AAR model: cross-cultural developments

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Abstract This research investigates cross-cultural business networks between Australian engineering consultants and their Thai customers. A qualitative research study was conducted into business relationships, gathering data on different aspects of actors’ perceptions of their relationships. The theoretical foundation of the research was the actors-activities-resources model, a western model developed by members of the Industrial Marketing and Purchasing Group. The results prompted an adaptation to the original model through the addition of two new constructs: network constraint and actor bond negative. A detailed description of the models’ constructs and their antecedents is given, thus contributing to the richness of data on cross-cultural business relationships. The modified model adds to the development of a universal model of business relationships that can form the basis for applications in both western and eastern business cultures.

Introduction
Relationship marketing theory was developed during the 1980s to describe a general marketing paradigm that emphasised the importance of relationships within the marketing process, and how to manage such relationships (Grönroos, 1999). Gummesson (1995, as quoted by Grönroos, 1999) defined relationship marketing more broadly and included networks of relationships. Research on business relationships has tended to take two different paths: relationship marketing and the markets-as-networks approach (Mattsson, 1997).

The markets-as-networks approach originated in the 1980s in the Industrial Marketing and Purchasing Group (IMP), and has tended to focus on business-to-business markets to develop concepts (Mattsson, 1997; Pels, 1999). This approach takes the conceptualisation of the relationship a step further than the dyadic relationship by considering the inter-connectedness of relationships in a network. This paper focuses on the markets-as-networks approach, as the context of the research is within the business-to-business environment, where the interconnectedness of the relationships was considered important. Researchers within the markets-as-networks approach have begun to consolidate their research on business models around the actors-activities-resources (AAR) model (Axelsson and Easton, 1992; Araujo and Easton, 1996), in spite of the model being criticised as being too descriptive (Backhaus and Büschken, 1997). The AAR model was developed to describe industrial
networks, and to integrate network stability and development into a single
model (Håkansson and Johanson, 1992; Håkansson and Snehota, 1995). The
model thus focuses on the business relationship as the main unit of analysis.
The IMP group originated mainly within a European/western context, but this
research operationalised the AAR model within a different cultural
environment.

The AAR model embodies three substance layers, actor bonds, activity links
and resource ties, but the previous literature had not developed definitions for
each of these substance layers, instead describing the layers through case
study research. These descriptions tended to vary between cases and
industries. As there were only limited cases researched in a Thai context, this
research was aimed at developing definitions and descriptions for each of the
substance layers within a Thai business context and, in particular, between
Australian and Thai organisations.

Australia and Thailand were chosen due to the strong bilateral relations that
had been developed over the last 38 years (Department of Foreign Affairs and
Trade, 2000) and the difference in cultural background between the countries.
The export of Australian engineering services and investment to Thailand has
steadily developed since trading relations between the two countries began.
Thailand ranks fourteenth in Australia’s total trade in goods and services, and
Australia annually exports service products to Thailand worth AU$462 million
(Department of Foreign Affairs and Trade, 2000).

Engineering services was chosen as it represented a professional service
industry and had three main criteria that were considered important: tertiary
qualifications are required for network entry, the expected growth in future
exports from Australia to Thailand, and the project nature of the industry.
Engineering services require a majority of the participants to obtain set
qualifications in order to operate within the network, which limited network
boundaries for data collection purposes. A survey of major Australian
engineering consultants indicated high expectations in the growth of the
market in Thailand within the next five years (Deborah Wilson Consulting,
1995). As a project-based industry, working relationships may only exist in the
specific time period of the project, but personal relationships may continue over
several projects. The development of personal relationships between projects
and over projects allowed the researchers to consider these two aspects
separately.

