examine the relationships between a large number of observed variables and group a smaller set of these variables into dimensions that have common characteristics (Pett et al., 2003). Exploratory factor analysis techniques are used to explore the interrelationships among a set of variables and attempt to determine how many underlying constructs - called "factors" - are present. They rely on "mathematical (non-substantive) criteria, such as explaining the highest percentage of variance inherent in the original set of variables" (Bernstein, 1987). There are an infinite number of mathematically equivalent factor solutions, however; theoretically alternative solutions are not equally meaningful.

Of the available exploratory techniques, Principal Component Analysis (PCA) is used in this research to reduce the large number of correlated variables to a smaller number of uncorrelated factors - called "components" in PCA - that can then be used in further analysis. According to Tabachnick and Fidell (2007), principal components analysis uses the correlations among the variables to develop a small set of components that empirically summarizes the correlations among the variables. It provides a description of the relationship rather than a theoretical analysis. The components are linear combinations of the measured variables. The linear function that defines the principal component is referred to as an eigenvector and is similar to a multiple regression equation without an intercept term (Bryant and Yarnold, 1995). If the eigenvectors are uncorrelated, the principal components are perpendicular to each other, in other words, none of the variance of the set of original variables explained by one eigenvector can be explained by the other.

2) Assumptions of Factor Analysis Applied for this Study

In order to improve and obtain the highest reliability and validity for all measures of this study, factor analyses were applied for two groups of variables: dependent variables and independent variables. The following procedure which includes how to check for the assumptions of factor analysis, how to determine number of factors, how to interpret the factor loadings, and how to generate factor scores was used in this study.

Factor analysis requires a set of correlated continuous variables and linear correlations among the variables. Moreover, an examination of the data in terms of sample size and strength of correlations is necessary to determine its suitability for factor analysis. Outliers can affect the results of factor analysis (Pallant, 2005). Normality of the data distribution is not mentioned as a requirement for PCA in many of the texts consulted (Comrey and Lee, 1992; Bryant and Yarnold, 1995; Stevens, 2002; Pallant, 2005). Tabachnick and Fidell (2000: 588) state that for purposes of "summarizing the relationships in a large set of observed variables" normality is not critical. However, for determination of the number of factors that underlie the variables under examination using statistical inference, multivariate normality is assumed.

Sample size is important for the reliability of the factors (Stevens, 2002). Generally factor analysis works well with large samples that include at least 150 cases. However, Tabachnick and Fidell (2000: 588) maintain that if there are "strong, reliable correlations and a few, distinct factors a smaller sample size is adequate." Another way of looking at whether the sample size is adequate for factor analysis is by examining the ratio of cases to variables called the Subjects-to-Variable (STV) ratio. While 10 cases for each variable is recommended, 5 cases are considered adequate in most instances (Pallant, 2001). But the ratio ranges from 2 cases per variable to 20 in the literature (Stevens, 2002). For this study, factor analysis procedure is applied twice; one for a group of dependent variable including 5 variables and the other for a group of independent variables including 12 variables. So in term of sample size (N = 114), it is considered reliable for factor analysis with ratio 23 cases per variable for the dependent variable and 9.5 cases per variable for the independent variable.

Three tests are used to determine the adequacy of the strength of the inter-correlations among the variables for factor analysis. These tests include an inspection of the bivariate correlation coefficients, Bartlett's Test of Sphericity, and the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy. The first test requires at least some bivariate correlation coefficients greater than 0.3 (Pallant, 2005). Bartlett's test of sphericity should be statistically significant ($p<.05$) for the factor analysis to be considered appropriate (Pallant, 2005). The Kaiser-Meyer-Olkin index, which ranges from 0 to 1, should have a minimum value of 0.60 for the data to be adequate for factor analysis. According to Kaiser a KMO value in the 0.80s is "meritorious" and in the 0.70s is "middling" (Pett et al., 2003: 78).

3) Determination of the Number of Factors

Principal Components Analysis transforms a set of correlated variables into an equal number of uncorrelated and standardized variables called components (Lawley and Maxwell, 1971). A smaller number of these components will account for most of the variance (75 percent or more) in the original set of variables. Stevens (2002) claims that this can usually be achieved with five components or less. However, the total variance of the variables is accounted for only when all components are extracted (Lawley and Maxwell, 1971).

Two techniques are generally used to decide the number of factors to retain for further investigation: 1) Kaiser's criterion and 2) Catell's scree test. Kaiser's criterion calls for retaining only factors with an eigenvalue of 1.0 or more. The eigenvalue of a factor represents the amount of the total variance of the original variables explained by that factor. An eigenvalue of 1 indicates that the variance explained by a factor is equivalent to the variance explained by a single standardized variable (Bryant and Yarnold, 1995), meaning that Kaiser's test considers a component important "if, and only if, it accounts for at least as much variance as an individual variable does" (Bernstein, 1987). The larger the eigenvalue, the more of the variance in the original variables is explained by that component (Pett et al., 2003). The percentage of the total variance explained by each component is calculated by dividing the eigenvalue by the total variance (the sum of the eigenvalues), (Stevens, 2002) and multiplying it by 100.

