

Exploring the concept of asymmetry: A typology for analysing customer–supplier relationships

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Abstract

In seeking to understand relationships between smaller suppliers and larger customers, there is a growing interest in examining the characteristics of asymmetry in relationships. However, there is a paucity of research that looks at the consequences of size asymmetry for smaller suppliers. Building on IMP (Industrial Marketing and Purchasing Group) research, this paper presents a typology for analysing the consequences of size asymmetry in customer–supplier relationships from the smaller supplier’s perspective. The paper reports on the findings from a study involving a total of 48 interviews and eight in-depth case studies of suppliers in the UK textile industry involved in relationships with larger customers. The findings from the study show that the consequences of size asymmetry may vary widely across different relationship characteristics, with both positive and negative outcomes for suppliers. The implications of these findings are that suppliers may take advantage of the positive and constructive consequences of size asymmetry to capitalise on developing their current relationships with customers. In addition, by focusing on the positive consequences of size asymmetry, suppliers may develop the confidence and assurance to develop constructive and more balanced new customer relationships. The paper concludes by identifying the managerial implications for the development of opportunities and customer relationship options for suppliers in asymmetric relationships and proposes that it is important for suppliers to have an assessment instrument to identify the extent of asymmetry or symmetry across their customer relationships.

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1. Introduction

Recent research suggests that asymmetry in relationships may present suppliers with an array of problems. These problems range from managing operational issues in joint ventures, to developing trust or commitment in long-term relationships (Söllner, 1998; Chen & Chen, 2002; Blomqvist, 2002). Several researchers of business relationships have highlighted that prevailing models and classifications do not adequately capture the complex balance of characteristics in customer–supplier relationships (Holmlund, 2004; Halinen, 1994). Understanding the characteristics of their asymmetric relationships may therefore enable suppliers to have a clearer picture of their situation,

so that they can set development priorities for their relationships and find ways of managing problems associated with asymmetry (Ford & Saren, 2001).

Customer–supplier relationships in the UK textile industry have often been characterised as asymmetric, involving large and powerful customers and smaller, less powerful suppliers (Lorenzoni & Baden-Fuller, 1995; Harrison, 2004). Studies of asymmetry in these relationships have often focused on the situation of the larger, stronger customer and its positioning advantages in relationships. For example, recent research has shown how Marks and Spencer in the UK has unilaterally managed its relationships with smaller suppliers (Harrison, 2004). Smaller suppliers consequently face problems in sustaining their asymmetric customer relationships, or developing new relationships in such circumstances. But, there appears to be little existing research in the IMP (Industrial Marketing and Purchasing Group) school on the consequences of asymmetry for small suppliers in their relationships with larger customers.

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Researchers have often used the relative difference in firm size between a supplier and customer as a proxy for asymmetry and have shown that these differences may be indicative of potential problems in relationships. For example, research has highlighted that smaller suppliers may have little option but to follow the stipulated relationship norms of a larger customer if they wish to retain the relationship (Holmlund & Kock, 1996). Furthermore, it may be difficult for smaller suppliers and larger customers to develop a mutual orientation towards their relationship when the demands of the supplier and customer's businesses vary significantly (Chen & Chen, 2002). Thus, it is likely that there would be differences in the approaches of smaller suppliers and larger customers towards developing the relationship.

Smaller firms may become specialised into narrow confines of relationships with larger customers and may become a 'hostage' to a particular customer. Hence, a smaller supplier may have to give up its individual goals for the benefit of maintaining a relationship with a single larger customer. The perceived need to invest in relationship-specific goals to retain an important customer may tend to reduce a supplier's strategic flexibility (*ibid.*). However, smaller suppliers may also be compensated for their 'sacrifices' and efforts within relationships by gaining opportunities to forge stronger positions and new indirect relationships through larger customers (Blomqvist, 2002). Thus, there appears to be a trade-off between the investments made by suppliers in different aspects of their asymmetric relationships and the potential gains that may be achieved in other areas of their relationships.