The concept of business networks within an Asian context has been
previously researched from a sociological viewpoint (Biggart and Hamilton,
1992; Hamilton, 1996a, b; Redding, 1996; Cheng-shu, 1996), and has been
classified as the comparative approach to network theory by Araujo and
Easton (1996). The comparative approach to network theory focused on
network development between organisations of the same national or ethnic
culture rather than cross-cultural business networks, for example a
western/Asian interface as investigated in this research project. The relational aspects of typical Southeast Asian business relationships have been described as a significant component of the business decision, although not the only component (Björkman and Kock, 1995; Cheng-shu, 1996; Redding, 1996; Wong, 1996; Lim, 2000). Specifically for Chinese business networks, the relational component has been associated with guanxi (Björkman and Kock, 1995; Chen, 1995; Numazaki, 1996) that has been described as the connectedness between relationships.

Although much of the literature describes Southeast Asian business networks, little research has been conducted within Thai business networks from which the researcher can generalise. Ethnic Chinese have been estimated to control 81 per cent of Thai market capital and have a large influence within the Thai business community (Itthiopassagul and Blois, 1999). The ethnic Chinese through marriage have integrated into the Thai community, with Thai Chinese values not being restricted to only the Chinese community but also widely used by the Thai community (Speece and Igel, 2000). The integration of Chinese and Thai business values, especially in Bangkok, is such that authors have indicated it is difficult to differentiate Thai Chinese from Thai (Chen, 1995; Speece and Igel, 2000) and others have indicated there are minor differences only (Itthiopassagul and Blois, 1999, 2000). The minor cultural differences between Thai and other Southeast Asian business networks will be highlighted through this paper where they occur.

Thai business networks were developed on different foundations to those in western economies, and thus the characteristics between the two types of business networks vary (Biggart and Hamilton, 1992; Hamilton, 1996a). The western-Thai interface is the focus as there are strong practical implications for western businesses operating in Thailand, and Thai businesses that want to work with western companies. Therefore, this research focused on the expectations of the Australian-Thai business relationship within the cross-cultural environment and cannot be generalised to a Thai-Thai business relationship.

**Actors-activities-resources model**

The AAR model illustrates how business relationships can be divided into three substance layers:

1. actor bonds (ABs);
2. activity links (ALs); and
3. resource ties (RTs).

Each substance layer is affected through the interaction process that occurs between two or more actors, as shown in Figure 1.

The substance layers are inter-related with each other, implying that an occurrence in one substance layer will affect the other substance layers, as
indicated by the vertical arrows in Figure 1. The relationship is shown to be between the dyad actors, indicating exchange within the interaction process. The interconnectedness of this focal relationship to other businesses is indicated by outward facing horizontal arrows from each dyad actor. There is no illustration of connectedness within each of the individual substance layers that occurs through the dyad actors to other relationships.

**Description of the substance layers within western culture**

Much of the research on the AAR model and its substance layers has been conducted in western-dominated societies. This section discusses research conducted in western-dominated societies on different aspects of the relationship.

**ABs**

ABs occur when two actors interact with each other through an interaction process. There are three important components of ABs, which are necessary for them to develop. First, reciprocity during the exchange process that ensures that each actor interacts with the other and gives, or commits, to the relationship. Second, commitment has been described as an important mediating variable within the development of relationship strategy (Dwyer et al., 1987; Morgan and Hunt, 1994; Kalafatis and Miller, 1997; Geyskens et al., 1999). Finally, trust has been shown as an important variable within the business relationship (Dwyer et al., 1987; Morgan and Hunt, 1994; Kalafatis and Miller, 1997; Geyskens et al., 1999).

The interaction process allows actors to create perceptions of each other and to develop an identity (Håkansson and Snehota, 1995), which involves relational variables, such as trust and commitment. Perceptions will also include an understanding of the other actors’ capabilities and limitations, and through these perceptions actors develop the ability to communicate and relate to other actors within the network.
**ALs**
The AL is the “doing” substance layer and includes actions that network actors do together through the interaction process (Håkansson and Johanson, 1992). ALs vary according to the type of relationship, but include examples such as joint technical activities, joining commercial activities through electronic data interchange, and joint commercial activities. During long term stable relationships the ALs between two companies are adapted by each partner to the other partner’s operating systems, thus increasing the efficiency of interaction processes.