Catell's scree test requires inspection of a plot of the eigenvalues of the factors against their ordinal numbers (whether it is the first largest eigenvalue, the second etc.) to determine the breaking point at which the steep descent stops and the shape of the curve changes direction and becomes horizontal. Catell recommends retaining all factors above the "elbow," since "these factors contribute the most to the explanation of the variance in the dataset" (Pallant, 2001: 154). However, Stevens (2002) warns that use of the Scree plot involves a danger of not retaining factors that might be significant even though they account for a smaller amount for variance.

Pett et al. (2003 quoted in Nunnally and Bernstein, 1994) stated that "if the extracted factors serve to describe characteristics that variables have in common, then, by definition, there need to be at least two items for each extracted factor." In other words, there should be no variable specific components.

4) Interpretation of the Factors

The output of a PCA includes a table showing the Pearson correlation coefficients among the input variables and the output components called factor loadings of the variables on the components, or, alternatively, as the loadings of the components in the variables (Lawley and Maxwell, 1971). The interpretation of the components is based on the magnitude and sign of the factor loadings (Stevens, 2002). "The sizes of the loadings reflect the extent of the relationship between each observed variable and each factor" (Tabachnick and Fidell, 2000: 584-585). The interpretation involves "identifying the theoretical dimension that is implied by the pattern of the variables that are the most important constituents of each eigenvector" (Bryant and Yarnold, 1995: 102), i.e those with the highest, positive factor loadings.

Factors are rotated to present the pattern of loadings in a manner that is easily interpreted. Two types of rotation approaches are common. The orthogonal approach assumes that the resulting components are not correlated. It is not only the most commonly used method, but also the easiest to interpret. Oblique rotations assume that the factors are correlated and they are more difficult to interpret (Pallant, 2001). Pedhazur and Schmelkin (1991 cited in Stevens, 2002) suggest rotating both orthogonally and obliquely. If the oblique rotation shows that the correlations among the factors are negligible it is safe to use orthogonal solutions which are easier to interpret.

Both of the factor analyses of this study apply the orthogonal approaches. Varimax rotation technique was used in this study. The varimax procedure "focuses on making as many values in each column of the factor loading coefficient table be as close to zero as possible" (Bryant and Yarnold, 1995: 105). The distribution of the variance explained is adjusted after rotation, but the total variance explained does not change (Pallant, 2005).

5) Generating Factor Scores

After deciding which variables to include for each factor a composite score for each observation on each identified factor can be generated. Two basic approaches in doing this include calculation of factor scores and construction of factor-based scales (Pett et al., 2003). A factor score for a case is estimated by using a linear combination of the items that load on the factor. In the factor-based scale approach, on the other hand, scores on each factor are obtained by adding or taking the average of the variables that have been selected for inclusion in a given factor. The advantage of this approach is the fact that the items that load very low on a factor (<0.30) and items that have been moved to another factor can be excluded from calculations. The disadvantage is that this method ignores the weights of the items that load on a factor. Factor scores usually include all items in the variable pool including the ones that load very low. However, there are factor score estimation methods that use only those items that load above a certain cut-off value. Stevens (2002) suggests using loadings which are about 0.40 or greater for interpretation.

This study uses a third approach suggested by Comrey and Lee (1992) which involves weighting the scores of a variable by its factor loading when constructing a factor-based scale. This approach has the advantage of giving a higher weight to variables with higher loadings on the factor. Therefore, loading of .40 and above are typically considered the rule of thumb threshold for this study. If the loading is below .40, research eliminates those items.

6) Factor Analysis for Dependent Variables

The first factor analysis was applied for the group of 5 dependent variables including 28 items of Marketing supports in IOR (q6a1 to q6a6), Financial benefits of IOR (q6b1 to q6b6), Business success (q6c1 to q6c5), Relationship performance satisfaction (q6d1 to q6d6), and Overall success of IOR (q6e1 to q6e5).

Method involves inspecting the correlation matrix for coefficients of .40 and above, and calculating the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Barlett's Test of Sphericity.

Table E.1 KMO and Bartlett's Test of Dependent Variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	1711.0 19
	df	378
	Sig.	.000

According to KMO and Bartlett's Test the Kaiser-Meyer-Olkin Measure of Sampling Adequacy is .786 (According to Pallant (2005), to be significant, value has to be .6 or above) and Bartlett's Test of Sphericity value is significant at .000 level. Therefore, this factor analysis is considered appropriate.

