



The role of boundary spanners in the formation of customer attractiveness

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ABSTRACT

This paper examines the question of how to understand the formation of suppliers perceived customer attractiveness. It argues that existing conceptualization of buyer–supplier relationships are too simplistic to understand the full complexity involved in the formation of such perceptions, and models the buyer–supplier relationship as a set of micro-dyads and intra-, inter-organizational exchange relationships. In exploring these micro-dyads this research apply an embedded case study approach and explores three buyer–supplier relationships. Following Bacharach et al. [Bacharach, S.B., Bamberger, P., & Sonnenstuhl, W.J. (1996). The organizational transformation process: The micropolitics of dissonance reduction and the alignment of logics of action. *Administrative Science Quarterly*, 41(3), 477–506.], it is interested in the involved actors sense-making processes and the concept of “logics of action” is deployed. The analysis demonstrates how suppliers' formation of perceptions related to customer attractiveness can be understood as constituted through a set of discrete historical means/ends alignments and misalignments between boundary spanning roles in the involved organizations.

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1. Introduction

Within the literature exploring buyer–supplier relationships development, the importance of building relationships that are perceived by both parties as beneficial is increasingly recognized as a valuable resource (Dyer & Singh, 1998; McCarter & Northcraft, 2007). As a consequence, concepts such as perceived satisfaction, perceived value, perceived trust and perceived attraction held by the involved firms, have been explored as fundamental measures of relationship endurance and development (Dwyer, Schurr, & Oh, 1987; Hald, Cordon, & Vollmann, 2009; Morgan & Hunt, 1994; Van der Haar, Kemp, & Omta, 2001; Zaheer, McEvily, & Perrone, 1998). Building key suppliers positive perceptions towards customer organizations arguably holds especially high potential. Such relational strategies have been seen as directly linked to customers increased access to important supplier resources (Christiansen & Maltz, 2002; Cordon & Vollmann, 2002; Ellegaard & Ritter, 2006).

This paper contributes to our understanding of the dynamics involved in forming supplier organizations positive attitudes towards a customer organization. It conceptualizes dyadic relationships as multiple relationships between boundary spanning functions. This is a non-trivial contribution, since the question on how suppliers' perceptions towards a customer organization can be positively affected tends to be conceptualizes as a study representing the dyad as a relationship between two firms. Traditional conceptualizations thus implicitly assume that alignment of perceptions inside a firm towards a partnering firm is unproblematic and already existing. When asked, who is attracted

and satisfied?, it answers “the firm”, not the subsystems it contains such as departmental/functional actors or individuals. They simplify the dyad and overlook the possibility that different actors and actor-clusters inside the supplier organization (i.e. sales, technology, and logistics) might be internally misaligned in the perceptions they hold towards the customer and potentially towards different functional team within the customer organization. Organizations are pluralistic, divided into interests, sub-units, and subcultures (Pfeffer, 1982, p. 64). “It is quite common that engineers will have different perceptions than those more directly related to product costs or to factory operations. Thus, there can be a lack of alignment in a company as to the perceived value of innovation” (Hald et al., 2009, p. 963). This research thus explores the potential that multiple perceptions related to the customer can co-exist at any one point in time within a supplier organization.

In exploring these perceptions, it is interested in the involved actors sense-making processes related to the formation of positive or negative attitudes held towards the customer organization. Specifically and in accordance with contemporary definitions, this research models such positive and negative attitudes as different levels of customer attractiveness and supplier satisfaction (Schiele, Veldman, & Hüttinger, 2010). Customer attractiveness is seen as an ex-ante expectation and supplier satisfaction as an ex-post experience, and both are related to perceived cost and benefit effects resulting from the relationship with the customer. This research understands customer attractiveness and supplier satisfaction as highly interdependent perceptual dynamics in buyer–supplier relationships. However due to identified gaps in literature this research directs special attention to the formation of customer attractiveness and understands supplier satisfaction as a necessary component is such formation. Specifically, the following research question is addressed: When representing buyer–supplier relationships as

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multiple relationships between boundary spanning functions, how should we understand the formation of customer attractiveness?

In order to theoretical conceptualize the research question the organizational theory by [Bacharach, Bamberger, and Sonnenstuhl \(1996\)](#) is applied. It maintains that organizations comprise reciprocal social exchange relationships based on dependence. It further represents organizations as comprising a set of sub-groupings each of which holds different cognitions or logics of actions. These theoretical assumptions fit well with the objectives outlined in the research question, where customer attractiveness is modeled as the overall expected level of alignment between involved organizational actors' logics of action. A field study is conducted. Data is collected through an embedded case study of an industrial supply cluster comprising a focal buying company located in the Food and Beverage industry and its interaction with three different suppliers all located in the packaging industry. A total of 22 semi structured interviews is conducted with actors located in the different functional dyads in the buying and the supplying firms.

Findings suggest that inherently perceptions of customer attractiveness are misaligned across functional dyads, and that this misalignment is caused by the nature of work and the different objectives across functions. Further, changes such as the introduction of a new supplier, a product substitution, product/process innovations or price increases affect levels of perceived supplier satisfaction differently in the different functional dyads. When a change takes place, it affects involved actors supplier satisfaction and the distribution of customer attractiveness in the dyad could be thrown out of balance. Finally and as a practical implication of the findings, it is proposed, that if the inherent misalignments that exist across the functional dyads are not managed properly this might cause disturbance, lead to low and declining levels of customer attractiveness, and ultimate deteriorations in relationships strengths in the buyer–supplier relationships in question. These findings will be elaborated further in the paper.

