

density of markets and long distances between points of demand present significant challenges to the Canadian supplier in the areas of both delivery and after-sale service and may explain some of the lower ratings these suppliers receive. Brown, (1995) noting survey results which indicate that U.S.-based businesses are more likely than Canadian-based businesses to achieve improved customer satisfaction, indicated that the difference in these results can be explained by the fact that U.S. suppliers focus on service as a means to improve customer satisfaction and add value to their product.

Investments in Partnerships

Firms involved in ongoing business relationships invest in plant, equipment, and labor which have been tailored to the specific needs of a trading partner and which might have little or no value outside of those relationships. Heide & John (1990) have established that the levels of specific investments by the supplier predict levels of cooperative actions on the part of both the buying and supplying partners.

From an investment perspective, Byrne (1993) and Inglis (1993) have reported Canadian firms lag behind the U.S. in the development of interfaces with customers, including those in the areas of warehousing, transportation and material planning & control.

Joint Programs

In situations in which dependence and the possibilities for opportunistic actions are great, firms seek to create reciprocal obligations (Heide & John, 1992). Reciprocal obligations might be accomplished through joint programs or cooperative ventures (Kogut, 1988). As evidence of this prediction, Kogut (1988) has shown that when a firm involves itself in joint programs with another firm, the relationship between the two becomes more stable.

From a practitioner's perspective, Byrne (1993) reported that only 42% of Canadian