Table E.2 Total Variance Explained Dependent Variables

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.571	23.468	23.468	5.779	20.638	20.638
2	5.334	19.050	42.517	4.109	14.674	35.313
3	2.041	7.289	49.806	2.682	9.578	44.891
4	1.631	5.824	55.630	2.204	7.871	52.762
5	1.252	4.472	60.101	2.055	7.340	60.101
6	1.163	4.154	64.256			
7	1.003	3.581	67.837			
…						

Note: Extraction Method: Principal Component Analysis

To determine how many components to extract, it is needed to consider the Kaiser's criteria. In this regard, only components that have eigenvalue of 1 or more are considered appropriate for retaining. This can be identified by the Total Variance Explained in table 2. According to the table 2, the first 5 components recorded eigenvalues above 1. These 5 components explain 60.1 percent of the total variance including component 1 explains 23.5 percent, component 2 explains 19 percent, component 3 explains 7.3 percent, component 4 explains 5.8 percent, and component 5 explains 4.5 percent of the total variance.

Scree Plot
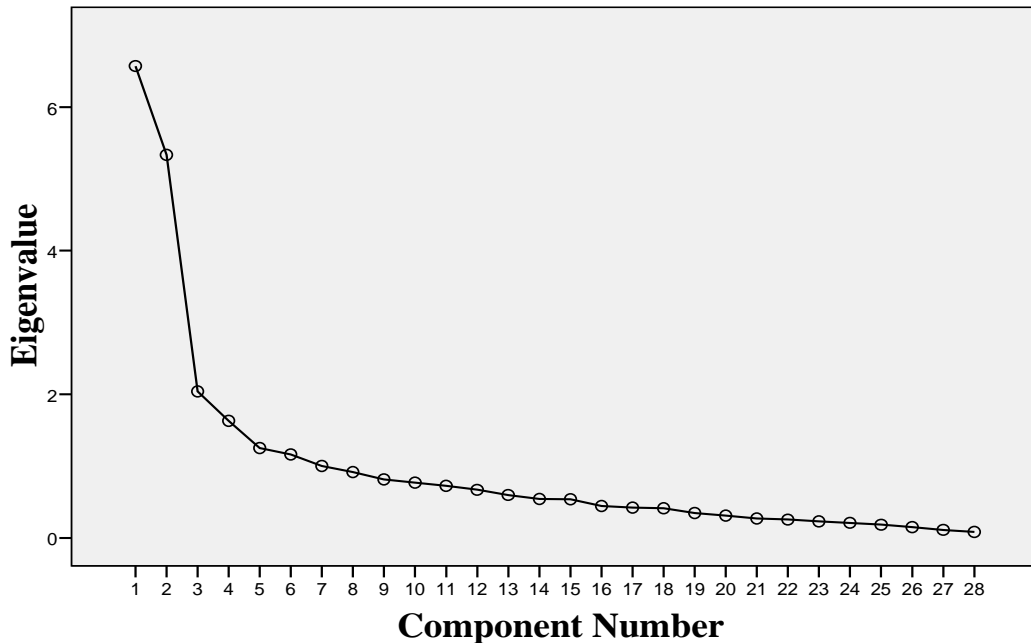
Figure E.1 Catell's Scree Test Results of Dependent Variables

In addition, it is also important to look at the screeplot to determine how many components to extract. In this regard, the change of the shape of the plot should consider. Only components above this point are retained. An inspection of the screeplot revealed five factors loaded above the elbow. According to Cattell's (1966), Pallant (2005), and Tabachnick and Fidell (2007) factors above the elbow contribute the most to explanation of the variance in the data. In this case, the turning point indicates a transition point between components with high and low eigenvalues. This plot confirms the previous observation derived from the Total Variance Explained table (table E.2 above) that five components best describes the principal components solution.

Five new variables were created after a variamax rotation. These factors account for 60.1 percent of the total variance. The loaded variables in each factor corresponded very closely to the theoretical construct. Factor 1 indicates Relationship Performance Satisfaction; factor 2 indicates Overall IOR success; factor 3 indicates

Marketing supports in IOR; factor 4 indicates Business success of IOR; and factor 5 indicates Financial benefits of IOR.

Considering the highest loading factors in the 1st component (as shown in table 3), all the items indicate a mixture of items. This component explains 23.5 percent of the total variance and has an eigenvalue of 6.57 including ten items which evaluate the existing situation of the relationship. Hence this scale is named as "Relationship Performance Satisfaction" (REPESA).

Table E.3 Rotated Component Matrix of Dependent Variables

Factor/Scale item	Factor Loadings	Commu-nality
FACTOR 1: RELATIONSHIP PERFORMANCE SATISFACTION		
We improve our product and service performance	.899	.820
Our partner an excellent travel company to do business with	.863	.841
We have profitable business relationship with our partner	.846	.809
We diversify our tourist products and services through our partner	.809	.722
We reduce market and tour research and development cost	.747	.628
We achieve our goals of expansion to a new market through partner	.735	.646
We receive cooperative advertising support from our partner	.689	.577
We feel more powerful and confident in this tourist market	.606	.633
We receive off-invoice promotional allowances from our partner	.554	.589
We receive appropriate commission levels from our partner	.552	.568
FACTOR 2: OVERALL IOR SUCCESS		
We are completely satisfied with the relationship as a whole	.764	.600
We are satisfied with having relationship with the partner	.762	.682

