

Service triads: A research agenda for buyer–supplier–customer triads in business services



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ARTICLE INFO

Article history:

Available online 16 October 2014

Keywords:

Service triads
Buyer–supplier–customer triads
Services
Networks
Empirical research
Research agenda

ABSTRACT

Service triads, in which a buyer contracts with a supplier to deliver services directly to the buyer's customer, represent an emerging business model. This special issue is dedicated to this theme. To set the context, in this lead article, we first define service triads, both as a phenomenon and a research topic. We then provide a review of different strands of existing research and various theoretical frameworks that can inform our study of service triads. This culminates in an outline of a research agenda that can guide future study. As such, this paper not only introduces the articles in the special issue, but is also intended as a point of reference and motivation for further work on service triads, and on triads in general.

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1. Introduction

The growth in specialization and outsourcing among firms has given rise to an operations and supply landscape that is increasingly based on networks rather than large vertically integrated firms (Buhman et al., 2005; Hayes, 2008). Firms focus on what they can do best, and outsource the remaining tasks to outside providers (Holcomb and Hitt, 2007). This involves in many instances key service operations (Sako, 2006). A large share of these services becomes part of the buying organization's value proposition to its customers: they are purchased by one organization from another, but delivered to a third party – the customer. These services are being referred to as 'front-end' services (Balakrishnan et al., 2008) or 'component' services (Van Der Valk et al., 2009).

For example, if a software company outsources its helpdesk services to a third-party call-center, the primary service interaction is between the customer and the call-center, not between the customer and the software company, even though the customer has a contractual relationship with the software company. Other instances include manufacturers of capital equipment using maintenance service providers to work directly with end-users, as well

as many third-party logistics settings. In the public sector, public transportation service providers often operate under specific government contracts (concessions) to provide a service to the general public.

The ensuing relationships between buyer, supplier and the (buying organization's) customer can be viewed as a 'service triad', in which a buyer contracts with a supplier to deliver services directly to the buyer's customer (Li and Choi, 2009; Niranjana and Metri, 2008). The basic service triad is shown in Fig. 1. It consists of the buyer, supplier and customer. Importantly, such service triads entail a structure of inter-organizational relationships that is fundamentally different to that encountered in the more linear supply chains especially observed in manufacturing. The critical point about the triadic structure is that each actor has a direct connection with the other two; such connections may be constant or intermittent. Some triads' service delivery activities are only mobilized rarely – maybe never. For example, car repair shops are only brought into contact with the policy-holder (customer) if the customer has an accident that is covered by his/her policy with the insurance company (buyer). Nonetheless, in the event of a claim, there is direct supplier–customer interaction.

In the examples above, the research focus is often on the buyer as the active player. But similar configurations can be observed when customers play an initiating role, using buyers (intermediaries), for example in the form of project management firms, to facilitate their

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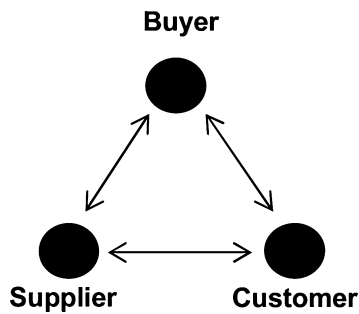


Fig. 1. The service triad.

access to suppliers (service providers) (Flowers, 2007; Mabert and Schoenherr, 2001; Schoenherr and Mabert, 2003).

Although inter-organizational triads are not an entirely new research topic, there is a growing interest in recent times, particularly within the operations management and supply chain management (OM-SCM) field. There, the interest in triads received a strong boost around 2008–2009, with various conceptual papers and essays published on the Operations & Supply Management Forum (set up by the editors of the *Journal of Operations Management*), and a debate between Choi and Wu (2009a) and Dubois (2009) in the *Journal of Purchasing and Supply Management*. In this latter debate, Choi and Wu argued: “We need to study how in a network, a dyad is affected by another dyad. Therefore, to study a network, studying triads becomes imperative . . . Simply, dyads are inadequate in capturing the interactive nature inherent in a network” (2009a: 265).