The paper is structured as follows. First, the literature on the formation and consequence of positive supplier attitude towards customers is briefly reviewed. Building on the gaps identified, the paper is then positioned in the wider organizational literature discussing roles of boundary spanners, inter-functional- and inter-personal trust. A theoretical framework for the analysis of involved actors sense-making processes related to the formation of customer attractiveness and the concept of “logics of actions” is developed. The fourth section presents the methodology. This is followed by, a presentation of the empirics. Involved logics of action are analyzed and findings are used to structure a discussion of the mechanisms involved in the formation of suppliers' satisfaction and customer attractiveness in buyer–supplier relationships. Contributions and limitations of the study, issues for future research and managerial implications finalize the paper.

2. Formation and consequence of positive supplier attitude towards customers

Traditionally customers have been viewed as the dominant party in buyer–supplier relationships. Buyers have been conceptualized as principals and suppliers as agents and objects for control ([Li, Xie, Teo, & Peng, 2010](#)). It has been perceived as unproblematic to access needed resources from suppliers in supply networks, and suppliers have explicitly or implicitly been portrayed as a mass of willingly followers dedicated to share with the customer their capabilities ([Holcomb & Hitt, 2007](#)). However, it is now well established that customer can benefit from working actively to generate positive supplier perceptions held towards their organization, when interacting with key supplier ([Blenkhorn & Banting, 1991](#); [Christiansen & Maltz, 2002](#); [Cordon & Vollmann, 2002](#); [Dwyer et al., 1987](#); [Hald et al., 2009](#); [Schiele et al., 2010](#)). Especially the concepts of customer attractiveness, supplier satisfaction and preferred customer status are seen as related

and of relevance to operationalize the study of suppliers' positive attitudes towards customer organizations. “A supplier awards a buyer with preferred customer status if he considers this customer attractive and is at the same time more satisfied with him as with other buyers. As a consequence, a supplier reacts with prime commitment and privileged resource allocation for this customer” ([Schiele et al., 2010, p. 5](#)). The questions of why, where and how a customer in its behavior and interaction with suppliers form positive supplier attitude towards its organization is now discussed increasingly across these and other concepts.

Why do customers engage in attempts to form positive supplier attitude towards its organization? This question explores the consequences, the rewards or the outcomes of such positive supplier attitudes and seeks to establish the relevance of becoming an attractive customer. What will the customer gain once perceived as attractive to key suppliers? At its most basic level, the supplier will prioritize the customer in its activity execution and in the resources it allocates to these activities ([Christiansen & Maltz, 2002](#); [Cordon & Vollmann, 2002](#); [Ellegaard & Ritter, 2006](#)). A supplier actor perceiving its counterpart, the customer actor, as attractive wants to nurture, develop and enhance its relationship with the customer. Reversely when the customer is perceived as unattractive, these supplier actors will be less committed and eager to work with the customer or the part of the customer organization they perceive as unattractive. Arguably attracted suppliers will allocate more innovations ([Cordon & Vollmann, 2002](#)), deliver better service and work more committed towards attractive customers. Such positive perceptions will lead to a supplier that is willing to run the extra mile ([Christiansen & Maltz, 2002](#)). These are some of the outcomes proposed in existing research. In a recent survey based study [Schiele, Veldman, and Hüttinger \(2011\)](#) found evidence that confirmed that suppliers do allocate more innovations to preferred customers and that preferred customers receive more benevolent pricing.

Where, or in which relationships do customers most eagerly engage in activity designed to form positive suppliers' attitude towards their organizations? This question explores the object of customer efforts, and thus raises concerns about the identification of key suppliers and key strategic relationships ([Olsen & Ellram, 1997](#); [Trent, 2005](#)). [Olsen and Ellram \(1997\)](#) for instance developed a supplier segmentation model containing a supplier attractiveness dimension with sub constructs. [Hald et al. \(2009\)](#) argues that the concepts of customer attractiveness and supplier attractiveness are so tightly connected that they cannot be separated and further develops a model demonstrating their link and suggests the factors producing supplier attractiveness.

How do customers through their behaviors form positive (or negative) supplier attitudes towards their organizations? This question explores the antecedents or the factors forming supplier satisfaction and customer attractiveness. Here literature is dominated by research trying to isolate long list of singular factors claimed leading to supplier satisfaction and customer attractiveness ([Fiocca, 1982](#); [Ramsay & Wagner, 2009](#)). Within this stand of literature only a few contributions seeks to follow wider processes and events inside and between firms to explore the mechanisms and dynamics involved in the constitution of perceived customer attractiveness. In a conceptual study grounded in social exchange theory [Hald et al. \(2009\)](#) argued that customer attraction cannot be isolated to single causal factor relationships but have to be seen as constructed by a complex dynamics between perceptions of value, trust and dependence in both the buying and the supplying firm. [Ellegaard and Ritter \(2006\)](#) argued that we cannot simplify the constitution of attraction to simple one-dimensional causalities, and see expectations as being important for the constitution of perceptions linked to customer attraction.

This research explores how customer attractiveness is formed and how perceptions develop in a real life empirical setting. It is thus positioned within the third stream of research discussed above. However, instead of trying to isolate single causal factors its aim is to explore complex dynamics between multiple factors, actors and constructs.

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