Table E.3 (Continued)

Factor/Scale item	Factor Loadings	Commu- nality
All our goals setting for this relationship have been met	.715	.612
Our time and effort spent in developing and maintaining the relationship with partner has been worthwhile	.601	.424
We become more productive	.596	.432
We obtain more customers' satisfaction for our tourist products and services	.578	.423
We increase total sales from our partner	.472	.493
FACTOR 3: MARKETING SUPPORTS IN IOR		
We receive promotional support (brochures, leaflets, displays, etc.) from our partner	.728	.552
Overall, we are satisfied with the marketing supports from our partner	.700	.594
We receive new source of customers from our partner	.689	.646
FACTOR 4: BUSINESS SUCCESS OF IOR		
We have more opportunities of other businesses	.789	.716
Our properties/facilities are compatible with the needs of partner's customers	.706	.646
Overall, we are satisfied with the profit gained from the relationship	.485	.539
FACTOR 5: FINANCIAL BENEFITS OF IOR		
We obtain more profit on sales from our travel our partner	.703	.594
Overall, we are satisfied with the financial benefits gained from the relationship	.582	.564

Table E.3 (Continued)

Factor/Scale item	Factor Loadings	Commu- nality
We can reduce costs of inputs from our partner	.500	.424
We have new source of revenue from our partner	.455	.647
We see potential benefits including more sales from partner in the future	.411	.406

Note: Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

Factor loadings vary between -1 and 1, and indicate the strength of the relationship between a particular variable and a particular factor. Communalities range from 0 to 1, with 1 indicating that all the variance in that variable is explained by the common factors.

Second component also indicates a mixture of items. As a whole, all of these seven items represent the scale on **"Overall IOR success"** and explain 19 percent of the total variance and has an eigenvalue of 5.33.

The third component explains 7.3 percent of the total variance and has an eigenvalue of 2.04. Items loaded under this component consist of three items representing the Marketing supports in IOR scale. Therefore, the scale as a whole is named as the **"Marketing supports in IOR".**

The fourth component (q6c4, q6d4, and q6c5) appear to be related to construct of business success of IOR**.** This component explains 5.8 percent of the total variance and has an eigenvalue of 1.63. The scale as a whole is name "**Business success of IOR**".

The fifth component which includes five items related to construct of "**Financial benefits of IOR**". This component explains 4.5 percent of the total variance and has an eigenvalue of 1.25.

For further analysis of multiple regression, five new variables were created as the sum of the items loaded together in each factor representing Relationship

Performance Satisfaction (REPESA), Overall IOR success (OVIORSUC), Marketing supports in IOR (MARSUP), Business success of IOR (BUSUCIOR), Financial benefits of IOR (FINBEN).

Table E.4 Summary of Dependent Variables with Reliability Coefficients

	Given Names	**Number of Items**	**Alpha**
Factor 1	Relationship Performance Satisfaction (REPESA)	10	.909
Factor 2	Overall IOR success (OVIORSUC)	7	.808
Factor 3	Marketing supports in IOR (MARSUP)	3	.716
Factor 4	Business success of IOR (BUSUCIOR)	3	.717
Factor 5	Financial benefits of IOR (FINBEN)	5	.707

7) Factor Analysis for Independent Variables

For further analysis of reliability and validity, the internal consistency of every single independent variable of this study was separately checked with reliability analysis. Several items were excluded to increase Cronbach's alpha value before running factor analysis for the group of independent variables. For variable of "Trust toward IOR", in order to increase alpha value from .804 up to .951, the following items were excluded: "q6f1. We trust our partner's decisions"; "q6f3. We believe that our partner always brings benefits to us"; "q6f4. We believe that our partner always does right things for the relationship"; "q6f6. We think that our partner has good prestige"; and "q6f9. Overall, we highly trust our partner". Variable of "Commitment to IOR", item "q6g2. We intend to maintain the relationship indefinitely" was excluded to increase alpha value to .730. Variable of "Interdependent in IOR", item "q6h7. Overall, both sides have relative dependence and interdependence in the relationship" was excluded to have an acceptable alpha value of .666. For variable of "Communication in IOR", item "q6j6. We often exchange strategic and important business information to each other" was excluded to obtain the highest alpha value of this variable of .669. Variable of "Flexibility in IOR", item "q6m2. Both sides are

expected to be able to make adjustments in the ongoing relationship to cope with changing circumstances" was excluded to get the highest alpha value of this variable of .628. Variable of "Conflict resolution in IOR", three items "q6n1. We try to avoid creating issues/problems"; "q6n2. Either party tries to be persuasive"; and "q6n8. Overall, we are satisfied with our conflict resolution used in the relationship" were excluded to increase alpha value to the highest position of this variable of .686. Variable of "Importance of IOR", item "q6o1. It's important because we gain marketing supports from our partner" was excluded for better alpha value of .746. Finally, variable of "Frequency of interaction", item "q7b. We frequently receive tourists from partner" was excluded to increase alpha valued from .641 up to .687, the highest value of this variable.

