

DOCTORAL THESIS

Unveiling the Impacts of Power, Dependence, and Professionalism on the Service Behaviour and Performance of Professional Firms in Commercial Property Valuation

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ABSTRACT

Professional service has long been regarded as an academic discipline and has been playing an increasingly important role in service intensive economies like Hong Kong. However, prior studies have paid limited attention to professional service and have rarely articulated and examined what the antecedent factors are and how those factors impact professional firms' behaviour of cooperation and opportunism, which in turn impact on the firms' service performance. While marketing literature offers much knowledge in the buyer–seller relationship between suppliers and customers, there is limited research on the professional-client relationship that reveals the interactive mechanism between the professional firms and client firms in professional service.

With a thorough review of literature on professional service, the power-dependence theory, transaction cost economics, and the enormous amount of empirical studies in the professional and theoretical paradigms, I propose a research model with nine hypotheses that integrate client firms' mediated power, client firms' non-mediated power, and professional service firms' dependence asymmetry as the antecedent factors and moderators to examine their impacts on professional service firms' cooperation, opportunism, and performance. This study will also explicate the extent to which professionalism moderates the relationships (1) between professional firms' cooperation and service performance, and (2) between professional firm's opportunism and service performance.

Using property valuation as the subject of professional service in my study, the objectives of my research are (1) to fill the knowledge dearth in the professional service literature with

empirically justified evidence of professional firms' cooperation, opportunism, and service performance; (2) to unveil the impacts of client firms' mediated power and non-mediated power and valuation firms' dependence asymmetry on the valuation firms' cooperation and opportunism; (3) to examine the extent to which valuation firms' dependence asymmetry moderates the relationships between client firms' non-mediated power and valuation firms' cooperation and between client firms' mediated power and valuation firms' opportunism; (4) to unveil the extent to which valuers' professionalism moderates the relationships between the valuation firms' cooperation and service performance and between the valuation firms' opportunism and service performance; and (5) to make theoretical and practical contributions with significant empirical findings for the discipline of professional service.

Two brainstorming meetings were held with senior valuers in valuation firms and investment managers in property developer firms in Hong Kong. The meetings deepened my understanding of these professional services and confirmed the content validity of measurement items for the constructs in my research model and the questionnaire development. Using the information gained through the meetings, two questionnaires were designed for the respondents of valuers and investment managers. A dyadic survey approach was deployed to administer the surveys and data collection. Finally, 260 matched and useful samples were collected from the respondents.

I conduct a structural equation modeling analyses on my research model with the dataset. The outcomes statistically confirm my research model and significantly support five hypotheses. Specifically, my study found that client firms' non-mediated power and valuation firms' dependence asymmetry had significant impacts on valuation firms' cooperation and opportunism. Valuation firms' dependence asymmetry also had a significant effect on their firms' opportunism. On the other hand, cooperation strongly and significantly mitigated valuation firm's opportunism,

and opportunism has a significant and negative influence on valuation firms' service performance. In addition, the outcomes of moderation and post hoc analyses in my research present statistical evidence that professionalism has a significant and positive moderation effect on the relationship between cooperation and service performance, and concurrently, professionalism has a negative and significant moderation effect on the relationship between opportunism and service performance.

The research outcomes and findings have achieved my research objectives, provided answers to my research questions, and made significant theoretical and practical contributions. The findings deepen extant understanding with clear evidence that, in interfirm professional service, client firms' mediated power is not a determinant antecedent, and the power-dependence theory does not have strong explanatory power for predicting interfirm professional service performance. To the contrary, valuation firms' dependence asymmetry significantly determines valuation firms' cooperation and opportunism in professional service. Notably, my distinctive contribution to current knowledge in professional service is the moderation effects of professionalism. It significantly enhances the relationship between cooperation and service performance and simultaneously mitigates the relationship between opportunism and service performance. Overall, my findings unveil the idiosyncratic nature of professional service and contribute to the theory development in the discipline.

Finally, this study paves avenues for further research in professional service. I have suggested a few directions for future studies such as to examine the resource dependence between the professional firms and client firms in order to find more rigorous evidence for theorizing and practicing professional service.

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