**RTs**
Resources are commodities that actors use during activities to produce their goods and/or services, and are tied through the production process as inputs and outputs (Håkansson and Johanson, 1992). Control and availability of resources are important factors in the network, as those actors with control over scarce resources will have a greater degree of power over the other actors within the network. Within professional services the main resource is usually the knowledge and skill of the employees (Aharoni, 1993). As it is necessary for a client to develop an understanding of a consultant’s capabilities, and therefore resources available, the AB is closely linked to the RT for professional service industries such as engineering. This research was conducted within a cross-cultural context and the next section discusses Thai business networks.

**Thai business networks**
As there is limited literature specifically on Thai business relationships, this section analyses the literature from a general Southeast Asian perspective, which forms the foundation for investigating a Thai viewpoint. Asian economies, including Thailand, are organised through networks that run through private organisations, public departments and political systems (Biggart and Hamilton, 1992; Chen, 1995; Hamilton, 1996a; Lim, 2000; Backman, 2001). As mentioned in the introduction of this paper, Asian business people tend to place emphasis on the relational aspects of their connections to the individual when forming business relationships. Such business networks operate differently from those developed in western economies (Biggart and Hamilton, 1992; Hamilton, 1996a). The western markets-as-networks approach tends to investigate business networks that are coupled to business activities (Forsgren and Johanson, 1992), while Asian business networks tend to integrate the social and business aspects of the networks as the two are more closely intertwined (Björkman and Kock, 1995; Hamilton, 1996b; Lim, 2000).

Southeast Asian Chinese business networks are built on the relationship between individuals based on family, community, relatives and friends (Biggart and Hamilton, 1992; Chen, 1995; Hamilton, 1996a; Lim, 2000). Such a foundation is not a voluntary choice by individuals, who are born into a
network position within the hierarchy, and continue to develop their network positions over their lifetime. Asian business networks are considered much more stable than western business networks due to the involuntary commitment associated with the individuals’ position, and the trust in the individual to act according to their current position (Biggart and Hamilton, 1992; Hamilton, 1996b). As individuals behave according to the normative rules of their network position, change within the network is difficult. This reliance on trust with the individual has been developed due to the lack of systems trust within the Asian economies (Biggart and Hamilton, 1992; Hamilton, 1996a; Lim, 2000). These network characteristics differ from western business networks, where systems trust and voluntary choice of network participation are important foundations on which they have developed. It should be noted that Thai businesses have been willing to extend their linkages beyond immediate family through share ownership, thus enabling their corporations to grow past the restrictions of family size that are often found in other Southeast Asian networks (Itthiopassagul and Blois, 2000).

Behaviour of the individual within the network is also constrained to normative behaviour relative to their network position, and individuals are expected to follow normative behaviour if they are to be trusted by other individuals in the network (Biggart and Hamilton, 1992; Cheng-shu, 1996). When the actors follow the set guidelines for behaviour (normative rules), it allows the network to achieve a level of relative harmony that reduces the amount of conflict between network individuals. Harmony which reduces conflict (and therefore loss of face) is valued more in Thai culture than other Southeast Asian cultures, thus differentiating Thai business networks from others in Southeast Asia (Itthiopassagul and Blois, 1999, 2000). Harmony differs within western business networks where individual behaviour is less constrained and trust between individuals is not considered necessary for the business network to operate. Further, as individualism is encouraged within western business networks, individuals will sometimes conflict with other individuals causing disharmony within the network (Tse et al., 1988). A low level of disharmony is sometimes considered constructive in western networks but generally not in eastern networks.