This second factor analysis was applied for the group of independent variables including trust toward IOR (q6f2, q6f5, q6f7, q6f8), commitment to IOR (q6g1, q6g3, q6g4, q6g5, q6g6), interdependence (q6h1, q6h2, q6h3, q6h4, q6h5, q6h6), coordination of IOR (q6i1, q6i2, q6i3, q6i4, q6i5, q6i6, q6i7, q6i8, q6i9, q6i10), communication in IOR (q6j1, q6j2, q6j3, q6j4, q6j5, q6j7, q6j8, q6j9), participation in IOR (q6k1, q6k2, q6k3, q6k4, q6k5, q6k6, q6k7, q6k8, q6k9), conflict resolution in IOR (q6n3, q6n4, q6n5, q6n6, q6n7), formalization in IOR (q6l1, q6l2, q6l3, q6l4, q6l5, q6l6), flexibility in IOR (q6m1, q6m3, q6m4, q6m5, q6m6, q6m7), importance of IOR (q6o2, q6o3, q6o4, q6o5, q6o6), organizational compatibility (q6p1, q6p2, q6p3, q6p4, q6p5, q6p6, q6p7), and frequency of interaction (q7a, q7c, q7d, q7e).

According to KMO and Bartlett's Test the Kaiser-Meyer-Olkin Measure of Sampling Adequacy is .703 (According to Pallant (2005), to be significant, value has to be .6 or above) and Bartlett's Test of Sphericity value is significant at .000 level. Therefore, this factor analysis is considered appropriate.

Table E.5 KMO and Bartlett's Test of Independent Variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.703
Bartlett's Test of Sphericity	Approx. Chi-Square	8281.476
	df	2775
	Sig.	.000

To determine how many components to extract, only components that have eigenvalue of 1 or more were considered appropriate for retaining. This can be identified by the Total Variance Explained in table 6. According to the table 6, the first 18 components recorded eigenvalues above 1. These 18 components explain 79.1 percent of the total variance.

Table E.6 Total Variance Explained Independent Variables

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.159	24.212	24.212	17.281	23.041	23.041
2	12.260	16.347	40.559	7.337	9.783	32.824
3	3.331	4.442	45.001	4.920	6.560	39.384
4	3.305	4.407	49.408	3.257	4.343	43.727
5	2.712	3.616	53.024	3.099	4.132	47.859
6	2.269	3.025	56.049	2.961	3.948	51.806
7	2.239	2.985	59.034	2.819	3.758	55.564
8	1.796	2.395	61.429	2.409	3.212	58.776
9	1.788	2.384	63.812	2.180	2.907	61.683
10	1.632	2.177	65.989	2.092	2.790	64.473
11	1.464	1.952	67.941	2.008	2.677	67.150

Table E.6 (Continued)

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
12	1.348	1.798	69.738	1.941	2.588	69.738
13	1.316	1.755	71.493			
14	1.286	1.714	73.208			
15	1.204	1.605	74.812			
16	1.181	1.574	76.387			
17	1.038	1.384	77.771			
18	1.012	1.349	79.120			
19	.933	1.244	80.364			
…						

Note: Extraction Method: Principal Component Analysis

According to Pallant (2005), Kaiser's criterion has been criticized about the possibility of retention of too many factors in some situations as of this case. So, it is important to look at the screeplot to determine how many components to be extracted. An inspection of the screeplot revealed seven factors loaded above the point at which the shape of the curve changes direction and becomes horizontal. According to Cattell's (1966), Pallant (2005), and Tabachnick and Fidell (2007) factors above the elbow contribute the most to explanation of the variance in the data.

For this study, theoretically, there are 12 independent variables are drawn from the literature and items in the data are expected to be highly loaded together in twelve different factors. The twelve factors explain 69.7 percent of variance in the data of this study including component 1 explains 24.2 percent, component 2 explains 16.3 percent, component 3 explains 4.4 percent, component 4 explains 4.4 percent, component 5 explains 3.6 percent, component 6 explains 3 percent, component 7 explains 3 percent of variances, component 8 explains 2.4 percent, component 9

explains 2.4 percent, component 10 explains 2.2 percent, component 11 explains 2 percent and component 12 explain 1.8 percent of variance.