Research on asymmetry in relationships has tended to examine the connection between an imbalance in size and other single relationship dimensions. For example, Gundlach, Achrol, and Mentzer (1995) and Söllner (1998) looked at the link between asymmetry in size and power, commitment or dependence, whilst Holmlund and Kock (1996) examined the link between asymmetry in size and knowledge and the initiation of change. Few studies have explored asymmetric relationships across more than one or two conventional relationship characteristics. However, an examination of single relationship characteristics does not adequately capture the full complexity of developing and managing asymmetric customer–supplier relationships (Holmlund, 2004).

This paper explores the link between asymmetry in size and other characteristics of customer–supplier relationships. Difference in size between firms is used as a proxy for asymmetry in this research by examining relationships where there is a difference in size in terms of number of employees of the entire organization between smaller suppliers and their larger customers. We have chosen to explore the multi-dimensional nature of the characteristics of asymmetric relationships by examining situations of size asymmetry between smaller suppliers and larger customers within a chosen set of relationship characteristics identified from the literature. The chosen characteristics are not examined in terms of their inter-relationships, but are explored as a set of characteristics of relevance in studying asymmetric relationships. The characteristics, although not exhaustive, were derived from the literature and selected on the basis of their importance in previous studies of asymmetric

relationships. The relationship characteristics and their importance in understanding asymmetry will now be discussed.

2. Classifications of relationship characteristics and their importance in understanding asymmetry

For more than 20 years, the characteristics of dyadic relationships have been a focus of interest and debate by IMP scholars (e.g. Ford, Håkansson, & Johanson, 1986; Dwyer, Shurr, & Oh, 1987; Håkansson & Gadde, 1992; Anderson, Håkansson, & Johanson, 1994; Wilson, 1995). A number of different relationship characteristics have been incorporated into frameworks that have attempted to define the nature of customer–supplier relationships. Important conceptual foundations have been laid in the IMP group's work to permit the examination and analysis of dyadic customer–supplier relationship characteristics, most notably, Ford et al. (1986). These studies have developed constructs that enable the description and classification of the structure of relationships. However, as relationships are complex phenomena, describing their characteristics meaningfully proves difficult without simplifying reality, focusing on some aspects whilst leaving others in the background (Holmlund, 2004). Consequently, researchers have tended to focus on individual characteristics, or smaller sets of characteristics, when developing the conceptual foundations of this body of research.

Table 1 identifies a set of relationship characteristics, their definitions and examples of relationship asymmetry and symmetry. In previous research these characteristics have individually been found to be critical in understanding and analysing asymmetry in customer–supplier relationships. These definitions offer a useful basis for describing and explaining the nature of asymmetric relationships. We shall now turn to the conceptual developments that will be the basis for our examination of asymmetric relationships in this paper.

3. Conceptual development: a typology of size asymmetry and its consequences in relationship characteristics

A literature review combined with a single set of pilot interviews led to the development of a set of characteristics deemed important to the study of symmetry in business-to-business relationships (Table 1). The characteristics of particularity, mutuality and interpersonal inconsistency were drawn from the framework of Ford et al. (1986). In addition, power-dependence (Håkansson, 1987; Axelrod, 1984), intensity (Ford & Rosson, 1982) and conflict and co-operation (Håkansson & Henders, 1992; Ford et al., 1986) were included in the typology as well-established, empirically-validated relationship characteristics, grounded in IMP research.²

² Trust has not been included in the set of relationship characteristics considered here, not because trust is not considered important to relationships, but because it is not considered a characteristic in the sense in which the other characteristics are. Trust has not been included in previous relationship characteristic typologies (e.g. Marrett, 1971; Ford et al., 1986; Alajoutsijärvi et al., 1999) as it is considered more of an outcome of a relationship rather than a characteristic per se.

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