Due to the different foundations discussed above, this research considered five characteristics of Southeast Asian business networks that differ from western business networks as important and that needed to be addressed. These five characteristics are:

1. each individual’s network differs due to the non-equivalence of differing normative ties, for example, the tie between immediate family members is much stronger than the tie between community members;

2. ties are defined by the hierarchical and social position that individuals occupy within the network;
(3) Networks have developed under codes of behaviour relative to the individual’s position within the hierarchy, these pre-defined positions dictate the individual’s behaviour within the network, each individual’s aim is to achieve a standard behavioural pattern as described in the unwritten code of behaviour;

(4) Moral standards and honesty are not defined by a legalised law, but are set by each person’s position within the network and the situation they encounter; and

(5) Boundaries are not defined through industry characteristics, but through the social ties between individuals, as social ties are difficult to determine it makes network boundaries very difficult to determine.

In summary, Thai business networks have developed under different conditions to those in western economies, and their unique characteristics need to be considered when utilising the AAR model in this cultural domain. The next section discusses how the substance layers of the AAR model may need to be modified for Thai values.

Description of the substance layers for Thai values

ABs
ABs have been described as allowing individuals to initiate independent actions and therefore show individualism (Håkansson and Snehota, 1995). Thai business networks operate on a system of normative ties, with predefined behaviour making independent behaviour less acceptable. Actors within such business networks would not necessarily initiate actions without prior ascendance from an individual with a higher network position. This lack of initiation is common in Thailand, where face and harmony play an extremely important role in their business networks. Staff in junior positions in the network will not question or query anyone in a more senior position, even if they know that person is incorrect, in order to maintain harmony within the network. Itthipassagul and Blois (2000) indicated that western businesses did not attempt to maintain harmony, and through their forwardness and inflexibility were perceived by Thai managers as disruptive.

Within a Thai network the strongest bonds would be family bonds, while friendship bonds and/or organisational bonds would be weaker (Lim, 2000). The strength of the bond is defined by the position of the individual within the hierarchy rather than the time period in which the bond has been operating, which indicates that enduring and long-lasting bonds as described by the markets-as-networks approach would exist between family members. Bonds between non-family members do not necessarily have the underlying support to ensure their survival even though they may have been operating for an extended time period.
In a Thai context, organisational bonds do not develop the same levels of trust as do bonds between individuals, as there is an underlying lack of systems trust. Those organisational bonds that seem very strong are built on a foundation of bonds between individuals within organisations. If the individuals remove their support the organisational bond can be severely undermined. Western businesses have generally not understood the importance of individual bonds when they manage their relationships with Thai businesses (Itthiopassagul and Blois, 2000). Thai business networks differs to western business networks (where organisational bonds are developed on a foundation of systems trust) as they are less likely to be undermined by individuals leaving the organisation and/or withdrawing their support.

Network identity within Thai networks is formed by the relative social position of the individuals, where the position in the organisation can be deceptive as power is based on social ties rather than organisational ties.

**ALs**

Social activities are important within a Thai network, as it is during these activities that personal relationships develop. Having dinner with business associates was considered extremely important by the Thai partners, as it is during these occasions that people get to understand each other as individuals, which in turn develops harmonious business relationships. Therefore, social activities should be considered an important aspect of the activity link.

**RTs**

Within Thai networks the ability to have indirect control over another actor’s resources is dependent on their relative positions within the hierarchy and the nature of the tie between the individuals. Reciprocity within a Thai business network is also a strong factor in achieving access to another actor’s resources. This sense of obligation is referred to as *Gumchai* in Thai business networks (Itthiopassagul and Blois, 2000). Reciprocity operates through the linking of favours between actors, so if one actor helps another actor then the second actor will owe the first actor a favour in the future. This concept also has implications for control through the network, as actors “owed” favours by other individuals have an avenue for indirect control over other actors’ resources. This aspect of owed favours is not easily understood, thus making the RT difficult to identify.

The two research questions in this paper are as follows:

*RQ1.* What are the antecedents and definitions of the substance layers of the AAR model in the Australian-Thai cultural context?