The results of factor analysis of Independent Variables (table E.7: Rotated Component Matrix of Independent Variables) show that nearly all factors are loaded with a mix of items of different constructs. Items of Interdependent variable are loaded into two different factors (factor 8 and factor 10). Factor 8 includes two items 1) q6h1. If we want to, we can easily switch to another travel partner, and 2) q6h2. If our partner wants to, it also easily switches to another travel company. These two items were taken from literature (study of Mohr and Spekman (1994) and the work of Medina-Munoz and García-Falcón (2000) and have Cronbach alpha value of .844. Factor 10 also includes two items 1) q6h5. We are strongly controlled by our partner, and 2) q6h4. We strongly control over our partner. These two items of factor 10 were added by researcher and have lower Cronbach alpha value of .707. Researcher decided to retained factor 8 for further analysis and excluded factor 10. In addition, all items of variable "important of IOR" were separately merged into other factors so the number of independent variables retained for further analysis consists of 11 variables (as illustrated in table E.8). This can be explained, according to Prof. Suchitra Punyaratabandhu, the supervisor of this research, that sometimes the empirical data don't support theoretical constructs and the wording of some questionnaire items are ambiguous or lack of clarity in meaning. In addition, there is probably considerable overlap among the different theoretical dimensions. For example, in this research, items of construct "importance of IOR" are merged into different factors when items of this construct are overlapped with other factors like items q6o2 and q6o5 in construct of "Trust toward IOR", items q6o3 and q6o4 in construct of "Commitment to IOR". Base on the results of factor analysis including 1) Kaiser's criterion and 2) Catell's scree test; Kaiser's criterion calls for retaining only factors with an eigenvalue of above 1.0 and Catell's scree test and suggestions from Pett et al. (2003) that the decision of how many factors to extract should not be based solely on statistical criteria but should also make theoretical sense. The results of several factor analysis solutions with different numbers of specified factors extracted can be examined and compared to see which solution makes the most theoretical and intuitive sense. Pett et al. (2003) suggest that the ultimate criteria for

determining the number of factors should be factor interpretability and usefulness. So, for this study, researcher decided to retain eleven appropriate factors for further analysis.
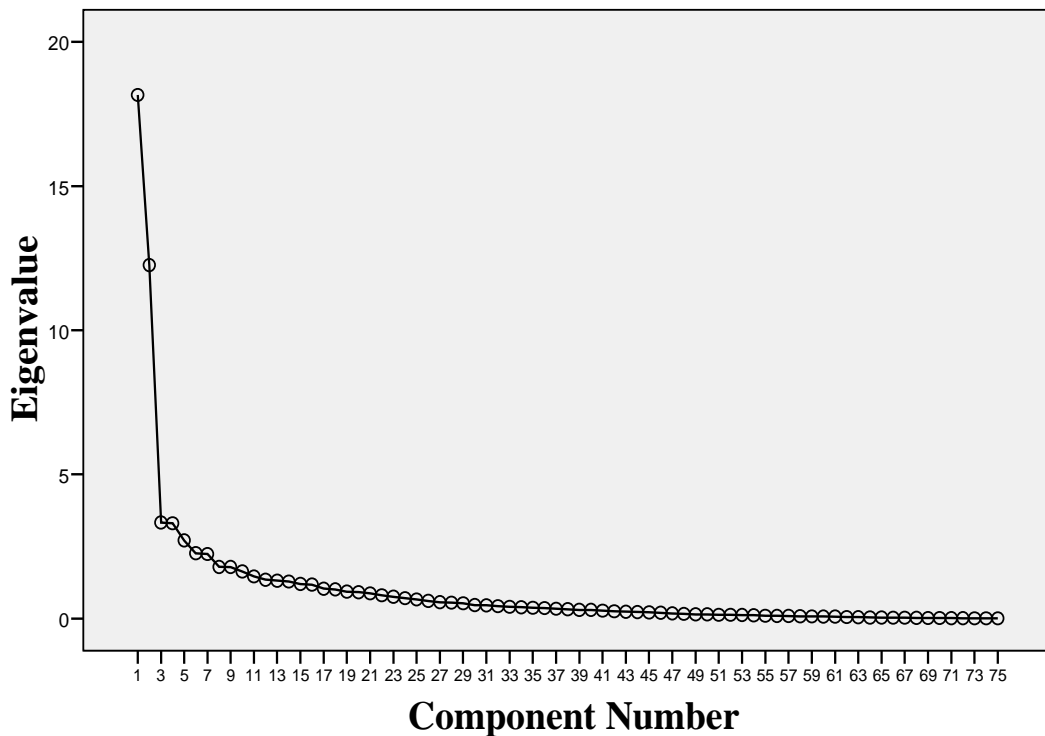
Scree Plot

Figure E.2 Catell's Scree Test Results of Independent Variables

The results shown in tables 7 give a clear indication that eleven distinct factors and each one represents a different determinants of IOR success. Factor 1 with the loading values range from .638 to .898 contains a mix of 23 items including all items of variable "trust toward IOR"; 1) q6f7. We feel that our partner have great capability, 2) q6f8. We believe that we'll have a long-term relationship with our partner, 3) q6f2. We feel that our relationship marked by a great harmony, 4) q6f5. We feel that our partner have high integrity/honesty. All of these items are highly loaded above .80 ranging from .898, .885, .853, to .816 respectively. There two items of variable "commitment to IOR"; 1) q6g4. We have a strong sense of loyalty to this travel

partner, and 2) q6g1. We are very committed to continuing the relationship. These two items have quite high loading values of .894 and .886 respectively. In addition, two items of variable "importance of IOR" are loaded in this factor above .80, two items of variable "coordination of IOR", one item of variable "organizational compatibility", one item of variable "formalization in IOR", one item of variable "conflict resolution in IOR", one item of variable "communication in IOR". These items are also loaded above .80. Besides, there are some items of other variables loading below .80 as shown in table 7. Base on loading values, the meaning of each item, and number of items with higher loading values, items in this factor seem to be primarily related to the construct of "**Trust toward IOR" (TRUSTIOR)**. Reliability analyses were used to examine the internal consistency of these 23 items, the Cronbach's alpha value of .971 shows that these items have a very good internal consistency.