Against the background of this call for more OM-SCM research on triads, we suggest that service triads merit specific attention. Because their primary operations involve a service, particular issues come to the fore. Critically, and in contrast to many other forms of triads, the supplier needs to have direct exchange with the customer, in order to deliver its service. For this delivery, the supplier depends on inputs, typically from customers (Sampson and Froehle, 2006) but, in a triad setting, quite often also from buyers. A service triad is therefore different from the ‘bidirectional service supply chain’ (Sampson, 2000), where the supplier only has one counterpart to rely on for inputs, i.e. a buyer that is also the customer of the service. Thus, triads provide a critical context to better understand the nature and relative importance of various inputs for the service process. The notion of an inherent supplier–customer exchange also highlights the fluctuating role that a buyer may have in such service triads. For instance, how can a buying organization, reliably and efficiently, monitor service quality if it is not involved in the actual service delivery, especially when this quality is highly dependent on the interaction between supplier and customer?

Such service triads, however, have not received much specific coverage in prior research. A few exceptions exist. For example, service triads have been studied using social network theory (Li and Choi, 2009), drawing attention to the dynamics of relationships between the three triad members as an outsourcing arrangement is established. Nevertheless, recent discussions suggest that there are opportunities to extend the study of triads using other theoretical approaches, from within OM-SCM and from outside our discipline (Choi and Wu, 2009c).

This special issue is a response to that call, and the present lead article introducing the special issue has three specific objectives. The first objective is to define service triads, both as a phenomenon and a research topic. The second objective is to provide a review of different strands of existing research and various theoretical frameworks that can inform our study of service triads. Outlining a research agenda is the third main objective. As such, the article not

only provides a background for the articles in the special issue, but it is also intended as a point of reference and motivation for further work on service triads, and on triads in general.

While previous research has begun to apply the notion of triads within the domain of operations management, primarily focusing on structural aspects of triads, the current article is aimed to help advance our understanding of the impact of the structure and dynamics of service triads on specific OM-SCM issues, such as service risk management; quality management in services; and service capacity management. In other words; we intend to stimulate research and the development of theories on OM-SCM phenomena *in service triads*, rather than theory development and testing regarding the (dynamic) structure of triads in service supply chains. Further research on OM-SCM phenomena in service triads also would help, more broadly, fill the gap in research on business-to-business services (Ostrom et al., 2010).

In the following section, we discuss OM-SCM research on triads. Section 3 discusses triad studies in management research and (other) social sciences. Section 4 reviews the distinctive features and various forms of service triads. In Section 5 we outline a research agenda along three dimensions: specific topics for research in service triads, alternative theoretical approaches, and methodological aspects. Section 6 introduces the papers in this special issue, with Section 7 offering some concluding thoughts.

2. OM-SCM research on triads

For our review of prior literature, we examined (not just service) triad studies from the OM-SCM domain – and from the wider area of management and organization research. These studies were collected in two ways. First, we searched the Web of Science portal for journal articles in the field of management, using the term ‘triads’ (no year limits). To verify that we did not miss any relevant articles, we checked the reference lists of the initial set of articles. We then manually selected the relevant articles from these two sets that represented studies focusing on inter-organizational triads (e.g. leaving out studies that dealt with the US–Europe–Japan triad). Secondly, we added to this set conference papers and dissertations with which we were already familiar or came across in reference lists. We selected publications that presented a substantial discussion of triads, omitting those that only mentioned them in passing.

This resulted in a set of 30 publications, which are described in Appendix 1. While we cannot review each of these studies in depth here, the appendix provides the most salient descriptors. In the main text, we select for discussion those studies that seem to be important milestones in triad research.

2.1. Triads

Most existing OM-SCM research on triads is concerned with the triad formed by the buyer and two upstream suppliers in a manufacturing context (Fig. 2). It is typically concerned with how the buyer can influence the relationship between the suppliers. Prominent among this research is the work of Choi, Wu and colleagues. Their first study (Choi et al., 2002) began from the observation that, as firms reduce the number of direct suppliers that they use, they can and do seek more actively to influence the relationships *between* suppliers. It examines three archetypes of supplier–supplier relationships – competitive, cooperative and ‘co-competitive’ – and develops several propositions regarding the effect of each of these on the outcomes both for suppliers and for their customer.

Wu and Choi (2005) develop this further by focusing on the active shaping of the supplier–supplier relationship by the buyer;

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