*RQ2* What modifications, if any, are required to the AAR model in an Australian-Thai context?
Methodology
This qualitative study gathered data through field interviews with Australian engineering consultants and their Thai dyad partners. The sample selection criteria were that all interviewees had to have been involved in cross-cultural projects between Australian and Thai companies. A snowballing sampling technique was used to obtain 17 Thai and 21 Australian interviewees. Using this snowballing technique, 30 per cent of the interviewees were direct dyads, thus increasing the internal validity of the research (Iacobucci and Zerrillo, 1996). The snowballing technique for gathering introductions for interviews within Thailand has been shown to be effective in obtaining interviews (Pongtaveewould and Uncles, 1998).

Interviewees were asked to highlight projects they had recently worked on within a cross-cultural context and questions were directed specifically to the business relationships that had developed during such projects. A semi-structured interview protocol was used and covered the broad areas of relationship management within engineering projects. Discussing individual projects in which the interviewee was intimately involved allowed the researcher to draw out the interviewee's recent experiences on projects that had operated within a cross-cultural environment. All interviews were conducted in English, which was a second language for the Thai interviewees. A Thai interpreter was present during all the Thai interviews to help minimise any problems that may have occurred by using English. The terms used during the interview were familiar to all interviewees as they related directly to projects that the organisation had worked on, and are commonly used within the engineering industry. All interviews were audio taped and transcribed prior to analysis.

Transcripts and notes taken during the interviews were coded according to the main constructs of the AAR model. Data generated from the interviews related directly to the individual experiences of the interviewees on their projects, therefore a process of interpretative coding was used during data analysis. During the coding process a three-step procedure was used:

1. Initial coding using the original AAR model and associated descriptions of the three substance layers (AB, AL and RT). During this process it was clear that while much of the data could be coded to these three substance layers, there were additional data that clearly did not fit. As a consequence, two new substance layers were added in step 2.

2. Two new substance layers, actor bond (negative) (AB−) and network constraint (NC) were developed as the interviewees described attitudes and behaviours in the interviews that were not explained by the original substance layers, as described by Håkansson and Snehota (1995).

3. In order to code the data it was found necessary to develop more concise definitions of the (now) five substance layers of the AAR model. These
definitions were developed through an iterative process using three coders to maximise intercoder reliability (Miles and Huberman, 1994). Previous research on the AAR model had been conducted in Europe and mainly within manufacturing industries. As this research was conducted in Asia and within a professional service industry the data did not fit the preliminary descriptions developed from previous research, and thus more concise definitions for this situation were required. Therefore, a method using intercoder reliability was developed to construct more concise definitions for the five substance layers in the model.

The intercoder reliability method involved three coders coding the same piece of data and comparing the similarities and differences in their application of the codes. The three coders each had some practical experience within the field of international business and international research. This technique has been used previously for literal coding (see Keaveney, 1995; Miles and Huberman, 1994; Frankfort-Nachmias and Nachmias, 1996) but no literature was found for its application within an interpretative coding application. The process involved the three coders independently coding the same transcript, comparing results, discussing similarities and differences of coding, refining the definitions of each of the five substance layers, and then repeating the coding on a new transcript. After five iterations a point was reached where no substantial improvement in intercoder reliability was forthcoming. Using this technique an intercoder reliability percentage was calculated, as outlined in Miles and Huberman (1994), and a rate of 60 per cent was achieved between the three coders. This rate was not as high as the 80-90 per cent obtained using literal coding (Miles and Huberman, 1994; Keaveney, 1995), but as interpretative coding is much less concise for each coding decision the same levels of intercoder reliability should not be expected (Frankfort-Nachmias and Nachmias, 1996).

One benefit of this method of developing definitions came from the three coders discussing the research and their decision-making process in the application of the definitions developed. This discussion allowed the researchers to develop the definitions through an iterative discussion and review of interpretations. Another benefit also came through the reduction of coder bias that can develop when a single researcher codes the data without taking into account alternative interpretations. For further discussion on this method see Purchase and Ward (2000).