Factor 2 with the loading values range from .440 to .729 contains a mix of 10 items among them are three items with highest loading values are of variable of "**Participation in IOR" (PARTIOR)** including 1) q6k7. Both sides take part in decision and goal formulation, 2) q6k8. Both sides take part in decision making processes, and 3) q6k9. Overall, both sides actively participate in the relationship. The loading values are .855, .730, and .718 respectively. The Cronbach's alpha value of .887 shows a very good internal consistency of these 10 items.

Table E.7 Rotated Component Matrix of Independent Variables

Factor/Scale item	Factor Loadings	Commu- nality
FACTOR 1: TRUST TOWARD IOR		
We feel that our partner have great capability	.898	.847
We have a strong sense of loyalty to this travel partner	.894	.876
We are very committed to continuing the relationship	.886	.834
We believe that we'll have a long-term relationship with our partner	.885	.870

Table E.7 (Continued)

Factor/Scale item	Factor Loadings	Commu -nality
It's important because we gain financial benefits from the relationship	.880	.859
Our partner's activities with us are well coordinated	.858	.781
It's important because we enjoy cost reduction from the relationship	.856	.833
We feel that our relationship marked by a great harmony	.853	.825
Our company's goals and objectives are consistent with those of the partner's	.851	.796
Both sides provide standardized tourist products and services	.838	.780
Our activities with the travel partner are well coordinated	.822	.758
Both sides always try to solve problem together	.819	.766
We feel that our partner have high integrity/honesty	.816	.739
Communication between us is timely, adequate, and complete	.802	.794
We fairly divide tasks between partners	.762	.781
Both sides of our relationship are flexible in response to requests for changes	.762	.744
Both sides play significant role	.722	.703
We try internal resolution	.721	.691
Both sides take equal responsibility	.709	.687
We encourage contributive suggestions to each other	.704	.644
We use an open-line communication for our relationship	.699	.610
We have representative, of each side, for our relationship	.678	.660
Both sides have equal rights in planning and decision making in all aspect	.638	.663

Table E.7 (Continued)

Factor/Scale item	Factor Loadings	Commu- nality
FACTOR 2: PARTICIPATION IN IOR		
Both sides take part in decision and goal formulation	.855	.775
We have clear prescriptions and distributions of tasks between partners	.841	.758
Both sides take part in decision making processes	.730	.640
Overall, both sides actively participate in the relationship	.718	.777
Overall, the information routines between partners are very clear	.644	.695
Both sides have competent abilities	.590	.543
Our relationship always has a systematic availability of information	.565	.660
We use proactive management for special needs and exceptions of our relationship	.550	.701
We plan and schedule the sales with our travel partner well	.536	.531
Both sides employ qualified tour guides	.492	.539
FACTOR 3: COMMITMENT TO IOR		
We try more to improve and develop this relationship	.729	.690
Overall, we will continue the relationship	.712	.630
The relationship deserves our maximum effort to maintain it	.644	.617
It's important because we are doing business with a competent partner	.604	.675
We always share relevant information to each other	.593	.750
It's important because we can expand our market through our partner	.581	.721

Table E.7 (Continued)

Factor/Scale item	Factor Loadings	Commu- nality
Overall, we are satisfied with the current coordination of the relationship	.525	.594
We always provide honest information to each other	.471	.666
We provide advice and counsels to our travel partner	.452	.626
It's important because we can sell more tours and services through our partner	.440	.674
Overall, we are flexible in dealing with changes of our relationship	.416	.624
Overall, we are satisfied with the communication in the relationship	.407	.688
FACTOR 4: FREQUENCY OF INTERACTION		
We frequently contact our partner by phone, email, internet, fax	.774	.781
Both sides frequently help each other with other services (e.g. airline booking, hotel reservation, museum, theater, etc.)	.664	.614
We frequently send tourists to partner	.542	.676
We plan and schedule tours and services with our travel partner well	.530	.581
We frequently have meeting/visiting between partners	.418	.591
FACTOR 5: CONFLICT RESOLUTION IN IOR		
Our partner lets us dominate/control over the relationship	.819	.840
We let our partner dominate/control over the relationship	.786	.782
Our problems are mediated by an outsider partner	.728	.668
FACTOR 6: ORGANIZATIONAL COMPATIBILITY		
Our products and services are somewhat similar to those of the partner's	.810	.725

