

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.

TABLE OF CONTENTS

DECLARATION.....	i
ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	v
TABLE OF CONTENTS	vi
LIST OF TABLES.....	x
LIST OF FIGURES.....	xi
CHAPTER ONE	1
1. INTRODUCTION	1
1.1. Background.....	1
1.2. Research Motivation.....	3
1.3. Research Objectives and Questions	4
1.4. Structure of This Thesis.....	5
CHAPTER TWO.....	7
2. LITERATURE REVIEW	7
2.1. Interfirm Relationship	7
2.2. Professional Services as My Research Context	8
2.2.1. Profession, Professional, and Professionalization.....	8
2.2.2. Professional Service.....	9
2.2.3. Professional Service Firms.....	11
2.2.4. Professionalism.....	13
2.2.5. Research on Professionalism.....	16
2.2.6. The Professional Service of Commercial Property Valuation	28
2.2.7. The Property Valuation in Hong Kong.....	29
2.2.8. Clients of Commercial Property Valuation.....	30
2.3. Power-Dependence Theory (PDT).....	30
2.3.1. Power and Power Base.....	30
2.3.2. Power and Effect	34

2.3.3.	The Power-Dependence Relation	35
2.3.4.	Power, Dependence, and Interfirm Relationship.....	42
2.4.	Transaction Cost Economics (TCE).....	46
2.4.1.	Transaction Cost.....	46
2.4.2.	Transaction Uncertainty.....	47
2.4.3.	TCE and Opportunism.....	47
2.4.4.	Research on Opportunism in Interfirm Exchange	48
2.4.5.	The Outcomes of Interfirm Exchange	50
CHAPTER	THREE.....	57
3.	RESEARCH MODEL AND HYPOTHESES.....	57
3.1.	Research Model.....	57
3.2.	Hypothesis Development.....	60
3.2.1.	Mediated Power and Opportunism	60
3.2.2.	Non-Mediated Power and Cooperation	61
3.2.3.	The Moderation Effects of Dependence Asymmetry	63
3.2.4.	Cooperation and Opportunism	65
3.2.5.	Cooperation and Service Performance	66
3.2.6.	Opportunism and Service Performance	67
3.2.7.	The Moderation Effects of Professionalism.....	68
CHAPTER	FOUR.....	71
4.	RESEARCH METHODOLOGY	71
4.1.	Use of Questionnaire Survey	71
4.2.	Sampling Issues.....	72
4.2.1.	Respondents	72
4.2.2.	Sampling Criteria.....	73
4.2.3.	Sampling Methods.....	73
4.2.4.	Sample Collection Procedures.....	73
4.2.5.	Dyadic Approach to Survey Administration.....	74
4.3.	Instrument Design	75
4.3.1.	Brainstorming and Discussion with Professionals	75
4.3.2.	Control Variables.....	76

4.3.3.	Questionnaire Design and Measurement Items	77
CHAPTER	FIVE	84
5.	ANALYSIS AND FINDINGS	84
5.1.	Data Source, Demographic Information, and Descriptive Analysis	84
5.2.	Computing the Values of Observable Variables	88
5.3.	Confirmatory Factor Analysis for Measurement Models	90
5.4.	Construct and Observable Variables of Professionalism	92
5.5.	The Descriptive Analysis of Observable Variables and Constructs	93
5.6.	Selection of Analysis Technique of Structural Equation Modelling	94
5.6.1.	The Characteristics of SEM Techniques	94
5.6.2.	The Rationale of Using PLS-SEM in My Study	101
5.7.	Construct Validity and Reliability Analysis	102
5.8.	Structural Model, Hypothesis Testing, and Moderation Effects	107
5.8.1.	Analysis of Structural Model	107
5.8.2.	The Direct and Moderation Effects of Dependence Asymmetry	109
5.8.3.	The Direct and Moderation Effects of Professionalism	111
5.8.4.	Hypothesis Testing	112
5.9.	Post Hoc Analysis	114
5.9.1.	Linear and Non-linear Effects of Mediated Power on Opportunism	115
5.9.2.	The Moderation Effect of Dependence Asymmetry	117
5.9.3.	Effect of Professionalism on Cooperation – Service Performance	119
5.9.4.	Effect of Professionalism on Opportunism – Service Performance	120
CHAPTER	SIX	123
6.	DISCUSSION	123
6.1.	The Influences of Firm-Specific and Professional Demographics	123
6.2.	Client Firms’ Power and Power Influence	125
6.3.	The Valuation Firms’ Dependence and Dependence Asymmetry	128
6.4.	The Power-Dependence Theory in Professional Service	131
6.5.	The Theory of Transaction Cost Economics in Professional Service	132
6.6.	Balance of Cooperation and Opportunism in Interfirm Relationship	133
6.7.	The Direct and Moderation Effects of Professionalism	134

6.8. The Generalizability of Research Findings	137
6.8.1. Cross-Age and Cross-Gender Generalizability	137
6.8.2. Cross-Cultural Generalizability	138
CHAPTER SEVEN	140
7. CONCLUSION	140
7.1. Accomplishment of Research Objectives and Questions	140
7.2. Theoretical Contribution and Implications	142
7.2.1. The Limitation of Power-Dependence Theory in Professional Service	142
7.2.2. Dependence Asymmetry – A Powerful Predictor to Opportunism	144
7.2.3. The Integration of Cooperation and Opportunism in Interfirm Exchange	145
7.2.4. The Profound Implications of Professionalism	146
7.3. Practical Contribution and Implications	147
7.4. Limitations of This Study	150
7.5. Future Study Directions	151
7.6. A Concluding Remark	153
REFERENCES.....	155
APPENDIX A: QUESTIONNAIRE	175
Appendix A1. Valuer’s Questionnaire	175
Appendix A2. Manager’s Questionnaire	178
APPENDIX B: PLS AND OLS – PRINCIPLES AND CHARACTERISTICS	181
APPENDIX C: DISTRIBUTION OF VARIABLES FOR SERVICE PERFORMANCE (SP)	187
APPENDIX D: MODELS IN PLS-SEM ANALYSIS	190
CURRICULUM VITAE	198

LIST OF TABLES

Table 2.1. Dimensions of Professionalism.....	14
Table 2.2. Reviewed Studies on Professionalism and the Effects of Professionalism.....	20
Table 2.3. Power Classification and Definition	32
Table 2.4. Reviewed Empirical Studies on the Consequential Effects of Power.....	36
Table 2.5. Power-Dependence Structure in Dyadic Relationship	41
Table 2.6. Reviewed Empirical Studies on Dependence and Related Concepts.....	43
Table 2.7. Reviewed Empirical Studies on Interfirm Exchange and Outcomes	53
Table 4.1. The Constructs, Measurement Items, and Literature Sources	79
Table 5.1. Demographics of Valuers and Property Valuation Firms	86
Table 5.2. Demographics of Managers and Property Developer Firms	87
Table 5.3. CFA for the Measurement Model of Professionalism (PM)	91
Table 5.4. Observable Variables and Loadings on Constructs	94
Table 5.5. Characteristics of CB-SEM and PLS-SEM	98
Table 5.6. Construct Means, Standard Deviation, Correlation, and Validity	106
Table 5.7. Analysis Results of Structural Model and Competing Models.....	108
Table 5.8. Summary of the Outcomes of Hypothesis Testing	113

LIST OF FIGURES

Figure 2.1. The Interfirm Relationship in Professional Service of Property Valuation	8
Figure 3.1. Proposed Research Model and Hypotheses.....	58