**Findings**
This section initially discusses the comparison of the five substance layers, and then outlines the modifications to the overall AAR model.

From the three-step process, described previously, the following substance layer definitions were developed to address RQ1, as shown in Table I.
AB+ was analysed in three main contexts:

1. AB development;
2. AB dimensions; and
3. AB indicators as shown in Table II.

When discussing AB development a referral, given by another network actor (often a family member) for the Australian consultant to the Thai partner they were working with, was important in overcoming initial barriers during the early stages of the relationship. For example, an Australian interviewee quoted:

> Most recommendations will go from family if you have family connection. It doesn’t matter how tenuous you have a family connection, that will often give you a contact.

Understanding between dyad partners was considered important if the relationship was to progress, and needed to be developed at both a personal level and an organisational/technical level. The technical level was important for the process of technical transfer, but the personal level was required for the transfer to occur effectively. For example, during the technology transfer process the Thai partners would often indicate “yes” after being questioned by the Australian, but the meaning of the word “yes” varied between the partners. The Australian partner would think that the Thai partner understood the new concepts, while the Thai partner would be saying yes to avoid personal embarrassment, or avoid causing conflict between the partners, without actually understanding the technology being transferred. This situation often

<table>
<thead>
<tr>
<th>Code</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AB+: actor bond positive</td>
<td>A force acting on the mind that unites network actors and is indicated through their perception of each other and/or the development of mutual trust and understanding</td>
</tr>
<tr>
<td>AB–: actor bond negative</td>
<td>A force acting on the mind that disunites network actors and creates mistrust and lack of understanding</td>
</tr>
<tr>
<td>NC: network constraint</td>
<td>Forces acting on the mind that constrain an actor’s behaviour within the network and is indicated by how they relate and behave towards other actors within the network</td>
</tr>
<tr>
<td>AL: activity link</td>
<td>Activities that connect actors together; this could be indicated through meetings, joint quotations, joint field work</td>
</tr>
<tr>
<td>RT: resource tie</td>
<td>Connection of actors’ resources; this could be indicated through information sharing, tangible assets, intellectual property</td>
</tr>
</tbody>
</table>

Source: Interview data

Table I.  
Code definition table

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presented different expectations on the level of technology transfer that was occurring and sometimes caused conflict. If understanding occurred at the personal level these potential differences in expectations would not be so likely to occur and the potential for conflict reduced.

In summary, although there were some similarities, the differences in perceptions between Australian and Thai partners of actor bond positive were considered to affect the development of their relationships.

**AB—**

With the strong emphasis placed on understanding within the AB+ construct, it is therefore not unexpected that the major force generating conflict between the partners was the differences in perceptions. The Thai partners perceived that Australian project management techniques were much too rigid, while the Australians had difficulty with the more relaxed operating environment in Thailand. The Australian engineers often had problems with the Thai way of “doing things at the last minute”, the hierarchical organisational structures that were strictly adhered to within the decision-making process, and the misunderstandings that occurred in the communication process. The use of hierarchical structures was strictly adhered to by the Thai partners to create internal harmony in the organisation and ensure that managers did not lose face. This aspect of Thai business culture was not generally well understood by the Australian engineers.

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
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<tbody>
<tr>
<td>Social activities were considered important by both partners, with more emphasis placed on this aspect by the Thai partner</td>
<td>An introduction/recommendation was seen by the Australian consultant as important in actor bond development. The Thai partner indicated that they often gave recommendations and used this as an indicator of bond development</td>
</tr>
<tr>
<td>Understanding was mentioned as important by both groups in three contexts: technical; cultural; and operational</td>
<td>The Thai dyad partners did not mention comfort, confidence or trust as being important dimensions, although each of these was mentioned by the Australian partner. The Thai partner included personal understanding as important, which was not mentioned by the Australian partner</td>
</tr>
<tr>
<td>Strong indicators of a positive AB are the introduction given and received; personal relationship and continuous strong technical performance</td>
<td>The Thai partners put more emphasis on from whom they received the introduction to the Australian, the quality of the personal relationship and the free flow of information between partners</td>
</tr>
</tbody>
</table>

