This paper aims to explore the roles of interpersonal relationship in managing business relationship in a high-risk and uncertain market. Exporting to a high-risk and uncertain market can lead to a greater possibility of problems occurring; such problems include: not receiving payment due to poor local banking systems; issues with tenders due to political uncertainty, and other problems. Managing business relationships in such markets can be more complex and difficult, exporters have to find ways to overcome the problems. The study followed the traditions of inductive logic and used a qualitative approach by exploring experiences of a small number case of British firms exporting to the Indonesian market. Data was analysed following the procedure of General Inductive Approach (GIA). The finding suggests that interpersonal relationships have greater roles as communication channels, the key mechanism to solve problems and to strengthen interpersonal and organisational trust to reduce perception of risk and uncertainty associated with the market and the business relationship.

Keywords: relationship management, interpersonal relationship, interpersonal trust

1. Research Background

A study of Styles and Ambler (1994) marked a recommendation for the use of relational paradigm to view export marketing. Styles and Ambler (1994) found that successful exporters were primarily dependent on well-developed and managed business relationships with importers. Managerial tasks might be directed to nurture the exporter-importer relationships, to solve relational problems and to maintain positive and close working relationships with the local intermediaries and/or customers in order to enhance the chances of success. Put simply, the better the relationship that had been managed, the greater the likelihood of success for the exporters in the foreign market. The marketing of the successful exporters was formed by sequential decisions of export marketing management and relationship development (Styles and
Correspondingly, Piercy et al. (1997) finding was that the improvement of export performance required more attention to relationship building and relationship management, and that this created competitive advantage in export markets. Relationship development and management could be the key success factors since the implementation of these strategies might improve export performance in export markets.

Leonidou (1989 and 2003) claimed that export management should be considered as a process of relationship management. He argued that export development depends on how relationships are developed, and export management depends on how relationships are managed. Then, export management could be regarded as relationship management of the exporters’ relationships with foreign buyers. Similarly, based on a study of a sample of 201 US exporting manufacturers, Leonidou et al (2002) stressed that exporting should be viewed as “…a bundle of business relationships…”. The authors compared problematic and harmonious foreign customer relationships and found that high levels of dependence, trust, understanding, commitment, communication, and cooperation distinguished harmonious relationships, but these harmonious relationships were notable for their lower levels of distance, uncertainty, and conflict between the parties. Hence, from a relational paradigm, they argued that exporters should appreciate that the building of effective international business relationships requires trust, commitment and cooperation whilst reducing distance, conflict and uncertainty. Nonetheless, there is no explanation of how an exporter maintains a harmonious relationship in an export market characterised by high risk and uncertainty, which may lead the relationship may turn into a problematic situation. It seems that previous studies provided some understandings of the importance of relationship management in export management, yet, they were carried out in more benign environments.

Business relationships develop over time as a chain of interactions. The parties gain common knowledge and understanding about each other and the ways that they can and should interact (Ranstrom, 2005). Business relationship performance depends on how it is managed (O’Toole and Donaldson, 2000). Any change in the environment may cause changes in the way firms manage relationships, as the changes create new market realities and the existing practice may no longer fit with them. In short, in an increasingly dynamic and turbulent market environment, a firm's ability to develop and successfully manage its relationships with other firms emerges as a key competence and source of sustainable competitive advantage (Batt and Purchase, 2003).

The challenge for Western Exporters' managing relationships in South East Asian market is not only to develop its technical organisational capability, but also to develop the social aspects of corporate behaviour (Ranstrom, 2005). Western business relationships are typically organisation-to-organisation, while relationships in South East Asia are person-to-person (Bridgewater and Egan, 2002). In the context of the region, business relationships are built on social relationships and personal relationships are often a prerequisite for developing other types of business activities. Then, social relationships are an input to a business relationship, not an outcome of the relationship as in the West (Ranstrom, 2005). Personal relationships are the main building block of a successful business relationship in the market. Relationships in the South East Asian context emit from the person and the relationships are interpersonal (Ranstrom, 2005). Thus, marketing to the region will be highly depending on international personal relationships.

Business relationships are built on a strong personal relationship making it difficult to distinguish between networks of social relationships and networks of business relationship. The personal relationships come first and the business relationship builds on a strong and common personal relationship (Ranstronm, 2005). Furthermore, Winther (2006) suggested that interpersonal relationships are critical in managing business relationship in a volatile market. Interpersonal relationships facilitate the process of learning knowledge creation. Nevertheless,