



Buyer and supplier attractiveness in a strategic relationship – A dyadic multiple-case study

Kari Tanskanen ^{a,*}, Anna Aminoff ^{b,1}

^a Aalto University School of Science, Department of Industrial Engineering and Management, P.O. Box 15500, FI-00076 Aalto, Finland

^b VTT Technical Research Centre of Finland, P.O. Box 1000, FI-02044 VTT, Finland



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ABSTRACT

In a strategic buyer–supplier relationship (BSR), both the buyer and the supplier aim to leverage the relationship for gaining competitive advantage. Since strategic BSR requires a lot of effort from both parties, firms have become very selective in terms of with whom they engage in a strategic BSR. Therefore, both buyers and suppliers must shape their attractiveness in order to get the other party to put effort to the relationship. Towards this end, the present study explores the drivers of buyer and supplier attractiveness in strategic relationship through 43 interviews in six buyer–supplier dyads. We identified four main categories of both buyer and supplier attractiveness: 1) economic-based, 2) behavior-based, 3) resource-based, and 4) bridging-based attractiveness. We find economic- and behavior-based attractiveness strongly present in all dyads, while resource- and bridging-based attractiveness are emphasized when the strategic intent has more explorative elements and when the aim is to leverage the dyadic relationship in developing businesses outside the dyad. We synthesize our results to a model of attractiveness in a strategic BSR, which bring forth dyad considerations of buyer and supplier attraction.

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1. Introduction and research motivation

In a strategic buyer–supplier relationship (BSR), both the buyer and the supplier aim to leverage the relationship to gain competitive advantage. Because strategic BSR requires much effort from both parties, firms have become very selective in terms of with whom they engage in a strategic BSR. Therefore, both buyers and suppliers must shape their attractiveness to make the other party put effort into the relationship. Towards this end, the present study explores the drivers of buyer and supplier attractiveness in strategic relationship, aiming to contribute to the emerging theory attraction in buyer–supplier relationships. We base our study on social exchange theory (SET), which considers attraction as a force that brings partners together and fosters volunteerism and defines attraction as expected rewards minus costs of being involved in a relationship (Blau 1964, Homans, 1961). Rewards can be either extrinsic or intrinsic. Extrinsic rewards are detachable from the exchange relationship, while intrinsic rewards are born in interaction, because the relationship fulfills the actor's needs (Blau, 1964). The costs of being involved in an interaction can include one or more of the following: investment costs, opportunity costs, the actual loss of a material resource, or costs intrinsic to the behavior itself (Molm,

1997). Furthermore, attractiveness is defined in this paper as having the quality of attracting a partner in a relationship.

Recent studies have both shown the importance of attraction and proven its benefits in BSRs. It has been suggested that customer attraction influences a supplier's commitment to its relationship with its buyers (Ellegaard, 2003; M. Mortensen & Arlbjørn, 2012), the supplier's level of innovation, allocation of resources (Schiele & Krummacker, 2011), and ability to obtain preferred customer status (Hüttinger, Schiele, & Veldman, 2012; Nollet, Rebolledo, & Popel, 2012; Schiele, Veldman, & Hüttinger, 2011) and value creation (Ellegaard, 2012; Hald, Cordon, & Vollmann, 2009). Also, attraction is argued to crucially influence how investments are made across the life of the relationship (Harris, O'Malley, & Patterson, 2003). These aspects are emphasized in strategic BSRs, which make exploring attraction in strategic BSR context particularly interesting.

In this article we argue, based on SET, that attraction plays a pivotal role in explaining cooperation and value co-creation in a strategic buyer–supplier relationship. Developing attraction has been proposed as a way of motivating other parties to voluntarily put effort into the relationship (Mortensen, 2012). The importance of this aspect of attractiveness is elevated by (1) buyers' realization that their strategic goals depend on their ability to induce their strategic suppliers to invest effort into the relationship; (2) suppliers' need to maximize the value gained from their important customer relations, and (3) buyers' and suppliers' common endeavor to co-create value through collaboration. To shed more light on these important and neglected issues in attraction research, we identify the drivers of buyer and supplier attractiveness in

* Corresponding author. Tel.: +358 505508008; fax: +358 9 47023736.

E-mail addresses: kari.tanskanen@aalto.fi (K. Tanskanen), Anna.aminoff@vtt.fi (A. Aminoff).

¹ Tel.: +358 405917979.

strategic buyer–supplier relationships and evaluated their contingencies. La Rocca, Caruana, and Snehota (2012) argued that lack of agreement as to what makes a customer (or other partner) attractive precludes any systematic assessment of customer attractiveness, and Hüttinger et al. (2012) observe that there is still no consensus as to what may make a buyer more attractive. Studies of business exchanges thus clearly require greater understanding of the determinants of attraction (Harris et al., 2003). Such understanding will facilitate both parties' development of attributes that are important to a strategic buyer–supplier relationship and their use of attractiveness to influence one another's decisions. To fill these gaps in the buyer–supplier attraction research, we answer the following research questions: What are the drivers of buyer–supplier attractiveness in a strategic buyer–supplier relationship? Do the drivers differ between different BSRs? If so, what explains the differences?

By using qualitative data collected from 43 in-depth interviews with representatives of six buyer–supplier dyads, we explore the antecedents of attractiveness as viewed by both buyer and supplier as well as from the perspectives of all functions present at the buyer–supplier interface (production, R&D, quality, etc.). This dyadic approach reflects SET's interpretation of attraction as an attribute not of an actor, but of a relationship (Emerson, 1962). Many studies that simplify dyads overlook the possibility that perceptions of partner organizations might differ among the various actor clusters within an organization (Hald, 2012). Given this possibility, having multiple informants from different parts of an organization affords a more comprehensive picture of what makes a customer or supplier attractive as a business partner.