Table II. Comparison of AB+

Source: Interview data
Thus, the construct AB– was developed to address conflict and negative forces within the relationship. AB– had been previously discussed by Anderson et al. (1994), where they indicated that all of the three main constructs in the AAR model could have negative aspects. No negative aspects were found for the activity link and resource tie substance layers.

**Network constraint**

Both groups perceived that third parties introducing partners had an effect on how the relationship developed. For example, one Thai interviewee quoted:

>The Australian company come in, my friend call me and I'm not ready, will you like to go with us for this project, I must say sorry I am already committed but why don't you go with this one, and I just called another Thai company and just arranged it.

The influence exerted was such that the dyad partners ensured that their behaviour did not displace the trust placed in them by the third party doing the introduction. The introductions were perceived as critical by the Australian interviewees in order to obtain entry into the network. When the Thai partner was a government department that had hired the Australian consultant for a project, the Australian consultant perceived that other government departments influenced the behaviour of their client during critical stages of the project. These outside influences on the project increased uncertainty for the Australian engineers.

Thus, the substance layer “network constraint” (NC) was developed to address how partners were affected by third party forces acting within the network on the relationship. This substance layer was not defined as connectedness as it was considered that the definition, given in Table I, only indicated one aspect of connectedness. Connectedness was described as “affects or is affected by what is going on in certain other relationships” (Håkansson and Snehota, 1995, p. 17). The meaning of the word affect, is to “produce a change”, this change can have both a feature “to impress” (an enlightening feature), or “to attack or lay hold of” (a constraining feature) (The Macquarie Dictionary, 1997, p. 33). The description of connectedness therefore incorporates both a constraining feature and an enlightening feature. The definition of network constraint for this research included only the constraining feature. It was therefore considered inappropriate to use the description of connectedness for this research.

**ALs**

With the strong emphasis placed on understanding by the Thai partners, they perceived early joint activities conducted between the partners as an important component of developing understanding. Therefore, the progress of early ALs was important for relationship development. This linking of the main substance layers was not exhibited to the same extent by the Australian partners, who did not perceive the same connection between the substance layers.
Table III summarises the results of the perceptions of the RT.

Technology transfer was a critical issue in the resource tie. Many Thai partners worked with western consultants to develop their own technical abilities and learn the best design techniques. The Australian partner did not consider the technology transfer issue as such an important component of the relationship as did the Thai partner.

**AAR model**

The five substance layers are now combined to show how the results affected the AAR model and address RQ2. Before discussing the modified AAR model it should be noted that the Thai partners perceived a much stronger interplay between the substance layers than the Australian partners. This interplay has been credited by the researchers to the different cultural backgrounds of the two sets of interviewees. As outlined previously, the Thai partner intertwined the social and business aspects of life to a much greater extent than the western partner, which could lead them to also intertwine all aspects of the business relationship together. This intertwining is important in understanding how the Thai partners consider the causes and effects of each action undertaken in relation to the substance layers as a whole. From the results outlined above, modifications were made to the AAR model, as shown in Figure 2.

The main antecedents of each substance layer are displayed in the boxes below the relationship. The modifications include the two new substance layers and a more detailed description of the five substance layers as perceived in Australian/Thai business relationships. NC is illustrated as surrounding the partners and the focal relationship, as the forces driving this substance layer were initiated external to the focal relationship. For example, an introduction given by an external third party to the focal actors. Third parties have been

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
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<tbody>
<tr>
<td>RT development</td>
<td>RT developed early during the informal stages of relationship development before a project was awarded</td>
</tr>
<tr>
<td>Types of RT</td>
<td>Skills and information sharing are important components of RT</td>
</tr>
<tr>
<td>RT indicators</td>
<td>Australian partners perceived a strong relationship when the Thai partners committed a similar amount of resources to the relationship</td>
</tr>
</tbody>
</table>

**Table III.** Comparison of resource tie

**Source:** Interview data
Implications for future research

The results of this research project have broadened research currently conducted on the AAR model within western cultures to include a Thai context. The results of RQ2 have indicated that adaptation of the AAR model into a different cultural environment is required. Two new substance layers have been outlined. Further research needs to be conducted to ensure these substance layers are evident within other cultural environments.