Table E.7 (Continued)

Factor/Scale item	Factor Loadings	Commu-nality
Our products and services have the same quality compared to those of the partner's	.720	.689
Overall, both sides of our relationship are compatible to each other	.704	.761
FACTOR 7: FORMALIZATION IN IOR		
Our company's tourists and the partner's don't have similar characteristics	.544	.643
Both parties are equally interdependent	.521	.624
We have work procedures and training for both partner's employees	.513	.525
We share accurate and credible information to each other	.471	.718
Both sides do have the ability to respond to objective requests	.444	.716
We have clear routines for safety training for both partner's employees	.440	.653
The markets of both sides are similar	.405	.572
FACTOR 8: INTERDEPENDENCE IN IOR		
If we want to, we can easily switch to another travel partner	.866	.815
If our partner wants to, it also easily switches to another travel company	.800	.695
FACTOR 9: COMMUNICATION IN IOR		
Our communication channels are diverse	.551	.693
We seek advice and counsels from our travel partner	.543	.748

Table E.7 (Continued)

Factor/Scale item	Factor Loadings	Commu-nality
FACTOR 10: FLEXIBILITY IN IOR		
When some unexpected situation arises, both parties would rather work out a new deal than hold each other to the original terms	.583	.665
Both sides have the ability to handle changing requirements from each other	.550	.548
Our director and the director of the partner company have similar operating styles	.455	.478
We meet and discuss tours and services with our travel partner when needed	.444	.725
FACTOR 11: COORDINATION OF IOR		
We help our travel partner whenever and/or whatever they ask	.773	.753
Our travel partner helps us whenever and/or whatever we ask	.616	.694

Note: Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

Factor loadings vary between -1 and 1, and indicate the strength of the relationship between a particular variable and a particular factor. Communalities range from 0 to 1, with 1 indicating that all the variance in that variable is explained by the common factors.

Factor 3 with the loading values range from .407 to .729 contains 12 items which are primarily related to **Commitment to IOR (COMITIOR)** with the Cronbach's alpha value is .887. Factor 4 with the loading values range from .418 to .774 contains 5 items related to **Frequency of Interaction (FREINTER)**.   The Cronbach's alpha value is .729. Factor 5 with the loading values range from .728 to .819 contains 3 items which are primarily related to **Conflict resolution in IOR (CORESIOR)** with the Cronbach's alpha value of .824. Factor 6 with the loading

values range from .704 to .810 contains 3 items of the scale of **Organizational Compatibility (ORCOMPAT)** with the Cronbach's alpha value is .793. Factor 7 with the loading values range from .405 to .544 contains 7 items which are primarily related to **Formalization in IOR (FORMIOR)**. The Cronbach's alpha value of .725 also shows a good consistency of these 7 items of this scale. Factor 8 consists of two items related to the scale of **Interdependence in IOR** with the loading values of .800 and .866. These items have Cronbach's alpha value of .844 which is considered very good in term of consistency of this scale. Factor 9 was loaded with two items related to the scale of **Communication in IOR**. These two items have Cronbach's alpha value of .715 which means these items can be used to measure the same thing. There were 4 items load together in Factor 10 which related to the scale of **Flexibility in IOR**, loading values range from .444 to .583, and the Cronbach's alpha value of these items was .639. Finally, factor 11 contains two items of the scale of **Coordination of IOR** loading together with Cronbach's alpha values of .708.

For further analysis of multiple regression, eleven new variables were created as the sum of the items loaded together in each factor representing 1) Trust toward IOR (TRUSTIOR), 2) Participation in IOR (PARTIOR), 3) Commitment to IOR (COMITIOR), 4) Frequency of Interaction (FREINTER), 5) Conflict resolution in IOR (CORESIOR), 6) Organizational Compatibility (ORCOMPAT), 7) Formalization in IOR (FORMIOR), 8) Interdependence in IOR (INTERIOR), 9) Communication in IOR (COMUNIOR), 10) Flexibility in IOR (FLEXIOR), and 11) Coordination of IOR (COORDIOR).

Table E.8 Summary of Independent Variables with Reliability Coefficients

	Given Names	**Number of Items**	**Alpha**
Factor 1	Trust toward IOR (TRUSTIOR)	23	.971
Factor 2	Participation in IOR (PARTIOR)	10	.887
Factor 3	Commitment to IOR (COMITIOR)	12	.887
Factor 4	Frequency of Interaction (FREINTER)	5	.729
Factor 5	Conflict resolution in IOR (CORESIOR)	3	.824
Factor 6	Organizational Compatibility (ORCOMPAT)	3	.793
Factor 7	Formalization in IOR (FORMIOR)	7	.712
Factor 8	Interdependence in IOR (INTERIOR)	2	.844
Factor 9	Communication in IOR (COMUNIOR)	2	.715
Factor 10	Flexibility in IOR (FLEXIOR)	4	.639
Factor 11	Coordination of IOR (COORDIOR)	2	.708

BIOGRAPHY

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