Industrial Marketing Management 38 (2009) 960–970

Contents lists available at ScienceDirect

Industrial Marketing Management

Towards an understanding of attraction in buyer–supplier relationships

Kim Sundtoft Hald [a,*], Carlos Cordón [b,1], Thomas E. Vollmann [b,2]

[a] *Copenhagen Business School, Department of Operations Management, Solbjerg Plads 3, 2000 Frederiksberg, Denmark*
[b] *IMD — International Institute for Management Development, 23, Chemin de Bellerive, P.O. Box 915, CH-1001 Lausanne, Switzerland*

ARTICLE INFO

Article history:
Received 8 February 2006
Received in revised form 10 January 2008
Accepted 28 April 2008
Available online 24 June 2008

Keywords:
Buyer–supplier relationships
Relationship value
Trust
Dependence
Attraction

ABSTRACT

This paper explores how firms are attracted to one another within buyer–supplier dyads. It draws attention to ways of managing in a relational mode as an alternative to managing in a controlling mode. This study argues that in order to improve value creation and value transfer in buyer–supplier relationships it is not enough to optimize and coordinate management and control systems. Following Dwyer et al. [Dwyer, R., Schurr, P.H. and Oh, S. (1987). Developing buyer–seller relationships. Journal of Marketing, 51: 11–27.], it argues that mutual *attraction* is important in developing relationships. It is also argued that this can be achieved through a range of perceptual approaches and actions, which enhance performance between the parties involved. A conceptual model of attraction is developed with theoretical underpinnings in social exchange theory. It proposes three behavioral constraints: *expected value*, *trust*, and *dependence*. These components of attraction interact to draw dyadic parties closer together or push them apart. Finally, implications for research and practice are discussed.

1. Introduction

Business academics have long recognized that firms are embedded in their wider external environments (Pfeffer & Salancik, 1978) and that suppliers play a fundamental role in their competitiveness (Porter, 1996). Management and control of suppliers has therefore been a major focus in industrial research and practice for at least 15 years. The supply chain management and purchasing literature on how to manage suppliers has been very prolific (Goffin, Szwejczewski, & New, 1997; Macbeth, 1987; Monczka & Morgan, 1996).

Supplier management has been discussed using different systems of reference. Some literature has concentrated on management of the immediate associates of a company using the term “managing the dyad” or “dyadic relationship” (Cousins & Spekman, 2003; Dwyer, Schurr, & Oh, 1987; Dyer & Singh, 1998; Håkansson & Snehota, 1995); other literature examines the management of suppliers as embedded in networks (Dyer & Nobeoka, 2000; Granovetter, 1973; Powell, 1990; Möller & Törrönen, 2003; Ritter, Wilkinson, & Johnston, 2004), or as embedded in supply chains (Lambert & Cooper, 2000; Mills, Schmitz, & Frizelle, 2004).

Most of the existing literature on supplier management sees the buyer as principal and the supplier as agent (Eisenhardt, 1989), with a focus on how supplier resources and competencies can be leveraged in order to increase the buyer's expected value. With few exceptions (Dyer & Singh, 1998), value is therefore seen as largely pre-existing the buyer–supplier relationship, with the major managerial concern centered on how value can be transferred from the supplier to the buyer. With the emphasis on control, supplier resources/competencies are assumed both assessable and malleable. That is, if the right control mechanisms and proportion of controls are used, value will be transferred willingly from a cooperative supplier to the managing/controlling buyer.

Two different sets of control mechanisms have been proposed in the existing research. The first, which we refer to as “information gathering”, is concerned with making visible those actions that affect buyer value. The methods applied in implementing this approach include access to suppliers' Enterprise Resource Planning Systems (Jacobs & Bendoly, 2003), Inter-organizational systems (Christiansen, Rohde, & Hald, 2003), and supply chain performance measurement systems (Beamon, 1999; Lambert & Pohlen, 2001; Simpson, Siguaw, & White, 2002). The second mechanism, which we refer to as “model building”, concerns reducing actions to a less complex and more manageable form. Marketing and purchasing strategies and, more specifically, buyer/supplier segmentation using portfolio models (Fiocca, 1982; Olsen & Ellram, 1997; Turnbull, 1990) are applied in implementing this approach.