Our level of analysis is the relationship between buyer and supplier at the firm level. In SET, “actors who engage in exchange can be either individual persons or corporate groups acting as single unit (e.g., business corporations)”, and these two are “assumed to be analytically equivalent only when groups act as a single actor” (Molm, 1997, p. 13). The studied firms have advanced strategy and management processes in place, making them act as a single unit in relation to their supplier or customer. Previous studies have approached buyer–supplier attraction both at the firm level and the individual level, with the firm level slightly dominating (for a review, see Mortensen, 2012).

Using SET as a lens, this study contributes to the emerging theory of attraction in the buyer–supplier relationship. Our major contributions are 1) the identification of four bases of attractiveness in a strategic BSR; 2) the recognition that the importance of different bases of attractiveness is contingent on the strategic intention of the firm in the BSR, and 3) the outlining of the process of how the shaping of attractiveness is linked to cooperation and value creation in a strategic BSR and the bringing forth of the dyad considerations of the process.

The structure of the paper is as follows. We first review the literature related to buyer–supplier attraction. Our data collection and analysis are described next. We then present our results with respect to the drivers of buyer and supplier attractiveness identified in the study and analyze how the drivers of attractiveness are contingent on the strategic intent of the firm in the relationship. Following a dyadic analysis of the studied BSRs, we discuss when a buyer and a supplier fit together in strategic buyer–supplier relationships. Last, we discuss our results, compare our findings with those of previous studies, and suggest future research.

2. Literature review

2.1. Attraction in SET

Attractiveness has its origins in the field of social exchange, SET being the dominant theoretical base in studies of buyer–supplier attraction (Hüttinger et al., 2012). Social exchange theory is concerned with the study of social exchanges between actors (Blau, 1964; Homans, 1961; Thibaut & Kelly, 1959), social exchange being defined as “voluntary actions of individuals that are motivated by the returns they are expected to bring, and typically do in fact bring, from others” (Blau, 1964,

p. 91). As the core explanatory mechanism of social exchange theory revolves around the relational interdependence that develops over time through the interactions of the resource exchange partners, this theory is particularly suited to a business-to-business context (Schiele, Calvi, & Gibbert, 2012). SET is based on the notion that social interactions contain value that can be exchanged (Calhoun, Gerteis, & Moody, 2007). Exchanges take place within structures of mutual dependence, each actor's dependence constituting a source of power for its partner (Emerson, 1962). The unit of analysis is the relationship between the actors who engage in the exchange, which can be either individuals or corporate groups acting as single units (Molm, 1997). However, recent research indicates that relational, organizational and individual origins of power are often interrelated (Meehan & Wright, 2012). SET builds upon two central elements: the comparison level (CL) explains the effects of previous experiences and expectations on an individual's satisfaction level with a relationship; the comparison level of alternatives (CLalt) explains the parties' respective abilities to obtain desired resources from other relationships. CLalt denotes the lowest level of reward an actor will accept without leaving a relationship (Thibaut & Kelly, 1959).

Attraction is a central construct in SET, its early developers, Blau and Homans, having considered attraction to be a force that brings partners together and fosters voluntarism (Blau, 1964; Thibaut & Kelly, 1959). SET suggests that attraction always precedes non-contractual, reciprocal effort, and that mutual attraction creates a situation in which both parties make voluntary efforts to reciprocate and remain attractive in each other's eyes. Attraction is valuable, moreover, because it generates attraction, as “a person who is attracted to others is interested in proving himself or herself as being attractive to them” by reciprocating and allowing the other to be rewarded for the exchange (Blau, 1964). This also logically applies to the buyer–supplier relationship. For a buyer, it is important to be an attractive customer in the eyes of those suppliers that the customer sees as attractive. Blau (1964) argues that an actor who is attractive in the eyes of another has power within a dyad because an actor's attractiveness is a resource that increases the reward power in the relationship. This derives from his assumption that desired objects in a relationship generate attraction. An actor's valuable resources, because they increase the other party's dependence, constitute the basis of the reward power in a relationship (Emerson, 1972a; Emerson, 1972b). Reward power implies control over rewards that affords one actor the capacity to induce otherwise unwilling compliance on the part of the other (Samuel & Zelditch, 1989). Reward power is structurally induced and, unlike coercive power, does not need be used intentionally to be effective (Emerson, 1962; Molm, Takahashi, & Peterson, 2000). In a BSR, reward power leads to reward exchange when both buyer and the supplier view the relationship as beneficial (Griffith, Harvey, & Lusch, 2006).

2.2. Attraction in BSR literature

Although acknowledged occasionally in business relationship research since the late 1980s, attraction only began to be studied in earnest in this context in the early 2000s (Mortensen, 2012). Attempts to define and conceptualize buyer–supplier attraction can be found in the literature, but there is no commonly accepted definition, and the concept remains subject to various understandings, characterizations, and interpretations (La Rocca et al., 2012). For instance, Dwyer, Schurr, and Oh (1987, p. 16) introduce “attraction” as part of their framework for developing buyer–supplier relationships, defining it as the degree to which buyers and suppliers interactively achieve a reward–cost outcome in excess of some minimum level. Harris et al. (2003, p. 9) define attraction in professional services “as the extent to which relational partners perceive past, current, future or potential partners as professionally appealing in terms of their ability to provide superior economic benefits, access to important resources and social compatibility”. Halinen (1997 p., 59) defines attraction as “a company's

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