As per RQ1, the antecedents and descriptions of the substance layers required development to suit the different cultural environment. Implications for the individual construct descriptions show that broad descriptions from different contexts should be used cautiously within different cultural and industrial business environments. For example, the actor bond construct has been previously described as the development of mutual trust and understanding (Håkansson and Snehota, 1995). For this research, although understanding was mentioned as being very important, trust was not perceived by the Thai partners as an important aspect of their relationships with their Australian partner. Actor bonds identified at the personal level in this research have not been previously emphasised in the literature. The emphasis placed on individual level bonds indicates that the current description of the substance layers in the AAR model cannot be generalised to different cultural situations.
Implications for practice

Business people need to be able to evaluate the business networks in which they operate. For both research questions it was found that although the AAR model was a good foundation on which managers could evaluate relationships, it required adaptation to suit the different cultural context. This paper has presented some adaptations for a Thai context that need to be considered. Although these adaptations cannot automatically be extended into a general Southeast Asian context, it is suggested that they provide a sound basis for future research in other countries in the region.

The results have important implications to how western companies develop their business relationships in Thailand. The antecedents of the five substance layers indicate where Thai businessmen put emphasis in their relationships with western companies. By becoming aware of the important aspects of the relationship, western business people can better plan their relationship strategies within the Thai market. Coming from an environment where social activities and personal relations are not emphasised, western managers will have to adapt their current practices to a more relaxed and social way of conducting business at the individual level.

The substance layer, network constraint has important implications for business practice. Western managers need to consider how their actions will affect other actors within the network and how the actions they expect of their partners will affect other actors within the network. Often the Australian managers’ expectations of their Thai partners were not met due to the partners looking at the cause-effect actions on the combined substance layers in other connected relationships. The Thai partners’ desire for network harmony was especially considered important and they would specifically avoid actions that would disrupt existing harmonious relations outside the focal relationship. Western organisations should be careful to avoid making a Thai partner do something that they have been avoiding due to possible disruption created in the network. For the Thai partner to lose face due to loss of harmony would not be perceived well by the Thai partner, thus considering actions beyond the focal relationship was important in understanding some partners’ behaviours within the focal relationship.

Limitations

The study was an exploratory study into the application of the AAR model within a different cultural environment, Thailand. As qualitative methods were used to collect the data, generalising the results past the small sample size requires care. In this case the research was conducted within a professional service industry and generalising results into the manufacturing sector may not be possible.

The research has been conducted within Thailand, a single Southeast Asian country. Although the literature has indicated that ethnic Chinese have
integrated their business culture well into Thai society, there are differences between Thai culture and Southeast Asian culture. These differences have been highlighted through the paper and need to be considered when generalising the results into different cultural situations, but could form a foundation for future study.

Conclusion
This research has contributed, by broadening our understanding of the AAR model, to a different cultural context, that of Thailand. By expanding models such as this into different cultural environments it contributes to the development of a universal model of business networks. A modified version of the AAR model is proposed for the western/Thai context, together with two newly identified constructs, and antecedents for five substance layers.

This research investigated the AAR model within a Thai culture. Future research needs to be conducted to determine the generalisability of the modified AAR model to different cultural contexts and developing rich data on the substance layers. Developing rich data of the western/Asian interface of a business relationship as well as the Asian/Asian interface will help generate a universal model of business relationships.

References