This study argues that most of the existing research on supplier management and control does not properly recognize that for management and control mechanisms to work and thus for value to be created and transferred between the buyer and supplier, the dyadic actors need to see the relationship as attractive. More specifically, this study argues that in order to improve value transferal and even value creation

* Corresponding author. Tel.: +45 23 72 23 03; fax: +45 38 15 24 40.
E-mail addresses: ksh.om@cbs.dk (K.S. Hald), carlos.cordon@imd.ch (C. Cordón), vollmann@imd.ch (T.E. Vollmann).
[1] Tel.: +41 21 618 0390; fax: +41 21 618 0111.
[2] Tel.: +41 21 618 0333; fax: +41 21 608 0111.

0019-8501/$ – see front matter
doi:10.1016/j.indmarman.2008.04.015

(Dyer & Singh, 1998) in buyer–supplier relationships, it is not enough to optimize and/or coordinate management and control mechanisms.

Previous research has, only to a limited extent, used and explored the importance of building and maintaining attraction in buyer–supplier dyadic relationships. Dwyer et al. (1987, p. 16) introduced "attraction" as part of their framework for developing buyer–supplier relationships defining it as the degree to which buyers and suppliers interactively achieved a reward–cost outcome in excess of some minimum level. Ellegaard (2003) introduced customer attractiveness as an alternative approach to supplier management and argued that this focuses motivational mechanisms and management processes in the pursuit of the highest possible value potential (p. 208). Harris, O'Malley and Patterson (2003, p. 9) defined 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" and then explored the role of attraction in the initiation, development and maintenance of relationships between barristers, solicitors and barristers' clerks.

Recent developments in industry support the growing importance of being attractive to key suppliers. First, most firms recognize that the important innovative competencies reside in a few key suppliers (Cordon, Vollmann, & Eklund, 2006). Second, some observers have suggested that a "supplier rebellion" is in the making, based on recent incidents of vendors not supplying — thereby forcing manufacturers to shutdown (Cordon, 2005). Third, concepts, such as supplier councils (Fawcett, Ogden, Magnan, & Cooper, 2006) are advising key buyer decision makers in strategic decision-making.

Our objective is therefore to explore mechanisms that create attraction in dyadic relationships. More specifically, we are interested in the mechanisms that encourage a buyer and a supplier to jointly improve a buyer–supplier relationship. What makes a supplier interested in working jointly with a buyer? What makes a buyer interested in working jointly with a supplier? These are the major research questions that this study explores. Further, this article provides some indications of how such mutual interest can be influenced. This article adopts a conceptual approach drawing on social exchange theory and existing research on dyadic relationships and buyer–supplier value.

The article is arranged as a progressive development of a conceptual model in three main steps. We begin by reviewing social exchange theory and its applicability to the study of buyer–supplier relationship formation and development. We discuss attraction as the force drawing social exchange actors together and propose an expression derived from social exchange theory describing attraction as composed of three components: Expected value, trust, and dependence. Second, in Sections 3, 4 and 5, we examine the literature to flesh out each of the three components of attraction. Third, as the final step towards the development of a conceptual model, we discuss how the components of attraction can be influenced to increase attraction. We conclude this article with a discussion of implications and avenues for future research and practice.

2. Attraction in social exchange relationships

Social exchange theory is concerned with the study of social exchanges between actors (Homans, 1961; Thibaut & Kelly, 1959; Blau, 1964). Social exchange is 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). A social exchange perspective assumes that involved parties *voluntarily* provide benefits, invoking obligation from the other party to reciprocate, providing some benefit in return. Since social exchanges are voluntary and often not contracted, they operate under *uncertainty*, i.e. there is no guarantee that benefits will be reciprocated or that reciprocation will result in receipt of future benefits (Das & Teng, 2002). Furthermore, since successful and developing social exchange rests on an ongoing reciprocal process in which actions are contingent on rewarding reactions from others (Blau, 1964, p. 6), social exchange theory assumes that *trust* is an integral part of any social exchange. However, trust itself is also assumed to be created by the ongoing social exchange process: "processes of social exchange, which may originate in pure self-interest, generate trust in social relations through their ongoing recurrent and gradually expanding character" (Blau, 1964, p. 94).

Further, when applying a social exchange perspective, the traditional extrinsic and quantifiable dimension where objective criteria for comparing between actors are supplemented with the non-quantifiable dimension (Blau, 1964, p. 36). The relation to the other is seen as a reward in itself and the benefits involved in social exchange do not have an exact price in terms of a single quantifiable medium of exchange (Blau, 1964, p. 94). Finally, since valuable resources and rewards are exchanged in relationships and the involved parties are dependent on these rewards, social exchanges influence the distribution of *dependence* and thus power in the relationship (Emerson, 1962). This in turn influences the ability to control the relationship (Blau, 1964, p. 43).

Although social exchange theory originally examined interpersonal exchanges, it has been extended to study: relationships between community health and welfare agencies (Levine & White, 1961); relationships between organizations and their environment (Jacobs, 1974); factors that encourage or constrain managerial trustworthy behavior (Whitener, Brondt, Korsgaard, & Werner, 1998); information technology alliances (Young-Ybarra & Wiersema, 1999); alliance constellations (Das & Teng, 2002) and short-term strategic alliances (Bignoux, 2006).

Following these extensions of social exchange theory, we argue that it is a relevant and fruitful perspective from which to examine mechanisms that encourage a buyer and supplier to jointly improve their relationship. First, social exchange theory has the ability to integrate the relationship value perspective (Walter, Müller, Helfert, & Ritter, 2003; Walter, Ritter, & Gemünden, 2001); the trust perspective (Morgan & Hunt, 1994); and the power/dependence perspective (Anderson & Narus, 1990; Hingley, 2005; Jarratt & Morrison, 2003). Second, the underlying assumptions of being voluntary and operating under uncertainty fit well within the context of a buyer–supplier relationship. Here both the buyer and the supplier transact based on their own free will (Cordon et al., 2006) and cannot expect that the efforts they provide will be reciprocated (John, 2006). Finally, the social exchange perspectives concerned with both extrinsic and intrinsic dimensions of reward are also applicable (Rangan, 2006).

Following Blau (1964), we label the force that pushes a buyer and supplier closer together in a dyadic relationship "attraction". Attraction is what fosters voluntarism in social exchanges. Attraction is a construct detailing or bringing the different dimensions of the expected returns from "the other" together into one joint force or desire, the desire to establish and maintain a relationship with "the other". Blau (1964) defines attraction as "the force that induces human beings to establish social associations on their own initiative and to expand the scope of their associations once they have been formed" (p. 20). Further, Blau sees perceived expected value as the primary component in what draws one actor A to another actor B and argues that actor A is attracted to actor B if actor A expects association with actor B to be rewarding for himself (Blau, 1964, p. 20). Expected value is thus the core of the construct. It is further suggested that the attraction of one actor produces the need for this actor to prove attractive to the other, or stated differently that attraction produces the need to attract (Blau, 1964, p. 20). This is interesting since this implies that developing one's company as attractive is a managerial mechanism designed to draw valuable buyers or suppliers closer. One way of establishing attractiveness is through impression management (Goffman, 1959). This implies the conscious and deliberate construction of an image that will be seen as valuable to a prospective actor-association (Blau, 1964).

However, in social exchange theory, expected value or extrinsic/intrinsic reward is only one part of what draws two actors together.